Prospectus

Initial Public Offering


Belief
statement

"Everybody deserves the benefits of a modern, connected life."

MTN UGANDA LIMITED

(A public limited liability company incorporated in Uganda on 25 February 1998 with Registration No. P.498)

Offer for sale of 4,477,808,848 ordinary shares with a par value of UGX 1 each at an offer price of UGX 200 per share, and listing of the entire issued share capital of MTN Uganda Limited on the Main Investment Market Segment of the Uganda Securities Exchange

Date of Issue: 11 October 2021

Caution

This Prospectus is issued by MTN Uganda Limited (**"MTN"** or the **"Company"**) and has been prepared in respect of:

a) an offer for sale by MTN International (Mauritius) Limited of 4,477,808,848 ordinary shares, with a par value of UGX 1 each in the share capital of MTN at an offer price of UGX 200 per offer share; and

(the ***"Offer"***, with the shares available for the Offer being the "***Offer Shares***" and the Offer price being the "***Offer Price***")

b) the subsequent listing of MTN's issued share capital (the **"Shares"**) on the Main Investment Market Segment of the Uganda Securities Exchange (the **"USE"**) (the **"Listing"**, with the Offer and the Listing being the **"Transaction"**).

This Prospectus is issued in compliance with the requirements of the Capital Markets Authority Act, Cap. 84 (as amended), the Capital Markets (Prospectus Requirements) Regulations, 1996 (as amended), the Companies Act 2012 and the Uganda Securities Exchange Listing Rules 2021.

A copy of this Prospectus has been delivered to the Capital Markets Authority (the "CMA") for approval. The securities offered have not been approved or disapproved by the CMA.

Prospective investors should carefully consider the matters set forth in this Prospectus under **Section 8 (Risk Factors).**

A copy of this Prospectus has been delivered to the Registrar of Companies for registration. The Registrar of Companies has not checked and will not check the accuracy of any statements made and accepts no responsibility for the Prospectus or for the financial soundness of the Company or the value of the securities concerned.

Permission has been granted by the CMA to offer to the public the Offer Shares. As a matter of policy, the CMA does not assume responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Prospectus. The approval of this Prospectus by the CMA is not to be taken as an indication of the merits of the Company or its shares.

If you wish to apply for Offer Shares in terms of the Offer, then you must follow the procedures for application and payment set out in **Section 18 (Terms and Conditions of the Offer)** of this Prospectus.

11 October 2021

Introductory

Prospectus in respect of:

a) an Offer for sale by MTN International (Mauritius) Limited of 4,477,808,848 ordinary shares with a par value of UGX 1 each in the share capital of MTN at an Offer Price of UGX 200 per Offer Share; and

b) the Listing of MTN on the USE.

Application period opens ("Opening Date")	11 October 2021
Application period closes ("Closing Date")	22 November 2021
Listing ("Listing date")	6 December 2021

The Allocation Policy of the Offer provides that Applications from Ugandan Retail and Professional Investors shall be given priority, including in the event of Oversubscription.

Application has been made to the USE for the Listing of the Shares on the Main Investment Market Segment of the USE. Admission to the Official List of the USE is expected to become effective on the Listing Date. Application funds paid in respect of any application for Offer Shares will be returned if the Listing does not become effective.

The USE assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Prospectus.

Admission to the Official List is not to be taken as an indication of the merits of the Company or the Shares. The Directors of MTN, whose names are given in **Section 10 (Governance and Management)** of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and have taken all reasonable care to ensure that the facts stated, and the opinions expressed in this Prospectus are true and accurate in all material respects, and that there are no other material facts the omission of which would make any statement, whether of fact or opinion, misleading.

The Offer Shares will carry the right to vote and to participate in all future dividends to be declared and paid on the issued ordinary share capital of the Company. The Offer Shares rank equally with other Shares, are freely transferable and are not subject to any restrictions on marketability or any pre-emptive rights.

The Transaction Adviser, the Lead Sponsoring Broker, the Legal Adviser, the Reporting Accountants and the Share Registrar have consented in writing to act in the capacities stated in this Prospectus and to their names being included in this Prospectus and have not withdrawn their consents prior to the publication of this Prospectus.

Date of Issue: **11 October 2021**

Important Information

A. Responsibility Statements

MTN accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of MTN (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts as at the date of this Prospectus and does not omit anything likely to affect the import of such information.

The Transaction Adviser acknowledges that based on all the available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Offer. The Transaction Adviser has satisfied itself that any profit and cash flow projections, for which the Directors are fully responsible, prepared for inclusion in this Prospectus have been stated by the Directors after due and careful inquiry and have been reviewed by the Reporting Accountants.

B. Selling Restrictions

A description of these and certain other restrictions to which the Offer and the Offer Shares are subject is set out in full in **Section 18 (Terms and Conditions of the Offer)** of this Prospectus. Potential investors should not assume that the information in this Prospectus is accurate as at any date other than the date of this Prospectus. No person is or has been authorised to give any information or make any representation in connection with the Offer and the Listing, other than as contained in this Prospectus. Delivery of this Prospectus at any time after the Prospectus issue date will not under any circumstances create any implication that there has been no change or that the information set out in this Prospectus is correct at any time since its date.

The distribution of this Prospectus and any accompanying documents, or the making of the Offer in jurisdictions other than Uganda, may be restricted by the laws of such jurisdictions. It is the responsibility of persons into whose possession this Prospectus comes to inform themselves about, and observe, such restrictions. This Prospectus has not been and will not be registered with any regulatory authority outside Uganda for the Offer.

Neither this Prospectus nor any accompanying documents may be regarded as an offer to sell, or the solicitation of an offer to subscribe for or buy, securities in the United States of America, the United Kingdom, Canada, Australia, Japan or any other jurisdiction in which it is illegal to make such an offer or solicitation at all or without satisfying the registration requirements of such restricted jurisdiction **("Restricted Jurisdiction")**. In those circumstances, this Prospectus and any accompanying documents are sent for information purposes only and should not be copied or redistributed. Applicants for the Offer Shares **("Applicants")** who are not resident in Uganda must satisfy themselves as to the full observance of the laws of any applicable jurisdiction concerning their participation in the Offer, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such jurisdiction. MTN International (Mauritius) Limited (**the "Selling Shareholder")** shall be entitled to treat as invalid any purported applications for Offer Shares which are or would be illegal in terms of the laws of any jurisdiction.

The Company, the Selling Shareholder, the Transaction Adviser and the Legal Adviser accept no responsibility for the failure by any Applicant to inform himself, herself or itself about, and to observe, any applicable legal requirements in any relevant jurisdiction.

The Offer consists of an offering of shares outside the United States of America (including its territories and possession, any state of the United States of America and the District of Columbia) (the **"United States"**) pursuant to Regulation S of the US Securities Act 1933, as amended **(the "Securities Act")**. The Offer Shares have not been, and will not be, registered under the Securities Act or with the regulatory authority of any state or jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred in the United States, except on the basis of an applicable exemption from registration, or in a transaction not subject to the registration requirements of the Securities Act. There will be no public offering of securities in the United States.

In the United Kingdom, the Offer and this Prospectus is directed only at persons who are "**qualified investors**" within the meaning of Regulation 2017/1129/EU as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**"Relevant Persons"**). In any member state of the European Economic Area (**"EEA**"), the Prospectus and this Offer is directed only at persons who are "**qualified investors**" (**"Qualified Investors"**) within the meaning of the Prospectus Regulation (Regulation (EU) 2017/1129).

In South Africa, the Offer and this Prospectus is directed only at: (i) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act, 2008 (**"South African Companies Act"**); and (ii) selected persons, acting as principal, acquiring securities for a total acquisition cost of R1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act, and to whom the Offer and this Prospectus is specifically be addressed, and only by whom such offer will be capable of acceptance (**"South African Qualifying Investors"**). Accordingly, neither this the Offer and this Prospectus or other materials constitute or is intended to constitute a "registered prospectus", as contemplated by the South African Companies Act, and the Prospectus will not be filed with the South African Companies and Intellectual Property Commission.

South African Qualifying Investors who seek to participate in the Offer must ensure that all necessary approvals are in place in order to participate in the Offer and ultimately receive and hold shares in the Company, including any exchange control approvals pursuant to the South African Exchange Control Regulations, 1961, promulgated under the Currency and Exchanges Act, 1933 and the policies and directives of the Financial Surveillance Department of the South African Reserve Bank. By participating in the Offer, South African Qualifying investors will be deemed to have warranted that this is the case.

This Prospectus must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the EEA, by persons who are not Qualified Investors, and (iii) in South Africa, by persons who are not South African Qualifying Investors. Any investment or investment activity to which this Prospectus relates is available only to: (i) in the United Kingdom, Relevant Persons; and (ii) in any member state of the EEA, Qualified Investors, and will be engaged in only with such persons.

The Offer Shares have not been registered under the applicable laws of the United Kingdom, Canada, Australia or Japan and may not be offered, sold, pledged or otherwise transferred to any national, resident or citizen of the United Kingdom, Canada, Australia or Japan. Neither this document, nor any copy of it, may be sent to or taken into the United States, United Kingdom, Canada, Australia or Japan.

c. Presentation of Financial Information

Unless otherwise indicated, the financial information regarding MTN set forth in this Prospectus has been derived from:

a) MTN's audited income statements, statements of financial position, statements of cash flow and statements of changes in equity for the years ended 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016, the interim financial information for the six-month period between 1 January 2021 and 30 June 2021 and the forecast financial information and assumptions thereof to 31 December 2021, and set out under **Section 14 (Reporting Accountants Report)** of this Prospectus. MTN's financial statements, which were audited by PricewaterhouseCoopers Certified Public Accountants, have been prepared in accordance with the International Financial Reporting Standards (**"IFRS"**) and are presented in UGX, the reporting currency of MTN; and

b) the financial reports and forecasts set out under **Section 14 (Reporting Accountants Report)** of this Prospectus which have been prepared by MTN and reviewed by KPMG Certified Public Accountants (**"KPMG"**), who have acted as the Reporting Accountants in respect of the Offer. The financial reports and forecasts are on the basis of KPMG's review of MTN's historical audited financial statements for the years ended 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016, the interim financial information for the six-month period between 1 January 2021 and 30 June 2021 and the forecast financial information and assumptions thereof to 31 December 2021.

D. Presentation of Numerical Amounts and Figures

Certain amounts that appear in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the precise arithmetic sum of the figures that precede them.

E. Transaction Advisers and Consents

SBG Securities Uganda Limited ("SBG Securities") is acting as Transaction Adviser to MTN in respect of the Offer. SBG Securities is a subsidiary of Stanbic Uganda Holdings Limited and an associate of Stanbic Bank Uganda Limited **("Stanbic Bank")**. In executing its mandate as Transaction Adviser, SBG Securities has a shared services arrangement with Stanbic Bank. SBG Securities has consented to act in the specified capacities and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). Neither SBG Securities nor any of its employees or principals has any material direct or indirect economic or financial interest in MTN.

KPMG have acted as the Reporting Accountants to MTN in respect of the Offer. KPMG has consented to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus (in the form and context in which it is included). As indicated above, KPMG has examined the financial statements of MTN, which comprise the statements of financial position, comprehensive income, changes in equity and cash flows for the period 2016 to 2020 and the interim financial information for the six-month period between 1 January 2021 and 30 June 2021, and the forecast guidance for the period ending 31 December 2021. The forecast guidance provides information on the range of management's best estimate of the Company's performance and position indicators for the relevant period. These forecast financial statements have been prepared in accordance with the Company's accounting policies, which are based on IFRS.

S&L Advocates *(formerly Sebalu & Lule Advocates)* is acting as Legal Adviser to MTN and the Selling Shareholder in respect of the Offer. S&L Advocates has consented to act in the specified capacity and to its name being stated in this Prospectus and confirms that it has not withdrawn its consent to any statement or report prepared by it being included in this Prospectus. S&L Advocates has issued the Legal Opinion set out under **Section 15 (Legal Opinion)** of this Prospectus. Neither S&L Advocates nor any of its partners or employees has any material direct or indirect economic or financial interest in MTN.

F. Industry / Economic Information

MTN and the Transaction Adviser have obtained the industry and economic data, including industry forecasts, used throughout this Prospectus from internal surveys, market research, publicly available information and industry publications. The Company has also made statements on the basis of information from third-party sources that the Company and the Transaction Adviser believe are reliable, such as the Ministry of Finance, Planning and Economic Development, the Uganda Bureau of Statistics, the Uganda Communications Commission, the Bank of Uganda, the World Bank, the African Development Bank, the Global System for Mobile Communications Association, Fitch Solutions and McKinsey & Company, among others. Industry and government publications, including those referenced in this Prospectus, generally state that the information presented in those publications has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed.

Although MTN has no reason to believe that any of this information or these reports are inaccurate in any material respect, the Company has not independently verified the industry or other data provided by third parties or by industry or other publications. The Company and the Transaction Adviser do not make any representation as to the accuracy of such information.

G. Forwarding-Looking Statements

This Prospectus contains forward-looking statements relating to the Company's business. These forward-looking statements can be identified by the use of forward-looking terminology such as *"believes", "expects", "may", "is expected to", "will", "will continue", "should", "would be", "seeks"* or *"anticipates"* or similar expressions or the negative, or other variations or comparable terminology, or by discussions of strategy, plans or intentions.

These statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance, or achievements of the Company to be materially different from the future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Some of these factors are discussed in more detail under **Section 8 (Risk Factors)**. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or expected. The Company does not intend, and does not assume any obligation, to update industry information or forward-looking statements set out in this Prospectus.

H. Supplementary Prospectus

If, prior to the Listing, there is a significant change affecting any matter contained in this Prospectus, a significant new matter arises the inclusion of information in respect of which would have been required if it had arisen when the Prospectus was prepared or there is a significant mistake or inaccuracy in the Prospectus, a supplement to this Prospectus will be published subject to the prior approval of the CMA.

Statements contained in any such supplement (or contained in any document incorporated by reference) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document that is incorporated by reference in this Prospectus. Any statements so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Key Offer Milestones and Timetable

Table 1: Offer timetable

Activity	Date	Time
Offer opens	11 October 2021	10.00 a.m
Offer closes	22 November 2021	4.00 p.m
Announcement of allocation results	3 December 2021	4.00 p.m
Dispatch of SCD Account statements and refund of excess Application funds	3 December 2021	4.00 p.m
Admission to Listing and commencement of trading on the USE	6 December 2021	9.30 a.m

Note: The Offer timetable and, in particular, the Offer period are subject to amendment if proposed by the Selling Shareholder and consented to by the CMA and the USE. Any such amendment will be announced publicly through a press statement. All times throughout this Prospectus refer to East African Standard time.

Contents

1. Advisers to the Offer

Transaction Adviser

SBG Securities Uganda Limited
Crested Towers
Plot 17, Hannington Road
KAMPALA

Legal Adviser

S&L Advocates (formerly Sebalu & Lule Advocates)
S&L Chambers
14, MacKinnon Road, Nakasero
KAMPALA

Legal Counsel to the Selling Shareholder

Bowman Gilfillan
11 Alice Lane, Sandton, Johannesburg
P O Box 785812, Sandton, 2146
SOUTH AFRICA

Reporting Accountant

KPMG Certified Public Accountants
3rd Floor Rwenzori Courts
Plot 2&4A Nakasero Road
KAMPALA

Lead Sponsoring Broker

SBG Securities Uganda Limited
Crested Towers
Plot 17, Hannington Road
KAMPALA

Lead Receiving Bank

Stanbic Bank Uganda Limited
Crested Towers
Plot 17, Hannington Road
KAMPALA

Share Registrar

Uganda Securities Exchange Nominees Limited / SCD Registrars
Plot 3-5 New Port Bell Road,
UAP Nakawa Business Park,
Block A, 4th Floor,
KAMPALA

Communications Consultant

TBH Holdings Limited
Plot 41, Luthuli Avenue
KAMPALA

2. Corporate Information

MTN Uganda Corporate Information	
Registered Business Address	Plot 69/71, Jinja Road, Kampala
Directors	Mr. Charles Mbire
	Ms. Karabo Nondumo
	Ms. Yolanda Cuba
	Mr. Sugentharen Perumal
	Mr. Wim Vanhelleputte
	Mr. Andrew Bugembe
Company Secretary	Ms. Enid Edroma

Auditors (for the past five financial statements)	**PricewaterhouseCoopers CPA** 1 Colville Street, Communications House, 10th Floor KAMPALA
External Legal Counsel	**S&L Advocates (formerly Sebalu & Lule Advocates)** S&L Chambers, 14 MacKinnon Road, Nakasero KAMPALA
	Kampala Associated Advocates KAA House, Plot 41 Nakasero Road KAMPALA
	Shonubi, Musoke & Co Advocates SM Chambers, Plot 14 Hannington Road KAMPALA
	V. Agaba Advocates Suite 8, 3rd Floor, Airways House, 6 Colville Street KAMPALA
	Okalang Law Chambers Plot 68, Gokhale Road JINJA

Company Bankers

Stanbic Bank Uganda Limited
Crested Towers,
Plot 17 Hannington Road
KAMPALA

Absa Bank Uganda Limited
Plot 16 Kampala Road
KAMPALA

Standard Chartered Bank Uganda Limited
Plot 5, Speke Road
KAMPALA

Citibank Uganda Limited
Plot 4 Ternan Avenue Centre
Court Nakasero
KAMPALA

Centenary Rural Development Bank Limited
Plot 44/46 Kampala Road and Plot
2 Burton Road, Mapeera House,
KAMPALA

Equity Bank Uganda Limited
Plot 34, Church House
KAMPALA

dfcu Bank Limited
dfcu Towers, Plot 26, Kyadondo
Road, Nakasero
KAMPALA

NCBA Bank Uganda Limited
Rwenzori Towers,
Plot 4/6 Nakasero Road
KAMPALA

3. Tables and Figures References

4. Definitions

The following definitions apply to this Prospectus unless the context requires otherwise:

Definitions	
"Allocation Policy"	means the basis upon which the Selling Shareholder will allocate Offer Shares to the Applicants, as described in more detail in **Section 18.7 (Allocation Policy**) of this Prospectus;
"Applicant"	means a legal entity or natural person who applies for Offer Shares in accordance with the process set out in this Prospectus, and includes a Qualifying Applicant;
"Application"	means an application for Offer Shares submitted through the m-IPO Platform, the USE Easy-Portal or the Application Form;
"Application Form"	means an application form in respect of Offer Shares submitted to the Authorised Selling Agents by physical or electronic means;
"Authorised Selling Agent(s)"	means the brokers and dealers listed in **Appendix C** of this Prospectus;
"Bank of Uganda"	means the central bank of Uganda, established by the Constitution of the Republic of Uganda 1995 (as amended) and the Bank of Uganda Act, Cap. 51;
"Board"	means the current Directors of MTN, whose names are set out in **Section 10 (Governance and Management)** of this Prospectus;
"Business Day"	means a day (other than a Saturday, Sunday or public holiday in Uganda) on which banks are open for business in Kampala;
"Closing Date"	means 22 November 2021, being the last day for acceptance of Applications for Offer Shares, or such other date as may be amended by the Selling Shareholder;
"CMA"	means the Capital Markets Authority of Uganda, a statutory body established under the CMA Act and responsible for the development and regulation of all aspects of the capital markets in Uganda;
"CMA Act"	means the Capital Markets Authority Act (Cap. 84), as amended by the Capital Markets Authority (Amendment) Act 2011 and the Capital Markets Authority (Amendment) Act 2016;
"CMA Prospectus Regulations"	means the Capital Markets (Prospectus Requirements) Regulations 1996, as amended by the Capital Markets (Prospectus Requirements) (Amendment) Regulations, 1999, the Capital Markets (Prospectus Requirements) (Amendment) (No. 1) Regulations 2001, the Capital Markets (Prospectus Requirements) (Amendment) (No. 2) Regulations 2001 and the Capital Markets (Prospectus Requirements) (Amendment) Regulations 2008;
"Company" or "MTN"	means MTN Uganda Limited, a public limited liability company incorporated in Uganda on 25 February 1998 with registration number P.498;
"Companies Act"	means the Companies Act 2012;
"Communications Act"	means the means the Uganda Communications Act, Act 1 of 2013 (as amended);
"Directors"	means the individuals comprising the Board whose names are set out in **Section 10 (Governance and Management)** of this Prospectus, and each a "Director";
"East African"	means a natural person who is a citizen of an East African Community Partner State or a corporate entity incorporated under the laws of, and domiciled in, any East African Community Partner State;

Definitions	
"East African Community"	means the regional intergovernmental organization whose current member states are Uganda, the Republic of Kenya, the United Republic of Tanzania, the Republic of Rwanda and the Republic of Burundi, set up by the Treaty for the Establishment of the East African Community dated 30 November 1999 (as subsequently amended), with its headquarters in Arusha, Tanzania;
"EBITDA"	means MTN's earnings before interest, tax, depreciation and amortisation for the applicable period as indicated in this Prospectus;
"Eligible Employee"	means an Applicant who is a permanent employee of MTN between six months prior to the date of the Prospectus and the Closing Date and includes an executive Director, and the term **"Eligible Employees"** shall be construed accordingly;
"Eligible MTN Customer"	means a MTN Customer who is a natural person whose NIN and registration details have been verified against the NIRA database and in respect of whom a copy of the national identity card issued by NIRA is maintained in the MTN customer database;
"Existing Shareholders"	means MTN International and Charles Mbire;
"Foreign Investors"	means Retail Investors and Professional Investors who are not Ugandan or citizens of the other East African Community Partner States;
"GDP"	means Gross Domestic Product;
"GOU"	means the Government of Uganda;
"Incentive Shares"	means, as determined pursuant to the terms and conditions in **Section 18.9 (Incentive Shares**) of this Prospectus, the number of the Offer Shares made available by the Selling Shareholder and proposed to be transferred at nil cost to eligible categories of Ugandan and East African Retail Investors and Uganda and East African Professional Investors as an incentive to encourage such investors to apply for more Offer Shares;
"Lead Receiving Bank"	means Stanbic Bank Uganda Limited, a private company limited by shares and incorporated in Uganda with registration number 80020001471657 and licenced by Bank of Uganda to transact financial institution business in Uganda;
"Lead Sponsoring Broker"	means SBG Securities Uganda Limited, a private company limited by shares and incorporated in Uganda with registration number 80020002774126 and licenced by the CMA to carry on the business of a stockbroker;
"Legal Adviser"	means S&L Advocates, a law partnership formerly known as Sebalu & Lule Advocates registered in Uganda with registration number 49236 and licenced to practice law by the Uganda Law Council;
"Listing"	means the listing of the Shares on the USE, pursuant to the Offer, on or about 6 December 2021 and "**Listing Date**" shall be construed accordingly
"Lock-in Agreement"	means the lock-in agreement made among MTN, MTN International, Charles Mbire, the Directors and SBG Securities Uganda Limited (in its capacity as Transaction Adviser) requiring (i) MTN International, Charles Mbire and the Directors (to the extent that any Director holds Shares in the Company) not to dispose of or further encumber any of the Shares they respectively hold in MTN for a period of 12 months commencing on the Listing Date, and (ii) restricting the Company from creating, issuing or offering for subscription new Shares for a period of 12 months commencing on the Listing Date as further described in **Section 18.4 (Lock-in Period**) of this Prospectus;
"m-IPO Platform"	means the channel through which Eligible MTN Customers can open a SCD Account and apply for Offer Shares using either the USSD Code ***165*65#** or the ***MyMTN App***, as more particularly described in **Section 18 (Terms and Conditions)** of this Prospectus;

Definitions	
"Ministry of ICT"	means the Ministry of Information, and Communications Technology and National Guidance, the GOU ministry with the mandate for providing strategic and technical leadership, overall coordination, support and advocacy on all matters of policy, laws, regulations and strategy for the information and communications technology sector;
"Mobile Money Company"	means MTN Mobile Money (U) Limited, a private company limited by shares and incorporated in Uganda on 27 November 2020 with registration number 800200004662 and formed for the purpose of acting as a payment systems operator for electronic money systems and as a payment service provider for electronic money issuance in accordance with the NPS Act;
"MTN Customer"	means a natural or artificial person with a validly registered and verified MTN SIM-card;
"MTN Group"	means MTN Group Limited, a multinational mobile telecommunications holding company incorporated under the laws of South Africa with registration number 1994/009584/06 and listed on JSE Limited; and the ultimate beneficial owner of MTN owning 96% of MTN through 100% ownership of MTN International Proprietary Limited, a company incorporated under the laws of South Africa with registration number 1998/002351/07, which in turn holds a 100% stake in MTN International;
"MTN International"	means MTN International (Mauritius) Limited, incorporated under the laws of Mauritius with registration number 19434/3597 and which acts as an investment holding company for MTN Group. MTN International is the direct majority shareholder (with 96.014% shareholding interest) of MTN;
"MTN Mobile Money"	means MTN's mobile financial services offering, conducted by the Mobile Money Company, and which entails the use of MTN communications apparatus to transfer cash, manage a stored value account and make deposits or withdrawals in a payment system;
"MTN Offer Share Account"	means one or more temporary accounts set up by the Selling Shareholder with the Lead Receiving Bank where all Application monies collected from Applicants will be deposited until the monies are paid to the Selling Shareholder or refunded to eligible Applicants in accordance with this Prospectus;
"National Broadband Policy"	means the official GOU policy dated 17 September 2018, developed by the Ministry of ICT, regarding the development and deployment of broadband infrastructure in Uganda so as to enable countrywide connectivity and related matters;
"National Planning Authority"	means the National Planning Authority, a GOU agency established under the National Planning Authority Act 2002 and whose primary function is to produce comprehensive and integrated development plans for Uganda;
"National Development Plan" or "NDP"	means the written formulation of GOU's medium term strategic direction, development priorities and implementation strategies, and recordal of Uganda's current development status, challenges and opportunities as currently set out in the National Development Plan III for the period 2020/2021 to 2024/2025;
"NIN"	means a national identification number issued by NIRA;
"NIRA"	means the National Identification and Registration Authority the statutory authority established under the Registration of Persons Act 2015 which is responsible for registration of persons in Uganda and maintaining a national identification register;
"NPS Act"	means the National Payment Systems Act 2020;
"NTO Licence"	means the National Telecommunications Operator Licence issued to MTN by UCC for MTN to establish, install, operate, lease and sell telecommunications systems and to provide telecommunications services as a designated national telecommunication operator in Uganda for the period 1 July 2020 to 30 June 2032;
"Offer"	means the offer by the Selling Shareholder of the Offer Shares at the Offer Price;

Definitions	
"Offer Period"	means the period commencing on the Opening Date and ending on the Closing Date, as may be amended or extended pursuant to **Section 18.1 (Times and Dates of the Opening and Closing of the Offer);**
"Offer Price"	means UGX 200 per Offer Share;
"Offer Shares"	means the 4,477,808,848 Shares in the Company owned by the Selling Shareholder and which are the subject of the Offer;
"Official List"	means the official list of the USE of which the Main Investment Market Segment forms part;
"Opening Date"	means 11 October 2021, being the first day for acceptance of Applications for Offer Shares;
"Oversubscription"	means an occurrence where the aggregate number of Applications for Offer Shares is greater than the Sale Shares determined by the Selling Shareholder to be available to be sold and delivered to Applicants at the Offer Price, and following which the Selling Shareholder will allocate the Sale Shares and the Incentive Shares on a basis that addresses oversubscription as described in more detail in **Section 18.7 (Allocation Policy)** and **Section 18.9 (Incentive Shares**) of this Prospectus;
"Professional Investor"	means a Qualifying Applicant whose ordinary business or regular activity or investment objective involves the buying and selling of securities as principal or a fiduciary agent, and includes an underwriter, a bank, an insurance company, a fund manager, a broker, broker's representative, a dealer, dealer's representative and an investment adviser;
"Prospectus"	means this Prospectus in relation to the Offer;
"Qualifying Applicant"	means a person who completes and submits an Application in accordance with the terms of this Prospectus and provided such person is: (a) a natural person who is 18 years or older (applying on his/her own behalf or on behalf of a minor); who is not located in the United States and who is not located in nor a national, resident or citizen of another Restricted Jurisdiction or (b) is a corporation, partnership or other unincorporated association which is incorporated, set up, established or resident in any jurisdiction (except a Restricted Jurisdiction), provided that such person (by applying for the Offer Shares) is not in contravention of any law applicable to him/her/it;
"Receiving Banks"	means the banks listed in **Appendix D** of this Prospectus;
"Reporting Accountants"	means KPMG Certified Public Accountants, an accounting partnership registered in Uganda with registration number 94323 and licenced to practice accounting by the Institute of Certified Public Accountants of Uganda;
"Registrar of Companies"	means the office of the registrar of companies established under the Companies Act;
"Restricted Jurisdiction"	means the United States of America, the United Kingdom, Canada, Australia, Japan or any country or jurisdiction in which it is illegal to make the Offer or solicitation for the Offer Shares without satisfying the registration requirements of such country or jurisdiction;
"Retail Investor"	means a Qualifying Applicant who is not a Professional Investor;
"Selling Shareholder"	means MTN International;
"Sale Shares"	means the number of Offer Shares which the Selling Shareholder determines ought to be allocated to a successful Applicant at the Offer Price, pursuant to the terms and conditions in Section 18.9 (Sale Shares) of this Prospectus, and which allocation may or may not result in a cash refund pursuant to **Section 18.6.6 (Refund of excess Application funds)** of this Prospectus;
"Shares"	means the ordinary shares comprising the entire issued share capital of the Company with a par value of UGX 1 each;
"SCD"	means the Securities Central Depository operated by the USE in accordance with the SCD Act and the Securities Central Depositories Regulations 2012;

Definitions	
"SCD Account"	means a securities account that holds the share securities of an investor and through which the investor is able to trade on the SCD;
"SCD Act"	Securities Central Depositories Act 2009;
"Share Registrar"	means Uganda Securities Exchange Nominees Limited / SCD Registrars, a private company limited by shares and incorporated in Uganda with registration number 8002000506132;
"Transaction Adviser"	means SBG Securities Uganda Limited, a private company limited by shares and incorporated in Uganda with registration number 80020002774126 and licenced by the CMA to carry out the business of a stockbroker. SBG Securities Uganda Limited is a subsidiary of Stanbic Uganda Holdings Limited and an associate of Stanbic Bank Uganda Limited. In executing its mandate as Transaction Adviser, SBG Securities Uganda Limited has a shared services arrangement with Stanbic Bank Uganda Limited;
"UCC"	means the Uganda Communications Commission, a statutory body established under the Communications Act and responsible for the regulation of the communications sector in Uganda;
"Ugandan "	means a natural person who is a citizen of Uganda or a corporate entity incorporated under the laws of, and domiciled in, Uganda and in respect of which the direct or indirect controlling (over 50%) economic, ownership, voting or decision-making interest is held by a Ugandan citizen(s) as shall be affirmed by a statutory declaration to this effect or any other additional documents as may be required by the Selling Shareholder and the Transaction Adviser;
"UGX"	means Uganda Shilling, the official currency of Uganda;
"USD"	means United States Dollar, the official currency of the United States of America;
"USE"	means Uganda Securities Exchange Limited, a public company limited by shares and Licenced by CMA to conduct the business of a securities exchange;
"USSD"	means Unstructured Supplementary Service Data, a communications code (*1234#) used by mobile telephones to communicate with the mobile network operator;
"USE Easy Portal"	means the online portal administered by USE that allows Applicants to apply for Offer Shares, open SCD Accounts and view those SCD Accounts;
"USE Listing Rules"	means the Uganda Securities Exchange Listing Rules 2021, which set out the rules for admission to the Official List of the USE and the continuing obligations for listed entities; and
"Vision 2040"	means the written formulation of GOU's long-term strategic objective and socio-economic blueprint to move Uganda from a predominantly low income to a competitive upper middle-income country.

5. Letter from the MTN Chairperson

Dear Investor,

On behalf of the Board, it is my pleasure to present this Prospectus to you in relation to the initial public offer of MTN.

Our journey in Uganda

MTN has had an incredibly positive journey in Uganda during which time it has contributed immensely to the country's economic and social development. According to the World Bank's ***Telecommunications Reform in Uganda Working Paper 2002***, in 1998 when MTN was awarded the 20-year second national operator Licence, there were approximately 6,000 mobile phone subscribers in Uganda. That figure grew to 8,553,840 by the end of 2008. The Company continues to directly contribute to Uganda's growth in telephone density and according to the ***UCC Market Report Q2 2021***, seven out of every ten persons in Uganda hold a telephone subscription as of 30 March 2021.

MTN is inspired by the belief that everyone deserves the benefits of a modern connected life and is committed to changing lives by improving digital access, driving financial inclusion and broad community development under the theme ***#We're Good Together***.

In 2009, MTN introduced MTN Mobile Money, the first mobile network operator in the country to do so. The social, cultural and economic impact of MTN Mobile Money has been profound. In addition to peer-to-peer mobile money transfers, MTN Mobile Money has provided a sector-wide payment ecosystem, facilitating trade, credit, remittances, economic growth and financial inclusion in the process.

Overall, mobile telephony has not just had broad infrastructural impact in Uganda, it has revolutionised the livelihoods of ordinary people and MTN is proud to have both

Mr. Charles Mbire
MTN Board Chairperson

pioneered and powered this journey through the Company's own product initiatives and various industry collaborations.

MTN has also grown to be the leading taxpayer and business brand in Uganda. According to official annual revenue performance reports released by the Uganda Revenue Authority, MTN has been the leading taxpayer in Uganda for the past decade. MTN is also recognised as the most admired African brand in Uganda based on spontaneous consumer responses in the ***Brand Africa 100: Africa's Best Brands 2020*** survey carried out across 27 African countries; with the awards seeking to recognise brands that create a positive image for Africa, showcase the continent's diversity and drive the continent's competitiveness.

On the social impact front, MTN has through the MTN Uganda Foundation improved the quality of life in communities across the country by supporting and implementing sustainable projects in youth empowerment, education, health and other national priorities. As of the date of this Prospectus, a total of UGX 20 billion has been invested in community projects around the country since the inception of the Foundation in 2007.

The Offer and Listing

The Offer and the Listing are being undertaken to comply with the requirements of the National Broadband Policy, NTO Licence and regulations issued by the UCC, and could not have come at a more opportune moment for the Company. The Offer is also being undertaken by MTN Group in pursuance of its objective to broaden Ugandan shareholding in MTN and provide an opportunity to Ugandan investors, including MTN's loyal customers, to own a stake in the Company and participate in its future growth.

The Listing will have several benefits for all stakeholders. MTN will have broader local ownership consistent with its philosophy of local stakeholder participation thereby enabling Ugandans to own part of and share in the success of the Company and will benefit from enhanced governance standards and a higher profile. Investors will benefit from dividends (when declared by the Company) and a capital gain per share depending on the performance of the Company over time and its trading activity. The capital markets on the whole will be strengthened with the USE benefitting from an increased market capitalisation and share liquidity, giving the Ugandan investing public the opportunity to transact in the shares of the Company and to realise the value of their investment.

Our commitment and outlook

Having received a renewed mandate to continue providing market-leading telecommunications services and solutions to the people of Uganda through the NTO Licence, we are excited about the future prospects and growth potential of MTN and the opportunity to make an even greater contribution to the country's transformation by extending digital and financial inclusion to all areas of Uganda. The Company has had a 23-year legacy of investment in Uganda and we are committed to doing even more. We have been, and continue to be, a development partner of GOU and over the years we have invested significantly in infrastructure development that has provided a robust foundation for the country's economic growth. Additional investments will continue to be made in the medium and long-term.

The Company has also established a sustainable platform for growth, from which we are able to meet the growing and dynamic needs of our customers, the communities in which we operate and our country. This platform has been built through a sustained focus on customer-centric delivery, striving to ensure that every subscriber gets as much value for their money as possible. We are grateful to our customers for their loyalty, and to our people, our partners and our regulators for the opportunity to continue to contribute to Uganda's growth story.

The Company will also continue to grow its value-added services offering to meet the ever-changing demands of our customers. We recommit to ensure that we provide each and every one of our customers with the best service and value-for-money propositions that will ensure that our customers are well-equipped for their ever changing and dynamic lives. This is consistent with MTN Group's ***Ambition 2025*** strategy and ***#We're Good Together*** objective, by which MTN Group aspires to change lives by improving digital access, driving financial inclusion and broad community development.

Concluding remarks

The Board takes responsibility for the information contained in this Prospectus which has been prepared in accordance with the CMA Act and the USE Listing Rules with the support of our advisers. The details of the Offer are set out in **Section 18 (Terms and Conditions of the Offer)** of this Prospectus. We implore you to also review the risk factors in **Section 8 (Risk Factors)** of this Prospectus in order to appreciate the risks and uncertainties associated with MTN, the telecommunications industry and its regulatory environment, Uganda's political and economic risk profile and the Offer itself.

On behalf of the Board, I look forward to welcoming you as a shareholder of MTN.

Charles Mbire
MTN Board Chairperson

6. Directors' Responsibility Statement

The Directors of MTN, whose names are given in **Section 10 (Governance and Management)** of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and certify, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquires to ascertain such facts and that this Prospectus contains all information required by law.

Signed on 11 October 2021

Mr. Charles Mbire

Ms. Karabo Nondumo

Mr. Wim Vanhelleputte

Ms. Yolanda Cuba

Mr. Andrew Bugembe

Mr. Sugentharen Perumal


UGANDA

7. Overview of the Offer

This section highlights certain important information contained in this Prospectus, which should be read in its entirety for a full appreciation of the subject matter contained in this Prospectus. If you are in any doubt as to the meaning of this Prospectus or what action to take, please consult your licenced broker/dealer, investment adviser, accountant, banker, lawyer or other professional adviser. The interpretation and definitions of abbreviated or capitalised terms used in this summary are set out in ***Section 4 (Definitions)*** *of this Prospectus.*

7.1 Background and Objectives of the Offer

The Offer and the Listing are being undertaken in accordance with MTN Group's objective to broaden Ugandan shareholding in MTN and provide an opportunity to Ugandan investors, including MTN's loyal customers, to own a stake in the Company and participate in its future growth.

In addition, the Offer and the Listing are being undertaken to comply with the provisions of the NTO Licence. The NTO Licence requires MTN to comply with the sector policy, regulations and guidelines requiring listing of a portion of its Shares on such terms and in such timelines as shall be contained in the policy, regulations and guidelines. In line with the Uganda Communications (Fines and Fees) (Amendment) Regulations 2020, the UCC has indicated that MTN is required to comply with the listing obligation by 30 June 2022.

MTN is committed to changing lives by improving digital access, driving financial inclusion and broad community development, in line with MTN Group's objective ***#We're Good Together.*** In support of this commitment and in addition to the regulatory obligation detailed above, MTN Group's intention is to broaden Ugandan shareholding in MTN and provide an opportunity to Ugandan investors to own a stake in MTN and share in the success of the Company. By undertaking this Offer, MTN Group further seeks to contribute to the expansion of the Ugandan capital markets.

7.2 Legal Basis of the Offer

The Offer and the Listing were approved by the MTN Board at its meetings of 12 August 2021 and 23 August 2021. The Existing Shareholders of the Company also approved the Offer and the Listing by members' resolutions passed at an extra-ordinary general meeting of the Company held on 20 August 2021.

7.3 Incorporation and Relevant Corporate History

MTN was incorporated as a private company on 25 February 1998 to provide telecommunication services in Uganda. Following a successful international bidding process, the Company was awarded a 20-year second national operator licence for the operation of a telecommunications system providing communications services, which expired on 20 October 2018 and has since been renewed through the issuance of the NTO Licence.

MTN converted to a public company limited by shares by a resolution of the members dated 14 November 2002 (under registration number P.498), with the conversion process being formally completed on 17 December 2003.

On 27 November 2020, MTN established the Mobile Money Company to conduct the business of a payment systems operator for electronic money systems and a payment service provider for electronic money issuance in accordance with the NPS Act, which mandated the segregation of these functions from MTN's telecommunications operations. The Mobile Money Company obtained the required licences on 6 May 2021 and, following an operational transition, started conducting the MTN Mobile Money business autonomously with effect from 19 June 2021.

MTN is a member of the MTN Group, which beneficially owns 96.014% of the issued shares in MTN through MTN International, a holding company incorporated in Mauritius.

7.4 Nature of Business

MTN's primary corporate objective, as provided in Clause 3 of the Company's amended memorandum of association dated 20 August 2021, is to carry on the business of a national operator of a telecommunications network pursuant to the NTO Licence granted by the UCC. MTN's core business comprises the provision of telecommunications services covering network services, digital and financial technology services, interconnect and roaming, sale of mobile devices and MTN Mobile Money (conducted through the Mobile Money Company).

7.5 Share Capital Structure and History

MTN's share capital as of the date of this Prospectus is set out below.

Table 2: Authorised and issued share capital of MTN

	UGX
Authorised share capital: *28,000,000,000 ordinary shares with a par value of UGX 1 each*	28,000,000,000
Issued and fully paid share capital: *22,389,044,239 ordinary shares with a par value of UGX 1 each*	22,389,044,239

The Company was incorporated on 25 February 1998 with an authorised share capital of UGX 1,000,000 divided into 1,000 ordinary shares of UGX 1,000 each. On 18 January 1999 and 27 October 2003, the Company increased its authorised share capital to UGX 4,000,000 and UGX 5,000,000, respectively.

On 4 October 2008, the Company further altered its share capital to create 3,764 preference shares of UGX 8.45 each following a conversion of subordinated shareholder loans to equity. The preference shares were created as linked units for each issued ordinary share in the Company and were allotted to MTN International and Invesco Uganda Limited (**"Invesco"**) in accordance with the terms of a preference shares agreement entered into for this purpose. The preference shares were fully redeemed on 28 April 2012 and do not presently constitute a part of the Company's share capital.

By a resolution of the Board passed on 12 August 2021 and a resolution of the Existing Shareholders passed on 20 August 2021, the following share capital alterations were authorised in preparation for the Offer:

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

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

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

There is no share capital of the Company that is under option or agreed conditionally to be put under option. Further, in the opinion of the Directors, the issued share capital of MTN is adequate for the purposes of the business of the Company for the next twelve months.

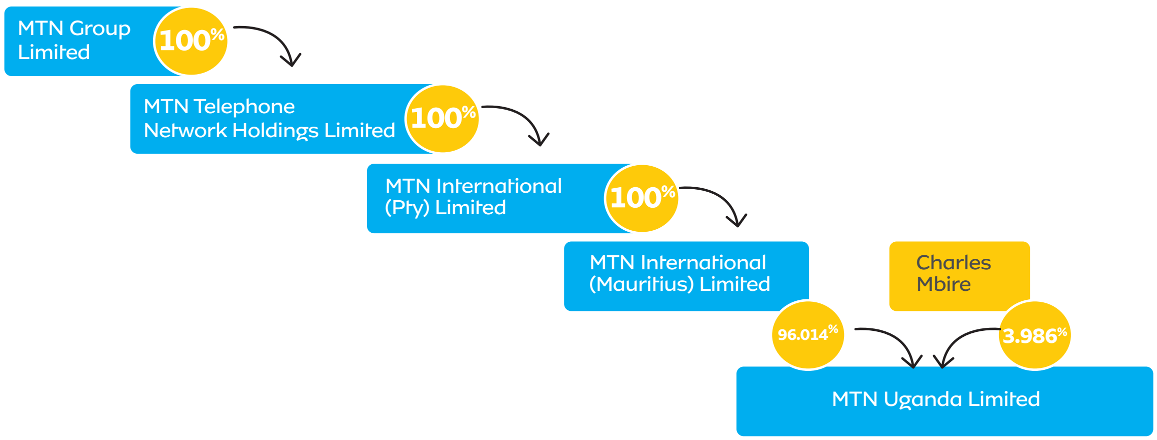
7.6 Shareholding Structure

MTN's shareholders as at the date of this Prospectus are set out in the table below:

Table 3: Existing Shareholders before the Offer

Shareholder	***Number of ordinary Shares***	***Ownership***
MTN International	21,496,813,464.30	96.014%
Charles Mbire	892,230,775	3.986%
Total	22,389,044,239 *(out of 28,000,000,000 authorised shares)*	100%

MTN's ultimate beneficial shareholding structure is as follows:



MTN has undergone the following changes in shareholding over the past five years:

Table 4: Shareholding history over the past five years

	2016	**2017**	**2018**	**2019**	**2020**	**31 August 2021**
Authorised Shares	5,000	5,000	5,000	5,000	5,000	28,000,000,000
Issued Shares	3,764	3,764	3,764	3,764	3,764	22,389,044,239
Shareholders						
MTN International	3,572	3,572	3,610	3,610	3,610	21,496,813,464
Invesco Uganda	187	187	0	0	0	0
Charles Mbire	1	1	150	150	150	892,230,775
Khumo Shuenyane	1	1	1	1	1	0
Phutuma Freedom Nheiko	1	1	1	1	1	0
Sibongile Beatrice Mtshali	1	1	1	1	1	0
Paul Deon Norman	1	1	1	1	1	0

Assuming allocation of all the Offer Shares, MTN's shareholding after the Offer will be:

Table 5: Shareholding after the Offer

Shareholder	*Number of ordinary Shares*	*Ownership*
MTN International	17,019,004,616	76.014%
Charles Mbire	892,230,775	3.986%
Other shareholders	4,477,808,848	20%
Total	22,389,044,239 *(out of 28,000,000,000 authorised shares)*	100%

7.7 Status of and Rights Attaching to the Company's Shares

The share capital of MTN consists of only one class: ordinary shares. Therefore, all of the Company's Shares rank on equal footing (*pari passu*) and no preferential rights apply.

Every shareholder who is entered in the Company's register of members as of the relevant date will have the right to attend and vote at the general meetings of the Company (with each Share carrying one vote except in the event of a vote by poll where voting will be based on the number of Shares held), the right to participate in full in all dividends and other distributions declared in respect of the Shares the relevant shareholder owns and the right to participate in all surpluses in the event of the liquidation or winding up of the Company.

The Shares are not subject to any right of pre-emption or right of first refusal, and any shareholder (other than a shareholder who is a party to the Lock-in Agreement which only takes effect on the Listing Date) who wishes to transfer Shares owned in the Company may do so freely through the SCD share transfer framework.

Following the Listing, the Company's will have 5,610,955,761 unissued Shares. In the event that the Board approves the allotment of these un-issued Shares, or any other un-issued shares that may be created in the future, the unissued shares shall first be offered to the Company's then existing shareholders *pro rata* their shareholding . However, the shareholders may authorise the Board to allot unissued Shares in any other manner that the Directors, acting in the best interests of the Company, deem fit.

7.8 Consolidated Financial Summary

This section should be read together with the Reporting Accountants Report in **Section 14** of this Prospectus.

The table below sets out the summarised statements of comprehensive income of MTN for the five years ended 31 December 2020 and the six months period between 1 January 2021 and 30 June 2021:

Table 6: Summary of statement of comprehensive income						
Twelve months ended 31 December						**Six months ended 30 June**
UGX'bn	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Revenue	1,308	1,437	1,551	1,718	1,878	806
Gross profit	889	1,026	1,109	1,339	1,500	773
EBIDTA	385	503	557	809	929	512
Profit before tax	138	227	308	379	460	208
Profit after tax	96	153	220	269	322	131
Earnings per share	0.026	0.041	0.058	0.072	0.085	0.035 *(based on 3,764 issued shares)*

The summarised balance sheets of MTN for the five years ended 31 December 2020 and the six months period between 1 January 2021 and 30 June 2021 are as follows:

Table 7: Summary of balance sheet						
Twelve months ended 31 December						**Six months ended 30 June**
UGX'bn	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Current Assets	691	595	720	738	887	1,049
Non-Current Assets	818	857	870	1,504	1,873	1,933
Total Assets	**1,509**	**1,453**	**1,590**	**2,241**	**2,760**	**2,982**
Current liabilities	917	891	977	985	1,202	1,428
Non-current liabilities	294	213	170	699	832	810
Equity	298	349	442	557	726	743
Total Equity and Liabilities	**1,509**	**1,453**	**1,590**	**2,241**	**2,760**	**2,982**

The summarised cash flow statements of MTN for the five years ended 31 December 2020 and the six months period between 1 January 2021 and 30 June 2021 are as follows:

Table 8: Summary of cash flow statement						
Twelve months ended 31 December						**Six months ended 30 June**
UGX'bn	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Net cash used in / generated fromoperating activities	(149)	341	326	430	433	305
Net cash used in investing activities	(210)	(275)	(232)	(248)	(612)	(149)
Net cash generated from / (used in) financing activities	388	(57)	(41)	(160)	133	(66)
Net increase/ (decrease) in cash and cash equivalents	29	9	53	22	(46)	90
Cash and cash equivalents at the start of the period	19	40	45	93	109	59
Exchange losses on cash and cash equivalents	(8)	(3)	(5)	(5)	(4)	(12)
Cash and cash equivalents at the end of the period	40	45	93	109	59	137

7.9 Dividend History and Policy

In the last four financial years, MTN has declared dividends as follows:

Table 9: Dividend payment history			
Year	**Dividend Per Share (UGX'mn)**	**Total Dividend Declared (UGX'bn)**	**Pay-Out Ratio**
2020	40,65	153	47.6%
2019	41	154	57.3%
2018	33.5	126	57.4%
2017	27	102	66.6%

MTN's current dividend policy was approved by the Board on 2 November 2020. The policy provides that in the medium-term, MTN will target a dividend pay-out ratio of at least 60% of annual profits after tax.

The dividend pay-out ratio in any given year will be subject to Board discretion considering the Company's cash projections, business outlook, investment plans, capital markets conditions, solvency and liquidity, tax regulations and debt covenants. The Board may also vary the dividend pay-out ratio in a year if the accumulated reserves can accommodate an extra payment above the set ratio subject to cash availability and compliance with debt covenants.

MTN's policy is to consider declaring and paying dividends thrice a year as follows: a first interim dividend after the half-year results, a second interim dividend after quarter-three financial results and a final dividend in quarter-one following the release of the year-end results.

MTN has for the period ended 30 September 2021 paid two interim dividends totalling to UGX 230 billion. It is anticipated that the final dividend for 2021 will be paid in line with the policy following publication of the Company's 2021 annual financial statements. In determining a final dividend for 2021, the Directors will take the following factors into account:

a) the interim dividend(s) already paid;

b) the Company's cash flow and liquidity requirements;

c) debt covenants; and

d) the prevailing capital market conditions.

The new shareholders will be entitled to participate in any final dividend declared.

In accordance with the USE Listing Rules, dividends that are approved shall be paid within 21 days of the books closure date.

Dividends paid are subject to withholding tax, which is borne by the shareholder. Dividend payments to resident shareholders will attract withholding tax of 10% of the gross amount, while dividend payments to non-resident shareholders will ordinarily attract withholding tax of 15% of the gross amount. For non-resident shareholders, double taxation relief may apply where Uganda has double taxation arrangements with the country of residence of a particular non-resident shareholder, in which case the withholding tax rate would be 10%. Applicants are advised to seek appropriate advice in this regard.

7.10 Profit Forecast

The projections below are based on MTN management's prudent assumptions and have been prepared on the basis of the accounting policies used in previous years as set out in the Reporting Accountants Report in **Section 14** of this Prospectus.

The forecast financial information and underlying assumptions include two significant and unusual transactions that are non-recurring in nature. These transactions are:

a) the payment by MTN of transitional licence fees of UGX 50 billion (USD 14.1 million) to the UCC for the period 20 October 2018, when MTN's previous second national operator licence expired, to 1 July 2020, when the NTO Licence was issued. This sum was paid by the Company on 9 September 2021; and

b) the payment by MTN of a mutually-agreed fee of UGX 11 billion (USD 3 million) to Invesco Uganda Limited in connection with the termination of the Support Services Agreement that was entered into between the Company and Invesco Uganda Limited on 15 May 2013.

Table 10: Summary of forecast for 12 months months ending 31 December 2021

Twelve months ending 31 December 2021 (UGX'bn)	
Revenues	2,065
EBITDA (IFRS 16)	1,059
Profit before tax	467
Profit after tax	325
Earnings per Share (based on issued share capital of 22,389,044,239)	UGX 14 per share

The forecast in Table 10 above is based on the following assumptions:

a) The 2021 forecast revenue growth of 10% is primarily driven by data (contributing 18% of revenue) and mobile money (contributing 26.4% of revenue), coupled with continuous product innovation and services to meet the market needs to drive revenue growth further. Voice continues to grow year on year, contributing 50.9% of the total revenues.

b) Forecast EBITDA (IFRS 16) growth of 12.8% is driven by continuous sustainable cost management efficiencies. This is a key management focus to drive value as a cost leader. Focus on margin improvement is through scale and digitisation of some areas. Excluding the one-off cost of UGX 11 billion for the termination of the Support Services Agreement with Invesco Uganda, the year-on-year growth would have been 13.9%. The projected EBITDA (IFRS 16) margin is 50.2%

and 51.3% excluding the one-off termination cost of the Support Services Agreement.

c) Profit after tax is expected to grow by 0.9% driven by the one-off termination payment of UGX 11 billion for the Support Services Agreement described above, and the one-off payment of UGX 50 billion in transitional licence fees to the UCC. Excluding these one-off costs, the year-on-year profit-after-tax growth would have been 13.8% with a margin over revenue of 17.7%. This is driven by the above EBITDA (IFRS 16) performance and increased amortization and financing cost (includes 19.2% year-on-year increase in amortization costs driven by refinancing a USD 100 million medium term syndicated loan in 2020 and the amortization of the USD 100 million NTO licence acquired in July 2020, with 2021 to provide the full-year impact).

d) The planned capital expenditure investment is UGX 403 billion, with a capital expenditure intensity of 19.5%. The increased capital expenditure investment year-on-year of 33% is required to support growth, maintenance and expected network quality. The 2021 capital expenditure investment includes catch-up outlay on some projects that were deferred due to the COVID-19 pandemic in 2020.

e) The financial impact of differences between actual and estimated inflation and exchange rates may be passed on to customers.

As the projections in Table 10 are based on certain assumptions and are for illustrative purposes only, the actual results achieved may differ from those projected.

7.11 Purchase of Offer Shares by Eligible Employees

Eligible Employees participating in the Offer will be entitled to a cash subsidy that is equal to 10% of the aggregate amount payable for the Offer Shares allocated to an Eligible Employee. The maximum amount payable as the 10% cash subsidy is the equivalent of three months' gross salary of the Eligible Employee as at the date of the Prospectus.

Every Eligible Employee participating in the Offer will pay in full for the number of Offer Shares applied for at the point of submitting an Application. Thereafter, following the completion of allocation procedures and the Listing, the participating Eligible Employee will receive the 10% cash subsidy from MTN. The cash subsidy will be financed in full by MTN, the employer.

Eligible Employees should note that there are likely tax implications for each Eligible Employee who benefits from all or part of the cash subsidy described in this section. As such, Eligible Employees who wish to take advantage of the employee subsidy should seek tax advice prior to completing the relevant portion of the Application Form relating to their employee status.

Applicants who are Eligible Employees and wish to take advantage of the employee cash subsidy should indicate their status as employee when submitting an Application.

7.12 Proforma Impact of the Offer

The Board cautions that the proforma financial information presented below addresses a hypothetical situation and, therefore, does not represent forecasts of the actual financial position or results of MTN.

In particular, the Board cautions that the actual impact on earnings per share and net assets per share in future financial periods will depend on the performance of the Company's business as well as external factors such as inflation and changes in exchange rates.

7.12.1 Proforma impact on shareholding structure

Assuming the Offer Shares are fully allocated, the proforma impact on MTN's shareholding structure will be as set out in the table below:

Table 11: Proforma impact on shareholding structure

Before the Offer		After the Offer		
Shareholder	**Shares %**	**Sale Shares %**	**Total**	**%**
MTN International	96.014	20	17,019,004,616	76.014
Charles Mbire	3.986	0	892,230,775	3.986
Public shareholders	0	0	4,477,808,848	20
Total	100	20	22,389,044,239	100

7.12.2 Proforma impact on balance sheet

The aggregate cash subsidy payable to Eligible Employees in terms of **Section 7.11 (Purchase of Offer Shares by Eligible Employees)** of this Prospectus will be recorded as employee remuneration payable by MTN, and a taxable employment benefit on the part of the Eligible Employee. The accounting treatment under IFRS 2 (*Share-based payment*) will be as an equity-settled transaction with employees that is expensed based on the fair value of the Offer Shares granted to the Eligible Employees.

On 12 August 2021 and 20 August 2021, the Board and Existing Shareholders of MTN, respectively, approved the increase of the Company's share capital from UGX 5,000,000 divided into 5,000,000 ordinary shares of UGX 1 each to UGX 28,000,000,000 divided into 28,000,000,000 ordinary shares of UGX 1 each by the creation of 27,995,000,000 ordinary shares of UGX 1 each. Following this increment, 22,385,280,239 ordinary shares were allocated to the Existing Shareholders as fully paid bonus shares in proportion to the Existing Shareholders' shareholding immediately prior to the increment.

The bonus share issue was funded by capitalising UGX 22,385,280,239 of the Company's retained earnings as of 30 June 2021. In terms of accounting treatment, the issue of bonus shares is a reclassification of reserves which causes an increase in the issued share capital of the Company, and a proportionate decrease in retained earnings or reserves. Therefore, the total net equity of the Company remains the same.

The transfer of the Sale Shares for a cash consideration will not have an impact on the balance sheet of MTN as the net proceeds will be received by MTN International. The transfer of the Sale Shares will result in a change in share ownership only.

Equally, the transfer of the Incentive Shares to the eligible Applicants will not have an impact on the balance sheet of MTN as the Incentive Shares constitute assets of the Selling Shareholder (and not the Company) transferred at nil-cost. The transfer of the Incentive Shares will result in a change in share ownership only and will not have any impact on the balance sheet or financial position of the Company.

7.12.3 Proforma impact on profitability

The Offer will not have any material impact on the Company's profitability.

The net proceeds of the Offer will accrue to the Selling Shareholder for the Selling Shareholder's benefit.

The aggregate cash subsidy payable to Eligible Employees in terms of **Section 7.11 (Purchase of Offer Shares by Eligible Employees)** of this Prospectus will be made from the Company's earnings and is projected not to exceed 1% of MTN's profit after tax for the interim period ended 30 June 2021.

7.12.4 Proforma impact on distributions

The Offer will not have any direct or indirect impact on the Company's dividend policy which is set out in **Section 7.9 (Dividend History and Policy)** above.

7.13 Detailed Particulars of the Offer

7.13.1 Number of Shares on Offer

4,477,808,848 shares held in MTN by MTN International.

7.13.2 Listing of the Shares

Following the Offer, all the Shares are to be listed on the USE.

7.13.3 Status of the Offer Shares and lock-in arrangements

The Offer Shares rank on equal footing (*pari passu*) in all respects with all other Shares, including the right to participate in full in all dividends and/or other distributions declared in respect of such Shares, all surpluses in the event of liquidation or winding up of the Company and the right to vote at general meetings of the Company. The Shares held by the majority shareholder (MTN International) after the Listing will have the same voting rights as other Shares of the Company.

The Offer Shares and the Shares are freely transferable and are not subject to any restrictions on marketability or any rights of first refusal on transfer. Pursuant to the Lock-in Agreement, the Shares that are held by the Existing Shareholders and the Directors (to the extent that any Director holds Shares in the Company as of the Listing Date) will be subject to a lock-in for a period of 12 months after the Listing Date. The locked-in parties have agreed not to dispose of or further encumber any of the Shares that they respectively hold in MTN during the lock-in period. In addition, the Company has agreed not to create, issue or offer for subscription new Shares for a period of 12 months from the Listing Date.

7.13.4 Minimum number of Offer Shares per Application

The minimum number of Offer Shares for which Application must be made is 500 Offer Shares. Applications for greater than this minimum must be in multiples of 500 Offer Shares with no limit on the number of Offer Shares that an Applicant can apply for.

7.13.5 Structure and allocation of the Offer

No Shares shall be allocated on the basis of this Prospectus later than six months after its date of issue.

7.13.6 Use of Proceeds

The funds raised from the Offer, net of related expenses payable by the Selling Shareholder, will accrue to the Selling Shareholder.

7.13.7 Underwriting

The Offer is not underwritten.

7.13.8 Minimum Aggregate Applications

The Selling Shareholder may suspend the Offer and refund all funds received from Applicants in the event that aggregate Applications of at least 25% of the Offer Shares (approximately 1,119,452,212 Offer Shares) are not received. In taking this course of action, the Selling Shareholder will consult with and seek the consent of the CMA and the USE.

The USE Listing Rules require that immediately following the Offer, at least 20% of the Shares shall be held by not less than 500 shareholders excluding any employees and Directors of the Company. In the event that the minimum float and the minimum number of public shareholders is not achieved, a waiver of the USE Listing Rules requirement regarding the minimum float and the minimum number of public shareholders may be sought from the USE to enable the Company to proceed with the Listing notwithstanding the shortfall.

7.13.9 Ugandan Retail Investors Priority and Oversubscription

The Allocation Policy of the Offer set out in **Section 18.7 (Allocation Policy)** of this Prospectus provides that Applications from Ugandan Retail Investors shall be given priority, including in the event of Oversubscription.

Oversubscription will result in Applicants not necessarily being allocated all of the Offer Shares for which they applied, as is further detailed in **Section 18.7 (Allocation Policy)**. Any funds received in respect of Applications for which Offer Shares are not allocated will be returned to the affected Applicants. Further details on refunds can be found in **Section 18.6.6 (Refund of excess Application funds)** of this Prospectus.

In order to prioritise Applications from Ugandan Retail and Professional Investors, Applications will be considered in the following order:

a) first, satisfy all duly completed Applications from Ugandan Retail Investors and Eligible Employees;

b) second, satisfy all duly completed Applications from Professional Investors based in Uganda;

c) third, satisfy all duly completed Applications from Qualifying Applicants from other East African Community Partner States; and

d) fourth, satisfy all duly completed Applications from Foreign Investors;

In the event of Oversubscription:

a) Ugandan Retail Investors making Applications for Offer Shares of an aggregate minimum value of UGX 5 million will be allocated the full number of Offer Shares for that minimum value applied for along with that number of Incentive Shares that they are entitled to, subject to the total number of Offer Shares available; and

b) all Applications for Offer Shares in excess of an aggregate minimum value of UGX 5 million in the case of Retail Investors will be allocated Offer Shares and corresponding Incentive Shares on a pro rata basis as determined by the Selling Shareholder in accordance with the allocation priority stated above and in such a way that persons within the same category of Applicants shall be treated in a fair and equal manner with regard to their Applications.

7.13.10 Payment Terms

Each Application submitted must be accompanied by payment of an amount equivalent to the aggregate price of the Offer Shares applied for by the Applicant. Payment may be in the form of:

a) if applying via an Application Form or the USE Easy-Portal, cash deposit into the account of a Receiving Bank or Authorised Selling Agent, as designated;

b) MTN Mobile Money, if applying through the m-IPO Platform, or the USE Easy-Portal;

c) a valid banker's draft/cheque drawn on a commercial bank Licenced in Uganda in favour of the MTN Offer Share Account for applications made using an Application Form;

d) electronic funds transfer to the bank account of the Authorised Selling Agent or Receiving Bank, as designated, if using an Application Form;

e) any other recognized means of payment in Uganda to the account of the Authorised Selling Agent, as designated, if using an Application Form; and

f) for Professional Investors, an irrevocable on-demand bank guarantee from a commercial bank licenced in Uganda in the format required by the Selling Shareholder and valid for up to 30 days after the Closing Date.

Payments made via MTN Mobile Money will be subject to the MTN Mobile Money terms and conditions prevailing as of the date of this Prospectus. In addition, for payments made via MTN Mobile Money, a daily transactional limit of UGX 5 million will apply in line with the terms and conditions applicable to MTN Mobile Money. The fees for payments for Offer Shares via the m-IPO Platform have been waived.

7.14 Key Offer Statistics

Table 12: Key Offer statistics

	Actual 11 October 2021	Projected 31 December 2021
Offer Price per Offer Share (UGX)	200	-
Par value of each Offer Share (UGX)	1	1
Total number of issued Shares	22,389,044,239	22,389,044,239
Total number of Offer Shares	4,477,808,848	-
Net asset value (UGX)	791,479,339,807	823,583,000,000
Net asset value per Share prior to the Offer (UGX)	33.2	36.8

7.15 Important Dates and Times

Table 13: Important dates and times

Activity	Date	Time
Offer opens	11 October 2021	10.00 a.m
Offer closes	22 November 2021	4.00 p.m
Announcement of allocation results	3 December 2021	4.00 p.m
Crediting of Offer Shares to SCD Accounts of successful Applicants	3 December 2021	4.00 p.m
Dispatch of SCD Account statements to successful applicants	3 December 2021	4.00 p.m
Refund of excess Application funds in the event of Oversubscription	3 December 2021	4.00 p.m
Listing and commencement of trading on the USE	6 December 2021	9.30 a.m

All dates provided are subject to change by the Selling Shareholder in consultation with the Transaction Adviser (subject to obtaining the necessary regulatory approvals). All times provided are East African Standard Time. Any amendment will be published in a national daily newspaper and on MTN's website after receipt of regulatory approval.

7.16 How to Apply for the Offer Shares and SCD Accounts

7.16.1 Mode of Application

Only Qualifying Applicants can apply for the Offer Shares. A Qualifying Applicant may apply for the Offer Shares in the following ways:

a) electronically, by using the m-IPO Platform. This option is limited to Eligible MTN Customers using MTN Mobile Money as the payment channel. Additional details are contained in **Section 18.7.1 (How to apply – m-IPO Platform)** of this Prospectus;

b) electronically by accessing the USE Easy-Portal at https://scd.use.or.ug/. This option is available to Applicants on a self-service or assisted basis. Assisted USE Easy-Portal applications involve provision of guidance by an Authorized Selling Agent to an Applicant in completing and submitting an Application on the USE Easy-Portal. Additional details are contained in **Section 18.7.2 (How to apply – USE Easy-Portal)** of this Prospectus; and

c) by completing and submitting the Application Form to any Authorised Selling Agent by physical or electronic means. Additional details are contained in **Section 18.7.3 (How to apply – submission of Application Form)** of this Prospectus.

7.16.2 SCD Account requirement

The Shares shall be held in dematerialised form by which, in accordance with the SCD Act, evidence of ownership of shares listed by a company on an authorised stock exchange is through a book-entry record that is reflected on an electronic account opened and operated by the shareholder. No physical or paper certificates will be issued as evidence of ownership of allocated Shares.

In order for an Applicant to apply for and receive an allocation of Offer Shares, the Applicant must have an SCD Account. Applicants who already have an SCD Account should indicate their SCD Account number when prompted and proceed with the Application process. The m-IPO Platform is enabled to accommodate opening of SCD Accounts and application for Offer Shares. Eligible MTN Customers without an SCD Account will be required to open an SCD Account prior to applying for Offer Shares.

If an Applicant does not have an SCD Account, the Applicant must complete the SCD Account opening process using one of the channels below:

a) the m-IPO Platform, as more particularly detailed in **Section 18.7.8 (How to open a SCD Account – m-IPO Platform)**;

b) USE Easy-Portal at https://scd.use.or.ug as more particularly detailed in **Section 18.7.9 (How to open a SCD Account – USE Easy-Portal)**; and

c) through an Authorised Selling Agent, as more particularly detailed in **Section 18.7.10 (How to open a SCD Account – Authorised Selling Agent)**.

7.16.3 Application fee payable to the SCD

Pursuant to the Uganda Securities Exchange Fees, Charges and Penalties Rules 2021, an applicant for shares in an initial public offer must pay a processing fee of UGX 5,000. Although this fee should, in the ordinary course, be paid by each Applicant, MTN will pay this processing fee on behalf of all Applicants.

8. Risk Factors

An investment in MTN entails certain risks. The Company's operating results, financial condition and prospects could be materially and adversely affected by any of the risks described below. In that event, the value of the Shares after Listing could decline, and investors could potentially lose all or part of their investment in the Shares.

In considering an Application for the Offer Shares, prospective investors should carefully consider the following potential risks (in addition to any other relevant information contained in this Prospectus) before making any investment decision. There are a wide range of factors which, individually or collectively, could affect MTN and its strategic objectives and prospects. It is not entirely possible to identify all such factors or to determine which factors are most likely to occur as MTN may not be aware of all relevant factors. Further, certain factors which MTN currently deems to not be material may otherwise become material because of the occurrence of events outside the Company's control.

This section describes the risk factors that are considered by the Board to be material in relation to the Company. As indicated, additional risks and uncertainties that are not presently known to the Company may also have an adverse effect on the Company's operating results, financial condition and prospects. The information given is as of the date of this Prospectus and will not be updated except as required by the CMA, the USE or any other applicable law or regulation. Any forward-looking statements that appear in this section are made subject to the reservations specified under the ***Important Information Statement*** *section of this Prospectus.*

8.1 MTN Specific Risk Factors

8.1.1 MTN's telecommunications licences, permits and frequency allocations are subject to finite terms, ongoing review and periodic renewal:

The terms of MTN's NTO Licence and radio spectrum authorisations are subject to limited, defined terms, ongoing review and periodic renewal and, in some cases, are subject to modification by the UCC.

The Company's principal authorisation is the NTO Licence, which has stringent terms and sets out various obligations that the Company is required to comply with for the duration of the Licence. The NTO Licence is subject to annual compliance review by the UCC, and the Company must obtain a compliance certificate indicating its standing with the regulator after every review process. In appropriate circumstances, the compliance certificate will be issued with a remediation plan for any incidents of non-compliance that have been identified by the UCC, and any remediation plan may have to be executed by the Company at a substantial cost.

The UCC also retains the unilateral mandate to modify the NTO Licence where the regulator considers that the modification is necessary to achieve the objectives of the law or is in the public interest. While the Company has a right to make representations regarding any intended licence modification, the UCC is not bound to accept the Company's views in the exercise of its mandate.

While MTN does not expect that it will be required to cease operations at the end of the term of the NTO Licence, there can be no assurance that MTN will be given a new NTO Licence or equivalent licence or that a new Licence will be on equivalent or satisfactory terms, or at all. The NTO Licence provides for an exit process in the event of the termination of the Licence. Even though the NTO Licence provides for a compensation mechanism in the event of expiry or revocation, there is no guarantee that the compensation assessed by the UCC will be adequate in view of the investment made by MTN over the term of the NTO Licence.

MTN paid a significant amount (USD 100 million) for the NTO Licence in June 2020. The Company anticipates that it may have to continue to pay substantial spectrum fees and incur substantial costs to meet specified universal service and network coverage obligations that it has committed to in acquiring the NTO Licence. Failure to meet the NTO Licence obligations on commercially viable terms or to obtain financing on satisfactory terms or at all may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Overall, MTN has been operating in Uganda for the past 23 years and has consistently renewed all its principal authorisations from the UCC, in addition to satisfying the UCC's discrete compliance obligations.

8.1.2 The Company may experience a failure or interruption in the operations of its networks, gateways to its networks or the networks of other operators:

MTN is dependent, to a significant degree, on the uninterrupted operation of its telecommunications networks to provide its services. A failure in the operations of the Company's networks, gateways to the Company's networks or the networks of other operators could adversely affect the Company's business, financial condition, results of operations and prospects.

Telecommunications networks are subject to risks of technical failures, ageing infrastructure, human error, wilful acts of destruction or natural disasters, equipment delays and failures, shortages of spare parts, energy or fuel shortages, software errors, damage to fibres, insufficient disaster recovery or contingency plans and staff shortages amongst service providers, among others. From time to time, customers of MTN have experienced blocked or dropped calls or slow data speeds because of network capacity constraints. Despite the Company's planned infrastructure investments over the next five years, the Company may not be able to adequately improve or maintain these relevant networks at current levels, particularly if the Company's traffic volume grows significantly beyond headroom capacity and regulatory requirements for infrastructure sharing result in pressure on MTN's capacity.

This may cause considerable customer dissatisfaction and, as a result, have a material effect on the Company's brand, business, financial condition, results of operations and prospects. Customers may also be driven to choose an alternative service provider, and the Company will need to continually invest in infrastructure development and enhanced customer care initiatives and marketing activities to retain or attract new customers.

MTN has comprehensive business continuity and disaster recovery plans in place to minimize service downtimes and ensure continual services to the Company's customers. Even though this framework is comprehensive, the Company cannot be certain that business continuity management and disaster recovery plans will always minimise service downtimes as envisaged.

The Company also relies on interconnection with the networks of other telecommunications operators to carry calls from its customers to the customers of fixed-line operators and other mobile operators, both within Uganda and internationally. While the Company has interconnection and roaming agreements in place with many other telecommunications operators, the Company has no direct control over the quality of these networks, the interconnections or the international roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to MTN on a consistent basis, could result in a loss of subscribers or a decrease in traffic which could adversely affect the Company's business, financial condition, results of operations and prospects.

Additionally, in 2012, MTN disposed of a majority of its in-country tower sites to American Tower Corporation Uganda, a joint venture vehicle that deals in telecommunications towers (wireless communications and broadcast network infrastructure) and management of rooftop sites. At the time of the asset sale, American Tower Corporation Uganda was indirectly owned by MTN Group and a subsidiary company of American Tower Corporation, Inc (USA). In 2020, MTN Group successfully disposed of its 49% equity stake in the joint venture to the American Tower Corporation, Inc. subsidiary.

Currently, MTN is the anchor tenant, on commercial terms, on cell sites fully owned and operated by American Tower Corporation Uganda, and neither MTN Group nor the Company has a direct or indirect ownership interest in the tower sites or the operating company. Any difficulties or breakdown in the Company's commercial relationship with American Tower Corporation Uganda or the failure of American Tower Corporation Uganda to provide reliable services to the Company on a consistent basis could materially adversely affect the Company's business, results of operations, financial condition and prospects.

8.1.3 The Company's operations may be hampered by insufficiency of essential communications resources:

The sustainability of the Company's operations and quality of service to customers is wholly dependent on the quality and quantity of radio spectrum allocated to it by UCC. Radio spectrum is a scarce finite resource that is planned for and allocated at the discretion of the regulator and for a defined period. Currently, MTN's spectrum allocation covers the 900 *(2x10), 1800 (2x20), 2100 (2x20), 2600 (2x10) and 3500 (2x31.5)* frequency bands.

At present, the Company's radio spectrum holdings can only viably enable it to provide voice services and minimal data to some sections of the country. As a matter of law and the NTO Licence, MTN is entitled to apply for spectrum but is not guaranteed allocation. Allocation of essential resources is subject to availability of the desired resources and MTN's service plans. If the regulator considers that the Company already has sufficient resources to fulfil its Licence obligations or service targets, it may not allocate more. Also, if the regulator considers that MTN is not optimally using already allocated radio spectrum, that spectrum can be withdrawn and refarmed.

To cover 90% of the geographical size of Uganda as required in the NTO Licence, significant capital investment will be required whose return may not be optimal unless the Company can obtain more spectrum in the lower frequency bands like 700Mhz, 800Mhz or 900Mhz. An increase in the Company's capital expenditure beyond economically viable levels in order to increase the capacity of networks ahead of customer demand will affect the Company's results of operations, financial condition and prospects.

UCC also has the discretion, in certain circumstances, to withdraw or reallocate spectrum, and the Company may not be able to continue to obtain or retain the necessary spectrum for its operations from third parties at a competitive price, if at all. Additionally, desirable radio spectrum may not become available when required or may otherwise be insufficient, which may result in an increase in the Company's capital expenditure in order to increase the capacity of networks ahead of customer demand.

The Company may also be unable to monetise and leverage some of its spectrum fully, and there is no assurance that MTN will be able to realise the anticipated revenues and benefits of its spectrum allocation. Regulatory restrictions may also hamper the Company's ability to utilise its allocated spectrum. These limitations could result in an adverse effect on the Company's business, financial condition, results of operations and prospects.

8.1.4 MTN faces competition from other traditional and non-traditional operators in the telecommunications sector:

Although MTN is currently the leading wireless network operator in terms of subscriber market share across fixed telephony, mobile voice and data service types, the Company faces stiff competition from traditional and non-traditional operators in the sector. The Company operates in an exceptionally competitive environment, particularly with respect to pricing, across its segments and this may adversely affect the Company's revenue and margins. Over the last five years, a number of new telecom providers have been Licenced and with the roll-out of a new telecommunications licensing framework, the industry will be reshaped in the medium to long-term.

Mobile network operators compete through aggressive pricing, targeted propositions and segmented offerings. MTN competes for customers principally on the basis of price, services offered, advertising and brand image, quality and reliability of service and coverage area. Price competition for mobile services is significant and as these services are largely commoditised, the ability to differentiate these services among operators is increasingly important.

In addition to pure pricing competition, MTN's success in the Ugandan market may be adversely affected by the actions of its competitors such as increasing the quality of services, features or content, developing and deploying of new or improved products and services, entering into business combinations or strategic alliances and enhancing networks. Any failure to compete effectively, including in terms of pricing of services, acquisition of new customers and retention of existing customers, could have a material adverse effect on MTN's business, results of operations, financial condition and prospects.

Non-traditional players also continue to enter the market, providing highly-nuanced and multi-dimensioned competition in the process. The telecommunications environment in Uganda is rapidly changing and there has been a significant increase in the number of non-conventional and over-the-top players providing internet-based alternatives to traditional telephony services, such as social networking sites like *Facebook* (including *Facebook Messenger*), *Instagram*, *WhatsApp*, *Telegram*, *Snapchat, Viber* and *TikTok*, and modern enterprise communications applications such as *Zoom*, *Microsoft Teams*, *BlueJeans* and *Google Meet*.

These non-traditional players pose a threat to traditional telecommunications revenue streams such as pre-paid mobile voice services and text messages (SMS). These players enjoy the additional advantage of not being domiciled in Uganda and so are able to provide alternative network services without a direct regulatory, tax and local infrastructure impact. Key to note is that the growing use of these networking sites and applications would lead to increased use of MTN's data services.

The Company also experiences competition in its core network services from direct competitors and non-conventional and over-the-top players. The ability of direct competitors to retain and attract subscribers or provide an attractive alternative to traditional subscriber models could materially adversely affect MTN's business, results of operations and financial condition.

The Company needs to adapt in order to thrive in this competitive environment and to address this, MTN is strengthening its brand and accelerating the introduction of new products and converged services that the Company anticipates will promote customer loyalty.

8.1.5 The Company's growth in revenue from voice services is expected to decline, but will be off-set by growth in data service revenue:

Revenue from voice services accounted for approximately 50% of the Company's revenues for the year ended 31 December 2020, and voice revenue is forecasted to continue dominating the Company's total revenue in the medium-term as mobile voice penetration increases in Uganda's youth, semi-urban and rural markets. However, demand for traditional paid voice services is in decline across the telecommunications industry globally. Although there is still expected growth in voice in Uganda driven by increased penetration, voice will decline over the long-term. In MTN's case, annual growth in voice services revenue of 0.77% - 2.5% is expected in the medium-term.

As noted above, revenue from fixed-line and mobile telephony voice services is declining across the industry globally, but there is a parallel upward trend in data and digital services revenue. The Company expects that the demand for data services will continue to be driven by rising smartphone and tablet penetration and usage, usage of video and other multimedia services, as well as improvements in mobile network capability. Revenue from mobile data services made up approximately 25% of the Company's total revenue in the year ended 31 December 2020 and is expected to grow annually by 3% - 5% in the medium term.

Although the Company has identified mobile data demand as an important driver for future growth and plans to invest in and upgrade its infrastructure and product offerings in response to these anticipated trends, there can be no assurance that the Company will successfully monetise the expected increase in data traffic or be able to respond to changing customer needs and expectations in a timely manner.

Any increase in revenue generated from data services may not be sufficient to offset the substantial capital expenditures required to upgrade the Company's networks to handle increased data traffic as well as the decline in voice services revenue. Any decline in demand for voice services across the industry may also lower the revenue the Company is able to generate from interconnect and roaming services. On the whole, this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

8.1.6 The Company's business may be harmed by any decline in demand for or revenue from data services or digital services:

In recent years, there has been an increase in demand for data and digital services, driven primarily by rising smartphone and tablet penetration and usage, usage of video and other multimedia services, as well as improvements in mobile network capability across Uganda. Data and digital currently accounts for approximately 18% of MTN's revenue, and this is projected to rise to 12% - 15% annually in the medium-term.

The Company enjoys a significant share of the mobile data market in Uganda and has registered data growth across three key bases: subscribers, volume and revenue. MTN's dual data strategy to maximize data reach and data usage comprises providing better value to the high-end data consumption segment and driving first-time usage in the mass market with entry level pricing and affordable, low-end smartphones.
Although the Company has identified data revenue as one of the most important drivers for future profit growth and is investing in and upgrading its infrastructure and consumer offerings in response

to this trend, there can be no assurance that demand for data will continue to grow at its current pace or at all, for different reasons. These include, among other factors, weakening sales of smartphones, delayed 3G and 4G coverage expansion and broader macro-economic limitations which affect individual incomes and affect consumer affordability.

Any increase in the revenue generated from data and digital services may not be sufficient to offset the substantial capital expenditure required to upgrade MTN's networks to handle increased data traffic, which could result in lower margins for the Company and thereby have an adverse effect on the Company's business, financial condition, results of operations and prospects.

8.1.7 MTN must continue to provide products or services that are technologically current and otherwise useful and in demand to its customers:

MTN's commercial success depends on its ability to provide services such as mobile voice, data access and digital services to its customers at a competitive cost. Many of the services offered by the Company are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, replace such services or reduce prices for such services.

In general, the telecommunications industry is characterized by an increasing pace of technological change and advancement in existing mobile systems and industry standards combined with ongoing improvements in the capacity and quality of technology to cater to changing customer needs. As new technologies develop, the Company's equipment may need to be replaced or upgraded, the Company may need to acquire additional equipment type approval, increase its equipment capacity and the Company's networks may need to be rebuilt in whole or in part, or significantly upgraded, in order to sustain the quality of the Company's networks and competitive position as a market leader.

The Company continually seeks to upgrade its existing wireless infrastructure by, among others, upgrading its second-generation wireless networks (2G) to third and fourth generation wireless networks (3G and 4G or 4G LTE) and upgrading its existing fibre network. This is driven by the need to respond successfully to technological advances and ensure that the market-leading quality of the Company's networks is sustained.

As of 30 June 2021, MTN's countrywide 2G population coverage stands at 96.1%, 3G population coverage stands at 89.1%, and 4G LTE population coverage stands at 52.4%, with a projected 4G LTE population coverage of 78.7% by 2023 provided that the Company obtains more spectrum in the lower frequency bands like 700Mhz, 800Mhz or 900Mhz.

As a result, MTN will require substantial capital expenditure and access to related or enabling technologies in order to integrate the new technology with its existing technology. If the Company is unable to anticipate customer preferences or industry or technological changes, or if it is unable to modify its service offerings on a timely and cost-effective basis, the Company may lose customers.

8.1.8 MTN is dependent on third parties for the supply of certain of the Company's services:

The telecommunications industry depends on certain key service providers and suppliers and there is a significant risk of disruption to the Company's operations in the event of a key supplier's failure or its inability to deliver.

MTN is dependent on third party providers for the management, maintenance and operation of the Company's network equipment including equipment manufacturers or technology providers, as well as providers of network co-location facilities that are integrated into the Company's network and the operation and maintenance of its information technology platform.

For example, the Company has material contracts in place with American Tower Corporation Uganda (lease and operation of tower infrastructure), Ericsson AB (managed services covering the mobile money platform and network operations), and ZTE Corporation and Huawei Technologies (network managed services and information technology operations).

The Company does not have direct operational or financial control over its key equipment providers and key service providers and has limited influence with respect to the manner in which these counterparties conduct their businesses. Continued cooperation between MTN and its key equipment and service providers is important to maintain the Company's telecommunications operations, and any significant disruption or other adverse event affecting the Company's relationship with any of its major suppliers could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Further, the Company faces risks and costs associated with transfer of operations and the voluntary or involuntary replacement of major suppliers may impact the Company's business cost structures. Failure to replace any of the Company's major suppliers in a timely manner and on commercially reasonable terms, or at all, could have a material adverse effect on the Company's business, financial conditions, results of operations and prospects. If any of these critical relationships is terminated or a material supplier fails to provide key services or equipment and the Company is unable to reach suitable alternative arrangements in a timely manner and on commercially reasonable terms, or at all, the Company may experience significant additional costs or may not be able to provide certain services to customers, which could in turn have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

8.1.9 Failure in MTN's information and technology systems could result in interruptions of the Company's business operations:

MTN's information and technology systems are designed to enable the Company to use its infrastructure resources as effectively as possible and to monitor and control all aspects of the organisation's operations.

Although the Company's critical systems are designed with high availability to avoid any downtime, any failure or breakdown in these systems could interrupt the normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. For example, the Company depends on certain technologically sophisticated management information systems and other systems, such as the customer billing system, to enable the Company to conduct its operations. Any prolonged failure or breakdown could dramatically impact the Company's ability to offer services to customers, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Any significant delays or interruptions in providing services could negatively impact MTN's reputation as an efficient and reliable telecommunications provider.

In addition, the Company relies on third-party vendors to supply and maintain some of the Company's information technology. In the event that one or more of the third-party vendors that are engaged to provide support and upgrades with respect to components of the Company's information technology cease operations or become otherwise unable or unwilling to fulfil the Company's requirements, the Company cannot assure potential investors that it will be able to replace any such vendor promptly or on commercially reasonable terms, if at all. Delay or failure in finding a suitable replacement could materially adversely affect the Company's business, financial condition, results of operations and prospects.

8.1.10 A computer system failure, security breach or cyber-attack could significantly disrupt the Company's ability to operate its business:

MTN is increasingly exposed to the risk that third parties or malicious insiders may attempt to use cyber-crime techniques to disrupt the availability and confidentiality of customers' and Company data, as well as the integrity of the Company's information technology systems, which could result in disruption to key operations, make it difficult to recover critical services, damage assets and cause customers' to suffer financial loss. The risks associated with cyber-attacks, where an individual or group seeks to exploit vulnerabilities in information technology systems for financial gain or to disrupt services, are a material risk to the Company. Further, if the Company or the Company's vendors are subject to a cyber-attack, the Company's systems may be subject to down-time in an effort to prevent a security breach.

Such an outage may lead to reputational damage or customer confusion, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects or damage its reputation.

The Company continues to invest in its information security systems and controls in response to cyber-crime and fraud threats and seeks to ensure that controls for known threats remain robust. However, the Company cannot be certain that its information security infrastructure and controls will prove effective in all circumstances and any failure of the controls could result in significant financial losses and a material adverse effect on the Company's operational performance and reputation.

8.1.11 The Company operates a large distribution and channel partner network and is reliant on good working relationships with its third-party agents:

The Company sells its services through third-party channels, which includes approximately 200 service stores, 14 main distributors and approximately 120,000 active mobile money agents. The Company also operates further exclusive channels under certain arrangements with dealers.

The formation and maintenance of good working relationships with retailers, agents and dealers is important to ensure that both the Company's policies in respect of know-your-customer procedures and other safeguards designed to prevent the occurrence of fraud and money laundering are implemented, and the Company's brand is represented consistently across its network. If retailers, agents and dealers fail to implement the Company's operational standards, the Company could be exposed to the risk of fraud and money laundering, imposition of fines or other penalties and potential reputational damage.

Although the Company endeavours to maintain good working relationships with its retailers, agents and dealers, there can be no assurance that the Company's current or future partners will choose to conduct business with the Company on an ongoing basis particularly as exclusivity arrangements for mobile money agents are prohibited. Accordingly, if these partners decide to give preference to the Company's competitors or cease to do business with the Company or at all, that could have a material adverse effect on the Company's business, results of operations and financial condition.

8.1.12 MTN faces certain risks associated with its mobile money business:

Mobile financial services contributed approximately 25% of the Company's revenue for the year ended 31 December 2020 and is a key growth component for the Company. After a considerable period of deliberation, the law governing mobile money services was enacted in 2020. Thus, the law is new and evolving and, as they develop, regulations could potentially become more onerous either by imposing additional licensing, reporting, pricing or control requirements or by limiting the Company's flexibility to design or implement new products. This may limit the Company's ability to provide mobile financial services efficiently or at all.

Mobile money services also involve cash handling, exposing the Company to the risk of fraud and money-laundering, imposition of fines or other penalties and potential reputational damage, including as a result of misconduct or collusion by the Company's mobile money partners or agents. In the past, incidents of mobile money fraud have been identified, which involved circumvention of the Company's controls by employees and agents and resulted in financial losses. While the Company has introduced enhanced controls, including increased segregation of duties and other technical restrictions, the risk of fraudulent activity by individuals employed by or working in partnership with the Company cannot be eliminated completely.

Further, technical or administrative errors could result in financial losses to customers for which the Company could be responsible, and the Company may be liable for fraud and problems related to inadequately securing payment systems.

8.1.13 The Company's telecommunications business requires financing for substantial capital investment:

MTN operates in a capital-intensive industry that requires a substantial amount of capital and other long-term expenditures, including those relating to the development and acquisition of new networks and the expansion or improvement of existing networks, facilities, information technology and intangible assets. Further, currency fluctuations or the scarcity of foreign currency may result in the Company being unable to make anticipated capital expenditures in the future.

The Company's capital expenditure is illustrated in **Section 9.15 (Capital Expenditure)** of this Prospectus.

The Company's ability to arrange external financing and the cost of such financing depends on numerous factors including the Company's future financial condition and results of operations, general economic and capital market conditions in Uganda and internationally, interest rates, credit availability from banks and other lenders, lender confidence in the Company, applicable provisions of tax laws and political and economic conditions in Uganda. Adverse changes in these factors, such as the increase in interest rates as reflected in the increase in the Company's borrowing rate, could individually or in aggregate affect its ability to secure external financing or affect the cost of such financing.

8.1.14 The Company's finance costs could be increased by fluctuations in interest and exchange rates and other external factors:

MTN's finance costs are highly sensitive to many factors beyond its control, including interest rates, exchange rates, monetary policy and the fiscal policies adopted by GOU from time to time. Of the Company's existing five debt facilities as of the date of this Prospectus, two facilities are denominated in USD with the remainder denominated in UGX.

There can be no assurance that interest and exchange rates will not be negatively affected by adverse financial, economic, political or other events in Uganda (such as the economic slow-down caused by the after-effects of the COVID-19 pandemic) and globally. Considering that the Company's earnings are predominantly UGX denominated, a significant depreciation of the Uganda Shilling relative to the USD could adversely affect MTN's ability to repay or refinance its USD-denominated financial indebtedness, which in turn could have a material adverse impact on the Company's business, financial condition, results of operations and prospects.

Furthermore, the floating rate portion of MTN's loans and borrowings is subject to the risk of fluctuations in the relevant reference rates for such debt. Consequently, because a significant portion of the Company's debt is on floating interest rates, any increase in such reference rates will result in an increase in MTN's finance costs and may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's finance costs could also be increased due a downgrade in the credit rating of the country as well as a downgrade of MTN Group's credit rating.

The Company is also exposed to foreign exchange risks, which may be material. MTN prepares its financial statements in UGX and derives revenue and incurs costs predominantly in UGX, while some costs are incurred in USD. The Company also has long-term contracts with major suppliers with significant portions of the costs denominated in or linked to the USD. Therefore, the Company's associated costs are sensitive to fluctuations in the UGX to USD exchange rate.

Depreciation of the UGX could have a negative effect on MTN's results of operations and financial condition to the extent that there may be a mismatch between the Company's earnings in any foreign currency and costs that are denominated in that currency. Additionally, currency fluctuations or the scarcity of foreign currency may negatively affect the Ugandan economy in general and, as a result, have a material adverse effect on the Company's ability to discharge its foreign currency denominated obligations and its business, financial condition, results of operations and prospects.

The Company aims to manage exposure to fluctuations in foreign currency exchange rates by keeping a proportion of its cash balance in foreign currency. As a policy, MTN does utilise forward contracts or other methods of hedging foreign exchange risk that are speculative in nature. Accordingly, any unhedged foreign exchange risk may ultimately have an effect on the Company's business, financial condition, results of operations and prospects. For example, a material weakening or strengthening of the UGX will have a direct positive or negative impact on the Company's post-tax profit as a result of USD receivables, payables, borrowings and bank balances.

8.1.15 The Company is exposed to a variety of legal or regulatory proceedings:

MTN is subject to numerous risks relating to legal and regulatory proceedings to which it is currently a party, or which could develop in the future. The Company's involvement in litigation and regulatory proceedings may adversely affect its reputation and potentially result in significant costs. Furthermore, litigation and regulatory proceedings are unpredictable, and legal or regulatory proceedings in which MTN is or may become involved (or related settlements) may have a material adverse effect on MTN's business, financial condition, results of operations and prospects. Significant legal proceedings and litigation at a MTN Group level may also have a material adverse effect on MTN's share price.

8.2 Risks Related to the Sector Regulatory Environment

8.2.1 MTN is exposed to changes in relevant and applicable Ugandan laws, regulations or policies:

The UCC is the independent regulatory authority for the telecommunications industry in Uganda. The UCC is charged with the responsibility of regulating the supply of telecommunications services and facilities, promoting competition, and setting performance standards for telecommunication services in the country. The UCC consults with interested parties prior to issuing regulations and guidelines as a general public law duty but is not necessarily obliged to consider the disparate points of view of affected stakeholders.

The UCC also has the power to vary its own decisions and its decisions are subject to judicial review. Regulatory actions by the UCC have had, (and may in the future in combination with implementation of the National Broadband Policy), have, a significant impact on the Company's business, financial condition, results of operations and prospects whether in respect of ongoing issues or potential future non-compliance. Regulatory interventions from the UCC may also limit MTN's pricing flexibility, raise costs, reduce its retail or wholesale revenues or confer greater pricing flexibility on its competitors.

In addition, the UCC may implement mobile number portability as a measure to reduce barriers to entry for new operators and increase free and fair competition. Mobile number portability is a regulated facility that would permit the Company's subscribers to change to another network operator without having to change their telephone numbers and would exert considerable downward pressure on voice charges, leading to a decline in the Company's voice revenue and materially adversely affect the Company's business, financial condition, results of operations and prospects.

Further, as the regulatory regime for mobile financial services progressively takes shape, the Mobile Money Company, MTN's mobile financial services subsidiary, may not be able to timely comply with any new regulatory requirements, or compliance may require a significant financial outlay. Any failure or delay responding appropriately to these new requirements could reduce the Company's profitability as well as damage its reputation.

8.2.2 The Company's faces current and future antitrust and competition laws:

Competition regulations and related regulatory policies in Uganda generally favour increased competition in the telecommunications industry and may potentially prohibit MTN from engaging in particular legitimate practices in view of the fact that the Company enjoys a significant market share of the telecommunications market.

In 2019, the Minister of ICT issued the Uganda Communications (Competition) Regulations 2019 in support of the UCC's mandate to promote, monitor and enforce fair competition in the communication sector. The objectives of the enhanced regulations are to, among others, ensure that communication services are reasonably accessible and fairly priced, to promote and maintain fair and efficient market conduct and to encourage investment in the industry. The UCC is empowered to take interventionist action to prohibit what the UCC considers to be anti-competitive agreements, abuse of dominant position and anti-competitive mergers, take-overs and consolidations.

In light of MTN's significant market share of the telecommunications market, the Company is and will continue to be subject to greater regulatory scrutiny and may experience difficulties and delays in obtaining regulatory approvals for certain corporate and operational actions due to enhanced competition impact assessments. This may prohibit the Company from introducing, or otherwise adversely impact its time to market, on certain services and promotional plans. This may also impact the Company's ability to make strategic or tactical acquisitions.

In addition, violations of competition laws and policies could expose the Company to regulator enforcement action, including mandatory directives and financial penalties, and could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

8.2.3 MTN is exposed to SIM-box fraud:

As with other telecommunications operators in the local market, the Company loses a portion of its annual revenue to fraudulent and illegal services, particularly bypass and SIM-box fraud. SIM-boxes hijack international voice calls and transfer them over the internet to a cellular device, which injects them back into the cellular network. As a result, the calls become local at the destination network and the operators of the intermediate and destination network do not receive payments for the call routing and termination.

Bypass and SIM-box fraud has a negative impact on the Company's revenue and requires investment in countermeasures to combat the illegal practice, and this could have an adverse effect on the Company's business, financial conditions, results of operations and prospects. The Company loses approximately 0.5% of its annual gross revenue from network services and interconnect and roaming services to SIM-box fraud. On a wider macro-economic level, bypass and SIM-box fraud leads to the loss of tax revenue for the government and poses national security risks.

In collaboration with other operators in Uganda, the Company has committed resources to fight bypass and SIM-box fraud and has deployed various fraud management and software tools. The Company also continues to engage various governmental entities for support. Despite these initiatives, the incidence of bypass and SIM-box fraud is expected to continue for the foreseeable future, thereby impacting the Company's business, financial condition, results of operations and prospects.

8.2.4 The Company is exposed to electricity shortage, grid unreliability and underdeveloped infrastructure:

Even though Uganda uniquely enjoys a surplus generation of power with installed capacity of approximately 1,252 MW against system peak demand of approximately 728 MW as of 31 December 2020, ***(Electricity Regulatory Authority Sector Overview)***, a noted decline in the reliability of the electricity transmission and distribution grid network has led to frequent power shortages, leading to high energy consumption costs (diesel fuel) and creating a situation that could negatively impact the Company's ability to conduct business cost-efficiently.

With regard to infrastructure, underdeveloped infrastructure may also make it more difficult for the Company to grow its business in line with its objectives, given the Company's reliance on infrastructure (including with respect to technology) for the provisions of its products and services.

In addition, a lack of access to, or inadequate opportunities to expand the Company's network capacity in line with subscriber growth and increased usage per subscriber, could also negatively impact the Company's ability to offer new services to customers or impede its ability to expand its operations into new markets.

The uncertainty regarding this underdeveloped infrastructure increases the operational challenges the Company faces, and the Company may incur costs which it did not anticipate for alternative sources (in the case of energy supply) or develop or maintain such infrastructure. Disruptions in the supply of products or services required for the Company's operations as a result of energy supply constraints and inadequate infrastructure could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

8.3 General Business Risks

Like any other business, the Company is exposed to the following risks that may affect its business, operations, financial condition and prospects:

8.3.1 Strategic risk:

MTN's strategy is principally centered around becoming a fully-fledged digital platform as a business and aligns with the strategy adopted by MTN Group. In the medium-term, MTN Group will work towards the implementation of its ***Ambition 2025*** strategy, including strategically repositioning its infrastructure assets and platforms (such as the recent separation of MTN's financial technology platform into a new wholly owned subsidiary in line with NPS Act Licence requirements) from its core telecommunications business, to reveal the value for MTN shareholders. This aligns with the strategy adopted by MTN Group.

In November 2020 and March 2021, MTN Group announced its intention to focus on its pan-Africa strategy and introduced ***Ambition 2025***. This strategy is anchored on building the largest and most valuable platform business with a clear focus on Africa. As part of this strategic repositioning, MTN Group is considering consolidating its infrastructure assets and platforms including financial technology, fibre and data centres, among others, to build value and attract third-party capital and partnerships into these businesses over the medium-term, including consolidating its holdings in the financial technology businesses of sixteen of its operations, including MTN Uganda. MTN Group's financial technology separation project is progressing well in line with the ***Ambition 2025*** strategy. It is anticipated that the process of establishing a separate

MTN Group financial technology structure will be completed in the course of 2022.

The separation and consolidation of the financial technology and infrastructure businesses of the relevant MTN operations will be undertaken on an arms' length basis and in line with market standard ensuring equitable treatment of minority shareholders. The decision on the appropriate shareholding structure of MTN Group's financial technology and infrastructure businesses will take into account minority shareholder protection requirements, applicable local laws and regulations and other structuring considerations.

MTN intends that all shareholders of MTN, including investors who become MTN shareholders pursuant to the Offer, will continue to benefit from MTN's financial technology and infrastructure businesses, whether in the form of listed or unlisted interests, irrespective of any potential restructuring that may be undertaken. Once an appropriate transaction structure has been approved by the Board, the transaction will be implemented in accordance with the relevant laws of Uganda and with regard to the interests of the entire body of shareholders of MTN.

MTN's financial technology business (if this interest were restructured in the next twelve months) constitutes approximately 25.2% of the Company's revenue for the six months ended 30 June 2021.

Expanding and executing the Company's operations and achieving its strategic objectives involves risks, costs and uncertainties, and there can be no assurance that ***Ambition 2025*** will achieve MTN's strategic growth objective target within the stated timelines through this strategic repositioning exercise.

The execution of the Company's strategy may be impacted by factors beyond its control, such as volatility in the local and global economy. The construction of new mobile sites (including broadband stations) or the redevelopment of existing sites, as well as the infrastructure to support those sites, involves numerous regulatory, environmental, political and legal uncertainties, many of which may be beyond the Company's control. Such projects may not be completed on schedule or at all or at the budgeted cost. In order to keep pace with increasing customer demand for voice and data volumes, the Company expects that it will continue to be required to invest heavily in building data capacities and broadband coverage expansion.

Any failures, material delays or unexpected costs related to the implementation of the Company's growth strategy could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

8.3.2 Operational risk:

Financial loss may arise from a wide variety of causes associated with failure of, or inadequacy in, MTN's systems, processes and human resource or from external events. Financial loss may also arise from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

With regard to internal controls, in preparation for the Listing, the Company has ensured that it has in place the required governance committees and the appropriate disclosure policies for a listed company, implemented policies regarding and monitoring related-party transactions and implemented relevant accounting policies with respect to acquisitions and fraud detection. MTN's reporting procedures, practices and internal controls are not comparable to those of companies that have been listed for some time. There can be no assurance that these will function as designed, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

8.3.3 Compliance risk:

MTN operates in a highly regulated environment. It is regulated by the UCC for its telecommunications business; Bank of Uganda for the mobile money business; the Financial Intelligence Authority with respect to anti-money laundering and terrorist financing; the National Information Technology Authority with respect to data privacy and protection and, will upon Listing, be regulated by the CMA and the USE (as a self-regulating Licenced stock exchange) for the Offer Shares and, ultimately, the listed Shares. The introduction of, changes in, or the inconsistent or unpredictable application of laws or regulations from time to time, may materially affect the operations of the Company, and ultimately the earnings of the Company. There is no assurance that the regulatory environment will support any increase in business and financial activity of the Company.

Material non-compliance with the terms and conditions of the NTO Licence and the payment systems licences issued by Bank of Uganda may lead to the relevant licence being revoked, resulting in inability of the Company to carry on part or all of its business to which the relevant licence relates. The Company strives to ensure vigilance in terms of internal checks and controls, including stringent governance controls, to minimise any potential events of regulatory non-compliance but there is no assurance that these measures will be adequate to minimise or mitigate such risks. By reason of its cross-border dealings and relationships with and operations through supervised financial institutions, MTN is exposed to compliance obligations under foreign laws of bribery, corruption, anti-money laundering and anti-terrorist financing. Even though the Company has implemented best-in-class policies and procedures to assist with compliance in this regard, there can be no assurance that there will be no incidents of non-compliance exposing the Company to the risk of financial sanctions and penalties.

8.3.4 Financial risk:

Financial risk is the probability that MTN's profitability, liquidity and solvency may be at risk of falling below acceptable levels or falling to levels which threaten the Company's viability as a going concern by failure to adopt appropriate financial controls, mechanism, policies and procedures. This may be caused by the Company's inability to meet payment obligations associated with its financial obligations and liabilities as and when they fall due and ability to replace funds when they are utilized. Financial problems can have an adverse impact on MTN's earnings and capital.

8.3.5 Capital adequacy risk:

Capital includes core capital (predominantly shareholders equity) and supplementary capital (including borrowings) assessed at the Company level and at the Mobile Money Company level. Although the Company is not subject to capital adequacy requirements, the Mobile Money Company is subject to a minimum issued and paid-up capital obligation of UGX 10 billion. The primary objective of the Company's capital management plans is to ensure that the Company and the Mobile Money Company maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. To maintain an optimal capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company's policy on capital optimization will be particularly critical for the Mobile Money Company going forward. There is, however, no assurance that these measures will be adequate to minimise or mitigate such risks.

8.3.6 Market risk:

Changes in market prices of goods, services, credit facilities and currencies in which MTN deals may affect its income. Uganda like many other countries in the region is vulnerable to international oil and commodity price changes. Such changes introduce market risks including liquidity risks, inflation, and commodity price volatilities. The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates due to the capital and operational expenditure of the industry.

The Ministry of Finance, Planning and Economic Development's budget framework analyses projects that Uganda's GDP will grow at 3.3% for the financial year 2021-2022, which, while an increment from the 3% growth rate recorded for the financial year 2020-2021, is lower than the desired target of 6.8%. The World Bank's ***Country Overview for Uganda*** further projects that stalled or inert economic activity would lead to a sharp contraction in public investment and deceleration in private consumption, thereby negatively affecting individual incomes and consumer affordability.

8.3.7 Credit risk:

Credit risk is the risk of financial loss to the Company due to failure by counterparties to honor their financial obligations to MTN.

This could manifest in delays or failure to meet payment obligations by fixed line and post-paid subscribers of the telecommunications business, distributors and enterprise and business customers having to close their businesses as a result of challenging macro-economic conditions or default on loan obligations under the mobile loan products offered by the Company.

This risk is managed through the application of credit approvals, limits and stringent monitoring procedures for post-paid customers. The Company strives to maintain a well-managed credit policy with credit evaluations of customers requiring credit via post-paid contractual agreements in order to mitigate such risks, behavioral scoring for mobile loans and provisioning for bad debts, but there is no assurance that these measures will be adequate to minimise or mitigate such risks.

With regard to MTN Mobile Money, the Mobile Money Company recognises mobile money balances held by the respective escrow banks and the customers' rights to these balances as an obligation (financial liability) in the ordinary course to repay the balances to MTN's customers, and a right to claim the corresponding amounts from the relevant banks (financial asset). Accordingly, MTN faces the risk, however remote, of its escrow bank partners being declared insolvent and MTN losing a portion of its mobile money float as a result. Even though the monetary equivalent of the mobile money float maintained by the escrow bank partners do not constitute the distributable assets of the bank in the event of the banks' insolvency, there is still a risk of the insolvent escrow bank partner not having sufficient cash flow to remit the full monetary value of the float to MTN.

8.3.8 Product liability risk:

Public perception of possible health risks associated with cellular and other wireless communications technology could negatively impact the demand for wireless services, which could in turn lead to a reduction in MTN's revenue or to a decline in the Company's revenue growth. The potential connection between radio frequency emissions and certain negative health effects as a result of mobile phone use has been the subject of substantial study by the scientific community in recent years and numerous health-related lawsuits have been filed around the world against wireless carriers and wireless device manufacturers. So far, no evidence of any link has been established.

Negative public perception of, and regulations regarding, any perceived health risks of mobile phone use could slow the market acceptance of wireless communications services and increase opposition to the development and expansion of wireless network coverage. There is also a risk of towers being vandalised because of this fear.

In Uganda, the UCC is placing an increasing focus on safety and environmental concerns around telecommunications installations with the objective of addressing the prevailing safety and environmental issues around telecommunications developments and services in Uganda and improve transparency of the issues at hand.

If a regulatory assessment, a scientific study or court decision resulted in a finding that radio frequency emissions pose health risks to consumers, it could negatively impact the market for wireless services and the Company's wireless carrier customers, which could materially and adversely affect the Company's business, results of operations, financial condition and prospects.

8.3.9 Anti-corruption laws, sanctions and related risk:

The Company has policies and procedures designed to assist compliance with applicable laws and regulations relating to anti-bribery, corruption and anti-money laundering. The policies and procedures specifically address facilitation payments, gifts and hospitality, engagement with public officials, political donations, lobbying and charitable donations. The policies include provisions on disciplinary measures in case of a breach and reporting procedures to regulatory authorities, and also provide for a whistle-blowing mechanism. In addition, in order to prevent bribery and corruption, MTN conducts a thorough due diligence exercise before entering into agreements with third parties in order to ensure compliance with applicable anti-bribery, corruption and anti-money laundering requirements.

Additionally, the Company's equipment suppliers or service providers may become subject to restrictions under export controls or sanctions laws, or regulations administered or enforced by the United States, the United Kingdom, the United Nations or other jurisdictions in which the Company or its suppliers operate. Some of the Company's key suppliers such as ZTE Corporation and Huawei Technologies have been affected by various supra-national orders that arise from sanctions and national security violations. Such orders or similar restrictions may have a direct effect on MTN as a contracting counterparty to a cited entity and present considerable legal and economic risk to the Company.

If the Company is unable to obtain equipment from key suppliers due to commercial dealing or export controls restrictions, and it is unable to replace a key supplier in a timely manner and on commercially reasonable terms, or at all, this could have a material adverse effect on its business, financial condition, results of operations and prospects.

MTN undertakes reviews of its internal compliance policies and procedures to ensure their ongoing effectiveness but can make no assurance that the policies and procedures, even if enhanced, will be followed at all times or will effectively enable detection and prevention of all violations of the applicable laws and every instance of fraud, bribery and corruption. MTN receives reports relating to such matters by whistle-blowers from time to time which are investigated using internal and external resources in line with its policies.

The Company can make no assurance that whistle-blower reports will not be made in the future or that violations of applicable rules will not occur under the relevant applicable laws which may have material adverse consequences on its business, financial condition, results of operations and prospects. In addition, such violations could also negatively impact the Company's reputation and, consequently, its ability to win future business. Any such violation by competitors, if undetected or unaddressed, could give them an unfair advantage. The consequences that the Company may suffer as a result could have a material adverse effect on its business, financial condition, results of operations and prospects.

8.4 Risks Related to Uganda

8.4.1 The Company is exposed to political, economic, social and climate change developments in Uganda and neighbouring countries:

MTN derives substantially all of its revenues from Uganda. All Company infrastructure and other assets are located in Uganda. The operations and financial results and the market price and liquidity of the Shares may be affected by GOU policy or taxation of earnings or political, social, economic or other developments in or affecting Uganda, including terrorist attacks.

According to the Uganda Bureau of Statistics, Uganda's economy is made up of the agriculture, industry and services sectors. The agricultural sector includes fisheries, animal husbandry, dairy, and crop sub-sectors. The industrial sector includes manufacturing, construction, mining and electricity supply sub-sectors while the services sector is made up of wholesale and retail trade, telecommunications, hotels and restaurants, transport and communications and tourism sub-sectors. Uganda's economic development blueprint, ***Vision 2040***, sets out to transform Ugandan society into a modern and prosperous middle-income status country by 2040. The key growth sectors have been identified as services (tourism and science and technology), industry (oil and gas, mining and construction) and agriculture.

Accordingly, Uganda remains a relatively small mixed economy that largely relies on agriculture and services. Such lack of sufficient diversification of the economy means that there can be dramatic swings in economic performance in any one year that could translate into equally drastic changes in demand. Adverse developments that significantly affect the economy of Uganda could also have an impact on the demand for the Company's services.

In addition, there are significant differences in the level of economic and social development amongst Ugandan people, with large parts of the population, particularly in the rural areas, having limited ability to consume telecommunications services. Uganda's neighbouring countries have a similar economic and social profile and as such these risks apply to these countries as well and may impact MTN's business in a similar manner.

In recent years, GOU has faced pressure to enhance domestic revenue collection to bridge budget funding gaps and the telecommunications sector has been targeted in this regard through, for instance, the introduction of over-the-top services, data and mobile money withdrawal taxes.

With regard to climate change, both individual country economies and telecommunications companies face increasing risks from climate change and a major weather event could have a significant impact. For countries like Uganda, climate change events (which can include both incremental changes as well as extreme cases) such a major drought could have a serious impact because of the high dependence on agriculture. For telecommunications companies, climate change events can impact the operating parameters and enterprise supply chains, causing disruption and result in changes to functionality, quality of service, return on investment, business continuity and cost.

MTN is required to comply with governmental and regulatory directives in accordance with the NTO Licence, which includes legitimate instructions from GOU or the UCC to shut down internet services and mobile money services in the interest of the country's wider national security interest. Such an intervention may lead to revenue and reputational damage and affect the Company's immediate financial prospects.

8.4.2 The Company is exposed to policy changes in Uganda that could ultimately lead to changes in the regulatory environment:

GOU has considerable power to determine governmental policies and actions that relate to the Ugandan economy and, consequently, affect the operations and financial performance of businesses in Uganda.

It is possible that in the future, GOU may seek to implement new policies or other regulations which may make the Ugandan telecommunications sector less attractive to investment. Changes in investment policies or shifts in the prevailing political climate in Uganda could result in the introduction of increased government regulation across various areas of the economy. The Company cannot predict what policies will ultimately be adopted by GOU and whether these policies will negatively affect the economy or its business or financial performance. Political instability in Uganda or in neighbouring countries could also impact MTN's operations, including the Company's ability to purchase adequate political risk and political violence insurance.

8.4.3 MTN is exposed to changes to tax laws and differences in the interpretations and application of tax laws:

MTN's activities are subject to tax under Ugandan law and the Company faces tax compliance challenges due to complexity of transactions and transfer pricing risks inherent in its dealings and contracts with related parties. Future actions by GOU to increase tax rates or impose additional taxes would reduce MTN's profitability. Revisions to tax legislation or to its interpretation might also affect the Company's financial condition and results of operations in the future.

The Company is also subject to periodic tax audits and could be subjected to future tax audits which could result into additional tax assessments. Any such assessments could be material and lead to significant contingent liability and, if not successfully defended, could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

8.4.4 The Company is exposed to sustained periods of high domestic inflation:

According to the Uganda Bureau of Statistics' ***Key Economic Indicators, Q3 January – March 2021,*** the headline inflation rate for the period ending 31 March 2021 was 2.7%. According to the Uganda Bureau of Statistics, there has been a noted decrease in the inflation rate from 5.4%, 5.5% and 5.6% in 2015, 2016 and 2017 respectively, to 3.6%, 3.7% and 3.7% in 2018, 2019 and 2020, respectively. .

Although tighter monetary policies instituted by Bank of Uganda may help to curb inflation and ensure that consumer demand and consumption is boosted and drives economic growth, there can be no assurance that inflation will remain at current levels or that the inflation rate will not rise in the future.

Significant inflation could have a material adverse effect on Uganda's economy and cause consumer purchasing power to decrease, which, in turn, may have an adverse effect on MTN's business, results of operations, financial condition, cash flows, liquidity and prospects.

8.5 Risks Related to the Offer and the Shares

8.5.1 There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained:

Prior to Listing, there has been no public trading market for the Shares and MTN can give no assurance that an active trading market for the Shares will develop. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be materially adversely affected.

8.5.2 Shares are subject to price fluctuations:

Investments in shares held in capital markets are always subject to price fluctuations. There can be no guarantee that the price of the Shares will not fluctuate either upwards or downwards.

The market price of the Shares may be volatile and subject to wide fluctuations as a result of a variety of factors, including, but not limited to, those referred to in this ***Risk Factors*** section; as well as period to period variations in operating results or changes in any revenue or profit estimates of MTN that industry participants or financial analysts may issue in the future. The value of the Shares may further be impacted by any public offering or share capital increases undertaken by the Company in the future. Any or all of these factors could result in material fluctuations in the price of Shares, which could diminish shareholders' returns or lead to a total loss of their investment.

MTN has undertaken, pursuant to the Lock-in Agreement, not to create, issue, offering for subscription or otherwise dispose of new shares as further described in **Section 18.4 (Lock-in Period)** of this Prospectus.

8.5.3 One shareholder, MTN Group, will, after the Listing, retain over 75% of the Shares, giving it a substantial amount of management control over the Company:

MTN Group is currently the beneficial owner of 96.014% of the issued shares of the Company. Subsequent to the Offer, if fully subscribed, MTN Group will own 76.014% of the Company. MTN Group is expected to continue to be able to exercise control or influence over the Company's management and affairs, including:

- the composition of the Board and through it, any determination with respect to the Company's business direction and policies, including the appointment and removal of officers and the declaration of dividends;
- the Company's acquisition or disposition of assets;
- the Company's financing; and
- through the intellectual property and know-how agreement entered into with the Company, direction on brand development, policies and operating model.

MTN Group is not obligated to provide the Company with financial support or to exercise its rights as a majority shareholder in the Company's best interests or in the best interests of the Company's minority Shareholders. In addition, MTN Group may engage in activities that conflict with such interests. If MTN Group's interests conflict with the interests of the Company's other shareholders, or if MTN Group chooses to cause the Company to pursue strategic objectives that conflict with the interests of the Company's other shareholders (whether due to the different nature of their business or otherwise), those other shareholders could be disadvantaged by the actions that MTN Group may choose to pursue.

MTN is a key part of MTN Group's pan-African strategy focused on leading digital solutions for Africa's progress. As a result, MTN has entered into a Relationship Agreement with MTN Group to govern this relationship and ensure both parties' interests are protected following the Listing. Amongst the benefits of the relationship with MTN Group are the key technical and strategic support received by the Company to ensure it maintains its competitive edge in the market and the continued use of the ***"Most Admired and Most Valuable Brand in Africa"*** as named in the 2020 Brand Finance Africa 150 Ranking.

MTN re-assures that the Company shall always remain committed to and apply the highest standards of governance. Following the Offer and the Listing, the Company will comply with the Capital Markets Corporate Governance Guidelines 2003 in addition to Table F of the Companies Act, which applies to it as a public company, as well as the King IV™ Code on Corporate Governance. Although many of the best practices set out in these instruments already form part of MTN's corporate governance framework, the composition of the Board will be reviewed to ensure compliance with the recommended practices on board balance, size, structure and sub-committees by the first anniversary of the Listing.

8.5.4 Shareholders may be subject to exchange rate risk:

The Shares are, and any dividends to be paid in respect of them will be, denominated in UGX. An investment by an investor whose principal currency is not UGX exposes the investor to foreign exchange risk. Any depreciation of the UGX in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms.

8.5.5 Allocation of the Offer Shares may take longer than expected:

Applications for Offer Shares will be processed on both a manual and semi-automated basis and this process may take longer than expected due to high subscription rates, limited order processing capacity, mechanical breakdown, delays in opening SCD Accounts and/or clerical error. In addition, allocation delays may occur for the reasons noted above or because of general system failure. Such delays have occurred in the past and could occur with respect to this Offer. Accordingly, while the allocation period is expected to be 14 days from the Closing Date, the actual allocation period may be longer.

8.5.6 MTN cannot guarantee making dividend payments in the future:

There can be no assurance as to the level of any future dividends. The declaration, payment and amount of any future dividends of MTN are subject to applicable law and the discretion of the Board, and will depend on, among other things, MTN's earnings, financial position, cash requirements, solvency and liquidity, debt covenants and availability of profits and distributable reserves.

If MTN's cash flow underperforms, its capacity to pay a dividend will suffer. While the Board has adopted a dividend policy that reflects the long-term earnings and cash flow potential of MTN, there can be no assurance that the Company will pay dividends in the future at the projected levels or at all.


THE LIBRARY

#1 player in Uganda telecoms market

Exciting data and digital opportunity

14.2M subscribers

Largest commercially owned mobile operator

4.6M Active data subscribers

8.5M Active MoMo subscribers

4th largest MTN OpCo by EBITDA in the MTN Group

High value customer base

Attractive financial profile

134 Districts

Innovative range of products and services; voice, data, digital and mobile financial services

120,000 MoMo Agents

200 Service Stores

14 Main Distributors

Strong management with mix of local and international expertise

9. Overview of MTN Uganda

9.1 Background and Nature of Business

MTN was incorporated under the now repealed Companies Act (Cap. 110) as a private company limited by shares on 25 February 1998. The main object for which MTN was incorporated was to operate as a second national operator of a telecommunications network in Uganda. The original major shareholders of MTN were MTN International, Telia Overseas AB, Invesco and Tristar Investments SARL.

MTN converted to a public company limited by shares (under registration number P.498) by a resolution of the members dated 14 November 2002, with the conversion process being formally completed on 17 December 2003.

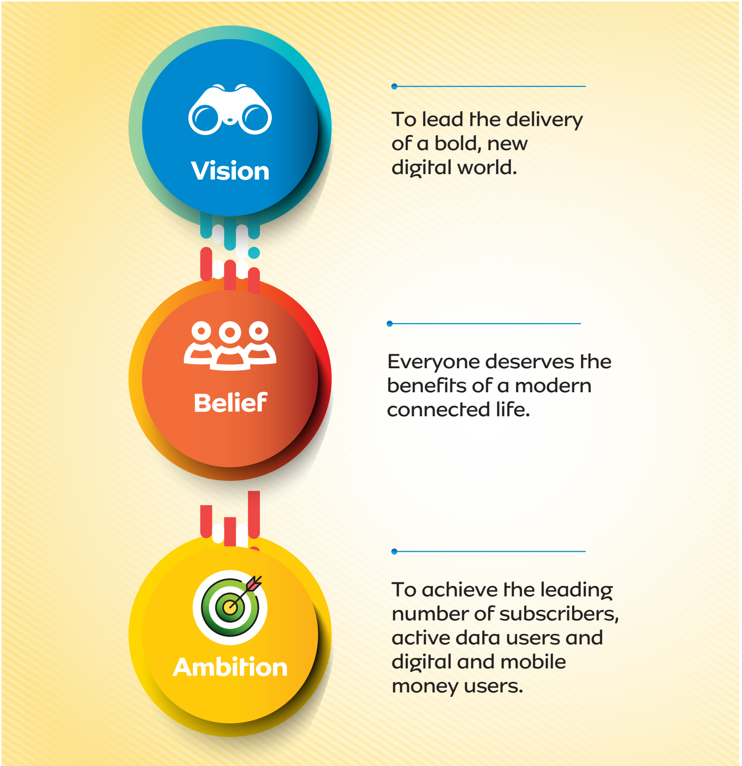
Following a successful international bidding process, MTN was awarded a second national operator Licence for 20 years, which expired on 20 October 2018. The Company's operating Licence has since been renewed under a new telecommunications licensing framework which came into force in 2019. MTN now holds the NTO Licence for 12 years.

MTN was first Licenced at a time when mobile cellular service penetration in Uganda was at a low of 0.27% according to the ***International Telecommunications Union Update April – June 2020***. The Company has since contributed to the growth of the telecommunications sector in Uganda with current penetration at 70% (seven lines for every ten individuals) as of 30 June 2020 according to the ***UCC Market Report Q2 2021.***

MTN is a leading mobile operator in Uganda. According to the ***UCC Market Report Q2 2021***, the number of telephone subscriptions in Uganda stood at 28,986,019 as of 30 June 2021. The Company's reporting data as of 31 December 2020 indicates that of these industry-wide subscriptions, 14.2 million are MTN customers, 4.6 million of which are 30-day active data subscribers. In the mobile money market, MTN has approximately 8.5 million active 30-day MTN Mobile Money subscribers.

In 2009, MTN pioneered mobile money business in Uganda and conducted that business alongside its telecommunications business until 2021 when, as a consequence of the enactment of the NPS Act, MTN was required to transfer the mobile money business to a wholly owned subsidiary. Following the completion of the licensing and structuring process prescribed by the NPS Act, the mobile money business was transferred to and is currently conducted by the Mobile Money Company with effect from 19 June 2021. The mobile money business continues to be a significant contributor to MTN's earnings.

MTN has a presence in all 134 districts of Uganda and has evolved from a telecommunications company providing value added services to a provider of an innovative range of products and services including voice, data, digital and mobile financial services delivered through a network of approximately 120,000 mobile money agents, 200 service stores and 14 main distributors.



9.2 MTN Vision and Core Brand Values

MTN is at the forefront of technological and digital changes. The Company's vision and purpose is:

- **Vision**: *To lead the delivery of a bold, new digital world.*
- **Belief**: *Everyone deserves the benefits of a modern connected life.*
- **Ambition**: *To achieve the leading number of subscribers, active data users and digital and mobile money users.*

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

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

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

for the Company's shareholders. This aligns with the strategy adopted by MTN Group.

In November 2020 and March 2021, MTN Group announced its intention to focus on its pan-Africa strategy and introduced the ***Ambition 2025*** strategic objective. The strategy is anchored on building the largest digital 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 the ***Ambition 2025*** strategy will be accelerated through selective partnerships and leveraging the MTN brand as the most trusted and valued in Africa and will be supported and funded through enhanced cost and capital expenditure efficiencies. The repositioning of MTN Group's business will ensure sustained growth to 2025. As part of this strategic repositioning, MTN Group is considering consolidating its infrastructure assets and platforms such as financial technology, fibre and data centres, among others, to build value and attract third-party capital and partnerships into these businesses over the medium-term, including consolidating its holdings in the financial technology businesses of sixteen of its operations, including MTN Uganda. MTN Group's financial technology separation project is progressing well in line with the ***Ambition 2025*** strategy. It is anticipated that the process of establishing a separated MTN Group financial technology structure will be completed in the course of 2022.

9.3 MTN Strategy

MTN's strategy is centred around becoming a fully-fledged digital platform as a business. In the medium-term, MTN will work towards the implementation of its ***Ambition 2025*** strategy, including strategically repositioning its financial technology and infrastructure assets and platforms (such as the recent separation of the Company's financial technology platform into a new wholly owned subsidiary) from its core telecommunications business to reveal the value

As illustrated Above, the execution of ***Ambition 2025*** is embodied in four clear strategic priorities – building the largest and most valuable platforms, driving industry-leading connectivity operations, creating shared value and to accelerating portfolio transformation. The strategic priorities will be underpinned by five vital enablers to assist in operationalising the ***Ambition 2025*** strategy – MTN Mobile Money and accompanying financial technology solutions, ***Ayoba*** with MTN (digital services), enterprise services, network as a service and Chenosis (a marketplace for application programming interface).

Currently, MTN is implementing the ***Ambition 2025*** strategy with the objective of building the largest digital platform business in Uganda whilst supporting the country's development agenda. ***Ambition 2025*** sets the context in which MTN will drive the business forward to take advantage of the digital acceleration trends, capture growth opportunities and reveal the inherent value of some of MTN's businesses and assets, such as financial technology and fibre over the medium-term, for the benefit of MTN's shareholders.

In implementing its strategy, the Company depends on various resources and relationships, known as the Six Capitals, to create value by developing and distributing a range of innovative and reliable communication products and services. The Six Capitals, which are aligned with eleven of the seventeen United Nations Sustainable Development Goals, are: human capital, manufactured capital, financial capital, intellectual capital, social and relationship capital and natural capital.

9.4 MTN Group support to MTN

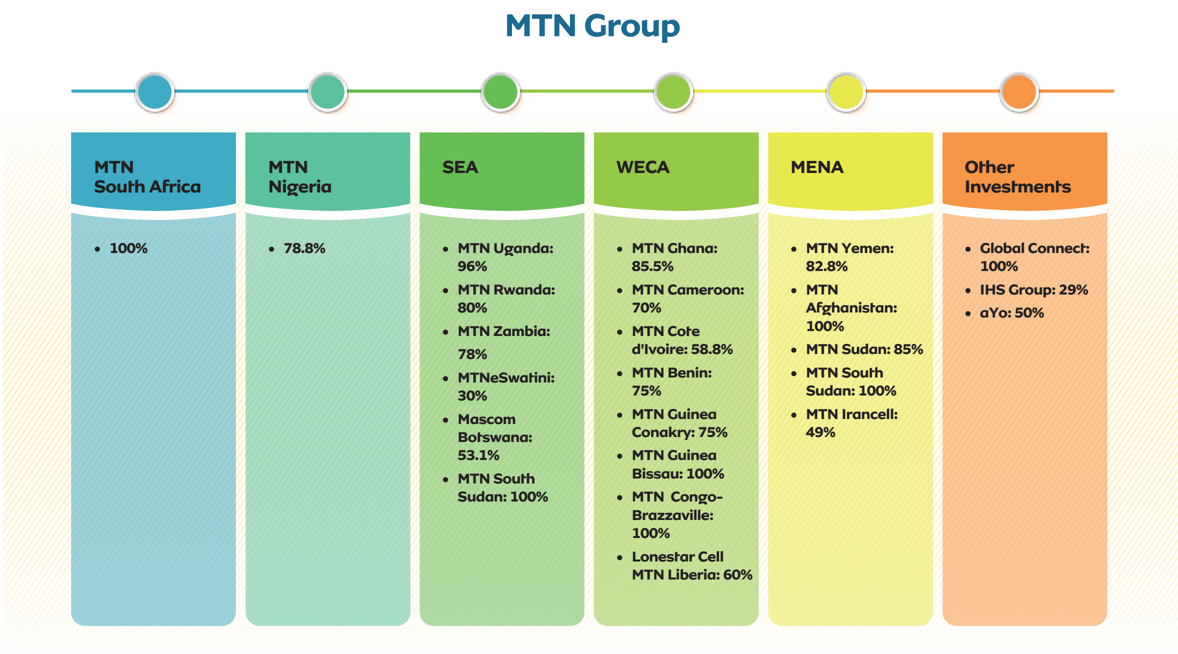
MTN is a subsidiary of MTN Group. MTN Group is a leading emerging market mobile operator, with customers in 20 markets in Africa and the Middle East. As of 31 December 2020, MTN Group had over 273 million subscribers across its operating subsidiaries and joint ventures. MTN Group is one of the largest companies listed on the JSE in Johannesburg, South Africa with a market capitalisation of ZAR113 billion (USD 7.8 billion) at the end of 2020.

MTN Group has executed a number of innovations across various jurisdictions which support digital and financial inclusion to MTN subscribers. Therefore, through its operating companies, MTN Group offers an integrated suite of communications products and services to customers, including mobile voice and data, digital and mobile financial services as well as enterprise services to small and medium-sized enterprises, public sector and corporate clients

MTN Group's vision is inspired by the belief that everyone deserves the benefits of a modern connected life and aims to lead the delivery of a bold, new digital world to customers, supported by the following key strategic themes:

- creating and managing stakeholder value;
- creating a distinct customer experience;
- driving sustainable growth;
- transforming our operating model; and
- innovation and best practice.

MTN Group's underlying operations are clustered as follows:



MTN Group spends significant resources on developing programs to promote best practice across its operations, including technology and network development, staff development, talent pool provision, compliance, risk management, regulatory services, financial reporting, marketing and brand management. MTN has access to these services and expertise without needing to replicate in-house at substantial cost and management time.

MTN Group is also able to negotiate favorable procurement terms with key suppliers of technology, passive infrastructure, information technology, capacity access and roaming due to its scale and focused procurement which in turn optimizes capital and operational expenditure for MTN. Amongst the benefits of the relationship with MTN are the key technical and strategic support received by the Company to ensure it maintains its competitive edge in the market and the continued use of the ***"Most Admired and Most Valuable Brand in Africa"*** as named in the 2020 Brand Finance Africa 150 Ranking and the highest ranked African company on Forbes' ***"World Best Employers List"*** for 2020.

9.5 Detailed Overview of NTO Licence

Until 30 June 2020, MTN held a second national operator Licence for the operation of a telecommunications system and the provision of telecommunications services in Uganda. This initial licence was valid for a period of 20 years from 20 October 1998 to 20 October 2018.

The Company's application for the renewal of its initial Licence coincided with an overhaul of the licensing framework relating to the telecommunications industry in Uganda. These changes followed the approval of the National Broadband Policy in 2018 and saw the issuance of a raft of regulations relating to the communications sector, notably the Uganda Communications (Licensing) Regulations 2019 under which the national telecommunications operator licence category was created. Pending the renewal of its initial licence, MTN was granted a number of temporary extensions for the conduct of its operations until the initial Licence was formally extended for a period of 12 years with effect from 1 July 2020. The NTO Licence will expire on 30 June 2032 and may be renewed at the UCC's discretion as further explained below.

MTN paid an upfront licence fee of USD 100 million for the NTO Licence. The Company is also required to pay a levy of 2% of its gross annual revenues for the licence term as the Company's contribution towards information and communication technology and rural communication development.

Table 14: Key features of the NTO Licence

Aspect	Detail
Scope	Non-exclusive Licence to establish, install, operate, maintain, lease and sell telecommunications systems and to provide telecommunications services (basic telecommunications services, value-added services and infrastructure services).
Term	12 years commencing on 1 July 2020.
Financial Obligations	• *Licence fee*: USD 100 million. • *Fees for resources*: As prescribed by the UCC from time to time with the current fees being prescribed in the Uganda Communications (Fees and Fines) (Amendment) Regulations 2020. • *Levy on gross annual revenue*: 2%.
Technical Obligations	• Universal service obligations stipulated by the UCC. • Network coverage obligations, where the Company is required to ensure that its network extends to and minimal voice and data services are available in at least 90% of Uganda's geographical boundary within five years from the effective date of the NTO Licence. • Non-discrimination obligation (Licenced services not to be denied to any subscriber except for non-payment of fees of any other just cause). • Provision of continuous services. • Non-interruption of operations except where operations are interrupted with the consent of the UCC, due to an emergency or force majeure event or owing to scheduled routine maintenance. • Compliance with the directives of the UCC in the event of national emergencies related to natural disasters and national security. • Type approval for equipment, apparatus or devices manufactured, supplied, imported, distributed, sold and offered for sale by the Company. • Services must conform with prescribed quality of service standards. • Compliance with health, safety and environmental protection standards. • Compliance with prescribed customer service obligations. • Compliance with prescribed record-keeping and reporting requirements. • Compliance with prescribed data protection and confidentiality standards. The NTO Licence includes additional bespoke obligations relating to interconnection, access and wholesale services, national roaming, fair competition and non-discrimination and the listing of the Company's shares.

Table 14: Key features of the NTO Licence	
Annual Compliance Certificate	Subject to annual compliance review by the UCC, the Company must obtain a compliance certificate indicating its standing with the UCC after every review process. In appropriate circumstances, the compliance certificate will be issued with a remediation plan for any incidents of non-compliance that have been identified by the UCC.
Tariffs	All retail, interconnect, access and wholesale rates and tariffs charged by MTN must first be notified to by the UCC. The UCC has the discretion to intervene and revise rates and tariffs that are deemed to be anti-competitive or impinge negatively on consumer interests.
Transfer of NTO Licence	No transfer of NTO Licence (either by way of a substantial change of shareholding control or by way of an asset transfer) is permitted without the prior consent of the UCC.
Modification of NTO Licence	The UCC may modify the NTO Licence where the UCC determines that such modification is in the public interest. The Company has the right to make representations regarding any proposed modification. The UCC shall also grant the Company reasonable time within which to comply with any approved modification.
Breach / penalties imposed under the NTO Licence	Serious and un-remedied breach of the terms of the NTO Licence will result in the suspension or revocation of the Licence. Serious breaches concern the payment of Licence fees, general compliance obligations, interconnection and access requirements, rates regime, competition rules, transfer of Licence, required authorisations and the listing of the Company's shares. The UCC could impose any of the following penalties or sanctions for breach of the Licence terms: imposition of a fine of up to 10% of the gross annual revenue (as stated in the last financial statements submitted by MTN for the period in question) for a serious breach; direction for MTN to immediately cease operations or revocation or suspension of the NTO Licence.
Renewal	The NTO Licence shall expire upon the expiry of the Licence term in 2032. There is no renewal clause.
Compensation mechanism in the event of expiry or revocation	Where the NTO Licence expires and is not renewed, the UCC shall, at its discretion, enter into negotiations with the Company with a view to agree on the fair market price to be paid by the future operator of the relevant assets or the UCC may call for a public bid for the sale of the assets. Where the NTO Licence is revoked by the UCC, the commission shall call for a public bid of the Company assets after determining the appropriate value of the assets. Where a public bid is not successful, the UCC shall purchase the assets at a forced sale value.
UCC obligations	UCC has an obligation, subject to the law, to avail the essential resources required by MTN to perform its Licence obligations.

In line with the Communications Act and the NTO Licence, the UCC has, by a notice dated 17 August 2021, informed MTN of its intention to modify Article 16 of the NTO Licence to give MTN the option to list its shares on any licenced stock exchange in Uganda.

Separation of MTN Mobile Money from NTO Licence:

With regard to MTN Mobile Money, the mobile money operation conducted through the Mobile Money Company is Licenced under the NPS Act. The NPS Act creates licensing and structuring obligations in relation to payment systems. The NPS Act applies to a payment service provider and an operator of a payment system (which includes an issuer of a payment instrument or electronic money).

A payment service provider is a person Licenced to provide a payment service under the NPS Act. A payment service refers to services enabling cash deposits or withdrawals, execution of payment transactions, issuance and acquisition of payment instruments or any other service incidental to the transfer of funds. A payment system operator refers to an entity which is in-charge of the operation of a payment system, while a payment instrument is any device or set of procedures by which a payment instruction is issued for purposes of making payments or transferring money and includes electronic money (for example MTN Mobile Money).

All licensing authorisations required under the NPS Act are held by the Mobile Money Company, as is further highlighted in **Sections 9.14 (Subsidiaries and Associate Companies)** and **Section 13 (Financial Technology)** of this Prospectus.

9.6 Spectrum Authorisations

The Company holds the right to utilise the radio spectrum detailed below pursuant to spectrum authorisations issued by the UCC on 20 November 2020 under registration number UCC/SMS/36/9/2020 and on 1 October 2021 under registration number UCC/SMS/36/9/2021.

Table 15: MTN spectrum allocation

Band	MHz	Frequency current usage
900	2x10	*2G / 3G*
1800	2x20	*2G / 4G*
2100	2x20	*3G*
2600	2x10	*4G*
3500	2x31.5	*WiMAX*

The material terms of the spectrum authorisations include:

a) Valid for the duration of the NTO Licence and for as long as the NTO Licence is in force;

b) Fees to be paid annually as prescribed in the Uganda Communications (Fees and Fines) (Amendment) Regulations 2020;

a) Spectrum to be used within the agreed technical parameters;

d) An obligation to comply with equipment type approval directions of the UCC and the law; and

e) Amendments to the spectrum assignment shall be agreed to between the UCC and MTN.

9.7 Products and Services

MTN's innovative products and services are accessible nationwide to new and existing subscribers across the various customer segments. MTN operates across the following business service lines: voice, data, digital, MTN Mobile Money, and wholesale and enterprise business. None of MTN's core business lines detailed below is subject to any degree of preferential government protection or regulatory waivers.

9.7.1 Voice

The Company's comprehensive voice offerings target the full spectrum of subscribers, from high value to mass market and the youth segment. MTN's voice services include local, national, and international calls. The Company provides clearly defined tariff plans tailored to the needs of all key segments.

A customer must acquire an MTN SIM-card, and customers seeking a new MTN connection can walk into any of the Company's branded shops and acquire and activate a SIM-card at a nominal charge and after completing all required due diligence and know-your-customer procedures. In addition to person-to-person voice call service, MTN also provides additional voice-based services such as call forwarding, closed-user group, call-me-back, voicemail and conference call.

Pre-paid service plans for the Company's voice offering require the prepayment of a fee (that includes connection charges and a charge for a SIM-card). Pre-paid customers can use voice, data and other digital services either by purchasing airtime in advance and then using the airtime to access the services, or the customers can also directly purchase bundles that provide voice minutes, data or subscriptions to various digital services.

For the Company's post-paid services, the customer is billed on a monthly basis, including a monthly subscription charge which is dependent upon the plan to which the customer subscribes.

The Company regularly offers both SIM-card and airtime promotions to its customers. The Company also provides different incentives and offers to drive smartphone adoption and penetration, including but not limited to data bonus for new smartphone users and device financing schemes, but no subsidies.
MTN's voice offering includes:

Mobile Voice	
MTN Talktime	Post-paid contract service that offers unrestricted access to MTN mobile voice services.
MTN Corporate TopUp	Allows customers to manage their monthly spend by loading airtime in bulk for their employees.
MTN International Calling	Enables customers to make calls from Uganda to any other country in the world.
MTN Roaming Abroad	Enables customers to stay connected on their MTN lines while outside Uganda.
MTN Closed User Groups (CUG)	Unique value-added service that provides multi-user business environments with convenience and cost savings, as each user in the pre-defined group can make calls at preferential rates.
MTN Fixed Lines (FCTs)	Fixed voice calling service, offered with prepaid plans, post-paid plans or voice bundles.
Fixed lines Starter Offer (Kigale)	Basic fixed voice service at an affordable rate.
MTN Cell on Wheels	Mobile business telephone solution to enable fast deployment of cells for short-term applications at special events.
Voice Bundles	Voice calling service offered based on volume of minutes.
Fixed Line Bundles	Voice bundles with both on-net and off-net minutes that can only be activated and used on fixed line numbers.
Fixed Voice	
MTN PRI ISDN	Provides fixed lines with multiple voice channels for a business with a high volume of voice calls.
MTN SIP Trunking	Virtual connection with a telephone service provider, and is connected over a business's data network.
MTN Hosted PABX	Hosted solution call transfer, group pickup, call forwarding, auto attendant, and call queueing which combines voice and data technology.
0800 Toll Free Voice Services	Enables a business' customers to call the business for free, while the business meets the cost.

9.7.2 Data Services

The Company's data services include all data communication services using 2G, 3G and 4G LTE technologies, and other value-added services for mobile subscribers. MTN's mobile data service offerings focus on mobile broadband offerings over its 3G and 4G networks, which may be bundled with its voice service offerings.

The customer can use mobile broadband either on a pre-paid basis or under a mobile data post-paid subscription package. Data services are an increasingly important contributor to the Company's mobile business, as digitisation is accelerating rapidly in Uganda driven by video and social media, messaging and other data usage. The Company's data strategy is designed to increase value for existing users while encouraging non-data customers to become data customers. The Company focuses on maximising utility for existing data users, growing usage for incidental data users and converting non-data users into first-time data users. The Company does this through offering lifestyle bundles, affordable smart feature phones, campaigns to trigger conversions (such as free data and discounted bundles) and awareness campaigns and consumer education. MTN also offers targeted, apps-specific bundles (bundles which allow a customer to use discounted data for a specific app such as *Facebook* and *YouTube*).

MTN's data services offering includes:

Fixed Data / Internet	**Dedicated Internet**	*Reliable direct connectivity to the internet with symmetrical bandwidth.*
	Customed Dedicated Internet	*Variant of Dedicated Internet that enables enterprises to buy internet bandwidth in bulk and use it at several business locations.*
	High-Capacity Internet	*Reliable direct connectivity to the internet with symmetrical bandwidth but at capacities of 50Mbps+.*
	SME Internet	*Fast, unlimited and affordable internet for small and medium sized businesses.*
	WakaNet PRO	*Reliable and affordable high-speed internet experience to meet the needs of residential and home office users.*
	WakaNet MAX	*Fixed wireless internet solution delivered over LTE using a WakaNet device (Fixed LTE Router).*
Shared Bundles	**Kazi Bundles**	*Shared voice, SMS and data bundles used in a group.*
Combo Bundles	**MTN Business Combo**	*Combo bundles that offer voice, SMS and data, which businesses can assign to their employees .*
	M2M Combo Bundles	*Bundles with on-net SMS and data used for M2M (Machine-to-Machine) services.*
Mobile Data	**Mobile Data Bundles**	*Internet access service offered based on volume of data.*
	Unlimited Internet Bundles	*Mobile data bundles with no limit on volume.*
	Sponsored Data	*Enables zero-rated access to business or corporate websites and applications.*
	Enterprise Shared Access	*Created to support enterprise customers in enabling their staff to work remotely without running out of data.*
	Online Study Bundles	*Created specifically for educational institutions to enable them facilitate their students/pupils to study remotely.*

9.7.3 Digital Services

With regard to digital and value-added services, MTN provides its customers with a variety of entertainment, information and lifestyle digital content solutions comprising of four key categories: music, video, gaming and infotainment and lifestyle-based services. The Company also has partnerships with independent developers, which allows for direct launches and distribution as well as cross-selling and cross-marketing exposure.

The Company's infotainment and lifestyle services include providing access to caller tunes, mobile news, sports betting and lottery services. These services are delivered through access channels such as USSD, SMS and the ***MyMTN App***.

9.7.4 MTN Mobile Money

MTN Mobile Money is an electronic mobile service which is a fast and simple, convenient, secure and affordable way of transferring money, making payments and doing other transactions using a mobile phone. Customers can use MTN Mobile Money to send and receive money, top-up airtime, pay bills, purchase electricity, pay post-paid accounts, pay school fees, buy and pay for insurance, pay for airline tickets and other goods and services.

MTN has approximately 8.5 million active 30-day MTN Mobile Money subscribers.

MTN Mobile Money agents:

MTN Mobile Money agents are essential partners and have been key to the growth of the mobile financial services industry. MTN Mobile Money agents are responsible for effecting mobile money transactions through cash-in and cash-out. The agents also help to educate customers on how to use mobile financial services in general.

The following services are offered on the MTN Mobile Money platform:

Cash-In (Mobile Money Deposits):	Customers load e-money to their mobile money wallets at any agent point in exchange for cash.
Peer to Peer transfers:	Customers send money to other MTN and non-MTN customers directly off their mobile money wallets.
Cash-out (Mobile Money Withdraw):	Customers go to mobile money agents or select automated teller machines to withdraw cash in exchange for a certain amount of e-money.
Airtime and Bundle Purchase:	Customers load MTN airtime and bundles via self-serve MTN channels. Customers can also be assisted at agent and merchant points.
Mobile Money Vouchers:	Customers create tokens as a means of sending money to other non-MTN individuals.
International remittance:	Customers send and receive e-money to and from individuals who reside outside Uganda.
Merchants Payments:	Customers can pay retailers for goods and services using e-money off their wallets to the retailer's MTN Mobile Money account.
Bill Payments:	Customers use e-money on their wallets to clear bills such as airtime, data, electricity, solar kit installment payments and water.
Device Financing:	Customers can buy smart phone devices on a hire purchase/installment payment model.
Bulk payments:	Clients disburse funds to multiple customers' MTN Mobile Money wallets at the same time using a portal provided by MTN or through development of MTN Mobile Money APIs.
Mobile Savings and Loans:	In partnership with Licenced commercial banks in Uganda, MTN provides a savings and lending services that enables customers to open a savings account on which they can deposit, earn annual interest and withdraw money.
Bank Push Pull:	Through interoperability setups with banks, MTN Mobile Money customers send and receive e-money from their mobile money wallets and bank accounts.
MoMo Card:	MTN Mobile Money customers make payments to international merchants through use of virtual cards created via the mobile money platform.
Open application programming interface:	MTN has provided an open application programming interface platform where some basic MTN programming functions (such as collections and disbursements) have been made public to ease third-party integrations.
Platform as a service:	Platform as a service with a number of mobile network operators and insurance companies to distribute airtime, bundles and collections.

9.7.5 MTN Enterprise

MTN provides mobile and fixed connectivity information and communication technology solutions and services to corporate, wholesale, small and medium enterprises and governmental entities in Uganda, delivering end-to-end solutions and serving as the single point of contact for these entities' telecommunication needs.

The Company offers a full suite of enterprise services, including corporate data solutions, connectivity, infrastructure, networking, unified communications, system security, internet of things and cloud computing. MTN leverages its mobile network operations, which offer a state-of-the-art national and international long-distance network infrastructure, including submarine cables, fibre and microwave infrastructure, to provide connectivity services to its business customers.

MTN's offerings for its enterprise and wholesale customers include:

- Enterprise digital solutions;
- Enterprise and wholesale plans and bundles: post-paid tariff plans and bundle offerings customised to the needs of the customer;
- Add-on services: including tariffs, data plans and smart devices which strengthen the Company's offerings and cater to the voice and data needs of its customers;
- Fixed connectivity solutions;
- Cloud and data hosting services: including cloud-based infrastructure, platforms and databases; and
- Mobile advertising.

9.8 Key Business Challenges and Mitigation Strategies

Some of the key business challenges faced by MTN in the medium-term and mitigation strategies deployed by the Company are highlighted below:

9.8.1 Spectrum limitation

The sustainability of the Company's operations and quality of service to customers is wholly dependent on the quality and quantity of radio spectrum allocated to it by the UCC. The UCC regulates the use of spectrum and an intending user must apply to the UCC for authorisation to use spectrum for public service delivery.

The limited spectrum adversely impacts the required capital expenditure, affecting network expansion and increasing the Company's cost of doing business. MTN continues to engage the regulator for additional spectrum allocations while, in parallel, continuously undertaking network upgrades to improve both voice and data quality.

9.8.2 SIM-Box fraud

Bypass and SIM-box fraud has a negative impact on the Company's revenues and requires investment in countermeasures to combat the illegal practice. Over the preceding years, the Company has lost approximately 0.5% of its annual gross revenue from network services, interconnect and roaming services to SIM-box fraud. Industry-wide, SIM-box fraud accounts for considerable annual revenue loss. In collaboration with other operators in Uganda, the Company has committed resources to fight bypass and SIM-box fraud and has deployed various fraud risk management and software tools. The Company also continues to engage various governmental entities for support.

9.8.3 High rent and utility costs

Uganda experiences significant grid unavailability and both scheduled and unscheduled power rationing, which leads to increased fuel usage. Additionally, the Company is the anchor tenant, on commercial terms, on several cell sites owned and operated by American Tower Corporation Uganda. Discussions are in progress with the tower provider to improve power availability and also implement various cost efficiencies. The Company is also focusing on moving key sites to the grid and implementing innovative solutions to mitigate unstable and increased fuel usage.

9.9 Contribution to National Development

MTN's contribution to Uganda's national development entails tangible and intangible efforts like keeping families connected, improving business prospects, making entertainment accessible, bringing financial access to the unbanked, creating jobs and making significant contributions to government revenues.

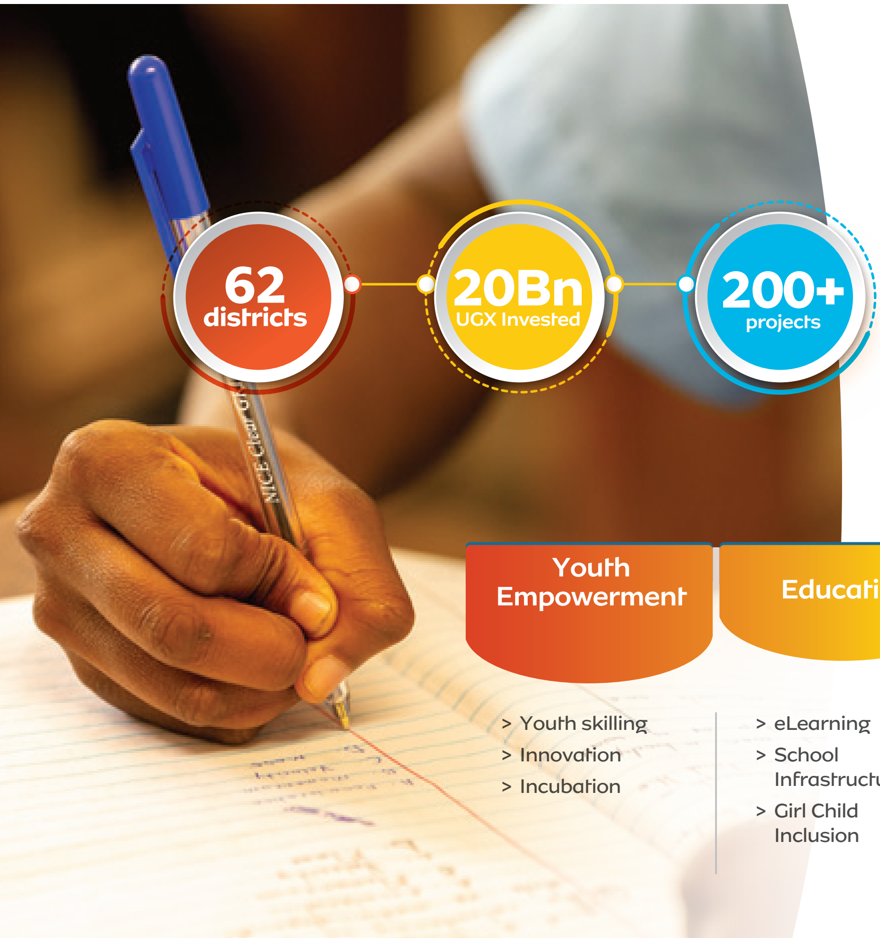
The Company currently employment to over 2,000 people over 2,000 people directly and indirectly. The Company has a wide network of dealers and distributors, content providers, print and media houses and agencies. MTN's existence has created opportunities for businesses in value added services, entertainment, media, advertising, brands, research, hospitality, music, culture and arts, youth development, retail and training.

MTN has also made annual statutory contributions (2% of the Company's gross annual revenue) to the Rural Communications Development Fund, which was established to support the development of a commercially viable communications infrastructure in rural Uganda and promote social, economic and regional equity in the deployment of telephone, internet and postal services.

The Company has also partnered with the UCC to implement bespoke rural broadband connectivity and access initiatives. In 2019, the Company partnered with the UCC to launch 22 3G base stations to further GOU's bid to ensure broadband service coverage for the whole country, with the stations helping to connect users in economically unviable, underserved or unserved areas of Uganda. This installed broadband has enabled easy and timely access to information and is utilised in business and social services such as e-health, e-education, e-government services, e-commerce, leading to increased rural employment and subsequent social-economic transformation.

Table 16: Taxes and levies paid

UGX'bn	2018	2019	2020
Gross annual revenue levy	31	34	38
Withholding tax (on payments to suppliers)	47	65	62
Excise duty	257	297	317
Pay As You Earn	23	21	24
Corporate income tax	82	112	152
Value added tax (net)	148	159	203
Customs and import duties (including VAT, withholding tax)	22	35	42



The MTN Uganda Foundation is a not-for-profit legal entity that was established in July 2007 as a vehicle through which MTN Uganda implements its Corporate Social Investments (CSI). The Foundation strives to improve the quality of life in communities where MTN Uganda operates in a sustainable way within the following thematic areas:

Youth Empowerment	Education	Health	National Priority Areas
> Youth skilling > Innovation > Incubation	> eLearning > School Infrastructure > Girl Child Inclusion	> Health Centre Infrastructure > Maternal and Child Health > Disability program	> Humanitarian aid > Agriculture > Culture

9.10 Corporate Social Responsibility

9.10.1 MTN Foundation

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

The main objective of the MTN Foundation is to improve the quality of life in communities across the country by supporting and implementing sustainable projects in four thematic areas: Youth Empowerment, Education, Health and Other National Priorities. The MTN Foundation is governed by a Board of Trustees made up of eminent members of society and senior MTN officers.

The MTN Foundation is funded annually by an endowment from MTN of 1% of MTN's profit after tax and partners with credible public and private non-profit organizations to execute sustainable projects in each of the chosen focus areas. For the years ended 31 December 2018, 2019 and 2020, MTN committed UGX 2.371 billion, UGX 2.931 billion and UGX 3.153 billion, respectively, to the MTN Foundation's initiatives.

9.11 Environmental and Social Governance Achievements

MTN recognises that there is a heightened focus on sustainability-related matters and that there are growing stakeholder expectations that entities like MTN will contribute responsibly to the acceleration of climate action and good corporate governance in a manner that preserves and protects people's basic human rights.

Uganda is one of the countries which is vulnerable to the effects of climate change, and managing the Company's environmental impact is key. It is essential that MTN's capital allocation is well aligned to sound environmental, social and governance practices for the value that investors place in the Company could be affected by the investors' perception of the Company's environmental, social and governance practices performance and disclosures.

MTN is driving responsible use of environmental resources and alternative energy sources and emphasizes responsible economic, environmental and social practices in its operational framework. The Company is also committed to increasing disclosure on the impact of the Company's operations on society, human rights and the environment.

9.12 Medium-Term Future Outlook and Business Strategy

9.12.1 Advancing network automation

In June 2021, MTN announced a partnership with several members of the Telecom Infra Project (TIP) which will see the Company advance network automation using TIP's Disaggregated Cell Site Gateway (DCSG). This first of its kind network deployment in Africa will see MTN evolve its transport network and turn it into a future-proof asset that will seamlessly enable the Company's network transition to 5G.

Transport network transmits data traffic between points within a network that enables access to the internet. MTN's Network-as-a-Service strategic blueprint is one of the platforms for growth that will contribute to leading digital solutions for Uganda's progress. DCSGs provide connectivity between mobile sites and enterprises and the core network, which is what users access to connect to the internet. DCSG at these cell sites will see the hardware and software de-coupled, allowing greater flexibility in upgrading software and configuration. Typically, cell site hardware and software are aggregated, requiring wholesale replacement to upgrade the transport network.

In Uganda, the DCSG solution will be deployed using network operating software provided by ADVA, a European telecommunications vendor that provides network equipment for data, storage, voice and video services. This solution in Uganda is a flagship development in accelerating connectivity in Africa by enabling faster network roll-out to expand connectivity, a more stable and quicker network with reduced latency, providing users best-in-class connectivity to the internet.

Currently, the Company is aiming to complete the design stage of the DCSG project ahead of deployment to all MTN's cell sites in Uganda (starting with a progressive roll-out in selected sites). This incremental deployment path has been chosen in order to clearly ascertain the impact and benefit of the technology.

The roll-out of the DCSG solution will see an improved service for MTN's subscribers. The solution will optimise the transport network to streamline and improve subscribers' experience while using MTN services. For instance, the solution will optimise the latency (the time it takes for a signal to travel to its destination and back), allowing faster connections and improved quality across all aspects including voice, data, SMS and all other digital services.

9.12.2 5G readiness

"5G" or "Fifth Generation" is the latest wireless mobile telecommunications technology designed to support a growing number of connected devices. 5G offers improved data performance and supports a wide range of applications. According to UCC, 5G will speed up the rate of data transfer by 100 times or more, greatly reduce the time between receipt of a signal by a cellular base stations and its response, and allow cellular networks to manage far more wireless-connected devices than presently possible. Industry sources recognise 5G as being the fastest and newest mobile network technology with speeds 10x faster than 4G (and eventually becoming 100x faster).

In 2020, MTN and ZTE Corporation conducted a 5G trial to bring the standalone 5G network into reality in East Africa, making MTN the first operator in East Africa to carry out a 5G trial. MTN South Africa and MTN Nigeria had previously conducted successful 5G trials in 2019. At the trial event in Kampala, the network attained speeds of 1.494Gbps through 60Mhz spectrum, thereby enabling it to assist tools such as gigabit even in the absence of cloud extended reality technology, fibre connection and ultra-high definition live telecast.

MTN has an aggressive medium-term strategy for 5G roll-out in Uganda, with commercial launch anticipated between 2022 and 2023. According to the ***Ericsson Mobility Report June 2021***, by 2026, 60% of the world's population will have access to 5G coverage, with 5G subscriptions forecast to reach 3.5 billion worldwide. MTN is primed to take advantage of projected 5G uptake driven by China's earlier engagement with 5G (compared to 4G LTE), the earlier availability of 5G-compatible devices from several vendors, a young, growing population with increasing digital skills and, at a macro-economic level, projected economic growth that will boost consumer spend.

MTN views the first key applications for 5G in Uganda as being the wireless fibre connectivity of bringing reliable, high speed and low latency internet into thousands of homes in Uganda. 5G technology will benefit the country in terms of improved quality of communication between massive numbers of devices, improved speeds, efficiency of service and security in addition to the increase of capacity for digital applications and innovations, which will benefit both businesses and consumers alike and spur economic growth.

9.12.3 Transformation into a digital services provider

MTN recognises that owing to the ongoing disruption of the telecommunications industry by global over-the-top players, coupled with the opportunities of a converged digital world, the Company's continuity as a profitable entity requires that the Company transforms from a traditional telecommunications operator to a digital services provider. The Company's goal is to achieve this vision by the end of 2025 through systematically transforming MTN's operating model into a digital services provider. The focus will be on four areas as detailed below:

a) Innovating through strategic partnerships with global and local over-the-top service providers:

MTN aims to offer its customers access to rich media services (digital content that includes advanced features like video, audio, or other elements that encourage viewers to interact and engage with the content) experiences on a mobile device.

Entertainment is one of the key areas of focus, with a goal to build a rich and diverse offering of local and international content in the categories of music, video and mobile gaming. As of 31 December 2020, the Company had 1.3 million active users of rich media services. The service's contribution to the Company's revenue is projected to continue growing as MTN transforms into a digital provider.

b) Digitize operational processes both internally and for customers:

The Company's focus is to migrate internal and external customer experiences from physical to digital platforms.

This will be implemented on two levels. Firstly, MTN will provide next generation customer experience support through a digitally led infrastructure setup as the Company moves from physical to cloud service implementation options. Further, MTN will invest in digital customer touch points, move customer support from physical agents to chatbots, consolidate from a multi-channel to omni-channel strategy, and migrate customer self-service and purchase experiences from USSD to web and mobile applications. Secondly, MTN will build a "paperless" business operation for internal efficiency with initiatives in e-procurement, e-approvals and signatures as well as automation of highly intense and frequent reporting tasks.

c) Own and revolutionize payments:

One of MTN's transformative innovations has been MTN Mobile Money, which has registered an impact beyond simply enabling digital payments to accelerating financial inclusion in the country. MTN's mid-term vision is to extend the use of MTN Mobile Money and enrich it as an ubiquitous payment method that transcends mobile phone number identification, operator network and geographical boundaries. An immediate short-term focus area is to drive MTN Mobile Money as the preferred e-commerce payment option.

d) Commercialise data and network assets:

While using the Company's network infrastructure to deliver traditional telecommunications services and financial services (via MTN Mobile Money), MTN intends to further harness these assets to diversify the Company's revenues and cause positive disruption through new business models that leverage the Company's platform and data assets.

The current opportunities work across two dimensions. The first is based on ***Ayoba*** with MTN, which offers an all-in-one lifestyle experience to users including instant messaging, games, music, news and more, MTN open application programming interfaces (whose goal is to stimulate the monetization of innovations from entrepreneurs such as local start-ups) and deploying the network as a service and as a platform. The second dimension is mobile advertising, where MTN will seek to monetise anonymised data collected on the network.

9.12.4 Spectrum optimisation

As has been examined above, the sustainability of the Company's operations and quality of service to customers is wholly dependent on the quality and quantity of radio spectrum allocated to it by the UCC.

MTN continues to engage the UCC for additional spectrum allocations while, in parallel, continuously undertaking network upgrades. Additional spectrum allocation is critical for MTN to, among others, achieve a viable commercial roll-out of 5G. In terms of spectrum optimisation in the medium-term, three key pillars underpin the Company's spectrum strategy to deliver business value and ensure competitiveness. These are:

- maximising the efficient use of the Company's spectrum assets by re-allocating spectrum for 3G and 4G technologies in line with the Company's dual data strategy;
- enabling access to new Long Term Evolution bands to support data growth and efficiently improve 4G data coverage; and
- demonstrating assertiveness in any future spectrum marketplace to ensure the business remains competitive.

MTN has also commenced the process of frequency refarming to efficiently utilize the spectrum allocated to it.

9.13 Capital Structure

9.13.1 Share Capital

As at the date of this Prospectus, MTN has 28,000,000,000 authorised shares, of which 22,389,044,239 have been issued.

Table 17: MTN share capital structure

	UGX
Authorised share capital: *28,000,000,000 ordinary shares with a par value of UGX 1 each*	28,000,000,000
Issued and fully paid share capital: *22,389,044,239 ordinary shares with a par value of UGX 1 each*	22,389,044,239

9.13.2 Borrowings (Debt Structure)

The Company's total indebtedness, as of 30 June 2021, was UGX 194 billion and USD 45.3 million respectively and arises out of unsecured syndicated loan facilities that the Company obtained from Stanbic Bank Uganda Limited, Absa Bank Uganda, Citibank Uganda Limited, Citibank N.A London and Standard Chartered Bank Uganda Limited.

The purpose of the facilities was to fund any licence renewal payments (with reference to the renewal of the NTO Licence in 2020), to finance capital expenditure, to refinance the Company's existing financial indebtedness and for working capital requirements.

Table 18: MTN Debt Structure			
Facility	**Lenders**	**Commitment**	**Outstanding as of 30 June 2021**
Facility A (UGX)	Stanbic Bank Uganda Absa Bank Uganda Citibank Uganda	110,000,000,000	103,125,000,000
Facility B (UGX)	Stanbic Bank Uganda Citibank Uganda	110,000,000,000	60,000,000,000
Facility C (USD	Stanbic Bank Uganda Absa Bank Uganda Citibank Uganda Citibank London Standard Chartered Uganda	40,000,000	37,500,000
Bilateral Loan A (UGX)	Stanbic Bank	50,000,000,000	31,350,000,000
Bilateral Loan B (USD)	Stanbic Bank	12,500,000	7,812,500

The facilities are properly authorised by the Board and are in conformity with the Company's borrowing powers. The facilities are unsecured and the Company has not charged any of its fixed or moveable assets as security for any indebtedness. The loan facilities are to be repaid from the Company's revenue streams. Further, the Board affirms that the Company is not in default of any of its debt covenants as of the date of this Prospectus. Further details on the key terms of the loan facility agreements are contained in **Section 9.18.6 (Loan Facility Agreements)** below.

9.14 Subsidiaries and Associate Companies

MTN SUBSIDIARIES		
99.9%	60%	99.9%
MTN Mobile Money Uganda Limited *(Active susidiary)*	MTN Publicom Uganda Limited *(Dormant susidiary)*	MTN VillagePhone Uganda Limited *(Dormant susidiary)*

9,14.1 Mobile Money Company (MTN Mobile Money (U) Limited)

Role, function and licensing of the Mobile Money Company

The Mobile Money Company is a wholly owned subsidiary of MTN and was incorporated on 27 November 2020. The Mobile Money Company was formed following the enactment of the NPS Act, which created licensing and structuring obligations that required a corporate reorganisation of MTN so as to achieve a segregation of functions as prescribed by Bank of Uganda.

The Mobile Money Company holds the following Licences issued by Bank of Uganda:

a) ***Payment Systems Operator Licence Class A(I)*** for electronic money systems, issued in respect of a large funds transfer system including person to person, business to government and business to business payments whose transaction value exceeds UGX 100 billion per month. The Licence is valid for an indefinite period until revoked by Bank of Uganda; and

b) ***Payment Service Provider Licence Class A (I)*** for electronic money issuance, issued in respect of a large electronic money issuer whose total trust account value exceeds UGX 200 billion. The Licence is valid for an indefinite period until revoked by Bank of Uganda.

Share capital and shareholding

As required by the NPS Act and the National Payment Systems Regulations 2021, the authorised, issued and paid-up share capital of the Mobile Money Company is UGX 10 billion divided into 1,000,000 ordinary shares of UGX 10,000 each.

The shareholders of the Mobile Money Company are MTN with 999,999 ordinary shares and Thobeka Bonoyi (the MTN Group Company Secretary) with 1 ordinary share, held in trust for MTN.

The issued share capital of the Mobile Money Company is fully paid-up. In the first instance, 99,999 ordinary shares were paid for by non-cash consideration through the transfer of the MTN Mobile Money business (assets, liabilities and goodwill) from MTN to the Mobile Money Company and the subsequent issue by the Mobile Money Company of 99,999 ordinary shares to MTN in exchange for the business transfer. A business transfer agreement dated 28 May 2021 was entered into by MTN and the Mobile Money Company for purposes of recording the business transfer and the non-cash consideration for the share allotment. In the second instance, 900,000 ordinary shares were paid for by MTN by way of cash.

Directors

The directors of the Mobile Money Company are:

Table 19: Directors of Mobile Money Company

Name	Designation
Yolanda Cuba	Director / Board Chairperson
Stephen Mutana	Director / Acting Chief Executive Officer
Wim Vanhelleputte	Director
Andrew Bugembe	Director
Serigne Dioum	Director

Outsourcing Arrangements and Material Contracts

The Mobile Money Company signed a Managed Services Agreement with MTN dated 28 May 2021 for the provision of the following business processes and services by MTN to the Mobile Money Company on an outsourcing basis: sales and distribution services; corporate services (communications and public relations and corporate social responsibility); internal audit and forensics services; information systems function; network services; marketing services; finance, tax and procurement; human resources support; customer experience; business intelligence and enterprise business support.

The Mobile Money Company has entered into Local Country Agreements with Ericsson AB for the MTN Mobile Money platform with effect from 19 June 2021. The agreements comprise the Local Country Services Agreement, the Local Country Software Licences Agreement and the Local Country Product Supply Agreement, and are auxiliary to an existing Group Services Agreement between MTN Group (acting through Global Trading Company) and Ericsson. The Local Country Agreements were previously entered into with MTN before being subsequently novated to the Mobile Money Company following the separation of the financial technology business.

Under the terms of the agreements, Ericsson supplies an agreed framework of services in relation to the MTN Mobile Money operations. Ericsson, as the proprietary holder of the rights to the Ericsson Mobile Money Platform / System, provides managed services to the Mobile Money Company which enables the company to offer mobile financial services. The agreement framework covers the provision of managed services, software licensing and equipment and software licensing for the Ericsson Mobile Money Platform.

Liabilities

As of the date of this Prospectus, the Mobile Money Company has no material outstanding indebtedness of any kind or contingent liabilities. In addition, MTN has not provided any shareholder loans to the Mobile Money Company

Land and Fixed Assets

As of the date of this Prospectus, the Mobile Money Company does not own any land or other immovable assets.

9.14.2 MTN Publicom and MTN VillagePhone

MTN Publicom Uganda Limited and MTN VillagePhone Uganda Limited are two dormant subsidiaries of the Company.

MTN Publicom was a joint venture vehicle that was formed for the purpose of establishing and operating public callboxes across Uganda. MTN Publicom ceased operations on 28 November 2007 and on 31 May 2008, its assets and liabilities were transferred to MTN. MTN VillagePhone was formed in 2003 as a charitable, poverty-reduction joint venture collaboration with Grameen Foundation to provide micro-loans to the rural poor in the form of mobile phones, who would then use the phones to operate businesses providing communications services to the local community. The programme created and economically empowered over 1300 rural village phone operators throughout Uganda and was officially closed on 19 November 2007, with all assets and liabilities being transferred to MTN.

MTN Publicom Uganda and MTN VillagePhone are dormant and have no assets or liabilities. The two companies will remain dormant in the immediate short-term as the Board considers the most appropriate commercial and strategic approach for the two entities.

9.15 Capital Expenditure

MTN's capital expenditure outlay is principally on the development and acquisition of new networks and the expansion or improvement of existing networks, facilities, information technology, intangible assets and periodic licence acquisitions. The table below shows MTN's capital expenditure over the past five years.

Table 20: MTN capital expenditure

UGX'bn	2016	2017	2018	2019	2020
Land and Buildings	0.1	3.4	0.2	1.4	-
Leasehold improvement	2.0	11.4	2.9	1.0	0.8
Facilities / Telecommunications equipment	135.2	164.4	174.8	177.4	125.6
Furniture, Computers and Others Equipment	17.8	24.0	17.9	27.6	10.4
Motor Vehicles	1.0	0.8	0.3	0.2	-
Work in Progress	5.6	26.3	5.8	1.3	33.3
Intangible Assets	39.7	32.0	27.8	41.1	446.5
Total	**201.6**	**262.2**	**229.8**	**249.9**	**616.6**

9.16 Properties

MTN is the registered proprietor of land and buildings comprised in:

a) Leasehold Register Volume 1769 Folio 7, at Central Division Kampala City, Jinja Road, Plot 69-71, being a leasehold interest granted by the Kampala District Land Board for the period 1 January 1988 to 31 December 2036. MTN's fiscal obligations are a one-off premium of UGX 120 million and annual ground rent of UGX 79.2 million. MTN also pays property rates on an annual basis, and the rate payable is capped at 12% of the assessed rateable value of the property;

b) Leasehold Register Volume 2966 Folio 1, at Port Bell Road, Mbuya, Plot 77 -79, being a leasehold interest granted by the Kampala District Land Board for the period 1 July 2001 to 30 June 2050. MTN's fiscal obligations are a one-off premium of UGX 40.9 million and annual ground rent of UGX 24.5 million. MTN also pays property rates on an annual basis, and the rate payable is capped at 12% of the assessed rateable value of the property; and

c) Leasehold Register Volume 3837 Folio 3, at Kigulya Hill Road, Masindi, Plot 28, being a leasehold interest granted by the Masindi District Land Board for the period 1 October 2003 to 30 September 2047. MTN's fiscal obligations are a one-off premium of UGX 1 million and annual ground rent of UGX 12 million. MTN also pays property rates on an annual basis, and the rate payable is capped at 12% of the assessed rateable value of the property.

The Company's proprietorship of the land is compliant with the provisions of the Constitution of the Republic of Uganda 1995 (as amended) and the Land Act Cap. 227 (as amended) regarding the ownership of land by non-citizens. No security interest has been created over the property in issue, and there are no caveats or other adverse interests registered against the land.

The Company is fully compliant with its obligations to pay lease rentals (ground and rent and premium) and property rates in respect of the leasehold properties of which it is a registered proprietor.

MTN is party to a lease agreement in relation to Freehold Register Volume LIR68 Folio 15 at Plot 42, Ireda, Won Nyaci Road, Lira registered in the name of the Lira District Local Government, being a leasehold interest for the period 1 October 2019 to 30 September 2068. The leasehold title for this property is, as of the date of this Prospectus, currently being processed. MTN's fiscal obligations are a one-off premium of UGX 60 million and annual ground rent of UGX 5 million. MTN also pays property rates on an annual basis, and the rate payable is capped at 12% of the assessed rateable value of the property.

MTN is currently occupying and utilising (on a limited basis) the following properties under a licence:

a) Freehold Register Volume 609 Folio 14, at Millennium Road, Plot 2 – 8 Tororo, registered in the name of the Registered Trustees of MTN Foundation;

b) Freehold Register Volume MBR165 Folio 2, at Kashari, Block 1 Plot 1698, Mbarara, registered in the name of the Registered Trustees of MTN Foundation; and

c) Mengo Block 34 Plot 451, Kibuga County, Mutundwe, registered in the name of the Registered Trustees of MTN Foundation.

Over the last five years, neither MTN nor any of MTN's subsidiaries has been involved in any transaction for the acquisition or disposal of property where the vendor or purchaser, as the case may be, is an issuer of listed securities; guaranteed the book debts or other assets; where abnormal warranties were given; where the transaction agreements contained restraint of trade restrictions; where any liability for taxation was to be settled in terms of the transaction agreements; where any Director had any direct or indirect beneficial interest in the transaction or where the underlying assets were ceded or pledged to a third party.

9.17 Related Party Contracts

As of the date of this Prospectus, the Company is party to following material related party contracts. The related party contracts listed below do not constitute arrangements which may result in a change in control in MTN at a future date.

9.17.1 Intellectual Property, Know-How and Management Services Agreement with MTN International

On 5 December 2013, MTN entered into the Intellectual Property, Know-How Licences and Management Services Agreement with MTN International **("IP**

Licence Agreement"). The material services and authorisations which MTN enjoys under the IP Licence Agreement are:

a) management services related to tax, information technology, corporate structuring, marketing, human resources, accounting, business risk, treasury, group carrier and additional professional support;

b) grant of a Licence for MTN to use the defined intellectual property (prescribed trademarks, copyright and domain name) in Uganda on an exclusive basis; and

c) grant of an exclusive know-how Licence by which MTN receives information related to the telecommunications business including, but not limited to, patents, technical information, manufacturing techniques, designs, specifications, formulae, systems, processes and general marketing and business information.

MTN's annual financial obligations under the IP Licence Agreement, which were negotiated on an arm's length basis, are 1% of the gross revenue of the Company as the Licence fee for the intellectual property and know-how Licence and 2% of the gross revenue of the Company as a management fee. The IP Licence Agreement is for an indefinite term.

MTN Group remains at the forefront of technology, digital, financial technology trends and developments, such as 5G and mobile financial services. As Africa's largest mobile network operator, MTN Group plays a key role at industry bodies which guide telecommunications development and regulation. MTN Group also participates in United Nations and African Union initiatives driving digital development and Fourth Industrial Revolution initiatives across Africa.

The major benefits of this agreement include technology and IT shared services, infrastructure sharing and support office services resulting in operational efficiencies and providing key technical and strategic support to ensure that MTN maintains its competitive edge in the market while also allowing the continued use of the MTN brand and related trademarks of the ***"Most Admired and Valuable Brand in Africa"*** in the 2020 Brand Africa 150 Ranking and the highest ranked African company on Forbes' ***"World Best Employers List"*** for 2020.

9.17.2 Procurement Services Agreement with Global Trading Company

On 1 January 2014, MTN entered into the Procurement Services Agreement with Global Trading Company LLC, a procurement and supply chain affiliate of MTN Group.

Under the terms of the agreement, Global Trading Company provides central value adding sourcing and procurement services to MTN by facilitating the procurement of various products including equipment and software and other high-level specialised services. The commercial objective of the engagement is for MTN to leverage Global Trading Company's scale and buying power to optimise the procurement process and generate saving for MTN. In addition to procurement, Global Trading Company also provides market screening, supplier assessment, pre-qualification ad performance evaluation of suppliers. MTN remains the contracting entity and is solely responsible for purchasing, accepting delivery and paying for the contracted services.

MTN's annual financial obligation under the Procurement Services Agreement, which was negotiated on an arm's length basis, is 4% of the forecasted central procurement spend (as computed in accordance with agreed procedures) for a particular year. The agreement is for an indefinite term and may be terminated by mutual consent, by fundamental breach by either party, upon the occurrence of a material change of control event or upon the occurrence of a continuing force majeure event.

MTN Group is able to negotiate favourable procurement terms with key suppliers of technology, passive infrastructure, IT, capacity access and roaming due to its scarce and focused procurement function and expertise, which in turn optimises capital and operational expenditure for the Company. In some instances, key international suppliers in particular IT service providers have exponential pricing models for emerging markets, and MTN Group procurement allows MTN to access such services at competitive prices. The benefits of this allows time and management efficiencies by improving supply chain management, transparency based on group wide procurement and specialised procurement knowledge.

9.17.3 Masters Services Agreement for Telecommunications Services with MTN Global Connect Solutions

On 4 November 2018, MTN entered into the Master Services Agreement for Telecommunications Services with MTN Global Connect Solutions Limited, a wholesale infrastructure affiliate of MTN Group.

Under the terms of the agreement, Global Connect Solutions provides services to MTN related to the management of wholesale activities (by defining commercial strategy, pricing, key performance indicators, products, services and custody of wholesale financial budgets and targets), providing a commercial interface with third parties, acting as the centre of excellence for wholesale and assuming responsibility for wholesale/carrier accounts (including managing the requirements of wholesale customers/carriers). Global Connect Solutions provides a prescribed set of services requested for by MTN in a service order form.

MTN's annual financial obligation under the Master Services Agreement for Telecommunications Services, which was negotiated on an arm's length basis, is a variable fee that is based on the nature of the service requested for by MTN and provided by Global Connect Solutions.

The agreement is for a period of five years with effect from 4 November 2018 and may be terminated by mutual consent, by fundamental breach by either party or upon the occurrence of a material change of control. The agreement is subject to automatic one-year rolling renewals, unless terminated.

9.17.4 MTN Group Relationship Agreement

Furthermore, MTN has entered into a Group Relationship Agreement with MTN Group (the **"Relationship Agreement"**) to record the relationship between MTN and MTN Group contingent upon and following the Listing.

Pursuant to the Relationship Agreement, MTN Group undertakes that it will treat all unpublished information that it receives from MTN which is of a price sensitive nature with appropriate confidentiality and acknowledges that, it shall at all times ensure that it will treat and procure the treatment of the information disclosed to it as insider information/unpublished price sensitive information as envisaged in USE Listing Rules and USE Insider Trading Rules 2008. Equally, MTN undertakes to provide MTN Group with all operational and financial information reasonably requested by MTN Group to enable MTN Group to comply with its legal and contractual obligations, and that it will treat all unpublished information that it receives from MTN Group which is of price sensitive nature with appropriate confidentiality and acknowledges that it shall at all times ensure that it will treat and procure the treatment of the information disclosed to it as inside information.

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

Each of MTN and MTN Group agrees that it will not use its position to disadvantage the other, and that relationships between MTN and MTN Group will be on an arm's length basis, unless otherwise mutually agreed and appropriately disclosed. The Relationship Agreement will be governed by Ugandan law.

9.18 Material Business Contracts

MTN has a number of material contracts in place, which are briefly described below. Other than the agreements listed below, the Company has not entered into any other material contracts (other than contracts entered into in the ordinary course of business) the termination of which may have a material adverse effect on MTN or its operations.

9.18.1 Master Tower Space Use Agreement with American Tower Corporation Uganda

On 29 June 2012, MTN entered into the Master Tower Space Use Agreement with American Tower Corporation Uganda.

This agreement followed the disposal by MTN of a majority of its in-country tower sites to American Tower Corporation Uganda. At the time of the asset sale, American Tower Corporation Uganda was indirectly owned by MTN Group and a subsidiary company of

American Tower Corporation, Inc (USA). In 2020, MTN Group successfully disposed of its 49% equity stake in the joint venture to the American Tower Corporation, Inc subsidiary.

Under the Master Tower Space Use Agreement, MTN is the tenant on commercial terms on the identified cell-sites owned and operated by American Tower Corporation Uganda. Furthermore, as part of an additional agreement, MTN leased additional sites in line with its infrastructure deployment strategy.

The term of the agreement was initially from 29 June 2012 to 28 June 2022 and was extended to 31 December 2028. The agreement has an option for renewal. The agreement provides for a comprehensive contractual termination and exit process that is designed to provide adequate business continuity for the Company.

9.18.2 Master Tower Services Agreement with Ubuntu Towers Uganda Limited

On 12 April 2021, MTN entered into the Master Tower Services Agreement with Ubuntu Towers Uganda Limited.

Under the agreement, MTN leases tower space, rooftop and ground space on a number of Ubuntu Towers' passive infrastructure sites. MTN utilises the facilities for erection telecommunications and other electronic voice and data transmission equipment.

The term of the agreement is from 12 April 2021 until the earlier of fifteen years from the signature date (11 April 2036) or the expiry of the last individual site agreement entered into in connection with any co-located site. The agreement has an elective option for automatic renewal in favour of MTN. The agreement provides for a comprehensive contractual termination and exit process that is designed to provide adequate business continuity for the Company.

9.18.3 Managed Services Supply Agreement with Huawei Technologies

On 26 February 2015, MTN entered into a Managed Services Supply Agreement with Huawei Technologies (Uganda) Limited for the supply of defined managed services to the Company. The Managed Services Supply Agreement functions as an auxiliary country agreement to an existing Global Framework Agreement between MTN Group (acting through Global Trading Company) and Huawei International Pte. Limited.

The managed services include data centre management, back-office support services, system management activity, service desk management, end-user support service, operations support centre management and optimisation activities.

The term of the agreement is from 1 April 2015 to 31 December 2021 with an option to renew. The agreement provides for a comprehensive contractual termination and exit process that is designed to provide adequate business continuity contingency for the Company.

9.18.4 Managed Services Supply Agreement with ZTE Uganda

On 1 September 2015, MTN entered into a Managed Services Supply Agreement with ZTE Uganda Limited for the supply of defined managed services to the Company. The Managed Services Supply Agreement functions as an auxiliary country agreement to a Global Framework Agreement between MTN Group (acting through Global Trading Company) and ZTE Corporation.

The managed services include management of customer-supported platforms, maintenance and service restoration, network management, network data archival, service consolidation for the customer network, network connectivity and availability management and active and passive maintenance of identified infrastructure.

The term of the agreement is from 1 September 2015 to 28 Feburuary 2022 with an option to renew. The agreement provides for a comprehensive contractual termination and exit process that is designed to provide adequate business continuity contingency for the Company.

9.18.5 Managed Services Agreement with Tecnotree Corporation

On 5 September 2020, MTN entered into a Product/Services Supply Agreement with Tecnotree Corporation for the licensing and supply of digital software to the Company. The Product/Services Supply Agreement functions as an auxiliary country agreement to a Master Equipment Supply and Licence Agreement between MTN Group (acting through Global Trading Company) and Tecnotree Corporation.
The Licenced products cover digital customer relationship management, billing, platform services and mobile applications.

The term of the agreement is from 5 September 2020 to 5 September 2025 with an option to renew. The agreement provides for a comprehensive contractual termination and exit process that is designed to provide adequate business continuity contingency for the Company.

9.18.6 Loan Facility Agreements

MTN has entered into the following credit facility agreements to obtain debt financing to fund licence renewal payments (with reference to the renewal of the NTO Licence in 2020), to finance capital expenditure, to refinance the Company's existing financial indebtedness and for working capital requirements:

a) Common Terms Agreement dated 25 February 2020 with The Standard Bank of South Africa Limited (*as arranger and security agent*), Stanbic Bank Uganda Limited (*as Facility A, Facility B and Facility C lender*), Absa Bank Uganda Limited (*as Facility A and Facility C lender*), Citibank Uganda Limited (*as Facility A, Facility B and Facility C lender*), Standard Chartered Bank Uganda Limited (*as Facility C lender*) and Citibank NA London (*as Facility C lender*).

Under the Common Terms Agreement and respective Facilities Agreements entered into pursuant to the Common Terms Agreement, each of the lenders agreed to grant MTN the following facilities:

Facility	Lenders	Commitment	Total
Facility A (UGX)	Absa Bank Uganda	40,316,742,081	110,000,000,000
	Citibank Uganda	17,420,814,480	
	Stanbic Bank Uganda	52,262,443,439	
Facility B (UGX)	Citibank Uganda	25,666,666,667	110,000,000,000
	Stanbic Bank Uganda	84,333,333,333	
Facility C (USD)	Absa Bank Uganda	8,181,818	40,000,000
	Citibank London	9,500,000	
	Citibank Uganda	2,621,212	
	Standard Chartered Bank Uganda	15,151,515	
	Stanbic Bank Uganda	4,545,455	

b) Bilateral Loan A Facility Agreement dated 21 December 2018 with Stanbic Bank Uganda Limited by which the lender agreed to provide the Company with a committed facility of UGX 50,000,000,000; and

c) Bilateral Loan B Facility Agreement dated 21 December 2018 with Stanbic Bank Uganda Limited by which the lender agreed to provide the Company with a committed facility of USD 12,500,000.

The rate of interest for the facilities is as follows:

Facility	Interest applicable
Facility A **Total commitment of UGX 110 billion**	Percentage rate per annum which is the aggregate of the margin (3.25% per annum) and the Bank of Uganda 182-day treasury bill rate spot published on the relevant calculation date.
Facility B **Total commitment of UGX 110 billion**	Percentage rate per annum which is the aggregate of the margin (3.50% per annum) and the Bank of Uganda 182-day treasury bill rate spot published on the relevant calculation date.
Facility C **Total commitment of USD 40 million**	Percentage rate per annum which is the aggregate of the margin (3.25% per annum) and the London Interbank Offered Rate on the relevant calculation date.
Bilateral Loan A **Total commitment of UGX 50 billion**	Percentage rate per annum which is the aggregate of the margin (2.50% per annum) and the Bank of Uganda 182-day treasury bill rate spot published on the relevant calculation date.
Bilateral Loan B **Total commitment of USD 12.5 million**	Percentage rate per annum which is the aggregate of the margin (3.15% per annum) and the London Interbank Offered Rate on the relevant calculation date.

9.19 Material Litigation

As of the date of this Prospectus, MTN is currently involved in 75 court cases. In the opinion of the Board, and having taken advice from external legal counsel, none of the litigation that the Company is presently involved in has the ability, individually and in totality, to affect the Company's business and assets materially and adversely, and the Company's overall viability as a going concern.

Equally, none of the litigation that the Company is involved in has, individually and in totality, produced a result (during the 12 months prior to the date of this Prospectus) which might have or has had a significant effect on the financial position or the operations of MTN, nor are there any such proceedings being threatened or pending.

The significant cases that the Company is involved in are highlighted in the Legal Opinion in Section 15 of this Prospectus.

10. Governance and Management

10.1 MTN Corporate Governance Framework

MTN is committed to the highest standards of governance, business integrity, ethics and professionalism. Corporate governance is the cornerstone of the Company's business and ensures that the Company operates responsibly at all times.

The Company continually aspires to achieve value creation through robust governance. Being a member of MTN Group, which subscribes to and complies with leading corporate governance standards and practices including those recommended by the King IV™ Code on Corporate Governance 2016, MTN complies with similar practices to the extent applicable to its circumstances.

Following the Listing, the Company will comply with the Capital Markets Corporate Governance Guidelines 2003 in addition to Table F of the Companies Act, which applies to it as a public company. Although many of the best practices set out in the Capital Markets Corporate Governance Guidelines already form part of MTN's corporate governance framework, the composition of the Board will be reviewed to ensure compliance with the recommended practices on board balance, size, structure and sub-committees by the first anniversary of the Listing.

MTN believes that good governance enables it to live its values through enhanced accountability, corporate responsibility, strong risk and performance management, transparency and effective leadership.

10.2 Overview of Board Function

The Board is committed to good governance and international standards of best practice. The Board is committed to ensuring an unequivocal tone from the top that requires a commitment by all Directors and employees to the values of integrity, transparency and uninterrupted oversight over the Company. This is to ensure that the Company monitors and addresses all governance issues within its business operations.

The Board provides oversight using a combined assurance model which considers the role of management, control functions, internal and external audit and Board committees using a simplified governance approach in a complex environment as the Board strives to create maximum shared value. The Board provides oversight of MTN's business, operations, practices, performance and policies and does this by defining and ensuring delivery on the Company's purpose by management and relevance and sustainability of the business model, adequacy and optimisation of all forms of capital inputs and the meeting of stakeholder expectations.

The Board has the following key responsibilities:

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

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

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

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

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

f) overseeing the combined assurance and control functions.

MTN operates a unitary board structure where non-executive and executive directors serve collectively on one single board, which ensures effective monitoring and oversight. The roles and duties of the Chairperson and Chief Executive Officer are separate and clearly defined so as to conform with corporate governance best practices with regard to the independence of the board from management. The Board comprises Directors with extensive experience and insight of the sectors in which MTN operates. MTN affirms that following the Listing, the Board will take steps to improve the balance of power at the Board through the selection of an appropriate number of individuals to serve as independent directors.

The Board evaluates its processes and procedures to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role. The performance of the Chief Executive is evaluated by the Board Chairperson or a sub-committee appointed by the Board, and the results of the appraisal considered by the Remuneration, Human Resources, Social and Ethics Committee to guide it in its evaluation of the performance and remuneration of the Chief Executive Officer.

10.3 Board of Directors

Table 21: MTN Directors

Name	Age	Date of appointment	Nationality	Address
Mr. Charles Mbire *Chairperson /* *Non-executive Director*	61	25 February 1998	Ugandan	3rd Floor-Course View Towers, Plot 21 Yusuf Lule Road, Kampala
Ms. Yolanda Cuba *Non-executive Director*	43	16 March 2021	South African	Innovation Centre, 216, 14th Avenue Fairlands, 2195 South Africa
Ms. Karabo Nondumo *Non-executive Director*	43	1 April 2021	South African	29 Cowley Rd,Bryanston Johannesburg, South Africa
Mr. Sugentharen Perumal *Non-executive Director*	41	5 August 2019	South African	Innovation Centre, 216, 14th Avenue Fairlands, 2195, South Africa
Mr. Wim Vanhelleputte *Executive Director*	49	6 October 2016	Belgian	Plot 69/71, Jinja Road, Kampala
Mr. Andrew Bugembe *Executive Director*	47	2 November 2020	Ugandan	Plot 69/71, Jinja Road, Kampala

The Company Secretary is Ms. Enid Edroma, an advocate of the High Court of Uganda.

None of the Directors has been, nor is currently, the subject of a filing of a petition for bankruptcy, either in their own capacity or as an executive officer of any company. None of the Directors has been convicted of a criminal offence, nor is any Director the subject of current criminal proceedings. None of the Directors have been ruled temporarily or permanently unfit to engage in any business practice.

10.4 Directors' Profiles

Mr. Charles Mbire
Director

Mr. Mbire is a leading businessman, entrepreneur and industrialist in Uganda and has been the chairperson of the Board since 2003.

Mr. Mbire's investments are in telecommunications, finance, energy, real estate, oil and gas and mining.

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

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

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

Ms. Yolanda Cuba
Director

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

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

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

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

Ms. Karabo Nondumo
Director

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

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

Ms. Nondumo is an independent non-executive director of: Harmony Gold Mining Company Limited (Technical, Investment and Audit and Risk subcommittees), Sanlam Limited (Chair: Social and Ethics Committee, member of Risk and Compliance, Audit and Actuarial, Human Resources and Nominations subcommittees), TCI-Tiso (Pty) Limited and MTN Group operating companies in Eswatini, Zambia, Uganda and Rwanda (Chair: Audit and Risk committees). She is also an advisery member of Senatla Capital, a trustee of Mabindu and Ubuntu-Botho Women's Trusts. Her previous board roles include MTN Group operating companies in Sudan and South Sudan, Brightrock Holdings Limited, Merafe Resources Limited, SA Express Airways SOC Limited, Rolfes Holdings Limited and Richards Bay Coal Terminal.

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

Mr. Sugentharen Perumal
Director

Mr. Perumal is a highly accomplished financial services professional with significant experience in leading the strategic, operational planning and management of financial services of major players in the private and public sectors.

Currently, Mr. Perumal is serving as the Executive: Group Finance Operations Officer at MTN Group, heading strategic and operational aspects of financial planning and management of the organisation. As an audit professional, Mr. Perumal accumulated expertise and proficiency in service to one of South Africa's largest accounting firms, SizweNtsalubaGobodo Inc. This experience ranges over multiple industries, including telecommunications, energy and utilities.

Mr. Perumal has a Bachelor of Commerce in Managerial Accounting from University of KwaZulu-Natal and a Bachelor of Commerce in Accounting from the same university.

Mr. Wim Vanhelleputte
Director

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

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

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

Mr. Andrew Bugembe
Director

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

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

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

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

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

10.5 Directors' Remuneration

None of the Directors has entered into any individual service contract with the Company which provides for the payment of any remuneration or any other benefit in kind to that Director for his or her service on the Board.

The Company pays reasonable expenses which the Directors properly incur in connection with their attendance at meetings of the Board, Board committees and general meetings, or otherwise in connection with the discharge of their responsibilities as Directors. For the financial years ended 31 December 2020, 31 December 2019 and 31 December 2018, the Company incurred UGX 8.6 million, UGX 36.2 million and UGX 41.5 million, respectively, in Directors' expenses.

Both Mr. Vanhelleputte and Mr. Bugembe, who serve as executive Directors, hold fixed-term service contracts which are terminable with notice. The service contracts do not provide for any special category of compensation payable upon the termination of the contracts.

Under the service contracts, Mr. Vanhelleputte and Mr. Bugembe are entitled to a combined gross basic salary of UGX 3.3 billion per annum and a number of Company-funded benefits, subject to certain monetary limits, including participation in a medical scheme which covers family members, performance bonuses conditional on achieving targets as prescribed by the Company's performance bonus policy; share options in MTN Group under the staff share incentive schemes which apply to MTN as a subsidiary and participation in the MTN Contributory Provident Fund Scheme.

10.6 Directors' Interests

Other than Mr. Charles Mbire, who owns 892,230,775 Shares (representing 3.986% interest in the issued share capital of MTN), no other Director has any direct or indirect beneficial interest in the issued share capital of the Company.

The Company previously had a Support Services Agreement dated 15 May 2013 with Invesco Uganda Limited, whose controlling stake (70% shareholding interest) is held by Mr. Mbire. For the financial years ended 31 December 2020, 31 December 2019 and 31 December 2018, the Company paid UGX 1.448 billion, UGX 1,464 billion and UGX 1.497 billion, respectively, to Invesco Uganda Limited in support services fees. The Support Services Agreement was terminated by mutual consent of the parties on 23 September 2021. As consideration for the termination, Invesco Uganda Limited will receive a payment of USD 3 million.

Mr. Mbire is the controlling shareholder (80% shareholding interest) of Nilecom Limited, which is a major dealer and distributor of MTN and has entered into a franchise agreement with the Company dated 15 November 2002. For the financial years ended 31 December 2020, 31 December 2019 and 31 December 2018, the Company received UGX 1.445 billion, UGX 1.341 billion and UGX 55.278 billion, respectively, from Nilecom Limited for the sale of goods and services.

Other than the contracts with companies associated with Mr. Mbire, there are no contracts currently existing between any of the Directors and the Company and none of the Directors holds, directly or indirectly, any relevant interest in the entities that have contracts with the Company.

Save for the 892,230,625 bonus shares issued to Mr. Mbire in August 2021, there have been no material acquisitions or disposals of shares in MTN by any Director within a one-year period prior to the Offer.

Except for employment contracts with executive directors, there are no existing or proposed contracts between any of the Directors and MTN.

No Director holds any options to purchase securities of the Company.

No payment has been made to any Director in the three years preceding the date of this Prospectus to induce or qualify them to become a Director or otherwise for services rendered in connection with the promotion or formation of MTN.

None of the Directors had or have any direct beneficial interest in the promotion of MTN, nor in any property or assets acquired by MTN during the three years preceding the date of this Prospectus.

None of the Directors had or have beneficial interests, direct or indirect, in transactions which are or were unusual or material to MTN during the current or previous year and which remain in any respect outstanding or unperfected.

There are no outstanding loans granted by MTN to any of the Directors, nor has MTN issued any guarantees in favour of, or for the benefit of, the Directors.

None of the Directors was appointed pursuant to any special arrangement or special understanding with major shareholders, customers, suppliers or other third parties.

Non-executive Directors will not take part in the Offer.

10.7 Board Committees

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

The following committees are in place: Audit and Risk Committee and Remuneration, Human Resource, Social and Ethics Committee.

Table 22: MTN Board Committees
Audit and Risk Committee
Membership: Karabo Nondumo (Chair), Yolanda Cuba, Sugentharen Perumal and Charles Mbire
The Audit and Risk Committee is established to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate financial systems and control processes, and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards. The Committee is not to perform any management functions or assume any management responsibilities. The Committee provides a forum for discussing business risk and control issues and for developing relevant recommendations for consideration by the Board. The Committee mainly makes recommendations to the Board for its approval (unless otherwise delegated by the Board). The membership, resources, responsibilities and authorities of the Committee to perform its role effectively are stipulated in a Committee charter, which may be amended by the Board from time to time. The members of the Committee shall consist of not less than one independent non-executive director appointed by shareholders, one of whom shall be the Committee chairperson. Members of the Committee are required to have a financial background and appropriate expertise and experience with regard to accounting risk management and auditing matters.

Table 22: MTN Board Committees
Remuneration, Human Resource, Social and Ethics Committee
Membership: Sugentharen Perumal (Chair), Yolanda Cuba and Charles Mbire
The Remuneration, Human Resources, Social and Ethics Committee is established to improve the efficiency of the Board in discharging its duties relating to the nomination of senior management as well as formulation of a remuneration philosophy and human resources strategy to ensure that the Company employs and retains the best human capital possible relevant to its business needs as well as maximise the potential of its employees and ensure that sound corporate governance principles are adhered to. In terms of business conduct and ethics, the Committee is responsible for monitoring the Company's activities, having regard to all relevant legislation, with regard to matters relating to environmental, social and governance requirements, employment and labour, social security, human rights and anti-corruption. The members of the Committee are elected by the Board from the ranks of its non-executive directors with relevant experience and who have a good knowledge of the Company's structures and its executive management in addition to a good understanding of trends in shareholder concerns; a good understanding of all aspects of remuneration policies of comparable companies and the business of remuneration committees and sound knowledge of best human resources practices.

By the first anniversary of the Listing, the Board will establish the other committees required by the Capital Markets Corporate Governance Guidelines and review the composition of the current committees to ensure alignment with the requirements of the guidelines.

10.7 Directors' Dealings

MTN has drafted an insider trading policy and a code of share dealing and will, following the Listing, enforce closed periods prohibiting trading in Shares by Directors, prescribed officers, senior executives and employees in accordance with the terms of the Company's insider trading policies. These policies will take effect from the date of the Listing.

The closed periods will be effective from the end of the interim and annual reporting periods until the financial results are published and any period when the Company is trading under a cautionary announcement. The Directors have been, and will continue to be, made aware of their obligations in terms of the Uganda Securities Exchange Insider Trading Rules 2008 and the Company policies in this regard.

10.8 Management Team and Related Information

The management team facilitates the effective control of MTN's operational activities in terms of its delegated authority from the Board. It is responsible for recommendations to the Board on the Company's policies and strategy, and for monitoring implementation in line with the Board's mandate.

In addition to the Chief Executive Officer and the Chief Finance Officer, who are members of the Board, MTN is led by an experienced management team with a mix of local and international expertise.

Enid Edroma
General Manager, Corporate Services and Company Secretary

Monzer Ali
Chief Technical Information Officer

Joseph Bogera
General Manager, Sales and Distribution

Sen Somdev
Chief Marketing Officer

Kenneth Kiddu
General Manager, Business Intelligence

Nicholas Beijuka
General Manager, Capital Projects

Samuel Gitta
General Manager, Risk and Compliance

Juliet Nsubuga
General Manager, Wholesale and Carrier Services

Dorcas Muhwezi
General Manager, Customer Experience

Ibrahim Senyonga
General Manager, Enterprise Business Unit

Michael Sekadde
General Manager, Human Resources

Judith Namugenyi
General Manager, Internal Audit and Forensics

Stephen Mutana
Ag Chief Executive Officer, MTN Mobile Money Uganda Limited

MTN Management Team Brief Profiles

Enid Edroma
General Manager,
Corporate Services

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

Prior to joining MTN, Ms. Edroma served in the legal and corporate departments of leading private and public sector entities, including Vivo Energy Uganda, National Insurance Corporation, British American Tobacco Uganda, Celtel Uganda (now Airtel Uganda), Smile Telecommunication Proprietary Limited South Africa and the National Identification and Registration Authority.

Ms. Edroma also has acted on notable consultancy mandates specialising in commercial, legal and regulatory advisory services for Pygma Consults (Pty) South Africa for East Africa region, Edroma and Company Advocates where she was a Partner until May 2016 and as a lecturer at the Law Development Centre from 2012 – 2016. Ms. Edroma is an advocate of the High of Uganda, a member of the Uganda Law Society and the East Africa Law Society.

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

Monzer Ali
Chief Technical
Information Officer

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

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

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

Joseph Bogera
General Manager,
Sales and Distribution

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

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

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

Sen Somdev
Chief Marketing Officer

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

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

Mr. Somdev holds a Bachelor of Business Administration from Madurai Kamraj University, India.

Nicholas Beijuka
General Manager,
Capital Projects

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

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

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

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

Samuel Gitta
General Manager,
Risk and Compliance

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

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

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

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

Juliet Nsubuga
General Manager,
Wholesale and Carrier Services

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

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

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

Dorcas Muhwezi
General Manager,
Customer Experience

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

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

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

Ibrahim Senyonga
General Manager,
Enterprise Business Unit

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

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

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

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

Michael Sekadde
General Manager,
Human Resources

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

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

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

Judith Namugenyi
General Manager
Audit and Forensics

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

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

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

Kenneth Kiddu
General Manager,
Business Intelligence

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

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

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

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

With regard to the **Mobile Money Company, Mr. Stephen Mutana** is the Acting Chief Executive Offer. In this role, Mr. Mutana oversees the development and execution of the Mobile Money Company's strategy, policies and procedures for mobile financial services and initiatives.

Mr. Mutana has significant telecommunications industry working experience of over 18 years in senior management roles within the MTN Group. As MTN Group General Manager Customer Experience, Mr. Mutana oversaw MTN Group's customer experience across 21 regional operating markets in Africa. Other notable positions held by Mr. Mutana include MTN General Manager Mobile Financial Services, MTN General Manager Customer Operations, MTN Senior Manager Strategy and Planning, MTN Quality Assurance Manager and Brand Manager with Unilever Uganda.

Mr. Mutana holds a Bachelor of Science in Biochemistry and Chemistry degree of Makerere University and a Master of Business Administration (Finance) degree of Leeds University Business School, Leeds, UK.

10.10 Employees

10.10.1 Overview

MTN believes that people are the engine that drive change in every organisation. Highly motivated employees generate greater productivity, offer better customer service and develop innovative offerings. MTN works to attract and develop the skills it needs to deliver on its ambition, all the while ensuring the highest standards of ethical behaviour. Sustainable employee engagement and diversity at all levels of the organisation are key objectives for MTN.

As a consequence of deliberate efforts to develop local talent and women leaders, 12 out of the 15 members of the senior management team are Ugandans and 33% are women. 10 individuals nurtured in MTN are employed as expatriates elsewhere in the MTN Group.

10.9.2 Employee Headcount

As at the date of this Prospectus, MTN has a diverse workforce of 1,020 personnel. 520 are permanent employees while 500 are contract / outsourced staff.
There have been no material changes in the Company's organisational structure over the last five years.

10.9.3 Remuneration and Compensation

Employees of the Company are paid salaries monthly in arrears and are eligible to participate in the MTN Contributory Provident Fund Scheme, which is a separate legal entity run by Licenced trustees and where both eligible employees and the Company contribute a certain percentage of monthly salary to the Scheme.

Employees are entitled to participate in a medical scheme, which covers family members as well and other applicable allowances and benefits including group life and group personal accident cover. Further, eligible MTN employees qualify to participate in MTN Group's share incentive schemes and equity-settled share-based payment schemes (the Share Rights Scheme, the Share Appreciation Rights Scheme and the Notional Share Option Scheme) in accordance with the schemes' rules. The schemes are designed to retain and recognise the contributions of executive directors and eligible employees and to provide additional incentives to contribute to MTN Group's continued growth as a whole.

10.11 Relevant Confirmatory Disclosures

None of the Directors or senior executives of MTN:

a) is or has been the subject of a filing of a petition under any bankruptcy law. Similarly, no partnership in which any Director or senior executive has been a partner, or company in which any Director or senior executive has been an executive officer, is or has been the subject of a filing of a petition under any bankruptcy or insolvency law; or

b) has been convicted in a criminal proceeding or is a named subject of a ruling of a court of competent jurisdiction or any governmental body, that permanently or temporarily prohibited him or her from acting as a director or employee of any company or engaging in any type of business practice or activity; or

c) has been sanctioned or suspended by the UCC, the Company's principal regulator, or deemed not to be a fit and proper person to act as a Director or senior executive of the Company by the UCC.

11. Uganda Economic Overview

11.1 General Macroeconomic Profile and Recent Developments

Uganda's economy is made up of the agriculture (23%), industry (27.4%) and services (49.6%) sectors according to the ***National Budget Speech 2021-2022.*** The agricultural sector includes the fisheries, animal husbandry, dairy and crop sub-sectors. The industrial sector includes the manufacturing, construction, mining and electricity supply sub-sectors while the services sector is made up of the wholesale and retail trade, telecommunications, hotels and restaurants, transport and communications and tourism sub-sectors. Uganda's economic development blueprint, ***Vision 2040***, sets out to transform Ugandan society into a modern and prosperous middle-income status country by 2040. The key growth sectors have been identified as services (tourism and science and technology), industry (oil and gas, mining and construction) and agriculture.

The Uganda Bureau of Statistics ***Monthly Merchandise Trade Statistics Bulletin (August 2021)*** reports that Uganda's top exports by value, as of 30 June 2021, are gold and gold compounds, coffee, fish and fish products, cocoa beans, maize, tea, sugar and sugar confectionary. Uganda's principal imports include gold, petroleum and petroleum products, road vehicles, iron and steel, medical and pharmaceutical products, general and specialised machinery and chemical products.

Uganda has a diversity of natural resources which include oil, gold, copper and cobalt, among others, and GOU has earmarked the exploitation of Uganda's minerals and oil and gas endowments as a major source of growth in the medium term. A standout mineral resource is the country's large oil reserves, the commercialisation of which, according to the ***National Budget Speech 2021-2022,*** will generate investments of between USD 15–USD 20 billion between 2021 to 2026.

While commercial oil production in the Lake Albertine Graben is yet to commence, GOU and the Government of Tanzania have signed agreementsin relation to the crude oil pipeline which will facilitate the undertaking of the final investment decision by the oil companies and accelerate the production of first oil. Further to this, the discovery of oil is expected to drive the construction sector as a result of energy and transport infrastructure development.

Figure 1: Key economic indicators

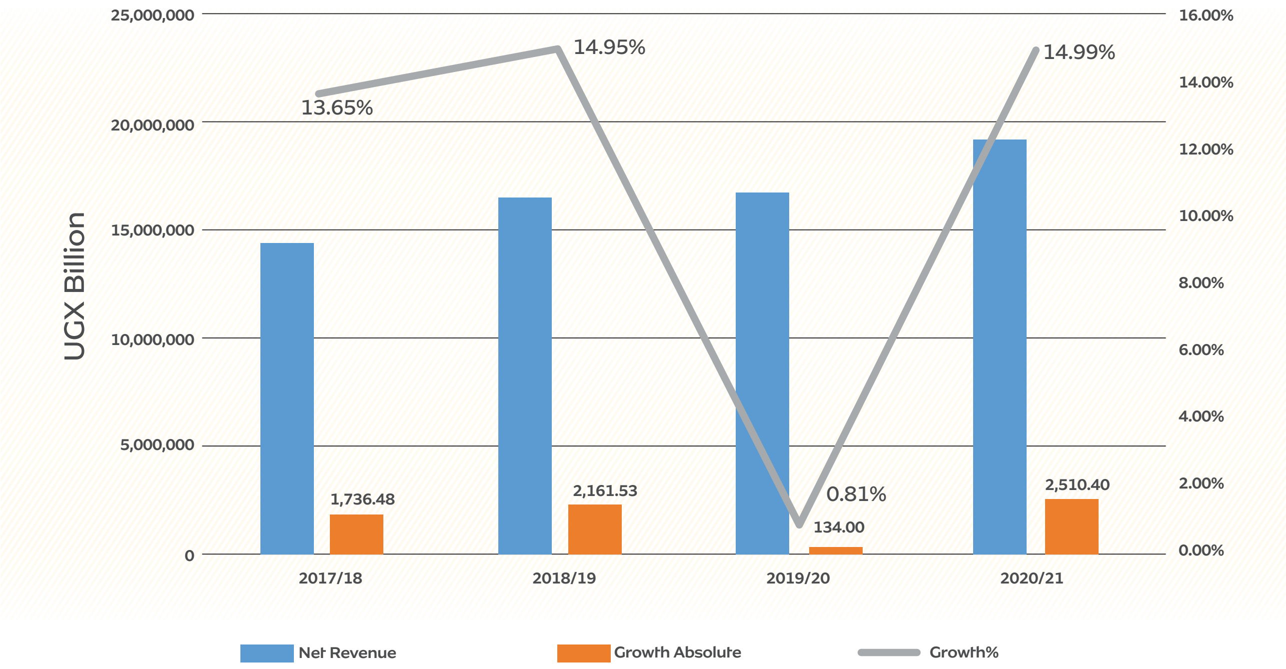
	January – March 2021 (%)	*January – March 2020 (%)*
Agriculture sector growth	-2.8	-1.7
Industry sector growth	+11.6	+2.1
Services sector growth	+6.6	+1.1
Real GDP	+6.2	+0.7
Average annual core inflation	3.4	2.9
Exchange rate UGX:USD	3,666	3,700

Source: Uganda Bureau of Statistics Key Economic Indicators, Q3 January – March 2021

In terms of recent macro-economic and financial developments, the African Development Bank in its ***African Economic Outlook 2021*** reports that the COVID–19 pandemic and subsequent lockdowns to prevent the spread of the virus adversely affected Uganda's economy, with real GDP declining in 2020 after registering growth in the previous year. Tourism and hospitality were severely hurt by global travel restrictions and local containment measures. Other sectors that were adversely affected include manufacturing, retail and wholesale trade, and education. The African Development Bank notes that Bank of Uganda made targeted reductions to the policy rate the central bank rate to provide stimulus to businesses. While the central bank kept inflation at 3.8%, well under the 5% medium-term target, the fiscal deficit widened to 6.6% in 2020 from 5.2% in 2019 as GOU directed spending towards public health, including increased testing and cross-border surveillance of COVID-19.

The African Development Bank outlook notes that GOU provided support to business, but overall, the economy remained subdued, reducing tax revenues in the process. The Uganda Revenue Authority's ***Annual Brief 2020-2021*** reported that revenue growth for the financial year 2019-2020 remained flat at 0.81%, and that while there was an 14.9% increase in revenue collected for the financial year 2020-2021, the total revenue out-turn remained short of the collection target due the impact of COVID-19 and other declining macro-economic variables.

Figure 2: Trend of domestic revenue collections in the last four years



Source: Uganda Revenue Authority Annual Tax Brief 2020-2021

In turn, GOU borrowing increased to cover revenue shortfalls and as of 31 December 2020, Uganda's debt amounted to USD 17.96 billion, equivalent to 49.8% of GDP according to the (***National Budget Speech 2021-2022)***. GOU has undertaken to implement various strategies to keep the country's debt at sustainable levels, which include ensuring that projects are well apprised and aligned to NDPIII and restricting borrowing to only projects that enhance socio-economic transformation.

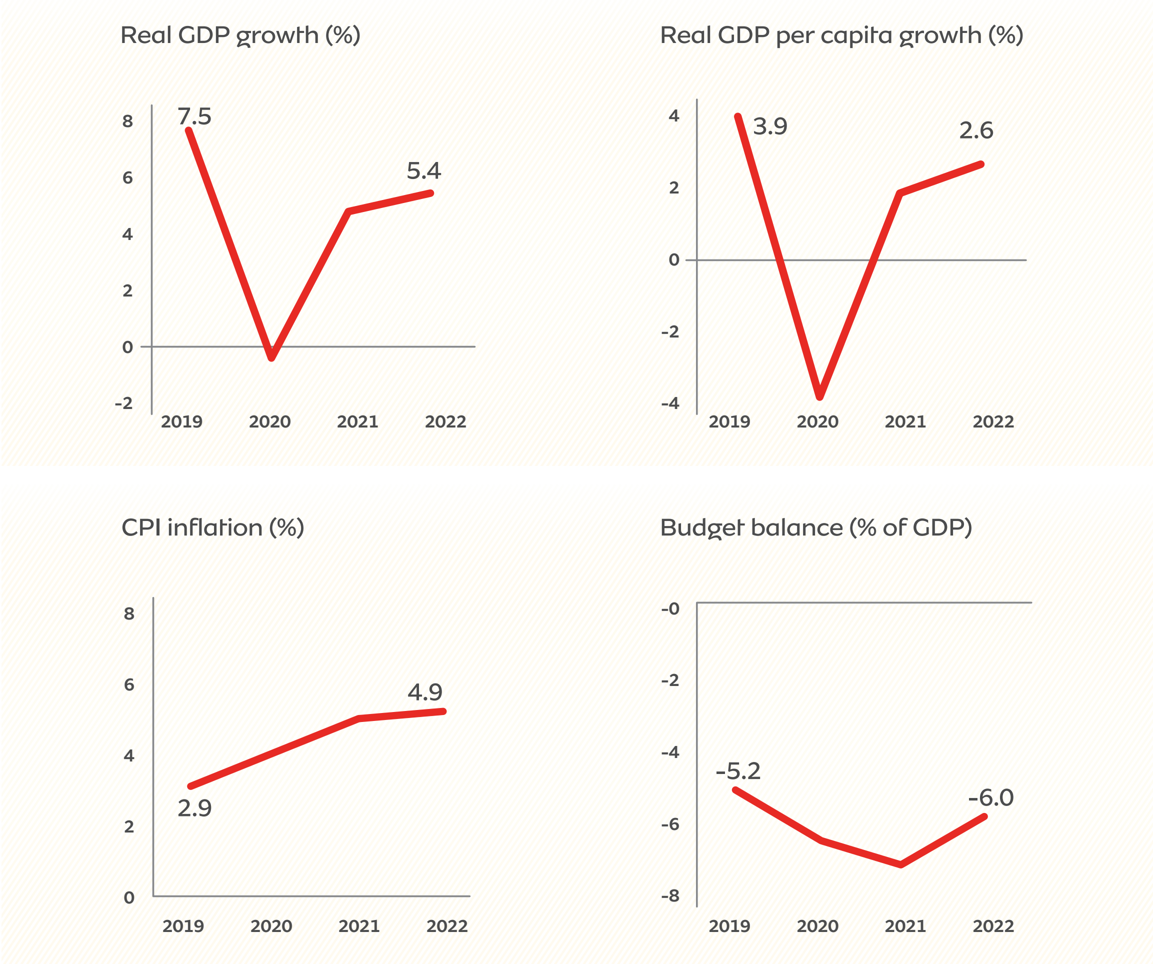
The African Development Bank notes further in its ***African Economic Outlook 2021*** that the financial sector has come under increasing pressure as a result of the decline in economic activity, with nonperforming loans rising and private sector credit slowing as discussed further below.

11.2 Macroeconomic Policy and Management

The Ministry of Finance, Planning and Economic Development's macroeconomic policy and management programme aims at ensuring efficient economic management through prudent fiscal and monetary policies, mobilization of domestic revenue for public expenditure and ensuring the continued growth of the economy.

According to the ministry's official website, the key objectives of the programme are the formulation of appropriate fiscal and monetary policies for revenue generation and management; monitoring public debt to ensure debt sustainability; generating and

Figure 3: African Development Bank 2021 and 2022 projections



Source: African Development Bank African Economic Outlook 2021

applying evidence-based analysis to inform GOU decision-making on economic policy and national development; enhancing and facilitating effective mobilization and implementation of GOU programmes for economic and social transformation; formulation of investment and private sector policies; ensuring a conducive investment climate and ensuring the sustainable delivery of affordable financial services for Ugandans so as to achieve prosperity and socio-economic transformation.

11.3 Monetary and Fiscal Policy

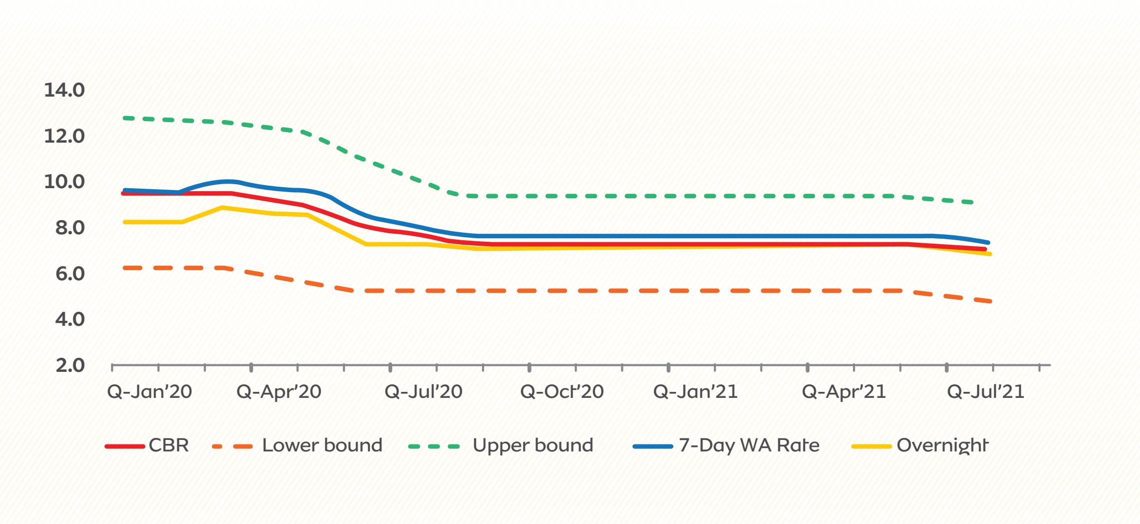
Bank of Uganda notes in its ***Annual Report 2020*** that Uganda's economic performance is influenced by developments in the global economic environment which affect commodity prices, trade and international capital flows. Bank of Uganda observes that the global economy experienced a sharp contraction in 2020 and 2021 due to the COVID-19 pandemic and the economic impact of the containment measures put in place to reduce the spread of the virus.

In response to the impact of the COVID-19 pandemic, Bank of Uganda notes that advanced economies have put in place measures aimed at stabilizing their domestic financial markets and these measures will have ripple effects on the global market in the short-term. Bank of Uganda projects that the global financial market volatility is likely to pass through to domestic foreign exchange markets through continued portfolio investment outflows, thereby elevating exchange rate depreciations, which are expected to increase Uganda's debt burden. Further, Bank of Uganda observes that business and labour disruptions in foreign countries will likely reduce foreign direct investment inflows and add to the exchange rate depreciation pressures.

The primary objective of Bank of Uganda's monetary policy is to achieve low and stable inflation, defined by a medium-term core inflation target of 5%.

Accordingly, in its ***Monetary Policy Report for August 2021,*** Bank Uganda notes that it maintained the policy rate at 6.5% and maintained the band on the central bank rate at +/-2% on the rate. According to the central bank, the medium-term fiscal framework is anchored on reducing nominal debt-to-GDP ratio to below 50% percent and this will be achieved through revenue measures to expand the tax base.

Figure 4 inter-bank rate and central bank rate



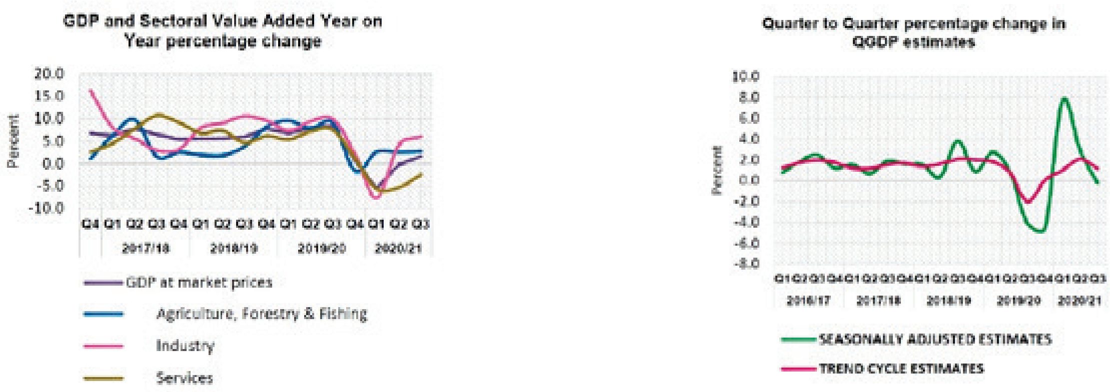
Source: Bank of Uganda Monetary Policy Report for August 2021

11.4 GDP growth

Bank of Uganda reports in its ***Annual Report 2020*** that following two years of strong economic performance, Uganda's economy significantly slowed in the financial year 2019-2020. This was precipitated by the direct and indirect impact of lockdown measures to prevent the spread of COVID-19. Bank of Uganda notes that economic growth remained largely subdued while on the demand side of the economy, domestic absorption significantly slowed down, contributing to deceleration in real GDP.

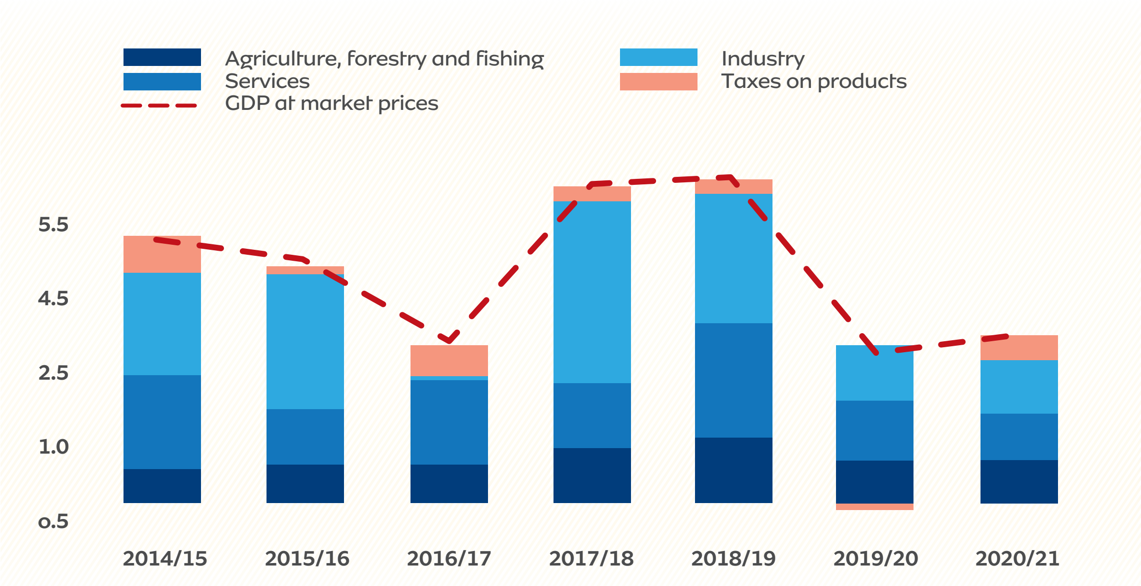
Bank of Uganda's ***Monetary Policy Report for July 2021*** noted that modest recovery in economic activity was realised. This growth was supported by the gradual easing of the COVID-19 lockdown amidst accommodative monetary, expansionary fiscal and liquidity support financial policies implemented by the central bank.

Figure 5: Quarterly GDP as of March 2021



Source: Uganda Bureau of Statistics Quarterly Gross Domestic Product, Q3 January – March 2021

Figure 6: Contribution to GDP growth sector-by sector

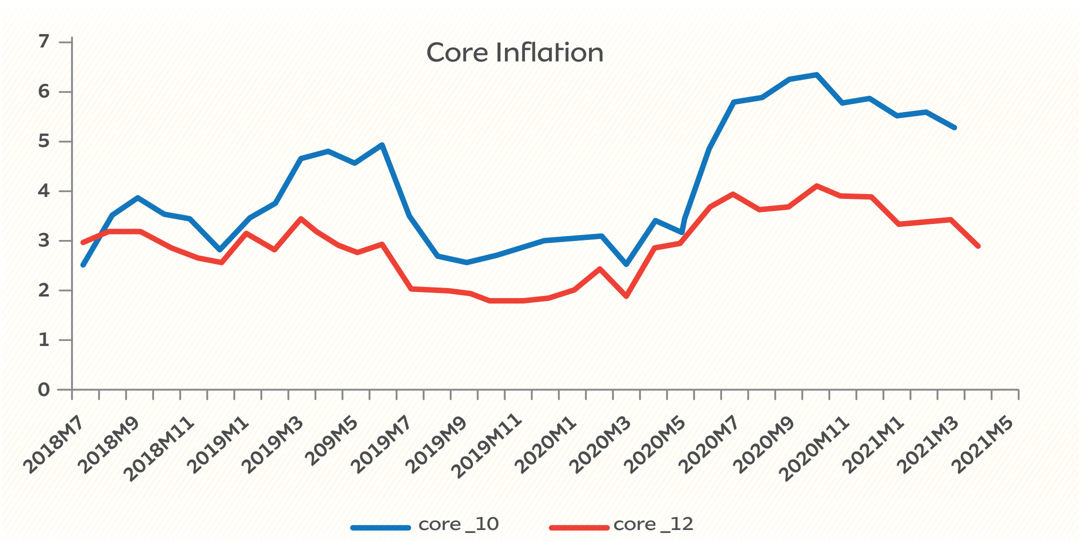


Source: Bank of Uganda Monetary Policy Report for July 2021

11.5 Domestic Inflation

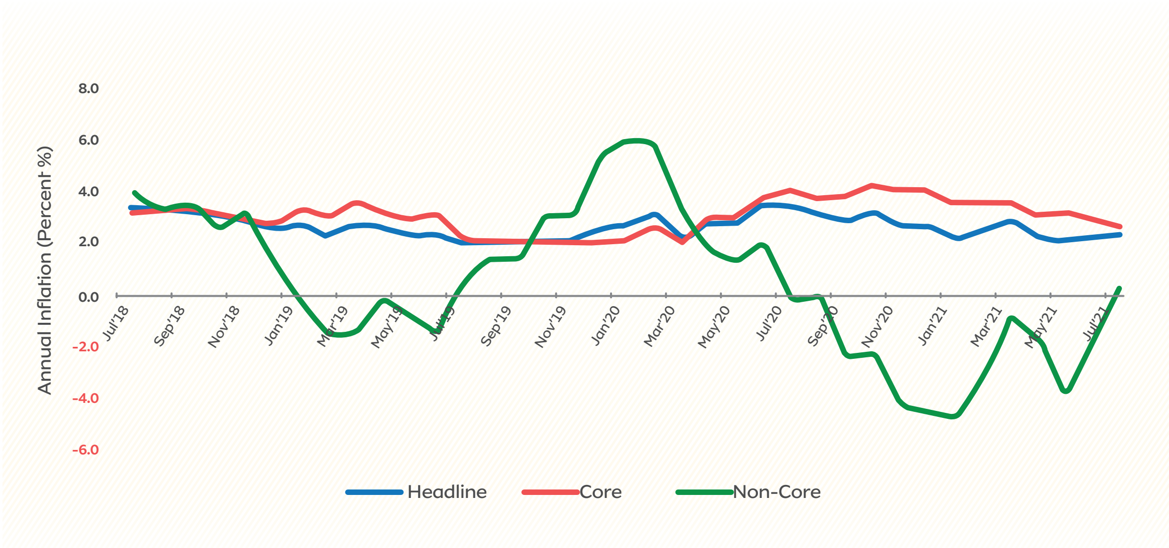
Bank of Uganda's ***Monetary Policy Report for August 2021*** and the Uganda Bureau of Statistics' **Monthly Merchandise Trade Statistics Bulletin for August 2021** note that inflationary pressures remain benign, reflecting a combination of domestic and global developments. In the domestic scene, Bank of Uganda notes that good harvests due to favourable weather conditions and the existing slack in the economy has kept inflationary pressures muted. Headline monthly inflation slightly increased to 2.1% in July 2021 from 2% in June 2021, while annual core inflation declined to 2.5% in July 2021 from 2.7% in June 2021.

Figure 7: Comparison of core inflation



Source: Bank of Uganda Monetary Policy Report for July 2021

Figure 8: Developments in domestic inflation

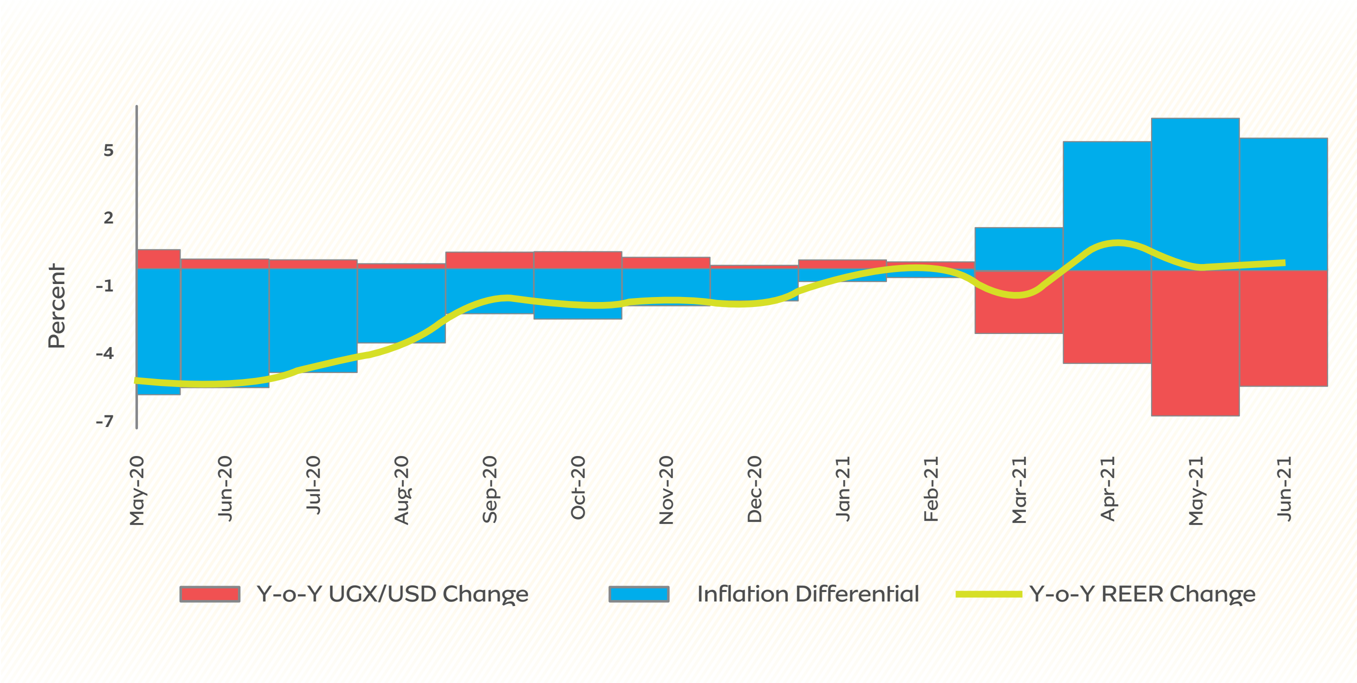


Source: Bank of Uganda Monetary Policy Report for August 2021

11.6 Exchange Rate

Uganda's exchange rate is market-determined and is vulnerable to both external and domestic shocks. According to Bank of Uganda's ***Monetary Policy Report for August 2021***, the UGX remained relatively stable against the USD supported by a combination of domestic fundamentals and the global economic environment, including large donor support inflows, high personal remittances and transfers from non-governmental organisations, relatively high portfolio inflows from off shore players targeting treasury securities, increased export earnings (especially coffee and fish), subdued private sector demand and global weakening of the USD. The UGX depreciated by 0.3% month-on-month to a mid-rate of UGX 3,552.3 per USD.

Figure 9: Real effective exchange rates



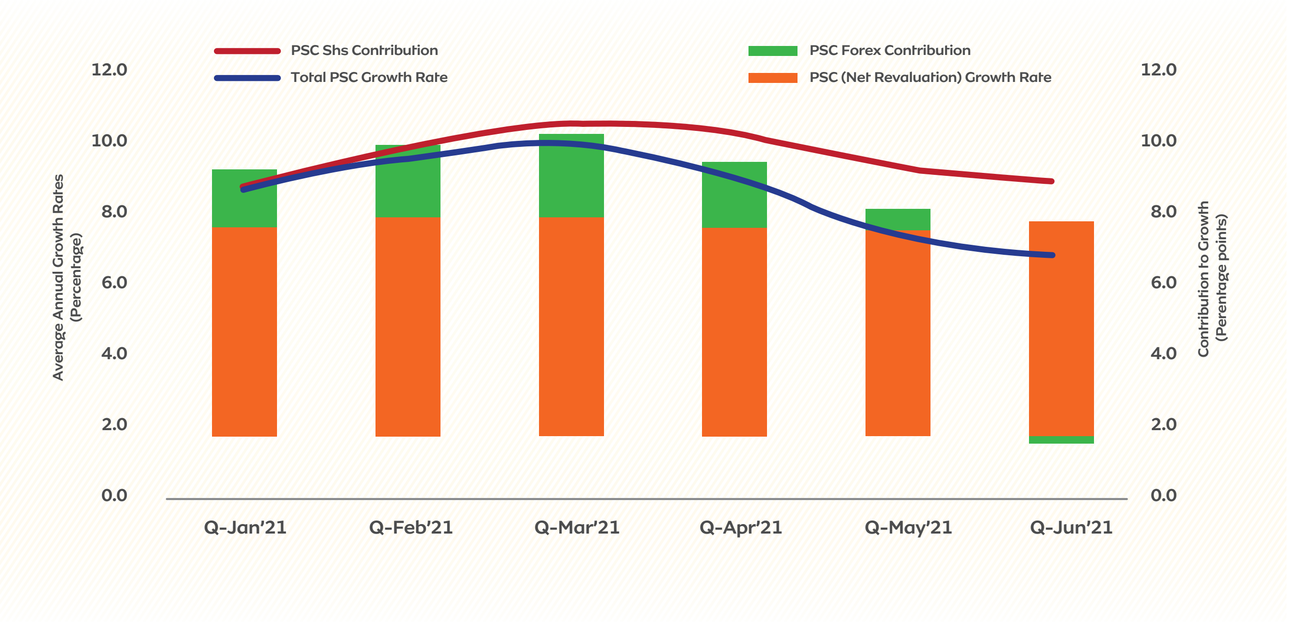
Source: Source: Bank of Uganda Monetary Policy Report for August 2021

11.7 Private Sector Credit

Bank of Uganda's ***Monetary Policy Report for August 2021*** notes that following a sustained gradual increase in private sector credit from August 2020, the growth curve moderated, reflecting a combination of subdued demand for and supply of credit. Bank of Uganda notes that this is largely attributable to heightened uncertainty related to the COVID-19 pandemic, increased risk aversion, relatively low level of economic activity and GOU's high domestic financing needs. Bank of Uganda reports that on a quarterly basis, annual private sector growth fell to an average of 6.8% in the quarter ending 30 June 2021 from 9.8% in the quarter ending 31 March 2021.

Bank of Uganda cautions that private sector credit is expected to grow at a moderate pace in the near-term due to heightened uncertainty related to the COVID-19 pandemic and the slow pace of economic recovery.

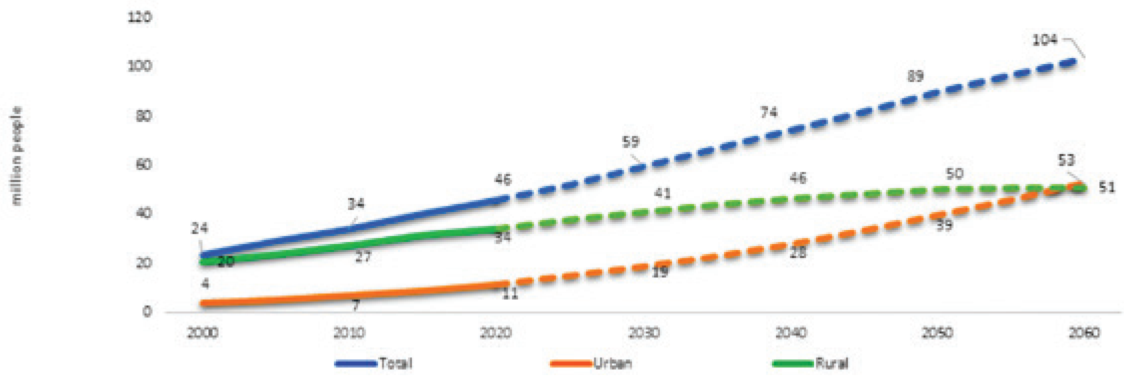
Figure 10: Growth in private sector credit and currency composition



Source: Bank of Uganda Monetary Policy Statement for August 2021

11.8 Population

Figure 11: Uganda population growth by location



Source: World Bank : The Demographic Boom – An Explainer on Uganda's Population Trends

According to the ***Uganda Bureau of Statistics 2016: The National Population and Housing Census 2014 – Main Report***, the national census that was undertaken in 2014 by the Uganda Bureau of Statistics reported that Uganda had a total population of 34.6 million. According to the ***Uganda Bureau of Statistics' National Mid-Year Population Projections By Single Age (2015-2020)***, Uganda's population as of 27 September 2021 is approximately 42.8 million. Population projections modelled by the bureau predict that Uganda will have a total population of 45.5 million people by 2023 and 51.1 million people by 2027.

A World Bank analysis on Uganda's population demographic, ***The Demographic Boom: An Explainer on Uganda's Population Trends***, notes that Uganda's population will at least double between 2020 and 2060, reaching approximately 104 million people. The World Bank notes that the country's population density will rise substantially as well, potentially surpassing India's current population density. The World Bank projects that the anticipated growth in population will also be accompanied by a significant shift from rural to urban areas. As a result, the World Bank projects that the demographic composition will also change, with the working-age population set to increase to 69 million and the youth population set to increase to 29 million by 2060.

The World Bank notes that these demographic trends will have major implications for Uganda's development path over the long-term. With its decreasing mortality rate and an increasing share of working-age individuals, the World Bank observes that Uganda is entering the early transition stage of its demographic transition; a demographic transition being when a country evolves from a state of high mortality and high fertility into one with low mortality and low fertility. The World Bank projects that with Uganda set to experience economic expansion and considerable gains in terms of human capital indicators in the long-term, the demographic transition will be linked to a demographic dividend: a population bulge that translates into a higher labour supply and a lower dependency ratio, thereby spurring production and economic growth.

12. Overview of Telecommunications Sector

12.1 General Sector Overview

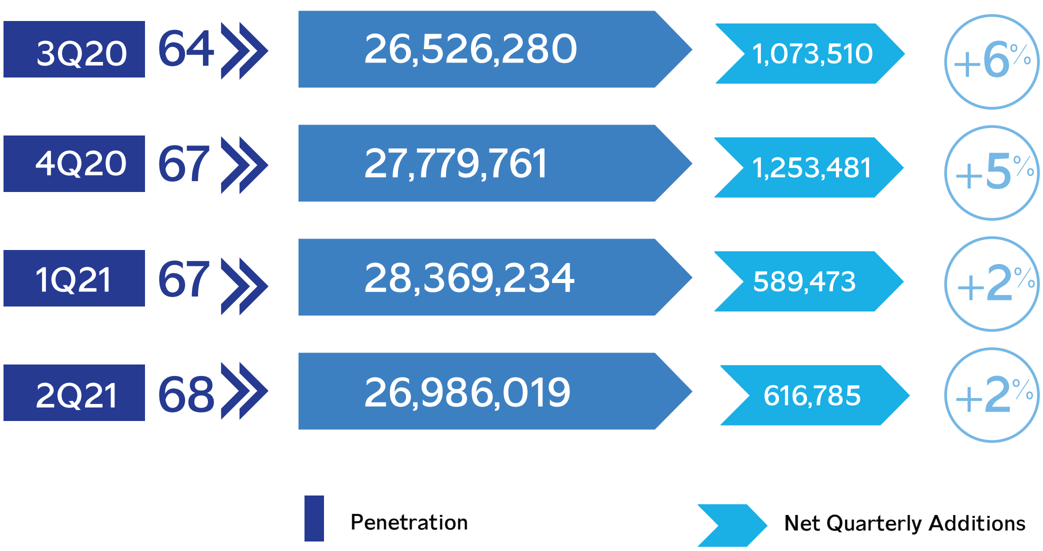
Uganda's telecommunications sector is one of the continent's fastest growing markets by subscribers and operator activity. According to the ***UCC Market Report Q2 2021***, the Ugandan telecommunications market had a total of 28,986,019 subscribers as of 30 June 2021, with 616,785 new mobile subscribers being added for the quarter.

The ***National Budget Speech 2021-2022*** reports that with regard to GOU's digitisation agenda, internet access as of June 2021 stood at 52%, with 21 million people using the internet. Active mobile money subscriptions stood at 23 million served by 235,800 mobile money agents.

High-speed optical fibre cable covers 3,900 kilometres. In addition, new industries have been established in the assembly of computers, mobile phones and accessories, and the development of knowledge-based information and communications technology solutions. The National ICT Initiatives Support Programme established by the Ministry of ICT in 2017 has funded the local development of 115 applications, many of which are in use in the public and private sector.

According to Fitch Solutions' ***Uganda Telecommunications Report Q1 2021***, the Ugandan market is expected to grow at an average rate of 4.2% over the forecast period 2020-2029.Uganda's telecommunications market penetration rate presents enormous organic growth opportunities for the operators in the market. The operators have also been credited with the growth in network connected devices. According to the UCC, this is as a result of mobile network operator-device importer partnerships.

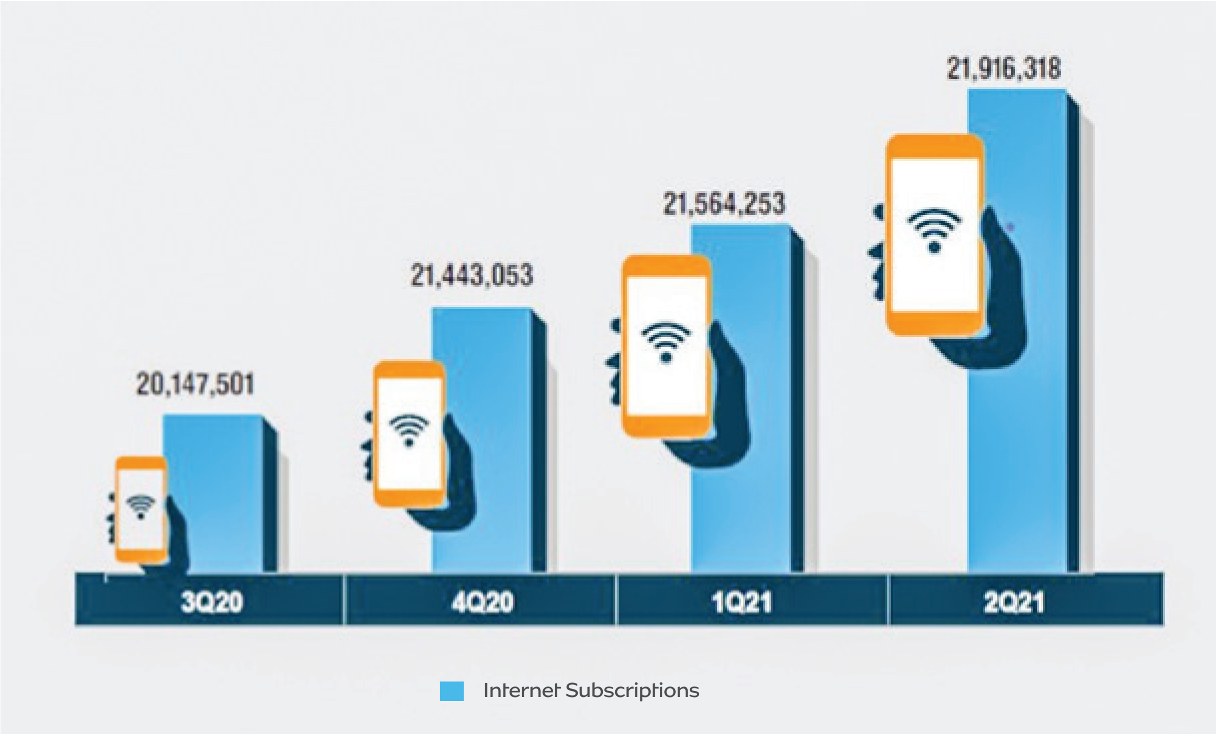
Figure 12: Mobile and fixed telephone subscriptions



Source: UCC Market Report Q2 2021

Broadband subscriptions have continued to trend upwards and the broadband sector added an additional 352,000 new subscribers in the quarter ended 30 June 2021, with a total of 21,916,318 subscriptions. UCC further reports that one in two Ugandans are now connected to a broadband service. and around 99% of all internet connections in Uganda were through the use of mobile devices.

Figure 13: Fixed and mobile internet subscriptions



Source: UCC Market Report Q2 2021

UCC has announced that it plans to implement an infrastructure sharing framework for telecommunications infrastructure. This will be key to network deployment in the rural areas and is expected to increase the penetration rates in the country. Currently, MTN's countrywide 2G population coverage stands at 95.1%, 3G population coverage stands at 85%, and 4G Long Term Evolution population coverage stands at 45.3%, with a projected 4G population coverage of 78.7% by 2023 provided that the Company obtains more spectrum in the lower frequency bands like 700Mhz, 800Mhz or 900Mhz.

One of the major conditions for NTO Licence issuance is for MTN to achieve 90% geographic coverage within the first five years. Currently, the Company stands at geographic coverage of 70%. The Company aspires to achieve 74.34% geographical coverage in the first year with 155 sites. Coverage sites have been planned in such a way that the sites fill up the completely uncovered areas of Uganda, starting with areas that also have revenue viability.

Figure 14: MTN 2G coverage

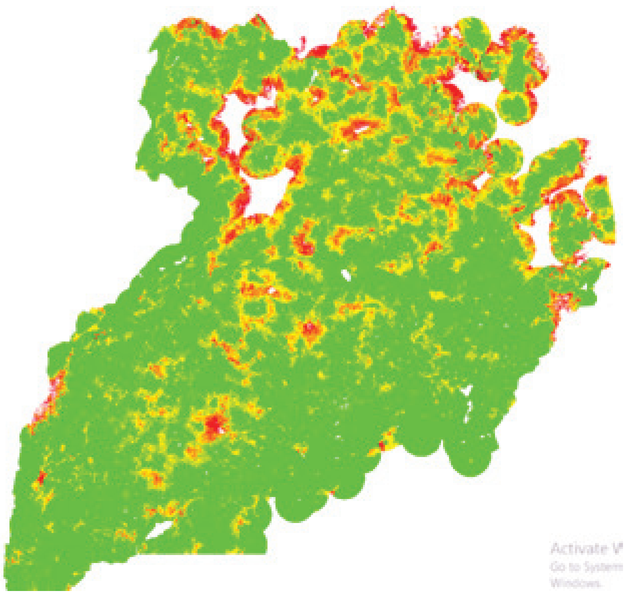


Figure 15: MTN 3G coverage

Sector SWOT Analysis

Strengths:	***Weaknesses:***
#Low penetration means that there remains potential for growth in the mobile market. *#The regulatory regime has promoted investment from private companies as a result of a secure operating environment* *#The market hosts a number of active mobile network operators. These include major international players such as MTN and Airtel.* *#High barriers to market entry with significant capital expenditure required to establish infrastructure and obtain an NTO Licence.*	*#Low-income impacts consumer spending. Though average revenue per user levels is rising, they remain low.* *#The market has thus far failed to attract new investors into the financially troubled national operator, significantly hampering its operational capacity and growth in the fixed line market.*
Opportunities:	***Threats:***
#Growing emphasis on value-added services, including mobile banking and data services. *#Investment in next 4G LTE will enable mobile operators to take advantage of strong growth in demand for data services* *#Potential to use network management outsourcing and infrastructure sharing as a way of cutting operational costs.*	*#Price competition in a market where there is already pressure to keep prices low could further negatively impact average revenue per user and weighs on operators' margins*

12.2 Key Developments and Market Highlights

MTN successfully tested 5G technology in January 2020 with Chinese firm ZTE Corporation, with commercial deployment expected between 2022 and 2023. In July 2020, the new licensing regime became effective. Under the regime, licences that were previously granted under the existing licensing regime will not be renewed and all licencees whose term expired during the licence review period and have been operating on provisional authorisation, will have to apply to transition to the new framework.

In 2018, the National Broadband Policy set out GOU's aspirational policy directive for all telecommunication companies operating in the country have to list 30% of their business on a licenced stock exchange in line with other countries on the continent which introduced mandatory listing requirements for major operators in the telecommunications sector to allow for increased equity participation of Ugandan citizens. Following the passing of regulations under the Communications Act in 2019 and 2020, the listing requirement was revised to 20% and was only restricted to operators with NTO Licences.

The intervention of the UCC in the market has improved the quality of service with the high levels of competition also helping to drive prices down.

12.3 Primary Licensing Framework and Role of the UCC

The Communications Act is the principal law governing the telecommunications sector in Uganda and was enacted with the objective to, among others, establish one regulatory body for communications in accordance with international best practice; enhance national coverage of communications services; reduce the direct role of GOU as an operator in the communications sector; enable competition in the communications sector through regulation and licensing of competitive operators to achieve rapid network expansion, standardisation as well as operation of competitively priced and quality services and establish and administer a fund for the development of rural communications and information and communication technology.

The Communications Act also reconstitutes the UCC as the sector regulator with the primary mandate to monitor, inspect, licence, supervise, control and regulate communications services in Uganda, and related matters. Telecommunications services can only be provided upon the grant of a Licence to this effect by the UCC.

For telecommunication services, Uganda operates a parallel licensing regime whereby a statutory Licence is granted under the Communications Act and, in addition to the statutory grant, the UCC also enters into a contractually negotiated Licence agreement [the NTO Licence] setting out bespoke Licence conditions between the UCC and the operator in question as well as an additional authorisation for spectrum utilisation.

There are various sets of subsidiary legislation which provide for the sector regulatory framework. The key ones are:

a) Licensing

The broad objectives of the Uganda Communications (Licensing) Regulations 2019 are, among others, to promote fair competition, to promote the development of a harmonised and nationwide communication network, to develop a comprehensive broadband infrastructure policy, to enhance the interoperability of communications infrastructure and to ensure the fulfillment of essential requirements.

With regard to the licensing and regulation of telecommunication services, the licensing regulations provide for two distinct licensing categories: a public infrastructure provider licence (*which permits licencees to construct, install and operate network facilities*) and a public service provider licence (*which is issued to licencees to provide telecommunications services using the infrastructure of a licenced public infrastructure provider*). The UCC retains the discretion to designate any other telecommunications licence.

An additional special categorisation is provided for, being the national telecommunications operator Licence. A licenced entity which holds a public infrastructure provider licence and or a public service provider licence may, after ten years of good standing, apply to the UCC for a national telecommunications operator licence. The UCC may also unilaterally designate an eligible licencee as a national telecommunications operator licence, and it is on this basis that MTN was issued the NTO Licence.

National telecommunications operators such as MTN are subject to enhanced requirements regarding the scope of coverage, universal access obligations (including broadband delivery), fair competition with a view to promoting infrastructure sharing, interconnection and access, national roaming, quality of service (especially with regard to network coverage and accurate billing of customers) and listing and public trading of the operator's shares.

b) Interconnection and Access

The Uganda Communications (Interconnection and Access) Regulations 2019 apply to interconnection between operators, access to communications infrastructure and services and pricing and tariffs for interconnection and access charges and are aimed at establishing an effective and competitive framework for regulating interconnection and access and providing mechanisms for interoperability.

MTN is required to make available its infrastructure and facilities for interconnection with other operators on an unbundled basis. Operators who are designated as having significant market power may be subject to additional obligations in respect of interconnection as may be determined by the UCC. All interconnection agreements must be approved by the UCC, and all interconnection is to be provided at charges that are cost-oriented, reasonable, transparent and non-discriminatory.

MTN is also required to provide mandatory access to authorised parties to deliver content over its communication networks. With specific reference to the Mobile Money Company, MTN and the Mobile Money Company have entered into a UCC-approved access agreement in relation to the Mobile Money Company's access to MTN's communications network and consumer data.

c) Competition

The Uganda Communications (Competition) Regulations 2019 has the objective of promoting, monitoring and enforcing fair competition in the communications sector, and the UCC is mandated to investigate all acts in breach of fair competition by an operator.

The regulations specifically prohibit anti-competitive agreements, decisions or concerted practices, abuse of dominant position, anti-competitive mergers, take-overs, consolidations or other related anti-competitive changes and any other practice which would lead to a substantial reduction in competition. All significant transactions which are adjudged to have a significant competition law impact require the prior approval of the UCC.

Particular market conduct amounting to unfair competition such as anti-competitive pricing, discriminative pricing and other restraints designed to reduce competition is also prohibited.

d) Universal Service

The Uganda Communications (Universal Service) Regulations 2019 prescribe a defined minimum set of communications services of a specified quality available to all users (independent of geographical location) at a minimum standard and price determined by the UCC. MTN has been designated as a national operator under the regulations, with the overarching obligation to provided communications services across Uganda in accordance with the NTO Licence.

e) Pricing and Accounting

The Uganda Communications (Pricing and Accounting) Regulations 2019 apply to the pricing of communication services and accounting by operators, with the UCC's principal mandate being to ensure that prices charged to consumers are reasonable and efficient, cost-oriented, non-discriminatory and reflect optimum consumer satisfaction. The UCC regulates all retail and wholesale pricing of all communications services. The regulations also empower the UCC to, at its discretion, require operators to prepare and submit segregated accounts for each of the operator's activities as though the activities were carried out by legally-independent companies. The regulations also empower the UCC to, at its discretion, require operators to prepare and submit segregated accounts for each of the operator's activities as though the activities were carried out by legally-independent companies.

12.4 Significant Auxiliary Regulation

MTN is also subject to the following material auxiliary legislation:

a) Anti-Money Laundering

The Anti-Money Laundering Act 2013 (as amended) defines money laundering as the process of turning illegitimately obtained property into seemingly legitimate property, and includes concealing or disguising the nature, source, location, disposition or movement of the proceeds of crime and any activity which constitutes a crime under the Anti-Money Laundering Act.

In seeking to prevent money-laundering, the Anti-Money Laundering Act places certain obligations on accountable persons (which include the Mobile Money Company) to put in place measures designed to counter money-laundering. These measures include enhanced due diligence, development of money-laundering and terrorist financing controls, maintenance of records and adherence to stringent reporting requirements. Accountable persons are particularly required to pay attention to suspicious transactions, which are defined as transactions which are inconsistent with a customer's known legitimate business or personal activities or with the normal business for that type of account or business relationship, or a complex and unusual transaction or complex or unusual pattern of transaction.

The regulatory body is the Financial Intelligence Authority. The role of the authority is to enhance the identification of the proceeds of crime and the combating of money laundering and, in general, ensure compliance with the Anti-Money Laundering Act. The authority shall also exchange, spontaneously or upon request, any information with similar bodies of other countries that may be relevant for the processing or analysing of information relating to money laundering or terrorism financing.

b) National Payments Systems

Under the NPS Act, Bank of Uganda Licences and regulates payment service providers, payment system operators and issuers of a payment instrument (which includes electronic money) and applies to the Mobile Money Company. The NPS Act requires compliance with minimum capital requirements, the development of rules to govern the payment system and the establishment of a trust structure for the Mobile Money Company. With regard to the trust structure, the Mobile Money Company is required to open a trust account in a financial institution to facilitate issuance of electronic money and appoint a board of trustees to manage the trust account and company's corporate and management structure.

c) Data Protection and Privacy

The Data Protection and Privacy Act 2019 provides that data collectors, controllers and processors such as mobile network operators must collect, process and use personal data in accordance with the principles of data protection set out in the Act. These principles impose obligations related to accountability, fairness and lawfulness, reasonableness (not to collect unnecessary personal data) and ensuring transparency and the participation of the data subject in the data collection process.

In addition, data collectors, controllers and processors must only collect data with the consent of the data subject. The consent in question must be freely given, specific, informed, unambiguous, and delivered by a statement or clear affirmative action.

Mobile operators have to abide by strict data security obligations, and the Act requires the Company to secure the integrity of collected data by adopting reasonable technical and organisational measures to prevent unauthorised loss, damage or destruction, and to notify the regulatory authority, the National Information Technology Authority, of any security breach. All complaints related to personal data breaches must be reported to the regulatory authority, which conducts investigations and takes appropriate action.

12.5 Fixed Telephony

According to Fitch Solutions' ***Uganda Telecommunications Report Q1 2021***, the fixed voice segment is expected to continue to underperform on the back of fixed-to-mobile substitution and limited network coverage. Fitch Solutions notes that greater investment is required in the wireline voice segment as it has been neglected over the past 10 years. However, the low uptake of mobile voice services, a cheaper alternative, means that fixed voice services will mainly be attractive to enterprise customers.

Fitch Solutions estimates that wireline penetration will drop from 0.4% in 2019 to 0.1% in 2029, with the number of fixed lines decreasing from 121,000 at the end of 2020 to around 96,000 by the end of 2029.

The broadband market presents significantly more opportunities as there is interest from companies such as Liquid Telecom, Google and Facebook to invest in the sector. Fibre networks will be used as backhaul for mobile broadband services and the ***UCC Market Report Q2 2021*** records that for the quarter, the sector recorded a total of 352,000 new broadband subscriptions, representing a 2% quarter-on-quarter growth. The bulk of these connections are mobile, accounting for over 90% of new internet connections.

The high cost of hardware means that a majority of connections are still on smartphones as opposed to dedicated mobile broadband services. Due to this, Fitch Solutions' ***Uganda Telecommunications Report Q1 2021*** estimates that broadband penetration is expected to reach 4.3% by the year 2029. GOU is also making strides with regard to expanding the national fibre backbone. Connections have been expanded to the West Nile and Karamoja region, and links have also been improved with South Sudan and the Democratic Republic of Congo.

12.6 Cellular Phone Network

Mobile data is a growing theme in the Ugandan telecommunications sector. According to the ***UCC Market Report Q2 2021***, in the period April to June 2021, the sector recorded total internet traffic of 69 billion MBs (downloaded or uploaded) from the internet. This represents an 11 billion MBs growth from the 58 billion MBs downloaded for the period January to March 2021. The UCC reports that on a year-on-year comparison, Q2 2021 returned a net annual growth of 17 billion MBs thereby translating into a year-on-year growth of 17% in the 12 months preceding Q2 2021.

12.7 Telecommunications Industry Infrastructure

As is the case in most developing nations, most of the telecommunications infrastructure is located in the urban areas of the country, with limited network deployment in the rural parts of the country. The UCC also reported that it was in the process of drafting infrastructure sharing regulations, in order to reduce the cost of network deployment and ensure efficient use of existing resources. MTN believes that this will have limited impact on the sector, as tower sharing is already common among mobile operators and the country has very limited wireline networks.

12.8 Key Mobile Telecommunications Operators

The UCC lists the following telecommunications providers as of 16 August 2021. Africell Uganda communicated its intention to exit the Uganda market with effect from 7 October 2021.

Table 23: List of operators in Uganda

Operator name	Current Licence
MTN	*NTO*
Airtel Uganda	*NTO*
Tangerine / LycaMobile	*NTO*
Uganda Telecom	*Public Infrastructure (PIP) and Public Service Provider (PSP)*
Africell Uganda	*Public Infrastructure (PIP) and Public Service Provider (PSP)*
Smile Communications Uganda	*PSP & PIP*
Tangerine	*PSP & PIP*
Smart Telecom	*PSP & PIP*
Roke Investments	*PSP & PIP*
Liquid Telecom Ltd	*PSP & PIP*
Bandwith & Cloud Services Group	*PSP & PIP*
Gilat Telecom	*PSP-Voice & Data*
Africa IBC Bids Info Technology	*PSP Capacity Resale*
Hamilton Telecom	*PSP-Voice & Data*
Blue Crane Communications	*PSP-Voice & Data*
National Information Technology Authority	*PSP & PIP*
Wanainchi Cable	*PSP & PIP*
BT Solutions	*PSP Capacity Resale*
Satyam Technical Services	*PSP Capacity Resale*
TruIT (U)	*PSP Capacity Resale*
Datanet.com LLC	*PSP Capacity Resale*
Sombha Solutions Store	*PSP & PIP*
i-way Africa (U) (Afsat Communications)	*PSP & PIP*
Seacom Uganda	*PSP & PIP*
SimbaNET Uganda	*PSP & PIP*
Sky Dot.com Ltd	*PSP Capacity Resale*
Internet Solutions Uganda	*PSP & PIP*
WiAfrica Uganda Ltd	*PSP & PIP*
East African Broadband Services	*PSP-Voice & Data*
East Africa Radio Networks	*PSP-Voice & Data*
ATC (American Tower Company) Uganda	*PIP*
Uganda Electricity Transmission Company	*PIP*
C-Squared	*PIP*

12.9 The National Broadband Policy

In 2018, the Minister of ICT issued the National Broadband Policy. The policy emphasizes the role of broadband internet in the socio-economic transformation process as a critical enabler. The overall objective of the policy is to harmonize and regulate the planning and development of broadband infrastructure, define the appropriate technology mix that will enable universal connectivity and reform the licencing framework to improve quality of service in the industry and meet the overall national policy goals and aspirations. The target for internet speeds in the policy is a minimum of 4Mbps to end users for internet access.

The National Broadband Policy sets out to achieve and deliver on the objectives of the National Development Plan II, which recognises the information and communication technology (ICT) sector as both an opportunity and enabler of growth in the economy. The following are targets and objectives of the National Development Plan II for the ICT sector:

- Increase ICT contribution to Government revenue from 8.1 percent in 2012/13 to 10 percent in 2020.
- Increase employment in the ICT sector from 1 million to 3 million people in 2020.
- Improve Uganda's ICT development index by increasing access to ICT infrastructure from 1.96 (2012 Index) to 3.5 (2020 Index); Improving usage of ICT from 0.75 (2012 Index) to 2.5 (2020 Index); and enhance ICT skills development from 3.69 (2012 Index) to 5.5 (2020 Index).
- Increase access to ICT infrastructure to facilitate exploitation of the development priorities.
- Enhance the usage and application of ICT services in business and service delivery.
- Increase job creation through ICT research and development.
- Increase the stock of ICT skilled and industry ready workforce.
- Improve the information security system to be secure, reliable, resilient and capable of responding to cyber security threats.
- Improve the legal and regulatory frameworks to respond to the industry needs

These objectives are restated in National Development Plan III, which identifies 18 programmes that have been designed to deliver the required results of the development plan and address the 13 bottlenecks adopted by the African Union. These programmes incorporate Uganda's commitments to regional and international development frameworks and cross cutting issues. The NDP III digital transformation programme aims to increase ICT penetration and use of ICT services for social and economic development. The key expected results include:

- increasing ICT penetration;
- reducing cost of ICT devices and services;
- creating more direct jobs in the sector; and
- increasing ICT incubation; and increasing government services online.

Detailed policy objectives

Policy objective 1: Connectivity for all

- Classify broadband infrastructure as a public utility just like transport, energy and water in order to avert duplication.
- Integrate broadband infrastructure in the planning and development of physical infrastructure such as roads, railways, energy and oil pipelines.
- Regulate, coordinate and harmonize the development, deployment and sharing of all broadband Infrastructure (both private and public) among all stakeholders.
- Establish internet exchange points and ensure that all domestic traffic remains within the country.
- Establish common international gateways in order to manage all international traffics originating and terminating in the country.
- Ensure that all local broadband connectivity for all GOU agencies and local entities are independent of international internet connectivity to ensure both security and affordability of broadband services.
- Develop a one-stop centre concept to streamline the licensing regime and fees payable for development and use of ICT infrastructure.
- Promote and implement the national postcode and addressing system, towards last mile delivery of services to facilitate e-commerce.
- Develop appropriate legal frameworks to implement the policy.

Policy objective 2: Affordability and digital inclusion through adoption of alternative broadband infrastructure technologies

- Adopt the right technology mix (hybrid) to ensure efficient and complementary broadband infrastructure deployment (optic fibre cable, satellite, terrestrial microwave, and new and innovative technologies).
- Promote and support digital literacy/education to equip all citizens irrespective of their education status with basic digital competencies on the use of ICT devices so as drive uptake and stimulate demand for broadband powered services while guaranteeing consumer rights.
- Promote and support local manufacturing and assembly of broadband enabled devices/ equipment locally so as to make them affordable and of good quality.
- Promote local content for citizens to competitively participate both locally and globally in the digital space.
- Ensure all GOU sectors deliver their services online for efficient and sustainable service delivery.
- Ensure interoperability of all e-government systems through open access principle and shared services.
- Adopt the use of technologies to ensure the safety, reliability and efficiency in management of resources and trusted information solutions such as public key infrastructure and block-chain technology.
- Promote open source and government ownership of the source code for all government information systems, software and e-solutions so as to ensure sustainability and promote innovation.

Policy objective 3: Increased broadband rollout and quality of service improvement through telecommunications licencing reform

- National coverage: Every operator that seeks a national operator Licence must be able to cover the entire geographical place of Uganda so as to enable universal access, promote effective competition and quality of service.
- Spectrum management: Spectrum, being a scarce and finite government resource, needs to be managed and utilised efficiently, optimally and rationally.
- National roaming: Currently, customers of one service provider cannot access the services of the other service provider. The policy aims to enable customers to have a seamless access and coverage for the customers irrespective of their network so as to ensure universal access to ICT services.
- Number portability: Currently the customers cannot switch from one service provider to another service provider, without changing the telephone numbers. The policy aims to empower the customers to choose their service provider without the challenge of changing telephone numbers.
- Structured renewal of Licence: Currently there is no clear policy for renewal of all Licencee's and some Licences stipulate automatic renewal on expiry of the current Licence. This policy aims to provide for a structured renewal framework for the Licencees taking into the consideration of roll out obligations, quality of service and technological developments.
- Listing: Making local listing a licencing requirement for all telecom operators will help mitigate capital flight, among other benefits of local content opportunities that come along.

Role of different stakeholders

The Ministry of ICT recognises that a substantial amount of broadband infrastructure has already been deployed albeit in an uncoordinated manner. Within GOU and the private sector, there is still a large scope for broadband infrastructure deployment to achieve universal access and service.

The role of the Ministry of ICT

To cause harmonisation of broadband infrastructure deployment within GOU itself and provide regulatory guidelines for the private sector to follow. To do this the Ministry of ICT shall carry out the following activities:

a) Putting in place appropriate policy and regulatory frameworks necessary to avert duplication by operationalizing the relevant sections of the Communications Act.

b) Play an oversight role for the implementation of the policy.

c) Create a platform where broadband infrastructure plans are shared across all actors.

d) To streamline the management of the Internet Exchange Point and Country Code Top Level Domain Name.

e) To set up a broadband infrastructure implementation taskforce.

The role of communications operators like MTN

The operators will perform the following tasks in the implementation of the National Broadband Policy during the period of the policy:

a) Adhere to the new licensing regime as prescribed by the regulator.

b) Holders of National Operator Licences will be required to offer communication services in the entire country without discrimination.

c) Guarantee good quality of service in terms of network coverage and accurate billing of users.

d) Collaborate with all parties involved in the broadband infrastructure ecosystem to maximize consumer reach.

The role of the UCC

The policy by nature is designed to rationalize and operationalize the Communications Act. Without rewriting the functions of UCC as stipulated in the Communications Act, the specifications of UCC shall be the following:

a) To enforce the licensing framework as amended by the policy.

b) Prepare and issue detailed broadband infrastructure deployment guidelines with the aim of averting duplication.

c) To regularly update the Minister of ICT on implementation of the policy.

The role of the public

The role of the public will be to highlight or point out areas without connectivity and also to point out weaknesses in implementation of the policy. In addition, the public shall assist both GOU and private sector in averting vandalism of the deployed infrastructure.

13. Financial Technology

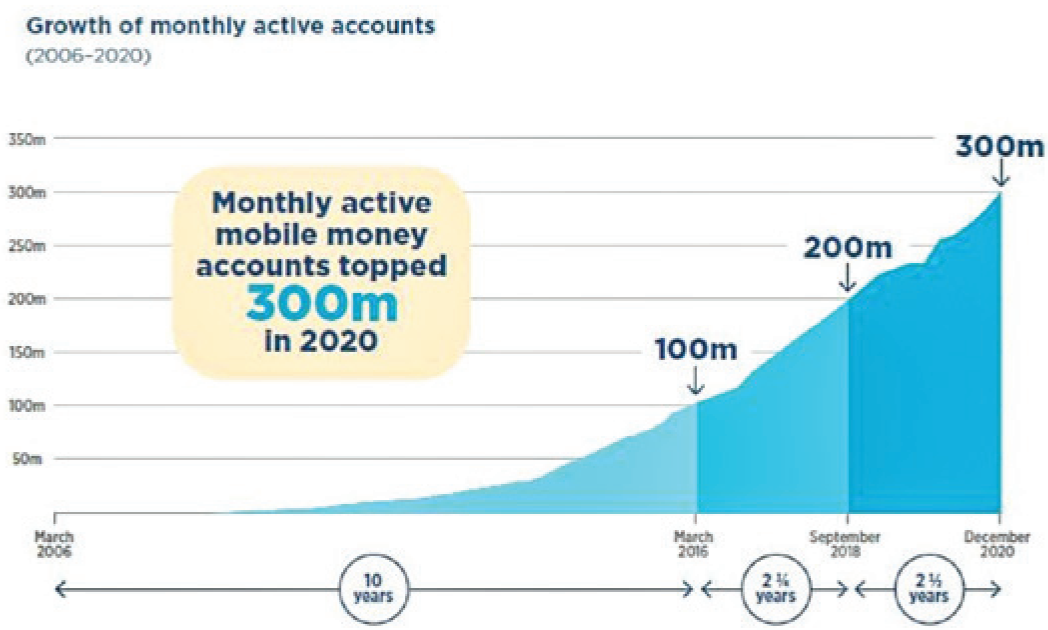
13.1 Mobile Money Development in Africa

Mobile money is the provision of financial services through a mobile device, and this broad definition encompasses a range of services, including payments made through peer-to-peer transfers, finance and banking. According to the World Bank ***Mobile Money for Financial Inclusion*** report, mobile financial services has been the one of the most impactful mobile applications in the developing world. The World Bank projects that mobile money could become a general platform that transforms entire economies as it is adopted across commerce, healthcare, agriculture, and other sectors.

The World Bank also reports that mobile money has delivered on a critical financial inclusion imperative. In many developing countries, more than half of households lack an account with a financial institution, while small firms frequently cite difficulty in accessing and affording financing as a key constraint on their growth. Finding innovative models to extend financial services to the poor has now become an urgent challenge, and the excitement around mobile money has arisen in part because it is widely seen as an effective way to provide access to finance to under-served communities.

McKinsey & Company's ***Mobile Money in Emerging Markets: The Business Case for Financial Inclusion*** analysis notes that mobile money accounts are prevalent in emerging markets as a result of the lack of formal savings and provision of credit in these markets, observing that around 2 billion individuals and 200 million small businesses are impacted by a lack of access to financial services worldwide. In this respect, the World Bank noted that in addition to extending financial services to the poor, mobile money has improved productivity by increasing the efficiency and lowering the cost of transactions, improving security, generating new employment opportunities, and creating a platform on which other businesses can grow.

Figure 16: Growth of mobile money accounts in Africa

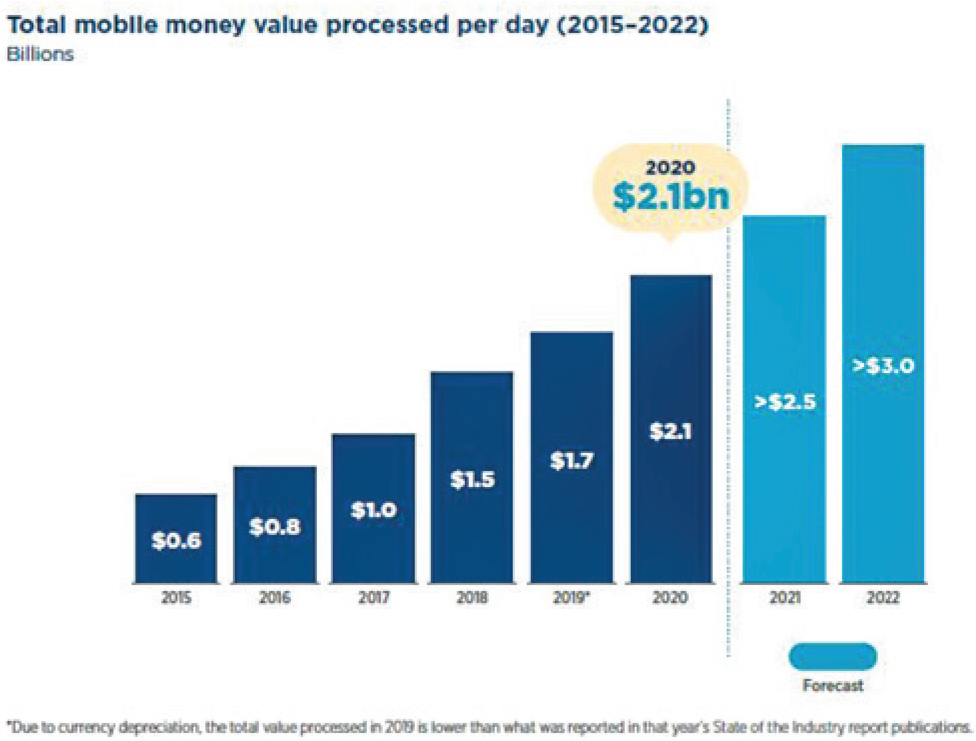


Source: GSMA: State of the Industry Report on Mobile Money 2021

According to the Global System for Mobile Communications Association's (GSMA) ***State of the Industry Report on Mobile Money*** *2021*, in 2020, the number of registered mobile money accounts grew by 12.7% globally, with over 136 million accounts added in just one year. GSMA notes that this growth was twice as high as expected and exceeded the previous year's forecast by 6.4% – taking the total number of registered accounts globally to 1.21 billion. Significantly, GSMA notes that in 2020, registered accounts in Africa comfortably surpassed the half billion mark. Sub-Saharan Africa continues to be at the forefront of the mobile money industry for the past decade, and in 2020 accounted for the majority of growth (43% of all new accounts). By the end of the year, there were 548 million registered accounts in the region, over 150 million of which were active on a monthly basis.

GSMA attributes this strong and steady growth to the fact that customers are using mobile money in more advanced ways and in all aspects of daily life, marking a change from the early days of mobile money when the main-use cases were bill payments and peer-to-peer payments in the form of occasional domestic remittances. The growth in mobile money usage also demonstrates that the industry is having a profound and lasting impact with mobile money users becoming more financially included and moving away from the margins of the financial system.

Figure 17: Mobile money value processed per day



Source: GSMA: State of the Industry Report on Mobile Money 2021

Over the course of 2020, the COVID-19 pandemic was a major driver of mobile money growth. GSMA notes that despite the challenges and disruptions that the pandemic caused, COVID-19 triggered a widespread shift in the adoption of digital tools as more subscribers started using mobile services out of necessity. Further, restrictions on movement and the potential risks of handling cash led consumers to quickly turn to digital payments as a safer and more accessible option.

In Uganda's case, the ***UCC Market Report Q4 2020*** indicated that in the period July-September 2020, a record 1.8 million first-time mobile money accounts were registered. An additional 325,000 users were added between October-December 2020, with the new growth translating into a national mobile money account total of 28 million as of 31 December 2020, reflecting a national mobile money penetration of 66 accounts per 100 persons in Uganda.

13.2 Mobile Money Catalysts

Large unbanked population	*Despite the growth of mobile money platforms on the continent, sub-Saharan Africa still presents great opportunity for mobile money due to its large unbanked population currently at approximately 57%. The opportunities are significant to capture customers who would want to save, lend and make financial transactions without the need to hold a bank account.*
Convenience	*Traditional banks often require users to go to branches or automated teller machines in order to transact, for people who reside in rural areas this can be quite cumbersome and expensive due to the distance to get to the nearest bank. Mobile money users do not need to go through this process as they can transact from the comfort of their homes and collect cash from their nearest agent.*
Ease of Registration	*The know-your-customer process to open bank accounts can be a challenge in most developing countries as most people cannot readily provide formal documentation to confirm their residential addresses. Mobile money has simplified this process with only the national identity document and SIM-card registration required in order to open an account.in most countries.*
Low fees	*As disposable income is low in most countries (currently USD 1.90 in Uganda), transacting using mobile money accounts is affordable for many of the users. In 2020, MTN was at the forefront of scrapping transacting fees in order to encourage more people to use the platform as the COVID-19 pandemic gained traction.*
Safety	*Mobile money transactions are very safe as there is limited action of third parties in order to facilitate payments, most of the transactions are actioned by the mobile operators who also own the technology as well as infrastructure. The agents whom customers interact with are all registered and can be traced should they contravene operating procedures.*
Accessibility	*Mobile money is also accessible to a majority of the population through the availability of mobile money agents across the markets, especially in rural areas. In Uganda there is an estimated 253,790 agents according to the UCC Market Report Q4 2020. In some markets, agents operate well through the night to facilitate transactions.*

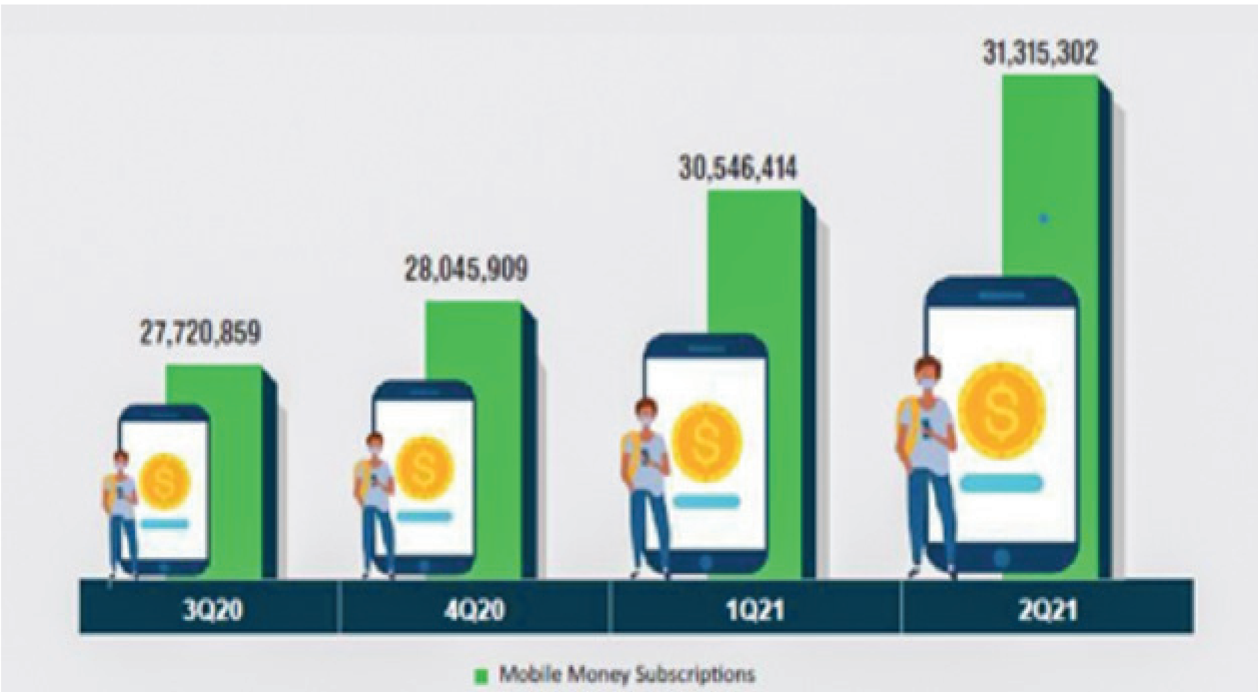
13.3 Mobile Money Usage in Uganda

In Uganda, mobile money has been the main non-basic services competition in the market, taking advantage of the lack of financial inclusion in the country. In response to the COVID-19 pandemic, operators have waived fees for making mobile money transactions via their platform, consequently driving further growth in the market. The ***UCC Market Report Q4 2020*** reports that the number of mobile money transactions during Q4 2020 crossed the 1 billion transactions mark, the first-time that this milestone has been recorded and surpassing the previous quarterly record of 954 million transactions posted in Q3 2020. These transactions included agent assisted deposits, mobile money-bank transfers, mobile betting and merchant payments, among other transaction categories.

The ***UCC Market Report Q2 2021*** indicates that as of 30 June 2021, the number of registered mobile money accounts stood at 31.3 million, with a national penetration of three mobile money accounts for every four Ugandans. However, the UCC noted in its ***UCC Market Report Q1 2021*** that following a sector-wide clean-up of mobile money account registers, the number of active mobile money accounts in Uganda as of 31 March 2021 stood at 20,298,694. Accordingly, the number of registered mobile money accounts must always be measured as against active users. According to the UCC, Uganda generally holds a mobile money activity ratio of 66%, which is double the aggregate African average of 30% account activity.

As Fitch Solutions' ***Uganda Telecommunications Report Q1 2021*** confirms, MTN has solidified customer relationships by offering a wider range of mobile financial services, creating new revenue streams and improving customer loyalty in a market where it has seen subscriptions numbers come under pressure. MTN continues to remain better placed than traditional banks to tap into Uganda's underserved loans and savings market and in 2016, MTN was the first operator to offer loan and savings services in Uganda through *MoKash*. With its platform already in place, MTN can offer small loans cost-effectively, allowing customers to gradually build up a credit rating and gain greater confidence to participate in credit-based transactions.

Figure 18: Mobile financial services subscribers in Uganda



Source: UCC Market Report Q2 2021

Some of the pillars of further growth of MTN Mobile Money are:

Agent network and management:
Segmentation of the agent network to leverage agent points as customer education, marketing and sales channels.

Merchant network:
Drive adoption of MTN Mobile Money to digitize retail payments and merchant adoption.

Ericsson partnership:
Reliable technology partner in Ericsson, whose platform has been fundamental to the growth of MTN Mobile Money.

National Development Plan:
Specific focus on holistic innovating solutions to pain-points in the strategically key area of agriculture value chains and small holder farmers.

Innovation:
Continue to broaden and improve access to financial services through adoption of 'fit for purpose' emerging technologies, make it easier for entrepreneurs to integrate with MTN Mobile Money platform via APIs.

Enabling regulation:
The NPS Act is a timely law that will guide the sustainable development of the financial technology industry touching on all aspects of the financial technology ecosystem.

Secure ecosystem:
With a fast-changing sector, new business models and technology capabilities, it is important that the attendant risks are well understood and adequately addressed from a total ecosystem level to ensure ongoing trust for MTN Mobile Money.

13.4 Overview of Regulatory Framework

The regulatory framework for mobile financial services has been evolving and is presently set out in the NPS Act. Bank of Uganda is the industry regulator for mobile financial services.

The Bank of Uganda Mobile Money Guidelines 2003 were initially established as an interim measure for enabling the operation of mobile financial services. The Bank of Uganda Mobile Money Guidelines required that telecommunications operators wishing to provide mobile money services enter into an agreement with one or several Licenced commercial banks providing for the establishment of an escrow account in the commercial bank to hold funds belonging to the subscribers holding electronic money on the mobile money platform. The commercial bank would then apply for a letter of no-objection from Bank of Uganda. Consequently, MTN entered into escrow agreements with a number of commercial banks, all of whom were issued with no-objection authorisations by Bank of Uganda.

Bank of Uganda has since created a comprehensive regulatory framework through the NPS Act, which commenced on 4 September 2020, and the National Payments Systems Regulations 2021, which were published on 5 March 2021.

The NPS Act provides for the regulation of payment systems and appoints Bank of Uganda as the regulator to ensure the safety and efficiency of payment systems. In order to comply with the role segregation requirement prescribed by the NPS Act, MTN formed the Mobile Money Company, which holds the following Licences:

a) Payment Systems Operator Licence Class A(I) for electronic money systems, issued in respect of a large funds transfer system including person to person, business to government, business to business payments whose transaction value exceeds UGX 100 billion per month; and

b) Payment Service Provider Licence Class A (I) for electronic money issuance, issued in respect of a large electronic money issuer whose total trust account value exceeds UGX 200 billion.

The Mobile Money Company has also entered into trust arrangements with Licenced commercial banks to facilitate the issuance of electronic money. The escrow agreements that MTN had with Stanbic Bank Uganda Limited, Equity Bank Uganda Limited, Absa

Bank Uganda Limited, Standard Chartered Bank Uganda Limited, dfcu Bank Limited and Centenary Rural Development Bank Limited were commuted into trust account agreements with the Mobile Money Company.

In terms of oversight, the NPS Act confers certain powers and responsibilities on BOU for purposes of ensuring the safety and efficiency of payment systems. These include the power to issue directives, the power to appoint an external auditor or direct an external auditor of a Licenced entity to examine that entity in respect of matters as may be specified by BOU and inspection of the operations of a Licenced entity. In addition to the NPS Act, the Mobile Money Company is required to comply with material auxiliary requirements in the Anti-Money Laundering Act 2013 (as amended) and the Data Protection and Privacy Act 2019.

MTN approach to key regulatory themes under the NPS Act:

Secure transactions:
MTN Mobile Money has implemented appropriate frameworks for risk management, fraud, anti-money laundering/ financing of terrorism to assure sustainable operations with formal reporting to Bank of Uganda and Financial Intelligence Authority.

Data protection:
Customer data is handled in compliance with the Data Protection and Privacy Act 2019. Where customer data is utilized for innovation by both MTN Mobile Money and partners, it is anonymized and aggregated.

Technology platforms:
The platform conforms to the highest international and industry wide best standards for security.

Financial inclusion:
MTN Mobile Money has and continues to drive financial inclusion at the core of its offering and strategic partnerships with key stakeholders.

Authorisations:
MTN Mobile Money operates within a highly regulated financial services environment under the purview of Bank of Uganda.

Know Your Customer identification:
To facilitate secure transactions, MTN Mobile Money has implemented appropriate customer identification, verification frameworks to mitigate anti-money laundering/ financing of terrorism.

Consumer protection:
MTN has put in place measures to safeguard customer funds by retaining all funds on escrow accounts within highly regulated and supervised financial institutions to ensure customers are protected against risk of loss or insolvency.

13.5 Plans and Future Prospects

Financial technology is expected to drive exponential growth in Africa. Financial technology refers to the products, technologies and business models that are developed to support or enable banking and financial services. Mobile money itself is an example of a financial technology service or organization.

The key drivers underlying the MTN Mobile Money's future prospects are examined below:

a) Utilizing customer behaviour (data) in compliance with the requisite laws as a tool for innovation and growth. This will open up new services to customers based on data driven models or credit scoring.

b) Increasing access to the MTN Mobile Money platform to the financial technology community and other commercial partners, through standardized APIs to customize the platform's capabilities to these parties' service offerings.

c) Interoperability is a foundation of further innovation of digital financial services as it promotes open systems.

d) Further digitization of the merchant ecosystem.

e) A clear innovation agenda that focuses on the growth areas of the NDPIII and *Vision 2040*, such as the digitization of the agriculture value chain and e-government services.

f) Strategic partnerships that will play a critical role in bringing new capabilities to the markets and faster delivery of services.

g) The harnessing of "fit for purpose" emerging technologies such as blockchain, internet of things and artificial intelligence.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MTN UGANDA LIMITED

Reporting Accountant's Report For the Initial Public Offering 2021

Reporting Accountant

14. Reporting Accountant's Report

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The Directors
MTN Uganda Limited
Plot 68-71, Jinja Road
P.O. Box 24624
Kampala, Uganda

REPORTING ACCOUNTANT'S REPORT ON MTN UGANDA LIMITED

INTRODUCTION

At your request, we submit our Reporting Accountant's Report in respect of the public offer for sale of shares in MTN Uganda Limited ("the company").

Responsibilities of the Directors

The Directors of MTN Uganda Limited are responsible for the preparation and accuracy of financial statements of the company for the years ended 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016, the preparation of interim financial information for the six-month period 1 January 2021 to 30 June 2021 and the preparation and presentation of the Forecast Information and for the reasonableness of the assumptions used to prepare the Forecast Information for the year ending 31 December 2021, upon which this Reporting Accountant's Report is based. The statutory financial statements for the years ended 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016 were audited and received unmodified audit opinions.

Our Responsibilities as Reporting Accountants
Our responsibilities are detailed in our engagement letter. These included compiling a reporting accountant's report that includes the following:

a) A compilation report in accordance with Section 6 and Part 3 of the Third Schedule to the Capital Markets (Prospectus Requirements) Regulations of Uganda and the International Standard on Related Services applicable to compilation engagements (ISRS) 4410 set out on page 133;

b) A report on the review of historical financial statements for the years ended 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016 and a review of the condensed interim financial information for the period 1 January 2021 to 30 June 2021 in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements set out on pages 134 and 190; and

c) A report on forecast financial information in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information (ISAE) 3400 and the forecast financial information for the year ending 31 December 2021 set out on page 203.

CONSENT
We as Reporting Accountants confirm that we have given, and have not, prior to the date of the Prospectus, withdrawn our written consent to the inclusion of the Reporting Accountant's Report in the form and context in which it appears.

Yours faithfully

KPMG

KPMG
Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P.O. Box 3509
Kampala, Uganda

CPA Stephen Ineget

21 September 2021

KPMG

REPORTING ACCOUNTANT'S COMPILATION REPORT TO THE DIRECTORS OF MTN UGANDA LIMITED

We have compiled the accompanying financial statements of MTN Uganda Limited based on information you have provided. These financial statements comprise the statements of financial position of the company as at 31 December 2020, 31 December 2019 and 31 December 2018, 31 December 2017 and 31 December 2016 and the statements of comprehensive income, changes in equity and cash flows for the for the years then ended, and a summary of significant accounting policies and other explanatory in formation as set out on pages 135 to 189.

We performed this compilation engagement in accordance with Section 6, Part 3 of the Third Schedule to the Capital Markets (Prospectus Requirements) Regulations of Uganda, 1996 as amended and International Standard on Related Services 4410 (Revised), *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs).

The engagement partner responsible for the compilation resulting in compilation report is CPA Stephen Ineget - P0401.

KPMG
Certified Public Accountants
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Plot 2 & 4A, Nakasero Road
P.O. Box 3509
Kampala, Uganda

CPA Stephen Ineget

21 September 2021

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON HISTORICAL FINANCIAL INFORMATIONTO THE DRICTORS OF MTN UGANDA LIMITED

We have reviewed the accompanying financial statements of MTN Uganda Limited on pages 135 to 189, which comprise the statements of financial position as at 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standard (IFRSs) and the Companies Act, 2012, Laws of Uganda, and for such internal control as Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 *(Revised), Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with IFRSs and the Companies Act, 2012, Laws of Uganda. This Standard also requires us to comply with relevant ethical requirements. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not give a true and fair view of the financial position of MTN Uganda Limited as at 31 December 2020, 31 December 2019, 31 December 2018, 31 December 2017 and 31 December 2016, and of its financial performance and cash flows for the years then ended, in accordance with the International Financial Reporting Standard and the Companies Act, 2012 Laws of Uganda.

The engagement partner responsible for the review resulting in this independent practitioner's review report is CPA Stephen Ineget - P0401.

CPA Stephen Ineget

21 September 2021

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3rd Floor, Rwenzori Courts
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Statement of comprehensive income
For the year ended 31 December:

	Notes	2020 Ushs '000	2019 Restated Ushs '000	2018 Restated Ushs '000	2017 Restated Ushs '000	2016 Restated Ushs '000
Revenue from contracts with customers	6	1,877,799,208	1,717,574,282	1,550,767,490	1,437,195,411	1,307,539,739
Direct network operating costs		(235,768,353)	(220,193,638)	(320,527,641)	(281,041,230)	(266,815,105)
Government and regulatory costs		(53,590,513)	(59,642,985)	(21,702,672)	(20,032,254)	(18,263,692)
Cost of handsets and other accessories sold		(15,581,686)	(22,488,189)	(23,848,376)	(30,475,861)	(42,458,855)
Interconnect and roaming		(72,318,584)	(75,796,706)	(75,435,939)	(79,930,938)	(91,017,194)
Gross Profit		**1,500,540,072**	**1,339,452,764**	**1,109,252,862**	**1,025,715,128**	**888,984,893**
Employee benefits	7	(101,211,412)	(103,073,490)	(104,255,916)	(88,726,634)	(78,493,026)
Selling, distribution and marketing expenses	9	(324,681,593)	(326,264,884)	(304,356,638)	(302,682,283)	(287,942,073)
Decrease in impairment of trade receivables		8,431,783	2,787,801	(3,145,516)	-	-
Other operating expenses**	8	(153,669,535)	(104,255,700)	(140,472,952)	(130,965,734)	(137,212,263)
Depreciation and impairment of property, plant and equipment and right-of-use assets	17/18	(249,902,429)	(244,631,577)	(159,534,350)	(167,988,187)	(134,939,023)
Amortisation of intangible assets	19	(80,564,364)	(57,034,006)	(62,099,036)	(61,050,753)	(58,449,802)
Operating profit		**598,942,522**	**506,980,908**	**335,388,454**	**274,301,537**	**191,948,706**
Finance income	10	17,234,151	6,396,782	14,126,247	3,169,098	4,711,901
Finance costs	10	(155,797,780)	(133,925,336)	(41,363,966)	(50,377,442)	(58,989,647)
Profit before tax		**460,378,893**	**379,452,354**	**308,150,735**	**227,093,193**	**137,670,960**
Income tax expense	11	(138,696,740)	(110,202,306)	(88,623,809)	(74,428,841)	(41,339,787)
Profit for the year		**321,682,153**	**269,250,048**	**219,526,926**	**152,664,352**	**96,331,173**

The notes set out on pages 139 to 189 form an integral part of this financial information

*** The decrease in impairment in 2016 and 2017 is recorded under other operating expenses*

Statement of financial position
As at 31 December:

	Note	2020 Ushs '000	2019 Restated Ushs '000	2018 Restated Ushs '000	2017 Restated Ushs '000	2016 Restated Ushs '000
ASSETS						
Non-current assets						
Property, plant and equipment	17	727,131,137	713,879,887	701,779,576	680,270,049	662,106,894
Right-of-use assets	18	571,232,914	597,686,863	-	-	-
Intangible assets	19	516,424,533	152,313,785	129,716,539	147,205,462	133,240,274
Receivables and prepayments	16	50,178,173	36,054,248	38,370,515	29,180,833	22,296,946
Contract assets	6(b)	8,252,488	3,660,332	-	-	-
		1,873,219,245	**1,503,595,115**	**869,866,630**	**856,656,344**	**817,644,114**
Current assets						
Inventories	20	8,164,435	939,846	2,838,083	4,665,315	14,056,222
Trade and other receivables	21	157,548,573	173,130,974	213,947,720	204,178,304	305,748,010
Contract assets	6(b)	6,569,411	3,690,935	2,488,116	-	-
Current income tax	11	-	-	-	26,888,509	23,711,375
Mobile money deposits	30	655,351,841	450,355,234	407,945,136	315,087,526	308,031,866
Cash and cash equivalents	29	59,170,525	109,387,902	92,557,733	45,090,339	39,890,998
		886,804,785	**737,504,891**	**719,776,788**	**595,909,993**	**691,438,471**
Total assets		**2,760,024,030**	**2,241,100,006**	**1,589,643,418**	**1,452,566,337**	**1,509,082,585**
EQUITY AND LIABILITIES						
Capital and reserves						
Ordinary share capital	13	3,764	3,764	3,764	3,764	3,764
Retained earnings		725,950,972	557,275,419	442,349,371	348,916,445	297,880,093
Total equity		**725,954,736**	**557,279,183**	**442,353,135**	**348,920,209**	**297,883,857**
Non-current liabilities						
Deferred income tax liability	14	9,865,153	25,998,345	28,841,553	33,965,626	46,773,318
Lease liabilities	18	555,825,657	571,675,501	-	-	-
Borrowings	15	254,300,084	93,034,891	129,879,795	169,703,705	243,215,275
Provisions	23	12,175,353	8,422,972	11,623,476	8,971,307	4,461,013
		832,166,247	**699,131,709**	**170,344,824**	**212,640,638**	**294,449,606**
Current liabilities						
Borrowings	15	133,924,864	99,394,120	175,720,901	175,151,620	159,170,324
Lease liabilities	18	79,711,572	58,162,017	-	-	-
Trade and other liabilities	22	300,264,092	335,538,196	351,595,918	363,575,445	397,742,590
Mobile money deposits	30	655,351,841	450,355,234	407,945,136	315,087,526	308,031,866
Contract liabilities	6(b)	10,648,572	20,330,068	29,940,330	-	-
Deferred revenue	6(c)	-	-	-	27,682,121	48,478,252
Provisions	23	19,227,801	19,333,641	9,017,534	9,508,778	3,326,090
Current income tax payable	11	2,774,305	1,575,838	2,725,640	-	-
		1,201,903,047	**984,689,114**	**976,945,459**	**891,005,490**	**916,749,122**
Total liabilities		**2,034,069,294**	**1,683,820,823**	**1,147,290,283**	**1,103,646,128**	**1,211,198,728**
Total equity and liabilities		**2,760,024,030**	**2,241,100,006**	**1,589,643,418**	**1,452,566,337**	**1,509,082,585**

The notes set out on pages 139 to 189 form an integral part of this financial information

Statement of changes in equity
For the year ended 31 December:

Year ended 31 December 2016	Share capital Ushs '000	Retained earnings Ushs '000	Total Ushs '000
At start of year (as originally presented and restated)	3,764	463,146,919	463,150,683
Profit for the year	-	96,331,173	96,331,173
Total comprehensive income for the year	-	96,331,173	96,331,173
Dividends declared and paid (note 12)	-	(261,597,999)	(261,597,999)
At end of year	**3,764**	**297,880,093**	**297,883,857**
Year ended 31 December 2017			
At start of year (as originally presented and restated)	3,764	297,880,093	297,883,857
Profit for the year	-	152,664,352	152,664,352
Total comprehensive income for the year	-	152,664,352	152,664,352
Dividends declared and paid (note 12)	-	(101,628,000)	(101,628,000)
At end of year	**3,764**	**348,916,445**	**348,920,209**
Year ended 31 December 2018			
At start of year (as originally presented and restated)	3,764	348,916,445	348,920,209
Profit for the year (restated)	-	219,526,926	219,526,926
Total comprehensive income for the year	-	219,526,926	219,526,926
Dividends declared (note 12)	-	(126,094,000)	(126,094,000)
At end of year	**3,764**	**442,349,371**	**442,353,135**
Year ended 31 December 2019			
At start of year (as originally presented and restated)	3,764	442,349,371	442,353,135
Profit for the year (restated)	-	269,250,048	269,250,048
Total comprehensive income for the year	-	**269,250,048**	**269,250,048**
Dividends declared and paid (note 12)	-	(154,324,000)	(154,324,000)
At end of year	**3,764**	**557,275,419**	**557,279,183**
Year ended 31 December 2020			
At start of year (as originally presented and restated)	3,764	557,275,419	557,279,183
Profit for the year	-	321,682,153	321,682,153
Total comprehensive income for the year	-	321,682,153	321,682,153
Dividends declared and paid (note 12)	-	(153,006,600)	(153,006,600)
At end of year	**3,764**	**725,950,972**	**725,954,736**

The notes set out on pages 139 to 189 form an integral part of this financial information

Statement of cash flows
For the year ended 31 December:

	Notes	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Operating activities						
Cash generated from operations	26	868,664,434	818,874,998	536,981,769	574,418,685	210,696,448
Interest received	10	3,565,949	3,517,824	9,592,454	1,743,825	4,711,901
Interest paid on borrowings	15	(33,650,902)	(27,010,870)	(30,154,688)	(43,470,841)	(23,976,783)
Interest paid on lease liabilities	18	(98,991,766)	(97,016,317)	-	-	-
Dividends paid	12	(153,006,600)	(154,324,000)	(126,094,000)	(101,628,000)	(261,597,999)
Income tax paid	11	(153,631,465)	(114,195,316)	(64,133,733)	(90,413,667)	(78,598,222)
Net cash generated from operating activities		**432,949,650**	**429,846,319**	**326,191,802**	**340,650,002**	**(148,764,655)**
Cash flow from investing activities						
Payments for property, plant and equipment and additions to right of use assets	17	(170,113,887)	(170,203,972)	(185,223,507)	(187,224,415)	(138,387,845)
Proceeds from disposal of property, plant and equipment		4,499,740	2,148,437	687,453	1,511,690	2,857,891
Increase in prepayments		-	-	(3,147,600)	(14,315,230)	(10,967,569)
Purchase of intangible assets	19	(446,460,603)	(79,733,354)	(44,608,792)	(75,021,740)	(63,180,360)
Net cash used in investing activities		**(612,074,750)**	**(247,788,889)**	**(232,292,446)**	**(275,049,695)**	**(209,677,883)**
Financing activities						
Repayments of borrowings	15	(153,623,344)	(171,521,000)	(156,369,750)	(56,945,250)	-
Proceeds from borrowings	15	348,518,960	60,062,500	115,000,000	-	387,609,818
Principal elements of lease payments	18	(61,867,099)	(48,778,923)	-	-	-
Net cash used in financing activities		**133,028,517**	**(160,237,423)**	**(41,369,750)**	**(56,945,250)**	**387,609,818**
Net (decrease)/increase in cash at bank and in hand		**(46,096,583)**	**21,820,007**	**52,529,606**	**8,655,057**	**29,167,280**
Movement in cash at bank and in hand						
At start of year		109,387,902	92,557,733	45,090,339	39,890,998	18,635,327
(Decrease)/increase		(46,096,583)	21,820,007	52,529,606	8,655,057	29,167,280
Exchange losses on cash at bank and in hand		(4,120,794)	(4,989,838)	(5,062,212)	(3,455,716)	(7,911,609)
At end of year	29	**59,170,525**	**109,387,902**	**92,557,733**	**45,090,339**	**39,890,998**

The notes set out on pages 139 to 189 form an integral part of this financial information

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020

1. Reporting entity

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

MTN Uganda Limited
Plot 68-71, Jinja Road
P.O. Box 24624
Kampala
Uganda
Reg. No: 37058

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

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

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the requirements of the Ugandan Companies Act. The Company adopted all new accounting pronouncements in the reporting period they became effective.

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

3. Significant accounting policies

a) Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Company

The following standards and amendments have been applied by the Company for the first time for the financial year beginning 1 January 2020. These have not had a material impact.

- Amendment to IFRS 3, 'Business combinations' – revises the definition of a business
- Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' - amends the definition of material.
- Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosure' – Interest rate benchmark reform (Phase 1) - provide certain reliefs in connection with interest rate benchmark reform (IBOR).

(i) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these financial statements. These standards, which are not expected to have a significant effect on the financial statements of the Company, are set out below:

- IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment - provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. It is effective for annual periods beginning on or after 30 June 2021.

- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2) - address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. These are effective for annual periods beginning on or after 1 January 2021.
- Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current - clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. It is effective for annual periods beginning on or after 1 January 2022.
- Amendment to IFRS 3, 'Business combinations' - refer to the 2018 Conceptual Framework for Financial Reporting; adding a new exception in IFRS 3 for liabilities and contingent liabilities; and clarifying that the acquirer should not recognise contingent assets. It is effective for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract - clarifies which costs an entity includes in assessing whether a contract will be loss-making. These are effective for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use - prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. These are effective for annual periods beginning on or after 1 January 2022.
- Annual improvements cycle 2018-2020 - these amendments include minor changes to: IFRS 1, 'First time adoption of IFRS', IFRS 9, 'Financial Instruments' IFRS 16, 'Leases' and IAS 41, 'Agriculture'. These are effective for annual periods beginning on or after 1 January 2022.
- IFRS 17, 'Insurance contracts', which will replace IFRS 4. It is effective for annual periods beginning on or after 1 January 2023.

b) Revenue recognition

Policy from 1 January 2018

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

Network services and digital and fintech services

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

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

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

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

Mobile devices

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

Interconnect and roaming

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

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

Other income

Other income is recognised when the related services are provided to the customers.

Capitalisation of subscriber acquisition costs

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

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

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

Policy before 1 January 2018

Post-paid and prepaid products with multiple deliverables are defined as multiple element (or bundled) arrangements. Post-paid products typically include the sale of a handset and a service contract; and prepaid products include a subscriber identification module (SIM) card and airtime. These arrangements are divided into separate units of accounting, and revenue is recognised through application of the relative fair value method. In applying the relative fair value method, the consideration received, or receivable is allocated to each of the elements (delivered and undelivered) in the transaction according to their stand-alone selling prices, resulting in the proportionate allocation of any discount to all elements in the bundle.

The Company operates loyalty programmes where customers accumulate points for purchases made, which entitle them to discounts on future purchases. The reward points are recognised as a separately identifiable component of the initial sale transaction by allocating the consideration received or receivable between the reward points and the other components of the sale such that the reward points are initially recognised as deferred income at their fair value. Revenue from the reward points is recognised when the points are redeemed. Breakage (forfeiture of points) is recognised when redemption becomes remote.

The main categories of revenue and the bases of recognition are as follows:

Airtime and subscription, data and SMS

- airtime, data and SMS: revenue is recognised on the usage basis commencing on the date of activation;
- connection fees: revenue is recognised on the date of activation of a new SIM card; and
- SIM kits: revenue is recognised on the date of sale.

The terms and conditions of post-paid bundled airtime products may allow for the carryover of unused value or minutes. The revenue related to the unused value or minutes is deferred and recognised when utilised by the customer or on termination of the contract. Breakage (forfeiture of unused value or minutes) is recognised when the unused value or minutes expire or when usage thereof becomes remote.

Revenue received on prepaid contracts is deferred and recognised when services are utilised by the customer or on termination of the customer relationship. Breakage is recognised when the prepaid credit expires or when utilisation thereof becomes remote.

Interconnect/roaming

Interconnect/ roaming revenue is recognised on a usage basis, 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 or where a right of set-off exists with interconnect parties in settling outstanding amounts.

Mobile telephones and accessories

Revenue on the sale of mobile telephones and accessories to third parties are recognised only when risks and rewards of ownership are transferred to the buyer.

Mobile money

Revenue on the mobile money service is recognised when a service is rendered to the customer.

Other income

Other income is recognised when the risks and rewards of ownership of the assets are transferred to the buyer.

Connection incentives

Connection incentives are expensed in the period in which they are incurred.

c) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

d) Property, plant and equipment

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

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

Property, plant and equipment under construction are measured at initial cost and depreciated from the date the assets are available for use in the manner intended by management over their estimated useful lives. Assets are transferred from capital work-in-progress to an appropriate category of property, plant and equipment when commissioned and ready for their intended use.
The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

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

Property, plant and equipment acquired in an exchange transaction is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received, nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up. Any consideration paid or payable is included in the cost of the asset received.
In instances whereby the Company receives assets for no consideration, the Company accounts for these at cost in accordance with IAS 16 Property, Plant and Equipment, being zero value.

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

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

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

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

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

Useful lives and residual values are reviewed on an annual basis and the effects of any changes in estimates are accounted for on a prospective basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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

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

e) Impairment of non-financial assets

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

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

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

f) Intangible assets

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

Property, plant and equipment and intangible assets with finite useful lives

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

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

Network Licences	Over the period of the Licence
Network software Licences	Over the period of the Licence
Software	3 years
Other intangible assets	3 years

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

Costs associated with maintaining intangible assets are recognised as an expense as incurred.
Costs that are directly associated with the production of identifiable intangible assets controlled by the Company, and that will probably generate economic benefits, are capitalised when all the criteria for capitalisation are met.

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

g) Leases

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

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

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

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

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

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

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

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

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

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

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

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

Right-of-use assets are measured at cost comprising the following:

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

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

Extension and termination options

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

Previous accounting policy for leases

Until 31 December 2018, leases of property, plant and equipment where the Company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Indefeasible right of use (IRU) arrangements

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

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

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

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

h) Inventories

Inventory mainly comprises items of handsets, SIM cards and accessories held for sale and consumable items. Inventories are measured at the lower of cost and net 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 realizable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where appropriate, an impairment provision is raised in respect of obsolete and defective inventories.

i) Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 270 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in (w) below.

j) Income tax

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

Current tax

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

Deferred tax

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

k) Borrowings

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

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

l) Cash and cash equivalents

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

m) Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. The amount recognised as provision shall be the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with the contract.

Bonus provision

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

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

n) Dividends

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

o) Trade payables

Trade payables are accounted for as financial liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Other payables are stated at their nominal values.

p) Share capital

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

q) Finance income and costs

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

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

r) 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 Company. 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 Company 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.

s) Consolidation

The Company has not prepared consolidated financial statements which would incorporate the results of its dormant subsidiaries MTN Publicom (Uganda) Limited and MTN Village Phone (Uganda) Limited because:

(i) as set out under the Ugandan Companies Act, the Company's directors are of opinion that it would be of no real value to members of the Company, in view of the insignificant amounts involved because the Company's subsidiaries are dormant and have no assets or liabilities.

(ii) as set out under IFRS 10 - Consolidated financial statements, the Company's directors have clarified that:

- the Company is itself a subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the Company not presenting consolidated financial statements;
- the Company's debt or equity instruments are not traded in a public market;
- the Company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- the Company's ultimate parent produces consolidated financial statements available for public use that comply with International Financial Reporting Standards.

t) Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Company and a party related to the Company, 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 Company's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

u) Employee benefits

(i) Short-term employee benefits

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

(ii) Share-based payment transactions

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

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

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

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

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

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

(iii) Retirement benefit obligations

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

(iv) Termination benefits

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

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

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

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

v) Financial instruments

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

De-recognition

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

Impairment of financial assets

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

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

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

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

Policy before January 1, 2018

In the prior periods, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The company considered that there was evidence of impairment if any of the following indicators were present:

- Significant financial difficulties of the debtor
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or late payments

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

w) Mobile Money deposits

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

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

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

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

x) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The changes in comparative information have been disclosed in note 28 and note 30.

4. Financial risk management

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

Market risk

i) Foreign exchange risk

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

The Company aims to manage exposure to fluctuations in foreign currency exchange rates by keeping a proportion of its cash balance in foreign currency. As a policy, the Company does not utilize forward contracts or other methods of hedging foreign exchange risk that are speculative in nature. At 31 December 2020, if the Shilling had weakened/ strengthened by 5% (2019: 5%) against the US dollar with all other variables held constant, post-tax profit for the year would have been
Ushs 4,146 million lower/higher (2019: Ushs 1,384 million), mainly as a result of US dollar receivables, payables, borrowings and bank balances.

ii) Interest rate risk

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

At 31 December 2020, an increase/decrease of 5% in the interest rate would have resulted in a decrease/increase in post-tax profit impact of Ushs 1,315 million (2019: Ushs 848 million).

Credit risk

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

Risk management

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

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

Impairment of financial assets

Trade receivables are subject to the Expected Credit Loss (ECL) model. Details of impairment of trade and other receivables are included in note 21. While contract assets and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

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

The ECL for trade receivables, which comprise post-paid debtors, dealer debtors, mobile money debtors, interconnect debtors and roaming debtors is arrived at as a product of the probability of default, loss given default and exposure at default. The expected loss rates are based on the payment profiles of sales over a period of 30 months before 1 January 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company identified the inflation rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors. Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand.

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

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

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2020 is made up as follows:

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Cash and cash equivalents (note 29)	59,155,998	109,359,007	92,520,430	45,090,339	39,890,998
Mobile money deposits (note 30)	655,351,841	450,355,234	407,945,136	315,087,526	308,031,866
Trade receivables (note 21)	63,750,271	72,496,555	66,875,499	89,720,009	103,007,653
Other receivables	4,225,230	1,593,641	15,904,075	10,102,898	10,377,267
Non-current trade receivables	15,564,950	5,218,856	-	-	-
Receivables from related companies (note 27)	57,790,205	72,243,601	63,129,463	102,577,222	122,025,038
	855,838,495	**711,266,894**	**646,374,603**	**562,577,994**	**583,332,822**

Security

With the exception of post-paid and dealer trade receivables, no collateral is held for any of the above assets. Some post-paid subscribers are required to pay a security deposit before being connected onto the Company's network. Dealer debtors are also required to present post-dated cheques and bank guarantees before being granted credit. The Company does not grade the credit quality of receivables. The fair value of security deposit held was 3,210 million (2019: Ushs 3,325 million).

All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

None of the above assets are past due or impaired except for the following amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced):

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Past due, but not impaired	64,191,035	76,053,149	68,843,231	85,683,341	85,912,862
Impaired	**9,523,183**	**19,762,703**	**22,550,504**	**33,605,524**	**16,029,137**

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

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

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

	Less than 1 year Ushs '000	Between 1 and 2 years Ushs '000	Between 2 and 5 years Ushs '000	More than 5 years Ushs '000
At 31 December 2020:				
- trade and other payables	300,264,092	-	-	-
- mobile money deposits	655,351,841	-	-	-
- borrowings	153,653,555	104,836,199	182,660,936	-
- lease liabilities	98,982,618	175,474,768	309,540,148	366,090,378
	1,208,252,106	**280,310,967**	**492,201,084**	**366,090,378**
At 31 December 2019:				
- trade and other payables	335,538,196	-	-	-
- mobile money deposits	450,355,234	-	-	-
- borrowings	109,638,627	49,019,086	59,613,309	-
- lease liabilities	154,728,438	174,737,553	601,871,339	145,682,230
	1,050,260,495	**223,756,639**	**661,484,648**	**145,682,230**
At 31 December 2018:				
- trade and other payables	351,595,918	-	-	-
- mobile money deposits	407,945,136	-	-	-
- borrowings	191,093,851	84,375,106	61,479,993	-
- lease liabilities	-	-	-	
	950,634,905	**84,375,106**	**61,479,993**	**-**
At 31 December 2017:				
- trade and other payables	363,575,445	-	-	-
- mobile money deposits	315,087,526	-	-	-
- borrowings	195,050,326	86,454,618	99,123,951	-
- lease liabilities	-	-	-	-
	873,713,297	**86,454,618**	**99,123,951**	**-**
At 31 December 2016:				
- trade and other payables	397,742,590	-	-	-
- mobile money deposits	308,031,866	-	-	-
- borrowings	195,144,521	98,760,242	191,442,842	-
- lease liabilities	-	-	-	-
	900,918,977	**98,760,242**	**191,442,842**	**-**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

Financial instruments by category

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Financial assets at amortised cost					
Cash and cash equivalents (note 29)	59,170,525	109,387,902	92,557,733	45,090,339	39,890,998
Mobile money deposits (note 30)	655,351,841	450,355,234	407,945,136	315,087,526	308,031,866
Non-current trade receivables and other receivables	15,564,950	5,218,856	-	-	-
Trade and other receivables	132,931,070	167,981,118	168,459,541	202,400,129	235,409,958
	863,018,386	**732,943,110**	**668,962,410**	**562,577,994**	**583,332,822**
Financial liabilities at amortised cost					
Trade and other payables (note 22)	300,264,092	335,538,196	351,595,918	363,575,445	397,742,590
Mobile money deposits (note 30)	655,351,841	450,355,234	407,945,136	315,087,526	308,031,866
Borrowings (note 15)	388,224,948	192,429,011	305,600,696	344,855,325	402,385,599
Lease liabilities (note 18)	635,537,229	629,837,518	-	-	-
	1,979,378,110	**1,608,159,959**	**1,065,141,750**	**1,023,518,296**	**1,108,160,055**

Fair value

The Company adopted the amendment to IFRS 7 for financial instruments that are measured at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The Company had no financial instruments at fair value as at yearends of the financial statements presented. As such, there were no movements between levels during the years. The carrying amounts of financial assets at year-end approximate their fair values.

Capital management

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

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

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '00	2016 Ushs '000
Total borrowings and lease liabilities (note 15)	1,023,762,177	822,266,529	305,600,696	344,855,325	402,385,599
Less: cash and cash equivalents (note 29)	(59,170,525)	(109,387,902)	(92,557,733)	(45,090,339)	(39,890,998)
Net debt	964,591,652	712,878,627	213,042,963	299,764,985	362,494,601
Total equity	725,954,736	557,279,183	442,349,371	348,920,209	297,883,857
Total capital	1,690,546,388	1,270,157,810	655,392,334	648,685,195	660,378,458
Gearing ratio	57%	56%	33%	46%	55%

5. Critical accounting estimates and judgements

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

(i) Critical accounting estimates and assumptions

Property, plant and equipment

Critical estimates in determining the useful lives of plant, property and equipment are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in 2(d) above.

Income taxes

Significant judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of financial assets

The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in 2(w) above.

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

Determining the lease term

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

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

Accounting for Mobile Money (MoMo) deposits

As the legal and regulatory position relating to MoMo has not been fully clarified, judgement was made to recognise all MoMo liabilities, representing the obligation which exists in the ordinary course to refund customers for deposits made, and the related MoMo balances held with the banks on the statement of financial position.

6. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

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

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Network services	1,256,473,686	1,144,706,709	1,019,244,450	878,922,439	785,893,041
Interconnect and roaming	98,262,634	102,714,623	117,083,365	115,036,376	123,741,270
Mobile devices	12,082,422	15,603,074	14,407,192	15,782,422	23,938,777
Digital and fintech services	482,330,960	430,514,406	378,493,642	324,566,484	267,140,959
Other revenue	28,649,506	24,035,470	21,538,841	102,887,690	106,825,692
	1,877,799,208	**1,717,574,282**	**1,550,767,490**	**1,437,195,411**	**1,307,539,739**

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

b) Assets and liabilities related to contracts with customers

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Trade receivables	70,915,635	92,259,258	89,426,003	-	-
Loss allowance	(7,165,364)	(19,762,703)	(22,550,504)	-	-
Net trade receivables (note 21)	**63,750,271**	**72,496,555**	**66,875,499**	-	-
Contract liabilities - deferred revenue	**10,648,572**	**20,330,068**	**29,940,330**	-	-

The movement of the contract assets is as below:

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
At start of year	7,351,267	2,488,116	-	-	-
Additions	21,252,205	7,335,525	2,488,116	-	-
Amortised as costs in the year	(13,781,573)	(2,472,374)	-	-	-
At end of year	14,821,899	7,351,267	2,488,116	-	-
Current contract costs	6,569,411	3,690,935	2,488,116	-	-
Non-Current Contract costs	8,252,488	3,660,332	-	-	-
	14,821,899	**7,351,267**	**2,488,116**	-	-

c) Deferred Revenue

	2017 Ushs '000	2016 Ushs '000
Non- refundable balances of airtime	27,682,121	48,478,252

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

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

7. Employee benefits expenses

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Salaries and wages	66,208,117	61,729,350	59,465,840	45,604,761	44,794,204
Contributions to MTN Uganda Limited Provident Fund	2,496,147	2,170,641	1,699,068	1,659,972	1,622,155
Contributions to National Social Security Fund	4,902,001	6,986,055	6,082,422	4,645,513	4,442,607
Notional share options	6,206,602	7,567,472	1,942,452	-	-
Other staff costs	21,398,545	24,619,972	35,066,134	36,816,388	27,634,060
	101,211,412	**103,073,490**	**104,255,916**	**88,726,634**	**78,493,026**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

8. Other operating expenses

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Professional and consulting	3,712,610	5,976,951	34,995,307	37,132,210	38,382,760
Audit fees	2,365,615	2,884,142	1,934,121	1,392,456	1,319,810
Directors' fees	8,628	36,275	41,569	55,786	42,594
General expenses	16,757,164	11,545,008	14,843,454	17,068,324	28,434,102
Tax settlement	39,114,356	-	-	-	-
Motor vehicle and insurance	7,704,983	7,826,188	7,106,165	-	-
Security costs	1,109,399	1,359,719	1,443,820	-	-
Communication costs	252,715	406,457	2,558,025	-	-
Management fees	67,724,137	55,435,790	51,905,221	48,240,440	45,426,785
MTN Foundation	3,153,709	2,931,296	2,371,783	1,593,773	1,106,733
Travel and entertainment	1,625,860	3,581,544	2,193,664	1,747,261	1,625,514
Rent and utilities - non network	72,991	1,059,465	9,185,497	10,784,698	9,727,307
Electricity and diesel - non network	7,989,120	9,381,113	9,689,405	8,807,714	7,734,913
Office building maintenance	2,078,248	1,831,752	2,204,921	4,143,072	3,411,745
	153,669,535	**104,255,700**	**140,472,952**	**130,965,734**	**137,212,263**

9. Selling, distribution and marketing expenses

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Commissions	284,847,017	265,215,490	255,778,924	253,919,086	229,860,891
Marketing	32,179,082	41,802,454	36,692,857	36,148,107	39,742,802
Revenue ceded to content and service providers	7,655,494	19,246,940	11,884,857	12,615,090	18,338,380
	324,681,593	**326,264,884**	**304,356,638**	**302,682,283**	**287,942,073**

10. Finance income/ (costs)

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Finance costs:					
- Interest expense and other charges on borrowings (note 15)	(37,574,511)	(25,959,925)	(30,403,935)	(41,145,107)	(28,610,076)
- Interest expense on lease liabilities [note 18]	(98,991,766)	(97,016,317)	-	-	-
- Other interest expenses	(1,442,506)	(5,959,256)	(1,890,057)	(3,064,704)	(6,145,110)
- Foreign exchange losses	(17,788,997)	(4,989,838)	(9,069,974)	(6,167,631)	(24,234,461)
	(155,797,780)	**(133,925,336)**	**(41,363,966)**	**(50,377,442)**	**(58,989,647)**
Finance income:					
- Interest income	3,565,949	3,517,824	9,592,454	1,743,825	4,711,901
- Foreign exchange gains	13,668,202	2,878,958	4,533,793	1,425,273	-
	17,234,151	**6,396,782**	**14,126,247**	**3,169,098**	**4,711,901**

11. Income tax expense

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Current income tax	154,829,932	113,045,514	93,747,882	87,236,533	62,361,743
Deferred income tax credit (note 14)	(16,133,192)	(2,843,208)	(5,124,073)	(12,807,692)	(21,021,956)
	138,696,740	**110,202,306**	**88,623,809**	**74,428,841**	**41,339,787**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

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

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Profit before income tax expense	460,378,893	379,452,354	308,150,735	227,093,193	137,670,960
Tax calculated at a rate of 30% (2019: 30%,2018:30%,2017:30%, 2016:30%)	138,113,668	113,835,706	92,445,221	68,127,958	41,301,288
Tax effect of:					
- expenses not deductible for tax purposes	94,278	246,881	319,898	15,147	38,499
- prior year under/ (over) provision of current income tax	110,949	(3,916,370)	3,851,376	8,013,940	-
- prior year under provision of deferred income tax	377,845	36,089	(7,992,686)	(1,728,204)	-
Income tax expense	**138,696,740**	**110,202,306**	**88,623,809**	**74,428,841**	**41,339,787**
Effective tax rate	**30.1%**	**29%**	**28.8%**	**32.8%**	**30%**

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

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
At start of year	1,575,838	2,725,640	(26,888,509)	(23,711,375)	(7,474,896)
Current income tax charge	154,829,932	113,045,514	93,747,882	87,236,533	62,361,743
Tax paid	(153,631,465)	(114,195,316)	(64,133,733)	(90,413,667)	(78,598,222)
At end of year	**2,774,305**	**1,575,838**	**2,725,640**	**(26,888,509)**	**(23,711,375)**

12. Dividends

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Dividends declared and paid	**153,006,600**	**154,324,000**	**126,094,000**	**101,628,000**	**261,597,999**

Earnings Per share

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

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Weighted average number of shares at 31 December	3,764	3,764	3,764	3,764	3,764
Profit attributable to shareholders	321,682,153	269,250,048	219,526,926	152,664,352	99,331,173
Basic/ Diluted Earnings per share	85,463	71,533	58,323	40,559	26,390

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

13. Share Capital

	Number of shares	Ordinary share capital Ushs '000
Authorised:		
Ordinary shares each with a par value of Ushs 1,000	5,000	5,000
Issued and fully paid:		
Ordinary shares each with a par value of Ushs 1,000 at 31 December 2016, 31 December 2017,31 December 2018, 31 December 2019 and 31 December 2020	3,764	3,764

14. Deferred income tax

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
At start of year	(25,998,345)	(28,841,553)	(33,965,626)	(46,773,318)	(67,795,274)
Credit to profit or loss	16,133,192	2,843,208	5,124,073	12,807,692	21,021,956
At end of year	**(9,865,153)**	**(25,998,345)**	**(28,841,553)**	**(33,965,626)**	**(46,773,318)**

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

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

following items:

	1 January Ushs '000	Credit/ (charge) to profit or loss Ushs '000	31 December Ushs '000
Year ended 31 December 2020			
Deferred income tax liabilities:			
Accelerated tax depreciation	(43,572,240)	15,409,391	(28,162,849)
Deferred income tax assets:			
Provisions	9,495,438	3,118,802	12,614,240
Net unrealised foreign exchange	1,979,437	509,448	2,488,885
Deferred income	6,099,020	(2,904,449)	3,194,571
	17,573,895	723,801	18,297,696
Net deferred income tax liability	**(25,998,345)**	**16,133,192**	**(9,865,153)**
Year ended 31 December 2019			
Deferred income tax liabilities:			
Accelerated tax depreciation	(52,854,479)	9,282,239	(43,572,240)
Deferred income tax assets:			
Provisions	10,039,277	(543,839)	9,495,438
Net unrealised foreign exchange	4,991,550	(3,012,113)	1,979,437
Deferred income	8,982,099	(2,883,079)	6,099,020
	24,012,926	(6,439,031)	17,573,895
Net deferred income tax liability	**(28,841,553)**	**2,843,208**	**(25,998,345)**
Year ended 31 December 2018			
Deferred income tax liabilities:			
Accelerated tax depreciation	(61,682,883)	8,828,404	(52,854,479)
Deferred income tax assets:			
Provisions	13,842,454	(3,803,177)	10,039,277
Net unrealised foreign exchange	5,570,167	(578,617)	4,991,550
Deferred income	8,304,636	677,463	8,982,099
	27,717,257	(3,704,331)	24,012,926

Net deferred income tax liability	**(33,965,626)**	**5,124,073**	**(28,841,553)**
Year ended 31 December 2017			
Deferred income tax liabilities:			
Accelerated tax depreciation	(77,313,262)	15,630,379	(61,682,883)
Deferred income tax assets:			
Provisions	6,804,262	7,038,192	13,842,454
Net unrealised foreign exchange	4,660,320	909,847	5,570,167
Deferred income	19,075,362	(10,770,726)	8,304,636
	30,539,944	(2,822,687)	27,717,257
Net deferred income tax liability	(46,773,318)	12,807,692	(33,965,626)
Year ended 31 December 2016			
Deferred income tax liabilities:			
Accelerated tax depreciation	(96,149,326)	18,836,064	(77,313,262)
Deferred income tax assets:			
Provisions	7,167,253	(362,991)	6,804,262
Net unrealised foreign exchange	583,065	4,077,255	4,660,320
Deferred income	20,603,734	(1,528,372)	19,075,362
	28,354,052	2,185,892	30,539,944
Net deferred income tax liability	**(67,795,274)**	**21,021,956**	**(46,773,318)**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

15. Borrowings

	Currency	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Loan facility A	Ushs	111,518,473	45,467,558	82,872,239	120,072,579	149,429,527
Loan facility A - Stanbic Bank	Ushs	37,632,082	51,663,436	35,027,789	-	-
Loan facility B - Stanbic Bank	USD	34,324,032	44,624,122	96,713,328	96,602,533	97,496,979
Loan facility B - Revolving credit	Ushs	60,356,147	-	-	-	-
Loan facility C	USD	146,818,930	51,261,630	92,432,545	131,064,430	159,200,780
Interest bearing loans		390,649,664	193,016,746	307,045,901	347,739,542	406,127,286
Capitalised transaction costs		(2,424,716)	(587,735)	(1,445,205)	(2,884,217)	(3,741,687)
Total borrowings		**388,224,948**	**192,429,011**	**305,600,696**	**344,855,325**	**402,385,599**

The movement in borrowings is as follows:

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
At start of year	192,429,011	305,600,696	344,855,325	402,385,599	-
Proceeds from borrowings	348,518,960	60,062,500	115,000,000	-	387,609,818
Interest expense	35,946,807	25,102,455	29,900,344	40,287,637	32,351,763
Amortisation of transaction costs	1,627,704	857,470	503,591	857,470	(3,741,687)
Principal repayments	(153,623,344)	(171,521,000)	(156,369,750)	(56,945,250)	-
Interest repayments	(33,650,902)	(27,010,870)	(30,154,688)	(43,470,841)	(23,976,783)
Unrealised foreign exchange gain / loss	(3,023,288)	(662,240)	1,865,874	1,740,710	10,142,488
At end of year	**388,224,948**	**192,429,011**	**305,600,696**	**344,855,325**	**402,385,599**

The maturity profile of the above borrowings is as follows:

More than one year but not exceeding two years	87,381,975	43,812,346	76,124,578	75,354,578	75,008,163
More than two years but not exceeding five years	166,918,109	49,222,545	53,755,217	94,349,127	168,207,112
Non - current borrowings	254,300,084	93,034,891	129,879,795	169,703,705	243,215,275
Current borrowings	133,924,864	99,394,120	175,720,901	175,151,620	159,170,324
	388,224,948	**192,429,011**	**305,600,696**	**344,855,325**	**402,385,599**

15 Borrowings (continued)

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

Noneoftheborrowingswasindefaultatanytimeduringtheyear.

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

(i) Loan facility A

This facility has a limit of Ushs 110 billion. At 31 December 2020, the loan outstanding in respect of this facility amounted to Ushs 110 billion. The loan is repayable in 16 quarterly instalments starting May 2021 with the final payment due in February 2024. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 3.25%. The average interest rate for the year was 14% (2019: 14.8%).

(ii) Loan facility A – Stanbic Bank

This facility has a limit of Ushs 50 billion. At 31 December 2020, the loan outstanding in respect of this facility amounted to Ushs 37.6 billion. The loan is repayable in 16 quarterly instalments which started in March 2020 with the final payment due in December 2023. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 2.5%. The average interest rate for the year was 12.8%.

(iii) Loan facility B

This facility has a limit of Ushs 110 billion. At 31 December 2020, the loan outstanding in respect of this facility amounted to Ushs 60 billion. The loan is repayable in either 3, 6, 9, or 12 months with an option to re-draw any amounts paid to a maximum of Ushs 110 billion depending on the cash requirements. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 3.5%. The average interest rate for the year was 13.5% (2019: 15.3%).

(iv) Loan facility B – Stanbic Bank

This facility has a limit of US$ 12.5 million. At 31 December 2020, the loan outstanding in respect of this facility amounted to US$ 9.4 million (equivalent to Ushs 34.3 billion). The loan is repayable in 16 quarterly instalments, which started in March 2020 with the final payment due in December 2023. The rate of interest on this facility is the aggregate of the Ugandan Government 182-day Treasury Bill rate plus a margin of 2.5%. The average interest rate for the year was 4.5% (2019: 5.8%).

(v) Loan facility C

This facility has a limit of US$ 40 million. The loan at 31 December 2020 amounts to US$ 40 million (equivalent Ushs 146.8 billion). This is repayable in 16 quarterly instalments starting May 2021 with the final payment due in February 2024. The rate of interest on this facility is the aggregate of the 1-year LIBOR plus a margin of 3.15%. The average interest rate for the year was 3.46% (2019: 5.8%).

Unutilised facilities

The Company had unutilised overdraft and short-term loan facilities of Ushs 50 billion (2019: Ushs 36,650 million) under the syndicated loan facility B. These facilities are unsecured. The overdraft interest rate is 13.5% per annum and with a limit of Ushs.110 billion, the Company also has a standing overdraft facility of US$ 15 million with Stanbic, Standard Chartered and Citi bank each contributing US$ 5 million. (2019: US$ 5 million). The short-term loan facility has a limit of US$ 15 million and the rate of interest is the aggregate of the 1-year LIBOR plus a margin of 3.25%.

Bonds and Guarantees

The Company had letters of credit and guarantee facilities of Ushs 5,203 million with Standard Chartered Bank Limited (2019: Ushs 18,325 million).

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

16. Receivables and prepayments

Prepaid site and lease rentals	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
At start of year	30,835,392	26,142,988	29,180,833	22,296,946	23,527,800
Additions	9,993,086	9,339,049	3,147,600	14,315,230	10,967,569
Charge for the year	(6,215,255)	(4,646,645)	(6,185,445)	(7,431,343)	(12,198,423)
At end of year	34,613,223	30,835,392	26,142,988	29,180,833	22,296,946
Non-current receivables	15,564,950	5,218,856	12,227,527	-	-
At year end	**50,178,173**	**36,054,248**	**38,370,515**	**29,180,833**	**22,296,946**

17. Property, plant and equipment

	Land and buildings Ushs '000	Leasehold improvements Ushs '000	Tele-communications equipment Ushs '000	Furniture, computers and other equipment Ushs '000	Motor vehicles Ushs '000	Work in progress Ushs '000	Total Ushs '000
At 1 January 2016							
Cost	35,270,915	21,668,248	1,353,139,598	151,889,767	26,613,807	1,215,805	1,589,798,140
Accumulated depreciation	(785,097)	(13,806,365)	(782,269,528)	(114,819,654)	(17,099,592)	-	(928,780,236)
	34,485,818	**7,861,883**	**570,870,070**	**37,070,113**	**9,514,215**	**1,215,805**	**661,017,904**
Year ended 31 December 2016							
Opening net book amount	34,485,818	7,861,883	570,870,070	37,070,113	9,514,215	1,215,805	661,017,904
Additions	147,564	2,030,493	111,752,200	17,842,909	1,048,562	5,566,117	138,387,845
Transfers	-	-	-	-	-	-	-
Disposals:			-				-
- cost	-	-	(27,384,227)	(7,937,386)	(2,167,193)	(1,998,209)	(39,487,015)
- accumulated depreciation	-	-	27,133,796	7,872,301	2,121,086	-	37,127,183
Reallocations:			-				-
- cost	(556,553)	(17,512)	(1,248,313)	1,695,199	848,646	(721,642)	(175)
- accumulated depreciation	(16,961)	16,898	1,159,209	(668,592)	(490,379)	-	175
Impairment	-	-	-	-	-	-	-
Depreciation charge	(183,876)	(2,415,729)	(110,915,334)	(16,682,614)	(4,741,470)	-	(134,939,023)
			-				
Closing net book amount	**33,875,992**	**7,476,033**	**571,367,401**	**39,191,930**	**6,133,467**	**4,062,071**	**662,106,894**
At 31 December 2016							
Cost	34,861,926	23,681,229	1,436,259,258	163,490,489	26,343,822	4,062,071	1,688,698,795
Accumulated depreciation	(985,934)	(16,205,196)	(864,891,857)	(124,298,559)	(20,210,355)	-	(1,026,591,901)
Net book amount	**33,875,992**	**7,476,033**	**571,367,401**	**39,191,930**	**6,133,467**	**4,062,071**	**662,106,894**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

	Land and buildings Ushs '000	Leasehold improvements Ushs '000	Tele-communications equipment Ushs '000	Furniture, computers and other equipment Ushs '000	Motor vehicles Ushs '000	Work in progress Ushs '000	Total Ushs '000
Year ended 31 December 2017							
Opening net book amount	33,875,992	7,476,033	571,367,401	39,191,930	6,133,467	4,062,071	662,106,894
Additions	3,417,847	11,358,399	121,387,467	24,033,608	767,912	26,259,182	187,224,415
Disposals:			-				-
-cost	-	(105,478)	(10,208,023)	(5,836,310)	(1,580,549)	-	(17,730,360)
-accumulated depreciation	-	105,478	9,417,821	5,650,278	1,553,201	-	16,726,778
Relocations:			-				-
-Cost	-	-	(2,335,658)	2,257,641	-	-	(78,017)
-accumulated depreciation	-	-	-	8,526	-	-	8,526
Depreciation Charge	(312,320)	(2,928,503)	(144,339,231)	(17,283,208)	(3,124,925)	-	(167,988,187)
Closing net book amount	**36,981,519**	**15,905,929**	**545,289,777**	**48,022,465**	**3,749,106**	**30,321,253**	**680,270,049**
At 31 December 2017							
Cost	38,279,773	34,934,150	1,545,103,044	183,945,428	25,531,185	30,321,253	1,858,114,833
Accumulated depreciation	(1,298,254)	(19,028,221)	(999,813,267)	(135,922,963)	(21,782,079)	-	(1,177,844,784)
Net book amount	**36,981,519**	**15,905,929**	**545,289,777**	**48,022,465**	**3,749,106**	**30,321,253**	**680,270,049**
Year ended 31 December 2018							
Opening net book amount	36,981,519	15,905,929	545,289,777	48,022,465	3,749,106	30,321,253	680,270,049
Additions	236,287	2,862,097	158,063,334	17,926,229	296,298	5,839,262	185,223,507
Transfers	-	-	30,321,253	-	-	(30,321,253)	-
Disposals:			-				-
- cost	-	(2,172,534)	(117,373,497)	(999,422)	(1,020,288)	-	(121,565,741)
- accumulated depreciation	-	2,154,816	117,373,146	874,472	909,875	-	121,312,309
Reallocations:			-				-
- cost	-	-	(2,745,675)	(1,180,523)	-	-	(3,926,198)
- accumulated depreciation	-	-	-	-	-	-	-
Impairment	-	-	(2,588,414)	-	-	-	(2,588,414)
Depreciation charge	(534,341)	(4,693,590)	(130,287,764)	(19,692,236)	(1,738,005)	-	(156,945,936)
Closing net book amount	**36,683,465**	**14,056,718**	**598,052,160**	**44,950,985**	**2,196,986**	**5,839,262**	**701,779,576**
At 31 December 2018							
Cost	38,516,060	35,623,713	1,613,368,460	199,691,712	24,807,195	5,839,262	1,917,846,402
Accumulated depreciation	(1,832,595)	(21,566,995)	(1,015,316,300)	(154,740,727)	(22,610,209)	-	(1,216,066,826)
Net book amount	**36,683,465**	**14,056,718**	**598,052,160**	**44,950,985**	**2,196,986**	**5,839,262**	**701,779,576**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

	Land and buildings Ushs '000	Leasehold improvements Ushs '000	Tele-communications equipment Ushs '000	Furniture, computers and other equipment Ushs '000	Motor vehicles Ushs '000	Work in progress Ushs '000	Total Ushs '000
At 1 January 2019 (restated)							
Cost	38,516,060	35,623,713	1,613,368,460	199,691,712	24,807,195	5,839,262	1,917,846,402
Accumulated depreciation	(1,832,595)	(21,566,995)	(1,015,316,300)	(154,740,727)	(22,610,209)	-	(1,216,066,826)
	36,683,465	**14,056,718**	**598,052,160**	**44,950,985**	**2,196,986**	**5,839,262**	**701,779,576**
Year ended 31 December 2019							
Opening net book amount	36,683,465	14,056,718	598,052,160	44,950,985	2,196,986	5,839,262	701,779,576
Additions	1,404,540	996,765	138,745,804	27,622,361	182,230	1,252,272	170,203,972
Transfers	-	-	4,848,120	991,142	-	(5,839,262)	-
Disposals:							
- cost	(10,515)	(9,590,463)	(303,328,212)	(36,940,261)	(2,143,590)	-	(352,013,041)
- accumulated depreciation	254	9,587,902	301,895,726	36,831,267	2,029,054	-	350,344,203
Reallocations:							
- cost	-	-	(567,288)	400,112	-	-	(167,176)
- accumulated depreciation	-	-	-	-	-	-	-
Impairment**	-	-	1,409,496	-	-	-	1,409,496
Depreciation charge	(444,639)	(4,767,871)	(131,944,313)	(20,158,204)	(362,116)	-	(157,677,143)
Closing net book amount	**37,633,105**	**10,283,051**	**609,111,493**	**53,697,402**	**1,902,564**	**1,252,272**	**713,879,887**
At 31 December 2019 (restated)							
Cost	39,910,085	27,030,015	1,453,066,884	191,765,066	22,845,835	1,252,272	1,735,870,157
Accumulated depreciation	(2,276,980)	(16,746,964)	(843,955,391)	(138,067,664)	(20,943,271)	-	(1,021,990,270)
Net book amount	**37,633,105**	**10,283,051**	**609,111,493**	**53,697,402**	**1,902,564**	**1,252,272**	**713,879,887**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

	Land and buildings	Leasehold improvements	Tele-communications equipment	Furniture, computers and other equipment	Motor vehicles	Work in progress	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Year ended 31 December 2020							
Opening net book amount	37,633,105	10,283,051	609,111,493	53,697,402	1,902,564	1,252,272	713,879,887
Additions	3,079	832,650	125,568,781	10,385,645	-	33,323,732	170,113,887
Transfers							
- cost	-	-	(5,490,301)	384,117	-	5,106,184	-
- accumulated depreciation	2,240	13,363	24,437	(64,394)	24,354	-	-
Disposals:							
- cost	(343,602)	(1,313,663)	(13,861,225)	(7,662,531)	(6,000,087)	-	(29,181,108)
- accumulated depreciation	42,654	1,312,219	13,659,262	7,544,158	5,687,593	-	28,245,886
Reallocations:							
- cost			(76,656)	73,320		-	(3,336)
- accumulated depreciation	-	150,106	-	2,144	(152,246)	-	4
Impairment reversal**							
Depreciation charge	(269,300)	(3,945,606)	(129,731,012)	(21,542,636)	(435,529)	-	(155,924,083)
Closing net book amount	**37,068,176**	**7,332,120**	**699,204,779**	**42,817,225**	**1,026,649**	**39,682,188**	**727,131,137**
At 31 December 2020							
Cost	39,569,562	26,549,002	1,559,207,483	194,945,617	16,845,748	39,682,188	1,876,799,600
Accumulated depreciation	(2,501,386)	(19,216,882)	(960,002,704)	(152,128,392)	(15,819,099)	-	(1,149,668,463)
Net book amount	**37,068,176**	**7,332,120**	**599,204,779**	**42,817,225**	**1,026,649**	**39,682,188**	**727,131,137**

Work in progress mainly relates to telecommunications equipment.

*** Impairment reversal relates to the value of property, plant and equipment whose previously written down amounts were reversed in 2020.*

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

18. Leases

Amounts recognised in the balance sheet

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Right-of-use assets					
Network sites	552,307,908	573,795,120	-	-	-
Offices and services centres	15,205,976	21,353,447	-	-	-
Motor vehicles	3,719,030	2,538,296	-	-	-
	571,232,914	**597,686,863**	**-**	**-**	**-**
Lease liabilities					
Current	79,711,572	58,162,017	-	-	-
Non-current	555,825,657	571,675,501	-	-	-
	635,537,229	**629,837,518**	**-**	**-**	**-**

Amounts recognised in profit or loss

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Depreciation charge for right-of-use assets					
Network sites	87,062,823	80,680,088	-	-	-
Offices and services centres	6,147,471	6,124,240	-	-	-
Motor vehicles	768,052	150,106	-	-	-
	93,978,346	**86,954,434**	**-**	**-**	**-**

Amounts recognised in the statement of cashflows

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Principal elements of lease payments	61,867,099	48,778,923	-	-	-
Interest paid on lease liabilities	98,991,766	97,016,317	-	-	-
	160,858,865	**145,795,240**	**-**	**-**	**-**

The movement in right-of-use assets is as follows:	2020 Ushs '000	2019 Ushs '000
At 1 January	597,686,863	637,319,330
Additions	67,524,397	47,321,967
Depreciation	(93,978,346)	(86,954,434)
As at end of year	**571,232,914**	**597,686,863**

The movement in lease liabilities is as follows:	2020 Ushs '000	2019 Ushs '000
At 1 January	629,837,518	631,675,578
Additions	67,524,397	47,355,916
Interest expense	98,991,766	97,016,317
Repayments	(160,858,864)	(145,795,240)
Foreign exchange gains	42,413	(415,053)
As at end of year	**635,537,230**	**629,837,518**

Extension options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

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

As at 31 December 2020, potential future cash outflows of Ushs 311,112 million (undiscounted) have been included in the lease liability because it is reasonably certain that the leases will be extended (or not terminated) (2019: Ushs 314,564 million).

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

19. Intangible assets

	Licence fee Ushs '000	IT Software Ushs '000	Total Ushs '000
At 1 January 2016 (restated)			
Cost	6,844,000	270,114,492	276,958,492
Accumulated amortisation	(6,065,846)	(142,382,930)	(148,448,776)
Net book amount	**778,154**	**127,731,562**	**128,509,716**
Year ended 31 December 2016			
Opening net book amount	778,154	127,731,562	128,509,716
Additions	-	63,180,360	63,180,360
Amortisation	(343,138)	(58,106,664)	(58,449,802)
Reallocations:			
-cost	-	433,249	433,249
-accumulated depreciation	-	(433,249)	(433,249)
Disposals:			
-cost	-	(11,806,317)	(11,806,317)
-accumulated depreciation	-	11,806,317	11,806,317
Closing net book amount	**435,016**	**132,805,258**	**133,240,274**
At 31 December 2016			
Cost	6,844,000	321,921,784	328,765,784
Accumulated amortisation	(6,408,984)	(189,116,526)	(195,525,510)
Net book amount	**435,016**	**132,805,258**	**133,240,274**

	Licence fee Ushs '000	IT Software Ushs '000	Total Ushs '000
Year ended 31 December 2017			
Opening net book amount	435,016	132,805,258	133,240,274
Additions	-	75,021,740	75,021,740
Amortisation	(342,200)	(60,708,553)	(61,050,753)
Other Movements	-	(5,799)	(5,799)
Disposals:			
-cost	-	(11,601,333)	(11,601,333)
-accumulated depreciation	-	11,601,333	11,601,333
Closing net book amount	**92,816**	**147,112,646**	**147,205,462**

	Licence fee Ushs '000	IT Software Ushs '000	Total Ushs '000
At 1 January 2018 (restated)			
Cost	6,844,000	385,336,392	392,180,392
Accumulated amortisation	(6,751,184)	(238,223,746)	(244,974,930)
Net book amount	**92,816**	**147,112,646**	**147,205,462**
Year ended 31 December 2018			
Opening net book amount	92,816	147,112,646	147,205,462
Additions	-	44,608,792	44,608,792
Amortisation	(92,816)	(62,006,220)	(62,099,036)
Other movements	-	1,321	1,321
Write-offs:			
- cost	(6,844,000)	-	(6,844,000)
- accumulated depreciation	6,844,000	-	6,844,000
Closing net book amount	**-**	**129,716,539**	**129,716,539**
At 1 January 2019 (restated)			
Cost	-	429,946,505	429,946,505
Accumulated amortisation	-	(300,229,966)	(300,229,966)
Net book amount	**-**	**129,716,539**	**129,716,539**
Year ended 31 December 2019			
Opening net book amount	-	129,716,539	129,716,539
Additions	515,485	79,217,869	79,733,354
Amortisation	(15,109)	(57,018,897)	(57,034,006)
Other movements	-	(102,100)	(102,100)
Write-offs:			
- cost	-	(212,306,313)	(212,306,313)
- accumulated depreciation	-	212,306,311	212,306,311
Closing net book amount	**500,376**	**151,813,409**	**152,313,785**
At 31 December 2019 (restated)			
Cost	515,485	296,755,961	297,271,446
Accumulated amortisation	(15,109)	(144,942,552)	(144,957,661)
Net book amount	**500,376**	**151,813,409**	**152,313,785**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

	Licence fee Ushs '000	IT Software Ushs '000	Total Ushs '000
Year ended 31 December 2020			
Opening net book amount	500,376	151,813,409	152,313,785
Additions	381,522,012	64,938,591	446,460,603
Amortisation	(17,704,624)	(62,859,740)	(80,564,364)
Write-offs:			
- cost	-	(19,591,367)	(19,591,367)
- accumulated depreciation	-	17,805,876	17,805,876
Closing net book amount	**364,317,764**	**152,106,769**	**516,424,533**
At 31 December 2020			
Cost	382,037,497	342,103,185	724,140,682
Accumulated amortisation	(17,719,733)	(189,996,416)	(207,716,149)
Net book amount	**364,317,764**	**152,106,769**	**516,424,533**

20. Inventories

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Airtime cards, sim cards, phones and accessories	10,326,870	4,433,754	6,796,691	12,451,840	33,722,614
Provision for obsolete stock	(2,162,435)	(3,493,908)	(3,958,608)	(7,786,525)	(19,666,392)
	8,164,435	**939,846**	**2,838,083**	**4,665,315**	**14,056,222**
Inventories expensed	15,581,686	22,488,189	23,848,376	30,475,861	42,458,855

Movement in the provision

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Provision at start of the year	(3,493,908)	(3,958,608)	(7,786,525)	(19,666,392)	(6,409,217)
Movement for the year	1,331,473	464,700	3,827,917	11,879,867	(13,257,175)
Closing balance	**(2,162,435)**	**(3,493,908)**	**(3,958,608)**	**(7,786,525)**	**(19,666,392)**

21. Trade and other receivables

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Trade receivables	70,915,635	92,259,258	89,426,003	89,720,009	103,007,653
Loss allowance	(7,165,364)	(19,762,703)	(22,550,504)	(33,605,524)	(16,029,137)
Trade receivables - net	**63,750,271**	**72,496,555**	**66,875,499**	**56,114,485**	**86,978,516**
Prepayments	31,782,867	24,356,862	24,856,300	20,033,905	7,341,507
Receivables from related parties [note 27]	57,790,205	72,243,601	63,129,463	102,577,222	122,025,038
Other receivables	4,225,230	4,033,956	59,086,458	25,452,692	89,402,949
	157,548,573	**173,130,974**	**213,947,720**	**204,178,304**	**305,748,010**

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

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
As at start of year	19,762,703	22,550,504	33,605,524	16,029,137	13,739,107
(Release)/charge to profit and loss	(8,431,783)	(2,787,801)	3,145,516	17,576,387	2,290,030
Written off during the year	(1,807,737)	-	(14,200,536)	-	-
As at end of year	**9,523,183**	**19,762,703**	**22,550,504**	**33,605,524**	**16,029,137**
Consisting of:					
Trade receivables	7,165,364	19,762,703	22,550,504	33,605,524	16,029,137
Receivables from related parties	803,943	-	-	-	-
Other receivables	1,553,876	-	-	-	-
	9,523,183	**19,762,703**	**22,550,504**	**33,605,524**	**16,029,137**

22. Trade and other payables

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Trade payables	27,298,489	125,365,389	101,723,007	95,726,578	129,175,650
Payables to related parties (note 27)	35,181,563	50,146,192	60,340,338	95,570,729	100,746,263
Other creditors and accruals	237,784,040	160,026,615	189,532,573	172,278,138	167,820,677
	300,264,092	**335,538,196**	**351,595,918**	**363,575,445**	**397,742,590**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

23. Payables and provisions

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Non-current contract liabilities	3,240,024	-	-	-	-
Provisions	8,935,329	8,442,972	11,623,476	8,971,307	4,461,013
	12,175,353	**8,442,972**	**11,623,476**	**8,971,307**	**4,461,013**

	At start of year	Additional provisions	Utilised/ reversed	At end of year	Non-Current Provision	Current provision
Year ended 31 December 2016						
Bonus Provision	4,273,816	5,645,263	(8,098,449)	1,820,630	-	1,820,630
Notional share options	7,622,415	(1,135,918)	(520,024)	5,966,473	4,461,013	1,505,460
	11,896,231	**4,509,345**	**(8,618,473)**	**7,787,103**	**4,461,013**	**3,326,090**
Year ended 31 December 2017						
Bonus Provision	1,820,630	8,004,147	(3,343,539)	6,418,238	-	6,481,238
Notional share options	5,966,473	6,183,484	(151,110)	11,998,847	8,971,307	3,027,540
	7,787,103	**14,187,631**	**(3,494,649)**	**18,417,085**	**8,971,307**	**9,508,778**
Year ended 31 December 2018						
Bonus Provision	6,481,238	8,572,010	(7,321,726)	7,731,522	-	7,731,522
Notional share options	11,998,847	1,942,452	(1,031,811)	12,909,488	11,623,476	1,286,012
	18,480,085	**10,514,462**	**(8,353,537)**	**20,641,010**	**11,623,476**	**9,017,534**
Year ended 31 December 2019						
Bonus provision	7,731,522	9,252,289	(8,277,286)	8,706,525	-	8,706,525
Notional share options	12,909,488	7,567,472	(1,426,872)	19,050,088	8,422,972	10,627,116
	20,641,010	**16,819,761**	**(9,704,158)**	**27,756,613**	**8,422,972**	**19,333,641**
Year ended 31 December 2020						
Bonus provision	8,706,525	7,721,642	(7,827,482)	8,600,685	-	8,600,685
Notional share options	19,050,088	6,206,602	(5,694,245)	19,562,445	8,935,329	10,627,116
	27,756,613	**13,928,244**	**(13,521,727)**	**28,163,130**	**8,935,329**	**19,227,801**

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

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

24. Operating lease commitments

	2020	2019	2018	2017	2016
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Within 1 year	-	-	131,851,621	122,424,942	117,996,077
More than 1 year but less than 5 years	-	-	489,947,932	119,308,066	114,466,956
5 years and more			461,266,637	238,487,502	343,400,868
	-	**-**	**1,083,066,190**	**480,220,510**	**575,863,901**

25. Capital commitments

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

	2020	2019	2018	2017	2016
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Property, plant and equipment					
Authorised and contracted for	16,371,157	13,442,301	62,046,985	46,177,220	38,626,404
Authorised but not contracted for	319,164,266	282,950,388	149,172,441	161,215,543	146,314,124
	335,535,423	**296,392,689**	**211,219,426**	**207,392,763**	**184,940,528**
Intangible assets - software					
Authorised and contracted for	1,813,867	13,895,072	11,597,418	-	16,516,955
Authorised but not contracted for	42,802,123	28,277,413	25,676,599	42,708,929	60,987,441
	44,615,990	**42,172,485**	**37,274,017**	**42,708,929**	**77,504,396**
	380,151,413	**338,565,174**	**248,493,443**	**250,101,692**	**262,444,924**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

26. Cash generated from operations

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Reconciliation of profit before income tax to cash generated from operations:					
Profit before income tax	460,378,893	379,452,354	308,150,735	227,093,193	137,670,960
Adjustments for:					
Depreciation and impairment (notes 17 and 19)	249,902,429	244,631,577	159,534,350	167,988,187	134,939,023
Amortisation of non-current prepayments	-	-	6,185,445	7,431,343	12,198,423
Amortisation of intangible assets (note19)	80,564,364	57,034,006	62,099,036	61,050,753	58,449,802
Gain on sale of property, plant and equipment	(3,564,518)	(479,599)	(434,020)	(508,108)	(498,059)
Other movements in property, plant and equipment (note 17)	3,332	(1,242,320)	3,926,198	69,491	-
Other movements in intangible assets (note19)	1,785,491	102,102	(1,322)	5,799	-
Interest and other changes in borrowings (note 15)	34,551,223	25,297,685	32,269,809	41,145,107	28,610,076
Interest and other changes in lease liabilities (note 18)	99,034,179	90,991,461	-	-	-
Interest income (note 10)	(3,565,949)	(3,517,824)	(9,592,454)	(1,743,825)	(4,711,901)
Unrealised foreign exchange losses on borrowings	-	-	-	1,740,710	10,142,488
Other foreign exchange movements	4,120,795	4,989,838	5,062,212	3,455,716	7,911,609
Changes in working capital:					
Inventories	(7,224,589)	1,898,237	1,827,232	9,390,907	23,517,121
Trade and other receivables	1,458,475	43,133,013	(21,996,943)	101,569,706	(65,797,446)
Contract assets	(7,470,632)	(4,863,151)	(2,488,116)	-	-
Contract liabilities	(9,681,496)	(9,610,262)	2,258,209	(20,796,131)	(20,200,861)
Trade and other payables	(35,274,104)	(16,057,722)	(11,979,527)	(34,167,145)	(107,425,659)
Provisions	3,646,541	7,115,603	2,160,925	10,692,982	(4,109,128)
Cash generated from operations	**868,664,434**	**818,874,998**	**536,981,769**	**574,418,685**	**210,696,448**

27. Related party transactions

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

i) Sale of goods and services

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Nilecom (U) Limited	1,445,256	1,341,325	55,278,097	96,714,455	94,298,133
MTN Rwandacell	1,752,107	2,103,703	7,684,932	17,721,880	18,761,450
Belgacom International Carrier Services	-	15,119,202	51,350,597	21,655,728	24,857,861
MTN South Africa	375,169	1,672,267	3,852,269	527,781	1,328,895
MTN Botswana	-	-	-	2,661	6,896
MTN Zambia	1,570,330	1,434,095	11,836,882	16,675,989	14,718,598
MTN Swaziland	537,499	486,598	4,632,716	6,525,161	5,862,486
MTN Business Solutions Kenya	341,252	256,736	311,881	636,159	667,731
MTN Dubai	18,505	-	66,571	996,803	1,318,995
MTN Sudan	-	-	-	7,329,685	5,354,791
MTN South Sudan	2,261,486	17,214,583	16,399,960	-	-
MTN Global Connect Solutions Limited	79,506,709	36,953,632	778,504	-	-
MTN Sudan	8,953	36,803	113,159	-	-
MTN Ghana	-	12,380	42,786	-	-
MTN Guinea Bissau	-	189	1,155	-	-
MTN Congo Brazzaville	-	3,982	7,232	-	-
MTN Ivory Coast	-	3,518	11,164	-	-
MTN Cameroon	-	4,613	10,265	-	-
MTN Benin	-	2,556	1,878	-	-
MTN Management Services	233,772	274,700	76,076	-	-
MTN Nigeria	165,983	220,506	164,210	-	-
	88,217,021	**77,141,388**	**152,620,334**	**168,786,302**	**167,175,836**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

ii) Purchase of goods and services

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
MTN Rwandacell	4,617,829	2,820,984	4,344,185	3,696,887	3,422,099
MNT Dubai	-	-	197,988	12,565,309	7,682,948
Belgacom International Carrier Services	57,909	4,844,456	9,697,499	13,599,908	15,190,132
MTN International (Mauritius) Limited	129,441	1,001,731	778,680	61,619	390,815
Global Trading Company	-	-	8,675	-	-
MTN Business Solutions (Pty) Ltd	-	-	-	6,819	-
MTN South Africa	-	181,397	192,192	11,089	30,523
MTN Botswana	-	-	-	426	1,102
MTN Zambia	-	19,639	1,768,824	1,070	4,242
MTN Swaziland	-	-		361	777
MTN Management Services	105,015	151,733	88,011	125,924	74,809
Interserve Overseas Ltd (BVI)	28,000	-	13,880	70,178	204,346
ATC Uganda Limited	-	8,731	124,556,142	107,566,937	100,476,610
MTN South Sudan	601,047	4,402,503	3,463,432	1,844,448	1,292,838
MTN Nigeria	-	105,556	116,545	-	5,553
MTN International Pty	-	-		-	4,406
MTN Global Connect Solutions Limited	48,516,893	25,572,762	12,053,049	-	-
MTN Sudan	-	38,306	79,441	-	-
MTN Ghana	-	8,731	30,851	-	-
MTN Ivory Coast	-	2,079	104	-	-
MTN Cameroon	-	3,213	3,421	-	-
MTN Namibia	-	1,376	8,074	-	-
MTN Congo Brazzaville	-	1,617	825	-	-
MTN Benin	-	954	4374	-	-
	-	-	1,884	-	-
	54,056,134	**39,165,768**	**157,408,076**	**139,550,975**	**128,781,200**

iii) Purchase of services

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Management and technical fees:					
Invesco Uganda Limited	1,448,362	1,464,278	1,497,849	1,444,768	2,868,956
MTN International (Mauritius) Limited	56,465,783	51,642,375	46,508,596	40,805,714	37,164,298
Global Trading Company	2,446,404	2,329,137	3,898,786	5,989,958	5,393,531
	60,360,549	**55,435,790**	**51,905,231**	**48,240,440**	**45,426,785**

iv) Receivables from related parties

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
Receivables due within one year (note 21)					
Belgacom International Carrier Services	5,944	1,154,463	14,463,986	12,977,186	11,703,117
MTN Sea Shared Services	-	-	-	25,110,354	25,110,354
MTN Management Services Company	3,729,842	5,477,208	4,168,185	1,658,243	310,107
MTN Rwandacell	4,144,646	3,124,176	4,956,624	16,157,616	4,584,799
MTN Dubai Limited	268,981	721,938	736,997	1,803,394	46,402,588
MTN Swaziland	577,329	1,990,534	2,950,417	968,719	1,839,654
MTN South Sudan	13,458,882	29,816,073	17,998,438	22,869,799	17,035,770
MTN Zambia	6,686,678	5,498,081	7,475,217	6,694,943	9,287
MTN Botswana	37,611	47,594	48,178	47,269	43,982
MTN Iran	2,611	2,751	2,785	732	722
Nilecom (U) Limited	2,141,118	3,069,519	3,975,957	9,758,099	9,433,340
MTN Nigeria	10,222	18,414	170,558	6,695	18,076
MTN Ghana	7,976	7,940	42,044	(11,745)	(11,588)
MTN Guinea Bissau	7,325	7,120	8,340	15,053	14,746
MTN South Africa	3,131,364	3,306,755	2,580,623	2,450,832	1,893,095
MTN Business Solutions Kenya	1,586,641	1,467,746	1,228,975	892,969	2,524,444
MTN Pty				22,809	22,505
MTN Sudan	1,277,070	1,233,716	1,211,871	1,080,243	1,065,849
MTN Liberia	5,857	5,694	5,763	5,655	5,579
MTN Conakry	316,750	224,332	135,687	55,699	13,244
MTN Congo Brazzaville	82,193	63,634	19,079	12,658	5,368
MTN Global Connect Solutions Limited	20,298,689	14,978,252	924,799	-	-
MTN Ivory Coast	6,526	16,067	12,727	-	-
MTN Cameroon	-	-	10,136	-	-
MTN Namibia	-	-	41	-	-
MTN Afghanistan Limited	5,950	7,046	-	-	-
MTN Benin	-	4,548	2,036	-	-
Sub-total	**57,790,205**	**72,243,601**	**63,129,463**	**102,577,222**	**122,025,038**
Receivables due after one year (note 16)					
MTN South Sudan	-	5,218,856	12,227,527	-	-
Total receivables due from related parties	**57,790,205**	**77,462,457**	**75,356,990**	**102,577,222**	**122,025,038**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

v) Payables to related parties (note 22)

	2020 Ushs '000	2019 Ushs '000	2018 Ushs '000	2017 Ushs '000	2016 Ushs '000
MTN International (Mauritius) Limited - management fees	5,107,343	12,372,744	27,159,872	32,199,968	6,726,110
MTN International Pty	-	-	-	88,982	190,548
MTN Dubai Limited	399,727	979,987	22,096	13,795,934	2,675,025
Belgacom International Carrier Services	192,967	129,495	3,553,173	3,222,481	4,529,503
MTN South Africa	-	287,570	110,851	193,121	71,680
MTN Group Management Services Company	2,858,396	2,288,301	3,012,450	3,105,915	2,663,333
MTN Rwandacell	5,137,695	3,334,999	2,774,844	5,024,031	3,746,512
MTN Ghana	131,112	21,676	45,928	(565)	(558)
MTN SEA Shared Services	-	-	-	27,825,907	73,135,353
MTN Global Trading Company	-	167,253	315,645	2,021,016	6,024
MTN Botswana	7,411	8,334	8,436	8,277	7,742
MTN Zambia	9,010	74,522	55,709	13,649	12,443
MTN Swaziland	4,155	4,149	4,200	4,121	3,706
MTN Sudan	-	726,442	696,866	607,287	599,195
MTN International Holdings Limited	-	-	-	56,321	50,191
Interserve BV	-	2,286,146	2,040,125	1,275,123	1,844,113
MTN South Sudan	12,202,838	12,581,032	8,331,245	5,269,047	3,903,848
MTN Business Solutions	-	-	-	659,034	179,880
MTN Cameroon	-	-	9,046	-	18,075
MTN Nigeria	-	-	115,210	-	185,140
MTN Irancell	202,737	202,461	204,947	201,080	198,400
MTN Global Connect Solutions Limited	8,928,172	14,662,857	11,869,490	-	-
MTN Ivory Coast	-	6,326	2,169	-	-
MTN Namibia	-	3,437	2,096	-	-
MTN Congo Brazzaville	-	5,521	3,839	-	-
MTN Benin	-	2,940	1,937	-	-
MTN Guinea Bissau	-	-	164	-	-
	35,181,563	**50,146,192**	**60,340,338**	**95,570,729**	**100,746,263**

28. Correction of material errors in classification of network software Licences

In April 2020, the Company reviewed the asset classification against the MTN Group standard classification, and some misalignments were identified that resulted in asset category changes. The major change was discovered in the classification and presentation of network software Licences not integral to the function of the network equipment. This resulted in a material understatement of intangible assets recognised for the 2019 and prior financial years and a corresponding overstatement of property, plant and equipment.

This has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Statement of financial position (extract)	31-Dec-19	(Decrease)/ Increase	31/12/2019 Restated	31-Dec-18	(Decrease)/ Increase	31/12/2018 Restated	31-Dec-2017	(Decrease)/ Increase	31/12/2017 Restated
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Property, plant and equipment	809,531,206	(95,651,319)	713,879,887	782,967,154	(81,187,578)	701,779,576	763,116,262	(82,846,213)	680,270,049
Intangible assets	56,662,466	95,651,319	152,313,785	48,528,961	81,187,578	129,716,539	64,359,249	82,846,213	147,205,462
	866,193,672	**-**	**866,193,672**	**831,496,115**	**-**	**831,496,115**	**827,475,511**	**-**	**827,475,511**

Statement of financial position (extract continued)

	31-Dec-16	(Decrease)/ Increase	31/12/2016 Restated
	Ushs '000	Ushs '000	Ushs '000
Property, plant and equipment	713,063,126	(50,956,232)	662,106,894
Intangible assets	82,284,042	50,956,232	133,240,274
	795,347,168	**-**	**795,347,168**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

Statement of comprehensive income (extract)

	2019	Profit Increase/ (Decrease)	2019
	Ushs '000	Ushs '000	Ushs '000
Depreciation	(268,816,739)	24,185,162	(244,631,577)
Amortisation	(32,848,844)	(24,185,162)	(57,034,006)
	(301,665,583)	**-**	**(301,665,583)**

	2018	Profit Increase/ (Decrease)	2018
	Ushs '000	Ushs '000	Ushs '000
Depreciation	(177,978,799)	18,444,449	(159,534,350)
Amortisation	(43,654,587)	(18,444,449)	(62,099,036)
	(221,633,386)	**-**	**(221,633,386)**

	2017	Profit Increase / (Decrease)	2017
	Ushs '000	Ushs '000	Ushs '000
Depreciation	(179,158,594)	11,170,407	(167,988,187)
Amortisation	(49,880,346)	(11,170,407)	(61,050,753)
	(229,038,940)	**-**	**(229,038,940)**

	2016	Profit Increase / (Decrease)	2016
	Ushs '000	Ushs '000	Ushs '000
Depreciation	(141,872,287)	6,933,264	(134,939,023)
Amortisation	(51,516,538)	(6,933,264)	(58,449,802)
	(193,388,825)	**-**	**(193,388,825)**

29. Cash and cash equivalents

	2020	2019	2018	2017	2016
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Cash at bank	49,070,282	108,224,910	92,020,430	39,555,427	35,356,086
Cash at hand	14,527	28,895	37,303	5,034,912	4,034,912
Deposits on call (mobile money)	10,085,716	1,134,097	500,000	500,000	500,000
	59,170,525	**109,387,902**	**92,557,733**	**45,090,339**	**39,890,998**

30. Mobile money deposits

	2020 Ushs '000	2019 Ushs '000	2018 Restated Ushs '000	2017 \ Restated Ushs '000	2016 Restated Ushs '000
Mobile money deposits	655,351,841	450,355,234	407,945,136	315,087,526	308,031,866

There is limited accounting guidance in IFRS relating to MoMo customers' balances held with banks. The Company recognises MoMo balances based on its assessment of the risks and rewards relating to the underlying financial asset. The Company's exposure to credit risk on the financial assets held with the various banks was considered a key factor in the overall evaluation as any credit risk assumed potentially exposed the Company to refund MoMo customers in the event of any bank failure.

As a result of the uncertain and evolving legal and regulatory environment, this assessment has become increasingly complex and dependent on legal interpretations that are largely untested. The Company has however noticed that, as the MoMo products mature and the regulatory and legal positions are codified, the underlying exposure to its MoMo customers is clarified ultimately resulting in the MoMo balances being recorded on the statement of financial position. Given that the legal and regulatory positions relating to MoMo have not yet been fully clarified, the Company has reviewed and changed its current accounting policy as set out below.

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

31. MTN Mobile Money Uganda Limited

To comply with the National Payments Systems Act enacted into law on 4 September 2020, the Company must establish a subsidiary legal entity to issue electronic money within 6 months of the commencement of the law; and to obtain a Licence from the Central Bank for the Mobile Financial Services Business (MFS). The Company has incorporated a 100% owned subsidiary, MTN Mobile Money Uganda Limited, to which it will transfer its mobile financial services business, and related assets and liabilities by the end of 2021. The Company will prepare Group financial statements, consolidating the financial statements of the company with those of MTN Mobile Money Uganda Limited for the year ending 31 December 2021, and thereafter.

The financial effect of this line of business, included in the financial statements for the years ended 31 December 2020 and 31 December 2019 are as follows:

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

Effect on the statement of comprehensive income	2020 Ushs '000	2019 Ushs '000
Revenue from contracts with customers	443,525,030	394,656,420
Expenses	(234,776,488)	(231,343,109)
Profit before tax	208,748,542	163,313,311
Income tax expense	(62,624,562)	(48,993,994)
Profit for the year	**146,123,980**	**114,319,317**

Effect on the statement of cash flow	2020 Ushs '000	2019 Ushs '000
Net cash inflow from operating activities	146,123,980	114,319,317
Net cash inflow/(outflow) from investing activities	-	-
Net cash inflow from financing activities	-	-
Net increase in cash generated	**146,123,980**	**114,319,317**

The following assets and liabilities were related to the mobile business as at 31 December 2020.

		2020 Ushs '000
Assets associated with the mobile money business		
Trade and other receivables		28,380,812
Mobile money deposits	30	655,351,841
Total assets		**683,732,653**
Liabilities directly associated with the mobile money business:		
Trade and other payables		4,194,422
Mobile money deposits	30	655,351,841
Total liabilities		**659,546,263**

32. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Borrowings Ushs '000	Lease Liabilities Ushs '000	Total Ushs '000
Year ended 31 December 2020			
Balance as at 1 January 2020	**192,429,011**	**629,837,518**	**822,266,529**
Changes from financing cash flows			
Amounts received from borrowings	348,518,960	-	348,518,960
Repayment of borrowings	(153,623,344)	-	(153,623,344)
Principal Lease payments	-	(61,867,099)	(61,867,099)
Total changes from financing cash flows	**194,895,616**	**(61,867,099)**	**133,028,517**
Other changes related to liabilities			
Interest expense	39,202,215	98,991,766	138,193,981
Interest expense paid	(33,650,902)	(98,991,766)	(132,642,668)
New lease liabilities	-	67,524,398	67,524,398
Unrealised foreign exchange gain/loss	(4,650,992)	42,413	(4,608,579)
Total other changes related to liabilities	**900,321**	**67,566,812**	**73,075,711**
Balance at 31 December 2020	**388,224,948**	**635,537,230**	**1,023,762,178**

	Borrowings Ushs '000	Lease Liabilities Ushs '000	Total Ushs '000
Year ended 31 December 2019			
Balance as at 1 January 2019	**305,600,696**	**631,675,578**	**937,276,274**
Changes from financing cash flows	**-**	**-**	**-**
Amounts received from borrowings	60,062,500	-	60,062,500
Repayment of borrowings	(171,521,000)	-	(171,521,000)
Principal Lease payments	-	(48,778,923)	(48,778,923)
Total changes from financing cash flows	**(111,458,500)**	**(48,778,923)**	**(160,237,423)**
Other changes related to liabilities			
Interest expense	25,959,925	97,016,317	122,976,242
Interest expense paid	(27,010,870)	(97,016,317)	(124,027,187)
New lease liabilities	-	47,355,916	47,355,916
Unrealised foreign exchange gain/(loss)	(662,240)	(415,053)	(1,077,293)
Total other changes related to liabilities	**(1,713,185)**	**46,940,863**	**45,227,678**
Balance as at 31 December 2019	**192,429,011**	**629,837,518**	**822,266,529**

Notes to the financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 continued

	Borrowings Ushs '000	Lease Liabilities Ushs '000	Total Ushs '000
Year ended 31 December 2018			
Balance as at 1 January 2018	344,855,325	-	344,855,325
Changes from financing cash flows			-
Amounts received from borrowings	115,000,000	-	115,000,000
Repayment of borrowings	(156,369,750)	-	(156,369,750)
Principal Lease payments	-	-	-
Total changes from financing cash flows	**(41,369,750)**	**-**	**(41,369,750)**
Other changes related to liabilities			
Interest expense on lease liabilities	30,403,935	-	30,403,935
Interest expense paid	(30,154,688)	-	(30,154,688)
Unrealised foreign exchange gain/loss	1,865,874	-	
Total other changes related to liabilities	**2,115,121**	**-**	**2,115,121**
Balance as at 31 December 2018	**305,600,696**	**-**	**305,600,696**
Year ended 31 December 2017			
Balance as at 1 January 2017	402,385,599	-	402,385,599
Changes from financing cash flows			
Repayment of borrowings	(56,945,250)		(56,945,250)
Total changes from financing cash flows	**(56,945,250)**	**-**	**(56,945,250)**
Other changes related to liabilities			
Interest expense on lease liabilities	41,145,107	-	41,145,107
Interest expense paid	(43,470,841)	-	(43,470,841)
Unrealised foreign exchange gain/loss	1,740,710	-	
Total other changes related to liabilities	**(585,024)**	**-**	**(585,024)**
Balance as at 31 December 2017	**344,855,325**	**-**	**344,855,325**
Year ended 31 December 2016			
Balance as at 1 January 2016	**-**	**-**	**-**
Changes from financing cash flows			**-**
Amounts received from borrowings	387,609,818		387,609,818
Total changes from financing cash flows	**387,609,818**	**-**	**387,609,818**
Other changes related to liabilities			
Interest expense on lease liabilities	28,610,076	-	28,610,076
Interest expense paid	(23,976,783)	-	(23,976,783)
Unrealised foreign exchange gain/loss	10,142,488	-	
Total other changes related to liabilities	**14,775,781**	**-**	**4,633,293**
Balance as at 31 December 2016	**402,385,599**	**-**	**402,385,599**

33. Contingent Liabilities

i) Following a tax audit conducted by the Uganda Revenue Authority (URA) covering the financial years of 2003 to 2009, the URA disallowed certain expenses and issued revised income tax assessments in December 2011 for those periods. The impact of this would be Ushs 10,500 million. The Company did not agree with these assessments and declared a dispute, following which the matter was referred to the court mediation process stipulated in the Uganda Income Tax Act. The key tax issues referred to mediation included the treatment of brand expense and management fees.

As part of this case, the Company has also decided to allow the Mutual Agreement Procedure (MAP) to be concluded as provided for under the provisions of the Double Taxation Agreement (DTA) between Uganda and South Africa. Although the contingency virtually cancels out from a Group perspective, it should be noted that the Company holds the view that the URA is unlikely to succeed with their claim.

ii) The Company is also a defendant in a number of other legal suits. In the opinion of the directors, after taking appropriate legal advice, the outcome of the actions will not give rise to any significant loss.

iii) The Uganda Communications Commission (UCC) gave the Company a new operating Licence effective 1 July 2020 following the expiry, on 20 October 2018, of the initial 20-year Licence. The Company paid USD 100 million to the UCC for the new Licence.

Following the issuance of the new Licence (and receipt of payment for the same), the UCC, on 22 July 2020, gave the Company another invoice of Ushs 50 billion (USD 14 million) demanding payment for Licence fees covering the transition period 21 October 2018 to 30 June 2020.The Company disagreed with UCC's Ushs 50 billion (USD 14 million) transition period Licence fees on grounds that the UCC erred in its Licence fee derivation approach by prorating the USD 100 million fee for the new operating Licence to the transition period. The Company contends that, in deriving the Licence fee for the transition period, UCC should prorate the USD 6 million fee for the initial Licence to the transition period.

In September 2020, the Company, in a formal application for judicial review to the High Court, demanded that UCC should vacate its demand for the Ushs 50 billion (USD 14 million) . At the date of these financial statements, the High Court had not yet pronounced itself on this matter. Consequently, management has included a provision of Ushs 2 billion (USD 500,000) in these financial statements (being their estimate of the appropriate Licence fee for the transition period) and disclosed the Ushs 48 billion (USD 13.5 million) (being the difference between the Ushs 50 billion (USD 14 million) Licence fee and the Ushs 2 billion (USD 500,000) Licence fee provision) as a contingent liability that is dependent on the outcome of the judicial review process.

34. Impact of COVID-19 pandemic on the business

The pandemic resulted in the implementation of moderate to strict government restrictions since April 2020, following which restrictions began to be eased to varying degrees. We provide commentary on the main considerations arising from COVID-19, the impact on the business as well as the initiatives we have implemented to manage the pandemic's impact. The focus areas on which we provide an update are:

Social

As Telcos were designated as essential services by the government, our operations were not significantly disrupted. We continue to prioritise the health of our people and have empowered most of them to work remotely where possible. Our initiatives to manage the impact of the pandemic include: contributions to the Uganda government's efforts through donating motor vehicles, call centre resources and communication lines; a campaign to promote the wearing of masks; and subsidised data bundles to facilitate remote working in the market ("work from home"). For the months of April to June, the Company also temporarily did not charge transaction fees for sending mobile money, and has reduced charges since then.

Commercial

The commercial trends have been encouraging, with resilient data and voice traffic generally holding up at higher levels. Within fintech, the overall volume and value of transactions processed through our ecosystem also trended up from month to month. There were cost savings within marketing expenses as promotional activity was disrupted. Roaming revenue and costs were also impacted due to the limited movement of persons across borders.

Network and supply chain

The constraints of the COVID-19 pandemic have delayed the pace of rolling out sites, however our emphasis on the capacity and resilience of connectivity has ensured that our networks continue to remain stable and perform well.

Funding and liquidity

COVID-19 has not had a material impact on the company's funding or liquidity.

KPMG

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON CONDENSED INTERIM HISTORICAL FINANCIAL INFORMATION

TO THE DIRECTORS OF MTN UGANDA LIMITED

Introduction

We have reviewed the accompanying condensed interim financial statements of MTN Uganda Limited ("the Company") set out on pages 191 to 202, which comprise the condensed statement of financial position as at 30 June 2021, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended, and notes to the condensed interim financial statements, including a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the condensed interim financial statements

The Directors are responsible for the preparation of these condensed interim financial statements in accordance with IAS 34:Interim Financial Reporting, and for such internal control as Directors determine is necessary to enable preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's responsibilities

Our responsibility is to express a conclusion on the accompanying condensed interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of condensed financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these condensed financial statements do not present fairly, in all material respects, the financial position of MTN Uganda Limited as at 30 June 2021, and its financial performance and cash flows for the six-month period ended in accordance with the requirements of IAS 34:*Interim Financial Reporting*.

The engagement partner responsible for the review resulting in this independent practitioner's review report is CPA Stephen Ineget - P0401.

KPMG

Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P.O. Box 3509
Kampala, Uganda

CPA Stephen Ineget

21 September 2021

Condensed statement of comprehensive income for the period 1 January 2021 to 30 June 2021

	Note	1 January 2021 to 30-Jun-21 Ushs '000	1 January 2020 to 30-Jun-20 Ushs '000
Revenue	4	994,306,081	900,852,110
Direct network and technology operating costs		(118,974,407)	(115,843,089)
Government and regulatory costs		(28,509,483)	(25,715,885)
Costs of handsets and other accessories		(6,944,880)	(7,827,189)
Interconnect and roaming costs		(33,381,641)	(40,313,965)
Employee benefits		(51,695,048)	(48,075,007)
Selling, distribution and marketing expenses		(178,042,402)	(151,885,726)
Other operating expenses		(64,757,655)	(68,625,673)
Earnings before interest tax depreciation and amortisation		**512,000,565**	**442,565,576**
Depreciation and impairment of property, plant and equipment and right-of-use assets		(180,225,575)	(128,452,808)
Amortisation of intangible assets		(48,956,287)	(22,014,345)
Profit from operations		**282,818,703**	**292,098,423**
Finance income		2,222,566	2,953,293
Finance costs		(76,941,452)	(81,339,244)
Profit before taxation		**208,099,817**	**213,712,472**
Taxation		(77,401,652)	(64,842,449)
Profit after taxation		**130,698,165**	**148,870,023**

Condensed statement of financial position as at 30 June 2021

	Note	30 June 2021 Ushs '000	31 December 2021 Ushs '000
Assets			
Non-current assets			
Property and equipment	6	772,728,205	727,131,137
Right of use asset		599,141,950	571,232,914
Intangible asset		495,289,267	516,424,533
Receivables and Prepayments		14,704,124	50,178,173
Contract assets		7,101,003	8,252,488
IRU Assets		43,640,982	-
		1,932,605,531	**1,873,219,245**
Current Assets			
Inventories	5	10,298,761	8,164,435
Trade and other receivables		205,913,105	157,548,573
Taxation prepaid		2,187,910	-
Restricted cash		8,194,712	-
Mobile Money deposits		680,564,789	655,351,841
Cash and cash equivalents		137,066,567	59,170,525
Contract assets		-	6,569,411
IRU Asset		4,952,383	-
		1,049,178,227	886,804,785
Total assets		**2,981,783,758**	**2,760,024,030**
Equity and liabilities			
Equity			
Share Capital and Premium	9	3,764	3,764
Retained earnings		743,126,898	725,950,972
		743,130,662	**725,954,736**
Non-current liabilities			
Borrowings		209,010,781	254,300,084
Deferred tax liabilities		3,777,003	9,865,153
Total long-term provisions		7,782,725	12,175,353
Lease Liabilities		581,096,305	555,825,657
IRU Liability		8,680,510	-
		810,347,324	**832,166,247**

Condensed statement of financial position as at 30 June 2021 (Continued)

	Note	30 June 2021 Ushs '000	31 December 2021 Ushs '000
Current liabilities			
Trade & other payables		464,175,168	300,264,092
Mobile Money payables		680,564,789	655,351,841
Contract liabilities		23,453,531	10,648,572
Provisions		16,024,704	19,227,801
Deferred income		2,022,924	-
IRU Liability		109,622	-
Borrowings		148,306,730	133,924,864
Lease Liabilities		93,648,304	79,711,572
Current income tax payable		-	2,774,305
		1,428,305,772	**1,201,903,047**
Total liabilities		**2,238,653,096**	**2,034,069,294**
Total equity and liabilities		**2,981,783,758**	**2,760,024,030**

Condensed statement of changes in equity for the period 1 January 2021 to 30 June 2021

	Note	Share capital Ushs '000	Retained earnings Ushs '000	Total Ushs '000
Year ended 31 December 2020				
At start of year (as originally presented and restated)		3,764	557,275,419	557,279,183
Profit for the year		-	321,682,153	321,682,153
Total comprehensive income for the year		**-**	**321,682,153**	**321,682,153**
Dividends declared and paid		-	(153,006,600)	(153,006,600)
At 31 December 2020		**3,764**	**725,950,972**	**725,954,736**
Period ended 30 June 2021				
At 1 January 2021		**3,764**	**725,950,972**	**725,954,736**
Profit for the period		-	130,698,165	130,698,165
Total comprehensive income for the period		**-**	**130,698,165**	**130,698,165**
Dividends declared and paid	7	-	(113,522,239)	(113,522,239)
At 30 June 2021		**3,764**	**743,126,898**	**743,130,662**

Condensed statement of cash flows for the period 1 January 2021 to 30 June 2021

	1 January 2021 to 30 June 2021 Ushs '000	1 January 2020 to 31 December 2020 Ushs '000
Cash generated from operations	573,976,821	868,664,434
Interest paid	(69,259,577)	(33,650,902)
Interest received	2,033,974	3,565,949
Interest paid on lease liabilities	-	(98,991,766)
Tax paid	(88,452,018)	(153,631,465)
Dividends paid to equity holders of the company	(113,522,239)	(153,006,600)
Cash generated from operations	**304,776,961**	**432,949,650**
Acquisition of property, plant and equipment and intangible assets	(124,027,286)	(170,113,887)
Acquisition of intangible assets	(25,591,739)	(446,460,603)
Proceeds from disposal of property, plant and equipment	2,853,846	4,499,740
Movement in investment and other investigation activities	(2,650,380)	-
Cash used in investing activities	**(149,415,559)**	**(612,074,750)**
Repayments of borrowings	(30,907,437)	(153,623,344)
Principal elements of lease payments	(42,140,878)	(61,867,099)
Movement in other financing activities	7,504,124	-
Proceeds from borrowings	-	348,518,960
Cash used in financing activities	**(65,544,191)**	**133,028,517**
Movement in cash at bank and in hand	89,817,211	(46,096,583)
Cash and cash equivalents at the beginning of the period	59,170,525	109,387,902
Effect of exchange rates and net monetary gain	(11,921,169)	(4,120,794)
Cash and cash equivalents at the end of the period	**137,066,567**	**59,170,525**

Notes to the condensed interim financial information for the six months period ended 30 June 2021

1. Reporting entity

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

MTN Uganda Limited
Plot 68-71, Jinja Road
P.O. Box 24624
Kampala
Uganda
Reg. No: P.498

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

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with IAS 34: *Interim Financial Reporting* as adopted by the International Accounting Standards Board (IASB).

The same accounting policies and methods of computation have been followed in the preparation of the condensed interim financial statements for the period 1 January 2021 to 30 June 2021 as compared with the annual financial statements for the year ended 31 December 2020.

3. Financial risk management

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

Market risk

(i) Foreign exchange risk

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

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

At 30 June 2021, if the Shilling had weakened/strengthened by 5% (2021: 5%) against the US dollar with all other variables held constant, post-tax profit for the year would have been Ushs 7,818 million lower/higher mainly as a result of US dollar receivables, payables, borrowings and bank balances.

(ii) Interest rate risk

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

At 30 June 2021, an increase/decrease of 5% in the interest rate would have resulted in a decrease/increase in post-tax profit impact of Ushs 17,227 million.

Credit risk

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

Risk management

Credit risk on financial assets with banking institutions is managed by dealing with institutions with strong balance sheets and a proven track record. The Company does not have any significant concentrations of credit risk. The Company credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored.

Notes to the condensed interim financial information for the six months period ended 30 June 2021

Impairment of financial assets

Trade receivables are subject to the Expected Credit Loss (ECL) model. While contract assets and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

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

The ECL for trade receivables, which comprise post-paid debtors, dealer debtors, mobile money debtors, interconnect debtors and roaming debtors is arrived at as a product of the probability of default, loss given default and exposure at default. The expected loss rates are based on the payment profiles of sales over a period of 30 months before 1 January 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company identified the inflation rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors. Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand.

The ECL for contract assets is arrived at as a product of the probability of default, loss given default and exposure at default. Cash and cash equivalents have been assessed for credit loss based on the credit rating of the financial institutions holding the assets.

The amount that best represents the Company's maximum exposure to credit risk at 30 June 2021 is made up as follows:

	30 June 2021 Ushs '000
Cash and cash equivalents	137,066,567
Mobile money deposits	680,564,789
Trade receivables	205,913,105
Non-current trade receivables	13,299,947
	1,036,844,408

Security

Except for post-paid and dealer trade receivables, no collateral is held for any of the above assets. Some post-paid subscribers are required to pay a security deposit before being connected onto the Company's network. Dealer debtors are also required to present post-dated cheques and bank guarantees before being granted credit. The Company does not grade the credit quality of receivables.

All receivables that are neither past due nor impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

As at 30 June 2021, below were the impaired assets:

	30 June 2021 Ushs '000
Total trade receivables	109,022,620
Past due, impaired	94,416,457
Impairment	(8,305,775)

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

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

	Less than 1 year Ushs '000	Between 1 and 2 years Ushs '000	Between 2 and 5 years Ushs '000	More than 5 years Ushs '000
At 30 June 2021:				
Trade and other payables	464,175,168	-	-	-
Mobile money deposits	680,564,789	-	-	-
Borrowings	151,508,316	102,481,803	151,354,295	-
Lease liabilities	198,690,435	158,202,014	302,191,059	391,467,681
	1,494,938,708	**260,683,817**	**453,545,354**	**391,467,681**

Financial instruments by category

	30 June 2021 Ushs '000
Financial assets at amortised cost	
Cash and cash equivalents	137,066,567
Mobile money deposits	680,564,789
Trade receivables	205,913,105
Non-current trade receivables	13,299,947
	583,332,822
Financial liabilities at amortised cost	
Trade and other payables	464,175,168
Mobile money deposits	680,564,789
Borrowings	357,317,511
Lease liabilities	674,744,609
	2,176,802,077

Fair value

The Company adopted the amendment to IFRS 7 for financial instruments that are measured at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The Company had no financial instruments at fair value as at period end of the financial statements presented. As such, there were no movements between levels during the years. The carrying amounts of financial assets at year-end approximate their fair values.

Capital management

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

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents. Total capital is calculated as equity plus net debt. However, the Company does not have a target gearing ratio. The gearing ratios at 30 June were as follows:

Notes to the condensed interim financial information for the six months period ended 30 June 2021

	30 June 2021 Ushs '000
Total borrowings and lease liabilities	1,032,062,120
Less: cash and cash equivalents	(137,066,567)
Net debt	894,995,553
Total equity	743,130,662
Total capital	1,638,126,215
Gearing ratio	54%

4. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

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

	30 June 2021 Ushs '000
Network services	677,203,002
Interconnect and roaming	46,980,450
Mobile devices	5,576,618
Digital and fintech services	252,312,398
Other revenue	12,233,613
	994,306,081

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

5. Inventories

	30 June 2021 Ushs '000
Airtime cards, sim cards, phones and accessories	11,122,551
Provision for obsolete stock	(823,790)
	10,298,761

Movement in the provision

	30 June 2021 Ushs '000
Provision at start of the year	**(2,162,435)**
Movement for the year	(47,010,030)
Closing balance	**(49,172,465)**

6. Property, Plant and Equipment

	Land and buildings	Leasehold improvements	Tele-communications equipment	Furniture, computers and other equipment	Motor vehicles	Work in progress	Total
	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Year ended 30 June 2021							
Opening net book amount	**37,068,176**	**7,332,120**	**599,204,779**	**42,817,225**	**1,026,649**	**39,682,188**	**727,131,137**
Additions	4,040,882	10,234	82,509,569	7,401,854	-	25,447,898	**119,410,437**
Transfers	-	-	8,069,463	427,562	-	(10,168,470)	**(1,671,445)**
- cost	-	-	-	-	-	-	**-**
- accumulated depreciation	-	-	-	-	-	-	**-**
Disposals:	-	-	-	-	-	-	**-**
- cost	-	-	(3,915,366)	(5,130,878)	(671,556)	-	**(9,717,800)**
- accumulated depreciation	-	-	2,713,497	4,987,501	635,411	-	**8,336,409**
Reallocations:	-	-	-	-	-	-	**-**
- cost	-	-	-	-	-	-	**-**
- accumulated depreciation	-	-	-	-	-	-	**-**
Reclassification	-	-	-	-	-	7,570,669	**7,570,669**
Impairment reversal**	-	-	15,680	-	-	-	**15,680**
Depreciation charge	(385,240)	(3,997,018)	(64,247,390)	(9,575,576)	(141,658)	-	**(78,346,882)**
Closing carrying amount	**40,723,817**	**3,345,336**	**624,350,232**	**40,927,688**	**848,846**	**62,532,286**	**772,728,205**
At 30 June 2021							
Carrying amount	**40,723,817**	**3,345,336**	**624,350,232**	**40,927,688**	**848,846**	**62,532,286**	**772,728,205**

Notes to the condensed interim financial information for the six months period ended 30 June 2021

7. Dividends

	30 June 2021 Ushs '000
Dividends declared and paid	**113,522,239**

8. Earnings Per share

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

	2021 Ushs '000
Weighted average number of shares at 30 June	3,764
Profit attributable to shareholders	130,698,165
Basic/ Diluted Earnings per share	**34,723**

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.

9. Share Capital

	Number of shares	Ordinary share capital Ushs '000
Authorised:		
Ordinary shares each with a par value of Ushs 1,000	5,000	5,000
Issued and fully paid:		
Ordinary shares each with a par value of Ushs 1,000 at 30 June 2021	3,764	3,764

10. Related party transactions

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

i) Sale of goods and services

	30 June 2021 Ushs '000
MTN Group Management Services (Pty) Ltd	28,982
MTN Zambia Limited	128,401
M.T.N. Sudan Co Ltd	8,594
UUNET Kenya (Pty) Ltd	26,938
MTN (Pty) Ltd	58,544
MTN Nigeria Communications Plc	2,647
MTN Rwandacell S.A.R.L	1,171,363
UUNET Kenya (Pty) Ltd	135,905
M.T.N. South Sudan Co Ltd	60,136
MTN GlobalConnect Solutions Limited	38,874,774
Swazi MTN Limited	167,989
MTN Zambia Limited	209,278
	40,873,551

ii) Purchase of goods and services

	30 June 2021 Ushs '000
MTN International (Mauritius) Ltd	108,998,240
MTN International (Mauritius) Ltd	9,689,432
MTN International (Mauritius) Ltd	19,378,865
MTN Rwandacell S.A.R.L	1,871,212
Belgacom International Carrier Services SA	5,536
MTN GlobalConnect Solutions Limited	19,078,277
MTN Rwandacell S.A.R.L	100,989
MTN GlobalConnect Solutions Limited	32,478
MTN GlobalConnect Solutions Limited	733,959
MTN GlobalConnect Solutions Limited	6,106,795
	165,995,783

iii) Receivables from related parties

	30 June 2021 Ushs '000
MTN Global Connect	14,742,519
MTN Ghana	7,976
MTN Belgacom	5,944
MTN Nigeria	74
MTN South Africa	3,219,079
MTN Rwandacell	5,281,458
MTN Sudan	944,620
MTN Dubai	0.75
MTN Business Kenya	1,537,423
MTN South Sudan	62,938
MTN Botswana	37,611
MTN Congo	122,960
MTN Irancell	2,611
MTN Liberia	32,639
MTN Group Management Services	1,965,163
MTN Swaziland	393,629
MTN Zambia	7,422,539
MTN Conakry	331,466
MTN Cote d'Ivoire SA	6,526
MTN Afghanistan Ltd	6,050
MTN Dubai	6,556
Spacetel Guinea-Bissau SA	44,529
	36,174,311

The receivables from related parties are included in trade and other receivables in the condensed statement of financial position.

iv) Payables to related parties

	30 June 2021 Ushs '000
MTN Botswana	7,411
MTN Irancell	202,737
MTN Group Management Services	815,124
MTN South Africa	11,682
MTN Rwandacell	2,066,983
MTN Swaziland	4,155
MTN Zambia	9,010
Global Trading Company	178,059
MTN Mauritius	5,069,704
MTN Ghana	4,559
MTN Belgacom	12,287
MTN Nigeria	3,445
MTN South Sudan	18,489,252
Global connect	18,436
MTN Afghanistan	6,444
MTN Côte d'Ivoire SA	10,210
Intercompany MTN Congo B	115,142
Intercompany MTN Sudan	3,397
	27,028,037

The payables to related parties are included in trade and other payables in the condensed statement of financial position.

Notes to the condensed interim financial information for the six months period ended 30 June 2021

11. Capital commitments

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

	30 June 2021 Ushs '000
Property, plant and equipment	
Authorised and contracted for	66,331,715
Authorised but not contracted for	80,061,025
Additions as per HFM	184,831,188
	331,223,928
Intangible assets - software	
Authorised and contracted for	14,713,571
Authorised but not contracted for	2,389,383
Additions as per HFM	27,077,307
	44,180,261
	375,404,189

12. Contingent liabilities

Other than the developments regarding the transitional Licence fee matter described in note 11 Events after reporting period below, there are no other reportable changes in contingent liabilities.

13. Events after the reporting period

Uganda Communications Commission (UCC) and MTN were involved in a litigation with regards to the transition period Licence fee covering the period between 20 October 2018 and 30 June 2020, when the NTO Licence was being negotiated. In April 2021, the High Court ruled in favour of UCC, a decision MTN opted to challenge in the Court of Appeal.

The Directors considered the impact of this matter on the business and reached an agreement with UCC in September 2021 to settle the transition Licence fee at Ushs 50 billion (USD 14 million). This amount has been fully provided for in the condensed interim financial statements as at 30 June 2021 and is included in the depreciation, amortization and goodwill impairment expenditure line in the *Condensed statement of comprehensive income for the period 1 January 2021 to 30 June 2021.*

Other than the above matter, there are no other reportable events after the reporting period.

KPMG

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON EXAMINATION OF FORECAST FINANCIAL INFORMATION

TO THE DIRECTORS OF MTN UGANDA LIMITED

We have examined the forecast financial information ('the forecast') of MTN Uganda Limited ("the Company") set out on pages 204 to 206, which comprise the forecast statement of financial position, the forecast statement of comprehensive income, and the forecast statement of cash flows for the year ending 31 December 2021 and the assumptions to the forecast financial information in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information *(ISAE 3400 - The Examination of Prospective Financial Information)*.

Restriction on Use

The forecast has been prepared for the purposes of inclusion in the MTN Uganda Limited Prospectus to be issued for purposes of the listing and sale of the Company's shares. The forecast financial information has been prepared using hypothetical assumptions about future events and directors' actions that are not necessarily expected to occur. Consequently, readers are cautioned that this forecast financial information may not be appropriate for purposes other than that described above.

Directors' Responsibility for the forecast financial information

The Directors are responsible for the preparation of the forecast and the assumptions on which it is based as set out on page 206.

Practitioners responsibility

Our responsibility is to examine the forecast financial information to enable us to state whether, based on our procedures, anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation of the forecast.

Conclusion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. Further, in our opinion, the forecast is properly prepared on the basis of the assumptions set out on page 206.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

The engagement partner responsible for the examination resulting in this independent practitioner's report is CPA Stephen Ineget - P0401.

KPMG

Certified Public Accountants
3rd Floor, Rwenzori Courts
Plot 2 & 4A, Nakasero Road
P.O. Box 3509
Kampala, Uganda

CPA Stephen Ineget

21 September 2021

Forecast statement of comprehensive income for the year ending 31 December 2021

	Forecast year ending 31 December 2021 Ushs '000,000
Revenue	2,064,678
Direct network operating costs	(342,297)
Government and regulatory costs	(40,700)
Cost of handsets and other accessories sold	(7,912)
Interconnect and roaming	(68,049)
Operating expenditure	(557,710)
Earnings before interest tax depreciation and amortisation	**1,048,010**
Depreciation, amortization and goodwill impairment	(431,147)
Profit from operations	**616,863**
Finance costs	(148,178)
Profit before taxation	**468,685**
Taxation	(144,023)
Profit after taxation	**324,662**
Dividends declared	(227,034)
Retained profit	**97,628**

Forecast statement of financial position as at 31 December 2021

	Forecast year ending 31 December 2021
Assets	
Non-current assets	**Ushs '000,000**
Property and equipment	1,386,287
Goodwill and intangible assets	469,501
Other non-current assets	62,590
	1,918,378
Current Assets	
Cash and cash equivalents	210,332
Trade and other receivables	253,868
Mobile money deposits	616,435
Other current assets	20,671
	1,101,306
Total assets	**3,019,684**
Equity and liabilities	
Total equity	**823,583**
Non-current liabilities	
Borrowings	222,655
Lease liabilities	628,898
Other non-current liabilities	11,529
	863,082
Current liabilities	
Borrowings	89,373
Lease liabilities	90,958
Trade and other payables	477,249
Mobile money deposits	616,435
Other current liabilities	59,004
	1,333,019
Total liabilities	**2,196,101**
Total equity and liabilities	**3,019,684**

Forecast statement of cash flows for the year ending 31 December 2021

	Forecast year ending 31 December 2021 Ushs '000,000
Cash generated from operations	1,158,326
Dividends paid to equity holders of the company	(227,034)
Net interest paid	(146,552)
Tax paid	(157,746)
Cash generated from operations	**626,994**
Acquisition of property, plant and equipment and intangible assets	(314,555)
Movement in investment and other investigation activities	(2,853)
Cash used in investing activities	**(317,408)**
Cash used in financing activities	**(146,553)**
Increase in cash and cash equivalents	**163,033**
Cash and cash equivalents at the beginning of the year	59,171
Effect of exchange rates and net monetary gain	(11,871)
Cash and cash equivalents at the end of the year	**210,333**

Note to the forecast financial information

Included in the forecast financial information are two significant unusual transactions that are non-recurring in nature as detailed below;

1. Transitional Licence fee of Ushs 50 billion (USD 14 million):

   In August 2021, UCC and MTN reached agreement on the transitional period Licence fee to cover the period between 20 October 2018 and 30 June 2020, when the NTO Licence was being negotiated. The agreed fee of Ushs 50 billion (USD 14 million) has been fully settled in September 2021. This is included in the depreciation, amortization and goodwill impairment expenditure line in the *Forecast statement of comprehensive income for the year ending 31 December 2021.*

2. Support Services Agreement termination payment of Ushs 11 billion (USD 3 million):

   In October 2021, MTN reached an agreement to cancel a recurring support services agreement Invesco Uganda Limited at Ushs 11 billion (USD 3 million). This is included in the operating expenditure line in the *Forecast statement of comprehensive income for the year ending 31 December 2021.* There are no further obligations to the Company in relation to the cancelled agreement.

Key assumptions on which the forecast is based

The profit forecast above is based on MTN's management prudent assumptions and assumes that:

a) The 2021 forecast revenue growth of 10% is primarily driven by data (contributing 18% of revenue) and mobile money (contributing 26.4% of revenue), coupled with continuous product innovation and services to meet the market needs to drive revenue growth further. Voice continues to grow year on year, contributing 50.9% of the total revenues.

b) Forecast EBITDA growth of 12.8%, is driven by continuous sustainable cost management efficiencies. This is a key management focus to drive value as a cost leader. Focus on margin improvement is through scale and digitisation of some areas. Excluding the one off cost for the termination of the Invesco support agreement of Ushs 11bn, the YoY growth would have been 13.9% The projected EBITDA margin is 50.2% and 51.3% excluding the one off termination of the Invesco support agreement.

c) Profit after tax is expected to grow by 0.9% driven by the one off termination of the Invesco support agreement of Ushs 11 billion and transitional Licence fee of Ushs 50 billion. Excluding these one off costs the YoY PAT growth would have been 13.8% with a margin over revenue of 17.7%. This is driven by the above EBITDA performance and increased amortization and financing cost (includes 19.2% year-on-year increase in amortization costs driven by refinancing a USD 100 million medium term syndicated loan in 2020 and the amortization of the USD 100 million NTO Licence acquired in July 2020, with 2021 to provide the full-year impact).

d) The planned capital expenditure investment is Ushs 403 billion (USD 112 million), with a capital expenditure intensity of 19.5%. The increased capital expenditure investment year-on-year of 33% is required to support growth, maintenance and expected network quality. The 2021 capital expenditure investment includes catch-up outlay on some projects that were deferred due to the COVID-19 pandemic in 2020.

e) The financial impact of differences between actual and estimated inflation and exchange rates can be passed on to customers.

15. Legal Opinion

S&L ADVOCATES

The Transaction Adviser
SBG Securities Uganda Limited
Crested Towers
Plot 17, Hannington Road
KAMPALA

Your reference

Our reference
SL/10784/151387

S&L Advocates
formerly Sebalu & Lule Advocates
Plot 14, MacKinnon Road, Nakasero
Kampala, Uganda

T +256 392 250 013 / 202 030
F +256 414 230521
E info@sladvocates.ug
W www.dlapiperafrica.com

11 October 2021

Dear Ladies and Gentlemen,

LEGAL OPINION ON THE INITIAL PUBLIC OFFER BY AND LISTING OF MTN UGANDA LIMITED ON THE MAIN INVESTMENT MARKET SEGMENT OF THE UGANDA SECURITIES EXCHANGE

1. BACKGROUND AND ROLE OF S&L ADVOCATES

1.1 We have acted as legal advisers in relation to,

1.1.1 the offer for sale (the **"Offer"**) by MTN International (Mauritius) Limited (the "**Selling Shareholder**") of 4,477,808,848 ordinary shares with a par value of UGX 1 each held by the Selling Shareholder in the issued share capital of MTN Uganda Limited ("**MTN**" or the "Issuer" or the "**Company**") at an offer price of UGX 200 per offer share (the "**Offer Shares**"); and

1.1.2 the listing of MTN's issued share capital on the Main Investment Market Segment of the Uganda Securities Exchange Limited ("**USE**") (the **"Listing**"),

upon the terms and conditions of the Offer set out in Section 18 of the Prospectus

(the Offer and the Listing together referred to as the "**Transaction**").

1.2 Terms defined in the Prospectus have the same meaning in this opinion unless otherwise stated or the context requires.

2. DOCUMENTS

As Legal Advisers, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this opinion (this **"Opinion"**). This Opinion is based on our examination of originals, photocopies and, where applicable, copies certified to our satisfaction of the following documents:

2.1 the certificate of incorporation of the Issuer dated 25 February 1998 and endorsed with registration number P.498;

2.2 the registered amended articles of association of the Issuer dated 20 August 2021 (the **"Memorandum"**);

2.3 the registered amended articles of association of the Issuer dated 20 August 2021 (the **"Articles"**);

2.4 a registered special resolution of MTN dated 14 November 2002 approving the conversion of the Issuer from a private limited liability company to a public limited liability company;

2.5 the registered resolutions of the Existing Shareholders of MTN dated 20 August 2021 by which the Shareholders, among other matters, approved:

2.5.1 the Transaction;

2.5.2 the alteration of the Issuer's share capital by the sub-division of the Issuer's share capital of UGX 5,000,000 as of 20 August 2021 in a ratio of 1,000:1 so as to create 5,000,000 ordinary shares of UGX 1 each;

2.5.3 the increase of the Issuer's authorised share capital from UGX 5,000,000 divided into 5,000,000 ordinary shares of UGX 1 each to UGX 28,000,000,000 divided into 28,00,000,000 ordinary shares of UGX 1 each by the creation of 27,995,000,000 ordinary shares of UGX 1 each;

2.5.4 the capitalization of UGX 22,385,280,239 of the Company's retained earnings as of 30 June 2021 to fund the share capital increase referred to in paragraph 2.5.3 above;

2.5.5 the issue and allotment as fully paid of 22,385,280,239 ordinary shares to the Existing Shareholders as bonus shares in proportion to their shareholding in the Company as of 20 August 2021;

2.5.6 the Memorandum and the Articles;

2.5.7 the termination of the shareholders agreement referred to in paragraph 4.9 below; and

2.5.8 the entry by MTN into the Lock-in Agreement;

2.6 the registered resolutions of the Board dated 12 August 2021 and 23 August 2021 by which the Board, among other matters, approved:

2.6.1 the Transaction;

2.6.2 the Prospectus and the terms and conditions of the Offer;

2.6.3 the issue and allotment as fully paid of 22,385,280,239 ordinary shares to the Existing Shareholders as bonus shares in proportion to their shareholding in the Company as of 20 August 2021; and

2.6.4 the entry by MTN into the Relationship Agreement with MTN Group Limited referred to in section 9.17.4 of the Prospectus;

2.7 a letter of the Uganda Communications Commission (**"UCC"**) dated 10 March 2021 providing a no-objection to the Transaction;

2.8 a letter of the Capital Markets Authority of Uganda (**"CMA"**) dated 30 September 2021 approving the Prospectus and the Listing;

2.9 a letter of the USE dated 1 October 2021 approving the Listing;

2.10 the Prospectus;

2.11 the national telecommunications operator licence dated 1 July 2020 held by the Issuer (the **"NTO Licence"**); and

2.12 such other documents as we have considered necessary and appropriate for the purposes of this Opinion

*(the documents listed in this Paragraph 2, and all other documents examined by us in connection with the legal due diligence for the Transaction and this Opinion, being referred to collectively as the **"Documents"**).*

3. ASSUMPTIONS

3.1 For the purposes of this Opinion, we have assumed that:

3.1.1 all Documents submitted to us as originals are authentic and complete;

3.1.2 all signatures, stamps and seals on the Documents submitted to us are genuine;

3.1.3 all Documents submitted to us as copies are complete and conform to the original documents;

3.1.4 all Documents, agreements and other memoranda submitted to us have been duly authorized and duly executed;

3.1.5 the governmental authorities and regulatory bodies which granted approval for the Transaction and the Prospectus were properly constituted in accordance with applicable laws, regulations and rules, were duly authorized to grant the approvals they granted and acted within their respective mandates;

3.1.6 all approvals relevant to the Transaction and the Prospectus have not been amended, cancelled or withdrawn and are in full force and effect;

3.1.7 the obligations of all parties (other than the Issuer) to the Documents, are binding on such parties;

3.1.8 the resolutions of the Existing Shareholders and of the Board referred to in paragraph 2 above were validly passed and have not been amended or rescinded; that they are complete and accurate and remain in full force and effect and that all signatures on the originals of such resolutions are genuine and were not fraudulently or otherwise irregularly obtained;

3.1.9 the Memorandum and the Articles of the Issuer provided to us for purposes of this Opinion have not been amended since 20 August 2021 and are in full force and effect; and

3.1.10 no law or regulation of a jurisdiction other than Uganda affects the opinions set out below.

3.2 With respect to matters of fact material to the opinions and statements and assumptions set out in this Opinion, we have relied upon oral or written statements and representations of the Issuer and its officers and advisers, and information contained in the Documents.

4 OPINION

This Opinion is confined to matters of Ugandan law as at the date of this Opinion and is governed by and should be construed in accordance with the laws of Uganda. In addition, the opinions expressed herein are based on:

a) the information contained in the Documents and that provided by the Issuer's officers and advisers;

b) a search at the Registry of Companies at the Uganda Registration Services Bureau conducted by S&L Advocates on 30 September 2021;

c) a search at court registries conducted by S&L Advocates on 20 June 2021;

d) a search at the Intellectual Property Registry at the Uganda Registration Services Bureau conducted by S&L Advocates on 20 June 2021; and

e) a legal due diligence conducted by us on the affairs of the Issuer as of 30 June 2021.

Subject to the assumptions set out in paragraph 3 above and the qualifications set out in paragraph 5 below, we are of the following opinions:

4.1 Status of the Issuer

4.1.1 The Issuer is a public company limited by shares incorporated in Uganda on 25 February 1998 under the Companies Act under registration number P.498.

4.1.2 The Issuer has power to execute, deliver, exercise and perform its obligations pursuant to the Transaction and such execution, delivery and performance does not and will not result in any violation by the Issuer of any provision of the Memorandum or the Articles or the provision of any law or regulation having the force of law in Uganda and applicable to the Issuer.

4.1.3 The Issuer is in good standing and the search conducted by S&L Advocates at the Registry of Companies at the Uganda Registration Services Bureau did not reveal any insolvency procedures in the form of voluntary winding-up, liquidation, receivership or administration by or against the Issuer, or any composition with creditors by the Issuer.

4.2 The Transaction

4.2.1 The Offer and the Listing have been duly authorized by the Issuer pursuant to approvals of the Issuer's Existing Shareholders, the Board, the UCC, the CMA and the USE.

4.2.2 The sale of the Offer Shares has been duly authorized by the Issuer and the Selling Shareholder and when the transfers of the Offer Shares have been duly effected by the Selling Shareholder and duly delivered to and paid for by the respective purchasers in accordance with the terms and conditions of the Offer, the transfers will constitute valid, legally binding and unconditional obligations of the Selling Shareholder in accordance with their terms, except as the obligations may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by general principles of equity.

4.2.3 When paid for, the Offer Shares will not be bound by any pre-emptive rights or other similar rights and will not be subject to any pledge, lien or encumbrance, security interest or claim.

4.2.4 No consents, licences, approvals, authorizations of any governmental or other authority or agency in Uganda are required by law in connection with the execution, delivery and performance of the Transaction by the Issuer, except as indicated in paragraphs 4.2.1 and 4.2.2 of this Opinion.

4.3 Share Capital and Shareholding

4.3.1 The authorized share capital of the Issuer is UGX 28,000,000,000 divided into 28,000,000,000 ordinary shares of UGX 1 each.

4.3.2 The issued and paid-up share capital of the Issuer is UGX 22,389,044,239 divided into 22,389,044,239 ordinary shares of UGX 1 each. As of the date of the Prospectus, 5,610,955,761 ordinary shares are unissued.

4.3.3 The Issuer's issued and paid-up share capital is compliant with the requirements of the Uganda Securities Exchange Listing Rules 2021 (the **"USE Listing Rules"**) and has received all necessary authorisations.

4.3.4 The shareholding of the Issuer as at the date of the Prospectus is as follows:

Shareholder	Number of ordinary shares held	Nominal value of the ordinary shares held (UGX)	Percentage held of issued share capital
MTN International	21,496,813,464	21,496,813,464	96.014%
Charles Mbire	892,230,775	892,230,775	3.986%
Total	22,389,044,239	22,389,044,239	100%

4.3.5 The Offer Shares shall rank *pari passu* (on equal footing) with all other existing shares in the issued share capital of the Issuer, including the right to participate in full in all dividends and other distributions declared or made in respect of such share capital.

4.4 Licences

4.4.1 MTN holds the NTO Licence which authorises it to establish, install, operate, maintain, lease and sell telecommunications systems and provide telecommunications services as detailed in the NTO Licence in Uganda. The NTO Licence is for a period of 12 years from 1 July 2020 to 30 June 2032. The NTO Licence is the Issuer's primary Licence to operate and is valid and effective as of the date of the Prospectus.

4.4.2 As of the date of the Prospectus, the Issuer has the right, granted by UCC, to use the radio frequency spectrum currently in use by it for the provision of the services covered by the NTO Licence. The spectrum authorization is valid for the duration of the NTO Licence.

4.4.3 To the extent required for the maintenance of its assets and the conduct of its business as a whole, the Issuer is in material compliance with all applicable requirements of the laws of Uganda and holds all other certificates, licences, consents or approvals of governmental entities required to conduct its business in Uganda.

4.4.4 All licences and consents required by the Company to conduct its business as currently conducted have been duly obtained and are current.

4.5 Ownership of Fixed Assets

4.5.1 MTN is the registered proprietor of land and buildings comprised in the following properties:

a) Leasehold Register Volume 1769 Folio 7, at Central Division Kampala City, Jinja Road, Plot 69-71, being a leasehold interest granted by the Kampala District Land Board for the period 1 January 1988 to 31 December 2036;

b) Leasehold Register Volume 2966 Folio 1, at Port Bell Road, Mbuya, Plots 77 -79, being a leasehold interest granted by the Kampala District Land Board for the period 1 July 2001 to 1 July 2050; and

c) Leasehold Register Volume 3837 Folio 3, at Kigulya Hill Road, Masindi, Plot 28, being a leasehold interest granted by the Masindi District Land Board for the period 1 October 2003 to 1 October 2047.

4.5.2 The Issuer's proprietorship of the land listed in paragraph 4.5.1 is compliant with the provisions of the Constitution of the Republic of Uganda 1995 (as amended) and the Land Act Cap. 227 of the laws of Uganda (as amended) regarding the ownership of land by non-citizens.

4.5.3 The certificates of title for the land referred to in paragraph 4.5.1 above are validly issued by the Commissioner for Land Registration in accordance with the Registration of Titles Act Cap. 230 of the laws of Uganda and the Land Act Cap. 227 of the laws of Uganda (as amended) and are validly subsisting for the terms stated (unless and until otherwise renewed for a further term). The relevant lease agreements have been duly authorized, executed and delivered and authorised by all necessary action of MTN and constitute legal, valid and binding obligations of MTN and the granting authorities.

4.5.4 No security interest has been created over the land referred to in paragraph 4.5.1 above in favour of any person or entity, and there are no caveats or other adverse interests registered against the land.

4.5.5 MTN is party to a lease agreement in relation to Freehold Register Volume LIR68 Folio 15 at Plot 42, Ireda, Won Nyaci Road, Lira registered in the name of the Lira District Local Government, for a leasehold interest for the period 1 October 2019 to 30 September 2068. The leasehold title for this property is, as of the date of this Opinion, currently being processed.

4.5.6 No security interest has been created over the land referred to in paragraph 4.5.5 above in favour of any person or entity, and there are no caveats or other adverse interests registered against the land.

4.5.7 MTN is currently occupying and utilising the following properties under a licence:

a) Freehold Register Volume 609 Folio 14, at Millennium Road, Plot 2 – 8 Tororo, registered in the name of the Registered Trustees of MTN Foundation;

b) Freehold Register Volume MBR165 Folio 2, at Kashari, Block 1 Plot 1698, Mbarara, registered in the name of the Registered Trustees of MTN Foundation; and

c) Mengo Block 34 Plot 451, Kibuga County, Mutundwe, registered in the name of the Registered Trustees of MTN Foundation.

4.5.8 The Issuer has no other immovable assets and its movable assets comprise telecommunications equipment, furniture and fittings, motor-vehicles, computer equipment and intangible assets such as computer software. To the extent there is a registration framework under Ugandan law, the Issuer holds certificates of ownership with respect to its movable assets.

4.6 Material Borrowings

4.6.1 The Issuer has entered into:

a) syndicated term-lending arrangements with The Standard Bank of South Africa Limited (as arranger and security agent), Stanbic Bank Uganda Limited (as lender), Absa Bank Uganda Limited (as lender), Citibank Uganda Limited (as lender), Standard Chartered Bank Uganda Limited (as lender) and Citibank NA London (as lender); and

b) bilateral lending arrangements with Stanbic Bank Uganda Limited

to finance licence renewal payments, capital expenditure, working capital requirements and to refinance the Company's existing financial indebtedness.

4.6.2 The credit facilities are unsecured.

4.6.3 The borrowings do not contravene the provisions of the Memorandum or the Articles.

4.6.4 As of the date of this Opinion, no default has been declared by the lenders under any of the credit facility agreements.

4.7 Material Litigation and Other Legal Action

4.7.1 The Issuer is not involved in any legal or arbitration proceedings which individually or in totality:

a) may have, or have during the twelve months preceding the date of the Prospectus, had a material effect on the Issuer's business and assets or the Issuer's overall viability as a going concern;

b) would have a material effect on the financial position of the Issuer; or

c) will have any impact or material adverse effect on the Transaction.

4.7.2 There are no proceedings threatened or pending against any of the Issuer's subsidiaries.

4.7.3 As of the date of this Opinion, the Company is involved in the following significant litigation:

a) ***High Court Miscellaneous Cause No 240 of 2020: MTN Uganda Limited v Uganda Communications Commission:***

MTN filed an application for judicial review in the High Court in which the Company challenged the process by which UCC decided to levy transitional Licence fees of USD 14,140,030 against the Company. MTN previously held a Second National Operator Licence for the operation of a telecommunications system that was issued for a period of 20 years from 21 October 1998 (the "SNO Licence"). The SNO Licence expired on 20 October 2018, and the UCC granted short term authorisations to operate to the Company until the issue of the NTO Licence on 1 July 2020 for a period of 12 years. Following the payment of the Licence fee for the NTO Licence and the grant of the Licence, the UCC determined that MTN was liable to pay additional fees for the period between 20 October 2018 when the SNO Licence expired and 1 July 2020 when the NTO Licence was renewed. The UCC assessed the Licence fees for the transitional period as USD 14,140,030.

MTN contested this demand as not being legally justified. In a ruling delivered by the High Court on 23 April 2021, the court determined that the transitional licence fees assessment by the UCC was fair and lawful. MTN initially appealed the decision of the High Court to the Court of Appeal, but the matter has since been settled by payment of the transitional Licence fee as assessed.

b) ***Court of Appeal Civil Appeal No 31 of 2016: MTN Uganda Limited v Threeways Shipping Services (Group) Limited and High Court Civil Suit No 423 of 2014: MTN Uganda Limited v Threeways Shipping Services (Group) Limited and Others:***

The dispute with Threeways Shipping Services (Group) Limited ("Threeways") has two components: one in the Court of Appeal and one in the High Court (Commercial Division).

The Court of Appeal matter is an appeal filed by MTN contesting the decision of the High Court (Commercial Division) to dismiss a suit filed by MTNU against Threeways in 2012 to recover USD 3,827,820.71 that was paid to Threeways through fictitious invoicing claims. In a related claim in the High Court, MTN filed a separate action in quasi-contract and money had and received seeking the recovery of USD 3,827,820.71 from Threeways.

As of the date of this Opinion, both matters are pending substantive hearing before the Court of Appeal and the High Court, respectively.

4.7.4 As of the date of the Prospectus:

a) the Issuer is not the subject of any investigation or prosecution; and

b) none of the Issuer's Directors is subject to any material litigation, bankruptcy proceedings or criminal proceedings.

4.8 Material Contracts

4.8.1 The Issuer has not entered into any material contracts (including related party contracts), which are not disclosed in the Prospectus, and is not in material breach of any material contract to which it is party.

4.8.2 The Issuer's obligations under the agreements entered into by the Issuer in connection with the Transaction, including agreements with the Transaction Adviser, the Lead Sponsoring Broker, the Lead Receiving Bank, the placing agent, the Share Registrar and the Authorised Selling Agents are legal, valid and enforceable against it in accordance with their respective terms.

4.8.3 The Company's obligations under the Lock-in Agreement are legal, valid and enforceable against it in accordance with the terms of the Lock-in Agreement.

4.8.4 In relation to the Offer, the Company has entered into a placing agreement with, as counterparties, the Selling Shareholder, Stanbic Bank Uganda Limited and SBG Securities Uganda Limited (the **"Placing Agreement"**). The Company's obligations under the Placing Agreement are legal, valid and enforceable against it in accordance with the terms of the Placing Agreement.

4.9 Shareholders Agreement

The Existing Shareholders and the Company are party to a shareholders agreement dated 31 July 2009. In accordance with a deed of termination dated 4 October 2021 entered into by the Existing Shareholders and the Company, the shareholders agreement will terminate upon the Listing. The Company's obligations under the deed of termination are legal, valid and enforceable against it in accordance with the terms of the deed of termination.

4.10 Subsidiaries

4.10.1 The Issuer has the following subsidiaries:

a) MTN Mobile Money Uganda Limited, in which the Issuer owns 999,999 ordinary shares (being 99.9% of the authorized and issued share capital). The shares held by the Issuer are fully paid. MTN Mobile Money Uganda Limited's main object is to operate as a payment service provider for electronic money issuance and as a payment systems operator for electronic money systems and to provide all services incidental to this objective as provided for under the NPS Act and the regulations made thereunder.

b) MTN Publicom Uganda Limited, in which the Issuer holds 600 ordinary shares (representing 60% of the issued share capital). MTN Publicom is a joint venture vehicle that was formed for the purpose of establishing and operating public callboxes across Uganda. The company ceased operations in 2007, is dormant and has no assets or liabilities.

c) MTN VillagePhone Limited, in which the Issuer holds 4,999 ordinary shares (representing 99.9% of the authorised and issued share capital). MTN VillagePhone was formed as a charitable, poverty-reduction joint venture collaboration with Grameen Foundation to provide micro-loans to the rural poor. The company ceased operations in 2007, is dormant and has no assets or liabilities.

4.10.2 The Issuer's subsidiaries are in good standing and the search conducted by S&L Advocates at the Registry of Companies at the Uganda Registration Services Bureau did not reveal any insolvency procedures by or against the subsidiaries of the Issuer, or any composition with creditors by such subsidiaries.

4.11 Compliance

4.11.1 The Prospectus:

a) complies with the Capital Markets Authority Act, Cap. 84, as amended by the Capital Markets Authority (Amendment) Act, 2011 and the Capital Markets Authority (Amendment) Act, 2016 (**"CMA Act"**);

b) complies with the Capital Markets (Prospectus Requirements) Regulations, 1996 (Statutory Instrument 84-2), as amended by the Capital Markets (Prospectus Requirements) (Amendment) Regulations, 1999, the Capital Markets (Prospectus Requirements) (Amendment) Regulations, 2001 the Capital Markets (Prospectus Requirements) (Amendment) (No. 2) Regulations, 2001 and the Capital Markets Authority (Prospectus Requirements) (Amendment) Regulations, 2008;

c) complies with the USE Listing Rules, 2021; and

d) has been approved by the CMA in accordance with the CMA Act and Section 60 (a) of the Companies Act.

4.11.2 A copy of the Prospectus duly signed by every person named in it as a Director of the Issuer, has been delivered to the Registrar of Companies at Kampala for registration as provided under Section 60(b) of the Companies Act and Section 90G (1)(c) of the CMA Act.

4.11.3 The Prospectus includes statements made by us, S&L Advocates, as the Legal Adviser and KPMG Certified Public Accountants as the Reporting Accountants, as experts for purposes of Section 90M (1) (h) of the CMA Act. KPMG Certified Public Accountants and ourselves have given and have not, prior to the date of the Prospectus, withdrawn our consent to the issue of the Prospectus containing the statements by us in the form and context in which they are included.

4.11.4 We are of the opinion that the Issuer is in material compliance with the provisions of the Companies Act, the CMA Act and the USE Listing Rules.

5. QUALIFICATIONS

The opinions expressed herein are subject to the qualifications below:

5.1 we are not liable for any inaccuracies in this Opinion resulting from the actions and/or omissions and/or wilful misstatements or misrepresentations on the part of the Issuer and/or any of its Directors, officers, representatives or agents in the Documents which may have taken place or which may have been made in connection with the preparation and/or rendering of this Opinion;

5.2 any views which are expressed in respect of or on the basis of, any law, statute, regulation or similar rules are expressed in respect of that instrument as it is in force at the date of this Opinion;

5.3 the opinions expressed herein relate to the laws of Uganda as currently applied and interpreted by the Ugandan courts and are limited to questions arising under the laws of Uganda. We do not purport to have investigated the laws of any jurisdiction other than Uganda, or to express any opinion on any question arising under the laws of any other jurisdiction or the applicability or effect of the laws of any other jurisdiction to the Transaction; and

5.4 except as explicitly stated herein, we express no opinion on matters of fact.

6. CONCLUSION

Subject to the above, we are of the opinion that there are no other material facts with regard to the legal status of the Issuer and the Transaction. We are of the opinion that the Transaction is compliant with all applicable laws of Uganda and has received all necessary authorizations.

7. BENEFIT AND RELIANCE

This Opinion is rendered only to you and is solely for your benefit in connection with the Transaction. It is rendered in accordance with the terms and subject to the conditions of our engagement by the Company and the Selling Shareholder. This Opinion may not be relied upon by you for any other purpose, or furnished to, quoted to or relied upon by any other person except with our prior written consent. For the avoidance of any doubt, our professional obligations in connection with this Opinion are solely to the Company and the Selling Shareholder who are our clients, we do not owe any duty of care to any other person.

Yours faithfully,

S&L ADVOCATES
Per: Gertrude Wamala Karugaba, Partner

We, S&L Advocates, consent to the incorporation of the Legal Opinion which appears in this Section 15 of the Prospectus and have given and not withdrawn our consent to the issue of the Prospectus with the Legal Opinion in the form and context in which it is included in this Section 15 of the Prospectus.

16. Extracts from the Articles of Association

The Articles of MTN include provisions to the following effect:

16.1 Extracts Relating to Directors

16.1.1 Composition of the Board and Number of Directors

The Company shall have a minimum of five and a maximum of 11 Directors. At least one third of the Directors shall be independent Directors. The Chairperson of the Board shall be an independent non-executive Director.

If the number of Directors falls below the minimum provided in these Articles, the remaining Directors shall only act for the purpose of filling vacancies on the Board or calling a general meeting of the Members for the purpose of appointing Directors to the Board.

16.1.2 Rotation of Directors

Each Director of the Company shall serve for a period of three years from the date of his or her appointment. Upon the lapse of the three-year term, the Director in question shall retire and shall be eligible for re-election or re-appointment, as the case may be for no more than two additional terms. This Article shall not apply to an executive Director.

Except for a person appointed as a Director to fill a casual vacancy in terms of Article 96(b), no person, other than a Director retiring at a meeting, shall be eligible for appointment as a Director at any general meeting unless that person has been vetted by the nominations committee of the Board and recommended by the Board for appointment by the Members at a general meeting.

16.1.3 Remuneration and Director Expenses

Directors, other than those executive Directors whose remuneration is determined by agreement between them and the Company, shall be entitled to such remuneration for their services as the Company may, from time to time, determine by an Ordinary Resolution.

Directors may undertake any services for the Company as Directors.

A Director (other than an executive Director) who by request of the Board performs special services for the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine.

The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at meetings of the Board, Board committees, general meetings, or separate meetings of the holders of any class of shares or of debentures of the Company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in connection to the Company.

16.1.4 Board Committees

The Board shall appoint and, at all times, thereafter, maintain at a minimum the following committees:

a) an audit committee consisting of a majority of independent and non-executive directors;

b) a nominations committee consisting of a majority of non-executive directors; and

c) a remuneration committee consisting of a majority of independent and non-executive directors;

provided that the Board may assign the mandate of the nominations committee to the remuneration committee and vice versa. Committees to which the Directors delegate any of their powers must follow procedures, which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

16.1.5 Borrowing Powers

The Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking or property or any part thereof, and to issue debentures, guarantees and other securities as security for any debt, liability or obligation of the Company.

16.1.6 Alternate Directors

Any Director may from time to time and at any time appoint any person (not disapproved by a majority of the other Directors for the time being) to be an alternate Director of the Company and may at any time remove the alternate Director so appointed by him or her from office. An alternate Director so appointed shall be entitled (subject to his giving to the Company an address within Uganda at which notices may be served on him for purposes of a physical notice or an electronic address for electronic delivery of notices) to receive notices of and attend all meetings of the Directors and to vote as a Director at any such meeting at which the Director appointing him is not present and generally in the absence of his appointor to perform all the functions of his appointor as a Director. An alternate Director may be removed from office by resolution of the Board and shall cease to be an alternate Director if his appointor ceases for any reason to be a Director. All appointments and removals of the alternate Directors made by any Director in pursuance of the provisions of this Article shall be in writing under the hand of the Director making the same and shall be delivered to the office of the Company.

16.1.7 Quorum

The quorum for the Board meetings shall such number as is necessary to pass a majority vote of the Board.

16.1.8 Directors' general authority and decision-making

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company not by law or these Articles reserved to the Members. Any decision of the Board shall be taken by a majority of the Directors.

16.1.9 Termination of Director's appointment

A person ceases to be a Director as soon as:

a) that person is absent for more than four consecutive meetings without permission of the Chairperson or the Directors from meetings of the Board held during each period;

b) that person is removed as a Director in accordance with Section 195 of the Companies Act;

c) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;

d) in the case of a Director who holds any executive office, his appointment as such is terminated or expires and the Directors resolve that he should cease to be a Director;

e) a bankruptcy order is made against that person;

f) a composition is made with that Director's creditors generally in satisfaction of that Director's debts;

g) a registered medical practitioner who is treating that Director gives a written opinion to the Company stating that that Director has become physically or mentally incapable of acting as a Director for a stated period; and

h) by reason of that Directors' mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;

i) is directly or indirectly interested in any contract with the Company and fails to declare the nature of his interest as required by these Articles; or

j) is prohibited from being a Director by virtue of any provision of the laws of Uganda.

16.1.10 Chief Executive Officer / Managing Director

The Board may from time to time appoint one person to the office of Chief Executive/Managing Director for such period and upon such terms as it thinks fit and, subject to the provisions of any agreement entered into in any particular case, may revoke such appointment. The Chief Executive/Managing Director shall be a member of the Board.

The Chief Executive/Managing Director shall receive such remuneration as the Board may determine

The Board may entrust to and confer upon a Chief Executive/Managing Director any of the powers exercisable by it (other than the powers to borrow money, charge the property and assets of the Company and pay dividends) upon such terms and conditions and with such restrictions as it thinks fit and either collaterally with or to the exclusion of its own powers and may from time to time object to the terms of any agreement entered into in any particular case revoke, withdraw, alter or vary all or any of such powers.

When the office of Chief Executive/Managing Director falls *vacant, the Board may appoint a person to that role in acting capacity pending appointment of a substantive successor.*

16.2 General Extracts

16.2.1 Meetings of the Members

All general meetings other than annual general meetings shall be called extraordinary general meetings. The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings may also be convened on the requisition of two or more members holding not less than 10% of the issued share capital of the Company.

Annual and extraordinary general meetings shall be held at such times and places within Uganda or by any other applicable means, including electronic means, as the Board shall, from time to time, appoint.

The annual general meeting and any extraordinary general meeting shall be held at such time as the Board shall appoint, and in a manner deemed appropriate by the Board including the following:

a) a physical meeting at such place as the Board shall determine;

b) a virtual meeting using electronic means (including video-conferencing and tele-conferencing); or

c) a hybrid meeting comprising partly physical meeting and partly virtual meeting as set out in paragraphs (a) and (b) above.

All provisions in these Articles relating to general meetings and extraordinary general meetings shall apply to virtual and hybrid meetings in the same way as they would apply to physical meetings, with the necessary modifications. Further, in these Articles, any reference to the performance of an act by physical or other means shall, in addition, permit the performance of that act by electronic means, and the Articles shall be interpreted constructively to achieve this purpose

Every general meeting shall be called by at least 21 calendar days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place (in the case of a physical meeting), the day and the hour of meeting. In case of special business requiring a Special Resolution, the notice shall specify the general nature of that business, and shall be given to such persons as are, under the regulations of the Company, entitled to receive such notices from the Company.

Where deemed appropriate by the Directors, the notice for a general meeting along with any documents to be considered at such meeting shall be circulated to the Members by electronic means and such notice shall be published in accordance with any applicable laws and delivered to any regulatory authority or body to which the notice should be delivered in accordance with the applicable laws.

16.2.2 Proceedings at general meetings

The business to be conducted at the annual general meeting of the Company shall be the following standard ordinary business:

a) consideration and adoption of the Company's audited financial statements for the relevant financial year;

b) consideration and adoption of the Board's recommendation on the declaration of a dividend for the relevant financial year;

c) appointment and re-election, as the case may be, of Directors; and

d) appointment and re-appointment, as the case may be, of the external auditors of the Company.

All other business to be conducted at the annual general meeting of the Company other than the matters set out in Article 69 above, or at an extraordinary general meeting of the Company, shall be deemed to be special business. The voting threshold for special business *shall either be an Ordinary Resolution or a Special Resolution, as applicable, in accordance with the requirements of the Companies Act or these Articles of Association.*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Unless otherwise agreed by the Members, a quorum shall be constituted by the attendance of members holding together at least 51% of the issued share capital of the Company.

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Board may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall form a quorum.

The Chairperson of the Board shall preside at every general meeting of the Company. If the Chairperson is not present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall choose a Director present, or if all the Directors present decline to take the chair, the members present shall choose one Member present to chair the meeting.

The Chairperson may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the same manner as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands or by other means permitted in these Articles that allow one vote for each Member unless a poll is (before or on the declaration of the result of the show of hands) demanded by;

a) the Chairperson of the meeting; or

b) by any Member or Members present in person, by proxy or by other means as permitted in these Articles, and representing not less than 10% of the total voting rights of all the Members having the right to vote at the meeting; or

c) by any Members or Members present in person by proxy or by other means as permitted in these Articles, and holding shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all shares conferring the right to vote at the meeting.

Unless a poll is so demanded, a declaration by the Chairperson of the meeting that a resolution has, on a show of hands or on confirmation of voting by other permitted means, been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn at any time.

If a poll is duly demanded, it shall be taken in such manner as the Chairperson directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

On a poll, votes may be given personally, by proxy, by attorney, by a representative of a corporate entity appointed in accordance with these Articles or by any other means permitted in these Articles which enable voting by poll.

If any vote shall be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the resolution unless it is pointed out at the same meeting and not, in that case, unless it shall, in the opinion of the Chairperson of the meeting, be of sufficient magnitude to vitiate the resolution.

A poll demanded on the election of a chairperson or on a question of adjournment shall be taken. A poll demanded on any other question shall be taken at such time and place as the chairperson of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

A Member entitled to attend and vote at a general meeting may appoint any person to act as his proxy by written authority signed by or on behalf of the Member.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporate *entity either under seal, or under the hand of an officer or attorney duly authorized. A proxy need not be a Member of the company.*

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company or at such other place within Uganda or electronically conveyed to an address of the Company as is specified for that purpose in the notice convening the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 48 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

16.2.3 Votes of Members

Subject to any rights or restrictions for the time being attached to any class or classes of shares, every Member present in person or by proxy or by any other means permitted by these Articles shall have one vote, and on a poll every Member present at a meeting shall have one vote for each share of which he is the holder.

In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.

A Member incapable by reason of mental disorder of managing and administering his or her property and affairs may vote, whether on a show of hands, on a poll or by any other means permitted by these Articles, by any person authorised by any court of competent jurisdiction to act on his or her behalf, and such person may on a poll vote by proxy.

No Member shall be entitled to be present at any general meeting or to vote on any question at any general meeting or on a poll while any pending call or other sum shall be due and payable to the Company in respect of any of the shares held by him, whether alone or jointly with any other person.

No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

16.2.4 Alterations of share capital

The Company may from time to time by Ordinary Resolution increase the share authorised capital by such sum to be divided into shares of such amount, as the Ordinary Resolution shall direct.

The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund and any share premium account in any manner and subject to any consent required by the Companies Act and any other applicable law.

Where any newly created shares are created for the sole purpose of offering the newly created shares for subscription to existing Members by way of a rights issue, the newly created shares shall be offered to the existing Members in proportion to existing Members' existing shareholding.

Any newly created shares may be offered at par or at a premium.

The newly created shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

The Company may by Ordinary Resolution:

a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

b) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of the Companies Act; and

c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any persons.

Whenever as a result of a consolidation of shares any Members would become entitled to fractions of a share, the Board may, on behalf of those Members, sell the shares representing the fractions for the best price reasonably obtainable to any person and distribute the net proceeds of sale in due proportion among those Members, and the Board may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

16.2.5 Corporate entities

Any corporate entity which is a member of the Company may, by resolution of its directors or other governing body, or by notification in writing, appoint such person as it thinks fit to act as its representative at any meeting of the Company. The person so appointed shall be entitled to exercise the same powers on behalf of such entity as it could exercise if it were an individual Member of the Company.

16.2.6 Dividends

The Members in a general meeting may declare final dividends by Ordinary Resolution, but no dividend shall exceed the amount recommended by the Board. In recommending the dividend amount to be paid, the Board shall act in accordance with any Company dividend policy in effect.

The Board may pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company.

Dividends shall be payable out of the distributable profits of the Company in accordance with the Companies Act.

Dividends shall be payable to Members registered as at a date subsequent to the date of declaration or date of confirmation of the dividend whichever is the later. A period of at least 21 days shall be allowed between the date of declaration or date of confirmation of the dividend whichever is the later, and the date of the closing of the transfer registers in respect of such dividend.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic funds transfer into a bank account nominated by the holder or joint holders of the shares or via an electronic money payment system to a mobile telephone number nominated in writing by the holder or joint holders of the shares or any other means of money transfer or remittance that may be elected by the holder or joint holders of the shares and accepted by the Board.

All dividends which remain unclaimed for a period of 3 years shall become the property of the Company to be invested or otherwise made use of by the Directors for the benefit of the Company. All other monies due to Members shall be held by the Company in trust indefinitely until they are lawfully claimed by the Member concerned or his or her nominee or personal representative. No dividend shall bear interest as against the Company.

Where for any reasonable cause it is impracticable for a general meeting to be convened for the purpose of approving a distribution recommended by the Directors, the Directors may make such distribution to the Members on such terms as they deem appropriate provided that the Directors seek the ratification of such distribution at the next general meeting of the Company.

17. Other General Information

17.1 Expenses of the Offer

The estimated costs of the Offer are as set out in the table below:

Table 24: Expenses of the Offer

UGX'mn			
Expense category	**Total expense**	**MTN International share**	**MTN Uganda share**
Transaction Adviser	7,479	7,479	-
Placement fees	9,851	9,851	-
Legal Adviser	1,073	536.5	536.5
Reporting Accountants	328	164	164
Share Registrar	261	-	261
Lead Receiving Bank	896	896	-
Value added tax on professional fees	3,637	3,386	250
CMA approval fees	1,004	-	1,004
Offer Application fees paid to the SCD by MTN on behalf of Offer Applicants	750	-	750
Public relations consulting	356	-	356
Advertising costs, including advertising firm's fees	365	274	91
South Africa and Ugandan tax advice	4.271	38	4.234
Reimbursement of logistical costs incurred by the Authorised Selling Agents for retail Offer marketing	4,271	35	4,234
Total	**32,649**	**22,308**	**10,340**

Notes:

a) *Estimated to the nearest UGX 1,000,000.*

b) *The regulated selling commission is 1% - 1.7%, which is payable by the Selling Shareholder from the gross proceeds of the Offer.*

c) *The expenses of the Offer amount to approximately 3% of the Offer size.*

d) *Where applicable, the expenses disclosed above are to be shared by the Selling Shareholder and the Company in the indicated proportion.*

17.2 Consents and Registration of Prospectus

This Prospectus includes information and material given in compliance with the requirements of the CMA Act, the USE Listing Rules and the Companies Act, and has been approved and signed by the Directors. In particular:

a) the UCC has provided a no-objection letter to the Offer and Listing, and the Prospectus has been submitted to the with UCC;

b) the Prospectus has been lodged with and approved by CMA, and the Listing has been approved by USE;

c) he Transaction Adviser, the Legal Adviser, the Reporting Accountants and the Lead Sponsoring Broker have given and have not, prior to registration, withdrawn their written consents to act in the capacities stated, and to their names being stated in this Prospectus;

d) the Registrar of Companies has given and has not, prior to registration, withdrawn the registrar's consent to register the Prospectus;

e) the Transaction Adviser, Legal Advisers, Reporting Accountants and Lead Sponsoring Broker have given and have not, prior to registration, withdrawn their written consents to act in the capacities stated, and to their names being stated in this Prospectus;

f) the reporting accountants, KPMG Certified Public Accountants, as registered with the Institute of Certified Public Accountants of Uganda, whose report is included in this Prospectus, have given and have not, prior to registration, withdrawn their written consent to the inclusion of their report in the form and context in which it appears;

g) the Legal Adviser as to Ugandan law, S&L Advocates, as licenced by the Law Council in the Ministry of Justice and Constitutional Affairs, whose opinion is included in this Prospectus, has given and has not, prior to registration, withdrawn its written consent to the inclusion of its opinion in the form and context in which it appears; and

h) no approval for the distribution of this Prospectus in any other jurisdiction where such approval may be required has been obtained. This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

17.3 Documents Available for Inspection

Subject to commercial confidentiality restrictions as prescribed in the Trade Secrets Protection Act 2009, the following documents, or copies thereof, will be available for inspection at MTN's registered office during the Offer Period:

a) the amended memorandum and articles of association of MTN and copies of any resolutions or statements bearing on the amended memorandum and articles of association;

b) copies of the material contracts set out in **Section 9.17 (Related Party Contracts)** and **Section 9.18 (Material Business Contracts)** above;

c) the Reporting Accountants Report, which is included in **Section 14** above;

d) the Legal Opinion, which is included in **Section 15** above;

e) the written consents of the Transaction Adviser, the Legal Adviser, the Reporting Accountants and the Lead Sponsoring Broker to act in those capacities, to the inclusion of their names and to the inclusion of their opinions or reports, as applicable, in this Prospectus;

f) no-objection letter from UCC relating to the Offer and Listing;

g) the approval of CMA relating to the Offer and Listing; and

h) the approval of USE relating to the Offer and Listing.

18. Terms and Conditions of the Offer

The following defined terms in **Section 4** (**Definitions**) are used in this **Section 18** and are reproduced below for ease of reference:

"Applicant" *means a legal entity or natural person who applies for Offer Shares in accordance with the process set out in this Prospectus, and includes a Qualifying Applicant;*

"Application" *means an application for Offer Shares submitted through the m-IPO Platform, the USE Easy Portal or the Application Form;*

"Closing Date" *means 22 November 2021, being the last day for acceptance of Applications for the Offer Shares, or such other date as may be amended by the Selling Shareholder;*

"East African" *means a natural person who is a citizen of an East African Community Partner State or a corporate entity incorporated under the laws of, and domiciled in, any East African Community Partner State;*

"Eligible MTN Customer(s)" *means a MTN Customer who is a natural person whose NIN and registration details have been verified against the NIRA database and in respect of whom a copy of the national identity card issued by NIRA is maintained in the MTN customer database;*

"Foreign Investors" *means Retail Investors and Professional Investors who are not Ugandan or from other East African countries;*

"Incentive Shares" *means, as determined pursuant to the terms and conditions in* ***Section 18.9 (Incentive Shares)*** *of this Prospectus, the number of the Offer Shares made available by the Selling Shareholder and proposed to be transferred at nil cost to eligible categories of Ugandan and East African Retail Investors and Uganda and East African Professional Investors as an incentive to encourage such investors to apply for more Offer Shares;*

"m-IPO Platform" *means the channel through which Eligible MTN Customers can open a SCD Account and apply for Offer Shares using either the USSD Code* ****165*65#*** *or the MyMTN App, as more particularly described in* ***Section 18 (Terms and Conditions)*** *of this Prospectus;*

"Opening Date" *means 11 October 2021, being the first day for acceptance of Applications for Offer Shares;*

"MTN Customer" *means a natural or artificial person with a validly registered and verified MTN SIM-card;*

"NIN" *means a national identification number issued by NIRA;*

"Oversubscription" *means an occurrence where the aggregate number of Applications for Offer Shares is greater than the Sale Shares determined by the Selling Shareholder to be available to be sold and delivered to Applicants at the Offer Price, and following which the Selling Shareholder will allocate the Sale Shares and the Incentive Shares on a basis that addresses oversubscription as described in more detail in* ***Section 18.7 (Allocation Policy)*** *and* ***Section 18.9 (Incentive Shares);***

"Professional Investor" *means a Qualifying Applicant whose ordinary business or regular activity or investment objective involves the buying and selling of securities as principal or a fiduciary agent, and includes an underwriter, a bank, an insurance company, a fund manager, a broker, broker's representative, a dealer, dealer's representative and an investment adviser;*

"Qualifying Applicant" *means a person who completes and submits an Application in accordance with the terms of this Prospectus and provided such person is: (a) a natural person who is 18 years or older (applying on his/her own behalf or on behalf of a minor); who is not located in the United States and who is not located in nor a national, resident or citizen of another Restricted Jurisdiction or (b) is a corporation, partnership or other unincorporated association which is incorporated, set up, established or resident in any jurisdiction (except a Restricted Jurisdiction), provided that such person (by applying for the Offer Shares) is not in contravention of any law applicable to him/her/it;*

"Retail Investor" *means a Qualifying Applicant who is not a Professional Investor;*

"Sale Shares" *means the number of Offer Shares which the Selling Shareholder determines ought to be allocated to a successful Applicant at the Offer Price, pursuant to the terms and conditions in* ***Section 18.8*** *(**Sale Shares**) of this Prospectus, and which allocation may or may not result in a cash refund pursuant to* ***Section 18.6.6 (Refund of excess Application funds)****;*

"Ugandan" *means a natural person who is a citizen of Uganda or a corporate entity incorporated under the laws of, and domiciled in, Uganda and in respect of which the direct or indirect controlling (over 50%) economic, ownership, voting or decision-making interest is held by a Ugandan citizen(s) as shall be affirmed by a statutory declaration to this effect or any other additional documents as may be required by the Selling Shareholder and the Transaction Adviser; and*

"USE Easy-Portal" *means the online portal administered by USE that allows Applicants to apply for Offer Shares, open SCD Accounts and view those SCD Accounts.*

18.1 Times and Dates of the Opening and Closing of the Offer

The Offer will open at 10.00 a.m. on 11 October 2021 and will close at 4.00 p.m. on 22 November 2021. The Offer Period is subject to amendment and extension if proposed by the Selling Shareholder and consented to by the CMA and the USE. Any such amendment or extension will be announced publicly through a press statement.

18.2 Particulars of the Offer

An offer of 4,477,808,848 Offer Shares is being made at a price of UGX 200 per Offer Share, payable in full on Application upon the terms and conditions set out in this Prospectus. The Offer Shares constitute 20% of the issued share capital of the Company, which, assuming that the Offer Shares are taken up in full, meets the USE Listing Rules requirement that immediately following the successful completion of the Offer, at least 20% of the Shares are held by public shareholders, and the public shareholders must at the very least be 500 in number.

The funds raised through the sale of the the Selling Shareholder, net of related expenses.

Applications for Offer Shares are irrevocable and may not be withdrawn once received.

Over-subscription in terms of the Offer will result in Applicants not necessarily being allocated all of the Offer Shares for which they applied. Please refer to the Allotment Policy in **Section 18.7 (Allocation Policy)** of this Prospectus.

The Selling Shareholder reserves the right to accept or reject any Application in terms of the Offer, either in whole or in part, or to accept some Applications in full and others in part, in such manner as it may determine in its sole and absolute discretion.

Without limiting this discretion, the following will likely disqualify an Applicant:

a) if you do not make payment for the full quota of Offer Shares applied for in time and in accordance with this Prospectus;

b) if your Application is not completed properly or is incomplete;

c) if you do not apply for the minimum number of Offer Shares referred to under **Section 18.3 (Minimum Individual and Aggregate Application)** of this Prospectus;

d) if your Application and payment in full in respect of the Offer Shares applied for is not received by 4:00 p.m. on the Closing Date;

e) if all the required supporting documents to your Application are not submitted;

f) if any information in your Application cannot be verified for know-your-customer or anti-money laundering verification due diligence purposes;

g) if you are not a Qualifying Applicant; or

h) if you make any false or untrue statements in your Application.

An announcement regarding the results of the Offer and the basis on which allocations were made will be published by 3 December 2021, which date is subject to amendment in the event that the Offer Period is altered by the Selling Shareholder.

Application has been made to the USE for the listing of all the 22,389,044,239 issued Shares of MTN on the Main Investment Market Segment of the USE. Admission to the Official List of the USE is expected to become effective on 6 December 2021. Funds paid in respect of any Application accepted will be returned if the Listing does not become effective.

18.3 Minimum Individual and Aggregate Application

The minimum number of Offer Shares for which Application must be made is 500 Offer Shares. Applications for greater than this minimum must be in multiples of 500 Offer Shares with no limit on the number of Offer Shares that an Applicant can apply for.

The Selling Shareholder may suspend the Offer and refund all funds received from Applicants in the event that aggregate Applications for Offer Shares representing at least 25% of the Offer (approximately 1,119,452,212 Offer Shares) are not received. In taking this course of action, the Selling Shareholder will consult with and seek the consent of the CMA and the USE.

The USE Listing Rules require that immediately following the Offer, at least 20% of the Shares shall be held by not less than 500 shareholders excluding directors and employees. In the event that the minimum float and the minimum number of public shareholders is not achieved, a waiver of the USE Listing Rules requirement regarding the minimum float or the minimum number of public shareholders (as applicable) may be sought from USE to proceed with the Listing notwithstanding the shortfall.

18.4 Lock-in Period

Existing Shareholders shall not participate in the Offer.

Pursuant to the Lock-in Agreement, MTN International, Charles Mbire, and the Directors (to the extent that any Director holds Shares in the Company) have agreed not to dispose of or further encumber any of the Shares they respectively hold in MTN for a period of 12 months commencing on the Listing Date. The Lock-in Agreement includes customary exceptions relating to disposal of shares pursuant to a court order, to an associate of the Existing Shareholder, to alleviate financial hardship or in the event of death or insolvency of the locked-in party.

In addition, the Company has agreed not to create, issue or offer for subscription new Shares for a period of 12 months commencing on the Listing Date.

18.5 Where to Obtain a Prospectus and Application Form

In line with MTN's vision to lead the delivery of a bold, new, digital world and as part of its drive for responsible and sustainable use of environmental resources and management of environmental impact for sustainability, the Offer is a *"green"* issue in which the Application and allotment processes will be conducted, to the extent legally and practically possible, electronically.

Therefore, the Prospectus is available by electronic download at the following link: https://www.mtn.co.ug/investors

Application Forms are available as set out in **Section 18.7** below.

A toll-free helpline number 0800-250-250 and email tps@@stanbic.com and info@@use.or.ug have been established by MTN to support potential investors with the Application process.

18.6 Application Procedure

Only Qualifying Applicants can apply for the purchase of the Offer Shares. A Qualifying Applicant may apply to purchase Offer Shares in the following three ways:

a) electronically by using the m-IPO Platform. This option is limited to Eligible MTN Customers using MTN Mobile Money as the payment channel; or

b) electronically by accessing USE Easy-Portal at https://scd.use.or.ug/. This option is available to Applicants on a self-service or assisted basis. Assisted USE Easy-Portal applications involve provision of guidance by an Authorized Selling Agent to an Applicant in populating and submitting an Application on the USE Easy-Portal; or

c) in the event that an Applicant has no access to the options listed above, an Applicant can apply for the Offer Shares by completing and submitting the physical Application Form to any Authorised Selling Agent by physical or electronic means.

Pursuant to the Uganda Securities Exchange Fees, Charges and Penalties Rules 2021, an applicant for shares in an initial public offer must pay a processing fee of UGX 5,000. Although this fee should, in the ordinary course, be paid by each respective Applicant, MTN will pay this processing fee on behalf of all Applicants.

Details on how to apply using these channels is as set out in this section.

18.6.1 How to apply – m-IPO Platform

The option to apply for Offer Shares using your mobile phone is limited to Eligible MTN Customers. The Application process may be completed by dialing ***165*65#,** or by using the ***MyMTN App***, which is available for all MTN smartphone subscribers. The ***MyMTN App*** may be downloaded for free from mobile applications stores such as Apple Store (iOS) or Google Play (Android).

The USSD channel and the ***MyMTN App*** are both enabled to accommodate opening of SCD Accounts and Application for Offer Shares. Eligible MTN Customers without an SCD Account will be required to open an SCD Account prior to applying for Offer Shares.

For Eligible MTN Customers that already have an SCD Account, the below process will have to be followed to submit an Application:

a) dial ***165*65#** or open the ***MyMTN App*** on a mobile phone device;

b) select the "Uganda Securities Exchange" option and enter a valid SCD Account number;

c) once the SCD Account number is validated, the Applicant will be prompted to enter the number of Offer Shares to be purchased; and the amount to be paid therefor; and

d) the Applicant will authorise the transaction by submitting their MTN Mobile Money personal identification number.

Upon completion of the steps detailed above, the Application will be submitted. The Applicant will receive a text message containing the unique Application identification number.

Payments made via MTN Mobile Money will be subject to the MTN Mobile Money terms and conditions prevailing as of the date of this Prospectus. In addition, a daily transactional limit of UGX 5 million will apply, in line with the terms and conditions applicable to MTN Mobile Money.

18.6.2 How to apply – USE Easy Portal

An Applicant can apply for the Offer Shares by completing and submitting an Application on the USE Easy-Portal. The process below will have to be followed to submit an Application:

a) access USE Easy-Portal web-page https://scd.use.or.ug/;

b) enter valid USE Easy-Portal log-in credentials. In the event that the Applicant does not have an existing USE Easy-Portal account, click the link to *"Create an account"* and follow the prompts;

c) once successfully logged into a USE Easy Portal account, click the Offer Application and populate the required fields, which include the designated Authorized Selling Agent, number of Offer Shares to be purchased, payment reference number and preferred refund channel; and

d) click the *"Submit"* button at the bottom of the web-page.

Upon completion of the steps detailed above, the Application will be submitted. The Applicant will receive a text message containing the unique Application identification number.

On request by an Applicant, any of the Authorised Selling Agents listed as a broker/dealer in **Appendix C**, can assist the Applicant to complete and submit Applications on a dedicated broker interface on the USE Easy-Portal.

18.6.3 How to apply – submission of Application Form

Application Forms can be obtained from any Authorised Selling Agent. A sample Application Form is provided in **Appendix A** to this Prospectus.

Persons wishing to apply for Offer Shares must complete the Application Form and return it to any one of the Authorised Selling Agents listed in **Appendix C** of this Prospectus, via the email address indicated against each Authorised Selling Agent or by physical submission, by 4:00 p.m on 22 November 2021.

In addition, in order for an Applicant to receive an allocation of Offer Shares, they must have an SCD Account. Applicants who already have an SCD Account should complete the Application Form and include the SCD Account number in the slot boxes provided and proceed with the process.

If an Applicant does not have an SCD Account, the Applicant must first open an SCD account using any of the options listed in **Sections 18.7.7** to **18.7.10** of this Prospectus.

Counterfoils torn from the bottom of Application Forms will be issued to Applicants as receipts. All Applications received from a single Applicant will be aggregated and be treated as a single application in terms of the Offer.

All alterations on the Application Form, other than the deletion of alternatives, must be authenticated by the full signature of the Applicant(s).

The Selling Shareholder reserves the right to accept any Application, in whole or in part, even if the Application is incomplete or incorrectly completed.
Applicants are not allowed to apply for Offer Shares in a nominee capacity and must disclose the names and address of their principals and the number of Offer Shares applied for on behalf of each principal.

Applications may be made in the names of the executor or administrator of the estate of a deceased person or a guardian of a minor. The capacity of such Applicant should be indicated on the Application Form.
Applicants may be required to provide evidence of their authority or capacity to sign an Application Form.

18.6.4 Payment Terms

Each Application submitted must be accompanied by payment of an amount equivalent to the aggregate price of the number sale Shares applied for by the Applicant. Payment may be in the form of:

a) if applying via an Application Form or the USE Easy Portal, cash deposit into the account of a Receiving Bank or Authorised Selling Agent, as designated;

b) MTN Mobile Money if applying through the m-IPO Platform and USE Easy Portal;

c) a valid bankers draft/cheque drawn on a commercial bank Licenced in Uganda in favour of the MTN Offer Share Account for applications made using an Application Form;

d) electronic funds transfer or real time gross settlement transfer to the bank account of an Authorised Selling Agent, as designated if using an Application Form;

e) any other recognised means of payment to the account of the Authorised Selling Agent or the Receiving Bank, as designated if using an Application Form; and

f) for Professional Investors, an irrevocable on demand bank guarantee from a commercial bank licenced in Uganda, in the format required by the Selling Shareholder and valid for up to 30 days after the Closing Date.

Payments made via MTN Mobile Money will be subject to the MTN Mobile Money terms and conditions prevailing as of the date of this Prospectus. In addition, for payments made via MTN Mobile Money, a daily transactional limit of UGX 5 million will apply, in line with the terms and conditions applicable to MTN Mobile Money. The fees for payment via the m-IPO Platform have been waived.

If any draft or cheque accompanying an Application is dishonoured or not paid on first presentation, such an Application will be treated as being invalid. The Applicant shall be responsible for any losses and all costs incurred as a result.

The use of a bank guarantee is only permitted for Professional Investors. Professional Investors will not be required to provide direct payment on application. Payment for the Offer Shares applied for by Professional Investors will be made upon allocation and in any event within two working days of the announcement of allocation results. By submitting an Application Form, each Professional Investor binds itself irrevocably to the Selling Shareholder to pay in full the value of Sale Shares allocated to that Professional Investor.

18.6.5 Late Applications

Applications that are submitted beyond the stipulated submission time will not be accepted. Neither the Selling Shareholder, MTN nor any of their advisers or agents in relation to the Offer shall be under any liability whatsoever should an Application fail to be delivered/received by 4:00 pm on the Closing Date. Applications which are received after the Offer Closing Date will not be processed or considered. Late Applications will only be received on an exceptional basis where reasonable or justifiable cause is shown and in the Selling Shareholder's sole discretion.

18.6.6 Refund of excess Application funds

If any Application is not accepted or is accepted for fewer Offer Shares than applied for as determined by the Selling Shareholder pursuant to the terms and conditions in **Section 18.9 (Sale Shares)** of the

Prospectus, the balance of the amount paid on the Application will be refunded without interest with effect from 3 December 2021 (the date of announcement of the Offer allocation results). Refunds will be completed within 14 calendar days of 3 December 2021 and will be made on the following terms:

a) in the case of Applications submitted through the m-IPO Platform, to the affected Applicant via the MTN Mobile Money account from which the amount paid for the Offer Shares applied for was drawn;

b) in the case of Applications submitted through the USE Easy-Portal, to the affected Applicant via the refund channel nominated while populating the Offer Application; and

c) in the case of Applications made by the Application Form, to the bank account nominated by the Applicant for that purpose in the Application Form.

If the amount of the Application divided by the Offer Price does not result in a whole number of the Offer Shares, only the number of allocated Offer Shares that are rounded down to match the Application amount will be accepted. The unutilised amount will be refunded to the Applicant.

No refunds will be made to any person not named on an Application even where such person has made payment for the Offer Shares applied for in such Application.

Any refunds will be remitted by the Lead Receiving Bank within 14 calendar days following the date of announcement of the results of the Offer and the basis of allocation. No interest will be payable on amounts paid at the Application stage or on the refunded amounts.

18.6.7 SCD Account requirement

The Company's Shares shall be held in dematerialised form by which, in accordance with the SCD Act, evidence of ownership of shares listed by a company on an authorised stock exchange shall be through a book-entry accounting record that is reflected on an electronic account (the SCD Account) opened and operated by the respective shareholder. No physical or paper certificates shall be issued as evidence of ownership of Shares in the Company.

In order for an Applicant to receive an allocation of Offer Shares, the Applicant must have a SCD Account. Applicants who already have an SCD Account should indicate their SCD Account number when prompted and proceed with the Application process. If an Applicant does not have a SCD Account, they must complete the SCD Account opening process using one of the below channels:

a) the m-IPO Platform as detailed in **Section 18.6.8** below;

b) USE Easy Portal https://scd.use.or.ug as detailed in **Section 18.6.9** below; or

c) through an Authorised Selling Agents as detailed in **Section 18.6.10** below.

18.6.8 How to open SCD Account – m-IPO Platform

Below are the steps to be followed to set up the SCD account:

a) dial ***165*65#** or open the ***MyMTN App*** on a mobile phone device;

b) select the option to create an SCD Account and enter a valid NIN;

c) once the NIN is validated and it is confirmed that no SCD Account exists for this NIN, the Applicant will be requested to select an Authorised Selling Agent listed as a broker/ dealer in **Appendix C**;

d) upon selection of an Authorised Selling Agent, the Applicant will be prompted to review and accept applicable terms and conditions; and

d) the Applicant will consent to the creation of the SCD Account by submitting their MTN Mobile Money personal identification number.

Shortly after completion of the above process, a unique Application identification number will be generated, and upon validation, an SCD Account will be created, and associated details communicated to the Applicant via a text message.

18.6.9 How to open SCD Account – USE Easy-Portal

Access the USE Easy-Portal at https://scd.use.or.ug.

For new users without a registered account, follow the instructions on the webpage to create a new USE Easy-Portal account, by submitting a name, email address and password.

For registered USE Easy-Portal users without a SCD Account, click the *"Link / Create SCD Account"* button and follow the instructions as prompted. The SCD Account application form requires bio data, contact information, broker information and bank information for payments. Once the form is submitted, the SCD Account information will be communicated to the Applicant via a text message .

18.6.10 How to open SCD Account – Authorised Selling Agent

An Applicant may open an SCD Account through an Authorised Selling Agent listed as a broker/dealer in **Appendix C**. The Applicant will be required to complete the appropriate SCD Account opening form and the broker's know-your-customer form. The know-your-customer form will enable the broker to open an SCD Account for the Applicant.

Applicants may choose to apply through the available online channels of certain Authorised Selling Agents. Those Authorised Selling Agents will provide soft copies of the SCD application form and the Authorised Selling Agents' know-your-customer forms.

SCD Account application process for individuals

- *Submit a duly completed and signed Securities Account Opening Form SCD 1a together with a copy of a valid identification documentation (National Identification Cards for Ugandans and passport for foreigners).*
- *Submit three recent colour passport size photographs.*
- *For joint accounts, each signatory will be required to submit a duly completed and signed SCD Form 1a; a copy of the valid identification documentation and three*
- *Recent colour passport size photographs.*

SCD Account application process for organizations, corporates, associations or other entities

- *Submit a duly completed and signed Securities Account Opening Form SCD 1b together with a copy of the identification documentation for all its signatories or directors or officers authorised to give instructions on the account and supporting documentation for such authority.*
- *Only three signatories or directors or officers will be authorised to give instructions.*
- *Submit three recent colour passport size photographs of each signatory or director or officer authorized to give any instructions on the account.*

The Authorised Selling Agents will provide soft copies of the SCD 1a (for individuals) and SCD1b (for organisations) forms, the Application Form and the selling agents know-your-customer forms.

Know Your Customer information required from organisations shall include the following:

- *Certificate of incorporation or registration.*
- *Memorandum and Articles of Association.*
- *Resolution to open account with details of signatories and their designation.*
- *For companies, resolution should be signed jointly by two directors or jointly by one director and the company secretary.*
- *National identification card or valid passport copies and photos of all signatories.*
- *Proof of residential address of all signatories (a letter from the entity with this information is sufficient. Other options are copies of utility bills, certificates of titles and tenancy agreements).*
- *Latest filed annual returns for companies that have been in existence for more than one year after the date of incorporation or registration.*

Any activation request that is rejected by the USE shall be communicated immediately by either the USE or the Authorised Selling Agent and the documentation returned giving reasons for the rejection within two days.

18.7 Allocation Policy

In accordance with the objectives of the National Broadband Policy and MTN Group, the purpose of the Offer is to broaden Ugandan shareholding in MTN and provide an opportunity to Ugandan investors to own a stake in MTN and share in the success of the Company. Aligned with this objective, the Allocation Policy is for all Applications from Ugandan Retail Investors and Professional Investors to be given priority, including in the event of Oversubscription.

The responsibility for allocating the Offer Shares lies with the Selling Shareholder taking into consideration the recommendation of the Transaction Adviser. In order to prioritise Applications from Ugandan Retail and Professional Investors, Applications will be considered in the following order:

a) first, satisfy all duly completed Applications from Ugandan Retail Investors and Eligible Employees;

b) second, satisfy all duly completed Applications from Ugandan Professional Investors;

c) third, satisfy all duly completed Applications from Qualifying Applicants from the East African Community countries Partner States; and

d) fourth, satisfy all duly completed Applications from Foreign Investors.

In the event of Oversubscription:

a) Ugandan Retail Investors making Applications for Offer Shares of an aggregate minimum value of UGX 5 million will be allocated the full number of Offer Shares for that minimum value applied for along with that number of Incentive Shares that they are entitled to, subject to the total number of Offer Shares available; and

b) All Applications for Offer Shares in excess of an aggregate minimum value of UGX 5 million in the case of Retail Investors will be allocated Offer Shares and corresponding Incentive Shares on a pro rata basis as determined by the Selling Shareholder in accordance with the allocation priority stated above and in such a way that persons within the same category of Applicants shall be treated in a fair and equal manner with regard to their Applications.

18.8 Sale Shares

As mentioned in **Section 18.2 (Particulars of the Offer)** above, the Selling Shareholder reserves the right to accept or reject any Application for Offer Shares, either in whole or in part, or to accept some Applications in full and others in part, in such manner as it may determine in its sole and absolute discretion.

Without in any way limiting the sole and absolute discretion of the Selling Shareholder to accept Applications in full or in part (and to determine the number of Offer Shares to be allocated in respect of an Application), the Selling Shareholder shall in determining allocations of Offer Shares for cash against Applications received consider:

a) Oversubscription;

b) the Allocation Policy as discussed in **Section 18.7 (Allocation Policy)** and other allocation principles discussed elsewhere in this Prospectus; and

c) allocation of Incentive Shares as determined in **Section 18.9 (Incentive Shares)**.

In the event that the Selling Shareholder accepts an Application in full, then the relevant Applicant shall be allotted the full number of Offer Shares applied for in the Application and the full cash payment which accompanied the Application shall be deemed paid and collected in respect of the Offer Shares allocated to such Applicant.

In the event that the Selling Shareholder only partly accepts an Application, then the Applicant shall be entitled to fewer Offer Shares than applied for in the Application, and the Applicant shall be entitled to a refund of the balance of the payment which accompanied the Application in respect of which Offer Shares were not allocated, as provided for in **Section 18.6.6 (Refund of excess Application funds)** of this Prospectus.

The Offer Shares allocated for cash in terms of this **Section 18.8** against an Application represents a determination by the Selling Shareholder of the number of Sale Shares sold and delivered to an Applicant.

For the avoidance of doubt, allocated Sale Shares form part of the Offer Shares, and allocation of Sale Shares correspondingly reduces the Offer Shares available for allocation.

18.9 Incentive Shares

As part of the Offer, and in alignment with the objective of broadening Ugandan shareholding in MTN as described in **Section 18.7 (Allocation Policy)** above, the Selling Shareholder will transfer Incentive Shares at nil cost to the categories of Qualifying Applicants that apply for and are allocated the Sale Shares as set out below. Accordingly, eligible Applicants will receive an allocation of Sale Shares which the Applicants will be required to pay for and, in addition, an allocation of Incentive Shares which the Applicants will not pay for.

The number of Incentive Shares to be transferred to each eligible Applicant will be determined and distributed as follows:

18.10 Additional Terms and Conditions

The Authorised Selling Agents in respect of the Offer are listed in **Appendix C** of this Prospectus.

No Application will be considered unless made and submitted through the Application procedure set out in **Section 18.6 (Application Procedure)** of this Prospectus and otherwise fulfils the conditions stated in this Prospectus. The right is reserved to accept or reject any Application in whole or in part.

Commissions at a specified rate on the proceeds of the Offer will be paid to the Authorised Selling Agents on allocations made through and attributable to a specified Authorised Selling Agent.

Table 25: Allocation of Incentive Shares

Number of Sale Shares allocated to Qualifying Applicant	Number of Incentive Shares to be allocated
Uganda Retail Investors	5 Incentive Shares for every 100 Sale Shares allocated
East African Retail Investors	5 Incentive Shares for every 100 Sale Shares allocated
Eligible MTN Customers applying through the m-IPO Platform and paying through MTN Mobile Money	5 Incentive Shares for every 100 Sale Shares allocated (in addition to the general Uganda Retail Investors incentive above)
Ugandan Professional Investors applying for Sale Shares of minimum value of UGX 3.5 billion	5 Incentive Shares for every 100 Sale Shares allocated
East African Professional Investors applying for Sale Shares of minimum value of UGX 3.5 billion	5 Incentive Shares for every 100 Sale Shares allocated
Ugandan Professional Investors applying for Sale Shares of minimum value of UGX 177 billion	10 Incentive Shares for every 100 Sale Shares allocated
East African Professional Investors applying for Sale Shares of minimum value of UGX 177 billion	10 Incentive Shares for every 100 Sale Shares allocated

In the event of Oversubscription, Applicants making Applications for Sale Shares of an aggregate value of UGX 5 million will be allocated the full number of Sale Shares applied for along with that number of Incentive Shares that they are entitled to, but subject to the total number of Offer Shares available. All Applications for Sale Shares in excess of an aggregate value of UGX 5 million will be allocated Sale Shares and corresponding Incentive Shares on a pro rata basis.

For the avoidance of doubt, allocated Incentive Shares form part of the Offer Shares, and allocated Incentive Shares correspondingly reduces the Offer Shares available for allocation.

The Selling Shareholder shall have the right at any time and from time to time to take any action it considers reasonably necessary to correct any errors or omissions which may occur under or in connection with the Offer and is authorised by each Applicant to take such steps. Although the Selling Shareholder accepts no obligation to do so, this right includes the right to correct payment errors and/to reverse allocations of Offer Shares which are allocated and/or issued to an Applicant because of another Applicant using an incorrect payment reference, and to transfer and/or issue the relevant Offer Shares to the intended Applicant. This paragraph applies notwithstanding anything to the contrary in the Prospectus.

18.11 Acceptance and Settlement

The Selling Shareholder reserves the right to reject any incomplete Application not complying in all respects with the terms and conditions set out in this Prospectus.

Upon acceptance of Applications, the Selling Shareholder will, as soon as possible after the Offer closes, allocate the Offer Shares, and thereafter, the number of Offer Shares allocated to each Applicant will be credited onto the Qualifying Applicant's SCD Account following allocation.

In the case of an unsuccessful, or partly successful, Application, the full or surplus Application funds will be refunded by electronic funds transfer to the bank account, or MTN Mobile Money to the mobile money account, of the Applicant concerned provided during the Application process set out in **Section 18.6.6 (Refund of excess Application funds)** of this Prospectus.

By submitting an Application, an Applicant agrees to accept the transfer of such number of Offer Shares (not exceeding the number applied for) as shall be allocated to the Applicant upon the terms and conditions of this Prospectus and subject to the terms of the Company's amended memorandum and articles of association, and agrees that the Company may enter the Applicant's name and particulars in the register of members of the Company as the holder of such Offer Shares.

No securities shall be allocated on the basis of this Prospectus later than six months after its date of issue.

18.12 Form of Offer Shares

In compliance with the requirements of the SCD Act, share certificates will not be issued for the Offer Shares. The Offer Shares will, when issued, be held in dematerialised form and registered electronically by the SCD. Successful Qualifying Applicants who provide SCD Accounts will have their respective SCD Accounts credited with the number of Offer Shares allocated to them.

18.13 Foreign Investors

Save as described in ***Important Information – Part B: Selling Restrictions****,* Foreign Investors, as defined in the Investment Code Act 2019, may apply for Offer Shares. Any Foreign Investor who wishes to apply for Offer Shares should obtain guidance from any of the Authorised Selling Agents in **Appendix C** of this Prospectus, before completing and lodging an Application Form. GOU's foreign investment policy does not limit or restrict any foreign investor from applying for the Offer Shares. In addition, as of the date of this Prospectus, there are no foreign exchange restrictions in Uganda and the capital account is fully liberalised.

18.14 Purchase of Offer Shares by Eligible Employees

Eligible Employees participating in the Offer will be entitled to a cash subsidy that is equal to 10% of the aggregate amount payable for the Offer Shares allocated to an Eligible Employee. The maximum amount payable as the 10% cash subsidy is the equivalent of three months' gross salary of the Eligible Employee as at the date of the Prospectus.

Every Eligible Employee participating in the Offer will pay in full for the number of Offer Shares applied for at the point of submitting an Application. Thereafter, following the completion of allocation procedures and the Listing, the participating Eligible Employee will receive the 10% cash subsidy from MTN. The cash subsidy will be financed in full by MTN, the employer.

Eligible Employees should note that there are likely tax implications for each Eligible Employee who benefits from all or part of the cash subsidy described in this section. As such, Eligible Employees who wish to take advantage of the employee subsidy should seek tax advice prior to completing the relevant portion of the Application Form relating to their employee status.

Any restriction or conditions determined by the Board in connection with employee participation in the Offer may be imposed before or after the Closing Date and shall be communicated to the participating Eligible Employees.

Applicants who are Eligible Employees and wish to take advantage of the employee cash subsidy should indicate their status as employee when submitting an Application.

18.15 Representations and Warranties

By completing and submitting an Application by whatever means, each Applicant (or "you") warrants and represents as follows to MTN, the Directors and the Selling Shareholder:

a) that you have full legal capacity and are duly authorised to contract and, having read and understood the Prospectus, you agree to be bound by the terms and conditions of the Prospectus and you irrevocably apply for the number of Offer Shares set out in your Application;

b) that you are a Qualifying Applicant (or that the person on whose behalf you are applying is a Qualifying Applicant) and that all of the information provided by you in the Application (and any supporting documents) is complete, true and correct in all respects;

c) that the money you use for your payment for Offer Shares is not the proceeds of unlawful activities constituting a crime or a contravention of any laws, whether in Uganda or in any other jurisdiction. In this respect, you specifically acknowledge that MTN and the Selling Shareholder reserve the right to decline to process any Application where the source of funds supporting it is considered to be suspicious in the sole opinion of MTN and the Selling Shareholder (and acting on the advice of the Transaction Adviser and Lead Receiving Bank). Further, that MTN and the Selling Shareholder shall report any suspicious transaction to the relevant authorities in Uganda or in other jurisdiction;

d) you acknowledge that MTN and the Selling Shareholder will rely on the truthfulness and completeness of the information provided and statements made by you when making its decision to allocate Offer Shares to you;

e) you agree that MTN and the Selling Shareholder are entitled to verify your details and that you are obliged to assist in such verification promptly when requested to do so;

f) that by opening an SCD Account and applying for Offer Shares through the m-IPO platform, you consent (in terms of the Data Protection and Privacy Act 2019) to the transfer of your relevant personal information from MTN to the SCD, the Selling Shareholder, the Transaction Adviser and the Share Registrar and to the use of that information for all purposes necessary for the allotment of Offer Shares to you and crediting of those Offer Shares onto your SCD Account;

g) you acknowledge that MTN and the Selling Shareholder or other persons may have claims and rights against you because of the details that you put in your Application, and providing false information could be a criminal offence;

h) your application for (and holding of) Offer Shares does not and will not contravene any applicable law or regulation or result in a breach of or default under any agreement or other instrument to which you are a party or by which you are bound;

i) that in making your application, you are not relying on any information or representation concerning MTN or the Selling Shareholder not contained in this Prospectus. You agree that no person responsible for the Prospectus or any part of it will have liability for any such other information or representation;

j) you warrant and represent that if you submit an Application and are not the Qualifying Applicant, you have authority to do so on behalf of the Qualifying Applicant;

k) that if the Qualifying Applicant is other than a natural person and you submit the Application on behalf of the Qualifying Applicant, you have authority to do so on behalf of the Qualifying Applicant; and

l) you acknowledge that the Prospectus is legally binding on and enforceable against you.

18.16 Amendment to Terms and Conditions

The Selling Shareholder reserves the right to alter, relax or waive any of the terms and conditions with respect to the making of Applications as the Selling Shareholder, in its sole discretion, may deem fit.

18.17 Right to Suspend the Offer

Subject to the consent of the CMA and the USE, the Selling Shareholder reserves the right to suspend the Offer prior to the Closing Date in the event of the occurrence of a material adverse or force majeure event; a material adverse or force majeure event being an occurrence which detrimentally affects the capital markets locally, regionally or globally.

The occurrence of a material adverse or force majeure event shall be assessed in the sole discretion of the Selling Shareholder. Where the Prospectus is suspended, all Applications funds received from Applicants shall be refunded within 10 working days from the effective date of the suspension.

18.18 Governing Law

This Prospectus and any contract resulting from the acceptance of an application to purchase Offer Shares shall be governed by and construed in accordance with the laws of Uganda, and it shall be a term of each such contract that the parties thereto and all other interested parties submit to the exclusive jurisdiction of the courts of Uganda.

MTN UGANDA ("Company")

(incorporated in Uganda under the Companies Act 2012 with registration number P.498)

INITIAL PUBLIC OFFER OF SHARES

*In respect of an Offer for sale of 4,477,808,848 Shares with a par value of UGX 1 each in the Company at a price of UGX 200 per Share (the **"Offer Shares"**). Offer opens at 10.00 a.m. on 11 October 2021 and closes at 4.00 p.m. on 22 November 2021.*

*Applicants will be bound by the terms and conditions of application for the Offer Shares contained in **Section 18** of the Prospectus dated 11 October 2021 and issued by the Company (**"Terms and Conditions"**), as well as the instructions for completion of the Application Form. Applicants are therefore required to read the Prospectus before making an Application.*

The Selling Shareholder reserves the right to accept or reject any Application, in whole or in part, particularly if the instructions that are set out in the Prospectus and below are not complied with.

APPLICANT'S STATEMENT

By signing the Application Form overleaf, I/we the Applicant(s) herein state that:

(A) I/we have read the Terms and Conditions and agree to be bound by them.

(B) I/we are over 18 years of age.

(C) I/we agree to accept the number of Offer Shares applied for in this Application or any smaller number of Offer Shares as may be allocated by the Selling Shareholder, subject to and in accordance with the Terms and Conditions.

(D) I/we authorize the Company to enter my/our name(s) in the register of members of the Company as holder(s) of the Offer Shares allocated to me/us subject to the Amended and Restated Memorandum and Articles of Association of the Company.

(E) I/we authorize the Company to share my/our name(s), identification details and other information submitted as part of this Application with the SCD for purposes of crediting the Offer Shares allocated to me/us on my/our SCD Account.

(F) I/we authorize the Selling Shareholder to allocate/transfer the Offer Shares allocated to me/us, and to pay any refunds due upon receipt of the Application Form or after the Closing Date on any Oversubscription of Offer Shares or otherwise as specified in this Application Form, in accordance with the Terms and Conditions.

(G) In consideration of the Selling Shareholder agreeing to accept this Application Form, I/we agree that my/our Application for Offer Shares detailed in this Application Form is irrevocable and shall upon acceptance by the Selling Shareholder constitute a contract which shall be binding on me/us upon delivery of this Application Form to the Authorised Selling Agent.

(H) I/we represent and warrant that, except in cases where I am/we are Licenced to apply for and hold shares for other persons or hold shares as trustee, I/we apply for the Offer Shares on my/our account, will be the beneficial owner of the Offer Shares allocated to me/us, have not represented myself/ourselves as a different person in any other application or applied for the Offer Shares under a different name, and I am/we are not applying for the Offer Shares on the instructions of any other person and I/we have not instructed any other person to apply for the Offer Shares as my/our nominees.

(I) Where I am/we are Licenced to apply for the Offer Shares on behalf of other persons as trustee, I/we represent and warrant that I am/we are not making multiple Applications for myself/ourselves or any other person, I am/we are not applying as nominee or trustee of any person whom I/we know to have applied under any other name, through any other nominee or for a beneficial owner more than once.

(J) I/we acknowledge that the Selling Shareholder and/or the Authorised Selling Agents reserve the right to reject any application found to be in contravention of these declarations.

(K) I/we confirm that all information provided by me/us on the Application Form is true and that we have read and understood the ***General Guidelines for the completion of this Application Form*** provided in this Application Form.

APPLICATION FORM

1. SCD ACCOUNT NUMBER (*Mandatory for all applicants*)

SCD Account number:	
SCD Agent/Broker Code (if known):	

2. APPLICANT DETAILS

Individual	
First name:	
Surname:	
Other name:	
Physical address:	
Email address:	
Mobile telephone number:	
Passport or national identification number:	
Citizenship: Ugandan, other East African or foreigner:	
Residence: resident or non-resident	
Tax status in Uganda: whether tax exempt or not tax exempt (tax exempt person to attach a copy of a current tax exemption letter or certificate):	
Whether MTN employee (Yes/No):	

Joint – Applicant 1	
First name:	
Surname:	
Other name:	
Physical address:	
Email address:	
Mobile telephone number:	
Passport or national identification number:	
Citizenship: Ugandan, other East African or foreigner:	
Residence: resident or non-resident	

Tax status in Uganda: whether tax exempt or not tax exempt (tax exempt person to attach a copy of a current tax exemption letter or certificate):	
Whether MTN employee (Yes/No):	

Joint – Applicant 2	
First name:	
Surname:	
Other name:	
Physical address:	
Email address:	
Mobile telephone number:	
Passport or national identification number:	
Citizenship: Ugandan, other East African or foreigner:	
Residence: resident or non-resident	
Tax status in Uganda: whether tax exempt or not tax exempt (tax exempt person to attach a copy of a current tax exemption letter or certificate):	
Whether MTN employee (Yes/No):	

Note: Each joint Applicant must provide full details.

Corporate/Institution	
Name:	
Incorporation or registration number:	
Country of incorporation or registration:	
Physical address:	
Email address:	
Telephone number:	
Tax status in Uganda: whether tax exempt or not tax exempt (tax exempt person to attach a copy of a current tax exemption letter or certificate):	
Name of authorised representative(s):	
Mobile or telephone number of authorised representative(s):	
Mandate resolution authorizing application for Offer Shares and designating the authorised representative(s) *(certified copy to be enclosed):*	

3. OFFER SHARES AND PAYMENT DETAILS

Number of Offer Shares applied for:		
Price per Offer Share:	**UGX 200**	
Total amount payable for the Offer Shares applied for (UGX):		
Method of payment: mobile money, bank deposit, banker's cheque, electronic funds transfer (EFT) or real time gross settlement (RTGS) *(evidence of payment must be attached):*		
For payment by EFT, RTGS, banker's cheque or bank guarantee:	Name of bank:	
	Branch	
	SWIFT code:	
	EFT/RTGS/banker's cheque number:	
	Amount (UGX):	
	Bank guarantee:	
	Bank guarantee reference number:	

4. REFUND/DIVIDEND PAYMENT DETAILS

Payment by bank transfer	Name of bank:	
	Name of branch:	
	Account name:	
	Account number:	
	Currency:	
	SWIFT code:	
Payment by mobile money	Mobile telephone number:	

5. SIGNATURE

By ticking the box below, I/we confirm that I/we have received a copy of the Prospectus and that I/we have read and are aware of its contents:

I/we have received a copy of the Prospectus and I/we are aware of its contents:	

Name(s):	
Signature(s):	
Stamp/Seal:	

6. AUTHORISED SELLING AGENT STAMP

7. ACKNOWLEDGEMENT RECEIPT

Applicant name(s):	
Date:	
SCD Account number:	
Number of Offer Shares applied for:	
Amount paid (UGX):	

This receipt is evidence that an Application Form has been submitted to the selected Authorised Selling Agent. It should be kept secure and must be produced when making an enquiry regarding the Application. The receipt is NOT evidence of an Application or funds received by the Receiving Bank. Credits of allocated Offer Shares to SCD Accounts and refund of excess Application funds, as applicable, will be available from 3 December 2021. Shares will be listed on the USE on 6 December 2021.

8. GENERAL GUIDELINES FOR COMPLETION OF THE APPLICATION FORM

(a) Please use an original Application Form bearing a serial number only. Photocopies or scans will not be accepted.

(b) Please complete the Application Form in legible capital letters with only black or blue ink.

(c) Your Application is made exclusively on the basis of the Terms and Conditions of Application set out in Section 18 of the Prospectus. Please read these carefully.

(d) Your Application Form must be received in its entirety, duly signed, and accompanied by payment by way of cash deposit slip, banker's cheque, EFT or RTGS confirmation of the value of the Offer Shares applied for. In the case of Professional Investors, Application Forms may be accompanied by a duly executed and valid on-demand bank guarantee from a Licenced commercial bank in Uganda as is specified in Section 18.6.4 *(Payment Terms)* of the Prospectus so that it is received no later than 4:00 p.m. on the Closing Date.

(e) Any alteration on the Application Form (other than deletion of alternatives) must be authenticated by the full signature of the Applicant(s).

(f) The duly completed Application Form may be sent or hand delivered to any of the Authorized Selling Agents to be received by 4.00 p.m. on the Closing Date.

(h) Payments via mobile money must be made from the mobile money account of the Applicant(s) and the transaction reference number written in the space provided on this Application Form.

(i) Payments made by way of bankers cheque must be payable in favour of **MTN Share Offer Account** and crossed 'Account Payee' only. The Applicant's name(s), national identification number or passport number, mobile telephone number, Application Form serial number and signature MUST be written in the space available for that purpose at the back of the cheque. Amounts in excess of UGX 10 million must be paid via EFT or RTGS to the accounts set out below and the confirmation receipt must be attached to the Application Form.

Bank:	
Bank branch:	
Account name:	**MTN Offer Share Account**
Account number:	
SWIFT code:	

(i) Applications will only be considered to be complete when the relevant bankers cheque has been honoured or the EFT or RTGS payment received in cleared funds (net of any applicable bank charges which shall be for the Applicant's account) into the payee account or are accompanied by bank guarantees (as may be applicable in the case of Professional Investors). Any applicable bank and other charges will for the Applicant's account.

(j) Professional Investors are not required to provide cash payment on Application. Payment for the Offer Shares applied for by Professional Investors will be made upon allocation and within two working days of the announcement of allocation results.

(k) Applications may only be submitted via the Authorized Selling Agents listed in the Prospectus.

(l) Applications by Retail Investors who are corporate entities must be signed by two directors or one director and the company secretary and the company seal or stamp must be affixed in the space provided. For corporate entities which are not companies, Applications must be signed by two invididuals who are appointed or otherwise authorised by written law to act as binding representatives of that that entity. The Company reserves the right to call for documents or other evidence in proof of a person's authority to sign the Application Form in a representative capacity.

(m) Offer Shares allocated to an Applicant will be credited to the Applicant's SCD Account. No physical share certificates will be issued.

(n) All Applicants are required to provide a copy of their valid national identification document or certificate of incorporation or registration (as applicable) in support of their Applications.

(o) Applicants must indicate their Ugandan tax status as provided for in the Application Form and where exempted from tax, the Applicant must attach a certified true copy of the current tax exemption certificate or letter.

(p) Other than the receipt referred in Paragraph 7 of this Application Form, no other receipts will be issued in respect of any direct payments made.

(q) Please note that incomplete and/or missing bank account details may result in the Application Form being rejected with no further liability to the Selling Shareholder, the Company or its Directors.

(r) Refunds will only be made by EFT or mobile money if the Applicant has provided complete and correct bank or mobile money account details in Paragraph 4 of the Application Form. In the event that the Application Form contains incorrect bank or mobile money account details, any refunds will be paid by cheque in the name provided in the Application Form.

(s) Any refunds by cheque shall be forwarded to the Authorised Selling Agent indicated on the Application Form and the Applicant shall, upon being notified of the refund having been made, be responsible for collecting the cheque from such Authorised Selling Agent.

(t) Applications may also be rejected in accordance with the reasons set out in Section 18.2 (Particulars of the Offer) of the Prospectus.

(u) This Application Form, when completed, together with payment, as provided in the Prospectus, should be submitted to any branch of the Authorised Selling Agent indicated in Appendix D of the Prospectus by 4:00 p.m. on the Closing Date.

9. OTHER CONDITIONS

(a) In case of any inconsistency between the contents of this Application Form and the Prospectus, the contents of the Prospectus shall prevail.

(b) Persons into whose possession this Application Form may come are required to observe the restrictions contained in the Prospectus.

(c) Terms defined in the Prospectus shall bear the same meaning herein unless otherwise indicated.

(d) The Selling Shareholder reserves the right to accept or reject any Application, in whole or in part, particularly if the instructions set out in the Prospectus and this Application Form are not complied with.

(e) A deceased person's estate, a trust or partnership that is not registered cannot apply for Offer Shares. Executors, trustees of trusts that have not been incorporated and individual partners may apply in their own names.

(f) No alterations of the Application Form will be allowed.

(g) Presentation of banker's cheques for payment or receipt of funds transferred by mobile money, EFT or RTGS, shall not amount to acceptance of the Application.

(h) An Application Form will be rejected if the Application does not comply with the requirements of the Prospectus including where:

- it is incomplete, inconsistent, or inaccurate with respect to the instructions as provided in the Prospectus and Application Form;
- it is not signed by the Applicant (s);
- the Application funds received by the Authorised Selling Agent or Receiving Bank are insufficient;
- it contains more than one Authorised Selling Agent stamp;
- Application funds were correctly received but the Application Form is incorrect or missing;
- there are any alterations that are not permitted or countersigned as the case may be;
- there are differences in the name on the Application Form, the national identification card, passport bio-data page and the SCD Account information;
- a copy of a valid national identification card, passport bio-data page, company incorporation or registration or incorporation certificate is not attached to the Application Form; or
- on the available evidence, the Applicant is not eligible to participate in the Offer.

(i) The Application Form and Application funds should be received by the Authorised Selling Agent or the Receiving Bank by 4.00 p.m. on the Closing Date, and neither the Selling Shareholder, MTN nor any of the Authorised Selling Agents shall be under any liability whatsoever should an Application Form not be received by this date.

(j) This Application Form and the accompanying Prospectus are governed by and shall be construed in accordance with the laws of Uganda.

(k) Once made, an Application is irrevocable and may not be withdrawn.

(l) For purposes of the SCD, shareholder related correspondence, refund and dividend processing and tax payments, the particulars of the joint applicant whose name appears first will ordinarily be used.

Appendix B SCD Account Form

Passport size Colour photo

Code	SCD 1a
Serial Nº	A0000001

Uganda Securities Exchange

Uganda Securities Exchange, UAP Nakawa Business Park, Plot 3-5 New Port Bell Road, Block A 4th Floor P.O. Box 23552, Kampala Tel: +256-312 370815, +256-312 370817, +256-312 370818

(TO BE COMPLETED IN TRIPLICATE)

SECURITIES ACCOUNT OPENING/MAIN TENANCE FORM (Individuals)

Joint account	
Yes	No

SCD Client Identification number New/Existing (delete as appropriate)

Please use block letters

Title			
Surname			
Other names			
Address			
Date of Birth			
Telephone number (Landline)			
Telephone number(s) (Mobile)			
Fax number			
Email			
Nationality			
Passport/ID Number			
Employer			
Residence (Village, county, District)			
Bank Account Details	Bank	Branch	Account Number
Client Category			

DECLARATION:

I / We hereby

(i) Request to open and maintain a Securities Account in my / our name(s) or change particulars in my / our Securities Account as indicated above (delete where appropriate)

(ii) Affirm that all information in this form is correct

(iii) Undertake to notify my SCDA of any changes of particulars or information provided by me / us in this form

Name

1.____________________

2.____________________

3.____________________

Signature

1.____________________

2.____________________

3.____________________

For official SCDA use only

Witnessed and verified by

Name

____

Designation

____

Date____________________

Company seal / stamp

Name

____

Designation

____

Date

____

Appendix C Authorised Selling Agents

Authorised Selling Agents

SBG Securities Uganda Limited
Crested Towers, 4th Floor
Plot 17, Hannington Road
KAMPALA

Contact: Mr. Joram Ongura
Telephone: 256 312 224 965
Email: sbgstrading@standardbank.com

Dyer & Blair Uganda Limited
Rwenzori House, Ground Floor
Lumumba Avenue
KAMPALA

Contact: Ms. Cynthia Mbaru
Telephone: 256 414 233 050
Email: sharesuganda@dyerandblair.com

Crested Capital
Impala House, 1st Floor
Plot 13/15 Kimathi Avenue
KAMPALA

Contact: Mr. Robert Baldwin
Telephone: +256 393 230 900
Email: info@crestedcapital.com

Equity Stock Brokers U) Limited
Orient Plaza
Plot 6/6A, Kampala Road
KAMPALA

Contact: Ms. Christine N. Muramuzi
Telephone: +256 417 719 102
Email: equity@orient-bank.com

UAP Old Mutual Financial Services Uganda Limited
UAP Nakawa Business Park, Block A
KAMPALA

Contact: Mr. Simon Mwebaze
Telephone: +256 414 332 824
Email: clientrelationsufs@uap-group.com

Appendix D Receiving Banks

Receiving Banks

Stanbic Bank Uganda
Crested Towers
Plot 17, Hannington Road
KAMPALA

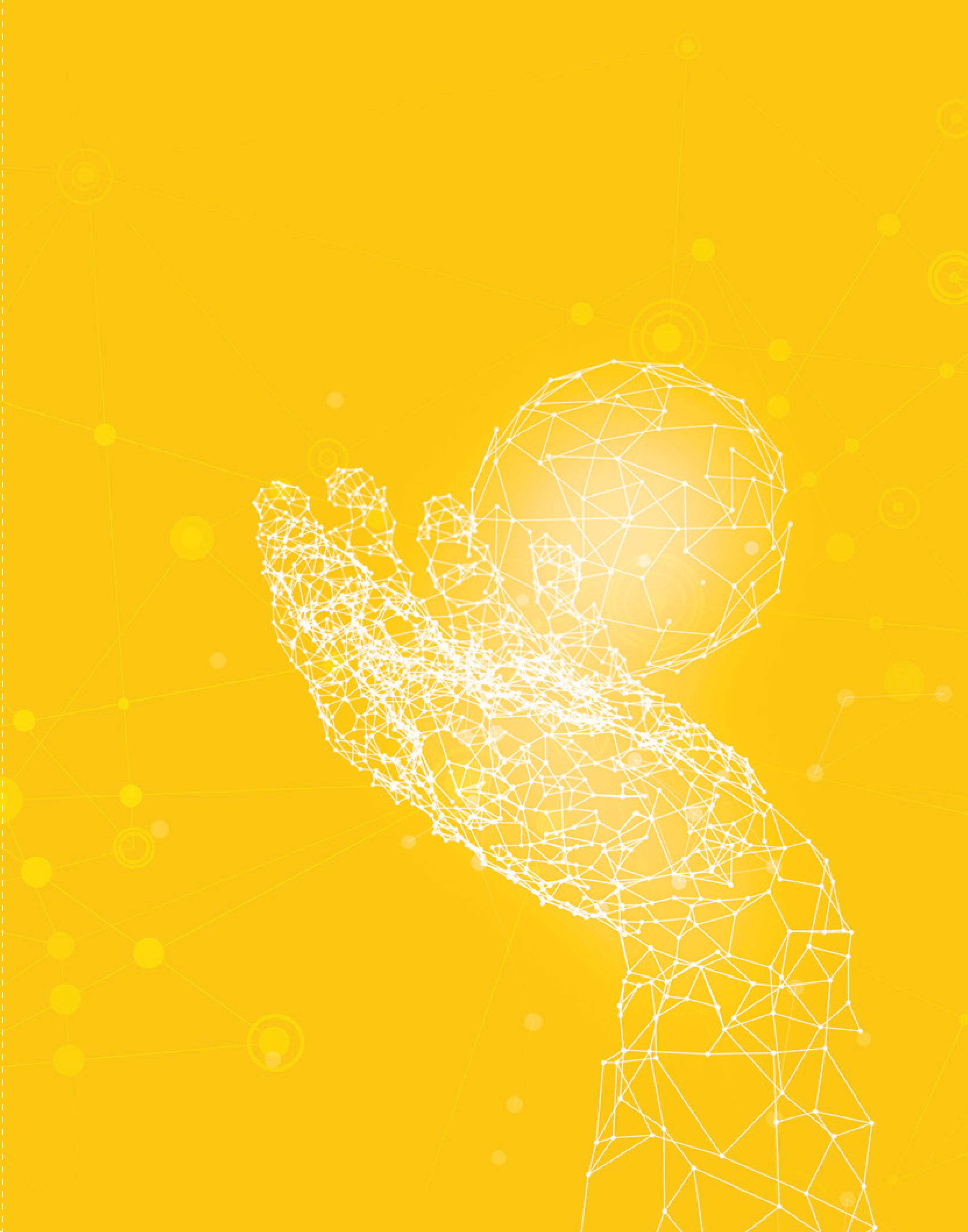
Telephone: 0800 250 250
Email: tps@stanbic.com

Standard Chartered Bank Uganda
Standard Chartered Bank House
Plot 5, Speke Road
KAMPALA

Telephone: +256 313 294 100
Email: ug.service@sc.com

Absa Bank Uganda
Absa House
Plot 2, Hannington Road
KAMPALA

Telephone: 256 312 218 348
Email: absa.uganda@absa.africa



MTN Uganda Limited

Plot 69/71, Jinja Road,
Kampala