MTN Rwandacell Plc (MTN Rwanda) is pleased to announce its unaudited financial results for the nine months ended 30 September 2022.

Kigali, 01 November 2022

Key Highlights

» Mobile subscribers increased by 5.7% year-on-year (YoY) to 6.8 million
» Active data subscribers increased by 18.1% YoY to 2.4 million
» Active fintech users increased by 10.8% YoY to 4.1 million
» Service revenue increased by 21.5% to Rwf 163.9 billion
» Earnings before interest, tax, depreciation and amortization (EBITDA) increased by 16.9% to Rwf 80.9 billion.
» EBITDA margin declined by 1.5% percentage points (pp) to 48.8%.
» Capital expenditure (capex, IAS 17) increased by 60.1% to Rwf 38.4 billion
» Profit after Tax (PAT) decreased by 23.7% to Rwf 14.8 billion, as the business continues to amortize its operating license that was renewed in 2021

Unless otherwise stated, financial and non-financial growth rates are presented on a year-on-year basis (YoY, 9 months to 30 September 2022 versus 9 months to 30 September 2021.

Service revenue excludes device and SIM card revenue. Data revenue is mobile and fixed access data and excludes roaming and wholesale. Fintech includes MoMo and airtime advance. Active mobile users is a count of all subscribers at a point in time which had a revenue generating event in the specified period of time (90 days) prior to that point in time. Active data users is a count of subscribers who during the past 30 days had data usage greater than or equal to 5 megabytes. Active fintech users is a count of subscribers who have transacted on the platform during the past 30 days.
“I am pleased to release my first quarterly results since taking office as Chief Executive Officer and encouraged by the strong results despite the prevailing tough economic headwinds.

MTN Rwandacell PLC delivered a solid Q3 2022 performance, with sustained service revenue and subscriber growth supported by the focused execution of our Ambition 2025 strategy.

This was delivered in a challenging macroeconomic environment characterised by rising inflation and pressure on consumer spending driven by recent global events impacting food and energy prices.

Additionally supply chain experienced disruptions which has placed a further strain on the rate of productivity. In order to mitigate the risks of network rollouts, we accelerated capital expenditure over the 3 quarters of 2022.

Total revenue grew by 20.6% YoY supported by growth in our voice, data and mobile financial services segment. In addition, our leadership in the market in terms of customer market share increased by 2.9pp to 65.7%.

EBITDA grew by 16.9% YoY closing Q3 with an EBITDA margin that came in 1.5pp softer at 48.8%. The margin decline is primarily a result of the continued increase in data cost of sales from rising 4G uptake, the increase in interconnect costs which were inflated by the changes in the local interconnect rate from 1.5Rwf to 2Rwf as well as the increase in the Community Based Health insurance
scheme charges by government from 2.5% to 3.0% of turnover in 2022. We continue to implement cost efficiencies in line with our expense efficiency programme (EEP) to contain operating expenditure growth. The solid financial performance was underpinned by good operational momentum. Our subscriber base grew by 5.7% YoY to 6.8 million marking a turnaround in Q3 following a slowdown in the growth trajectory in the previous reporting period as a result of the introduction of more stringent SIM registration guidelines in September 2021. Active data users and fintech users grew by 18.1% and 10.8% YoY respectively.

On the platform front, active fintech subscriber base grew by 10.8% with a marked increase in MoMoPay merchants of 70.2% YoY to close the period with 86,212 active merchants. MoMo revenue continued to grow strongly and was up 52.9% YoY.

The renewal of our Individual license in 2021 for a consideration of Rwf 91 billion paid via mix of cash and bank debt that was amortised over the concession period of the license (10 years), impacted finance and amortization costs resulting in a 23.7% decrease in net earnings.

In line with our goal to provide industry leading connectivity solutions, CAPEX grew by 60.1% YoY with the bulk of investment going towards meeting our ambition of 100% population coverage. An additional 100 sites have been rolled out in the period between September 2021 and September 2022.

In the face of continued data demand, we are encouraged by the Government of Rwanda’s change in Broadband policy. The aim is to accelerate broadband coverage through measures like the introduction of wireless technology neutrality, opening the door to leverage efficiencies of next generation technologies like LTE and 5G. This allows us to tailor our value proposition to our customer’s increasing advanced digital needs, with an improved quality of service.

Creating shared value remains a key focus at MTN Rwanda with Environment, Social and Governance (ESG) at the core of everything we do. In Q3, we continued to build on our commitment to #ConnectRwanda by donating laptops and subsidized data to Rwanda schools in partnership with our telecom tower provider IHS Rwanda Ltd as part of the ongoing nationwide school digitization project.

We made progress in operationalising the Twese Initiative (a project to make our products and services 100% inclusive to all Rwandans) by supporting the international week of the deaf and front facing staff completing a course in sign language to better serve our customers.

Delivering on our strategy and medium-term targets while navigating the current macro-economic situation is a tribute to the depth and strength of talent at MTN Rwanda that is able to deliver on our belief that “Everyone deserves the benefits of a modern connected life”.

Looking ahead, we are focused on the development of our diverse service offerings as we continue to lead digital solutions for Rwanda’s progress. We also continue to enhance our customer value management initiatives that are driving accelerated use of our services as we withstand the global economic pressures and maintain our medium-term guidance."
OPERATIONAL HIGHLIGHTS
## Operational and financial highlights

### Condensed consolidated statement of comprehensive income

<table>
<thead>
<tr>
<th>Rwf (m)</th>
<th>Sep-22</th>
<th>Sep-21</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Statement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>165,813</td>
<td>137,459</td>
<td>20.6%</td>
</tr>
<tr>
<td>Service Revenue</td>
<td>163,919</td>
<td>134,918</td>
<td>21.5%</td>
</tr>
<tr>
<td>Expenses</td>
<td>84,927</td>
<td>68,283</td>
<td>24.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>80,886</td>
<td>69,176</td>
<td>16.9%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>48.8%</td>
<td>50.3%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>36,652</td>
<td>25,038</td>
<td>46.4%</td>
</tr>
<tr>
<td>Net Finance Costs</td>
<td>21,631</td>
<td>14,111</td>
<td>53.3%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>22,603</td>
<td>30,027</td>
<td>-24.7%</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>7,787</td>
<td>10,616</td>
<td>-26.6%</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td>14,816</td>
<td>19,412</td>
<td>-23.7%</td>
</tr>
<tr>
<td>Earnings per share¹</td>
<td>11.0</td>
<td>14.4</td>
<td>-23.7%</td>
</tr>
<tr>
<td>Capital Expenditure²</td>
<td>38,425</td>
<td>24,007</td>
<td>60.1%</td>
</tr>
<tr>
<td>Capex Intensity</td>
<td>23.2%</td>
<td>17.5%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Free Cash Flows³</td>
<td>42,461</td>
<td>45,169</td>
<td>-5.9%</td>
</tr>
<tr>
<td><strong>Non-Financial</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Share⁴</td>
<td>65.7%</td>
<td>62.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Mobile Subscribers (m)⁵</td>
<td>6.8</td>
<td>6.4</td>
<td>5.7%</td>
</tr>
<tr>
<td>Data Subscribers (m)⁶</td>
<td>2.4</td>
<td>2.0</td>
<td>18.1%</td>
</tr>
<tr>
<td>Mobile Money Subscribers (m)</td>
<td>4.1</td>
<td>3.7</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

Financials are reported on a consolidated basis of MTN Rwandacell PLC and its subsidiary Mobile Money Rwanda Limited.

1. Earnings per share (EPS) is computed by dividing the Profit after Tax by the number of outstanding shares
2. Capital expenditure excludes right of use assets
3. Free cash flow is EBITDA minus capital expenditure
4. Market Share is as published by the Regulator
5. MTN Rwanda defines Mobile subscribers as those active in 90 days
6. Data & MoMo subscribers as those active in 30 days.
Mobile Subscribers increased by 5.7% YoY to 6.8 million

Solid overall growth despite global uncertainty and bottlenecks

Notwithstanding the prevailing macro-economic conditions, we delivered a solid performance with service revenue increasing by 21.5% YoY. Growth was driven by the strong execution of our Ambition 2025 strategy across our fintech, voice and data segments supported by an enhanced Customer Value Management (CVM) strategy despite the global and local inflationary pressures resulting in supply chain bottlenecks and an increase in commodity and fuel prices.

Revenue from voice, which makes up 41.8% of service revenue, remained resilient registering a growth of 5.8% over the period. Due to increased consumer appetite, we achieved strong YoY growth in the messaging segment of 26.7%. This can be attributed to increased Customer Value Management (CVM) initiatives that have enabled us to offer differentiated value propositions and more attractive offers to our customers.

Data subscribers continued a sustained growth trajectory registering 18.1% growth to 2.4m subscribers. This in turn reflected a 15.9% growth in data revenue over the period and contributing 16.9% to service revenue.

Initiatives such as #Ntwimikoraho na 4G campaign providing 4G enabled SIM cards to subscribers to benefit from 4G data services, has resulted in the Increase in billed data traffic by 31.5% for pre-paid and 53% for post paid data services.

Over the medium term we anticipate further growth in this segment as we continue with the rollout of fibre-to-the-home services and increased penetration of fixed wireless data services to drive connectivity for the home.

Revenue from fintech services registered a robust growth with Xtratime (our airtime lending service) registering a 50.6% growth in revenue over the period and MoMo 52.9% growth respectively. We can attribute the growth in MoMo to increased penetration with fintech users growing by 10.8% YoY to 4.1m subscribers as well as a 70.2% YoY increase in MoMoPay merchants.

We have observed that advanced services are growing at a faster rate compared to the basic services offered on MoMo, however in terms of value, basic services continue to be biggest contributors to revenue, particularly P2P services.

The continued drive by stakeholders for a cashless economy has seen the value of e-payments to GDP increase to 111.9% of GDP from 95.5% of GDP in June 2021.

This increase is mainly associated with significant use of digital channels which are mainly dominated by mobile payments whose value equates to 67.1 percent of GDP.
EBITDA improved by 16.9% YoY with EBITDA margin lower by 1.5pp to 48.8%. EBITDA margin was impacted by the higher cost of sales related to increased consumer uptake of 4G as well as the increase in contribution to the Community Based Health insurance scheme from 2.5% to 3.0% of turnover in 2022. We continue to manage our costs with precise overview as part of the EEP and maintain our medium-term EBITDA margin guidance.

EBITDA margin declined by 1.5pp to 48.8%

The 46.4% increase in depreciation and amortisation can be largely attributed to the amortisation of capitalised regulatory fees of Rwf 91 billion attached to the 10-year renewal of our operating license. The license fee will be amortised annually for 10 years to 2031 and impact our bottom line. The trend in amortisation costs for the license is expected to normalize from 2023 onwards as it will be fully accounted for in the 2022 base.

Net finance costs rose by 53.5% due to the additional debt raised to support the license renewal, resulting in a PAT decline of 23.7% YoY. Excluding the additional charges arising from the licence renewal, underlying PAT would have increased by 32.6%. The trend in finance costs for the license is expected to normalize from 2023 onwards over the period of the existing debt profile, which will be fully accounted for in the 2022 base.

Capital expenditure for network expansion and capacity has resulted in 169 new sites over the period, bringing total sites to 1,189. This growth has resulted in an increase in capital expenditure by 60.1% to reach Rwf38.4 billion reflecting a capex intensity of 23.2%. The 5.7pp increase in capex intensity in comparison to last year, arises from front loading of Capex in H1 2022 to avoid any supply chain bottlenecks for timely network rollout, ensuring we expand network capacity and improve quality of service.

The results have demonstrated our commitment to provide an enhanced customer experience to our customers anywhere and everywhere they go.
REGULATORY UPDATE
Regulatory update

Enforcement Notice

The Rwanda Utilities Regulatory Authority (RURA) issued an Enforcement Notice in August 2021 to address quality of service (QoS) issues by end of October 2021 and November 2021, for sites in Kigali and upcountry respectively. Thereafter, an extension was granted until 31 March 2022.

We remain engaged with RURA to demonstrate the improvements made in the network since issuance of the Enforcement Notice and are pursuing a request to have the Enforcement Notice officially lifted.

National Broadband Policy

The National Broadband Policy was approved by the Rwanda Cabinet on 14th October 2022.

The broadband policy vision aims to accelerate Rwanda into a competitive and innovative global digital economy, through accessible and quality broadband services. Most significantly for MTN Rwanda, the Broadband Policy liberalizes 4G and future technologies, which is expected to remove the exclusive wholesale model that has been in place since 2013.

The Policy objectives include:

» Increasing access to affordable and quality broadband services
» Upscaling the capacity and reach of broadband networks
» Develop skills and increase citizen value-perception for digital services;
» Enhancing infrastructure competition;
» Promotion of broadband as a catalyst for innovation; and
» Regulation of the legal and regulatory frameworks, for compliance and enforcement.

We await further guidance from the Regulator regarding the procedure and process around spectrum allocation for 4G.
OUTLOOK

FUTURE

PRESENT
Outlook

The economic environment continues to be challenging with the Ministry of Finance projecting moderate economic growth of 6.0% for 2022 compared to 10.9% growth recorded in 2021. Inflation reached 17.6% in September 2022 reflecting the impact of rising food and fuel prices.

The high inflationary environment currently being witnessed both on the global and local front has been exacerbated by supply chain bottlenecks arising from geopolitical volatility. The measures under implementation by central banks to curb inflation by raising interest rates have the potential to put additional pressure on consumer spending in the short-term.

In this context we remain committed to sustain the investment in our network to achieve our goal of 100% population coverage by 2023, and further enhance the network experience for our customers. We plan to accelerate capex in Q4 2022 to mitigate the risk of persistent supply chain bottlenecks.

As we look to further accelerate subscriber growth, we are increasing the number of service centres, connect and express shops as well as Kiosks to increase user activations and uptake of our voice, data and fintech services.

With the expected liberalisation of 4G and future technologies by the Regulator through the National Broadband Policy, we look to undertake the necessary investment that positions us to provide 4G and future generation services to our subscribers.

On the mobile financial services ecosystem, we are encouraged by the continued strong momentum in growth as well as penetration across the core existing services on offer, and advanced services. This underpins our commitment to push for a cashless environment while driving financial inclusion across the Rwandan society.

We remain focused on executing our Ambition 2025 strategy to drive growth and deliver returns to our shareholders, underlined by our intent of leading digital solutions for Africa’s progress and the belief that ‘Everyone deserves the benefits of a modern connected life.’
## Condensed consolidated statement of financial position

<table>
<thead>
<tr>
<th>Rwf (m)</th>
<th>Sep-22</th>
<th>Dec-21</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other property, plant and equipment</td>
<td>212,502</td>
<td>174,391</td>
<td>21.9%</td>
</tr>
<tr>
<td>Intangible assets and goodwill(^7)</td>
<td>80,007</td>
<td>86,865</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Other non-current prepayments</td>
<td>847</td>
<td>1,061</td>
<td>-20.1%</td>
</tr>
<tr>
<td>Current assets</td>
<td>165,023</td>
<td>156,041</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>458,379</td>
<td>418,358</td>
<td>9.6%</td>
</tr>
<tr>
<td>Total equity</td>
<td>64,735</td>
<td>57,295</td>
<td>13.0%</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>157,158</td>
<td>164,664</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>236,486</td>
<td>196,399</td>
<td>20.4%</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>458,379</td>
<td>418,358</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

\(^7\) The intangible asset mention above relates to the license renewal that is currently being amortized over a 10-year period.
Doing for tomorrow, today.