



MTN Nigeria Communications Plc  
Unaudited Condensed Consolidated Interim Financial Statements  
For the nine months period ended 30 September 2021

## Unaudited condensed consolidated and separate financial statements

*For the nine months period ended 30 September 2021*

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**Financial Highlights**

*For the nine months period ended 30 September 2021*

<i>In millions of Nigerian Naira</i>	Notes	For the nine months period ended 30 September 2021	For the nine months period ended 30 September 2020	% Change
Revenue	4	1,206,262	975,764	23.62
Operating profit		418,350	307,011	36.27
Profit before tax		321,352	211,594	51.87
Profit after tax		220,312	144,239	52.74
Basic/ diluted earnings per share (N)	33	10.82	7.09	52.74
		As at 30 Sept 2021	As at 31 Dec 2020	% Change
Share capital		407	407	-
Total equity		185,993	178,386	4.26
Net assets per share (N)		9.14	8.76	4.26
<b>Stock exchange information</b>				
Market price per share as at period end (N)		174.90	169.90	2.94
Market capitalisation as at period end (Mil.)		3,560,004	3,458,232	2.94
Number of shares issued and fully paid as at period end (in thousands)	32.2	20,354,513	20,354,513	-

Unaudited condensed consolidated and separate statement of profit or loss

For the nine months period ended 30 September 2021

In millions of Nigerian Naira	Notes	Group				Company			
		For the nine months period ended		For the three months period ended		For the nine months period ended		For the three months period ended	
		30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
<b>Revenue</b>	4	<b>1,206,262</b>	<b>975,764</b>	<b>414,997</b>	<b>337,688</b>	<b>1,205,394</b>	<b>975,715</b>	<b>414,599</b>	<b>337,657</b>
Other income		-	63	-	63	-	63	-	63
Direct network operating costs	8	(296,369)	(227,582)	(103,942)	(79,030)	(296,369)	(227,582)	(103,942)	(79,030)
Value added services costs		(13,862)	(9,261)	(4,929)	(2,585)	(13,862)	(9,261)	(4,929)	(2,585)
Costs of starter packs, handsets and accessories		(3,654)	(15,590)	(2,156)	(6,505)	(3,654)	(15,590)	(2,156)	(6,505)
Interconnect costs		(93,498)	(82,705)	(31,293)	(28,744)	(93,498)	(82,705)	(31,293)	(28,744)
Roaming costs		(3,021)	(1,899)	(1,072)	(518)	(3,021)	(1,899)	(1,072)	(518)
Transmission costs		(6,244)	(4,599)	(2,092)	(1,536)	(6,244)	(4,599)	(2,092)	(1,536)
Employee benefits	6	(31,191)	(29,519)	(12,146)	(10,280)	(30,565)	(28,980)	(11,920)	(10,091)
Discounts and commissions		(57,767)	(49,308)	(18,773)	(17,846)	(57,001)	(49,089)	(18,443)	(17,779)
Advertisements, sponsorships and sales promotions		(13,294)	(10,359)	(4,734)	(3,604)	(11,560)	(9,210)	(4,430)	(2,825)
Other operating expenses	7	(52,852)	(47,141)	(16,567)	(16,302)	(50,715)	(45,723)	(15,467)	(15,795)
Depreciation of property, plant and equipment	10	(120,287)	(112,582)	(39,423)	(38,119)	(120,287)	(112,582)	(39,423)	(38,119)
Depreciation on right of use assets	11	(63,504)	(52,035)	(21,639)	(21,377)	(63,504)	(52,035)	(21,639)	(21,377)
Amortisation of intangible assets	12	(32,369)	(26,236)	(11,592)	(8,831)	(28,380)	(22,247)	(10,262)	(7,501)
<b>Operating profit</b>		<b>418,350</b>	<b>307,011</b>	<b>144,639</b>	<b>102,475</b>	<b>426,734</b>	<b>314,277</b>	<b>147,531</b>	<b>105,316</b>
Finance income	5	7,011	11,940	1,331	5,895	7,011	11,928	1,331	5,890
Finance costs	5	(104,009)	(107,357)	(39,737)	(36,346)	(104,009)	(107,357)	(39,737)	(36,346)
<b>Profit before tax</b>		<b>321,352</b>	<b>211,594</b>	<b>106,233</b>	<b>72,025</b>	<b>329,736</b>	<b>218,848</b>	<b>109,125</b>	<b>74,861</b>
Income tax expense	9	(101,040)	(67,356)	(27,752)	(22,663)	(103,555)	(69,523)	(28,618)	(23,514)
<b>Profit for the period</b>		<b>220,312</b>	<b>144,239</b>	<b>78,481</b>	<b>49,362</b>	<b>226,181</b>	<b>149,324</b>	<b>80,507</b>	<b>51,347</b>
<b>Attributable to:</b>									
Owners of the parent		220,312	144,239	78,481	49,362	226,181	149,324	80,507	51,347
		<b>220,312</b>	<b>144,239</b>	<b>78,481</b>	<b>49,362</b>	<b>226,181</b>	<b>149,324</b>	<b>80,507</b>	<b>51,347</b>
Earnings per share - basic/diluted	33	<b>N 10.82</b>	<b>N 7.09</b>	<b>N 3.86</b>	<b>N 2.43</b>	<b>N 11.11</b>	<b>N 7.34</b>	<b>N 3.96</b>	<b>N 2.52</b>

The accompanying notes form an integral part of the unaudited condensed consolidated and separate financial statements.

Unaudited condensed consolidated and separate statement of other comprehensive income

For the nine months period ended 30 September 2021

In millions of Nigerian Naira	Group				Company			
	For the nine months period ended		For the three months period ended		For the nine months period ended		For the three months period ended	
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
Profit for the period	220,312	144,239	78,481	49,362	226,181	149,324	80,507	51,347
<i>Items that may be reclassified to profit or loss</i>								
Transfer of fair value reserve of investments designated at FVOCI	-	(257)	-	(251)	-	(257)	-	(251)
<b>Total comprehensive income for the period</b>	<b>220,312</b>	<b>143,981</b>	<b>78,481</b>	<b>49,110</b>	<b>226,181</b>	<b>149,067</b>	<b>80,507</b>	<b>51,096</b>
<b>Attributable to:</b>								
Owners of the parent	220,312	143,981	78,481	49,110	226,181	149,067	80,507	51,096
	<b>220,312</b>	<b>143,981</b>	<b>78,481</b>	<b>49,110</b>	<b>226,181</b>	<b>149,067</b>	<b>80,507</b>	<b>51,096</b>

Financial assets classified as financial assets at fair value through other comprehensive income are Federal Government treasury bills investments which are exempted from company income tax.

The accompanying notes form an integral part of the unaudited condensed consolidated and separate financial statements.

Unaudited condensed consolidated and separate statement of financial position

As at 30 September 2021

<i>In millions of Nigerian Naira</i>	Notes	Group		Company	
		30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	715,479	686,157	715,479	686,157
Intangible assets	12	227,974	111,080	200,408	79,525
Right of use assets	11	626,861	595,745	626,861	595,745
Investment in subsidiaries	13	-	-	49,328	49,328
Other investments	14	7,535	25,847	7,535	25,847
Other non current assets	15	18,392	21,896	18,392	21,896
		<b>1,596,241</b>	<b>1,440,725</b>	<b>1,618,003</b>	<b>1,458,498</b>
<b>Current assets</b>					
Inventories	17	6,872	2,158	6,872	2,158
Trade and other receivables	18	97,621	50,766	104,178	53,110
Current investments	16	86,935	146,783	86,935	146,783
Restricted cash	19	105,263	47,913	105,644	47,913
Cash and cash equivalents	20	207,216	275,198	201,677	271,041
		<b>503,907</b>	<b>522,818</b>	<b>505,306</b>	<b>521,005</b>
<b>Total assets</b>		<b>2,100,148</b>	<b>1,963,543</b>	<b>2,123,309</b>	<b>1,979,503</b>
<b>EQUITY</b>					
Share capital	32.2	407	407	407	407
Share premium	32.3	17,216	17,216	17,216	17,216
Retained profit		168,131	160,524	197,846	184,370
Other reserves		239	239	239	239
		<b>185,993</b>	<b>178,386</b>	<b>215,708</b>	<b>202,232</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	21	324,578	330,551	324,578	330,551
Lease liabilities	29	631,632	586,992	631,632	586,992
Deferred tax liabilities	26	89,235	113,130	87,313	108,693
Provisions	24	42	38	42	38
Employee benefits	27	4,555	8,261	4,555	8,261
Other non-current liabilities	28	3,348	2,273	3,348	2,273
		<b>1,053,390</b>	<b>1,041,245</b>	<b>1,051,468</b>	<b>1,036,808</b>
<b>Current liabilities</b>					
Trade and other payables	22	352,237	303,977	348,259	301,182
Current tax payable	30	122,314	107,310	122,042	107,038
Borrowings	21	217,743	190,599	217,743	190,599
Lease liabilities	29	68,062	54,798	68,062	54,798
Contract liabilities	23	67,234	62,301	66,852	61,919
Provisions	24	29,624	24,733	29,624	24,733
Employee benefits	27	3,501	-	3,501	-
Other current liabilities	25	50	194	50	194
		<b>860,765</b>	<b>743,912</b>	<b>856,133</b>	<b>740,463</b>
<b>Total liabilities</b>		<b>1,914,155</b>	<b>1,785,157</b>	<b>1,907,601</b>	<b>1,777,271</b>
<b>Total equity and liabilities</b>		<b>2,100,148</b>	<b>1,963,543</b>	<b>2,123,309</b>	<b>1,979,503</b>

The consolidated and separate financial statements were approved by the Board of Directors on the 28 October 2021 and were signed on its behalf by:



Karl Toriola  
Chief Executive Officer  
FRC/2021/002/00000022839



Modupe Kadri  
Chief Financial Officer  
FRC/2014/ICAN/00000009692

The accompanying notes form an integral part of the unaudited condensed consolidated and separate financial statements.

## Unaudited condensed consolidated and separate statement of changes in equity

For the nine months period ended 30 September 2021

<i>In millions of Nigerian Naira</i>	Attributable to owners of the parent					Total Equity
	Share capital	Share premium	Total share capital	Other reserves	Retained profit	
<b>Group</b>						
<b>Balance as at 1 January 2020 (restated)</b>	407	17,216	17,623	521	127,713	145,857
Profit for the period	-	-	-	-	144,239	144,239
Other comprehensive loss	-	-	-	(257)	-	(257)
Dividends paid (Note 32.4)	-	-	-	-	(172,403)	(172,403)
<b>Balance as at 30 September 2020</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>264</b>	<b>99,549</b>	<b>117,435</b>
<b>Balance as at 1 January 2021</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>239</b>	<b>160,524</b>	<b>178,386</b>
Profit for the period	-	-	-	-	220,312	220,312
Dividends paid (Note 32.4)	-	-	-	-	(212,705)	(212,705)
<b>Balance as at 30 September 2021</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>239</b>	<b>168,131</b>	<b>185,993</b>
<b>Company</b>						
<b>Balance as at 1 January 2020 (restated)</b>	407	17,216	17,623	521	144,294	162,438
Profit for the period	-	-	-	-	149,324	149,324
Other comprehensive loss	-	-	-	(257)	-	(257)
Dividends paid (Note 32.4)	-	-	-	-	(172,403)	(172,403)
<b>Balance as at 30 September 2020</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>264</b>	<b>121,215</b>	<b>139,102</b>
<b>Balance as at 1 January 2021</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>239</b>	<b>184,370</b>	<b>202,232</b>
Profit for the period	-	-	-	-	226,181	226,181
Dividends paid (Note 32.4)	-	-	-	-	(212,705)	(212,705)
<b>Balance as at 30 September 2021</b>	<b>407</b>	<b>17,216</b>	<b>17,623</b>	<b>239</b>	<b>197,846</b>	<b>215,708</b>

The accompanying notes form an integral part of the unaudited condensed consolidated and separate financial statements.

Unaudited condensed consolidated and separate statement of cash flows

For the nine months period ended 30 September 2021

<i>In millions of Nigerian Naira</i>	Notes	Group		Company	
		30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
<b>Cash flows from operating activities:</b>					
Cash generated from operations	31	<b>709,378</b>	<b>546,960</b>	<b>707,997</b>	<b>549,680</b>
Interest paid		(92,487)	(95,775)	(92,487)	(95,775)
Interest received		6,417	8,114	6,417	8,101
Dividends paid		(212,705)	(172,403)	(212,705)	(172,403)
Tax paid	30	(109,931)	(55,912)	(109,931)	(55,877)
Employee benefits payments	27	(293)	-	(293)	-
Share based payment		(2,876)	(1,209)	(2,876)	(1,209)
Provision payments	24	(4,694)	-	(4,694)	-
<b>Net cash generated from operating activities</b>		<b>292,811</b>	<b>229,775</b>	<b>291,429</b>	<b>232,519</b>
<b>Cash flows from investing activities:</b>					
Acquisition of property, plant and equipment		(151,346)	(119,100)	(151,346)	(119,100)
Acquisition of right of use assets		(35,801)	(3,103)	(35,801)	(3,103)
Proceeds from disposal of property, plant and equipment		405	396	405	396
Investment in non-current FGN bonds		18,311	(33,473)	18,311	(33,473)
Acquisition of intangible assets		(149,270)	(12,479)	(149,270)	(12,479)
Movement in investment in bonds, treasury bills and foreign deposits		62,054	(16,707)	62,054	(16,707)
Movement in restricted cash		(57,350)	12,084	(57,350)	12,034
<b>Net cash flows used in investing activities</b>		<b>(312,997)</b>	<b>(172,383)</b>	<b>(312,997)</b>	<b>(172,433)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from borrowings	21.1	274,779	121,896	274,779	121,896
Repayment of borrowings	21.1	(291,510)	(30,221)	(291,510)	(30,221)
Repayment of lease liabilities	29	(43,301)	(26,617)	(43,301)	(26,617)
Investment in subsidiary		-	-	-	(3,745)
<b>Net cash flows from financing activities</b>		<b>(60,032)</b>	<b>65,058</b>	<b>(60,032)</b>	<b>61,313</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(80,219)</b>	<b>122,450</b>	<b>(81,600)</b>	<b>121,399</b>
Cash and cash equivalents at beginning of the period		275,825	116,278	271,668	114,301
Exchange (loss)/gain on cash and cash equivalents		11,609	5	11,609	5
<b>Cash and cash equivalents at end of the period</b>	20	<b>207,216</b>	<b>238,733</b>	<b>201,677</b>	<b>235,705</b>

The accompanying notes form an integral part of the unaudited condensed consolidated and separate financial statements.



**Notes to the unaudited condensed consolidated and separate financial statements**

*For the nine months period ended 30 September 2021*

**1 General Information**

MTN Nigeria Communications Plc formerly MTN Nigeria Communications Limited, (the Company) together with its subsidiaries (the Group) carry on the business of building and operating GSM Cellular Network Systems and other related services nationwide in Nigeria.

MTN Nigeria Communications Plc's subsidiaries are XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited. Their principal activities are the provision of broadband fixed wireless access service, high quality telecommunication services and mobile financial services (fintech) respectively. Visafone Communications Limited is currently undergoing liquidation.

**2 Basis of preparation**

These interim condensed consolidated and company interim financial statements for the nine months period ended 30 September 2021 have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting.

The interim condensed consolidated and separate financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2020 which has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Companies and Allied Matters Act, 2020.

The accounting policies applied in the preparation of the interim condensed consolidated and separate financial statements are consistent with those followed in the preparation of the Group's consolidated and separate financial statements for the year ended 31 December 2020.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated and separate financial statements of the Group.

**3 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the **Group's** other components, whose operating results are reviewed regularly by the Executive Committee (EXCOM), to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned.

The Group has identified three reportable segments that are used by the Executive Committee (EXCOM) to make key operating decisions. All operating segment results are reviewed regularly by EXCOM to make decisions about resources to be allocated and to assess its performance. The reportable segments are largely grouped according to customer type for which discrete financial information is available. The customer segments are as follows:

- Consumer Business Unit (CBU)
- Enterprise Business Unit (EBU)
- Wholesale Business Unit (WBU)

Operating results are reported and reviewed regularly by the EXCOM and include items directly attributable to a segment.

<b>Customer segment</b>	<b>Description</b>
Consumer Business Unit (CBU)	It consists of subscribers sitting in value propositions and tariff plans dedicated to three sub segments: Youth, High Value and Mass segments. All MTN customers are assumed to fall within CBU except where otherwise stated.
Enterprise Business Unit (EBU)	Enterprise customers are mostly corporate and small medium organisations whose business requires our products, services and solutions to serve their everyday business needs.
Wholesale Business Unit (WBU)	The Wholesale business, serves customers who buy MTN telecom products in bulk with the intention to re-sell these products (mobile or fixed) to their external clients.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

### 3 Segment information (continued)

A key performance measure of the Group is gross margin. This is defined as revenue less direct costs. The table below presents revenue, direct costs and gross margin for the Group's operating segments for the six months ended 30 September 2021 and 30 September 2020.

#### Information about reportable segments

For the nine months period ended

	CBU	EBU	WBU	TOTAL
<i>In millions of Nigerian Naira</i>				
<b>30 September 2021</b>				
Segment revenue	1,064,286	107,716	34,260	1,206,262
Direct costs	(178,745)	(9,013)	(12,712)	(200,471)
Gross margin	885,541	98,703	21,548	1,005,791
<b>30 September 2020</b>				
Segment revenue	844,247	99,841	31,675	975,763
Direct costs	(168,754)	(9,664)	(792)	(179,210)
Gross margin	675,493	90,178	30,883	796,554

#### Reconciliation of reportable segment revenue and profit or loss

##### Revenues

There are no significant reconciling items between the reportable segment revenue and total revenue for the period.

The revenue of the Company is generated majorly from one geographical location, Nigeria.

None of the Company's customers account for 10% or more of the total revenue of the Company.

##### Profit or loss

<i>In millions of Nigerian Naira</i>	For the period ended	
	30 Sept 2021	30 Sept 2020
Segment gross margin	1,005,791	796,554
Unallocated items:		
- Other income	-	63
Operating expenses	(371,198)	(298,753)
Depreciation & amortisation	(216,160)	(190,853)
Finance income	7,011	11,940
Finance expense	(104,009)	(107,357)
Profit before taxation	321,435	211,594

#### Segment assets and liabilities

The Group has not provided information on reportable segment assets and liabilities as they are not part of the items regularly reviewed by the Executive Committee (EXCOM) to make operating decisions.

Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

In millions of Nigerian Naira	Group				Company			
	For the nine months period		For the three months ended		For the nine months period		For the three months ended	
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
<b>4 Revenue</b>								
Voice	610,279	558,702	196,767	190,061	610,279	558,702	196,767	190,061
Data	366,282	241,604	137,752	87,615	366,282	241,604	137,752	87,615
SMS	33,334	8,301	11,656	3,953	33,334	8,301	11,656	3,953
Interconnect and roaming	123,529	97,014	42,124	32,446	123,529	97,014	42,124	32,446
Handset and accessories	1,906	1,952	942	868	1,906	1,952	942	868
Digital	12,079	26,316	4,185	8,473	12,079	26,316	4,185	8,473
Value added service	50,236	33,387	18,599	11,439	49,368	33,387	18,201	11,439
Other revenues	8,617	8,489	2,972	2,833	8,617	8,440	2,972	2,802
	<b>1,206,262</b>	<b>975,764</b>	<b>414,997</b>	<b>337,688</b>	<b>1,205,394</b>	<b>975,715</b>	<b>414,599</b>	<b>337,657</b>

Data revenue excludes roaming data, roaming data is reported under interconnect and roaming.

Other revenue comprises revenue from cloud and infrastructure services, information and communication technology (ICT) revenue.

**5 Finance income and finance costs**

**Recognised in profit or loss**

**Finance income**

Interest income on bank deposits*	5,283	4,597	2,099	2,106	5,283	4,584	2,099	2,101
Interest income on amortised cost investments*	2,386	3,579	831	1,397	2,386	3,579	831	1,397
Net gain on FVTPL investments	-	1,295	-	481	-	1,295	-	481
Net gain on FVOCI investments	-	759	-	172	-	759	-	172
Interest income on related parties receivables*	5	4	2	1	5	4	2	1
Currency swap gain	(663)	-	(1,601)	22	(663)	-	(1,601)	22
Foreign exchange gain	-	1,706	-	1,716	-	1,706	-	1,716
	<b>7,011</b>	<b>11,940</b>	<b>1,331</b>	<b>5,895</b>	<b>7,011</b>	<b>11,928</b>	<b>1,331</b>	<b>5,890</b>

**Finance costs**

Interest expense - borrowings*	30,467	43,650	13,355	13,301	30,467	43,650	13,355	13,301
Interest expense - leases (Note 29)*	64,633	57,932	21,582	22,651	64,633	57,932	21,582	22,651
Interest expense - banking fees	1,593	1,497	555	393	1,593	1,497	555	393
Net loss on FVTPL investments	24	-	(449)	-	24	-	(449)	-
Foreign exchange loss**	7,292	4,138	4,694	-	7,292	4,138	4,694	-
Currency swap loss	-	141	-	-	-	141	-	-
	<b>104,009</b>	<b>107,357</b>	<b>39,737</b>	<b>36,346</b>	<b>104,009</b>	<b>107,357</b>	<b>39,737</b>	<b>36,346</b>

\* Finance income and costs calculated using effective interest rate method.

\*\* Included in foreign exchange loss is N1.333 billion relating to realized forex loss

**6 Employee benefits**

Salaries and wages	24,875	22,379	10,082	7,547	24,249	21,840	9,856	7,358
Pension - Defined contribution plan	1,467	274	503	497	1,467	274	503	497
Share based payments	2,944	1,163	1,061	-	2,944	1,163	1,061	-
Long service award	35	-	(15)	-	35	-	(15)	-
Other staff costs	1,870	5,703	515	2,236	1,870	5,703	515	2,236
	<b>31,191</b>	<b>29,519</b>	<b>12,146</b>	<b>10,280</b>	<b>30,565</b>	<b>28,980</b>	<b>11,920</b>	<b>10,091</b>

Other staff costs comprises of mortgage subsidy, severance benefits, reward and recognition, Group life insurance, medical expenses.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

<i>In millions of Nigerian Naira</i>	Group				Company			
	For the nine months period		For the three months ended		For the nine months period		For the three months ended	
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
<b>7 Other operating expenses</b>								
(Profit)/loss on disposal of property, plant and equipment	(280)	166	(65)	(149)	(280)	166	(65)	(149)
<b>Directors' emoluments</b>	435	325	163	119	435	325	163	119
Impairment of property and equipment	510	1,046	451	-	510	1,046	451	-
Credit loss expense on trade and other receivables	1,139	4,520	685	2,017	1,139	4,520	685	2,017
Credit loss expense on cash and cash equivalent, treasury bills and bonds	3	1,510	(167)	1,510	3	1,510	(167)	1,510
Reversal of inventory write-down (Note 17)	(2,503)	-	(204)	-	(2,503)	-	(204)	-
MTN Foundation	2,272	1,493	927	513	2,272	1,493	927	513
Insurance cost	1,551	1,127	591	407	1,551	1,127	591	407
Professional fees	22,593	17,707	8,372	5,624	20,781	16,406	7,503	5,124
Maintenance cost	14,955	11,951	5,026	4,399	14,955	11,951	5,026	4,399
Rent, rates, utilities and other office running cost	2,297	1,189	1,196	327	2,298	1,134	1,196	327
Trainings, travels and entertainment cost	1,014	589	375	35	983	533	344	34
Covid-19 related expenses	3,000	1,905	(3,226)	303	3,000	1,905	(3,225)	303
Audit fees	342	236	104	81	338	232	102	77
Other expenses	5,524	3,378	2,339	1,116	5,233	3,375	2,140	1,116
	<b>52,852</b>	<b>47,141</b>	<b>16,567</b>	<b>16,302</b>	<b>50,715</b>	<b>45,723</b>	<b>15,467</b>	<b>15,795</b>

Other expenses include bank charges, subscriptions, office refreshments and security costs.

<b>8 Direct network operating costs</b>								
Regulatory fees	30,220	25,212	9,823	8,837	30,220	25,212	9,823	8,837
Annual numbering plan	5,167	888	1,883	306	5,167	888	1,883	306
BTS leases	215,367	165,890	77,865	58,708	215,367	165,890	77,865	58,708
Network maintenance	45,615	35,592	14,371	11,180	45,615	35,592	14,371	11,180
	<b>296,369</b>	<b>227,582</b>	<b>103,942</b>	<b>79,030</b>	<b>296,369</b>	<b>227,582</b>	<b>103,942</b>	<b>79,030</b>

Following the adoption of IFRS 16 leases, BTS lease expense relating to the non-lease components (power and maintenance) of the tower lease contracts are recognised as an expense in profit or loss as they are incurred.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

<i>In millions of Nigerian Naira</i>	Group				Company			
	For the nine months period		For the three months ended		For the nine months period		For the three months ended	
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
<b>9 Income tax expense</b>								
<b>Current tax</b>								
Company income tax	115,472	69,108	41,683	20,147	115,472	69,106	41,683	20,147
Education tax	9,458	7,184	3,663	2,347	9,458	7,178	3,663	2,347
Nigerian Police Trust Fund	5	11	-	4	5	11	-	4
	<u>124,935</u>	<u>76,303</u>	<u>45,346</u>	<u>22,498</u>	<u>124,935</u>	<u>76,295</u>	<u>45,346</u>	<u>22,498</u>
<b>Deferred tax</b>								
Deferred tax credit (Note 26)	(23,895)	(8,947)	(17,594)	165	(21,380)	(6,772)	(16,728)	1,016
	<u>(23,895)</u>	<u>(8,947)</u>	<u>(17,594)</u>	<u>165</u>	<u>(21,380)</u>	<u>(6,772)</u>	<u>(16,728)</u>	<u>1,016</u>
<b>Tax expense for the period</b>	<b><u>101,040</u></b>	<b><u>67,356</u></b>	<b><u>27,752</u></b>	<b><u>22,663</u></b>	<b><u>103,555</u></b>	<b><u>69,523</u></b>	<b><u>28,618</u></b>	<b><u>23,514</u></b>

**Tax rate reconciliation**

The table below explains the differences between the expected tax expense on continuing operations, at the effective tax rate of 34.07% (2020: 32.97%) and the Group's total tax expense for each period. The income tax charge for the period is reconciled to the effective rate of taxation in Nigeria as follows:

<i>In millions of Nigerian Naira</i>	Group		Company	
	For the period ended		For the period ended	
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
Profit before tax	321,352	211,594	329,736	218,848
Taxation	101,040	67,356	103,555	69,523
Actual tax rate	31.44%	31.83%	31.41%	31.77%
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Tax at standard rate	30.00	30.00	30.00	30.00
Expenses not allowed	0.08	0.44	0.08	0.43
Prior year over provision - deferred tax	(0.70)	0.21	(0.68)	0.20
Investment allowance	(0.51)	(1.44)	(0.50)	(1.39)
Exempt income	(0.22)	(0.51)	(0.22)	(0.49)
Education tax	2.79	3.13	2.72	3.02
Police Trust Fund	0.01	0.01	0.01	0.01
	<u>31.44</u>	<u>31.83</u>	<u>31.41</u>	<u>31.77</u>

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 10 Property, plant and equipment

Group and Company	Land and buildings	Leasehold improvements	Network infrastructure	Information systems, furniture and office equipment	Capital work-in-progress	Motor vehicles	Total
<i>In millions of Nigerian Naira</i>							
<b>Balance at 31 December 2020</b>							
Cost	34,567	24,086	1,073,762	47,659	52,358	3,972	1,236,404
Accumulated depreciation and impairment	(21,252)	(8,231)	(490,747)	(26,527)	(865)	(2,625)	(550,247)
<b>Net book value</b>	<b>13,315</b>	<b>15,855</b>	<b>583,015</b>	<b>21,132</b>	<b>51,493</b>	<b>1,347</b>	<b>686,157</b>
<b>Cost</b>							
<b>Balance as at 1 January 2021</b>	<b>34,567</b>	<b>24,086</b>	<b>1,073,762</b>	<b>47,659</b>	<b>52,358</b>	<b>3,972</b>	<b>1,236,404</b>
Additions	-	-	59,888	16,099	71,909	2,541	150,436
Reclassifications	-	-	27	-	-	-	27
Other movements	-	-	-	(2)	(294)	-	(296)
Disposals	(1)	(118)	(33,147)	(896)	-	(932)	(35,093)
<b>Balance as at 30 September 2021</b>	<b>34,566</b>	<b>23,968</b>	<b>1,100,530</b>	<b>62,860</b>	<b>123,973</b>	<b>5,581</b>	<b>1,351,478</b>
<b>Accumulated depreciation and impairment</b>							
<b>Balance as at 1 January 2021</b>	<b>(21,252)</b>	<b>(8,231)</b>	<b>(490,747)</b>	<b>(26,527)</b>	<b>(865)</b>	<b>(2,625)</b>	<b>(550,247)</b>
Depreciation for the period	(707)	(1,243)	(108,072)	(9,673)	-	(591)	(120,287)
Reclassifications	1,783	-	(2,649)	-	865	-	-
Impairment	-	-	(510)	-	-	-	(510)
Disposals	1	118	33,117	875	-	935	35,045
<b>Balance as at 30 September 2021</b>	<b>(20,175)</b>	<b>(9,357)</b>	<b>(568,861)</b>	<b>(35,325)</b>	<b>-</b>	<b>(2,281)</b>	<b>(635,999)</b>
<b>Carrying amounts</b>							
<b>As at 31 December 2020</b>	<b>13,315</b>	<b>15,855</b>	<b>583,015</b>	<b>21,132</b>	<b>51,493</b>	<b>1,347</b>	<b>686,157</b>
<b>As at 30 September 2021</b>	<b>14,391</b>	<b>14,612</b>	<b>531,668</b>	<b>27,535</b>	<b>123,973</b>	<b>3,300</b>	<b>715,479</b>

Reclassification relates to items reclassified from intangible assets to property, plant and equipment.

Other movement is property, plant and equipment cost expensed in the current period.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 11 Right of use assets

Group & Company	Network Infrastructure	Base station land	Buildings	Office equipment	Motor vehicles	Total
<i>In millions of Nigerian Naira</i>						
<b>Balance at 31 December 2020</b>						
Cost	691,337	14,006	6,510	398	9,332	721,583
Accumulated depreciation and impairment	(116,033)	(6,064)	(3,031)	(265)	(445)	(125,838)
<b>Net book value</b>	<b>575,304</b>	<b>7,942</b>	<b>3,479</b>	<b>133</b>	<b>8,887</b>	<b>595,745</b>
<b>Cost</b>						
<b>Balance as at 1 January 2021</b>	<b>691,337</b>	<b>14,006</b>	<b>6,510</b>	<b>398</b>	<b>9,332</b>	<b>721,583</b>
Additions	91,965	2,787	-	-	-	94,752
Reclassifications	-	(131)	-	-	-	(131)
Retirement	-	(1,468)	(587)	-	-	(2,055)
<b>Balance as at 30 September 2021</b>	<b>783,302</b>	<b>15,194</b>	<b>5,923</b>	<b>398</b>	<b>9,332</b>	<b>814,148</b>
<b>Depreciation</b>						
<b>Balance as at 1 January 2021</b>	<b>(116,033)</b>	<b>(6,064)</b>	<b>(3,031)</b>	<b>(265)</b>	<b>(445)</b>	<b>(125,838)</b>
Depreciation for the period	(59,034)	(1,909)	(1,060)	(99)	(1,403)	(63,504)
Reclassifications	294	(294)	-	-	-	-
Retirement	-	1,468	587	-	-	2,055
<b>Balance as at 30 September 2021</b>	<b>(174,773)</b>	<b>(6,799)</b>	<b>(3,503)</b>	<b>(364)</b>	<b>(1,848)</b>	<b>(187,287)</b>
<b>Carrying amounts</b>						
<b>As at December 2020</b>	<b>575,304</b>	<b>7,942</b>	<b>3,479</b>	<b>133</b>	<b>8,887</b>	<b>595,745</b>
<b>As at 30 September 2021</b>	<b>608,529</b>	<b>8,395</b>	<b>2,419</b>	<b>34</b>	<b>7,484</b>	<b>626,861</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 12 Intangible assets

Group	Goodwill	Licences	Software	Capital WIP	Total
<i>In millions of Nigerian Naira</i>					
<b>Balance at 31 December 2020</b>					
Cost	10,016	185,158	64,069	8,548	267,791
Accumulated amortisation and impairment	-	(125,435)	(31,276)	-	(156,711)
Net book value	<b>10,016</b>	<b>59,723</b>	<b>32,793</b>	<b>8,548</b>	<b>111,080</b>
<b>Cost</b>					
<b>Balance as at 1 January 2021</b>	<b>10,016</b>	<b>185,158</b>	<b>64,069</b>	<b>8,548</b>	<b>267,791</b>
Additions	-	133,216	7,851	8,230	149,297
Other movements	-	-	(532)	-	(532)
Reclassification	-	(48,755)	48,727	-	(27)
Disposals	-	-	(7,007)	-	(7,007)
<b>Balance as at 30 September 2021</b>	<b>10,016</b>	<b>269,619</b>	<b>113,108</b>	<b>16,778</b>	<b>409,522</b>
<b>Accumulated amortisation and impairment</b>					
<b>Balance as at 1 January 2021</b>	-	(125,435)	(31,276)	-	(156,711)
Amortisation for the period	-	(11,565)	(20,803)	-	(32,369)
Reclassifications	-	27,184	(27,184)	-	-
Other movements - charges	-	-	532	-	532
Disposals	-	-	7,000	-	7,000
<b>Balance as at 30 September 2021</b>	-	<b>(109,816)</b>	<b>(71,731)</b>	-	<b>(181,547)</b>
<b>Carrying amounts</b>					
<b>As at 31 December 2020</b>	<b>10,016</b>	<b>59,723</b>	<b>32,793</b>	<b>8,548</b>	<b>111,080</b>
<b>As at 30 September 2021</b>	<b>10,016</b>	<b>159,803</b>	<b>41,377</b>	<b>16,778</b>	<b>227,974</b>
<b>Company</b>					
<b>Balance at 31 December 2020</b>					
Cost	-	136,403	64,472	8,548	209,423
Accumulated amortisation and impairment	-	(98,251)	(31,647)	-	(129,898)
Net book value	-	<b>38,152</b>	<b>32,825</b>	<b>8,548</b>	<b>79,525</b>
<b>Cost</b>					
<b>Balance as at 1 January 2021</b>	-	<b>136,403</b>	<b>64,472</b>	<b>8,548</b>	<b>209,423</b>
Additions	-	133,243	7,824	8,230	149,296
Reclassification	-	(27)	-	-	(27)
Disposals	-	-	(7,007)	-	(7,007)
<b>Balance as at 30 September 2021</b>	-	<b>269,619</b>	<b>65,288</b>	<b>16,778</b>	<b>351,685</b>
<b>Accumulated amortisation and impairment</b>					
<b>Balance as at 1 January 2021</b>	-	(98,251)	(31,647)	-	(129,898)
Amortisation for the year	-	(11,565)	(16,814)	-	(28,380)
Disposals	-	-	7,000	-	7,000
<b>Balance as at 30 September 2021</b>	-	<b>(109,816)</b>	<b>(41,461)</b>	-	<b>(151,277)</b>
<b>Carrying amounts</b>					
<b>As at 31 December 2020</b>	-	<b>38,152</b>	<b>32,825</b>	<b>8,548</b>	<b>79,525</b>
<b>As at 30 September 2021</b>	-	<b>159,803</b>	<b>23,827</b>	<b>16,778</b>	<b>200,408</b>

Reclassification relates to items reclassified from intangible assets to property, plant and equipment.

Goodwill relates to the acquisition of Visafone Communications Limited.



## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

	Group		Company	
	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>13 Investment in subsidiaries</b>				
Visafone Communications Limited	-	-	43,778	43,778
XS Broadband Limited	-	-	500	500
Yello Digital Financial Services Limited	-	-	5,550	5,550
Total investment	-	-	49,828	49,828
Impairment (XS Broadband Ltd)	-	-	(500)	(500)
	-	-	<b>49,328</b>	<b>49,328</b>
<b>14 Other investments</b>				
Treasury bonds at amortised cost	7,616	26,070	7,616	26,070
Allowance for expected credit losses	(81)	(223)	(81)	(223)
	<b>7,535</b>	<b>25,847</b>	<b>7,535</b>	<b>25,847</b>
<b>15 Other non current assets</b>				
Contract acquisition costs	5,523	7,990	5,523	7,990
Non current prepayment (Note 18)	12,869	13,906	12,869	13,906
Derivatives	-	-	-	-
	<b>18,392</b>	<b>21,896</b>	<b>18,392</b>	<b>21,896</b>
<b>16 Current investments</b>				
US Dollar deposits held at amortised cost	-	19,015	-	19,015
NGN deposits at amortised cost	-	93,026	-	93,026
Treasury bills held at amortised cost	81,694	9,831	81,694	9,831
Allowance for expected credit losses	(841)	(69)	(841)	(69)
Net current investments at amortised cost	80,853	121,803	80,853	121,803
Treasury bills held at FVTPL	6,082	24,980	6,082	24,980
	<b>86,935</b>	<b>146,783</b>	<b>86,935</b>	<b>146,783</b>
<b>17 Inventories</b>				
Handsets and accessories	1,727	1,245	1,727	1,245
Starter packs	5,312	3,582	5,312	3,582
	<b>7,039</b>	<b>4,827</b>	<b>7,039</b>	<b>4,827</b>
Inventory write-down	(167)	(2,669)	(167)	(2,669)
	<b>6,872</b>	<b>2,158</b>	<b>6,872</b>	<b>2,158</b>

During the year, there was an inventory write back N2.50 billion for starter pack, handsets and accessories. This was a write back on a previous write down made in December 2020. This is recognised in the other operating expenses in statement of profit or loss.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

	Group		Company	
	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>18 Trade and other receivables</b>				
<b>Financial Instruments</b>				
Trade receivables	46,541	34,213	46,753	33,119
Trade receivables - related parties (Note 34)	9,111	13,469	15,664	16,457
Allowance for expected credit losses	(12,076)	(10,941)	(12,271)	(10,523)
Net trade receivables	43,576	36,741	50,146	39,053
Other receivables	223	3,273	223	3,317
	<u>43,799</u>	<u>40,014</u>	<u>50,369</u>	<u>42,370</u>
<b>Non-financial Instruments</b>				
Sundry receivables and advances	162	216	162	216
Other non-financial receivables*	35,955	5,918	35,945	5,908
Prepayments	30,574	18,524	30,571	18,522
Less: non current prepayments	(12,869)	(13,906)	(12,869)	(13,906)
	<u>53,822</u>	<u>10,752</u>	<u>53,809</u>	<u>10,740</u>
	<u><b>97,621</b></u>	<u><b>50,766</b></u>	<u><b>104,178</b></u>	<u><b>53,110</b></u>

\*Other non-financial receivables includes the placement of minimum capital with Central Bank of Nigeria (CBN) for Payment Service Bank license and withholding tax receivables.

**19 Restricted cash**

Restricted cash deposits	105,263	47,913	105,644	47,913
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Restricted cash represents deposits with banks to secure Letters of Credit and collateral against repayment on borrowings. Also included in restricted cash is the retention fee on purchase of Visafone Communications Limited.

**20 Cash and cash equivalents****Cash and cash equivalents consist of:**

Bank balances	141,321	244,893	135,873	240,736
Short-term deposits	65,895	30,932	65,804	30,932
Cash and cash equivalent	207,216	275,825	201,677	271,668
Allowance for expected credit losses	-	(627)	-	(627)
Net cash and cash equivalents	<u>207,216</u>	<u>275,198</u>	<u>201,677</u>	<u>271,041</u>

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

	Group		Company	
	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>21 Borrowings</b>				
<b>The maturity of the loans is as follows:</b>				
Payable within one year (included in current liabilities)	217,743	190,599	217,743	190,599
More than one year but not exceeding two years	85,544	87,381	85,544	87,381
More than two years but not exceeding five years	220,678	225,049	220,678	225,049
More than five years	18,356	18,121	18,356	18,121
Amounts included in non-current liabilities	324,578	330,551	324,578	330,551
<b>Total borrowings</b>	<b>542,321</b>	<b>521,150</b>	<b>542,321</b>	<b>521,150</b>
<b>21.1 Borrowings reconciliation</b>				
<b>Opening balance</b>	<b>521,150</b>	<b>412,542</b>	<b>521,150</b>	<b>412,542</b>
Drawdown	274,779	143,682	274,779	143,682
Repayment	(291,510)	(41,748)	(291,510)	(41,748)
Prepaid borrowing cost	31,741	354	31,741	354
Accrued interest	2,383	2,569	2,383	2,569
Revaluation loss	3,777	3,751	3,777	3,751
<b>Closing balance</b>	<b>542,321</b>	<b>521,150</b>	<b>542,321</b>	<b>521,150</b>

**21.2 Summary of borrowing arrangements**

MTN Nigeria has a loan portfolio with a consortium of local banks, foreign banks and export development agencies. The details of the facilities are as follows:

Facility	Type	Outstanding balance as at 30 September 2021
Local facility M	N200 billion local currency term loan maturing in 2025, variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%.	N145 billion
Local facility N	N200 billion local currency term loan maturing in 2026, variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%. The Group prepaid N75Bn of this facility from the proceeds of fixed rate Bond issuance to reduce exposure to volatility in short term interest rate	N106 billion
Foreign facility H	US\$329 million Export Credit Agency backed Facility from KfW-IPEX Bank and Citibank. The first tranche (H1) of the loan totalling \$87m has been drawn while the remaining tranches (H2 and H3) expired undrawn. H1 and H3 are variable interest loan facilities linked to the 6-Month LIBOR plus a 1.15% margin, while H2 is a fixed interest rate loan at 2.18% p.a.	USD 8.41 million
Foreign facility O	US\$95m Syndicated Facility from AFC and RMB was arranged in 2020, with one-year moratorium. The facility is in two tranches (O1 and O2) of US\$15 million and US\$80 million, respectively. Both Tranches have been fully drawn. Facility O principal will be repaid over 5 equal semi-annual installments which will commence in December 2021. It is a floating interest loan linked to the 6Month LIBOR plus a 5.5% margin.	USD 95 million
Commercial Paper	Under the N200 billion Commercial paper Issuance Programme, we have two series issued on March 22, 2021 comprising of: Series III: With a Face value of N19.8bn for 181 days at discount rate of 6.76% Series IV: With a face value of N53.7bn for 269 days at discount rate of 7.55%.	N 53.7 billion
Trade Loans	\$394 million trade loans for the establishment of Letters of Credit with various local Banks. The loans attract Pre and Post Negotiation charges and are largely cash backed. The sum of \$265 million has been utilised in establishing Letters of Credit.	N71.8billion

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

	Group		Company	
	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>22 Trade and other payables</b>				
Financial instruments				
Trade payables	94,662	67,384	93,671	65,624
Trade payables - related parties (Note 34)	20,544	27,474	20,882	27,811
Other accrued expenses	159,113	170,227	155,805	168,957
Other payables	373	607	373	607
	<u>274,692</u>	<u>265,692</u>	<u>270,731</u>	<u>262,999</u>
Non-financial instruments				
Other non-financial accrued expenses*	46,431	15,702	46,431	15,676
Sundry payables	832	1,250	832	1,191
Other non-financial payables**	30,282	21,333	30,265	21,316
	<u>77,545</u>	<u>38,285</u>	<u>77,528</u>	<u>38,183</u>
	<u><b>352,237</b></u>	<u><b>303,977</b></u>	<u><b>348,259</b></u>	<u><b>301,182</b></u>
*Other non-financial accrued expenses include accrued staff expenses and other regulatory fees.				
**Other non-financial payables include withholding and value added tax liabilities.				
<b>23 Contract liabilities</b>				
Contract liabilities	67,234	62,301	66,852	61,919
During the year, additions to contract liabilities of N1.150 trillion was recognized, while N1.135 trillion were released to the income statement as revenue.				
<b>24 Provisions</b>				
At the beginning of period	24,771	25,761	24,771	25,761
Additions	21,759	18,880	21,759	18,880
Unused amount reversed	(12,170)	(6,681)	(12,170)	(6,681)
Utilised	(4,694)	(13,189)	(4,694)	(13,189)
<b>At the end of the period</b>	<u><b>29,666</b></u>	<u><b>24,771</b></u>	<u><b>29,666</b></u>	<u><b>24,771</b></u>
<b>Current</b>	<u><b>29,624</b></u>	<u><b>24,733</b></u>	<u><b>29,624</b></u>	<u><b>24,733</b></u>
<b>Non-current</b>	<u><b>42</b></u>	<u><b>38</b></u>	<u><b>42</b></u>	<u><b>38</b></u>
<b>25 Other current liabilities</b>				
Derivatives	50	194	50	194
<b>Total other current liabilities</b>	<u><b>50</b></u>	<u><b>194</b></u>	<u><b>50</b></u>	<u><b>194</b></u>
<b>26 Deferred tax</b>				
Opening balance	113,130	120,587	108,693	113,040
Writeback to profit or loss	(23,895)	(4,347)	(21,380)	(4,347)
Arising due to fair value adjustment on business combination	-	(3,110)	-	-
	<u><b>89,235</b></u>	<u><b>113,130</b></u>	<u><b>87,313</b></u>	<u><b>108,693</b></u>

The deferred tax assets and liabilities have been offset because the Group has a legally enforceable right to set off current tax assets against current tax liabilities. They also relate to income taxes levied by the same taxation authority.

Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

	Group		Company	
	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>27 Employee benefits</b>				
Present value of defined benefit obligation	8,261	1,578	8,261	1,578
Current service cost	88	7,062	88	7,062
Benefits paid by the plan	(293)	(379)	(293)	(379)
	<b>8,056</b>	<b>8,261</b>	<b>8,056</b>	<b>8,261</b>
<b>Employment benefits comprise of the present values of :</b>				
Defined Benefit Obligation- retirement benefits	-	2,751	-	2,751
Long service award	8,056	5,510	8,056	5,510
	<b>8,056</b>	<b>8,261</b>	<b>8,056</b>	<b>8,261</b>
<b>Current to non-current split</b>				
Current	3,501	-	3,501	-
Non-current	4,555	8,261	4,555	8,261
As at period/year end	<b>8,056</b>	<b>8,261</b>	<b>8,056</b>	<b>8,261</b>
<b>28 Other non-current liabilities</b>				
Share based payment liability	<b>3,348</b>	<b>2,273</b>	<b>3,348</b>	<b>2,273</b>
<b>29 Lease liabilities</b>				
The statement of financial position shows the following amounts relating to leases:				
Current	68,062	54,798	68,062	54,798
Non-current	631,632	586,992	631,632	586,992
As at period/year end	<b>699,694</b>	<b>641,790</b>	<b>699,694</b>	<b>641,790</b>
<b>Lease liabilities reconciliation</b>				
Opening balance	641,790	492,073	641,790	492,073
Additions	91,965	43,543	91,965	43,543
Modifications	-	132,745	-	132,745
Interest capitalised	64,633	78,544	64,633	78,544
Revaluation loss/(gain)	2,003	(204)	2,003	(204)
Payments - principal portion	(43,301)	(26,676)	(43,301)	(26,676)
Payments - interest portion	(57,396)	(78,235)	(57,396)	(78,235)
Closing balance	<b>699,694</b>	<b>641,790</b>	<b>699,694</b>	<b>641,790</b>
<b>30 Current tax payable</b>				
<b>Opening balance</b>	<b>107,310</b>	<b>65,625</b>	<b>107,038</b>	<b>65,325</b>
Provision for the period/year - company income tax	115,472	90,774	115,472	90,772
Provision for the period/year - education tax	9,458	10,324	9,458	10,319
Provision for the period/year - capital gains tax	-	15	-	15
Provision for the year/ period - Nigerian Police Trust Fund	5	4	5	4
Tax paid	(109,931)	(55,912)	(109,931)	(55,877)
Withholding tax credit	-	(1,884)	-	(1,884)
Reclassification*	-	(1,636)	-	(1,636)
<b>Closing balance</b>	<b>122,314</b>	<b>107,310</b>	<b>122,042</b>	<b>107,038</b>

\*Reclassification relates to additional tax liability arising from FIRS Tax Audit for 2010 to 2015 financial years, which was initially provided for in the Companies Income Tax account. The FIRS carried out a tax audit exercise on the books of MTN for 2010 to 2015 financial years; the disputed liability arising from the audit was subsequently appealed at the Tax Appeal Tribunal (TAT). Successively, the TAT, on its judgment TAT/LZ/CIT/001/2018 of 7 February 2020, adjudged (amongst others) that fixed asset swap is vatable based on the interpretation of the VAT Act, notwithstanding that there was no monetary consideration. Therefore, MTNN reclassified initial provision in the Companies Income Tax Account into the Value Added Tax Account and paid the liability as ordered by the Court of Law.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

	Notes	Group		Company	
		for the period ended 30 Sept 2021	30 Sept 2020	for the period ended 30 Sept 2021	30 Sept 2020
<i>In millions of Nigerian Naira</i>					
<b>31 Cash generated from operations</b>					
<b>Profit before tax</b>		<b>321,352</b>	<b>211,594</b>	<b>329,736</b>	<b>218,848</b>
<i>Adjustments for non cash items:</i>					
Finance income	5	(7,011)	(11,940)	(7,011)	(11,928)
Finance cost	5	104,009	107,357	104,009	107,357
Depreciation of property, plant and equipment	10	120,287	112,582	120,287	112,582
Depreciation of right of use assets	11	63,506	52,035	63,506	52,035
Amortisation of intangible assets	12	32,369	26,236	28,380	22,247
Impairment of property, plant and equipment	10	(510)	1,046	(510)	1,046
(Profit)/loss on disposal of property, plant and equipment	7	(280)	166	(280)	166
Credit loss expense on trade and other receivables	7	1,139	4,520	1,139	4,520
Credit loss expense on cash and cash equivalent, treasury bills and bonds	7	3	1,510	3	1,510
(Writeback)/impairment of trading inventory	7	(2,503)	2,088	(2,503)	2,088
Provision expense	24	9,589	(4,572)	9,589	(4,572)
Employee benefits costs	27	88	-	88	-
Movement in contract acquisition costs		2,467	(2,134)	2,467	(2,134)
Share based payment expense	6	2,944	1,163	2,944	1,163
		<b>647,449</b>	<b>501,649</b>	<b>651,843</b>	<b>504,926</b>
<b>Changes In working capital:</b>					
Increase in inventories		(2,212)	(2,675)	(2,212)	(2,675)
Increase in trade and other receivables		(45,913)	(8,777)	(50,127)	(8,956)
Increase in trade and other payables		105,122	56,348	103,560	56,265
Increase/(decrease) in contract liabilities		4,933	414	4,933	120
		<b>61,930</b>	<b>45,310</b>	<b>56,154</b>	<b>44,754</b>
<b>Cash generated from operations</b>		<b>709,378</b>	<b>546,960</b>	<b>707,997</b>	<b>549,680</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

30 Sept 2021 31 Dec 2020

*In millions of Nigerian Naira*

<b>32 Equity</b>		
<b>32.1 Authorised:</b>		
27,850,000,000 ordinary shares of N0.02 each	557	557
	<b>557</b>	<b>557</b>
<b>32.2 Issued and fully paid:</b>		
20,354,513,050 ordinary shares of N0.02 each	407	407
	<b>407</b>	<b>407</b>
<b>32.3 Share premium</b>		
4,500,000 ordinary shares of N 3,779.89 each	17,009	17,009
138,960 ordinary shares of N 1,488.15 each	207	207
	<b>17,216</b>	<b>17,216</b>
<b>32.4 Dividend declared and paid</b>		
Final dividend for 2020 N5.90 kobo per share (2019 N4.97 kobo per share)	212,705	172,403
	<b>212,705</b>	<b>172,403</b>

**33 Earnings per share (EPS)**

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding at the end of the reporting period. On the other hand, diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

	Group		Company	
	For the period ended 30 Sept 2021	30 Sept 2020	For the period ended 30 Sept 2021	30 Sept 2020
<i>In millions of Nigerian Naira</i>				
Profit attributable to equity holders	220,312	144,239	226,181	149,324
Weighted average number of ordinary shares	20,355	20,355	20,355	20,355
Basic/diluted EPS (N)	<b>10.82</b>	<b>7.09</b>	<b>11.11</b>	<b>7.34</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 34 Related party transactions

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

Various transactions are entered into by the Company and its subsidiaries during the year with related parties. The terms of these transactions are at arm's length. Intra-group transactions are eliminated on consolidation.

## Holding and ultimate holding companies

The Company's holding Company is MTN International (Mauritius) Limited, a Company incorporated in the Republic of Mauritius and its ultimate holding Company is MTN Group Limited, a Company incorporated in South Africa. MTN Nigeria Communications Plc's subsidiaries are XS Broadband Limited, Yellow Digital Financial Services Limited and Visafone Communications Limited. Their principal activity is the provision of broadband fixed wireless access service, mobile financial services and high quality telecommunication service respectively.

	Group		Company	
	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020

*In millions of Nigerian Naira*

The following is a summary of transactions between the Group and its related parties during the year and balances due at year end:

**Parent Company: MTN International (Mauritius) Limited**

Dividends paid (excluding withholding tax):

MTN International (Mauritius) Ltd	149,687	121,325	149,687	121,325
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**Subsidiaries:****Visafone Communications Limited**

Net settlement of liabilities by the subsidiary	-	-	-	(516)
Amounts (due to)/due from related party	-	-	(337)	(337)

**Yello Digital Financial Services Limited**

Net settlement of liabilities by the subsidiary	-	-	3,565	1,069
Amounts due from related party	-	-	5,915	2,350

**XS Broadband Limited**

Net settlement of liabilities by the subsidiary	-	-	-	25
Amounts due from related party	-	-	638	638



Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

34 Related party transactions (continued)

Related parties under MTN Group

MTN Nigeria transacts with its sister companies under the MTN Group.

	Group		Company	
	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
<i>In millions of Nigerian Naira</i>				
<b>Amounts due to related parties</b>				
MTN Sudan	14	111	14	111
MTN Uganda	1	2	1	2
MTN Zambia	5	7	5	7
MTN Dubai	239	565	239	565
Global Trading Company	573	491	573	491
MTN Management Services Co	517	1,517	517	1,517
MTN Benin	628	1,302	628	1,302
MTN Cameroon	278	282	278	282
MTN Congo	6	13	6	13
MTN Cote d'Ivoire	84	80	84	80
Progressive Tech Holdings	1	-	1	-
MTN Ghana	15	145	15	145
MTN Guinea Bissau	1	1	1	1
MTN Rwanda	-	1	-	1
MTN South Africa	-	14	-	14
Global Sourcing Company	99	-	99	-
Simfy Africa	37	-	37	-
Interserve Overseas Ltd	8,332	6,133	8,332	6,133
MTN Global Connect	-	2,482	-	2,482
Mobile Telephone Networks (Pty) Ltd	69	-	69	-
MTN International (Mauritius) Limited	9,632	14,328	9,632	14,328
MTN Holdings	14	-	14	-
<b>Total</b>	<b>20,545</b>	<b>27,474</b>	<b>20,545</b>	<b>27,474</b>
<b>Amounts due from related parties</b>				
MTN Sudan	1	96	1	96
MTN Zambia	56	40	56	40
MTN Dubai	10	-	10	-
MTN Group Management Services	2,778	3,232	2,778	3,232
MTN Benin	-	37	-	37
MTN Cameroon	366	489	366	489
MTN Congo	28	39	28	39
MTN Cote d'Ivoire	135	80	135	80
MTN Guinea Bissau	31	27	31	27
MTN South Africa	-	1	-	1
MTN Guinea Conakry	24	17	24	17
Lonestar Communications Corporations (Liberia)	47	35	47	35
MTN Global Connect	5,618	9,376	5,618	9,376
Mobile Telephone Networks (Pty) Ltd	16	-	16	-
<b>Total</b>	<b>9,111</b>	<b>13,469</b>	<b>9,111</b>	<b>13,469</b>

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34 Related party transactions (continued)

<i>In millions of Nigerian Naira</i>	Group		Company	
	30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
<b>Purchases from related parties</b>				
MTN Sudan	2	27	2	27
MTN Uganda	2	20	2	20
MTN Zambia	1	7	1	7
MTN Dubai	-	3,453	-	3,453
Global Trading Company	1,741	1,029	1,741	1,029
MTN Benin	138	1,758	138	1,758
MTN Cameroon	22	278	22	278
MTN Congo	1	4	1	4
MTN Cote d'Ivoire	7	72	7	72
MTN Ghana	50	739	50	739
MTN Guinea Bissau	-	3	-	3
MTN Rwanda	3	9	3	9
MTN Guinea Conakry	1	1	1	1
Lonestar Communications Corporations (Liberia)	3	3	3	3
MTN Irancell	-	1	-	1
MTN South Sudan	1	3	1	3
MTN Cyprus	2	3	2	3
MTN Global Connect	13,526	1,731	13,526	1,731
Mobile Telephone Networks (Pty) Ltd	16	621	16	621
<b>Sales to related parties</b>				
MTN Sudan	-	1	-	1
MTN Uganda	3	1	3	1
MTN Zambia	7	13	7	13
MTN Benin	116	68	116	68
MTN Cameroon	32	24	32	24
MTN Cote d'Ivoire	11	4	11	4
MTN Ghana	54	36	54	36
MTN Rwanda	1	1	1	1
MTN Guinea Conakry	1	1	1	1
MTN Namibia	1	-	1	-
Lonestar Communications Corporations (Liberia)	3	2	3	2
MTN South Sudan	18	11	18	11
MTN Global Connect	16,440	14,328	16,440	14,328
Mobile Telephone Networks (Pty) Ltd	32	24	32	24

The receivables from related parties arise mainly from professional, roaming and interconnect services transactions rendered on behalf of other operations within MTN Group. These are due one month after the date of rendering of service.

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

No allowance for expected credit loss on receivables from related parties because MTN Nigeria is in a net payable position.

Summary of amounts due and from related parties:

<i>In millions of Nigerian Naira</i>	Notes	Group		Company	
		30 Sept 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020
<b>Amount due to related parties</b>					
Related parties		20,545	27,474	20,545	27,474
Subsidiaries		-	-	337	337
	22	<u>20,545</u>	<u>27,474</u>	<u>20,882</u>	<u>27,811</u>
<b>Amounts due from related parties</b>					
Related parties		9,111	13,469	9,111	13,469
Subsidiaries		-	-	6,553	2,988
	18	<u>9,111</u>	<u>13,469</u>	<u>15,664</u>	<u>16,457</u>

Notes to the unaudited condensed consolidated and separate financial statements  
For the nine months period ended 30 September 2021

## 35 Financial risk management and financial instruments

## 35.1 Accounting classes and fair values

Group	Amortised Cost	FVTPL	FVOCI	Total Carrying Amount
<i>In millions of Nigerian Naira</i>				
<b>30 September 2021</b>				
<b>Non-current financial assets</b>				
Other investments	7,535	-	-	7,535
	<b>7,535</b>	<b>-</b>	<b>-</b>	<b>7,535</b>
<b>Current financial assets</b>				
Trade and other receivables	43,799	-	-	43,799
Current investments	80,853	6,082	-	86,935
Cash at bank and on hand	207,216	-	-	207,216
Restricted cash	105,263	-	-	105,263
	<b>437,131</b>	<b>6,082</b>	<b>-</b>	<b>443,213</b>
	<b>444,666</b>	<b>6,082</b>	<b>-</b>	<b>450,748</b>
<b>Non-current financial liabilities</b>				
Borrowings	324,578	-	-	324,578
Lease Liabilities	631,632	-	-	631,632
	<b>956,210</b>	<b>-</b>	<b>-</b>	<b>956,210</b>
<b>Current financial liabilities</b>				
Trade and other payables	274,692	-	-	274,692
Borrowings	217,743	-	-	217,743
Lease Liabilities	68,062	-	-	68,062
Derivatives	-	50	-	50
	<b>560,497</b>	<b>50</b>	<b>-</b>	<b>560,547</b>
	<b>1,516,707</b>	<b>50</b>	<b>-</b>	<b>1,516,757</b>
<b>31 December 2020</b>				
<b>Non-current financial assets</b>				
Other investments	25,847	-	-	25,847
	<b>25,847</b>	<b>-</b>	<b>-</b>	<b>25,847</b>
<b>Current financial assets</b>				
Trade and other receivables	40,014	-	-	40,014
Current investments	121,803	24,980	-	146,783
Cash at bank and on hand	275,198	-	-	275,198
Restricted cash	47,913	-	-	47,913
	<b>484,928</b>	<b>24,980</b>	<b>-</b>	<b>509,908</b>
	<b>510,775</b>	<b>24,980</b>	<b>-</b>	<b>535,755</b>
<b>Non-current financial liabilities</b>				
Borrowings	330,551	-	-	330,551
Lease Liabilities	586,992	-	-	586,992
	<b>917,543</b>	<b>-</b>	<b>-</b>	<b>917,543</b>
<b>Current financial liabilities</b>				
Trade and other payables	265,692	-	-	265,692
Borrowings	190,599	-	-	190,599
Lease Liabilities	54,798	-	-	54,798
Derivatives	-	194	-	194
	<b>511,089</b>	<b>194</b>	<b>-</b>	<b>511,283</b>
	<b>1,428,632</b>	<b>194</b>	<b>-</b>	<b>1,428,826</b>

## Notes to the unaudited condensed consolidated and separate financial statements

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## 35 Financial risk management and financial instruments (continued)

## 35.1 Accounting classes and fair values (continued)

Company	Amortised Cost	FVTPL	FVOCI	Total Carrying Amount
<i>In millions of Nigerian Naira</i>				
<b>30 September 2021</b>				
<b>Non-current financial assets</b>				
Other investments	7,535	-	-	7,535
	<b>7,535</b>	<b>-</b>	<b>-</b>	<b>7,535</b>
<b>Current financial assets</b>				
Trade and other receivables	50,369	-	-	50,369
Current investments	80,853	6,082	-	86,935
Cash at bank and on hand	201,677	-	-	201,677
Restricted cash	105,644	-	-	105,644
	<b>438,543</b>	<b>6,082</b>	<b>-</b>	<b>444,625</b>
	<b>446,078</b>	<b>6,082</b>	<b>-</b>	<b>452,160</b>
<b>Non-current financial liabilities</b>				
Borrowings	324,578	-	-	324,578
Lease Liabilities	631,632	-	-	631,632
	<b>956,210</b>	<b>-</b>	<b>-</b>	<b>956,210</b>
<b>Current financial liabilities</b>				
Trade and other payables	270,731	-	-	270,731
Borrowings	190,599	-	-	190,599
Lease Liabilities	68,062	-	-	68,062
Derivatives	-	50	-	50
	<b>529,392</b>	<b>50</b>	<b>-</b>	<b>529,442</b>
	<b>1,485,602</b>	<b>50</b>	<b>-</b>	<b>1,485,652</b>
<b>31 December 2020</b>				
<b>Non-current financial assets</b>				
Other investments	25,847	-	-	25,847
	<b>25,847</b>	<b>-</b>	<b>-</b>	<b>25,847</b>
<b>Current financial assets</b>				
Trade and other receivables	42,370	-	-	42,370
Current investments	121,803	24,980	-	146,783
Cash at bank and on hand	271,041	-	-	271,041
Restricted cash	47,913	-	-	47,913
	<b>483,127</b>	<b>24,980</b>	<b>-</b>	<b>508,107</b>
	<b>508,974</b>	<b>24,980</b>	<b>-</b>	<b>533,954</b>
<b>Non-current financial liabilities</b>				
Borrowings	330,551	-	-	330,551
Lease Liabilities	586,992	-	-	586,992
	<b>917,543</b>	<b>-</b>	<b>-</b>	<b>917,543</b>
<b>Current financial liabilities</b>				
Trade and other payables	262,999	-	-	262,999
Borrowings	190,599	-	-	190,599
Lease Liabilities	54,798	-	-	54,798
Derivatives	-	194	-	194
	<b>508,396</b>	<b>194</b>	<b>-</b>	<b>508,590</b>
	<b>1,425,939</b>	<b>194</b>	<b>-</b>	<b>1,426,133</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 35 Financial risk management and financial instruments (continued)

## 35.2 Fair value estimation

Where a financial asset or liability is carried on the statement of financial position at fair value, additional disclosure is required. In particular, the fair values need to be classified in accordance with the fair value hierarchy. This fair value hierarchy distinguishes between different fair value methodologies based on the level of subjectivity applied in the valuation. The fair value hierarchy is split into the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (e.g. the price quoted on a stock exchange for a listed share).

Level 2: Valuation techniques with 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) (e.g. a valuation that uses observable interest rates or foreign exchange rates as inputs),

Level 3: Valuation techniques with inputs that are not based on observable market data (that is, unobservable inputs) (e.g. a valuation that uses the expected growth rate of an underlying business as input).

The Group's financial instruments measured at fair value are presented below.

<b>Group and Company</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>In millions of Nigerian Naira</i>				
<b>30 September 2021</b>				
<b>Assets</b>				
Treasury bills at FVTPL	6,082	-	-	6,082
	<b>6,082</b>	<b>-</b>	<b>-</b>	<b>6,082</b>
<b>Liabilities</b>				
Derivatives	-	50	-	50
	<b>-</b>	<b>50</b>	<b>-</b>	<b>50</b>
<b>31 December 2020</b>				
<b>Assets</b>				
Treasury bills at FVTPL	24,980	-	-	24,980
	<b>24,980</b>	<b>-</b>	<b>-</b>	<b>24,980</b>
<b>Liabilities</b>				
Derivatives	-	194	-	194
	<b>-</b>	<b>194</b>	<b>-</b>	<b>194</b>

Financial assets and financial liabilities at amortised cost – The carrying value of current receivables and liabilities measured at amortised cost approximates their fair value.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

### 35 Financial Instruments and risk management (continued)

#### 35.3 Credit risk

Credit risk or the risk of financial loss to the Group due to customers or counter parties not meeting their contractual obligations and is managed through the application of credit approvals, limits and monitoring procedures.

The **Group's** maximum exposure to credit risk is represented by the carrying amount of the financial assets that are exposed to credit risk.

The following instruments give rise to credit risk

<i>In millions of Nigerian Naira</i>	Group		Company	
	30 September 2021	31 Dec 2020	30 September 2021	31 Dec 2020
Other investments	7,535	25,847	7,535	25,847
Cash and cash equivalents	207,216	275,198	201,677	271,041
Trade receivables	43,799	40,014	50,369	42,370
Restricted cash	105,263	47,913	105,644	47,913
Current investments	80,853	121,803	80,853	121,803
	<b>444,666</b>	<b>510,775</b>	<b>446,078</b>	<b>508,974</b>

#### Cash and cash equivalents and restricted cash

The Group's exposure and the credit ratings of its counter parties are continuously monitored and the aggregate values of investment portfolio is spread amongst approved financial institutions, which are lending institutions to the Group. The Group's Cash investment activity is based on the SLY (Safety, Liquidity and Yield) principle while it also limits its cash holdings in a financial institution to a maximum of 40% of total investment portfolio to manage concentration risk. The Exposure is controlled by a right of setoff and counter party exposure limits.

The National Long Term credit ratings of the counterparty financial institutions where we have bank deposits and restricted cash range from AAA to BBB-

Expected Credit Losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. In determining the cash flows that the Group expects to receive, the Group apply the probability of default (default rate) based on rating by international credit rating agencies like S&P, Moodys and Fitch as well as local ratings by Agosto and

Total estimated credit loss as at 30 September 2021 stood at Nil (31 December 2020: N627million) while credit loss income for the period is N627 million (September 2020 Nil).

The credit ratings of the counterparty financial institutions where we have bank deposits and restricted cash range from B- to B.

#### Trade receivables

Customer credit risk is managed by each business unit subject to the **Group's** established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Group: ECL for gross trade receivables of N97.7 billion (2020: N50.7 billion) was N12.0 billion (2020: N10.9 billion);

Company: ECL for gross trade receivables of N104.3 billion (2020: N53.1billion) was N12.2 billion (2020: N10.5 billion).

The Group holds collateral as security for trade receivables relating to trade partners. These are bank guarantees held with bank with credit ratings of B- to B. A total of N3.95 billion was held as collateral for same value of receivables as at 30 September 2021 (Dec 2020: N4.67 billion). Trade partners are to pay within seven days of credit advanced. In the event of default, the bank guarantee is recalled immediately to offset the credit.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 35 Financial Instruments and risk management (continued)

## 35.3 Credit risk (continued)

## Current and other investments

Current investments are all liquid assets that consist of marketable securities. They are primarily selected based on the funding and liquidity plan of the Group and from issuers with the least known credit and default risk. In connection with investment decisions, priority is placed on the issuer's very high creditworthiness and the present yield/interest rates offered. In this assessment, the Group also considers the credit risk assessment of the issuer by the rating agencies such as Fitch, Standards and Poor (S & P). The Federal Government of Nigeria (FGN) has one of the lowest credit risks known in the country and in a possibility of default, it could simply increase the circulation of money in the country or borrow from international sources to pay off its local debt. In line with the Group's risk policy, its investments in treasury bills have no historical rate of default and the investments can be liquidated and sold at the prevalent market rates at that point in time. The international rating for the FGN is B-, a speculative grade, for its Short-Term Local Currency Issuer Default Rating (IDR) which is a stable rating but not yet at the investment grade level which is hardly given to African Countries. Current investments are thus not subject to a material credit risk and are allocated to stage 1 of the impairment model.

The National Long Term credit ratings of the counterparty financial institutions where we have current investments range from AAA to BBB-.

Expected Credit Losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. In determining the cash flows that the Group expects to receive, the Group apply the probability of default (default rate) based on rating by international credit rating agencies like S&P, Moodys and Fitch as well as local ratings by Agosto and Co.

Total estimated credit loss as at 30 September 2021 stood at N1.214 billion (31 December 2020: N292million) while credit loss expense for the period is N922 million (September 2020: Nil).

The credit ratings of the counterparty financial institutions where we have current investments range from B- to B.

## Reconciliation of gross carrying amount and related ECL

<i>In millions of Nigerian Naira</i>	Cash and cash equivalent	Current Investments	Other Investments	Total ECL
<b>Group</b>				
<b>Balance as at 1 January 2020</b>	<b>116,278</b>	<b>45,057</b>	-	-
Net movement during the year	158,823	76,815	26,070	-
Exchange gain/(loss)	724	-	-	-
Allowance for expected credit losses	(627)	(69)	(223)	(919)
<b>Balance as at 31 December 2020</b>	<b>275,198</b>	<b>121,803</b>	<b>25,847</b>	<b>(919)</b>
Net movement during the year	(79,591)	(40,109)	(18,231)	-
Exchange gain/(loss)	11,609	-	-	-
Allowance for expected credit losses	-	(841)	(81)	(922)
<b>Balance as at 30 September 2021</b>	<b>207,216</b>	<b>80,853</b>	<b>7,535</b>	<b>(1,841)</b>
<b>Company</b>				
<b>Balance as at 1 January 2020</b>	<b>114,301</b>	<b>45,057</b>	-	-
Net movement during the year	156,643	76,815	26,070	-
Exchange gain/(loss)	724	-	-	-
Allowance for expected credit losses	(627)	(69)	(223)	(919)
<b>Balance as at 31 December 2020</b>	<b>271,041</b>	<b>121,803</b>	<b>25,847</b>	<b>(919)</b>
Net movement during the year	(80,973)	(40,109)	(18,231)	-
Exchange gain/(loss)	11,609	-	-	-
Allowance for expected credit losses	-	(841)	(81)	(922)
<b>Balance as at 30 September 2021</b>	<b>201,677</b>	<b>80,853</b>	<b>7,535</b>	<b>(1,841)</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 35 Financial instruments and risk management

## 35.4 Interest rate risk

Interest rate risk is the risk that the cash flow or fair value of an interest bearing financial instrument will fluctuate because of changes in market interest rates.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, short term investments and borrowings. The interest rates applicable to these financial instruments are on a combination of floating and fixed basis in line with those currently available in the market.

The Group's interest rate risk arises from the repricing of the Group's floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the significant cash balances which exist. The Group manages its debt on an optimal mix of local and foreign borrowings and fixed and floating interest rates.

**Profile**

At the reporting date the interest rate profile of the Group's financial instruments is as follows:

Group	30 September 2021			31 December 2020		
	Fixed rate instruments	Variable rate instruments	Non interest bearing	Fixed rate instruments	Variable rate instruments	Non interest bearing
<i>In millions of Nigerian Naira</i>						
<b>Financial assets</b>						
Other investments	7,535	-	-	25,847	-	-
Cash and cash equivalents	207,216	-	-	275,198	-	-
Current investments	86,935	-	-	146,783	-	-
Restricted cash	-	-	105,263	-	-	47,913
Trade and other receivables	-	-	43,799	-	-	40,014
	<b>301,686</b>	<b>-</b>	<b>149,062</b>	<b>447,828</b>	<b>-</b>	<b>87,927</b>
<b>Financial liabilities</b>						
Trade payables	-	-	94,662	-	-	67,384
Other accrued expenses	-	-	159,113	-	-	170,227
Other payables	-	-	373	-	-	607
Amounts due to related parties	-	20,544	-	-	27,474	-
Current borrowings	135,012	82,731	-	-	190,599	-
Non-current borrowings	108,241	216,336	-	-	330,551	-
	<b>243,254</b>	<b>319,610</b>	<b>254,148</b>	<b>-</b>	<b>548,624</b>	<b>238,218</b>
<b>Company</b>						
<b>Financial assets</b>						
Other investments	7,535	-	-	25,847	-	-
Cash and cash equivalents	201,677	-	-	271,041	-	-
Current investments	86,935	-	-	146,783	-	-
Restricted cash	-	-	105,644	-	-	47,913
Trade and other receivables	-	-	50,369	-	-	42,370
	<b>296,147</b>	<b>-</b>	<b>156,013</b>	<b>443,671</b>	<b>-</b>	<b>90,283</b>
<b>Financial liabilities</b>						
Trade payables	-	-	93,671	-	-	65,624
Other accrued expenses	-	-	155,805	-	-	168,957
Other payables	-	-	373	-	-	607
Amounts due to related parties	-	20,882	-	-	27,811	-
Current borrowings	135,012	82,731	-	-	190,599	-
Non-current borrowings	108,241	216,336	-	-	330,551	-
	<b>243,254</b>	<b>319,948</b>	<b>249,849</b>	<b>-</b>	<b>548,961</b>	<b>235,188</b>

**Interest rate sensitivity**

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant.



Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

35 Financial instruments and risk management

35.4 Interest rate risk (continued)

The Group is mainly exposed to fluctuations in the following market interest rates: LIBOR and NIBOR. Changes in market interest rates affect the interest income or expense of floating rate financial instruments. Changes in market interest rates only affect profit or loss in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

A change in the above market interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the reporting date and assumes that all other variables, in particular foreign currency rates, remains constant. The analysis is performed on the same basis for prior year.

Group and Company	30 September 2021			31 Dec 2020		
	Increase/(decrease) in profit before tax			Increase/(decrease) in profit before tax		
	Change in interest rate	Upward change in interest rate	Downward change in interest rate	Change in interest rate	Upward change in interest rate	Downward change in interest rate
	%	N'million	N'million	%	N'million	N'million
LIBOR	1	(297)	297	1	(292)	292
NIBOR	1	(2,920)	2,920	1	(3,217)	3,217

Currency risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.

The Group manages foreign currency risk on major foreign denominated purchase orders through the use of Letters of Credit.

The Group has also entered into a currency swap arrangement to enhance dollar liquidity to address critical operational requirements.

Sensitivity analysis

The Group is mainly exposed to fluctuations in foreign exchange rates in respect of the US Dollar, being the significant foreign denominated currency.

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement of an instantaneous 10% strengthening or 5% weakening in the Nigerian Naira against the US Dollar, from the rate applicable at 31 December, for each class of financial instrument with all other variables, in particular interest rates, remaining constant.

A change in the foreign exchange rates to which the Group is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period. The analysis is performed on the same basis for the Company.

Transactions in foreign currencies other than US Dollars were not significant.

Group and Company

Group and Company	30 September 2021		31 December 2020	
	Increase/(decrease) in profit before tax		Increase/(decrease) in profit before tax	
	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax
Denominated:				
Functional				
US\$:NGN	(10,293)	5,147	(10,164)	5,082

In millions of Nigerian Naira

35.5 Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its obligations as they become due.

The Group's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures it has sufficient cash on demand (currently the Group is maintaining a positive cash position) or access to facilities to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 35 Financial risk management and financial instruments (continued)

## 35.5 Liquidity risk (continued)

The following are the liquid resources:

In millions of Nigerian Naira	Carrying Amount			
	Group		Company	
	30 September 2021	31 Dec 2020	30 September 2021	31 Dec 2020
Cash at bank and on hand	207,216	275,198	201,677	271,041
Trade and other receivables	43,799	40,014	50,369	42,370
Current investments	86,935	146,783	86,935	146,783
	<b>337,950</b>	<b>461,995</b>	<b>338,981</b>	<b>460,194</b>

The following are the contractual maturities of financial liabilities

Group	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years	Total
<i>In millions of Nigerian Naira</i>								
<b>30 September 2021</b>								
Trade payables and other payables	274,692	104,385	170,312	-	-	-	-	274,692
Current borrowings	217,743	18,089	28,705	224,195	-	-	-	270,990
Current lease liability	68,062	-	34,823	98,862	-	-	-	133,685
Non-current borrowings	324,578	-	-	-	118,312	218,322	138,601	475,235
Non-current lease liability	631,632	-	-	-	133,392	391,716	443,761	968,869
	<b>1,516,707</b>	<b>122,474</b>	<b>233,841</b>	<b>323,057</b>	<b>251,704</b>	<b>610,038</b>	<b>582,362</b>	<b>2,123,476</b>
<b>31 December 2020</b>								
Trade payables and other payables	265,692	192,515	73,177	-	-	-	-	265,692
Derivatives	194	-	-	194	-	-	-	194
Current borrowings	190,599	18,070	88,522	87,650	-	-	-	194,242
Current lease liability	54,798	-	31,785	89,651	-	-	-	121,436
Non-current borrowings	330,551	-	-	-	109,938	265,000	19,282	394,220
Non-current lease liability	586,992	-	-	-	120,881	357,299	459,303	937,483
	<b>1,428,826</b>	<b>210,585</b>	<b>193,484</b>	<b>177,495</b>	<b>230,819</b>	<b>622,299</b>	<b>478,585</b>	<b>1,913,267</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 35 Financial risk management and financial instruments (continued)

## 35.5 Liquidity risk (continued)

Company	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years	Total
<i>In millions of Nigerian Naira</i>								
<b>30 September 2021</b>								
Trade payables and other payables	270,731	102,879	167,855	-	-	-	-	270,734
Current borrowings	217,743	18,070	28,705	224,195	-	-	-	270,970
Current lease liability	68,062	-	34,823	98,862	-	-	-	133,685
Non-current borrowings	324,578	-	-	-	118,312	218,322	138,601	475,235
Non-current lease liability	631,632	-	-	-	133,392	391,716	443,761	968,869
	<b>1,512,746</b>	<b>120,949</b>	<b>231,384</b>	<b>323,057</b>	<b>251,704</b>	<b>610,038</b>	<b>582,362</b>	<b>2,119,493</b>
<b>31 December 2020</b>								
Trade payables and other payables	262,999	190,895	72,104	-	-	-	-	262,999
Derivatives	194	-	-	194	-	-	-	194
Current borrowings	190,599	18,070	88,522	87,650	-	-	-	194,242
Current lease liability	54,798	-	31,785	89,651	-	-	-	121,436
Non-current borrowings	330,551	-	-	-	109,938	265,000	19,282	394,220
Non-current lease liability	586,992	-	-	-	120,881	357,299	459,303	937,483
	<b>1,426,133</b>	<b>208,965</b>	<b>192,411</b>	<b>177,495</b>	<b>230,819</b>	<b>622,299</b>	<b>478,585</b>	<b>1,910,574</b>

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

## 35 Financial risk management and financial instruments (continued)

## 35.6 Capital risk management

The Group seeks to optimise its capital structure by ensuring adequate gearing levels taking into consideration working capital, cash flow, existing loan covenants, operational requirements, business plan and broader macro-economic conditions.

It maximizes external borrowings on the back of its strong cash generating capacity. In line with its funding policy, the Group diversifies funding sources across local and international markets and ensures that new facility conditions comply with existing loan covenants.

Management monitors net debt to EBITDA and EBITDA to net interest in line with the financial covenants in the loan agreement while it seeks to limit refinancing risk by controlling the concentrations of maturing obligations in the short end of maturity profile. Equity approximates share capital and reserves. EBITDA is defined as earnings before interest, tax, depreciation, amortisation and goodwill impairment/losses.

Gross debt relates to MTN Nigeria syndicated medium term loan and commercial paper, net debt is the gross debt less cash and cash equivalents and total funding is gross debt plus equity.

<i>In millions of Nigerian Naira</i>	Group		Company	
	30 September 2021	31 Dec 2020	September 2021	31 Dec 2020
Revenue	1,206,262	1,346,390	1,205,394	1,346,288
Operating expenses excluding depreciation and amortisation	(571,752)	(685,740)	(566,489)	(690,806)
EBITDA	634,510	660,650	638,905	655,482
Gross debt	542,321	521,150	542,321	521,150
Cash and cash equivalents	(207,216)	(275,198)	(201,677)	(271,041)
Net debt	335,105	245,952	340,644	250,109
Gross debt	542,321	521,150	542,321	521,150
Equity	185,993	178,386	215,708	202,232
Total funding	728,314	699,536	758,029	723,382
Gross debt : Total funding	74%	74%	72%	72%
Net debt: Total funding	46%	35%	45%	35%
Net debt : EBITDA	53%	37%	53%	38%

## 36 Commitments for the acquisition of property, plant, equipment and software

<i>In millions of Nigerian Naira</i>	Group		Company	
	30 September 2021	31 Dec 2020	30 September 2021	31 Dec 2020
Contracted	166,456	232,154	166,456	232,154
Approved but not contracted	83,930	82,261	83,930	82,261
Total commitments for property, plant, equipment and software	250,386	314,415	250,386	314,415

## 37 Going concern assessment

In accordance with the requirements of IAS 1.25, the Board of Directors of MTN Communications Nigeria PLC have performed an assessment of the **entity's** ability to continue as a going concern when preparing financial statements. The Board has considered whether:

- There is an intention to liquidate MTN Nigeria.
- There is an intention to cease operations.
- MTN Nigeria Communications PLC has no realistic alternative but to liquidate or cease operations.

Furthermore, we have considered the various events and conditions below that may exist and impact the business individually or collectively may cast significant doubt on the entity's ability to continue as a going concern such as:

- There are no fixed-term borrowings approaching maturity without realistic prospects of renewal or repayment. We are currently complying with all loan agreements and no loans have been renegotiated.
- There are currently no changes in legislation or government policy expected to adversely affect MTN Nigeria Communications PLC.

## Notes to the unaudited condensed consolidated and separate financial statements

For the nine months period ended 30 September 2021

### 37 Going concern assessment (continued)

- There are no substantial operating losses or significant deterioration in the value of assets used to generate cash flows, however **there's** been a major impact of forex deterioration on the business due to the increase in the NAFEX rate from N387 to around N413.05 to \$1. There is an ongoing effort to re-denominate some categories of foreign denominated expenditure to local currency to reduce exposure to exchange rate volatility.
- There are no plans to restructure the business of MTN Nigeria, dispose major assets or business.
- An assessment of forecast cash flows and projections has been performed, including potential impact of external/internal variations, uncertainties and sensitivity of expenditure plans. We are satisfied that the business continuity is not hindered in any way or manner.

Based on the factors considered above and taking account of reasonable possible changes in trading performance and the current financial position, the going concern basis has been adopted in preparing the consolidated financial statements. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

### 38 Securities Trading Policy

MTN Nigeria Communications Plc has in place a Securities Trading Policy which guides the Board and employees when effecting transactions in the **Company's** shares. The Policy provides for periods for Dealing in Shares and other Securities, established communication protocols on periods when transactions are not permitted to be effected on the **Company's** Shares as well as disclosure requirements when effecting such transactions.

Insiders covered in this Policy have not notified the Company of any dealing in the **Company's** Securities within this period and the Company is not aware of any breach of this Policy within the period.

### 39 Shareholders and their interest

Share Range	Number of Shareholders	% of Shareholder	Number of holdings	% Shareholding
1 - 10,000	7,408	78.5745	10,899,503	0.05
10,001 - 50,000	980	10.3946	23,849,634	0.12
50,001 - 100,000	222	2.3547	16,508,526	0.08
100,001 - 500,000	473	5.0170	111,759,729	0.55
500,001 - 1,000,000	110	1.1667	81,070,777	0.40
1,000,001 - 5,000,000	146	1.5486	341,971,634	1.68
5,000,001 - 10,000,000	28	0.2970	200,713,185	0.99
10,000,001 - 50,000,000	47	0.4985	952,127,582	4.68
50,000,001 - 100,000,000	3	0.0318	208,640,570	1.03
100,000,001 - 500,000,000	8	0.0849	1,554,820,810	7.64
500,000,001 - 1,000,000,000	2	0.0212	1,366,607,050	6.71
1,000,000,001 - Above	1	0.0106	15,485,544,050	76.08
<b>Total</b>	<b>9,428</b>	<b>100</b>	<b>20,354,513,050</b>	<b>100</b>

As at 30 September 2021, MTN International (Mauritius) Limited with total interest of 76.08% held more than 5% of the issued share capital of the Company.

### 40 Free float information

MTN Nigeria Communications Plc with a free float value of N373,218,817,300.00 as at September 2021 (September 2020: N246,810,240,204.00) is compliant with The Exchange's requirements for free float for companies listed on the Premium Board.

### 41 Contingent liabilities

Contingent liabilities represent possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

The Group has N12.1 billion (December 2020: N2.6 billion) contingent liabilities arising from claims and litigations in the ordinary course of business and the Group is defending these actions. These matters are currently being considered by various courts and the timing of the judgements are unknown. In the opinion of the directors, which is based on advice from the legal counsels, no material loss is expected to arise from these claims and litigations.

### 42 Events after the reporting period

On 7 October 2021, MTN Nigeria obtained the approval of the Securities and Exchange Commission (SEC) to launch N90billion Series II 10-Year Fixed Rate Bond, completing the N200billion registered shelf programme.