



MTN Nigeria Communications Plc
Audited consolidated and separate financial statements
for the year ended 31 December 2021
Together with Directors' and Auditor's Reports

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Corporate Information

Registered Company Number 395010

Directors	Names	Nationality	Position
	Dr. Ernest Ndukwe, OFR	Nigerian	Chairman
	Mr. Karl Toriola*	Nigerian	Chief Executive Officer
	Mr. Ralph Mupita	South African	Non-Executive Director
	Mr. Jens Schulte-Bockum	German	Non-Executive Director
	Mr. Michael Ajukwu	Nigerian	Independent Non-Executive Director
	Mr. Paul Norman**	South African	Non-Executive Director
	Mr. Rhidwaan Gasant	South African	Independent Non-Executive Director
	Mr Ferdinand Moolman***	South African	Non-Executive Director
	Mr. Muhammad K. Ahmad, OON	Nigerian	Independent Non-Executive Director
	Mr. Abubakar B. Mahmoud, SAN OON	Nigerian	Non-Executive Director
	Dr. Omobola Johnson	Nigerian	Non-Executive Director
	Mr. Andrew Alli	Nigerian	Non-Executive Director
	Mrs. Ifueko M. Omoigui Okauru, MFR	Nigerian	Non-Executive Director
	Mr. Modupe Kadri	Nigerian	Executive Director
	Ms. Tsholofelo Molefe****	South African	Non-Executive Director
	Mr. Charles Molapisi*****	South African	Non-Executive Director

*Became CEO effective 1 March 2021| **Retired 30 July 2021| ***Ceased to be CEO 28 February 2021, now Non-Executive Director|
****Appointed effective 3 May 2021| *****Appointed effective 2 August 2021

Registered office 4 Aromire road,
Off Alfred Rewane
Ikoyi Lagos

Holding company MTN International (Mauritius) Limited
incorporated in the Republic of Mauritius

Auditors Ernst & Young Nigeria
10th & 13th floors
UBA House
Marina
Lagos

Company Secretary Uto Ukpanah

Registrars Coronation Registrars Limited
9 Amodu Ojikutu Street
Victoria Island, Lagos

Tax Identification Number 00969009-0001

MTN Nigeria Communications Plc

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MTN Nigeria Communications Plc

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Financial highlights

	Notes	2021 N million	2020 N million	% Change
Revenue	8	1,654,299	1,346,390	22.9
Operating profit		584,747	426,713	37.0
Profit before taxation		436,687	298,874	46.1
Profit for the year		298,654	205,214	45.5
Share capital	26	407	407	-
Total equity		264,981	178,386	48.5
Basic/diluted earnings per share (N)	42	14.67	10.08	45.5
Net assets per share (N)		13.02	8.76	48.5

Stock Exchange Information

Dividend per share (DPS): - Interim (N)		4.55	3.50	30.0
Dividend per share (DPS): - Final (N) (proposed)		8.57	5.90	45.3
Market price per share as at year end (N)		197.00	105.00	87.6
Market capitalisation as at year end		4,009,935	2,137,275	87.6
Number of shares issued and fully paid as at year end (in millions)	42	20,355	20,355	-

The financial highlights reflect Group numbers only.

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Directors' report

The directors present their report on the affairs of MTN Nigeria Communications Plc and its subsidiaries (the Group), together with the financial statements and independent auditors' report for the year ended 31 December 2021.

Principal activities of the Group

MTN Nigeria Communications Plc, formerly MTN Nigeria Communications Limited (MTN Nigeria or the Company) was incorporated on 08 November 2000 as a private limited liability company under the Companies and Allied Matters Act 1990 as amended. It was granted a licence by the Nigerian Communications Commission on 09 February 2001 to undertake the business of building and operating GSM Cellular Network Systems and other related services nation-wide in Nigeria. The Company commenced operations on 08 August 2001 (commercial launch date). Currently, the Company holds a Unified Access Service License (UASL).

The Company re-registered as a public limited company, MTN Nigeria Communications Plc on 18 April 2019 and listed by introduction on the Premium Board of the Nigerian Stock Exchange on 16 May 2019.

The registered office address of the Company is 4, Aromire Road, Off Alfred Rewane, Ikoyi Lagos. The principal place of business is MTN Plaza, Falomo, Ikoyi, Lagos.

The Group's subsidiaries are XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited. The subsidiaries principal activities are the provision of broadband fixed wireless access service, high quality telecommunication services and mobile financial services in Nigeria.

In its commitment to the fulfilment of the financial inclusion agenda of the Central Bank of Nigeria (CBN) and Federal Republic of Nigeria, the Company applied for a Payment Service Bank license. An Approval in Principle was granted by the CBN on 4 November 2021. The Company is working towards meeting the conditions leading to the granting of final approval by the CBN.

The Nigerian Communication Commission (NCC) on 5 April 2019, granted Visafone Communications Limited (Visafone) the approval to transfer its 800mHz license and spectrum to MTN Nigeria Communications Plc. On 24 July 2019, the Board of Visafone approved the voluntary winding down of Visafone Communication Limited. The final general meeting of the Company was held on 5 October 2020 whereby the account of the winding up of the Company was approved. The process for the transfer and liquidation is currently on-going.

Business review

The Group recorded revenue of N1.65 trillion (2020: N1.35 trillion) and a profit after tax of N298.65 billion (2020: N205.21 billion) for the year.

Operating results and dividends

The following is a summary of the Group's operating results:

	2021	2020
	N million	N million
Revenue	1,654,299	1,346,390
Operating profit	584,747	426,713
Profit before taxation	436,687	298,874
Income tax expense	(138,033)	(93,660)
Profit for the year	298,654	205,214

During the year ended 31 December 2021, N212.7 billion (31 December 2020: N133.0 billion) dividend was approved and paid as follows:

- 31 December 2020 final dividend: N120.1 billion
- 30 June 2021 interim dividend: N92.6 billion

On 29 July 2021, the Board of Directors approved interim dividends of N92.6 billion for the year ended 31 December 2021 (Interim 2020: N71.2 billion).

The interim dividend represents N4.55 kobo per ordinary share on the issued share capital of 20.3 billion ordinary shares of 2 kobo each for the period ended 30 June 2021.

The Board of Directors recommend the payment of a final dividend of N8.57 per ordinary share of 2 kobo each subject to shareholders' approval at the forthcoming Annual General Meeting (AGM). If the proposed final dividend is approved, the total dividend for the financial year ended 31 December 2021 will be N13.12 per share of 2 kobo each. Withholding tax would be deducted at the point of payment.

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Directors' report

Unclaimed dividends

In line with SEC guidelines, Coronation Registrars Limited returned to the Group the sum of N688 million unclaimed dividend as at 31 December 2021 (31 December 2020 : N136.4 million). The total amount of unclaimed dividends outstanding as at 31 December 2021 is N1.65 billion (31 December 2020: N1.36 billion).

Attorney General of the Federation matter

On 8 January 2020 the Attorney General of the Federation and Minister of Justice (the AGF) formally withdrew the demand notice for N242 billion and US\$1.3 billion alleged revenue indebtedness against MTN Nigeria. The AGF referred the matter to the Federal Inland Revenue Service (FIRS) and Nigeria Customs Service (NCS) for resolution.

The matter is currently undergoing review and reconciliation with both FIRS and NCS.

House of Representatives' (HOR) tax compliance check and alleged \$30 billion revenue leakage

On 19 February 2020, MTN Nigeria received a letter from the House of Representative, inviting and requesting MTN Nigeria to submit some tax related documents to the House Committee on Finance in what was called a 'Revenue Monitoring Session'.

MTN Nigeria has made relevant submission as requested by the HOR, we are currently awaiting feedback from their review.

Public offer

On 1 December 2021, MTN launched a public offer delivered via a digital platform for the sale of up to 575million shares held in MTN Nigeria by MTN Group priced at N169.00 per share (the Offer). The offer provided Nigerians the opportunity to own shares in MTN Nigeria and deepening Nigeria equity capital market. As at year end, this process is yet to be concluded. The outcome of the Offer will be announced once regulatory approvals have been obtained.

5G license

Consistent with the policy objectives of the Nigerian National Broadband Plan (2020 - 2025) and the National Policy on Fifth Generation (5G) Network for Nigeria's Digital Economy, which are aimed at deepening broadband services deployment in Nigeria, MTN Nigeria Communications Plc (MTNN) participated in the auction of the two (2) lots of 3.5 GHz spectrum band organization by the Nigerian Communications Commission (NCC). Prior to the auction, MTNN met the auction pre-qualification criteria which include payment of N8.1 billion which is the Naira equivalent of the intention to bid deposit. At the public auction which held on 13 December 2021, MTNN emerged one of the winners of the two (2) lots of 3.5GHz spectrum and secured the 3.5-3.6 GHz band at the assignment stage. MTNN has since been issued a Provisional offer for the assigned spectrum band and expected to pay the balance of the winning bid price and assignment fee for the preferred lot, which are N104.5 billion and N6.5 billion respectively by 24 February 2022.

UASL license renewal

The Nigerian Communications Commission (NCC) approved the renewal of MTN Unified Access Service (UAS) license and spectrum license for wireless local loop in the 900MHz and 1800 MHz band for another ten (10) years starting from 1 September 2021 to 31 August 2031. This will enable us to continue to provide services to ensure the benefits of a modern connected life for our people.

Directors and their interests

The directors who served during the year and their direct/ indirect interests in the Group's equity were as follows:

	2021		2020	
	Direct %	Indirect %	Direct %	Indirect %
Dr. Ernest Ndukwe, OFR	0.0008	Nil	0.0008	Nil
Mr. Karl Toriola	0.0104	Nil	0.0045	Nil
Mr. Ralph Mupita	Nil	Nil	Nil	Nil
Mr. Jens Schulte-Bockum	Nil	Nil	Nil	Nil
Mr. Michael Ajukwu	Nil	Nil	Nil	Nil
Mr. Rhidwaan Gasant	Nil	Nil	Nil	Nil
Mr. Ferdinand Moolman	Nil	Nil	Nil	Nil
Mr. Muhammad K. Ahmad, OON	Nil	Nil	Nil	Nil
Mr. Abubakar B. Mahmoud, SAN OON	Nil	Nil	Nil	Nil
Dr. Omobola Johnson	0.0011	Nil	0.0011	Nil
Mr. Andrew Alli	0.0005	Nil	0.0005	Nil
Mrs. Ifueko M. Omoigui Okauru, MFR	Nil	Nil	Nil	Nil
Mr. Modupe Kadri	0.0004	Nil	0.0004	Nil
Ms. Tsholofelo Molefe	Nil	Nil	Nil	Nil
Mr. Charles Molapisi	Nil	Nil	Nil	Nil

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Directors' report

The Board and key management changes

Karl Toriola was appointed Managing Director/Chief Executive Officer (CEO) on 23 October 2020 resumed effective 1 March 2021.

Ferdinand Moolman assumed the role of MTN Group Chief Risk Officer effective 1 March 2021 and remains on the Board of MTN Nigeria Communications Plc.

Tsholofelo Molefe was appointed on the Board effective 3 May 2021 and Charles Molapisi effective 2 August 2021

Directors' interest in contracts

None of the directors have notified the Group for the purpose of Section 303 of the Companies and Allied Matters Act of Nigeria (CAMA) 2020, of any declarable interest in contracts in which the Group is involved.

Shareholders and their interest as at 31 December 2021

Share range	Number of shareholders	% of shareholders	Number of holdings	% of shareholdings
1 - 10,000	8,803	80.5324	12,337,079	0.06
10,001 - 50,000	1,053	9.6332	25,211,117	0.12
50,001 - 100,000	262	2.3969	19,547,349	0.10
100,001 - 500,000	479	4.3820	111,729,175	0.55
500,001 - 1,000,000	98	0.8965	72,307,249	0.36
1,000,001 - 5,000,000	146	1.3357	348,237,593	1.71
5,000,001 - 10,000,000	29	0.2653	207,526,853	1.02
10,000,001 - 50,000,000	47	0.4300	956,004,155	4.70
50,000,001 - 100,000,000	3	0.0274	194,640,570	0.96
100,000,001 - 500,000,000	8	0.0732	1,554,820,810	7.64
500,000,001 - 1,000,000,000	2	0.0183	1,366,607,050	6.71
1,000,000,001 - above	1	0.0091	15,485,544,050	76.08
	10,931	100	20,354,513,050	100

Substantial interest in shares

As at 31 December 2021, MTN International (Mauritius) Limited with total interest of 76.08% held more than 5% of the issued share capital of the Company.

Property and equipment

Information relating to changes in property and equipment is given in Note 16 to the audited consolidated and separate financial statements.

Taxation

Company Income Tax, Education Tax and National Information Technology Development Fund Levy due in the prior years have been duly settled in line with the provisions of relevant tax laws.

An aggregate tax expense of N138.03 billion (December 2020: N93.66 billion) has been recognised in the consolidated statement of profit or loss covering the period January to December 2021.

COVID -19 pandemic

To support government efforts at combating the pandemic, MTN Nigeria Communications Plc donated N1.5 billion to the Coalition Against COVID-19 (CACOVID), another N1.5 billion was promised to be paid in 2022.

Charitable gifts

There was an accrual of N3.08 billion made in the year for donations to MTN Foundation Limited by Guarantee (December 2020: N2.12 billion). The Foundation, a duly registered charitable entity separate and distinct from the Group has three main areas of focus, namely; Education, Economic Empowerment and Health.

The Group made no donations to other charitable organisations during the year (December 2020: Nil).

In compliance with S.43 (2) of Companies and Allied Matters Act of Nigeria 2020, the Group did not make any donations to any political party, political association or for any political purpose.

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Directors' report

Employment of physically challenged persons

The Group has a policy of fair consideration of job applications by physically challenged persons having regard to their abilities and aptitude. The Group's policy prohibits discrimination against physically challenged persons in the recruitment, training and career development of its employees. As at the end of the reporting period, the Group had fifteen (31 December 2020: six) physically challenged persons in employment.

Employee consultation and training

The Group has a vibrant platform called "Employee Council" through which it engages with its employees on a regular basis and also leverages all communication channels to keep employees informed on business performance.

MTN Nigeria is committed to employee development as a key value proposition through its investment in learning and development opportunities to drive personal development and achievement of business targets. This is achieved by identifying skills gaps and sourcing learning interventions to address them. There are also opportunities for professional development and the pursuit of postgraduate studies for eligible employees.

Health, safety and welfare at work

The Group places a high premium on the health, safety and welfare of its employees in their place of work.

Statutory audit committee

In accordance with the provisions of Section 404(3) of the Companies and Allied Matters Act (CAMA) 2020, the Company's Statutory Audit Committee consist of five (5) members comprising of three (3) shareholders and two (2) non-executive directors as follows:

- | | |
|--------------------------------------|---|
| a) Mr. Oye Hassan-Odukale, MFR | Shareholders' Representative - Chairman |
| b) Mr. Nornah Awoh | Shareholders' Representative |
| c) Col. Ayegbeni Peters (rtd) | Shareholders' Representative |
| d) Mr. Rhidwaan Gasant | Independent Non-Executive Director |
| e) Mrs. Ifueko M Omoigui Okauru, MFR | Non-Executive Director |

All members of the Statutory Audit Committee are financially literate.

Auditors

Messrs Ernst & Young (EY) acted as the Company's independent auditor during the financial year ending 31 December 2021. The independent auditors' report was signed by Funmi Ogunlowo, a partner in the firm, with Financial Reporting Council (FRC) membership number FRC/2013/ICAN/00000000681.

Messrs Ernst & Young (EY) has indicated willingness to continue in office as auditor in accordance with S.401(2) of the Companies and Allied Matters Act 2020, Laws of the Federation of Nigeria.

By Order of the Board



Uto Ukpanah
Company Secretary
FRC/2014/NBA/00000005748
27 January 2022

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Statement of directors' responsibilities

The Directors of MTN Nigeria Communications Plc are responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and company as at 31 December 2021, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, No 6, 2011.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the group and company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls group and company;
- maintaining adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company, and which enable them to ensure that the consolidated and separate financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern for at least twelve months from the date of this statement.

The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2021 were approved by the directors on 27 January 2022.

Signed on behalf of the Directors of the Group



Dr. Ernest Ndukwe, OFR
Chairman of the Board of Directors
FRC/2020/003/00000020337



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

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Statutory audit committee report

For the year ended 31 December 2021

To the members of MTN Nigeria Communications Plc

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act (CAMA) 2020, the members of the Audit Committee of MTN Nigeria Communications Plc hereby report as follows:

- We have exercised our statutory functions under Section 404(7) of the Companies and Allied Matters Act, 2020 and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices.
- The scope and planning of both the external and internal audits for the year ended 31 December 2021 were satisfactory and reinforce the Group's internal control systems.
- We have considered the External Auditors management letter for the year and we are satisfied with management's responses to the External Auditor's recommendations and that management has taken appropriate steps to address the issues raised by the Auditors.
- The external auditors confirmed they received necessary cooperation from management in the course of their statutory audit and that the scope of their work was not restricted in any way.

On behalf of the statutory audit committee



Mr. Oye Hassan-Odukale, MFR
Chairman, Statutory Audit Committee
FRC/2013/IODN/00000001963
27 January 2022

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Statement of corporate responsibility for financial statements

Section 405 of the Companies and Allied Matters Act (CAMA) 2020 requires the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of a company other than a small company or persons performing similar functions to take direct responsibility for the financial reports and shall certify in the audited consolidated and separate financial statement accordingly.

In pursuant of this Section, the CEO and CFO (hereinafter called "officers") certify that the:

- a) officers who signed the audited consolidated and separate financial statements have reviewed them, and based on the officers' knowledge the:
 - i. audited consolidated and separate financial statements do not contain any untrue statement of a material fact or omit to state a material fact which would make the statements misleading, in light of the circumstances under which such statements were made; and
 - ii. audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operations of the group and company as of, and for, the periods covered by the audited consolidated and separate financial statements;
- b) officers who signed the audited consolidated and separate financial statements:
 - i. are responsible for establishing and maintaining internal controls; and have designed such internal controls to ensure that material information relating to the company, and its subsidiaries, is made known to the officers by other officers of the company, particularly during the period in which the audited consolidated and separate financial statements report is being prepared;
 - ii. have evaluated the effectiveness of the group and company's internal controls within 90 days prior to the date the audited consolidated and separate financial statements;
 - iii. certifies that the group's and company's internal controls are effective as of that date
- c) officers who signed the audited consolidated and separate financial statements disclosed to the company's auditors and audit committee:
 - i. all significant deficiencies and material weaknesses in the design or operation of the internal control system which could adversely affect the group's and company's ability to record, process, summarize and report financial data; and has identified for the company's auditors any material weaknesses in internal controls, and
 - ii. whether or not material, there is any fraud that involves management or other employees who have a significant role in the company's internal control system.
- d) officers who signed the report, has indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Signed on 27 January 2022



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



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

Independent Auditor's Report

To the Members of MTN Nigeria Communications Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of MTN Nigeria Communications Plc ("the Company") and its subsidiaries (together "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of profit or loss, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. We have determined that there are no key audit matters to be communicated in our report.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "MTN Nigeria Communications Plc Audited Consolidated and Separate Financial Statements for the year ended 31 December 2021", which includes the Directors' Report, Report of Audit Committee and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Independent Auditor's Report

To the Members of MTN Nigeria Communications Plc

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Other Information - Continued

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report

To the Members of MTN Nigeria Communications Plc

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

Independent Auditor's Report

To the Members of MTN Nigeria Communications Plc

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditor's Report

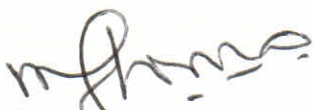
To the Members of MTN Nigeria Communications Plc

Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Group and Company, in so far as it appears from our examination of those books;
- The consolidated and separate statements of financial position, the consolidated and separate statements of profit or loss and the consolidated and separate statements of other comprehensive income are in agreement with the books of account; and
- In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, 2020 so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.



Funmi Ogunlowo, FCA

FRC/2013/ICAN/00000000681

For Ernst & Young

Lagos, Nigeria

28 January 2022



MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Consolidated and separate statement of profit or loss

		Group		Company	
		2021	2020	2021	2020
	Note(s)	N million	N million	N million	N million
Revenue	8	1,654,299	1,346,390	1,652,925	1,346,288
Other income	9	-	104	-	104
Direct network operating costs	14	(390,471)	(310,248)	(390,471)	(310,248)
Value added services		(19,395)	(12,820)	(19,395)	(12,820)
Costs of starter packs, handsets and accessories		(4,233)	(20,566)	(4,233)	(20,566)
Interconnect costs		(127,570)	(112,470)	(127,570)	(112,470)
Roaming costs		(4,144)	(2,956)	(4,144)	(2,956)
Transmission costs		(8,651)	(6,106)	(8,651)	(6,106)
Discount and commissions		(78,199)	(68,528)	(76,555)	(68,148)
Advertisements, sponsorships and sales promotions		(21,453)	(15,144)	(19,338)	(13,144)
Employee costs	12	(48,381)	(45,325)	(47,486)	(44,598)
Depreciation of property and equipment	16	(162,544)	(150,203)	(162,544)	(150,203)
Amortisation of intangible assets	18	(43,945)	(36,699)	(38,627)	(31,381)
Depreciation of right of use assets	17	(85,835)	(72,125)	(85,835)	(72,125)
Other operating expenses	13	(74,731)	(66,591)	(71,658)	(64,530)
Operating profit		584,747	426,713	596,418	437,097
Finance income	10	11,938	15,848	11,938	15,835
Finance costs	11	(159,998)	(143,687)	(159,998)	(143,687)
Profit before taxation		436,687	298,874	448,358	309,245
Taxation	15	(138,033)	(93,660)	(141,534)	(96,763)
Profit for the year		298,654	205,214	306,824	212,482
Earnings per share - basic/diluted (N)	42.1	14.67	10.08	15.07	10.44

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

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Consolidated and separate statement of other comprehensive income

	Note(s)	Group		Company	
		2021 N million	2020 N million	2021 N million	2020 N million
Profit for the year		298,654	205,214	306,824	212,482
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement gain on employee benefits	35.2	646	-	646	-
Items that may be reclassified to profit or loss:					
Transfer of fair value reserve of investments designated at FVOCI*	23.1	-	(282)	-	(282)
Other comprehensive income/(loss) for the year net of taxation		646	(282)	646	(282)
Total comprehensive income		299,300	204,932	307,470	212,200
Total comprehensive income attributable to:					
Owners of the parent		299,300	204,932	307,470	212,200
		299,300	204,932	307,470	212,200

*Financial assets classified as 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 audited consolidated and separate financial statements.

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Consolidated and separate statement of financial position as at 31 December 2021

		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
Assets					
Non-current assets					
Property and equipment	16	774,113	686,157	774,113	686,157
Right of use assets	17	613,812	595,745	613,812	595,745
Intangible assets	18	245,558	111,080	219,324	79,525
Investments in subsidiaries	19	-	-	57,928	49,328
Contract acquisition costs	31	5,602	7,990	5,602	7,990
Other investments	23	10,845	25,847	10,845	25,847
Prepayments	22	12,340	13,906	12,340	13,906
		1,662,270	1,440,725	1,693,964	1,458,498
Current assets					
Inventories	21	5,310	2,158	5,310	2,158
Trade and other receivables	22	127,232	50,766	135,958	53,110
Current investments	23	57,664	146,783	57,664	146,783
Restricted cash	24	146,188	47,913	146,188	47,913
Cash and cash equivalents	25	260,891	275,198	247,025	271,041
		597,285	522,818	592,145	521,005
Total assets		2,259,555	1,963,543	2,286,109	1,979,503
Equity and liabilities					
Equity					
Share capital	26	407	407	407	407
Share premium	27	17,216	17,216	17,216	17,216
Other reserves	28	885	239	885	239
Retained profit		246,473	160,524	278,489	184,370
		264,981	178,386	296,997	202,232
Liabilities					
Non-current liabilities					
Borrowings	29	340,425	330,551	340,425	330,551
Lease liabilities	34	628,325	586,992	628,325	586,992
Deferred tax	36	104,683	113,130	103,747	108,693
Provisions	33	41	38	41	38
Share based payment liability	46	8,547	2,273	8,547	2,273
Employee benefits	35	6,549	8,261	6,549	8,261
		1,088,570	1,041,245	1,087,634	1,036,808
Current liabilities					
Trade and other payables	30	443,895	303,977	440,023	301,182
Borrowings	29	152,835	190,599	152,835	190,599
Lease liabilities	34	62,531	54,798	62,531	54,798
Contract liabilities	32	72,336	62,301	71,954	61,919
Current tax payable	38	144,163	107,310	143,891	107,038
Provisions	33	29,736	24,733	29,736	24,733
Derivatives	20	372	194	372	194
Employee benefits	35	136	-	136	-
		906,004	743,912	901,478	740,463
Total liabilities		1,994,574	1,785,157	1,989,112	1,777,271
Total equity and liabilities		2,259,555	1,963,543	2,286,109	1,979,503

The audited consolidated and separate financial statements were approved by the Board Of Directors on the 27 January 2022 and were signed on its behalf by:

Dr. Ernest Ndukwe, OFR
Chairman of the Board of Directors
FRC/2020/003/00000020337

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

Modupe Kadri
Chief Financial Officer
FRC/2020/001/00000020737

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

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Consolidated and separate statement of changes in equity

	Notes(s)	Share capital N million	Share premium N million	Total share capital N million	Other reserves N million	Retained profit N million	Total equity N million
Group							
Balance at 1 January 2020		407	17,216	17,623	521	127,713	145,857
Profit for the year		-	-	-	-	205,214	205,214
Other comprehensive loss		-	-	-	(282)	-	(282)
Total comprehensive income for the year		-	-	-	(282)	205,214	204,932
Dividends	26.1	-	-	-	-	(172,403)	(172,403)
Balance at 31 December 2020		407	17,216	17,623	239	160,524	178,386
Balance at 1 January 2021		407	17,216	17,623	239	160,524	178,386
Profit for the year		-	-	-	-	298,654	298,654
Other comprehensive income		-	-	-	646	-	646
Total comprehensive income for the year		-	-	-	646	298,654	299,300
Dividends	26.1	-	-	-	-	(212,705)	(212,705)
Balance at 31 December 2021		407	17,216	17,623	885	246,473	264,981
Note(s)		26	27		28		

Included in other reserves is N239.4 million, a sum equal to the nominal amount of the par value of the redeemable preference shares reclassified from retained earnings to a Capital Redemption Reserve Fund (CRRF) in line with S.182(4) of Companies and Allied Matters Act, 2020 (CAMA).

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

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Consolidated and separate statement of changes in equity

	Notes(s)	Share capital N million	Share premium N million	Total share capital N million	Other reserves N million	Retained profit N million	Total equity N million
Company							
Balance at 1 January 2020		407	17,216	17,623	521	144,291	162,435
Profit for the year		-	-	-	-	212,482	212,482
Other comprehensive loss		-	-	-	(282)	-	(282)
Total comprehensive income for the year		-	-	-	(282)	212,482	212,200
Dividends	26.1	-	-	-	-	(172,403)	(172,403)
Balance at 31 December 2020		407	17,216	17,623	239	184,370	202,232
Balance at 1 January 2021		407	17,216	17,623	239	184,370	202,232
Profit for the year		-	-	-	-	306,824	306,824
Other comprehensive income		-	-	-	646	-	646
Total comprehensive income for the year		-	-	-	646	306,824	307,470
Dividends	26.1	-	-	-	-	(212,705)	(212,705)
Balance at 31 December 2021		407	17,216	17,623	885	278,489	296,997
Note(s)		26	27		28		

Included in other reserves is N239.4 million, a sum equal to the nominal amount of the par value of the redeemable preference shares reclassified from retained earnings to a Capital Redemption Reserve Fund (CRRF) in line with S.182(4) of Companies and Allied Matters Act, 2020 (CAMA).

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

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Consolidated and separate statement of cash flows

		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
Cash flows from operating activities					
Cash generated from operations	39	1,027,596	833,107	1,026,487	834,703
Finance income		15,397	14,305	15,397	14,294
Finance costs		(143,442)	(129,853)	(143,442)	(129,853)
Dividends	26.1	(212,705)	(172,403)	(212,705)	(172,403)
Employee benefits paid	35.1	(479)	(379)	(479)	(379)
Share based payment	46.1	(2,415)	(1)	(2,415)	(1)
Tax paid	38	(109,931)	(55,912)	(109,931)	(55,877)
Utilised/paid provision for the year	33	(12,659)	(13,189)	(12,659)	(13,189)
Net cash generated from operating activities		561,362	475,675	560,253	477,295
Cash flows from investing activities					
Acquisition of property and equipment		(260,276)	(214,923)	(260,276)	(214,923)
Proceeds from sale of property and equipment	16.1	3,642	783	3,642	783
Purchase of contract acquisition costs	31	(1,795)	(8,570)	(1,795)	(8,570)
Acquisition of right of use assets		(248)	(14,971)	(248)	(14,971)
Purchase of intangible assets		(178,320)	(26,780)	(178,320)	(26,780)
Purchase of non-current FGN bonds	45.3.3	(3,340)	(26,070)	(3,340)	(26,070)
Sale of non-current FGN bonds	45.3.3	18,360	-	18,360	-
Movement in restricted cash		(98,275)	(9,863)	(98,275)	(9,913)
Purchase of bonds, treasury bills and foreign deposits		(41,754)	(121,534)	(41,754)	(121,534)
Sale of bonds, treasury bills and foreign deposits		133,848	29,818	133,848	29,818
Net cash flows used in investing activities		(428,158)	(392,110)	(428,158)	(392,160)
Cash flows from financing activities					
Proceeds from borrowings	29.1	417,926	143,682	417,926	143,682
Repayment of borrowings	29.1	(502,212)	(41,748)	(502,212)	(41,748)
Repayment of lease liabilities	34	(57,977)	(26,676)	(57,977)	(26,676)
Additional investment in subsidiary	19	-	-	(8,600)	(3,750)
Net cash flows (used in)/ generated from financing activities		(142,263)	75,258	(150,863)	71,508
Net (decrease)/ increase in cash and cash equivalents		(9,059)	158,823	(18,768)	156,643
Cash and cash equivalents at beginning of the year		275,825	116,278	271,668	114,301
Exchange gain on cash and cash equivalents		(5,272)	724	(5,272)	724
Cash and cash equivalents at the end of the year	25	261,494	275,825	247,628	271,668

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

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Notes to the audited consolidated and separate financial statements

1 General Information

MTN Nigeria Communications Plc (the Company) was incorporated on 08 November 2000 as a private limited liability company under the Companies and Allied Matters Act of Nigeria 2020. The Company was granted a licence by the Nigerian Communications Commission on 9 February 2001 to undertake the business of building and operating GSM Cellular Network Systems and other related services nation-wide in Nigeria. The Company commenced operations on 8 August 2001 (commercial launch date). Currently, the Company holds a Unified Access Service License (UASL) in addition to a 2GHz Spectrum and Digital Terrestrial TV Broadcasting licence, in addition to others shown in note 18.5.

On 18 April 2019, MTN Nigeria Communications Limited re-registered as a public limited company, MTN Nigeria Communications Plc. The Company was listed by introduction on the Premium Board of the Nigerian Stock Exchange on 16 May 2019. The Company's registered office is at 4, Aromire road, off Alfred Rewane Road, Ikoyi Lagos.

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 respectively.

The Group'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.

The principal accounting policies applied in the preparation of these consolidated and separate audited consolidated and separate financial statements are set out below.

2 Basis of preparation

The consolidated and separate financial statements have 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 of Nigeria (CAMA) 2020.

The Group has adopted all new accounting pronouncements that became effective in the current reporting period, none of which had a material impact on the Group or the Company.

The audited consolidated and separate financial statements have been prepared under the historical cost basis except for derivatives measured at fair value and debt instruments measured at fair value through profit or loss and at fair value through other comprehensive income.

The consolidated and separate financial statements are presented in Naira and rounded to the nearest millions, except where stated otherwise.

3 Going concern

The Group's and Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group and Company should be able to operate within their current funding levels.

The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the audited consolidated and separate financial statements.

4 Significant accounting policies

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

4.1 Consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries, XS Broadband Limited, Visafone Communications Limited and Yello Digital Financial Services Limited companies incorporated in Nigeria. The subsidiaries are wholly owned and controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. The subsidiaries are fully consolidated from the date on which control is obtained and deconsolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Notes to the audited consolidated and separate financial statements

4.1 Consolidation (continued)

The acquisition method is used to account for the acquisition of subsidiaries by the Group. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Acquisition-related costs are recognised in profit or loss. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

4.2 Investments in subsidiaries

The company accounts for investments in subsidiaries at cost less accumulated impairment losses. Accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

4.3 Foreign currency translation

4.3.1 Functional and presentation currency

Items included in the audited consolidated and separate financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The audited consolidated and separate financial statements are presented in Naira, which is also the functional currency of the Company.

4.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

4.4 Intangible assets

4.4.1 Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their useful lives.

4.4.2 Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into use. These costs are amortised using the straight-line method over their estimated useful life (three years) and carried at cost less accumulated amortisation and impairment losses.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The amortisation method, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate. Computer software are derecognised on disposal or when no future economic benefits are expected from their use.

4.4.3 Goodwill

Goodwill in the consolidated financial statement is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), such excess is recognised immediately in profit or loss as a bargain purchase.

Any changes resulting from additional and new information about events and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amount recognised at that date, are considered to be measurement period adjustments. The Group retrospectively adjusts the amounts recognised for measurement period adjustments. The measurement period ends when the acquirer receives all the information that they were seeking about the facts and circumstances that existed at the acquisition date or learns that information cannot be obtained. The measurement period shall, however, not exceed one year from the acquisition date. To the extent that changes in the fair value relate to post-acquisition events, these changes are recognised in accordance with the IFRS applicable to the specific asset or liability.

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Notes to the audited consolidated and separate financial statements

4.5 Inventories

Inventories comprises cellular telephones, accessories, starter packs and prepaid cards and are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method and includes directly attributable costs such as custom duties, freight and handling costs. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where appropriate, provision is made for obsolete, slow moving and defective inventory.

4.6 Property and equipment

Property and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Included in property and equipment is the estimated amount required for the decommissioning, dismantling and restoration of leased sites, where there is a legal obligation to restore such sites to their original condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Property and equipment under construction is measured at initial cost and depreciated over its useful life from the date the asset is available for use in the manner intended by management. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Assets are transferred from capital work in progress to an appropriate category of property and equipment when commissioned and ready for intended use.

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is deemed to be an asset which takes more than 12 months to acquire, construct or produce. Borrowing costs include general and specific borrowings directly attributable to the acquisition, construction or production of qualifying assets. Other borrowing costs are expensed in profit or loss.

Impairment

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property and equipment acquired in exchange for non-monetary assets are measured at the fair value unless the exchange transaction lacks commercial substance or the fair value of the assets cannot be reliably measured. Assets received in the exchange transaction that are not measured at fair value are measured at the carrying value of the asset given up.

A transaction has commercial substance if the difference in either of the points below is significant relative to the fair value of the assets exchanged:

- a. the configuration (risk, timing and amount) of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred; or
- b. the entity-specific value of the part of the operations affected by the transaction changes as a result of the exchange.

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2021

Notes to the audited consolidated and separate financial statements

4.6 Property and equipment (continued)

In instances whereby the Group receives assets for no consideration (free of charge), the Group accounts for these at cost in accordance with IAS 16 Property, Plant and Equipment, being zero value.

Where assets are received free of charge relating to settlement arising from business interruption, the assets are recognised at their fair value.

Rebates\asset vouchers received from suppliers are applied against future purchases to reduce the amount payable to the respective supplier and the cost of the asset.

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

Buildings	10-15 years
Leasehold improvements	10-18 years
Network infrastructure	2-15 years
Information systems, furniture and office equipment	2-4 years
Motor vehicles	5 years

Land is not depreciated. Capital work in progress is not depreciated but tested for impairment every reporting period.

The depreciation method and the assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the disposal and the carrying amount of the asset, and is included in profit or loss.

4.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down.

4.8 Leases

Set out below are the accounting policies of the Group upon adoption of IFRS 16:

4.8.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

4.8.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. This is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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4.8 Leases (continued)

4.8.3 Short-term leases and lease of low-values assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000 or N1.8 million). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.8.4 Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancelable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of office equipment due to the relevance of these assets to its operations. These leases have a short non-cancelable period of two years and there will be a negative effect on operations if a replacement is not readily available.

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

4.9 Employee benefits

4.9.1 Short-term employee benefits

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

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statement; or
- achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be determined before the time of issuing the financial statements.

4.9.2 Share-based payment

The Group operates a cash settled share-based compensation plan. The fair value of the employee option over the vesting period is recognised as an expense with a corresponding increase in liabilities. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted and the impact of the expense, if any, is recognised in the income statement. Unexercised options lapse 10 years from the date of grant and are forfeited if the employee leaves the Group before they vest.

The fair value of the liability is remeasured at the end of each reporting period until the liability is settled, and at the date of settlement, with any changes in the fair value recognized in the income statement. The fair value of the employee options are initially measured at grant date based on MTN share price at exercise date as compared to the offer price.

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4.9 Employee benefits (continued)

4.9.3 Post employment benefits

a) Pension contribution plan

The Group's end of service benefits scheme has been in existence since 1 February 2004 as a defined contribution Scheme governed by the Scheme's Trust Deeds and Rules. All full time employees contribute 8% of monthly emoluments while the Group contributes 10% of monthly emoluments in line with the Pension Reform Act 2014 guidelines. Monthly emoluments comprise of basic salary, housing allowance, transport allowance, leave allowance, 13th month allowance and passage allowance. These contributions are recognised as employee benefits expense when they are due.

b) Long service award

The long service award is a non-contributory benefit. Employees are automatically beneficiaries of the long service award after completing five consecutive years of service with the Company and accrued over the service lives of the employees. Independent actuarial valuations are performed periodically on a projected unit credit basis. Remeasurement gains or losses and curtailment gains or losses arising from valuations are charged in full to income statement.

c) Termination benefits

Termination benefits are benefits that may be payable when an employee's employment is terminated before the normal retirement date due to death or retrenchment or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognises termination benefits at the earlier of the following dates:

- When the Group can no longer withdraw the offer of those benefits; or
- When the Group recognises costs for a restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets that includes the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

d) Retirement benefits

Employees' retirement benefits are calculated based on number of years of continuous service, and upon attaining the compulsory retirement of 60 years. Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives for all full time employees. Remeasurement gains/losses arising from valuations are charged in full to other comprehensive income.

4.10 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision to pay a levy is not recognised until the obligating event specified in the legislation occurs, even if there is no realistic opportunity to avoid the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expected outflow of resources required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning provision relates to the estimate of the costs of dismantling and removing items of property and equipment and restoring the item and site on which the items are located to their original condition. The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

4.11 Current and deferred income tax

Income tax charge is the sum of current and deferred tax. Income taxes are recognised in profit or loss unless they relate to items that are recorded in Other Comprehensive Income (OCI) in which case the tax is recorded in OCI. The Group determines the tax due based on expected amount payable and on an individual tax position basis.

Current income tax

Current tax is the expected tax payable (companies income tax and tertiary education tax) on the taxable income for the year determined in accordance with the provisions of the Companies Income Tax Act and Tertiary Education Tax Act using the tax rate enacted or substantively enacted as at the reporting date.

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4.11 Current and deferred income tax (continued)

Deferred income tax

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences except;

- a. the initial recognition of goodwill; or
- b. the initial recognition of an asset or liability in a transaction which:
 - i. is not a business combination; and
 - ii. at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

Deferred tax is measured at the statutory tax rate enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

Deferred tax asset is recognised for unused tax losses or deductible temporary difference only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority.

Deferred tax on decommissioning liabilities is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Decommissioning liabilities relates to the estimate of the costs of dismantling and removing items of property and equipment and restoring the item and site on which the items are located to their original condition. The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place.

Nigerian Police Trust Fund

Police Trust Fund is computed and recognised at 0.005% of the "net profit" which is profit before tax in line with Nigerian Police Trust Fund Act of 2019. The Act imposes a levy of 0.005% on the Group's operating business in Nigeria. The levy is calculated based on 0.005% of profit before tax.

4.12 Information Technology Development Levy (ITDL)

Information Technology Development Levy is computed and recognised at one percent of profit before tax in line with National Information Technology Development Act of 2007.

4.13 Finance income and expenses

Finance income comprises interest income on funds invested, changes in fair value of financial assets through profit or loss and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

Finance expenses comprise interest expenses on borrowings, unwinding of the discount on provisions, changes in fair value of financial assets through profit or loss and foreign exchange losses that are recognised in profit or loss.

4.14 Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or share options are recognised in equity as a deduction, net of tax from the proceeds.

4.15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less, if not they are presented as non-current liabilities.

4.16 Revenue

The Group principally generates revenue from providing mobile telecommunications services, such as network services (comprising data, voice and short message service: SMS), value added services (VAS), digital, interconnect and roaming services, as well as from the sale of mobile devices. Products and services may be sold separately or in bundled packages.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

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4.16 Revenue (continued)

For bundled packages, the Group accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells mobile devices and network services separately.

4.16.1 Categories of Revenue

The main categories of revenue and the basis of recognition are as follows:

Mobile telecommunication services

The Group provides mobile telecommunication services, including network services, value added services (VAS) and digital services. Network services (comprising voice, data, SMS (person to person) are considered to represent a single performance obligation as all are provided over the MTN network and transmitted as data representing a digital signal on the network. The transmission of voice, data and SMS all consume network bandwidth and therefore, irrespective of the nature of the communication, the subscriber ultimately receives access to the network and the right to consume network bandwidth.

Digital revenue is any Value Added Service that involves the application in transacting (i.e. application to person SMS, person to application SMS, Unstructured Supplementary Service Data (USSD), Interactive Voice Response (IVR). These services include rich media, insurance and e-commerce services.

Value added services includes airtime lending and mobile money (Fintech), subscriber identification module (SIM) back up services and voice based services.

The Group recognises revenue from these services as they are provided. Revenue is recognised based on actual units of network services provided during the reporting period as a proportion of the total units of network services to be provided. The customer receives and uses the benefits of these services simultaneously.

Customers either pay in advance for these services. A contract liability is recognised for amounts received in advance, until the services are provided or when the usage of services becomes remote.

When the Group expects to be entitled to breakage (forfeiture of unused value or network services), the Group recognises the expected amount of breakage in proportion to network services provided versus the total expected network services to be provided. Any unexpected amounts of breakage are recognised when the unused value of network services expire or when usage thereof becomes remote. Assessment of breakage is updated each reporting period and any resulting change is accounted for prospectively as a change in estimate in terms of IAS 8 Accounting policies, changes in accounting estimates and errors.

Mobile devices

The Group sells a range of mobile devices. The Group recognises revenue when customers obtain control of mobile devices, being when the customers take possession of the devices. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, the Group allocates the transaction price to the device and the network services based on the stand-alone selling prices.

The Group is obligated to replace a faulty device or accessory with another device/accessory. No cash refund is provided to the customer.

Interconnect and roaming

The Group provides interconnect and roaming services. The Group recognises interconnect and roaming revenue and debtors as the service is provided unless it is not probable (based on historical information) on transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling amounts.

The Group has considered historical payment patterns (i.e. customary business practice) in assessing whether the contract contains a significant financing component. For contracts containing a significant financing component, the Group reduces interconnect and roaming revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment.

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4.16 Revenue (continued)

4.16.2 Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Certain commissions incurred by the Group in obtaining customer contracts that are payable to third party agents qualify as incremental costs. The Group recognises such commissions as an asset, included as contract acquisition costs, if it expects to recover these costs. The asset is amortised on a straight-line basis over the estimated subscriber tenure on the network. The amortisation period ranges from 18 months to 48 months.

In terms of a practical expedient, the Group has elected to recognise the incremental costs of obtaining contracts in profit or loss, when incurred, if the amortisation period of the assets that the Group otherwise would have recognised is 12 months or less.

Contract costs are assessed for impairment in terms of IAS 36 Impairment of Assets (IAS 36) when there is an indication of impairment.

4.16.3 Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

Revenue received on prepaid contracts is deferred and recognised when services are utilised by the customer or on termination of the customer relationship. Breakage is recognised in proportion to the pattern of rights exercised by the customer or when utilisation thereof becomes remote.

4.17 Dividends

Interim dividends on ordinary shares are recognised as a liability and a reduction from equity, in the period in which they are approved by the Board of Directors.

Final dividends on ordinary shares are recognised as a liability and a reduction from equity, in the period in which they are recommended by the Board of Directors and ratified by the shareholders.

4.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

4.18.1 Financial assets

Initial recognition, measurement and classification

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets are classified into the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to collect contractual cash flows and

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4.18 Financial instruments (continued)

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, current investments, restricted cash, cash and cash equivalents.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, then they are recognised at fair value.

Current investments comprise investment in treasury bills with maturity periods, that are more than three months but less than twelve months.

Restricted cash represents deposits with banks to secure letters of credit, collateral against repayment of borrowings and bank guarantee on garnishees against court judgements.

Cash and cash equivalents comprise cash in hand, in current accounts which is a non-interest bearing demand deposit, Naira deposits held on call and other highly liquid investments with original maturities of three months or less.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in Federal Government Treasury bills included under current investments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and investments in Federal Government Treasury bills.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and attributable transaction costs are recognised in profit or loss when incurred. Subsequently derivatives are measured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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4.18 Financial instruments (continued)

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECL is 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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of Federal Government Treasury Bills that are graded in the non-investment category (B- to B+) by the Standard & Poor's (S&P), but are considered to be low credit risk investments as the risk of default is low.

The Group uses the ratings from the S&P both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Derecognition

A financial asset is derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred substantially all of the risks and rewards of the asset

On derecognition of a financial asset, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

4.18.2 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts, there is an intention to settle on a net basis and to realise the assets and settle the liabilities simultaneously.

4.18.3 Financial liabilities

Initial recognition and measurement

Financial liabilities comprise trade and other payables, borrowings and other non-current liabilities (excluding provisions). Financial liabilities are initially measured at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities if payment is required within 12 months and non-current where the settlement of the liability is for at least 12 months after the reporting date.

Derecognition

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The gain or loss in the respective carrying amounts is recognised in the statement of profit or loss.

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4.18.3 Financial liabilities (continued)

Reclassification

Financial assets are not reclassified unless the group changes its business model. In rare circumstances where the group does change its business model, reclassifications are done prospectively from the date that the group changes its business model.

4.19 Impairment of non-financial assets

4.19.1 Goodwill and investment in subsidiaries

The Group accounts for investment in subsidiaries at cost less impairment losses.

The Group tests goodwill for impairment on an annual basis. Impairment is determined by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.19.2 Impairment of right-of-use assets

The Company applies IAS 36 Impairment of assets to determine whether the right-of-use assets are impaired.

4.20 Assets held for sale

Assets are classified as held for sale and are stated at the lower of their carrying amount and fair value less cost to sell when their carrying amounts are to be recovered principally through sale rather than continued use and the sale is considered to be highly probable. These assets are recognised under non-current assets.

4.21 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 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.

4.22 Hedge accounting

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The Group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option's intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

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5. New standards and interpretations

5.1 Standards and interpretations effective for the first time for 31 December 2021 year end

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

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

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

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

5.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2022 or later periods:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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5. New standards and interpretations (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework IV Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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5. New standards and interpretations (continued)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Group.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The IASB proposed amendments to IAS 12 that would require an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability.

The Board expects that applying the proposed amendments would increase comparability between entities and would result in useful information for users of financial statements. This is because it would align the accounting for the tax effects of particular transactions with the general principle in IAS 12 of recognising deferred tax for all temporary differences.

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6. Segment information

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.

Business segment	Description
Customer 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.

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 operating segments for the year ended 31 December 2021 and 31 December 2020 respectively. There were no intersegment transactions during the year.

Information about reportable segments

	CBU N million	EBU N million	WBU N million	Total N million
31 December 2021				
Segment revenue	1,457,633	148,994	47,672	1,654,299
Direct costs*	(244,992)	(12,411)	(17,403)	(274,806)
Gross margin	1,212,641	136,583	30,269	1,379,493
31 December 2020				
Segment revenue	1,169,676	134,814	41,900	1,346,390
Direct costs*	(231,303)	(13,762)	(1,047)	(246,112)
Gross margin	938,373	121,052	40,853	1,100,278

*Direct costs include transmission costs, regulatory fees (reported in direct network operating costs), some costs of handsets and accessories, value added services costs and commissions costs in discount and commissions

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

	2021 N million	2020 N million
Segment gross margin	1,379,493	1,100,278
Unallocated items:		
- Other income	-	(104)
- Operating expenses	(588,257)	(486,559)
- Depreciation & amortisation	(206,489)	(186,902)
- Finance income	11,938	15,848
- Finance expense	(159,998)	(143,687)
Profit before taxation	436,687	298,874

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.

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7. Critical accounting judgements, estimates and assumptions

The Group makes judgements, estimates and assumptions concerning the future when preparing its financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The "Critical accounting judgements, estimates and assumptions" note should be read in conjunction with the "other significant accounting policies" disclosed in note 4.

7.1 Lease and non-lease components

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

7.2 Income taxes

The Group exercises significant judgement in determining its provision for income taxes when dealing with calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

7.3 Provisions

The Group exercises judgement in determining the expected cash outflows related to its provision. Judgement is necessary in determining the timing of outflow as well as qualifying the possible range of financial settlements that may occur.

The present value of the Group's provisions is based on management's best estimate of the future cash outflows expected to be required to settle the obligations, discounted using appropriate pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to each provision.

7.4 Impairment of trade and other receivables

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

7.5 Extension of lease option

Most lease arrangement has an extension option clause that usually require the exercise price of a purchase option (reasonably certain to be exercised by the Group) and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

7.6 Bundled products

In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using estimated standalone selling prices (SASP). The Group generally determines the SASP of individual elements based on prices at which the deliverable is regularly sold on a stand-alone basis after considering any appropriate volume discounts.

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Notes to the audited consolidated and separate financial statements

7. Critical accounting judgements, estimates and assumptions (continued)

7.7 Timing of satisfaction of performance obligations

The Group uses the output method to recognise revenue over a period of time. The output method recognises revenue based on direct measurement of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The bulk of MTN's revenue is from airtime that is used on network services such as voice, SMS, data and digital services. The output method is a faithful depiction as this represents the value transferred to the customer based on usage.

7.8 Principal and agency arrangements

When the Group sells goods or services as a principal, revenue is reported on a gross basis in revenue and the amount paid to the agent is recorded in operating costs. If the Group sells goods or services as an agent, revenue is on a net basis, representing the margin earned. Whether the Group is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue.

7.9 Impairment on other and current investments

The Group applies the general approach to estimate impairment of the other and current investments measured at amortised cost and at fair value through other comprehensive income. This area requires the use of inputs and assumptions on the credit rating of the issuer and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

7.10 Amortisation of capitalised contract acquisition costs

The Group has capitalised incremental commission fees paid to trade partners for activating sim kits. These costs are amortised on a straight line basis over the estimated subscriber tenure on the network. The Group has estimated the amortisation periods based on the tenure spent by the subscriber on the network.

7.11 Contract liability

Recharge vouchers that have been purchased but not loaded, and airtime loaded but not recognised, are recorded as part of contract liability. Customers may not exercise all their rights and these are called breakage. The Group recognised the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. The pattern of rights exercised is estimated by reference to recharge/usage patterns. Management estimates a breakage rate with which to gradually release unexercised rights or recognise credit into revenue.

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
8. Revenue					
Revenue from contracts with customers					
Voice		819,743	766,389	819,744	766,389
Data		516,214	332,371	516,214	332,371
SMS		46,408	12,330	46,408	12,330
Interconnect and roaming		168,659	133,078	168,659	133,078
Handset and accessories		2,954	7,358	2,954	7,358
Digital		18,040	37,038	18,040	37,038
Value added services		70,554	46,444	69,179	46,444
Other revenues		11,632	11,287	11,632	11,185
		1,654,204	1,346,295	1,652,830	1,346,193
Revenue other than from contracts with customers					
Rental Income		95	95	95	95
		95	95	95	95
		1,654,299	1,346,390	1,652,925	1,346,288

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

SMS revenue excludes inbound roaming SMS. Inbound roaming SMS is reported under interconnect and roaming.

Digital revenue includes Bulk SMS and USSD services.

Value added services includes airtime lending and mobile money (Fintech), subscriber identification module (SIM) back up services and voice based services.

Other revenue comprises revenue from cloud and infrastructure services, information and communication technology (ICT) revenue. Lease rental income from sites leased to other telecom operators is now reported as part of other revenue.

9. Other income

Other income	-	104	-	104
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Other income in 2020 relates to bad debts recovered.

10. Finance income

Interest income on bank deposits*	9,402	7,860	9,402	7,847
Interest income on amortised cost investments*	2,483	4,644	2,483	4,644
Net gain on FVTPL investments	46	1,273	46	1,273
Net gain on FVOCI investments	-	791	-	791
Interest income on related party receivables*	7	5	7	5
Net foreign exchange gain	-	1,275	-	1,275
Total finance income	11,938	15,848	11,938	15,835

*Finance income calculated using effective interest rate method.

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	Note(s)	Group		Company	
		2021 N million	2020 N million	2021 N million	2020 N million
11. Finance costs					
Interest expense - borrowings*	29	49,249	53,205	49,249	53,205
Interest expense - leases*	34	86,373	78,544	86,373	78,544
Interest expense - banking fees		2,002	1,943	2,002	1,943
Net foreign exchange loss**		22,002	10,043	22,002	10,043
Gain on fair value on derivatives		-	(70)	-	(70)
Currency swap loss		372	22	372	22
Total finance costs		159,998	143,687	159,998	143,687

*Finance costs calculated using effective interest rate method.

**Included in net foreign exchange loss is N16.44 billion relating to unrealised forex loss

12. Employee costs

Salaries and wages		34,421	30,254	33,526	29,527
Pension - Defined contribution plan		2,104	1,959	2,104	1,959
Share based payments	46	8,689	1,529	8,689	1,529
Other staff costs		3,167	11,583	3,167	11,583
		48,381	45,325	47,486	44,598

Other staff costs comprises of mortgage subsidy, long service award, termination benefits, reward and recognition, group life insurance, medical expenses, etc., including subsidy for shares acquired by employees during the year.

12.1 Particulars relating to employees

Employees of the Group, other than directors, whose duties were wholly or mainly discharged in Nigeria received remuneration (excluding pension contributions) in the following ranges:

	Group		Company	
	2021	2020	2021	2020
N2,500,001 - N3,500,000	-	1	-	1
N3,500,001 - N4,500,000	199	203	199	203
N4,500,001 - N5,500,000	5	83	5	83
N5,500,001 - N6,500,000	111	53	111	53
N6,500,001 - N7,500,000	36	139	36	139
N7,500,001 - N8,500,000	156	374	156	374
N8,500,001 - N9,500,000	319	90	319	90
N9,500,001 - N10,500,000	74	140	74	140
N10,500,001 - N11,500,000	108	77	108	77
N11,500,001 - N12,500,000	79	39	79	39
Above N12,500,000	612	645	612	645
	1,699	1,844	1,699	1,844

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12. Employee costs (continued)

12.2 The year end number of full time persons employed by the Group was as follows:

	Group		Company	
	2021	2020	2021	2020
CEO's Office	27	39	27	39
Corporate Services	56	60	56	60
Customer Relations	266	270	266	270
Digital Services	20	14	20	14
Finance	259	288	259	288
Human Resources	65	72	65	72
Information Systems	105	123	105	123
Transformation Office	11	17	11	17
Marketing	87	97	87	97
Network Group	338	367	338	367
Sales and Distribution	277	298	277	298
Enterprise Solutions	135	141	135	141
Internal Audit & Fraud Management	24	26	24	26
Risk & Compliance	29	32	29	32
	1,699	1,844	1,699	1,844

Notes(s)	Group		Company	
	2021 N million	2020 N million	2021 N million	2020 N million

12.3 Remuneration was paid in respect of directors of the Group as follows:

Directors' emoluments:

Fees (non-executive directors)		150	83	147	79
Other emoluments (non-executive directors)		477	356	476	355
Total non-executive emoluments	13	627	439	623	434
Emoluments (executive directors)		967	733	967	732
		1,594	1,172	1,590	1,166

The directors' remuneration shown above includes:

Chairman's remuneration		41	38	41	38
Highest paid director		368	567	368	567

The emoluments of all other directors fall within the following ranges:

Nil		5	6	5	6
N1 - N5,000,000		1	1	-	-
N5,000,001 - N10,000,000		-	-	-	-
N10,000,001 - N20,000,000		-	-	-	-
Above N20,000,000		8	7	8	7

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million

12. Employee costs (continued)

12.4 Pensions and other post employment benefit plans

The Group has a defined benefit plan (unfunded), long service award (unfunded) and termination benefit (unfunded). The long service awards is made to employees who made milestone anniversaries at the Group and are paid on the anniversary month.

Net benefit expense (recognised in other staff costs, with the exception of pension obligation)

Pension contribution		2,104	1,959	2,104	1,959
Long service award		(340)	5,481	(340)	5,481
Termination benefits		-	120	-	120
Retirement benefits		193	1,581	193	1,581
		1,957	9,141	1,957	9,141

13. Other operating expenses

(Profit)/loss on disposal of property and equipment	16.1	(1,692)	117	(1,692)	117
Directors' emoluments	12.3	627	439	623	434
Credit loss (reversal)/ expense on trade and other receivables	22.1	(1,864)	4,668	(1,864)	4,668
MTN Foundation		3,077	2,125	3,077	2,125
Insurance cost		2,198	1,708	2,198	1,708
Audit fees**		466	314	459	309
Professional fees		29,734	24,297	27,144	22,401
Maintenance costs		19,701	18,091	19,702	18,090
Rent, rates, utilities and other office running cost		3,460	6,053	3,460	5,984
Trainings, travels and entertainment cost		2,478	964	2,439	883
Impairment of property and equipment	16	500	865	500	865
Information technology development levy		4,484	3,095	4,484	3,092
Stamp duties		8,260	-	8,260	-
Credit loss expense on cash and cash equivalent, treasury bills and bonds	45.3.3	30	919	30	919
Covid-19 related expenses		1,500	2,017	1,500	2,017
Other expenses*		1,772	919	1,338	918
		74,731	66,591	71,658	64,530

*Other expenses includes bank charges, subscriptions, office refreshments, security costs, etc.

**The audit fees represent auditors remuneration as agreed with Messrs Ernst & Young (EY) for both interim and final audits of MTN Nigeria Group for the year ended 31 December 2021. The independent auditor's report was signed by Funmi Ogunlowo, a partner in the firm, with Financial Reporting Council (FRC) membership number FRC/2013/ICAN/00000000681.

MTN also paid the auditors professional fees for non-audit services. These services, in the MTN's opinion, did not impair the independence and objectivity of the external auditor. Non-audit services provided during the period are stated below.

Name of signer	FRC Number	Name of Firm	Service rendered	Amount (N)
Funmi Ogunlowo	FRC/2013/ICAN/00000000681	Ernst & Young	Review of bonus calculations	4,500,000

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
14. Direct network operating costs					
Regulatory fees		38,542	34,805	38,542	34,805
Annual Numbering Plan		2,492	1,202	2,492	1,202
BTS leases		288,923	225,643	288,923	225,643
Network Maintenance		60,514	48,598	60,514	48,598
		390,471	310,248	390,471	310,248

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.

15. Taxation

Analysis of tax expense for the year

Current

Company income tax	38	128,653	90,778	128,653	90,776
Prior year tax under provision of company income tax	38	4,766	-	4,766	-
Education tax	38	13,343	10,324	13,343	10,319
Nigerian police trust fund	38	22	15	22	15
Net current tax charge		146,784	101,117	146,784	101,110

Deferred

Deferred tax credit	36	(8,751)	(7,457)	(5,250)	(4,347)
Net deferred tax credit		(8,751)	(7,457)	(5,250)	(4,347)

Tax expense for the year

	138,033	93,660	141,534	96,763
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Tax rate reconciliation

The table below explains the differences between the expected tax expense on continuing operations, at the Nigerian statutory tax rate of 30% (2020: 30%) and the Company's total tax expense for each year.

Profit before tax	436,687	298,874	448,358	309,245
Taxation	(138,033)	(93,660)	(141,534)	(96,763)
Actual tax rate	31.61 %	31.34 %	31.57 %	31.29 %
Applicable tax rate	30.00 %	30.00 %	30.00 %	30.00 %
Exempt income*	(0.17)%	(0.47)%	(0.16)%	(0.45)%
Prior year under provision of company income tax	1.09 %	- %	1.05 %	- %
Investment allowance**	(0.74)%	(1.87)%	(0.72)%	(1.80)%
Expenses not allowed	(1.40)%	0.60 %	0.73 %	0.56 %
Education tax	2.89 %	3.07 %	2.81 %	2.97 %
Police trust fund	0.01 %	0.01 %	0.01 %	0.01 %
Effective tax rate	31.68 %	31.34 %	33.72 %	31.29 %

The Group is regarded as tax resident in Nigeria in line with the provisions of the Companies Income Tax Act and as such taxable in Nigeria.

*Exempt income represents income from FGN bonds and treasury bills not taxable.

**Investment allowance are allowances in respect of network and IS equipment additions during the period.

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16. Property and equipment

Group & Company

	Land & Buildings	Leasehold improvements	Information systems, furniture and office equipment	Motor vehicles	Network infrastructure	Capital work-in-progress	Total
	N million	N million	N million	N million	N million	N million	N million
Cost							
Balance at 1 January 2020	31,644	21,841	44,931	5,962	1,202,251	36,857	1,343,486
Additions	2,360	698	14,957	-	1,937	195,475	215,427
Reclassification	568	2,212	(1,165)	-	175,300	(179,312)	(2,397)
Disposal	(5)	(666)	(11,064)	(1,990)	(305,725)	(662)	(320,112)
Balance at 31 December 2020	34,567	24,085	47,659	3,972	1,073,763	52,358	1,236,404
Additions	-	-	20,707	6,736	57,014	175,819	260,276
Reclassification	-	-	-	-	84,093	(84,093)	-
Other movement	-	(336)	51	-	(6,925)	(116)	(7,326)
Disposal	(1)	(125)	(1,233)	(979)	(99,680)	-	(102,018)
Balance at 31 December 2021	34,566	23,624	67,184	9,729	1,108,265	143,968	1,387,336
Accumulated depreciation and impairment							
Balance at 1 January 2020	20,069	7,083	28,534	4,009	658,696	-	718,391
Charge for the year	1,187	1,814	9,007	507	137,688	-	150,203
Disposal	(4)	(666)	(11,014)	(1,891)	(305,637)	-	(319,212)
Impairment	-	-	-	-	-	865	865
Balance at 31 December 2020	21,252	8,231	26,527	2,625	490,747	865	550,247
Charge for the year	935	1,579	13,494	998	145,538	-	162,544
Disposal	(1)	(125)	(1,209)	(896)	(97,837)	-	(100,068)
Reclassification	(1,783)	-	-	-	2,648	(865)	-
Impairment	-	-	-	-	500	-	500
Balance at 31 December 2021	20,403	9,685	38,812	2,727	541,596	-	613,223
Carrying amount							
At 31 December 2021	14,163	13,939	28,372	7,002	566,669	143,968	774,113
At 31 December 2020	13,315	15,854	21,132	1,347	583,016	51,493	686,157

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16. Property and equipment (continued)

16.1 Analysis of (profit)/loss on disposal

	Note(s)	Group		Company	
		2021 N million	2020 N million	2021 N million	2020 N million
Cost		102,018	320,112	102,018	320,112
Accumulated depreciation		(100,068)	(319,212)	(100,068)	(319,212)
Net book value		1,950	900	1,950	900
Sales proceeds		(3,642)	(783)	(3,642)	(783)
(Profit)/loss on disposal	13	(1,692)	117	(1,692)	117

16.2 Land and buildings

Included in land and building category is land of N5.69 billion(2020:N5.69 billion) not depreciated.

16.3 Reclassification

Reclassification relates to assets moved between capital work in progress other categories of property and equipment and intangible assets.

16.4 Capital work-in-progress

These are various capital work-in-progress projects under way within the Group.

16.5 Impairment losses recognised in the year

Impairment relates to loss on technological obsolescence on network infrastructure during the year of N500 million. (2020: impairment of N865 million for obsolete network inventory). Technological obsolescence is one of the indicators of impairment that occurs frequently in the telecommunications industry (IAS 36.15b).

16.6 Other movement

This relates to the reversals of prior year over-accruals of import levies of property and equipment

16.7 Assets pledged as security

The Group has made a negative pledge over all existing and future assets to the lenders. The negative pledge signifies that the Group has agreed not to deplete its assets via sales, collateral and transfer to anyone except the group of lenders, subject to a permitted amount.

16.8 Capitalised borrowing costs

No borrowing costs were capitalised during the year (2020: Nil)

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17. Right of use assets

Group and Company

	Network infrastructure N million	Base station land N million	Property leases N million	Office equipment N million	Motor vehicles N million	Total N million
Cost						
Balance at 1 January 2020 (restated)	515,674	8,008	6,218	398	61	530,359
Additions	42,705	6,287	292	-	9,271	58,555
Reclassification	213	-	-	-	-	213
Modifications*	132,745	-	-	-	-	132,745
Retirement**	-	(289)	-	-	-	(289)
Balance at 31 December 2020	691,337	14,006	6,510	398	9,332	721,583
Additions	103,754	19	129	-	-	103,902
Retirement**	-	(3,490)	(819)	-	-	(4,309)
Balance at 31 December 2021	795,091	10,535	5,820	398	9,332	821,176
Depreciation						
Balance at 1 January 2019	50,184	2,359	1,316	129	14	54,002
Depreciation	65,849	3,994	1,715	136	431	72,125
Retirement**	-	(289)	-	-	-	(289)
Balance at 31 December 2020	116,033	6,064	3,031	265	445	125,838
Depreciation	79,671	2,702	1,458	133	1,871	85,835
Reclassifications	(294)	294	-	-	-	-
Retirement**	-	(3,490)	(819)	-	-	(4,309)
Balance at 31 December 2021	195,410	5,570	3,670	398	2,316	207,364
Carrying amounts						
At 31 December 2020	575,304	7,942	3,479	133	8,887	595,745
At 31 December 2021	599,681	4,965	2,150	-	7,016	613,812

*Modification relates to the impact of change in the network infrastructure lease contracts exchange rates from the Central Bank of Nigeria (CBN) rate to the Nigerian Autonomous Foreign Exchange (NAFEX) rate following the lease contract amendment in July 2020 effective 1 April 2020.

**Retirement refers to leases fully utilized and the lease terms expired during the year.

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18. Intangible assets

Group

	Goodwill	Software	Licences	Capital work-in- progress	Total
	N million	N million	N million	N million	N million
Cost					
Balance at 1 January 2020	10,016	62,051	184,424	5,197	261,688
Additions	-	12,199	734	11,717	24,650
Reclassification	-	10,549	-	(8,366)	2,183
Disposal	-	(20,730)	-	-	(20,730)
Balance at 31 December 2020	10,016	64,069	185,158	8,548	267,791
Addition	-	22,416	134,199	21,705	178,320
Other movements	-	110	-	-	110
Reclassification	-	48,755	(48,755)	-	-
Disposal	-	(16,851)	(58,065)	-	(74,916)
Balance at 31 December 2021	10,016	118,499	212,537	30,253	371,305
Accumulated amortisation					
Balance at 1 January 2020	-	31,418	109,324	-	140,742
Charge for the year	-	20,588	16,111	-	36,699
Disposal	-	(20,730)	-	-	(20,730)
Balance at 31 December 2020	-	31,276	125,435	-	156,711
Charge for the year	-	26,287	17,658	-	43,945
Reclassification	-	27,184	(27,184)	-	-
Disposals	-	(16,844)	(58,065)	-	(74,909)
Balance at 31 December 2021	-	67,903	57,844	-	125,747
Carrying amount					
At 31 December 2021	10,016	50,596	154,693	30,253	245,558
At 31 December 2020	10,016	32,793	59,723	8,548	111,080

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18. Intangible assets (continued)

Company

	Software	Licences	Capital work-in- progress	Total
	N million	N million	N million	N million
Cost				
Balance at 1 January 2020	62,186	135,668	5,197	197,854
Additions	12,198	735	11,717	24,650
Reclassification	10,550	-	(8,366)	2,184
Disposals	(20,462)	-	-	(20,462)
Balance at 31 December 2020	64,472	136,403	8,548	209,423
Addition	22,415	134,199	21,705	178,319
Other movements	111	-	-	111
Disposal	(16,319)	(58,065)	-	(74,384)
Balance at 31 December 2021	70,679	212,537	30,253	313,469
Accumulated amortisation				
Balance at 1 January 2020	31,521	87,458	-	118,979
Charge for the year	20,588	10,793	-	31,381
Disposal	(20,462)	-	-	(20,462)
Balance at 31 December 2020	31,647	98,251	-	129,898
Charge for the year	20,969	17,658	-	38,627
Disposal	(16,315)	(58,065)	-	(74,380)
Balance at 31 December 2021	36,301	57,844	-	94,145
Carrying amount				
At 31 December 2021	34,378	154,693	30,253	219,324
At 31 December 2020	32,825	38,152	8,548	79,525

18.1 Licences and software

The licences and software are not internally generated intangible assets and have a definite useful life.

18.2 Reclassification

Reclassification relates to assets moved between capital work in progress other categories of property and equipment and intangible assets.

18.3 Other movement

This relates to the additional accruals of levy charged on software.

18.4 Goodwill

Goodwill relates to the acquisition of Visafone Communications Limited.

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18. Intangible assets (continued)

18.5 Goodwill impairment assessment

Goodwill arising on the acquisition of Visafone was tested for impairment in accordance with IAS 36. For this purpose, goodwill was allocated to the MTN Nigeria Cash Generating Unit (CGU) following the transfer of the 800MHz spectrum to MTN Nigeria by the Nigerian Communications Commission. The recoverable amount of the CGU has been determined based on value-in-use calculations.

The calculations mainly used cash flow projections based on financial budgets approved by Management covering a three year period. Management is confident that the projections are appropriate based on the Group's operating model. From the assessment carried out, the carrying amount of the CGU is lower than the recoverable amount, hence no impairment was recorded in the financial statements.

The following key assumptions were used for the value in use calculations:

Revenue growth	23.4%
Budgeted gross margin	83.2%
Opex % revenue	29.5%
Capex & revenue	13.5%
Discount rate	17.9%

Management determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine values
Revenue	The budget is modelled adopting assumptions that align with the strategic objectives of the business within the period the budget covers.
Budgeted gross margin	Based on anticipated strategic margin expectations that have adopted efficiencies planned within the Budget period.
Operating expenditure	Budget adopts core costs required to support revenue generation plans, strategic expansions considered, and savings initiatives identified by the business.
Annual capital expenditure	These are estimated capital expenditure costs that will be required to ensure all MTN core capacities are running seamlessly.
Discount rate	The discount rate used is the MTN Nigeria's pre-tax Weighted Average Cost of Capital (WACC). This rate reflect both time value of money and other specific risks relating to relevant CGU.

The sensitivity analysis been performed is based on change in the discount rate, variations to cash flows arising from revenue, operating expenditure (as seen below) considered possible by management:

CGU input factors	From	To
Discount rate	17.9%	19.7%
Revenue growth	23.4%	25.5%
Opex % revenue	27.7%	29.5%

The analysis shows that no impairment loss would result under the scenario above.

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18. Intangible assets (continued)

18.6 Details of Network Licences

S/N	Network Licences Type	Date Granted /Renewed	Term (Years)	Renewable Term	Licence Fee Currency	Initiation/ Renewal fee	Purpose/ Characteristics
1	Digital Mobile Licence (DML) - 900MHz & 1800 MHz	1 September 2021	10	Newly renewed	NGN	20.72 billion/ 71.61 billion	Operational License and Spectrum License, Authorises 2nd Generation mobile services & Mobile voice/SMS, basic data (GPRS)
2	3G Spectrum Licence (Receive Frequency 1920 - 1930 MHz) (Transmit Frequency 2110 - 2120MHz)	1 May 2007	15	As may be determined by NCC	US\$	150 million	Spectrum License for 3rd Generation (3G) services. Enables high-speed data services (Voice/video calls, live data streaming, etc.)
3	Unified Access Service Licence (UASL)	1 September 2021	10	Newly renewed	NGN	114.6 million/ 374.6 million	Operational License, Technology-neutral & Permits full bouquet of services possible on existing spectrum
4	International Submarine Cable Infrastructure and Landing Station (WACS)	1 January 2010	20	20 years	US\$	220.5 million	Authorises MTN to set up & maintain a landing station for transmission of international traffic. Authorises carriage of both MTN/3rd party traffic.
5	800MHz – Intercellular acquisition	1 January 2021	10	10 years	NGN	16.12 billion	Spectrum for 4th Generation (4G/LTE) services, Broadband spectrum and enables Voice calls over IP-based networks , Video calling, streaming and downloading etc.
6	700 MHz spectrum licence	12 January 2018*	TBC	TBC	USD but paid in Naira	US\$171 million (N34.1 million)	For the provision of telecommunication services.
7	Spectrum 800 MHz (Visafone)	1 January 2015	10	Expiry date - 31 December 2024	US\$	220 million	Spectrum for 4th Generation (4G/LTE) services, Broadband spectrum and Enables Voice calls over IP-based networks , Video calling, streaming and downloading etc.
8	Spectrum 2.6Hz	1 January 2018	10	Renewable after expiration of 10 years	NGN	18.9 billion	Spectrum License For 4th Generation (4G/LTE) services, Broadband spectrum and enables Voice calls over IP-based networks , Video calling, streaming and downloading etc.
9	Super Agent Licence - Central Bank of Nigeria	17 July 2019	1	1 year	NGN	N500,000 (N50 million)	Super Agent Licence issued by the Central Bank of Nigeria (with a capital adequacy of N50 million)

*Effective date for the spectrum has been suspended by the NCC till all encumbrances have been cleared.

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19. Investments in subsidiaries

The following table lists the entities which are controlled by the Group.

Name of company	% Holding 2021	% Holding 2020	Carrying amount 2021 N 'million	Carrying amount 2020 N 'million
Visafone Communications Limited	100 %	100 %	43,778	43,778
XS Broadband Limited	100 %	100 %	500	500
Yello Digital Financial Services Limited	100 %	100 %	14,150	5,550
			58,428	49,828
Impairment of investment in subsidiary (XS Broadband)			(500)	(500)
			57,928	49,328

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. All the subsidiaries have the same year-end as the parent company.

There was an increase in the investment in Yellow Digital Financial Services. During the year, the subsidiary had an additional capital injection of N8.6 billion (2020: N3.75 billion) to fund business operations.

The investment in XS Broadband Limited was impaired in previous years to reflect the recoverable amount of MTN's investment in subsidiary in line with IAS 36 - Impairment of Assets.

There are no significant regulatory restrictions to movement of capital from the subsidiaries.

Group		Company	
2021 N million	2020 N million	2021 N million	2020 N million

20. Derivatives

Currency swap	(372)	(194)	(372)	(194)
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Split between non-current and current portions

Current liabilities	(372)	(194)	(372)	(194)
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All gains and losses from changes in the fair value of derivatives are recognised immediately in the profit or loss statement as finance income or cost.

The Group uses derivative financial instruments such as currency swap to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

21. Inventories

Handsets and accessories	2,506	1,245	2,506	1,245
Starter packs	3,477	3,582	3,477	3,582
	5,983	4,827	5,983	4,827
Inventories (write-downs)	(673)	(2,669)	(673)	(2,669)
	5,310	2,158	5,310	2,158

21.1 Reconciliation of inventory write-down

Opening balance	(2,669)	(185)	(2,669)	(185)
Decrease/(increase) in inventory write-down	1,996	(2,484)	1,996	(2,484)
Closing balance	(673)	(2,669)	(673)	(2,669)

During the year, there was an inventory write back of N2.00 billion (2020: charge of N2.48 billion) for starter packs carried at net realisable value. There was an increase in the starter pack prices which led to reversal of writeback of the packs which were quoted in a lower price in the previous year. The writeback/write-down is recognised in the costs of starter packs, handsets and accessories in statement of profit or loss.

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
22. Trade and other receivables					
Financial instruments:					
Trade receivables		43,425	34,213	42,467	33,119
Trade receivables - related parties	44.5	12,277	13,469	21,467	16,457
Allowance for expected credit losses	22.1	(9,077)	(10,941)	(8,659)	(10,523)
Trade receivables at amortised cost		46,625	36,741	55,275	39,053
Other receivables		12,194	3,273	12,201	3,317
		58,819	40,014	67,476	42,370
Non-financial instruments:					
Sundry receivables and advances		132	216	177	216
Other non-financial receivables*		26,681	5,918	26,708	5,908
Prepayments**		53,940	18,524	53,937	18,522
Less: non current prepayments		(12,340)	(13,906)	(12,340)	(13,906)
		68,413	10,752	68,482	10,740
		127,232	50,766	135,958	53,110

*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.

**Prepayments relate to rent payments for non-lease portion of BTS sites and payments made in advance for insurance contracts. Prepayment also includes payment of N8.1billion Initial Bid Deposit (IBD) required for participation in 5G spectrum license auction by Nigerian Communications Commission (NCC).

The Group's exposure to currency risk and credit risk and impairment losses related to trade and other receivables are disclosed in note 45.5.2 and 45.3 respectively.

The carrying value of trade and other receivables materially approximates the fair value because of the short period to maturity.

22.1 Reconciliation of allowance for expected credit losses

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

Opening balance		(10,941)	(6,273)	(10,523)	(5,855)
Decrease/(increase) in loss allowance recognised in profit or loss	13	1,864	(4,668)	1,864	(4,668)
Closing balance		(9,077)	(10,941)	(8,659)	(10,523)

Impairment loss reversal of N1.86 billion (2020: loss of N4.67 billion) for Group and Company and was recognised in the statement of profit or loss. The decrease in loss allowance during the year is due to the annual recomputation of ECL rates.

23. Investments

Other investments

Treasury bonds at amortised cost		7,710	26,070	7,710	26,070
NGN deposits at amortised cost		3,340	-	3,340	-
Allowance for expected credit losses	23.2	(205)	(223)	(205)	(223)
		10,845	25,847	10,845	25,847

Current investments

US Dollar deposits at amortised cost		15,526	19,015	15,526	19,015
NGN deposits at amortised cost		26,530	93,026	26,530	93,026
Treasury bills at amortised cost		9,529	9,831	9,529	9,831
Allowance for expected credit losses	23.2	(141)	(69)	(141)	(69)

Net current investments at amortised cost		51,444	121,803	51,444	121,803
Treasury bills and bonds at fair value through profit or loss		6,220	24,980	6,220	24,980
		57,664	146,783	57,664	146,783

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million

23. Investments (continued)

23.1 Debt instruments measured at fair value through other comprehensive income

As at 1 January		-	6,136	-	6,136
Additions/purchases		-	3,250	-	3,250
Sales		-	(9,104)	-	(9,104)
Gains from changes in fair value recognised in other comprehensive income	28	-	(282)	-	(282)
As at December		-	-	-	-

23.2 Reconciliation for allowance of expected credit losses

Other investments

Opening balance		(223)	-	(223)	-
Decrease/(increase) in loss allowance		18	(223)	18	(223)
Closing balance		(205)	(223)	(205)	(223)

Current investments

Opening balance		(69)	-	(69)	-
Increase in loss allowance		(72)	(69)	(72)	(69)
Closing balance		(141)	(69)	(141)	(69)

24. Restricted cash

Restricted cash deposits		146,188	47,913	146,188	47,913
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Restricted cash represents deposits with banks to secure Letters of Credit, collateral against repayment on borrowings and bank guarantee on Garnishees against court judgments. Also included in restricted cash is the retention fee on purchase of Visafone Communications Limited.

25. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances		123,149	244,893	109,374	240,736
Short-term deposits		138,345	30,932	138,254	30,932
Cash and cash equivalents		261,494	275,825	247,628	271,668
Allowance for expected credit losses	25.1	(603)	(627)	(603)	(627)
Net cash and cash equivalents		260,891	275,198	247,025	271,041

25.1 Reconciliation of allowance for expected credit losses

Opening balance		(627)	-	(627)	-
Decrease/(increase) in loss allowance recognised in profit or loss	24	24	(627)	24	(627)
Closing balance		(603)	(627)	(603)	(627)

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
26. Share capital					
Authorised					
27,850,000,000 ordinary shares of N0.02 each		557	557	557	557
Issued and fully paid					
20,354,513,050 ordinary shares of N0.02 each		407	407	407	407
26.1. Dividend declared and paid					
Final dividend for 2020 N5.90 kobo per share (2019: N4.97 kobo per share)		120,092	101,162	120,092	101,162
Interim dividend for 2021: N4.55 kobo per share (2020: N3.50 kobo per share)		92,613	71,241	92,613	71,241
Closing reserves		212,705	172,403	212,705	172,403
27. Share premium					
4,500,000 ordinary shares of N 3,779.89 each		17,009	17,009	17,009	17,009
138,960 ordinary shares at N 1,488.15 each		207	207	207	207
		17,216	17,216	17,216	17,216
28. Other reserves					
Opening balance		239	521	239	521
Transfer of fair value reserve of investments designated at FVOCI	23.1	-	(282)	-	(282)
Remeasurement gain on employee benefits	35.2	646	-	646	-
Closing balance		885	239	885	239

Fair value reserve of investments designated at FVOCI relates to changes in fair value of Federal Government of Nigeria securities that are exempted from tax under the Companies Income Tax Act.

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29. Borrowings

Unsecured

	Group and Company N million	Denominated currency	Description of borrowing	Type of interest charged	Effective interest %	Remaining repayment details
2021						
1	124,096	NGN	Local Syndicated Facility (M)	Floating	13.12	8 semi-annual equal installments
2	44,851	NGN	Local Syndicated Facility (N)	Floating	13.12	4 quarterly equal installments
3	200,698	NGN	Local bonds	Fixed	12.89	3 annual installments
4	88,837	US\$	Letter of credit transaction established on credit line	Floating	1.30	Quarterly equal installments
5	3,221	US\$	KFW/Citibank (Buyer's Credit) Facility (H)	Floating	1.30	1 semi-annual equal installments
6	31,557	US\$	AFC/RMB Syndicated Facility (O)	Floating	5.84	4 semi-annual equal installments
	493,260					

2020

1	181,050	NGN	Local syndicated facility (M)	Floating	3.51	10 semi-annual equal installments
2	199,312	NGN	New local syndicated facility (N)	Floating	3.51	11 semi-annual equal installments
3	79,215	NGN	Commercial paper	Fixed	5.70	1 bullet repayment
4	19,831	NGN	Letter of credit transaction established on credit line	Floating	1.43	Quarterly equal installments
5	9,353	US\$	KFW/Citibank (Buyer's credit) facility (H)	Floating	1.43	3 semi-annual equal installments
6	4,544	US\$	Credit Suisse (Buyer's credit facility) bilateral facility (J)	Floating	5.76	3 semi-annual equal installments
7	8,420	US\$	Credit Suisse (Buyer credit facility) syndicated facility (J1)	Floating	5.76	3 semi-annual equal installments
8	19,425	US\$	AFC/RMB Syndicated Facility (O)	Floating	5.76	5 semi-annual equal installments
	521,150					

	Group		Company	
Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
	152,835	190,599	152,835	190,599
	85,544	87,381	85,544	87,381
	236,525	225,049	236,525	225,049
	18,356	18,121	18,356	18,121
	340,425	330,551	340,425	330,551
Total borrowings	493,260	521,150	493,260	521,150

The maturity of the loan is as follows:

Payable within one year (included in current liabilities)

More than one but not exceeding two years

More than two but not exceeding five years

More than five years

Amounts included in non-current liabilities

The carrying amounts of the Group's borrowings are denominated in the following currencies:

US Dollar	123,615	41,742	123,615	41,742
Nigerian Naira	369,645	479,408	369,645	479,408
	493,260	521,150	493,260	521,150

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29. Borrowings (continued)

Notes(s)	Group		Company	
	2021 N million	2020 N million	2021 N million	2020 N million
Opening balance	521,150	412,542	521,150	412,542
Drawdown	417,926	143,682	417,926	143,682
Repayment	(502,212)	(41,748)	(502,212)	(41,748)
Prepaid borrowing cost	-	354	-	354
Accrued interest	49,249	2,569	49,249	2,569
Revaluation loss	7,147	3,751	7,147	3,751
Opening balance	493,260	521,150	493,260	521,150

29.1 Borrowings reconciliation

29.2 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:

Local Facility M - This is a local facility of N200 billion syndicated from local banks in August 2018. It is a variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%. The total available amount under the loan has been fully drawn. The loan is repayable in eleven (11) equal semi-annual installments from August 2020 to August 2025.

As at 31 December 2021, the outstanding principal balance on the facility is N124.1 billion (31 December 2020: N181.8 billion).

Local Facility N - This is a N200 billion local currency term loan syndicated from local banks in May 2019 with a 7-year tenor and a moratorium of two years. It is a variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%. The total available amount under the loan has been fully drawn. The loan is repayable in eleven (11) equal semi-annual installments from May 2021 to May 2026.

As at 31 December 2021, a total amount of N44.85 billion has been drawn under the facility (31 December 2020: N200 billion).

Foreign Facility H - The US\$329m Export Credit Agency Backed Facility from KfW-IPEX Bank and Citibank was arranged in 2017. The facility is in three tranches (H1, H2 and H3) of USD103 million, USD106 million and USD120 million, respectively:

A total drawdown of USD87.6 million has been made on H1 as at 31 December 2020. The availability periods for drawing on both H2 and H3 has expired and the amount on both tranches were undrawn. Facility H1 has 10 equal semi-annual principal repayments which commenced in September 2017. It is a floating interest loan linked to the 6-Month LIBOR plus a 1.15% margin.

The outstanding balance as at 31 December 2021 is US\$8.4 million (31 December 2020: US\$25.6 million).

Foreign facility O - The US\$95 million Syndicated Facility from AFC and RMB was arranged in 2020, with a one-year moratorium. The facility is in two tranches (O1 and O2) of US\$50 million and US\$45 million, respectively;

As at 31 December 2021, the facility was fully drawn at N95 million. The loan is repayable in four (4) equal semi-annual instalments from June 2022 to December 2023

Local Bonds - Under the N200 billion Bond Issuance Programme, two series were issued on 5 May and 4 November 4 2021 comprising of:

- Series I: N110.001 billion 7 Year 13% Bonds due 2028.
- Series II: N89.999 billion 10 year 12.75% Bonds due 2031.

In securing the facilities, MTN Nigeria was made a negative pledge over all existing and future assets to the lenders. The negative pledge signifies that MTN Nigeria has agreed not to deplete its assets via sales, collateral and transfers to anyone except the group of lenders, subject to a permitted amount. No other security has been provided.

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
30. Trade and other payables					
Financial instruments:					
Trade payables		63,829	67,384	63,814	65,624
Trade payables - related parties	44.5	32,839	27,474	33,176	27,811
Other accrued expenses*		208,239	170,227	206,953	168,957
Other payables**		527	607	527	607
		305,434	265,692	304,470	262,999
Non-financial instruments					
Other non-financial accrued expenses***		107,059	15,702	107,059	15,676
Sundry payables		3,971	1,250	1,085	1,191
Other non-financial payables****		27,431	21,333	27,409	21,316
		138,461	38,285	135,553	38,183
		443,895	303,977	440,023	301,182

*Other accrued expenses BTS lease accruals

**Other payables returned and retention fee on purchase of Visafone.

***Other non-financial accrued expenses include unclaimed dividend, accrued staff expenses and other regulatory fees.

****Other non-financial payables include withholding and value added tax liabilities.

31. Contract acquisition costs

Opening balance	7,990	4,852	7,990	4,852
Additions	1,795	8,570	1,795	8,570
Amortised in the year	(4,183)	(5,432)	(4,183)	(5,432)
Closing balance	5,602	7,990	5,602	7,990

Contract acquisition costs are incremental costs of obtaining a contract with a customer that would not have incurred if the contract had not been obtained. They include the incremental commission fees paid to trade partners for activating sim kits.

These costs are amortised on a straight line basis over the estimated subscriber tenure on the network. The amortisation period ranges from 18 months to 48 months. Contract acquisition costs amortised during the year is included in discounts and commissions in profit or loss.

32. Contract liabilities

Opening balance	62,301	46,806	61,919	46,745
Payments received in advance of delivery of performance obligations	449,829	829,684	449,829	829,363
Revenue recognised on delivery of goods/services previously paid for	(439,794)	(814,189)	(439,794)	(814,189)
Closing balance	72,336	62,301	71,954	61,919

Contract liability relates to payments received in advance from sales of recharge cards and on Subscriber Identification Module (SIM) cards. Contract liabilities are recognised as revenue when the subscribers use the airtime for network services such as voice, SMS, data and digital services and when the SIM cards are activated on the network.

The Group has elected the practical expedient of not disclosing the transaction price of unsatisfied performance obligations because the performance obligations relate to contracts that have an original expected duration of one year or less.

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33. Provisions

Group and Company

	At beginning of year	Additions	Utilised during the year	Reversed during the year	At end of year
	N million	N million	N million	N million	N million
Reconciliation of provisions - 2021					
Decommissioning provision	38	208	-	(205)	41
Litigation provision	11,980	3,286	-	(2,860)	12,406
Bonus provision	5,579	6,951	(5,673)	(7)	6,850
Other provisions	7,174	18,687	(6,986)	(8,395)	10,480
	24,771	29,132	(12,659)	(11,467)	29,777

Reconciliation of provisions - 2020

Decommissioning provision	71	44	-	(77)	38
Litigation provision	16,438	4,647	(6,949)	(2,156)	11,980
Bonus provision	4,211	6,466	(5,098)	-	5,579
Other provisions	5,041	7,723	(1,142)	(4,448)	7,174
	25,761	18,880	(13,189)	(6,681)	24,771

	Group		Company	
	2021 N million	2020 N million	2021 N million	2020 N million
Non-current liabilities	41	38	41	38
Current liabilities	29,736	24,733	29,736	24,733
	29,777	24,771	29,777	24,771

33.1 Bonus provision

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall Group performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the Holding Company annual results have been announced. Bonus provision is calculated as a percentage of employee's gross annual income plus pension contribution based on the overall performance of the Group, the teams, divisions and the employees.

33.2 Decommissioning provision

The decommissioning provision is the present value of dismantling costs discounted at a rate equal to the average rate that reflects current market assessment of the time value of money and the risks specific to the dismantling cost. The timing of the decommissioning is dependent on the expiration of the contract with the lessor.

33.3 Litigation provision

This relates to cases between MTN Nigeria and various bodies such as: Benue State Internal Revenue Services v MTNN, Corporate Communications Ltd vs MTN Nigeria, Gideon Oyelade vs MTN Nigeria & ANOR, Thomas Ayinu vs MTN Nigeria etc. Timing is dependent on the outcome of court judgements in respect of the litigation.

33.4 Other provisions

The Group is involved in various regulatory and tax matters. These matters may not necessarily be resolved in a manner that is favourable to the group. The group has therefore recognized provisions in respect of these matters based on estimates and probability of an outflow of economic benefits. MTN Nigeria Listing expenses and other strategic advisory services are payable to various consultants and legal advisers.

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million

34 Lease liabilities

The Group's leases include network infrastructure (including tower space and land), land and buildings, motor vehicles and office equipment. The leases have varying terms, escalation clauses and renewal rights. Penalties are chargeable on certain leases should they be cancelled before the end of the agreement.

The lease liability is measured at the present value of lease payments to be made over the lease term and are discounted using the Group's incremental borrowing rate. The lease liability is included in the statement of financial position under other non-current/current liabilities. Each lease payment is allocated between the liability and interest expense. Interest expense on the lease liability is a component of finance costs, which represents the unwinding of discount charged to profit or loss over the remaining balance of the obligation for each accounting period.

Lease commitments exclude non-lease components, short-term and low-value leases. There were no future cash outflows to which MTN Nigeria is potentially exposed that are not reflected in the measurement of lease liabilities.

Short-term lease payments of N753 million (2020: N884 million) not included in the lease liabilities are included as rent, rates, utilities and other office running cost in other operating costs during the year. In all significant operating lease arrangements in place during the year, the Group acted as the lessee.

As at year end, the Group had outstanding obligations under lease commitments which fall due as follows:

Movement schedule

Opening balance		641,790	492,073	641,790	492,073
Additions		103,172	43,543	103,172	43,543
Modifications		-	132,745	-	132,745
Interest capitalised	11	86,373	78,544	86,373	78,544
Revaluation loss/(gain)		3,172	(204)	3,172	(204)
Payments - principal portion		(57,977)	(26,676)	(57,977)	(26,676)
Payments - interest portion		(85,674)	(78,235)	(85,674)	(78,235)
Closing balance		690,856	641,790	690,856	641,790

Lease liability by maturity

- within one year		62,531	54,798	62,531	54,798
- after one year to two years		63,855	48,115	63,855	48,115
- after two years to five years		233,000	180,666	233,000	180,666
- later than five years		331,470	358,211	331,470	358,211
		690,856	641,790	690,856	641,790

Non-current		628,325	586,992	628,325	586,992
Current		62,531	54,798	62,531	54,798
		690,856	641,790	690,856	641,790

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	Group		Company	
	2021	2020	2021	2020
Note(s)	N million	N million	N million	N million

35. Employment benefits

MTN Nigeria Communications Plc operates a post employment benefit plans in non-contributory, long service award and staff retirement benefits. Employees are automatically beneficiaries of the long service award after completing five consecutive years of service with the Company. Employees' retirement benefits are calculated based on number of years of continuous service, and upon attaining the compulsory retirement 60 years. The defined benefit obligation actuaries valuation was carried out by Alexander Forbes Consulting Actuaries Nigeria (FRC Number: FRC/2012/0000000000504).

Defined benefit obligations - retirement benefits	1,994	2,751	1,994	2,751
Long service awards	4,691	5,510	4,691	5,510
	6,685	8,261	6,685	8,261
Current to non-current split				
Current	136	-	136	-
Non-current	6,549	8,261	6,549	8,261
	6,685	8,261	6,685	8,261

35.1 Movement in present values

	Opening present value	Current service cost	Interest cost	Curtailment cost	Actuarial gains*	Current year loss	Benefits paid	Closing present value
	N million	N million	N million	N million	N million	N million	N million	N million
2021								
Retirement benefits	2,751	224	276	(307)	(950)	-	-	1,994
Long service award	5,510	548	495	(481)	-	(902)	(479)	4,691
Closing balance	8,261	1,543	1,543	(788)	(950)	(902)	(479)	6,685
2020								
Retirement benefits	1,170	1,581	-	-	-	-	-	2,751
Long service award	408	5,481	-	-	-	-	(379)	5,510
Closing balance	1,578	7,062	-	-	-	-	(379)	8,261

*Actuarial gains are recognised in Other Comprehensive Income (OCI).

Other costs and current year loss are charged to the profit or loss see note 12.4

35.2 Remeasurement gain

Remeasurement gains recognised during the year:

Change in financial assumptions	(778)	-	(778)	-
Change in demographic assumptions	(172)	-	(172)	-
	(950)	-	(950)	-
Deferred tax	304	-	304	-
Recognised in Other Comprehensive Income (OCI)	(646)	-	(646)	-

35.3 Principal actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	31 December 2021	31 December 2020
Discount rate - retirement benefits	13.50%	10.50%
Discount rate - long service award	12.00%	7.50%
Retirement age for both male and female	60 years	60 years
Salary increase rate	8.00%	8.00%

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	Group		Company	
	2021	2020	2021	2020
Note(s)	N million	N million	N million	N million

35. Employment benefits (continued)

These assumptions depicts managements estimate of the likely future experience of the Company. Future mortality before retirement are based on A1967-70 ultimate table published by the Institute of Actuaries of United Kingdom. Discount rate is with reference to the yields on Nigerian Government bonds with the nearest expected duration as compiled by the Financial Markets Dealers Quotation (FMDQ). We have assumed that the level of salary increases to be awarded in the long-term will, on average, be 8.00% per annum. The level of inflationary increases on the gifts in the long-term will, on average, be 5.00% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

Mortality in service	2021	2020
Sample age	Number of deaths per 10,000 lives	
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26
50	48	48
55	84	84
60	144	144

Withdrawal and Early Retirement

It was assumed that withdrawals and early retirements would be in accordance with the following table:

Age Group	Annual rate of withdrawal		Annual rate of early retirement	
	2021	2020	2021	2020
20 - 30	5.0%	5.0%	-	-
31 - 39	3.0%	3.0%	-	-
40 - 44	2.0%	2.0%	-	-
45 - 49	1.0%	1.0%	-	-
50 - 54	1.0%	1.0%	1.0%	-
55 - 59	-	-	-	-
60+	-	-	-	-

Sensitivity

It is important to treat the results of the valuation with a degree of caution, as they are extremely sensitive to the assumptions used. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted.

		Retirement Benefits		Long service award	
		N'million	% Change	N'million	% Change
Discount rate	+0.5%	1,893	-2.40%	4,520	-2.40%
	-0.5%	2,102	2.50%	4,750	2.50%
Salary increase	+0.5%	2,109	2.80%	4,761	2.80%
	-0.5%	1,886	-2.70%	4,509	-2.70%
Age rating	+1 year	1,975	-0.30%	4,619	-0.30%
	-1 year	2,013	0.30%	4,645	0.30%

Sensitivity to each actuarial assumption was determined while other assumptions were held constant. There has not been a change from the sensitivity approach adopted in prior years. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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36. Deferred tax

Group

	At beginning of year	Recognised in income statement	Arising on consolidation	At end of year
	N million	N million	N million	N million
Non-current Liabilities				
31 December 2020				
Adjustments on consolidation	(7,547)	-	3,110	(4,437)
Temporary differences from non-current assets and liabilities	(113,040)	4,347	-	(108,693)
Total deferred tax liability	(120,587)	4,347	3,110	(113,130)
31 December 2021				
Adjustments on consolidation	(4,437)	-	3,501	(936)
Temporary differences from non-current assets and liabilities	(108,693)	4,946	-	(103,747)
Total deferred tax liability	(113,130)	4,946	3,501	(104,683)
Net deferred tax liability				
31 December 2020	(120,587)	4,347	3,110	(113,130)
31 December 2021	(113,130)	4,946	3,501	(104,683)

Movement in temporary differences in the year:

	Opening balance	Charge to profit or loss	Charge to OCI	Closing balance
	N million	N million	N million	N million
2020				
Property and equipment	133,370	15,109	-	148,479
Provision	(7,070)	(3,052)	-	(10,122)
Right of use assets	(8,759)	(14,642)	-	(23,401)
Unrealised exchange difference	(4,501)	(1,762)	-	(6,263)
	113,040	(4,347)	-	108,693
Adjustments on consolidation				
Visafone Communications Limited	7,547	(1,612)	-	5,935
Yello Digital Financial Services Limited	-	(1,498)	-	(1,498)
	7,547	(3,110)	-	4,437
	120,587	(7,457)	-	113,130
2021				
Property and equipment	148,479	8,228	-	156,707
Provision	(10,122)	(4,813)	304	(14,631)
Right of use assets	(23,401)	(9,213)	-	(32,614)
Unrealised exchange difference	(6,263)	548	-	(5,715)
	108,693	(5,250)	304	103,747
Adjustments on consolidation				
Visafone Communications Limited	5,935	(1,595)	-	4,340
Yello Digital Financial Services Limited	(1,498)	(1,906)	-	(3,404)
	4,437	(3,501)	-	936
	113,130	(8,751)	304	104,683

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36. Deferred tax (continued)

Company

	At beginning of year	Recognised in income statement	Arising on consolidation	At end of year
	N million	N million	N million	N million
Non-current Liabilities				
31 December 2020				
Temporary differences from non-current assets and liabilities	(113,040)	4,347	-	(108,693)
Total deferred tax liability	(113,040)	4,347	-	(108,693)
31 December 2021				
Temporary differences from non-current assets and liabilities	(108,693)	4,946	-	(103,747)
Total deferred tax liability	(108,693)	4,946	-	(103,747)
Net deferred tax liability				
31 December 2020	(113,040)	4,347	-	(108,693)
31 December 2021	(108,693)	4,946	-	(103,747)

Movement in temporary differences in the year:

	Opening balance	Charge to profit or loss	Charge to OCI	Closing balance
	N million	N million	N million	N million
2020				
Property and equipment	133,370	15,109	-	148,479
Provisions	(7,070)	(3,052)	-	(10,122)
Right of use assets	(8,759)	(14,642)	-	(23,401)
Unrealised exchange difference	(4,501)	(1,762)	-	(6,263)
	113,040	(4,347)	-	108,693
2021				
Property and equipment	148,479	8,228	-	156,707
Provisions	(10,122)	(4,813)	304	(14,631)
Right of use assets	(23,401)	(9,213)	-	(32,614)
Unrealised exchange difference	(6,263)	548	-	(5,715)
	108,693	(5,250)	304	103,747

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	Group		Company		
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
37. Capital commitments					
Commitments for the acquisitions of property and equipment as at the reporting date is as follows:					
Contracted for		158,717	212,889	158,717	212,889
Approved but not contracted for		267,382	74,604	267,382	74,604
		426,099	287,493	426,099	287,493
Commitments for the acquisitions of software and work in progress as at the reporting date is as follows:					
Contracted for		5,939	19,265	5,939	19,265
Approved but not contracted for		6,258	7,657	6,258	7,657
		12,197	26,922	12,197	26,922
Total commitments for property and equipment, software and work in progress		438,296	314,415	438,296	314,415

Capital expenditure will be funded from operating cash flows, existing borrowing facilities and, where necessary, by raising additional facilities.

38. Current tax payable

Opening balance		107,310	65,625	107,038	65,325
Provisions for the year - company income tax	15	128,653	90,778	128,653	90,776
Provisions for the year - education tax	15	13,343	10,324	13,343	10,319
Provisions for the year - Nigerian Police Trust Fund	15	22	15	22	15
Tax paid		(109,931)	(55,912)	(109,931)	(55,877)
Withholding tax credit		-	(1,884)	-	(1,884)
Reclassification*		-	(1,636)	-	(1,636)
Prior year under provision	15	4,766	-	4,766	-
Closing balance		144,163	107,310	143,891	107,038

*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 viable based on the interpretation of the VAT Act, notwithstanding that there was no monetary consideration. Therefore, MTN 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.

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	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million
39. Cash generated from operations					
Profit before taxation		436,687	298,874	448,358	309,245
Adjustments for:					
Finance costs	11	159,998	143,687	159,998	143,687
Finance income	10	(11,938)	(15,848)	(11,938)	(15,835)
Depreciation of property and equipment	16	162,544	150,203	162,544	150,203
Depreciation of right of use assets	17	85,835	72,125	85,835	72,125
Amortisation of intangible assets	18	43,945	36,699	38,627	31,381
Amortisation of contract cost	31	4,183	5,432	4,183	5,432
(Profit)/loss on disposals of property and equipment	13	(1,692)	117	(1,692)	117
Impairment of property and equipment	16	500	865	500	865
Allowance for credit losses on cash and cash equivalent, treasury bills and bonds	13	30	919	30	919
Credit loss expense on trade and other receivables	13	(1,864)	4,668	(1,864)	4,668
(Reversal)/impairment trading inventory		(1,996)	2,484	(1,996)	2,484
Post employment benefit plan cost	12.4	(147)	7,062	(147)	7,062
Provision expense	33	17,665	12,199	17,665	12,199
Share based expense	12	8,689	1,529	8,689	1,529
		902,439	721,015	908,792	726,081
Changes in working capital:					
Increase in inventories		(1,156)	(3,733)	(1,156)	(3,733)
Increase in trade and other receivables		(75,428)	(9,028)	(81,810)	(10,179)
Increase in trade and other payables		191,706	109,358	190,626	107,360
Increase in contract liabilities		10,035	15,495	10,035	15,174
		125,157	112,092	117,695	108,622
Cash generated from operations		1,027,596	833,107	1,026,487	834,703

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40. Other adjustments to statement of cash flows

40.1 Changes in liabilities arising from financing activities

Group and Company	Opening balance	Net cash raised	Net cash paid	Foreign exchange movement (gain)/loss	Additions	Others*	Lease modification/(restatement)	Total
	N million	N million	N million	N million	N million	N million	N million	N million
2021								
Current interest bearing loans and borrowings (excluding items listed below)	190,599	207,237	(355,334)	7,511	-	102,822	-	152,835
Non-current interest bearing loans and borrowings (excluding items listed below)	330,551	210,688	(146,620)	(364)	-	(53,830)	-	340,425
Current lease liabilities	54,798	-	(143,651)	3,172	103,174	45,038	-	62,531
Non-current lease liabilities	586,992	-	-	-	-	41,333	-	628,325
	1,162,940	417,925	(645,605)	10,319	103,174	135,363	-	1,184,116
2020								
Current interest bearing loans and borrowings (excluding items listed below)	32,453	111,643	(41,748)	3,566	-	84,685	-	190,599
Non-current interest bearing loans and borrowings (excluding items listed below)	380,089	32,039	-	(451)	-	(81,126)	-	330,551
Current lease liabilities	33,564	-	(104,911)	(205)	43,543	(49,938)	132,745	54,798
Non-current lease liabilities	458,509	-	-	-	-	128,483	-	586,992
	904,615	143,682	(146,659)	2,910	43,543	82,104	132,745	1,162,940

*The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including lease liabilities to current due to the passage of time, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from operating activities.

The additions of cash flows from current and non-current interest bearing loan and borrowing represent the net of proceeds from borrowing and repayment of borrowings on the statement of cash flow.

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41. Contingent liabilities

Contingent liabilities represent possible obligations that arise from past event 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 (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. Earnings and dividend per share

42.1 Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the weighted average number of ordinary shares outstanding at the end of the reporting period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect.

	Group		Company	
	2021	2020	2021	2020
Profit attributable to equity holders (N 'million)	298,654	205,214	306,824	212,482
Weighted average numbers of ordinary shares at end of year (million)	20,355	20,355	20,355	20,355
Basic EPS (N)	14.67	10.08	15.07	10.44

42.2 Dividend per share

Dividend per share - Interim (N)	4.55	3.50	4.55	3.50
Dividend per share - Final (N) (proposed)	8.57	5.90	8.57	5.90

During the year ended 31 December 2021, N212.7 billion (31 December 2020: N133.0 billion) dividend was approved and paid as follows:

- 31 December 2020 final dividend: N120.1 billion
- 30 June 2021 interim dividend: N92.6 billion

On 29 July 2021, the Board of Directors approved interim dividends of N92.6 billion for the year ended 31 December 2021 (Interim 2020: N71.2 billion). The interim dividend represents N4.55 kobo per ordinary share on the issued share capital of 20.3 billion ordinary shares of 2 kobo each for the period ended 30 June 2021.

The Board of Directors recommends the payment of a final dividend of N8.57 per ordinary share of 2 kobo each subject to shareholders' approval at the forthcoming Annual General Meeting (AGM). The number of ordinary shares in issue at the date of this declaration is 20,354,513,050. If the proposed final dividend is approved, the total dividend for the financial year ended 31 December 2021 will be N13.12 per share of 2 kobo each. Withholding tax would be deducted at the point of payment.

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43. Foreign exchange exposure

Included in the Group statement of financial position are the following amounts denominated in currencies other than the functional currency of the Group:

Group and Company 31 December 2021

	United States Dollar N million	British Pound Sterling N million	Euro N million	South African Rand N million	Total N million
Assets					
Current assets					
Trade and other receivables	5,717	-	-	-	5,717
Current investments	15,526	-	-	-	15,526
Restricted cash	2,307	-	-	-	2,307
Cash and cash equivalents	5,958	-	12	-	5,970
	29,508	-	12	-	29,520
Liabilities					
Current liabilities					
Trade and other payables	160,554	584	183	49	161,370
Borrowings	107,660	-	-	-	107,660
Lease liabilities	40,784	-	-	-	40,784
	308,998	584	183	49	309,814
Non-current liabilities					
Borrowings	15,955	-	-	-	15,955
Lease liabilities	407,341	-	-	-	407,341
	423,296	-	-	-	423,296
Total liabilities	732,294	584	183	49	733,110

31 December 2020

Assets					
Current assets					
Trade and other receivables	11,276	-	-	-	11,276
Current investments	19,015	-	-	-	19,015
Restricted cash	609	-	-	-	609
Cash and cash equivalents	13,294	1	11	-	13,306
	44,194	1	11	-	44,206
Liabilities					
Current liabilities					
Trade and other payables	136,443	451	34	98	137,026
Borrowings	18,902	-	-	-	18,902
Lease liabilities	33,135	-	-	-	33,135
	188,480	451	34	98	189,063
Non-current liabilities					
Borrowings	22,840	-	-	-	22,840
Lease liabilities	405,138	-	-	-	405,138
	427,978	-	-	-	427,978
Total liabilities	616,458	451	34	98	617,041

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	Group		Company	
	2021	2020	2021	2020
Note(s)	N million	N million	N million	N million

44. 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 Group during the year with related parties. The terms of these transactions are at arm's length.

44.1 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, 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 respectively.

44.2 Key management personnel

For the purpose of defining related party transactions with key management personnel, key management is defined as Directors and the Group's Executive Committee (EXCOM) members having the authority and responsibility for planning, directing and controlling the activities of the Group. It also includes close members of their families and entities controlled or jointly controlled by these individuals.

Directors and EXCOM members

Salaries and other short-term employee benefits	1,678	1,932	1,678	1,932
Post-employment benefits	156	155	156	155
Other benefits	761	440	761	440
Bonuses	195	1,007	195	1,007
Share based payments	1,062	77	1,062	77
Non-executive directors fees	150	83	147	79
Non-executive directors: Other emoluments	477	356	476	355
Total	4,479	4,050	4,475	4,045

Executive directors' and EXCOM members emoluments comprise:

- Salaries and other short-term employee benefits: This includes the gross salary package and other allowances paid on a monthly basis.
- Post-employment benefits: This includes the company's pension contribution paid monthly on behalf of executive directors and EXCOM members.
- Other benefits: These include lifestyle, medical and accommodation benefits. These are paid at periodic intervals during the year.
- Share based payment: This is equity compensation benefits for executive directors and EXCOM members in respect of the share appreciation rights.
- Bonus: This is a performance-based bonus, which is based on overall Group performance. Bonuses are payable annually in arrears.

Non-executive directors' emoluments comprise:

- Directors' emoluments: This includes sitting allowance for attending Board and Board Committee Meetings paid after each meeting. It also includes travel and accommodation related expenses.
- Directors fees: These are board and committee member appointment fees paid quarterly to non-executive directors.

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million

44. Related party transactions (continued)

44.3 Parent and subsidiaries

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

Cost charged for hosting its customers on the network	-	-	-	-
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	-	-	6,202	1,069
Amounts due from related party	-	-	8,552	2,350

XS Broadband Limited

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

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million

44. Related party transactions (continued)

44.4 Related parties under MTN Group

MTN Nigeria transacts with its sister companies under the MTN Group. These transactions are listed below:

Related party balances

Amounts due to related parties

MTN Sudan	-	111	-	111
Simfy Africa	37	-	37	-
Mobile Telephone Networks (Pty) Ltd	71	-	71	-
MTN Uganda	1	2	1	2
MTN Zambia	5	7	5	7
MTN Dubai	183	565	183	565
Global Trading Company	1,367	491	1,367	491
MTN Management Services Co	726	1,517	726	1,517
MTN Benin	-	1,302	-	1,302
MTN Cameroon	285	282	285	282
MTN Congo	6	13	6	13
MTN Cote d'Ivoire	87	80	87	80
MTN Ghana	14	145	14	145
MTN Guinea Bissau	1	1	1	1
MTN Rwanda	-	1	-	1
MTN South Africa	-	14	-	14
Interserve Overseas Ltd	9,997	6,133	9,997	6,133
MTN Global Connect	850	2,482	850	2,482
MTN International (Mauritius) Limited	19,195	14,328	19,195	14,328
MTN Holdings	14	-	14	-
Total		32,839	27,474	32,839

Amounts due from related parties

MTN Sudan	-	96	-	96
Mobile Telephone Networks (Pty) Ltd	17	-	17	-
MTN Zambia	61	40	61	40
MTN Dubai	7	-	7	-
MTN Global Connect	8,300	9,376	8,300	9,376
Lonestar Communications Corporations (Liberia)	53	35	53	35
MTN Afghanistan	-	-	-	-
MTN Benin	-	37	-	37
MTN Cameroon	377	489	377	489
MTN Congo	29	39	29	39
MTN Cote d'Ivoire	146	80	146	80
MTN Guinea Bissau	32	27	32	27
MTN Guinea Conakry	26	17	26	17
MTN Namibia	-	-	-	-
MTN Rwanda	-	-	-	-
MTN South Africa	-	1	-	1
MTN Group Management Services	3,229	3,232	3,229	3,232
Total		12,277	13,469	12,277

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million

44. Related party transactions (continued)

Related party transactions

Purchases from related parties

MTN Sudan	4	27	4	27
MTN Swaziland	1	-	1	-
MTN Syria	1	-	1	-
MTN Uganda	3	20	3	20
MTN Zambia	1	7	1	7
MTN Dubai	-	3,453	-	3,453
MTN South Sudan	2	3	2	3
Global Trading Company	500	1,029	500	1,029
MTN Global Connect	18,347	1,731	18,347	1,731
Lonestar Communications Corporations (Liberia)	4	3	4	3
MTN Namibia	1	-	1	-
MTN Benin	176	1,758	176	1,758
MTN Cameroon	26	278	26	278
MTN Congo	1	4	1	4
MTN Cote d'Ivoire	10	72	10	72
MTN Cyprus	2	3	2	3
MTN Ghana	70	739	70	739
MTN Guinea Bissau	1	3	1	3
MTN Guinea Conakry	-	1	-	1
MTN Irancell	-	1	-	1
MTN Rwanda	5	9	5	9
Mobile Telephone Networks (Pty) Ltd	21	621	21	621

Sales to related parties

MTN Sudan	-	1	-	1
MTN Uganda	3	1	3	1
MTN Zambia	9	13	9	13
MTN South Sudan	25	11	25	11
MTN Namibia	1	-	1	-
Lonestar Communications Corporations (Liberia)	4	2	4	2
MTN Benin	139	68	139	68
MTN Cameroon	43	24	43	24
MTN Cote d'Ivoire	14	4	14	4
MTN Ghana	76	36	76	36
MTN Guinea Conakry	1	1	1	1
MTN Rwanda	2	1	2	1
Mobile Telephone Networks (Pty) Ltd	42	24	42	24
MTN Global Connect	33,594	14,328	33,594	14,328

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.

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		Group		Company	
	Note(s)	2021 N million	2020 N million	2021 N million	2020 N million

44. Related party transactions (continued)

44.5 Summary of amounts due to and from related parties

Amount due to related parties					
Related parties	44.4	32,839	27,474	32,839	27,474
Subsidiaries	44.3	-	-	337	337
	30	32,839	27,474	33,176	27,811
Amounts due from related parties					
Related parties	44.4	12,277	13,469	12,277	13,469
Subsidiaries	44.3	-	-	9,190	2,988
	22	12,277	13,469	21,467	16,457

44.6 Other related party transactions

	2021 N million	2020 N million	2021 N million	2020 N million
	Purchases from		Amounts due to	
Eventful Ltd	412	-	-	-
Ecart Internet Service Nigeria Ltd (Jumia)	-	196	-	-
Main One Cable Company Nigeria Limited	652	367	-	-
Mobax Nigeria Limited	635	-	-	-
Total	1,699	563	-	-

Other related parties relate to entities that transact with MTN Nigeria and whose directors also serve on the Board of MTN Nigeria. Other related parties as at 31 December 2021 include:

Name of Company	Relationship
Ecart Internet Service Nigeria Ltd (Jumia)	Jumia is an online store that delivers goods and renders logistic services to MTN Nigeria. Karl Toriola is a director in Jumia.
Eventful Limited	Eventful Ltd provides event management services to MTN Nigeria. Omobola Johnson is related to the CEO of Eventful Ltd.
Main One Cable Nigeria Limited	MTN Nigeria Communications PLC purchases capacity from Main One Cable Company. Karl Toriola is a minority shareholder in Main One Cable Company Nigeria Limited.
Mobax Nigeria Limited	Mobax Nigeria Limited provides telecommunications services such as pole mounting and site installation to MTN Nigeria. Michael Onochie Ajukwu is on the board of Mobax.

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45. Financial instruments and risk management

Introduction

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group classifies its financial instruments into the following categories depending on the purpose for which the financial instruments were acquired:

- Financial assets: amortised cost, fair value through OCI (FVOCI) and fair value through profit or loss (FVTPL);
- Financial liabilities: amortised cost.

Financial instruments comprise trade and other receivables, cash and cash equivalents, current investments, borrowings and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk profile

The Group's overall risk management programme focuses on the unpredictability of its markets and seeks to minimize potential adverse effects on the performance of the Group and its subsidiaries.

Risk management is carried out under policies approved by the Board of Directors of the Group. The Directors' identify, evaluate and manage the enterprise risks in line with the MTN Group Risk Management Framework. The Board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk and investing cash.

The carrying value of financial instruments materially approximate their fair values.

45.1 Accounting classes and fair values

Group

31 December 2021

	Amortised costs	FVTPL	FVOCI	Total carrying amount
	N million	N million	N million	N million
Non-current financial assets				
Other investments	10,845	-	-	10,845
	10,845	-	-	10,845
Current financial assets				
Trade and other receivables	58,819	-	-	58,819
Current investments	51,444	6,220	-	57,664
Cash and cash equivalents	260,891	-	-	260,891
Restricted Cash	146,188	-	-	146,188
	517,342	6,220	-	523,562
	528,187	6,220	-	534,407
Non-current financial liabilities				
Borrowings	340,425	-	-	340,425
Lease liabilities	628,325	-	-	628,325
	968,750	-	-	968,750
Current financial liabilities				
Trade and other payables	305,434	-	-	305,434
Borrowings	152,835	-	-	152,835
Lease liabilities	62,531	-	-	62,531
Derivatives	-	372	-	372
	520,800	372	-	521,172
	1,489,550	372	-	1,489,922

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45. Financial instruments and risk management (continued)

31 December 2020	Amortised costs	FVTPL	FVOCI	Total carrying amount
	N million	N million	N million	N million
Non-current financial assets				
Other Investments	25,847	-	-	25,847
	25,847	-	-	25,847
Current financial assets				
Trade and other receivables	40,014	-	-	40,014
Current investments	121,803	24,980	-	146,783
Cash and cash equivalents	275,198	-	-	275,198
Restricted Cash	47,913	-	-	47,913
	484,928	24,980	-	509,908
	510,775	24,980	-	535,755
Non-current financial liabilities				
Borrowings	330,551	-	-	330,551
Lease liabilities	586,992	-	-	586,992
	917,543	-	-	917,543
Current financial liabilities				
Trade and other payables	265,692	-	-	265,692
Borrowings	190,599	-	-	190,599
Lease liabilities	54,798	-	-	54,798
Derivatives	-	194	-	194
	511,089	194	-	511,283
	1,428,632	194	-	1,428,826
Company				
31 December 2021				
Non-current financial assets				
Other investments	10,845	-	-	10,845
	10,845	-	-	10,845
Current financial assets				
Trade and other receivables	67,476	-	-	67,476
Current investments	51,444	6,220	-	57,664
Cash and cash equivalents	247,025	-	-	247,025
Restricted Cash	146,188	-	-	146,188
	512,133	6,220	-	518,353
	522,978	6,220	-	529,198
Non-current financial liabilities				
Borrowings	340,425	-	-	340,425
Lease liabilities	628,325	-	-	628,325
	968,750	-	-	968,750
Current financial liabilities				
Trade and other payables	304,470	-	-	304,470
Borrowings	152,835	-	-	152,835
Lease liabilities	62,531	-	-	62,531
Derivatives	-	372	-	372
	519,836	372	-	520,208
	1,488,586	372	-	1,488,958

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45. Financial instruments and risk management (continued)

31 December 2020	Amortised costs	FVTPL	FVOCI	Total carrying amount
	N million	N million	N million	N million
Non-current financial assets				
Other Investments	25,847	-	-	25,847
	25,847	-	-	25,847
Current financial assets				
Trade and other receivables	42,370	-	-	42,370
Current investments	121,803	24,980	-	146,783
Cash and cash equivalents	271,041	-	-	271,041
Restricted Cash	47,913	-	-	47,913
	483,127	24,980	-	508,107
	508,974	24,980	-	533,954
Non-current financial liabilities				
Borrowings	330,551	-	-	330,551
Lease liabilities	586,992	-	-	586,992
	917,543	-	-	917,543
Current financial liabilities				
Trade and other payables	262,999	-	-	262,999
Borrowings	190,599	-	-	190,599
Lease liabilities	54,798	-	-	54,798
Derivatives	-	194	-	194
	508,396	194	-	508,590
	1,425,939	194	-	1,426,133

45.2 Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 financial instruments measured at fair value are presented below.

Group and Company

31 December 2021	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
Asset: Treasury bills at FVTPL	6,220	-	-	6,220
Liabilities: Derivatives	-	372	-	372
31 December 2020				
Asset: Treasury bills at FVTPL	24,980	-	-	24,980
Liabilities: Derivatives	-	194	-	194

Financial asset at amortised cost and financial liabilities at amortised cost – The carrying value of current receivables and liabilities measured at amortised cost approximates their fair value. The fair values of the majority of the non-current liabilities measured at amortised cost are also not significantly different from their carrying values.

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45. Financial instruments and risk management (continued)

45.3 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.

	Group		Company	
	2021 N million	2020 N million	2021 N million	2020 N million
The following instruments give rise to credit risk				
Other investments	10,845	25,847	10,845	25,847
Trade and other receivables	58,819	40,014	67,476	42,370
Cash and cash equivalents	260,891	275,198	247,025	271,041
Restricted Cash	146,188	47,913	146,188	47,913
Current investments	51,444	121,803	51,444	121,803
	528,187	510,775	522,978	508,974

45.3.1 Cash and cash equivalents, and restricted cash

Cash and cash equivalents, restricted cash and current investments. 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 derived from the facility amount provided to the Group, the credit rating of the lending institutions as well as the cash collection by each of the lending institutions.

The National Long Term credit ratings of the counterparty financial institutions where the Group's bank deposits and restricted cash range from AAA to BBB-.

The credit ratings of the counterparty financial institutions where the Group's current investments range from B- to B.

Total estimated credit loss as at 31 December 2021 stood at N603 million (31 December 2020: N627 million). Reversal of credit loss to income statement for the period is N24 million (December 2020: charge of N627million).

45.3.2 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 (ECL). 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).

Group: ECL for gross trade receivables of N43.43 billion (December 2020: N34.21 billion) was N9.08 billion (December 2020: N10.94 billion); Company: ECL for gross trade receivables of N42.47 billion (December 2020: N33.12 billion) was N8.66 billion (2020: N10.52 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 AAA to BBB-. A total of N3.95 billion was held as collateral for same value of receivables as at 31 December 2021 (31 December 2020: N4.41 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.

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45. Financial instruments and risk management (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

	Current N million	More than 30 days past due N million	More than 90 days past due N million	More than 180 days past due N million	Total N million
Group					
31 December 2021					
Expected loss rate	1.87 %	2.75 %	3.04 %	100.00 %	
Gross carrying amount	13,972	5,534	15,734	8,185	43,425
Loss allowance	261	152	479	8,185	9,077
Credit impaired	No	No	No	Yes	
31 December 2020					
Expected loss rate	8.90 %	27.13 %	33.40 %	100.00 %	
Gross carrying amount	16,200	5,786	6,452	5,775	34,213
Loss allowance	1,441	1,570	2,155	5,775	10,941
Credit impaired	No	No	No	Yes	
Company					
31 December 2021					
Expected loss rate	1.94 %	2.75 %	3.04 %	100.00 %	
Gross carrying amount	13,432	5,534	15,734	7,767	42,467
Loss allowance	261	152	479	7,767	8,659
Credit impaired	No	No	No	Yes	
31 December 2020					
Expected loss rate	6.52 %	27.57 %	37.85 %	100.00 %	
Gross carrying amount	15,970	5,187	6,291	5,671	33,119
Loss allowance	1,041	1,430	2,381	5,671	10,523
Credit impaired	No	No	No	Yes	

The Group reassesses their ECL model on an annual basis. Based on the assessment this year, the impairment of interconnect receivable would not crystallize until after 180 days and by then, they would have become credit impaired and the ECL rate is 100%.

45.3.3 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 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.

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, Moody's and Fitch as well as local ratings by Agosto and Co.

Total estimated credit loss as at 31 December 2021 stood at N346 million (31 December 2020: N292 million) while credit loss expense for the period stood at N54 million (31 December 2020: N292 million).

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

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45. Financial instruments and risk management (continued)

Reconciliation of gross carrying amount and related ECL

	Note(s)	Cash and cash equivalent N million	Current investments N million	Other investments N million	Total ECL N million
Group					
Balance at 1 January 2020		116,278	45,057	-	-
Net movement during the year		158,823	-	-	-
Purchase		-	100,188	26,070	-
Sale		-	(23,373)	-	-
Exchange gain		724	-	-	-
Allowance for expected credit losses	13	(627)	(69)	(223)	(919)
Balance at 31 December 2020		275,198	121,803	25,847	(919)
Net movement during the year		(9,059)	-	-	-
Purchase		-	41,754	3,340	-
Sale		-	(112,041)	(18,360)	-
Exchange loss		(5,272)	-	-	-
Reversal of/ (allowance for) expected credit losses	13	24	(72)	18	(30)
Balance at 31 December 2021		260,891	51,444	10,845	(949)
Company					
Balance at 1 January 2020		114,301	45,057	-	-
Net movement during the year		156,643	-	-	-
Purchase		-	100,188	26,070	-
Sale		-	(23,373)	-	-
Exchange gain		724	-	-	-
Allowance for expected credit losses	13	(627)	(69)	(223)	(919)
Balance at 31 December 2020		271,041	121,803	25,847	(919)
Net movement during the year		(18,768)	-	-	-
Purchase		-	41,754	3,340	-
Sale		-	(112,041)	(18,360)	-
Exchange loss		(5,272)	-	-	-
Reversal of/ (allowance for) expected credit losses	13	24	(72)	18	(30)
Balance at 31 December 2021		247,025	51,444	10,845	(949)

45.4 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.

	Group		Company	
	2021 N million	2020 N million	2021 N million	2020 N million
The following are the liquid resources:				
Cash and cash equivalents	260,891	275,198	247,025	271,041
Trade and other receivables	58,819	40,014	67,476	42,370
Current investments	57,664	146,783	57,664	146,783
	377,374	461,995	372,165	460,194

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45. Financial instruments and risk management (continued)

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
	N million	N million	N million	N million	N million	N million	N million	N million
31 December 2021								
Trade and other payables	305,434	117,357	188,077	-	-	-	-	305,434
Derivatives	372	-	-	372	-	-	-	372
Current borrowings	152,835	15,464	7,812	170,395	-	-	-	193,671
Current lease liability	62,531	36,393	33,670	69,855	-	-	-	139,918
Non-current Borrowings	340,425	-	-	-	99,059	186,753	275,626	561,438
Non-current lease liability	628,325	-	-	-	139,554	406,709	398,481	944,744
	1,489,922	169,214	229,559	240,622	238,613	593,462	674,107	2,145,577
31 December 2020								
Trade 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
	1,428,826	210,585	193,484	177,495	230,819	622,299	478,585	1,913,267

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45. Financial instruments and risk management (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
	N million	N million	N million	N million	N million	N million	N million	N million
31 December 2021								
Trade and other payables	304,470	115,854	188,616	-	-	-	-	304,470
Derivatives	372	-	-	372	-	-	-	372
Current borrowings	152,835	15,464	7,812	170,395	-	-	-	193,671
Current lease liability	62,531	-	33,670	69,855	-	-	-	103,525
Non-current borrowings	340,425	-	-	-	99,059	186,753	275,626	561,438
Non-current lease liability	628,325	-	-	-	139,554	406,709	398,481	944,744
	1,488,958	131,318	230,098	240,622	238,613	593,462	674,107	2,108,220
31 December 2020								
Trade 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 liabilities	54,798	-	31,785	89,651	-	-	-	121,436
Non-current borrowings	330,551	-	-	-	109,938	265,000	19,282	394,220
Non-current lease liabilities	586,992	-	-	-	120,881	357,299	459,303	937,483
	1,426,133	208,965	192,411	177,495	230,819	622,299	478,585	1,910,574

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45. Financial instruments and risk management (continued)

45.5 Market risk

Market risk is the risk that changes in market prices (interest rate, price risk and currency risk) will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is not exposed to price risk.

Derivatives are entered into solely for risk management purposes and not as speculative investments. The Group treasury policy specifies approved instruments which may be used to economically hedge the Group's exposure to variability in foreign currency and to manage and maintain market risk exposures within the parameters set by the Group's board of directors.

45.5.1 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 loans payable. 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.

Interest rate profile

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

Group	31 December 2021			31 December 2020		
	Fixed rate instruments N million	Variable rate instruments N million	Non interest bearing N million	Fixed rate instruments N million	Variable rate instruments N million	Non interest bearing N million
Financial assets						
Cash and cash equivalents	260,891	-	-	275,198	-	-
Current investments	57,664	-	-	146,783	-	-
Restricted Cash	-	-	146,188	-	-	47,913
Trade and other receivables	-	-	58,819	-	-	40,014
Other investments	10,845	-	-	25,847	-	-
	329,400	-	205,007	447,828	-	87,927
Financial liabilities						
Trade payables	-	-	63,831	-	-	67,386
Other accrued expenses	-	-	208,239	-	-	170,227
Other payables	-	-	527	-	-	607
Amounts due to related parties	-	32,839	-	-	27,474	-
Current borrowings	6,182	146,653	-	79,215	111,384	-
Non-current borrowings	194,516	145,909	-	-	330,551	-
	200,698	325,401	272,597	79,215	469,409	238,220

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45. Financial instruments and risk management (continued)

Company	31 December 2021			31 December 2020		
	Fixed rate instruments N million	Variable rate instruments N million	Non interest bearing N million	Fixed rate instruments N million	Variable rate instruments N million	Non interest bearing N million
Financial assets						
Cash and cash equivalents	247,025	-	-	271,041	-	-
Current investments	57,664	-	-	146,783	-	-
Restricted Cash	-	-	146,188	-	-	47,913
Trade and other receivables	-	-	67,476	-	-	42,370
Other investments	10,845	-	-	25,847	-	-
	315,534	-	213,664	443,671	-	90,283
Financial liabilities						
Trade payables	-	-	63,813	-	-	65,624
Other accrued expenses	-	-	206,953	-	-	168,957
Other payables	-	-	527	-	-	607
Amounts due to related parties	-	33,176	-	-	27,811	-
Current borrowings	6,182	146,653	-	79,215	111,384	-
Non-current borrowings	194,516	145,909	-	-	330,551	-
	200,698	325,738	271,293	79,215	469,746	235,188

Interest rate sensitivity analysis

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.

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 overleaf.

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	31 December 2021			31 December 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	(243)	243	1	(292)	292
NIBOR	1	(2,588)	2,588	1	(3,217)	3,217

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45. Financial instruments and risk management (continued)

45.5.2 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.

Refer to Note 43 for details of financial instruments exposed to currency risk.

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.

Group and Company	31 December 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
	N million	N million	N million	N million
Denominated: Functional USD:NGN	(19,567)	9,784	(10,164)	5,082

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45. Financial instruments and risk management (continued)

45.6 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, net debt is the gross debt less cash and cash equivalents and total funding is gross debt plus equity.

Note(s)	Group		Company	
	2021 N million	2020 N million	2021 N million	2020 N million
Revenue	1,654,299	1,346,390	1,652,925	1,346,288
Operating expenses excluding depreciation and amortisation.	(877,071)	(685,740)	(883,424)	(690,806)
EBITDA	777,228	660,650	769,501	655,482
Gross debt	493,260	521,150	493,260	521,150
Cash and cash equivalents	(260,891)	(275,198)	(247,025)	(271,041)
Net debt	232,369	245,952	246,235	250,109
Gross debt	493,260	521,150	493,260	521,150
Equity	264,981	178,386	296,997	202,232
Total funding	758,241	699,536	790,257	723,382
Gross debt :Total funding	65 %	74 %	62 %	72 %
Net debt: Total funding	31 %	35 %	31 %	35 %
Net debt : EBITDA	30 %	37 %	32 %	38 %

46. Share based payments

46.1 Share based payment liability

Opening balance		2,273	745	2,273	745
Share based expense	12	8,689	1,529	8,689	1,529
Share based payments		(2,415)	(1)	(2,415)	(1)
Closing balance		8,547	2,273	8,547	2,273
Current to non-current split					
Non-current		8,547	2,273	8,547	2,273
		8,547	2,273	8,547	2,273

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46. Share based payments (continued)

46.2 Share appreciation rights

The share based payment liability above relates to the following notional share scheme.

MTN Nigeria Communications Plc operates a Notional Share Scheme, where qualifying staff receive the increase in a phantom MTN share price at exercise date as compared to the offer price. The scheme is a cash-settled share based payment scheme. The vesting period is 100% on the third anniversary after the grant date. Options expire after 10 years from grant date.

Group and Company

2021

Offer date	Naira strike price		Number outstanding at 1 January 2021		Offered During 2021		Expired\Forfeited During 2021		Exercised During 2021		Number outstanding at 31 December 2021		Price appreciation per LAN option	Amount of cash settled
	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	NGN	NGN
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
01/04/2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
01/04/2011	6,067	3,123	13,700	10,310	-	-	3,200	9,110	10,500	1,200	-	-	1,150	12,078,045
01/04/2012	6,100	2,780	36,300	43,910	-	-	1,200	9,270	34,000	21,740	1,100	12,900	1,117	37,969,840
01/04/2013	5,009	2,781	27,072	185,380	-	-	4,720	22,820	10,720	26,720	11,632	135,840	2,208	23,667,187
01/04/2014	5,313	3,367	1,700	36,600	-	-	-	8,000	1,300	6,800	400	21,800	1,904	2,475,148
01/04/2015	5,299	3,354	16,500	90,700	-	-	-	6,700	4,900	7,000	11,600	77,000	1,918	9,399,376
01/04/2016	4,747	1,787	14,970	185,600	-	-	-	16,700	12,210	122,400	2,760	46,500	2,470	30,160,532
01/04/2017	4,207	2,810	22,600	216,600	-	-	-	23,000	7,100	131,400	15,500	62,200	3,010	21,370,645
01/04/2018	3,820	3,564	540,500	248,500	-	-	39,800	21,400	470,400	163,800	30,300	63,300	3,397	1,597,986,432
01/04/2019	4,797	2,189	523,650	497,000	-	-	42,400	39,900	52,600	60,100	428,650	397,000	2,420	127,280,954
01/04/2020	6,210	1,016	490,200	1,283,700	-	-	31,100	81,600	44,500	100,200	414,600	1,101,900	1,007	417,352,944
01/04/2021	7,217	2,225	-	-	390,500	548,500	5,100	7,300	-	-	385,400	541,200	-	-
			1,687,192	2,798,300	390,500	548,500	127,520	245,800	648,230	641,360	1,301,942	2,459,640	-	2,279,741,103

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46. Share based payments (continued)

2020

Offer date	Naira strike price		Number outstanding at 1 January 2020		Offered During 2020		Expired\Forfeited During 2020		Exercised During 2020		Number outstanding at 31 December 2020		Price appreciation per LAN option	Amount of cash settled
	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	LAN	GAN	NGN	NGN
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
01-Apr-2010	-	-	6,680	5,660	-	-	6,680	5,660	-	-	-	-	-	-
01-Apr-2011	6,067	3,123	47,600	21,550	-	-	18,700	11,240	15,200	-	13,700	10,310	144	2,183,480
01-Apr-2012	6,100	2,780	106,300	64,580	-	-	15,620	22,530	68,580	-	22,100	42,050	110	7,552,030
01-Apr-2013	5,009	2,781	251,352	194,840	-	-	11,060	16,980	213,220	-	27,072	177,860	1,201	256,102,806
01-Apr-2014	5,313	3,367	56,600	38,600	-	-	1,500	2,000	53,400	-	1,700	36,600	897	47,916,888
01-Apr-2015	5,299	3,354	143,700	98,000	-	-	15,300	13,200	111,900	-	16,500	84,800	912	102,008,040
01-Apr-2016	4,747	1,787	160,900	182,800	-	-	1,390	1,900	144,540	-	14,970	180,900	1,464	211,535,735
01-Apr-2017	4,207	2,810	340,100	212,000	-	-	2,600	4,800	314,900	-	22,600	207,200	2,003	630,842,319
01-Apr-2018	3,820	3,619	548,200	241,300	24,900	11,500	36,200	16,500	2,500	-	534,400	236,300	-	-
01-Apr-2019	4,797	2,189	530,200	501,000	-	-	18,500	16,200	1,050	-	510,650	484,800	-	-
01-Apr-2020	6,210	1,016	-	-	502,200	1,315,300	12,000	31,600	-	-	490,200	1,283,700	-	-
			2,191,632	1,560,330	527,100	1,326,800	139,550	142,610	925,290	-	1,653,892	2,744,520	6,731	1,258,141,298

The weighted average price of the LAN options granted during the year is N7,216; 390,500 options (2020: N6,210; 527,100 options) while the weighted average price of GAN options granted during the year is N4,711; 548,500 options (2020: N1,016; 1,326,800 options).

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46. Share based payments (continued)

MTN Group option pricing model can be categorized into two - GAN Share Pricing model and the LAN Share Pricing model.

Group Aligned Notional (GAN) Share Pricing

The MTN GAN price is based on the daily closing price of the MTN Group Shares on the Johannesburg Stock Exchange. Initially, the price at which GAN NSO is offered to a participant will be the closing price of the MTN Group Share on the day preceding the allocation date of Group Shares as traded on the JSE, converted into applicable local currency using the exchange rate for the day (31 March).

As at 01 April 2021, the price of the MTN Group Share was ZAR 86.85 (closing price of group share on 31 March 2021). The exchange rate of the Naira to the Rand on the same date was 25.62. The local currency equivalent price of GAN as at that date was (86.85*25.62) N2, 225.10 (2020: N1,015.71). This price was used for allocating GAN NSO to qualifying employees of MTN Nigeria in April 2021.

Meanwhile, the closing price of the GAN Stock on the JSE on 31 December 2021 was R170.71. The revised valuation of the 01 April 2021 GAN Share as at year end is N4, 711.60 (2020: N1,262.72). This is calculated as follows:

$$\begin{aligned}\text{GAN Share as at year end} &= (31 \text{ December 2021 Price} / 1 \text{ April 2021 Price}) * \text{NGN Price at grant date} \\ &= (R170.71 / R86.85) * N 2,225.10 \\ &= N 4,373.60\end{aligned}$$

If an employee or participant who was allocated GAN Stock on 1 April 2021, wishes to exercise the stock on 31 December 2021, the share appreciation right per unit of GAN will be as below: :

$$\text{Share appreciation right per unit of GAN} = N 4,373.60 - N2,225.10 = N2,148.50 \text{ (2020: N247.30)}$$

Locally Aligned Notional (LAN) Share Pricing

The LAN NSO price calculation of the share options and Share Appreciation Right (SAR) is based on historical data and based on the audited financial results (EBITDA) of the previous year. The audited EBITDA (IAS 17, now IFRS 16) will be multiplied by the determined EBITDA multiple to calculate the imputed enterprise value, in accordance with the MTN NSO Policy. The imputed enterprise value will be divided by the number of shares issued in order to determine a price per LAN NSO. The LAN NSO Price is usually determined once in a year, and it's effective on 01 April of each year.

During the year 2021, the following were used in determining the LAN NSO Price for MTN Nigeria:

Details	2021	2020
EBITDA result	N 568,573,210 (as at 31 December 2020)	N 524,419,480 (as at 31 December 2019)
EBITDA multiple	5.17	4.82
Imputed Enterprise Value	N 568,573,210 * 5.17 = N 2,937,967,022	N 524,419,480 * 4.82 = N 2,528,150,984
Value of shares (N'000)	407,090,263	407,090,263
LAN NSO price	2,937,967,022/407,090,263 = N 7,216.99	2,528,150,984/407,090,263 = N 6,210.35

LAN NSO Price of N 7,216.99 was used for allocating the LAN NSO to qualifying employees on 01 April 2021 (01 April 2020: N6,210.35).

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47. 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.
- MTNN 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 Communications Nigeria Plc.
- 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 N400 to around N424.11 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.

48. Security 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.

49. Free float information

MTN Nigeria Communications Plc with a free float value of N414,506,906,484 as at 31 December 2021 (31 December 2020: N420,788,848,780) is compliant with The Exchange's requirements for free float for companies listed on the Premium Board.

50. Events after the reporting period

Payment for 5G license

On 12 January 2022 MTN Nigeria Communications Plc received from the Nigerian Communications Commission (NCC) a provisional offer of 100 MHz in the 3.5-3.6 GHz Band for the deployment of Mobile Broadband Services further to the 5G auction won by MTN in December 2021. The offer is subject to the payment of the balance of the winning bid price of N104.5 billion and assignment fee of N6.5 billion before 24 February 2022. MTNN, in November 2021, made a down payment of N8.1 billion which is the Naira equivalent of Initial Bid Deposit (IBD) the auction pre-qualification criteria.

Dividend

On 27 January 2021, a dividend of N8.57 kobo per share was proposed by the directors for approval at the Annual General Meeting.

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Value added statements

	2021 N million	2021 %	2020 N million	2020 %
Group				
Value added				
Revenue	1,654,299		1,346,390	
Finance income	11,938		15,848	
Other income	-		104	
Bought - in materials and services				
- Local	(610,940)		(597,137)	
- Foreign	(117,407)		(17,427)	
Total value added	937,890	100	747,778	100
Value distributed				
To pay employees				
Salaries, wages and other benefits	48,381		45,325	
	48,381	5	45,325	6
To pay providers of capital				
Finance costs	159,998		143,687	
	159,998	17	143,687	19
To pay government				
Income tax	146,784		101,117	
Deferred tax	(8,751)		(7,457)	
	138,033	15	93,660	13
To be retained in the business for expansion and future wealth creation:				
Depreciation	248,379		222,328	
Amortisation	43,945		36,699	
Impairment	500		865	
	292,824	31	259,892	35
Value retained				
Retained profit for the year	298,654		205,214	
	298,654	32	205,214	27
Total value distributed	937,890	100	747,778	100

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Value added statements

	2021 N million	2021 %	2020 N million	2020 %
Company				
Value added				
Revenue	1,652,925		1,346,288	
Finance income	11,938		15,835	
Other income	-		104	
Bought - in materials and services				
- Local	(604,108)		(592,696)	
- Foreign	(117,407)		(17,427)	
Total value added	943,348	100	752,104	100
Value distributed				
To pay employees				
Salaries, wages, medical and other benefits	47,486		44,598	
	47,486	5	44,598	6
To pay providers of capital				
Finance costs	159,998		143,687	
	159,998	17	143,687	19
To pay government				
Income tax	146,784		101,110	
Deferred tax	(5,250)		(4,347)	
	141,534	15	96,763	13
To be retained in the business for expansion and future wealth creation:				
Depreciation	248,379		222,328	
Amortisation	38,627		31,381	
Impairment	500		865	
	287,506	30	254,574	34
Value retained				
Retained profit for the year	306,824		212,482	
	306,824	33	212,482	28
Total value distributed	943,348	100	752,104	100

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Five-year financial summaries

	2021	2020	2019	2018	2017
	N million	N million	restated* N million	N million	restated* N million
Group					
Statement of financial position					
Assets					
Property and equipment	774,113	686,157	625,095	607,024	582,439
Intangible assets	245,558	111,080	120,946	119,368	128,602
Other non-current assets	642,599	643,488	493,354	19,493	17,150
Net current liabilities	(308,719)	(221,094)	(131,694)	(385,095)	(300,236)
Non-current liabilities	(1,088,570)	(1,041,245)	(961,844)	(141,439)	(315,104)
Net assets	264,981	178,386	145,857	219,351	112,851
Equity					
Share capital	407	407	407	646	646
Share premium	17,216	17,216	17,216	64,498	64,498
Other Reserves	885	239	521	6	497
Retained earnings	246,473	160,524	127,713	154,201	47,210
Total equity	264,981	178,386	145,857	219,351	112,851
Statement of profit or loss					
Revenue	1,654,299	1,346,390	1,169,831	1,039,118	887,180
Profit before taxation	436,687	298,874	291,277	221,343	107,890
Taxation	(138,033)	(93,660)	(87,994)	(75,657)	(26,819)
Profit for the year	298,654	205,214	203,283	145,686	81,071
Per share data					
Earnings per share - basic/diluted (N)	14.67	10.08	9.99	7.16	3.98
Net assets per share (N)	13.02	8.76	7.17	10.78	5.54

*The comparative prior year figures have been restated to reflect the changes in the number of shares.

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Five-year financial summaries

	2021	2020	2019	2018	2017
	N million	N million	restated* N million	N million	restated* N million
Company					
Statement of financial position					
Assets					
Property and equipment	774,113	686,157	625,095	606,963	582,378
Intangible assets	219,324	79,525	84,072	77,108	80,988
Other non-current assets	700,527	692,816	538,932	63,321	60,928
Net current liabilities	(309,333)	(219,458)	(131,367)	(382,297)	(296,489)
Non-current liabilities	(1,087,634)	(1,036,808)	(954,297)	(132,365)	(304,520)
Net assets	296,997	202,232	162,435	232,730	123,285
Equity					
Share capital	407	407	407	646	646
Share premium	17,216	17,216	17,216	64,498	64,498
Other Reserves	885	239	521	6	497
Retained earnings	278,489	184,370	144,291	167,580	57,644
Total equity	296,997	202,232	162,435	232,730	123,285
Statement of profit or loss					
Revenue	1,652,925	1,346,288	1,167,515	1,037,068	885,808
Profit before taxation	448,358	309,245	295,868	225,525	111,326
Taxation	(141,534)	(96,763)	(89,385)	(76,894)	(27,814)
Profit for the year	306,824	212,482	206,483	148,631	83,512
Per share data					
Earnings per share - basic/diluted (N)	15.07	10.44	10.14	7.30	4.10
Net assets per share (N)	14.59	9.94	7.98	11.43	6.06

*The comparative prior year figures have been restated to reflect the changes in the number of shares.