MTN Nigeria Communications Plc

Audited consolidated and separate financial statements
for the year ended 31 December 2022
Together with Directors' and Auditor's Reports

Corporate Information

Registered Company Number 395010

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

*Resigned effective 31 March 2022|**Appointed effective 1 June 2022

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

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Financial highlights

	Notes	2022 N million	2021 N million	% Change
Revenue	9	2,012,272	1,654,299	21.6
Operating profit		733,298	584,747	25.4
Profit before taxation		533,972	436,687	22.3
Profit for the year attributable to the owners of the company		361,532	298,654	21.1
Share capital	26	407	407	-
Total equity attributable to the owners of the company		334,237	264,981	26.1
Basic/diluted earnings per share (N)	44	17.79	14.67	21.3
Net assets per share (N)		16.44	13.02	26.3
Stock Exchange Information				
Dividend per share (DPS): - Interim (N)		5.60	4.55	23.1
Dividend per share (DPS): - Final (N) (proposed)		10.00	8.57	16.7
Market price per share as at year end (N)		215.00	197.00	9.1
Market capitalisation as at year end		4,376,325	4,009,935	9.1
Number of shares issued and fully paid as at year end (millions)	26	20,355	20,355	-

The financial highlights reflect Group numbers only.

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 2022.

Principal activities of the Group

MTN Nigeria Communications Plc (MTN Nigeria or the Company) was incorporated on November 8, 2000 as a private limited liability company. 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, Yello Digital Financial Services Limited and MoMo Payment Service Bank Limited. The subsidiaries principal activities are the provision of broadband fixed wireless access service, high quality telecommunication services and mobile financial services in Nigeria.

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 N2.01 trillion (2021: N1.65 trillion) and a profit after tax of N358.88 billion (2021: N298.65 billion) for the year.

Operating results and dividends

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

	2022 N million	2021 N million
Revenue	2,012,272	1,654,299
Operating profit	733,298	584,747
Profit before taxation	533,972	436,687
Income tax expense	(175,095)	(138,033)
Profit for the year	**358,877**	**298,654**
Profit attributable to the owners of the company	**361,532**	**298,654**

During the year ended 31 December 2022, N288.19 billion (31 December 2021: N212.70 billion) dividend was approved and paid as follows:

- 31 December 2021 final dividend: N174.20 billion
- 30 June 2022 interim dividend: N113.99 billion

On 29 July 2022, the Board of Directors approved interim dividends of N113.99 billion for the year ended 31 December 2022 (Interim 2021: N92.61 billion).

The interim dividend represents N5.60 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 2022.

The Board of Directors recommend the payment of a final dividend of N10.00 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 2022 will be N15.60 per share of 2 kobo each. Withholding tax would be deducted at the point of payment.

Unclaimed dividends

In line with SEC guidelines, Coronation Registrars Limited returned to the Group the sum of N632 million unclaimed dividend during the year ended 31 December 2022 (31 December 2021: N688 million). Replenishment notices from registrars amounting to N193 million were received and honoured during the period (2021: Nil). The total amount of unclaimed dividends outstanding as at 31 December 2022 is N1.13 billion (31 December 2021: N1.65 billion).

MoMo PSB Limited

On April 2022, MoMo Payment Service Bank Limited (MoMo PSB), a subsidiary of MTN Nigeria Communications Plc commenced operation to facilitate high-volume low-value transactions in remittance services, micro-savings and withdrawal services in a secured technology-driven environment to further deepen financial inclusion in Nigeria. MTNN holds 80% of the voting shares while Axcani Limited holds 20% non- controlling interest.

Cancellation of unissued shares

In compliance with Section 124 of the Companies and Allied Matters Act (CAMA) 2020 and Regulation 13 of the Companies Regulation 2021, the shareholders at an Extraordinary General Meeting of MTN Nigeria Communications PLC held on Thursday, 15 December 2022 authorised and approved the cancellation of all unissued shares of the Company as follows:

- 7,495,486,950 (seven billion four hundred and ninety-five million four hundred and eighty-six thousand nine hundred and fifty) unissued ordinary shares of N0.02 each and;
- 402,590,261 (four hundred and two million five hundred and ninety thousand two hundred and sixty-one) unissued preference shares of US$0.005 each.

Directors and their interests

	2022		2021	
The directors who served during the year and their direct/ indirect interests in the Group's equity were as follows:	Direct %	Indirect %	Direct %	Indirect %
Dr. Ernest Ndukwe, OFR	0.0008	Nil	0.0008	Nil
Mr. Karl Toriola	0.0104	Nil	0.0104	Nil
Mr. Muhammad K. Ahmad, OON	Nil	Nil	Nil	Nil
Mr. Michael Ajukwu	Nil	Nil	Nil	Nil
Mr. Andrew Alli	0.0005	Nil	0.0005	Nil
Mr. Rhidwaan Gasant	Nil	Nil	Nil	Nil
Dr. Omobola Johnson	0.0011	Nil	0.0011	Nil
Mr. Modupe Kadri	0.0004	Nil	0.0004	Nil
Mr. Abubakar B. Mahmoud, SAN OON	0.0014	Nil	Nil	Nil
Mr. Charles Molapisi	-	-	Nil	Nil
Ms. Tsholofelo Molefe	Nil	Nil	Nil	Nil
Mr. Ferdinand Moolman	Nil	Nil	Nil	Nil
Mr. Mazen Mroue	Nil	Nil	Nil	Nil
Mr. Ralph Mupita	Nil	Nil	Nil	Nil
Mrs. Ifueko M. Omoigui Okauru, MFR	Nil	Nil	Nil	Nil
Mr. Jens Schulte-Bockum	Nil	Nil	Nil	Nil

The Board and key management changes

Mazen Mroue was appointed as a Non-Executive Director effective 1 June 2022.
Charles Molapisi resigned effective 31 March 2022.
Cyril Ilok, Chief Risk and Compliance Officer resigned effective 5 November 2022.
Oby Ugboma was appointed as the new Chief Risk and Compliance Officer effective 7 November 2022.

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.

Directors' report

Shareholders and their interest as at 31 December 2022

Share range	Number of shareholders	% of shareholders	Number of holdings	% of shareholdings
1 - 10,000	132,195	95.6120	93,097,795	0.46
10,001 - 50,000	3,936	2.8468	89,690,494	0.44
50,001 - 100,000	815	0.5895	60,473,102	0.30
100,001 - 500,000	873	0.6314	199,183,141	0.98
500,001 - 1,000,000	155	0.1121	114,322,878	0.56
1,000,001 - 5,000,000	179	0.1295	420,083,067	2.06
5,000,001 - 10,000,000	48	0.0347	332,347,221	1.63
10,000,001 - 50,000,000	46	0.0333	962,194,202	4.73
50,000,001 - 100,000,000	4	0.0029	264,801,564	1.30
100,000,001 - 500,000,000	8	0.0058	1,627,418,486	8.00
500,000,001 - 1,000,000,000	2	0.0014	1,366,607,050	6.71
1,000,000,001 - above	1	0.0007	14,824,294,050	72.83
	138,262	**100**	**20,354,513,050**	**100**

Substantial interest in shares

As at 31 December 2022, MTN International (Mauritius) Limited with total interest of 72.83% (2021: 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 N175.10 billion (December 2021: N138.03 billion) has been recognised in the consolidated statement of profit or loss covering the period January to December 2022.

Charitable gifts

There was an accrual of N3.80 billion made in the year for donations to MTN Foundation Limited by Guarantee (December 2021: N3.08 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 2021: 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.

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 twenty-three (31 December 2021: fifteen) 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.

Directors' report

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 ended 31 December 2022. 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
30 January 2023

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 2022, 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 (CAMA) 2020 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 of the 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 2022 were approved by the directors on 30 January 2023.

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

Statutory audit committee report

For the year ended 31 December 2022

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 2022 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
30 January 2023

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:

   a) 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

   b) 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 30 January 2023

Karl Toriola	Modupe Kadri
Chief Executive Officer	Chief Financial Officer
FRC/2021/002/00000022839	FRC/2020/001/00000020737

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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 2022, 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 2022, 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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit include the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Independent Auditor's Report

To the Members of MTN Nigeria Communications Plc

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

Key Audit Matters-Continued

Key Audit Matters	Our Responses
Revenue recognition – accuracy of network service revenue recorded given the complexity of the systems There is an inherent risk associated with revenue recognition in telecommunication industries due to complexity of the systems and the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc. The application of accounting standards to revenue recognition involves a number of key judgements and estimates, most especially the Network Service Revenue (Voice, Data and SMS). The revenue from this source represents over 85% of total revenue of the Group. The complexity of the billing systems, estimation involves, and controls were considered in picking revenue estimation as the Key audit matter.	Our audit procedures in response to the key audit matter included, among others: ▸We evaluated the design and operating effectiveness of controls over the occurrence and measurement of revenue transactions, including evaluating the relevant IT systems. ▸We examined the process and controls over the capture and assessment of the timing of revenue recognition for new products and plans, as well as performed testing of a sample of new plans to supporting evidence. ▸We tested the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill network service revenue stream. ▸Tested the end-to-end reconciliation from business support systems to billing and rating systems to the general ledger. This testing included validating material journals processed between the billing system and general ledger. ▸We performed tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to customer bills. ▸Tested a sample of tariff set up and rate changes in the intelligent network (IN) for Network Services ▸For Network revenue, tested a sample of call record validations to test the accuracy of revenue and the resolution of exceptions in addition to performing independent call to check the setup of rates ▸ We performed detailed analytical review to gain an understanding of the reason for the movement in the network service revenue when compared with prior year. ▸ We involved EY Revenue Assurance team in performing revenue assurance procedures by testing the application controls on revenue recognised in the prepaid platform.

Independent Auditor's Report

To the Members of MTN Nigeria Communications Plc

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

Key Audit Matters-Continued

Key Audit Matters	Our Responses`
Determination of Expected Credit loss on trade receivables: As at 31 December 2022, the Group had trade receivables of N85.88 billion before expected credit loss of N13.65 billion. The Telecommunication industry continues to be impacted by certain macroeconomic challenges that resulted in the Company experiencing uncertainty over the collectability of some of its receivables from specific customers. The determination as to whether the receivables are collectable involves management judgement. The specific factors management considered includes the age of the receivable balance, the present condition of customers, the liquidity position and ability of some customers to pay, recent historical payment patterns and other available information concerning the creditworthiness of counterparties. Management uses these information to determine whether an impairment is required either for a specific transaction or for a customer's balance overall. We consider this as key audit matter because it requires a high level of management judgement, estimation and assumptions involves; including micro economic variables and due to the materiality of the amounts.	**Our audit procedures in response to the key audit matter included, among others:** ‣ We tested aged age analysis of receivables where no impairment was recognized to check that there were no indicators of impairment. This included verifying payments received subsequent to year-end, reviewed historical payment patterns and any correspondence with customers on expected settlement dates. ‣ We performed detailed review of trade receivable balances where impairment of those receivables were recognized to understand the rationale behind management's judgement. In order to evaluate the appropriateness of these judgements, we checked to validate overdue receivables, the customer's historical payment patterns and whether any post year-end payments had been received up to the date of completing our audit procedures. ‣ We obtained corroborative evidence by reviewing correspondence between the customers and the management; including communications driving recoverability of the outstanding amounts and evaluate the credit status of significant counterparties where available. ‣ In assessing the appropriateness of the overall impairment, we considered the consistency of management's application of policy for recognizing impairment with the prior year. Specifically, we considered: i) how much of prior years' impairment had been utilized for bad debt write offs during the year ii) prior year impairment amounts released where a customer had paid; iii) challenged the loss rate to ensure that the calculation reflects the probability weighted outcome; iv) tested the historical accuracy of the model by assessing the historical projections versus actual loss; and v) challenged the scalar adjustment multiplier to determine if they were appropriate.

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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
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 2022", which includes the Directors' Report, Statutory Audit Committee Report, Statement of Corporate Responsibility for financial statements 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.

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.

Building a better
working world

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
31 January 2023

Consolidated and separate statement of profit or loss

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
Revenue	9	2,012,272	1,654,299	2,011,935	1,652,926
Direct network operating costs	14	(459,032)	(388,829)	(459,031)	(388,829)
Value added services		(22,772)	(21,037)	(22,772)	(21,037)
Costs of starter packs, handsets and accessories		(21,250)	(6,155)	(21,250)	(6,155)
Interconnect costs		(146,169)	(127,570)	(146,169)	(127,570)
Roaming costs		(7,049)	(4,144)	(7,049)	(4,144)
Transmission costs		(7,969)	(8,651)	(7,969)	(8,651)
Discount and commissions		(96,001)	(78,199)	(93,496)	(76,555)
Advertisements, sponsorships and sales promotions		(31,958)	(21,453)	(24,191)	(19,338)
Employee costs	12	(45,080)	(48,381)	(43,524)	(47,486)
Other operating expenses	13	(104,627)	(72,809)	(89,740)	(69,737)
Depreciation of property and equipment	16	(180,853)	(162,544)	(180,853)	(162,544)
Amortisation of intangible assets	18	(53,955)	(43,945)	(48,636)	(38,627)
Depreciation of right of use assets	17	(102,259)	(85,835)	(102,259)	(85,835)
Operating profit		**733,298**	**584,747**	**764,996**	**596,418**
Finance income	10	13,768	11,938	12,763	11,938
Finance costs	11	(213,094)	(159,998)	(213,094)	(159,998)
Profit before taxation		**533,972**	**436,687**	**564,665**	**448,358**
Taxation	15	(175,095)	(138,033)	(184,304)	(141,534)
Profit for the year		**358,877**	**298,654**	**380,361**	**306,824**
Profit attributable to:					
Owners of the company		361,532	298,654	380,361	306,824
Non-controlling interest		(2,655)	-	-	-
		358,877	**298,654**	**380,361**	**306,824**
Earnings per share - basic/diluted (N)	44.1	17.79	14.67	18.71	15.07

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

Consolidated and separate statement of other comprehensive income

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
Profit for the year		**358,877**	**298,654**	**380,361**	**306,824**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement gain on employee benefits	37.2	174	646	174	646
Items that may be reclassified to profit or loss:					
Fair valuation gain on investments designated at FVOCI*	23.1	605	-	605	-
Other comprehensive income for the year net of taxation		**779**	**646**	**779**	**646**
Total comprehensive income		**359,656**	**299,300**	**381,140**	**307,470**
Total comprehensive income attributable to:					
Owners of the company		362,311	299,300	381,140	307,470
Non-controlling interest		(2,655)	-	-	-
		359,656	**299,300**	**381,140**	**307,470**

*Fair valuation gain on investments designated at fair value through other comprehensive income FVOCI) is recognised on Federal Government treasury bills and bonds investments net of tax except for Federal Government bonds.

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

Consolidated and separate statement of financial position as at 31 December 2022

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
Assets					
Non-current assets					
Property and equipment	16	928,357	774,113	928,357	774,113
Right of use assets	17	652,110	613,812	652,110	613,812
Intangible assets	18	335,599	245,558	314,684	219,324
Investments in subsidiaries	19	-	-	74,328	57,928
Contract acquisition costs	33	6,602	5,602	6,602	5,602
Other investments	23	10,585	10,845	10,585	10,845
Deferred tax	38	11,018	3,404	-	-
Prepayments	22	10,685	12,340	10,685	12,340
		1,954,956	**1,665,674**	**1,997,351**	**1,693,964**
Current assets					
Inventories	21	3,678	5,310	3,678	5,310
Trade and other receivables	22	191,496	127,232	212,232	135,958
Current investments	23	20,288	57,664	17,406	57,664
Restricted cash	24	196,082	146,188	194,622	146,188
Cash and cash equivalents	25	349,500	260,891	324,244	247,025
		761,044	**597,285**	**752,182**	**592,145**
Total assets		**2,716,000**	**2,262,959**	**2,749,533**	**2,286,109**
Equity and liabilities					
Equity					
Share capital	26	407	407	407	407
Share premium	27	17,216	17,216	17,216	17,216
Other reserves	29	1,664	885	1,664	885
Treasury shares	28	(4,869)	-	(4,869)	-
Retained profit		319,819	246,473	370,664	278,489
Equity attributable to owners of the company		334,237	264,981	385,082	296,997
Non-controlling interest		1,445	-	-	-
		335,682	**264,981**	**385,082**	**296,997**
Liabilities					
Non-current liabilities					
Borrowings	30	439,463	340,425	439,463	340,425
Lease liabilities	36	662,655	628,325	662,655	628,325
Deferred tax	38	93,596	108,087	90,851	103,747
Provisions	35	43	41	43	41
Share based payment liability	48	8,569	8,547	8,569	8,547
Employee benefits	37	6,835	6,685	6,835	6,685
		1,211,161	**1,092,110**	**1,208,416**	**1,087,770**
Current liabilities					
Trade and other payables	31	514,892	443,895	514,206	440,023
Borrowings	30	250,210	152,835	250,210	152,835
Lease liabilities	36	64,829	62,531	64,829	62,531
Contract liabilities	34	92,861	72,336	92,479	71,954
Current tax payable	40	199,959	144,163	199,687	143,891
Provisions	35	42,087	29,736	31,562	29,736
Derivatives	20	3,062	372	3,062	372
Deposit held for MoMo customers	32	1,257	-	-	-
		1,169,157	**905,868**	**1,156,035**	**901,342**
Total liabilities		**2,380,318**	**1,997,978**	**2,364,451**	**1,989,112**
Total equity and liabilities		**2,716,000**	**2,262,959**	**2,749,533**	**2,286,109**

The audited consolidated and separate financial statements were approved by the Board Of Directors on the 30 January 2023 and were signed on its behalf by:

Dr. Ernest Ndukwe, OFR	**Karl Toriola**	**Modupe Kadri**
Chairman of the Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**
FRC/2020/003/00000020337	**FRC/2021/002/00000022839**	**FRC/2020/001/00000020737**

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

Consolidated and separate statement of changes in equity

	Notes(s)	Share capital N million	Share premium N million	Total share capital N million	Treasury shares N million	Other reserves N million	Retained profit N million	Total attributable to equity holders of the company N million	Non-controlling interest N million	Total equity N million
Group										
Balance at 1 January 2021		**407**	**17,216**	**17,623**	**-**	**239**	**160,524**	**178,386**	**-**	**178,386**
Profit for the year		-	-	-	-	-	298,654	298,654	-	298,654
Other comprehensive income		-	-	-	-	646	-	646	-	646
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**646**	**298,654**	**299,300**	**-**	**299,300**
Dividends	26.1	-	-	-	-	-	(212,705)	(212,705)	-	(212,705)
Balance at 31 December 2021		**407**	**17,216**	**17,623**	**-**	**885**	**246,473**	**264,981**	**-**	**264,981**
Balance at 1 January 2022		**407**	**17,216**	**17,623**	**-**	**885**	**246,473**	**264,981**	**-**	**264,981**
Profit for the year		-	-	-	-	-	361,532	361,532	(2,655)	358,877
Other comprehensive income		-	-	-	-	779	-	779	-	779
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**779**	**361,532**	**362,311**	**(2,655)**	**359,656**
Acquisition of a subsidiary	19	-	-	-	-	-	-	-	4,100	4,100
Purchase of treasury shares	28	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Dividends	26.1	-	-	-	-	-	(288,186)	(288,186)	-	(288,186)
Balance at 31 December 2022		**407**	**17,216**	**17,623**	**(4,869)**	**1,664**	**319,819**	**334,237**	**1,445**	**335,682**
Note(s)		26	27		28	29				

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 2022

Consolidated and separate statement of changes in equity

	Notes(s)	Share capital N million	Share premium N million	Total share capital N million	Treasury shares N million	Other reserves N million	Retained profit N million	Total attributable to equity holders of the company N million	Non-controlling interest N million	Total equity N million
Company										
Balance at 1 January 2021		**407**	**17,216**	**17,623**	**-**	**239**	**184,370**	**202,232**	**-**	**202,232**
Profit for the year		-	-	-	-	-	306,824	306,824	-	306,824
Other comprehensive income		-	-	-	-	646	-	646	-	646
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**646**	**306,824**	**307,470**	**-**	**307,470**
Dividends	26.1	-	-	-	-	-	(212,705)	(212,705)	-	(212,705)
Balance at 31 December 2021		**407**	**17,216**	**17,623**	**-**	**885**	**278,489**	**296,997**	**-**	**296,997**
Balance at 1 January 2022		**407**	**17,216**	**17,623**	**-**	**885**	**278,489**	**296,997**	**-**	**296,997**
Profit for the year		-	-	-	-	-	380,361	380,361	-	380,361
Other comprehensive income		-	-	-	-	779	-	779	-	779
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**779**	**380,361**	**381,140**	**-**	**381,140**
Purchase of treasury shares	28	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Dividends	26.1	-	-	-	-	-	(288,186)	(288,186)	-	(288,186)
Balance at 31 December 2022		**407**	**17,216**	**17,623**	**(4,869)**	**1,664**	**370,664**	**385,082**	**-**	**385,082**
Note(s)		26	27		28	29				

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

Consolidated and separate statement of cash flows

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
Cash flows from operating activities					
Cash generated from operations	41	1,188,533	1,027,595	1,192,464	1,026,486
Finance income received	10	12,319	9,559	11,314	9,559
Finance costs paid	11	(188,776)	(137,603)	(188,776)	(137,603)
Dividends	26.1	(288,186)	(212,705)	(288,186)	(212,705)
Employee benefits paid	37.1	(1,047)	(479)	(1,047)	(479)
Share based payment	48.1	(5,867)	(2,415)	(5,867)	(2,415)
Tax paid	40	(139,511)	(109,931)	(139,511)	(109,931)
Utilised/paid provision for the year	35	(11,574)	(12,659)	(11,574)	(12,659)
Net cash generated from operating activities		**565,891**	**561,362**	**568,817**	**560,253**
Cash flows from investing activities					
Acquisition of property and equipment	16.5	(326,736)	(260,276)	(326,736)	(260,276)
Proceeds from sale of property and equipment	16.1	4,582	3,642	4,582	3,642
Purchase of contract acquisition costs	33	(4,739)	(1,795)	(4,739)	(1,795)
Acquisition of right of use assets	17.2	(16,369)	(248)	(16,369)	(248)
Purchase of intangible assets	18.5	(132,036)	(178,320)	(132,036)	(178,320)
Purchase of non-current FGN bonds	47.3.3	(3,821)	(3,340)	(3,821)	(3,340)
Sale of non-current FGN bonds	47.3.3	4,086	18,360	4,086	18,360
Increase in restricted cash	24	(48,637)	(98,275)	(48,435)	(98,275)
Purchase of bonds, treasury bills and foreign deposits	23	(132,691)	(41,754)	(129,809)	(41,754)
Sale of bonds, treasury bills and foreign deposits	23	170,383	133,848	170,383	133,848
Investment in subsidiary	19	-	-	(16,400)	-
Net cash flows used in investing activities		**(485,978)**	**(428,158)**	**(499,294)**	**(428,158)**
Cash flows from financing activities					
Proceeds from borrowings	30.1	479,243	417,926	479,243	417,926
Repayment of borrowings	30.1	(361,431)	(502,212)	(361,431)	(502,212)
Repayment of lease liabilities	36	(91,123)	(57,977)	(91,123)	(57,977)
Additional investment in subsidiary	19	-	-	-	(8,600)
Non-controlling interest investment in MoMo PSB		1,000	-	-	-
Net cash flows generated from/(used in) financing activities		**27,689**	**(142,263)**	**26,689**	**(150,863)**
Net increase/(decrease) in cash and cash equivalents		**107,602**	**(9,059)**	**96,212**	**(18,768)**
Cash and cash equivalents at beginning of the year		261,494	275,825	247,628	271,668
Exchange loss on cash and cash equivalents	47.3.3	(19,308)	(5,272)	(19,308)	(5,272)
Cash and cash equivalents at the end of the year	25	**349,788**	**261,494**	**324,532**	**247,628**

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

Notes to the audited consolidated and separate financial statements

1 General Information

MTN Nigeria Communications Plc (the Company) was incorporated on 8 November 2000 as a private limited liability company. 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 18.7.

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, Yello Digital Financial Services Limited and MoMo Payment Service Bank 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.

During the year, the Company established a new subsidiary MoMo Payment Service Bank Limited (MoMo PSB). MoMo PSB is licensed by Central Bank of Nigeria (CBN) to facilitate high-volume low-value transactions in remittance services, micro-savings and withdrawal services in a secured technology-driven environment to further deepen financial inclusion in Nigeria. MoMo PSB commenced operations during the year and MTNN holds 80% of the voting shares while Axcani Limited holds 20% non- controlling interest.

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 Financial Reporting Council of Nigeria Act 2011 and 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 consolidated and separate financial statements are presented in Naira and rounded to the nearest millions, except where stated otherwise.

The financial statements have been prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these financial statements.

3 Basis of measurement

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 and for the following items which have been measured on an alternative basis on each reporting date:

- Defined benefit obligations at present value of the obligation.
- Shared based transactions at grant date fair value of the equity instrument issued.
- Inventory at lower of cost and net realisable value.
- Lease liabilities at present value of future lease payments.

4 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.

5 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.

5.1 Consolidation

5.1.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries, XS Broadband Limited, Visafone Communications Limited, Yello Digital Financial Services Limited and MoMo Payment Service Bank Limited companies incorporated in Nigeria. The subsidiaries are wholly owned and controlled by the Group except for MoMo PSB which is partly owned. 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.

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.

5.1.2 Non-controlling interest

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary

5.1.3 Investments in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having control over an investee. The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). When the proportion of the equity held by Non-Controlling Interests (NCI's) changes, the carrying amounts of the controlling and NCIs are adjusted to reflect the changes in their relative interests in the Subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Group.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. In the separate financial statements, investments in subsidiaries are measured at cost less impairments.

5.1.4 Change in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the group.

5.1.5 Loss of control

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any related non-controlling interests and the other components of equity relating to a subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

5.2 Foreign currency translation

5.2.1 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.

5.2.2 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.

5.3 Intangible assets

In accordance with criteria set out in IAS 38 – "Intangible assets", intangible assets are recognized only if identifiable; controlled by the entity because of past events; it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets with finite useful lives that are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortized using the straight-line method over their useful lives.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is unrecognised.

5.3.1 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 or contract terms. Amortisation on licences and spectrum fees are charged to profit or loss.

5.3.2 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. Software integral to an item of hardware equipment is classified as property, plant and equipment. Amortisation is charged to the profit or loss.

5.3.3 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.

5.4 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.

5.5 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 network 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of 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.

Other information

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.

5.5 Property and equipment (continued)

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.

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 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 - 15 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. Depreciation is charged to profit or loss.

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.

5.6 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.

5.7 Leases

The Group's leases include network infrastructure (including tower space and land), retail stores, vehicles, and office equipment. Rental contracts are typically made for fixed periods varying between two to twelve years but may have renewal periods as described below. At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

5.7.1 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.

Depreciation of right-of-use assets is recognised to write off the cost of the asset, on a straight line basis, over its lease term as follows:

Network infrastructure	5 - 12 years
Base station land	2 - 4 years
Property leases	2 - 10 years
Motor vehicles	4 - 5 years

5.7 Leases (continued)

5.7.2 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.

A number of lease contracts include both lease and non-lease components (e.g., maintenance, security, etc.). The Group allocates 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. The Group has not elected the practical expedient to account for non-lease components as 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.

5.7.3 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.

5.7.4 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.

5.8 Employee benefits

5.8.1 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.

5.8 Employee benefits (continued)

5.8.2 Share-based payment

At the beginning of the year, MTN Nigeria commenced a new share scheme for its employees comprising of the Performance Share Plan (PSP) and Employee Share Ownership plan (ESOP). The scheme replaces the Notional Share Option (NSO) scheme and is being managed by Vetiva Trustee Limited.

The Notional Share Option (NSO) scheme will be wound up once all unvested and/or unexercised awards previously made have run their course. It is a cash-settled scheme on which gains are calculated from appreciation in both the MTN Group share price and operational performance measured using EBITDA. The strike price for the NSO schemes are determined by the closing market price of the MTN Group Limited shares on the day prior to the date of allocation. Unexercised options and rights lapse 10 years from the date of grant and are forfeited if the employee leaves the group before they vest.

The Performance Share Plan (PSP) is a conditional share offer to its management employees. PSP awards are conditional rights to receive a certain number of shares by qualifying participants annually. The vesting period for the PSP is three years and the awards vest in full based on set performance targets. Employees are not entitled to receive dividends on the shares during the vesting period.

The Employee Share Ownership Plan (ESOP) is a one-off share offer to its eligible non-management employees at no cost to participants. The plan is not tied to the company performance. The shares will vest as follows:
- 1/3 vesting after 3 years,
- the second 1/3 after 4 years and
- the final 1/3 after 5 years of the grant date.

The fair value of share options granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options were granted.

5.8.3 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.

5.8.4 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) 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.

c) Retirement benefits

Employees' retirement benefits are calculated based on number of years of continuous service, and upon attaining the compulsory retirement age of 60 years. Lump sum benefits payable upon retirement 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.

Notes to the audited consolidated and separate financial statements

5.9 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.

5.10 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.

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.

5.11 Other statutory levies

5.11.1 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.

5.11 Other statutory levies (continued)

5.11.2 National Agency for Science and Engineering Infrastructure (NASENI) levy

The Finance Act 2021 imposed the National Agency for Science and Engineering Infrastructure (NASENI) levy of 0.25% of profit before tax on commercial companies and firms with turnovers of N100,000,000 and above in certain sectors, including banking, telecommunications, ICT, aviation, maritime, and oil and gas with effect from effective 1 January 2022. The levy is calculated based on 0.25% of the profit before tax, collectible by the Federal Inland Revenue Service (FIRS) on behalf of NASENI Agency and it is tax deductible.

5.12 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.

5.13 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.

5.14 Treasury shares

Where the Company purchases its shares, the consideration paid is deducted from shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently reissued or sold, any consideration received is included in shareholders' equity. These treasury shares represent the shares held by Trustee for the new MTN Nigeria Employee share scheme which have not yet been allocated to staff based on the predetermined vesting conditions.

5.15 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.

5.16 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.

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.

5.16.1 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.

5.16 Revenue (continued)

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.

5.16.2 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.

5.16.3 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.

5.17 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.

5.18 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.

5.18.1 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
- 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, other and 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.

Other and 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;

5.18 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 category includes investments in Federal Government Treasury bills and bonds. 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 and bonds. 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.

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.

5.18 Financial instruments (continued)

5.18.2 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.

5.18.3 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.

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.

5.19 Impairment of non-financial assets

5.19.1 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.

5.19.2 Impairment of right-of-use assets

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

5.20 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.

5.21 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.

Notes to the audited consolidated and separate financial statements

5.22 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.

Notes to the audited consolidated and separate financial statements

6. New standards and interpretations

6.1 Standards and interpretations effective for the first time for 31 December 2022 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:

Reference to the Conceptual Framework -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.

6. New standards and interpretations (continued)

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.

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.

6.2 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 1 January 2023 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.

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.

6. New standards and interpretations (continued)

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.

Lease liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 January 2024 and applies to seller-lessee. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16. Earlier application is permitted, and that fact must be disclosed. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's financial statements.

7. 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 2022 and 31 December 2021 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 2022				
Segment revenue	1,737,349	221,478	53,445	2,012,272
Direct costs*	(304,216)	(13,046)	(24,345)	(341,607)
Gross margin	**1,433,133**	**208,432**	**29,100**	**1,670,665**
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**

*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	**2022 N million**	**2021 N million**
Segment gross margin	1,670,665	1,379,493
Unallocated items:		
- Operating expenses	(600,300)	(502,422)
- Depreciation & amortisation	(337,067)	(292,324)
- Finance income	13,768	11,938
- Finance expense	(213,094)	(159,998)
Profit before taxation	**533,972**	**436,687**

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.

8. 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 5.

8.1 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 are they 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..

8.2 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.

8.3 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.

8.4 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..

8.5 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.

8.6 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.

Notes to the audited consolidated and separate financial statements

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

8.7 Timing of satisfaction of performance obligations

The Group uses the output method to recognise revenue over a period of time. The output methods 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.

8.8 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.

8.9 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).

8.10 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.

8.11 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.

8.12 Non-controlling interests in the group’s activities and cash flows

The Group’s principal subsidiaries as at 31 December 2022 are set in Note 19. The Group in exercising its significant judgement, conclude that the 20% non-controlling interest in MoMo Payment Service Bank is not material to the Group as at 31 December 2022. Consequently, no summarized financial information about non-controlling interests in the group’s activities and cash flows were provided for the year ended 31 December 2022.

8.13 Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of significant amount of judgement and estimates of future cash flows. A number of factors affect the value of such cash flows, including discount rates, See note 18.6 for detailed information on impairment assessment performed on the CGU. There was no impairment charge during the year (2021: nil)

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

8.14 Climate related matters

Management has tangentially assessed the potential financial impact of climate change-related risks on financial statements particularly risks bordering on the useful lives of all items of property and equipment including retirement obligations for Right of Use assets, the possibility of impairment of goodwill and other long-lived assets, and the recoverability of deferred tax assets of the group. While there is no clear statutory requirements in respect of climate change in Nigeria which could have necessitated compliance on MTN's part, the Group in exercising its significant judgement, conclude that there are no material financial impacts of climate-related risks and opportunities on the consolidated and separate financial statements as at 31 December 2022.

Management will keep these judgements under review because the future impacts of climate change depend on environmental, regulatory and other factors outside of the control of the group which are not known to the management currently.

Item	Impact on climate change
Property and equipment	The group makes significant investments in network equipment and infrastructure – the base stations and technology required to operate the networks – that form the majority of property and equipment. Based on management judgement, there is no material impact of climate related risks on the items of property and equipment.
Deferred tax	The recovery of deferred tax assets is dependent on forecasts of future profitability and the climate related risks identified by the group in the recovery of those assets. Based on management judgement, there is no material impact of climate related risks on deferred tax assets
Goodwill	In assessing the Goodwill for impairment, impact of climate-related matters was considered even though there is no clear statutory requirements in respect of climate change in Nigeria which could have necessitated compliance on MTNN's part. Based on management judgement, there is no material impact of climate related risks on Goodwill.
Retirement obligations of right of use assets	The Group's leases include network infrastructure (including tower space and land), retail stores, vehicles, and office equipment. Based on management judgement, there is no material impact of climate related risks on retirement obligations for Right of use assets.

Notes to the audited consolidated and separate financial statements

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
9. Revenue					
Revenue from contracts with customers					
Voice		864,612	815,614	864,612	815,615
Data		763,938	516,098	763,938	516,098
SMS		63,447	46,408	63,415	46,408
Interconnect and roaming		159,970	138,783	159,970	138,783
Handset and accessories		5,001	2,954	5,001	2,954
Digital		25,033	19,415	22,081	18,040
Value added services		81,376	69,179	81,375	69,179
Other revenues		48,538	45,753	51,186	45,754
		2,011,915	**1,654,204**	**2,011,578**	**1,652,831**
Revenue other than from contracts with customers					
Rental Income		357	95	357	95
		357	**95**	**357**	**95**
		2,012,272	**1,654,299**	**2,011,935**	**1,652,926**

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.

Rental income comprises of income from sites leased to other telecom operators.

10. Finance income

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Interest income on bank deposits*		4,609	896	4,351	896
Interest income on amortised cost investments*		8,174	10,989	7,427	10,989
Net gain on FVTPL investments		456	46	456	46
Interest income on related party receivables*		-	7	-	7
Currency swap gain		529	-	529	-
Total finance income		**13,768**	**11,938**	**12,763**	**11,938**

*Finance income calculated using effective interest rate method.

Reconciliation for finance income received in the statement of cash flow

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Finance income per income statement		13,768	11,938	12,763	11,938
Interest income on amortised cost investments		(464)	(2,326)	(464)	(2,326)
Net gain on FVTPL investments		(456)	(46)	(456)	(46)
Interest income on related party receivables		-	(7)	-	(7)
Currency swap gain		(529)	-	(529)	-
		12,319	**9,559**	**11,314**	**9,559**

11. Finance costs

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Interest expense - borrowings*	30	62,491	49,249	62,491	49,249
Interest expense - leases*	36	92,748	86,373	92,748	86,373
Interest expense - banking fees		1,634	2,002	1,634	2,002
Net foreign exchange loss**		56,221	22,002	56,221	22,002
Currency swap loss		-	372	-	372
Total finance costs		**213,094**	**159,998**	**213,094**	**159,998**

*Finance costs calculated using effective interest rate method.

Notes to the audited consolidated and separate financial statements

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million

11. Finance costs (continued)

Reconciliation for finance costs paid in the statement of cash flow

Finance costs per income statement	213,094	159,998	213,094	159,998
Interest expense - leases	-	(699)	-	(699)
Net foreign exchange loss	(24,318)	(21,324)	(24,318)	(21,324)
Currency swap loss	-	(372)	-	(372)
	188,776	**137,603**	**188,776**	**137,603**

12. Employee costs

	Note(s)				
Salaries and wages		33,933	34,421	32,397	33,526
Pension - Defined contribution plan		2,173	2,104	2,166	2,104
Share based payments	48	5,889	8,689	5,889	8,689
Other staff costs		3,085	3,167	3,072	3,167
		45,080	**48,381**	**43,524**	**47,486**

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.

Share-based expense is made up NSO provision of N2.40 billion (2021: N4.83 billion) and PSP provision of N3.49 billion (2021: N3.86 billion).

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	
	2022	2021	2022	2021
N2,500,001 - N3,500,000	1	-	1	-
N3,500,001 - N4,500,000	17	199	17	199
N4,500,001 - N5,500,000	18	5	18	5
N5,500,001 - N6,500,000	30	111	30	111
N6,500,001 - N7,500,000	122	36	122	36
N7,500,001 - N8,500,000	97	156	97	156
N8,500,001 - N9,500,000	128	319	124	319
N9,500,001 - N10,500,000	94	74	89	74
N10,500,001 - N11,500,000	42	108	42	108
N11,500,001 - N12,500,000	56	79	45	79
Over N12,500,000	1,070	612	1,037	612
	1,675	**1,699**	**1,622**	**1,699**

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

CEO's Office	28	27	28	27
Corporate Services	53	56	53	56
Customer Relations	255	266	255	266
Digital Services	19	20	19	20
Enterprise Solutions	128	135	128	135
Finance	260	259	260	259
Human Resources	66	65	66	65
Information Systems	97	105	97	105
Internal Audit & Fraud Management	27	24	27	24
Marketing	80	87	80	87
Network Group	321	338	321	338
Risk & Compliance	31	29	31	29
Sales and Distribution	249	277	249	277
Strategy & Innovation (formerly Transformation Office)	8	11	8	11
MoMo PSB	53	-	-	-
	1,675	**1,699**	**1,622**	**1,699**

Notes to the audited consolidated and separate financial statements

12. Employee costs (continued)

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

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
Directors' emoluments:					
Fees (non-executive directors)		208	150	205	147
Other emoluments (non-executive directors)		776	477	775	476
Total non-executive emoluments	13	984	627	980	623
Emoluments (executive directors)		1,504	967	1,504	967
		2,488	**1,594**	**2,484**	**1,590**
The directors' remuneration shown above includes:					
Chairman's remuneration		58	41	58	41
Highest paid director		850	368	850	368
The emoluments of all other directors fall within the following ranges:					
Nil		4	5	4	5
N1 - N5,000,000		1	1	-	-
N5,000,001 - N10,000,000		-	-	-	-
N10,000,001 - N20,000,000		-	-	-	-
Above N20,000,000		11	8	11	8

12.3 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 bestowed on employees who have achieved milestones in terms of length of service in the Group and are paid on the anniversary month.

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

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Pension contribution		2,173	2,104	2,166	2,104
Long service award	37.1	994	(340)	994	(340)
Retirement benefits	37.1	459	193	459	193
		3,626	**1,957**	**3,619**	**1,957**

Notes to the audited consolidated and separate financial statements

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million

13. Other operating expenses

	Note(s)	Group 2022	Group 2021	Company 2022	Company 2021
Audit fees*		440	347	394	337
Directors' emoluments	12.2	984	627	981	623
Professional fees		33,537	29,734	29,978	27,144
Loss from unauthorised transfers**		10,508	-	-	-
Credit loss expense/(reversal) on trade and other receivables	22.1	4,575	(1,864)	4,575	(1,864)
Credit loss (reversal)/ expense on cash and cash equivalent, treasury bills and bonds	47.3.3	(448)	30	(448)	30
Impairment of property and equipment	16	761	500	761	500
Inventory write-down/(reversal of inventory write-down)	21.1	3,884	(1,996)	3,884	(1,996)
Profit on disposal of property and equipment and retirement of right of use assets	16.1	(1,381)	(1,692)	(1,381)	(1,692)
Maintenance costs		26,582	19,702	26,581	19,703
Rent, rates, utilities and other office running cost		3,091	3,460	3,077	3,460
Trainings, travels and entertainment cost		4,154	2,478	4,117	2,439
Insurance costs		2,825	2,198	2,825	2,198
Covid-19 related expenses		-	1,500	-	1,500
MTN Foundation		3,804	3,077	3,804	3,077
Information technology development levy		5,647	4,484	5,647	4,484
National Agency for Science and Engineering Infrastructure levy***		1,412	-	1,412	-
Stamp duties****		1	8,260	1	8,260
Other expenses*****		4,251	1,964	3,532	1,534
		104,627	**72,809**	**89,740**	**69,737**

*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 2022. 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.

**Loss incurred from unauthorised transfers caused by a system glitch in MoMo PSB.

***National Agency for Science and Engineering Infrastructure (NASENI) levy is computed and recognised at 0.25% of profit before tax in line with Finance Act, 2021.

****In 2021, MTNN paid backlogs of stamp duties to the tune of N8.26 billion for 2019 to 2021.

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

MTNN also paid the Messrs Ernst & Young professional fees for non-audit services. These services, in the MTNN'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	Agreed upon procedures on bonus calculations for the year ended 31 December 2022	4,887,500
Funmi Ogunlowo	FRC/2013/ICAN/00000000681	Ernst & Young	Review of payroll for the year ended 31 December 2022	2,406,773
			Total	7,294,273

Notes to the audited consolidated and separate financial statements

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million

14. Direct network operating costs

Regulatory fees		51,200	38,542	51,200	38,542
Annual Numbering Plan		2,688	2,492	2,688	2,492
BTS leases		331,849	288,923	331,849	288,923
Network Maintenance		73,295	58,872	73,294	58,872
		459,032	**388,829**	**459,031**	**388,829**

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	40	166,787	128,653	166,787	128,653
Prior year tax under provision of company income tax	40	10,446	4,766	10,446	4,766
Education tax	40	20,375	13,343	20,375	13,343
Nigerian police trust fund	40	28	22	28	22
Net current tax charge		**197,636**	**146,784**	**197,636**	**146,784**
Deferred					
Deferred tax credit	38	(22,541)	(8,751)	(13,332)	(5,250)
Net deferred tax credit		**(22,541)**	**(8,751)**	**(13,332)**	**(5,250)**
Tax expense for the year		**175,095**	**138,033**	**184,304**	**141,534**

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% (2021: 30%) and the Company's total tax expense for each year.

Profit before tax		533,972	436,687	564,665	448,358
Taxation		(175,095)	(138,033)	(184,304)	(141,534)
Actual tax rate		32.79 %	31.61 %	32.64 %	31.57 %
Applicable tax rate		30.00 %	30.00 %	30.00 %	30.00 %
Exempt income*		(0.02)%	(0.17)%	(0.02)%	(0.16)%
Prior year under provision of company income tax		(0.35)%	1.09 %	(0.33)%	1.05 %
Investment allowance**		(0.96)%	(0.74)%	(0.91)%	(0.72)%
Expenses not allowed		0.49 %	(1.40)%	0.45 %	0.73 %
Education tax		3.62 %	2.89 %	3.44 %	2.81 %
Police trust fund		0.01 %	0.01 %	0.01 %	0.01 %
Effective tax rate		**32.79 %**	**31.68 %**	**32.64 %**	**33.72 %**

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 not taxable.

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

Notes to the audited consolidated and separate financial statements

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	N million
Cost								
Balance at 1 January 2021	5,690	28,877	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	5,690	28,876	23,624	67,184	9,729	1,108,265	143,968	1,387,336
Additions	21,002	3,663	919	20,928	655	240,157	48,992	336,316
Reclassification	-	(43)	43	-	-	54,282	(54,282)	-
Disposal	-	(7)	(154)	(17,165)	(426)	(116,616)	-	(134,368)
Balance at 31 December 2022	**26,692**	**32,489**	**24,432**	**70,947**	**9,958**	**1,286,088**	**138,678**	**1,589,284**
Depreciation and impairment								
Balance at 1 January 2021	-	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
Reclassification	-	(1,783)	-	-	-	2,648	(865)	-
Disposal	-	(1)	(125)	(1,209)	(896)	(97,837)	-	(100,068)
Impairment	-	-	-	-	-	500	-	500
Balance at 31 December 2021	-	20,403	9,685	38,812	2,727	541,596	-	613,223
Charge for the year	-	1,018	1,579	16,999	1,741	159,516	-	180,853
Disposal	-	(4)	(154)	(17,114)	(151)	(116,487)	-	(133,910)
Impairment	-	-	-	-	-	761	-	761
Balance at 31 December 2022	-	21,417	11,110	38,697	4,317	585,386	-	660,927
Carrying amount								
At 31 December 2022	26,692	11,072	13,322	32,250	5,641	700,702	138,678	928,357
At 31 December 2021	5,690	8,473	13,939	28,372	7,002	566,669	143,968	774,113

Notes to the audited consolidated and separate financial statements

16. Property and equipment (continued)

16.1 Analysis of profit on disposal of property and equipment and retirement of right of use assets

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
Cost					
- Property and equipment	16	134,368	102,018	134,368	102,018
- Right-of-use assets	17	5,963	4,309	5,963	4,309
Accumulated depreciation					
- Property and equipment	16	(133,910)	(100,068)	(133,910)	(100,068)
- Right-of-use assets	17	(3,220)	(4,309)	(3,220)	(4,309)
Net book value		3,201	1,950	3,201	1,950
Sales proceeds		(4,582)	(3,642)	(4,582)	(3,642)
Profit on disposal and retirement	13	**(1,381)**	**(1,692)**	**(1,381)**	**(1,692)**

16.2 Capital work-in-progress

This represents costs incurred on assets still under construction as at the reporting date.

16.3 Reclassification

Reclassification relates to assets moved from capital work in progress to other categories of property and equipment. Total reclassification for the year was N54.28 billion (2021: N84.09 billion).

16.4 Other movement

This relates to reversals of prior year property and equipment associated costs no longer required. This includes freight, clearing and import charges.

16.5 Cash movements

The total cash outflow for property and plant in 2022 was N326.74 billion (2021 :N260.28 billion).

16.6 Impairment losses recognised in the year

Impairment relates to loss recognised due to obsolescence on network infrastructure. During the year, network infrastructure suffered an impairment of N761 million. (2021: N500 million). Technological obsolescence is one of the indicators of impairment according to IAS 36.15b and this occurs frequently in the telecommunications industry.

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 (2021: Nil)

Notes to the audited consolidated and separate financial statements

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 2021	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
Additions	136,149	4,758	2,341	-	52	143,300
Retirement	-	(5,532)	(33)	(398)	-	(5,963)
Balance at 31 December 2022	931,240	9,761	8,128	-	9,384	958,513
Depreciation						
Balance at 1 January 2021	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
Depreciation	96,562	2,425	1,398	-	1,874	102,259
Retirement	-	(2,789)	(33)	(398)	-	(3,220)
Balance at 31 December 2022	291,972	5,206	5,035	-	4,190	306,403
Carrying amounts						
At 31 December 2022	**639,268**	**4,555**	**3,093**	**-**	**5,194**	**652,110**
At 31 December 2021	**599,681**	**4,965**	**2,150**	**-**	**7,016**	**613,812**

17.1 Retirement

Retirement relates to terminated prepaid lease contracts (cost: N5.07 billion) and prepaid contracts expired (cost: N0.89 billion) during the reporting period.

17.2 Right of use cash movement

Total cash outflow for right-of-use assets in 2022 is N16.37 billion (2021: N248.00 million) which represents the prepaid leases for the year.

18. Intangible assets

Group

	Goodwill N million	Software N million	Licences N million	Capital work-in-progress N million	Total N million
Cost					
Balance at 1 January 2021	10,016	64,069	185,158	8,548	267,791
Additions	-	22,416	134,199	21,705	178,320
Reclassification	-	48,755	(48,755)	-	-
Disposal	-	(16,851)	(58,065)	-	(74,916)
Other movement	-	110	-	-	110
Balance at 31 December 2021	10,016	118,499	212,537	30,253	371,305
Addition	-	22,728	119,277	1,991	143,996
Reclassification	-	13,602	-	(13,602)	-
Disposal	-	(18,621)	-	-	(18,621)
Balance at 31 December 2022	**10,016**	**136,208**	**331,814**	**18,642**	**496,680**
Accumulated amortisation					
Balance at 1 January 2021	-	31,276	125,435	-	156,711
Charge for the year	-	26,287	17,658	-	43,945
Reclassification	-	27,184	(27,184)	-	-
Disposal	-	(16,844)	(58,065)	-	(74,909)
Balance at 31 December 2021	-	67,903	57,844	-	125,747
Charge for the year	-	29,519	24,436	-	53,955
Disposals	-	(18,621)	-	-	(18,621)
Balance at 31 December 2022	-	78,801	82,280	-	161,081
Carrying amount					
At 31 December 2022	10,016	57,407	249,534	18,642	335,599
At 31 December 2021	10,016	50,596	154,693	30,253	245,558

18. Intangible assets (continued)

Company

	Software N million	Licences N million	Capital work-in-progress N million	Total N million
Cost				
Balance at 1 January 2021	64,472	136,403	8,548	209,423
Additions	22,415	134,199	21,705	178,319
Other movement	111	-	-	111
Disposals	(16,319)	(58,065)	-	(74,384)
Balance at 31 December 2021	70,679	212,537	30,253	313,469
Addition	22,728	119,277	1,991	143,996
Reclassification	13,602	-	(13,602)	-
Disposal	(18,621)	-	-	(18,621)
Balance at 31 December 2022	**88,388**	**331,814**	**18,642**	**438,844**
Accumulated amortisation				
Balance at 1 January 2021	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
Charge for the year	24,200	24,436	-	48,636
Disposal	(18,621)	-	-	(18,621)
Balance at 31 December 2022	41,880	82,280	-	124,160
Carrying amount				
At 31 December 2022	46,508	249,534	18,642	314,684
At 31 December 2021	34,378	154,693	30,253	219,324

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 prior year additions to capital work in progress moved to other categories of intangible assets. During the year there was a reclassification of N13.6 billion.

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.

18.5 Cash movements

The total cash outflow for intangible assets in 2022 was N132.04 billion (2021 :N178.32 billion).

18.6 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 recoverable amount of the CGU has been determined based on the 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. The value-in-use entails the use of cash flow projection of economic benefits that an asset generates base on financial budgets approved by management covering a three-year period.

18. Intangible assets (continued)

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. for the year ending 31 December 2022 (31 December 2021: Nil).

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

	2022	**2021**
Revenue growth	22.4%	16.8%
Opex % revenue	44.5%	31.5%
Capex & revenue	15.9%	10.7%
Discount rate	24.5%	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 built adopting assumptions that align with the strategic objectives of the business within the period the budget covers.
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 projected capital expenditure costs in the CGU that has been derived as a percentage of revenue based on the historical experience of management
Discount rate	The discount rate used is the MTN Nigeria's pre-tax Weighted Average Cost of Capital (WACC) which is derived using a Capital Asset Pricing Model (CAPM). This rate reflects both time value of money and other specific risks relating to relevant CGU.

Goodwill sensitivity analysis

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:

	%change	Recoverable amount VIU N million	Excess of recoverable amount over CGU varying amount N million
Discount rate (%)	+5%	22,266,258	20,361,099
	-5%	22,640,353	20,735,194
Revenue % growth	+5%	22,617,885	20,712,726
	-5%	22,279,876	20,374,717

Management has performed appropriate assessment and made relevant assumptions including necessary analysis. There is no indication that the carrying amount of the respective CGUs is lower than the recoverable amounts (i.e. value in use).

	2022 N million	**2021 N million**
PV of net future cash flows (three-year period)	2,997,595	2,121,665
Present value of terminal value*	19,451,285	13,370,584
Value in use	22,448,880	15,492,249
less: CGU carrying amount (net assets)	(1,905,159)	(1,617,261)
Excess of value in use over CGU carrying amount	20,543,721	13,874,988

*Cash flow projections for periods beyond the most recent budgets/forecasts are determined by extrapolation using a steady or declining growth rate, unless an increasing growth rate can be justified. The resulting figure is called the terminal value. In calculating the terminal value, preceding year pre-tax cash flow was adjusted for changes in working capital using the terminal period value (being the lowest of the projections) to reflect present value of free cash flow in the preceding year growing at a constant rate.

Notes to the audited consolidated and separate financial statements

18. Intangible assets (continued)

18.7 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	9 February 2001/ 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 2001/ 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**	16 January 2018	TBC	TBC	US$ but paid in Naira	US$171 million (N34.1 billion)	For the provision of telecommunication services.
7	Spectrums 800 MHz (Visafone)	1 January 2015	10	Expiry date - 31 December 2024	US$	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	Spectrums 2.6GHz	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)
10	3.5GHz Spectrum Band (frequency 3500 - 3600MHz)	24 August 2022	10	Expiry date - 23 August 2032	NGN	119.28 billion	Spectrum License for 5G services. Enables high-speed data services (voice/video calls, live data streaming, etc.)

18. Intangible assets (continued)

*The Spectrum has not been renewed as the NCC is in the process of finalizing the review frequency spectrum (fees and pricing) regulations, which is to be used for the assessment of the fees.

**Effective date for the spectrum has been suspended by the NCC till all encumbrances have been cleared. (TBC - to be confirmed)

19. Investments in subsidiaries

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

Name of company	% Holding 2022	% Holding 2021	Carrying amount 2022 N 'million	Carrying amount 2021 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	14,150
MoMo Payment Service Bank Limited	80 %	- %	16,400	-
			74,828	58,428
Impairment of investment in subs (XS Broadband)			(500)	(500)
			74,328	57,928

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.

The MoMo Payment Service Bank Limited (MoMo PSB) is licensed by Central Bank of Nigeria (CBN) to facilitate high-volume low-value transactions in remittance services, micro-savings and withdrawal services in a secured technology-driven environment to further deepen financial inclusion in Nigeria. MoMo PSB commenced operations during the year and MTNN holds 80% of the voting shares while Axcani Limited holds 20% non- controlling interest.

During the year, there was no increase in the investment in Yellow Digital Financial Services (2021: N8.6 billion).

The investment in XS Broadband Limited was impaired in previous years to reflect the recoverable amount of MTNN'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	
		2022 N million	2021 N million	2022 N million	2021 N million
20. Derivatives					
Currency swap		(3,062)	(372)	(3,062)	(372)
Split between non-current and current portions					
Current liabilities		(3,062)	(372)	(3,062)	(372)

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

	Note	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Handsets and accessories		6,502	2,506	6,502	2,506
Starter packs		1,733	3,477	1,733	3,477
Gross inventory balance		8,235	5,983	8,235	5,983
Inventories (write-downs)	21.1	(4,557)	(673)	(4,557)	(673)
		3,678	**5,310**	**3,678**	**5,310**

21. Inventories (continued)

21.1 Reconciliation of inventory write-down

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Opening balance		(673)	(2,669)	(673)	(2,669)
(Increase)/decrease in inventory write-down	13	(3,884)	1,996	(3,884)	1,996
Closing balance		**(4,557)**	**(673)**	**(4,557)**	**(673)**

During the year, there was an inventory write-down of N3.88 billion (2021: write-back of N2.00 billion) for starter packs, 4G and 5G devices carried at net realisable value. The increase in impairment is as a result of the arrival of new technology 4G & 5G batteries and new updated stocks received which would leave the old existing stock possible obsolete. The write-down/writeback is recognised in the other operating costs in statement of profit or loss.

22. Trade and other receivables

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Financial instruments:					
Trade receivables		73,563	43,425	73,290	42,467
Trade receivables - related parties	46.5	12,323	12,277	43,903	21,467
Allowance for expected credit losses	22.1	(13,652)	(9,077)	(13,234)	(8,659)
Trade receivables at amortised cost		72,234	46,625	103,959	55,275
Other receivables*		11,678	12,149	11,133	12,201
		83,912	58,774	115,092	67,476
Non-financial instruments:					
Sundry receivables and advances		407	177	407	177
Other non-financial receivables**		90,294	26,681	79,884	26,708
Prepayments***		27,568	53,940	27,534	53,937
Less: non current prepayments		(10,685)	(12,340)	(10,685)	(12,340)
		107,584	68,458	97,140	68,482
		191,496	**127,232**	**212,232**	**135,958**

*Other receivables includes advance payments to suppliers and prepaid IRU expenses.

**Other non-financial receivables includes withholding tax receivables and 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 contracts with vendors.

The Group's exposure to currency risk and credit risk and impairment losses related to trade and other receivables are disclosed in note 47.5.2 and 47.3 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:

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
As at 1 January		**(9,077)**	**(10,941)**	**(8,659)**	**(10,523)**
(Increase)/decrease in loss allowance recognised in profit or loss	13	(4,575)	1,864	(4,575)	1,864
As at 31 December		**(13,652)**	**(9,077)**	**(13,234)**	**(8,659)**

Impairment charge of N4.58 billion (2021: reversal of N1.86 billion) for Group and Company and was recognised in the statement of profit or loss. The increase in loss allowance is due to the increase in trade receivables as at year end.

Notes to the audited consolidated and separate financial statements

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
23. Investments					
Other investments					
Treasury bonds at amortised cost		7,345	7,710	7,345	7,710
NGN deposits at amortised cost		3,441	3,340	3,441	3,340
Allowance for expected credit losses	23.2	(201)	(205)	(201)	(205)
		10,585	**10,845**	**10,585**	**10,845**
Current investments					
US Dollar deposits at amortised cost		-	15,526	-	15,526
NGN deposits at amortised cost		819	26,530	819	26,530
Treasury bills at amortised cost		5,410	9,529	4,793	9,529
Allowance for expected credit losses	23.2	(12)	(141)	(12)	(141)
Net current investments at amortised cost		6,217	51,444	5,600	51,444
Treasury bills and bonds at fair value through profit or loss		539	6,220	539	6,220
Treasury bills and bonds at fair value through other comprehensive income		13,532	-	11,267	-
		20,288	**57,664**	**17,406**	**57,664**

For cash flow purposes of current investments -

Group: total purchases was N132.69 billion (2021: N41.75 billion); total sales is N170.38 billion (2021: N133.85 billion).

Company: total purchases was N129.81 billion (2021: N41.75 billion); total sales was N170.38 billion (2021: N133.85 billion).

23.1 Debt instruments measured at fair value through other comprehensive income (FVOCI)

		Group 2022	Group 2021	Company 2022	Company 2021
As at 1 January		-	-	-	-
Purchases		41,161	-	38,896	-
Sales		(28,588)	-	(28,588)	-
Gains from changes in fair value recognised on treasury bills and promissory notes		1,090	-	1,090	-
Losses from changes in fair value recognised on FGN bonds		(131)	-	(131)	-
As at 31 December		**13,532**	**-**	**11,267**	**-**

The fair value gains recognised in Other Comprehensive Income is analysed below:

		Group 2022	Group 2021	Company 2022	Company 2021
Gains from changes in fair value recognised on treasury bills		1,090	-	1,090	-
Deferred tax	38	(354)	-	(354)	-
Net gains from changes in fair value recognised on treasury bills		736	-	736	-
Losses from changes in fair value recognised on FGN bonds		(131)	-	(131)	-
Recognised in Other Comprehensive Income (OCI)	**29**	**605**	**-**	**605**	**-**

23.2 Reconciliation for allowance of expected credit losses

		Group 2022	Group 2021	Company 2022	Company 2021
Other investments					
As at 1 January		(205)	(223)	(205)	(223)
Reversal of credit loss expense		4	18	4	18
As at 31 December		**(201)**	**(205)**	**(201)**	**(205)**
Current investments					
As at 1 January		(141)	(69)	(141)	(69)
Reversal of/(charge on) credit loss expense		129	(72)	129	(72)
As at 31 December		**(12)**	**(141)**	**(12)**	**(141)**

Notes to the audited consolidated and separate financial statements

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million

24. Restricted cash

Restricted cash deposits for letters of credit	150,899	115,772	150,899	115,772
Collateral on borrowings and cash covers	43,043	29,973	43,043	29,973
Restricted cash - others	883	443	680	443
Cash held for MoMo customers	1,257	-	-	-
	196,082	**146,188**	**194,622**	**146,188**

Included in restricted cash - others is the retention fee on purchase of Visafone Communications Limited of N378 million; dividends of N237.4 million (2021: Nil) received on shares held in trust by Vetiva Trustee Ltd for the MTNN employee shares scheme implementation; and garnishees against court judgments of N64.9 million.

Cash held for MoMo customers relates to MoMo customers deposit liability for the period (see note 32).

For the purpose of cash flows, total net cash outflow to banks for restricted cash was Group: N48.64 billion (2021: N98.28 billion), for Company N48.44 billion (2021: N98.28 billion).

25. Cash and cash equivalents

	Note(s)				
Cash and cash equivalents consist of:					
Bank balances		185,347	123,149	171,240	109,374
Short-term deposits		164,441	138,345	153,292	138,254
Cash and cash equivalents		349,788	261,494	324,532	247,628
Allowance for expected credit losses	25.1	(288)	(603)	(288)	(603)
Net cash and cash equivalents		**349,500**	**260,891**	**324,244**	**247,025**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

Bank balances	185,347	123,149	171,240	109,374
Short-term deposits	164,441	138,345	153,292	138,254
	349,788	**261,494**	**324,532**	**247,628**

25.1 Reconciliation of allowance for expected credit losses

As at 1 January	(603)	(627)	(603)	(627)
Decrease in loss allowance recognised in profit or loss	315	24	315	24
As at 31 December	**(288)**	**(603)**	**(288)**	**(603)**

26. Share capital

Issued and fully paid				
20,354,513,050 ordinary shares of N0.02 each	407	407	407	407

At an Extraordinary General Meeting held on 13 December 2022, the shareholders authorised the passing of special resolutions to cancel 7,495,486,950 unissued ordinary shares of N0.02 and 402,590,261 unissued preference shares of US$0.005, in accordance with Section 124 of the Companies and Allied Matters Act (CAMA) 2020 and Regulation 13 of the Companies Regulation 2021.

26.1 Dividend declared and paid

Final dividend for 2021 N8.57 kobo per share (2020: N5.90 kobo per share)	174,201	120,092	174,201	120,092
Interim dividend for 2022: N5.60 kobo per share (2021: N4.55 kobo per share)	113,985	92,613	113,985	92,613
	288,186	**212,705**	**288,186**	**212,705**

Notes to the audited consolidated and separate financial statements

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million

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. Treasury shares

Treasury shares	4,869	-	4,869	-

Treasury shares represent 28,809,789 ordinary shares of MTN Nigeria acquired and held in trust by Vetiva Trustee Limited for the purpose of employee share scheme implementation (2021: nil).

29. Other reserves

Movement in other reserves					
As at 1 January		885	239	885	239
Fair valuation gain on investments designated at FVOCI*	23.1	605	-	605	-
Remeasurement gain on employee benefits**	37.2	174	646	174	646
As at 31 December		**1,664**	**885**	**1,664**	**885**

*Fair valuation gain on financial assets classified as fair value through other comprehensive income is recognised on Federal Government treasury bills and bonds investments net of tax except for Federal Government bonds, which are exempted from company income tax.

**The remeasurement of gain on employee benefits is reported here net of tax.

Other reserves is made up of:

Redemption of preference shares	239	239	239	239
Fair value reserve of investments designated at FVOCI	605	-	605	-
Cumulative remeasurement gain on employee benefits	820	646	820	646
	1,664	**885**	**1,664**	**885**

30. Borrowings

	Group and Company N million	Type	Denominated currency	Description of borrowing	Type of interest charged	Nominal interest %	Remaining repayment details
2022							
1	93,125	Unsecured	NGN	Local syndicated facility (M)	Floating	15.35	6 semi-annual equal installments
2	34,853	Unsecured	NGN	Local syndicated facility (N)	Floating	15.35	7 semi-annual equal installments
3	30,888	Unsecured	US$	EIB Facility	Floating	7.08	13 semi-annual equal installments
4	17,337	Unsecured	US$	AFC/RMB Syndicated Facility (O)	Floating	10.65	2 semi-annual equal installments
5	318,887	Unsecured	NGN	Local Bond Series I&II (7yr & 10 yr)	Fixed	14.23	10 annual installments
6	22,436	Unsecured	NGN	Commercial paper	Fixed	12.70	Matures March 2023
7	161,238	Secured	US$	Letter of credit transaction established on credit line	Floating	2 to 14	2 quarterly equal installments
8	10,909	Unsecured	US$	AFC Facility (Q)	Floating	9.97	6 annual installments
	689,673						
2021							
1	124,096	Unsecured	NGN	Local syndicated facility (M)	Floating	13.12	14 semi-annual equal installments
2	44,851	Unsecured	NGN	New local syndicated facility (N)	Floating	13.12	17 semi-annual equal installments
3	200,698	Unsecured	NGN	Local Bond Series I&II (7yr & 10 yr)	Fixed	12.89	14 semi-annual installments
4	88,837	Secured	US$	Letter of credit transaction established on credit line	Floating	1.43	2 quarterly equal installments
5	3,221	Unsecured	US$	KFW/Citibank (Buyer's credit) facility (H)	Floating	1.30	1 semi-annual equal installments
6	31,557	Unsecured	US$	AFC/RMB Syndicated Facility (O)	Floating	5.84	4 semi-annual equal installments
	493,260						

	Group		Company	
	2022 N million	2021 N million	2022 N million	2021 N million
The maturity of the loan is as follows:				
Payable within one year (included in current liabilities)*	250,210	152,835	250,210	152,835
More than one but not exceeding two years	43,339	56,826	43,339	56,826
More than two but not exceeding five years	124,036	86,798	124,036	86,798
More than five years	272,088	196,801	272,088	196,801
Amounts included in non-current liabilities	**439,463**	**340,425**	**439,463**	**340,425**
Total borrowings	**689,673**	**493,260**	**689,673**	**493,260**

*This includes letters of credit of N161.23 billion.

	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
The carrying amounts of the Group's borrowings are denominated in the following currencies:				
US Dollar	220,372	123,615	220,372	123,615
Nigerian Naira	469,301	369,645	469,301	369,645
	689,673	**493,260**	**689,673**	**493,260**

30. Borrowings (continued)

		Group		Company	
		2022	2021	2022	2021
	Notes(s)	N million	N million	N million	N million
30.1 Borrowings reconciliation					
As at 1 January		493,260	521,150	493,260	521,150
Drawdown		479,243	417,926	479,243	417,926
Repayment		(361,431)	(502,212)	(361,431)	(502,212)
Other movement*		(9,878)	-	(9,878)	-
Interest capitalised	11	62,491	49,249	62,491	49,249
Exchange loss		25,988	7,147	25,988	7,147
As at 31 December		**689,673**	**493,260**	**689,673**	**493,260**

*Others movement refers to loan repayment made by MTN International (Mauritius) Limited on behalf of MTNN.

30.2 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 six (6) equal semi-annual installments from January 2023 to August 2025.

As at 31 December 2022, the outstanding principal balance on the facility is N93.12 billion (31 December 2021: N124.1 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 seven (7) equal semi-annual installments from April 2023 to May 2026.

As at 31 December 2022, the outstanding principal balance on the facility is N34.85 billion (31 December 2021: N44.85 billion).

Commercial paper – Under the N150 billion commercial paper issuance programme are:

Series III: Issued on 14 September 2022 with face value of N23 billion for 184 days at a discount rate of 11.3155% maturing in March 2023.

Foreign EIB facility – EUR100 million financing from European Investment bank (EIB) was arranged in 2021, with 3-year moratorium. It was drawn in April and December 2022, with principal to be repaid over thirteen (13) equal semi-annual installments which will commence in April 2025. It is a floating interest loan linked to the 6 month LIBOR plus a 2.20% margin.

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 US$87.6 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.

As at 31 December 2022 the loan has been fully repaid (31 December 2021: US$25.6 million).

Foreign facility Q – US$150 million SOFR + 6.17% margin financing from AFC was arranged in 2022 with 2-year moratorium. US$24.8 million of the facility has been drawn in October and November 2022 with payment commencing in 2024 with 6 annual repayment tranches.

As at 31 December 2022, outstanding balance of US$24.8 million (31 December 2021: nil).

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 trenches (O1 and O2) of US$50 million and US$45 million, respectively;

As at 31 December 2022, the facility was fully drawn at US$95 million. The loan is repayable in two (2) equal semi-annual installments from June 2023 to December 2023. As at 31 December 2022, the outstanding principal balance on the facility is US$38 million (31 December 2021: US$76 million).

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.
- Series III: - Tranche A - N10 billion 4 year 13.5% bond issued in September 29 , 2022 due in 2026.
  - Tranche B - N105 billion 10 year 14.5% bond issued on September 30, 2022 due in 2032.

In securing the facilities, MTN Nigeria has 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.

Notes to the audited consolidated and separate financial statements

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
31. Trade and other payables					
Financial instruments:					
Trade payables		64,666	63,829	64,364	63,814
Trade payables - related parties	46.5	40,822	32,839	45,764	33,176
Other accrued expenses*		315,252	208,239	309,885	206,953
Other payables**		306	527	306	527
		421,046	305,434	420,319	304,470
Non-financial instruments:					
Other non-financial accrued expenses***		58,697	107,059	58,697	107,059
Sundry payables		3,250	3,971	3,028	1,085
Other non-financial payables****		31,899	27,431	32,162	27,409
		93,846	138,461	93,887	135,553
		514,892	**443,895**	**514,206**	**440,023**

*Other accrued expenses consist of 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.

32. Deposit held for MoMo customers

	Group 2022	Group 2021	Company 2022	Company 2021
Deposits held for MoMo customers	1,257	-	-	-

The deposits held for MoMo customers are measured at their carrying amounts considering that these are either due or demandable at short notice. The corresponding assets are held as restricted cash (note 24).

33. Contract acquisition costs

	Group 2022	Group 2021	Company 2022	Company 2021
Opening balance	5,602	7,990	5,602	7,990
Additions	4,739	1,795	4,739	1,795
Amortised in the year	(3,739)	(4,183)	(3,739)	(4,183)
Closing balance	**6,602**	**5,602**	**6,602**	**5,602**

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.

34. Contract liabilities

Reconciliation of contract liabilities

	Group 2022	Group 2021	Company 2022	Company 2021
As at 1 January	72,336	62,301	71,954	61,919
Payments received in advance of delivery of performance obligations	887,209	449,829	887,209	449,829
Revenue recognised on delivery of goods/services previously paid for	(866,684)	(439,794)	(866,684)	(439,794)
As at 31 December	**92,861**	**72,336**	**92,479**	**71,954**

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.

35. Provisions

Reconciliation of provisions	At beginning of year N million	Additions N million	Utilised during the year N million	Reversed during the year N million	At end of year N million
Group					
2022					
Decommissioning provision	41	3	(1)	-	43
Litigation provision	12,406	3,468	(3,042)	(112)	12,720
Bonus provision	6,850	6,396	(6,192)	-	7,054
Other provisions	10,480	25,175	(2,339)	(11,003)	22,313
	29,777	**35,042**	**(11,574)**	**(11,115)**	**42,130**
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**
Company					
2022					
Decommissioning provision	41	3	(1)	-	43
Litigation provision	12,406	3,468	(3,042)	(112)	12,720
Bonus provision	6,850	6,379	(6,192)	-	7,037
Other provisions	10,480	14,667	(2,339)	(11,003)	11,805
	29,777	**24,517**	**(11,574)**	**(11,115)**	**31,605**
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**

Net provision expense for Group was N23.93 billion (2021: N17.67 billion) for Company N13.40 billion (2021: N17.67 billion).
Total cash outflows on provisions were N11.57 billion (2021: N12.66 billion) for Group and Company.

	Group		Company	
	2022 N million	2021 N million	2022 N million	2021 N million
Split between non-current and current portions				
Non-current liabilities	43	41	43	41
Current liabilities	42,087	29,736	31,562	29,736
	42,130	**29,777**	**31,605**	**29,777**

35.1 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.

35.2 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.

35.3 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, Hamsatu Abdullahi vs MTN Nigeria & Anor etc. Timing is dependent on the outcome of court judgements in respect of the litigation.

35. Provisions (continued)

35.4 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 strategic advisory and consultancy services are payable to various consultants and legal advisers.

36 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 N494 million for Group and N480 million for Company (2021: N753 million for Group and Company) 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:

		Group		Company	
		2022 N million	2021 N million	2022 N million	2021 N million
Movement schedule					
As at 1 January		690,856	641,790	690,856	641,790
Additions		120,545	103,172	120,545	103,172
Interest capitalised	11	92,748	86,373	92,748	86,373
Exchange loss		7,206	3,172	7,206	3,172
Payments - principal portion		(91,123)	(57,977)	(91,123)	(57,977)
Payments - interest portion		(92,748)	(85,674)	(92,748)	(85,674)
As at 31 December		**727,484**	**690,856**	**727,484**	**690,856**
Lease liability by maturity					
- within one year		64,829	62,531	64,829	62,531
- after one year to two years		87,124	63,855	87,124	63,855
- after two years to five years		302,427	233,000	302,427	233,000
- later than five years		273,104	331,470	273,104	331,470
		727,484	**690,856**	**727,484**	**690,856**
Current and non-current split:					
Current		64,829	62,531	64,829	62,531
Non-current		662,655	628,325	662,655	628,325
		727,484	**690,856**	**727,484**	**690,856**

37. 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/2012/0000000000504) signed by Wayne van Jaarsveld (FRC/2021/002/00000024507).

	Group		Company	
	2022 N million	2021 N million	2022 N million	2021 N million
Defined benefit obligations - retirement benefits	2,178	1,994	2,178	1,994
Long service awards	4,657	4,691	4,657	4,691
	6,835	**6,685**	**6,835**	**6,685**
Current to non-current split				
Non-current	6,835	6,685	6,835	6,685

37.1 Movement in employee benefits

Movement in the present value of defined benefits obligations - retirement benefits				
Present value as at 1 January	1,994	2,751	1,994	2,751
Current service cost	168	224	168	224
Curtailment cost	-	(307)	-	(307)
Interest cost	291	276	291	276
Actuarial gains	(256)	(950)	(256)	(950)
Benefits paid	(19)	-	(19)	-
Present value as at 31 December	**2,178**	**1,994**	**2,178**	**1,994**
Movement in the present value of long service award				
Present value as at 1 January	4,691	5,510	4,691	5,510
Current service cost	484	548	484	548
Curtailment cost	-	(481)	-	(481)
Interest cost	553	495	553	495
Current year loss	(43)	(902)	(43)	(902)
Benefits paid	(1,028)	(479)	(1,028)	(479)
Present value as at 31 December	**4,657**	**4,691**	**4,657**	**4,691**

Total cash outflow for employee benefits is N1.05 billion (2021: N0.48 billion)
Other costs and current year loss are charged to the profit or loss, for retirement benefits N459 million (2021 :N193 million) and for long service award N994 million (2021: expense reversal of N340 million), see note 12.4

37.2 Remeasurement gain

Remeasurement gains recognised during the year:					
Change in financial assumptions		(409)	(778)	(409)	(778)
Change in demographic assumptions		153	(172)	153	(172)
Total actuarial gains		(256)	(950)	(256)	(950)
Deferred tax	38	82	304	82	304
Recognised in Other Comprehensive Income (OCI)		**(174)**	**(646)**	**(174)**	**(646)**

Notes to the audited consolidated and separate financial statements

37. Employment benefits (continued)

	Group		Company	
	2022 N million	2021 N million	2022 N million	2021 N million
Change in financial assumptions	(652)	(1,341)	(652)	(1,341)
Change in demographic assumptions	-	(82)	-	(82)
Experience	610	522	610	522
Remeasurement gains recognised in profit or loss during the year	**(42)**	**(901)**	**(42)**	**(901)**

37.3 Principal actuarial assumptions

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

	31 December 2022	31 December 2021
Discount rate - retirement benefits	15.30%	13.50%
Discount rate - long service award	15.00%	12.00%
Retirement age for both male and female	60 years	60 years
Salary increase rate	8.00%	8.00%

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 10.00% p.a (2021: 5% p.a)

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	**31 December 2022**	**31 December 2021**
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:

	Annual rate of withdrawal		**Annual rate of early retirement**	
Age Group	2022	2021	2022	2021
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%	1.0%
55 - 59	-	-	-	-
60+	-	-	-	-

37. Employment benefits (continued)

Details of benefits for long service awards and gratuity

Length of service	Cash award	Gift item
5	85% of 1-month's gross salary	-
10	85% of 2-month's gross salary	A plaque
15	2-month's gross salary	A plaque
20	2-month's gross salary	A plaque, additional 5GB data per month
25	2-month's gross salary	A plaque, additional 5GB data per month and 3 extra leave days
30	2-month's gross salary	A plaque, additional 5GB data per month and 5 extra leave days
35	2-month's gross salary	A plaque, additional 5GB data per month and 10 extra leave days

Gratuity Benefit

Employees are entitled to 6 months gross salary with a plaque only on retirement at age 60. In addition, a retiring employee who served the organization for thirty-five (35) consecutive years will be presented with a gold plated wristwatch or its equivalent.

37.4 Sensitivity analysis

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		31 December 2022		31 December 2021	
		N'million	% Change	N'million	% Change
Discount rate	+0.5%	2,079	-4.50%	1,893	-2.40%
	-0.5%	2,282	4.80%	2,102	2.50%
Salary increase	+0.5%	2,291	5.20%	2,109	2.80%
	-0.5%	2,070	-4.90%	1,886	-2.70%
Age rating	+1 year	2,157	-0.90%	1,975	-0.30%
	-1 year	2,197	0.90%	2,013	0.30%

Sensitivity to each actuarial assumption was determined while other assumptions were held constant.

Long service award		31 December 2022		31 December 2021	
		N'million	% Change	N'million	% Change
Discount rate	+0.5%	4,499	-2.20%	4,520	-2.40%
	-0.5%	4,702	2.30%	4,750	2.50%
Salary increase	+0.5%	4,715	2.50%	4,761	2.80%
	-0.5%	4,486	-2.40%	4,509	-2.70%
Age rating	+1 year	4,642	-0.30%	4,675	-0.30%
	-1 year	4,665	0.30%	4,701	0.30%

Sensitivity to each actuarial assumption was determined while other assumptions were held constant.

38. Deferred tax

Group

	At beginning of year N million	Temporary differences N million	Arising on consolidation N million	At end of year N million
Non-current assets				
31 December 2021				
Temporary difference from provisions and unrealised foreign exchange losses	1,498	1,906	-	3,404
Total deferred tax asset	1,498	1,906	-	3,404
31 December 2022				
Temporary difference from provisions and unrealised foreign exchange losses	3,404	7,614	-	11,018
Total deferred tax asset	3,404	7,614	-	11,018
Non-current liabilities				
31 December 2021				
Adjustments on consolidation	5,935	-	(1,595)	4,340
Temporary differences from non-current assets and liabilities	108,693	(4,946)	-	103,747
Total deferred tax liability	114,628	(4,946)	(1,595)	108,087
31 December 2022				
Adjustments on consolidation	4,340	-	(1,595)	2,745
Temporary differences from non-current assets and liabilities	103,747	(12,896)	-	90,851
Total deferred tax liability	108,087	(12,896)	(1,595)	93,596
Net deferred tax asset				
31 December 2021	1,498	1,906	-	3,404
31 December 2022	3,404	7,614	-	11,018
Net deferred tax liability				
31 December 2021	114,628	(4,946)	(1,595)	108,087
31 December 2022	108,087	(12,896)	(1,595)	93,596

Notes to the audited consolidated and separate financial statements

38. Deferred tax (continued)

Movement in temporary differences in the year:

		Opening balance N million	Charge to profit or loss N million	Charge to OCI N million	Closing balance N million
2021					
Defered tax asset					
Assessable losses (YDFS)		1,498	1,906	-	3,404
Deferred tax laibility					
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
		114,628	**(6,845)**	**304**	**108,087**
Reported on profit or loss and OCI		-	(8,751)	304	-
	Notes		15	37.2	
2022					
Defered tax asset					
Assessable losses (YDFS)		3,404	1,924	-	5,328
Assessable losses (MoMo PSB)		-	5,690	-	5,690
		3,404	**7,614**	**-**	**11,018**
Deferred tax liability					
Property and equipment		156,707	(111)	-	156,596
Provision		(14,631)	(9,019)	82	(23,568)
Right of use assets		(32,614)	3,619	-	(28,995)
Unrealised exchange difference		(5,715)	(7,821)	-	(13,536)
Financial instruments at OCI		-	-	354	354
		103,747	(13,332)	436	90,851
Adjustments on consolidation					
Visafone Communications Limited		4,340	(1,595)	-	2,745
		108,087	**(14,927)**	**436**	**93,596**
Reported on profit or loss and OCI		-	(22,541)	436	-
	Notes		15	23.1,37.2	

Notes to the audited consolidated and separate financial statements

38. Deferred tax (continued)

Company

	At beginning of year N million	Temporary differences N million	Arising on consolidation N million	At end of year N million
Non-current Liabilities				
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
31 December 2022				
Temporary differences from non-current assets and liabilities	103,747	(12,896)	-	90,851
Total deferred tax liability	103,747	(12,896)	-	90,851
Net deferred tax liability				
31 December 2021	108,693	(4,946)	-	103,747
31 December 2022	103,747	(12,896)	-	90,851

Movement in temporary differences in the year:

	At beginning of year N million	Charge to profit or loss N million	Charge to OCI N million	At end of year N million
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**
2022				
Property and equipment	156,707	(111)	-	156,596
Provisions	(14,631)	(5,400)	82	(19,949)
Right of use assets	(32,614)	(7,821)	-	(40,435)
Unrealised exchange difference	(5,715)	-	-	(5,715)
Financial instruments at OCI	-	-	354	354
	103,747	**(13,332)**	**436**	**90,851**
Note		15	23.1, 37.2	

Notes to the audited consolidated and separate financial statements

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million

39. Capital commitments

Commitments for the acquisitions of property and equipment as at the reporting date is as follows:					
Contracted for		92,347	158,717	92,347	158,717
Approved but not contracted for		322,670	267,382	322,670	267,382
		415,017	**426,099**	**415,017**	**426,099**
Commitments for the acquisitions of software and work in progress as at the reporting date is as follows:					
Contracted for		5,034	5,939	5,034	5,939
Approved but not contracted for		26,571	6,258	26,571	6,258
		31,605	**12,197**	**31,605**	**12,197**
Total commitments for property and equipment, software and work in progress		**446,622**	**438,296**	**446,622**	**438,296**

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

40. Current tax payable

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Balance as at 1 January		144,163	107,310	143,891	107,038
Provisions for the year - company income tax	15	166,787	128,653	166,787	128,653
Provisions for the year - education tax	15	20,375	13,343	20,375	13,343
Provisions for the year - Nigerian Police Trust Fund	15	28	22	28	22
Prior year under provision	15	10,446	4,766	10,446	4,766
Tax paid		(139,511)	(109,931)	(139,511)	(109,931)
Withholding tax credit		(2,329)	-	(2,329)	-
Balance as at 31 December		**199,959**	**144,163**	**199,687**	**143,891**

Notes to the audited consolidated and separate financial statements

41. Cash generated from operations

	Note(s)	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Profit before taxation		533,972	436,687	564,665	448,358
Adjustments for:					
Finance costs	11	213,094	159,998	213,094	159,998
Finance income	10	(13,768)	(11,938)	(12,763)	(11,938)
Depreciation of property and equipment	16	180,853	162,544	180,853	162,544
Depreciation of right of use assets	17	102,259	85,835	102,259	85,835
Amortisation of intangible assets	18	53,955	43,945	48,636	38,627
Amortisation of contract cost	33	3,739	4,183	3,739	4,183
Profit on disposal of property and equipment and retirement of right of use assets	13	(1,381)	(1,692)	(1,381)	(1,692)
Impairment of property and equipment	16	761	500	761	500
Allowance for credit losses on cash and cash equivalent, treasury bills and bonds	13	(448)	30	(448)	30
Credit loss expense on trade and other receivables	13	4,575	(1,864)	4,575	(1,864)
Write-down/(reversal) of trading inventory	13	3,884	(1,996)	3,884	(1,996)
Post employment benefit plan cost	12.3	1,453	(147)	1,453	(147)
Provision expense	35	23,927	17,665	13,402	17,665
Share based payment	12	5,889	8,689	5,889	8,689
		1,112,764	902,439	1,128,618	908,792
Changes in working capital:					
Increase in inventories		(4,257)	(1,156)	(4,257)	(1,156)
Increase in trade and other receivables		(68,394)	(75,428)	(83,503)	(81,810)
Increase in trade and other payables		127,895	191,705	131,081	190,625
Increase in contract liabilities		20,525	10,035	20,525	10,035
		75,769	125,156	63,846	117,694
Cash generated from operations		**1,188,533**	**1,027,595**	**1,192,464**	**1,026,486**

Notes to the audited consolidated and separate financial statements

42. Other adjustments to statement of cash flows

Changes in liabilities arising from financing activities

Group and Company	Opening balance	Net cash raised	Net cash paid	Foreign exchange (gain)/loss	Additions	Others*	Total
	N million	N million	N million	N million	N million	N million	N million
2022							
Current interest bearing loans and borrowings (excluding items listed below)	152,835	316,853	(312,979)	22,294	-	60,449	250,210
Non-current interest bearing loans and borrowings (excluding items listed below)	340,425	162,390	(48,452)	3,694	-	11,924	439,463
Current lease liabilities	62,531	-	(183,871)	7,206	120,545	58,418	64,829
Non-current lease liabilities	628,325	-	-	-	-	34,330	662,655
	1,184,116	**479,243**	**(545,302)**	**33,194**	**120,545**	**165,121**	**1,417,157**
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	210,689	(146,878)	(364)	-	(53,573)	340,425
Current lease liabilities	54,798	-	(143,651)	3,172	103,172	45,040	62,531
Non-current lease liabilities	586,992	-	-	-	-	41,333	628,325
	1,162,940	**417,926**	**(645,863)**	**10,319**	**103,172**	**135,622**	**1,184,116**

*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.

43. 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 N1.48 billion (2021: N12.10 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.

44. Earnings and dividend per share

44.1 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 of the parent. 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	
	2022	2021	2022	2021
Profit attributable to equity holders (N 'million)	361,532	298,654	380,361	306,824
Weighted average numbers of ordinary shares at end of year (million)*	20,326	20,355	20,326	20,355
Basic and diluted EPS (N)	17.79	14.67	18.71	15.07

*Earnings per share (EPS) is calculated by dividing the profit after tax attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares held as treasury shares (2022: 28,809,789; 2021: nil)

44.2 Dividend per share

Interim	5.60	4.55	5.60	4.55
Final	10.00	8.57	10.00	8.57

During the year ended 31 December 2022: N288.19 billion (31 December 2021: N212.70 billion) dividend was approved and paid as follows:

- 31 December 2021 final dividend: N174.20 billion
- 30 June 2022 interim dividend: N113.99 billion

On 29 July 2022, the Board of Directors approved interim dividends of N113.99 billion for the year ended 31 December 2022 (Interim 2021: N92.60 billion). The interim dividend represents N5.60 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 N10.00 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 2022 will be N15.60 per share of 2 kobo each. Withholding tax would be deducted at the point of payment.

45. 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 2022	**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	32,613	-	-	-	32,613
Restricted cash	53,638	-	-	-	53,638
Cash and cash equivalents	59,024	12	1	-	59,037
	145,275	12	1	-	145,288
Liabilities					
Current liabilities					
Trade and other payables	143,234	477	1,810	309	145,830
Derivative liability*	35,274	-	-	-	35,274
Borrowings	173,511	-	-	-	173,511
Lease liabilities	51,214	-	-	-	51,214
	403,233	477	1,810	309	405,829
Non-current liabilities					
Borrowings	46,861	-	-	-	46,861
Lease liabilities	411,005	-	-	-	411,005
	457,866	-	-	-	457,866
Total liabilities	**861,099**	**477**	**1,810**	**309**	**863,695**
31 December 2021					
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**

*The derivative liability is denominated in US Dollars, the derivative asset is in Nigerian Naira.

		Group		Company	
		2022	2021	2022	2021
	Note(s)	N million	N million	N million	N million

46. 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.

46.1 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, Yello Digital Financial Services Limited and MoMo Payment Service Bank Limited. Their principal activities are the provision of broadband fixed wireless access service, high quality telecommunication services and mobile financial services respectively.

46.2 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	1,721	1,678	1,721	1,678
Post-employment benefits	165	156	165	156
Other benefits	759	761	759	761
Bonuses	1,244	195	1,244	195
Share based payments	2,283	1,062	2,283	1,062
Non-executive directors fees	208	150	205	147
Non-executive directors: Other emoluments	776	477	775	476
Total	**7,156**	**4,479**	**7,152**	**4,475**

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.

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million

46. Related party transactions (continued)

46.3 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:

	Group 2022	Group 2021	Company 2022	Company 2021
Parent company: MTN International (Mauritius) Limited				
Dividends paid (excluding withholding tax): MTN International (Mauritius) Ltd	194,306	149,687	194,306	149,687
Subsidiaries				
Visafone Communications Limited				
Net settlement of liabilities by the subsidiary	-	-	11	-
Amounts due to related party	-	-	(326)	(337)
Yello Digital Financial Services Limited				
Net settlement of liabilities by the subsidiary	-	-	3,285	6,202
Amounts due from related party	-	-	16,453	8,552
Amounts due to related party	-	-	(4,616)	-
XS Broadband Limited				
Amounts due from related party	-	-	638	638
MoMo Payment Service Bank Limited				
Net settlement of liabilities by the subsidiary	-	-	14,489	-
Amounts due from related party	-	-	14,489	-

46.4 Related parties under MTN Group

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

	Group 2022	Group 2021	Company 2022	Company 2021
Amounts due to related parties				
MTN Benin	6	-	6	-
MTN Cameroon	311	285	311	285
MTN Congo	7	6	7	6
MTN Cote d'Ivoire	94	87	94	87
MTN Dubai	524	183	524	183
MTN Ghana	19	14	19	14
MTN Dubai	1,083	850	1,083	850
MTN Guinea Bissau	2	1	2	1
MTN Holdings	14	14	14	14
MTN International (Mauritius) Limited	18,282	19,195	18,282	19,195
MTN Management Services Co	4,008	726	4,008	726
MTN Uganda	3	1	3	1
MTN Zambia	6	5	6	5
Global Trading Company	3,622	1,367	3,622	1,367
Interserve Overseas Ltd	12,523	9,997	12,523	9,997
Mobile Telephone Networks (Pty) Ltd	280	71	280	71
Progressive Tech Holdings	1	-	1	-
Simfy Africa	37	37	37	37
Total	40,822	32,839	40,822	32,839
Amounts due from related parties				
MTN Cameroon	410	377	410	377
MTN Congo	36	29	36	29
MTN Global Connect	5,924	8,300	5,924	8,300
MTN Guinea Bissau	36	32	36	32
MTN Guinea Conakry	34	26	34	26
MTN Kenya	5	-	5	-
MTN Group Management Services	5,493	3,229	5,493	3,229
MTN Zambia	80	61	80	61
Lonestar Communications Corporations (Liberia)	91	53	91	53
Mobile Telephone Networks (Pty) Ltd	43	17	43	17
Total	12,323	12,277	12,323	12,277

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million

46. Related party transactions (continued)

Related party transactions

Purchases from related parties				
MTN Benin	311	176	311	176
MTN Cameroon	42	26	42	26
MTN Congo	6	1	6	1
MTN Cote d'Ivoire	16	10	16	10
MTN Cyprus	2	2	2	2
MTN Ghana	111	70	111	70
MTN Global Connect	20,483	18,347	20,483	18,347
MTN Guinea Bissau	2	1	2	1
MTN Guinea Conakry	1	-	1	-
MTN Irancell	1	-	1	-
MTN Namibia	21	1	21	1
MTN Rwanda	15	5	15	5
MTN South Sudan	3	2	3	2
MTN Sudan	23	4	23	4
MTN Swaziland	1	1	1	1
MTN Syria	1	1	1	1
MTN Uganda	5	4	5	4
MTN Zambia	2	1	2	1
Global Trading Company	-	500	-	500
Lonestar Communications Corporations (Liberia)	7	4	7	4
Mobile Telephone Networks (Pty) Ltd	43	21	43	21

Sales to related parties				
MTN Benin	162	139	162	139
MTN Cameroon	121	43	121	43
MTN Congo	1	-	1	-
MTN Cote d'Ivoire	19	14	19	14
MTN Ghana	117	76	117	76
MTN Global Connect	32,374	33,594	32,374	33,594
MTN Guinea Conakry	1	1	1	1
MTN Namibia	1	1	1	1
MTN Rwanda	2	2	2	2
MTN South Sudan	9	25	9	25
MTN Uganda	2	3	2	3
MTN Zambia	5	9	5	9
Global Trading Company	23	-	23	-
Mobile Telephone Networks (Pty) Ltd	30	42	30	42

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.

Notes to the audited consolidated and separate financial statements

46. Related party transactions (continued)

46.5 Summary of amounts due to and from related parties

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
Amount due to related parties					
Related parties	46.4	40,822	32,839	40,822	32,839
Subsidiaries	46.3	-	-	4,942	337
	31	**40,822**	**32,839**	**45,764**	**33,176**
Amounts due from related parties					
Related parties	46.4	12,323	12,277	12,323	12,277
Subsidiaries	46.3	-	-	31,580	9,190
	22	**12,323**	**12,277**	**43,903**	**21,467**

46.6 Other related party transactions

	2022 N million	2021 N million
Purchases from		
Eventful Limited	869	412
Main One Cable Company Nigeria Ltd	-	652
Mobax Nigeria Limited	-	635
Nigerian Exchange Group (NGX Group) Plc	12	-
Pan Atlantic University	76	-

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 2022 include:

Name of Company	Relationship
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 was a minority shareholder in Main One Cable Company Nigeria Limited. His interest was disposed of during the period.
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.
Nigerian Exchange Group (NGX Group) Plc	NGX Group provides a wide range of services including listing and trading securities, licensing, market data solutions, ancillary technology, regulation, real estate, and more through its wholly-owned subsidiaries. Abubakar B. Mahmoud in on the board of one of its subsidiaries, Nigeria Exchange Limited
Pan Atlantic University	Pan Atlantic University is an educational institution. MTN Nigeria had engaged the school to train its staff. Muhammad Ahmad is on the governing council of the school.

47. 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.

47.1 Accounting classes and fair values

Group 31 December 2022	Amortised costs N million	FVTPL N million	FVOCI N million	Total carrying amount N million
Non-current financial assets				
Other investments	10,585	-	-	10,585
	10,585	-	-	10,585
Current financial assets				
Trade and other receivables	83,912	-	-	83,912
Current investments	6,217	539	13,532	20,288
Cash and cash equivalents	349,500	-	-	349,500
Restricted cash	196,082	-	-	196,082
	635,711	539	13,532	649,782
	646,296	539	13,532	660,367
Non-current financial liabilities				
Borrowings	439,463	-	-	439,463
Lease liabilities	662,655	-	-	662,655
	1,102,118	-	-	1,102,118
Current financial liabilities				
Trade and other payables	421,046	-	-	421,046
Borrowings	250,210	-	-	250,210
Lease liabilities	64,829	-	-	64,829
Deposit held for MoMo customers	1,257	-	-	1,257
Derivatives	-	3,062	-	3,062
	737,342	**3,062**	**-**	**740,404**
	1,839,460	3,062	-	1,842,522

47. Financial instruments and risk management (continued)

31 December 2021	Amortised costs N million	FVTPL N million	FVOCI N million	Total carrying amount N million
Non-current financial assets				
Other Investments	10,845	-	-	10,845
	10,845	-	-	10,845
Current financial assets				
Trade and other receivables	58,774	-	-	58,774
Current investments	51,444	6,220	-	57,664
Cash and cash equivalents	260,891	-	-	260,891
Restricted Cash	146,188	-	-	146,188
	517,297	6,220	-	523,517
	528,142	6,220	-	534,362
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

Company **31 December 2022**				
Non-current financial assets				
Other investments	10,585	-	-	10,585
	10,585	-	-	10,585
Current financial assets				
Trade and other receivables	115,092	-	-	115,092
Current investments	5,600	539	11,267	17,406
Cash and cash equivalents	324,244	-	-	324,244
Restricted Cash	194,622	-	-	194,622
	639,558	539	11,267	651,364
	650,143	539	11,267	661,949
Non-current financial liabilities				
Borrowings	439,463	-	-	439,463
Lease liabilities	662,655	-	-	662,655
	1,102,118	-	-	1,102,118
Current financial liabilities				
Trade and other payables	420,319	-	-	420,319
Borrowings	250,210	-	-	250,210
Lease liabilities	64,829	-	-	64,829
Derivatives	-	3,062	-	3,062
	735,358	**3,062**	**-**	**738,420**
	1,837,476	3,062	-	1,840,538

47. Financial instruments and risk management (continued)

31 December 2021	Amortised costs N million	FVTPL N million	FVOCI N million	Total carrying amount N million
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

47.2 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	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2022				
Financial assets				
Treasury bills at FVTPL	539	-	-	539
Treasury bills at FVOCI	13,532	-	-	13,532
	14,071	**-**	**-**	**14,071**
Financial liabilities				
Derivatives	-	3,062	-	3,062
	-	3,062	-	3,062

47. Financial instruments and risk management (continued)

	Level 1 N million	Level 2 N million	Level 3 N million	Total N million
31 December 2021				
Financial assets				
Treasury bills at FVTPL	6,220	-	-	6,220
	6,220	**-**	**-**	**6,220**
Financial liabilities				
Derivatives	-	372	-	372
	-	372	-	372

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.

47.3 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	
	2022 N million	2021 N million	2022 N million	2021 N million
The following instruments give rise to credit risk				
Other investments	10,585	10,845	10,585	10,845
Trade and other receivables	83,912	58,774	115,092	67,476
Cash and cash equivalents	349,500	260,891	324,244	247,025
Restricted cash	196,082	146,188	194,622	146,188
Current investments	6,217	51,444	5,600	51,444
	646,296	**528,142**	**650,143**	**522,978**

47.3.1 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 2022 stood at N288 million (31 December 2021: N603 million). Reversal of credit loss to income statement for the period is N315 million (December 2021: charge of N24 million).

47.3.2 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 N73.56 billion (2021: N43.43 billion) was N13.65 billion (2021: N9.08 billion)
Company: ECL for gross trade receivables of N73.29 billion (2021: N42.47 billion) was N13.23 billion (2021: N8.66 billion).

47. Financial instruments and risk management (continued)

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 N3.83 billion was held as collateral for same value of receivables as at 31 December 2022 (31 December 2021: N3.95 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.

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 2022					
Expected loss rate	1.57 %	4.32 %	1.45 %	100.00 %	
Gross carrying amount	17,528	4,167	39,239	12,629	73,563
Loss allowance	275	180	568	12,629	13,652
Credit impaired	No	No	No	Yes	
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	
Company					
31 December 2022					
Expected loss rate	1.56 %	4.32 %	1.45 %	100.00 %	
Gross carrying amount	17,674	4,167	39,238	12,211	73,290
Loss allowance	275	180	568	12,211	13,234
Credit impaired	No	No	No	Yes	
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	

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%.

47.3.3 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 Agusto and Co.

Total estimated credit loss as at 31 December 2022 stood at N213 million (31 December 2021: N346 million) while credit loss expense for the period stood at N133 million (31 December 2021: credit loss reversal of N54 million).

47. Financial instruments and risk management (continued)

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

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 2021		**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)	-	-	-
Credit loss reversal/(expense)	13	24	(72)	18	(30)
Balance at 31 December 2021		**260,891**	**51,444**	**10,845**	**(949)**
Net movement during the year		107,602	-	-	-
Purchase		-	63,948	3,821	-
Sale		-	(109,304)	(4,086)	-
Exchange loss		(19,308)	-	-	-
Credit loss expense reversal	13	315	129	4	448
Balance at 31 December 2022		**349,500**	**6,217**	**10,584**	**(501)**
Company					
Balance at 1 January 2021		**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)	-	-	-
Credit loss reversal/(expense)	13	24	(72)	18	(30)
Balance at 31 December 2021		**247,025**	**51,444**	**10,845**	**(949)**
Net movement during the year		96,212	-	-	-
Purchase		-	63,331	3,821	-
Sale		-	(109,304)	(4,086)	-
Exchange loss		(19,308)	-	-	-
Credit loss expense reversal	13	315	129	4	448
Balance at 31 December 2022		**324,244**	**5,600**	**10,584**	**(501)**

47.4 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	
	2022 N million	2021 N million	2022 N million	2021 N million
The following are the liquid resources:				
Cash and cash equivalents	349,500	260,891	324,244	247,025
Current investments	20,288	57,664	17,406	57,664
Trade and other receivables	83,912	58,774	115,092	67,476
	453,700	**377,329**	**456,742**	**372,165**

Notes to the audited consolidated and separate financial statements

47. 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 2022								
Trade and other payables	421,046	71,577	202,100	147,369	-	-	-	421,046
Deposit held for MoMo customers	1,257	1,257	-	-	-	-	-	1,257
Derivatives	3,062	-	-	3,062	-	-	-	3,062
Current borrowings	250,210	15,513	36,101	254,976	-	-	-	306,590
Current lease liability	64,829	23	43,119	121,985	-	-	-	165,127
Non-current Borrowings	439,463	-	-	-	100,148	258,024	373,795	731,967
Non-current lease liability	662,655	-	-	-	164,034	619,923	152,903	936,860
	1,842,522	88,370	281,320	527,392	264,182	877,947	526,698	2,565,909
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**

Notes to the audited consolidated and separate financial statements

47. Financial instruments and risk management (continued)

Company	Carrying amount N million	Payable within one month or on demand N million	More than one month but not exceeding three months N million	More than three months but not exceeding one year N million	More than one year but not exceeding two years N million	More than two years but not exceeding five years N million	More than five years N million	Total N million
31 December 2022								
Trade and other payables	420,319	71,454	201,753	147,112	-	-	-	420,319
Derivatives	3,062	-	-	3,062	-	-	-	3,062
Current borrowings	250,210	15,513	36,101	254,976	-	-	-	306,590
Current lease liability	64,829	23	43,119	121,985	-	-	-	165,127
Non-current borrowings	439,463	-	-	-	100,148	258,024	373,795	731,967
Non-current lease liability	662,655	-	-	-	164,034	619,923	152,903	936,860
	1,840,538	86,990	280,973	527,135	264,182	877,947	526,698	2,563,925
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 liabilities	62,531	-	33,670	69,855	-	-	-	103,525
Non-current borrowings	340,425	-	-	-	99,059	186,753	275,626	561,438
Non-current lease liabilities	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**

47. Financial instruments and risk management (continued)

47.5 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.

47.5.1 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:

	31 December 2022			31 December 2021		
	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
Group						
Financial assets						
Cash and cash equivalents	349,500	-	-	260,891	-	-
Current investments	20,288	-	-	57,664	-	-
Restricted Cash	20,584	-	175,498	18,657	-	127,531
Trade and other receivables	-	-	83,912	-	-	58,774
Other investments	10,585	-	-	10,845	-	-
	400,957	-	259,410	348,057	-	186,305
Financial liabilities						
Trade and other payables	-	-	64,667	-	-	63,832
Other accrued expenses	-	-	315,252	-	-	208,239
Other payables	-	-	306	-	-	527
Amounts due to related parties	-	40,822	-	-	32,839	-
Deposit held for MoMo customers	-	-	1,257	-	-	-
Current borrowings	71,805	178,405	-	6,182	146,653	-
Non-current borrowings	397,376	42,087	-	194,516	145,909	-
	469,181	**261,314**	**381,482**	**200,698**	**325,401**	**272,598**
Company						
Financial assets						
Cash and cash equivalents	324,244	-	-	247,025	-	-
Current investments	17,406	-	-	57,664	-	-
Restricted Cash	20,584	-	174,038	18,657	-	127,531
Trade and other receivables	-	-	115,092	-	-	67,476
Other investments	10,585	-	-	10,845	-	-
	372,819	-	289,130	334,191	-	195,007
Financial liabilities						
Trade payables	-	-	64,365	-	-	63,814
Other accrued expenses	-	-	309,885	-	-	206,953
Other payables	-	-	306	-	-	527
Amounts due to related parties	-	45,764	-	-	33,176	-
Current borrowings	71,805	178,405	-	6,182	146,653	-
Non-current borrowings	397,376	42,087	-	194,516	145,909	-
	469,181	**266,256**	**374,556**	**200,698**	**325,738**	**271,294**

47. Financial instruments and risk management (continued)

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 2022 Increase/(decrease) in profit before tax			31 December 2021 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	(414)	414	1	(243)	243
NIBOR	1	(3,285)	3,285	1	(2,588)	2,588

47.5.2 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 45 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 2022 Increase/(decrease) in profit before tax		31 December 2021 Increase/(decrease) in profit before tax	
	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax
Denominated:	N million	N million	N million	N million
Functional				
USD:NGN	(19,153)	9,577	(19,567)	9,784

47. Financial instruments and risk management (continued)

47.6 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 attributable to the equity holders of the parent. 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.

		Group		Company	
	Note(s)	2022 N million	2021 N million	2022 N million	2021 N million
Revenue		2,012,272	1,654,299	2,011,935	1,652,926
Operating expenses excluding depreciation and amortisation.		(941,907)	(777,228)	(915,191)	(769,502)
EBITDA		1,070,365	877,071	1,096,744	883,424
Gross debt		689,673	493,260	689,673	493,260
Cash and cash equivalents		(349,500)	(260,891)	(324,244)	(247,025)
Net debt		340,173	232,369	365,429	246,235
Gross debt		689,673	493,260	689,673	493,260
Equity		334,237	264,981	385,082	296,997
Total funding		1,023,910	758,241	1,074,755	790,257
Gross debt :Total funding		67 %	65 %	64 %	62 %
Net debt: Total funding		33 %	31 %	34 %	31 %
Net debt : EBITDA		32 %	26 %	33 %	28 %

48. Share based payments

48.1 Share based payment liability

	Notes	Group 2022 N million	Group 2021 N million	Company 2022 N million	Company 2021 N million
Balance as at 1 January		8,547	2,273	8,547	2,273
Share based expense	12	5,889	8,689	5,889	8,689
Share based payments		(5,867)	(2,415)	(5,867)	(2,415)
Balance as at 31 December		**8,569**	**8,547**	**8,569**	**8,547**
Current to non-current split					
Non-current		8,569	8,547	8,569	8,547
		8,569	**8,547**	**8,569**	**8,547**

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 share-based payment liability relates to Locally Aligned Notional (LAN) Shares and Group Aligned Notional (GAN). MTNN also runs the Employee share scheme plan managed by Vetiva Trustee Limited.

The share-based payment liability consists of:
- fair value of options issued to employees under the LAN notional share scheme
- fair value of options issued to employees under the GAN notional share scheme
- the issue of shares held in Trust by Vetiva for employees under the new share scheme (PSP and ESOP)

	Group 2022	Group 2021	Company 2022	Company 2021
Outstanding obligation - GAN share options	2,021	3,237	2,021	3,237
Outstanding obligation - LAN share options	666	3,610	666	3,610
Group performance share plan	4,960	808	4,960	808
Performance share plan (PSP)	922	892	922	892
	8,569	**8,547**	**8,569**	**8,547**

48.2 GAN and LAN

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.

Outstanding number of LAN notional shares:

Grant date	**31 December 2022**	**31 December 2021**
Number of options outstanding - LAN shares	876,732	1,326,325
Number of options outstanding - GAN shares	1,676,784	2,459,640

Reconciliation of LAN outstanding notional shares:
The change in number of options outstanding can be reconciled as follows:

	GAN shares	**LAN shares**
Outstanding options at 31 December 2021	2,459,640	1,325,325
Exercises/forfeits/lapses	(782,856)	(449,593)
Outstanding options at 31 December 2022	**1,676,784**	**875,732**

Notes to the audited consolidated and separate financial statements

48. Share based payments (continued)

GAN and LAN notional share options valuation methodology

A valuation was performed on the outstanding obligation using the projected Unit Method prescribed by IAS 19 to determine the fair value of the Notional Share Scheme liabilities. The valuation was carried out by Alexander Forbes Consulting Actuaries Nigeria (FRC/2012/0000000000504) and signed by Wayne van Jaarsveld (FRC/2021/002/00000024507).

Principal actuarial key assumptions

Economic assumptions	GAN notional shares	LAN notional shares
Discount rate	-	11.70%
Dividend yield	1.70%	-
Volatility	28.83% - 34.00%	-
Expected option lifetime	2 - 3 years	-

Demographic assumptions
The following demographic assumptions have been used in performing the valuation for both GAN and LAN Notional Shares:

Mortality
Pre-retirement: A1967-70 Ultimate Table

	31 December 2022	31 December 2021
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:

	Annual rate of withdrawal		Annual rate of early retirement	
Age Group	31 December 2022	31 December 2021	31 December 2022	31 December 2021
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%	1.0%
55 - 59	-	-	-	-
60+	-	-	-	-

Sensitivity analysis

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.

48. Share based payments (continued)

GAN notional shares

Assumptions		Main result N million	31 December 2022 Change N million	% Change
Volatility	+10%	2,021	2,053	1.57%
	-10%	2,021	1,998	-1.14%
Dividend yield	+1	2,021	1,985	-1.76%
	-1	2,021	2,058	1.86%

Sensitivity to each actuarial assumption was determined while other assumptions were held constant. No sensitivity approach was adopted in prior years.

48.3 Performance share plan (PSP)

During the financial year the Group granted eligible employees share rights under the Performance Share Plan (PSP). The rights were granted to employees on levels 3, 4, 5 and 6. The PSP was established in order to attract, retain and reward selected employees who are able to contribute to the business of the employer companies and to stimulate their personal involvement, thereby encouraging their continued service and encouraging them to advance the interests of the relevant employer Company and the Group in general. All option granted vest after three years from date of grant.

The PSP option performance condition

The options are subject to fulfillment of the following performance conditions, in the stated percentage proportions:

Total shareholder return	25%
Cash generated from operations	25%
Return on equity	25%
Environmental, social and governance	25%

In respect of the grant made on December 2021, the following performance conditions must be fulfilled to qualify for the percentage of the shares granted as stated in the table above:

Award condition	Vesting	Performance measurement period
Total shareholder return ("TSR")	Sliding scale of 100% vesting at 75th percentile as compared to MSCI EM Communication Services Index*, with 25% vesting at the median and straight line vesting in between the two points. Zero vesting for below the median. TSR will be measured by comparing the 30 day VWAP at the beginning and end of the 3 year period plus re-invested dividends. TSR must be positive and is measured on common currency (ZAR).	13 December 2021 grant: 1 January 2022 to 31 December 2024
Cash generated from operations ("CGO")	Targeted at the average of the budgeted CGO for the 3 year measurement period with: - a threshold of 25% vesting at 90% of the target - a stretch of 100% vesting at 110% of the target; and - 0% vesting below 90% of the target.	13 December 2021 grant: 1 January 2022 to 31 December 2024
Return on equity ("ROE")	Defined as adjusted headline earnings per share/equity excluding non-controlling interest for each year divided by 3: - 25% vesting at 90% of budget (kick-in) - 100% vesting at 100% of budget; and - 0% vesting below 90% of target.	13 December 2021 grant: 1 January 2022 to 31 December 2024
Environmental, social and governance ("ESG")	ESG comprises of emissions, broadband coverage and diversity and inclusion as per approved business plan. Measured over the 3-year measurement period with: -25% vesting at threshold value (kick-in) - 100% vesting at 100% of target; and - straight line vesting between the kick-in and target rate.	13 December 2021 grant: 1 January 2022 to 31 December 2024

For the purposes of our calculations, we have replaced MTN Groups data with that of MTN Nigeria Communications Plc's in the MSCI index for the TSR comparison.

48. Share based payments (continued)

Details of the outstanding equity-settled performance share plan rights are as follows:

Grant date	Strike price (N)	Number of options granted	Forfeited	Number outstanding at 31 December 2022
13 December 2021	-	22,987,730	872,720	22,115,010
Total	**-**	**22,987,730**	**872,720**	**22,115,010**

Outstanding obligations (liability) in respect of unexpired options:

The tables below show the liability in respect of all outstanding unexpired employee share options as at 31 December 2022, after allowing for forfeitures.

Grant date	Liability as at 31 December 2021 N million	Change N million	Liability as at 31 December 2022 N million
13 December 2021	46	876	922
Total	**46**	**876**	**922**

Valuation assumptions

The fair value at grant date is independently determined using the Monte Carlo which takes into account, the term of the award, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the award and the correlations and volatilities of peer group companies. The main assumptions have been set out below.

	31 December 2022
Share price (N)	215
Expected option lifetime (years)	2 - 4 years
Risk-free rate (%)	11.42%
Expected volatility (%)	27.7%
Dividend yield (%)	6.34%

No valuation assumptions were made in prior years.

Cost per employee share option

The shares are granted to the employees at no cost. The table below shows the option price gross and net of pre-vesting assumed forfeitures, as well as the option price as a percentage of the share price:

Grant date	Performance condition	Vesting date	Gross option price	Gross option price as % of share price	Net option price	Net option price as % of share price
13 December 2021	CGO	13 December 2024	189.97	88.36%	171.89	79.79%
	ESG	13 December 2024	189.97	88.36%	171.89	79.79%
	ROE	13 December 2024	189.97	88.36%	171.89	79.79%
	TSR	13 December 2024	151.81	70.61%	137.36	63.89%

Sensitivity analysis

Option valuation results are based on a forfeiture rate, before the vesting date, of 5% per annum compound. We have analysed the sensitivity of these results to this assumption by allowing for 7.5% and 10% rate of forfeitures per annum compound. The following table compares the liability resulting from the cash-settled valuation of all outstanding share options as at 31 December 2022 based on the above forfeiture assumptions.

Financial year ending 31 December 2022	**Main result (N million)**	**7.5% forfeiture (N million)**	**7.5% forfeiture (N million)**
Outstanding liability	922	991	853
Total	**922**	**991**	**853**
Changes (%)		-5.07%	-10.01%

48. Share based payments (continued)

The MTN Performance Share Plan (PSP) actuarial valuation was carried out by Alexander Forbes Consulting Actuaries Nigeria (FRC/2012/0000000000504) signed by Wayne van Jaarsveld (FRC/2021/002/00000024507).

48.4 Employee share ownership programme (ESOP)

As at 31 December 2021, the company had awarded 10,409,990 shares with 13th December 2021 as grant date were offered to qualifying employees for no consideration and subject to a service condition and additional 111,200 shares granted during the year. The shares will vest in three tranches, i.e. a third will vest on the third, fourth and fifth anniversary of the grant date respectively. The plan is facilitated through a structured entity (MTN ESOP Trust). MTN provides shares and funding to the MTN ESOP Trust to enable the trust to satisfy its objectives. The following table is a summary of the outstanding options as at December 2022 for the ESOP.

Grant date	Strike price (N)	Number outstanding as at 31 December 2022	Adjustment for forfeitures	Number outstanding as at 31 December 2022
13 December 2021	-	10,409,990	701,600	9,708,390
30 June 2022	-	111,200	-	111,200
Total	**-**	**10,521,190**	**701,600**	**9,819,590**

Valuation methodology

The fair value at grant date is independently determined using the Monte Carlo which takes into account, the term of the award, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the award and the correlations and volatilities of peer group companies. These include financial assumptions as well as various assumptions around individual employee behaviour. The main assumptions have been set out below:

	31 December 2022
Share price (N)	186.60
Expected option lifetime (years)	3 - 5 years
Risk-free rate (%)	12.04%
Dividend yield (%)	5.39%

Share price

The share price represent the closing share price as at 13 December 2021 being the grant date.

Option lifetime

We have calculated the lifetime of each grant by considering separately each of the tranches within that grant. The option lifetimes were rounded to the nearest complete year. The option lifetimes per tranche are given below.

Grant date	Vesting date	Expected option lifetime
13 December 2021	13 December 2024	3
	13 December 2025	4
	13 December 2026	5

Risk-free interest rate

IFRS 2 requires the use of a risk-free interest rate with a term equal to the expected lifetime of the option. The yields on Nigerian Government bonds with the nearest expected duration as compiled by the Financial Markets Dealers Quotation (FMDQ) as used in the valuation is based on the yield curve at the grant date. The risk-free rates as at the grant date are shown below:

Expected option lifetime	Continuous risk-free rate %
3	10.98
4	12.04
5	12.13

48. Share based payments (continued)

Dividend yield

The dividend yield represent the best estimate of the forward-looking dividend yield over the option's remaining contractual lifetime. One-year moving average of the dividend yield at the valuation date was adopted. The daily dividend yield was calculated using the dividends per share. The moving average of the dividend yield used as at the grant date is 5.39%.

The MTN ESOP actuarial valuation was carried out by Alexander Forbes Consulting Actuaries Nigeria (FRC/2012/0000000000504) signed by Wayne van Jaarsveld (FRC/2021/002/00000024507).

49. 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 N424.11 to around N461.10 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.

50. 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.

51. Free float information

MTN Nigeria Communications Plc with a free float value of N582,483,361,455 as at 31 December 2022 (31 December 2021: N414,506,906,484) is compliant with The Exchange's requirements for free float for companies listed on the Premium Board.

52. Events after the reporting period

On 30 January 2023, a dividend of N10.00 kobo per share was proposed by the directors for approval at the next Annual General Meeting.

Value added statements

	2022 N million	2022 %	2021 N million	2021 %
Group				
Value added				
Revenue	2,012,272		1,654,299	
Finance income	13,768		11,938	
Bought - in materials and services				
- Local	(760,170)		(610,940)	
- Foreign	(135,896)		(117,407)	
Total value added	**1,129,974**	**100**	**937,890**	**100**
Value distributed				
To pay employees				
Salaries, wages and other benefits	45,080	4	48,381	5
To pay providers of capital				
Finance costs	213,094	19	159,998	17
To pay government				
Income tax	197,636		146,784	
Deferred tax	(22,541)		(8,751)	
	175,095	**15**	**138,033**	**15**
To be retained in the business for expansion and future wealth creation:				
Depreciation	283,112		248,379	
Amortisation	53,955		43,945	
Impairment	761		500	
	337,828	**30**	**292,824**	**31**
Value retained				
Retained profit for the year	361,532		298,654	
Non-controlling interest	(2,655)		-	
	358,877	**32**	**298,654**	**32**
Total value distributed	**1,129,974**	**100**	**937,890**	**100**

Value added statements

	2022 N million	2022 %	2021 N million	2021 %
Company				
Value added				
Revenue	2,011,935		1,652,926	
Finance income	12,763		11,938	
Bought - in materials and services				
- Local	(735,010)		(604,109)	
- Foreign	(135,896)		(117,407)	
Total value added	**1,153,792**	**100**	**943,348**	**100**
Value distributed				
To pay employees				
Salaries, wages, medical and other benefits	43,524	4	47,486	5
To pay providers of capital				
Finance costs	213,094	18	159,998	17
To pay government				
Income tax	197,636		146,784	
Deferred tax	(13,332)		(5,250)	
	184,304	**16**	**141,534**	**15**
To be retained in the business for expansion and future wealth creation:				
Depreciation	283,112		248,379	
Amortisation	48,636		38,627	
Impairment	761		500	
	332,509	**29**	**287,506**	**30**
Value retained				
Retained profit for the year	380,361		306,824	
	380,361	**33**	**306,824**	**33**
Total value distributed	**1,153,792**	**100**	**943,348**	**100**

Five-year financial summaries

	2022 N million	2021 N million	2020 N million	2019 restated N million	2018 N million
Group					
Statement of financial position					
Assets					
Property and equipment	928,357	774,113	686,157	625,095	607,024
Intangible assets	335,599	245,558	111,080	120,946	119,368
Other non-current assets	679,984	642,599	643,488	493,354	19,493
Net current liabilities	(408,115)	(308,583)	(221,094)	(131,694)	(385,095)
Non-current liabilities	(1,200,143)	(1,088,706)	(1,041,245)	(961,844)	(141,439)
Net assets	**335,682**	**264,981**	**178,386**	**145,857**	**219,351**
Equity					
Share capital	407	407	407	407	646
Share premium	17,216	17,216	17,216	17,216	64,498
Other reserves	1,664	885	239	521	6
Treasury shares	(4,869)	-	-	-	-
Retained earnings	319,819	246,473	160,524	127,713	154,201
Non-controlling interest	1,445	-	-	-	-
Total equity	**335,682**	**264,981**	**178,386**	**145,857**	**219,351**
Statement of profit or loss					
Revenue	2,012,272	1,654,299	1,346,390	1,169,831	1,039,118
Profit before taxation	**533,972**	**436,687**	**298,874**	**291,277**	**221,343**
Taxation	(175,095)	(138,033)	(93,660)	(87,994)	(75,657)
Profit for the year	**358,877**	**298,654**	**205,214**	**203,283**	**145,686**
Per share data					
Earnings per share - basic/diluted (N)	17.79	14.67	10.08	9.99	7.16
Net assets per share (N)	16.44	13.02	8.76	7.17	10.78

Five-year financial summaries

	2022 N million	2021 N million	2020 N million	2019 restated N million	2018 N million
Company					
Statement of financial position					
Assets					
Property and equipment	928,357	774,113	686,157	625,095	606,963
Intangible assets	314,684	219,324	79,525	84,072	77,108
Other non-current assets	754,310	700,527	692,816	538,932	63,321
Net current liabilities	(403,853)	(309,197)	(219,458)	(131,367)	(382,297)
Non-current liabilities	(1,208,416)	(1,087,770)	(1,036,808)	(954,297)	(132,365)
Net assets	**385,082**	**296,997**	**202,232**	**162,435**	**232,730**
Equity					
Share capital	407	407	407	407	646
Share premium	17,216	17,216	17,216	17,216	64,498
Other reserves	1,664	885	239	521	6
Treasury shares	(4,869)	-	-	-	-
Retained earnings	370,664	278,489	184,370	144,291	167,580
Total equity	**385,082**	**296,997**	**202,232**	**162,435**	**232,730**
Statement of profit or loss					
Revenue	2,011,935	1,652,926	1,346,288	1,167,515	1,037,068
Profit before taxation	**564,665**	**448,358**	**309,245**	**295,868**	**225,525**
Taxation	(184,304)	(141,534)	(96,763)	(89,385)	(76,894)
Profit for the year	**380,361**	**306,824**	**212,482**	**206,483**	**148,631**
Per share data					
Earnings per share - basic/diluted (N)	18.71	15.07	10.44	10.14	7.30
Net assets per share (N)	18.95	14.59	9.94	7.98	11.43