



MTN Nigeria Communications Plc
Unaudited condensed consolidated and separate financial statements
for the three months period ended 31 March 2023

MTN Nigeria Communications Plc

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Contents

	Page
Financial highlights	2
Condensed consolidated and separate statement of profit or loss	3
Condensed consolidated and separate statement of other comprehensive income	4
Condensed consolidated and separate statement of financial position	5
Condensed consolidated and separate statement of changes in equity	6
Condensed consolidated and separate statement of cash flows	7
Notes to the condensed consolidated and separate financial statements	8 - 39

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Financial highlights

In millions of Nigerian Naira	Notes	3 months ended 31 March 2023	3 months ended 31 March 2022	% Change
Revenue	6	568,136	470,984	20.63
Operating profit		206,619	179,325	15.22
Profit before taxation		155,784	143,587	8.49
Profit for the period attributable to the owners of the company		100,491	96,819	3.79
Basic and diluted earnings per share (N)	36	4.94	4.76	3.79

		As at 31 March 2023	As at 31 December 2022	% Change
Share capital		407	407	-
Total equity attributable to the owners of the company		433,533	334,237	29.71
Net assets per share (N)		21.33	16.44	29.71

Stock exchange information

Market price per share as at period end (N)	240.00	214.00	12.15
Market capitalisation as at period end (N'million)	4,878,240	4,349,764	12.15
Number of shares issued and fully paid as at period end (millions)	20,355	20,355	-

The financial highlights reflect Group numbers only.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Condensed consolidated and separate statement of profit or loss

In millions of Nigerian Naira	Notes	Group		Company	
		3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
Revenue	6	568,136	470,984	567,677	470,691
Direct network operating costs	10	(136,645)	(107,275)	(136,568)	(107,275)
Value added services costs		(5,888)	(5,712)	(5,888)	(5,712)
Costs of starter packs, handsets and accessories.		(6,311)	(3,977)	(6,311)	(3,977)
Interconnect costs		(37,173)	(35,539)	(37,173)	(35,539)
Roaming costs		(1,531)	(1,215)	(1,531)	(1,215)
Transmission costs		(2,087)	(2,007)	(2,087)	(2,007)
Discounts and commissions		(26,778)	(21,790)	(25,741)	(21,324)
Advertisements, sponsorships and sales promotions		(9,367)	(5,951)	(6,720)	(5,726)
Employee costs	9	(12,101)	(10,998)	(10,852)	(10,783)
Other operating expenses	11	(27,605)	(19,373)	(36,782)	(18,177)
Depreciation of property and equipment	13	(49,776)	(40,979)	(49,776)	(40,979)
Depreciation of right of use assets	14	(29,048)	(24,566)	(29,048)	(24,566)
Amortisation of intangible assets	15	(17,207)	(12,277)	(15,877)	(10,947)
Operating profit		206,619	179,325	203,323	182,464
Finance income	7	7,214	4,587	6,767	4,543
Finance costs	8	(58,049)	(40,325)	(58,049)	(40,325)
Profit before taxation		155,784	143,587	152,041	146,682
Taxation	12	(54,481)	(46,768)	(53,166)	(47,697)
Profit for the period		101,303	96,819	98,875	98,985
Profit attributable to:					
Owners of the company		100,491	96,819	98,875	98,985
Non-controlling interest		812	-	-	-
		101,303	96,819	98,875	98,985
Earnings per share					
Basic/diluted to the owners of the company (N)	36	4.94	4.76	4.86	4.87

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Condensed consolidated and separate statement of other comprehensive income

In millions of Nigerian Naira	Group		Company	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
Profit for the period	101,303	96,819	98,875	98,985
Items that may be reclassified to profit or loss				
Transfer of fair value reserve of investments designated at FVOCI*	(1,195)	52	(1,195)	52
Other comprehensive (loss)/income for the period net of taxation	(1,195)	52	(1,195)	52
Total comprehensive income for the period	100,108	96,871	97,680	99,037
Attributable to:				
Owners of the company	99,296	96,871	97,680	99,037
Non-controlling interest	812	-	-	-
	100,108	96,871	97,680	99,037

*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 are an integral part of these condensed consolidated financial statements.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Condensed consolidated and separate statement of financial position

In millions of Nigerian Naira	Notes	Group		Company	
		31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022
Assets					
Non-current assets					
Property and equipment	13	929,961	928,357	929,961	928,357
Intangible assets	15	367,853	335,599	348,268	314,684
Right-of-use assets	14	701,240	652,110	701,240	652,110
Investments in subsidiaries	16	-	-	74,328	74,328
Other investments	17	10,332	10,585	10,332	10,585
Other non current assets	19	16,672	17,287	16,672	17,287
Deferred tax	32.2	9,495	11,018	-	-
		2,035,553	1,954,956	2,080,801	1,997,351
Current assets					
Inventories	20	3,848	3,678	3,848	3,678
Trade and other receivables	21	154,597	191,496	171,109	212,232
Current investments	18	44,961	20,288	42,026	17,406
Restricted cash	23	213,665	196,082	206,774	194,622
Cash and cash equivalents	22	564,992	349,500	549,164	324,244
		982,063	761,044	972,921	752,182
Total assets		3,017,616	2,716,000	3,053,722	2,749,533
Equity and liabilities					
Equity					
Share capital	35.1	407	407	407	407
Share premium	35.2	17,216	17,216	17,216	17,216
Treasury shares	35.4	(4,869)	(4,869)	(4,869)	(4,869)
Other reserves		469	1,664	469	1,664
Retained profit		420,310	319,819	469,539	370,664
Equity attributable to owners of the company		433,533	334,237	482,762	385,082
Non-controlling interest		2,257	1,445	-	-
		435,790	335,682	482,762	385,082
Liabilities					
Non-current liabilities					
Borrowings	26	424,005	439,463	424,005	439,463
Lease liabilities	29	703,818	662,655	703,818	662,655
Deferred tax liability	32.1	89,363	93,596	87,018	90,851
Provisions	27	43	43	43	43
Employee benefits	28	6,627	6,835	6,627	6,835
Other non-current liabilities	34	10,158	8,569	10,158	8,569
		1,234,014	1,211,161	1,231,669	1,208,416
Current liabilities					
Trade and other payables	24	522,773	514,892	522,769	514,206
Current tax payable	33	257,157	199,959	256,693	199,687
Borrowings	26	355,908	250,210	355,908	250,210
Lease liabilities	29	64,370	64,829	64,370	64,829
Contract liabilities	25	96,133	92,861	95,751	92,479
Provisions	27	41,556	42,087	40,574	31,562
Deposit held for MoMo customers	30	6,689	1,257	-	-
Derivatives	31	3,226	3,062	3,226	3,062
		1,347,812	1,169,157	1,339,291	1,156,035
Total liabilities		2,581,826	2,380,318	2,570,960	2,364,451
Total equity and liabilities		3,017,616	2,716,000	3,053,722	2,749,533

The unaudited condensed consolidated and separate financial statements were approved by the Board of Directors on the 26 April 2023 and were signed on its behalf by:



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



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

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Condensed consolidated and separate statement of changes in equity

	Share capital	Share premium	Total share capital	Treasury shares	Other reserves	Retained profit	Total equity attributable to owners of the company	Non-controlling interest	Total equity
In millions of Nigerian Naira									
Group									
Balance at 1 January 2022	407	17,216	17,623	-	885	246,473	264,981	-	264,981
Profit for the period	-	-	-	-	-	96,819	96,819	-	96,819
Purchase of treasury shares	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Other comprehensive income	-	-	-	-	52	-	52	-	52
Balance at 31 March 2022	407	17,216	17,623	(4,869)	937	343,292	356,983	-	356,983
Balance at 1 January 2023	407	17,216	17,623	(4,869)	1,664	319,819	334,237	1,445	335,682
Profit for the period	-	-	-	-	-	100,491	100,491	812	101,303
Other comprehensive loss	-	-	-	-	(1,195)	-	(1,195)	-	(1,195)
Balance at 31 March 2023	407	17,216	17,623	(4,869)	469	420,310	433,533	2,257	435,790
Company									
Balance at 1 January 2022	407	17,216	17,623	-	885	278,489	296,997	-	296,997
Profit for the period	-	-	-	-	-	98,985	98,985	-	98,985
Purchase of treasury shares	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Other comprehensive income	-	-	-	-	52	-	52	-	52
Balance at 31 March 2022	407	17,216	17,623	(4,869)	937	377,474	391,165	-	391,165
Balance at 1 January 2023	407	17,216	17,623	(4,869)	1,664	370,664	389,951	-	385,082
Profit for the period	-	-	-	-	-	98,875	98,875	-	98,875
Other comprehensive loss	-	-	-	-	(1,195)	-	(1,195)	-	(1,195)
Balance at 31 March 2023	407	17,216	17,623	(4,869)	469	469,539	487,631	-	482,762

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Condensed consolidated and separate statement of cash flows

In millions of Nigerian Naira	Notes	Group		Company	
		3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
Cash flows from operating activities					
Cash generated from operations	37	311,863	264,719	321,685	266,307
Interest paid	7	(51,903)	(40,135)	(51,903)	(40,135)
Interest received	8	6,724	4,146	6,277	4,102
Employee benefits payments		(221)	(176)	(221)	(176)
Share based payments		(67)	-	(67)	-
Provisions payments		(5,265)	(1,112)	(5,265)	(1,112)
Net cash generated from operating activities		261,131	227,442	270,506	228,986
Cash flows from investing activities					
Acquisition of property and equipment		(23,964)	(52,156)	(23,964)	(52,156)
Acquisition of right of use assets		(6,120)	(5,073)	(6,120)	(5,073)
Proceeds from disposal of property and equipment		226	3,176	226	3,176
Purchase of contract acquisition costs		(860)	(719)	(860)	(719)
Sale of investment in non-current FGN bonds		256	260	256	260
Acquisition of intangible assets		(6,567)	(141,529)	(6,567)	(141,529)
Sale of bonds, treasury bills and foreign deposits		22,284	38,221	22,284	38,221
Purchase of bonds, treasury bills and foreign deposits		(49,109)	(24,086)	(49,056)	(24,086)
Increase in restricted cash		(12,152)	(64,453)	(12,152)	(64,225)
Net cash flows used in investing activities		(76,006)	(246,359)	(75,953)	(246,131)
Cash flows from financing activities					
Proceeds from borrowings		129,320	-	129,320	-
Repayment of borrowings		(57,858)	(12,090)	(57,858)	(12,090)
Repayment on lease liabilities		(35,323)	(17,362)	(35,323)	(17,362)
Net cash flows generated from/(used in) financing activities		36,139	(29,452)	36,139	(29,452)
Net increase/(decrease) in cash and cash equivalents					
Cash at the beginning of the period		349,788	261,494	324,532	247,628
Exchange loss on cash and cash equivalents		(5,886)	(2,269)	(5,886)	(2,269)
Cash and cash equivalents at the end of the period	22	565,166	210,856	549,338	198,762

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

1 General information

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

MTN Nigeria Communications Plc 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 (fintech) respectively. Visafone Communications Limited is currently undergoing liquidation.

All subsidiaries are fully owned by MTNN except for MoMo Payment Service Bank Limited (MoMo PSB) which MTNN holds 80% of the voting shares while Acxani Limited holds 20% non- controlling interest.

2. Basis of preparation

These condensed consolidated and separate financial statements for the three months period ended 31 March 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) 34 Interim Financial Reporting.

The condensed consolidated and separate financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2022 which has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Financial Reporting Council of Nigeria Act 2011 and Companies and Allied Matters Act of Nigeria (CAMA) 2020.

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

The accounting policies applied in the preparation of the interim condensed consolidated and separate financial statements are consistent with those followed in the preparation of the Group's consolidated and separate financial statements for the year ended 31 December 2022.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the condensed consolidated and separate financial statements of the Group.

3. Basis of measurement

The condensed 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. New standards and interpretations

4.1 New and amended standards adopted by the Group

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated and separate financial statements of the Group.

1. IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
2. Amendments to IAS 1: Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2023
3. Amendments to IAS 8 Accounting Policies and Accounting Estimates: Definition of Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2023
4. Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - Effective date for annual periods beginning on or after 1 January 2023
5. Amendments regarding deferred tax on leases and decommissioning obligations - Effective date for annual periods beginning on or after 1 January 2023

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications during the period.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

4. New standards and interpretations (continued)

4.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated and separate financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The list of the new standards are set out below:

1. Amendments to IAS 1: Non-current Liabilities with Covenants - Effective date for annual periods beginning on or after 1 January 2024
2. Amendments to IFRS 16: Lease Liability in a Sale and Leaseback - Effective date for annual periods beginning on or after 1 January 2024

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

5. Segmental reporting

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

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

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

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

Customer segment	Description
Consumer Business Unit (CBU)	It consists of subscribers sitting in value propositions and tariff plans dedicated to three sub segments: Youth, High Value and Mass segments. All MTN customers are assumed to fall within CBU except where otherwise stated.
Enterprise Business Unit (EBU)	Enterprise customers are corporate, small and 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 Group's operating segments for the three months period ended 31 March 2023 and 31 March 2022.

In millions of Nigerian Naira	CBU	EBU	WBU	Total
31 March 2023				
Segment revenue	483,531	72,045	12,560	568,136
Direct costs*	(82,506)	(4,122)	(5,356)	(91,984)
Gross margin	401,025	67,923	7,204	476,152
31 March 2022				
Segment revenue	412,780	45,867	12,337	470,984
Direct costs*	(72,086)	(2,936)	(4,546)	(79,568)
Gross margin	340,694	42,931	7,791	391,416

*Direct costs include transmission costs, regulatory fees (reported in direct network operating costs), 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.

In millions of Nigerian Naira	31 Mar 2023	31 Mar 2022
Segment gross margin	476,152	391,416
Less unallocated expenses:		
Operating expenses	(173,502)	(134,269)
Depreciation & amortisation	(96,031)	(77,822)
Finance income	7,214	4,587
Finance expense	(58,049)	(40,325)
Profit before taxation	155,784	143,587

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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022

6. Revenue

Revenue from contracts with customers

Voice	234,496	216,534	234,496	216,534
Data	227,600	162,685	227,600	162,685
SMS	21,554	13,345	21,554	13,345
Interconnect and roaming	40,697	38,713	40,697	38,713
Handset and accessories	1,361	1,165	1,361	1,165
Digital	8,621	5,635	7,236	5,108
Value added services	21,280	20,365	21,278	20,365
Other revenues	12,527	12,542	13,455	12,776
	568,136	470,984	567,677	470,691

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

SMS revenue excludes inbound roaming SMS.

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 and leased rental income from sites leased to other telecom operators.

7. Finance income

Interest income on bank deposits*	1,035	1,404	876	1,360
Interest income on amortised cost investments*	5,596	2,830	5,308	2,830
Net gain on FVTPL investments	-	171	-	171
Currency swap gain	583	182	583	182
	7,214	4,587	6,767	4,543

*Finance income calculated using effective interest rate method.

Reconciliation for finance income received in the statement of cash flow:

Finance income per income statement	7,214	4,587	6,767	4,543
Adjusted for non-cash items:				
Income on amortised cost investments	-	(259)	-	(259)
Currency swap gain	(490)	(182)	(490)	(182)
Interest received	6,724	4,146	6,277	4,102

8. Finance costs

Interest expense - banking fees	276	575	276	575
Net foreign exchange loss	11,823	1,792	11,823	1,792
Interest expense - leases*	24,880	23,271	24,880	23,271
Interest expense - borrowings*	19,125	14,687	19,125	14,687
Net loss on FVTPL investments	1,945	-	1,945	-
	58,049	40,325	58,049	40,325

*Finance costs calculated using effective interest rate method.

Reconciliation for finance costs paid in the statement of cash flow:

Finance costs per income statement	58,049	40,325	58,049	40,325
Less non cash adjustments				
Net foreign exchange loss	(6,146)	(190)	(6,146)	(190)
Interest paid	51,903	40,135	51,903	40,135

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
9. Employee costs				
Salaries and wages	8,861	6,725	7,992	6,510
Pension - Defined contribution plan	570	483	540	483
Share-based expense*	1,656	3,066	1,656	3,066
Other staff costs**	1,014	724	664	724
	12,101	10,998	10,852	10,783

*Share-based expense is made up of NSO and PSP provision; March 2023: NSO: N1.656 billion; PSP: nil (March 2022: NSO: N1.600 billion; PSP: N1.465 billion).

**Other staff costs comprises of mortgage subsidy, termination benefits, reward and recognition, group life insurance, medical expenses and current service costs of employee benefits.

10. Direct network operating costs

Regulatory fees	15,317	12,338	15,317	12,338
Annual Numbering Plan	986	763	909	763
BTS leases	100,386	78,496	100,386	78,496
Network Maintenance	19,956	15,678	19,956	15,678
	136,645	107,275	136,568	107,275

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

11. Other operating expenses

Audit fees	117	125	99	123
Directors' emoluments	183	145	182	145
Professional fees	10,093	7,576	10,545	6,498
Credit loss expense/(reversal) on trade and other receivables	991	(356)	991	(356)
Reversal of credit loss expense on cash and cash equivalent, treasury bills and bonds	(3)	(503)	(3)	(503)
Impairment of property and equipment	24	3	24	3
Inventory write-down	37	1,093	37	1,093
Loss from unauthorised transfers*	-	-	9,414	-
Profit on disposal of property and equipment	(61)	(419)	(61)	(419)
Maintenance costs	8,420	6,086	8,403	6,086
Rent, rates, utilities and other office running cost	1,019	484	1,019	484
Trainings, travels and entertainment cost	1,161	917	1,117	906
Insurance	845	614	845	614
MTN Foundation	989	990	989	990
Information technology development levy	1,520	1,467	1,520	1,467
National Agency for Science and Engineering Infrastructure levy	380	367	380	367
Other expenses**	1,890	784	1,281	679
	27,605	19,373	36,782	18,177

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

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
12. Income tax expense				
Current tax				
Company income tax	48,497	48,199	48,487	48,199
Prior year under provision of company income tax	1,936	10,446	1,936	10,446
Education tax	6,757	4,946	6,575	4,946
Nigerian police trust fund	8	7	8	7
	57,198	63,598	57,006	63,598
Deferred				
Deferred tax credit	(2,717)	(16,830)	(3,840)	(15,901)
	54,481	46,768	53,166	47,697
Tax rate reconciliation				
Profit before tax	155,784	143,587	152,041	146,682
Tax charge	54,481	46,768	53,166	47,697
Effective tax rate	34.97 %	32.57 %	34.97 %	32.52 %
Tax at standard rate	30.00	30.00	30.00	30.00
Expenses not allowed	0.24	0.31	0.28	0.33
Prior year tax under provision	0.60	(0.86)	0.59	(0.85)
Investment allowance	-	(0.28)	-	(0.28)
Exempt income	(0.03)	(0.02)	(0.03)	(0.02)
Education tax	4.14	3.41	4.12	3.33
Police Trust Fund	0.01	0.01	0.01	0.01
Minimum tax	0.01	-	-	-
Effective tax rate	34.97	32.57	34.97	32.52

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

13. Property and equipment

Group and Company

In millions of Nigerian Naira	Land	Buildings	Leasehold property	Information systems, furniture and office equipment	Motor vehicles	Network Infrastructure	Capital - work in progress	Total
At 31 December 2022								
Cost	26,692	32,489	24,432	70,947	9,958	1,286,088	138,678	1,589,284
Accumulated depreciation and impairment	-	(21,417)	(11,110)	(38,697)	(4,317)	(585,386)	-	(660,927)
Carrying amount	26,692	11,072	13,322	32,250	5,641	700,702	138,678	928,357
Cost								
At 1 January 2023	26,692	32,489	24,432	70,947	9,958	1,286,088	138,678	1,589,284
Additions	-	10	13	3,072	-	44,224	4,852	52,171
Disposals	-	-	-	(92)	(197)	(22)	-	(311)
Other movement	-	-	-	-	-	9	(612)	(603)
At 31 March 2023	26,692	32,499	24,445	73,927	9,761	1,330,299	142,918	1,640,541
Depreciation and impairment								
At 1 January 2023	-	(21,417)	(11,110)	(38,697)	(4,317)	(585,386)	-	(660,927)
Depreciation	-	(286)	(396)	(3,461)	(418)	(45,215)	-	(49,776)
Disposals	-	-	-	75	57	15	-	147
Impairment	-	-	-	-	-	(24)	-	(24)
At 31 March 2023	-	(21,703)	(11,506)	(42,083)	(4,678)	(630,610)	-	(710,580)
Carrying amount								
At 31 December 2022	26,692	11,072	13,322	32,250	5,641	700,702	138,678	928,357
At 31 March 2023	26,692	10,796	12,939	31,844	5,083	699,689	142,918	929,961

Total cash outflow for property and equipment as at 31 March 2023 was N23.96 billion after adjusting for accruals of N27.61 billion. Other movement relates to reversals of prior year property and equipment associated costs no longer required. This includes freight, clearing and import charges.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

14. Right of use assets

Group and Company

In millions of Nigerian Naira	Base station land	Buildings	Motor vehicles	Office equipment	Network infrastructure	Total
At 31 December 2022						
Cost	9,761	8,128	9,384	-	931,240	958,513
Accumulated depreciation and impairment	(5,206)	(5,035)	(4,190)	-	(291,972)	(306,403)
Carrying amount	4,555	3,093	5,194	-	639,268	652,110
Cost						
At 1 January 2023	9,761	8,128	9,384	-	931,240	958,513
Additions	-	-	-	-	78,178	78,178
At 31 March 2023	9,761	8,128	9,384	-	1,009,418	1,036,691
Depreciation and impairment						
At 1 January 2023	(5,206)	(5,035)	(4,190)	-	(291,972)	(306,403)
Depreciation	(362)	(330)	(469)	-	(27,887)	(29,048)
At 31 March 2023	(5,568)	(5,365)	(4,659)	-	(319,859)	(335,451)
Carrying amount						
At 31 December 2022	4,555	3,093	5,194	-	639,268	652,110
At 31 March 2023	4,193	2,763	4,725	-	689,559	701,240

Cash outflow for right of use assets for the period was N6.12 billion after adjusting for the lease additions of N72.06 billion.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

15. Intangible assets

In millions of Nigerian Naira	Goodwill	Licenses	Computer software	Capital work-in-progress	Total
Group					
At 31 December 2022					
Cost	10,016	331,814	136,208	18,642	496,680
Accumulated amortisation and impairment	-	(82,280)	(78,801)	-	(161,081)
Carrying amount	10,016	249,534	57,407	18,642	335,599
Cost					
At 1 January 2023	10,016	331,814	136,208	18,642	496,680
Additions	-	42,520	-	6,719	49,239
Reclassification	-	16,140	118	(16,258)	-
Other movement	-	-	-	222	222
At 31 March 2023	10,016	390,474	136,326	9,325	546,141
Amortisation and impairment					
At 1 January 2023	-	(82,280)	(78,801)	-	(161,081)
Amortisation	-	(9,970)	(7,237)	-	(17,207)
At 31 March 2023	-	(92,250)	(86,038)	-	(178,288)
Carrying amount					
At 31 December 2022	10,016	249,534	57,407	18,642	335,599
At 31 March 2023	10,016	298,224	50,288	9,325	367,853
Company					
At 31 December 2022					
Cost		331,814	88,388	18,642	438,844
Accumulated amortisation and impairment		(82,280)	(41,880)	-	(124,160)
Carrying amount		249,534	46,508	18,642	314,684
Cost					
At 1 January 2023		331,814	88,388	18,642	438,844
Additions		42,520	-	6,719	49,239
Reclassification		16,140	118	(16,258)	-
Other movement		-	-	222	222
At 31 March 2023		390,474	88,506	9,325	488,305
Amortisation and impairment					
At 1 January 2023		(82,280)	(41,880)	-	(124,160)
Amortisation		(9,970)	(5,907)	-	(15,877)
At 31 March 2023		(92,250)	(47,787)	-	(140,037)
Carrying amount					
At 31 December 2022		249,534	46,508	18,642	314,684
At 31 March 2023		298,224	40,719	9,325	348,268

Goodwill relates to the acquisition of Visafone Communications Limited.

Other movement relates to the additional accruals of levy charged on software

Cash outflow for the period was N6.57 billion after adjusting for accruals of N42.89 billion.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022

16. Investment in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Visafone Communications Limited	-	-	43,778	43,778
XS Broadband Limited	-	-	500	500
Yello Digital Financial Services Limited	-	-	14,150	14,150
MoMo Payment Service Bank Limited	-	-	16,400	16,400
	-	-	74,828	74,828
Impairment (XS Broadband Ltd)	-	-	(500)	(500)
	-	-	74,328	74,328

17. Other investments

Treasury bonds at amortised cost	7,065	7,345	7,065	7,345
NGN deposits at amortised cost	3,465	3,441	3,465	3,441
Allowance for expected credit losses	(198)	(201)	(198)	(201)
	10,332	10,585	10,332	10,585

18. Current investments

US Dollar deposits held at amortised cost	10,677	-	10,677	-
NGN deposits at amortised cost	1,016	819	1,016	819
Treasury bills held at amortised cost	15,020	7,675	12,085	4,793
Allowance for expected credit losses	(126)	(12)	(126)	(12)
Net current investments at amortised cost	26,587	8,482	23,652	5,600
Treasury bills and bonds held at FVOCI	10,954	11,267	10,954	11,267
Treasury bills and bonds held at FVTPL	7,420	539	7,420	539
	44,961	20,288	42,026	17,406

19. Other non current assets

Contract acquisition costs

Opening balance	6,602	5,602	6,602	5,602
Additions	860	4,739	860	4,739
Amortised in the year	(1,070)	(3,739)	(1,070)	(3,739)
	6,392	6,602	6,392	6,602

Non current prepayment

	10,280	10,685	10,280	10,685
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Total non-current assets

	16,672	17,287	16,672	17,287
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Non-current prepayment includes the non-current portion of the prepaid Indefeasible right of use (IRU) asset access to the West African Cable System (WACS).

20. Inventories

Handsets, devices and accessories	7,015	6,502	7,015	6,502
Starter packs	1,427	1,733	1,427	1,733
	8,442	8,235	8,442	8,235
Inventories (write-downs)	(4,594)	(4,557)	(4,594)	(4,557)
	3,848	3,678	3,848	3,678

During the period, there was an additional inventory write-down of N37 million (March 2022: N1.09 billion) for starter pack, handsets and accessories. This is recognised in the other operating expenses line (Note 11).

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company		
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022	
21. Trade and other receivables					
Financial instruments:					
Trade receivables		84,486	73,563	84,214	73,290
Trade receivables - related parties	38.4	9,894	12,323	34,894	43,903
Allowance for expected credit losses		(14,643)	(13,652)	(14,225)	(13,234)
		79,737	72,234	104,883	103,959
Other receivables*		12,770	11,678	6,413	11,133
		92,507	83,912	111,296	115,092
Non-financial instruments:					
Sundry receivables and advances		437	407	434	407
Other non-financial receivables**		40,795	90,294	38,571	79,884
Current prepayments***		20,858	16,883	20,808	16,849
		62,090	107,584	59,813	97,140
		154,597	191,496	171,109	212,232

*Other receivables includes advance payments to suppliers and IRU assets amortised monthly.

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

***Current prepayment include prepaid inventory items not yet received and prepaid BTS rental leases variable costs.

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances		193,952	185,347	185,773	171,240
Short-term deposits		371,214	164,441	363,565	153,292
		565,166	349,788	549,338	324,532
Allowance for expected credit losses		(174)	(288)	(174)	(288)
		564,992	349,500	549,164	324,244

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

Bank balances		193,952	185,347	185,773	171,240
Short-term deposits		371,214	164,441	363,565	153,292
		565,166	349,788	549,338	324,532

23. Restricted cash

Restricted cash deposits for letters of credit		161,938	150,899	161,938	150,899
Collateral on borrowings and cash covers		44,221	43,043	44,221	43,043
Restricted cash - others		817	883	615	680
Cash held for MoMo customers		6,689	1,257	-	-
		213,665	196,082	206,774	194,622

Included in restricted cash - others is the retention fee on purchase of Visafone Communications Limited of N378 million; dividends of N237.4 million (2022: N237.4 million) 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.

For the purpose of cash flows, total net cash outflow to banks for restricted cash was Group: N12.15 billion (March 2022: N64.45 billion), for Company N12.15 billion (March 2022: N64.23 billion).

Cash held for MoMo customers relates to MoMo customers deposit liability for the period (see note 30).

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company		
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022	
24. Trade and other payables					
Financial instruments:					
Trade payables		37,656	64,666	37,467	64,364
Trade payables - related parties	38.4	37,703	40,822	40,970	45,764
Other accrued expenses*		330,023	315,252	326,667	309,885
Other payables**		231	306	231	306
		405,613	421,046	405,335	420,319
Non-financial instruments					
Other non-financial accrued expenses***		68,055	58,697	68,057	58,697
Sundry payables		1,685	3,250	1,685	3,028
Other non-financial payables****		47,420	31,899	47,692	32,162
		117,160	93,846	117,434	93,887
		522,773	514,892	522,769	514,206

*Other accrued expenses include BTS lease accruals.

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

***Other non-financial accrued expenses include CAPEX accruals, inventory accruals and other regulatory fees.

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

25. Contract liabilities

Opening balance	92,861	72,336	92,479	71,954
Payments received in advance of delivery of performance obligations	47,708	887,209	47,708	887,209
Revenue recognised in delivery of goods/services	(44,436)	(866,684)	(44,436)	(866,684)
Closing balance	96,133	92,861	95,751	92,479

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.

26. Borrowings

The maturity of the loans is as follows:

Payable within one year (included in current liabilities)	355,908	250,210	355,908	250,210
More than one year but not exceeding two years	43,332	43,339	43,332	43,339
More than two years but not exceeding five years	168,278	124,036	168,278	124,036
More than five years	212,395	272,088	212,395	272,088
Amounts included in non-current liabilities	424,005	439,463	424,005	439,463
Total borrowings	779,913	689,673	779,913	689,673

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022

26. Borrowings (continued)

26.1. Borrowings reconciliation

Opening balance	689,673	493,260	689,673	493,260
Drawdown	129,320	479,243	129,320	479,243
Repayment	(57,858)	(361,431)	(57,858)	(361,431)
Other movement*	-	(9,878)	-	(9,878)
Accrued interest	19,125	62,491	19,125	62,491
Revaluation (gain)/loss	(347)	25,988	(347)	25,988
Closing balance	779,913	689,673	779,913	689,673

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

26.2 Summary of borrowing arrangements

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

Facility	Type	Outstanding balance as at 31 March 2023
Local facility M	N200 billion local currency term loan maturing in 2025, variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%.	N77 billion
Local facility N	N200 billion local currency term loan maturing in 2026, variable interest loan, linked to average 3-Month NIBOR plus a margin of 1.75%. The Group prepaid N75 billion of this facility from the proceeds of fixed rate bond issuance to reduce exposure to volatility in short term interest rate.	N40 billion
Commercial paper	Under the N150 billion Commercial paper Issuance Programme are: -Series III: Issued on 1 March 2023 with face value of N52 billion at a discount rate of 10.4102% with maturity in September 2023. -Series IV: Issued on 1 March 2023 with face value of N72 billion at a discount rate of 11.4528% with maturity in November 2023.	N125 billion
Foreign EIB facility	EUR100 million financing from European Investment bank (EIB) was arranged in 2021, with 3- year moratorium. It was drawn in April 2022, with principal to be repaid over 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 2.204% margin.	US\$66.9 million
Foreign facility O	USD100 million Syndicated Facility from AFC and RMB was arranged in 2020, with one-year moratorium. The facility is in two tranches (O1 and O2) of US\$15 million and US\$80 million, respectively. Both tranches have been fully drawn. Facility O principal will be repaid over 5 equal semi-annual installments which will commence in December 2021. It is a floating interest loan linked to the 6 month LIBOR plus a 5.5% margin.	US\$38 million
Local bonds	The local bonds are four series bond issuance programmes comprising of: - Series I: N110.001 billion 7 Year 13% bonds due 2028, principal repayments will occur twice in May 2027 and 2028 respectively - Series II: N89.999 billion 10 year 12.75% bonds due 2031, principal repayments will also occur twice, 2030 and 2031 respectively - Series I Tranche A: N10.09 billion 4 year 13.5% Bonds due 2026, principal repayments will occur once in September 2026 - Series I Tranche B: N104.91 billion 10 year 14.5% bonds due 2032, principal repayments will occur four times in 2029, 2030, 2031 and 2032.	N315 billion
Trade loans	A total of US\$485 million trade loans for the establishment of Letters of Credit with various local banks. The loans attract Pre and Post Negotiation charges and the facility are largely cash backed. The sum of US\$354 million was due and unpaid as at March 2023 as trade loans for Letters of Credit.	N163 billion

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022

27. Provisions

At beginning of period	42,130	29,777	31,605	29,777
Additions	14,302	35,042	14,277	24,517
Unused amounts reversed	(9,568)	(11,115)	-	(11,115)
Utilised	(5,265)	(11,574)	(5,265)	(11,574)
At end of period	41,599	42,130	40,617	31,605

Net provision expense for Group was N4.73 billion (December 2022: N23.93 billion) for Company N14.28 billion (December 2022: N13.40 billion).

Total cash outflows on provisions were N5.27 billion (December 2022: N11.57 billion) for Group and Company.

Split between non-current and current portions

Non-current liabilities	43	43	43	43
Current liabilities	41,556	42,087	40,574	31,562
	41,599	42,130	40,617	31,605

Provisions are made up of provisions for decommissioning, litigation expenses, staff bonus, loss from unauthorised transfers, other various regulatory expenses and consultancy expenses.

28. Employee 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/2012/000000000504) signed by Wayne van Jaarsveld (FRC/2021/002/00000024507).

Employee benefits reconciliation

Opening balance	6,835	6,685	6,835	6,685
Current service cost	13	652	13	652
(Reversal of interest)/interest cost	-	844	-	844
Actuarial gains	-	(299)	-	(299)
Benefits paid	(221)	(1,047)	(221)	(1,047)
	6,627	6,835	6,627	6,835

Employment benefits comprise of the present values of :

Defined Benefit Obligation- retirement benefits	2,178	2,178	2,178	2,178
Long Service Awards	4,449	4,657	4,449	4,657
	6,627	6,835	6,627	6,835

Current to non-current split

Non-current	6,627	6,835	6,627	6,835
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29. Lease liabilities

The statement of financial position shows the following amounts relating to leases:

Non-current liabilities	703,818	662,655	703,818	662,655
Current liabilities	64,370	64,829	64,370	64,829
	768,188	727,484	768,188	727,484

Lease liabilities reconciliation

Opening balance	727,484	690,856	727,484	690,856
Additions	72,058	120,545	72,058	120,545
Interest capitalised	24,880	92,748	24,880	92,748
Revaluations	3,969	7,206	3,969	7,206
Payments - principal portion	(35,323)	(91,123)	(35,323)	(91,123)
Payments - interest portion	(24,880)	(92,748)	(24,880)	(92,748)
	768,188	727,484	768,188	727,484

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022

29. Lease liabilities (continued)

The Group's leases include network infrastructure (including tower space and land), land and buildings and motor vehicles. 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.

30. Deposit held for MoMo customers

Deposits held for MoMo customers	6,689	1,257	-	-
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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 23).

31. Derivatives

Current liabilities: currency swap	3,226	3,062	3,226	3,062
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All gains and losses from changes in the fair value of derivatives are recognised immediately in the profit or loss statement as finance income or cost.

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

32. Deferred tax

32.1 Deferred tax liability

Opening balance	93,596	108,087	90,851	103,747
Charge to profit and loss	(4,240)	(14,927)	(3,840)	(13,332)
Charge to other comprehensive income	7	436	7	436
Total deferred tax liability	89,363	93,596	87,018	90,851

32.2 Deferred tax asset

Opening balance	11,018	3,404	-	-
Charge to profit or loss account	(1,523)	7,614	-	-
Total deferred tax asset	9,495	11,018	-	-

Total tax credit to the profit and loss account for Group: N2.72 million; Company: N3.84 million.

Charge to other comprehensive income (OCI) comes from the deferred tax impact on fair valuation of investments of FVOCI investments and actuarial gains from employee benefits.

33. Current tax payable

Opening balance	199,959	144,163	199,687	143,891
Provision for the period/year - company income tax	48,497	166,787	48,487	166,787
Provision for the period/year - prior year under provision	1,936	10,446	1,936	10,446
Provision for the period/year - education tax	6,757	20,375	6,575	20,375
Provision for the period/year - Nigerian Police Trust Fund	8	28	8	28
Tax paid	-	(139,511)	-	(139,511)
Withholding tax credit	-	(2,329)	-	(2,329)
Closing balance	257,157	199,959	256,693	199,687

34. Other non-current liabilities

Share based payment liability

Opening balance	8,569	8,547	8,569	8,547
Share based expense	1,656	5,889	1,656	5,889
Share based payments	(67)	(5,867)	(67)	(5,867)
Closing balance	10,158	8,569	10,158	8,569

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022

34. Other non-current liabilities (continued)

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 an 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)

35. Share capital

35.1 Share capital

Issued and fully paid:

20,354,513,050 ordinary shares of N0.02 each	407	407	407	407
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35.2 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 of N 1,488.15 each	207	207	207	207
	17,216	17,216	17,216	17,216

35.3 Dividends

Final dividend for 2022: Nil (2021: N8.57 kobo per share)	-	174,201	-	174,201
Interim dividend for 2023: Nil (2022: N5.60 kobo per share)	-	113,985	-	113,985
	-	288,186	-	288,186

35.4 Treasury shares

Treasury shares	4,869	4,869	4,869	4,869
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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 (2022: 28,809,789 ordinary shares).

36. Earnings per share

	3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
Profit attributable to owners of the company	100,491	96,819	98,875	98,985
Weighted average number of ordinary shares (million)*	20,326	20,326	20,326	20,326
Basic and diluted EPS (N)	4.94	4.76	4.86	4.87

Earnings per share (EPS) is calculated by dividing the profit after tax attributable to owners of the company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares held as treasury shares (31 March 2023: 28,809,789 shares; 31 March 2022: 28,809,789 shares)

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Notes	Group		Company	
		3 months ended 31 March 2023	3 months ended 31 March 2022	3 months ended 31 March 2023	3 months ended 31 March 2022
37. Cash generated from operations					
Profit before taxation		155,784	143,587	152,041	146,682
Adjustments for non cash items:					
Finance income	7	(7,214)	(4,587)	(6,767)	(4,543)
Finance costs	8	58,049	40,325	58,049	40,325
Depreciation of property and equipment		49,776	40,979	49,776	40,979
Depreciation of right of use assets		29,048	24,566	29,048	24,566
Amortisation of intangible assets		17,207	12,277	15,877	10,947
Amortisation of contract acquisition costs		1,070	878	1,070	878
Profit on disposal of property and equipment	11	(61)	(419)	(61)	(419)
Impairment of property and equipment	11	24	3	24	3
Reversal of credit losses on cash and cash equivalent, treasury bills and bonds	11	(3)	(503)	(3)	(503)
Credit loss/(reversal of credit loss) expense on trade and other receivables	11	991	(356)	991	(356)
Inventory write-down expense	11	37	1,093	37	1,093
Reversal of employee benefit plan cost		13	(9)	13	(9)
Provision expense/(reversal of provision expense)		4,734	(3,655)	14,277	(3,655)
Share based payments expense	9	1,656	3,066	1,656	3,066
		311,111	257,245	316,028	259,054
Changes in working capital:					
Decrease in inventories		3,685	2,164	3,685	2,164
Decrease in trade and other receivables		43,020	2,682	43,742	81
(Decrease)/increase in trade and other payables		(49,226)	7,936	(45,042)	10,316
Increase/(decrease) in contract liabilities		3,273	(5,308)	3,272	(5,308)
		752	7,474	5,657	7,253
		311,863	264,719	321,685	266,307

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022

38. Related party transactions

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

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

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

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

Parent Company: MTN International (Mauritius) Limited

Dividends paid (excluding withholding tax):

MTN International (Mauritius) Ltd	-	194,306	-	194,306
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38.2 Subsidiaries:

Visafone Communications Limited

Amounts (due to)/due from related party	-	-	(326)	(326)
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Yello Digital Financial Services Limited

Net settlement of liabilities by the subsidiary	-	-	6,120	3,285
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Amounts due from related party	-	-	18,814	16,453
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Amounts due to related party	-	-	(2,941)	(4,616)
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XS Broadband Limited

Amounts due from related party	-	-	638	638
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MoMo Payment Service Bank Limited

Cost charged for transaction processing	-	-	375	-
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Net settlement of liabilities by the subsidiary	-	-	(8,941)	14,489
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Amounts due from related party	-	-	5,548	14,489
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38.3 Related parties under MTN Group

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

Amounts due to related parties

MTN Benin	-	6	-	6
MTN Cameroon	311	311	311	311
MTN Congo	7	7	7	7
MTN Cote d'Ivoire	94	94	94	94
MTN Dubai	515	524	515	524
MTN Ghana	20	19	20	19
MTN Global Connect	1,724	1,083	1,724	1,083
MTN Guinea Bissau	2	2	2	2
MTN Holdings	14	14	14	14
MTN International (Mauritius) Limited	18,200	18,282	18,200	18,282
MTN Management Services Co	4,014	4,008	4,014	4,008
MTN Uganda	3	3	3	3
MTN Zambia	6	6	6	6
Global Trading Company	778	3,622	778	3,622
Interserve Overseas Ltd)	11,697	12,523	11,697	12,523
Mobile Telephone Networks (Pty) Ltd	280	280	280	280
Progressive Tech Holdings	1	1	1	1
Simply Africa	37	37	37	37
	37,703	40,822	37,703	40,822

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022
38. Related party transactions (continued)				
Amounts due from related parties				
MTN Benin	3	-	3	-
MTN Cameroon	410	410	410	410
MTN Congo	39	36	39	36
MTN Cote d'Ivoire	178	-	178	-
MTN Dubai	9	-	9	-
MTN Global Connect	4,377	6,095	4,377	6,095
MTN Group Management Services Co	4,581	5,493	4,581	5,493
MTN Guinea Bissau	36	36	36	36
MTN Guinea Conakry	34	34	34	34
MTN Kenya	7	5	7	5
MTN Uganda	-	-	-	-
MTN Zambia	62	80	62	80
Lonestar Communications Corporations (Liberia)	93	91	93	91
Mobile Telephone Networks (Pty) Ltd	65	43	65	43
	9,894	12,323	9,894	12,323

38.4 Summary of amounts due to and due from related parties:

Amount due to related parties				
Related parties	38.3	37,703	40,822	37,703
Subsidiaries	38.2	-	-	3,267
	24	37,703	40,822	40,970
Amount due from related parties				
Related parties	38.3	9,894	12,323	9,894
Subsidiaries	38.2	-	-	25,000
	21	9,894	12,323	34,894

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022

38. Related party transactions (continued)

38.5 Purchases and sales from related parties

Purchases from related parties

MTN Benin	26	311	26	311
MTN Cameroon	13	42	13	42
MTN Congo	-	6	-	6
MTN Cote d'Ivoire	5	16	5	16
MTN Cyprus	1	2	1	2
MTN Ghana	37	111	37	111
MTN Global Connect	1,182	20,483	1,182	20,483
MTN Guinea Bissau	-	2	-	2
MTN Guinea Conakry	1	1	1	1
MTN Irancell	-	1	-	1
MTN Namibia	11	21	11	21
MTN Rwanda	4	15	4	15
MTN South Sudan	1	3	1	3
MTN Sudan	1	23	1	23
MTN Swaziland	-	1	-	1
MTN Syria	-	1	-	1
MTN Uganda	2	5	2	5
MTN Zambia	1	2	1	2
Lonestar Communications Corporations (Liberia)	2	7	2	7
Mobile Telephone Networks (Pty) Ltd	12	43	12	43

Sales to related parties

MTN Benin	51	162	51	162
MTN Cameroon	34	121	34	121
MTN Congo	-	1	-	1
MTN Cote d'Ivoire	6	19	6	19
MTN Ghana	32	117	32	117
MTN Global Connect	7,490	32,374	7,490	32,374
MTN Guinea Conakry	-	1	-	1
MTN Namibia	108	1	108	1
MTN Rwanda	1	2	1	2
MTN South Sudan	-	9	-	9
MTN Uganda	1	2	1	2
MTN Zambia	-	5	-	5
Global Trading Company	-	23	-	23
Lonestar Communications Corporations (Liberia)	1	-	1	-
Mobile Telephone Networks (Pty) Ltd	8	30	8	30

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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

39. Accounting classes and fair values

Group	Amortised costs	FVTPL	FVOCI	Total carrying amount
In millions of Nigerian Naira				
31 March 2023				
Non-current financial assets				
Other Investments	10,332	-	-	10,332
	10,332	-	-	10,332
Current financial assets				
Trade and other receivables	92,507	-	-	92,507
Current investment	26,587	7,420	10,954	44,961
Cash and cash equivalents	564,992	-	-	564,992
Restricted cash	213,665	-	-	213,665
	897,751	7,420	10,954	916,125
	908,083	7,420	10,954	926,457
Non-current financial liabilities				
Borrowings	424,005	-	-	424,005
Lease liabilities	703,818	-	-	703,818
	1,127,823	-	-	1,127,823
Current financial liabilities				
Trade and other payables	405,613	-	-	405,613
Borrowings	355,908	-	-	355,908
Lease liabilities	64,370	-	-	64,370
Cash for MoMo customers	6,689	-	-	6,689
Derivatives	-	3,226	-	3,226
	832,580	3,226	-	835,806
	1,960,403	3,226	-	1,963,629
31 December 2022				
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 investment	8,482	539	-	9,021
Cash and cash equivalents	349,500	-	-	349,500
Restricted cash	196,082	-	-	196,082
	637,976	539	-	638,515
	648,561	539	-	649,100
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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

39. Accounting classes and fair values (continued)

Company	Amortised costs	FVTPL	FVOCI	Total carrying amount
In millions of Nigerian Naira				
31 March 2023				
Non-current financial assets				
Other Investments	10,332	-	-	10,332
	10,332	-	-	10,332
Current financial assets				
Trade and other receivables	111,296	-	-	111,296
Current investment	26,587	7,420	10,954	44,961
Cash and cash equivalents	549,164	-	-	549,164
Restricted cash	206,774	-	-	206,774
	893,821	7,420	10,954	912,195
	904,153	7,420	10,954	922,527
Non-current financial liabilities				
Borrowings	424,005	-	-	424,005
Lease liabilities	703,818	-	-	703,818
	1,127,823	-	-	1,127,823
Current financial liabilities				
Trade and other payables	405,335	-	-	405,335
Borrowings	355,908	-	-	355,908
Lease liabilities	64,370	-	-	64,370
Derivatives	-	3,226	-	3,226
	825,613	3,226	-	828,839
	1,953,436	3,226	-	1,956,662
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 investment	5,600	539	-	6,139
Cash and cash equivalents	324,244	-	-	324,244
Restricted cash	194,622	-	-	194,622
	639,558	539	-	640,097
	650,143	539	-	650,682
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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

40. Fair value estimation

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

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

Level 2: Valuation techniques with inputs other than quoted prices (included within level 1) that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (e.g. a valuation that uses observable interest rates or foreign exchange rates as inputs),

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

The financial instruments measured at fair value are presented below.

Group and Company

In millions of Nigerian Naira	Level 1	Level 2	Level 3	Total
31 March 2023				
Financial assets				
Treasury bills at FVTPL	7,420	-	-	7,420
Treasury bills at FVOCI	10,954	-	-	10,954
	18,374	-	-	18,374
Financial liabilities				
Derivatives	-	3,226	-	3,226
	-	3,226	-	3,226
31 December 2022				
Financial assets				
Treasury bills at FVTPL	6,220	-	-	6,220
	6,220	-	-	6,220
Financial liabilities				
Derivatives	-	372	-	372
	-	372	-	372

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

41. Financial instruments and risk management

41.1 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 company. EBITDA is defined as earnings before interest, tax, depreciation, amortisation and goodwill impairment/losses.

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

In millions of Nigerian Naira		Group		Company	
		31 March 2023	31 December 2022	31 March 2023	31 December 2022
Revenue	6	568,136	2,012,272	567,677	2,011,935
Operating expenses excluding depreciation and amortisation		(237,881)	(941,907)	(232,871)	(915,191)
EBITDA		330,255	1,070,365	334,806	1,096,744
Gross debt	26	779,913	689,673	779,913	689,673
Cash and cash equivalents	22	(564,992)	(349,500)	(549,164)	(324,244)
Net debt		214,921	340,173	230,749	365,429
Gross debt	26	779,913	689,673	779,913	689,673
Equity attributable to owners of the company		433,533	334,237	482,762	385,082
Total funding		1,213,446	1,023,910	1,262,675	1,074,755
Gross debt: Total funding		64 %	73 %	62 %	64 %
Net debt: Total funding		18 %	44 %	18 %	35 %
Net debt: EBITDA		65 %	46 %	69 %	32 %

41.2 Credit risk

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

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

The following instruments give rise to credit risk:

In millions of Nigerian Naira	Group		Company	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Other investments	10,332	10,585	10,332	10,585
Cash and cash equivalents	564,992	349,500	549,164	324,244
Trade and other receivables	92,507	83,912	111,296	115,092
Restricted cash	213,665	196,082	206,774	194,622
Current investments	26,587	8,482	23,652	5,600
	908,083	648,561	901,218	650,143

Cash and cash equivalents and restricted cash

The Group's exposure and the credit ratings of its counter parties are continuously monitored and the aggregate values of investment portfolio is spread amongst approved financial institutions, which are lending institutions to the Group. The Group's cash investment activity is based on the SLY (Safety, Liquidity and Yield) principle while it also limits its cash holdings in a financial institution to a maximum of 20% of total investment portfolio to manage concentration risk. The exposure is controlled by a right of setoff and counter party exposure limits.

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

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

Total estimated credit loss as at 31 March 2023 stood at N174 million (31 December 2022: N288 million) while reversal of credit loss to income statement for the period is N114 million (31 March 2022: N315 million).

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

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. The credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

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

Group: ECL for gross trade receivables of N84.49 billion (2022: N73.56 billion) was N14.64 billion (2022: N13.65 billion);
Company: ECL for gross trade receivables of N84.21 billion (2022: N73.29 billion) was N14.23 billion (2022: N13.23 billion).

The Group holds collateral as security for trade receivables relating to trade partners. These are bank guarantees held with banks with credit ratings of AAA to BBB-. A total of N3.83 billion was held as collateral for the same value of receivables as at 31 March 2023 (December 2022: N3.83 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.

Current and other investments

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

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

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

Total estimated expected credit loss as at 31 March 2023 stood at N324 million (31 December 2022: N213 million) while the credit loss expense for the period stood at N111 million (31 March 2022: credit loss expense of N630 million).

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

Reconciliation of gross carrying amount and related ECL

In millions of Nigerian Naira	Cash and cash equivalent	Current investments	Other investments	Total ECL
Group				
Balance as at 1 January 2022	260,891	51,444	10,845	(949)
Net movement during the year	107,602	-	-	-
Purchase	-	63,948	3,821	-
Sale	-	(109,304)	(4,085)	-
Exchange loss	(19,308)	-	-	-
Credit loss expense reversal	315	129	4	448
Balance as at 31 December 2022	349,500	6,217	10,585	(501)
Net movement during the year	221,264	-	-	-
Purchase	-	42,768	-	-
Sale	-	(22,284)	(256)	-
Exchange loss	(5,886)	-	-	-
Reversal of allowance/(allowance) for expected credit losses	114	(114)	3	3
Balance as at 31 March 2023	564,992	26,587	10,332	(498)
Company				
Balance as at 1 January 2022	247,025	51,444	10,845	(949)
Net movement during the year	96,212	-	-	-
Purchase	-	63,331	3,821	-
Sale	-	(109,304)	(4,085)	-
Exchange loss	(19,308)	-	-	-
Credit loss expense reversal	315	129	4	448
Balance as at 31 December 2022	324,244	5,600	10,585	(501)
Net movement during the year	230,692	-	-	-
Purchase	-	40,450	-	-
Sale	-	(22,284)	(256)	-
Exchange loss	(5,886)	-	-	-
Reversal of allowance/(allowance) for expected credit losses	114	(114)	3	3
Balance as at 31 March 2023	549,164	23,652	10,332	(498)

41.3 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.

The following are the liquid resources:

In millions of Nigerian Naira	Group		Company	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Cash and cash equivalents	564,992	349,500	549,164	324,244
Current investments	44,961	20,288	42,026	17,406
Restricted cash	161,938	150,899	161,938	150,899
Trade and other receivables	92,507	83,912	111,296	115,092
	864,398	604,599	864,424	607,641

The following are the contractual maturities of financial liabilities:

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

Group

Group	Notes	Carrying amount	Payable within one month or on demand	More than one month but not exceeding three months	More than one month but not exceeding 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
In millions of Nigerian Naira									
31 March 2023									
Trade and other payables	24	405,613	68,954	194,694	141,965	-	-	-	405,613
Cash from MoMo customers	30	6,689	6,689	-	-	-	-	-	6,689
Derivatives	31	3,226	-	-	3,226	-	-	-	3,226
Current borrowings	26	355,908	6,116	36,138	368,445	-	-	-	410,699
Current lease liability	29	64,370	44,049	43	137,105	-	-	-	181,197
Non current borrowings	26	424,005	-	-	-	98,355	244,058	364,460	706,873
Non current lease liability	29	703,818	-	-	-	176,750	512,815	296,435	986,000
		1,963,629	125,808	230,875	650,741	275,105	756,873	660,895	2,700,297
31 December 2022									
Trade and other payables	24	421,046	71,577	202,100	147,369	-	-	-	421,046
Deposit held for MoMo customers	30	1,257	1,257	-	-	-	-	-	1,257
Derivatives	31	3,062	-	-	3,062	-	-	-	3,062
Current Borrowings	26	250,210	15,513	36,101	254,976	-	-	-	306,590
Current lease liability	29	64,829	23	43,119	121,985	-	-	-	165,127
Non current borrowings	26	439,463	-	-	-	100,148	258,024	373,795	731,967
Non current lease liability	29	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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

Company

Company	Notes	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
In millions of Nigerian Naira									
31 March 2023									
Trade and other payables	24	405,335	68,907	194,561	141,867	-	-	-	405,335
Derivatives		3,226	-	-	3,226	-	-	-	3,226
Current borrowings	26	355,908	6,116	36,138	368,445	-	-	-	410,699
Current lease liability	29	64,370	44,049	43	137,105	-	-	-	181,197
Non current borrowings	26	424,005	-	-	-	98,355	244,058	364,460	706,873
Non current lease liability	29	703,818	-	-	-	176,750	512,815	296,435	986,000
		1,956,662	119,072	230,742	650,643	275,105	756,873	660,895	2,693,330
31 December 2022									
Trade and other payables	24	420,319	71,454	201,753	147,112	-	-	-	420,319
Derivatives		3,062	-	-	3,062	-	-	-	3,062
Current borrowings	26	250,210	15,513	36,101	254,976	-	-	-	306,590
Current lease liability	29	64,829	23	43,119	121,985	-	-	-	165,127
Non current borrowings	26	439,463	-	-	-	100,148	258,024	373,795	731,967
Non current lease liability	29	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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

41.4 Interest rate risk

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

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

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

Profile

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

In millions of Nigerian Naira	31 March 2023			December 31, 2022		
	Fixed rate instruments	Variable rate instruments	Non interest bearing	Fixed rate instruments	Variable rate instruments	Non interest bearing
Group						
Financial assets						
Cash and cash equivalents	564,992	-	-	349,500	-	-
Current investments	44,961	-	-	20,288	-	-
Restricted cash	21,014	-	192,651	20,584	-	175,498
Trade and other receivables	-	-	92,507	-	-	83,912
Other investments	10,332	-	-	10,585	-	-
	641,299	-	285,158	400,957	-	259,410
Financial liabilities						
Trade payables	-	-	37,656	-	-	64,666
Other accrued expenses	-	-	330,023	-	-	315,252
Other payables	-	-	231	-	-	306
Amounts due to related parties	-	37,703	-	-	40,822	-
Deposit held for MoMo customers	-	-	6,689	-	-	1,257
Current borrowings	198,812	157,096	-	6,182	244,028	-
Non-current borrowings	288,681	135,324	-	194,516	244,947	-
	487,493	330,123	374,599	200,698	529,797	381,481
Company						
Financial assets						
Cash and cash equivalents	549,164	-	-	324,244	-	-
Current investments	42,026	-	-	17,406	-	-
Restricted cash	21,014	-	185,760	20,584	-	174,038
Trade and other receivables	-	-	111,296	-	-	115,092
Other investments	10,332	-	-	10,585	-	-
	622,536	-	297,056	372,819	-	289,130
Financial liabilities						
Trade payables	-	-	37,467	-	-	64,364
Other accrued expenses	-	-	326,667	-	-	309,885
Other payables	-	-	231	-	-	306
Amounts due to related parties	-	40,970	-	-	45,764	-
Current borrowings	198,812	157,096	-	6,182	244,028	-
Non-current borrowings	288,681	135,324	-	194,516	244,947	-
	487,493	333,390	364,365	200,698	534,739	374,555

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

Interest rate sensitivity

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

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable as at the end of the period/year, 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 below.

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

Group and Company	31 March 2023			31 December 2022		
	Increase/(decrease) in profit before tax			Increase/(decrease) in profit before tax		
	Change in interest rate	Upward change in interest rate	Downward change in interest rate	Change in interest rate	Upward change in interest rate	Downward change in interest rate
	%	N'million	N'million	%	N'million	N'million
LIBOR	1	(425)	425	1	(414)	414
NIBOR	1	(3,855)	3,855	1	(3,285)	3,285

Currency risk

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

The Group manages foreign currency risk on major foreign denominated purchase orders through the use of Letters of Credit. The Group has also entered into a currency swap arrangement to enhance dollar liquidity to address critical operational requirements.

Sensitivity analysis

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

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement of an instantaneous 10% strengthening or 5% weakening in the Nigerian Naira against the US Dollar, from the rate applicable as at period/year end, 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 Group.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

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

Group and Company	31 March 2023		31 December 2022	
	Increase/(decrease) in profit before tax	Increase/(decrease) in profit before tax	Increase/(decrease) in profit before tax	Increase/(decrease) in profit before tax
	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax	10% weakening in Naira, resulting in a decrease in profit before tax	5% strengthening in Naira, resulting in an increase in profit before tax
In millions of Nigerian Naira				
Denominated: Functional USD:NGN	(16,472)	8,236	(19,153)	9,577

42. Commitments for the acquisition of property, equipment and software

In millions of Nigerian Naira	Group		Company	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Contracted for	120,506	97,381	120,506	97,381
Approved but not contracted for	302,429	349,241	302,429	349,241
Total commitments for property, equipment and software	422,935	446,622	422,935	446,622

This committed expenditure relates to acquisition of property, equipment and software.

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

43. Going concern

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 Nigeria Communications Plc.
- There are no substantial operating losses or significant deterioration in the value of assets used to generate cash flows. There is also no significant impact of forex deterioration on the business due to the increase in the NAFEX rate from N461.10 to around N461.15 to \$1. However, 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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the three months period ended 31 March 2023

Notes to the unaudited condensed consolidated and separate financial statements

44. Securities trading policy

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

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

45. Shareholders and their interest

Share range	Number of shareholders	% of shareholder	Number of holdings	% shareholding
1 - 10,000	131,975	94.7368	83,644,790	0.41
10,001 - 50,000	5,043	3.6201	97,834,645	0.48
50,001 - 100,000	849	0.6094	57,032,797	0.28
100,001 - 500,000	983	0.7056	206,341,737	1.01
500,001 - 1,000,000	161	0.1156	115,304,474	0.57
1,000,001 - 5,000,000	186	0.1335	417,349,482	2.05
5,000,001 - 10,000,000	49	0.0352	341,064,948	1.68
10,000,001 - 50,000,000	45	0.0323	916,574,698	4.50
50,000,001 - 100,000,000	5	0.0036	305,392,905	1.50
100,000,001 - 500,000,000	8	0.0057	1,627,048,892	7.99
500,000,001 - 1,000,000,000	2	0.0014	1,366,607,050	6.71
1,000,000,001 - Above	1	0.0007	14,820,316,632	72.81
	139,307	100	20,354,513,050	100

As at 31 March 2023, MTN International (Mauritius) Limited with total interest of 72.81% (31 December 2022: 72.83%) held more than 5% of the issued share capital of the Company.

46. Free Float information

MTN Nigeria Communications Plc with a free float value of N709,890,039,600 as at 31 March 2023 (31 March 2022: N583,250,903,782) is compliant with the Exchange's requirements for free float for companies listed on the Premium Board.

47. Contingent liabilities

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

The Group has N1.48 billion (December 2022: N1.48 billion) contingent liabilities arising from claims and litigations in the ordinary course of business and the Group is defending these actions. During the quarter, the facts and evidence before the court regarding those cases were reassessed and based on the best estimates, the value of possible obligation from those cases amounted to N1.48 billion. 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.

48. Events after the reporting period

At the Annual General Meeting held on 18 April 2023, the shareholders approved a final dividend of N10.00k per share for the year ended 31 December 2022. Shareholders also approved a Scrip Dividend Plan.

A scrip dividend is an alternative form of shareholder return to a cash dividend. This option allows the shareholders who submitted their scrip dividend election form by the deadline of 11 April 2023, to receive new ordinary shares of the company instead of cash dividend. The ordinary shares will be issued when requisite regulatory approvals have been obtained.