



MTN Nigeria Communications Plc
Unaudited condensed consolidated and separate financial statements
for the six months period ended 30 June 2023

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Financial highlights

In millions of Nigerian Naira	Notes	6 months ended 30 June 2023	6 months ended 30 June 2022	% Change
Revenue	6	1,158,739	950,086	21.96
Operating profit		421,575	352,312	19.66
Profit before taxation		200,391	268,635	(25.40)
Profit for the period attributable to the owners of the company		128,593	181,940	(29.32)
Basic and diluted earnings per share (N)	36	6.33	8.95	(29.32)

		As at 30 June 2023	As at 31 December 2022	% Change
Share capital		407	407	-
Total equity attributable to the owners of the company		258,277	334,237	(22.73)
Net assets per share (N)		12.71	16.44	(22.73)

Stock exchange information

Market price per share as at period end (N)	273.40	215.00	27.16
Market capitalisation as at period end (N'million)	5,565,057	4,376,325	27.16
Number of shares issued and fully paid as at period end (millions)	20,355	20,355	-

The financial highlights reflect Group numbers only.

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Condensed consolidated and separate statement of profit or loss

In millions of Nigerian Naira	Notes	Group				Company			
		6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022
Revenue	6	1,158,739	950,086	590,605	479,103	1,158,273	949,637	590,597	478,947
Direct network operating costs	10	(276,958)	(215,810)	(140,313)	(108,534)	(276,812)	(215,810)	(140,244)	(108,534)
Value added services costs		(11,036)	(11,078)	(5,148)	(5,365)	(11,036)	(11,078)	(5,148)	(5,365)
Costs of SIM starter packs, handsets and accessories		(12,983)	(9,845)	(6,672)	(5,868)	(12,983)	(9,845)	(6,672)	(5,868)
Interconnect costs		(76,964)	(71,131)	(39,790)	(35,592)	(76,964)	(71,131)	(39,790)	(35,592)
Roaming costs		(3,873)	(2,934)	(2,342)	(1,719)	(3,873)	(2,934)	(2,342)	(1,719)
Transmission costs		(4,842)	(3,806)	(2,755)	(1,799)	(4,842)	(3,806)	(2,755)	(1,799)
Discounts and commissions		(55,374)	(44,894)	(28,595)	(23,104)	(53,325)	(43,875)	(27,584)	(22,551)
Advertisements, sponsorships and sales promotions		(19,417)	(14,216)	(10,050)	(8,265)	(12,646)	(11,665)	(5,926)	(5,939)
Employee costs	9	(28,471)	(22,150)	(16,370)	(11,154)	(26,232)	(21,710)	(15,380)	(10,928)
Other operating expenses	11	(54,371)	(44,905)	(26,765)	(25,534)	(63,163)	(42,335)	(26,382)	(24,159)
Depreciation of property and equipment	13	(98,409)	(82,913)	(48,633)	(41,932)	(98,409)	(82,913)	(48,633)	(41,932)
Depreciation of right of use assets	14	(57,845)	(49,815)	(28,798)	(25,250)	(57,845)	(49,815)	(28,798)	(25,250)
Amortisation of intangible assets	15	(36,621)	(24,277)	(19,416)	(12,003)	(33,962)	(21,617)	(18,086)	(10,672)
Operating profit		421,575	352,312	214,958	172,984	426,181	361,103	222,857	178,639
Finance income	7	16,392	7,066	11,708	2,660	15,668	6,957	11,430	2,595
Finance costs	8	(237,576)	(90,743)	(182,054)	(50,602)	(237,576)	(90,743)	(182,054)	(50,602)
Profit before taxation		200,391	268,635	44,612	125,042	204,273	277,317	52,233	130,632
Taxation	12	(71,703)	(87,006)	(17,223)	(40,237)	(72,828)	(89,478)	(19,663)	(41,780)
Profit for the period		128,688	181,629	27,389	84,805	131,445	187,839	32,570	88,852
Profit attributable to:									
Owners of the company		128,593	181,940	28,106	85,116	131,445	187,839	32,570	88,852
Non-controlling interest		95	(311)	(717)	(311)	-	-	-	-
		128,688	181,629	27,389	84,805	131,445	187,839	32,570	88,852
Earnings per share									
Basic/diluted to the owners of the company (N)	36	6.33	8.95	1.38	4.19	6.47	9.24	1.60	4.37

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Condensed consolidated and separate statement of other comprehensive income

In millions of Nigerian Naira	Group				Company			
	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022
Profit for the period	128,688	181,629	27,389	84,805	131,445	187,839	32,570	88,852
Items that may be reclassified to profit or loss								
Fair valuation (loss)/gain on investments designated at FVOCI*	(1,179)	(111)	16	(155)	(1,179)	(111)	16	(155)
Other comprehensive (loss)/income for the period net of taxation	(1,179)	(111)	16	(155)	(1,179)	(111)	16	(155)
Total comprehensive income for the period	127,509	181,518	27,405	84,650	130,266	187,728	32,586	88,697
Attributable to:								
Owners of the company	127,414	181,829	28,122	84,961	130,266	187,728	32,586	88,697
Non-controlling interest	95	(311)	(717)	(311)	-	-	-	-
	127,509	181,518	27,405	84,650	130,266	187,728	32,586	88,697

*Fair valuation loss/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.

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Condensed consolidated and separate statement of financial position

In millions of Nigerian Naira	Notes	Group		Company	
		30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
Assets					
Non-current assets					
Property and equipment	13	992,878	928,357	992,878	928,357
Right-of-use assets	14	684,743	652,110	684,743	652,110
Intangible assets	15	375,253	335,599	356,997	314,684
Investments in subsidiaries	16	-	-	74,328	74,328
Deferred tax asset	32.2	11,383	11,018	-	-
Other non current assets	19	28,245	17,287	28,245	17,287
Other investments	17	10,496	10,585	10,496	10,585
		2,102,998	1,954,956	2,147,687	1,997,351
Current assets					
Inventories	20	5,001	3,678	5,001	3,678
Trade and other receivables	21	197,582	191,496	220,852	212,232
Current investments	18	36,957	20,288	33,946	17,406
Restricted cash	23	296,018	196,082	295,401	194,622
Cash and cash equivalents	22	499,288	349,500	487,203	324,244
		1,034,846	761,044	1,042,403	752,182
Total assets		3,137,844	2,716,000	3,190,090	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	35.3	(4,869)	(4,869)	(4,869)	(4,869)
Other reserves	35.4	485	1,664	485	1,664
Retained profit		245,038	319,819	298,734	370,664
Equity attributable to owners of the company		258,277	334,237	311,973	385,082
Non-controlling interest		1,540	1,445	-	-
		259,817	335,682	311,973	385,082
Liabilities					
Non-current liabilities					
Borrowings	26	484,840	439,463	484,840	439,463
Lease liabilities	29	692,339	662,655	692,339	662,655
Deferred tax liability	32.1	62,953	93,596	61,007	90,851
Provisions	27	42	43	42	43
Employee benefits	28	6,429	6,835	6,429	6,835
Other non-current liabilities	34	7,859	8,569	7,859	8,569
		1,254,462	1,211,161	1,252,516	1,208,416
Current liabilities					
Trade and other payables	24	808,478	514,892	812,600	514,206
Current tax payable	33	225,719	199,959	225,408	199,687
Borrowings	26	370,227	250,210	370,227	250,210
Lease liabilities	29	61,640	64,829	61,640	64,829
Contract liabilities	25	100,587	92,861	100,205	92,479
Provisions	27	43,013	42,087	42,032	31,562
Deposit held for MoMo customers	30	412	1,257	-	-
Derivatives	31	13,489	3,062	13,489	3,062
		1,623,565	1,169,157	1,625,601	1,156,035
Total liabilities		2,878,027	2,380,318	2,878,117	2,364,451
Total equity and liabilities		3,137,844	2,716,000	3,190,090	2,749,533

The unaudited condensed consolidated and separate financial statements were approved by the Board of Directors on the 27 July 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 unaudited condensed consolidated and separate financial statements.

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Unaudited condensed consolidated and separate financial statements for the six months period ended 30 June 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	-	-	-	-	-	181,940	181,940	(311)	181,629
Purchase of treasury shares	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Other comprehensive loss	-	-	-	-	(111)	-	(111)	-	(111)
Acquisition of a subsidiary	-	-	-	-	-	-	-	2,200	2,200
Dividends	-	-	-	-	-	(174,295)	(174,295)	-	(174,295)
Balance at 30 June 2022	407	17,216	17,623	(4,869)	774	254,118	267,646	1,889	269,535
Balance at 1 January 2023	407	17,216	17,623	(4,869)	1,664	319,820	334,238	1,445	335,683
Profit for the period	-	-	-	-	-	128,593	128,593	95	128,688
Other comprehensive loss	-	-	-	-	(1,179)	-	(1,179)	-	(1,179)
Dividends	-	-	-	-	-	(203,375)	(203,375)	-	(203,375)
Balance at 30 June 2023	407	17,216	17,623	(4,869)	485	245,038	258,277	1,540	259,817
Company									
Balance at 1 January 2022	407	17,216	17,623	-	885	278,489	296,997	-	296,997
Profit for the period	-	-	-	-	-	187,839	187,839	-	187,839
Purchase of treasury shares	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Other comprehensive loss	-	-	-	-	(111)	-	(111)	-	(111)
Dividends	-	-	-	-	-	(174,295)	(174,295)	-	(174,295)
Balance at 30 June 2022	407	17,216	17,623	(4,869)	774	292,033	305,561	-	305,561
Balance at 1 January 2023	407	17,216	17,623	(4,869)	1,664	370,664	385,082	-	385,082
Profit for the period	-	-	-	-	-	131,445	131,445	-	131,445
Other comprehensive loss	-	-	-	-	(1,179)	-	(1,179)	-	(1,179)
Dividends	-	-	-	-	-	(203,375)	(203,375)	-	(203,375)
Balance at 30 June 2023	407	17,216	17,623	(4,869)	485	298,734	311,973	-	311,973

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Condensed consolidated and separate statement of cash flows

In millions of Nigerian Naira	Notes	Group		Company	
		6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
Cash flows from operating activities					
Cash generated from operations	37	800,404	546,356	814,168	552,336
Interest paid	8	(112,613)	(80,401)	(112,613)	(80,401)
Interest received	7	14,695	5,938	13,972	5,938
Dividends paid		(61,250)	(174,295)	(61,250)	(174,295)
Tax paid		(76,958)	(58,193)	(76,958)	(58,193)
Employee benefits payments		(424)	(446)	(424)	(446)
Share based payments		(5,616)	(5,646)	(5,616)	(5,646)
Provisions payments		(7,248)	(3,112)	(7,248)	(3,112)
Net cash generated from operating activities		550,990	230,201	564,031	236,181
Cash flows from investing activities					
Acquisition of property and equipment		(142,619)	(171,516)	(142,619)	(171,516)
Acquisition of intangible assets		(75,410)	(151,017)	(75,410)	(151,017)
Acquisition of right of use assets		(6,472)	(5,965)	(6,472)	(5,965)
Proceeds from disposal of property and equipment		420	3,375	420	3,375
Purchase of investment in non-current FGN bonds		(42)	-	(42)	-
Sale of investment in non-current FGN bonds		-	151	-	151
Purchase of bonds, treasury bills and foreign deposits		(37,634)	-	(37,505)	-
Sale of bonds, treasury bills and foreign deposits		22,662	16,345	22,662	16,345
Purchase of contract acquisition costs		(2,010)	(2,337)	(2,010)	(2,337)
Non-current prepayments		(11,901)	-	(11,901)	-
Investment in subsidiary		-	-	-	(8,800)
Increase in restricted cash		(100,780)	(85,846)	(100,779)	(85,617)
Net cash flows used in investing activities		(353,786)	(396,810)	(353,656)	(405,381)
Cash flows from financing activities					
Proceeds from borrowings		196,144	208,692	196,144	208,692
Repayment of borrowings		(149,183)	(85,597)	(149,183)	(85,597)
Repayment on lease liabilities		(80,847)	(41,056)	(80,847)	(41,056)
Investment by non-controlling interest		-	1,000	-	-
Net cash flow (used in)/generated from financing activities		(33,886)	83,039	(33,886)	82,039
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		(13,725)	(11,127)	(13,725)	(11,127)
Cash and cash equivalents at the end of the period	22	499,381	166,797	487,296	149,340

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Notes to the unaudited condensed consolidated and separate financial statements

1 General information

MTN Nigeria Communications Plc (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 MTN Nigeria 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 six months period ended 30 June 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 audited 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 8 Accounting Policies and Accounting Estimates: Definition of accounting estimates - Effective date for annual periods beginning on or after 1 January 2023.
3. 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.
4. Amendments to IAS 12 Income Tax - Deferred tax related to assets and liabilities arising from a single transaction.
5. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures - Effective for annual periods beginning on or after 1 January 2024, however, Nigerian Exchange Group indicated an early adoption for periods ending 31 December 2023 for top public companies in Nigeria.

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

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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

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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 MTN 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 six months period ended 30 June 2023 and 30 June 2022.

In millions of Nigerian Naira	CBU	EBU	WBU	Total
30 June 2023				
Segment revenue	985,068	147,375	26,296	1,158,739
Direct costs*	(167,405)	(8,440)	(13,213)	(189,058)
Gross margin	817,663	138,935	13,083	969,681
30 June 2022				
Segment revenue	825,812	99,253	25,021	950,086
Direct costs*	(146,239)	(5,777)	(10,764)	(162,780)
Gross margin	679,573	93,476	14,257	787,306

*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	30 June 2023	30 June 2022
Segment gross margin	969,681	787,306
Less unallocated expenses:		
Operating expenses	(355,231)	(277,989)
Depreciation & amortisation	(192,875)	(157,005)
Finance income	16,392	7,066
Finance expense	(237,576)	(90,743)
Profit before taxation	200,391	268,635

Segment assets and liabilities

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

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	Group				Company			
	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022
In millions of Nigerian Naira								

6. Revenue

Revenue from contracts with customers

Voice	474,104	417,279	239,608	200,745	474,104	417,279	239,608	200,745
Data ¹	469,378	348,234	241,778	185,549	469,378	348,234	241,778	185,549
SMS ²	41,717	29,795	20,164	16,450	41,717	29,795	20,164	16,450
Interconnect and roaming	84,097	77,764	43,400	39,051	84,097	77,764	43,400	39,051
Handset and accessories	3,460	2,236	2,099	1,072	3,460	2,236	2,099	1,072
Digital ³	17,408	11,412	8,787	5,777	15,140	10,217	7,904	5,109
Value added services ⁴	41,334	39,239	20,055	18,874	41,236	39,238	19,958	18,873
Other revenues ⁵	27,241	24,127	14,714	11,585	29,141	24,874	15,686	12,098
	1,158,739	950,086	590,605	479,103	1,158,273	949,637	590,597	478,947

¹Data revenue excludes roaming data, roaming data is reported under interconnect and roaming.

²SMS revenue excludes inbound roaming SMS. Inbound roaming SMS is reported under interconnect and roaming.

³Digital revenue includes Bulk SMS and USSD services.

⁴Value added services includes airtime lending and mobile money (Fintech), subscriber identification module (SIM) back up services and voice based services.

⁵Other 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*	2,119	2,232	1,085	827	1,980	2,123	1,105	762
Interest income on amortised cost investments*	12,947	4,197	7,352	1,367	12,362	4,197	7,054	1,367
Net gain on FVTPL investments	1,326	637	3,271	466	1,326	637	3,271	466
	16,392	7,066	11,708	2,660	15,668	6,957	11,430	2,595

*Finance income calculated using effective interest rate method.

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

Finance costs per income statement	16,392	7,066			15,668	6,957		
Adjusted for non-cash items:								
Net gain on FVTPL investments	(1,326)	(637)			(1,326)	(637)		
Interest income on amortised cost investments	(371)	(382)			(370)	(382)		
Interest income on bank deposits	-	(109)			-	-		
Interest received	14,695	5,938			13,972	5,938		

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Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group				Company			
	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022
8. Finance costs								
Interest expense - leases*	49,667	46,623	30,542	23,353	49,667	46,623	30,542	23,353
Interest expense - borrowings*	51,623	28,014	20,139	13,328	51,623	28,014	20,139	13,328
Interest expense - banking fees	1,203	2,477	927	1,902	1,203	2,477	927	1,902
Loss on FVTPL liabilities ¹	3,631	-	3,631	-	3,631	-	3,631	-
Net foreign exchange loss ²	131,452	13,629	126,815	12,019	131,452	13,629	126,815	12,019
	237,576	90,743	182,054	50,602	237,576	90,743	182,054	50,602

*Finance costs calculated using effective interest rate method.

¹Loss on FVTPL liabilities relate to the loss recognised from the fair valuation of derivative liability.

²CBN collapsed all FX windows into investors & exporters (I&E) window on 14 June 2023 to allow for a free float of the national currency against the dollar and other global currencies. MTN Nigeria finance charge was impacted by the devaluation of the Naira from N461.10/\$1 in December 2022 to N756.08/\$1 in June 2023 which followed the policy change.

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

Finance costs per income statement	237,576	90,743			237,576	90,743		
Less non cash adjustments								
Interest expense - leases	(23,336)	-			(23,336)	-		
Net foreign exchange loss	(100,144)	(10,342)			(100,144)	(10,342)		
Loss on FVTPL liabilities	(1,483)	-			(1,483)	-		
Interest paid	112,613	80,401			112,613	80,401		

9. Employee costs

Salaries and wages	20,454	15,873	11,594	9,149	18,820	15,433	10,828	8,923
Pension - Defined contribution plan	1,291	1,034	721	551	1,213	1,034	673	551
Share-based expense ¹	4,906	3,865	3,250	800	4,906	3,865	3,250	800
Other staff costs ²	1,820	1,378	805	654	1,293	1,378	629	654
	28,471	22,150	16,370	11,154	26,232	21,710	15,380	10,928

¹Share-based expense is made up of NSO and PSP provision; June 2023: NSO: N4.156 billion; PSP: N750 million (June 2022: NSO: N2.4 billion; PSP: N1.465 billion).

²Other staff costs comprises of mortgage subsidy, termination benefits, reward and recognition, group life insurance, medical expenses and current service costs of employee benefits.

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	Group				Company			
	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022

In millions of Nigerian Naira

10. Direct network operating costs

Regulatory fees	30,908	23,732	15,591	11,394	30,908	23,732	15,591	11,394
Annual Numbering Plan	1,718	1,411	732	648	1,572	1,411	663	648
BTS leases	204,345	157,594	103,959	79,097	204,345	157,594	103,959	79,097
Network Maintenance	39,987	33,073	20,031	17,395	39,987	33,073	20,031	17,395
	276,958	215,810	140,313	108,534	276,812	215,810	140,244	108,534

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

11. Other operating expenses

Audit fees	233	191	117	66	197	183	99	60
Directors' emoluments	667	493	484	348	665	493	483	348
Professional fees	14,154	16,635	4,061	9,059	14,053	14,318	3,508	7,820
Credit loss expense on trade and other receivables	4,121	699	3,130	1,055	4,121	699	3,130	1,055
Reversal of credit loss expense on cash and cash equivalent, treasury bills and bonds	(180)	(479)	(176)	24	(180)	(479)	(176)	24
Impairment of property and equipment	80	383	55	381	80	383	55	381
(Reversal of)/inventory write-down	(1,021)	1,083	(1,058)	(10)	(1,021)	1,083	(1,058)	(10)
Loss for unauthorised transfers ¹	-	-	-	-	9,414	-	-	-
Provision for litigation costs	5,961	1,524	5,961	934	5,961	1,524	5,961	934
Profit on disposal of property and equipment	(180)	(484)	(119)	(66)	(180)	(484)	(119)	(66)
Maintenance costs	18,108	12,698	9,688	6,612	18,091	12,698	9,688	6,612
Rent, rates, utilities and other office running cost	2,064	1,330	1,045	847	1,929	1,321	910	838
Trainings, travels and entertainment cost	2,725	1,603	1,564	685	2,656	1,575	1,539	668
Insurance	1,690	1,220	845	606	1,690	1,220	845	606
MTN Foundation	1,315	1,878	326	888	1,315	1,878	326	888
Information technology development levy	2,043	2,773	522	1,306	2,043	2,773	522	1,306
National Agency for Science and Engineering Infrastructure levy	511	693	131	327	511	693	131	327
Other expenses ²	2,080	2,665	189	2,472	1,818	2,457	538	2,368
	54,371	44,905	26,765	25,534	63,163	42,335	26,382	24,159

¹Loss incurred from unauthorised transfers of cash caused by a system glitch in MoMo PSB.

²Other expenses includes bank charges, subscriptions, office refreshments, security costs, etc.

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In millions of Nigerian Naira	Group				Company			
	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022	3 months ended 30 June 2023	3 months ended 30 June 2022
12. Income tax expense								
Current tax								
Company income tax	87,217	98,414	38,712	50,214	87,199	98,414	38,704	50,214
Prior year under provision of company income tax	2,547	10,446	611	-	2,547	10,446	611	-
Education tax	12,944	9,744	6,195	4,797	12,923	9,744	6,356	4,797
Nigerian police trust fund	10	14	3	7	10	14	3	7
	102,718	118,618	45,521	55,018	102,679	118,618	45,674	55,018
Deferred								
Deferred tax credit	(31,015)	(31,612)	(28,298)	(14,781)	(29,851)	(29,140)	(26,011)	(13,238)
	71,703	87,006	17,223	40,237	72,828	89,478	19,663	41,780
Tax rate reconciliation								
Profit before tax	200,391	268,635	-	-	204,273	277,317	-	-
Tax charge	71,703	87,006	-	-	72,828	89,478	-	-
Effective tax rate	35.78 %	32.39 %	-	-	35.65 %	32.27 %	-	-
Tax at standard rate	30.00	30.00	-	-	30.00	30.00	-	-
Exempt income	(0.03)	(0.02)	-	-	(0.03)	(0.02)	-	-
Expenses not allowed	0.25	0.28	-	-	0.24	0.24	-	-
Education tax	4.79	3.52	-	-	4.68	3.40	-	-
Police Trust Fund	0.01	0.01	-	-	0.01	0.01	-	-
Prior year tax under/(over) provision	0.76	(0.91)	-	-	0.75	(0.88)	-	-
Investment allowance	-	(0.49)	-	-	-	(0.48)	-	-
Minimum tax*	0.01	-	-	-	-	-	-	-
Effective tax rate	35.79	32.39	-	-	35.65	32.27	-	-

The tax charge and effective tax rate for the period has been impacted by the increase in tertiary education tax rate from 2.5% of assessable profit to 3%, the withdrawal of 10% investment allowance on qualifying capital expenditure following the signing of the 2023 Finance Act and the expiration of tax exemption for Bonds and Short-Term Government Securities on the tax charge.

*Minimum Tax relates to Yello Digital Financial Services Limited.

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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	135	94	390	1,793	188	71,149	89,502	163,251
Disposals	-	-	-	(1,523)	(274)	(40,870)	-	(42,667)
At 30 June 2023	26,827	32,583	24,822	71,217	9,872	1,316,367	228,180	1,709,868
Depreciation and impairment								
At 1 January 2023	-	(21,417)	(11,110)	(38,697)	(4,317)	(585,386)	-	(660,927)
Depreciation	-	(575)	(807)	(7,456)	(802)	(88,769)	-	(98,409)
Disposals	-	-	-	1,495	88	40,843	-	42,426
Impairment	-	-	-	-	-	(80)	-	(80)
At 30 June 2023	-	(21,992)	(11,917)	(44,658)	(5,031)	(633,392)	-	(716,990)
Carrying amount								
At 31 December 2022	26,692	11,072	13,322	32,250	5,641	700,702	138,678	928,357
At 30 June 2023	26,827	10,591	12,905	26,559	4,841	682,975	228,180	992,878

Total cash outflow for property and equipment as at 30 June 2023 was N23.96 billion after adjusting for accruals of N20.63 billion.

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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	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	870	46	-	89,562	90,478
At 30 June 2023	10,631	8,174	9,384	1,020,802	1,048,991
Depreciation and impairment					
At 1 January 2023	(5,206)	(5,035)	(4,190)	(291,972)	(306,403)
Depreciation	(963)	(672)	(936)	(55,274)	(57,845)
At 30 June 2023	(6,169)	(5,707)	(5,126)	(347,246)	(364,248)
Carrying amount					
At 31 December 2022	4,555	3,093	5,194	639,268	652,110
At 30 June 2023	4,462	2,467	4,258	673,556	684,743

Cash outflow for right of use assets for the period was N6.47 billion after adjusting for the lease liability additions of N84 billion.

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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	-	40,742	-	35,533	76,275
Reclassification	-	22,487	16,989	(39,476)	-
Disposals	-	-	(12,294)	-	(12,294)
At 30 June 2023	10,016	395,043	140,903	14,699	560,661
Amortisation and impairment					
At 1 January 2023	-	(82,280)	(78,801)	-	(161,081)
Amortisation	-	(18,559)	(18,062)	-	(36,621)
Disposals	-	-	12,294	-	12,294
At 30 June 2023	-	(100,839)	(84,569)	-	(185,408)
Carrying amount					
At 31 December 2022	10,016	249,534	57,407	18,642	335,599
At 30 June 2023	10,016	294,204	56,334	14,699	375,253
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		40,742	-	35,533	76,275
Reclassification		22,487	16,989	(39,476)	-
Disposals		-	(12,294)	-	(12,294)
At 30 June 2023		395,043	93,083	14,699	502,825
Amortisation and impairment					
At 1 January 2023		(82,280)	(41,880)	-	(124,160)
Amortisation		(18,559)	(15,403)	-	(33,962)
Disposals		-	12,294	-	12,294
At 30 June 2023		(100,839)	(44,989)	-	(145,828)
Carrying amount					
At 31 December 2022		249,534	46,508	18,642	314,684
At 30 June 2023		294,204	48,094	14,699	356,997

Goodwill relates to the acquisition of Visafone Communications Limited.

Reclassification relates to current and prior year additions to capital work in progress moved to other categories of intangible assets. During the year there was a reclassification of N39.48 billion.

Cash outflow for the period was N75.41 billion after adjusting for accruals of N864 million

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In millions of Nigerian Naira	Group		Company	
	30 June 2023	31 Dec 2022	30 June 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 Limited)	-	-	(500)	(500)
	-	-	74,328	74,328

17. Other investments

Treasury bonds at amortised cost	7,158	7,345	7,158	7,345
NGN deposits at amortised cost	3,490	3,441	3,490	3,441
Allowance for expected credit losses	(152)	(201)	(152)	(201)
	10,496	10,585	10,496	10,585

18. Current investments

US Dollar deposits held at amortised cost	13,773	-	13,773	-
NGN deposits at amortised cost	-	819	-	819
Treasury bills held at amortised cost	14,309	7,675	11,298	4,793
Allowance for expected credit losses	(76)	(12)	(76)	(12)
Net current investments at amortised cost	28,006	8,482	24,995	5,600
Treasury bills and bonds held at FVOCI	8,951	11,267	8,951	11,267
Treasury bills and bonds held at FVTPL	-	539	-	539
	36,957	20,288	33,946	17,406

19. Other non current assets

19.1 Contract acquisition costs

Opening balance	6,602	5,602	6,602	5,602
Additions	2,010	4,739	2,010	4,739
Amortised in the year	(2,154)	(3,739)	(2,154)	(3,739)
Closing balance	6,458	6,602	6,458	6,602

19.2 Non-current prepayment

Prepayment for road infrastructure tax credit ¹	12,032	130	12,032	130
Other non-current prepayments ²	9,755	10,555	9,755	10,555
	21,787	10,685	21,787	10,685

Total non-current assets

	28,245	17,287	28,245	17,287
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¹This is the capitalised costs towards to the reconstruction of the Enugu-Onitsha expressway for the Road Infrastructure Development and Refurbishment Investment Tax Credit ("Road Tax Credit") Scheme.

²This 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	5,761	6,502	5,761	6,502
SIM starter packs	2,776	1,733	2,776	1,733
	8,537	8,235	8,537	8,235
Inventories (write-downs)	(3,536)	(4,557)	(3,536)	(4,557)
	5,001	3,678	5,001	3,678

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	Group		Company	
In millions of Nigerian Naira	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022

20. Inventories (continued)

During the period, there was a reversal of inventory write-down of N1.02 billion (June 2022: inventory write-down of N1.08 billion) for SIM starter packs, handsets and accessories. This is recognised in the other operating expenses line (Note 11).

21. Trade and other receivables

Financial instruments:

Trade receivables		86,520	73,563	86,248	73,290
Trade receivables - related parties	38.4	22,938	12,323	50,870	43,903
Allowance for expected credit losses ¹		(17,774)	(13,652)	(17,356)	(13,234)
		<u>91,684</u>	<u>72,234</u>	<u>119,762</u>	<u>103,959</u>
Other receivables ²		15,760	11,678	12,956	11,133
		<u>107,444</u>	<u>83,912</u>	<u>132,718</u>	<u>115,092</u>

Non-financial instruments:

Sundry receivables and advances ³		713	407	695	407
Other non-financial receivables ⁴		74,281	90,294	72,352	79,884
Current prepayments ⁵		15,144	16,883	15,087	16,849
		<u>90,138</u>	<u>107,584</u>	<u>88,134</u>	<u>97,140</u>
		197,582	191,496	220,852	212,232

¹There was an increase in the credit loss expense of trade receivables of N4.12 billion in the period, reported in other operating expenses (see note 11).

²Other receivables includes advance payments to suppliers and prepaid IRU expenses.

³Includes advances to staff for travel expenses and other work related expenses.

⁴Other non-financial receivables includes contracted APGs and performance bonds with vendors and withholding tax receivables.

⁵Current prepayment relates to current rent payments for non-lease portion of BTS sites, other prepaid operational costs and insurance prepayments.

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances		254,246	185,347	248,860	171,240
Short-term deposits		245,135	164,441	238,436	153,292
		<u>499,381</u>	<u>349,788</u>	<u>487,296</u>	<u>324,532</u>
Allowance for expected credit losses		(93)	(288)	(93)	(288)
		499,288	349,500	487,203	324,244

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

Bank balances		254,246	185,347	248,860	171,240
Short-term deposits		245,135	164,441	238,436	153,292
		499,381	349,788	487,296	324,532

23. Restricted cash

Restricted cash deposits for letters of credit		254,014	150,899	254,014	150,899
Collateral on borrowings and cash covers		40,537	43,043	40,537	43,043
Restricted cash - others ¹		1,055	883	850	680
Cash held for MoMo customers ²		412	1,257	-	-
		296,018	196,082	295,401	194,622

¹Included in restricted cash - others is the retention fee on purchase of Visafone Communications Limited of N378 million; dividends of N407.2 million (2022: N237.4 million) received on shares held in trust by Vefiva Trustee Ltd for the MTNN employee shares scheme implementation; and garnishees against court judgments of N64.9 million.

²Cash held for MoMo customers relates to MoMo customers deposit liability for the period (see note 30).

For the purpose of cash flows, total net cash outflow to banks for restricted cash was Group: N100.78 billion (June 2022: N85.85 billion), for Company N100.78 billion (June 2022: N85.62 billion).

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In millions of Nigerian Naira	Group		Company	
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
24. Trade and other payables				
Financial instruments:				
Trade payables	192,515	64,666	192,147	64,364
Trade payables - related parties	38.4	76,609	40,822	80,385
Other accrued expenses ¹	253,287	315,252	249,490	309,885
Other payables ²	149,365	306	149,365	306
	671,776	421,046	671,387	420,319
Non-financial instruments				
Other non-financial accrued expenses ³	92,681	58,697	96,818	58,697
Sundry payables ⁴	1,618	3,250	1,618	3,028
Other non-financial payables ⁵	42,403	31,899	42,777	32,162
	136,702	93,846	141,213	93,887
	808,478	514,892	812,600	514,206

¹Other accrued expenses include BTS lease accruals, accruals for cloud services and for vendors for services provided.

²Other payables include returned dividend payable to the scrip dividend option holders and retention fee on purchase of VisaFone.

³Other non-financial accrued expenses include unclaimed dividend, accrued staff expenses and other regulatory fees.

⁴This includes security deposits and advance payments from some enterprise and wholesale business customers.

⁵Other 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	759,630	887,209	759,630	887,209
Revenue recognised in delivery of goods/services	(751,904)	(866,684)	(751,904)	(866,684)
Closing balance	100,587	92,861	100,205	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)*	370,227	250,210	370,227	250,210
More than one year but not exceeding two years	49,340	43,339	49,340	43,339
More than two years but not exceeding five years	196,502	124,036	196,502	124,036
More than five years	238,998	272,088	238,998	272,088
Amounts included in non-current liabilities	484,840	439,463	484,840	439,463
Total borrowings	855,067	689,673	855,067	689,673

*This includes letters of credit of N172 billion.

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26. Borrowings (continued)

26.1 Borrowings reconciliation

Opening balance	689,673	493,260	689,673	493,260
Drawdown	196,144	479,243	196,144	479,243
Repayment	(149,183)	(361,431)	(149,183)	(361,431)
Other movement*	-	(9,878)	-	(9,878)
Accrued interest	51,623	62,491	51,623	62,491
Revaluation loss	66,810	25,988	66,810	25,988
Closing balance	855,067	689,673	855,067	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 30 June 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%.	N30 billion
Commercial paper	N150 billion Commercial paper programme in March 2023. The total of N125 billion have been issued at 11% and 12.5% yield in both 188 and 267 days tenor respectively.	N125 billion
Foreign EIB facility	US\$66.9 million loan facility from European Investment Bank in 2022 with three years moratorium. This is a floating interest rate loan plus 2.204% margin, 6 months term SOFR.	US\$66.9 million
Foreign facility O	US\$95 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. It is a floating interest loan linked to the 6 month LIBOR plus a 5.5% margin. This facility remains unchanged with regards to referencing as its final maturity date is December 2023.	US\$19 million
Foreign Facility Q	US\$150 million loan facility from African Finance Corporation in 2022 with three years moratorium. This is a floating interest rate loan plus 5.75% margin spread. This is based on compounded SOFR and computed on a monthly basis.	US\$79 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
Letters of credit (Trade loans)	A total of US\$450 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\$325 million has been paid to suppliers (OEMs) and now ranking for foreign exchange settlement through the I&E window.	N172 billion

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27. Provisions

Opening balance	42,130	29,777	31,605	29,777
Additions	19,507	35,042	19,307	24,517
Unused amounts reversed	(11,334)	(11,115)	(1,590)	(11,115)
Utilised	(7,248)	(11,574)	(7,248)	(11,574)
Closing balance	43,055	42,130	42,074	31,605

Net provision expense for Group was N8.17 billion (December 2022: N23.93 billion) for Company N17.72 billion (December 2022: N13.40 billion).

Total cash outflows on provisions were N7.25 billion (December 2022: N11.57 billion) for Group and Company.

Split between non-current and current portions

Non-current liabilities	42	43	42	43
Current liabilities	43,013	42,087	42,032	31,562
	43,055	42,130	42,074	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 for 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 age of 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	18	652	18	652
Interest cost	-	844	-	844
Actuarial gains	-	(299)	-	(299)
Benefits paid	(424)	(1,047)	(424)	(1,047)
Closing balance	6,429	6,835	6,429	6,835

The current service cost and interest cost are recognised in the employee costs line while the actuarial gains are recognised in Other comprehensive income.

Employment benefits comprise of the present values of :

Defined Benefit Obligation- retirement benefits	2,178	2,178	2,178	2,178
Long Service Awards	4,251	4,657	4,251	4,657
	6,429	6,835	6,429	6,835

29. Lease liabilities

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

Non-current liabilities	692,339	662,655	692,339	662,655
Current liabilities	61,640	64,829	61,640	64,829
	753,979	727,484	753,979	727,484

Lease liabilities reconciliation

Opening balance	727,484	690,856	727,484	690,856
Additions	84,007	120,545	84,007	120,545
Interest capitalised	49,667	92,748	49,667	92,748
Revaluations	8,147	7,206	8,147	7,206
Payments - principal portion	(80,847)	(91,123)	(80,847)	(91,123)
Payments - interest portion	(34,479)	(92,748)	(34,479)	(92,748)
Closing balance	753,979	727,484	753,979	727,484

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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.

Short-term lease payments of N315 million for Group and N180 million for Company (December 2022: N494 million for Group and N480 million for Company) not included in the lease liabilities are included as rent, rates, utilities and other office running cost in other operating costs during the year. In all significant operating lease arrangements in place during the year, the Group acted as the lessee.

30. Deposit held for MoMo customers

Deposits held for MoMo customers	412	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	13,489	3,062	13,489	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	(30,650)	(14,927)	(29,851)	(13,332)
Charge to other comprehensive income	7	436	7	436
Total deferred tax liability	62,953	93,596	61,007	90,851

32.2 Deferred tax asset

Opening balance	11,018	3,404	-	-
Charge to profit or loss account	365	7,614	-	-
Total deferred tax asset	11,383	11,018	-	-

Total tax credit to the profit and loss account for Group: N31.02 million; Company: N29.85 million.

Charge to other comprehensive income (OCI) comes from the deferred tax impact on fair valuation 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	87,217	166,787	87,199	166,787
Provision for the period/year - prior year under provision	2,547	10,446	2,547	10,446
Provision for the period/year - education tax	12,944	20,375	12,923	20,375
Provision for the period/year - Nigerian Police Trust Fund	10	28	10	28
Tax paid	(76,958)	(139,511)	(76,958)	(139,511)
Withholding tax credit	-	(2,329)	-	(2,329)
Closing balance	225,719	199,959	225,408	199,687

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	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022

34. Other non-current liabilities

Share based payment liability

Opening balance	8,569	8,547	8,569	8,547
Share based expense	4,906	5,889	4,906	5,889
Share based payments	(5,616)	(5,867)	(5,616)	(5,867)
Closing balance	7,859	8,569	7,859	8,569

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). MTN 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).

GAN share options	1,162	2,021	1,162	2,021
LAN share options	2,323	666	2,323	666
Group performance share plan (ESOP)	3,202	4,960	3,202	4,960
Performance share plan (PSP)	1,172	922	1,172	922
Closing balance	7,859	8,569	7,859	8,569

35. Equity

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
Closing balance	17,216	17,216	17,216	17,216

35.3 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).

35.4 Other reserves

Opening balance	1,664	885	1,664	885
Fair valuation (loss)/gain on investments designated at FVOCI ¹	(1,172)	959	(1,172)	959
Remeasurement gain on employee benefits ²	-	256	-	256
Deferred tax on fair valuation and remeasurement ³	(7)	(436)	(7)	(436)
Closing balance	485	1,664	485	1,664

¹Fair valuation loss/gain on financial assets classified as 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, which are exempted from company income tax.

²The remeasurement of gain on employee benefits valuation in accordance to IAS 19 Employee benefits.

³Deferred tax on the fair valuation of financial assets and actuarial gains on employee benefits.

35.5 Dividends

Final dividend for 2022: N10.00 kobo per share (2021: N8.57 kobo per share)	203,375	174,201	203,375	174,201
Interim dividend for 2023: Nil (2022: N5.60 kobo per share)	-	113,985	-	113,985
Closing balance	203,375	288,186	203,375	288,186

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		6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
In millions of Nigerian Naira					

35. Equity (continued)

35.6 Scrip dividend scheme

During the year, MTN Nigeria Communications Plc offered a scrip dividend election plan to its shareholders with the option to elect and receive new ordinary shares in the Company instead of receiving the dividend in cash. The scrip dividend election plan was approved by the shareholders at the Annual General Meeting held on 18th April 2023, with the plan being effective for FY 2022 dividends. Upon conclusion of the election period, shareholders elected to receive a total number of 641,047,053 scrip dividend shares. Accordingly, the Company's share capital has been increased at the Corporate Affairs Commission to accommodate the above-referenced 641,047,053 scrip dividend shares and the said shares are being registered with the Securities and Exchange Commission ("SEC").

Upon receipt of the SEC's approval, the issuance of the scrip dividend shares will result in an increase in the Company's share capital to 20,995,560,103 ordinary shares and a dilution of earnings per share. Nonetheless, the overall net worth of the Company has increased by the amount of dividend retained for issuance of the scrip shares under the scrip dividend election plan, which would have otherwise been paid out as cash to the relevant shareholders.

36. Earnings per share

Profit attributable to owners of the company (N million)	128,593	181,940	131,445	187,839
Weighted average number of ordinary shares at the end of the period (million)*	20,326	20,326	20,326	20,326
Basic and diluted EPS (N)	6.33	8.95	6.47	9.24

*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 (30 June 2023: 28,809,789 shares; 30 June 2022: 28,809,789 shares)

37. Cash generated from operations

Profit before taxation		200,391	268,635	204,273	277,317
Adjustments for non cash items:					
Finance income	7	(16,392)	(7,066)	(15,668)	(6,957)
Finance costs	8	237,576	90,743	237,576	90,743
Depreciation of property and equipment		98,409	82,913	98,409	82,913
Depreciation of right of use assets		57,845	49,815	57,845	49,815
Amortisation of intangible assets		36,621	24,277	33,962	21,617
Amortisation of contract acquisition costs		2,154	1,764	2,154	1,764
Profit on disposal of property and equipment	11	(180)	(484)	(180)	(484)
Impairment of property and equipment	11	80	383	80	383
Reversal of credit losses on cash and cash equivalent, treasury bills and bonds	11	(180)	(479)	(180)	(479)
Credit loss expense on trade and other receivables	11	4,121	699	4,121	699
(Reversal of)/ inventory write-down	11	(1,021)	1,083	(1,021)	1,083
Employee benefit plan expense		18	31	18	31
Provision expense		8,173	2,696	17,717	2,696
Share based payments expense	9	4,906	3,865	4,906	3,865
		632,521	518,875	644,012	525,006
Changes in working capital:					
Decrease in inventories		3,589	694	3,589	694
Increase in trade and other receivables		(7,654)	(33,844)	(10,189)	(35,438)
Increase in trade and other payables		164,223	53,183	169,030	54,622
Increase in contract liabilities		7,725	7,448	7,726	7,452
		167,883	27,481	170,156	27,330
		800,404	546,356	814,168	552,336

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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 or not.

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)
Yello Digital Financial Services Limited				
Net settlement of liabilities by the subsidiary	-	-	480	3,285
Amounts due from related party	-	-	20,383	16,453
Amounts due to related party	-	-	(3,450)	(4,616)
XS Broadband Limited				
Amounts due from related party	-	-	638	638
MoMo Payment Service Bank Limited				
Cost charged for transaction processing	-	-	887	-
Net settlement of liabilities by the subsidiary	-	-	(7,578)	14,489
Amounts due from related party	-	-	6,911	14,489

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	512	311	512	311
MTN Congo	11	7	11	7
MTN Cote d'Ivoire	155	94	155	94
MTN Dubai	1,313	524	1,313	524
MTN Ghana	64	19	64	19
MTN Guinea Bissau	3	2	3	2
MTN Holdings	21	14	21	14
MTN International (Mauritius) Limited	42,219	18,282	42,219	18,282
MTN Management Services Co	6,937	4,008	6,937	4,008
MTN Uganda	10	3	10	3
MTN Zambia	9	6	9	6
Bayobab Africa (formerly MTN Global Connect)	2,684	1,083	2,684	1,083
Global Trading Company	2,396	3,622	2,396	3,622
Interserve Overseas Ltd)	19,815	12,523	19,815	12,523
Mobile Telephone Networks (Pty) Ltd	459	280	459	280
Progressive Tech Holdings	1	1	1	1
Simply Africa	-	37	-	37
	76,609	40,822	76,609	40,822

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38. Related party transactions (continued)

Amounts due from related parties

MTN Afghanistan	1	-	1	-
MTN Benin	21	-	21	-
MTN Cameroon	672	410	672	410
MTN Congo	68	36	68	36
MTN Cote d'Ivoire	307	-	307	-
MTN Dubai	14	-	14	-
MTN Group Management Services Co	7,454	5,493	7,454	5,493
MTN Guinea Bissau	58	36	58	36
MTN Guinea Conakry	56	34	56	34
MTN Kenya	14	5	14	5
MTN Uganda	-	-	-	-
MTN Zambia	106	80	106	80
Bayobab Africa (formerly MTN Global Connect)	13,846	6,095	13,846	6,095
Lonestar Communications Corporations (Liberia)	162	91	162	91
Mobile Telephone Networks (Pty) Ltd	142	43	142	43
Progressive Tech Holdings	17	-	17	-
	22,938	12,323	22,938	12,323

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

Amount due to related parties

Related parties	38.3	76,609	40,822	76,609	40,822
Subsidiaries	38.2	-	-	3,776	4,942
	24	76,609	40,822	80,385	45,764

Amount due from related parties

Related parties	38.3	22,938	12,323	22,938	12,323
Subsidiaries	38.2	-	-	27,932	31,580
	21	22,938	12,323	50,870	43,903

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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	1	6	1	6
MTN Cote d'Ivoire	5	16	5	16
MTN Cyprus	1	2	1	2
MTN Ghana	33	111	33	111
MTN Guinea Bissau	-	2	-	2
MTN Guinea Conakry	1	1	1	1
MTN Irancell	-	1	-	1
MTN Namibia	1,013	21	1,013	21
MTN Rwanda	5	15	5	15
MTN South Sudan	2	3	2	3
MTN Sudan	-	23	-	23
MTN Swaziland	-	1	-	1
MTN Syria	-	1	-	1
MTN Uganda	2	5	2	5
MTN Zambia	1	2	1	2
Bayobab Africa (formerly MTN Global Connect)	12,866	20,483	12,866	20,483
Lonestar Communications Corporations (Liberia)	2	7	2	7
Mobile Telephone Networks (Pty) Ltd	13	43	13	43

Sales to related parties

MTN Benin	51	162	51	162
MTN Cameroon	57	121	57	121
MTN Congo	-	1	-	1
MTN Cote d'Ivoire	12	19	12	19
MTN Ghana	18	117	18	117
MTN Guinea Conakry	-	1	-	1
MTN Namibia	89	1	89	1
MTN Rwanda	1	2	1	2
MTN South Sudan	-	9	-	9
MTN Uganda	1	2	1	2
MTN Zambia	-	5	-	5
Bayobab Africa (formerly MTN Global Connect)	15,648	32,374	15,648	32,374
Global Trading Company	-	23	-	23
Lonestar Communications Corporations (Liberia)	1	-	1	-
Mobile Telephone Networks (Pty) Ltd	6	30	6	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.

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39. Accounting classes and fair values

Group	Amortised costs	FVTPL	FVOCI	Total carrying amount
In millions of Nigerian Naira				
30 June 2023				
Non-current financial assets				
Other Investments	10,496	-	-	10,496
	10,496	-	-	10,496
Current financial assets				
Trade and other receivables	107,444	-	-	107,444
Current investment	28,006	-	8,951	36,957
Cash and cash equivalents	499,288	-	-	499,288
Restricted cash	296,018	-	-	296,018
	930,756	-	8,951	939,707
	941,252	-	8,951	950,203
Non-current financial liabilities				
Borrowings	484,840	-	-	484,840
Lease liabilities	692,339	-	-	692,339
	1,177,179	-	-	1,177,179
Current financial liabilities				
Trade and other payables	671,776	-	-	671,776
Borrowings	370,227	-	-	370,227
Lease liabilities	61,640	-	-	61,640
Cash for MoMo customers	412	-	-	412
Derivatives	-	13,489	-	13,489
	1,104,055	13,489	-	1,117,544
	2,281,234	13,489	-	2,294,723
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	11,267	20,288
Cash and cash equivalents	349,500	-	-	349,500
Restricted cash	196,082	-	-	196,082
	637,976	539	11,267	649,782
	648,561	539	11,267	660,367
Non-current financial liabilities				
Borrowings	439,463	-	-	439,463
Lease liabilities	662,655	-	-	662,655
	1,102,118	-	-	1,102,118
Current financial liabilities				
Trade and other payables	421,046	-	-	421,046
Borrowings	250,210	-	-	250,210
Lease liabilities	64,829	-	-	64,829
Deposit held for MoMo customers	1,257	-	-	1,257
Derivatives	-	3,062	-	3,062
	737,342	3,062	-	740,404
	1,839,460	3,062	-	1,842,522

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39. Accounting classes and fair values (continued)

Company	Amortised costs	FVTPL	FVOCI	Total carrying amount
In millions of Nigerian Naira				
30 June 2023				
Non-current financial assets				
Other Investments	10,496	-	-	10,496
	10,496	-	-	10,496
Current financial assets				
Trade and other receivables	132,718	-	-	132,718
Current investment	28,006	-	8,951	36,957
Cash and cash equivalents	487,203	-	-	487,203
Restricted cash	295,401	-	-	295,401
	943,328	-	8,951	952,279
	953,824	-	8,951	962,775
Non-current financial liabilities				
Borrowings	484,840	-	-	484,840
Lease liabilities	692,339	-	-	692,339
	1,177,179	-	-	1,177,179
Current financial liabilities				
Trade and other payables	671,387	-	-	671,387
Borrowings	370,227	-	-	370,227
Lease liabilities	61,640	-	-	61,640
Derivatives	-	13,489	-	13,489
	1,103,254	13,489	-	1,116,743
	2,280,433	13,489	-	2,293,922
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	11,267	17,406
Cash and cash equivalents	324,244	-	-	324,244
Restricted cash	194,622	-	-	194,622
	639,558	539	11,267	651,364
	650,143	539	11,267	661,949
Non-current financial liabilities				
Borrowings	439,463	-	-	439,463
Lease liabilities	662,655	-	-	662,655
	1,102,118	-	-	1,102,118
Current financial liabilities				
Trade and other payables	420,319	-	-	420,319
Borrowings	250,210	-	-	250,210
Lease liabilities	64,829	-	-	64,829
Derivatives	-	3,062	-	3,062
	735,358	3,062	-	738,420
	1,837,476	3,062	-	1,840,538

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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.

In millions of Nigerian Naira	Level 1	Level 2	Level 3	Total
Group and Company				
30 June 2023				
Financial assets				
Treasury bills at FVOCI	8,951	-	-	8,951
	8,951	-	-	8,951
Financial liabilities				
Derivatives	-	13,489	-	13,489
	-	13,489	-	13,489
31 December 2022				
Financial assets				
Treasury bills at FVTPL	539	-	-	539
Treasury bills at FVOCI	11,267	-	-	11,267
	11,806	-	-	11,806
Financial liabilities				
Derivatives	-	3,062	-	3,062
	-	3,062	-	3,062

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.

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41. Financial instruments and risk management (continued)

In millions of Nigerian Naira		Group		Company	
		30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
Revenue	6	1,158,739	2,012,272	1,158,273	2,011,935
Operating expenses excluding depreciation and amortisation		(489,918)	(941,907)	(478,713)	(915,191)
EBITDA		668,821	1,070,365	679,560	1,096,744
Gross debt	26	855,067	689,673	855,067	689,673
Cash and cash equivalents	22	(499,288)	(349,500)	(487,203)	(324,244)
Net debt		355,779	340,173	367,864	365,429
Gross debt	26	855,067	689,673	855,067	689,673
Equity attributable to owners of the company		258,277	334,237	311,973	385,082
Total funding		1,113,344	1,023,910	1,167,040	1,074,755
Gross debt: Total funding		77 %	73 %	73 %	64 %
Net debt: Total funding		32 %	44 %	32 %	35 %
Net debt: EBITDA		53 %	46 %	54 %	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	
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
Other investments	10,496	10,585	10,496	10,585
Cash and cash equivalents	499,288	349,500	487,203	324,244
Trade and other receivables	107,444	83,912	132,718	115,092
Restricted cash	296,018	196,082	295,401	194,622
Current investments	28,006	8,482	24,995	5,600
	941,252	648,561	950,813	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 Agosto and Co.

Total estimated credit loss as at 30 June 2023 stood at N93 million (31 December 2022: N288 million) while reversal of credit loss to income statement for the period is N195 million (30 June 2022: N458 million).

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

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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 N86.52 billion (2022: N73.56 billion) was N17.77 billion (2022: N13.65 billion);

Company: ECL for gross trade receivables of N86.25 billion (2022: N73.29 billion) was N17.36 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 N4.76 billion was held as collateral for the same value of receivables as at 30 June 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 Agosto and Co.

Total estimated expected credit loss as at 30 June 2023 stood at N228 million (31 December 2022: N213 million) while the credit loss expense for the period stood at N15 million (30 June 2022: reversal of credit loss of N21 million).

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

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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	-	55,774	3,821	-
Sale/matured	-	(109,304)	(4,085)	-
Remeasurement to profit or loss account	-	8,174	-	-
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	163,318	-	-	-
Purchase	-	14,602	42	-
Sale/matured	-	(5,876)	-	-
Remeasurement to profit or loss account	-	13,127	(180)	-
Exchange loss	(13,725)	-	-	-
Credit loss reversal/(expense)	195	(64)	49	180
Balance as at 30 June 2023	499,288	28,006	10,496	(321)
Company				
Balance as at 1 January 2022	247,025	51,444	10,845	(949)
Net movement during the year	96,212	-	-	-
Purchase	-	55,904	3,821	-
Sale	-	(109,304)	(4,085)	-
Remeasurement to profit or loss account	-	7,427	-	-
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	176,489	-	-	-
Purchase	-	12,793	42	-
Sale/matured	-	(5,876)	-	-
Remeasurement to profit or loss account	-	12,542	(180)	-
Exchange loss	(13,725)	-	-	-
Credit loss reversal/(expense)	195	(64)	49	180
Balance as at 30 June 2023	487,203	24,995	10,496	(321)

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	
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
Cash and cash equivalents	499,288	349,500	487,203	324,244
Current investments	36,957	20,288	33,946	17,406
Restricted cash	254,014	150,899	254,014	150,899
Trade and other receivables	107,444	83,912	132,718	115,092
	897,703	604,599	907,881	607,641

The following are the contractual maturities of financial liabilities:

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41. Financial instruments and risk management (continued)

Group

In millions of Nigerian Naira	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
30 June 2023									
Trade and other payables	24	671,776	114,202	322,453	235,121	-	-	-	671,776
Cash from MoMo customers	30	412	412	-	-	-	-	-	412
Derivatives	31	13,489	-	-	13,489	-	-	-	13,489
Current borrowings	26	370,227	15,510	36,975	218,962	-	-	-	271,447
Current lease liability	29	61,640	47,507	43	106,733	-	-	-	154,283
Non current borrowings	26	484,840	-	-	-	110,789	272,327	319,680	702,796
Non current lease liability	29	692,339	-	-	-	178,404	520,930	258,251	957,585
		2,294,723	177,631	359,471	574,305	289,193	793,257	577,931	2,771,788
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

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41. Financial instruments and risk management (continued)

Company

In millions of Nigerian Naira	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
30 June 2023									
Trade and other payables	24	671,387	114,136	322,266	234,985	-	-	-	671,387
Derivatives		13,489	-	-	13,489	-	-	-	13,489
Current borrowings	26	370,227	15,510	36,975	218,962	-	-	-	271,447
Current lease liability	29	61,640	47,507	43	106,733	-	-	-	154,283
Non current borrowings	26	484,840	-	-	-	110,789	272,327	319,680	702,796
Non current lease liability	29	692,339	-	-	-	178,404	520,930	258,251	957,585
		2,293,922	177,153	359,284	574,169	289,193	793,257	577,931	2,770,987
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

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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	30 June 2023			31 December 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	499,288	-	-	349,500	-	-
Current investments	36,957	-	-	20,288	-	-
Restricted cash	21,095	-	274,923	20,584	-	175,498
Trade and other receivables	-	-	107,444	-	-	83,912
Other investments	10,496	-	-	10,585	-	-
	567,836	-	382,367	400,957	-	259,410
Financial liabilities						
Trade payables	-	-	192,515	-	-	64,666
Other accrued expenses	-	-	253,287	-	-	315,252
Other payables	-	-	149,365	-	-	306
Amounts due to related parties	-	76,609	-	-	40,822	-
Deposit held for MoMo customers	-	-	412	-	-	1,257
Current borrowings	170,113	200,114	-	71,805	178,405	-
Non-current borrowings	376,940	107,900	-	397,376	42,087	-
	547,053	384,623	595,579	469,181	261,314	381,481
Company						
Financial assets						
Cash and cash equivalents	487,203	-	-	324,244	-	-
Current investments	33,946	-	-	17,406	-	-
Restricted cash	21,095	-	274,306	20,584	-	174,038
Trade and other receivables	-	-	132,718	-	-	115,092
Other investments	10,496	-	-	10,585	-	-
	552,740	-	407,024	372,819	-	289,130
Financial liabilities						
Trade payables	-	-	192,147	-	-	64,364
Other accrued expenses	-	-	249,490	-	-	309,885
Other payables	-	-	149,365	-	-	306
Amounts due to related parties	-	80,385	-	-	45,764	-
Current borrowings	170,113	200,114	-	71,805	178,405	-
Non-current borrowings	376,940	107,900	-	397,376	42,087	-
	547,053	388,399	591,002	469,181	266,256	374,555

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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	30 June 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	(880)	880	1	(414)	414
NIBOR	1	(3,830)	3,830	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 5% strengthening and 10% 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 Company.

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41. Financial instruments and risk management (continued)

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

Group and Company	30 June 2023		31 December 2022	
	Increase/(decrease) in profit after tax 10% weakening in Naira, resulting in a decrease in profit after tax	5% strengthening in Naira, resulting in an increase in profit after tax	Increase/(decrease) in profit after tax 10% weakening in Naira, resulting in a decrease in profit after tax	5% strengthening in Naira, resulting in an increase in profit after tax
In millions of Nigerian Naira				
Denominated: Functional US\$:NGN	(33,905)	16,953	(19,153)	9,577

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

In millions of Nigerian Naira	Group		Company	
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
Contracted for	170,477	97,381	170,477	97,381
Approved but not contracted for	76,162	349,241	76,162	349,241
Total commitments for property and equipment, software and intangibles work in progress	246,639	446,622	246,639	446,622

This committed expenditure relates to acquisition of property and equipment, software and intangibles work in progress.

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.
- There are no substantial operating losses or significant deterioration in the value of assets used to generate cash flows. However, the business was significantly affected by a major deterioration in foreign exchange (FX) rates. The FX Rate increased from 461.10 to approximately N756.08 to \$1 after the unification of all segments of the forex market, resulting in the collapse of the NAFEX rate. Nevertheless, there is an ongoing effort to redenominate some categories of these foreign denominated expenditure to the local currency.
- 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 six months period ended 30 June 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	132,181	94.7086	83,605,621	0.41
10,001 - 50,000	5,064	3.6284	98,652,779	0.48
50,001 - 100,000	856	0.6133	57,525,593	0.28
100,001 - 500,000	998	0.7151	208,251,173	1.02
500,001 - 1,000,000	165	0.1182	115,592,903	0.57
1,000,001 - 5,000,000	193	0.1383	447,195,360	2.20
5,000,001 - 10,000,000	49	0.0351	342,341,256	1.68
10,000,001 - 50,000,000	44	0.0315	885,896,381	4.35
50,000,001 - 100,000,000	5	0.0036	303,244,965	1.49
100,000,001 - 500,000,000	8	0.0057	1,625,283,337	7.98
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
	139,566	100	20,354,513,050	100

As at 30 June 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.

On 27 February 2023, MTN International (Mauritius) transferred 3,977,418 ordinary shares to 120,359 shareholders, being incentive of 1 bonus ordinary share for every 20 ordinary Shares purchased, allotted and unsold as at December 2022, up to a maximum of 250 bonus ordinary shares per investor in compliance with the terms of the December 2021 public offer and as approved by the Securities & Exchange Commission (SEC) on 31 January 2022. Consequently, the shareholding of MTN International (Mauritius) declined from 72.83% as at 31 December 2022 to 72.81% as at 30 June 2023.

46. Free Float information

MTN Nigeria Communications Plc with a free float value of N733,016,123,051 as at 30 June 2023 (30 June 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 N1.31 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 N1.31 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

On 27 July 2023, the Board approved interim dividend of N5.60 kobo per share for the period ended 30 June 2023.