



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

MTN Nigeria Communications Plc

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Contents

	Page
Financial highlights	2
Condensed consolidated and separate statement of profit or loss	3
Condensed consolidated and separate statement of other comprehensive income	4
Condensed consolidated and separate statement of financial position	5
Condensed consolidated and separate statement of changes in equity	6
Condensed consolidated and separate statement of cash flows	7
Notes to the condensed consolidated and separate financial statements	8 - 43

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Financial highlights

In millions of Nigerian Naira	Notes	9 months ended 30 September 2023	9 months ended 30 September 2022	% Change
Revenue	6	1,772,949	1,456,135	21.76
Operating profit		608,426	537,679	13.16
Profit before taxation		232,469	400,673	(41.98)
Profit for the period attributable to the owners of the company		148,091	270,339	(45.22)
Basic/ diluted earnings per share (N)*	36	7.06	12.89	(45.22)

		As at 30 September 2023	As at 31 December 2022	% Change
Share capital		420	407	3.15
Total equity attributable to the owners of the company		309,367	334,237	(7.44)
Net assets per share (N)*		14.75	16.44	(7.44)

Stock exchange information

Market price per share as at period end (N)		264.00	215.00	22.79
Market capitalisation as at period end (N'million)		5,542,944	4,376,325	26.66
Number of shares issued and fully paid as at period end (millions)*		20,996	20,355	3.15

The financial highlights reflect Group numbers only.

*Restated to reflect the changes in number of shares, see note 35.6

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Condensed consolidated and separate statement of profit or loss

In millions of Nigerian Naira	Notes	Group				Company			
		9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022
Revenue	6	1,772,949	1,456,135	614,210	506,048	1,772,992	1,455,959	614,719	506,322
Direct network operating costs	10	(447,601)	(333,925)	(170,642)	(118,116)	(447,465)	(333,924)	(170,651)	(118,115)
Value added services costs		(17,318)	(16,674)	(6,282)	(5,590)	(17,318)	(16,674)	(6,282)	(5,590)
Costs of SIM starter packs, handsets and accessories		(20,135)	(15,312)	(7,152)	(5,466)	(20,135)	(15,312)	(7,152)	(5,466)
Interconnect costs		(116,168)	(106,720)	(39,205)	(35,588)	(116,168)	(106,720)	(39,205)	(35,588)
Roaming costs		(6,310)	(4,790)	(2,437)	(1,856)	(6,310)	(4,790)	(2,437)	(1,856)
Transmission costs		(7,949)	(5,691)	(3,108)	(1,885)	(7,949)	(5,691)	(3,108)	(1,885)
Discounts and commissions		(85,689)	(69,474)	(30,315)	(24,580)	(83,099)	(67,771)	(29,774)	(23,896)
Advertisements, sponsorships and sales promotions		(31,088)	(21,036)	(11,672)	(6,819)	(19,213)	(16,995)	(6,568)	(5,330)
Employee costs	9	(45,549)	(32,882)	(17,079)	(10,733)	(42,573)	(32,213)	(16,341)	(10,505)
Other operating expenses	11	(87,216)	(69,066)	(32,840)	(24,165)	(95,708)	(60,696)	(32,545)	(18,365)
Depreciation of property and equipment	13	(156,753)	(128,992)	(58,343)	(46,078)	(156,753)	(128,992)	(58,343)	(46,078)
Depreciation of right of use assets	14	(86,991)	(75,858)	(29,147)	(26,043)	(86,991)	(75,858)	(29,147)	(26,043)
Amortisation of intangible assets	15	(55,756)	(38,036)	(19,135)	(13,759)	(51,767)	(34,048)	(17,805)	(12,430)
Operating profit		608,426	537,679	186,853	185,370	621,543	556,275	195,361	195,175
Finance income	7	21,121	8,214	4,728	1,149	20,278	7,920	4,609	964
Finance costs	8	(397,078)	(145,220)	(159,500)	(54,477)	(397,078)	(145,220)	(159,500)	(54,477)
Profit before taxation		232,469	400,673	32,081	132,042	244,743	418,975	40,470	141,662
Taxation	12	(85,105)	(131,634)	(13,401)	(44,628)	(88,762)	(137,124)	(15,933)	(47,646)
Profit for the period		147,364	269,039	18,680	87,414	155,981	281,851	24,537	94,016
Profit attributable to:									
Owners of the company		148,091	270,339	19,502	88,403	155,981	281,851	24,537	94,016
Non-controlling interest		(727)	(1,300)	(822)	(989)	-	-	-	-
		147,364	269,039	18,680	87,414	155,981	281,851	24,537	94,016
Earnings per share									
Basic/diluted to the owners of the parent (N)*	36	7.06	12.89	0.93	4.22	7.44	13.44	1.17	4.48

*Restated to reflect the changes in number of shares, see note 35.6

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Condensed consolidated and separate statement of other comprehensive income

	Group				Company			
	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022
In millions of Nigerian Naira								
Profit for the period	147,364	269,039	18,680	87,414	155,981	281,851	24,537	94,016
Items that may be reclassified to profit or loss								
Fair valuation loss on investments designated at FVOCI*	(1,264)	(120)	(85)	(9)	(1,264)	(120)	(85)	(9)
Other comprehensive loss for the period net of taxation	(1,264)	(120)	(85)	(9)	(1,264)	(120)	(85)	(9)
Total comprehensive income for the period	146,100	268,919	18,595	87,405	154,717	281,731	24,452	94,007
Attributable to:								
Owners of the company	146,827	270,219	19,417	88,394	154,717	281,731	24,452	94,007
Non-controlling interest	(727)	(1,300)	(822)	(989)	-	-	-	-
	146,100	268,919	18,595	87,405	154,717	281,731	24,452	94,007

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

The accompanying notes are an integral part of these condensed consolidated financial statements.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Condensed consolidated and separate statement of financial position

In millions of Nigerian Naira	Notes	Group		Company	
		30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
Assets					
Non-current assets					
Property and equipment	13	1,046,406	928,357	1,046,406	928,357
Right-of-use assets	14	668,743	652,110	668,743	652,110
Intangible assets	15	449,075	335,599	432,149	314,684
Investments in subsidiaries	16	-	-	75,178	74,328
Deferred tax asset	26.2	13,501	11,018	-	-
Other investments	17	10,278	10,585	10,278	10,585
Other non current assets	18	28,265	17,287	28,265	17,287
		2,216,268	1,954,956	2,261,019	1,997,351
Current assets					
Inventories	19	6,337	3,678	6,337	3,678
Trade and other receivables	20	212,659	191,496	238,841	212,232
Current investments	21	32,001	20,288	30,539	17,406
Restricted cash	23	386,808	196,082	381,145	194,622
Cash and cash equivalents	22	224,854	349,500	207,112	324,244
		862,659	761,044	863,974	752,182
Total assets		3,078,927	2,716,000	3,124,993	2,749,533
Equity and liabilities					
Equity					
Share capital	35.1	420	407	420	407
Share premium	35.2	166,362	17,216	166,362	17,216
Treasury shares	35.3	(4,869)	(4,869)	(4,869)	(4,869)
Other reserves	35.4	400	1,664	400	1,664
Retained profit		147,054	319,819	205,789	370,664
Equity attributable to owners of the company		309,367	334,237	368,102	385,082
Non-controlling interest		718	1,445	-	-
		310,085	335,682	368,102	385,082
Liabilities					
Non-current liabilities					
Borrowings	28	473,695	439,463	473,695	439,463
Lease liabilities	31	666,637	662,655	666,637	662,655
Deferred tax liability	26.1	37,490	93,596	35,943	90,851
Provisions	29	44	43	44	43
Employee benefits	30	6,648	6,835	6,648	6,835
Other non-current liabilities	34	9,504	8,569	9,504	8,569
		1,194,018	1,211,161	1,192,471	1,208,416
Current liabilities					
Trade and other payables	24	654,367	514,892	651,093	514,206
Current tax payable	27	159,152	199,959	158,856	199,687
Borrowings	28	549,074	250,210	549,074	250,210
Lease liabilities	31	47,021	64,829	47,021	64,829
Contract liabilities	25	99,274	92,861	98,892	92,479
Provisions	29	47,001	42,087	46,008	31,562
Deposit held for MoMo customers	32	5,459	1,257	-	-
Derivatives	33	13,476	3,062	13,476	3,062
		1,574,824	1,169,157	1,564,420	1,156,035
Total liabilities		2,768,842	2,380,318	2,756,891	2,364,451
Total equity and liabilities		3,078,927	2,716,000	3,124,993	2,749,533

The unaudited condensed consolidated and separate financial statements were approved by the Board of Directors on the 26 October 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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 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	-	-	-	-	-	270,339	270,339	(1,300)	269,039
Purchase of treasury shares	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Other comprehensive loss	-	-	-	-	(120)	-	(120)	-	(120)
Acquisition of a subsidiary	-	-	-	-	-	-	-	2,720	2,720
Dividends	-	-	-	-	-	(288,280)	(288,280)	-	(288,280)
Balance at 30 September 2022	407	17,216	17,623	(4,869)	765	228,532	242,051	1,420	243,471
Balance at 1 January 2023	407	17,216	17,623	(4,869)	1,664	319,819	334,237	1,445	335,682
Additional share issued	13	149,146	149,159	-	-	-	149,159	-	149,159
Profit for the period	-	-	-	-	-	148,091	148,091	(727)	147,364
Other comprehensive loss	-	-	-	-	(1,264)	-	(1,264)	-	(1,264)
Dividends	-	-	-	-	-	(320,856)	(320,856)	-	(320,856)
Balance at 30 September 2023	420	166,362	166,782	(4,869)	400	147,054	309,367	718	310,085
Company									
Balance at 1 January 2022	407	17,216	17,623	-	885	278,489	296,997	-	296,997
Profit for the period	-	-	-	-	-	281,851	281,851	-	281,851
Purchase of treasury shares	-	-	-	(4,869)	-	-	(4,869)	-	(4,869)
Other comprehensive loss	-	-	-	-	(111)	-	(111)	-	(111)
Dividends	-	-	-	-	-	(288,280)	(288,280)	-	(288,280)
Balance at 30 September 2022	407	17,216	17,623	(4,869)	774	272,060	285,588	-	285,588
Balance at 1 January 2023	407	17,216	17,623	(4,869)	1,664	370,664	385,082	-	385,082
Additional share issued	13	149,146	149,159	-	-	-	149,159	-	149,159
Profit for the period	-	-	-	-	-	155,981	155,981	-	155,981
Other comprehensive loss	-	-	-	-	(1,264)	-	(1,264)	-	(1,264)
Dividends	-	-	-	-	-	(320,856)	(320,856)	-	(320,856)
Balance at 30 September 2023	420	166,362	166,782	(4,869)	400	205,789	368,102	-	368,102

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Condensed consolidated and separate statement of cash flows

In millions of Nigerian Naira	Notes	Group		Company	
		9 months ended 30 September 2023	9 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022
Cash flows from operating activities					
Cash generated from operations	37	991,471	777,855	1,000,674	785,490
Interest paid	8	(134,324)	(132,979)	(134,324)	(132,979)
Interest received	7	19,770	7,960	18,929	7,666
Dividends paid		(171,697)	(288,280)	(171,697)	(288,280)
Tax paid		(184,507)	(139,511)	(184,507)	(139,511)
Employee benefits payments		(1,468)	(1,291)	(1,468)	(1,291)
Share based payments		(6,221)	(5,843)	(6,221)	(5,843)
Provisions payments		(12,214)	(8,397)	(12,214)	(8,397)
Net cash generated from operating activities		500,810	209,514	509,172	216,855
Cash flows from investing activities					
Acquisition of property and equipment		(242,919)	(261,784)	(242,919)	(261,784)
Acquisition of intangible assets		(154,430)	(123,757)	(154,430)	(123,757)
Acquisition of right of use assets		(19,228)	(15,236)	(19,228)	(15,236)
Proceeds from disposal of property and equipment		783	3,951	783	3,951
Sale of investment in non-current FGN bonds		384	384	384	384
Purchase of bonds, treasury bills and foreign deposits		(33,025)	(11,515)	(33,025)	(11,515)
Sale of bonds, treasury bills and foreign deposits		22,662	46,844	22,662	54,174
Purchase of contract acquisition costs		(3,301)	(3,587)	(3,301)	(3,587)
Non-current prepayments		(11,769)	-	(11,769)	-
Investment in subsidiary		-	-	(850)	(10,880)
Increase in restricted cash		(186,524)	(52,625)	(186,522)	(50,677)
Net cash flows used in investing activities		(627,367)	(417,325)	(628,215)	(418,927)
Cash flows from financing activities					
Proceeds from borrowings		365,500	307,359	365,500	307,359
Repayment of borrowings		(263,693)	(179,177)	(263,693)	(179,177)
Repayment on lease liabilities		(133,753)	(71,284)	(133,753)	(71,284)
Investment by non-controlling interest		-	2,720	-	-
Net cash flow (used in)/generated from financing activities		(31,946)	59,618	(31,946)	56,898
Net decrease in cash and cash equivalents					
Cash at the beginning of the period		349,788	261,494	324,532	247,628
Exchange gain on cash and cash equivalents		33,578	13,445	33,578	13,445
Cash and cash equivalents at the end of the period	22	224,863	126,746	207,121	115,899

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

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) where MTN Nigeria holds 80% of shareholding while Acxani Limited holds 20% non-controlling interest.

2. Basis of preparation

These condensed consolidated and separate financial statements for the nine months period ended 30 September 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 (FRC) Act 2011 and Companies and Allied Matters Act of Nigeria (CAMA) 2020.

The condensed 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 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 Amortised cost, fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI) 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 - International Tax Reform—Pillar Two Model Rules. - Effective date for annual periods beginning on or after 1 January 2023.
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, MTN Nigeria has elected for an early adoption of these standards for the year ending 31 December 2023.

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

4. New standards and interpretations (continued)

4.2 Standards issued but not yet effective

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

1. Amendments to IAS 1: Non-current Liabilities with Covenants - Effective date for annual periods beginning on or after 1 January 2024
2. Amendments to IFRS 16: Lease Liability in a Sale and Leaseback - Effective date for annual periods beginning on or after 1 January 2024
3. Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements - Effective date for annual periods beginning on or after 1 January 2024.
4. Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates -Effective date for annual periods beginning on or after 1 January 2025. Earlier application is permitted.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

5. Segmental reporting

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

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

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

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

Customer segment	Description
Consumer Business Unit (CBU)	It consists of subscribers sitting in value propositions and tariff plans dedicated to three sub segments: Youth, High Value and Mass segments. All MTN customers are assumed to fall within CBU except where otherwise stated.
Enterprise Business Unit (EBU)	Enterprise customers are corporate, small and medium organisations whose business requires 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 nine months period ended 30 September 2023 and 30 September 2022.

In millions of Nigerian Naira	CBU	EBU	WBU	Total
30 September 2023				
Segment revenue	1,500,267	228,306	44,376	1,772,949
Direct costs*	(254,793)	(12,821)	(21,955)	(289,569)
Gross margin	1,245,474	215,485	22,421	1,483,380
30 September 2022				
Segment revenue	1,259,189	157,896	39,050	1,456,135
Direct costs*	(221,810)	(9,078)	(17,346)	(248,234)
Gross margin	1,037,379	148,818	21,704	1,207,901

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

Reconciliation of reportable segment revenue and profit or loss

Revenues

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

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

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

In millions of Nigerian Naira	30 September 2023	30 September 2022
Segment gross margin	1,483,380	1,207,901
Less unallocated expenses:		
Operating expenses	(575,454)	(427,336)
Depreciation & amortisation	(299,500)	(242,886)
Finance income	21,121	8,214
Finance expense	(397,078)	(145,220)
Profit before taxation	232,469	400,673

Segment assets and liabilities

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group				Company			
	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022

6. Revenue

Revenue from contracts with customers

Voice	700,628	626,666	226,524	209,387	700,628	626,666	226,524	209,387
Data ¹	748,298	549,206	278,920	200,972	748,298	549,206	278,920	200,972
SMS ²	58,395	46,121	16,678	16,326	58,395	46,105	16,678	16,310
Interconnect and roaming	127,190	117,393	43,093	39,629	127,190	117,393	43,093	39,629
Handset and accessories	5,499	3,444	2,039	1,207	5,499	3,444	2,039	1,207
Digital ³	27,233	17,896	9,825	6,483	24,483	15,921	9,343	5,704
Value added services ⁴	61,940	59,232	20,605	19,993	61,481	59,230	20,245	19,992
Other revenues ⁵	43,766	36,177	16,526	12,051	47,018	37,994	17,877	13,121
	1,772,949	1,456,135	614,210	506,048	1,772,992	1,455,959	614,719	506,322

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*	4,130	3,045	2,011	813	3,972	2,869	1,991	746
Interest income on investments*	15,913	5,169	2,965	972	15,228	5,051	2,866	854
Net gain on investment at fair value	1,078	-	(248)	(636)	1,078	-	(248)	(636)
	21,121	8,214	4,728	1,149	20,278	7,920	4,609	964

*Finance income calculated using effective interest rate method.

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

Finance costs per income statement	21,121	8,214			20,278	7,920		
Adjusted for non-cash items:								
Net gain on investment at fair value	(1,080)	-			(1,078)	-		
Interest income on investments	(271)	(254)			(271)	(254)		
Interest received	19,770	7,960			18,929	7,666		

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group				Company			
	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022

8. Finance costs

Interest expense - leases*	73,852	69,758	24,185	23,135	73,852	69,758	24,185	23,135
Interest expense - borrowings*	82,861	46,409	31,237	18,395	82,861	46,409	31,237	18,395
Interest expense - banking fees	1,683	895	480	(1,582)	1,683	895	480	(1,582)
Loss on FVTPL liabilities ¹	5,850	-	2,218	-	5,850	-	2,218	-
Net loss on investment at fair value	-	292	-	292	-	292	-	292
Net foreign exchange loss	232,832	27,866	101,380	14,237	232,832	27,866	101,380	14,237
	397,078	145,220	159,500	54,477	397,078	145,220	159,500	54,477

*Finance costs calculated using effective interest rate method.

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

Net finance cost

Finance income	21,121	8,214	4,728	1,149	20,278	7,920	4,609	964
Finance costs	(397,078)	(145,220)	(159,500)	(54,477)	(397,078)	(145,220)	(159,500)	(54,477)
Net finance cost	(375,957)	(137,006)	(154,772)	(53,328)	(376,800)	(137,300)	(154,891)	(53,513)

Given the protracted forex paucity in the market, MTN Nigeria utilised trade lines to fund the establishment of confirmed irrevocable letters of credit for network capex investments to sustain revenue growth.

The forex loss recognised for the nine months to September 2023 was 77% higher than the amount reported in 30 June 2023 financial statements where the trade lines were measured after offsetting the naira-denominated cash cover that was provided to the banks. Following further analysis and review, all the trade lines were remeasured to correctly exclude the naira-denominated cash cover that was provided to the banks.

This resulted in the recognition of additional unrealised forex loss on outstanding matured trade obligations as at 30 September 2023 of N87.5 billion. Similarly, the net finance costs for 30 June 2023 would have increased by N73.9 billion to approximately N295.1 billion.

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

Finance costs per income statement	397,078	145,220			397,078	145,220		
Less non cash adjustments								
Interest expense - leases	(11,533)	(6,431)			(11,533)	(6,431)		
Interest expense - borrowings	(42,679)	-			(42,679)	-		
Net foreign exchange loss	(203,247)	(5,518)			(203,247)	(5,518)		
Loss on FVTPL liabilities	(5,295)	-			(5,295)	-		
Net loss on FVTPL investments	-	(292)			-	(292)		
Interest paid	134,324	132,979			134,324	132,979		

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group				Company			
	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022

9. Employee costs

Salaries and wages	32,863	23,877	12,409	8,065	30,833	23,217	12,013	7,846
Pension - Defined contribution plan	2,031	1,600	741	566	1,899	1,600	687	566
Share-based expense ¹	7,156	4,786	2,250	922	7,156	4,786	2,250	922
Other staff costs ²	3,499	2,619	1,679	1,180	2,685	2,610	1,391	1,171
	45,549	32,882	17,079	10,733	42,573	32,213	16,341	10,505

¹Share-based expense is made up of NSO and PSP provision; September 2023: NSO: N4.906 billion; PSP: N2.25 million (September 2022: NSO: N2.4 billion; PSP: N2.386 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.

10. Direct network operating costs

Regulatory fees	46,546	37,039	15,637	13,307	46,546	37,039	15,637	13,307
Annual Numbering Plan	1,303	2,050	(415)	639	1,167	2,050	(406)	639
BTS leases	339,542	242,537	135,197	84,944	339,542	242,537	135,197	84,944
Network maintenance	60,210	52,299	20,223	19,226	60,210	52,298	20,223	19,225
	447,601	333,925	170,642	118,116	447,465	333,924	170,651	118,115

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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group				Company			
	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022
11. Other operating expenses								
Audit fees	394	335	161	144	339	296	142	113
Directors' emoluments	935	834	268	341	932	834	267	341
Professional fees	24,154	25,910	9,999	9,275	23,808	17,910	9,755	3,592
Credit loss expense/(reversal of credit loss expense) on trade and other receivables	2,173	2,878	(1,948)	2,179	2,173	2,878	(1,948)	2,179
Reversal of credit loss expense on cash and cash equivalent, treasury bills and bonds	(332)	(685)	(152)	(206)	(332)	(685)	(152)	(206)
(Reversal of)/ impairment of property and equipment	(94)	395	(174)	12	(94)	395	(174)	12
Inventory write-down	1,459	1,590	2,480	507	1,459	1,590	2,480	507
Loss for unauthorised transfers ¹	-	-	-	-	9,637	-	223	-
Provision for litigation costs	7,553	3,174	1,591	1,650	5,785	3,174	(176)	1,650
Profit on disposal of property and equipment	(438)	(1,004)	(258)	(520)	(438)	(1,004)	(258)	(520)
Maintenance costs	30,289	19,476	12,181	6,778	30,272	19,476	12,181	6,778
Rent, rates, utilities and other office running cost	2,447	2,257	384	927	2,240	2,231	311	910
Trainings, travels and entertainment cost	4,796	2,518	2,072	915	4,700	2,512	2,044	937
Insurance	2,912	1,968	1,222	748	2,912	1,968	1,222	748
Donation - MTN Foundation	1,561	2,819	246	941	1,561	2,819	246	941
Property and Equipment written off	1,699	-	1,699	-	1,699	-	1,699	-
Information technology development levy (ITDL)	3,306	4,190	1,263	1,417	3,306	4,190	1,263	1,417
National Agency for Science and Engineering Infrastructure levy (NASENI)	826	1,047	315	354	826	1,047	315	354
Other expenses ²	3,576	1,364	1,491	(1,297)	4,923	1,065	3,105	(1,388)
	87,216	69,066	32,840	24,165	95,708	60,696	32,545	18,365

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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group				Company			
	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022	3 months ended 30 September 2023	3 months ended 30 September 2022
	12. Income tax expense							
Current tax								
Company income tax	122,876	141,856	35,659	43,442	122,852	141,856	35,653	43,442
Prior year under provision of company income tax	2,547	10,446	-	-	2,547	10,446	-	-
Education tax	18,265	14,808	5,320	5,064	18,265	14,808	5,341	5,064
Nigerian police trust fund	12	21	2	7	12	21	2	7
	143,700	167,131	40,981	48,513	143,676	167,131	40,996	48,513
Deferred								
Deferred tax credit	(58,595)	(35,497)	(27,580)	(3,885)	(54,914)	(30,007)	(25,063)	(867)
	85,105	131,634	13,401	44,628	88,762	137,124	15,933	47,646
Tax rate reconciliation								
Profit before tax	232,469	400,673			244,743	418,975		
Tax charge	85,105	131,634			88,762	137,124		
Effective tax rate	36.61 %	32.85 %			36.27 %	32.73 %		
Tax at standard rate	30.00	30.00			30.00	30.00		
Exempt income	(0.06)	(0.02)			(0.05)	(0.02)		
Expenses not allowed	0.46	0.38			0.44	0.37		
Education tax	5.53	3.55			5.25	3.40		
Police Trust Fund	0.01	0.01			0.01	0.01		
Prior year tax under/(over) provision	0.66	(0.46)			0.62	(0.45)		
Investment allowance	-	(0.61)			-	(0.58)		
Minimum tax*	0.01	-			-	-		
Effective tax rate	36.61	32.85			36.27	32.73		

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 treasury bonds and Short-Term Government Securities on the tax charge.

*Minimum Tax relates to Yello Digital Financial Services Limited.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

13. Property and equipment

Group and Company

In millions of Nigerian Naira	Land	Buildings	Leasehold property	Information systems, furniture and office equipment	Motor vehicles	Network Infrastructure	Capital - work in progress	Total
At 31 December 2022								
Cost	26,692	32,489	24,432	70,947	9,958	1,286,088	138,678	1,589,284
Accumulated depreciation and impairment	-	(21,417)	(11,110)	(38,697)	(4,317)	(585,386)	-	(660,927)
Carrying amount	26,692	11,072	13,322	32,250	5,641	700,702	138,678	928,357
Cost								
At 1 January 2023	26,692	32,489	24,432	70,947	9,958	1,286,088	138,678	1,589,284
Additions	973	456	408	4,119	729	268,287	82	275,054
Disposals	-	-	(4)	(1,880)	(339)	(41,068)	-	(43,291)
At 30 September 2023	27,665	32,945	24,836	73,186	10,348	1,513,307	138,760	1,821,047
Depreciation and impairment								
At 1 January 2023	-	(21,417)	(11,110)	(38,697)	(4,317)	(585,386)	-	(660,927)
Depreciation	-	(413)	(1,203)	(11,698)	(1,159)	(142,280)	-	(156,753)
Disposals	-	-	4	1,837	115	40,989	-	42,945
Impairment	-	-	-	-	-	94	-	94
At 30 September 2023	-	(21,830)	(12,309)	(48,558)	(5,361)	(686,583)	-	(774,641)
Carrying amount								
At 31 December 2022	26,692	11,072	13,322	32,250	5,641	700,702	138,678	928,357
At 30 September 2023	27,665	11,115	12,527	24,628	4,987	826,724	138,760	1,046,406

Total cash outflow for property and equipment as at 30 September 2023 was N242.92 billion after adjusting for accruals of N32.14 billion.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

14. Right of use assets

Group and Company

In millions of Nigerian Naira	Base station land	Buildings	Motor vehicles	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	828	86	-	102,710	103,624
Reclassifications	297	(91)	-	(206)	-
At 30 September 2023	10,886	8,123	9,384	1,033,744	1,062,137
Depreciation and impairment					
At 1 January 2023	(5,206)	(5,035)	(4,190)	(291,972)	(306,403)
Depreciation	(1,382)	(996)	(1,404)	(83,209)	(86,991)
At 30 September 2023	(6,588)	(6,031)	(5,594)	(375,181)	(393,394)
Carrying amount					
At 31 December 2022	4,555	3,093	5,194	639,268	652,110
At 30 September 2023	4,298	2,092	3,790	658,563	668,743

Reclassification relates to the transfer of ROU assets from network infrastructure and buildings to base station land.

Cash outflow for right of use assets for the period was N19.23 billion after adjusting for the lease liability additions of N84.4 billion.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

15. Intangible assets

In millions of Nigerian Naira	Goodwill	Licenses	Computer software	Capital work-in-progress	Total
Group					
At 31 December 2022					
Cost	10,016	331,814	136,208	18,642	496,680
Accumulated amortisation and impairment	-	(82,280)	(78,801)	-	(161,081)
Carrying amount	10,016	249,534	57,407	18,642	335,599
Cost					
At 1 January 2023	10,016	331,814	136,208	18,642	496,680
Additions	-	123,115	-	46,117	169,232
Reclassification	-	19,795	21,851	(41,646)	-
Disposals	-	-	(12,294)	-	(12,294)
At 30 September 2023	10,016	474,724	145,765	23,113	653,618
Amortisation and impairment					
At 1 January 2023	-	(82,280)	(78,801)	-	(161,081)
Amortisation	-	(28,026)	(27,730)	-	(55,756)
Disposals	-	-	12,294	-	12,294
At 30 September 2023	-	(110,306)	(94,237)	-	(204,543)
Carrying amount					
At 31 December 2022	10,016	249,534	57,407	18,642	335,599
At 30 September 2023	10,016	364,418	51,528	23,113	449,075
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		123,115	-	46,117	169,232
Reclassification		19,795	21,851	(41,646)	-
Disposals		-	(12,294)	-	(12,294)
At 30 September 2023		474,724	97,945	23,113	595,782
Amortisation and impairment					
At 1 January 2023		(82,280)	(41,880)	-	(124,160)
Amortisation		(28,026)	(23,741)	-	(51,767)
Disposals		-	12,294	-	12,294
At 30 September 2023		(110,306)	(53,327)	-	(163,633)
Carrying amount					
At 31 December 2022		249,534	46,508	18,642	314,684
At 30 September 2023		364,418	44,618	23,113	432,149

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, when they were available for use. During the year there was a reclassification of N41.65 billion.

Cash outflow for the period was N154.43 billion after adjusting for accruals of N14.8 billion

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Group		Company	
	30 Sept 2023	31 Dec 2022	30 Sept 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	-	-	15,000	14,150
MoMo Payment Service Bank Limited	-	-	16,400	16,400
	-	-	75,678	74,828
Impairment (XS Broadband Limited)	-	-	(500)	(500)
	-	-	75,178	74,328

During the year, there was an increase in the investment in Yellow Digital Financial Services Limited of N850 million (2022: Nil)

17. Other investments

Treasury bonds at amortised cost	6,886	7,345	6,886	7,345
NGN deposits at amortised cost	3,515	3,441	3,515	3,441
Allowance for expected credit losses	(123)	(201)	(123)	(201)
	10,278	10,585	10,278	10,585

18. Other non current assets

18.1 Contract acquisition costs

Opening balance	6,602	5,602	6,602	5,602
Additions	3,301	4,739	3,301	4,739
Amortised in the year	(3,292)	(3,739)	(3,292)	(3,739)
Closing balance	6,611	6,602	6,611	6,602

18.2 Non-current prepayment

Prepayment for road infrastructure tax credit ¹	12,291	130	12,291	130
Other non-current prepayments ²	9,363	10,555	9,363	10,555
	21,654	10,685	21,654	10,685

Total non-current assets

28,265 **17,287** **28,265** **17,287**

¹These are costs incurred towards the reconstruction of the Enugu-Onitsha expressway under the Road Infrastructure Development and Refurbishment Investment Tax Credit ("Road Tax Credit") Scheme. The Scheme is a public-private partnership (PPP) intervention that enables the Nigerian Government to leverage private sector capital and efficiency for the construction, repair, and maintenance of critical road infrastructure in key economic areas in Nigeria. MTN Nigeria shall be entitled to utilize the total cost incurred in the construction or refurbishment of an eligible road as a tax credit against their future Companies Income Tax (CIT) liability, until full cost recovery is achieved.

²This includes the non-current portion of the prepaid Indefeasible right of use (IRU) asset access to the West African Cable System (WACS).

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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

19. Inventories

Handsets, devices and accessories	8,335	6,502	8,335	6,502
SIM starter packs	4,019	1,733	4,019	1,733
	12,354	8,235	12,354	8,235
Inventories (write-downs)	(6,017)	(4,557)	(6,017)	(4,557)
	6,337	3,678	6,337	3,678

During the period, there was an inventory write-down of N1.46 billion (September 2022: N1.59 billion) for SIM starter packs, handsets and accessories. The write-down is recognised in the other operating expenses line (Note 11).

20. Trade and other receivables

Financial instruments:

Trade receivables		81,818	73,563	81,546	73,290
Trade receivables - related parties	38.4	17,323	12,323	46,763	43,903
Allowance for expected credit losses ¹		(15,826)	(13,652)	(15,407)	(13,234)
		83,315	72,234	112,902	103,959
Other receivables ²		29,460	11,678	29,504	11,133
		112,775	83,912	142,406	115,092

Non-financial instruments:

Sundry receivables and advances ³		959	407	901	407
Other non-financial receivables ⁴		75,632	90,294	72,308	79,884
Current prepayments ⁵		23,293	16,883	23,226	16,849
		99,884	107,584	96,435	97,140
		212,659	191,496	238,841	212,232

¹There was an increase in the credit loss expense of trade receivables of N2.17 billion (September 2022: N2.88 billion) in the period, reported in other operating expenses (see note 11).

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

³Sundry receivables and advances includes advances to staff for travel expenses and other work related expenses.

⁴Other non-financial receivables includes contracted Advance Payment Guarantees (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.

21. Current investments

US Dollar deposits held at amortised cost	19,529	-	19,529	-
NGN deposits at amortised cost	-	819	-	819
Treasury bills held at amortised cost	5,372	5,410	3,910	4,793
Allowance for expected credit losses	(37)	(12)	(37)	(12)
Net current investments at amortised cost	24,864	6,217	23,402	5,600
Treasury bills and bonds at fair value through other comprehensive income	6,925	13,532	6,925	11,267
Treasury bills and bonds at fair value through profit or loss	212	539	212	539
	32,001	20,288	30,539	17,406

22. Cash and cash equivalents

Cash and cash equivalents consist of:				
Bank balances	158,260	185,347	147,967	171,240
Short-term deposits	66,603	164,441	59,154	153,292
	224,863	349,788	207,121	324,532
Allowance for expected credit losses	(9)	(288)	(9)	(288)
	224,854	349,500	207,112	324,244

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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

22. Cash and cash equivalents (continued)

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

Bank balances	158,260	185,347	147,967	171,240
Short-term deposits	66,603	164,441	59,154	153,292
	224,863	349,788	207,121	324,532

23. Restricted cash

Restricted cash deposits for letters of credit ¹	321,819	150,899	321,821	150,899
Collateral on borrowings and cash covers	58,382	43,043	58,382	43,043
Restricted cash - others ²	1,148	883	942	680
Cash held for MoMo customers ³	5,459	1,257	-	-
	386,808	196,082	381,145	194,622

¹MTNN operates usance letters of credit (LC) denominated in foreign currency for its short-term debts (STDs) that is backed by restricted cash deposit (known as cash collateral) in Naira at agreed exchange rates with the banks, and usually at or above the ruling NAFEX rate but now I&E (Investors & Exporters) rate.

²Restricted cash - others, this comprises of: the retention fee on purchase of Visafone Communications Limited of N378 million; dividends received on shares held in trust by Vetiva Trustee Ltd for the MTNN employee shares scheme implementation; N500.8 million (2022: N237.4 million) and garnishees against court judgments of N64.9 million.

³Cash held for MoMo PSB customers relates to MoMo customers deposit liability for the period (see note 32).

For the purpose of cash flows, total net cash outflow to banks for restricted cash was Group: N186.52 billion (September 2022: N52.63 billion), for Company N186.52 billion (September 2022: N50.68 billion).

24. Trade and other payables

Financial instruments:

Trade payables		172,520	64,666	171,822	64,364
Trade payables - related parties	38.4	67,978	40,822	71,568	45,764
Other accrued expenses ¹		249,703	315,252	244,092	309,885
Other payables ²		170	306	170	306
		490,371	421,046	487,652	420,319

Non-financial instruments

Other non-financial accrued expenses ³		119,551	58,697	120,001	58,697
Sundry payables ⁴		2,749	3,250	1,364	3,028
Other non-financial payables ⁵		41,696	31,899	42,076	32,162
		163,996	93,846	163,441	93,887
		654,367	514,892	651,093	514,206

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

²Other payables include deferred income on colocation

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

⁴Sundry payables 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		1,400,834	887,209	1,400,834	887,209
Revenue recognised on delivery of goods/services		(1,394,421)	(866,684)	(1,394,421)	(866,684)
Closing balance		99,274	92,861	98,892	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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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

26. Deferred tax

26.1 Deferred tax liability

Opening balance	93,595	108,087	90,851	103,747
Charge to profit and loss	(56,111)	(14,927)	(54,914)	(13,332)
Charge to other comprehensive income	6	436	6	436
Total deferred tax liability	37,490	93,596	35,943	90,851

26.2 Deferred tax asset

Opening balance	11,018	3,404	-	-
Charge to profit or loss account	2,483	7,614	-	-
Total deferred tax asset	13,501	11,018	-	-

Net deferred tax credit to the profit or loss account for: Group: N58.59 million, Company: N54.91 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.

27. Current tax payable

Opening balance	199,959	144,163	199,687	143,891
Provision for the period/year - company income tax	122,876	166,787	122,852	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	18,265	20,375	18,265	20,375
Provision for the period/year - Nigerian Police Trust Fund	12	28	12	28
Tax paid	(184,507)	(139,511)	(184,507)	(139,511)
Withholding tax credit	-	(2,329)	-	(2,329)
Closing balance	159,152	199,959	158,856	199,687

28. Borrowings

The maturity of the loans is as follows:

Payable within one year (included in current liabilities)*	549,074	250,210	549,074	250,210
More than one year but not exceeding two years	20,219	43,339	20,219	43,339
More than two years but not exceeding five years	213,121	124,036	213,121	124,036
More than five years	240,355	272,088	240,355	272,088
Amounts included in non-current liabilities	473,695	439,463	473,695	439,463
Total borrowings	1,022,769	689,673	1,022,769	689,673

*This includes letters of credit of N273.5 billion (December 2022: N161.23 billion).

28.1 Borrowings reconciliation

Opening balance	689,673	493,260	689,673	493,260
Drawdown	365,500	479,243	365,500	479,243
Repayment	(263,693)	(361,431)	(263,693)	(361,431)
Other movement*	-	(9,878)	-	(9,878)
Accrued interest	82,861	62,491	82,861	62,491
Revaluation loss	148,428	25,988	148,428	25,988
Closing balance	1,022,769	689,673	1,022,769	689,673

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

28. Borrowings (continued)

28.2 Summary of borrowing arrangements

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

Facility	Type	Outstanding balance as at 30 September 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%.	N62 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	N250 billion Commercial paper programme issued in March and August 2023. N52 billion was redeemed in the month of September 2023 with the remaining tranches maturing in November 2023 (N72 billion) at 12.5%, February 2024 (N52 billion) at 13% and May 2024 (N72 billion) at 13.5%.	N197 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, six 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 SOFR 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
Bonds	The local bonds are four series bond issuance programmes comprising of: <ul style="list-style-type: none"> •Series I: N110.001 billion 7 Year 13% Bonds due 2028. •Series II: N89.999 billion 10 year 12.75% Bonds due 2031. •Series I Tranche A: N10.09 billion 4 year 13.5% Bonds due 2026 •Series I Tranche B: N104.91 billion 10 year 14.5% Bonds due 2032 <ol style="list-style-type: none"> 1.Series I principal repayments will occur twice in May 2027 and 2028 respectively. 2. Series II principal repayments will also occur twice, 2030 and 2031 respectively 3.Series I Tranche A principal repayments will occur once in September 2026. 4.Series I Tranche B principal repayments will occur four times in 2029, 2030, 2031 and 2032. 	N315 billion
Letters of credit (Trade loans)	A total of US\$485 million trade loans for the establishment of Letters of Credit with various local banks. The loans attract pre and post negotiation charges and the facility are largely cash backed. The sum of US\$352 million has been paid to suppliers (OEMs) and now ranking for foreign exchange settlement through the I&E window.	N273.5 billion

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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

29. Provisions

Opening balance	42,130	29,777	31,605	29,777
Additions	17,129	35,042	26,661	24,517
Unused amounts reversed	-	(11,115)	-	(11,115)
Utilised	(12,214)	(11,574)	(12,214)	(11,574)
Closing balance	47,045	42,130	46,052	31,605

Net provision expense for Group was N17.13 billion (December 2022: N23.93 billion) for Company N26.66 billion (December 2022: N13.40 billion). Total cash outflows on provisions were N12.21 billion (December 2022: N11.57 billion) for Group and Company.

Split between non-current and current portions

Non-current liabilities	44	43	44	43
Current liabilities	47,001	42,087	46,008	31,562
	47,045	42,130	46,052	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.

30. 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	1,281	1,197	1,281	1,197
Benefits paid	(1,468)	(1,047)	(1,468)	(1,047)
Closing balance	6,648	6,835	6,648	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	2,428	2,178	2,428	2,178
Long Service Awards	4,220	4,657	4,220	4,657
	6,648	6,835	6,648	6,835

31. Lease liabilities

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

Non-current liabilities	666,637	662,655	666,637	662,655
Current liabilities	47,021	64,829	47,021	64,829
	713,658	727,484	713,658	727,484

Lease liabilities reconciliation

Opening balance	727,484	690,856	727,484	690,856
Additions	84,397	120,545	84,397	120,545
Interest capitalised	73,852	92,748	73,852	92,748
Revaluations	23,998	7,206	23,998	7,206
Payments - principal portion	(133,753)	(91,123)	(133,753)	(91,123)
Payments - interest portion	(62,320)	(92,748)	(62,320)	(92,748)
Closing balance	713,658	727,484	713,658	727,484

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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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

31. Lease liabilities (continued)

Short-term lease payments of N461 million (December 2022: N494 million) for Group and N256 million (December 2022: 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.

32. Deposit held for MoMo customers

Deposits held for MoMo customers	5,459	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).

33. Derivatives

Current liabilities: currency swap	13,476	3,062	13,476	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.

34. Other non-current liabilities

Share based payment liability

Opening balance	8,569	8,547	8,569	8,547
Share based expense	7,156	5,889	7,156	5,889
Share based payments	(6,221)	(5,867)	(6,221)	(5,867)
Closing balance	9,504	8,569	9,504	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) shares. MTN Nigeria 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 Trustee for employees under Performance Share Plan (PSP) and Employee Stock Ownership Plan (ESOP).

GAN share options	2,850	2,021	2,850	2,021
LAN share options	1,242	666	1,242	666
Group performance share plan	3,240	4,960	3,240	4,960
Performance share plan and ESOP	2,172	922	2,172	922
	9,504	8,569	9,504	8,569

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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

35. Equity

35.1 Share capital

Issued and fully paid

20,995,560,103 ordinary shares of N0.02 (December 2022: 20,354,513,050 ordinary shares of N0.02 each)

420	407	420	407
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Opening balance

407	407	407	407
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Additional share issue (641,047,053 ordinary shares at N0.02 per share)

13	-	13	-
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Closing balance

420	407	420	407
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The additional new shares created by the scrip dividend scheme (see note 35.6) has been incorporated into the company's minimum issued share capital as duly approved by Securities and Exchange Commission (SEC) and registered with the Corporate Affairs Commission (CAC).

35.2 Share premium

4,500,000 ordinary shares of N 3,779.89 each

17,009	17,009	17,009	17,009
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138,960 ordinary shares of N 1,488.15 each

207	207	207	207
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641,047,053 ordinary shares of N233.66 each

149,146	-	149,146	-
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166,362	17,216	166,362	17,216
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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
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Fair valuation (loss)/gain on investments designated at FVOCI¹

(1,258)	959	(1,258)	959
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Remeasurement gain on employee benefits²

-	256	-	256
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Deferred tax on fair valuation and remeasurement³

(6)	(436)	(6)	(436)
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Closing balance

400	1,664	400	1,664
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¹Fair valuation loss/gain on financial assets classified as fair value through other comprehensive income (FVOCI) is recognised on Federal Government treasury bills and treasury 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 with 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)

203,282	174,201	203,282	174,201
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Interim dividend for 2023: N5.60 kobo per share (2022: N5.60 kobo per share)

117,574	113,985	117,574	113,985
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320,856	288,186	320,856	288,186
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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 18 April 2023, with the plan being effective for 2022 financial year dividends.

Upon the conclusion of the election period, shareholders elected to receive a total number of 641,047,053 scrip dividend shares. The Corporate Affairs Commission (CAC) authorised the increase of the Company share capital to accommodate the 641,047,053 scrip dividend shares. Those shares were subsequently approved and registered by the Securities and Exchange Commission (SEC).

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

In millions of Nigerian Naira	Notes	Group		Company	
		9 months ended 30 September 2023	9 months ended 30 September 2022	9 months ended 30 September 2023	9 months ended 30 September 2022

36. Earnings per share

Profit attributable to owners of the company (N million)		148,091	270,339	155,981	281,851
Weighted average number of ordinary shares at the end of the period (million)*		20,967	20,967	20,967	20,967
Basic and diluted EPS (N)		7.06	12.89	7.44	13.44

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 September 2023: 28,809,789 shares; 30 September 2022: 28,809,789 shares). The number of shares were updated to reflect the additional shares issued, see note 35.6

*The weighted average number of ordinary share of 2022 were retrospectively adjusted to reflect the additional shares issued (641,047,053) as per IAS 33.64, see note 35.6

37. Cash generated from operations

Profit before taxation		232,469	400,673	244,743	418,975
Adjustments for non cash items:					
Finance income	7	(21,121)	8,214	(20,278)	7,920
Finance costs	8	397,078	145,220	397,078	145,220
Depreciation of property and equipment		156,753	128,992	156,753	128,992
Depreciation of right of use assets		86,991	75,858	86,991	75,858
Amortisation of intangible assets		55,756	38,036	51,767	34,048
Amortisation of contract acquisition costs		3,292	2,720	3,292	2,720
Profit on disposal of property and equipment	11	(438)	(1,004)	(438)	(1,004)
(Reversal of)/impairment of property and equipment	11	(94)	395	(94)	395
Reversal of credit losses on cash and cash equivalent, treasury bills and bonds	11	(332)	(685)	(332)	(685)
Credit loss expense on trade and other receivables	11	2,173	2,878	2,173	2,878
Inventory write-down	11	1,459	1,590	1,459	1,590
Employee benefit plan expense		1,281	628	1,281	628
Provision expense		17,129	13,201	26,661	8,024
Share based payments expense	9	7,156	4,786	7,156	4,786
		939,552	821,502	958,212	830,345
Changes in working capital:					
Decrease in inventories		(4,119)	(2,406)	(4,119)	(2,377)
Increase in trade and other receivables		(18,756)	(27,315)	(24,201)	(32,365)
Increase/(decrease) in trade and other payables		68,381	(28,248)	64,369	(24,436)
Increase in contract liabilities		6,413	14,322	6,413	14,323
		51,919	(43,647)	42,462	(44,855)
		991,471	777,855	1,000,674	785,490

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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

38. Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged 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 period/year end:

Parent Company: MTN International (Mauritius) Limited

Dividends paid (excluding withholding tax):

MTN International (Mauritius) Ltd	77,664	194,306	77,664	194,306
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38.2 Subsidiaries:

Visafone Communications Limited

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

Net settlement of liabilities by the subsidiary	-	-	5,818	3,285
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Amounts due from related party

Amounts due to related party	-	-	20,919	16,453
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XS Broadband Limited

Amounts due from related party	-	-	638	638
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Impairment on receivables

	-	-	(613)	(613)
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MoMo Payment Service Bank Limited

Cost charged for transaction processing	-	-	887	-
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Net settlement of liabilities by the subsidiary

Amounts due from related party	-	-	(5,993)	14,489
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38.3 Related parties under MTN Group

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

Amounts due to related parties

MTN Benin	-	6	-	6
MTN Cameroon	526	311	526	311
MTN Congo	12	7	12	7
MTN Cote d'Ivoire	159	94	159	94
MTN Dubai	2,152	524	2,152	524
MTN Ghana	76	19	76	19
MTN Guinea Bissau	3	2	3	2
MTN Holdings	21	14	21	14
MTN International (Mauritius) Limited	43,999	18,282	43,999	18,282
MTN Management Services Co	7,701	4,008	7,701	4,008
MTN Uganda	9	3	9	3
MTN Zambia	10	6	10	6
Bayobab Africa (formerly MTN Global Connect)	3,204	1,083	3,204	1,083
Global Trading Company	3,981	3,622	3,981	3,622
Interserve Overseas Ltd)	5,653	12,523	5,653	12,523
Mobile Telephone Networks Ltd	471	280	471	280
Progressive Tech Holdings	1	1	1	1
Simply Africa	-	37	-	37
	67,978	40,822	67,978	40,822

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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

38. Related party transactions (continued)

Amounts due from related parties

MTN Afghanistan	1	-	1	-
MTN Benin	30	1	30	1
MTN Cameroon	690	410	690	410
MTN Congo	73	36	73	36
MTN Cote d'Ivoire	323	162	323	162
MTN Dubai	15	9	15	9
MTN Group Management Services Co	7,792	5,493	7,792	5,493
MTN Guinea Bissau	60	36	60	36
MTN Guinea Conakry	57	34	57	34
MTN Kenya	19	5	19	5
MTN Zambia	110	80	110	80
Bayobab Africa (formerly MTN Global Connect)	7,824	5,923	7,824	5,923
Lonestar Communications Corporations (Liberia)	169	91	169	91
Mobile Telephone Networks (Pty) Ltd	160	43	160	43
	17,323	12,323	17,323	12,323

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

Amount due to:				
Related parties	38.3	67,978	40,822	67,978
Subsidiaries	38.2	-	-	3,590
	24	67,978	40,822	71,568
Amount due from:				
Related parties	38.3	17,323	12,323	17,323
Subsidiaries	38.2	-	-	29,440
	20	17,323	12,323	46,763

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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

38. Related party transactions (continued)

38.5 Purchases and sales from related parties

Purchases from related parties

MTN Benin	82	311	82	311
MTN Cameroon	41	42	41	42
MTN Congo	2	6	2	6
MTN Cote d'Ivoire	15	16	15	16
MTN Cyprus	2	2	2	2
MTN Ghana	124	111	124	111
MTN Guinea Bissau	2	2	2	2
MTN Guinea Conakry	2	1	2	1
MTN Irancell	1	1	1	1
MTN Namibia	47	21	47	21
MTN Rwanda	13	15	13	15
MTN South Sudan	4	3	4	3
MTN Sudan	10	23	10	23
MTN Swaziland	-	1	-	1
MTN Syria	1	1	1	1
MTN Uganda	6	5	6	5
MTN Zambia	2	2	2	2
Bayobab Africa (formerly MTN Global Connect)	20,483	20,483	20,483	20,483
Lonestar Communications Corporations (Liberia)	8	7	8	7
Mobile Telephone Networks (Pty) Ltd	41	43	41	43

Sales to related parties

MTN Benin	180	162	180	162
MTN Cameroon	114	121	114	121
MTN Congo	-	1	-	1
MTN Cote d'Ivoire	15	19	15	19
MTN Ghana	83	117	83	117
MTN Guinea Conakry	1	1	1	1
MTN Namibia	1	1	1	1
MTN Rwanda	2	2	-	2
MTN South Sudan	-	9	-	9
MTN Uganda	3	2	3	2
MTN Zambia	5	5	5	5
Bayobab Africa (formerly MTN Global Connect)	32,374	32,374	32,374	32,374
Global Trading Company	23	23	23	23
Lonestar Communications Corporations (Liberia)	3	-	3	-
Mobile Telephone Networks (Pty) Ltd	22	30	22	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, interconnect and roaming services rendered on MTN Nigeria's behalf by other operations within the MTN Group and are due one month after the date of purchase.

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

39. Accounting classes and fair values

Group	Amortised costs	FVTPL	FVOCI	Total carrying amount
In millions of Nigerian Naira				
30 September 2023				
Non-current financial assets				
Other Investments	10,278	-	-	10,278
	10,278	-	-	10,278
Current financial assets				
Trade and other receivables	112,775	-	-	112,775
Current investment	24,864	212	6,925	32,001
Cash and cash equivalents	224,854	-	-	224,854
Restricted cash	386,808	-	-	386,808
	749,301	212	6,925	756,438
	759,579	212	6,925	766,716
Non-current financial liabilities				
Borrowings	473,695	-	-	473,695
Lease liabilities	666,637	-	-	666,637
	1,140,332	-	-	1,140,332
Current financial liabilities				
Trade and other payables	490,371	-	-	490,371
Borrowings	549,074	-	-	549,074
Lease liabilities	47,021	-	-	47,021
Cash for MoMo customers	5,459	-	-	5,459
Derivatives	-	13,476	-	13,476
	1,091,925	13,476	-	1,105,401
	2,232,257	13,476	-	2,245,733
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	6,217	539	13,532	20,288
Cash and cash equivalents	349,500	-	-	349,500
Restricted cash	196,082	-	-	196,082
	635,711	539	13,532	649,782
	646,296	539	13,532	660,367
Non-current financial liabilities				
Borrowings	439,463	-	-	439,463
Lease liabilities	662,655	-	-	662,655
	1,102,118	-	-	1,102,118
Current financial liabilities				
Trade and other payables	421,046	-	-	421,046
Borrowings	250,210	-	-	250,210
Lease liabilities	64,829	-	-	64,829
Deposit held for MoMo customers	1,257	-	-	1,257
Derivatives	-	3,062	-	3,062
	737,342	3,062	-	740,404
	1,839,460	3,062	-	1,842,522

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

39. Accounting classes and fair values (continued)

Company	Amortised costs	FVTPL	FVOCI	Total carrying amount
In millions of Nigerian Naira				
30 September 2023				
Non-current financial assets				
Other Investments	10,278	-	-	10,278
	10,278	-	-	10,278
Current financial assets				
Trade and other receivables	142,406	-	-	142,406
Current investment	23,402	212	6,925	30,539
Cash and cash equivalents	207,112	-	-	207,112
Restricted cash	381,145	-	-	381,145
	754,065	212	6,925	761,202
	764,343	212	6,925	771,480
Non-current financial liabilities				
Borrowings	473,695	-	-	473,695
Lease liabilities	666,637	-	-	666,637
	1,140,332	-	-	1,140,332
Current financial liabilities				
Trade and other payables	487,652	-	-	487,652
Borrowings	549,074	-	-	549,074
Lease liabilities	47,021	-	-	47,021
Derivatives	-	13,476	-	13,476
	1,083,747	13,476	-	1,097,223
	2,224,079	13,476	-	2,237,555
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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

40. Fair value estimation

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

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

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

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

The financial instruments measured at fair value are presented below.

In millions of Nigerian Naira	Level 1	Level 2	Level 3	Total
Group and Company				
30 September 2023				
Financial assets				
Treasury bills at FVTPL	212	-	-	212
Treasury bills at FVOCI	6,925	-	-	6,925
	7,137	-	-	7,137
Financial liabilities				
Derivatives	-	13,476	-	13,476
	-	13,476	-	13,476
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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

In millions of Nigerian Naira		Group		Company	
		30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
Revenue	6	1,772,949	2,012,272	1,772,992	2,011,935
Operating expenses excluding depreciation and amortisation		(866,666)	(941,907)	(857,585)	(915,191)
EBITDA		906,283	1,070,365	915,407	1,096,744
Gross debt	28	1,022,769	689,673	1,022,769	689,673
Cash and cash equivalents	22	(224,854)	(349,500)	(207,112)	(324,244)
Net debt		797,915	340,173	815,657	365,429
Gross debt	28	1,022,769	689,673	1,022,769	689,673
Equity attributable to owners of the company		309,367	334,237	368,102	385,082
Total funding		1,332,136	1,023,910	1,390,871	1,074,755
Gross debt: Total funding		77 %	73 %	74 %	64 %
Net debt: Total funding		60 %	44 %	59 %	35 %
Net debt: EBITDA		88 %	46 %	89 %	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 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
Other investments	10,278	10,585	10,278	10,585
Cash and cash equivalents	224,854	349,500	207,112	324,244
Trade and other receivables	112,775	83,912	142,406	115,092
Restricted cash	386,808	196,082	381,145	194,622
Current investments	31,789	19,749	30,327	16,867
	766,504	659,828	771,268	661,410

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 September 2023 stood at N9 million (31 December 2022: N288 million) while reversal of credit loss to income statement for the period is N279 million (30 September 2022: reversal of credit loss of N315 million).

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

Trade receivables

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

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

Group: ECL for gross trade receivables of N81.82 billion (December 2022: N73.56 billion) was N15.83 billion (December 2022: N13.65 billion);

Company: ECL for gross trade receivables of N81.55 billion (December 2022: N73.29 billion) was N15.41 billion (December 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 N4.77 billion was held as collateral for the same value of receivables as at 30 September 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 Augusto and Co.

Total estimated expected credit loss as at 30 September 2023 stood at N160 million (31 December 2022: N213 million) while the reversal of credit loss for the period stood at N53 million (30 September 2022: reversal of credit loss of N133 million).

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

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

Reconciliation of gross carrying amount and related ECL

In millions of Nigerian Naira	Cash and cash equivalent	Current investments	Other investments	Total ECL
Group				
Balance as at 1 January 2022	260,891	51,444	10,845	(949)
Net movement during the year	107,602	-	-	-
Purchase	-	63,948	3,821	-
Sale/matured	-	(109,304)	(4,086)	-
Exchange loss	(19,308)	-	-	-
Credit loss expense reversal	315	129	4	448
Balance as at 31 December 2022	349,500	6,217	10,584	(501)
Net movement during the year	(158,503)	-	-	-
Purchase	-	19,613	-	-
Sale/matured	-	(16,123)	(384)	-
Remeasurement to profit or loss account	-	11,139	-	-
Exchange gain	33,578	4,043	-	-
Credit loss reversal/(expense)	279	(25)	78	332
Balance as at 30 September 2023	224,854	24,864	10,278	(169)
Company				
Balance as at 1 January 2022	247,025	51,444	10,845	(949)
Net movement during the year	96,212	-	-	-
Purchase	-	63,331	3,821	-
Sale	-	(109,304)	(4,086)	-
Exchange loss	(19,308)	-	-	-
Credit loss expense reversal	315	129	4	448
Balance as at 31 December 2022	324,244	5,600	10,584	(501)
Net movement during the year	(150,989)	-	-	-
Purchase	-	19,856	-	-
Sale/matured	-	(16,123)	(384)	-
Remeasurement to profit or loss account	-	10,051	-	-
Exchange loss	33,578	4,043	-	-
Credit loss reversal/(expense)	279	(25)	78	332
Balance as at 30 September 2023	207,112	23,402	10,278	(169)

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 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
Cash and cash equivalents	224,854	349,500	207,112	324,244
Current investments	32,001	20,288	30,539	17,406
Restricted cash	321,819	150,899	321,821	150,899
Trade and other receivables	112,775	83,912	142,406	115,092
	691,449	604,599	701,878	607,641

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

The following are the contractual maturities of financial liabilities

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 September 2023									
Trade and other payables	24	490,371	111,522	314,884	63,965	-	-	-	490,371
Cash from MoMo customers	32	5,459	5,459	-	-	-	-	-	5,459
Derivatives	33	13,476	-	-	13,476	-	-	-	13,476
Current borrowings	28	549,074	4,984	84,950	511,486	-	-	-	601,420
Current lease liability	31	47,021	21	44,511	33,095	-	-	-	77,627
Non current borrowings	28	473,695	-	-	-	119,950	306,301	335,843	762,094
Non current lease liability	31	666,637	-	-	-	174,549	521,144	214,938	910,631
		2,245,733	121,986	444,345	622,022	294,499	827,445	550,781	2,861,078
31 December 2022									
Trade and other payables	24	421,046	71,577	202,100	147,369	-	-	-	421,046
Deposit held for MoMo customers	32	1,257	1,257	-	-	-	-	-	1,257
Derivatives	33	3,062	-	-	3,062	-	-	-	3,062
Current borrowings	28	250,210	15,513	36,101	254,976	-	-	-	306,590
Current lease liability	31	64,829	23	43,119	121,985	-	-	-	165,127
Non current borrowings	28	439,463	-	-	-	100,148	258,024	373,795	731,967
Non current lease liability	31	662,655	-	-	-	164,034	619,923	152,903	936,860
		1,842,522	88,370	281,320	527,392	264,182	877,947	526,698	2,565,909

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

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 September 2023									
Trade and other payables	24	487,652	110,964	313,310	63,378	-	-	-	487,652
Derivatives		13,476	-	-	13,489	-	-	-	13,489
Current borrowings	28	549,074	4,984	84,950	511,486	-	-	-	601,420
Current lease liability	31	47,021	21	44,511	33,095	-	-	-	77,627
Non current borrowings	28	473,695	-	-	-	119,950	306,301	335,843	762,094
Non current lease liability	31	666,637	-	-	-	174,549	521,144	214,938	910,631
		2,237,555	115,969	442,771	621,448	294,499	827,445	550,781	2,852,913
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	28	250,210	15,513	36,101	254,976	-	-	-	306,590
Current lease liability	31	64,829	23	43,119	121,985	-	-	-	165,127
Non current borrowings	28	439,463	-	-	-	100,148	258,024	373,795	731,967
Non current lease liability	31	662,655	-	-	-	164,034	619,923	152,903	936,860
		1,840,538	86,990	280,973	527,135	264,182	877,947	526,698	2,563,925

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

41.4 Interest rate risk

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

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

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

Profile

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

In millions of Nigerian Naira	30 September 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	224,854	-	-	349,500	-	-
Current investments	32,001	-	-	20,288	-	-
Restricted cash	22,618	-	364,190	20,584	-	175,498
Trade and other receivables	-	-	112,775	-	-	83,912
Other investments	10,278	-	-	10,585	-	-
	289,751	-	476,965	400,957	-	259,410
Financial liabilities						
Trade payables	-	-	172,520	-	-	64,666
Other accrued expenses	-	-	249,703	-	-	315,252
Other payables	-	-	170	-	-	306
Amounts due to related parties	-	67,978	-	-	40,822	-
Deposit held for MoMo customers	-	-	5,459	-	-	1,257
Current borrowings	239,530	309,544	-	71,805	178,405	-
Non-current borrowings	361,460	112,235	-	397,376	42,087	-
	600,990	489,757	427,852	469,181	261,314	381,481
Company						
Financial assets						
Cash and cash equivalents	207,112	-	-	324,244	-	-
Current investments	30,539	-	-	17,406	-	-
Restricted cash	22,618	-	358,527	20,584	-	174,038
Trade and other receivables	-	-	142,406	-	-	115,092
Other investments	10,278	-	-	10,585	-	-
	270,547	-	500,933	372,819	-	289,130
Financial liabilities						
Trade payables	-	-	171,822	-	-	64,364
Other accrued expenses	-	-	244,092	-	-	309,885
Other payables	-	-	170	-	-	306
Amounts due to related parties	-	71,568	-	-	45,764	-
Current borrowings	239,530	309,544	-	71,805	178,405	-
Non-current borrowings	361,460	112,235	-	397,376	42,087	-
	600,990	493,347	416,084	469,181	266,256	374,555

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

Interest rate sensitivity

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

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

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

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

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

Group and Company	30 September 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
SOFR	1	(926)	926	1	(414)	414
NIBOR	1	(4,207)	4,207	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.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

41. Financial instruments and risk management (continued)

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

Group and Company	30 September 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 September 2023	31 Dec 2022	30 September 2023	31 Dec 2022
Contracted for	161,721	97,381	161,721	97,381
Approved but not contracted for	13,791	349,241	13,791	349,241
Total commitments for property and equipment, software and intangibles work in progress	175,512	446,622	175,512	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 N776.79 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 nine months period ended 30 September 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	132,272	94.7473	83,112,142	0.40
10,001 - 50,000	5,021	3.5966	98,344,121	0.47
50,001 - 100,000	845	0.6053	56,654,659	0.27
100,001 - 500,000	1,008	0.7220	210,630,449	1.00
500,001 - 1,000,000	163	0.1168	114,321,071	0.54
1,000,001 - 5,000,000	185	0.1325	412,798,505	1.97
5,000,001 - 10,000,000	47	0.0337	322,348,744	1.54
10,000,001 - 50,000,000	48	0.0344	939,990,413	4.48
50,000,001 - 100,000,000	5	0.0036	329,281,009	1.57
100,000,001 - 500,000,000	8	0.0057	1,630,336,114	7.77
500,000,001 - 1,000,000,000	2	0.0014	1,388,256,875	6.61
1,000,000,001 - Above	1	0.0007	15,409,486,001	73.39
	139,605	100	20,995,560,103	100

As at 30 September 2023, MTN International (Mauritius) Limited with total interest of 73.39% shareholding (31 December 2022: 72.83%) held more than 5% of the issued share capital of the Company.

The net increase in MTN International (Mauritius) Limited shares was due to the scrip share option elected and received in lieu of cash dividend payable as at December 2022 (see note 35.6) and the transfer of ordinary shares being incentive given during the offer for sale of MTN International (Mauritius) Limited shares. The incentive was in the form of 1 bonus ordinary share for every 20 ordinary shares purchased, allotted and held (unsold) as at 31 December 2022 up to a maximum of 250 bonus ordinary shares per investor. A total of 3,977,418 ordinary shares were transferred to various investors after approval by the Securities & Exchange Commission (SEC) on 31 January 2023.

46. Free Float information

MTN Nigeria Communications Plc with a free float value of N709,930,793,616 as at 30 September 2023 (30 September 2022: N582,403,273,955) 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 N0.99 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 N0.99 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

Value Added Tax (VAT) assessment and recent Tax Appeal Tribunal (TAT) decision

In 2018, the Attorney General of the Federation and Minister of Justice (AGF) demanded approximately US\$2 billion in tax arrears from MTN Nigeria. This is in respect of Value Added Tax (VAT) assessment for the periods covering 2007 and 2010 – 2017. In 2020, the AGF withdrew from the case and transferred the Form A-related transactions valued at US\$1.3 billion to the Federal Inland Revenue Service (FIRS) and the balance to the Nigerian Customs Service (NCS) to resolve the contentious issues. After a series of engagements, the FIRS issued a revised total assessment of US\$135.7 million, representing a principal tax liability of US\$47.8 million and interest and penalty of US\$87.9 million.

MTN Nigeria Communications Plc

Unaudited condensed consolidated and separate financial statements for the nine months period ended 30 September 2023

Notes to the unaudited condensed consolidated and separate financial statements

48. Events after the reporting period (continued)

To clarify the interpretation of the VAT Act's provisions concerning the tax treatment of the transactions that led to the aforementioned assessments, MTN Nigeria filed an appeal at the Tax Appeal Tribunal (TAT). The transactions in question primarily involve the alleged VAT payable on offshore training services provided to employees of MTN Nigeria, transponder services provided by a non-resident company, and software licensing and upgrades.

On 20 October 2023, the Tax Appeal Tribunal upheld the principal liability of US\$47.8 million and set aside the interest and penalty charges of US\$87.9 million. Having reviewed this outcome, MTN Nigeria has resolved to appeal the decision of the Tribunal.