

MTN Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1994/009584/06)

(Share code MTN)

(ISIN: ZAE000042164)

(MTN or the Company or the Group)

Reviewed Interim financial results for the six-month period ended 30 June 2023

MTN is a pan-African mobile operator with the strategic intent of **'Leading digital solutions for Africa's progress'**. We have 292 million customers in 19 markets and are inspired by our belief that everyone deserves the benefits of a modern connected life.

Highlights

- Group service revenue grew by 16.5% (15.1%*) to R107.7bn (2022: R92.4bn)
- EBITDA (before once-off items) grew by 12.0% (13.5%*) to R49.4bn (2021: R44.1bn)
- EBITDA margin lower by 1.7 percentage points (pp) to 43.6% (0.5pp* lower to 44.0%*)
- Profit before tax (PBT) decreased by 1.4% (increased by 6.1%*) to R18.3bn (2022: R18.6bn)
- Basic earnings per share (EPS) increased by 14.8% to 511cps (2022: 445cps)
- Reported headline earnings per share (HEPS) up by 7.1% to 542cps (2022 restated: 506 cents);
- Total subscribers increased by 3.6% to 291.7 million
- MOU concluded with Mastercard for minority investment into MTN Group Fintech based on \$5.2bn valuation and commercial agreements to support acceleration of payments and remittance verticals.
- No interim dividend declared (H1 2022: 0); minimum ordinary DPS of 330 cents for FY 2023

* Constant currency information after accounting for the impact of the pro forma adjustments as defined and included throughout this Stock Exchange News Service of the JSE Limited (JSE) (SENS) announcement.

Any forward-looking financial information disclosed in this results announcement, including the dividend guidance, has not been reviewed or audited or otherwise reported on by our external auditor.

Certain information presented in these interim financial results constitutes pro forma financial information and constant currency information. This pro forma financial information and constant currency information has not been audited or reviewed or otherwise reported on by MTN's external auditor. The responsibility for preparing and presenting the pro forma financial information and constant currency information for the completeness and accuracy of the pro forma financial information and constant currency information is that of the directors of MTN. This is presented for illustrative purposes only. Because of its nature, the pro forma financial information and constant currency financial information may not fairly present MTN's financial position, changes in equity, and results of operations or cash flows.

The pro forma financial information presented in the interim financial results for the period ended 30 June 2023, has been prepared excluding the impact of impairment of goodwill, PPE, and associates, impairment loss on remeasurement of disposal group, net loss(after tax) on disposal of SA towers, other, hyperinflation (excluding impairments), impact of foreign exchange losses and gains and IFRS 2 Charge due to Ghana localisation (collectively the "Pro forma adjustments") and constitutes pro forma financial information to the extent that it is not extracted from the segmental information included in the reviewed consolidated financial results for the six months ended 30 June 2023. This pro forma financial information has been presented to eliminate the impact of the pro forma adjustments from the consolidated results for the period ended 30 June 2023 to achieve a comparable year-on-year (YoY) analysis. The pro forma adjustments have been calculated in terms of the Group accounting policies disclosed in the consolidated financial statements for the year ended 31 December 2022.

Constant currency information has been presented to remove the impact of movement in currency rates on the Group's results and has been calculated by translating the prior financial reporting period's results at the current period's average rates. The measurement has been performed for each of the Group's currencies, materially being that of the US dollar and Nigerian naira. The constant currency growth percentage has been calculated based on the prior period constant currency results compared to the current year results. In addition, in

respect of MTN Irancell, MTN Sudan and MTN South Sudan the constant currency information has been prepared excluding the impact of hyperinflation. The economies of Sudan, South Sudan and Iran were assessed to be hyperinflationary for the period under review and hyperinflation accounting was applied.

Group President and CEO Ralph Mupita comments:

Solid performance in a challenging operating environment

“In the first half of 2023, MTN continued to demonstrate the resilience of its business model through the execution of our Ambition 2025 strategy. Operating conditions remained challenging due to ongoing pressures in the macroeconomic, geopolitical and regulatory environments across our markets.

Our business continued to grow in a challenging trading environment, with data traffic and fintech transaction volumes up by 18.5% (up 35.0% excluding JV’s) and 37.3% respectively. This supports our medium-term growth thesis, enabled by ongoing investment in our networks and platforms. In H1, we deployed R17.2 billion of capex, reflecting a capex intensity of 15.2% – within our medium-term target range of 15-18%.

Solid operational execution

The Group delivered service revenue growth of 15.1% (H1 2022: 14.8%*), in line with medium-term guidance. Overall Group EBITDA increased by 13.5%*, with an EBITDA margin of 44.0%* (H1 2022: 44.5%*) as elevated inflation and foreign exchange (forex) depreciation continued to place upward pressure on costs. In particular, the business navigated the effects of the Nigerian reforms, which placed an additional short-term burden on consumers and businesses. These impacts were partially mitigated through the ongoing progress of our expense efficiency programme, which achieved sustainable cost savings of R702 million in the period.*

Balance sheet and liquidity positions

The Group net-debt-to-EBITDA of 0.4x as at 30 June 2023 (31 December 2022: 0.3x) remained well within our loans covenant limit of 2.5x. Our holding company (Holdco) leverage increased to 1.5x (31 December 2022: 0.8x) due mainly to the rand’s depreciation against the US dollar and our election of the scrip dividend options from MTN Nigeria and MTN Ghana for the FY 22 dividends – which negatively affected the amount of cash upstreamed to the Group. We maintained a positive liquidity position, with headroom of R40.9 billion as at 30 June 2023.

We upstreamed cash totalling R4.2 billion from our operating companies (Opcos) in H1. Over and above this, we repatriated R1.4 billion of localisation proceeds from MTN Nigeria (R1.2 billion) and MTN Ghana (R0.2 billion) in the period.

Ambition 2025 execution

MTN and Mastercard have signed a memorandum of understanding, which provides for a minority investment by Mastercard into Group Fintech based on a total enterprise valuation of about \$5.2 billion for the business on a cash and debt-free basis. Signing of the definitive investment agreements is expected to occur in the very near term as we approach finalisation of customary due diligence. The closing of the investment will be subject to customary closing conditions.

Group medium-term guidance maintained

We anticipate a continued recovery in MTN SA's performance in H2; although elevated inflation and forex volatility in our key markets – especially Nigeria – will likely place increased pressure on EBITDA margins and earnings into H2. We have progressed our work to accelerate expense efficiencies and have identified R7-8 billion in additional efficiencies to be pursued over three years, from 2024 onwards. This is over and above the R1.5 billion we target for FY 2023. Executing on these additional expense efficiencies will support earnings, cashflow and return objectives aligned to our Ambitions 2025 strategy and investment case.

The weakening of currencies in our markets against the US dollar is also impacting capex, for which guidance for 2023 is revised up to R40.1 billion, based on current currency assumption and driven mostly by maintaining the investment in 4G and 5G rollout in Nigeria. We continue to target capex intensity in the range of 15-18% over the medium-term.

We are focused on the continued execution of our Ambition 2025 strategy, which remains relevant in the current macroeconomic volatility and presents attractive scope for growth. As we continue to manage the prevailing challenges in our operating environment, and the near-term impacts on our top-line and margins, we maintain our medium-term guidance.”

Results announcement

This results announcement is the responsibility of the directors and represents only a summary of the information contained in the full interim financial results (interim results). Consequently, it does not contain full or complete details. The interim results have been reviewed by the Company's external auditor, Ernst & Young Inc., who has expressed an unqualified review opinion.

Any investment decisions made by investors and/or shareholders should be based on consideration of the financial results as a whole and investors and/or shareholders are encouraged to review the interim results as follows:

on MTN's weblink at https://www.mtn.com/investors/financial-results/?report_cat=quarterly-results and the JSE cloudlink at:

<https://senspdf.jse.co.za/documents/2023/jse/isse/mtn/HY23Result.pdf>.

14 August 2023

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