

MTN Group Limited

(Incorporated in the Republic of South Africa)
(Registration number 1994/009584/06)
(Share code MTN)
(ISIN: ZAE000042164)
(MTN or MTN Group)

MTN Nigeria updates: Release of results for the quarter ended 30 September 2023 | Revision of unrealised foreign exchange (forex) losses | Appeal of tax tribunal decision on VAT assessment

MTN shareholders (Shareholders) are notified that MTN Nigeria has released its financial results for the quarter-end to 30 September 2023, on the Nigeria Stock Exchange on 30 October 2023. As MTN Nigeria is a major subsidiary of MTN, Shareholders are further advised that these financial results can be viewed at: https://www.mtn.ng/investors/financial-reporting/?report_cat=quarterly-results.

Revision of unrealised forex losses

Included within MTN Nigeria's results release, was an update relating to the revision of unrealised forex losses. In order to manage the forex paucity prevalent in the Nigerian market, MTN Nigeria utilises trade lines to fund the establishment of confirmed irrevocable letters of credit for its largely US dollar-denominated network capex investments that sustain revenue growth. MTN Nigeria holds naira-denominated cash cover with banks, to support these facilities.

The significant depreciation of the naira against the US dollar, following liberalisation in June 2023, therefore, gave rise to unrealised forex losses relating to these trade obligations. Further analysis and review, conducted after the release of H1 2023 results, determined that in measuring forex losses for H1 2023, MTN Nigeria incorrectly remeasured all its trade lines after offsetting the naira-denominated cash cover that was provided to the banks.

Measuring the forex losses, to correctly exclude the naira-denominated cash cover, resulted in the recognition of additional unrealised forex losses on outstanding matured trade obligations at 30 September 2023 of N87.5 billion. Similarly, MTN Nigeria's net finance costs for H1 2023 would have increased by N73.9 billion to approximately N295.1 billion.

In terms of the key impacts for MTN Group, the abovementioned revision would have had the effect of reducing the earnings per share (EPS) reported in H1 2023 by 65 cents to 446 cents and headline earnings per share (HEPS) by 66 cents to 476 cents. It would have further reduced each of fully diluted EPS and fully diluted HEPS by 64 cents to 437 cents and 467 cents, respectively. These effects are summarised in the table below.

Impact on EPS (cents per share)	Jun-22	Jun-23			
		Previous	Restatement, cents	Restatement, %	Restated
EPS	445	511	-65	-12.7%	446
HEPS	506	542	-66	-12.2%	476
Fully diluted EPS	433	501	-64	-12.8%	437
Fully diluted HEPS	492	531	-64	-12.1%	467

The above effects are non-cash in nature and do not impact HEPS after adjustments for non-operational items. MTN Group results for the quarter ended 30 September 2023 are scheduled for release on or about Tuesday, 7 November 2023.

MTN Nigeria to appeal Tax Authority Tribunal (TAT) decision on VAT assessment

MTN Nigeria also released its financial statements on 30 October 2023, which includes an update regarding the decision by the TAT in Nigeria to uphold a principal VAT liability of US\$47.8 million. This pertains to a VAT assessment for the periods covering 2007 and 2010-2017, as issued by the Federal Inland Revenue Service (FIRS) to MTN Nigeria. Having reviewed this outcome and considering input from tax and legal consultants, MTN Nigeria has resolved to appeal the decision of the TAT. This can be viewed at the aforementioned link.

Fairland

30 October 2023

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