

MTN Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1994/009584/06)

(Share code MTN)

(ISIN: ZAE000042164)

(MTN or the Group or MTN Group)

MTN Nigeria results | Restatement of MTN Nigeria | Impact on the year ended 31 December 2023

MTN Nigeria results for the year ended 31 December 2023

MTN shareholders (Shareholders) are advised that MTN Nigeria released its financial results for the year ended 31 December 2023 (FY 23), on the Nigeria Stock Exchange on 29 February 2024. 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.

MTN Nigeria sustained its resilient commercial and operational momentum in a challenging operating environment in FY 23, with pleasing user base expansion across its connectivity business and platforms. MTN Nigeria also reported continued strong growth in key commercial metrics – including data traffic (up 44.9% year-on-year, YoY) and MoMo PSB transaction volume (up 49.2% YoY) – both of which drove robust local currency service revenue growth of 22.7% in FY 23, with an acceleration in Q4 2023 (up 25.0% YoY).

MTN Nigeria's financial performance was negatively affected by the sharp devaluation in the naira against the US dollar in H2 2023. This impact is seen mainly in higher operating, net finance costs and foreign exchange losses.

In this context MTN Nigeria's FY 23 financial results came under severe pressure with a reported loss after tax of N137.0 billion compared to a restated PAT of N348.7 billion in 2022. This resulted in negative retained earnings and total equity at the end of December 2023 of N208.0 billion and N40.8 billion, respectively. MTN Nigeria's FY 2023 performance is anticipated to impact the Group's financial results as outlined in the "MTN Group trading statement for the full year ended 31 December 2023", released on the Stock Exchange News Service of the JSE Limited this morning (1 March 2024).

Adjusting for the net forex loss, PAT would have been N344.5 billion (down by 14.3%). MTN Nigeria maintained a strong free cash flow generation (up 11.6% YoY to N631.6 billion), demonstrating the underlying strength of the business.

Restatement of MTN Nigeria IFRS 16 leases and IAS 21 effects of changes in foreign exchange rates

In June 2023, the Central Bank of Nigeria (CBN) introduced changes to Nigerian forex operations, which required the immediate collapse of all segments of the market into the investor and exporter (I&E) window and reintroduced the 'willing buyer, willing seller' model to improve forex liquidity. This led to an

approximately 96.7% devaluation in the exchange rate since the announcement to N907.1/US\$ (NAFEM rate) at the end of December 2023.

MTN Nigeria's operations are exposed to foreign currency volatility on its operating and capital expenditure. The most significant of these exposures relates to the tower lease costs, the majority of which have a portion indexed to the US dollar but are invoiced and paid in naira. Tower lease costs are recognised in line with IFRS 16 (Leases) and IAS 21 (The Effects of Changes in Foreign Exchange Rates). The significant movement in the exchange rate had several non-cash impacts on MTN Nigeria's financial performance.

A review by MTN of the effects of the significant depreciation of the naira on MTN Nigeria's financials, noted that the leases were treated as naira based and only took into account realised foreign exchange losses as invoice payments were made. MTN Nigeria should have recorded the unrealised foreign exchange losses arising from the remeasurement of the outstanding lease liabilities using the spot exchange rate ruling at the end of each reporting period. As part of the review, MTN Nigeria also identified that significant changes in facts and circumstances relating to MTN Nigeria's options in lease renewals were not taken into account in determining the related lease term.

Therefore, MTN Nigeria's results include a restatement of its financial results for the year ended 31 December 2022 (FY 2022) financial statements to meaningfully reflect forex impacts, lease term reassessment and comparison to current period presentation.

Consequently, MTN Nigeria restated the opening balance of total equity for FY 2022 lower by N63.0 billion, to reflect the restatements relating to the financial periods from 2019 to 2021. The FY 2022 profit after tax (PAT) was restated lower by N10.2 billion to N348.7 billion, resulting in a closing total equity at 31 December 2022 of N262.5 billion (from N335.7 billion previously). 2022 EPS was restated lower to N16.8, from N17.8 previously.

Impact of MTN Nigeria restatement on the Group

In terms of the key impacts for MTN Group, the FY 22 opening total equity balance will be restated lower by R2.4 billion, to reflect the impact of the MTN Nigeria restatements relating to the financial periods from 2019 to 2021. FY 22 PAT for the Group will be restated lower by R407 million, resulting in a closing total equity at 31 December 2022 of R119.6 billion (from R122.3 billion previously). The Group anticipates that the MTN Nigeria restatements will reduce Group FY 2022 earnings per share (EPS) and headline EPS (HEPS) by approximately 17 cents.

The above effects are non-cash in nature, with no impact on Group cash and cash equivalents for the respective restated periods.

The Group restated information has not been reviewed or reported on by the external auditors of MTN.

1 March 2024

Fairland

Lead sponsor

Tamela Holdings Proprietary Limited

Joint sponsor

J.P. Morgan Equities (SA) Proprietary Limited