MTN

MTN Group Limited

Interim financial results for the six months ended 30 June 2023

Contents

* 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.

The Group's results and segmental report are presented in line with the Group's operational structure. The Group's underlying operations are clustered as follows: South Africa (SA), Nigeria, the Southern and East Africa (SEA) region, the West and Central Africa (WECA) region and the Middle East and North Africa (MENA) region and their respective underlying operations.

The SEA region includes Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture-equity accounted), eSwatini (joint venture-equity accounted) and Business Group. The WECA region includes Ghana, Cameroon, Côte d'Ivoire, Benin, Congo-Brazzaville, Liberia, Guinea Conakry and Guinea Bissau. The MENA region includes Iran (joint venture-equity accounted), Sudan and Afghanistan.

Although Iran, Botswana and eSwatini form part of their respective regions geographically and operationally, they are excluded from their respective regional results because they are equity accounted for by the Group.

Results overview

for the six months ended 30 June 2023

Highlights

Subscribers increased by
3.6% year-on-year (YoY) to 291.7 million

Active data subscribers increased by
7.4% YoY to 139.5 million

Mobile Money (MoMo) monthly active users (MAU)
flat at 60.5 million

MoMo value of transactions
up 61.6% YoY to US$135.2 billion

Group service revenue
grew by 16.5% (15.1%*)

Group data revenue
up by 23.5% (23.6%*)

Group fintech revenue
up by 21.4% (21.7%*)

EBITDA (before once-off items)
grew by 12.0% (13.5%*)

EBITDA margin marginally
declined by 1.7pp to 43.6% (0.5pp* lower to 44.0%*)

Reported headline earnings per share (HEPS)
up by 7.1% to 542cps;

Adjusted HEPS
up 24.8% to 749cps

Return on equity (ROE)
improved by 1.0pp to 24.4%

No interim dividend declared (H1 2022: 0)
Minimum ordinary DPS of 330 cents for FY 2023.

Capex of **R33.8 billion** including IFRS16 leases (R17.2 billion ex-leases, with **capex intensity of 15.2%)**

Holdco leverage
improved to 1.5x
(December 2022: 0.8x)

Holdco net debt **up to R36.9 billion (2022: R28.4 billion)**

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	H1 23 Rm	H1 22 Rm	% change Reported	% change Constant currency
Group service revenue	**107 735**	92 466	16.5%	15.1%
– South Africa	**20 431**	20 045	1.9%	1.9%
– Nigeria	**43 583**	35 148	24.0%	21.6%
Group EBITDA (before once-off items)	**49 407**	44 129	12.0%	13.5%
– South Africa[#]	**9 173**	9 838	(6.8%)	(6.8%)
– Nigeria	**23 260**	18 887	23.2%	20.8%
Group EBITDA margin	**43.6%**	45.3%	(1.7 pp)	(0.5 pp)
– South Africa[#]	**36.1%**	39.7%	(3.6 pp)	(3.6 pp)
– Nigeria	**53.1%**	53.6%	(0.5 pp)	(0.5 pp)
Capital expenditure (capex, IFRS 16)	**33 764**	28 347		
– Capex (ex-leases)	**17 232**	17 078		
– Capex intensity (ex-leases)	**15.2%**	17.5%		

[#] Excludes tower sale gain shareholding.

Unless otherwise stated, financial and non-financial growth rates are presented on a constant currency basis and are year-on-year (YoY, 6M to June 2023 versus 6M to June 2022).

Service revenue excludes device and SIM card revenue. Data revenue is mobile and fixed access data and excludes roaming and wholesale. Fintech includes MoMo, insurance, airtime lending and e-commerce. Active data users are a count of all subscribers at a point in time who had a revenue-generating event in the specified period (90 days) prior to that point in time and during the past 30 days had data usage greater than or equal to 5 megabytes. MoMo users are 30-day active users.

Results overview

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.

In South Africa, although there was some respite in Q2 2023 as loadshedding abated compared to Q1, power outages remained a constraint on our business. We experienced 181 days of loadshedding in H1 2023 compared to 68 days in H1 2022. We focused on executing our network resilience programme and are pleased with the improvements in network availability and NPS during the period. We are tracking slightly ahead of plan in our resilience roll out, which has been reflected in the encouraging uplift in traffic trends and service revenue in Q2, versus Q1.

In Nigeria, there were some swift structural reforms implemented following President Tinubu's inauguration. On 31 May 2023, the government fuel subsidy was removed and on 14 June 2023, the Central Bank of Nigeria introduced an effective free float of the naira in the Nigerian Foreign Exchange Market. These policy reforms are expected to be positive for the Nigerian economy and will support the investment case for MTN Nigeria in the medium to longer term.

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 JVs) 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.*

Our operational results were underpinned by a resilient subscriber base, which increased by 3.6% to 291.7 million. This was impacted by subscriber registration regulations in some markets, including Ghana, as well as a decline in subscribers in Sudan given the ongoing conflict in the country. Active data subscribers were up 7.4% (to 139.5 million), supporting increased traffic and data revenue growth of 23.6%.*

In our fintech business, the user base held steady at 60.5 million, largely impacted by the effects of the cash shortages in Q1 and our strategic shift to focus on wallet customers in Nigeria; as well as a clean-up of the user base in Côte d'Ivoire. Notwithstanding, fintech service revenue grew by 21.7%, with an accelerating trajectory in Q2 2023 (up 25.4%*), reflecting the positive momentum in our overall ecosystem.*

Balance sheet and liquidity positions

The Group net-debt-to-EBITDA of 0.4x as at 30 June 2023 (December 2022: 0.3x), remained well within our loans covenant limit of 2.5x. Our holding company (Holdco) leverage increased to 1.5x (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

Following the bespoke process to identify and potentially introduce strategic minority investors into the MTN Group Fintech business (Group Fintech), we are pleased to announce that we have executed commercial agreements with Mastercard to support the acceleration and growth of our fintech business' payments and remittance services.

MTN and Mastercard have further signed a memorandum of understanding, which provides for a minority investment by Mastercard into Group Fintech based on a total enterprise valuation of about US$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.

With regards to its investment in IHS, MTN does not anticipate that a value accretive sell-down will be possible in the near-term. MTN has made significant progress with deleveraging of the Holdco balance sheet and we are confident in our ability to liability manage the outstanding Eurobonds without a sell-down of IHS shares. To this end, we do not anticipate that IHS will be source of capital for the asset realisation programme (ARP) in the near to medium-term.

The process to exit Afghanistan in an orderly fashion through the sale of MTN's entire shareholding to Investcom AF, an affiliate company of M1, advanced in the period. The transaction has now received conditional regulatory approval to proceed, pending the submission of relevant documentation to the Afghanistan Regulatory Authority. We expect to conclude our exit from Afghanistan in H2 2023.

MTN Group continues to evaluate an orderly exit of three of its smaller operations in West Africa – MTN Guinea-Bissau, MTN Guinea-Conakry and MTN Liberia, following an offer received in Q1 2023 from a third party. Discussions are ongoing and all stakeholders will be kept informed on material developments.

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."*

Operating environment

The blended inflation rate in our footprint moderated slightly over the course of H1, with an average of 17.8% in the period (H1 2022: 13.5%). In our key markets of South Africa, Nigeria and Ghana inflation in the first half averaged approximately 6.8%, 22.1% and 46.2% (H1 2022: 4.8%, 16.2% and 18.8%). This was compounded by the ongoing volatility and constrained availability of foreign exchange.

In managing the pressures in our trading environment, we maintained our focus on proactive initiatives centred around **commercial, supply chain, network** and **financial resilience**.

From a **commercial** perspective, we continued to enhance our customer value management (CVM) and streamlined offerings to drive engagement and optimise pricing. We prioritised engagements with regulators regarding market pricing. In this regard, discussions are ongoing in Nigeria and we have managed to implement selective price revisions in markets like South Africa, Ghana and Sudan.

We accelerated multiple initiatives to maintain resilience within our **supply chain**. We diversified the currencies we transact in when procuring IT and network expenditure, and where applicable we continuously review the expansion of our supplier base and perform price book refreshes, while managing the forex volatility. We initiated interventions to achieve significant price reductions through contract renegotiations.

Discussions with towerco partners remained ongoing to cushion the business from inflationary and foreign currency volatility pressures impacting **network** expenditure.

The **network resilience** plan in South Africa progressed well, with significant improvements in availability and a reduction in theft/vandalism incidents at those sites where resilience efforts were completed. We have achieved pleasing improvements in network availability, including for stage 5 and stage 6 of loadshedding. We have seen the benefits of this work in higher network NPS results in key regions. This has aided the recovery of MTN SA's traffic volumes and revenue generation, particularly on sites where resilience has been completed.

In terms of our **financial resilience** initiatives, we realised R702 million in expense efficiencies, which helped to contain the impacts of high inflation on our business. The Group net debt-to-EBITDA ratio remained well-managed at 0.4x, as at 30 June 2023, with Holdco leverage up to 1.5x (December 2022: 0.8x) due to rand depreciation and our election of the scrip dividend options from MTN Nigeria and MTN Ghana for the FY 22 dividends.

Our focus remains on reducing US dollar exposure through liability management opportunities on the 2024 and 2026 Eurobond notes in the second half of the year. In June 2023, we successfully issued R2 billion in local ZAR bonds under the DMTN programme, aligned to our debt currency mix target. This issuance mitigates refinance risk and supports our liquidity headroom. Our non-rand-rand debt mix ratio of 37:63 at 30 June 2023 (December 2022: 36:64) remains in line with our medium-term objective.

Cash upstreamed from Opcos of R4.2 billion was constrained in the period, although an additional total of R1.4 billion of localisation proceeds were repatriated from MTN Nigeria and MTN Ghana. We maintained a positive Holdco liquidity position, with headroom of R40.9 billion (R11.8 billion in cash, and R29.1 billion in committed undrawn facilities) as at 30 June 2023.

Impact of foreign exchange liberalisation in Nigeria

On 14 June 2023, the Central Bank of Nigeria announced changes in the Nigerian forex operations that 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. This led to an approximately 60% movement in the exchange rate, since the announcement, to N756.24/US$ at the end of June 2023 as the market seeks an equilibrium level.

The liberalisation of the forex regime and removal of the fuel subsidy provide a clear pathway to the return of international capital into MTN Nigeria's capital markets, and foreign direct investment which will drive economic activity in the medium term, improve the operating environment, and is net positive for our longer-term outlook.

The immediate impact on MTN Nigeria's H1 results was the unrealised forex losses included in net finance charges. There was no material impact on the EBITDA margin due to the nature of the tower contracts, which require quarterly payments at the beginning of each quarter. The exchange rate is adjusted based on the reference rate at the end of the preceding quarter for some of the contracts and the average rate in the quarter for others. As a result, the full impact is expected to be in H2.

The US dollar component of operating costs is in the low 40% range. Our sensitivity analysis shows that a 10% movement in the exchange rate would have a direct negative impact of approximately 1.3pp on MTN Nigeria's EBITDA margin, before any mitigation actions. The impact on finance costs in H2 will depend on variations in the exchange rate during the period.

Conflict in Sudan

We continue to monitor the situation in Sudan with heartfelt concern following the breakout of conflict in that country in mid-April 2023. The challenges on the ground persist, including scarcity of basic goods, fuel shortages, and grid power shortages. Amid these circumstances, our commitment to providing essential communication services remains unwavering, and our primary focus remains the safety and well-being of our employees, customers, and the communities we serve.

The disruptions in the country had a notable impact on MTN Sudan's service revenue and profit performance, with a contribution to Group EBITDA in H1 2023 of 1.3% (H1 2022: 1.2%); this was particularly lower in Q2 due to our reduced ability to operate. The overall trajectory of growth in the Group was impacted by the material slowdown in MTN Sudan, particularly in Q2.

Business overview

MTN delivered a resilient set of results in the six months ended 30 June 2023, in a challenging trading environment. Group **service revenue** grew in line with our medium-term target with an increase of 15.1%* to R107.7 billion (H1 2022: R92.5 billion), supported by growth of 1.9% in MTN SA, 21.6%* in MTN Nigeria and 33.0%* in MTN Ghana.

Resilient performance in voice and continued momentum in data

Voice revenue increased by 6.1%* with growth in voice traffic of 19.4% YoY. While performance in MTN SA remained under pressure due to loadshedding, particularly in prepaid, we are encouraged by the improvement in trends as the Opco's resilience plan gains traction. The performance of voice in other markets remained solid, underpinned by increased usage, CVM initiatives and headline tariff reviews in some of our markets.

Data revenue rose by 23.6%*. The overall performance was attributable to the 7.4% YoY growth in active data subscribers and a 10.3% increase in data usage (to 8.4GB per user per month). Data traffic rose by 18.5% (up 35.0% excluding JVs) during H1, underpinned by our continued investment in network quality and capacity. We recorded 170.9 million smartphones on our network, representing 59.0% penetration of our customer base (H1 2022: 55.2%), and reduced the average effective rate per megabyte of data by 21.9% YoY.

Scaling our platforms

Building the largest and most valuable fintech platform

Overall **fintech revenue** grew by 21.7%* YoY in H1, largely driven by growth in wallet (+20.7%*), payment and e-commerce (+54.9%*) and remittance (+78.9%*) verticals. We are pleased with the sequential recovery and trajectory of our fintech revenue, which grew by 25.4%* in Q2, compared to 17.9%* in Q1. In Q2, we obtained a PSB licence for our operations in Cameroon, which will enable us to further broaden our advanced product offerings.

Active MoMo users were flat in H1 at 60.5 million, due to the effects of the cash shortages in Q1 and a strategic shift in focus to wallet customers in Nigeria; as well as a user base clean up in Côte d'Ivoire. However, the development of our overall fintech ecosystem remained robust with a 37.3% increase in **transaction volumes** to 8.3 billion transactions, with **transaction value** up by 61.6% to US$135.2 billion.

The work to structurally separate the fintech business from the GSM business is well advanced. Based on the progress thus far, and scaling of the business, fintech generated a consolidated EBITDA margin of 37.6% in H1 23. This measure accounts for opex (including head office costs) incurred thus far and eliminates for intercompany transactions. As previously guided, once all intercompany agreements have been implemented, we anticipate that Group Fintech would generate an EBITDA margin in the mid-30% on a standalone basis. Given the low capex intensity of the business, fintech offers very attractive operating free cash flow (OpFCF) economics. On a consolidated basis, the fintech business reported a H1 OpFCF margin of approximately 37.0%.

Key fintech markets

MTN Ghana continued its recovery following the introduction of the e-levy in the country which had an initial negative impact on the evolution of our business. MTN Ghana's fintech revenue increased by 48.1%* in the period – with advanced services up 68.8%*. Growth accelerated in Q2 (up 76.0%* YoY) compared to Q1 (up 24.4%* YoY), as user engagement and transaction volumes (up 40.6%) continued to improve.

MTN Uganda's fintech revenue increased by 18.6%* in H1, supported by a steady expansion of the subscriber base to 10.9 million (up 11.6%) and transaction volumes, which increased by 26.2%. Revenue from advanced services grew strongly (up 80%), driven by payments and international remittances.

In **Côte d'Ivoire**, we were encouraged by the strong growth in merchants (up 23.8%) in H1, reflecting the ongoing recovery in the ecosystem. Monthly active MoMo users were down by 26.8% to 4.8 million due to interventions to clean up the user base. Despite this, transaction volume and value increased by 36.4% and 24.3% YoY, respectively. This supported the 4.3%* YoY growth in fintech revenue.

In **Nigeria**, the fintech user base was impacted by the effects of the cash shortages in the country and a refocus towards wallet customers, resulting in a 39.3% decline in the active user base to 7.0 million.

During H1, the reopening of the NIBSS interface for both inbound and outbound transfers was completed, with strengthened control systems, as well as the introduction of the basic version of the MoMo app. This helped support strong momentum in the MoMo PSB ecosystem, with transaction volume up by 67.1% YoY. The focus is on driving commercial activities, consumer education and awareness, as well as leveraging the full strength of the distribution network to grow active wallets and scale the agent and merchant ecosystem.

Key fintech verticals

Our **payments and e-commerce** ecosystem grew strongly, as we leveraged our strong distribution footprint. The number of active merchants accepting MoMo payments increased by 62.3% to more than 1.5 million and the total value of MoMo merchant payments rose by 43.6%* YoY to US$7.5 billion. In Nigeria, we launched our payment product for nano business as well as our Open API programme that will accelerate the ability for fintechs, businesses and organisations to integrate with MoMo.

In **BankTech**, we facilitated a total loan value of US$1.0 billion, a 128.2%* YoY increase, as we capitalised on our scaled mobile wallet business and customer footprint.

The total value of **remittances** grew by 55.3%* YoY to US$1.5 billion in H1. This was driven by strong growth in the number of active corridors where we have increased the number of outbound corridors to 117 (up 67%) and inbound partnerships to 563 (up 43%), coupled with focused marketing awareness efforts and improved customer experience.

Our **InsurTech** platform aYo, within our strategic alliance, saw a turn to positive growth in the number of active policies, which increased by 2.5% YoY (up 7.9% in Q2) driven by traction in our focus on higher average revenue per policy and new revenue streams. In addition, we rolled out services in Cameroon and Nigeria.

Commercial partnership to accelerate fintech growth

The commercial agreements executed with Mastercard will support the growth and profitability of our fintech business' advanced services, including payments, remittance and technology infrastructure development.

As a globally recognised brand and a leading international payment systems company, Mastercard will enable MoMo consumers to pay globally and MoMo businesses to digitise their payments and accept payments beyond MoMo users. This will enable Group Fintech customers to participate in the global economy. These commercial agreements are another milestone in MTN's strategic intent of leading digital solutions for Africa's progress and driving financial inclusion across the continent.

MTN GlobalConnect rebranded as Bayobab

In May 2023, MTN GlobalConnect announced a new identity and brand – Bayobab. This represents our strategic transformation journey to connect Africa with digital solutions through two distinct businesses, communication platforms (formerly wholesale mobility) and fixed connectivity.

Bayobab delivered external revenue growth of 12.3% YoY to US$172.5 million. The communication platforms segment grew by 11.9% YoY, underpinned by a five-year messaging deal with a global hyperscaler and a resilient performance from international voice. Bayobab partnered with global mobile networks to launch more than 5.7k roaming services and extend its footprint.

The fixed connectivity segment increased external revenue by 15.2% YoY, supported by new fixed connectivity infrastructure deals valued at US$8.4 million. We rolled out approximately 3 000 km of new fibre in H1 2023, bringing our total proprietary fibre inventory to 108 000 km as at 30 June 2023.

Bayobab, in collaboration with Africa50, launched an initiative to establish a terrestrial fibre optic cable network connecting Africa's eastern and western shores. Over the course of 2023 to 2025, the partnership plans to invest up to US$320 million to connect 10 African countries.

Further expanding its reach, Bayobab was granted a National Long-Distance Operator Licence in Nigeria, enabling long distance traffic within the country's borders. This development paves the way for enhanced connectivity, collaboration and innovation.

Growing our other platforms

Digital revenue increased by 8.0%* YoY to R1.8 billion, as Nigeria continued to grow revenues above 50% YoY, partially offset by slower performances in SA and Ghana. Digital services is focused on expanding its portfolio with partnerships such as Amazon Prime Video and Apple Music in Nigeria and Disney+ in SA.

In H1, our super app platform ayoba grew its user base by 89.1% YoY to 28.3 million MAU. The largest markets for ayoba are Nigeria, Cote d'Ivoire, Cameroon and Ghana with MAUs of 7.2 million, 2.8 million, 2.6 million and 2.5 million respectively. We have built an MAU base of 7.3 million in countries where MTN does not have GSM operations, demonstrating the scope of the messaging platform to scale as an OTT.

Our growth was driven by enhanced user experience, notably the launch of an enhanced and larger music service offering. ayoba continues to offer relevant local and global content (music, games, channels and microapps) in addition to its communication and social features. ayoba has also launched early-monetisation proof-of-concept projects, including display ads and premium sales.

Enterprise revenue increased by 24.8%* YoY, supported by double-digit growth in four of our top six markets and enabled by the Group's platform transformation approach to focus on converged services solutions. MTN SA, which delivered growth of 9.3%, benefited from strong data product propositions as well as distribution channel expansion. Enterprise revenue for MTN Nigeria grew by 49.4%, led by the mobile and fixed connectivity services and underpinned by the onboarding of new customers across all segments.

We recorded data and connectivity services growth in other key markets, including MTN Ghana and MTN Côte d'Ivoire, as customers pivot to hybrid ways of work due to digital transformation initiatives within our customer base.

Wholesale revenue increased by 32.3%*, with a solid national roaming performance in MTN SA. Revenue from Cell C was up strongly, while the multi-year Telkom roaming deal continued to gain traction with roaming revenues growing consistently.

Resilient financial performance

The Group's **EBITDA margin** in constant currency terms, which also excludes the effects of once-off items, narrowed by 0.5pp* to 44.0%*, reflecting the impacts of elevated inflation on operating expenses.

The Group's reported EBITDA margin before once-off items was 43.6% compared to 45.3% in June 2022. The H1 2023 figure included a number of non-operational items totalling a net -R539 million. This comprises a gain on the sale of SA towers of R53 million, the impairment of Afghanistan fixed assets of R385 million and the impairment of Sudan fixed assets of R207 million.

The H1 2022 margin included a number of non-operational items totalling a net -R259 million. This comprised a gain on the sale of SA towers of R261 million, impairment of Afghanistan fixed assets of R435 million and a Ghana IFRS 2 charge of R85 million.

Basic **earnings per share** (EPS) increased by 14.8% to 511 cents (H1 2022: 445 cents), supported by strong operational results. EPS in June 2023 includes impairment losses of 13 cents that mainly relate to property, plant and equipment and associates, an impairment loss on remeasurement of disposal groups of 21 cents offset by a net profit on the disposal of SA towers and other assets of 2 cents.

Reported **headline earnings per share** (HEPS) increased by 7.1% to 542 cents (H1 2022 restated: 506 cents).

HEPS was negatively impacted by some non-operational and once-off items of approximately 207 cents (H1 2022: 94 cents) for the six-month period. These include hyperinflation excluding impairments of 38 cents (H1 2022: 2 cents), forex losses of 169 cents (H1 2022: 88 cents) and an IFRS 2 charge arising from the MTN Ghana localisation transaction of 0 cents (H1 2022: 4 cents).

The liberalisation of the forex rates in Nigeria (the naira float) resulted in a substantial depreciation of the naira against the US dollar, which had a meaningful impact on our reported results. Within the aforementioned 169 cents of forex losses outlined in the above guidance, is 128 cents from Nigeria, of which approximately 95 cents was incurred in the month of June 2023 (the month of the naira float).

Adjusted HEPS increased by 24.8% to 749 cents due to improved operational results.

We continued to invest in the capacity of our networks, investing **capex** of R33.8 billion on an IFRS 16 reported basis, which is 19.1% higher YoY (up by 0.9% to R17.2 billion, ex-leases).

In the period, we rolled out 1 469 3G and 1 759 4G sites. Capex intensity increased by 0.5pp to 29.8% on a reported basis (decreased 2.3pp to 15.2% under IAS 17), as we continued to focus our investments in the capacity and resilience of our networks, which support the accelerated growth opportunities we are pursuing.

Group OpFCF improved by 59.2% to R18.9 billion, including the impacts of spectrum and licence acquisitions. Adjusting for payments made for spectrum acquisitions and licence renewals, OpFCF would have been 16.6%* higher to R22.4 billion.

ROE (adjusted for non-operational items, including hyperinflation) expanded by 1.0pp to 24.4% from 23.4% in December 2022 (revised H1 2022: 21.8%). The result was driven by the Group's solid revenue growth and improved efficiencies and was in line with our medium-term guidance.

Dividend

In line with our policy, there is no interim dividend being declared for H1 2023 (H1 2022: 0). The board of directors (Board) anticipates paying a minimum ordinary final dividend of 330cps for FY 2023.

Update on ARP and portfolio transformation

MTN is focused on the ongoing execution of our ARP and portfolio transformation initiatives. The processes to advance our localisation programmes remain underway, with the work around further sell-downs of MTN Nigeria, MTN Ghana, MTN Uganda and MTN Cameroon being progressed, contingent upon conducive market conditions.

While we now do not anticipate a disposal of our shareholding in IHS in the near to medium term, we are constructively engaged with IHS regarding the governance concerns raised by MTN. We will continue to update the market as necessary regarding the progress of these engagements.

In terms of our portfolio transformation agenda, we have now received conditional approval from the regulators to proceed with the sale of MTN Afghanistan to an affiliate company of M1 and anticipate the process to be completed in H2 2023. The discussions regarding the potential orderly exit of MTN Guinea-Bissau, MTN Guinea-Conakry and MTN Liberia are continuing.

A process is currently underway for the initial public offer (IPO) of MTN Irancell, which is anticipated to be completed by the end of 2024.

Governance concerns at IHS

Shareholders are advised that, following the Group SENS of 20 June 2023, MTN continues to engage with IHS with respect to the governance proposal MTN tabled prior to the IHS 2023 AGM. IHS' refusal to bring proposals that were properly made under the Shareholders Agreement is not acceptable to MTN; this is not only a concern for MTN, but should be for all IHS shareholders.

We also believe that IHS' current position of refusing to comply with its obligations and allow shareholders to vote on these proposals is having a significant negative effect on IHS' share price. We are disappointed at the slow pace of progress and are of the view that a resolution, which remains our priority, would be in the best interests of IHS and its shareholders.

We firmly believe that there is a need for IHS to enhance and evolve its corporate governance and align it to the best practices prevalent among other publicly traded companies, enabling the voice of all shareholders to be heard. While we are hopeful that further engagements with the board of IHS will result in a resolution that promotes effective governance and shareholder rights, we continue to evaluate all options available to us to fully enforce the Shareholders' Agreement and Articles including continued engagement with other IHS shareholders and litigation.

Updates on regulatory and legal considerations

ATA-Chand & Davis litigation

On 28 July 2023, a judge in the United States District Court for the District of Columbia granted limited jurisdictional discovery in two Anti-Terrorism Act cases filed against MTN and two of its former executives. The court decided that the plaintiffs did not have a sufficient basis to allege that the US court has jurisdiction over MTN but allowed plaintiffs to seek limited information from MTN to support their jurisdictional allegations and replead their complaints.

The court ordered the plaintiffs and MTN to confer regarding jurisdictional discovery and file a joint status report on 18 August 2023, with a court hearing on the scope of jurisdictional discovery is scheduled for 6 September 2023. If, following jurisdictional discovery, the court determines that it cannot assert jurisdiction over MTN, then the cases will be dismissed with prejudice. If, however, the court determines that plaintiffs can sufficiently show with new information that it can assert jurisdiction over MTN, then the cases will move onto the next phases of litigation which include discovery and arguments on the merits of the claims.

As stated in our motions to dismiss, MTN firmly believes that the plaintiffs "sued the wrong defendants in the wrong court" based on insufficient allegations. MTN will continue to appropriately update the market on significant developments in these proceedings.

Electronic Communications Amendment Bill (ECAB) in South Africa

The Electronic Communications Act is the primary piece of legislation which establishes the legal framework for telecommunications regulation in South Africa. On 23 June 2023, the Department of Communications and Digital Technologies (DCDT) published the ECAB and invited comments from interested parties on the proposed amendments contained therein.

Key features of the ECAB include a revised framework for facilities licencing and leasing, provisions on spectrum, roaming, Mobile Virtual Network Operators (MVNOs), and changes to the process for competition assessments and market inquiries. MTN will submit written comments to the DCDT by 31 August 2023, within the timeframes indicated by the DCDT and will engage fully during the consultative process.

High demand spectrum (HDS) in South Africa

In March 2022, the Independent Communications Authority of South Africa (ICASA) concluded South Africa's maiden High Demand Radio Frequency Spectrum auction. MTN participated in the auction and acquired 100MHz of spectrum for a purchase consideration of R5.2 billion.

MTN settled R3.3 billion of the spectrum acquisition costs in FY 2022. The balance of R1.9 billion is payable to ICASA once the IMT800 spectrum is fully available for national deployment. Subject to this availability, it is anticipated that payment of the remaining R1.9 billion will be made in H2 2023. This will enable MTN to achieve broader spectrum deployment across South Africa.

Operational review

Listed Opcos' published H1 2023 results

The published H1 results of our listed Opcos can be viewed at:

- MTN Nigeria:
  https://www.mtn.ng/about-us/investor/financial-reporting/quarterly-results/
- MTN Ghana:
  https://mtn.com.gh/investors/
- MTN Uganda:
  https://www.mtn.co.ug/investors/financial-reports/
- MTN Rwanda:
  https://www.mtn.co.rw/investors-financial-reporting/

MTN South Africa

- Service revenue increased by 1.9%
- Outgoing voice revenue declined by 13.9%
- Data revenue increased by 8.4%
- Fintech revenue increased by 2.3%
- Digital revenue decreased by 11.0%
- Enterprise revenue increased by 9.3%
- Wholesale revenue increased by 16.5%
- EBITDA decreased by 8.6% (6.8% decrease excluding gain on disposal of towers)
- EBITDA margin decreased by 4.5pp to 36.3% (down 3.6pp to 36.1% excluding gain on disposal of towers)
- Capex of R7.6 billion on IFRS reported basis (R4.1 billion, ex-leases)

MTN SA's performance remained resilient despite the challenging macroeconomic conditions in South Africa during the first half of the year. The period was characterised by high levels of loadshedding and constrained consumer spending due to rising inflation and hikes in interest rates by the South African Reserve Bank hiking to 14-year highs. The country experienced substantially higher YoY levels of power outages in H1, totalling 181 days compared to 68 days in H1 2022.

Pleasingly, we managed to drive improving momentum in **service revenue** growth of 2.5% in Q2, compared to the 1.3% growth reported in Q1. This was supported by the significant strides MTN SA made in fortifying its network. Our efforts towards implementing network resilience on our sites in South Africa led to a consistent month-on-month improvement in national network availability, which surpassed the 90% mark in June. On sites where the resilience investment has been completed, we have seen availability at target levels, even at stage 6 levels of loadshedding.

Our dedicated focus on improving customer satisfaction, along with the improved performance of our network, resulted in a 3.9% increase in the number of subscribers to 36.7 million, a net addition of 814k in the quarter. This growth was further bolstered by a 6.4% increase in postpaid subscribers to 3.9 million (excluding telemetry), who enjoyed the benefits of integrated voice and data-centric plans. Prepaid customers increased by 2.0% to 28.1 million.

Although outgoing **voice** revenue declined by 13.9% on a YoY basis, our focus on improving ERM yielded results. The Q2 voice revenue decline was slower (down 11.7%), showing a significant improvement from the Q1 decline of 16.0%. Overall voice revenue (including incoming voice) declined by 13.0%.

Data remained the key driver of growth in the business, with mobile data revenue up by 8.4% in H1, contributing 48.0% to MTN SA's total service revenue. This performance was supported by an increase of 7.9% in active data subscribers to 19.5 million and a 23.7% YoY rise in traffic. We continued to drive access, affordability and usage, helped by a 12.4% reduction in the effective rate for data.

In terms of usage, an active prepaid data subscriber now consumes an average of 2.7GB of data a month, up 13.3% YoY; and an active postpaid data subscriber uses nearly 13.8GB per month, an increase of 18.6%.

Driving growth in the **residential** business is one of the top priorities for MTN SA. The successful introduction of our home internet plans has yielded remarkable results, which underpinned an improvement in gross additions and revenue. We aim to sustain this positive momentum through targeted CVM sales campaigns.

Consumer postpaid service revenue increased by 3.0%, supported by growth in subscriber numbers, the sustained uplift in data consumption and our price-up initiatives implemented in April 2023. Our focus on improving the customer journey supported an uplift in our contract upgrades during the period.

Notwithstanding the 3.7% decline in H1 service revenue, the **consumer prepaid** demonstrated an improving trend in Q2. This positive result was driven by improved network availability, driven by slightly improved grid power availability and our resilience efforts, as well as our continued focus on streamlining bundled offerings, simplification of products and services and centralisation of the product catalogue.

The **fintech** ecosystem continued to grow, with 7.8 million registered MoMo users (up 67.9%) and 1.0 million MAU (up 1.2% YoY) at 30 June 2023. We are proud to have developed a digital retail application that empowers customers to access a wide range of services including electricity, lotto, bus tickets, and various gaming, health, beauty, food and retail vouchers. Our focus on the acceleration of the airtime advance (Xtratime) business is progressing as planned with the successful onboarding of a new technology partner completed in June 2023.

Growth in our **enterprise** business remained robust, with service revenue up by 9.3% in H1 2023. Within the mix, mobile data growth was pleasing at 11% in the period, driven by increased active data subscribers and usage.

Our digital mobile advertising and core mobile businesses continued to benefit from strong data product propositions, as well as distribution channel expansion. Our ICT business experienced robust growth at 22.6%, primarily driven by a significant increase in connectivity and new business.

As a result of our CVM initiatives, we experienced a 4% H1 growth in revenue from customised offerings (Made4U). These efforts have played a vital role in further solidifying our position in the market and meeting our customers' evolving needs.

The **wholesale** business recorded revenue growth of 16.5% (including incoming voice revenue), building on the already strong base of H1 2022. Excluding incoming voice revenue, wholesale revenue increased by 31.4%. MTN SA's national roaming revenue was up 24.4% YoY, driven by Cell C revenues as well as the steady scaling of the multi-year national roaming agreement with Telkom. We are pleased with the consistent growth in Telkom roaming revenue on a month-to-month basis.

MTN SA's **EBITDA** was 8.6% lower in H1, including the once-off gain on the disposal of SA towers; excluding this effect, EBITDA declined by 6.8%. The EBITDA margin of 36.3% in H1, was 4.5pp lower YoY (3.6pp lower to 36.1%, excluding the gain on the disposal of SA towers). This was impacted by top-line pressures on the business (compounded by loadshedding) and higher operating expenses, largely driven by rising inflation and power costs. We continued to execute our aggressive cost efficiency drive to maintain our margins to mitigate these impacts.

PBT decreased by 58.1% to R1.5 billion due to pressure from rising interest rates and a deterioration in the rand/US$ exchange rate in H1 2023 compared to H1 2022, impacting our finance, IT and device costs. There was also an increase in depreciation as a result of the impact of IFRS 16 lease capitalisation.

MTN SA deployed **capex** of R4.1 billion, excluding leases, in H1 at an intensity of 16.0%. This has been critical to driving network resilience and capacity, which has led to improved network availability and NPS scores, as well as increased traffic on upgraded sites.

Looking forward, in the context of subdued growth in the South African economy, MTN SA expects service revenue growth and EBITDA to recover in H2, to levels in line with market guidance. To drive this recovery, our key focus will be the continued acceleration of the network resilience rollout.

The resilience programme is tracking slightly ahead of plan and, based on the progress so far, we anticipate deploying overall capex of between R4-5 billion (including progress to date) to complete resilience across MTN SA sites by the end of Q1 2024. In addition to our initiatives, MTN SA is in advanced engagements with other MNO's to share power, in line with the special dispensations announced earlier in the year by the Department of Trade, Industry and Competition (DTIC). This will support a more efficient rollout of resilience and energy cost management for all parties.

To further support our growth ambitions, we will drive continuous improvements in customer experience, fostering financial inclusion through our fintech business, expanding CVM offers, driving cost efficiencies and cash optimisation, all guided by our disciplined capital allocation framework.

MTN Nigeria

- Service revenue increased by 21.6%*
- Voice revenue increased by 12.1%*
- Data revenue increased by 34.8%*
- Fintech revenue increased by 7.8%*
- Digital revenue decreased by 50.8%*
- EBITDA increased by 20.8%*
- EBITDA margin decreased by 0.5pp* to 53.1%*
- Capex of R9.7 billion on IFRS reported basis (R6.3 billion, ex-leases)

MTN Nigeria's H1 results – published on 28 July 2023 – demonstrated solid commercial and financial momentum in an operating environment characterised by elevated energy, food and general inflation, as well as cash shortages in Q1 2023, which placed pressure on consumer spending patterns.

Service revenue grew by 21.6%* in line with the medium-term guidance growth of "at least 20%" and supported by growth across the key revenue segments of voice, data, fintech and digital services. The mobile subscriber base increased by 4.0% to 77.1 million, with 1.5 million subscribers added in the first half of the year thanks to initiatives in place to manage churn and ramp up gross connections.

Voice revenue grew by 12.1%*, underpinned by revamped voice propositions and enhanced CVM initiatives which enabled a double-digit uplift in ARPU.

Data revenue rose by 34.8%* on increased coverage and smartphone penetration. Data traffic grew by 45.6% YoY, with 4G making up 80.0% of overall traffic, up from 79.1% in December 2022. The number of smartphones on the network increased by 1.3 million, bringing smartphone penetration to 53.1%, up 2.5pp YoY.

Fintech revenue grew by 7.8%*, driven by growth in the wallet and agency business. The active user base declined by 39.3% to 7.0 million YoY, due to the cash shortages experienced in Q1 which affected OTC transactions. Active MoMo PSB wallets closed H1 at approximately 3.1 million, representing additions of 1.1 million.

Digital revenue grew by 50.8%*, supported by the adoption of digital products and the growth of the active base, which was up by 56.6% to 14 million. In H1, MTN Nigeria expanded its rich media services portfolio through partnerships with Amazon Prime Video and Apple Music. ayoba, our instant messaging platform, continued to gain traction with MAU increasing to 7.2 million in H1.

Revenue from the **enterprise** business rose by 49.4%*, led by the mobile and fixed connectivity services and underpinned by onboarding new customers across all segments.

MTN Nigeria recorded EBITDA growth of 20.8%, while the EBITDA margin declined by 0.5pp to 53.1% but remained within the medium-term guidance range of 53-55%. This was impacted by higher CPI adjustments on lease rental costs, rising energy costs, naira depreciation and the acceleration in new site rollouts.

Southern and East Africa (SEA)

- Service revenue increased by 17.9%*
- Voice revenue increased by 12.7%*
- Fintech revenue increased by 22.4%*
- Digital revenue increased by 103.1%*
- EBITDA increased by 13.9%*
- EBITDA margin decreased by 1.6pp* to 44.1%*
- Capex of R2.2 billion on IFRS reported basis (R1.7 billion, ex-leases)

The SEA region delivered service revenue growth of 17.9% YoY, supported by sustained growth in data (+23.0%*), fintech (+22.4%*) and voice revenue (+12.7%*) as well as an increase in subscriber numbers by 8.3% YoY to 37.7 million. The blended inflation in SEA averaged 12.2% in June 2023, compared to 9.3% in June 2022.

MTN Uganda published its H1 results on 4 August 2023 and reported service revenue growth of 15.0%* YoY, underpinned by solid voice growth (+9.5%*) and continued momentum in the data (+22.1%*) and fintech (+18.6%*) segments. Further, an improvement in MTN Uganda's segmented customer value plans and increased network investment supported 11.2% growth in the subscriber base to 18.1 million.

Voice revenue benefited from the increase in the subscriber base driven by an enhanced CVM and improved network quality performance. In addition, efforts aimed at decongesting 2G traffic through the migration of customers to 3G further enhanced the customer experience.

Data revenue was supported by a 21.4% increase in active data users to 6.9 million and improved smartphone penetration to 35.7% (H1 2022: 32.0%), with 24.1% growth in smartphone users.

Fintech revenue was driven by strong growth in payments and international remittance contributions, with solid merchant growth (223%) supporting increased customer adoption.

MTN Uganda's EBITDA margin expanded by 0.4pp* to 50.5%* despite the upward pressure of heightened inflation on opex, which was mitigated through expense efficiencies.

MTN Rwanda, which published H1 results on 3 August 2023, grew service revenue by 14.7%* with particularly strong growth in the fintech (+32.4%*), data (+22.3%*) and enterprise business (+17.7%*) segments. Voice revenue declined by 1.0%* YoY as outgoing traffic dropped by 6.0% despite positive subscriber growth of 6.0% to 7.0 million and a 360.6% YoY increase in incoming voice traffic.

Data revenue sustained its positive momentum, driven by 5.1% growth in active data users as well as a 12.9% YoY increase in MB usage per active data subscriber.

Fintech revenue continued to maintain strong YoY growth, driven by a 14.4% growth in active MoMo subscribers and the uptake of advanced services whose contribution to fintech revenue increased to 24.6% (H1 2022: 19.1%).

MTN Rwanda reported EBITDA growth of 4.8%* with an EBITDA margin of 45.1%* (down 4.2pp YoY). This was mainly the result of a higher cost of sales due to the higher uptake of 4G services from the wholesale service provider.

Overall, the SEA portfolio reported a 1.6pp* decline in the blended EBITDA margin to 44.1%* for H1 due to increased network and commissions and distribution costs.

West and Central Africa (WECA)

- Service revenue increased by 13.9%*
- Voice revenue increased by 2.1%*
- Data revenue increased by 21.9%*
- Fintech revenue increased by 29.7%*
- Digital revenue decreased by 13.0%*
- EBITDA increased by 13.0%*
- EBITDA margin decreased by 0.3pp to 39.0%*
- Capex of R13.2 billion on IFRS reported basis (R4.2 billion, ex-leases)

The **WECA region** delivered double-digit service revenue growth of 13.9%*, with overall subscribers up by 3.3% to 72.7 million. The average blended inflation for the region rose to 19.1% over the period from 10.0% in H1 2022. Excluding Ghana, WECA inflation was stable at 5.1% for the period.

Data and fintech revenue growth of 21.9%* and 29.7%* respectively were key drivers of overall performance. Active data subscribers increased by 8.3% to 33.1 million. Despite the impacts of regulatory taxes, escalating inflation and competition, active MoMo users increased by 8.5% to 33.0 million.

MTN Ghana, which published Q1 results on 31 July 2023, delivered service revenue growth of 33.0%* supported by growth in voice (+13.9%*), data (+41.5%*) and fintech (48.1%*). MTN Ghana made strides in the expansion of network capacity and coverage, improvements in IT systems and overall service delivery, which improved the customer experience for its 27.3 million subscribers across the country.

EBITDA increased by 28.2%* YoY with a corresponding margin decline of 2.1pp to 56.1% as elevated inflation continued to impact costs.

MTN Côte d'Ivoire's service revenue increased by 4.1%*, largely underpinned by 16.9%* growth in data revenue, despite the impacts of network and platform disruptions due to unreliable electricity supply. Fintech revenue (up 4.3%* in H1) was affected by lower MAU but delivered encouraging growth in the overall ecosystem with transaction volumes up by 36.4%.

The EBITDA margin declined by 3.0pp* to 31.1%*, impacted by pricing pressures as well as macro challenges including local currency devaluation and higher inflation.

MTN Cameroon reported service revenue growth of 9.4%* and maintained a leading market share in a challenging and highly competitive environment. CVM initiatives drove solid growth in data (+17.5%*) and fintech (+22.1%*) revenue, despite increased pricing competition in the market. The EBITDA margin for MTN Cameroon improved by 1.1pp to 36.6%* due to cost optimisation initiatives.

WECA reported a 13.0%* increase in EBITDA and a blended EBITDA margin of 39.0%*, down by 0.3pp*. Excluding MTN Ghana, the WECA markets reported a 1.4pp* decrease in the blended EBITDA margin to 29.9%*.

Middle East and North Africa (MENA)

- Service revenue increased by 22.0%*
- Voice revenue increased by 14.5%*
- Data revenue increased by 27.2%*
- Fintech revenue increased by 37.5%*
- Digital revenue increased by 83.3%*
- EBITDA increased by 15.0%*
- EBITDA margin decreased by 2.1pp to 35.5%*
- Capex of R0.3 billion on IFRS reported basis

The **MENA region** delivered service revenue growth of 22.0%* YoY under challenging trading conditions. The growth was largely attributable to growth in voice (+14.5%*) and data revenue (+27.2%*). The total number of subscribers (excluding MTN Irancell) declined by 5.9% to 14.1 million, with active data subscribers decreasing by 27.8% to 3.4 million.

The overall performance of **MTN Sudan** was impacted by the conflict that broke out in April 2023, resulting in prolonged network outages and slower revenue growth. In difficult conditions, the Opco increased service revenue by 36.7%*, underpinned by growth in voice (+27.4%*) and data (+40.5%*) revenue on the back of tariff increases. The EBITDA margin declined by 7.4pp* to 38.8%*, impacted by inflationary pressure on costs but mitigated by top-line growth and expense efficiency initiatives.

MENA reported a blended EBITDA margin of 35.5%*, down by 2.1pp due to increases in network costs, commissions and distributions.

Associates, joint ventures and investments

Telecoms operations

MTN Irancell, our equity-accounted JV, delivered service revenue growth of 30.3%, supported by increased digital revenue on an increase in rich media due to more video usage and advertisement revenue. Data revenue was impacted by the restrictions on international traffic related to protests in Iran, offset by growth in voice and SMS revenue. The EBITDA margin declined by 0.8pp* to 41.8%*, driven by high inflation, an increase in the number of site rollouts and currency devaluation.

E-commerce investments

The **Iran Internet Group** continued its strong performance in 2023. Ride-hailing app Snapp remained the market leader, ranking among the top ride-hailing apps globally and reaching 4.3 million daily rides. Last-mile delivery service Snappbox also remained the market leader with almost 330k daily orders. Food delivery app Snappfood grew revenue by 86.0% YoY.

Within Middle East Internet Holding, ride-hailing service Jeeny continued its strong growth with almost 100k daily rides.

Outlook

Amid ongoing macroeconomic and geopolitical challenges and regulatory developments, MTN Group's resilient business model, strong balance sheet and disciplined strategy execution have positioned the Company for accelerated growth and relevance to 2025.

Although there are encouraging signs of stabilisation in macroeconomic trends in some markets, we anticipate that trading conditions will remain challenging for the remainder of 2023. We will continue to implement our proactive measures to manage the near-term challenges and risks.

We continue to implement our price optimisation initiatives in our markets to mitigate inflationary pressures. These includes selective headline tariff increases, as well as rationalisation of bundles and promotions.

We will continue to monitor the developments in Sudan in light of the ongoing conflict in the country. We anticipate that the disruptions arising from the situation will continue to impact the performance of MTN Sudan and the Group. Despite the ongoing challenges, we remain committed to supporting our customers and the broader community in Sudan. We are steadfast in our efforts to ensure service continuity and our earnest hope is for a swift resolution to these difficulties.

Accelerating growth in our markets

In South Africa, we have optimised pricing across a number of price plans, which we expect to underpin top-line growth in the coming quarters. Our network resilience plan is delivering increased network availability, which is supporting the recovery across the key business segments evidenced in the sequential improvement in MTN SA's traffic and service revenue trends in our consumer, enterprise and wholesale businesses. We are targeting a return of service revenue growth and EBITDA margins to in line with our medium-term guidance of mid-single-digit percentages growth and 37-39%, respectively.

MTN Nigeria will focus on enhancing network capacity, accelerating 4G, 5G and rural coverage, as well as driving home broadband to sustain growth in data traffic. Engagements with the regulatory authorities on tariff increases are ongoing and will help to mitigate the impacts of inflation and forex volatility on the business. Using the current exchange rate, we expect MTN Nigeria's EBITDA margin for the full year to be below our medium-term target range of 53-55%. This is in line with our previous guidance on the impact of a 10% movement in the exchange rate.

For MoMo PSB in Nigeria, the business is focused on developing the agent and merchant ecosystem that will support growth of the wallet base, and position MoMo PSB to be a material contributor to the growth of the Group fintech business over the medium-term. MoMo PSB targets growth in its active wallet base towards approximately 10 million by the end of the year.

In Ghana, the macroeconomic outlook remains volatile with elevated inflationary pressures and fluctuations in forex. There are signs of key trends starting to level out, which would be positive for the business in the remainder of 2023. Recent tariff increases should support the top-line in the coming quarters, while the traction in the fintech recovery should also be positive.

Sustaining our financial resilience

We will continue to focus on CVM and price optimisation initiatives to grow service revenue above inflation over the near-term across our markets. Regulatory engagements around tariff increases in key markets are ongoing.

We have also identified R7-8 billion in additional expense efficiencies to be realised over three years from 2024; this is over and above the R1.5 billion targeted for FY 2023 (of which R702 million was realised in H1 2023). We are accelerating these identified initiatives as part of our efforts to mitigate the effects of inflation. We remain committed to driving earnings growth and improving returns in line with our strategy and investment case.

The work to further deleverage our balance sheet is ongoing. Given our focus on reducing non-rand debt, we are exploring opportunities for liability management of our 2024 and 2026 Eurobond notes in H2. Our expanded DMTN programme provides us with the additional flexibility to reduce non-rand debt at the Holdco level. Leverage at the Group consolidated level remains comfortably within our debt covenants.

The election by MTN of the scrip dividend options from MTN Nigeria and MTN Ghana negatively impacted cash upstreamed to the Group, however we will focus on accelerating the repatriation of cash from our key operations in H2. We are pleased that all outstanding approvals have now been granted to finalise the allocation of scrip dividend shares from MTN Nigeria. This, along with the MTN Ghana scrip dividend shares, is anticipated to be accretive to attributable earnings.

Progressing strategic priorities

In terms of our key strategic initiatives, we will focus on concluding all agreements with Mastercard relating to Group Fintech. We are excited about the prospect of accelerated growth in our fintech business, in line with our ***Ambition 2025*** strategy.

The process of structurally separating the fibre business remains ongoing with a priority of securing regulatory approvals in key markets.

We remain committed to further localisations in Nigeria, Ghana, Uganda and Cameroon; in line with our ARP objectives and subject to conducive market conditions, including the foreign currency markets.

We have progressed well with our exit from Afghanistan, which we anticipate will be completed in H2 2023. We continue our constructive discussions with IHS relating to the governance concerns raised and look forward to productive outcomes.

We are well-progressed with our exit of Afghanistan, which we anticipate will be completed in H2 2023. Finally, MTN will keep the market appropriately updated on any significant developments and the work on the IPO of MTN Irancell, which is anticipated to take place by the end of 2024.

Medium-term guidance maintained

We remain focused on executing on our ***Ambition 2025*** strategy to deliver medium-term growth and efficiencies. This will be supported by the disciplined investment in our second-to-none networks and platforms, with a medium-term target to maintain capex intensity in a range of 15 to 18%.

For FY 2023, as previously reported, the volatility of local exchange rates against the US dollar is impacting our capex and we now anticipate deploying approximately R40.1 billion on current forex assumptions. Our key focus areas remain the acceleration of network resilience in South Africa as well as the rollout of 4G and 5G in Nigeria.

As we continue to manage the prevailing challenges in our operating environment, and the near-term impacts on our top-line and margin evolution, we maintain our medium-term guidance.

H1 2023 financial results teleconference

MTN will be hosting a presentation on Monday, 14 August 2023 where we will be unpacking the Group's results for the half year to 30 June 2023. To participate, please register here:
https://themediaframe.com/mediaframe/webcast.html?webcastid=NpNZGXXg

14 August 2023
Fairland

Lead sponsor

J.P. Morgan Equities (SA) Proprietary Limited

Joint sponsor

Tamela Holdings Proprietary Limited

Abbreviations:

API: Application Programming Interface
BTS: Base Transceiver Station
Business Group: Consist of internet service providers in Namibia, Kenya and Botswana
CVM: Customer value management
DMTN: Domestic Medium Term Note
ERM: Effective rate per minute
FTTH: Fibre to the Home
FWA: Fixed wireless access
GB: Gigabyte
Holdco leverage: Holdco net debt (including MTN GC)/SA EBITDA + cash upstreaming
IFRS: International Financial Reporting Standard
JV: Joint Venture
KPI: Key performance indicators
MB: Megabyte
MBB: Mobile broadband
NIN: National Identification Number
PB: Petabyte
PSB: Payment service bank
SIM: Subscriber Identity/Identification Module
towerco: Tower companies

Notes

Notes

MTN

Key financial tables

for the six months ended 30 June 2023

CAPEX GUIDANCE 2023

Rm	Estimated (IFRS 16) 2023	Estimated (ex-leases) 2023	Capitalised (IFRS 16) 1H 23	Capitalised (ex-leases) 1H 23	Capitalised (IFRS 16) 1H 22	Capitalised (ex-leases) 1H 22
South Africa	**15 460**	**10 100**	7 637	4 076	9 635	3 233
Nigeria	**17 297**	**14 310**	9 710	6 311	11 543	7 579
SEA	**4 674**	**3 178**	2 267	1 724	2 231	1 684
WECA	**13 502**	**8 847**	13 277	4 246	4 350	4 021
MENA	**1 287**	**1 287**	336	336	151	123
Head offices, Bayobab and eliminations	**2 345**	**2 345**	488	488	377	376
Total	**54 565**	**40 068**	33 715	17 181	28 287	17 016
Hyperinflation	**–**	**–**	49	51	60	62
Total reported	**54 565**	**40 068**	33 764	17 232	28 347	17 078
Iran (49%)	**4 838**	**4 649**	1 078	1 015	960	881

FINANCIAL REVIEW

Headline earnings reconciliation

Rm	IFRS reported 2023	Impairment of goodwill, PPE and associates[1]	Impairment loss on remeasurement of disposal group[2]	Net gain (after tax) on disposal of SA towers[3]
Revenue	113 203	–	–	
Other income	116	–	–	(53)
EBITDA	**48 868**	**253**	**385**	**(53)**
Depreciation, amortisation and impairment of goodwill	(19 577)	–	–	
Profit from operations	**29 291**	**253**	**385**	**(53)**
Net finance cost	(12 145)	–	–	
Hyperinflationary monetary gain	155	–	–	
Share of results of associates and joint ventures after tax	1 008	–	–	
Profit before tax	**18 309**	**253**	**385**	**(53)**
Income tax expense	(7 143)	–	–	14
Profit after tax	**11 166**	**253**	**385**	**(39)**
Non-controlling interests	(1 931)	(30)	–	
Attributable profit	**9 235**	**223**	**385**	**(39)**
EBITDA margin	43.2%			
Effective tax rate	39.0%			

Other[4]	Headline earnings	Hyperinflation (excluding impairments)[5]	Impact of foreign exchange losses and gains[6]	IFRS 2 charge due to Ghana localisation[7]	Adjusted 2023	% movement
–	113 203	(451)	–	–	112 752	16.6%
–	63	–	–	–	63	1 475.0%
(22)	49 431	226	–	–	49 657	13.3%
–	(19 577)	401	–	–	(19 176)	13.8%
(22)	29 854	627	–	–	30 481	12.9%
–	(12 145)	30	4 634	–	(7 481)	29.7%
–	155	(155)	–	–	–	0.0%
4	1 012	220	83	–	1 315	45.0%
(18)	18 876	722	4 717	–	24 315	9.8%
–	(7 129)	38	(922)	–	(8 013)	(9.0%)
(18)	11 747	760	3 795	–	16 302	22.3%
(1)	(1 962)	(72)	(752)	–	(2 786)	10.9%
(19)	9 785	688	3 043	–	13 516	25.0%
	43.7%				44.0%	
	37.8%				33.0%	

Results overview continued

FINANCIAL REVIEW

Headline earnings reconciliation

Rm	IFRS reported 2022	Impairment of goodwill, PPE and associates[1]	Impairment loss on remeasurement of disposal group[3]	Net gain (after tax) on disposal of SA towers[3]
Revenue	97 491	–	–	
Other income	265	–	–	(261)
EBITDA	43 870	19	435	(261)
Depreciation, amortisation and impairment of goodwill	(18 033)	432	510	
Profit from operations	25 837	451	945	(261)
Net finance cost	(8 252)	–	–	
Hyperinflationary monetary gain	(9)	–	–	
Share of results of associates and joint ventures after tax	1 002	–	–	
Profit before tax	18 578	451	945	(261)
Income tax expense	(8 172)	–	–	(34)
Profit after tax	10 406	451	945	(295)
Non-controlling interests	(2 369)	(4)		
Attributable profit	8 037	447	945	(295)
EBITDA margin	45.0%			
Effective tax rate	44.0%			

1 Represents the exclusion of the impact of goodwill, PPE, intangibles and joint venture impairments. H1 23: PPE (R220 million) and Intangibles (R3 million); H1 22: Goodwill (Mowali: R149 million, Bissau: R251 million and Botswana: R31 million), PPE (R14 million) and Intangibles (R1 million).
2 Represents the impairment loss on remeasurement of disposal group. H1 23: Afghanistan (R385 million); H1 22: Afghanistan (R945 million).
3 Represents net gain (after tax) on disposal of SA towers. (H1 23: R39 million; H1 22: R295 million).
4 Represents the net profit on disposal of PPE and intangibles. H1 23: PPE (R15 million profit) and share of results from Iran (R4 million profit); H1 22: PPE (R6 million profit) and share of results from Iran (R2 million profit).
5 The impact of hyperinflation is excluded for the operations that are currently accounted for on a hyperinflationary basis (MTN Irancell, MTN Sudan and MTN South Sudan), as well as those that have previously been accounted for on a hyperinflationary basis. The economy of Iran was assessed to be hyperinflationary effective 1 January 2020 and hyperinflation accounting has since been applied. The economy of Sudan was assessed to be hyperinflationary during 2018 and hyperinflation accounting has since been applied. The economy of South Sudan was assessed to be hyperinflationary effective 1 January 2016 and hyperinflation accounting has since been applied.
6 Adjustment for the net forex (gains)/losses impacting earnings for the respective periods. H1 23: forex loss of R3 043 million; H1 22: forex loss of R1 576 million). This includes the impact of forex in Iran.
7 Represents IFRS 2 charge due to Ghana localisation (H1 23: R0 million; H1 22: R68 million).

Other[4]	Headline earnings	Hyperinflation (excluding impairments)[5]	Impact of foreign exchange losses and gains[6]	IFRS 2 charge due to Ghana localisation[7]	Adjusted 2022
–	97 491	(825)	–	–	96 666
–	4	–	–	–	4
(12)	44 051	(294)	–	85	43 842
–	(17 091)	244	–	–	(16 847)
(12)	26 960	(50)	–	85	26 995
–	(8 252)	108	2 377	–	(5 767)
–	(9)	9	–	–	–
(2)	1 000	(87)	(6)	–	907
(14)	19 699	(20)	2 371	85	22 135
–	(8 206)	81	(681)	(4)	(8 810)
(14)	11 493	61	1 690	81	13 325
6	(2 367)	(19)	(114)	(13)	(2 513)
(8)	9 126	42	1 576	68	10 812
	45.2%				45.4%
	41.7%				39.8%

Results overview continued

Inflation

In the first half of the year, rising inflation and interest rates, as well as a stronger US dollar, impacted operating costs and consumer discretionary spend in key markets.

Exchange rates

The weaker average rand against most functional currencies had a positive translation impact on rand-reported service revenue. The average naira weakened by 15.2% YoY against the US dollar and closed 64.0% weaker. The average rand weakened by 17.6% YoY against the US dollar and closed 10.3% weaker, which impacted negatively on the balance sheet especially owing to our US dollar-denominated debt.

Revenue and service revenue

Group total revenue increased by 14.8%* and service revenue increased by 15.1%*, supported by healthy growth across most of our larger operations: MTN SA (up 2.6%); MTN Nigeria (up 21.9%*); MTN Uganda (up 15.8%*); and MTN Ghana (up 33.0%*).

Group revenue in our connectivity business: voice grew by 6.1%* to R44.4 billion and data expanded by 23.6%* to R42.1 billion.

Group revenue in our platforms: fintech grew by 21.7%* to R10.0 billion; digital was up by 8.0%* to R1.8 billion; enterprise grew by 24.8%* to R12.9 billion; and wholesale increased by 32.3%* to R4.1 billion.

GROUP REVENUE BY COUNTRY

Table 1: Group revenue by country

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	Contribution to revenue %
South Africa	**25 417**	24 779	2.6	2.6	22.5
Nigeria	**43 813**	35 231	24.4	21.9	38.7
SEA	**11 088**	8 914	24.4	18.1	9.8
Uganda	**6 200**	4 698	32.0	15.8	5.5
Zambia	**1 686**	1 434	17.6	9.1	1.5
Other SEA	**3 202**	2 782	15.1	28.6	2.8
WECA	**27 223**	24 318	11.9	13.8	24.0
Ghana	**9 427**	9 888	(4.7)	33.0	8.3
Cameroon	**4 689**	3 691	27.0	9.2	4.1
Côte d'Ivoire	**5 165**	4 268	21.0	4.0	4.6
Other WECA	**7 942**	6 471	22.7	4.8	7.0
MENA	**3 493**	2 544	37.3	21.9	3.1
Sudan	**2 245**	1 550	44.8	36.6	2.0
Afghanistan	**1 248**	994	25.6	2.2	1.1
Head offices, Bayobab and eliminations	**1 718**	880			1.5
Total	**112 752**	96 666	16.6	14.8	99.6
Hyperinflation	**451**	825			0.4
Total reported	**113 203**	97 491	16.1	14.8	100.0

GROUP SERVICE REVENUE BY COUNTRY

Table 2: Group service revenue by country

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	Contribution to service revenue %
South Africa	**20 431**	20 045	1.9	1.9	19.0
Nigeria	**43 583**	35 148	24.0	21.6	40.5
SEA	**10 944**	8 819	24.1	17.9	10.2
Uganda	**6 116**	4 669	31.0	15.0	5.7
Zambia	**1 649**	1 390	18.6	10.2	1.5
Other SEA	**3 179**	2 760	15.2	28.8	3.0
WECA	**27 131**	24 220	12.0	13.9	25.2
Ghana	**9 394**	9 859	(4.7)	33.0	8.7
Cameroon	**4 675**	3 676	27.2	9.4	4.3
Côte d'Ivoire	**5 147**	4 248	21.2	4.1	4.8
Other WECA	**7 915**	6 437	23.0	5.0	7.3
MENA	**3 480**	2 533	37.4	22.0	3.2
Sudan	**2 237**	1 543	45.0	36.7	2.1
Afghanistan	**1 243**	990	25.6	2.2	1.2
Head offices, Bayobab and eliminations	**1 718**	880			1.6
Total	**107 287**	91 645	17.1	15.1	99.6
Hyperinflation	**448**	821			0.4
Total reported	**107 735**	92 466	16.5	15.1	100.0

GROUP REVENUE ANALYSIS

Table 3: Group revenue analysis

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	Contribution to revenue %
Outgoing voice[1]	**37 870**	35 118	7.8	5.7	33.5
Incoming voice[2]	**6 436**	5 529	16.4	8.6	5.7
Data[3]	**41 877**	33 738	24.1	23.6	37.0
Digital[4]	**1 759**	1 615	8.9	8.0	1.6
Fintech[5]	**9 992**	8 233	21.4	21.7	8.8
SMS	**2 750**	2 387	15.2	14.1	2.4
Devices	**5 465**	5 021	8.8	8.5	4.8
Wholesale[6]	**4 148**	2 988	38.8	32.3	3.7
Other	**2 455**	2 037	20.5	12.6	2.2
Total	**112 752**	96 666	16.6	14.8	99.6
Hyperinflation	**451**	825			0.4
Total reported	**113 203**	97 491	16.1	14.8	100.0

[1] Excludes international roaming and wholesale.
[2] Includes local and international roaming and excludes wholesale.
[3] Includes mobile and fixed access data and excludes roaming and wholesale.
[4] Includes Rich Media services, content VAS, e-commerce and mobile advertising.
[5] Includes Xtratime and mobile financial services.
[6] Includes domestic wholesale, voice, SMS and data, leased lines and BTS rentals.

GROUP DATA REVENUE BY COUNTRY

Table 4: Group data revenue[1]

	Actual Rm	Prior Rm	Reported % change	Constant currency % change
South Africa	**9 811**	9 050	8.4	8.4
Nigeria	**17 753**	12 925	37.4	34.8
SEA	**2 625**	2 090	25.6	23.0
Uganda	**1 420**	1 020	39.2	22.1
Zambia	**512**	400	28.0	18.8
Other SEA	**693**	670	3.4	28.1
WECA	**9 982**	8 470	17.9	21.9
Ghana	**3 911**	3 832	2.1	41.5
Cameroon	**1 777**	1 299	36.8	17.5
Côte d'Ivoire	**1 664**	1 221	36.3	16.9
Other WECA	**2 630**	2 118	24.2	5.7
MENA	**1 575**	1 104	42.7	27.2
Sudan	**1 061**	711	49.2	40.5
Afghanistan	**514**	393	30.8	6.4
Head offices, Bayobab and eliminations	**131**	99		
Total	**41 877**	33 738	24.1	23.6
Hyperinflation	**272**	384		
Total reported	**42 149**	34 122	23.5	23.6

[1] Includes mobile and fixed access data and excludes roaming and wholesale.

GROUP FINTECH REVENUE BY COUNTRY

Table 5: Group fintech revenue[2]

	Actual Rm	Prior Rm	Reported % change	Constant currency % change
South Africa	**540**	528	2.3	2.3
Nigeria	**1 651**	1 499	10.1	7.8
SEA	**2 956**	2 165	36.5	22.4
Uganda	**1 754**	1 297	35.2	18.6
Zambia	**465**	356	30.6	21.4
Other SEA	**737**	512	43.9	33.0
WECA	**4 828**	4 036	19.6	29.7
Ghana	**2 230**	2 136	4.4	48.1
Cameroon	**808**	570	41.8	22.1
Côte d'Ivoire	**458**	377	21.5	4.3
Other WECA	**1 332**	953	39.8	19.5
MENA	**22**	13	69.2	37.5
Sudan	**5**	1	400.0	400.0
Afghanistan	**17**	12	41.7	13.3
Head offices, Bayobab and eliminations	**(5)**	(8)		
Total	**9 992**	8 233	21.4	21.7
Hyperinflation	**–**	–		
Total reported	**9 992**	8 233	21.4	21.7

[2] Includes Xtratime and mobile financial services.

GROUP DIGITAL REVENUE BY COUNTRY

Table 6: Group digital revenue[3]

	Actual Rm	Prior Rm	Reported % change	Constant currency % change
South Africa	**607**	682	(11.0)	(11.0)
Nigeria	**579**	381	52.0	50.8
SEA	**65**	30	116.7	103.1
Uganda	**23**	8	187.5	155.6
Zambia	**28**	8	250.0	250.0
Other SEA	**14**	14	0.0	(6.7)
WECA	**421**	483	(12.8)	(13.0)
Ghana	**97**	174	(44.3)	(21.8)
Cameroon	**123**	86	43.0	23.0
Côte d'Ivoire	**160**	160	0.0	(14.0)
Other WECA	**41**	63	(34.9)	(44.6)
MENA	**88**	42	109.5	83.3
Sudan	**66**	24	175.0	153.8
Afghanistan	**22**	18	22.2	0.0
Head offices, Bayobab and eliminations	**(1)**	(3)		
Total	**1 759**	1 615	8.9	8.0
Hyperinflation	**13**	15		
Total reported	**1 772**	1 630	8.7	8.0

[3] Includes rich media services, content VAS, e-commerce and mobile advertising.

COST ANALYSIS

Table 7: Cost analysis

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	% of revenue
Handsets and other accessories	**6 140**	5 843	5.1	4.9	5.4
Interconnect	**5 316**	4 551	16.8	11.4	4.7
Roaming	**672**	501	34.1	33.1	0.6
Commissions	**7 046**	6 116	15.2	11.0	6.2
Government and regulatory costs	**4 182**	3 510	19.1	10.8	3.7
VAS/Digital revenue share	**2 030**	1 640	23.8	24.5	1.8
Service provider discounts	**2 573**	2 199	17.0	15.2	2.3
Network and IS maintenance	**19 077**	15 045	26.8	23.0	16.9
Marketing	**2 223**	1 837	21.0	17.6	2.0
Staff costs	**7 104**	5 718	24.2	19.1	6.3
Other opex	**6 853**	5 875	16.7	13.3	6.1
Total	**63 216**	52 835	19.6	15.9	55.8
IFRS 2 charge from localisation in Ghana	**–**	85			0.0
Impairment loss on remeasurement of disposal group	**385**	435			0.3
Impairment loss on Sudan assets due to war	**173**	–			0.2
Hyperinflation	**678**	531			0.6
Total reported	**64 452**	53 886	19.6	15.9	56.9

Total costs increased by 15.9%*, mainly as a result of higher network costs at MTN Nigeria because of increased site rollout and the forex and inflation impacts on BTS lease rentals. Excluding the forex and inflation impacts on lease rentals, growth in operating expenses was approximately 14.5%*.

Cost increases were also driven by higher interconnect and roaming, commissions and distributions costs in major markets.

Our expense efficiency programme – focused on enhanced oversight of expenditure such as distribution, IT and network costs – helped contain overall cost increases. The total realised savings for H1 2023 were R702 million, mainly from network and sales and distribution costs.

GROUP EBITDA BY COUNTRY

Table 8: Group EBITDA by country

	Actual Rm	Prior Rm	Reported % change	Constant currency % change
South Africa	**9 173**	9 838	(6.8)	(6.8)
Nigeria	**23 260**	18 887	23.2	20.8
SEA	**4 889**	4 067	20.2	13.9
Uganda	**3 134**	2 361	32.7	16.8
Zambia	**351**	380	(7.6)	(14.4)
Other SEA	**1 404**	1 326	5.9	17.0
WECA	**10 621**	10 310	3.0	13.0
Ghana	**5 293**	5 786	(8.5)	28.2
Cameroon	**1 716**	1 308	31.2	12.6
Côte d'Ivoire	**1 604**	1 453	10.4	(5.3)
Other WECA	**2 008**	1 763	13.9	(2.2)
MENA	**1 239**	992	24.9	15.0
Sudan	**871**	722	20.6	14.6
Afghanistan	**368**	270	36.3	16.1
Head offices, Bayobab and eliminations	**417**	(259)		
CODM EBITDA	**49 599**	43 835	13.1	13.5
Gain on disposal of SA towers	**53**	261		
IFRS 2 charge from localisation in Ghana	**–**	(85)		
Impairment loss on remeasurement of disposal group	**(385)**	(435)		
Impairment loss on Sudan assets due to war	**(173)**	–		
Hyperinflation	**(226)**	294		
CODM EBITDA before impairment of goodwill and joint ventures	**48 868**	43 870	11.4	13.5

Group EBITDA increased by 12.0% on a reported basis and increased by 13.5%* in constant currency terms, before once-off items. This was driven by good operational results from most operations, with MTN Nigeria up 20.8%* and increases of 13.9%*and 13.0%* in SEA and WECA respectively.

DEPRECIATION AND AMORTISATION

Table 9: Group depreciation and amortisation

	Depreciation				Amortisation			
	Actual Rm	Prior Rm	Reported % change	Constant currency % change	**Actual Rm**	Prior Rm	Reported % change	Constant currency % change
South Africa	**4 462**	4 404	1.3	1.3	**894**	662	35.0	35.0
Nigeria	**5 920**	4 923	20.3	18.0	**1 389**	900	54.3	51.1
SEA	**1 458**	1 164	25.3	13.9	**335**	308	8.8	(1.5)
Uganda	**875**	670	30.6	14.4	**160**	169	(5.3)	(16.7)
Zambia	**194**	163	19.0	10.9	**88**	65	35.4	25.7
Other SEA	**389**	331	17.5	14.4	**87**	74	17.6	11.5
WECA	**3 382**	3 239	4.4	2.1	**773**	650	18.9	13.0
Ghana	**1 004**	1 054	(4.7)	32.1	**201**	168	19.6	70.3
Cameroon	**577**	508	13.6	(1.9)	**103**	117	(12.0)	(24.3)
Côte d'Ivoire	**811**	763	6.3	(8.7)	**216**	172	25.6	8.0
Other WECA	**990**	914	8.3	(7.9)	**253**	193	31.1	10.0
MENA	**51**	195	(73.8)	(78.5)	**29**	45	(35.6)	(45.3)
Sudan	**51**	18	183.3	168.4	**29**	7	314.3	314.3
Afghanistan	**–**	177	(100.0)	(100.0)	**–**	38	(100.0)	(100.0)
Head offices, Bayobab and eliminations	**323**	220			**159**	137		
Total	**15 596**	14 145	10.3	7.5	**3 579**	2 702	32.5	27.7
Hyperinflation	**347**	187			**55**	57		
Total reported	**15 943**	14 332	11.2	7.5	**3 634**	2 759	31.7	27.7

The Group depreciation charge increased by 7.5%* as the trajectory continued to normalise following the elevated capex profile of the past few years. Amortisation costs increased by 27.7%*, driven largely by MTN SA, MTN Nigeria, MTN Ghana, MTN Zambia and MTN Côte d'Ivoire.

At every reporting period, the Group performs impairment testing on our assets. For H1 2023, the Group made no goodwill and JVs impairments.

NET FINANCE COSTS

Table 10: Net finance cost

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	% of revenue
Net interest paid/(received)	**7 480**	5 791	29.2	26.9	6.6
Net forex losses/(gains)	**4 635**	2 353	97.0	93.4	4.1
Total	**12 115**	8 144	48.8	46.1	10.7
Hyperinflation	**30**	108			0.0
Total reported	**12 145**	8 252	47.2	46.1	10.7

Net finance costs increased by 46.1%* to R12.1 billion. Higher finance costs are predominantly driven by higher net forex losses due to an increase in net forex losses in Nigeria resulting from significant naira devaluation following the government's decision to liberalise the forex market. At 30 June 2023, we recognised an increase of 93.4% in net forex losses to R4.6 billion. This was largely higher forex losses in head office resulting mainly from the upstreaming of cash from our operations.

The average cost of borrowing was 10.8% (2022: 8.4%) due to an increase in borrowing costs in MTN Nigeria, from its refinancing and funding activities.

Share of results of associates and joint ventures after tax

We recorded a positive contribution of R1.0 billion from associates and joint ventures, largely in line with June 2022. The contribution for H1 2022 was largely attributable to MTN Irancell's underlying operational performance.

TAXATION

Table 11: Taxation

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	Contribution to taxation %
Normal tax	**7 396**	9 223	(19.8)	(18.3)	103.5
Deferred tax	**(786)**	(2 009)	60.9	59.5	(11.0)
Foreign income and withholding taxes	**495**	877	(43.6)	(47.4)	6.9
Total	**7 105**	8 091	(12.2)	(11.8)	99.5
Hyperinflation	**38**	81			0.5
Total reported	**7 143**	8 172	(12.6)	(11.8)	100.0

The reported Group effective tax rate (GETR) was 39.0%, compared to the prior year's rate of 44.0%. While the Group had a lower PBT YoY, the lower GETR was largely attributable to lower additional taxes and provisions due to resolving some of the uncertain tax positions in our markets and thus reversing provisions. Some Opcos, such as South Sudan, with minimum taxes have started earning profits, thus avoiding minimum additional tax; and lower WHT due to lower cash upstreaming to the Group through dividends.

TAXATION (continued)

For the period ended June 2023, the Group's reported taxation charge decreased by 12.6% YoY mainly due to lower Group PBT and the main reconciling items explained above.

The normalised GETR, which normalises for once-off items such as Afghanistan impairment of assets and hyperinflation, was 37.1% – this is in line with our medium-term guidance range (mid-to-high 30%s). It was slightly higher in the prior year (June 2022: 41.6%) mainly due to higher WHT.

Cash flow

Cash inflows generated from operations increased by 9.0% to R45.3 billion, driven by solid operating performance across our markets. Key cash outflows included tax paid of R7.3 billion, net interest paid of R6.7 billion and cash capex of R16.9 billion (excluding spectrum and licences).

OpFCF increased by 59.2%, impacted by working capital and the acquisition of spectrum and licences. Excluding the acquisition of spectrum and licences, underlying OpFCF was up 16.6%.

CAPITAL EXPENDITURE

Table 12: Capital expenditure

	Actual IFRS 16 Rm	**Actual ex-leases Rm**	Prior ex-leases Rm	Reported % change	Constant currency % change
South Africa	**7 637**	**4 076**	3 233	26.1	26.1
Nigeria	**9 710**	**6 311**	7 579	(16.7)	(18.5)
SEA	**2 267**	**1 724**	1 684	2.4	(4.5)
Uganda	**1 404**	**977**	867	12.7	(1.7)
Zambia	**218**	**218**	176	23.9	15.9
Other SEA	**645**	**529**	641	(17.5)	(15.2)
WECA	**13 277**	**4 246**	4 021	5.6	9.7
Ghana	**2 548**	**1 473**	1 979	(25.6)	(1.5)
Cameroon	**4 445**	**812**	495	64.0	40.0
Côte d'Ivoire	**5 174**	**851**	852	(0.1)	(14.5)
Other WECA	**1 110**	**1 110**	695	59.7	38.6
MENA	**336**	**336**	123	173.2	157.8
Sudan	**315**	**315**	107	194.4	184.3
Afghanistan	**21**	**21**	16	31.3	7.4
Head offices, Bayobab and eliminations	**488**	**488**	376		
Total	**33 715**	**17 181**	17 016	1.0	(0.5)
Hyperinflation	**49**	**51**	62		
Total reported	**33 764**	**17 232**	17 078	0.9	(0.5)

FINANCIAL POSITION

Table 13: Net debt analysis

Rm	Cash and cash equivalents*	Interest-bearing liabilities	Inter-company eliminations	Net interest-bearing liabilities	**Net debt/ (cash) June 2023**	Net debt/ (cash) December 2022
South Africa	1 330	27 749	(27 749)	–	**(1 330)**	(2 270)
Nigeria	20 688	21 265	–	21 265	**577**	4 624
SEA	2 302	5 014	(582)	4 432	**2 130**	1 943
Uganda	800	1 116	–	1 116	**316**	224
Zambia	111	2 446	(538)	1 908	**1 797**	1 487
Other SEA	1 391	1 452	(44)	1 408	**17**	232
WECA	9 104	14 628	(5 106)	9 522	**418**	(425)
Ghana	2 998	488	–	488	**(2 510)**	(2 232)
Cameroon	2 638	3 048	–	3 048	**410**	(927)
Côte d'Ivoire	1 235	3 634	–	3 634	**2 399**	2 001
Other WECA	2 233	7 458	(5 106)	2 352	**119**	733
MENA	2 145	4 482	4 469	–	**(2 145)**	(1 427)
Sudan	1 308	4 469	(4 469)	–	**(1 308)**	(881)
Afghanistan	837	–	–	–	**(837)**	(546)
Head offices, Bayobab and eliminations	14 018	48 650	(12)	48 638	**34 620**	21 153
Total reported	49 587	121 775	(37 918)	83 857	**34 270**	23 598
Iran	1 154	717	–	717	**(437)**	(201)

* Includes restricted cash and current investments.

Group net debt increased to R34.3 billion, from R23.6 billion in December 2022, driven mainly by the Holdco.

Holdco borrowings increased to R48.6 billion, from R45.8 billion in December 2022, mostly due to forex impacts on the Eurobonds. We remain focused on optimising the mix of our Holdco debt with the mix of MTN's debt, at June 2023, at 37% non-ZAR and 63% ZAR (December 2022: 36% and 64%, respectively).

At the end of June 2023, our Holdco leverage increased to 1.5x, impacted by rand depreciation against the US dollar and our election of scrip dividend options from MTN Nigeria and MTN Ghana.

Our Group net debt-to-EBITDA ratio stood at 0.4x at 30 June 2023 (December 2022: 0.3x) against our covenant of 2.5x. Our interest cover ratio was 10.1x (December 2022: 9.3x) compared to the covenant of no less than 5.0x. Our Group cash balance at the end of June 2023 was R40.9 billion.

Reviewed consolidated interim financial statements

for the six months ended 30 June 2023

The reviewed Group interim financial statements have been independently reviewed by the Group's external auditor. The reviewed Group interim financial statements have been prepared by the MTN finance team under the guidance of the Group Finance Executive, S Perumal CA(SA), and were supervised by the Group Chief Financial Officer, TBL Molefe CA(SA).

The results were published on 14 August 2023.

Independent auditor's review report on the consolidated interim financial statements

TO THE SHAREHOLDERS OF MTN GROUP LIMITED

We have reviewed the consolidated interim financial statements of MTN Group Limited, in the accompanying interim report on pages 45 to 76, which comprise the condensed consolidated statement of financial position as at 30 June 2023 and the related condensed consolidated income statement and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these consolidated interim financial statements in accordance with the International Financial Reporting Standard (IFRS), IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these consolidated interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of *Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements of MTN Group Limited for the six months ended 30 June 2023 are not prepared, in all material respects, in accordance with the IFRS, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the FRSC and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Director: EAL Botha
Registered Auditor
11 August 2023

Johannesburg, South Africa

Condensed consolidated income statement

for the

	Notes	**Six months ended 30 June 2023 Reviewed Rm**	Six months ended 30 June 2022 Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
Revenue	7	**113 203**	97 491	207 003
Other income		**116**	265	410
Direct network and technology operating costs		**(19 152)**	(15 349)	(32 854)
Costs of handsets and other accessories		**(6 235)**	(5 931)	(12 055)
Interconnect and roaming costs		**(6 000)**	(5 060)	(11 288)
Staff costs		**(7 136)**	(5 751)	(12 675)
Selling, distribution and marketing expenses		**(13 600)**	(11 634)	(24 819)
Government and regulatory costs		**(4 547)**	(3 676)	(7 610)
Impairment and write-down of trade receivables and contract assets		**(594)**	(534)	(1 579)
Other operating expenses		**(6 802)**	(5 516)	(13 431)
Depreciation of property, plant and equipment		**(11 350)**	(10 692)	(20 812)
Depreciation of right-of-use assets		**(4 593)**	(3 640)	(7 840)
Amortisation of intangible assets		**(3 634)**	(2 759)	(5 999)
Impairment of goodwill and investment in joint venture		**–**	(432)	(625)
Impairment loss on remeasurement of non-current assets held for sale	17	**(385)**	(945)	(1 263)
Net finance costs	8	**(12 145)**	(8 252)	(17 686)
Net monetary gain/(loss)		**155**	(9)	1 251
Share of results of associates and joint ventures after tax	9	**1 008**	1 002	3 369
Profit before tax		**18 309**	18 578	41 497
Income tax expense		**(7 143)**	(8 172)	(17 236)
Profit after tax		**11 166**	10 406	24 261
Attributable to:				
Equity holders of the Company		**9 235**	8 037	19 337
Non-controlling interests		**1 931**	2 369	4 924
		11 166	10 406	24 261
Basic earnings per share (cents)	10	**511**	445	1 071
Diluted earnings per share (cents)	10	**501**	433	1 044

Condensed consolidated statement of comprehensive income

for the

	Notes	**Six months ended 30 June 2023 Reviewed Rm**	Six months ended 30 June 2022 Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
Profit after tax		**11 166**	10 406	24 261
Other comprehensive income after tax				
Items that may be and/or have been reclassified to profit or loss:		**407**	(640)	(1 079)
Net investment hedges	16	**(1 238)**	(323)	(800)
Foreign exchange movement on hedging instruments		**(1 696)**	(448)	(1 112)
Normal tax		**458**	125	312
Exchange differences on translating foreign operations including the effect of hyperinflation[1]		**1 645**	(317)	(279)
Gains/(losses) arising during the year		**1 645**	(317)	(279)
Items that will not be reclassified to profit or loss:				
Equity investments at fair value through other comprehensive income[1,2]		**5 482**	(4 870)	(10 873)
Gains/(losses) arising during the year	11	**5 516**	(4 870)	(10 908)
Remeasurement (loss)/gain on defined benefit obligation[1]		**(34)**	–	35
Other comprehensive income for the year		**5 889**	(5 510)	(11 952)
Attributable to:				
Equity holders of the Company		**6 654**	(5 285)	(11 156)
Non-controlling interests		**(765)**	(225)	(796)
Total comprehensive income for the year		**17 055**	4 896	12 309
Attributable to:				
Equity holders of the Company		**15 889**	2 752	8 181
Non-controlling interests		**1 166**	2 144	4 128
		17 055	4 896	12 309

1 This component of other comprehensive income (OCI) does not attract any tax.
2 Equity investments at fair value through OCI relates mainly to the Group's investment in IHS Holding Limited (IHS Group).

Condensed consolidated statement of financial position

as at

	Notes	**30 June 2023 Reviewed Rm**	30 June 2022 Reviewed Rm	31 December 2022 Audited Rm
Non-current assets		**265 227**	247 628	254 316
Property, plant and equipment		**105 375**	103 323	108 776
Intangible assets and goodwill		**51 432**	46 080	50 277
Right-of-use assets		**55 257**	50 456	50 625
Investments	11	**16 209**	15 225	9 593
Investment in associates and joint ventures		**23 590**	19 485	22 942
Deferred tax and other non-current assets		**13 364**	13 059	12 103
Current assets		**135 885**	122 552	134 207
Cash and cash equivalents		**37 801**	37 189	44 350
Mobile Money deposits		**43 434**	32 023	38 661
Trade and other receivables		**36 897**	33 923	31 918
Restricted cash		**8 568**	11 644	10 235
Other current assets		**9 185**	7 773	9 043
Non-current assets held for sale	17	**3 065**	3 751	3 358
Total assets		**404 177**	373 931	391 881
Total equity		**130 174**	115 265	122 343
Attributable to equity holders of the Company		**125 646**	110 633	116 601
Non-controlling interests		**4 528**	4 632	5 742
Non-current liabilities		**125 585**	121 948	126 563
Interest-bearing liabilities	13	**62 911**	61 516	65 781
Lease liabilities		**56 424**	52 119	52 473
Deferred tax and other non-current liabilities		**6 250**	8 313	8 309
Current liabilities		**145 761**	133 203	139 874
Interest-bearing liabilities	13	**20 946**	23 240	16 209
Lease liabilities		**5 905**	6 474	5 871
Trade and other payables		**56 944**	53 094	56 815
Mobile Money payables		**44 123**	32 608	39 273
Other current and tax liabilities		**17 843**	17 787	21 706
Liabilities directly associated with non-current assets held for sale	17	**2 657**	3 515	3 101
Total equity and liabilities		**404 177**	373 931	391 881

Condensed consolidated statement of changes in equity

for the

	Six months ended 30 June 2023 Reviewed Rm	Six months ended 30 June 2022 Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
Opening balance at 1 January	**116 601**	111 047	111 047
Total comprehensive income	**15 889**	2 752	8 181
Profit after tax	**9 235**	8 037	19 337
Other comprehensive income after tax	**6 654**	(5 285)	(11 156)
Transactions with owners of the Company			
Share-based payment transactions	**427**	181	659
Dividends declared	**(5 963)**	(5 422)	(5 414)
Purchase of treasury shares	**(1 299)**	(1 417)	(1 417)
Share-based payment transaction - Scancom PLC (MTN Ghana) share localisation	**–**	330	330
Gain on MTN Nigeria Communications Plc (MTN Nigeria) secondary offer	**–**	3 046	3 046
Transaction with non-controlling interests	**30**	107	400
Other movements	**(39)**	9	(231)
Attributable to equity holders of the Company	**125 646**	110 633	116 601
Non-controlling interests	**4 528**	4 632	5 742
Closing balance	**130 174**	115 265	122 343
Dividends declared during the period (cents per share)	**330**	300	300

Condensed consolidated statement of cash flows

for the

	Notes	**Six months ended 30 June 2023 Reviewed Rm**	Six months ended 30 June 2022 Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
Net cash generated from operating activities		**31 226**	29 289	68 121
Cash generated from operations		**45 294**	41 541	94 247
Interest received		**1 649**	718	1 873
Interest paid		**(8 384)**	(5 925)	(14 417)
Dividends received from associates and joint ventures		**4**	279	371
Income tax paid		**(7 337)**	(7 324)	(13 953)
Net cash used in investing activities		**(22 973)**	(20 489)	(43 436)
Acquisition of property, plant and equipment		**(14 495)**	(15 708)	(31 398)
Acquisition of intangible assets		**(5 620)**	(10 426)	(13 786)
Proceeds on MTN SA tower sale		**–**	6 355	6 355
Increase in non-current investments and joint venture		**–**	–	(65)
Acquisition of right-of-use asset[1]		**(251)**	–	(628)
Realisation of investment bonds, treasury bills and foreign deposits[2]		**184**	1 794	345
Net increase in restricted cash		**(2 699)**	(2 596)	(4 058)
Movement in other investing activities		**(92)**	92	(201)
Net cash used in financing activities		**(9 090)**	(8 011)	(17 419)
Proceeds from borrowings	14	**15 667**	8 146	25 000
Repayment of borrowings	14	**(10 509)**	(5 775)	(28 134)
Repayment of lease liabilities		**(5 981)**	(3 503)	(7 405)
Dividends paid to equity holders of the Company		**(5 963)**	(5 422)	(5 414)
Dividends paid to non-controlling interests		**(2 655)**	(2 066)	(3 689)
Purchase of treasury shares		**(1 299)**	(1 417)	(1 417)
Consideration received on MTN Ghana share localisation		**215**	234	234
Proceeds from MTN Nigeria secondary offer		**1 175**	1 386	1 970
Consideration received on transaction with MTN Ghana non-controlling interests		**–**	267	267
Proceeds from MTN Uganda initial public offering		**–**	103	103
Proceeds from disposal of shares in aYo		**–**	–	702
Other financing activities		**260**	36	364
Net (decrease)/ increase in cash and cash equivalents		**(837)**	789	7 266
Net cash and cash equivalents at beginning of the period		**43 634**	39 019	39 019
Exchange losses on cash and cash equivalents		**(6 226)**	(2 292)	(2 280)
Net monetary gains/(losses) on cash and cash equivalents		**871**	(42)	175
Increase in cash classified as held for sale		**(291)**	(533)	(546)
Net cash and cash equivalents at end of the year		**37 151**	36 941	43 634

1 Relates to fully prepaid leases.
2 Several line items which were presented separately in the annual financial statements for the year ended 31 December 2022 have been presented on a condensed basis above.

Notes to the consolidated interim financial statements

for the six months ended 30 June 2023

1. INDEPENDENT REVIEW

The directors of the Company take full responsibility for the preparation of the consolidated interim financial statements. The consolidated interim financial statements have been reviewed by Ernst & Young Inc., who has expressed an unmodified conclusion thereon. The auditor has performed its review in accordance with International Standard on Review Engagements (ISRE) 2410.

2. GENERAL INFORMATION

MTN Group Limited (the Company) is a leading pan-African mobile operator that provides a diverse range of voice, data, digital, fintech, wholesale and enterprise services through its subsidiary companies, joint ventures, associates and related investments.

3. BASIS OF PREPARATION

The consolidated interim financial statements for the six months ended 30 June 2023 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim financial statements and the requirements of the Companies Act applicable to interim financial statements. The interim financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the FRSC, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The consolidated interim financial statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS.

4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated Annual Financial Statements.

A number of amendments to accounting pronouncements were effective from 1 January 2023, but they do not have a material effect on the Group's interim financial statements.

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

5.1 Deferred tax

Source of estimation uncertainty

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The Group is required to make significant estimates in assessing whether future taxable profits will be available.

Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The Group's recognised deferred tax assets at the end of the current period amounted to R6 260 million (30 June 2022: R6 904 and 31 December 2022: R6 571 million).

MTN Mauritius recognised a deferred tax asset of R4 386 million (30 June 2022: R5 750 million and 31 December 2022: R4 386 million) mainly resulting from an assessed loss. The Group discontinued the recognition of any further increases in the deferred tax asset since 31 December 2021.

The Group considered the following factors in assessing whether it is probable that MTN Mauritius will have future taxable profits available against which the deferred tax asset can be used:

- It is unlikely that the circumstances that resulted in MTN Mauritius incurring assessed losses will continue in the medium term.
- Interest expense and foreign exchange exposures will continue to reduce as MTN Mauritius repays its US$ denominated intercompany debt. The repayments are currently scheduled to occur in 2024 and 2026.
- Technical service fees from subsidiaries are expected to increase as contracts for central services with group companies are formalised.

Based on current business plans and stress scenarios, the Group expects to utilise the deferred tax asset in the next 10 to 13 years.

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

6. HYPERINFLATION

The financial statements (including comparative amounts) of the Group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period. The impacts of hyperinflation disclosed for Irancell have been proportioned for the Group's shareholding.

The impact of hyperinflation on the segment analysis is as follows:

	Six months ended 30 June 2023 Reviewed Rm	
	Revenue Rm	**Capital expenditure Rm**
Sudan	**584**	**62**
South Sudan (included in other SEA)	**(133)**	**(13)**
	451	**49**
Major joint venture – Irancell	**163**	**(4)**

	Six months ended 30 June 2022 Reviewed Rm	
	Revenue Rm	Capital expenditure Rm
Sudan	920	71
South Sudan (included in other SEA)	(95)	(11)
	825	60
Major joint venture – Irancell	413	95

[1] Hyperinflation accounting was applied to MTN Syria JSC (MTN Syria) until the Group lost control of MTN Syria.

	Financial year ended 31 December 2022 Audited Rm	
	Revenue Rm	Capital expenditure Rm
Sudan	2 659	873
South Sudan (included in other SEA)	(175)	(16)
	2 484	857
Major joint venture – Irancell	1 346	551

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

7. SEGMENT ANALYSIS

The Group has identified reportable segments that are used by the Group Executive Committee (the Chief Operating Decision Maker (CODM)) to make key operating decisions, allocate resources and assess performance. The reportable segments are largely grouped according to their geographic locations and reporting lines to the CODM.

The Group's underlying operations are clustered as follows:

- South Africa.
- Nigeria.
- South and East Africa (SEA).
- West and Central Africa (WECA).
- Middle East and North Africa (MENA).

South Africa and Nigeria comprise the segment information for the South African and Nigerian network services providers respectively.

The SEA, WECA, and MENA clusters comprise segment information for operations in those regions which are also network services providers in the Group.

Operating results are reported and reviewed regularly by the CODM and include items directly attributable to a segment as well as those that are attributed on a reasonable basis, whether from external transactions or from transactions with other Group segments.

A key performance measure of reporting profit for the Group is CODM EBITDA. CODM EBITDA is defined as earnings before finance income and finance costs which includes gains or losses on foreign exchange transactions, tax, depreciation, and amortisation, and is also presented before recognising the following items:

- Impairment of goodwill and joint ventures.
- Net monetary gain resulting from the application of hyperinflation.
- Share of results of associates and joint ventures after tax (note 9).
- Hyperinflation (note 6).
- Gain on disposal of investment in associate.
- Impairment loss on remeasurement of non-current asset held for sale.
- Fair value gain on acquisition of subsidiary.
- Loss on deconsolidation of subsidiary.
- Gain on disposal of investment in associates.
- Gain on disposal of subsidiary.
- Gain on sale of MTN SA towers.
- Impairment loss on remeasurement of non-current asset held for sale.

These exclusions have remained unchanged from the prior year.

Irancell Telecommunications Company Services (PJSC) (Irancell) proportionate results are included in the segment analysis as reviewed by the CODM and excluded from reported results for revenue, CODM EBITDA and capital expenditure due to equity accounting for joint ventures. The results of Irancell in the segment analysis exclude the impact of hyperinflation accounting.

Notes to the consolidated interim financial statements (continued)
for the six months ended 30 June 2023

7. SEGMENT ANALYSIS (continued)

Six months ended 30 June Revenue	Network services Rm	Mobile devices Rm	Interconnect and roaming Rm
2023			
South Africa	15 704	4 986	2 415
Nigeria	37 702	230	3 280
SEA	7 088	144	535
Uganda	3 975	84	232
Zambia	1 029	37	92
Other SEA	2 084	23	211
WECA	19 820	92	1 279
Ghana	6 614	33	344
Côte d'Ivoire	3 757	18	399
Cameroon	3 508	13	176
Other WECA	5 941	28	360
MENA	2 745	15	603
Sudan	1 749	10	401
Afghanistan	996	5	202
Major joint venture – Irancell[1]	3 319	103	207
Head office companies[2]	1 225	–	3 258
Eliminations	(541)	(3)	(2 908)
Hyperinflation impact	352	3	75
Irancell revenue exclusion	(3 319)	(103)	(207)
Consolidated revenue	84 095	5 467	8 537

[1] Irancell proportionate results are included in the segment analysis as reviewed by the CODM.
[2] Head office companies consist mainly of revenue from Bayobab, the Group's central financing activities and management fees from segments.

Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
1 147	854	25 106	311	25 417
2 230	371	43 813	–	43 813
3 021	301	11 088	–	11 088
1 777	132	6 200	–	6 200
493	35	1 686	–	1 686
751	134	3 202	–	3 202
5 249	783	27 223	–	27 223
2 327	109	9 427	–	9 427
618	373	5 165	–	5 165
931	61	4 689	–	4 689
1 373	240	7 942	–	7 942
110	20	3 493	–	3 493
71	14	2 245	–	2 245
39	6	1 248	–	1 248
777	104	4 510	5	4 516
–	7 328	11 811	646	12 457
(5)	(6 655)	(10 112)	(627)	(10 739)
13	8	451	–	451
(777)	(104)	(4 510)	(5)	(4 516)
11 764	3 010	112 873	330	113 203

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

7. SEGMENT ANALYSIS (continued)

Six months ended 30 June **Revenue**	Network services Rm	Mobile devices Rm	Interconnect and roaming Rm
2022			
South Africa	15 793	4 734	2 024
Nigeria	29 850	83	3 089
SEA	5 997	95	388
Uganda	3 067	29	195
Zambia	922	44	74
Other SEA	2 008	22	119
WECA	17 976	98	1 098
Ghana	7 107	29	294
Côte d'Ivoire	3 118	20	317
Cameroon	2 806	15	175
Other WECA	4 945	34	312
MENA	2 021	11	447
Sudan	1 230	7	281
Afghanistan	791	4	166
Major joint venture – Irancell[1]	3 457	91	149
Head office companies[2]	810	–	2 702
Eliminations	(460)	–	(2 696)
Hyperinflation impact	631	4	176
Irancell revenue exclusion	(3 457)	(91)	(149)
Consolidated revenue	72 618	5 025	7 228

[1] Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from IFRS reported results due to equity accounting for joint ventures.

[2] Head office companies consist mainly of revenue from Bayobab, the Group's central financing activities and management fees from segments.

Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
1 210	791	24 552	227	24 779
1 880	329	35 231	–	35 231
2 195	239	8 914	–	8 914
1 305	102	4 698	–	4 698
364	30	1 434	–	1 434
526	107	2 782	–	2 782
4 519	627	24 318	–	24 318
2 310	148	9 888	–	9 888
537	276	4 268	–	4 268
656	39	3 691	–	3 691
1 016	164	6 471	–	6 471
55	10	2 544	–	2 544
25	7	1 550	–	1 550
30	3	994	–	994
227	115	4 039	8	4 047
123	7 125	10 760	174	10 934
(134)	(6 596)	(9 886)	(168)	(10 054)
15	(1)	825	–	825
(227)	(115)	(4 039)	(8)	(4 047)
9 863	2 524	97 258	233	97 491

7. SEGMENT ANALYSIS (continued)

Year ended 31 December **Revenue**	Network services Rm	Mobile devices Rm	Interconnect and roaming Rm
2022			
South Africa	32 018	9 792	4 359
Nigeria	65 721	237	6 518
SEA	12 732	240	872
Uganda	6 518	90	400
Zambia	2 096	104	184
Other SEA	4 118	46	288
WECA	35 510	204	2 294
Ghana	12 920	62	590
Côte d'Ivoire	6 446	46	663
Cameroon	5 829	28	354
Other WECA	10 315	68	687
MENA	5 005	27	1 007
Sudan	3 276	19	642
Afghanistan	1 729	8	365
Major joint venture – Irancell[1]	7 093	183	362
Head office companies[2]	1 856	–	6 180
Eliminations	(957)	(3)	(5 571)
Hyperinflation impact	1 988	13	419
Irancell revenue exclusion	(7 093)	(183)	(362)
Consolidated revenue	153 873	10 510	16 078

[1] Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from IFRS reported results due to equity accounting for joint ventures.

[2] Head office companies consist mainly of revenue from Bayobab, the Group's central financing activities and management fees from segments.

Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
2 417	1 573	50 159	481	50 640
4 087	697	77 260	–	77 260
5 019	479	19 342	–	19 342
2 932	186	10 126	–	10 126
869	63	3 316	–	3 316
1 218	230	5 900	–	5 900
8 920	1 351	48 279	–	48 279
4 170	289	18 031	–	18 031
1 116	647	8 918	–	8 918
1 422	94	7 727	–	7 727
2 212	321	13 603	–	13 603
146	27	6 212	–	6 212
78	17	4 032	–	4 032
68	10	2 180	–	2 180
702	206	8 546	18	8 564
–	15 100	23 136	255	23 391
(22)	(13 810)	(20 363)	(242)	(20 605)
49	15	2 484	–	2 484
(702)	(206)	(8 546)	(18)	(8 564)
20 616	5 432	206 509	494	207 003

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

7. SEGMENT ANALYSIS (continued)

External versus inter-segment revenue	Six months ended 30 June 2023 External revenue Rm	 Inter-segment revenue Rm	 Total revenue Rm
South Africa	25 209	208	25 417
Nigeria	43 217	596	43 813
SEA	10 846	242	11 088
Uganda	6 023	177	6 200
Zambia	1 664	22	1 686
Other SEA	3 159	43	3 202
WECA	26 558	665	27 223
Ghana	9 111	316	9 427
Côte d'Ivoire	5 066	99	5 165
Cameroon	4 604	85	4 689
Other WECA	7 777	165	7 942
MENA	3 062	431	3 493
Sudan	1 966	280	2 245
Afghanistan	1 096	151	1 248
Major joint venture – Irancell[1]	4 516	–	4 516
Head office companies[2]	3 865	8 592	12 457
Eliminations	–	(10 739)	(10 739)
Hyperinflation impact	446	5	451
Irancell revenue exclusion	(4 516)	–	(4 516)
Consolidated revenue	113 203	–	113 203

[1] Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from IFRS reported results due to equity accounting for joint ventures.

[2] Head office companies consist mainly of revenue from Bayobab, the Group's central financing activities and management fees from segments.

Six months ended 30 June 2022 External revenue Rm	Six months ended 30 June 2022 Inter-segment revenue Rm	Six months ended 30 June 2022 Total revenue Rm	Financial year ended 31 December 2022 External revenue Rm	Financial year ended 31 December 2022 Inter-segment revenue Rm	Financial year ended 31 December 2022 Total revenue Rm
24 496	283	24 779	50 153	487	50 640
34 631	600	35 231	76 015	1 245	77 260
8 702	212	8 914	18 892	450	19 342
4 534	164	4 698	9 790	336	10 126
1 411	23	1 434	3 269	47	3 316
2 757	25	2 782	5 833	67	5 900
23 704	614	24 318	47 047	1 232	48 279
9 604	284	9 888	17 401	630	18 031
4 172	96	4 268	8 759	159	8 918
3 591	100	3 691	7 540	187	7 727
6 337	134	6 471	13 347	256	13 603
2 149	395	2 544	5 381	831	6 212
1 282	268	1 550	3 472	560	4 032
867	127	994	1 909	271	2 180
4 047	–	4 047	8 564	–	8 564
2 969	7 965	10 934	7 013	16 378	23 391
–	(10 054)	(10 054)	–	(20 605)	(20 605)
840	(15)	825	2 502	(18)	2 484
(4 047)	–	(4 047)	(8 564)	–	(8 564)
97 491	–	97 491	207 003	–	207 003

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

7. SEGMENT ANALYSIS (continued)

CODM EBITDA	**Six months ended 30 June 2023 Reviewed Rm**	Six months ended 30 June 2022 Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
South Africa	**9 173**	9 838	19 480
Nigeria	**23 260**	18 887	41 087
SEA	**4 889**	4 067	8 877
Uganda	**3 134**	2 361	5 233
Zambia	**351**	380	847
Other SEA	**1 404**	1 326	2 797
WECA	**10 621**	10 225	19 109
Ghana	**5 293**	5 701	10 210
Côte d'Ivoire	**1 604**	1 453	2 950
Cameroon	**1 716**	1 308	2 752
Other WECA	**2 008**	1 763	3 197
MENA	**1 066**	992	2 716
Sudan	**698**	722	2 128
Afghanistan	**368**	270	588
Head office companies[1]	**911**	5 559	2 571
Eliminations	**(494)**	(5 818)	(3 961)
CODM EBITDA	**49 426**	43 750	89 879

[1] December 2022 CODM EBITDA includes R3.8 billion gain on the MTN Nigeria secondary offer and R1.4 billion gain on the MTN Ghana share localisation.

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

7. SEGMENT ANALYSIS (continued)

CODM EBITDA	Six months ended 30 June 2023 Reviewed Rm	Six months ended 30 June 2022 Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
Major joint venture – Irancell[1]	**1 887**	1 723	3 555
Hyperinflation impact	**(226)**	294	851
Impairment loss on remeasurement of non-current assets held for sale	**(385)**	(945)	(1 263)
Gain on sale of MTN SA Towers	**53**	261	371
Irancell CODM EBITDA exclusion	**(1 887)**	(1 723)	(3 555)
CODM EBITDA before impairment of goodwill	**48 868**	43 360	89 838
Depreciation, amortisation and impairment of goodwill and investment in joint ventures	**(19 577)**	(17 523)	(35 276)
Net finance cost	**(12 145)**	(8 252)	(17 686)
Net monetary gain	**155**	(9)	1 251
Share of results of joint ventures and associates after tax	**1 008**	1 002	3 369
Profit before tax	**18 309**	18 578	41 497

[1] Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from IFRS reported results due to equity accounting for joint ventures.

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

7. SEGMENT ANALYSIS (continued)

CAPITAL EXPENDITURE INCURRED	**Six months ended 30 June 2023 Reviewed Rm**	Six months ended 30 June 2022 Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
South Africa[1]	**7 637**	9 635	17 987
Nigeria	**9 710**	11 543	19 088
SEA	**2 267**	2 231	6 483
Uganda	**1 404**	1 278	4 261
Zambia	**218**	176	636
Other SEA	**645**	777	1 586
WECA	**13 277**	4 350	8 588
Ghana	**2 548**	2 258	3 515
Côte d'Ivoire	**5 174**	881	1 844
Cameroon	**4 445**	498	1 075
Other WECA	**1 110**	713	2 154
MENA	**336**	151	1 647
Sudan	**315**	107	1 264
Afghanistan	**21**	44	383
Major joint venture – Irancell[2]	**1 078**	960	3 283
Head office companies	**532**	367	2 243
Eliminations	**(44)**	10	(99)
Hyperinflation impact	**49**	60	857
Irancell capex exclusion	**(1 078)**	(960)	(3 283)
	33 764	28 347	56 794

[1] 2022 capex has been re-presented to include contractual modifications to lease agreements in MTN SA.

[2] Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from capital expenditure incurred due to equity accounting for joint ventures.

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

8. NET FINANCE COSTS

	Six months ended 30 June 2023 Reviewed Rm	Six months ended 30 June 2022 Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
Interest income on loans and receivables	**739**	253	638
Interest income on bank deposits	**959**	555	1 404
Finance income	**1 698**	808	2 042
Interest expense on financial liabilities measured at amortised cost	**(5 098)**	(3 454)	(7 888)
Net foreign exchange losses	**(4 621)**	(2 377)	(5 048)
Lease liability finance cost	**(4 124)**	(3 229)	(6 792)
Finance costs	**(13 843)**	(9 060)	(19 728)
Net finance costs recognised in profit or loss	**(12 145)**	(8 252)	(17 686)

9. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES AFTER TAX

	Six months ended 30 June 2023 Reviewed Rm	Six months ended 30 June 2022 Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
	1 008	1 002	3 369
Irancell	**698**	975	3 101
Others	**310**	27	268

9. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES AFTER TAX (continued)

Irancell loan and receivable

On 20 September 2019, the US Treasury Department's Office of Foreign Assets Control (OFAC) designated the Central Bank of Iran (CBI) as being subject to sanctions. Sanctions imposed on the CBI creates a secondary sanctions risk for MTN entities if the CBI allocates foreign currency to an MTN entity for the purpose of repatriating the receivable and/or loan. As such the Group has not received any repatriated funds from Irancell, by virtue of its minority and non-controlling investment, as they fell due, since May 2018. As at 30 June 2023, Iranian rial denominated receivables amounted to R1 869 million[1] (30 June 2022: R2 369 million and 31 December 2022: R2 194 million) and the Iranian rial denominated loan amounted to R2 221 million[2] (30 June 2022: R1 922 million and 31 December 2022: R2 013 million).

The Group has intercompany receivables of R5 967 million (including the Iranian rial denominated receivable and loan detailed above) owing from Irancell as at 30 June 2023 (30 June 2022: R5 790 million, 31 December 2022: R5 828 million). Considering the continued uncertainty of when the sanctions will be lifted, the Group has classified R5 219 million (30 June 2022: R4 957 million, 31 December 2022: R5 009 million) of the outstanding receivables as non-current as the settlement is neither planned nor likely to occur in the foreseeable future. This balance has been presented as part of investment in associates and joint ventures. The Group intends to repatriate the remaining intercompany receivables when circumstances permit.

[1] Receivables denominated in Iranian rial to the value of R1 829 million (30 June 2022: R2 334 million and 31 December 2022: R2 158 million) were translated at the SANA rate, while the remaining Iranian rial amounts outstanding at year-end were translated at the CBI rate.

[2] The amount outstanding was translated at the CBI rate.

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

10. EARNINGS PER ORDINARY SHARE

Number of ordinary shares	**As at 30 June 2023 Reviewed**	As at 30 June 2022 Reviewed	As at 31 December 2022 Audited
Number of ordinary shares in issue			
At end of the year (excluding MTN Zakhele Futhi and treasury shares)	**1 806 405 171**	1 805 685 163	1 806 114 844
Weighted average number of shares	**1 806 200 989**	1 804 600 626	1 805 193 078
Add: Dilutive shares			
– Share options – MTN Zakhele Futhi	**21 591 644**	35 036 187	29 041 554
– Share schemes	**14 070 320**	14 822 440	17 851 150
Shares for dilutive earnings per share	**1 841 862 953**	1 854 459 253	1 852 085 782

Treasury shares

Treasury shares of 1 029 209 (June 2022: 1 749 217, December 2022: 1 319 536) are held by the Group and 76 835 378 (June 2022: 76 835 378, December 2022: 76 835 378) are held by MTN Zakhele Futhi (RF) Limited (MTN Zakhele Futhi).

Headline earnings

Headline earnings is calculated in accordance with Circular 1/2023 Headline Earnings as issued by the South African Institute of Chartered Accountants (SAICA), as amended from time to time and as required by the JSE Limited.

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

10. EARNINGS PER ORDINARY SHARE (continued)

	Six months ended 30 June 2023 Reviewed Rm	Six months ended 30 June 2022 Restated Reviewed Rm	Financial year ended 31 December 2022 Audited Rm
Reconciliation between net profit attributable to the equity holders of the Company and headline earnings:			
Profit attributable to equity holders of the Company	**9 235**	8 037	19 337
Net profit on disposal of property, plant and equipment and intangible assets	**(22)**	(14)	(190)
- Subsidiaries (IAS 16)	**(18)**	(12)	(185)
- Joint ventures (IAS 28)	**(4)**	(2)	(5)
Impairment of goodwill and investments in joint ventures (IAS 36)	**–**	432	625
Net impairment loss on property, plant and equipment, right-of-use assets and intangible assets (IAS 36)	**253**	19	184
Impairment loss on remeasurement of disposal group (IFRS 5)	**385**	945	1 263
Gain on sale of MTN SA towers (IFRS 5)	**(53)**	(261)	(371)
Total tax and non-controlling interest effect of adjustments	**(13)**	(32)	(16)
Headline earnings	**9 785**	9 126	20 832
Earnings per share (cents)			
- Basic	**511**	445	1 071
- Basic headline	**542**	506	1 154
Diluted earnings per share (cents)			
- Diluted	**501**	433	1 044
- Diluted headline	**531**	492	1 125

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

10. EARNINGS PER ORDINARY SHARE (continued)

Restatement of prior period error

MTN Group recognised a sale and lease back transaction relating to its South African tower infrastructure in its reviewed condensed consolidated interim financial statements for the six months ended 30 June 2022. The accounting consequences of this transaction was correctly accounted for in the Group income statement for this period, however the Group incorrectly disclosed in the notes to the results that this transaction resulted in a tax expense of R1 081 million for the six months ended 30 June 2022. The tax impact disclosed did not include the resulting deferred tax consequences of the transaction of R1 115 million. The corrected tax impact of the transaction is a tax income of R34 million.

The restatement also impacted the reconciliation of net profit attributable to ordinary shareholders to headline earnings (note 13 of the MTN Group 2022 interim results) and the calculation of headline earnings and headline earnings per share. The disclosed tax expense of R1 081 million relating to the sale and leaseback was added back in the calculation of headline earnings and should have been a deduction of R34 million. The impact of this restatement on the aggregated amounts previously disclosed were:

	Six months ended 30 June 2022		
	Previously reported Rm	Restatement Rm	Restated Rm
Total tax and non-controlling interest effect of adjustments	1 083	(1 115)	(32)
Headline earnings	10 241	(1 115)	9 126
Earnings per share (cents)			
- Basic headline	567	(61)	506
Diluted earnings per share (cents)			
- Diluted headline	552	(60)	492

The Group correctly disclosed the tax impact and headline earnings in its results for the year ended 31 December 2022.

The Group had correctly measured and recognised the deferred tax impact in the statement of financial position as at 30 June 2022 and the impact on profit or loss for 30 June 2022. As a result, the income statement, earnings per share, statement of financial position and statement of cash flows were not affected by this restatement.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

11.1 Financial assets and financial liabilities at amortised cost

The carrying value of current receivables and liabilities measured at amortised cost approximates their fair value.

Listed long-term borrowings

The Group has listed long-term fixed interest rate senior unsecured notes in issue which were issued in prior years, with a carrying amount of R18 032 million at 30 June 2023 (30 June 2022: R20 564 million, 31 December 2022: R16 336 million) and a fair value of R17 536 million (30 June 2022: R19 922 million, 31 December 2022: R16 000 million). The notes are listed on the Irish bond market and the fair values of these instruments are determined by reference to quoted prices in this market. The market for these bonds is not considered to be liquid and consequently the fair value measurement is categorised within level 2 of the fair value hierarchy.

11.2 Financial instruments measured at fair value

IHS Group listed equity investment

The fair values of financial instruments measured at fair value are determined as follows:

Included in investments in the condensed consolidated statement of financial position is an equity investment in IHS Group at fair value of R15 667 million (June 2022: R14 470 million, December 2022: R8 930 million). The fair value of the investment is determined by reference to published price quotations on the New York Stock Exchange. The share price of IHS Group was US$9.78 (June 2022: US$10.44, December 2022: US$6.15) on the last trading day of the period. The fair value of this investment is categorised within level 1 of the fair value hierarchy.

A fair value increase of R5 516 million (June 2022: R4 870 million decrease, December 2022: R10 908 million decrease) has been recognised in other comprehensive income. On 10 August 2023, the IHS Group share price was US$7.78, equating to a reduction in the fair value of R3 239 million subsequent to 30 June 2023.

12. AUTHORISED COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND SOFTWARE

	As at 30 June 2023 Reviewed Rm	As at 30 June 2022 Reviewed Rm	As at 31 December 2022 Audited Rm
	23 574	23 519	37 075
– Contracted	**15 555**	15 587	9 808
– Not contracted	**8 019**	7 932	27 267

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

13. INTEREST-BEARING LIABILITIES

	As at 30 June 2023 Reviewed Rm	As at 30 June 2022 Reviewed Rm	As at 31 December 2022 Audited Rm
Bank overdrafts	**650**	248	716
Current borrowings	**20 296**	22 992	15 493
Current interest-bearing liabilities	**20 946**	23 240	16 209
Non-current borrowings	**62 911**	61 516	65 781
Total interest-bearing liabilities	**83 857**	84 756	81 990

14. ISSUE AND REPAYMENT OF DEBT SECURITIES

During the year under review, the following entities raised and repaid significant debt instruments:

	Six months ended 30 June 2023 Reviewed Rm	
	Raised	**Repaid**
Mobile Telephone Networks Holdings Limited	**3 662**	**2 450**
Loan facilities	**1 662**	**1 000**
Domestic medium-term programme	**2 000**	**1 450**
MTN (Mauritius) Investments Limited	**–**	**–**
United States dollar senior unsecured notes	**–**	**–**
Scancom PLC (MTN Ghana)	**–**	**124**
Term loan	**–**	**–**
Revolving credit facility	**–**	**124**
MTN Côte d'Ivoire S.A. (MTN Côte d'Ivoire)	**754**	**234**
Syndicated term loan	**754**	**234**
MTN Nigeria Communications PLC	**7 991**	**6 079**
Term loans	**3 276**	**5 198**
Bond and commercial paper [1, 2]	**4 715**	**881**
MTN Cameroon Limited[3]	**2 916**	**332**
Syndicated loan	**2 916**	**53**
Loan	**–**	**279**
Other	**344**	**1 290**
	15 667	**10 509**

[1] On March 1st 2023 MTNN issued NGN125 billion Commercial paper; Series 4 with face value of NGN53 billion for 188 days and Series 5 with a face value of NGN72 billion for 267 days.

[2] On April 18 and May 26 2023, MTNN drew US$1.3 million and US$53 million respectively from committed lines with Africa Finance Corporation.

[3] Raising and repayment of debt securities included in other in 2022 has been disaggregated in 2023 and comparative numbers have been re-presented accordingly.

14. ISSUE AND REPAYMENT OF DEBT SECURITIES (continued)

	Six months ended 30 June 2022 Reviewed Rm		Financial year ended 31 December 2022 Audited Rm	
	Raised	Repaid	Raised	Repaid
Mobile Telephone Networks Holdings Limited	–	793	4 127	4 822
Loan facilities	–	–	–	2 500
Domestic medium-term programme	–	793	4 127	2 322
MTN (Mauritius) Investments Limited	–	–	–	5 444
United States dollar senior unsecured notes	–	–	–	5 444
Scancom PLC (MTN Ghana)	–	122	–	347
Term loan	–	122	–	–
Revolving credit facility	–	–	–	347
MTN Côte d'Ivoire S.A. (MTN Côte d'Ivoire)	–	429	1 600	1 316
Syndicated term loan	–	429	1 600	1 316
MTN Nigeria Communications PLC	7 739	3 174	18 397	13 874
Term loans	3 269	3 174	8 577	8 005
Bond and commercial paper[1, 2]	4 470	–	9 820	5 869
MTN Cameroon Limited[3]	–	280	–	570
Syndicated loan	–	280	–	570
Loan	–	–	–	–
Other	407	977	876	1 761
	8 146	5 775	25 000	28 134

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

15. CONTINGENT LIABILITIES

	As at 30 June 2023 Reviewed Rm	As at 30 June 2022 Reviewed Rm	As at 31 December 2022 Audited Rm
Contingent liabilities	**2 295**	2 123	2 021
Uncertain tax matters	**1 335**	1 127	1 142
Legal and regulatory matters	**960**	996	879

Uncertain tax exposures

The Group operates in numerous tax jurisdictions and the Group's interpretation and application of the various tax rules applied in direct and indirect tax filings may result in disputes between the Group and the relevant tax authority. The outcome of such disputes may not be favourable to the Group. At 30 June 2023, there were a number of tax disputes ongoing in various of the Group's operating entities. The most significant matter relates to a transfer pricing dispute which the Group is contesting with the South African Revenue Service that relates to the 2009 to 2012 tax years. Based on internal and external legal and technical advice obtained, the Group remains confident that it has a robust legal case to contest the exposure.

Legal and regulatory matters

The Group is involved in various legal and regulatory matters, the outcome of which may not be favourable to the Group and none of which are considered individually material.

The Group has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

16. EXCHANGE RATES TO SOUTH AFRICAN RAND

		Closing rates		
		As at 30 June 2023 Reviewed	As at 30 June 2022 Reviewed	As at 31 December 2022 Audited
Foreign currency to South African rand:				
United States dollar	US$	**18.81**	16.27	17.05
South African rand to foreign currency:				
Nigerian naira	NGN	**40.21**	25.89	27.05
Iranian rial[1,2]	IRR	**19 960.07**	15 638.23	16 914.43
Ghanaian cedi	GHS	**0.63**	0.50	0.62
Cameroon Communauté Financière Africaine franc	XAF	**31.94**	38.46	35.93
Côte d'Ivoire Communauté Financière Africaine franc	CFA	**31.94**	38.46	35.93
Ugandan shilling	UGX	**195.14**	231.36	218.43
Sudanese pound[2]	SDG	**31.33**	35.13	34.03

[1] SANA rate.

[2] The financial results, positions and cash flows of foreign operations trading in hyperinflationary economies are translated as set out in note 6.

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

16. EXCHANGE RATES TO SOUTH AFRICAN RAND (continued)

		Average rates		
		Six months ended 30 June 2023 Reviewed	Six months ended 30 June 2022 Reviewed	Financial year ended 31 December 2022 Audited
Foreign currency to South African rand:				
United States dollar	US$	**18.25**	15.49	16.37
South African rand to foreign currency:				
Nigerian naira	NGN	**26.63**	26.97	26.05
Iranian rial[1,2]	IRR	**18 571.08**	15 845.42	15 736.47
Ghanaian cedi	GHS	**0.66**	0.47	0.54
Cameroon Communauté Financière Africaine franc	XAF	**33.32**	38.69	37.98
Côte d'Ivoire Communauté Financière Africaine franc	CFA	**33.32**	38.71	38.08
Ugandan shilling	UGX	**204.71**	232.76	225.50
Sudanese pound[2]	SDG	**32.36**	33.96	33.51

[1] SANA rate.

[2] The financial results, positions and cash flows of foreign operations trading in hyperinflationary economies are translated as set out in note 6.

The Group's functional and presentation currency is rand. The weakening of the closing rate of the rand against the functional currencies of the Group's largest operations contributed to the increase in consolidated assets and liabilities and the resulting foreign currency translation reserve increase of R1 645 million (June 2022: R317 million decrease, December 2022: R279 million decrease) for the period.

Net investment hedges

The Group hedges a designated portion of its dollar net assets in MTN (Dubai) Limited (MTN Dubai) for forex exposure arising between the US$ and ZAR as part of the Group's risk management objectives. The Group designated external borrowings denominated in US$ held by MTN (Mauritius) Investments Limited with a value of R17.5 billion (June 2022: R19.9 billion, December 2022: R16.0 billion). For the period of the hedge relationship, foreign exchange movements on these hedging instruments are recognised in OCI as part of the FCTR, offsetting the exchange differences recognised in OCI, arising on translation of the designated United States dollar net assets of MTN Dubai to ZAR. The cumulative foreign exchange movement recognised in OCI will only be reclassified to profit or loss upon loss of control of MTN Dubai.

To assess hedge effectiveness, the Group performs hedge effectiveness testing by comparing the changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the net assets designated in MTN Dubai. There was no hedge ineffectiveness recognised in profit or loss during the current or prior year.

Notes to the consolidated interim financial statements (continued)

for the six months ended 30 June 2023

17. NON-CURRENT ASSETS HELD FOR SALE

17.1 MTN Afghanistan

On 20 June 2022, the Group received a binding offer for the sale of MTN Afghanistan for a consideration of approximately US$25 million (R477 million[1]) on a discounted basis. MTN Dubai and MINT Trading Middle East Limited (a 100% subsidiary of M1 Group Limited) have subsequently signed a sale and purchase agreement on 10 March 2023, which is subject to conditions precedent. The Group expects the sale to be concluded during the second half of 2023. Accordingly, MTN Afghanistan's assets and liabilities have been presented as held for sale. An impairment loss of R1 263 million after writing down the carrying amount of the disposal group to its fair value less costs to sell was recognised in profit or loss in December 2022. In the current period, R385 million has been recognised in profit or loss. MTN Afghanistan is presented as part of the MENA cluster in the segment information (note 7). On disposal of MTN Afghanistan, accumulated foreign currency translation reserve (FCTR) gains will be reclassified to profit and loss. As at 30 June 2023, MTN Afghanistan's accumulated FCTR gain was R676 million. The carrying amounts of assets and liabilities that have been reclassified to non-current assets held for sale as at 30 June 2023 were:

MTN Afghanistan	30 June 2023 Rm
Property, plant and equipment	297
Right-of-use assets	167
Intangible assets	100
Deferred tax asset	5
Trade receivables and other current assets	631
Cash and cash equivalents	837
Total assets	**2 037**
Current liabilities	1 192
Lease liabilities	368
Total liabilities	**1 560**
Net carrying amount of assets held for sale	**477**

[1] Translated at the closing exchange at 30 June 2023 of US$1 = R18.8075.

17. NON-CURRENT ASSETS HELD FOR SALE (continued)

17.2 MTN SA Tower Sale

MTN SA entered into an agreement with IHS Group to sell its tower infrastructure (comprising approximately 5 700 tower sites) and power assets; cede related agreements including land lease agreements (on which the towers are constructed) to IHS Group; and lease back space on the towers which it would sell. The transaction became effective on 30 May 2022.

The remaining land leases transferred to IHS Group will be derecognised as they are legally ceded to IHS Group and the related gain or loss on derecognition will be accounted for as part of the overall gain or loss on disposal group.

The remaining land leases are presented as held for sale:

MTN SA Tower sale	30 June 2023 Rm
Right-of-use assets	1 028
Lease liabilities	(1 097)
Net carrying amount of assets held for sale	**(69)**

18. SUDAN CONFLICT

Conflict started in Sudan's capital Khartoum on 15 April 2023 between Sudanese Armed Forces and the Rapid Support Forces which led to damage to state-owned infrastructure in the city. The conflict resulted in the displacement of Sudanese citizens to neighbouring countries and the evacuation of foreign nationals. As the conflict continued, limited grid power and fuel availability and the instability of fibre transmission links resulted in the degradation of network availability of MTN's Sudanese operation in May 2023. The network started to recover towards the end of May, and availability of fuel, grid power and transmission links improved in June. MTN Sudan implemented cost savings initiatives during this challenging period to manage its cost base. Although limited damage occurred during this period to the network infrastructure, two incidents occurred where rented warehouses were destroyed due to fire and bombings, resulting in a R207 million impairment of property, plant and equipment and a R34 million impairment of inventory. MTN Sudan endeavour to sustain the network to connect the Sudanese people despite these challenging circumstances.

Administration

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Incorporated in the Republic of South Africa

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1994/009584/06
ISIN: ZAE000042164
Share code: MTN

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KDK Mokhele^
RT Mupita[1]
TBL Molefe[1]
NP Gosa^
S Kheradpir[2]^
SN Mabaso-Koyana^
SP Miller[3]^
CWN Molope^
N Newton-King^
T Pennington[4]^
NL Sowazi^
SLA Sanusi[5]^
VM Rague[6]^

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[2] *American*
[3] *Belgian*
[4] *British*
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\# *Non-executive director*

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American depository receipt (ADR) programme
A sponsored ADR facility is in place
Cusip No. 62474M108
ADR to ordinary share 1:1

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