

## PRESS RELEASE<sup>1</sup>

### Regulated Information

Lagos, Thursday, March 2, 2023 – Nigerian Exchange Group Plc (“NGX Group” or “The Group”) announced its audited results for the financial year ended 31 December 2022.

### Group Financial Highlights

<b>Income statement</b>			
<i>In millions of naira</i>	<b>Dec-22</b>	<b>Dec-21</b>	<b>% Change</b>
Revenue	6,170.4	5,777.1	6.8%
Other income	1,329.2	1,021.7	30.1%
<b>Gross earnings</b>	<b>7,499.6</b>	<b>6,798.8</b>	<b>10.3%</b>
Personnel expenses	(3,664.5)	(3,239.7)	-13.1%
Operating expenses	(2,508.2)	(2,712.8)	192.5%
<b>EBITDA</b>	<b>1,323.4</b>	<b>775.9</b>	<b>70.6%</b>
Depreciation and Amortization	(550.7)	(494.1)	-11.4%
<b>EBIT</b>	<b>772.7</b>	<b>281.8</b>	<b>174.2%</b>
Interest expense on borrowings	(2,100.5)	-	
<b>Total expenses</b>	<b>(8,827.4)</b>	<b>(6,516.9)</b>	<b>-35.5%</b>
Operating (loss)/Profit	(1,327.8)	281.8	-571.1%
Share of profit-equity accounted investees	2,150.8	2,119.4	1.5%
<b>Profit before income tax</b>	<b>823.0</b>	<b>2,401.2</b>	<b>-65.7%</b>
<b>Profit /(loss) for the year</b>	<b>698.5</b>	<b>2,248.2</b>	<b>-68.9%</b>
<b>Balance sheet</b>			
<i>In millions of naira</i>	<b>Dec-22</b>	<b>Dec-21</b>	<b>% Change</b>
Cash and cash equivalent	4,749.7	2,248.2	111.3%
Long-term investment securities	16,330.1	10,373.5	57.4%
Investment in associates	29,711.2	14,750.6	101.4%
Property, plant and equipment	3,827.4	4,209.3	-9.1%
Total assets	57,063.2	37,868.9	50.7%
Total equity	36,807.3	34,114.4	7.9%
Total liabilities	20,255.9	3,754.6	439.5%
<b>Key ratios</b>			
	<b>Dec-22</b>	<b>Dec-21</b>	<b>% Change</b>
Returns on average equity (ROAE)	2.0%	6.6%	-70.1%
Return on average assets (ROAA)	1.6%	0.7%	118.7%
EBITDA margin	17.6%	11.4%	54.6%
Operating profit margin	-17.7%	4.1%	-527.1%
Profit after tax margin	9.3%	33.1%	-71.8%

Commenting, Mr. Oscar N. Onyema OON, the Group Managing Director/Chief Executive Officer, said:

*“NGX Group continued to bed-down its operations post demutualization and restructuring. Despite the economic headwinds affecting the country, as demonstrated by our year end results, we have continued to create lasting value. Our top-line expansion drove a 70.6% increase in Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) in 2022. In the same year, the Group leveraged its strong equity position and strategically increased its investment in an associate company in order to drive growth, boost efficiency and further maximize overall shareholder value.*

*However, the bottom-line operating performance slipped mainly due to the interest expenses resulting from borrowing to fulfil the strategic acquisition mentioned above.*

*Our growth will be driven by deepening value creation in subsidiaries and expansion into adjacent businesses. As an organisation, we remain committed to becoming Africa's preeminent integrated market infrastructure group”.*

<sup>1</sup> Numbers in this press release are subject to rounding errors

## Group Financial Performance Review

- Nigerian Exchange Group achieved a year-on-year (YoY) growth of 10.3% in gross earnings to ₦7.5 billion in FY 2022 from ₦6.8 billion reported in FY 2021. This double-digit growth in the top line was because of the persistent growth in revenue (82.3% of gross earnings) and an impressive 30.1% increase of other income.
- Revenue grew by 6.8% to ₦6.2 billion from ₦5.8 billion driven largely by the 51.2% growth in treasury investment income to 2.0 billion (FY 2021: ₦1.3 billion). Transaction fees which accounted for 51.2% of revenue also increased by 9.0% YoY to ₦3.2 billion (FY 2021: ₦2.9 billion).
  - Growth in treasury investment income (32.9% of revenue) to ₦2.0 billion in FY 2022 relative to ₦1.3 billion in FY 2021 was driven largely by relatively higher yields on the Group's treasury investment portfolio owing to improved yields on treasury bills, bonds and fixed deposit instruments.
  - A 9.0% growth in transaction fees (51.2% of revenue) to ₦3.2 billion in FY 2022 from ₦2.9 billion recorded in FY 2021 was driven by improved trading activities in Nigerian Exchange Limited.
  - Listing fees (12.6% of revenue) grew by 1.3% to ₦774.7 million in FY 2022 from ₦754.9 million in FY 2021 driven primarily by a relatively higher listing of corporates on the Exchange in the year ended 2022 compared to the same period in 2021.
  - Rental income (1.6% of revenue) earned from NGX Real Estate lease of office floor spaces recorded a 19.8% increase to ₦99.2 million in FY 2022 from ₦82.8 million recorded in FY 2021.
  - Other fees which represent rent of trading floor, annual charges from brokers, dealing licences and membership fell by 84.2% to ₦109.0 million from ₦689.9 million.
- Growth recorded by the Group in other income was driven by a 47.2% increase in market data income to ₦581.4 million from ₦395.0 million:
  - Income of ₦93.7 million from technology accounted for 7.1% of other income.
  - A 1.6% growth in other operating income made up of sublease income and penalty fees resulted to ₦635.4 million (FY 2021: ₦625.5 million).
- Total expenses grew by 35.5% to ₦8.8 billion from ₦6.5 billion in FY 2021 primarily driven by interest expense on borrowings recorded as ₦2.1 billion. Personnel expenses (41.5% of total expenses) also grew by 13.1% to ₦3.7 billion (FY 2021: ₦3.2 billion) while operating expenses which accounted for 28.4% of total expenses fell by 7.7% to ₦2.5 billion from ₦2.7 billion in FY 2021.
- EBITDA grew by 70.6% to ₦1.3 billion from ₦775.9 million recorded in FY 2021. This emanated from the 7.8% marginal growth in gross earnings over operating costs.
- EBIT for FY 2022 was ₦772.7 million, a 174.2% growth from ₦281.8 million recorded in FY 2021.
- Operating loss of ₦1.3 billion in FY 2022 relative to ₦281.8 million operating profit recorded in FY 2021 was due to the greater growth in total expenses (35.5% YoY) relative to gross earnings growth of 10.3% YoY.
- Profit before income tax declined to ₦823.0 million in FY 2022 from ₦2.4 billion in the corresponding period in 2021 due to the growth in finance costs.
- Profit after income tax decreased by 68.9% to ₦688.5million from ₦2.2 billion in FY 2021 resulting in a significant decline in profit after tax margin to 9.3% from 33.1% recorded in FY 2021
- Total assets expanded by 50.7% to ₦57.1 billion from ₦37.9 billion as at year end 2021, driven primarily by 101.4% growth in investment in associates to ₦29.7 billion from ₦14.8 billion in December 2021 and a 57.4% growth in long-term investment securities to ₦16.3 billion from ₦10.4 billion in December 2021.
- Total liabilities recorded a 439.5% increase from ₦3.8 billion as at FY 2021 to ₦20.3 billion as a result of ₦14.1 billion increased borrowings used to facilitate the increase in investment in select associates.

## Contact Information

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## Notes to Editors

Nigerian Exchange Group Plc (NGX Group) is a leading integrated market infrastructure provider in Africa. We service the largest economy in Africa and are strengthening the competitiveness of African economies to achieve global prosperity. As a key player in the continent's financial markets, we take an active role in shaping the future of the markets through our investment in business innovation and technology.

NGX Group provides a wide range of services including listing and trading securities, licensing, market data solutions, ancillary technology, regulation, real estate, and more through its wholly-owned subsidiaries – NGX Exchange, NGX REGCO, and NGX RELCO. The Group is also involved in the financial infrastructure space with investments in NG Clearing Limited, Central Securities and Clearing Systems (CSCS), and OTC platforms.

Nigerian Exchange Group is committed to the highest international standards. To support this commitment, NGX Group belongs to a number of international and regional organisations that promote the development and integration of global best practices.

NGX Group continues to evolve in order to meet the needs of its valued customers and to achieve the highest level of competitiveness.

For further information, please refer to our website [www.ngxgroup.com](http://www.ngxgroup.com)

### Consolidated Statement of Comprehensive Income

<i>In millions of naira</i>	FY 2022	FY 2021
Revenue	6,170.4	5,777.1
Other income	1,329.2	1,021.7
<b>Gross earnings</b>	7,499.6	6,798.8
Personnel expenses	(3,664.5)	(3,239.7)
Depreciation and Amortisation	(550.7)	(494.1)
Operating expenses	(2,508.2)	(2,712.8)
<b>Total expenses</b>	(8,827.4)	(6,516.9)
<b>Operating profit/(loss)</b>	(1,327.8)	281.8
Finance Cost	(2,100.5)	-
Profit/(Loss) before investee income	(1,327.8)	281.8
Share of profit of equity accounted investees (net of income tax)	2,150.8	2,119.4
<b>Profit before minimum taxation</b>	823.1	2,401.2
Minimum tax	-	(6.9)
<b>Profit before income tax</b>	823.1	2,394.3
Income tax expense	(124.6)	(146.1)
<b>Profit for the year</b>	698.5	2,248.2
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
<b>Other comprehensive income, net of tax</b>	1,994.5	589.4
Total comprehensive income for the year	2,693.0	2,838.1
<b>Earnings per share</b>		
Basic and diluted (Naira)	0.35	1.13

### Consolidated Statement of Financial Position

<i>In millions of naira</i>	FY 2022	FY 2021
Cash and cash equivalents	4,749.7	2,248.2
Trade and other receivables	1,064.7	1,658.3
Intercompany receivables	-	-
Prepayment	592.5	460.6
Investment securities	621.6	3,986.5
<b>Total current assets</b>	<b>7,028.4</b>	<b>8,353.6</b>
Investment securities	16,330.1	10,373.5
Investment in associates	29,711.2	14,750.6
Investment in subsidiaries	-	-
Property and equipment	3,827.4	4,209.3
Intangible assets	90.4	181.9
Right-of-use asset	75.5	0.0
Defined benefit plan asset	0.2	0.0
<b>Total non-current assets</b>	<b>50,034.8</b>	<b>29,515.3</b>
<b>Total assets</b>	<b>57,063.2</b>	<b>37,868.9</b>
<b>LIABILITIES</b>		
Other liabilities	5,286.8	2,498.6
Term borrowings	14,079.0	0.0
Income tax liabilities	93.9	224.7
Lease Liabilities	26.0	222.6
Retirement benefit obligation	-	-
<b>Total current liabilities</b>	<b>19,485.6</b>	<b>2,946.0</b>
Retirement benefit obligation	125.7	164.0
Provisions	405.7	405.7
Deferred tax liability	238.9	238.9
<b>Total non-current liabilities</b>	<b>770.3</b>	<b>808.6</b>
<b>Total liabilities</b>	<b>20,255.9</b>	<b>3,754.6</b>
<b>EQUITY</b>		
Share capital	1,102.3	982.1
Other reserves	3,973.8	1,988.4
Retained earnings	31,731.2	31,143.9
<b>Total equity</b>	<b>36,807.3</b>	<b>34,114.4</b>
<b>Total liabilities and equity</b>	<b>57,063.2</b>	<b>37,868.9</b>

## **Glossary of terms**

Operating profit margin is operating profit divided by gross earnings.

EBITDA margin corresponds to EBITDA divided by gross earnings.

EBITDA is Gross earnings less operating costs.

EBIT is calculated as EBITDA subtracted by finance cost, depreciation, and amortization.

Profit before tax margin corresponds to profit before tax as a % of gross earnings.

Return on equity corresponds to profit/(loss) for the period divided by average total equity.

Return on average assets corresponds to operating profit divided by average equity.

## Forward-looking statements

Certain statements in this document may constitute forward-looking information or forward-looking statements under applicable law (collectively “forward-looking statements”). Forward-looking statements are statements that relate to future events, including the Company’s future performance, opportunities, or business prospects. Any statements that express or involve discussions with respect to expectations, forecasts, assumptions, objectives, beliefs, projections, plans, guidance, predictions, future events or performance (often, but not always, identified by words such as “believes”, “seeks”, “anticipates”, “expects”, “continues”, “may”, “projects”, “estimates”, “forecasts”, “pending”, “intends”, “plans”, “could”, “might”, “should”, “will”, “would have” or similar words suggesting future outcomes) are not statements of historical fact and may be forward-looking statements.

By their nature, forward-looking statements involve assumptions, inherent risks, and uncertainties, many of which are difficult to predict and are usually beyond the control of management, which could cause actual results to be materially different from those expressed by these forward-looking statements. Undue reliance should not be placed on these forward-looking statements because the Company cannot assure that the forward-looking statements will prove to be correct. As forward-looking information addresses future conditions and events, they could involve risks and uncertainties including, but are not limited to, a risk with respect to general economic conditions, regulations and taxes, civil unrest, corporate restructuring and related costs, capital and operating expenses, pricing and availability of financing and currency exchange rate fluctuations. Readers are hereby cautioned to note the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.