MTN International Proprietary Limited

(Registration number: 1998/002351/07)

Annual financial statements

for the year ended 31 December 2021

MTN International Proprietary Limited

(Reg. No. 1998/002351/07)

Annual financial statements

for the year ended 31 December 2021

Contents | Page

Consolidated financial statements are not presented as MTN International Proprietary Limited (the Company) is a wholly owned subsidiary of Mobile Telephone Networks Holdings Limited (MTN Holdings), a Company incorporated in the Republic of South Africa. The ultimate holding Company is MTN Group Limited (the Group), a Company also incorporated in the Republic of South Africa. The consolidated financial statements of the Group are available for inspection at its registered address which is 216 14th Avenue, Fairland, Roodepoort, Gauteng, 2195.

The financial statements of the Company have been audited in terms of the South African Companies Act, No 71 of 2008.

The annual financial statements have been prepared by the MTN Finance staff 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).

These financial statements were approved for issue on 26 April 2022 by the board of directors.

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Statement of directors' responsibility
for the year ended 31 December 2021

The directors are responsible for the integrity, preparation and fair presentation of the annual financial statements of the Company in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), the South African Institute Chartered Accountants (SAICA), Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the requirements of the South African Companies Act, No 71 of 2008, as amended, (the Companies Act) and the company's memorandum of incorporation.

The Company also subscribes in all its activities to principles of best practice and corporate governance, as set out in the King IV Report on Corporate Governance for South Africa 2016 (King IV*).

The preparation of financial statements in conformity with IFRS requires management to consistently apply appropriate accounting policies, supported by reasonable judgements and estimates. The directors are of the opinion that the information contained in the Annual Financial Statements fairly present, in all material aspects, the financial position at year end and the financial performance and cash flows of the Company for the year then ended.

The directors have taken the responsibility for ensuring that accurate and complete accounting records are kept to enable the Group and the Company to satisfy their obligation with respect to the preparation of financial statements. The directors confirm that no facts have been omitted or untrue statements made that would make the financial statements false or misleading.

The directors are also responsible for the oversight of the Company's system of internal controls. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Company operates in an established control environment, which is documented and regularly reviewed. The Group Risk Management and Compliance Committee, which performs a risk function for the Company, plays an integral role in risk management. Risk management and internal control procedures are designed to provide reasonable assurance that assets are safeguarded and that the risks facing the business are controlled.

Internal financial controls have been put in place to ensure that material information relating to the Company has been provided to effectively prepare the Annual Financial Statements. The internal financial controls are considered adequate and effective and can be relied upon in compiling the Annual Financial Statements. Where deficiencies in the design and operational effectiveness of internal financial controls have been identified, remedial actions have been initiated.

The directors are responsible for the controls over, and the security of, the website and where applicable, for establishing and controlling the process for electronically distributing Annual Financial Statements and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The Group's internal audit function, which performs the internal audit function for the Company and operates unimpeded by operational management, and has unrestricted access to the Group Audit Committee, which performs this function for the Company, assesses and, when necessary, recommends improvements in the system of internal control and accounting practices based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business.

The directors have reviewed the Company budgets and cash flow forecasts for the year to 31 December 2022. In light of this review, the current financial position and existing borrowing facilities, the going concern basis has been adopted in preparing the Company Annual Financial Statements. The directors have no reason to believe that the Company will not be a going concern in the year ahead. These financial statements support the viability of the Company.

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Statement of directors' responsibility (continued)
for the year ended 31 December 2021

The Company's external auditor, Ernst & Young Inc (EY) audited the Company Annual Financial Statements and their unqualified audit report is presented on pages 8 to 9.

The external auditor was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the board. The directors believe that all representations made to the independent auditor during their audit are valid and appropriate.

The Company annual financial statements which appear on pages 1 to 42 were approved for issue by the board of directors on 26 April 2022 and are signed on its behalf by:

RT Mupita
Group President and Chief Executive Officer (CEO)

Fairland

TBL Molefe
Group Chief Finance Officer (GCFO)

Fairland

MTN International Proprietary Limited

(Reg. No. 1998/002351/07)

Certificate by the Company secretary

for the year ended 31 December 2021

I certify that to the best of my knowledge and belief, MTN International Proprietary Limited has filed all its returns and notices with the Registrar of Companies and Intellectual Property Commission for the year ended 31 December 2021, as required in terms of section 88(2)(e) of the Companies Act, No. 71 of 2008 as amended and that such returns and notices are true, correct and up to date.

PT Sishuba-Bonoyi
Company Secretary

Fairland
26 April 2022

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Directors' report
for the year ended 31 December 2021

Nature of business
MTN International Proprietary Limited (the Company) is a wholly owned subsidiary of MTN Holdings, incorporated in the Republic of South Africa on 10 February 1998 and carries on the business of an investment holding Company. The ultimate holding Company is the Group.

The Company's registered address is 216 14th Avenue, Fairland, Roodepoort, Gauteng, 2195.

Compliance with financial reporting standards
The Company's annual financial statements were prepared in accordance with IFRS as issued by the IASB and Interpretations as issued by the IFRIC and comply with the SAICA Financial Reporting Guides as issued by the APC and Financial Reporting Pronouncements as issued by the FRSC, and the requirements of the Companies Act.

Financial results
The Company recorded a profit after tax for the year ended 31 December 2021 of R1 362 million (2020: R6 104 million).

Full details of the financial results of the Company are set out on pages 10 to 42 of these annual financial statements and accompanying notes for the year ended 31 December 2021.

Related party transactions
Details of related party transactions are set out in note 14 of these annual financial statements.

Borrowing powers
In terms of the memorandum of incorporation (MOI), the borrowing powers of the Company are unlimited. However, all borrowings by the Company are subject to limitations set out in the treasury policy of the Group. No borrowings were outstanding at the end of the current or prior year.

Going concern
The directors have reviewed the Company's budget and cash flow forecast for the year to 31 December 2022. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future, is a going concern, and has continued to adopt the going concern basis in preparing the annual financial statements.

Subsidiary companies and joint ventures
Details of the subsidiary and joint venture in which the Company has a direct interest are set out in note 6 of these annual financial statements.

Dividend
No dividends (2020: R6 500 million) were declared during the current financial year. Dividends of R4 700 million were declared subsequent to year end.

Share capital
Authorised share capital
There was no change in the authorised share capital of the Company during the year under review. The authorised ordinary share capital of the Company is 10 000 shares of R1 each.

Issued share capital
The issued share capital of the Company is R1 000 (2020: R1 000) comprising 1 000 (2020: 1 000) ordinary shares of R1 each.

Control of unissued share capital
The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act. As this general authority remains valid only until the next AGM, shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, to a maximum of 10% of the Company's issued share capital, under the control of the directors until the next AGM.

The Company did not exercise this authority during the current or prior financial year.

Directorate
Details of directors' remuneration and shareholding are set out in note 17 of these annual financial statements.

Retirement of directors
A Mikati retired at the 28 May 2021 AGM and did not avail himself for re-appointment.

BS Tshabalala will not stand for re-election at the 2022 AGM and will step down as a director of the Company immediately after the AGM on 25 May 2022. BS Tshabalala has been a director since 2018 and has served on the MTN Group Audit Committee for the last four years and the Board would like to express its gratitude for her significant contribution to the MTN Group.

Retirement by rotation of directors
In accordance with the Company's MOI, S Kheradpir, NL Sowazi, PB Hanratty, SP Miller, MH Jonas and BS Tshabalala will retire at the forthcoming AGM.

The profiles of the directors retiring by rotation and seeking re-election will be set out in the notice of the AGM.

Appointments and resignations
TBL Molefe was appointed as the Group Chief Financial Officer with effect from 1 April 2021.

CWN Molope and NP Gosa were appointed as independent non-executive directors with effect from 1 April 2021.

There were no other director appointments or resignations other than those mentioned above during the year under review.

Company indemnity disclosure
In accordance with paragraph 28.1 of the Company's MOI, every director of the Company shall be indemnified by the Company against all costs, losses and expenses which such director may incur in the discharge of his duties. The extent of the indemnity is stated below:

The directors of the Company including the prescribed officers (whom fall within the definition of director in terms of Section 78 of the Companies Act) (directors), are hereby indemnified in respect of any liability arising other than contemplated in Section 78(6) of the Companies Act, and the Company will advance the director's reasonable expenses to defend litigation in any proceedings arising out of the director's service to the Company and hereby indemnify the directors in respect of such expenses subject to the provisions of Section 78(8) of the Companies Act.

Interests of directors and prescribed officers
Details of the interests of directors and prescribed officers are provided in note 17 of these annual financial statements.

Internal financial controls
During the year under review, the Board, through the Audit Committee, assessed the results of the formal documented review of the Company's system of internal controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by internal audit and considered information and explanations given by management and discussions with the external auditor on the results of their audit. Although certain weaknesses in financial controls, whether in design, implementation or execution were identified, the internal financial controls are considered adequate and effective and can be relied upon in compiling the Annual Financial Statements.

Where deficiencies in the design and operational effectiveness of internal financial controls have been identified, remedial actions have been initiated.

COVID-19
On 11 March 2020, the World Health Organization officially declared the novel coronavirus, COVID-19, a pandemic. Governments across the world have taken extreme measures to curb the spread of the virus by introducing various forms of social distancing, lockdown regimes and forms of monetary and fiscal stimulus.

The year ended 31 December 2021 was shaped by the emergence of a second and third wave of infections and new variants, which impacted some of our markets. This drove rapid increases in new cases and in turn the renewed imposition of lockdown restrictions in some markets. Across our footprint the distribution of vaccines has commenced.

Events after the reporting period
There were no events after the reporting period.

Auditors
EY served as the auditors in accordance with section 90 of the Companies Act for the 2021 financial year. The audit committee reviewed the independence of the auditors during the period under review and satisfied itself that the auditors were independent of the Company.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MTN INTERNATIONAL PROPRIETARY LIMITED

Opinion

We have audited the financial statements of MTN International Proprietary Limited ('the Company') set out on pages 10 to 42, which comprise the Statement of Financial Position as at 31 December 2021, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant Accounting Policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of MTN International Proprietary Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 43-page document titled *Annual financial statement for the year ended 31 December 2021*, which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial statements of MTN International Proprietary Limited for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 April 2021.

Responsibilities of the Directors for Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DocuSigned by:

Ernst & Young Inc.

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Ernst and Young Inc.
Director: Ofentse Moralo
Registered Auditor
26 April 2022

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Statement of profit and loss and other comprehensive income
for the year ended 31 December 2021

	Note	**2021 Rm**	2020 Rm
Revenue	2	**2 062**	8 171
Operating expenses	3	**(1 873)**	(1 712)
Operating profit		**189**	6 459
Finance income	4	**1 282**	585
Finance costs	4	**(68)**	(900)
Profit before tax		**1 403**	6 144
Income tax expense	5	**(41)**	(40)
Profit and total comprehensive income for the year		**1 362**	6 104

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Statement of financial position
at 31 December 2021

	Note	2021 Rm	2020 Rm
ASSETS			
Non-current assets		**4 592**	4 592
Investment in subsidiary and joint venture	6	**4 592**	4 592
Current assets		**1 018**	951
Receivables	7	**947**	657
Cash and cash equivalents	8	**71**	294
Total assets		**5 610**	5 543
EQUITY		**4 300**	2 986
Ordinary share capital	9	*****	*
Shareholder's loan	10	**1 378**	1 378
Retained earnings		**2 922**	1 608
LIABILITIES			
Current liabilities		**1 310**	2 557
Payables	11	**395**	490
Financial guarantee contracts	15	**911**	2 063
Taxation liabilities	13	**4**	4
Total equity and liabilities		**5 610**	5 543

*Amount less than R1 million.

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Statement of changes in equity
for the year ended 31 December 2021

	Ordinary share capital Rm	Shareholder's loan Rm	Retained earnings Rm	Total Rm
Balance at 1 January 2020	*	1 378	2 004	3 382
Profit and total comprehensive income	-	-	6 104	6 104
Transactions with shareholders				
Dividends declared	-	-	(6 500)	(6 500)
Balance at 31 December 2020	*	1 378	1 608	2 986
Balance 1 January 2021	*****	**1 378**	**1 608**	**2 986**
Profit and total comprehensive income	**-**	**-**	**1 362**	**1 362**
Transactions with shareholders				
Initial recognition of financial guarantees[1]	**-**	**-**	**(48)**	**(48)**
Balance at 31 December 2021	*****	**1 378**	**2 922**	**4 300**
Note	9	10		

[1]The Company issued guarantees for MTN Holdings debt for no consideration. The fair value is recognised as a distribution in equity.
*Amount less than R1 million.

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Statement of cash flows
for the year ended 31 December 2021

	Note	2021 Rm	2020 Rm
Cash flows from operating activities			
Cash flows used in operations			
Cash (used in)/generated from operations	12	**(258)**	381
Interest received		**15**	9
Income tax paid	13	**(41)**	(31)
Dividends received		**61**	6 374
Net cash (used in)/generated from operating activities		**(223)**	6 733
Cash flows used in financing activities			
Dividends paid		**-**	(6 500)
Net cash used in financing activities		**-**	(6 500)
Net (decrease)/increase in cash and cash equivalents		**(223)**	233
Cash and cash equivalents at the beginning of the year		**294**	61
Cash and cash equivalents at the end of the year	8	**71**	294

1. Basis of preparation and principal accounting policies

1.1 Basis of preparation

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the South African Companies Act, No 71 of 2008, as amended. The Company has adopted all new accounting pronouncements that became effective in the current reporting period.

Consolidated financial statements are not presented as MTN International Proprietary Limited (the Company) is a wholly owned subsidiary of MTN Holdings, a Company incorporated in the Republic of South Africa. The ultimate holding Company is the Group, a Company also incorporated in the Republic of South Africa. A copy of the consolidated annual financial statements of the Group for the financial year ended 31 December 2021, which includes the consolidation of the Company, its subsidiaries, joint ventures and associates (directly or indirectly held) are publicly available and can be accessed electronically via https://www.mtn.com/financial-results/ or physically at the Company's registered address which is 216 14th Avenue, Fairland, Roodeport, Gauteng.

The financial statements have been prepared on the historical cost basis.

Amounts are rounded to the nearest million with the exception of directors' emoluments, equity compensation and dealings in ordinary shares (note 17).

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

1.2 Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within its current funding levels into the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

1. Basis of preparation and principal accounting policies (continued)

1.3 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and in the related notes to the financial statements and are consistent with those adopted in the prior year.

1.3.1 New accounting pronouncements

The following standards and amendments listed below will be effective in future reporting periods. It is expected that the Company will adopt the pronouncements on their respective effective dates. The adoption of the new accounting standards and amendments is not expected to have a material impact on the Company results.

Standard	Effective date
Onerous Contracts – *Cost of Fulfilling a Contract* (Amendments to IAS 37)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Annual Improvements to IFRS 2018 – 2020	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023

1.3.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the entity's functional currency. The financial statements are presented in South African rand, which is the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Notes to the annual financial statements (continued)
for the year ended 31 December 2021

2. Revenue

Revenue comprises dividend income and management fees received. Dividend income is recognised when the right to receive payment is established. Management fees received are recognised as and when the management services are rendered. Revenue relating to management fees is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

	2021 Rm	2020 Rm
Dividend income - other revenue	**95**	6 374
Management fees received - revenue from contract with customers	**1 967**	1 797
	2 062	8 171

3. Operating expenses

The following disclosable items have been included in arriving at profit before tax:

	2021 Rm	2020 Rm
Auditor's remuneration		
Audit fees	**(*)**	(*)
Expenses	**(*)**	(*)
Fees paid for services		
Management fees paid	**(1 873)**	(1 712)

*Amount less than R1 million. The 2021 auditors' remuneration total amounted to R239 000 (2020: R247 000).

4. Finance income and finance cost

Finance income

Finance income mainly comprises interest income on funds invested, amortisation of financial guarantee contracts and the related net foreign exchange gains that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost

Finance costs comprise net foreign exchange losses on financial guarantee contracts and loss on remeasurement of financial guarantees.

	2021 Rm	2020 Rm
Finance income		
Amortisation of financial guarantees	**521**	576
Interest income	**15**	9
Gain on remeasurement of financial guarantees	**746**	-
Finance income	**1 282**	585
Finance costs		
Net foreign exchange losses	**(68)**	(144)
Loss on remeasurement of financial guarantees	**-**	(756)
Finance costs	**(68)**	(900)

5. Income tax expense

The tax expense for the period comprises current and withholding tax. Tax is recognised in profit or loss, except to the extent it relates to items recognised in other comprehensive income or items recognised directly in equity. For these items the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Withholding tax

Withholding tax is payable at different rates varying between 0% and 20% (2020: 0% - 20%) on amounts paid to shareholders as dividends and management fees.

	2021	2020
	Rm	Rm
Current tax		
Normal tax - current year	**(31)**	(27)
Foreign income and withholding taxes	**(10)**	(13)
	(41)	(40)

Tax rate reconciliation

The Company's effective tax rate is reconciled to the South African statutory rate as follows:

	2021	2020
	%	%
Statutory tax rate	**28.0**	28.0
Expenses not allowed	**-**	3.45
Exempt income	**(25.8)**	(31.0)
Withholding taxes	**0.7**	0.2
Effective tax rate	**2.9**	0.7

6. Investment in subsidiary and joint venture

Subsidiaries are all entities (including structured entities) over which the Company has control. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities that significantly affect the entity's returns. The Company accounts for investments in subsidiaries at cost, less accumulated impairment losses. Interest free loans owing to the Company by its subsidiary, with no repayment terms are included in the cost of the investment.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement by unanimous consent have rights to the net assets of the arrangement. The Company's investment in a joint venture includes goodwill identified on acquisition, net of any accumulated impairment losses and is accounted for at cost, less accumulated impairment losses.

	2021 Rm	2020 Rm
Interest in joint venture		
Swazi MTN Limited (incorporated in Eswatini)	*	*
30% interest in Swazi MTN Limited		
Interest in subsidiary		
MTN International (Mauritius) Limited (incorporated in South Africa)		
100% interest in MTN International (Mauritius) Limited[1,2] (MTN Mauritius)	**4 592**	4 592
	4 592	4 592

*Amount less than R1 million.

[1] The cost of the investment includes a capital contribution relating to the Company providing a financial guarantee for the subsidiary without charging a guarantee fee. Refer to note 15 for details on the financial guarantee.

[2] Included in the balance is an amount of R72 million in the current and prior year, relating to the loan owing by the subsidiary to the Company.

7. Receivables

Receivables are amounts due for services rendered in the ordinary course of business and are accounted for at amortised cost in accordance with the accounting policy disclosed in note 16.

	2021 Rm	2020 Rm
Receivables from related parties (note 14)	**946**	650
Other receivables	**1**	7
	947	657

The Company does not hold collateral for receivables.

The Company's exposure to credit and currency risk relating to receivables is disclosed in note 16.

8. Cash and cash equivalents

Cash and cash equivalents are accounted for at amortised cost in accordance with the accounting policy disclosed in note 16.

Cash and cash equivalents include cash in a current bank account and deposits held on call, all of which are available for use by the Company.

For purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2021 Rm	2020 Rm
Cash at bank	**71**	294

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Notes to the annual financial statements (continued)
for the year ended 31 December 2021

9. Ordinary share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new ordinary shares are recognised in equity as a deduction (net of tax) from the proceeds.

	2021 Rm	2020 Rm
Ordinary share capital		
Authorised share capital		
10 000 ordinary shares of R1 each	*	*
Issued and fully paid-up share capital		
1 000 (2020: 1 000) ordinary shares of R1 each	*	*

*Amount less than R1 million.

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of Section 38 of the Companies Act until the forthcoming annual general meeting.

10. Shareholder's loan

	2021 Rm	2020 Rm
Balance at the beginning of the year	**1 378**	1 378
Payment made during the year	**-**	-
Balance at the end of the year	**1 378**	1 378

The loan is unsecured, interest-free and repayable at the election of the Company. As a result, the shareholder's loan is classified as equity.

11. Payables

Payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. They are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 16.

	2021 Rm	2020 Rm
Amounts due to related parties (note 14)	**390**	489
VAT payable	**5**	1
	395	490

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Notes to the annual financial statements (continued)
for the year ended 31 December 2021

12. Cash (used in)/generated from operations

	2021	2020
	Rm	Rm
Profit before tax	**1 403**	6 144
Adjusted for:		
Dividend income (note 2)	**(95)**	(6 374)
Finance costs (note 4)	**68**	900
Finance income (note 4)	**(1 282)**	(585)
	94	85
Changes in working capital	**(352)**	296
(Increase)/decrease in receivables	**(265)**	141
(Decrease)/increase in payables	**(87)**	155
Cash (used in)/generated from operations	**(258)**	381

13. Income tax paid

	2021	2020
	Rm	Rm
At beginning of the year	**(4)**	5
Amounts recognised in profit or loss (note 5)	**(41)**	(40)
At end of the year	**4**	4
Total tax paid	**(41)**	(31)

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Notes to the annual financial statements (continued)
for the year ended 31 December 2021

14. Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Company and a related party to the Company, regardless of whether a price is charged. The Company is controlled by MTN Holdings which owns 100% of the Company's shares and is ultimately controlled by the Group. The Company has related party relationships with subsidiaries, associates and joint ventures of the Group. For the purpose of defining related party transactions with key management, key management has been defined as directors and the Group's Executive Committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

The following is a summary of transactions with related parties during the period and significant balances at the reporting date:

	2021 Rm	2020 Rm
Management fees received (note 2)		
MTN International (Mauritius) Limited[1]	**1 967**	1 797
Management fees paid (note 3)	**1 873**	1 712
MTN Group Limited [2]	**221**	215
MTN Group Management Services Proprietary Limited [3]	**1 652**	1 497
Dividends received (note 2)	**95**	6 374
Swazi MTN Limited [4]	**95**	74
MTN International (Mauritius) Limited [1]	**-**	6 300
Intercompany payables (note 11)	**390**	489
MTN Group Management Services Proprietary Limited [3]	**336**	416
MTN Group Limited [2]	**54**	73
Intercompany receivables (note 7)	**946**	650
MTN International (Mauritius) Limited [1]	**623**	514
Mobile Telephone Networks Holdings Limited [5]	**256**	76
Swazi MTN Limited [4]	**34**	29
Irancell Telecommunications Services Company (PJSC) [6]	**29**	27
MTN Uganda Limited [3]	**1**	1
MTN (Zambia) Limited [3]	**1**	1
MTN (Dubai) Limited [3]	**2**	2
Scancom Plc (MTN Ghana) [3]	**-**	-
Areeba Guinea S.A. [3]	*****	*
Dividends paid		
Mobile Telephone Networks Holdings Limited [5]	**-**	6 500
Loan to related party[7] (note 6)		
MTN International (Mauritius) Limited [1]	**72**	72
Loans from related party (note 10)		
Mobile Telephone Networks Holdings Limited [5]	**1 378**	1 378

[1] Subsidiary of the Company.
[2] Ultimate holding Company of the Group.
[3] Fellow subsidiary of the Group.
[4] Joint venture of the Company.
[5] Holding Company.
[6] Joint venture of the Group.
[7] Included in cost of subsidiary.
*Amount less than R1 million.

14. Related party transactions (continued)

The loans to/from related parties were provided interest-free, denominated in South African Rand and have no fixed repayment terms, details of which are disclosed in notes 6 and 10 respectively.

Directors' emoluments
Details of directors' emoluments are disclosed in note 17 of these financial statements.

Financial guarantee contracts
Details of financial guarantee contracts are disclosed in note 15 of these financial statements.

15. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured at the higher of:
• The expected credit loss (ECL) in accordance with IFRS 9; or
• The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15.

The ECLs are a probability weighted estimate of credit losses (the cash shortfalls) over the expected life of the guarantee. Accordingly, the cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, debtor or any other party.

Where guarantees in relation to loans to related parties are provided for no compensation, the fair values are accounted for as capital contributions and recognised as part of the cost of the investment.

The Company along with other subsidiaries in the MTN Group, has guaranteed the bonds, senior unsecured notes and long-term loans of MTN Holdings (the immediate parent of the Company) under the terms of the guarantee. The Company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

Terms and drawn down balances of the guarantees at the end of the year are as follows:

	Face value		Drawn down balance[2]	
	2021	2020 [3]	**2021**	2020 [3]
	Rm	Rm	**Rm**	Rm
Bond guarantees				
Bonds[1] and commercial paper	**20 000**	20 000	**14 799**	12 255
US$ senior unsecured notes	**19 925**	25 685	**20 135**	25 987
Syndicated and other loan facilities				
US$ revolving-credit-facility	**19 925**	18 347	**-**	2 204
ZAR long-term loan	**23 000**	23 250	**14 273**	20 323
US$ long-term loan	**-**	2 202	**-**	2 168
	82 850	89 484	**49 207**	62 937

[1] R14 799 million (2020: R12 255 million) of the bonds are listed on the Bond Exchange of South Africa.
[2] Includes interest accrued.
[3] Restated to incorporate exposures that were previously separately disclosed.

15. Financial guarantee contracts (continued)

The Company, together with other subsidiaries in the Group guaranteed senior unsecured notes issued by MTN (Mauritius) Investments Limited on the Irish Stock Exchange amounting to US$1 250 million (2020: US$1 750 million). Each guarantor is jointly and severally liable. A financial liability was recognised at the fair value of the guarantees issued. A fee was not charged by the Company for providing the guarantee and therefore the benefit provided by the Company to its subsidiary was recognised as a capital contribution.

In 2020, the ECLs were estimated to be fully attributable to all guarantors based on the guarantors being jointly and severally liable. As industry practice has developed, it has become clear that consideration should be given to which guarantor the borrower could reasonably be expected to seek recovery from. In the current year, the Company assessed that in the event of default by MTN (Mauritius) Investments Limited, it can be reasonably assumed that a borrower would seek recovery from the other guarantors. Any breach on the part of MTN (Mauritius) Investments Limited could reasonably be expected to be as a result of default by MTN Mauritius as these borrowings were on lent to MTN Mauritius. The Company's main investment is a 100% shareholding in MTN Mauritius. As such, the ECLs attributable to the Company as at 31 December 2021 have been estimated at zero while the financial liability remains recognised at the amount initially recognised less cumulative amortisation.

The Company, together with other subsidiaries in the Group guaranteed US$ revolving credit facilities with Citibank amounting to US$1 250 million (2020: US$1 250 million). While MTN Holdings to date has not made use of this facility, the facility remains available until 28 September 2023.

In addition to the financial guarantees issued over the senior unsecured notes and Citibank facilities, the Company, together with other subsidiaries of the Group, have also issued various financial guarantees over the bonds, revolving credit facilities, long-term loans and banking facilities of MTN Holdings. Limited value was attached to these financial guarantee contracts which resulted in immaterial fair values being ascribed on initial recognition (limited value guarantees). New financial guarantees issued over new bonds issued in the current financial year have been initially recognised at a combined fair value of R48 million. As a fee was not charged by the Company for providing the guarantee, the benefit provided by the Company to its parent has been recognised as a distribution in equity.

In 2020, the ECLs were estimated to be fully attributable to all guarantors based on the guarantors being jointly and severally liable. As industry practice has developed, it has become clear that consideration should be given to which guarantor the borrower could reasonably be expected to seek recovery from. In the current year, the Company assessed that in the event of default by MTN Holdings, there is a 26,9% probability that a borrower would seek recovery from the Company, considering the assets held by each guarantor and their credit scores. As such, the ECLs attributable to the Company as at 31 December 2021 in relation to the financial guarantees over MTN Holdings debt have resulted in a gain on remeasurement of R746 million (2020: loss on remeasurement of R756 million) recognised in profit or loss.

MTN Group's credit rating as determined by Standard & Poor (S&P) has been used to assess whether there has been a significant increase in credit risk. Following the downgrade in MTN Group's credit rating by S&P during the prior financial year (BB+ to BB-), it was determined that the use of lifetime ECLs for debt instruments entered into prior to the downgrade and the use of 12 months ECLs for debt instruments entered into subsequent to the downgrade, including banking facilities renegotiated on an annual basis, was appropriate. This assessment remained unchanged for the 2021 financial year.

The following formula was used to determine the ECL: Exposure at Default x Probability of Default (PD) x Loss Given Default (LGD) x discount rate. PDs have been determined with reference to Refinitiv's Telecoms BB credit default swap (CDS) spreads adjusted to BB-, being the Group's current credit rating by S&P. CDS's are forward looking and considered reflective of markets view on future potential losses and therefore default probabilities. The LGD specific to the Group was determined based on the S&P Ratings report dated 22 October 2021 at 35% (2020: 35%). The original effective interest rate of the underlying borrowing is used as the discount rate.

The Company's financial liability relating to financial guarantee contracts amounts to R911 million (2020: R2 063 million) as at 31 December 2021 and R521 million (2020: R576 million) was amortised to profit or loss for the year. Credit gains relating to 12 months ECL amounted to R217 million (2020: credit losses of R73 million) and credit gains relating to lifetime ECL amounted to R529 million (2020: credit losses of R683 million).

16. Financial risk management and financial instruments

Accounting for financial instruments
Financial instruments comprise receivables, cash and cash equivalents, financial guarantee contracts, and payables.

Recognition
Financial assets and liabilities are recognised in the Company's statement of financial position when the Group becomes a party to the contractual provisions of the instruments. Financial assets are recognised on the date the Company commits to purchase the instruments (trade date accounting).

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non-current. Financial liabilities are classified as non-current if the Company has an unconditional right to defer payment for more than 12 months from the reporting date.

Classification
The Company classifies financial assets on initial recognition as measured at amortised cost on the basis of the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are classified as follows:

Measurement category	Criteria
Amortised cost	The asset is held within a business model with the objective to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are not reclassified unless the Company changes its business model. In rare circumstances where the Company does change its business model, reclassifications are done prospectively from the date that the Company changes its business model.

Financial liabilities are classified as measured at amortised cost.

Measurement on initial recognition
All financial assets (unless it is a receivable without a significant financing component) and liabilities are initially measured at fair value, including transaction costs. A receivable without a significant financing component is initially recognised at the transaction price.

Subsequent measurement: Financial assets
Subsequent to initial recognition, financial assets are measured as described below:

Category	Subsequent measurement
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

16. Financial risk management and financial instruments (continued)

Subsequent measurement: Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Modification of financial liabilities
A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument.

Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in profit or loss where the modification does not result in the derecognition of the existing instrument.

Offsetting financial instruments
Offsetting of financial assets and liabilities is applied when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The net amount is reported in the statement of financial position.

Impairment
Under IFRS 9 the Company calculates allowance for credit losses as ECLs for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the original effective interest rate (EIR) of the financial asset.

The Company applies the simplified approach to determine the ECL for receivables. This results in calculating lifetime expected credit losses for receivables. ECL for receivables is calculated using a provision matrix.

16. Financial risk management and financial instruments (continued)

Risk management

Introduction

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (interest rate risk and foreign exchange risk). This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk profile

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company considers natural hedges that may exist and in addition, where possible, uses derivative financial instruments such as forward exchange contracts to hedge exposures. As a matter of principle, the Company does not enter into derivative contracts for speculative purposes.

Risk management is carried out under policies approved by the board of directors of the Company. The MTN Group treasury committee (on behalf of the Company) identifies, evaluates and hedges financial risks in cooperation with the Company. The board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investing cash. MTN Group treasury is responsible for managing the Company's exposure to financial risk within the policies set by the board of directors, under the guidance of the Group CFO and Group Audit Committee and Group Risk Management and Compliance Committees.

MTN International Proprietary Limited
(Reg. No. 1998/002351/07)

Notes to the annual financial statements (continued)
for the year ended 31 December 2021

16. Financial risk management and financial instruments (continued)

16.1 Categories of financial instruments

	Note	Assets Amortised cost Rm	Liabilities Amortised cost Rm	Total carrying amount Rm	Fair value Rm
2021					
Current financial assets					
Receivables	7	**947**	**-**	**947**	#
Cash and cash equivalents	8	**71**	**-**	**71**	#
		1 018	**-**	**1 018**	#
Current financial liabilities					
Payables	11	**-**	**390**	**390**	#
Financial guarantee contracts	15	**-**	**911**	**911**	**192**
		-	**1 301**	**1 301**	**192**
2020					
Current financial assets					
Receivables	7	657	-	657	#
Cash and cash equivalents	8	294	-	294	#
		951	-	951	#
Current financial liabilities					
Payables	11	-	489	489	#
Financial guarantee contracts	15	-	2 063	2 063	1 069
		-	2 552	2 552	1 069

The carrying amount of the financial instrument approximates its fair value.

16. Financial risk management and financial instruments (continued)

16.2 Fair value estimation

A number of the Company's accounting policies and disclosures require the measurement of fair values. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the unobservable inputs.

The table below presents the fair value measurement hierarchy of the Company's liabilities that are materially different from the carrying amount. The classification into different levels is based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as follows:

- level 1: fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- level 3: fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Total carrying amount Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2021					
Current financial liabilities					
Financial guarantee contracts	**911**	**-**	**-**	**192**	**192**
2020					
Current financial liabilities					
Financial guarantee contracts	2 063	-	-	1069	1069

Valuation methods and assumptions

The following methods and assumptions were used to estimate the fair values:

The fair value of the financial guarantee contracts is determined using the discounted cash flow method using the risk-free rate to discount cash flows and an allowance for the non-performance risk where the guarantor will not be able to meet the cost of the guarantee. The valuation requires management to make certain assumptions about the model inputs, which include the probability of default and the maximum recovery amount and interest rate curve.

16. Financial risk management and financial instruments (continued)

16.3 Credit risk

Credit risk, or the risk of financial loss to the Company due to customers or counterparties not meeting their contractual obligations, is managed through the application of credit approvals, limits and monitoring procedures. The Company's maximum exposure to credit risk is represented by the carrying amount of the financial assets and contract assets that are exposed to credit risk.

The Company considers its maximum exposure per class, without taking into account any collateral and guarantees, to be as follows:

	2021 Rm	2020 Rm
Receivables	**947**	657
Cash and cash equivalents	**71**	294
Financial guarantee contracts	**49 207**	62 937
	50 225	63 888

Credit risk is mitigated to the extent that the counterparties to the majority of receivables of R946 million (2020: R650 million) and all financial guarantee contracts are related parties.

Application of the ECL model had an immaterial impact on all financial instruments except for financial guarantee contracts (refer to note 15).

Receivables

Ageing and impairment analysis

	2021			2020		
	Rm Gross	**Rm Impaired**	**Rm Net**	Rm Gross	Rm Impaired	Rm Net
Fully performing other receivables	**474**	**-**	**474**	499	-	499
Receivables due from related parties	**474**	**-**	**474**	499	-	499
Past due other receivables	**473**	**-**	**473**	158	-	158
Sundy debtors and advances	**1**	**-**	**1**	7	-	7
>12 months	**1**	**-**	**1**	7	-	7
Receivables due from related parties	**472**	**-**	**472**	151	-	151
0 to 3 months	**437**	**-**	**437**	121	-	121
>12 months	**35**	**-**	**35**	30	-	30
	947	**-**	**947**	657	-	657

16. Financial risk management and financial instruments (continued)

16.3 Credit risk (continued)

Cash and cash equivalents

MTN Group determines appropriate internal credit limits for each counterparty. In determining these limits, MTN Group considers the counterparty's credit rating established by an accredited ratings agency and performs internal risk assessments. MTN Group manages the Company's exposure to a single counterparty by spreading transactions among approved financial institutions. The MTN Group regularly reviews and monitors the Company's credit exposure. The Company holds its cash balances in financial institutions with a rating of AA+. Given this rating, management does not expect the counterparty to fail to meet its obligations.

16.4 Liquidity risk

Liquidity risk is the risk that an entity will be unable to meets its obligations as they become due.

The Company's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The MTN Group treasury develops strategies to ensure that the Company has sufficient cash on demand or access to facilities to meet expected operational expenses and to service financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. MTN Group treasury performs regular cash flow forecasts, monitors cash holdings of the Company, negotiates lines of credits and sets policies for maturing profiles of loans.

16. Financial risk management and financial instruments (continued)

16.4 Liquidity risk (continued)

The following liquid resources are available:

	2021	2020
	Rm	Rm
Cash and cash equivalents	**71**	294
Receivables	**947**	657
	1 018	951

The operations of the entity will be funded from operating cash flows and where necessary by raising additional borrowing facilities.

The following are the contractual cash flows of financial liabilities:

	Carrying amount	**Payable within 1 month or on demand**
2021	**Rm**	**Rm**
Current liabilities		
Payables	**390**	**390**
Financial guarantee contracts	**911**	**49 207**
	1 301	**49 597**
2020		
Current liabilities		
Payables	334	334
Financial guarantee contracts	2 063	62 937
	2 397	63 271

16. Financial risk management and financial instruments (continued)

16.5 Market risk

Market risk is the risk that changes in market prices (such as interest rate and foreign currencies) will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

16.5.1 Interest rate risk

Interest rate risk is the risk that arises on an interest-bearing asset or liability, due to variability of interest rates.

Financial instruments that are sensitive to interest rate risk are receivables, cash and cash equivalents and payables. There are no fixed interest rate instruments.

	2021 Variable rate instruments Rm	2020 Variable rate instruments Rm
Current financial assets		
Receivables	**947**	657
Cash and cash equivalents	**71**	294
	1 018	951
Current financial liabilities		
Payables	**390**	489

16. Financial risk management and financial instruments (continued)

16.5 Market risk (continued)

16.5.2 Sensitivity analysis

The Company has used a sensitivity analysis technique that measures the estimated change to profit or loss of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

The Company is mainly exposed to fluctuations in the Prime interest rate. Changes in market interest rates affect the interest income or expense of floating rate financial instruments.

	Increase/(decrease) in profit before tax		
	Change in interest rate %	**Upward change in interest rate Rm**	**Downward change in interest rate Rm**
2021			
LIBOR	**1**	*****	*****
JIBAR	**1**	**3**	**(3)**
Prime	**1**	**1**	**(1)**
Other	**1**	**2**	**(2)**
2020			
LIBOR	1	*	*
JIBAR	1	1	(1)
Prime	1	4	(4)

*Amount less than R1 million.

A change in the above market interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis was performed on the same basis as was used for 2020.

16. Financial risk management and financial instruments (continued)

16.5 Market risk (continued)

16.5.3 Currency risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows.

Currency risk arises on recognised financial assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Company aims to maintain its foreign currency exposure within internally determined parameters, however this depends on the market conditions in the geographies where the Company operates. Group Treasury reports on the status of foreign currency positions or derivatives to the Group Treasury Committee on a regular basis.

Included in the Company's statement of financial position are the following amounts denominated in currencies other than the functional currency of the Company:

	2021	2020
	Rm	Rm
Assets		
Current assets		
United States dollar	**33**	30
Eswatini lilangeni	**34**	29
	67	59
Liabilities		
Current liabilities		
United States dollar	**766**	1 212
	766	1 212

16.5.3.1 Sensitivity analysis

The Company has used a sensitivity analysis technique that measures the estimated change to profit or loss and equity of an instantaneous 10% strengthening or weakening in the rand against all other currencies, from the rate applicable at 31 December, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as in practice, market rates rarely change in isolation.

The Company is mainly exposed to fluctuations in foreign exchange rates in respect of the US dollar. This analysis considers the impact of changes in foreign exchange rates on profit.

16. Financial risk management and financial instruments (continued)

16.5 Market risk (continued)

16.5.3 Currency risk (continued)

16.5.3.1 Sensitivity analysis (continued)

A change in the foreign exchange rates to which the Company is exposed at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remain constant. The analysis is performed at 10% in the current year to be indicative of the current economic conditions under which the Company operates.

	Increase/(decrease) in profit before tax		
	Change in exchange rate	Weakening in functional currency	Strengthening in functional currency
2021	%	Rm	Rm
Denominated: functional currency			
US dollar : ZAR	**10**	**(73)**	**73**
Eswatini lilangeni : ZAR	**10**	**3**	**(3)**
2020			
Denominated: functional currency			
US dollar : ZAR	10	(118)	118
Eswatini lilangeni : ZAR	10	3	(3)

Price risk

The Company is not exposed to price risk.

16.6 Capital risk management

The Company's policy is to maximize borrowings at an operating Company level, on a non-recourse basis, within an acceptable level of debt for the maturity of the local Company.

Equity funding for the Company is raised centrally by the Group, first from excess cash and then from new borrowings while retaining an acceptable level of debt for the consolidated Group. Where funding is not available to the Company locally or in specific circumstances where it is more efficient to do so, funding is sourced centrally. The Group's policy is to borrow using a mixture of long term and short-term capital market issues and borrowing facilities from the local and international capital markets as well as multi-lateral organisations together with cash generated to meet anticipated funding requirements.

Capital includes ordinary shares of R1 000 (2020: R1 000) and equity attributable to the equity holders of the Company amounting to R2 922 million (2020: R1 608 million).

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to help reduce the cost of capital.

17. Emoluments, equity compensation and dealings in ordinary shares

17.1 Directors' emoluments and related payments

The disclosure included below reflects the remuneration received by the directors and prescribed officers of the Company for services rendered to the Company as well as other companies within the Group. Due to the vast number of entities included in the Group for which services are provided and the diverse nature of services provided, presentation of the portion of the remuneration relating to the Company was impracticable. The fees are paid by other companies within the Group. In respect of disclosure relating to options, the values have been determined on an IFRS 2 Share Based Payment basis.

2021	Date appointed	Salaries R000	Post-employment benefits R000	Other benefits* R000	Bonuses R000	Sub-total R000	Share gains** R000	Total R000
Executive directors								
RT Mupita	03/04/2017	15 406	701	961	28 966	46 034	5 276	51 310
TBL Molefe[1]	01/04/2021	6 475	708	5 778 [@]	10 978	23 939	-	23 939
Total		21 881	1 409	6 739	39 944	69 973	5 276	75 249

* Includes medical aid, expense allowances and unemployment insurance fund.
** Pre-tax gains on share-based payments.
[1] Appointed as GCFO on 1 April 2021
[@] Includes a payment made in lieu of forfeiture of performance bonus from previous employer.

2021	Date appointed	Retainer[#] R000	Attendance[#] R000	Special board R000	Strategy session R000	*Ad* hoc work R000	Total R000
Non-executive directors							
MH Jonas	01/06/2018	3 135	917	547	1 271	-	5 870
SN Mabaso-Koyana	01/09/2020	376	535	244	315	75	1 545
NP Gosa^	01/04/2021	292	494	185	290	9	1 270
PB Hanratty[+]	01/08/2016	275	326	230	218	66	1 115
S Kheradpir[+]	08/07/2015	1 603	882	443	616	9	3 553
AT Mikati[+]^^	18/07/2006	771	359	166	139	18	1 453
SP Miller[+]	01/08/2016	1 516	924	443	616	9	3 508
KDK Mokhele	01/07/2018	582	767	330	379	9	2 067
CWN Molope^	01/04/2021	250	417	95	290	75	1 127
VM Rague[+]	01/07/2019	1 760	998	438	616	18	3 830
SLA M Sanusi[+]	01/07/2019	1 516	924	443	616	68	3 567
NL Sowazi	01/08/2016	395	600	230	218	66	1 509
BS Tshabalala	01/06/2018	373	548	153	290	9	1 373
Total		12 844	8 691	3 947	5 874	431	31 787

[+] Fees have been paid in euros.
[†] Fees are paid to Lombard Odier Darier Hentsch & Cie (M1 Limited).
[#] Retainer and attendance fees include fees for Board and committee representation and meetings.
^ Appointed on 1 April 2021.
^^ Retired on 28 May 2021.

17. Emoluments, equity compensation and dealings in ordinary shares (continued)

17.1 Directors' emoluments and related payments (continued)

2020	Date appointed	Salaries R000	Post-employment benefits R000	Other benefits* R000	Bonuses R000	Subtotal R000	Share gains** R000	Total R000
Executive directors								
RA Shuter[1,2]	13/03/2017	18 154	1 997	17 807	30 104	68 062	5 713	73 775
RT Mupita[3]	03/04/2017	11 970	441	680	17 736	30 827	-	30 827
Total		30 124	2 438	18 487	47 840	98 889	5 713	104 602

* Includes medical aid, expense allowances and unemployment insurance fund.
** Pre-tax gains on share-based payments.
[1] Resigned as Group President and CEO on 31 August 2020.
[2] Other benefits include payment of cash-settled share-based incentives.
[3] Ceased to be GCFO on 31 August 2020. Appointed as Group President and CEO on 1 September 2020.

2020	Date appointed	Retainer# R000	Attendance# R000	Special Board R000	Strategy session R000	*Ad* hoc work R000	Total R000
Non-executive directors							
MH Jonas	01/06/2018	3 190	1 078	686	174	-	5 128
S Mabaso-Koyana^	01/09/2020	136	173	59	-	9	377
PB Hanratty+	01/08/2016	518	403	148	59	54	1 182
S Kheradpir+	08/07/2015	1 572	317	172	132	-	2 193
NP Mageza^^	01/01/2010	163	234	26	59	25	507
MLD Marole^^	01/01/2010	252	540	26	118	25	961
AT Mikati+	18/07/2006	1 678	986	717	152	235	3 768
SP Miller+	01/08/2016	1 441	904	816	132	-	3 293
KDK Mokhele	01/07/2018	578	706	310	114	152	1 860
V Rague+	01/07/2019	1 497	1 050	831	132	293	3 803
KC Ramon@^^^	01/06/2014	268	354	203	59	47	931
SLA M Sanusi+	01/07/2019	1 471	371	420	132	204	2 598
NL Sowazi	01/08/2016	434	578	320	59	44	1 435
BS Tshabalala	01/06/2018	445	414	249	59	-	1 167
Total		13 643	8 108	4 983	1 381	1 088	29 203

\# Retainer and attendance fees include fees for board and committee representation and meetings.
@ Fees paid to AngoGold Ashanti Limited.
^ Appointed on 1 September 2020.
\+ Fees have been paid in euros.
^^ Resigned on 30 April 2020.
^^^ Resigned on 30 September 2020.

17. Emoluments, equity compensation and dealings in ordinary shares (continued)

17.2 Prescribed officers' emoluments and related payments.

The designation as a prescribed officer is assessed annually. Accordingly, individuals can be assessed as, or cease to be, a prescribed officer in any given year.

2021	Salaries R000	Post-employment benefits R000	Other benefits# R000	Bonuses R000	Sub-total R000	Share gains*** R000	Total R000
Prescribed officers							
E Asante	10 321	2 167	3 759	9 464	25 711	4 789	30 500
Y Cuba*	7 091	777	3 885 **	7 309	19 062	-	19 062
I Jaroudi	11 196	990	2 034	9 675	23 895	2 097 ^^	25 992
F Moolman	7 423	799	1 557	9 596	19 375	4 212	23 587
G Motsa	7 614	827	11 982 @	8 370	28 793	4 441 ^^	33 234
PD Norman	6 246	684	256	7 884	15 070	2 574	17 644
S Perumal^	1 311	119	80	-	1 510	-	1 510
J Schulte-Bockum	9 930	1 039	753	14 899	26 621	4 046	30 667
K Toriola	9 870	934	5 295	11 359	27 458	3 586	31 044
Total	71 002	8 336	29 601	78 556	187 495	25 745	213 240

Includes medical aid and unemployment insurance fund.
* Appointed as prescribed officer on 1 January 2021.
** Other benefits include a payment made *in lieu* of forfeiture of participation in share schemes from previous employer.
*** Pre-tax gains on equity-settled share-based payments.
^ Ceased to be acting GCFO on 31 March 2021.
^^ In accordance with the minimum shareholding requirements policy, the prescribed officer has elected to commit 100% of his vested PSP's to meet the targeted minimum shareholding.
@ Includes compensation comprising of notice pay and a restraint of trade payment.

2020	Salaries R000	Post-employment benefits R000	Other benefits# R000	Bonuses R000	Sub-total R000	Share gains R000	Total R000
Prescribed officers							
E Asante	10 115	809	4 885	9 969	25 778	-	25 778
I Jaroudi	11 644	953	616	8 396	21 609	-	21 609
F Moolman	8 227	1 633	5 794	7 203	22 857	-	22 857
G Motsa	7 421	816	607	8 435	17 279	-	17 279
PD Norman	6 138	675	820	8 044	15 677	-	15 677
S Perumal^	1 759	160	307	4 135	6 361	-	6 361
J Schulte-Bockum@	9 648	1 012	6 078	14 576	31 314	-	31 314
K Toriola	8 474	847	4 871	7 279	21 471	-	21 471
Total	63 426	6 905	23 978	68 037	162 346	-	162 346

^ Appointed as acting GCFO on 1 September 2020.
# Includes medical aid and unemployment insurance fund.
@ Other benefits include payment of cash-settled share-based incentives.

17. Emoluments, equity compensation and dealings in ordinary shares (continued)

17.3 Directors, prescribed officers, Company secretary of the Group and directors and Company secretaries of major subsidiaries' shareholding and dealings in ordinary shares of MTN Group Limited

	December 2021	December 2010	**Beneficial**
RT Mupita	**182 322**	93 598	Direct
RT Mupita	**680**	680	Indirect
SN Mabaso-Koyana	**744**	2 201	Direct
Y Cuba*	**500**	N/A	Direct
Y Cuba*	**91 000**	N/A	Indirect
I Jaroudi	**33 670**	-	Direct
S Miller	**7 500**	7 500	Direct
G Motsa[#]	**77 686**	24 911	Direct
PD Norman[#]	**10 000**	10 000	Indirect
PD Norman[#]	**23 185**	-	Direct
S Perumal[1]	**N/A**	2 425	Direct
J Schulte-Bockum[#]	**50 000**	50 000	Direct
PT Sishuba-Bonoyi	**2 201**	2 201	Direct
BS Tshabalala	**1 004**	1 004	Indirect
Total	**480 492**	193 063	

[#] Major subsidiary director.
* Appointed as prescribed officer on 1 January 2021.
[1] Ceased to be acting GCFO on 31 March 2021.
[N/A] Not applicable based on prescribed officer assessment for the financial year. .

In addition to the shareholdings noted in the above table, RT Mupita and PB Hanratty hold 291 200 (2020: 246 000) and 20 000 (2020: 20 000) shares in American Depository Receipt, respectively. This results in a total shareholding of 474 202 (2020: 340 278) and 20 000 (2020: 20 000) shares, respectively.

Subsequent to year-end there were no changes in the directors' beneficial interest in the Group.

Directors, prescribed officers, Company Secretary of MTN Group Limited and directors of major subsidiaries' shareholding relating to MTN Zakhele Futhi

Beneficiary	**December 2021**	December 2020	**Beneficial**
RT Mupita	**33 562**	33 562	Indirect
SN Mabasa-Koyana	**50 000**	50 000	Indirect
Total	**83 562**	83 562	

[1] The total shareholding relating to MTN Zakhele Futhi has been restated to incorporate additional indirect shareholding held as at 31 December 2020.

Subsequent to year end there were no changes in the directors' beneficial interest in MTN Zakhele Futhi.

17. Emoluments, equity compensation and dealings in ordinary shares (continued)

17.4 Equity compensation benefits for executive directors and directors of major subsidiaries in respect of the share appreciation rights and share rights schemes

Award date	Vesting date	Number outstanding as at 31 December 2020	Awarded	Settled	Forfeited	Settlement date	Price on settlement R	Number outstanding as at 31 December 2021
RA Shuter[+1]								
18/12/2017	18/12/2020	200 200	-	(150 150)	(50 050)	12/04/2021	91,21	**-**
28/12/2018	29/12/2021	436 600	-	-	-	-	-	**436 600**
20/12/2019	20/12/2022	457 100	-	-	-	-	-	**457 100**
Total		1 093 900	-	(150 150)	(50 050)	-	91,21	**893 700**
RT Mupita								
18/12/2017	18/12/2020	118 300	-	(88 724)	(29 576)	24/03/2021	84,95	**-**
28/12/2018	29/12/2021	190 200	-	-	-	-	-	**190 200**
20/12/2019	20/12/2022	223 300	-	-	-	-	-	**223 300**
21/12/2020	21/12/2023	530 800	-	-	-	-	-	**530 800**
13/12/2021	13/12/2024	-	205 200	-	-	-	-	**205 200**
Total		1 062 600	205 200	(88 724)	(29 576)	-	84,95	**1 149 500**
PD Norman								
18/12/2017	18/12/2020	57 700	-	(43 275)	(14 425)	13/04/2021	84,95	**-**
28/12/2018	29/12/2021	94 600	-	-	-	-	-	**94 600**
20/12/2019	20/12/2022	100 900	-	-	-	-	-	**100 900**
21/12/2020	21/12/2023	139 100	-	-	-	-	-	**139 100**
13/12/2021	13/12/2024	-	56 900	-	-	-	-	**56 900**
Total		392 300	56 900	(43 275)	(14 425)	-	84,95	**391 500**
G Motsa								
18/12/2017	18/12/2020	69 700	-	(52 275)	(17 425)	12/04/2021	84,95	**-**
28/12/2018	29/12/2021	114 100	-	-	-	-	-	**114 100**
20/12/2019	20/12/2022	121 800	-	-	(39 305)	-	-	**82 495**
21/12/2020	21/12/2023	167 800	-	-	(110 182)	-	-	**57 618**
Total		473 400	-	(52 275)	(166 912)	-	84,95	**254 213**
J Schulte-Bockum								
18/12/2017	18/12/2020	125 500	-	(94 125)	(31 375)	09/04/2021	84,95	**-**
28/12/2018	29/12/2021	205 500	-	-	-	-	-	**205 500**
20/12/2019	20/12/2022	216 400	-	-	-	-	-	**216 400**
21/12/2020	21/12/2023	315 800	-	-	-	-	-	**315 800**
13/12/2021	13/12/2024	-	121 500	-	-	-	-	**121 500**
Total		863 200	121 500	(94 125)	(31 375)	-	84,95	**859 200**
F Moolman								
18/12/2017	18/12/2020	66 100	-	(49 575)	(16 525)	09/04/2021	84,95	**-**
28/12/2018	29/12/2021	112 900	-	-	-	-	-	**112 900**
20/12/2019	20/12/2022	117 300	-	-	-	-	-	**117 300**
21/12/2020	21/12/2023	180 700	-	-	-	-	-	**180 700**
13/12/2021	13/12/2024	-	64 900	-	-	-	-	**64 900**
Total		477 000	64 900	(49 575)	(16 525)	-	84,95	**475 800**
PT Sishuba-Bonoyi								
20/12/2019	20/12/2022	36 800	-	-	-	-	-	**36 800**
21/12/2020	21/12/2023	52 100	-	-	-	-	-	**52 100**
13/12/2021	13/12/2024	-	21 300	-	-	-	-	**21 300**
Total		88 900	21 300	-	-	-	-	**110 200**

+ Appointed on 13 March 2017. On appointment, RA Shuter was granted a cash-settled share-based payment incentive in lieu of unvested stocks or equity relinquished upon resignation from previous employment. The value of the incentive was determined based on the market value of 327 214 ordinary listed shares in MTN Group Limited. The incentive was paid on 12 March 2020.

[1] Ceased to be Group President and CEO on 31 August 2020.

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17. Emoluments, equity compensation and dealings in ordinary shares (continued)

17.4 Equity compensation benefits for executive directors and directors of major subsidiaries in respect of the share appreciation rights and share rights schemes (continued)

Award date	Vesting date	Number outstanding as at 31 December 2020	Awarded	Settled	Forfeited	Settlement date	Price on settlement R	Number outstanding as at 31 December 2021
TBL Molefe								
01/04/2021	21/12/2023	-	126 100	-	-	-	-	**126 100**
13/12/2021	13/12/2024	-	101 900	-	-	-	-	**101 900**
Total		-	228 000	-	-	-	-	**228 000**
I Jaroudi								
18/12/2017	18/12/2020	77 600	-	(58 200)	(19 400)	12/04/2021	84.95	**-**
28/12/2018	29/12/2021	133 700	-	-	-	-	-	**133 700**
20/12/2019	20/12/2022	135 900	-	-	-	-	-	**135 900**
21/12/2020	21/12/2023	209 300	-	-	-	-	-	**209 300**
13/12/2021	13/12/2024	-	76 000	-	-	-	-	**76 000**
Total		556 500	76 000	(58 200)	(19 400)	-	84.95	**554 900**
E Asante								
18/12/2017	18/12/2020	78 000	-	(58 500)	(19 500)	04/09/2021	84.95	**-**
28/12/2018	29/12/2021	137 500	-	-	-	-	-	**137 500**
20/12/2019	20/12/2022	143 200	-	-	-	-	-	**143 200**
21/12/2020	21/12/2023	221 600	-	-	-	-	-	**221 600**
13/12/2021	13/12/2024	-	81 000	-	-	-	-	**81 000**
Total		580 300	81 000	(58 500)	(19 500)	-	84.95	**583 300**
K Toriola								
18/12/2017	18/12/2020	69 100	-	(51 825)	(17 275)	12/04/2021	84.95	**-**
28/12/2018	29/12/2021	114 000	-	-	-	-	-	**114 000**
20/12/2019	20/12/2022	120 800	-	-	-	-	-	**120 800**
21/12/2020	21/12/2023	186 200	-	-	-	-	-	**186 200**
13/12/2021	13/12/2024	-	50 850	-	-	-	-	**50 850**
Total		490 100	50 850	(51 825)	(17 275)	-	84.95	**471 850**
S Perumal^								
20/12/2019	20/12/2022	56 200	-	-	-	-	-	**56 200**
21/12/2020	21/12/2023	79 400	-	-	-	-	-	**79 400**
Total		135 600	-	-	-	-	-	**135 600**
D Molefe								
20/12/2020	20/12/2023	71 300	-	-	-	-	-	**71 300**
13/12/2021	13/12/2024	-	28 500	-	-	-	-	**28 500**
Total		71 300	28 500	-	-	-	-	**99 800**
Y Cuba**								
13/12/2021	13/12/2024	-	63 300	-	-	-	-	**63 300**
Total		-	63 300	-	-	-	-	**63 300**

^ Ceased to be acting GCFO on 31 March 2021.
** Appointed as prescribed officer on 1 January 2021.