MTN International (Mauritius) Limited

(Registration number: 19434/3597)

Annual Financial Statements
for the year ended 31 December 2021

MTN International (Mauritius) Limited

Company Annual Financial Statements

for the year ended 31 December 2021

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MTN International (Mauritius) Limited

Company information

for the year ended 31 December 2021

		Date of appointment
Directors:	Paul Deon Norman[1]	14 January 2004
	Roshan Nathoo[2]	20 April 2010
	Jean-François Legrigore[2]	14 January 2019
	Tsholofelo Beatitude Lettie Molefe[1]	12 May 2021

[1] South African
[2] Mauritian

Administrator:	MTN International (Mauritius) Limited Rogers House 5 President John Kennedy Street Port Louis Republic of Mauritius
Secretary:	Rogers Capital Corporate Services Limited Rogers House 5 President John Kennedy Street Port Louis Republic of Mauritius
Registered:	C/o Rogers Capital Corporate Services Limited Rogers House 5 President John Kennedy Street Port Louis Republic of Mauritius
Auditor:	PricewaterhouseCoopers PwC Centre Avenue de Telfair Telfair 80829 Moka, Republic of Mauritius

MTN International (Mauritius) Limited

Statement of directors' responsibility

for the year ended 31 December 2021

Company law requires the directors to prepare Annual Financial Statements for each financial year which present fairly the financial position, financial performance and cash flows of MTN International (Mauritius) Limited (the Company). Full details of the financial results of the Company are set out on pages 11 to 50 of these Annual Financial Statements for the year ended 31 December 2021. In preparing these Annual Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, and disclose and explain any material departures in the Annual Financial Statements; and
- prepare the Annual Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business in the foreseeable future.

The directors confirm that they have complied with the above requirements in preparing the Annual Financial Statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position, results and cash flows of the Company to enable them to ensure that the Annual Financial Statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

TBL Molefe
Director
28 April 2022

R Nathoo
Director
28 April 2022

MTN International (Mauritius) Limited

Certificate by the Company Secretary

for the year ended 31 December 2021

Rogers Capital Corporate Services Ltd
Rogers House, 5 President John Kennedy Street
Port-Louis
Republic of Mauritius

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritian Companies Act 2001.

Authorised signatory
Rogers Capital Corporate Services Ltd
Company Secretary
28 April 2022

Directors' report

for the year ended 31 December 2021

The directors present their report and the audited Annual Financial Statements of the Company for the year ended 31 December 2021.

Incorporation

The Company is incorporated in Mauritius under the Mauritian Companies Act 2001 as a private company with limited liability.

Nature of business

The Company invests primarily in companies which are involved in the operation of telecommunication networks and the provision of a diverse range of voice, data, digital, fintech, wholesale and enterprise services.

Results of operations

The Company recorded a profit after tax for the year ended 31 December 2021 of R7 889 million (2020: R6 017 million). Full details of the financial results of the Company are set out in these Annual Financial Statements and accompanying notes for the year ended 31 December 2021.

Dividends

No dividends (2020: R6 300 million) were declared during the current financial year and dividends amounting to R4 500 million were declared subsequent to year end. Refer to note 23.

Holding and ultimate holding companies

The Company's holding and ultimate holding companies are MTN International Proprietary Limited and MTN Group Limited respectively, both companies incorporated in the Republic of South Africa.

Subsidiaries and joint ventures

Details of subsidiaries and joint ventures in which the Company has a direct interest are set out in note 7 of these Annual Financial Statements.

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 the rapid increases in new cases and in turn the renewed imposition of lockdown restrictions in some markets. Across the MTN Group footprint the distribution of vaccines has commenced.

On 27 January 2021, MTN Group announced that it would be donating $25 million (R363 million) to support the African Union's COVID-19 vaccination programme. This has been recognised as an expense and is included in other expenses in the statement of profit or loss and other comprehensive income. MTN Nigeria Communications Plc (MTN Nigeria), a subsidiary of the Company, donated an additional NGN3 billion (R103 million) as part of the Coalition Against COVID-19.

MTN International (Mauritius) Limited

Directors' report (continued)

for the year ended 31 December 2021

Auditor

The auditor, PricewaterhouseCoopers, has indicated its willingness to continue in office and will be automatically reappointed at the Annual General Meeting.

Authorisation to issue Annual Financial Statements

The Annual Financial Statements have been authorised for issue on 28 April 2022 by the directors.

By Order of the Board

Director

Independent Auditor's Report

To the Shareholder of MTN International (Mauritius) Limited

Report on the Audit of the Financial Statements of the Company standing alone

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MTN International (Mauritius) Limited (the "Company") standing alone as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritian Companies Act 2001 for companies holding a Global Business Licence and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of MTN International (Mauritius) Limited set out on pages 11 to 50 comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Business Registration Number : F07000530

pwc

Independent Auditor's Report

To the Shareholder of MTN International (Mauritius) Limited (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

Other Information

The directors are responsible for the other information. The other information comprises company information, statement of directors' responsibility, certificate by the company secretary and directors' report but 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 any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritian Companies Act 2001 for companies holding a Global Business Licence and in compliance with the Mauritian Companies Act 2001, 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.

The directors are responsible for overseeing the financial reporting process.

Independent Auditor's Report

To the Shareholder of MTN International (Mauritius) Limited (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

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 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.

Independent Auditor's Report

To the Shareholder of MTN International (Mauritius) Limited (Continued)

Report on the Audit of the Financial Statements of the Company standing alone (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as auditor and tax advisor of the Company and one of its subsidiaries;
(b) we have obtained all the information and explanations we have required; and
(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers — Olivier Rey, licensed by FRC

28 April 2022

MTN International (Mauritius) Limited

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2021

	Note	2021 Rm	2020 Rm
Revenue	*3*	**12 239**	12 185
Other income[1]		**2 252**	339
Management and professional fees	*4*	**(3 242)**	(3 279)
Other expenses		**(1 302)**	(167)
Interest expense		**(1 662)**	(1 749)
Operating profit		**8 285**	7 329
Finance income	*5*	**1 268**	576
Finance costs	*5*	**(1 466)**	(2 129)
Profit before tax		**8 087**	5 776
Income tax (expense)/income	*6*	**(198)**	241
Profit and total comprehensive income for the year		**7 889**	6 017

[1] Includes a gain of R2 126 million from the disposal of shares in MTN Uganda Limited (MTN Uganda) (note 7.1.2).

MTN International (Mauritius) Limited

Statement of financial position

at 31 December 2021

	Note	2021 Rm	2020 Rm
ASSETS			
Non-current assets		**67 637**	66 546
Investment in subsidiaries and joint ventures	*7*	**58 452**	58 690
Loans and other non-current receivables	*8*	**3 435**	2 566
Deferred tax assets	*9*	**5 750**	5 290
Current assets		**19 596**	20 041
Trade and other receivables	*10*	**10 074**	7 845
Insurance receivable	*11*	**759**	633
Current investments	*12*	**1 596**	3 223
Taxation asset	*20*	**552**	704
Restricted cash	*13*	**846**	4 423
Cash and cash equivalents	*14*	**5 769**	3 213
Total assets		**87 233**	86 587
SHAREHOLDER'S EQUITY			
Ordinary share capital and share premium	*15*	**1 252**	1 252
Equity shareholder's loan	*16*	**72**	72
Retained earnings		**61 360**	53 519
Total equity		**62 684**	54 843
LIABILITIES			
Non-current liabilities			
Borrowings	*17*	**19 885**	27 827
Current liabilities		**4 664**	3 917
Trade and other payables	*18*	**3 593**	1 854
Financial guarantee contracts	*24*	**911**	2 063
Provisions	*26*	**160**	-
Total liabilities		**24 549**	31 744
Total equity and liabilities		**87 233**	86 587

Approved for issue by the Board of Directors on 28 April 2022 and signed on its behalf by:

Director

Director

MTN International (Mauritius) Limited

Statement of changes in equity

for the year ended 31 December 2021

	Share capital Rm	Share premium Rm	Equity shareholder's loan Rm	Retained earnings Rm	Total equity Rm
Balance at 1 January 2020	*	1 252	72	53 802	55 126
Profit and total comprehensive income	-	-	-	6 017	6 017
Transactions with shareholder					
Dividends declared	-	-	-	(6 300)	(6 300)
Balance at 1 January 2021	*	**1 252**	**72**	**53 519**	**54 843**
Profit and total comprehensive income	**-**	**-**	**-**	**7 889**	**7 889**
Transactions with shareholders					
Initial recognition of financial guarantees[1]	**-**	**-**	**-**	**(48)**	**(48)**
Balance at 31 December 2021	*	**1 252**	**72**	**61 360**	**62 684**
Note	*15*	*15*	*16*		

[1] The Company issued financial guarantees for new debt issues of Mobile Telephone Networks Holdings Limited (MTN Holdings) for no consideration. The fair value of the financial guarantees are recognised as a distribution in equity (refer to note 24).

**Amounts less than R1 million.*

MTN International (Mauritius) Limited

Statement of cash flows

for the year ended 31 December 2021

	Note	2021 Rm	2020 Restated[1] Rm
Cash flows (used in)/generated from operating activities			
Cash (used in)/generated from operations	*19*	**(9 566)**	4 450
Interest received		**37**	156
Interest paid		**(1 511)**	(1 762)
Income tax paid	*20*	**(989)**	(450)
Dividends received from subsidiaries		**11 162**	4 727
Dividends received from joint ventures		**234**	310
Net cash (used in)/generated from operating activities		**(633)**	7 431
Cash flows generated from/(used in) investing activities			
Proceeds from disposal of shares in MTN Uganda	*7.1.2*	**2 191**	-
Decrease/(increase) in current investments		**1 439**	(2 857)
Net cash generated from/(used in) investing activities		**3 630**	(2 857)
Cash flows used in financing activities			
Dividends paid		**-**	(6 300)
Net cash used in financing activities		**-**	(6 300)
Net increase/(decrease) in cash and cash equivalents		**2 997**	(1 726)
Exchange losses on cash and cash equivalents		**(441)**	(6)
Cash and cash equivalents at the beginning of the year		**3 213**	4 945
Cash and cash equivalents at the end of the year	*14*	**5 769**	3 213

[1] *Restated, refer to note 28.*

Notes to the financial statements

for the year ended 31 December 2021

1. Reporting entity, basis of preparation, going concern and principal accounting policies

1.1 Reporting entity

MTN International (Mauritius) Limited (the Company) is domiciled in the Republic of Mauritius. The address of the Company's registered office is C/o Rogers Capital Corporate Services Limited, Rogers House, 5 President John Kennedy Street, Port Louis, Republic of Mauritius.

The Company holds a Category 1 Global Business Licence under the Financial Services Act 2007 and is regulated by the Financial Services Commission.

The Company operates as an investment holding company and invests primarily in companies which are involved in the operation of telecommunication networks and the provision of a diverse range of voice, data, digital, fintech, wholesale and enterprise services.

1.2 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 Mauritian Companies Act of 2001.

The Company has adopted all new accounting pronouncements that became effective in the current reporting period, none of which had a material impact on the Company.

These separate financial statements contain information about MTN International (Mauritius) Limited as an individual company and do not contain consolidated financial information. The Company has taken advantage of the exemption under IFRS 10 *Consolidated financial statements*, from the requirements to prepare consolidated financial statements as it and its subsidiaries, joint ventures and associates (directly and indirectly held) are included by full consolidation in the consolidated financial statements of its ultimate holding company, MTN Group Limited, incorporated in South Africa. The MTN Group Limited (MTN Group) consolidated financial statements are publicly available and can be accessed electronically via https://www.mtn.com/financial-results/ or physically inspected at its registered address which is 216 14th Avenue, Fairland, Roodepoort, Gauteng, South Africa, 2195.

The financial statements have been prepared on the historical cost basis, adjusted for the effects of certain financial instruments that have been measured at fair value, where applicable. Amounts are rounded to the nearest million, with the exception of number of ordinary shares. Refer to note 15.

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. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Annual Financial Statements are included in note 2.

1. Reporting entity, basis of preparation, going concern and principal accounting policies (continued)

1.3 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 Annual Financial Statements therefore have been prepared on a going concern basis.

1.4 Principal accounting policies

The principal accounting policies applied in the preparation of these Annual Financial Statements are set out below and in the related notes to the financial statements. The principal accounting policies applied are consistent with those adopted in the prior year, unless otherwise stated.

Notes to the financial statements (continued)

for the year ended 31 December 2021

1. Reporting entity, basis of preparation, going concern and principal accounting policies (continued)

1.4 Principal accounting policies (continued)

1.4.1 New accounting pronouncements

The 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
Annual Improvements to IFRS Standards 2018 - 2020	1 January 2022
Reference to the Conceptual Framework - Amendments to IFRS 3	1 January 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023
IFRS 17 *Insurance Contracts* (IFRS 17) The Company has insurance cell captives which meet the definition of insurance contracts and fall under the scope of IFRS 17. In addition to the Company recognising the liability for incurred claims, the Company will measure its insurance contract liabilities for the remaining coverage period at initial recognition as the: • total of the fulfilment cash flows which comprises of: - the estimated future cash flows; - an adjustment to reflect the time value of money; and - an explicit risk adjustment for non-financial risk; as well as • the contractual service margin (unearned profit). The fulfilment cash flows will be remeasured on a current basis at each reporting period. The contractual service margin will be recognised over the coverage period. The statement of profit or loss and other comprehensive income will be impacted as insurance revenue, insurance service expense and insurance finance income are recognised and disclosed. The adoption of this standard will result in greater disclosures within the Company, however, the recognition and measurement of the adoption are not expected to be material.	1 January 2023

1.4.2 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 (ZAR), which is the functional and presentation currency of the Company.

1. Reporting entity, basis of preparation, going concern and principal accounting policies (continued)

1.4 Principal accounting policies (continued)

1.4.2 Foreign currency (continued)

Functional and presentation currency *(continued)*

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.

2. Critical accounting judgements, estimates and assumptions

The Company makes judgements, estimates and assumptions concerning the future when preparing its financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The “Critical accounting judgements, estimates and assumptions” note should be read in conjunction with the “Principal accounting policies” disclosed in note 1.

2.1 Income taxes

Source of estimation uncertainty

The Company is subject to income taxes in South Africa, Mauritius and other jurisdictions. As a result, significant judgement is required in determining the Company's provision for income taxes. There are numerous calculations and transactions for which the ultimate tax position is uncertain during the ordinary course of business.

The Company recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. In determining whether an interpretation and/or application of the various tax rules may result in a dispute of which the outcome may not be favourable to the Company, the Company seeks, where relevant, expert advice to determine whether an unfavourable outcome is probable or possible. Where payment is determined to be possible but not probable the tax exposure is disclosed as a contingent liability. Refer to note 27.

Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax in the period in which such determination is made.

2. Critical accounting judgements, estimates and assumptions (continued)

2.1 Income taxes (continued)

Deferred tax assets – Source of estimation uncertainty

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

Future taxable profits are determined based on business plans of the Company and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The Company's recognised deferred tax assets for the current year amounted to R5 750 million (2020: R5 290 million) mainly resulting from an assessed loss. In the current year the Company had unrecognised deferred tax assets of R585 million related to foreign tax credits (2020: recognised deferred tax assets in respect of foreign tax credits of R394 million). Refer to note 9.

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

– it is unlikely that the circumstances that resulted in the Company incurring assessed losses will recur;
– interest expense and foreign exchange exposures will reduce as the Company repays its United States dollar (US$) denominated intercompany debt. The repayments are currently scheduled to occur in 2024 and 2026; and
– technical service fees from subsidiaries are expected to increase as more services are provided centrally.

Based on current business plans and stress scenarios, the Company expects to utilise the deferred tax asset in the next eight to eleven years.

2.2 Dual exchange rates - Significant judgement

In August 2018, the Central Bank of Iran (CBI) clarified that all future dividends and all future loan repayments can be expected to be repatriated at the SANA rate. Judgement was required in determining the quoted foreign exchange rate to be used for translating and recording foreign currency transactions and balances of Irancell Telecommunication Company Services (PJSC) (Irancell). Since the introduction of the SANA rate, the Company has translated any receivables from Irancell at the SANA rate. However, the Company continues to translate any receivables that have previously been approved by the Iranian government under the Foreign Investment Promotion and Protection Act (FIPPA) at the CBI rate based on confirmation from FIPPA that the CBI rate will continue to apply to these receivables. All receivables that arose after the introduction of the SANA rate are translated at the SANA rate. Refer to note 10.

2.3 Contingent liabilities - Significant judgement

The Company applies judgement in assessing the potential outcome of uncertain legal and regulatory matters. The Company does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision or a taxation liability is recognised. The Company has disclosed contingent liabilities where economic outflows are considered possible but not probable. Refer to note 27.

Notes to the financial statements (continued)

for the year ended 31 December 2021

3. Revenue

Revenue comprises dividend income, management fees, royalties received and interest income on funds invested and on loans receivable. Dividend income is recognised when the right to receive payment is established. Management fees received are recognised as and when the services are rendered. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

	2021	2020
	Rm	Rm
Dividend income - other revenue	**10 469**	10 143
Management fees and royalty received - revenue from contracts with customers	**1 644**	1 622
Interest income - other revenue	**126**	420
	12 239	12 185

4. Operating expenses

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

	2021	2020
	Rm	Rm
Fees paid for services	**(3 228)**	(3 263)
Professional fees	**(139)**	(264)
Management fees	**(3 089)**	(2 999)
Auditor's remuneration	**(14)**	(16)
Total management and professional fees	**(3 242)**	(3 279)
Insurance costs	**(361)**	(100)

Notes to the financial statements (continued)

for the year ended 31 December 2021

5. Finance income and finance costs

Finance income comprises amortisation of financial guarantee contracts, net foreign exchange gains and net gain on remeasurement of financial guarantee contracts. Finance income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise net foreign exchange losses, net loss on remeasurement of financial guarantee contracts and unwind of revision of cash flows.

	2021	2020
	Rm	Rm
Finance income		
Amortisation of financial guarantee contracts	**522**	576
Gain on remeasurement of financial guarantee contracts	**746**	-
	1 268	576
Finance costs		
Net foreign exchange losses	**(1 509)**	(1 547)
Unwind of revision of cash flows	**43**	174
Loss on remeasurement of financial guarantee contracts	**-**	(756)
	(1 466)	(2 129)

6. Income tax (expense)/income

The income tax expense for the period comprises current, deferred and withholding tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income (OCI) or directly in equity. For these items the tax is also recognised in OCI 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 in the country where the Company operates and generates taxable income, 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 liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements for financial reporting purposes. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is measured at tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply to temporary differences when they reverse.

Notes to the financial statements (continued)

for the year ended 31 December 2021

6. Income tax (expense)/income (continued)

Deferred tax (continued)

Deferred tax is not provided on temporary differences arising on investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Withholding tax

Withholding tax is payable at different rates varying between 0% and 20% on amounts paid to the Company by certain of its subsidiaries as dividends, interest and management fees.

	2021 Rm	2020 Rm
Withholding taxes on foreign income	**(663)**	(841)
Deferred tax (note 9)	**465**	1 082
Current year	**673**	1 079
Adjustments in respect of the prior year	**(208)**	3
	(198)	241

Tax rate reconciliation

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

	2021 %	2020 %
Tax at standard rate	**28.0**	28.0
Prior year under provision	**2.6**	0.1
Expenses not allowed	**2.6**	0.9
Controlled foreign company legislation imputation	**3.1**	2.3
Income not subject to tax[1]	**(38.1)**	(51.9)
Gain on disposal of 12.95% shareholding in MTN Uganda (note 7.1.2)	**(7.4)**	-
Gain on disposal of 8% shareholding in MTN Zambia Limited (MTN Zambia) (note 7.1.1)	**-**	(0.6)
(Gain)/loss on remeasurement of financial guarantee contracts	**(2.6)**	3.7
Reversal of deferred tax on previously recognised foreign tax credits	**4.9**	-
COVID-19 vaccination programme donations	**1.3**	-
Other	**(0.2)**	(1.3)
Foreign income and withholding taxes	**8.2**	14.6
Effective tax rate	**2.4**	(4.2)

[1] *Includes dividends received and amortisation of financial guarantee contracts.*

The Company is regarded as tax resident in South Africa by the South African Revenue Services (SARS) and as such is subject to tax on its worldwide income in South Africa with only the income properly attributable to the presence in Mauritius being taxed in Mauritius. In the budget speech read in Parliament on 23 February 2022, South Africa's finance minister announced that the corporate tax rate be reduced from 28% to 27% for years of assessment ending on or after 31 March 2023.

The Company is following developments relating to the anticipated tax changes in the United Arab Emirates as well as the impact of Global Anti-Base Erosion rules as part of the Two-Pillar solution adopted by the Organisation of Economic Co-operation and Development (OECD) to assess the potential impact that it may have.

Notes to the financial statements (continued)

for the year ended 31 December 2021

7. Investment in subsidiaries and joint ventures

The Company accounts for investments in subsidiaries and joint ventures at cost, less accumulated impairment losses. Interest-free loans owing to the Company by its subsidiaries, with no repayment terms are included in the cost of the investment.

Shares and share premium at cost	Country of incorporation	2021 Rm	2020 Rm
76.08% interest in MTN Nigeria	Nigeria	**3 428**	3 428
83.05% (2020: 96%) interest in MTN Uganda (note 7.1.2)	Uganda	**1 325**	1 532
70% interest in MTN Cameroon Limited	Cameroon	**720**	720
55% interest in MTN Rwandacell Limited	Rwanda	**275**	275
58.83% interest in MTN Côte d' Ivoire S.A.	Côte d'Ivoire	**1 761**	1 761
78% interest in MTN Zambia	Zambia	**860**	860
100% interest in MTN Congo S.A.	Republic of the Congo	**687**	687
49% interest in Irancell[1]	Iran	**568**	568
33.3% interest in Deci Investments Proprietary Limited (Botswana)[1]	Botswana	**396**	396
82.8% interest in Econet Wireless Citizens Limited	Mauritius	**672**	672
100% interest in MTN (Dubai) Limited	United Arab Emirates	**44 530**	44 530
100% interest in MTN (Mauritius) Investments Limited[2]	Mauritius	**3 230**	3 230
Total		**58 452**	58 659
Equity loans owing by subsidiaries			
Equity shareholder's loan to MTN Rwandacell Limited[3]		**-**	31
Total interest in subsidiaries and joint ventures		**58 452**	58 690

[1] *Joint venture*

[2] *The cost of the investment includes a capital contribution relating of the Company providing financial guarantee for the subsidiary without charging a guarantee fee. Refer to note 24 for details on this financial guarantee contract.*

[3] *This equity shareholder's loan account was denominated in Rwanda franc, interest free and could only be repaid when and if the entity had sufficient funds available in excess of its business requirements as determined by the majority vote of the entity's directors. This loan was repaid in the current financial year.*

7.1 Changes in shareholding

7.1.1 Prior year changes in shareholding

Disposal of 8% shareholding in MTN Zambia

On 7 October 2020 the Company disposed of 8% shareholding in MTN Zambia taking the Company's shareholding from 86% to 78%. The proceeds from the disposal amounted to ZMK287 million (R238 million[1]) and realised a net gain of R121 million recognised in profit or loss.

7.1.2 Current year changes in shareholding

Disposal of 12.95% shareholding in MTN Uganda

The Company disposed of 2 902 003 800 shares in MTN Uganda to the public as part of an initial public offering following which MTN Uganda listed on the Uganda Securities Exchange. This took the Company's shareholding from 96% to 83.05%. Proceeds generated from the sale of share, net of transaction costs, amounted to UGX522.9 billion (R2.3 billion[1]) and realised a net gain of R2 126 million recognised in other income.

[1] *Translated at the effective date of the sale. Cash proceeds per the statement of cash flows are translated at the spot rate on the date of receipt of the proceeds.*

Notes to the financial statements (continued)

for the year ended 31 December 2021

7. Investment in subsidiaries and joint ventures (continued)

7.1 Changes in shareholding (continued)

7.1.3 Changes in shareholding subsequent to the reporting period

Disposal of MTN Nigeria shares

On 31 January 2022, the Company disposed of 661.25 million shares in MTN Nigeria following a secondary offer. This took the Company's shareholding from 76.08% to 72.83%. Proceeds generated from the sale of shares, net of transaction costs amounted to approximately NGN108.8 billion (approximately R4.0 billion translated at the effective date). This resulted in a net gain of approximately R3.8 billion which will be recognised in profit or loss.

8. Loans and other non-current receivables

Loans and other non-current receivables are measured at amortised cost in accordance with the accounting policy disclosed in note 25.

	2021 Rm	2020 Rm
Loan to MTN (Netherlands) Co-Op UA[1]	**2 841**	2 566
Loan to Mobile Telephone Networks Cameroon Limited[2]	**420**	-
Loan to MTN Zambia[3]	**169**	-
Other	**5**	-
	3 435	2 566

[1] This loan is denominated in US$, is unsecured and attracts interest at LIBOR + 1.8% per annum. Interest is capitalised quarterly and the loan is repayable in October 2024.

[2] This loan is denominated in US$, is unsecured and attracts interest at LIBOR + 3.0% per annum. Interest is payable quarterly and the loan is repayable in February 2024.

[3] This loan is denominated in ZAR, is unsecured and attracts interest at JIBAR + 3.75% per annum. Interest is payable semi-annually and the loan is repayable in March 2026.

The Company does not hold any collateral for loans receivable.

9. Deferred tax assets

Deferred tax is accounted for in accordance with the accounting policy disclosed in note 6.

	1 January 2020 Rm	Recognised in profit or loss Rm	Other movements Rm	31 December 2020 Rm	**Recognised in profit or loss Rm**	**Other movements Rm**	**31 December 2021 Rm**
Deferred tax assets							
Other temporary differences	4 207	1 082	1	5 290	**465**	**(5)**	**5 750**
Note		*6*			*6*		

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

9. Deferred tax assets (continued)

There were deductible temporary differences and unused tax losses of R585 million (2020: Nil) for which no deferred tax asset had been recognised in the statement of financial position at year-end.

2021							
Year of expiry	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Total**
Amount (Rm)	**72**	**79**	**93**	**98**	**124**	**119**	**585**

10. Trade and other receivables

Trade receivables are amounts due from customers 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 25.

Prepayments and other receivables are stated at their nominal values.

	2021 **Rm**	2020 Rm
Trade receivables due from related parties[1]	**9 972**	7 834
Less : allowance for impairment of trade receivables (note 25.3)	**(257)**	(300)
Net trade receivables	**9 715**	7 534
Prepayments and other receivables[2]	**359**	311
	10 074	7 845

[1] This balance includes a loan and receivables from Irancell. The loan was due on 30 September 2017 but remains outstanding at year-end. The loan amount outstanding of R1 882 million (2020: R1 733 million) was translated at the CBI rate. R1 525 million (2020: R840 million) of receivables denominated in Iranian rial outstanding at year-end were translated at the SANA rate, while the remaining Iranian rial amounts outstanding at year-end were translated at the CBI rate.

[2] Includes prepayments for insurance and VAT receivables.

Irancell loan and receivable

On 20 September 2019, the US Treasury Department's Office of Foreign Assets Control (OFAC) designated the CBI as being subject to sanctions. Sanctions imposed on the CBI create a secondary sanctions risk if the CBI allocates foreign currency to an MTN Group entity for the purpose of repatriating the receivable and/or loan. As at 31 December 2021, Iranian rial denominated receivables amounted to R1 531 million (2020: R1 037 million) and the Iranian rial denominated loan amounted to R1 882 million (2020: R1 733 million).

The Company's exposure to credit, interest rate and currency risk relating to trade and other receivables is disclosed in note 25.

The fair value of intercompany receivables approximates their carrying values as shown above as the impact of discounting is not considered to be material due to the short-term nature of the receivables.

Notes to the financial statements (continued)

for the year ended 31 December 2021

11. Insurance receivable

The Company accounts for its investment in Cell no. 19 of Guardrisk International Limited PPC as an insurance receivable in terms of IFRS 4 *Insurance Contracts*. The insurance receivable is measured at the amount recoverable or due in terms of the shareholder's agreement. The insurance receivable is assessed for impairment at each reporting date. If there is reliable objective evidence that amounts due may not be recoverable, the Company reduces the carrying amount of the asset to its recoverable amount and recognises the impairment loss in profit or loss.

	2021 Rm	2020 Rm
Investment in cell captive		
Balance at the beginning of the year	**633**	588
Gain recognised in profit or loss[1]	**126**	45
Balance at the end of the year	**759**	633

[1] Included in other income in the statement of profit or loss and other comprehensive income.

12. Current Investments

Current investments consist of financial assets at amortised cost that are accounted for in accordance with the accounting policy disclosed in note 25.

	2021 Rm	2020 Rm
Amortised cost		
Foreign currency deposits with fixed interest rates of 0.08% to 0.15% and maturing in January 2022[1]	**1 596**	3 058
Treasury bills with a fixed interest rate of 4.25%[2]	**-**	165
	1 596	3 223

[1] Denominated in US$.

[2] Denominated in Côte d'Ivoire Communauté Financière Africaine franc.

13. Restricted cash

Restricted cash comprises of short-term deposits that are not highly liquid and are accounted for at amortised cost in accordance with the accounting policy disclosed in note 25.

Restricted cash balance includes both dividends from MTN Nigeria being held on behalf of the Company by the Nigeria Registrar at an amount of R742 million (2020: R4 197 million) and an amount of R104 million of proceeds received from the disposal of shares in MTN Uganda, both of which remain unavailable to the Company. These cash balances will remain restricted until foreign currency (US$) becomes available in the market.

Prior year restricted cash included an amount of R226 million from the sale of MTN Zambia shares (note 7.1.1), which became available to the Company during the current financial year.

Notes to the financial statements (continued)

for the year ended 31 December 2021

14. Cash and cash equivalents

Cash and cash equivalents are accounted for at amortised cost in accordance with the accounting policy disclosed in note 25.

Cash and cash equivalents comprise cash on hand and deposits held on call, all of which are available for use by the Company.

	2021	2020
	Rm	Rm
Cash at bank	**5 769**	3 213

15. Ordinary share capital and share premium

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	2020
	Rm	Rm
Ordinary share capital		
Authorised share capital		
10 million ordinary shares of US$1 each		
Issued share capital		
Issued and fully paid-up share capital		
4 198 (2020: 4 198) ordinary shares of US$1 each	*	*
Share premium		
Balance at the beginning and the end of the year	**1 252**	1 252

**Amounts less than R1 million*

16. Equity shareholder's loan

	2021	2020
	Rm	Rm
Loan from MTN International Proprietary Limited	**72**	72

The loan is South African rand denominated, unsecured, interest free and has no fixed repayment terms.

17. Borrowings

Borrowings are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 25.

Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

	2021	2020
	Rm	Rm
Non-current		
Loan from MTN (Mauritius) Investments Limited[1]	**19 885**	25 625
Revolving credit facility[2]	**-**	2 202
	19 885	27 827

[1] The balance is made up of 2 loans which are denominated in US$, are unsecured and attract fixed interest rates of 5% to 6.75% per annum. Interest is payable semi-annually and the loans are repayable in November 2024 and October 2026.

[2] This facility is denominated in US$, is unsecured and attracts interest at LIBOR + 1.65% per annum. Interest is payable quarterly. As at 31 December 2020, an amount of US$150 million was drawn down, all of which was repaid in the current financial year. The facility amount of US$1 250 million remains available until 28 September 2023.

18. Trade and other payables

Trade payables and accrued expenses are obligations to pay for goods or 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 25.

Other payables are stated at their nominal values.

	2021	2020
	Rm	Rm
Payables due to related parties	**2 623**	1 207
Accrued expenses and other payables	**970**	647
	3 593	1 854

The fair values of trade and other payables approximate their carrying values as the impact of discounting is not considered to be material due to the short-term nature of the payables.

Notes to the financial statements (continued)

for the year ended 31 December 2021

19. Cash (used in)/generated from operations

	2021	2020 Restated[1]
	Rm	Rm
Profit before tax	**8 087**	5 776
Adjusted for :		
Dividend income (note 3)	**(10 469)**	(10 143)
Interest income (note 3)	**(126)**	(420)
Finance income (note 5)	**(1 268)**	(576)
Interest expense	**1 662**	1 749
Finance cost (note 5)	**1 466**	2 129
Gain on disposal of 8% shareholding in MTN Zambia (note 7.1.1)	**-**	(121)
Gain on disposal of 12.95% shareholding in MTN Uganda (note 7.1.2)	**(2 126)**	-
Increase in provisions	**160**	-
Other non-cash items	**(2)**	(107)
	(2 616)	(1 713)
Changes in working capital	**(6 950)**	6 163
Increase in trade, other and insurance receivables	**(1 422)**	(457)
Increase/(decrease) in trade and other payables	**4 125**	(419)
Decrease in loans receivable[1]	**-**	8 952
Decrease in borrowings[2]	**(9 653)**	(1 913)
Cash (used in)/generated from operations	**(9 566)**	4 450

[1] Restated, refer to note 28.

[2] The current year saw a substantial increase in borrowing repayments in line with the Company's strategy to accelerate the deleveraging of the statement of financial position, reducing exposure to US$ debt and improving the funding mix. This was achieved through a combination of cash upstreaming, asset realisation and potential liability management.

20. Income tax paid

	2021	2020
	Rm	Rm
Balance at the beginning of the year	**704**	704
Amounts recognised in profit or loss (note 6)	**(198)**	241
Deferred tax (note 6)	**(465)**	(1 082)
(Decrease)/increase in withholding tax accruals	**(478)**	391
Taxation asset at the end of the year	**(552)**	(704)
Total income tax paid	**(989)**	(450)

21. Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Company and a party related to the Company, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the MTN Group Executive Committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

The Company is controlled by MTN International Proprietary Limited (incorporated in South Africa) which owns 100% of the Company's shares. The ultimate parent of the Company is MTN Group Limited (incorporated in South Africa).

	2021 Rm	2020 Rm
Key management compensation[1]		
Salaries and other short-term employee benefits	**125**	123
Post-employment benefits	**10**	9
Share gain	**31**	6
Other benefits	**36**	42
Bonuses	**119**	116
	321	296

[1] This reflects the remuneration received by the directors and prescribed officers of the MTN Group for services rendered to the Company as well as other companies within the MTN Group during the respective financial year. Due to the vast number of entities included in the MTN 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 mainly paid by other companies in the MTN Group.

Notes to the financial statements (continued)

for the year ended 31 December 2021

21. Related party transactions (continued)

Details of investments in subsidiaries and joint ventures are disclosed in note 7 of the financial statements. Various transactions were entered into by the Company during the year with related parties. The following is a summary of significant transactions between the Company and related parties during the year and significant balances at the reporting date:

	2021 Rm	2020 Rm
Interest income	**93**	332
MTN Zambia[1]	**13**	*
Irancell[2]	**-**	138
MTN Sudan Company Limited[4]	**7**	8
MTN (Netherlands) BV[4]	**50**	126
Mobile Telephone Networks Cameroon Limited[1]	**23**	56
Mobile Telephone Networks Proprietary Limited[6]	**-**	3
MTN Uganda[1]	**-**	1
Interest expense	**1 546**	1 680
Irancell[2]	**111**	-
MTN (Mauritius) Investments Limited[1]	**1 435**	1 680
Management fees incurred (note 4)	**3 089**	2 999
MTN International Proprietary Limited[5]	**1 967**	1 797
MTN Côte d'Ivoire non-controlling interests	**164**	155
MTN Group Management Services Proprietary Limited[3]	**958**	1 047
Dividend income (note 3)	**10 469**	10 143
MTN Congo S.A.[1]	**616**	192
MTN Nigeria[1]	**5 706**	6 000
MTN Rwandacell Limited[1]	**81**	55
MTN Uganda[1]	**883**	667
MTN Côte d'Ivoire S.A.[1]	**135**	-
Irancell[2]	**592**	510
Mobile Botswana Limited[1]	**3**	1
MTN (Dubai) Limited[1]	**2 219**	2 408
Mascom Wireless Botswana Proprietary Limited[2]	**234**	310
Management and royalty fee income (note 3)	**1 644**	1 622
Mobile Telephone Networks Cameroon Limited[1]	**288**	261
MTN Rwandacell Limited[1]	**123**	64
MTN Uganda[1]	**252**	250
MTN Congo S.A.[1]	**73**	76
MTN (Dubai) Limited[1]	**514**	591
MTN Côte d'Ivoire S.A.[1]	**394**	380

[1] Subsidiary of the Company
[2] Joint venture
[3] Subsidiary of MTN Group Limited
[4] Indirect subsidiary of the Company
[5] Holding and ultimate holding companies
[6] Subsidiary of intermediate parent
** Amounts less than R1 million*

Notes to the financial statements (continued)

for the year ended 31 December 2021

21. Related party transactions (continued)

	2021 Rm	2020 Rm
Net receivables/(payables) (note 10 and 18)	**7 349**	6 627
Mobile Telephone Networks Cameroon Limited[1]	**2 197**	2 470
MTN Group Limited[5]	**3**	11
MTN Rwandacell Limited[1]	**55**	21
MTN Uganda[1]	**17**	20
MTN Côte d'Ivoire S.A.[1]	**103**	421
Irancell[2]	**3 598**	2 813
Mobile Telephone Networks Proprietary Limited[6]	**46**	46
MTN Lonestar Communications Corp[4]	**91**	84
MTN Zambia[1]	**4**	*
MTN Congo S.A[1]	**151**	186
MTN (Dubai) Limited[1]	**887**	725
MTN (Dubai) Limited[1]	**(111)**	(72)
MTN Sudan Company Limited[4]	**260**	233
MTN SEA Shared Services Limited[4]	**298**	274
MTN Group Management Services Proprietary Limited[3]	**(197)**	(255)
MTN International Proprietary Limited[5]	**(623)**	(514)
MTN Nigeria[1]	**718**	525
MTN (Mauritius) Investments Limited [1]	**1 543**	*
MTN (Mauritius) Investments Limited[1]	**(1 692)**	(364)
Other	**1**	3
Loans from related parties	**19 957**	25 697
MTN International Proprietary Limited[5] (note 16)	**72**	72
MTN (Mauritius) Investments Limited[1] (note 17)	**19 885**	25 625
Loans to related parties (note 8)	**3 430**	2 566
MTN (Netherlands) Co-Op UA[4]	**2 841**	2 566
Mobile Telephone Networks Cameroon Limited[1]	**420**	-
MTN Zambia[1]	**169**	-

[1] Subsidiary of the Company
[2] Joint venture
[3] Subsidiary of MTN Group Limited
[4] Indirect subsidiary of the Company
[5] Holding and ultimate holding companies
[6] Subsidiary of intermediate parent
** Amounts less than R1 million*

Receivables from and payables to related parties above have a 30-day credit term from the date of invoice and bear interest at various rates to the extent that accounts are overdue, unless stated otherwise in these financial statements. Details of inter-group guarantees are provided in note 24.

22. Commercial commitments

Irancell

The investment in Irancell is subject to a number of sovereign, regulatory and commercial risks, which could result in the Company failing to realise full market value for its investment should it be required to dispose of any portion thereof. In this regard, 21% of Irancell is required to be offered to members of the Iranian public within approximately three years from the date of the licence. Such offering could have a proportional dilutionary effect on the Company's 49% shareholding, effectively reducing its shareholding by 10.3% to 38.7%. Local management together with the shareholders continue to engage the regulator on this matter.

23. Events after the reporting period

Subsequent to year end, a dividend of R4 500 million was declared on 28 March 2022 in respect of the financial year ended 31 December 2021.

No other matters in addition to those disclosed in note 7.1.3, which are material to the financial affairs of the Company, have occurred between 31 December 2021 and the date of approval of these financial statements.

24. 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 *Financial Instruments* (IFRS 9); or
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*.

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 MTN Group subsidiaries have guaranteed the bonds, senior unsecured notes, revolving credit facilities, long-term loans and general banking facilities of MTN Holdings and MTN (Mauritius) Investments Limited. Under the terms of the guarantees, the Company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

24. **Financial guarantee contracts** (continued)

	Face value		Drawn down balance[2]	
	2021	2020	**2021**	2020
	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				
ZAR long-term loan	**23 000**	23 250	**14 273**	20 323
US$ long-term loan	**-**	2 202	**-**	2 168
US$ revolving-credit-facility	**19 925**	-	**-**	-
	82 850	71 137	**49 207**	60 733

[1] R14 799 million (2020: R12 255 million) of the bonds are listed on the Bond Exchange of South Africa.
[2] Includes interest accrued.

The Company, together with other subsidiaries in the MTN 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. Refer to note 7.

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, considering any breach on the part of MTN (Mauritius) Investments Limited could reasonably be expected to be as a result of default by the Company as the funds of these borrowings were on lent to the Company (refer to note 17). 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.

In the prior year, the Company, together with other subsidiaries in the MTN Group guaranteed US$ syndicated loan facilities with Citibank amounting to US$1 billion. A financial liability was initially recognised at the fair value of the guarantee issued and amortised over an expected utilisation period of three years which ended August 2021. This facility was repaid in the current year with no future draw downs being available. As such, no financial liability remained for this instrument as at 31 December 2021.

The Company, together with other subsidiaries in the MTN Group guaranteed US$ revolving credit facilities with Citibank amounting to US$1 250 million. In the prior year, the Company had drawn down on this facility, which was subsequently repaid in the current financial year. While the Company had a financial liability for the drawn down facility amount, no further financial guarantee contract liability was required to be recognised. While MTN Holdings to date has not made use of this facility, the facility remains available until 28 September 2023. At 31 December 2021, the financial guarantee over this facility was measured at the ECL amount and losses on remeasurement of R25 million have been recognised in profit or loss.

24. Financial guarantee contracts (continued)

In addition to the financial guarantees issued over the senior unsecured notes and Citibank facilities, the Company, together with other subsidiaries of the MTN Group, have also issued various financial guarantees over the bonds, revolving credit facilities, long-term loans and general 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. New financial guarantees issued over new bonds issued and a renegotiated general banking facility 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 intermediate 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 estimated 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 R771 million (2020: loss on remeasurement of R756 million) recognised in profit or loss.

MTN Group's credit rating as determined by Standard and 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 MTN 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 MTN 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 R522 million (2020: R576 million) was amortised to profit or loss for the year. Credit gains relating to 12 months ECLs amounted to R217 million (2020: credit losses of R73 million) and net credit gains relating to lifetime ECLs amounted to R529 million (2020: credit losses of R683 million).

25. Financial risk management and financial instruments

Accounting for financial instruments

Financial instruments comprise investments in debt securities, loans receivable, trade and other receivables (excluding prepayments), cash and cash equivalents, restricted cash, borrowings, financial guarantees and trade and other payables.

Recognition

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company 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, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL) 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.

25. Financial risk management and financial instruments (continued)

Measurement on initial recognition

All financial assets (unless it is a trade receivable without a significant financing component) and liabilities are initially measured at fair value, including transaction costs, except for those classified as at FVTPL which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. A trade 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.

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 received/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.

25. Financial risk management and financial instruments (continued)

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 Company 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 trade receivables. ECL for trade receivables is calculated using a provision matrix.

Risk management

Introduction

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange and interest rate risk). This note presents information about the Company's exposure to each of these 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 Annual 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 MTN Group and the Company. The MTN Group Treasury Committee identifies, evaluates and hedges financial risks in cooperation with the MTN Group's operating units. 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 MTN Group Chief Financial Officer (GCFO), MTN Group Audit Committee and MTN Group Risk Management and Compliance Committee.

25. Financial risk management and financial instruments (continued)
25.1 Categories of financial instruments

	Note	Assets at amortised cost Rm	Liabilities at amortised cost Rm	Total carrying amount Rm	Fair value Rm
2021					
Non-current financial assets					
Loans and other non-current receivables	8	**3 435**	-	**3 435**	#
Current financial assets					
Trade and other receivables	10	**9 858**	-	**9 858**	#
Current investments	12	**1 596**	-	**1 596**	#
Restricted cash	13	**846**	-	**846**	#
Cash and cash equivalents	14	**5 769**	-	**5 769**	#
		21 504	-	**21 504**	#
Non-current financial liabilities					
Borrowings	17	-	**19 885**	**19 885**	#
Current financial liabilities					
Trade and other payables	18	-	**3 370**	**3 370**	#
Financial guarantee contracts	24	-	**911**	**911**	**192**
		-	**24 166**	**24 166**	**192**

	Note	Assets at amortised cost Rm	Liabilities at amortised cost Rm	Total carrying amount Rm	Fair Value Rm
2020					
Non-current financial assets					
Loans and other non-current receivables	8	2 566	-	2 566	#
Current financial assets					
Trade and other receivables	10	7 602	-	7 602	#
Current investments	12	3 223	-	3 223	#
Restricted cash	13	4 423		4 423	#
Cash and cash equivalents	14	3 213	-	3 213	#
		21 027	-	21 027	#
Non-current financial liabilities					
Borrowings	17	-	27 827	27 827	#
Current financial liabilities					
Trade and other payables	18	-	1 357	1 357	#
Financial guarantee contracts	24	-	2 063	2 063	1 068
		-	31 247	31 247	1 068

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

25. Financial risk management and financial instruments (continued)

25.2 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 and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table 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	-	-	1 068	1 068

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. The valuation requires management to make certain assumptions about the model inputs, which include the probability of default, the maximum recovery amount and interest rate curve.

25. Financial risk management and financial instruments (continued)

25.3 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 that are exposed to credit risk.

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

	2021	2020
	Rm	Rm
Loans and other non-current receivables	**3 435**	2 566
Current investments	**1 596**	3 223
Restricted cash	**846**	4 423
Cash and cash equivalents	**5 769**	3 213
Trade and other receivables	**9 858**	7 602
Financial guarantee contracts	**49 207**	60 733
	70 711	81 760

Exposure to credit risk

Credit risk is mitigated to the extent that the majority of trade receivables and loans receivable consist of related party receivables of R9 715 million (2020: R7 534 million) and R3 430 million (2020: R2 566 million) respectively.

	At the beginning of the year	**Additions**	**Reversals**	**At the end of the year**
	Rm	**Rm**	**Rm**	**Rm**
2021				
Allowance for impairment of trade receivables	**(300)**	**-**	**43**	**(257)**
2020				
Allowance for impairment of trade receivables	(457)	(17)	174	(300)

Notes to the financial statements (continued)

for the year ended 31 December 2021

25. Financial risk management and financial instruments (continued)

25.3 Credit risk (continued)

Trade receivables

Ageing and impairment analysis

	2021 Rm Gross	2021 Rm Impaired	2021 Rm Net	2020 Rm Gross	2020 Rm Impaired	2020 Rm Net
Fully performing other receivables	**894**	**-**	**894**	4 747	-	4 747
Trade receivables due from related parties	**894**	**-**	**894**	4 747	-	4 747
Past due other receivables	**9 221**	**(257)**	**8 964**	3 155	(300)	2 855
Sundry debtors and advances	**143**	**-**	**143**	68	-	68
9 to 12 months	**143**	**-**	**143**	68	-	68
Trade receivables due from related parties	**9 078**	**(257)**	**8 821**	3 087	(300)	2 787
0 to 3 months	**1 534**	**-**	**1 534**	-	-	-
3 to 6 months	**486**	**-**	**486**	-	-	-
6 to 9 months	**595**	**-**	**595**	-	-	-
9 to 12 months	**6 463**	**(257)**	**6 206**	3 087	(300)	2 787
	10 115	**(257)**	**9 858**	7 902	(300)	7 602

Cash and cash equivalents, restricted cash and current investments

MTN Group treasury determines appropriate internal credit limits for each counterparty. In determining these limits, MTN Group treasury considers the counterparty's credit rating established by an accredited ratings agency and performs internal risk assessment. MTN Group treasury manages the Company's exposure to a single counterparty by spreading transactions among approved financial institutions. MTN Group treasury regularly reviews and monitors the Company's credit exposure.

The Company holds its cash balances and the majority of its current investments in financial institutions with ratings of AA+ to BB- (2020: AA+ to B-). Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

25. Financial risk management and financial instruments (continued)

25.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet 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.

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 credit and sets policies for maturity profiles of loans.

The following liquid resources are available:

	2021	2020
	Rm	Rm
Cash and cash equivalents	**5 769**	3 213
Trade and other receivables	**9 858**	7 602
Current investments	**1 596**	3 223
	17 223	14 038

The following are the undiscounted contractual cash flows of financial liabilities:

	Carrying amount	**Total**	**Payable within 1 month or on demand**	**More than one month but not exceeding three months**	**More than three months but not exceeding one year**	**More than one year but not exceeding two years**	**More than two years but not exceeding five years**	**More than five years**
2021	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
Borrowings	**19 885**	**23 950**	**-**	**-**	**878**	**1 136**	**21 936**	**-**
Trade and other payables	**3 370**	**3 370**	**3 131**	**-**	**239**	**-**	**-**	**-**
Financial guarantee contracts	**911**	**49 207**	**49 207**	**-**	**-**	**-**	**-**	**-**
	24 166	**76 527**	**52 338**	**-**	**1 117**	**1 136**	**21 936**	**-**

	Carrying amount	Total	Payable within 1 month or on demand	More than one month but not exceeding three months	More than three months but not exceeding one year	More than one year but not exceeding two years	More than two years but not exceeding five years	More than five years
2020	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Borrowings	27 827	33 302	123	241	1 088	8 462	15 674	7 714
Trade and other payables	1 357	1 357	1 357	-	-	-	-	-
Financial guarantee contracts	2 063	60 733	60 733	-	-	-	-	-
	31 247	95 392	62 213	241	1 088	8 462	15 674	7 714

The Company has undrawn variable rate borrowing facilities of R19 925 million (2020: R16 145 million).

25. Financial risk management and financial instruments (continued)

25.5 Market risk

Market risk is the risk that changes in market prices (such as interest rates 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.

Derivatives are entered into solely for risk management purposes and not as speculative investments. The MTN Group treasury policy specifies approved instruments which may be used to economically hedge the Company's exposure to variability in interest rates and foreign currency and to manage and maintain market risk exposures within the parameters set by the MTN Group's Board of Directors.

25.5.1 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 assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, trade and other receivables/payables, loans receivable, treasury bills and foreign currency deposits carried at amortised cost and borrowings. The interest rates applicable to these financial instruments are a combination of floating and fixed rates in line with those currently available in the market.

The Company's interest rate risk arises from the repricing of the Company's floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the significant cash balances which exist.

Debt in the Company is managed on an optimal fixed versus floating interest rate basis, in line with the approved MTN Group treasury policy. Significant cash balances are also considered in the fixed versus floating interest rate exposure mix.

Where appropriate, the Company uses interest rate derivatives and other suitable hedging tools as a way to manage interest rate risk. The Company does not apply hedge accounting to these derivatives.

Notes to the financial statements (continued)

for the year ended 31 December 2021

25. Financial risk management and financial instruments (continued)

25.5 Market risk (continued)

25.5.1 Interest rate risk (continued)

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Fixed interest Rm	Variable interest Rm	No interest Rm	Total Rm
2021				
Non-current financial assets				
Loans and other non-current receivables	**-**	**3 430**	**5**	**3 435**
Current financial assets				
Trade and other receivables	**-**	**6 559**	**3 299**	**9 858**
Current investments	**1 596**	**-**	**-**	**1 596**
Restricted cash	**-**	**-**	**846**	**846**
Cash and cash equivalents	**-**	**5 769**	**-**	**5 769**
	1 596	**15 758**	**4 150**	**21 504**
Non-current financial liabilities				
Borrowings	**19 885**	**-**	**-**	**19 885**
Current financial liabilities				
Trade and other payables	**-**	**2 766**	**604**	**3 370**
	19 885	**2 766**	**604**	**23 255**
2020				
Non-current financial assets				
Loans and other non-current receivables	-	2 566	-	2 566
Current financial assets				
Trade and other receivables	-	5 185	2 417	7 602
Current investments	3 223	-	-	3 223
Restricted cash	-	-	4 423	4 423
Cash and cash equivalents	-	3 213	-	3 213
	3 223	10 964	6 840	21 027
Non-current financial liabilities				
Borrowings	25 625	2 202	-	27 827
Current financial liabilities				
Trade and other payables	-	1 346	11	1 357
	25 625	3 548	11	29 184

25. Financial risk management and financial instruments (continued)

25.5 Market risk (continued)

25.5.1 Interest rate risk (continued)

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 following market interest rates: LIBOR, JIBAR and Prime rates. Changes in market interest rates affect the interest income or expense of floating rate financial instruments.

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

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 currency rates, remain constant. The analysis is performed on the same basis as was used for 2020.

		(Decrease)/Increase in profit before tax	
	Change in interest rate	**Upward change in interest rate**	**Downward change in interest rate**
	%	**Rm**	**Rm**
2021			
JIBAR	**1**	**(23)**	**23**
LIBOR	**1**	**141**	**(141)**
Prime	**1**	**12**	**(12)**
2020			
JIBAR	1	(11)	11
LIBOR	1	53	(53)
Prime	1	32	(32)

Notes to the financial statements (continued)

for the year ended 31 December 2021

25. Financial risk management and financial instruments (continued)

25.5 Market risk (continued)

25.5.2 Currency risk

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

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 geography where the Company operates. MTN Group treasury reports on the status of foreign currency positions or derivatives to the MTN Group Treasury Committee on a regular basis.

Exposure

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

	2021	2020
	Rm	Rm
Assets		
Non-current assets		
United States dollar	**3 261**	2 566
Current assets		
United States dollar	**10 576**	8 390
Euro (EUR)	**463**	447
Iranian rial (IRR) (note 2.2)	**3 413**	2 813
Congo-Brazzaville Communauté Financière Africaine franc (CFACB)	**131**	174
Côte d'Ivoire Communauté Financière Africaine franc (CFA)	**187**	529
Nigerian naira (NGN)	**742**	4 197
Rwanda franc (RWF)	**214**	220
Cameroon Communauté Financière Africaine franc (XAF)	**1 274**	1 257
Zambian kwacha (ZMK)	**-**	226
Ugandan shilling (UGX)	**104**	-
	17 104	18 253
Liabilities		
Non-current liabilities		
United States dollar	**19 885**	27 827
Current liabilities		
United States dollar	**2 070**	1 766
Euro (EUR)	**111**	-
	2 181	1 766

Notes to the financial statements (continued)

for the year ended 31 December 2021

25. Financial risk management and financial instruments (continued)

25.5 Market risk (continued)

25.5.2 Currency risk (continued)

Sensitivity analysis

The Company has used a sensitivity analysis technique that measures the estimated change in profit or loss 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 United States dollar, euro, Nigerian naira and Iranian rial. This analysis considers the impact of changes in foreign exchange rates on profit or loss.

A change in the foreign exchange rates to which the Company is exposed to 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 reporting date and assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as was used for 2020.

		(Decrease)/increase in profit before tax	
Denominated: functional currency	**Change in exchange rate**	**Weakening in functional currency**	**Strengthening in functional currency**
2021	**%**	**Rm**	**Rm**
US$:ZAR	**10**	**(812)**	**812**
EUR:ZAR	**10**	**35**	**(35)**
IRR:ZAR	**10**	**341**	**(341)**
CFA:ZAR	**10**	**19**	**(19)**
RWF:ZAR	**10**	**21**	**(21)**
CFACB:ZAR	**10**	**13**	**(13)**
XAF:ZAR	**10**	**127**	**(127)**
NGN:ZAR	**10**	**74**	**(74)**
UGX:ZAR	**10**	**10**	**(10)**
2020			
US$:ZAR	10	(1 864)	1 864
EUR:ZAR	10	45	(45)
IRR:ZAR	10	281	(281)
CFA:ZAR	10	53	(53)
RWF:ZAR	10	22	(22)
CFACB:ZAR	10	17	(17)
XAF:ZAR	10	126	(126)
NGN:ZAR	10	420	(420)
ZMK:ZAR	10	23	(23)

25. Financial risk management and financial instruments (continued)

25.6 Price risk

The Company is not exposed to commodity price risk or equity securities price risk.

25.7 Capital management

Equity funding for the Company is raised centrally by the MTN Group, first from excess cash and then from new borrowings while retaining an acceptable level of debt for the consolidated MTN 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 MTN Group policy is to borrow using a mixture of long-term and short-term capital market issues and borrowing facilities from local and international capital markets as well as multi-lateral organisations together with cash generated to meet anticipated funding requirements. Borrowings are managed within the MTN Group established debt: equity ratios.

Capital includes ordinary share capital and share premium and equity attributable to the equity holders of the Company.

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 reduce cost of capital.

26. Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision to pay a levy is not recognised until the obligating event specified in the legislation occurs, even if there is no realistic opportunity to avoid the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expected outflow of resources required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

2021	At the beginning of the year Rm	Additions Rm	At the end of the year Rm
Current			
Litigation provisions	-	**160**	**160**
	-	**160**	**160**

27. Contingent liabilities

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company. Contingent liabilities also represent present obligations that arise from past events but are not recognised because an outflow of resources is not probable, or a reliable estimate cannot be made. The Company does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision or taxation liability is recognised.

	2021	2020
	Rm	Rm
Uncertain tax exposures	**1 067**	1 045

The Company operates in two tax jurisdictions and the Company's interpretation and application of the various tax rules applied in direct and indirect tax filings may result in disputes between the Company and the relevant tax authority. The outcome of such disputes may not be favourable to the Company. At 31 December 2021, the most significant matter relates to a transfer pricing dispute which the Company is contesting with SARS that relates to the 2009 to 2012 tax years. Based on internal and external legal and technical advice obtained, the Company remains confident that it has a robust legal case to contest the exposure.

28. Restatement

In 2017, the Company reclassified cash flows relating to treasury activities to operating activities based on the nature of the Company's treasury activities being similar to that of a financial institution. Following this change, cash flows relating to the granting of loans to MTN Group companies were classified as operating activities in the statement of cash flows. In the 2020 financial year, cash inflows arising from loans receivable were erroneously classified as investing activities. As a result, R8 952 million of cash inflows from loans receivable have been restated in the 2020 comparatives from cash flows from investing activities to cash flows from operating activities and included in the line item cash (used in)/generated from operations.