MTN Group Limited

Annual Financial Statements for the year ended 31 December 2022

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The Group and Company financial statements were audited in terms of the Companies Act, No 71 of 2008 as amended.

The Group and Company Annual Financial Statements have been prepared by the MTN finance staff under the guidance of the Group Finance Executive, S Perumal CA(SA) and were supervised by the Group Chief Financial Officer, TBL Molefe CA(SA).

These Annual Financial Statements were authorised on 10 March 2023 by the Board of Directors.

Statement of directors' responsibility

for the year ended 31 December 2022

The directors are responsible for the integrity, preparation and fair presentation of the annual separate and consolidated financial statements of MTN Group Limited (the Company), its subsidiaries, joint ventures, associates and structured entities (together, the Group) in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 as amended and the Company's memorandum of incorporation (MOI).

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

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

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

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

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

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

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

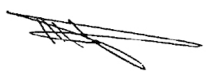
The Group's internal audit function, which operates unimpeded by operational management, and has unrestricted access to the Group's Audit Committee, assesses and, when necessary, recommends improvements in the system of internal control and accounting practices, based on audit plans that take cognisance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

The directors have reviewed the Group and the Company budgets and cash flow forecasts for the year to 31 December 2023. In light of this review, the current financial position and existing borrowing facilities, the going concern basis has been adopted in preparing the Group and the Company Annual Financial Statements. The directors have no reason to believe that the Company or its major subsidiaries will not be going concerns in the year ahead. These financial statements support the viability of the Group and the Company.

The Group's external auditors, PricewaterhouseCoopers Inc. (PwC) and Ernst & Young Inc. (EY) jointly audited the Group and the Company Annual Financial Statements and their unqualified Audit Report is presented on pages 14 to 18.

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

The Group and the Company Annual Financial Statements which appear on pages 1 to 146 were approved for issue by the Board of Directors on 10 March 2023 and are signed on its behalf by:



RT Mupita
Group President and Chief Executive Officer (CEO)
Fairland

TBL Molefe CA(SA)
Group Chief Finance Officer (GCFO)
Fairland

CEO and CFO responsibility statement

for the year ended 31 December 2022

Each of the directors, whose names are stated below, hereby confirm that:

(a) The Annual Financial Statements set out on pages 1 to 146, fairly present in all material respects the financial position, financial performance and cash flows of MTN Group Limited in terms of IFRS.

(b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading.

(c) Internal financial controls have been put in place to ensure that material information relating to MTN Group Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of MTN Group Limited.

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.

(e) Where we are not satisfied, we have disclosed to the Group Audit Committee and auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy deficiencies.

(f) We are not aware of any fraud involving directors.

RT Mupita
Group President and Chief Executive Officer (CEO)

Fairland
10 March 2023

TBL Molefe CA(SA)
Group Chief Finance Officer (GCFO)

Fairland
10 March 2023

Certificate by the Company Secretary

for the year ended 31 December 2022

I certify that, to the best of my knowledge and belief, MTN Group Limited has filed all its returns and notices with the Registrar of Companies and Intellectual Property Commission for the year ended 31 December 2022, as required of a public company in terms of section 88(2)(e) of the Companies Act, No 71 of 2008 as amended and that such returns and notices are true, correct and up to date.

PT Sishuba-Bonoyi
Group Secretary

Fairland
10 March 2023

Report of the Audit Committee

for the year ended 31 December 2022

"In a challenging economic and regulatory environment, the Group delivered strong financial performance while leading digital solutions for Africa's progress and maintain and build appropriate governance and control structures to support its ambition as its business evolves."

SN Mabaso-Koyana, Group Audit Committee Chairman.

This report is provided by the MTN Group Audit Committee ("the committee"), in respect of the 2022 financial year, in compliance with section 94 of the Companies Act, No 71 of 2008, as amended (the Companies Act), King IV Report on Corporate Governance for South Africa (2016)(King IV), the JSE Listing Requirements and other applicable regulatory requirements, and describes how the committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 31 December 2022.

COMPOSITION AND GOVERNANCE

Members of the committee are all independent non-executive directors, all of whom satisfy the requirements of section 94(4) of the Companies Act and King IV. The committee is adequately skilled, and all members possess the appropriate financial and related qualifications, skills, expertise and experience required to discharge their responsibilities.

The composition of the committee and the attendance at the meetings by its members during the 2022 financial year are set out below.

Members	4 March 2022	21 April 2022*	23 May 2022	4 August 2022	24 August 2022*	10 October 2022*	23 November 2022*	28 November 2022
SN Mabaso-Koyana	√	√	√	√	√	√	√	√
NP Gosa	√	√	√	√	√	√	√	√
CWN Molope	√	X	√	√	√	√	X	√
T Pennington[1]	N/A	N/A	N/A	√	√	√	√	√
VM Rague	√	√	√	√	√	X	√	√
BS Tshabalala[2]	√	√	X	N/A	N/A	N/A	N/A	N/A

* Special meeting held.
N/A Attendance not applicable as it falls outside of the term of appointment.
X An apology was tendered for non-attendance.
√ Attended the meeting.
1 Became a member of the Group Audit Committee with effect 1 August 2022.
2 Retired from the Board with effect 25 May 2022.

Four formal committee meetings were held in line with the Group's financial reporting and regulatory cycle in the financial year under review. There were four special meetings that were held of which one meeting was to consider and approve the MTN Holdings and MTN International Annual Financial Statements for the financial year ended 31 December 2021, and the remaining two *ad hoc* meetings were held to consider and approve the refreshed Group Decision Making Framework. Members' fees are included in the table of directors' emoluments and related payments in note 10.

The Group President and CEO, the Group Chief Financial Officer, the Group Chief Risk Officer, the Group Chief Legal and Regulatory Officer, the Group Executive: Internal Audit and Forensics, the Group Executive: Finance, and representatives of the joint external auditors attend committee meetings by invitation. Other members of management are invited to attend certain meetings to provide the committee with assurance and greater insight into specific issues or areas in the Group.

The committee chairman has regular contact with the Group senior management team to discuss relevant matters directly during the year. The internal auditors and the joint external auditors have direct access to the committee, including closed sessions without management, during the year on any matter they regard as relevant to the fulfilment of the committee responsibilities. Further, the committee meeting agenda allows for the internal auditors, joint external auditors and senior management to meet separately with the members.

The committee chairman reports to the Group Board on committee activities and the matters discussed at each meeting, highlighting any key issues that the committee believes warrant action by the Board or Group Risk Committee, and providing recommendations to resolve the said issues.

The effectiveness of the individual members of the committee and of the committee as a whole is assessed on an annual basis.

TERMS OF REFERENCE

The committee assists the board in discharging its duties by independently monitoring the strength of the operational, financial and control processes. These include internal financial controls and ensuring that assurance services and functions enable an effective control environment and that these support the integrity of information produced in compliance with applicable legal and regulatory requirements.

Report of the Audit Committee (continued)

for the year ended 31 December 2022

FEEDBACK ON KEY FOCUS AREAS FOR THE YEAR UNDER REVIEW

Key focus areas	Developments in key focus areas
Monitor the progress on the implementation and standardisation of key controls to further enhance the overall control environment.	Progress on activities to co-ordinate and oversee the standardisation of key controls across key processes includes: • Change management strategy developed to assist with the adoption of the overall program. • Engagement with all lines of defence to align the internal control framework. • Validation of Benchmarked Risk and Control Matrices (RACMs) of key internal controls. • Development of Control Self-Assessment questionnaires.
Assess the progress on embedding the internal control and compliance environment as well as the governance and oversight functions resulting from the separation of the Fintech businesses.	Following the separation of the Fintech business, the Fintech Group will have its own fully fledged governance and oversight structures. The establishment of these structures is already advanced and will be largely completed in 2023. The structures include Board and Governance Sub Committees and Decision Making Framework, Risk and Compliance and Internal Audit structures. The Fintech risk management, compliance and internal audit programs, which have been a subset of the wider MTN Group programs, are being separated, enhanced and refined for the specific Fintech risk and compliance requirements. These include enhancement of the cyber defence, anti-money laundering and fraud prevention strategies and implementation of Fintech specific revenue assurance controls.
Review the progress on the implementation of the enterprise cloud solution across the Group's footprint, including the new Fintech businesses.	During 2022, the Group continued its deployment of the enterprise cloud solution and concluded implementations in MTN Cameroon, MTN Benin, MTN GlobalConnect Solutions, Fintech Holdings and the fintech operations in Cameroon. The Group also implemented its human capital management modules for the remaining Group entities, including South Africa, and modules of the enterprise performance management functionality went live. Nigeria enterprise asset management processes were enhanced by additional functionality delivered during the year to strengthen internal financial controls. Four cloud quarterly releases were successfully deployed.
Consider initiatives to improve specific security key controls over data privacy, cyber and fraud.	The Group completed key strategic multi-year initiatives aiming to improve the cybersecurity posture in the Group's operations and central functions. The Group refreshed its strategy for IT, network, digital and security in support of *Ambition 2025*. It is aimed at improving cybersecurity posture governance and capabilities, reducing platform exposure, building a cybersecurity threat response culture and further continuous improvement.
Review the Group's response to the various audits related to corporate digital responsibility (CDR) matters as well as transfer pricing audits.	The Group has been able to respond to the revenue authorities with verified and reviewed data, both from a CDR perspective as well as a transfer pricing perspective.
Evaluated the progress on the automation of the tax risk tracker.	Completed the development of the tax risk tracker for user acceptance testing.
Considered the progress on revisions to the technical service fee model and design.	The technical services fee design and model have been completed with final reviews being concluded on the transfer pricing documentation.
Reviewed the tax consequences of the managed separation of the Fintech business.	Complete tax reports and opinions have been sourced and reviewed to ensure tax efficient implementation of the managed separation.

EXECUTION OF FUNCTIONS OF THE AUDIT COMMITTEE

The committee is satisfied that, in respect of the period under review, it has conducted its affairs and discharged its duties and responsibilities in accordance with its terms of reference, the Companies Act and the JSE Listings Requirements.

The committee discharged the following responsibilities during the year under review:

Report of the Audit Committee (continued)

for the year ended 31 December 2022

EXTERNAL AUDITORS

The committee is responsible for the appointment, compensation and oversight of the joint external auditors for the Group, namely PricewaterhouseCoopers Inc. (PwC) and Ernst & Young Inc. (EY) in 2022. PwC and EY are global auditing firms and are level 1 broad-based black economic empowerment (B-BBEE) contributors.

During the period under review the committee:

- Considered and satisfied itself with the independence and objectivity of the joint external auditors' and designated registered auditors and ensured that the scope of non-audit services rendered did not impair their independence.
- Approved the non-audit related services performed by the joint external auditors during the year in accordance with the policy established and approved by the Board.

The fees paid for non-audit services are disclosed in note 2.3 of these Annual Financial Statements and represents 14% of audit fees, which is within the Group's policy of 25% of audit fees. These comprised:

	2022 %	2021 %
Assurance related	**35**	28
Advisory	**31**	19
Tax	**33**	41
Other services	**1**	12
	100	100

Services assigned to the Group audit firms were pre-approved following an evaluation of the impact on auditor independence based on the Group's approved policy.

Services for larger assignments are individually evaluated by the committee and approved if the committee is satisfied that the independence of the audit firms will not be compromised. These appointments relate to work where the audit firm will be in a position to provide a higher quality or more cost-effective service. Other than for the fees for approved services, no other benefits were provided to the auditors. Larger projects during 2022 included a transfer pricing review, agreed upon procedures on remuneration, an operational risk assignment, support on business process analytics and system migration.

The committee performed the following oversight role of the external audit function:

- Determined the joint external auditors' terms of engagement and fees for 2022. Fees paid to auditors for the year under review are disclosed in note 2.3 of these Annual Financial Statements.
- Satisfied itself with the performance of the joint external auditors and designated registered auditors and further that they are accredited on the JSE's list of auditors and advisers and an individual auditor does not appear on the JSE list of disqualified individual auditors.
- Satisfied itself that the designated registered auditors are within their tenure and rotation requirements.
  - PwC has been auditing the Group for 29 years. The joint Group engagement partner representing PwC is Ms SN Madikane whose tenure commenced in 2018. EY became joint external auditors in 2021 in accordance with the Group's phased audit firm transition plan, with Mr EAL Botha being the engagement partner.
- Assessed the respective audit firms as well as the related engagement partners' suitability for appointment, taking into account the quality of the audit work and related reporting to the committee, industry expertise of the firm and its designated partners, findings by the Independent Regulatory Board for Auditors (IRBA) and statements relating to independence as well as the representations made by the external auditors to the committee including those under ISQC 1 *International Standard on Quality Control 1*.
- Executed its stated mandatory audit firm rotation transition plan in accordance with the Group's announcement on 29 November 2019 with EY commencing as joint external auditors during the 2021 financial year and PwC scheduled to complete its audit term on conclusion of the 2022 financial year's audit.
- The committee recommends the re-appointment of EY at the Company's 28th Annual General Meeting (AGM).

FINANCIAL STATEMENTS, ACCOUNTING PRACTICES AND OTHER FINANCIAL MATTERS

- Reviewed and approved the accounting policies and the Annual Financial Statements of the Group and the Company for the year ended 31 December 2022, and based on the information provided to it, the committee considered that, in all material respects, they are appropriate and comply with the provisions of the Companies Act, IFRS, the SAICA Financial Reporting Guides as issued by the APC, Financial Reporting Pronouncements as issued by the FRSC, and the JSE Listings Requirements as well as content from the JSE's annual proactive monitoring report.
- Reviewed the processes in place for the reporting of concerns and complaints relating to financial reporting and accounting practices, internal audit, contents of the Group's and the Company's financial statements, internal financial controls and any related matters. The committee can confirm that there were no such complaints of substance during the year under review.
- Reviewed Group tax exposures and assessed the appropriateness of the Group's tax policies.
- Reviewed Group treasury policy and credit ratings.
- Considered the effectiveness of T Shomang as the Debt Officer in line with requirements of paragraph 7.3(g) of the JSE Debt Listings Requirements.
- Reviewed progress on litigation and legal exposures and the related accounting applied and disclosure included in these Annual Financial Statements.
- Received regular updates from management on the repatriation of funds from the Group's operating entities.
- Considered the appropriateness of management judgements, estimates made and the accounting treatment of significant transactions.
- Considered if the established financial reporting procedures are appropriate and that the procedures are operating effectively, which includes a consideration of all entities included in the consolidated Group Annual Financial Statements. The committee considered if the Group had access to all the financial information of its subsidiaries, associates and joint ventures to allow the Group to effectively prepare the financial statements.

Report of the Audit Committee (continued)

for the year ended 31 December 2022

FINANCIAL STATEMENTS, ACCOUNTING PRACTICES AND OTHER FINANCIAL MATTERS (continued)

Significant matters that the Group Audit Committee has considered in relation to the Annual Financial Statements were:

Significant matters considered	Actions and conclusions
Significant transactions for 2022 included: • Disposal of a 50% interest in aYo Holdings Limited (aYo) to Sanlam Emerging Markets Proprietary Limited (Sanlam). The Group retained control through its substantive rights in the shareholder agreement and accounted for the disposal in equity (note 9.4.2.2). • The sale and leaseback of the tower infrastructure of Mobile Telephone Networks Proprietary Limited (MTN SA), resulting in a gain of R371 million and the related tax income of R34 million (note 6.5.5). • The classification of MTN Afghanistan as a non-current asset held for sale as a result of the non-binding offer received and a remeasurement loss of R1 263 million has been recognised (note 9.4.2.4). • The localisation transactions executed in MTN Ghana resulting in the recognition of a share-based payment expense of R85 million (note 9.4.2.3). • Disposal of 661.25 million shares in MTN Nigeria following a secondary offer. This resulted in a net gain of R3 billion that was recognised in equity as a transaction with non-controlling interest (note 9.4.2.1).	The committee considered the accounting treatments and the disclosures of the transactions proposed by management. The committee was satisfied that these transactions were appropriately accounted for and disclosed by management.
Recognition of a deferred tax asset in MTN International (Mauritius) Limited (MTN Mauritius) MTN Mauritius has accumulated a deferred tax asset of R4 386 million resulting mainly from an assessed loss. The assessed losses have no expiry. The Group evaluated the reasons for the historical losses and the likelihood that the identifiable causes will recur. It also considered whether it is probable that the entity will have taxable profits before the unused tax losses expire. The Group also performed a stress test on the recovery period based on possible outcomes. The Group concluded that sufficient taxable profit will be available against which the unused tax losses can be utilised (note 1.5.4).	The committee reviewed management's assessment of the historic reasons for the assessed loss, and the likelihood that it will recur. The committee also considered management's assumptions on future taxable profits and the outcome of the stress test completed. The recovery period of the deferred tax asset was also assessed against the Group's investment period. The committee considered the assessment by the Group's joint auditors. The committee was satisfied with management's assessment that it is probable that taxable profits will be available and the resulting accounting treatment of the deferred tax asset.
Judgement relating to uncertain tax exposure, legal and regulatory matters The Group operates in a number of complex and uncertain regulatory and tax jurisdictions where judgement is required in assessing the regulatory and tax exposures (note 1.5.7; note 3 and note 6.6).	The committee reviewed risk and compliance, legal and tax reports from management and requested opinions from independent specialists where it considered appropriate. The committee considered management's assessment of possible, probable and remote exposures and the related provisions and contingent liability disclosure on tax, regulatory and legal matters, in light of the latest correspondence on these matters by the respective authorities. The committee also considered the assessment by the Group's external auditors of the appropriate recognition, measurement and disclosure of uncertain tax, legal and regulatory matters. The committee was satisfied that the recognition, measurement and disclosure of uncertain tax, legal and regulatory matters by management was appropriate.

Report of the Audit Committee (continued)

for the year ended 31 December 2022

FINANCIAL STATEMENTS, ACCOUNTING PRACTICES AND OTHER FINANCIAL MATTERS (continued)

Significant matters that the Group Audit Committee has considered in relation to the Annual Financial Statements were:

Significant matters considered	Actions and conclusions
Judgement applied regarding the impairment of cash generating units Cash generating units are tested at least annually for impairment to assess whether the recoverable amounts exceed the carrying amounts. The calculation of the recoverable amounts require judgement in estimating discount rates and future cash flows (note 1.5.1 and note 5.2.1). In 2022, the Group partly impaired its investment in its ecommerce equity accounted investment Middle East Internet Holding S.A.R.L (MEIH) by R193 million following lower international comparative earnings multiples (note 9.2). The Group also partially impaired the assets in MTN Guinea Bissau by R151 million based on lower expected cash flows from its operations (note 5.1.1 and note 5.2.1). The Group received a binding offer for the sale of MTN Afghanistan on 20 June 2022. The Group expects the sale to be concluded within approximately six months from reporting date. Accordingly, MTN Afghanistan's assets and liabilities have been presented as held for sale. An impairment loss of R1 263 million after writing down the carrying amount of the disposal group to its fair value less costs to sell has been recognised in profit or loss (note 9.4.2.4).	The committee reviewed the annual impairment testing performed by management. It evaluated the cash generating units with impairment indicators selected for detailed impairment testing, reviewed the underlying key assumptions supporting the future cash flows in the context of the operations' business plans and considered the reasonableness of discount rates of these operations in the context of their respective operating environments. It also considered the views from the Group's external auditors on the valuation methodology applied, their assessment of the reasonableness of the key assumptions and sensitivities to changes in these assumptions. The committee was satisfied that the analysis and calculations performed by management and the related impairment and disclosure in the Annual Financial Statements was appropriate.
Fair and balanced financial reporting	The committee considered the appropriateness of the Group's financial reporting to ensure fair and balanced reporting is achieved. The committee reviewed submissions and presentations by management on the financial results, significant transactions, critical accounting judgements and assumptions as well as views by the Group's joint external auditors on key audit matters and internal auditors on internal financial controls. The committee has recommended that the Board approve both the summary and Annual Financial Statements.

INTERNAL AUDIT AND FORENSIC SERVICES FUNCTION OVERSIGHT

The committee has oversight over the internal audit and forensic services function (IAFS). The committee:

- Considered the effectiveness and independence of the internal audit function, its impact as a third line of assurance and monitored adherence to the annual internal audit plan.
- Reviewed the continued embedment of the third line of defence as a central reporting function and its effective positioning within the organisation's operation.
- Considered the appropriateness of IAFS' key performance indicators (KPIs) for alignment to the mandate of an independent third line assurance function.
- The committee obtained appropriate evidence to satisfy themselves that the Group's IAFS function fulfilled its mandate appropriately.
- Reviewed the reported results of audit work and forensic investigations in order to be satisfied that they appropriately supported the final annual assessment of governance, risk management and system of internal controls of the Group.
- Reviewed the critical matters raised by the IAFS function, obtained and evaluated management's action plans to address those matters and assessed the adequacy of those actions to appropriately and sustainably resolve those critical matters.
- Considered the appropriateness of the IAFS function's internal quality assurance program to validate that the governance, processes and management thereof and the quality of work delivered by the function is at the requisite level as governed by International Standards for the Professional Practice of Internal Auditing.
- Considered the effectiveness of the combined assurances provided by all the lines of assurance, through a review of management's representations and attestations, reports from the risk and compliance function and other similar second lines of assurance, together with an evaluation of the assurance of third lines, namely external and internal audit functions.

Report of the Audit Committee (continued)

for the year ended 31 December 2022

INTERNAL FINANCIAL CONTROLS

The committee utilises the skills and expertise of the IAFS to monitor, review and evaluate the effectiveness of the internal financial controls. The committee:

- Reviewed the assessment, prepared by internal audit, on the effectiveness of the Group's risk management, governance and system of internal financial controls. This assessment, together with the report on the overall control environment, formed the basis of the committee's recommendation to the Board in this regard. The Board's report on the effectiveness of the system of internal controls, which the committee fully supports, is included in the Directors' Report on page 12.
- Reviewed the report from the Group's forensic services function on the result of forensic investigations conducted in the period under review and their financial impact as they pertain to financial reporting.
- Considered the reports from management on fraud, cybersecurity and information technology risks as they pertain to financial reporting.
- Reviewed the reports of the external auditors detailing the findings arising from their audit and considered the appropriateness of the responses from management.
- Assessed the revenue assurance control environment and related revenue leakage exposure for the Group.
- Reviewed fraud and whistle-blowing reports and that appropriate management action is taken with regards to the control environment and consequence management.
- Evaluated the Group's assessment of the CEO and CFO attestation on the Annual Financial Statements and internal financial controls as required by the JSE Listings Requirements and set out on page 2.

RISK MANAGEMENT

The IAFS performed an audit of the following in respect of the risk function:

- Reviewed the Group policies on risk assessment and risk management for financial reporting and the going concern assessment.
- Reviewed the matters related to financial reporting presented on the risk registers, its impact and likelihood of occurrence.

FINANCE DIRECTOR AND FINANCE FUNCTION

- Reviewed the performance of the GCFO, TBL Molefe, and was satisfied that she has the necessary expertise and experience to fulfil this role and that she had performed appropriately for the year ended 31 December 2022.
- The committee also considered and has satisfied itself of the appropriateness of the expertise and experience of the finance function and adequacy of resources employed to fulfil all financial, control and reporting requirements of the Group.

GOING CONCERN STATUS

- The committee was satisfied that the Group's and Company's Annual Financial Statements have been prepared on a going concern basis, and the directors are satisfied that the Group is in a sound financial position to meet its foreseeable cash requirements. The Board's statement on the going concern status of the Group and the Company is contained on page 10 of the Directors' Report.

SOLVENCY AND LIQUIDITY REVIEW

The committee is satisfied that the Board has performed a solvency and liquidity test on the Company in terms of section 46 of the Companies Act and has concluded that the Company will satisfy the test after payment of the final dividend.

The committee also considered guarantees issued on behalf of subsidiaries.

INTEGRATED REPORT

During the course of March and April 2023, the committee will evaluate the integrated report for the 2022 financial year and assess its consistency with operational, financial and other information available to the committee. Similarly, the committee will ensure that the report is prepared in accordance with appropriate reporting standards and conforms to the requirements of King IV and the JSE Listings Requirements.

In collaboration with the social, ethics and sustainability committee, the committee will review the integrity of the sustainability disclosures included in the sustainability report and confirm that they are reliable and do not conflict with financial information. On the basis of the processes and assurances obtained, the committee will recommend the 2022 integrated report to the Board for approval.

KEY FOCUS AREAS FOR 2023

The committee has set the following key areas of focus for 2023 in addition to its annual governance responsibilities:

- Monitor the creation of separate governance structures for the Fintech Group and enhancements to the related risk and control and compliance capabilities.
- Consider the impact of tax changes in the United Arab Emirates (UAE) by assessing the rules and ensuring that systems and processes enable compliance, as well as evaluating the impact of future developments of Global Anti-Base Erosion rules as part of the Two-Pillar solution adopted by the Organisation for Economic Co-operation and Development (OECD).
- Review the implementation of the enterprise cloud solution across the Group's footprint, the delivery of additional functionality, enhancements to platform performance management and incident resolution and the decommissioning of some legacy platforms.
- Continue to monitor the progress on strategic initiatives to improve the overall control environment.

APPROVAL OF THE AUDIT COMMITTEE REPORT

The committee hereby confirms that it has functioned in accordance with its terms of reference and discharged its duties for the financial year under review.

SN Mabaso-Koyana
Group Audit Committee Chairman

10 March 2023

Directors' Report

for the year ended 31 December 2022

The Board of Directors is pleased to present its report for the year ended 31 December 2022.

The report has been prepared based on the requirements of the Companies Act, No 71 of 2008, as amended (the Companies Act), King IV, the JSE Listings Requirements and other applicable regulatory requirements.

NATURE OF BUSINESS

The Company was incorporated in the Republic of South Africa on 23 November 1994 (Company registration: 1994/009584/06). The Company's shares are listed on the JSE under JSE: MTN, in the mobile telecommunications sector. The Company's registered address is 216 14th Avenue, Fairland, Roodepoort, Gauteng, 2195.

The Group is a leading Pan-African mobile operator that provides a diverse range of voice, data, digital, fintech, wholesale and enterprise services.

COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

The Group and the Company Annual Financial Statements were prepared in accordance with IFRS as issued by the IASB and Interpretations as issued by the IFRIC and comply with the SAICA Financial Reporting Guides as issued by the APC and Financial Reporting Pronouncements as issued by the FRSC, the JSE Listings Requirements and the requirements of the Companies Act.

FINANCIAL RESULTS

The Group recorded a profit after tax for the year ended 31 December 2022 of R24 261 million (2021: R16 994 million). Full details of the financial results of the Group and the Company are set out in these Annual Financial Statements and accompanying notes for the year ended 31 December 2022.

CAPITAL EXPENDITURE

Capital expenditure for the year ended 31 December 2022 amounted to R54 101 million (2021: R39 385 million), which comprised the following:

	2022 Rm	2021 Rm[1]
Property, plant and equipment	**32 203**	27 451
Land and buildings	**1 089**	250
Leasehold improvements	**77**	25
Network infrastructure	**19 849**	11 064
Information systems, furniture and office equipment	**1 522**	1 836
Capital work-in-progress/other[2]	**9 450**	7 114
Spare parts	**82**	6 837
Vehicles	**134**	325
Intangible assets	**5 984**	5 029
Software	**4 749**	3 284
Capital work-in-progress	**1 235**	1 745
Leased assets	**15 914**	6 905
Right-of-use assets	**15 914**	6 905
	54 101	39 385

[1] MTN Syria and MTN Yemen capital expenditure has been included until the Group lost control of MTN Syria on 25 February 2021 and exited Yemen on 17 November 2021. Refer to note 9.4.1.3 and note 9.4.1.4.

[2] The majority of capital work-in-progress relates to long-term network infrastructure projects.

Licences and spectrum acquired during the year:

	2022 Rm	2021 Rm
MTN Zambia Limited (MTN Zambia)	**221**	203
MTN Uganda[1]	**–**	205
MTN Rwandacell Limited (MTN Rwandacell)	**–**	1 316
Rwanda Mobile Money	**25**	–
Mobile Telephone Networks Proprietary Limited (MTN SA)	**3 240**	–
MTN Nigeria Communications Plc (MTN Nigeria)	**4 426**	4 618
Areeba Guinea S.A (MTN Guinea-Conakry)	**839**	–
Congo-Brazzaville S.A (MTN Congo B)	**84**	–
Scancom PLC (MTN Ghana)	**159**	–
Lonestar Communications Corp (MTN Liberia)	**57**	–
	9 051	6 342

[1] Payment was made during the prior year in relation to the licence transition period. This was fully amortised in the prior year.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in note 10.1 of these Annual Financial Statements.

YEAR UNDER REVIEW

The results of the Group and Company have been set out in the attached Annual Financial Statements.

LITIGATION

MTN conducts its business in a responsible and compliant manner in all its territories and will defend its position where necessary. The below matters have each been assessed as remote and therefore no contingent liabilities have been disclosed.

MTN Afghanistan Anti-Terrorism complaint

On 27 December 2019, a complaint for violation of the Anti-Terrorism Act (ATA) was filed in the United States District Court for the District of Columbia (the complaint). The complaint was filed on behalf of American service members and civilians, and their families, who were killed or wounded in Afghanistan between 2009 and 2017. The complaint alleges that several Western businesses supported the Taliban by, inter alia, making payments to ensure the protection of their infrastructure. The defendants named in the complaint are six different groups, one of which is MTN and certain of its subsidiary companies, including MTN Afghanistan.

MTN has filed a motion to dismiss, challenging the jurisdiction of the US court over the MTN defendants, which do not operate in the United States of America (USA), and asserting that the complaint does not allege any conduct by the MTN defendants that violated the ATA.

On 20 July 2020, the District Court referred the matter to a magistrate judge to consider the motions to dismiss.

Directors' Report (continued)

for the year ended 31 December 2022

LITIGATION (continued)

Irancell Anti-Terrorism complaint

In 2021, a complaint (the complaint) for violation of the ATA was filed in the United States District Court for the Eastern District of New York, against MTN Group Limited, MTN (Dubai) Limited (MTN Dubai), as well as in respect of other defendants, including Irancell Telecommunication Company (PJSC) (Irancell). The Group and MTN Dubai have moved to dismiss the complaint on the ground that they are not subject to the jurisdiction of the US courts and that the complaint failed to articulate a viable claim under ATA.

On 7 November 2022 MTN's motion to dismiss the complaint was argued. Judgement has been reserved and the Group awaits the court's ruling. On 30 July 2021, magistrate judge issued a report and recommendation (R&R) recommending that the case against the MTN defendants be dismissed because the court lacks jurisdiction over them.

On 26 August 2021, the court granted an application by the plaintiffs to stay the proceedings pending the outcome of another pending decision which the plaintiffs contend is a relevant legal precedent which should be considered in the MTN case. On 3 February 2023, that matter was resolved and the stay of proceedings in the MTN matter was brought to an end. The parties have since lodged their respective proposals on the next procedural steps and are awaiting the Presiding Judge's decision.

Irancell Anti-Terrorism Second Complaint

On 27 March 2022, two new complaints (the new complaints) for violation of Anti-Terrorism Act (ATA) were filed in the United State District Court for the District of Columbia. The new complaints were filed on behalf of American service members and civilians who were killed or wounded in Iraq and Afghanistan between 2006 and 2010, and on behalf of their families. The Complaints alleged that MTN Group supported anti-American militias in Iraq and Afghanistan by, among other things, participating as a minority, non-controlling shareholder (49% shareholding) in an Iranian joint venture ("Irancell") that provided telecommunications services to tens of millions of Iranians and, thereby, indirectly supported Iran's Islamic Revolutionary Guard Corps.

The defendants named in the complaint are MTN Group Limited, two former MTN executives and Irancell Telecommunication Company (PJSC) (Irancell).

The defendants filed their Notice of Relatedness in the new complaints requesting the court to treat the matters as related and to be heard by the same judge. On 13 May 2022, the court issued an order in favour of the defendants and ordered that the new complaints be deemed related and be heard by the same judge.

On 26 May 2022, the defendants filed their motions to dismiss the complaint and their motion to transfer the two matters to the District Court for The Eastern District of New York (the court where the first ATA complaint is being heard). The basis of the motion to dismiss is that US courts do not have jurisdiction over MTN and that the plaintiffs have failed to articulate a viable claim under the ATA.

The motion to transfer and motion to dismiss are yet to be argued and the court has yet to issue any decisions regarding these matters.

Turkcell claim

The claim was initiated by Turkcell and the East Asian Consortium (EAC) as plaintiffs against MTN Group Limited and certain of its subsidiaries. The plaintiffs are allegedly aggrieved by their unsuccessful bid to obtain a mobile licence in Iran, and the awarding of that licence to Irancell in 2005. MTN Group Limited has consistently opposed this claim on the basis that the licence to Irancell was validly issued and that the allegations made by the plaintiffs are without merit.

During November 2020, Turkcell withdrew as a plaintiff, leaving EAC as the sole plaintiff in the action against MTN. In a judgment handed down by the High Court of South Africa on 30 November 2022, EAC's action against MTN has been dismissed with costs.

On 20 December 2022, EAC filed its application for leave to appeal. On 16 February 2023, the High Court issued a judgement granting EAC leave to appeal against the judgement of 30 November 2022 to the Supreme Court of Appeal.

BORROWING POWERS

In terms of the memorandum of incorporation (MOI), the borrowing powers of the Company are unlimited. However, all borrowings by the Company are subject to limitations set out in the treasury policy of the Group. The details of borrowings are disclosed in note 6.1.

GOING CONCERN

The directors have reviewed the Group's and Company's budget and cash flow forecasts for the year to 31 December 2023. On the basis of this review, the current financial position and existing borrowing facilities, the directors are satisfied that the Company and the Group have access to adequate resources to continue in operational existence for the foreseeable future, are going concerns, and have continued to adopt the going concern basis in preparing the Annual Financial Statements.

SUBSIDIARY COMPANIES AND JOINT VENTURES

Details of subsidiaries and joint ventures in which the Group has a direct or indirect interest are set out in note 9.1 of these Annual Financial Statements.

All Group entities have a year-end consistent to that of the Company with the exception of Irancell, a joint venture of the Group that has a year-end of 21 December for Group reporting purposes and a statutory year end of 21 March.

Directors' Report (continued)

for the year ended 31 December 2022

DISTRIBUTION TO SHAREHOLDERS

Before declaring dividends, the Board:

- Applies the solvency and liquidity test.
- Assesses whether the Company would satisfy the solvency and liquidity test immediately after payment of the interim and final dividend.

The payments of future dividends will depend on the Board's ongoing assessment of the Group's earnings, financial position, cash needs, future earnings prospects and other future factors.

Dividends

No dividends were declared for the half-year ended 30 June 2022.

Final dividend

Notice is hereby given that a gross final dividend of 330 cents per share for the period to 31 December 2022 has been declared payable to shareholders. This dividend has been declared out of the Company's reserves. The number of ordinary shares in issue at the date of this declaration is 1 884 269 758 (including 518 089 treasury shares held by Mobile Telephone Networks Holdings Limited (MTN Holdings), the 801 447 shares held by the 2016 MTN ESOP trust and 76 835 378 shares held by MTN Zakhele Futhi (RF) Limited (MTN Zakhele Futhi). The dividend will be subject to a maximum local dividend tax rate of 20% which will result in a net dividend of 264 cents per share to those shareholders who bear the maximum rate of dividend withholding tax of 66 cents per share.

The Company's tax reference number is 9692/942/71/8. In compliance with the requirements of STRATE, the electronic settlement and custody system used by the JSE, the salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Monday, 3 April 2023
First trading day ex dividend on the JSE	Tuesday, 4 April 2023
Record date	Thursday, 6 April 2023
Payment date	Tuesday, 11 April 2023

No share certificates may be dematerialised or rematerialised between Tuesday, 4 April 2023 and Thursday, 6 April 2023, both days inclusive. On Tuesday, 11 April 2023, the dividend will be transferred electronically to the bank accounts of certificated shareholders. Shareholders who hold dematerialised shares will have their accounts held by the Central Securities Depository participant or broker credited on Tuesday, 11 April 2023. The Board confirms that the Company will satisfy the solvency and liquidity test after the completion of the dividend distribution.

SHARE CAPITAL

Authorised share capital

There was no change in the authorised share capital of the Company during the year under review. The authorised ordinary share capital of the Company is 2.5 billion shares of 0.01 cents each.

Issued share capital

The issued share capital of the Company is R188 427 (2021: R188 427) comprising 1 884 269 758 (2021: 1 884 269 758) ordinary shares of 0.01 cents each.

CONTROL OF UNISSUED SHARE CAPITAL

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

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

ACQUISITION OF THE COMPANY'S OWN SHARES

At the last AGM held on 25 May 2022, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 48 of the Companies Act, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next AGM, shareholders will be asked at that meeting to consider a special resolution to renew this general authority until the next AGM, subject to a maximum extension of 15 months.

SHAREHOLDERS' INTEREST

Details of shareholders' interest and a shareholder spread analysis are disclosed in Annexure 1 of these Annual Financial Statements.

RETIREMENT OF DIRECTORS

BS Tshabalala stepped down as a director of the Company immediately after the AGM on 25 May 2022.

PB Hanratty will step down as an independent non-executive director on 30 April 2023.

PB Hanratty has been a director since 2016 and has served as the Chairman of Group Finance and Investment Committee and on the Audit and Risk and Compliance Committees. The Board would like to express its gratitude for his significant contribution to the Group.

RETIREMENT BY ROTATION OF DIRECTORS

In accordance with the Company's MOI, T Pennington and N Newton-King will retire at the forthcoming AGM due to their appointment during the year. N Gosa, N Molope and RT Mupita will retire by rotation at the forthcoming AGM. The retiring directors, being eligible, offer themselves for re-election.

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

APPOINTMENTS AND RESIGNATIONS

T Pennington and N Newton-King were appointed as independent non-executive directors with effect from 1 August 2022 and 1 January 2023 respectively.

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

Directors' Report (continued)

for the year ended 31 December 2022

COMPANY INDEMNITY DISCLOSURE

In accordance with paragraph 166.2 of the Company's MOI, which states that the Company may "advance expenses to a director to defend litigation in any proceedings arising out of the director's service to the Company". The Company has accordingly, approved an indemnity for its directors and prescribed officers, the extent of the indemnity is stated below:

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

DIRECTORS AND PRESCRIBED OFFICERS' INTERESTS, SHAREHOLDINGS AND DEALINGS

Details of the interests of directors and prescribed officers' shareholdings and dealings are provided in note 10.2.

EMPLOYEE SHARE SCHEMES

Details of the Group's share schemes are provided in note 8.4.

CHANGES IN SHAREHOLDING

MTN Ghana localisation

In April 2022, the Group concluded the transfer of a 5% interest in MTN Ghana to Ghanaian citizens as part of the Group's localisation strategy.

The Ghana SPVs acquired 614 523 715 of MTN Ghana's shares at a price of GHS0.90 per share for a total consideration of R1 122 million. The acquisition of these shares was funded through equity contributions from the Ghana SPVs shareholders and vendor loans provided by MTN (Dubai) Limited (MTN Dubai).

The transactions have been accounted for as equity-settled share-based payment transactions in accordance with IFRS 2 *Share-based Payments* and the Group has recognised an expense of R85 million in profit or loss, with a corresponding entry in equity.

Disposal of MTN Nigeria shares

On 31 January 2022, the Group disposed of 661.25 million shares in MTN Nigeria following a secondary offer. This took the Group's shareholding from 78.83% to 75.58%. Proceeds generated from the sale of shares, net of taxes and transaction costs amounted to approximately NGN97.6 billion (approximately R3.4 billion translated at the effective date). This resulted in a net gain of approximately R3 billion that has been recognised in equity as a transaction with non-controlling interest.

Disposal of aYo shares

The Group entered into an agreement with Sanlam Emerging Markets Proprietary Limited (Sanlam) to sell 50% of aYo's issued shares for US$40 million (approximately R735 million translated at the signature date). The sale is subject to a number of conditions precedent which were met on 28 October 2022 and the sale became effective. Subsequent to the sale, a new shareholders agreement has become effective governing each shareholder's rights in relation to aYo.

INTERNAL FINANCIAL CONTROLS

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

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

Directors' Report (continued)

for the year ended 31 December 2022

EVENTS AFTER THE REPORTING PERIOD

MTN Ghana GRA CDR tax

Ghana Revenue Authority (GRA) issued an assessment for an amount of approximately GHS8.2 billion (approximately US$665 million at current exchange rates), including penalties and interest charges. After extensive discussions between MTN Ghana, MTN and the relevant authorities in Ghana, the GRA fully withdrew the Assessment on 3 February 2023.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 26 May 2023. Refer to the notice of the 28th AGM, when issued, for further details of the ordinary and special business for consideration at the meeting.

AUDITORS

PwC and EY were joint auditors in accordance with section 90 of the Companies Act for the 2022 year.

The Audit Committee reviewed the independence of the auditors during the period under review and satisfied itself that the auditors were independent of the Group. The Audit Committee will recommend the re-appointment of EY as Group auditors at the Annual General Meeting.

PwC completed its audit term on conclusion of the 2022 financial year's audit and the Board would like to express its gratitude for the service that PwC provided to the Group.

Independent Auditors' Report to the Shareholders of MTN Group Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of MTN Group Limited (the Company) and its subsidiaries (together with the Group) as at 31 December 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

WHAT WE HAVE AUDITED

MTN Group Limited's consolidated and separate financial statements set out on pages 20 to 142 comprise:

- the Group and Company statements of financial position for the year ended 31 December 2022;
- the Group income statement for the year then ended;
- the Group and Company statements of comprehensive income for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the Group and Company statements of cash flows for the year then ended; and
- the notes to the Group and Company financial statements, which include a summary of significant accounting policies.

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 *Auditors' responsibilities for the audit of the consolidated and separate 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 group and company in accordance with the Independent Regulatory Board for Auditors' Code of *Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa of the group and company. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters discussed in the table below relate to the consolidated financial statements. We have determined that there are no key audit matters regarding the audit of the separate financial statements of the Company for the current period to communicate in our report.

Independent Auditors' Report to the Shareholders of MTN Group Limited (continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of deferred tax assets recognised on accumulated tax losses For the year ended 31 December 2022, the Group reported deferred tax assets amounting to R6 571 million (2021: R7 223 million), which includes a deferred tax asset relating to unused tax losses of R4 386 million (2021: R5 750 million) from an intermediary holding company, MTN International (Mauritius) Limited (MTN Mauritius). Management's plans were approved for MTN Mauritius in the current year which involve: • Whether it is unlikely that the circumstances that resulted in MTN Mauritius incurring assessed losses will continue in the medium term. • Interest expense and foreign exchange exposures will continue to reduce as MTN Mauritius repays its US$ denominated intercompany debt and limits foreign exchange losses on repatriation of dividends from subsidiaries. The repayments are currently scheduled to occur in 2024 and 2026. • Technical service fees from subsidiaries are expected to increase as more contracts for central services with group companies are formalised. Management applies judgements and assumptions to estimate the probability of the implementation of these plans and to estimate future taxable profits that will be available to utilise against unused accumulated tax losses carried forward. The complexity is increased due to the number of jurisdictions involved and the related external factors present in each jurisdiction. We therefore considered the recoverability of the deferred tax asset recognised on accumulated unused tax losses arising from MTN Mauritius to be a matter of most significance to our current year audit which also included the involvement of our internal tax specialists. Refer to the following notes to the Group financial statements for detail: • Note 1.5.4: Critical accounting judgements, estimates and assumptions: Income taxes – Deferred tax assets – source of estimation uncertainty; and • Note 3.2: Deferred taxes	Our audit procedures, amongst others, included: • We evaluated the acceptability of management's assessment with regards to the probability of future taxable profits, and the resultant realisation of deferred tax assets. This entailed comparing management's assessment to approved forecasts and business plans, which limit recurring losses, incorporate the settlement of US$ denominated debt and include recoveries of management fees from subsidiaries. In so doing, we considered the uncertainty and jurisdictional factors relevant to the implementation of management's plans and their impact on the estimated future taxable profits. • We obtained an understanding of the Group's budgeting and forecasting processes. • We assessed management's ability to forecast by comparing previous budgets to actual results. • We assessed the reasonableness of management's assumptions used in the forecast against current contractual arrangements in place. • We recalculated the expected impact of the known contractual arrangements coming to an end and new and existing agreements relating to management fees and cost recharges to fellow subsidiaries. • We involved our internal tax specialists to assess the viability of management's plans as well as to assess the appropriateness of certain assumptions included in the forecast based on principles and interpretations of enacted tax legislation. • We held discussions with Group executive management to evaluate their assessment of the potential outcome of the management's plans. • We performed a sensitivity analysis by flexing key assumptions to assess the probabilities of the success of management's plans to determine the impact this will have on the estimated future taxable profits. • We assessed the adequacy of the Group's disclosures in respect to the accounting policies on recognition of deferred tax assets. We did not note any material aspect which required further consideration.

Independent Auditors' Report to the Shareholders of MTN Group Limited (continued)

Key audit matter	How our audit addressed the key audit matter
Mobile Telephone Networks Proprietary Limited ("MTN SA") towers sale MTN SA, a wholly owned subsidiary of MTN Group Limited, entered into an agreement with IHS Group to: • Sell its tower infrastructure (comprising approximately 5 700 tower sites); • Lease back space on the same tower infrastructure; • Cede related agreements including land lease agreements (on which the towers are constructed) to IHS Group; and • Sell its power assets. The related conditions precedent were fulfilled and the transaction became effective on 30 May 2022. Prior to entering into the transaction, MTN SA had entered into a barter arrangement with another mobile network operator in respect of some unused spaces on towers which were subsequently sold to IHS Group. Management exercised their judgement in assessing whether control of the barter spaces has transferred to IHS Group with reference to the principles as contained within IFRS 15 *Revenue from contracts with customers* (IFRS 15). The Group accounted for the transaction with IHS Group as a sale and leaseback transaction in accordance with IFRS 16 *Leases* and has recognised a net gain of R371 million on the transaction which is included in other income. The Group retained a right of use asset of R5 196 million and a lease liability of R7 974 million in respect of the sale and leaseback transaction. The remaining land leases not ceded have resulted in right-of-use assets of R1 406 million and lease liabilities of R1 583 million being presented as held for sale in the group statement of financial position. This transaction resulted in a net tax income of R34 million (current and deferred tax). We considered the tower sale transaction to be a matter of most significance to the current year audit due to: • The complexities and estimates involved in determining the fair value of the assets sold (including the barter spaces) to IHS Group; • The significant degree of judgement applied by management in accounting for the pre-existing barter arrangements, specifically with respect to whether control of the barter spaces transfer to IHS Group; and • The complexities involved in accounting for the transaction as a sale and lease back transaction in terms of IFRS 16 *Leases*. Refer to the following notes to the Group financial statements for details: • Note 1.5.9: Critical accounting judgements, estimates and assumptions: Leases - Significant judgement – Sale and leaseback; and • Note 6.5.5: Leases: MTN SA Towers sale.	Our audit procedures included, amongst others, the following: • We reviewed supporting information which confirmed that the conditions precedent, as set out in the agreement with IHS Group, have been fulfilled as at 30 May 2022 rendering the transaction effective; • With the assistance of our internal accounting specialists, we reviewed and confirmed management's written assessment specifically as it relates to the following: – The sale of the tower infrastructure met the requirements for a sale and leaseback under the principles of IFRS 16; – The unit of account for the sale and leaseback transaction; and – The determination of whether control of the barter spaces had transferred to IHS Group under the principles of IFRS 15. • We involved our internal valuation specialists to determine the fair value of the assets sold which included the fair value of the barter spaces assumed by IHS Group. We tested the mathematical accuracy of the valuation models used by management. We assessed the appropriateness of the valuation model applied by management by concluding that management's valuation fell within the acceptable range of our independently determined fair values; • We independently recalculated the retained right of use asset as a proportion based on the present value of future lease payments (including the prepayment for the barter spaces) divided by the fair value of the assets (which includes existing land leases assumed by IHS); • We independently recalculated the new lease liability with reference to the agreement with IHS Group. • In respect of the land leases: – We verified the land leases which are to be ceded to IHS Group per the agreement; – We obtained supporting documentation which confirmed those land leases that have ceded, have been transferred to IHS Group; – We obtained confirmation from IHS Group of the leases not ceded and agreed this to management's list of leases not ceded; and – We recalculated the value of the land leases which remain classified as held for sale in the statement of financial position as the difference between the land leases per the agreement and those land leases that have been ceded. • We recalculated the net gain recognised on the transaction; • We assessed the tax and VAT implications of the transaction as determined by management with the assistance of our internal tax and VAT specialists; and • We have reviewed the disclosures related to this transaction included in the annual financial statements as appropriate in terms of IFRS requirements. We did not note any aspect which required further consideration.

Independent Auditors' Report to the Shareholders of MTN Group Limited (continued)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled *"MTN Group Limited Annual Financial Statements for the year ended 31 December 2022"*, which includes the Directors' Report, the Report of the Audit Committee and the Certificate by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditors' report, and the document titled *"MTN Group Limited Integrated Report for the year ended 31 December 2022"*, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated and separate 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 consolidated and separate 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 that we obtained prior to the date of this auditors' report, 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated and separate 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 consolidated and separate 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 auditors' report to the related disclosures in the consolidated and separate 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 auditors' report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report to the Shareholders of MTN Group Limited (continued)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. and Ernst & Young Inc. have been the auditors of MTN Group Limited for 29 and 2 years respectively.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor

Johannesburg, South Africa
12 March 2023

Ernst & Young Inc.

Ernst & Young Inc.
Director: EAL Botha
Registered Auditor

Johannesburg, South Africa
12 March 2023

Group Financial Statements

Group income statement

for the year ended 31 December 2022

	Note	**2022 Rm**	2021 Rm
Revenue	2.1; 2.2	**207 003**	181 646
Other income	6.5.5	**410**	677
Direct network and technology operating costs		**(32 854)**	(27 649)
Costs of handsets and other accessories		**(12 055)**	(10 584)
Interconnect and roaming costs		**(11 288)**	(9 622)
Staff costs	2.3	**(12 675)**	(11 716)
Selling, distribution and marketing expenses		**(24 819)**	(22 452)
Government and regulatory costs		**(7 610)**	(6 895)
Impairment and write-down of trade receivables and contract assets	2.3	**(1 579)**	(1 116)
Other operating expenses		**(13 431)**	(12 570)
Depreciation of property, plant and equipment	5.1	**(20 812)**	(21 181)
Depreciation of right-of-use assets	6.5.3	**(7 840)**	(7 216)
Amortisation of intangible assets	5.2	**(5 999)**	(6 243)
Impairment of goodwill and investment in joint ventures	5.2; 9.2	**(625)**	(583)
Gain on disposal of investment in associates	9.4.1.1	**–**	1 212
Loss on deconsolidation of subsidiary	9.4.1.3	**–**	(4 720)
Impairment loss on remeasurement of non-current assets held for sale	9.4.2.4	**(1 263)**	(53)
Finance income	2.4	**2 042**	1 198
Finance costs	2.4	**(19 728)**	(15 646)
Net monetary gain		**1 251**	275
Share of results of associates and joint ventures after tax	9.2	**3 369**	2 054
Profit before tax		**41 497**	28 816
Income tax expense	3.1	**(17 236)**	(11 822)
Profit after tax		**24 261**	16 994
Attributable to:			
Equity holders of the Company		**19 337**	13 750
Non-controlling interests		**4 924**	3 244
		24 261	16 994
Basic earnings per share (cents)	2.5	**1 071**	763
Diluted earnings per share (cents)	2.5	**1 044**	744

Group statement of comprehensive income

for the year ended 31 December 2022

	Note	2022 Rm	2021 Rm
Profit after tax		**24 261**	16 994
Other comprehensive income after tax:			
Items that may be and/or have been reclassified to profit or loss:		**(1 079)**	1 759
Net investment hedges	7.5	**(800)**	(1 152)
Foreign exchange movement on hedging instruments		**(1 112)**	(1 600)
Normal tax		**312**	448
Exchange differences on translating foreign operations including the effect of hyperinflation[1]		**(279)**	2 911
(Losses)/gains arising during the year		**(279)**	579
Reclassification of foreign currency translation differences including hyperinflation on loss of significant influence and control	9.4.1.1; 9.4.1.3; 9.4.1.4	**–**	2 332
Items that will not be reclassified to profit or loss:		**(10 873)**	(10 317)
Losses arising during the year on equity investments at fair value through other comprehensive income[1,2]	7.1.3	**(10 908)**	(10 336)
Remeasurement gain on defined benefit obligation[1]		**35**	19
Other comprehensive income for the year			
Attributable to:		**(11 952)**	(8 558)
Equity holders of the Company		**(11 156)**	(7 671)
Non-controlling interests		**(796)**	(887)
Total comprehensive income for the year		**12 309**	8 436
Attributable to:			
Equity holders of the Company		**8 181**	6 079
Non-controlling interests		**4 128**	2 357

[1] This component of other comprehensive income (OCI) does not attract any tax.
[2] Equity investments at fair value through other comprehensive income mainly relates to the Group's investment in IHS Group (note 7.2).

Group statement of financial position

for the year ended 31 December 2022

	Note	2022 Rm	2021 Rm
ASSETS			
Non-current assets		**254 316**	232 707
Property, plant and equipment	5.1	**108 776**	99 769
Intangible assets and goodwill	5.2	**50 277**	43 760
Right-of-use assets	6.5	**50 625**	42 957
Investments	7.2	**9 593**	19 916
Investment in associates and joint ventures	9.2	**22 942**	13 848
Mobile Money deposits	4.6	**612**	609
Loans and other non-current receivables	7.3	**1 724**	1 820
Capitalised contract costs	2.2	**1 114**	1 091
Contract assets	2.2	**2 082**	1 714
Deferred tax assets	3.2	**6 571**	7 223
Current assets		**134 207**	125 800
Inventories	4.1	**1 906**	1 539
Trade and other receivables	4.2	**28 828**	27 995
Contract assets	2.2	**3 090**	3 007
Taxation assets	3.3	**2 483**	3 288
Current investments	7.4	**4 654**	5 422
Restricted cash	4.3	**10 235**	6 801
Mobile Money deposits	4.6	**38 661**	38 260
Cash and cash equivalents	4.4	**44 350**	39 488
Non-current assets held for sale	6.5.5; 9.4.2.4	**3 358**	7 291
Total assets		**391 881**	365 798
EQUITY			
Ordinary share capital and share premium	8.1	**38 490**	37 994
Retained earnings		**95 691**	83 580
Other reserves	8.2	**(17 580)**	(10 527)
Attributable to equity holders of the Company		**116 601**	111 047
Non-controlling interests	9.5	**5 742**	3 935
Total equity		**122 343**	114 982
LIABILITIES			
Non-current liabilities		**126 563**	118 486
Borrowings	6.1	**65 781**	65 484
Lease liabilities	6.5	**52 473**	41 409
Deferred tax liabilities	3.2	**6 303**	9 666
Other non-current liabilities	6.2	**1 112**	1 120
Provisions	6.3	**894**	807
Current liabilities		**139 874**	127 928
Trade and other payables	4.5	**56 815**	50 767
Mobile Money payables	4.6	**39 273**	38 869
Contract liabilities	2.2	**6 716**	6 428
Provisions	6.3	**3 482**	2 892
Taxation liabilities	3.3	**11 395**	7 035
Borrowings	6.1	**15 493**	14 949
Lease liabilities	6.5	**5 871**	6 505
Derivative liabilities	7.1.3	**113**	14
Bank overdrafts	4.4	**716**	469
Liabilities directly associated with non-current assets held for sale	6.5.5; 9.4.2.4	**3 101**	4 402
Total liabilities		**269 538**	250 816
Total equity and liabilities		**391 881**	365 798

Group statement of changes in equity

for the year ended 31 December 2022

	Note	Attributable to equity holders of the Company						
		Share capital Rm	Share premium Rm	Retained earnings Rm	Other reserves Rm	Total Rm	Non-controlling interests Rm	Total equity Rm
Balance at 1 January 2021		*	36 929	71 263	(5 319)	102 873	3 352	106 225
Total comprehensive income		–	–	13 750	(7 671)	6 079	2 357	8 436
Profit after tax		–	–	13 750	–	13 750	3 244	16 994
Other comprehensive income after tax		–	–	–	(7 671)	(7 671)	(887)	(8 558)
Transactions with owners of the Company:								
Gain on MTN Uganda initial public offering	9.4.1.2	–	–	–	1 774	1 774	560	2 334
Acquisition of subsidiary – aYo	9.4.1.5	–	–	–	–	–	(18)	(18)
Acquisition of aYo non-controlling interests	9.4.1.5	–	–	–	(212)	(212)	(43)	(255)
Reduction in treasury shares	8.1	–	1 065	(1 065)	–	–	–	–
Loss on deconsolidation of MTN Syria	9.4.1.3	–	–	–	–	–	(240)	(240)
Reclassification of reserves on deconsolidation of MTN Syria		–	–	(101)	101	–	–	–
Exit in Yemen	9.4.1.4	–	–	–	–	–	(6)	(6)
Reclassification of reserves on exit in Yemen		–	–	(24)	24	–	–	–
Share-based payment transactions	8.4	–	–	–	710	710	–	710
Transfers to contingency reserves		–	–	(148)	148	–	–	–
Dividends declared		–	–	–	–	–	(2 078)	(2 078)
Other movements		–	–	(95)	(82)	(177)	51	(126)
Balance at 31 December 2021		*****	**37 994**	**83 580**	**(10 527)**	**111 047**	**3 935**	**114 982**
Total comprehensive income		**–**	**–**	**19 337**	**(11 156)**	**8 181**	**4 128**	**12 309**
Profit after tax		**–**	**–**	**19 337**	**–**	**19 337**	**4 924**	**24 261**
Other comprehensive income after tax		**–**	**–**	**–**	**(11 156)**	**(11 156)**	**(796)**	**(11 952)**
Transactions with owners of the Company:								
Gain on transactions with non-controlling interests[1]	8.2	**–**	**–**	**–**	**400**	**400**	**667**	**1 067**
Gain on MTN Nigeria Communications PLC (MTN Nigeria) secondary offer	9.4.2.1	**–**	**–**	**–**	**3 046**	**3 046**	**356**	**3 402**
Share-based payment transaction – Scancom PLC (MTN Ghana) share localisation	9.4.2.3	**–**	**–**	**–**	**330**	**330**	**13**	**343**
Purchase of treasury shares	8.1	**–**	**(1 417)**	**–**	**–**	**(1 417)**	**–**	**(1 417)**
Reduction in treasury shares	8.1	**–**	**1 913**	**(1 913)**	**–**	**–**	**–**	**–**
Contributions by non-controlling interest		**–**	**–**	**–**	**–**	**–**	**160**	**160**
Recapitalisation	8.2	**–**	**–**	**251**	**(251)**	**–**	**–**	**–**
Shared-based payment transactions	8.4	**–**	**–**	**–**	**659**	**659**	**–**	**659**
Transfers to contingency reserves	8.2	**–**	**–**	**(154)**	**154**	**–**	**–**	**–**
Dividends paid	8.3	**–**	**–**	**(5 414)**	**–**	**(5 414)**	**(3 662)**	**(9 076)**
Other movements		**–**	**–**	**4**	**(235)**	**(231)**	**145**	**(86)**
Balance at 31 December 2022		*****	**38 490**	**95 691**	**(17 580)**	**116 601**	**5 742**	**122 343**

[1] Included in gain on transactions with non-controlling interest is a R293 million gain related to the 50% sale in aYo (refer to note 9.4.2.2).

* Amounts less than R1 million.

Group statement of cash flows

for the year ended 31 December 2022

	Note	2022 Rm	2021 Rm
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES			
Cash generated from operations	2.6	**94 247**	88 670
Interest received		**1 873**	1 161
Interest paid		**(14 417)**	(12 145)
Income tax paid	3.3	**(13 953)**	(10 954)
Dividends received from joint ventures		**371**	554
Net cash generated from operating activities		**68 121**	67 286
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(31 398)**	(24 413)
Acquisition of intangible assets		**(13 786)**	(10 812)
Proceeds on sale of MTN SA tower sale	6.5.5	**6 355**	–
Proceeds from sale of property, plant and equipment and intangible assets		**198**	175
Increase in non-current investments and joint venture		**(65)**	(22)
Proceeds from sale of investment in associates	9.4.1	**–**	1 807
Proceeds from exit in Yemen, net of cash deconsolidated	9.4.1.4	**–**	(900)
Acquisition of right-of-use asset[1]		**(628)**	–
Realisation of non-current investment bonds		**157**	667
Purchase of non-current investment bonds and fixed deposits		**(147)**	(121)
Realisation of current investment bonds, treasury bills and foreign deposits		**335**	4 521
Increase in restricted cash		**(9 384)**	(11 744)
Decrease in restricted cash		**5 326**	10 242
Cash acquired on acquisition of subsidiary	9.4.1.5	**–**	68
Cash deconsolidated on loss of control	9.4.1.3	**–**	(228)
Other investing activities		**(399)**	(193)
Net cash used in investing activities		**(43 436)**	(30 953)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from borrowings	2.7	**25 000**	23 754
Repayment of borrowings	2.7	**(28 134)**	(43 953)
Repayment of lease liabilities	2.8	**(7 405)**	(5 949)
Dividends paid to equity holders of the Company		**(5 414)**	–
Dividends paid to non-controlling interests		**(3 689)**	(2 084)
Purchase of treasury shares	8.1	**(1 417)**	–
Consideration received on MTN Ghana share localisation	9.4.2.3	**234**	–
Proceeds from MTN Nigeria secondary offer	9.4.2.1	**1 970**	–
Consideration received on transaction with MTN Ghana non-controlling interests		**267**	–
Proceeds from MTN Uganda initial public offering	9.4.1.2	**103**	2 191
Acquisition of additional shares in aYo	9.4.1.5	**–**	(257)
Contribution from non-controlling interest		**110**	–
Proceeds from disposal of shares in aYo	9.4.2.2	**702**	–
Other financing activities		**254**	119
Net cash used in financing activities		**(17 419)**	(26 179)
Net increase in cash and cash equivalents		**7 266**	10 154
Net cash and cash equivalents at the beginning of the year		**39 019**	30 636
Exchange losses on cash and cash equivalents		**(2 280)**	(1 515)
Net monetary gain/(loss) on cash and cash equivalents		**175**	(380)
(Increase)/decrease in cash classified as held for sale	9.4.2.4	**(546)**	124
Net cash and cash equivalents at the end of the year	4.4	**43 634**	39 019

[1] Relates to fully prepaid leases.

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Notes to the Group financial statements

for the year ended 31 December 2022

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS

1.1 Basis of preparation

The Group financial statements of MTN Group Limited (the Company) comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures and controlled structured entities (together referred to as the Group and individually as Group entities).

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

A number of new pronouncements and/or interpretations were effective from 1 January 2022. These had no material effect on the Group's or Company's financial statements.

The financial statements have been prepared on the historical cost basis adjusted for the effects of inflation where entities operate in hyperinflationary economies and for certain financial instruments that have been measured at fair value, where applicable.

The Iranian, Sudanese and South Sudanese economies are considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's subsidiaries, MTN Sudan Company Limited (MTN Sudan), MTN South Sudan Limited (MTN South Sudan) and the Group's joint venture, Irancell Telecommunication Company Services (PJSC) have been expressed in terms of the measuring unit current at the reporting date.

Amounts are rounded to the nearest million with the exception of earnings per share and the related number of shares (note 2.5), number of ordinary shares (note 8.1), share-based payments (note 8.4) and directors' emoluments and interests (note 10.2).

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 financial statements are included in note 1.5.

1.2 Going concern

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

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

1.3 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out on the following pages and in the related notes to the Group financial statements and should be read in conjunction with the financial definitions disclosed on pages 143 to 144 of the financial statements. Where applicable, the principal accounting policies applied in the Company financial statements are consistent with those applied in the Group financial statements. The principal accounting policies applied are consistent with those adopted in the prior year.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (continued)

1.3 Principal accounting policies (continued)

1.3.1 Consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is obtained by the Group. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. The consideration transferred is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are recognised in profit or loss. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. If, after reassessment, this amount is negative, such negative amount is recognised immediately in profit or loss as a gain on bargain purchase.

When the Group ceases to have control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests. Any retained interest in the entity is remeasured to its fair value. Any resulting gain or loss is recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income (OCI) in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss. The remaining other reserves related to that entity are transferred to retained earnings.

Consolidation of subsidiaries

The Group financial statements incorporate the financial statements of MTN Group Limited and all its subsidiaries and controlled structured entities (SEs) for the reporting date 31 December 2022 on the basis outlined below.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases (disposal date). The Group controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether control exists, the Group considers all existing substantive rights that result in the current ability to direct relevant activities.

All intercompany transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated on consolidation. Unrealised losses are considered an impairment indicator of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to align any difference in accounting policies with those of the Group.

The Group does not consolidate entities where it owns more than half of the issued ordinary share capital if the contractual agreements are such that other shareholders have substantive rights that provide authority over the relevant activities of the entities.

The Company accounts for investments in subsidiaries at cost, less accumulated impairment losses.

Non-controlling interests

On an acquisition-by-acquisition basis, non-controlling interests in the acquiree may initially be measured either at fair value, or at the non-controlling shareholders' proportion of the net identifiable assets acquired and liabilities and contingent liabilities assumed.

Non-controlling shareholders are treated as equity participants; therefore, all acquisitions of non-controlling interests or disposals by the Group of its interests in subsidiaries, where control is maintained subsequent to the disposal, are accounted for as equity transactions. Consequently, the difference between the fair value of the consideration transferred and the carrying amount of a non-controlling interest purchased or disposed of, is recorded in equity.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (continued)

1.3 Principal accounting policies (continued)

1.3.2 Foreign currency

Functional and presentation currency

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

Transactions and balances

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

Translation of foreign operations

The results, cash flows and financial position of Group entities which are not accounted for as entities operating in hyperinflationary economies and that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at rates of exchange ruling at the reporting date.
- Specific transactions in equity are translated at rates of exchange ruling at the transaction dates.
- Income and expenditure and cash flow items are translated at weighted average exchange rates for the period or translated at exchange rates at the date of the transaction, where applicable.
- Foreign exchange translation differences are recognised in OCI and accumulated in the foreign currency translation reserve (FCTR), except to the extent the difference is allocated to non-controlling interests.

The results, cash flows and financial position of the Group entities, which are accounted for as entities operating in hyperinflationary economies and that have functional currencies different from the presentation currency of the Group are translated into the presentation currency of its immediate parent at rates of exchange ruling at the reporting date. As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current financial year.

An entity may have a monetary item that is receivable from a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to OCI and accumulated in the FCTR.

The exchange rates relevant to the Group are disclosed in note 7.6.

Disposal of foreign operations

On disposal of a foreign operation, all exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Group are reclassified to profit or loss. The amount of FCTR reclassified to profit or loss is calculated based on the appreciation or devaluation in the functional currency of the foreign operation disposed against the functional currency of the Company. As the Group's functional and presentation currency is South African rand and the FCTR is based on the appreciation or devaluation of the South African rand against the equity of the underlying operations in the Group, the Group uses the direct method to recycle the FCTR.

Exchange differences accumulated in equity in respect of a monetary item that is part of the Group's net investment in a foreign operation, are not reclassified to profit or loss on settlement of the monetary item.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals, the accumulated exchange differences are reclassified to profit or loss.

For more details on judgements applied in the selection of exchange rates in countries operating in dual exchange rate economies please refer to note 1.5.3.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

1 **ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS** (continued)

1.3 **Principal accounting policies** (continued)

1.3.3 **Hyperinflation**

The financial statements (including comparative amounts) of the Group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the Group or the Company is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level in the current year. Differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in OCI.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount. On initial application of hyperinflation prior period gains and losses are recognised directly in equity.

Gains or losses on the net monetary position are recognised in profit or loss.

All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. If on initial application of hyperinflation accounting the restated value of the non-monetary assets exceed their recoverable amount, the initial adjustment is capped at the recoverable amount and the net increase is recorded directly in retained earnings. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The Iranian, Sudanese and South Sudanese economies have been classified as hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's subsidiaries; MTN South Sudan, MTN Sudan and the Group's joint venture, Irancell, have been expressed in terms of the measuring unit current at the reporting date. For further details, refer to note 1.5.5.

1.4 **New accounting pronouncements**

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

Standard	**Effective date for annual periods beginning on or after**
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)	**1 January 2023**
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	**1 January 2024**
Lease liability in a Sale and Leaseback – Amendments to IFRS 16	**1 January 2024**
Non-current Liabilities with covenants – Amendments to IAS 1	**1 January 2024**

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (continued)

1.4 New accounting pronouncements (continued)

The Group has insurance cell captives which meet the definition of insurance contracts and fall under the scope of IFRS 17. In addition to the Group recognising the liability for incurred claims, the Group 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.
  - An explicit risk adjustment for non-financial risk.
- 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 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 Group, however, the recognition and measurement of the adoption are not expected to be material.

1.5 Critical accounting judgements, estimates and assumptions

The Group 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.

This note should be read in conjunction with the principal accounting policies disclosed in note 1.3.

1.5.1 Impairment of goodwill

The Group tests goodwill for impairment on an annual basis or whenever there is an impairment indicator identified by management, in accordance with the accounting policy disclosed in note 5.2. The recoverable amounts of cash-generating units (CGUs) have been determined based on value in use calculations being the estimated future cash flows discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are performed internally by the Group and require the use of estimates and assumptions.

Source of estimation uncertainty

The input factors most sensitive to change are management estimates of future cash flows based on budgets and forecasts, growth rates, terminal rates and discount rates. Further detail on these assumptions has been disclosed in note 5.2. The Group has performed a sensitivity analysis by varying these input factors by a reasonably possible margin and assessing whether the changes in input factors result in any of the goodwill allocated to an appropriate CGU, being impaired. Goodwill impairment amounted to R283 million in the current year (2021: R583 million), refer to note 5.2.

1.5.2 IHS Group fair value through other comprehensive income (FVOCI)

Significant judgement – investment classification

The Group has an economic interest in IHS Group of 25.66% (2021: 25.98%) comprising of ordinary shares. An investor is presumed to have significant influence over an investee when it owns 20% of the investee, unless it can be clearly demonstrated that this is not the case. According to IHS Group's articles of association, while the Group owns more than 20% of the issued shares, the Group's voting rights are limited to 20%. The Group is not entitled to appoint a Board member. The Group does not have any special information rights or access to strategic, financial or operational information beyond that available to other public shareholders.

As a result of these restrictions, the Group's rights do not constitute significant influence to participate in the financial and operating policy decisions of IHS Group. Consequently, the Group accounts for its investment in IHS Group as an equity instrument held at FVOCI (refer to note 7.2).

1.5.3 Dual exchange rates

Significant judgement

The Group operates in a number of foreign jurisdictions that have multiple quoted exchange rates. When several quoted exchange rates are available in a foreign jurisdiction, the Group uses judgement to determine the rate at which the future cash flows represented by foreign denominated transactions or balances could have been settled if those cash flows had occurred at the measurement date in these foreign entities. For the translation of the results, cash flows and financial position of the foreign entities into the presentation currency of the Group, the Group uses the rate at which dividends can be remitted. If exchangeability between two currencies is temporarily lacking, the rate used is the first subsequent rate at which exchanges could be made.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

1 **ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS** (continued)

1.5 **Critical accounting judgements, estimates and assumptions** (continued)

1.5.3 **Dual exchange rates** (continued)

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 and converting the equity-accounted results of Irancell. Since the introduction of the SANA rate, the Group has equity accounted the results and translated any receivables from Irancell at the SANA rate. However, the Group 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.

Further information on the relevant exchange rates is provided in note 7.6.

1.5.4 Income taxes

Source of estimation uncertainty

The Group is subject to income taxes in numerous jurisdictions. As a result, significant judgement is required in determining the Group'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 Group 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 Group, the Group 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 6.6.

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.

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 Group is required to make significant estimates in assessing whether future taxable profits will be available.

Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The Group's recognised deferred tax assets for the current year amounted to R6 571 million (2021 : R7 223 million). The Group has deductible temporary differences and unused assessed losses of R16 138 million (2021: R9 219 million) for which no deferred tax asset has been recognised as at 31 December 2022, as well as an unrecognised deferred tax asset of R728 million (2021: R585 million) relating to foreign tax credits. Refer note 3.2.

MTN Mauritius recognised a deferred tax asset of R4 386 million (2021: R5 750 million) mainly resulting from an assessed loss. The Group discontinued the recognition of any further increases in the deferred tax asset in 2022 and recognised a reduction of the deferred tax asset due to the change in the SA corporate tax rate. The Group derecognised R1 171 million of the previously recognised deferred tax asset as a result of incorporating additional risk factors to the estimated utilisation of the deferred tax asset over the expected recovery period.

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

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

Based on current business plans and stress scenarios, the Group expects to utilise the deferred tax asset in the next ten to 13 years (2021: eight to 11 years).

1.5.5 **Hyperinflation**

Significant judgement

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint ventures is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- The general population prefers to keep its wealth in nonmonetary assets or in a relatively stable foreign currency.
- Prices are quoted in a relatively stable foreign currency.
- Sales or purchase prices take expected losses of purchasing power during a short credit period into account.
- Interest rates, wages and prices are linked to a price index.
- The cumulative inflation rate over three years is approaching, or exceeds, 100%.

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.5 Hyperinflation (continued)

The analysis of the cumulative inflation rate over three years resulted in the Group considering whether Afghanistan's economy was hyperinflationary. Based on the available information, the Group concluded that this economy is currently not hyperinflationary.

Following management's assessment, the Group's subsidiaries, MTN Sudan, MTN South Sudan and the Group's joint venture, Irancell, have been accounted for as entities operating in hyperinflationary economies. The results, cash flows and financial positions of MTN Sudan, MTN South Sudan and Irancell have been expressed in terms of the measuring units current at the reporting date.

MTN Sudan

The economy of Sudan was assessed to be hyperinflationary during 2018, and hyperinflation accounting has been applied since.

The general price index used as published by the International Monetary Fund is as follows:

Date	Base year	General price index	Inflation rate (%)
31 December 2022	2007	82 905	129

The cumulative inflation rate over three years as at 31 December 2022 is 3 444% (2021: 1 150%). The average adjustment factor used for 2022 was 1.70 (2021: 1.63).

MTN South Sudan

The economy of South Sudan was assessed to be hyperinflationary effective 1 January 2016, and hyperinflation accounting has been applied since.

The general price index used as published by the International Monetary Fund is as follows:

Date	Base year	General price index	Inflation rate (%)
31 December 2022	2011	19 129	28

The cumulative inflation rate over three years as at 31 December 2022 is 147% (2021: 164%). The average adjustment factor used for 2022 was 1.15 (2021: 1.04).

Irancell

The economy of Iran was assessed to be hyperinflationary effective 1 January 2020, and hyperinflation accounting has been applied since.

The general price index used as published by the International Monetary Fund is as follows:

Date	Base year	General price index	Inflation rate (%)
31 December 2022	2016	605	45

The cumulative inflation rate over three years as at 31 December 2022 is 190% (2021: 136%). The average adjustment factor used for 2022 was 1.24 (2021: 1.16).

The cumulative impact of adjusting the Group's results for the effects of hyperinflation is set out below:

	2022 Rm	2021 Rm
Income statement		
Increase/(decrease) in revenue[1]	**2 484**	(13)
Net monetary gain	**1 251**	275
Increase in share of results of associates and joint ventures after tax	**1 174**	546
Increase in profit after tax[1]	**2 471**	794

[1] Sudan's revenue increased significantly in 2022 due to an increase in activity levels, repricing waves, and the impact of the change of exchange rate.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

1 ACCOUNTING FRAMEWORK AND CRITICAL JUDGEMENTS (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.6 Consolidation of MTN Zakhele Futhi

Significant judgement

MTN implemented its broad-based black economic empowerment (B-BBEE) transaction through a separate legal entity, MTN Zakhele Futhi during the 2016 financial year. MTN Zakhele Futhi is a structured entity with the sole business of holding shares of MTN Group Limited and administering the associated funding of these shares.

The Group was involved in structuring MTN Zakhele Futhi, determining the level of its debt and negotiating the related debt covenants. In addition, the Group holds a call option which, if exercised on the occurrence of a trigger event, entitles it to settle MTN Zakhele Futhi's debt with the third-party funders. This gives the Group the ability to manage the credit risk of MTN Zakhele Futhi and consequently, the related B-BBEE credentials which are dependent on the continued success of MTN Zakhele Futhi. As these activities are considered to be the relevant activities of MTN Zakhele Futhi, it is consolidated by the Group.

1.5.7 Contingent liabilities

Significant judgement

The Group applies judgement in assessing the potential outcome of uncertain legal and regulatory matters. The Group 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 tax liability is recognised. The Group has disclosed contingent liabilities where economic outflows are considered possible but not probable. Refer to note 6.6.

1.5.8 Accounting for MoMo deposits and payables

Significant judgement

Limited accounting guidance exists in IFRS relating to MoMo customers' balances held with banks. In the Group's larger MoMo markets, as the MoMo products mature and the regulatory and legal positions are codified, the underlying exposure to its MoMo customers is clarified ultimately resulting in the MoMo balances being recorded on the statement of financial position.

As the Group operates in a number of markets where the legal and regulatory position relating to MoMo has not been clarified, the judgement was made to recognise all MoMo liabilities, representing the obligation which exists in the ordinary course to refund the customer for deposits made, and the related MoMo balances held with the banks on the statement of financial position. For further details of the Group's MoMo policy refer to note 4.6.

1.5.9 Leases

Significant judgement – renewal and termination options

The Group applies judgement in determining the lease term by considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option and whether it is reasonably likely that options will be exercised by considering factors such as how far in the future an option occurs, the Group's business planning cycle and past history of terminating/not renewing leases. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The average lease term for recognised leases is seven to eight years. Refer to note 6.5 for further details.

Significant judgement – lease and non-lease components

A number of lease contracts include both lease and non-lease components (e.g. maintenance, security, etc.). The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred. The Group applies judgement in allocating the consideration in the contract to each lease and non-lease component based on their relative standalone selling prices. The standalone selling prices of each component are based on available market prices.

Significant judgement – sale and leaseback

MTN South Africa entered into an agreement with IHS Group to sell its tower infrastructure and power assets, cede related agreements including land lease agreements (on which the towers are constructed) to IHS Group, and lease back spaces on the towers. The key judgements include the following, which have been further explained in note 6.5.5:

- Nature of the transaction being a sale and leaseback in terms of IFRS 16 *Leases*.
- Accounting for pre-existing barter arrangements.

2 RESULTS OF OPERATIONS

2.1 Operating segments

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

The Group's underlying operations are clustered as follows:
- South Africa.
- Nigeria.
- South and East Africa (SEA).
- West and Central Africa (WECA).
- Middle East and North Africa (MENA).

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

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

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

A key performance measure of reporting profit for the Group is CODM EBITDA. CODM EBITDA is defined as earnings before finance income and finance costs (which includes gains or losses on foreign exchange transactions), tax, depreciation and amortisation, and is also presented before recognising the following items:
- Impairment of goodwill and investment in joint ventures (note 5.2.1 and note 9.2).
- Net monetary gain resulting from the application of hyperinflation (note 1.5.5).
- Share of results of associates and joint ventures after tax (note 9.2).
- Hyperinflation (note 1.5.5).
- Impairment loss on remeasurement of non-current assets held for sale (note 9.4.2.4).
- Fair value gain on acquisition of subsidiary (note 9.4.1.5).
- Loss on deconsolidation of subsidiary (note 9.4.1.3).
- Gain on disposal of investment in associates (note 9.4.1.1).
- Gain on exit in Yemen (note 9.4.1.4).
- Gain on disposal of subsidiary.
- Gain on sale of MTN SA towers (note 6.5.5).
- Impairment loss on Yemen property, plant and equipment and intangible assets (note 9.4.1.4).

These exclusions have remained unchanged from the prior year, except for the gain on sale of MTN SA towers. Impairment losses on property, plant and equipment and intangible assets are generally included in the CODM EBITDA as they are operational in nature. As the impairment of Yemen's property, plant and equipment and intangible assets arose from MENA exit strategy, it was not considered reflective of Yemen's performance for the period.

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

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

2 RESULTS OF OPERATIONS (continued)

2.1 Operating segments (continued)

Revenue 2022	Network services Rm	Mobile devices Rm	Interconnect and roaming Rm	Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
South Africa	32 018	9 792	4 359	2 417	1 573	50 159	481	50 640
Nigeria	65 721	237	6 518	4 087	697	77 260	–	77 260
SEA	12 732	240	872	5 019	479	19 342	–	19 342
Uganda	6 518	90	400	2 932	186	10 126	–	10 126
Zambia	2 096	104	184	869	63	3 316	–	3 316
Other SEA	4 118	46	288	1 218	230	5 900	–	5 900
WECA	35 510	204	2 294	8 920	1 351	48 279	–	48 279
Ghana	12 920	62	590	4 170	289	18 031	–	18 031
Côte d'Ivoire	6 446	46	663	1 116	647	8 918	–	8 918
Cameroon	5 829	28	354	1 422	94	7 727	–	7 727
Other WECA	10 315	68	687	2 212	321	13 603	–	13 603
MENA	5 005	27	1 007	146	27	6 212	–	6 212
Sudan	3 276	19	642	78	17	4 032	–	4 032
Afghanistan	1 729	8	365	68	10	2 180	–	2 180
Major joint venture – Irancell[1]	7 093	183	362	702	206	8 546	18	8 564
Head office companies[2]	1 856	–	6 180	–	15 100	23 136	255	23 391
Eliminations	(957)	(3)	(5 571)	(22)	(13 810)	(20 363)	(242)	(20 605)
Hyperinflation impact	1 988	13	419	49	15	2 484	–	2 484
Irancell revenue exclusion	(7 093)	(183)	(362)	(702)	(206)	(8 546)	(18)	(8 564)
Consolidated revenue	153 873	10 510	16 078	20 616	5 432	206 509	494	207 003

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

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

2 RESULTS OF OPERATIONS (continued)

2.1 Operating segments (continued)

Reveue 2021	Network services Rm	Mobile devices Rm	Inter-connect and roaming Rm	Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
South Africa	31 030	9 271	4 070	2 429	1 521	48 321	395	48 716
Nigeria	50 241	107	5 594	3 216	892	60 050	–	60 050
SEA	11 830	211	759	3 598	557	16 955	–	16 955
Uganda	5 728	84	378	2 199	160	8 549	–	8 549
Zambia	1 606	77	108	596	42	2 429	–	2 429
Other SEA	4 496	50	273	803	355	5 977	–	5 977
WECA	34 371	223	2 499	9 750	1 162	48 005	–	48 005
Ghana	13 046	56	642	5 151	292	19 187	–	19 187
Côte d'Ivoire	6 022	47	879	1 456	499	8 903	–	8 903
Cameroon	5 475	38	385	1 262	84	7 244	–	7 244
Other WECA	9 828	82	593	1 881	287	12 671	–	12 671
MENA	5 209	13	1 055	200	73	6 550	–	6 550
Sudan	1 619	6	548	43	10	2 226	–	2 226
Afghanistan	1 670	7	341	57	17	2 092	–	2 092
Other MENA[1]	1 920	–	166	100	46	2 232	–	2 232
Major joint venture – Irancell[2]	5 831	128	289	324	138	6 710	15	6 725
Head office companies[3]	1 515	–	5 076	188	12 183	18 962	134	19 096
Eliminations	(438)	(1)	(5 303)	(206)	(11 635)	(17 583)	(130)	(17 713)
Hyperinflation impact	(229)	1	226	(5)	(6)	(13)	–	(13)
Irancell revenue exclusion	(5 831)	(128)	(289)	(324)	(138)	(6 710)	(15)	(6 725)
Consolidated revenue	133 529	9 825	13 976	19 170	4 747	181 247	399	181 646

[1] Syria and Yemen segment analysis has been included until the Group lost control of MTN Syria on 25 February 2021 and the Group exited Yemen on 17 November 2021. Refer to note 9.4.1.3 and note 9.4.1.4.

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

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

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

2 RESULTS OF OPERATIONS (continued)

2.1 Operating segments (continued)

External vs inter-segment revenue	2022 External revenue Rm	2022 Inter-segment revenue Rm	2022 Total revenue Rm	2021 External revenue Rm	2021 Inter-segment revenue Rm	2021 Total revenue Rm
South Africa	50 153	487	50 640	48 223	493	48 716
Nigeria	76 015	1 245	77 260	58 835	1 215	60 050
SEA	18 892	450	19 342	16 498	457	16 955
Uganda	9 790	336	10 126	8 223	326	8 549
Zambia	3 269	47	3 316	2 366	63	2 429
Other SEA	5 833	67	5 900	5 909	68	5 977
WECA	47 047	1 232	48 279	46 717	1 288	48 005
Ghana	17 401	630	18 031	18 659	528	19 187
Côte d'Ivoire	8 759	159	8 918	8 735	168	8 903
Cameroon	7 540	187	7 727	7 028	216	7 244
Other WECA	13 347	256	13 603	12 295	376	12 671
MENA	5 381	831	6 212	5 908	642	6 550
Sudan	3 472	560	4 032	1 748	478	2 226
Afghanistan	1 909	271	2 180	1 928	164	2 092
Other MENA[1]	–	–	–	2 232	–	2 232
Major joint venture – Irancell[2]	8 564	–	8 564	6 725	–	6 725
Head office companies[3]	7 013	16 378	23 391	5 452	13 644	19 096
Eliminations	–	(20 605)	(20 605)	–	(17 713)	(17 713)
Hyperinflation impact	2 502	(18)	2 484	13	(26)	(13)
Irancell revenue exclusion	(8 564)	–	(8 564)	(6 725)	–	(6 725)
Consolidated revenue	207 003	–	207 003	181 646	–	181 646

[1] Syria and Yemen segment analysis has been included until the Group lost control of MTN Syria on 25 February 2021 and the Group exited Yemen on 17 November 2021. Refer to note 9.4.1.3 and note 9.4.1.4.

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

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

2 RESULTS OF OPERATIONS (continued)

2.1 Operating segments (continued)

CODM EBITDA	2022 Rm	2021 Rm
South Africa	**19 480**	18 956
Nigeria	**41 087**	31 852
SEA	**8 877**	7 847
Uganda	**5 233**	4 387
Zambia	**847**	556
Other SEA	**2 797**	2 904
WECA	**19 109**	19 369
Ghana	**10 210**	10 557
Côte d'Ivoire	**2 950**	3 096
Cameroon	**2 752**	2 507
Other WECA	**3 197**	3 209
MENA	**2 716**	2 082
Sudan	**2 128**	1 085
Afghanistan	**588**	615
Other MENA[1]	**–**	382
Head office companies[2]	**2 571**	(1 007)
Eliminations	**(3 961)**	652
CODM EBITDA	**89 879**	79 751
Major joint venture – Irancell[3]	**3 555**	2 446
Hyperinflation impact	**851**	(2)
Gain on disposal of investment in associates	**–**	1 212
Fair value gain on acquisition of subsidiary	**–**	526
Gain on exit in Yemen	**–**	15
Gain on disposal of subsidiary	**–**	38
Gain on sale of MTN SA towers	**371**	–
Impairment loss on remeasurement of non-current assets held for sale	**(1 263)**	(53)
Loss on derecognition of subsidiary	**–**	(4 720)
Impairment loss on Yemen property, plant and equipment and intangible assets	**–**	(609)
Irancell CODM EBITDA exclusion	**(3 555)**	(2 446)
CODM EBITDA before impairment of goodwill	**89 838**	76 158
Depreciation, amortisation and impairment of goodwill and investment in joint ventures	**(35 275)**	(35 223)
Net finance cost	**(17 686)**	(14 448)
Net monetary gain	**1 251**	275
Share of results of joint ventures and associates after tax	**3 369**	2 054
Profit before tax	**41 497**	28 816

1 Syria and Yemen EBITDA has been included until the Group lost control of MTN Syria on 25 February 2021 and the Group exited Yemen on 17 November 2021. Refer to note 9.4.1.3 and note 9.4.1.4.
2 Includes R3.8 billion gain on the MTN Nigeria secondary offer and R1.4 billion gain on the MTN Ghana share localisation.
3 Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from IFRS reported results due to equity accounting for joint ventures.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

2 RESULTS OF OPERATIONS (continued)

2.1 Operating segments (continued)

Capital expenditure incurred	2022 Rm	2021 Rm
South Africa	**15 294**	10 409
Nigeria	**19 088**	14 905
SEA	**6 483**	3 608
Uganda	**4 261**	1 743
Zambia	**636**	507
Other SEA	**1 586**	1 358
WECA	**8 588**	7 477
Ghana	**3 515**	3 651
Côte d'Ivoire	**1 844**	1 290
Cameroon	**1 075**	967
Other WECA	**2 154**	1 569
MENA	**1 647**	1 015
Sudan	**1 264**	504
Afghanistan	**383**	378
Other MENA[1]	**–**	133
Major joint venture – Irancell[2]	**3 283**	2 237
Head office companies	**2 243**	1 804
Eliminations	**(99)**	–
Hyperinflation impact	**857**	167
Irancell capex exclusion	**(3 283)**	(2 237)
	54 101	39 385

[1] Syria and Yemen capital expenditure has been included until the Group lost control of MTN Syria on 25 February 2021 and the Group exited Yemen on 17 November 2021. Refer to note 9.4.1.3 and note 9.4.1.4.

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

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

	2022 Revenue Rm	2022 Capex Rm
Sudan	**2 659**	**873**
South Sudan (included in other SEA)	**(175)**	**(16)**
	2 484	**857**
Major joint venture – Irancell	**1 346**	**551**

	2021 Revenue Rm	2021 Capex Rm
Sudan	542	266
South Sudan (included in other SEA)	(555)	(99)
	(13)	167
Major joint venture – Irancell	1 099	352

2 RESULTS OF OPERATIONS (continued)

2.2 Revenue from contracts with customers

The Group principally generates revenue from providing mobile telecommunications services, such as network services (comprising data, voice and SMS), digital and fintech services, interconnect and roaming services, as well as from the sale of mobile devices. Products and services may be sold separately or in bundled packages. The typical length of a contract for postpaid bundled packages is 24 months.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or services to a customer.

For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their standalone selling prices. The standalone selling prices are determined based on the list prices at which the Group sells mobile devices and network services separately.

The main categories of revenue and the basis of recognition are as follows:

Network services and digital and fintech
The Group provides mobile telecommunication services, including network services and digital and fintech services. Network services (comprising data, voice and SMS) are considered to represent a single performance obligation as all are provided over the MTN network and transmitted as data representing a digital signal on the network. The transmission of voice, data and SMS all consume network bandwidth and therefore, irrespective of the nature of the communication, the subscriber ultimately receives access to the network. Network services are therefore viewed as a single performance obligation represented by capacity on the MTN network.

Digital and fintech services include value-added services, rich media services, MoMo, insurance, airtime lending, e-commerce, etc.

Customers either pay in advance for these services or pay monthly in equal instalments over the contractual period. A contract liability is recognised for amounts received in advance, until the services are provided or the likelihood of the usage of services becomes remote. The assessment of when services would become remote is based on historical experience in each market in which the Group operates.

The Group recognises revenue from these services as they are provided. Revenue is recognised based on actual units of network services/digital services provided during the reporting period as a proportion of the total units of network services/digital services expected to be provided. The customer receives and uses the benefits of these services simultaneously.

Mobile devices
The Group sells a range of mobile devices. The Group recognises revenue when customers obtain control of mobile devices, being when the customers take possession of the devices. For mobile devices sold separately, customers pay in full at the point of sale. For mobile devices sold in bundled packages, customers usually pay monthly in equal instalments over the contract period. Contract assets are recognised when customers take possession of devices for postpaid contracts.

The Group assesses postpaid contracts including handsets to determine if they contain a significant financing component. The Group has elected to apply the practical expedient that allows the Group not to adjust the transaction price for the significant financing component for contracts where the time difference between customer payment and transfer of goods or services is expected to be one year or less. For contracts containing significant financing components, the Group reduces device revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment.

The Group bases the subscriber contract period on the contractual term and accounts for early upgrades as contract modifications. The effect of the modification is that the contract asset at modification date is treated as a payment to a customer and results in a reduction of the revenue from the subsequent contract.

Interconnect and roaming
The Group provides interconnect and roaming services. The Group recognises interconnect and roaming revenue and a receivable (debtors) as the service is provided unless it is not probable (based on historical information) on transaction date that the interconnect revenue will be received, in which case interconnect revenue is recognised only when the cash is received or where a right of set-off exists with interconnect parties in settling amounts.

Payment for interconnect and roaming is generally received on a monthly basis. Some interconnect and roaming debtors have a historical pattern of late payment due to sanctions imposed. The Group has continued to provide services to these debtors (due to regulatory requirements) where the recovery of principal is significantly delayed beyond the contractual terms. The Group has considered historical payment patterns (i.e. customary business practice) in assessing whether the contract contains a significant financing component. For contracts containing a significant financing component, the Group reduces interconnect and roaming revenue and recognises interest revenue over the period between satisfying the related performance obligation and payment.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

2 **RESULTS OF OPERATIONS** (continued)

2.2 **Revenue from contracts with customers** (continued)

Capitalisation of subscriber acquisition costs

The Group expects that incremental subscriber acquisition costs for obtaining and renewing contracts are recoverable. These costs include agent's commission on postpaid contracts and SIM activation costs on prepaid contracts. The Group has therefore capitalised these costs as contract costs. Capitalised contract costs are amortised on a systematic basis over the average customer life and included in selling, distribution and marketing expenses in profit or loss.

In terms of a practical expedient, the Group has elected to recognise the incremental costs of obtaining contracts as a selling, distribution and marketing expense in profit or loss, when incurred, if the amortisation period of the assets that the Group otherwise would have recognised is 12 months or less.

Contract costs are assessed for impairment in terms of IAS 36 *Impairment of Assets* when there is an indication of impairment.

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2022 Rm	2021 Rm
Contract assets	**5 823**	5 400
Contract assets – non-current	**2 341**	1 985
Contract assets – current	**3 482**	3 415
Loss allowance	**(651)**	(679)
Total contract assets	**5 172**	4 721
Capitalised contract costs	**1 114**	1 091
Contract liabilities	**6 716**	6 428

The Group also recognised a loss allowance for contract assets as per IFRS 9 *Financial Instruments* (IFRS 9).

Significant changes in contract assets and liabilities

Contract assets have increased mainly due to an increase in uptake of postpaid contracts. On 28 October 2022, the Group entered into a pass-through arrangement with a financial institution related to a defined portion of contract assets, which resulted in the Group derecognising R1 billion of contract assets.

Contract liabilities increased due to an increase in prepaid sales.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2022 Rm	2021 Rm
Revenue recognised that was included in the contract liability balance	**5 171**	5 399

Unsatisfied performance obligations

	2022 Rm	2021 Rm
Aggregate amount of transaction price allocated to unsatisfied performance obligations	**6 981**	4 074

For postpaid contracts that were effective at 31 December 2022 the above amounts reflect the transaction price for services to be provided over the remainder of the contractual periods.

Management expects that 87% (2021: 91%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2022 will be recognised as revenue amounting to R6 073 million (2021: R3 707 million) during the next reporting period. The remaining 13% (2021: 9%) amounting to R908 million (2021: R367 million) will be recognised in the 2024 financial year.

For contracts with a term of one year or less, the transaction price is not disclosed above as allowed by IFRS 15.

2 RESULTS OF OPERATIONS (continued)

2.3 Operating expenses

Employee benefits

Short-term employee benefits

Salaries and wages, including non-monetary benefits and accumulated leave pay (remuneration), that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised as a liability and are measured at the amounts expected to be paid when the liabilities are settled.

A liability for bonuses is recognised when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:
- There is a formal plan and the amounts to be paid can be reliably estimated.
- Achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be reliably estimated.

Long-term employee benefits

Long-term service awards

Salaries and wages, includes long service awards which employees become entitled to after having been in the employ of the Group for a continuous period of between three and 30 years and depending on the specific Group entity with whom they are employed. Long-term service awards are recognised as a liability and are measured at the amount of the benefit attributable to the years of service rendered to date in comparison to the total years of continuous service required to qualify for the long-term employee benefit.

For both short-term and long-term employee benefits, remuneration to employees in respect of services rendered during a reporting period is expensed in that reporting period.

Share-based payment transactions

As part of long-term employee benefits, the Group operates a number of share incentive schemes. For further details, refer to note 8.4.

Post-employment benefits

Group companies operate various defined contribution plans. Contributions to defined contribution plans in respect of services rendered during a period are recognised as an employee benefit expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits may be payable when an employee's employment is terminated before the normal retirement date due to retrenchment or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates:
- When the Group can no longer withdraw the offer of those benefits.
- When the Group recognises costs for a restructuring that is within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* that includes the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

2 RESULTS OF OPERATIONS (continued)

2.3 Operating expenses (continued)

	2022 Rm	2021 Rm
Staff costs	**(12 675)**	(11 716)
Salaries and wages	**(10 114)**	(9 181)
Post-employment benefits	**(596)**	(494)
Share options granted to directors and employees (note 8.4)	**(807)**	(1 075)
Training	**(287)**	(194)
Other	**(871)**	(772)
Auditors' remuneration	**(289)**	(204)
Audit fees	**(236)**	(187)
Fees for other services	**(34)**	(14)
Expenses	**(19)**	(3)
Emoluments to directors and prescribed officers (note 10.1 and note 10.2)	**(325)**	(321)
Research and development costs	**(2)**	(2)
Gain on disposal of property, plant and equipment and intangible assets	**185**	79
Net impairment loss on property, plant and equipment (note 5.1)	**(170)**	(339)
Impairment loss on intangible assets (note 5.2)	**(11)**	(110)
Impairment loss on right-of-use assets (note 6.5.3)	**(3)**	(96)
Net write-down of inventories to net realisable value (note 4.1)	**(183)**	(166)
Impairment and write-down of trade receivables and contract assets[1]	**(1 579)**	(1 116)
Impairment of cash balances	**–**	(114)
Increase in provisions (note 6.3)	**(3 271)**	(1 942)
Amortisation of capitalised contract costs	**(782)**	(691)
Professional and consulting fees	**(3 823)**	(3 468)

[1] The impairment and write-down of trade receivables and contract assets includes amounts disclosed in note 4.2 and R27 million impairment reversal (2021: R180 million impairment loss) relating to contract assets.

2.4 Finance income and finance costs

Finance income
Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss (FVTPL), net foreign exchange gains and any gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs
Finance costs comprise interest expenses on borrowings, lease liability interest expense, unwinding of the discount on provisions, fair value movements, net foreign exchange losses, unwind of revision of cash flows and any losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

	2022 Rm	2021 Rm
Interest income on loans and receivables	**638**	396
Interest income on bank deposits	**1 404**	802
Finance income	**2 042**	1 198
Interest expense on financial liabilities measured at amortised cost	**(7 888)**	(7 010)
Net foreign exchange losses	**(5 048)**	(2 551)
Unwind of revision of cash flows[1]	**–**	43
Lease liability interest expense (note 6.5.3)	**(6 792)**	(6 128)
Finance costs	**(19 728)**	(15 646)
Net finance costs recognised in profit or loss	**(17 686)**	(14 448)

[1] Refer to note 4.2 for details on the balance with Irancell.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

2 RESULTS OF OPERATIONS (continued)

2.5 Earnings per ordinary share

Basic earnings per share
Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect. The Company has dilutive potential ordinary shares which comprise of the Group's employee share ownership plan (ESOP), performance share plan (PSP) and MTN Zakhele Futhi.

Headline earnings per share
Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2021 *Headline Earnings* issued by SAICA as amended from time to time and as required by the JSE Limited.

	2022 '000	2021 '000
Weighted average number of shares (excluding treasury shares) for calculation of basic earnings per share	**1 805 193**	1 801 960
Adjusted for:		
– Share options – MTN Zakhele Futhi	**29 042**	24 699
– Performance share plan	**16 956**	21 112
– Employee share ownership plan	**895**	1 397
Weighted average number of shares for calculation of diluted earnings per share	**1 852 086**	1 849 168

Refer to note 8.1 for a reconciliation of total shares in issue.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

2 RESULTS OF OPERATIONS (continued)

2.5 Earnings per ordinary share (continued)

Reconciliation between net profit attributable to the equity holders of the Company and headline earnings:

	2022 Gross Rm	2022 Net[1] Rm	2021 Gross Rm	2021 Net[1] Rm
Profit attributable to equity holders of the Company		**19 337**		13 750
Adjusted for:				
Net profit on disposal of property, plant and equipment and intangible assets	**(190)**	**(163)**	(99)	(75)
– Subsidiaries (IAS 16)	**(185)**	**(158)**	(79)	(67)
– Joint ventures (IAS 28)	**(5)**	**(5)**	(20)	(8)
Impairment of goodwill and investment in joint ventures (IAS 36)	**625**	**625**	583	583
Net impairment loss on property, plant and equipment, right-of-use-assets and intangibles (IAS 36)	**184**	**175**	545	554
Gain on sale of MTN South Africa towers (IFRS 5)	**(371)**	**(405)**	–	–
Impairment loss on remeasurement of non-current assets held for sale (IFRS 5)	**1 263**	**1 263**	53	40
Gain on disposal of investment in associates (IAS 28)	**–**	**–**	(1 212)	(1 212)
Gain on exit in Yemen (IFRS 10)	**–**	**–**	(15)	(15)
Gain on disposal of subsidiary (IFRS 10)[2]	**–**	**–**	(38)	(38)
Fair value on acquisition of a subsidiary (IFRS 10)	**–**	**–**	(526)	(526)
Loss on derecognition of a subsidiary (IFRS 10)	**–**	**–**	4 720	4 720
Headline earnings		**20 832**		17 781

	2022	2021
Earnings per share (cents)		
– Basic	**1 071**	763
– Basic headline	**1 154**	987
Diluted earnings per share (cents)		
– Diluted	**1 044**	744
– Diluted headline	**1 125**	962

[1] Amounts are measured after taking into account non-controlling interests and tax.

[2] In August 2021, the Group disposed of its 70% shareholding in MTN Business Solutions Namibia Proprietary Limited for R1 million and realised a net gain of R38 million.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

2 **RESULTS OF OPERATIONS** (continued)

2.6 **Cash generated from operations**

	2022 Rm	2021 Rm
Profit before tax	**41 497**	28 816
Adjusted for:		
Finance costs (note 2.4)	**19 728**	15 646
Finance income (note 2.4)	**(2 042)**	(1 198)
Depreciation of property, plant and equipment and right-of-use assets (note 5.1 and 6.5.3)	**28 652**	28 397
Amortisation of intangible assets (note 5.2)	**5 999**	6 243
Gain on disposal of property, plant and equipment and intangible assets (note 2.3)	**(185)**	(79)
Impairment loss on remeasurement of non-current assets held for sale (note 9.4.2.4)	**1 263**	53
Gain on exit in Yemen (note 9.4.1.4)	**–**	(15)
Gain on disposal of subsidiary	**–**	(38)
Gain on disposal of investment in associates (note 9.4.1.1)	**–**	(1 212)
Amortisation of contract costs (note 2.3)	**782**	691
Share of results of associates and joint ventures after tax (note 9.2)	**(3 369)**	(2 054)
Increase in provisions (note 6.3)	**3 271**	1 942
Net write-down of inventories to net realisable value (note 4.1)	**183**	166
Impairment of goodwill and investment in joint ventures (note 5.2.1 and note 9.2)	**625**	583
Net impairment loss on property, plant and equipment (note 5.1)	**170**	339
Impairment loss on right-of-use assets (note 2.3 and note 6.5.3)	**3**	96
Impairment loss on intangible assets (note 5.2)	**11**	110
Impairment and write-down of trade receivables and contract assets (note 2.3)	**1 579**	1 116
Share-based payment transactions (note 8.4)	**807**	1 075
Impairment of restricted cash balances (note 2.3)	**–**	114
Net monetary gain (note 1.5.5)	**(1 251)**	(275)
Fair value gain on acquisition of subsidiary (note 9.4.1.5)	**–**	(526)
Loss on deconsolidation of subsidiary (note 9.4.1.3)	**–**	4 720
Gain on MTN SA tower sale (note 6.5.5)	**(371)**	–
Other	**(358)**	106
	96 994	84 816
Changes in working capital	**(2 747)**	3 854
Increase in inventories	**(611)**	(97)
Increase in contract assets and capitalised contract costs	**(517)**	(1 274)
Net increase in receivables and prepayments	**(7 581)**	(2 753)
Net increase in payables and contract liabilities	**5 962**	7 978
Cash generated from operations	**94 247**	88 670

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

2 **RESULTS OF OPERATIONS** (continued)

2.7 **Reconciliation of cash flows arising from financing activities related to borrowings**

	2022 Rm	2021 Rm
Borrowings at the beginning of the year	**80 433**	95 895
Current	**14 949**	17 438
Non-current	**65 484**	78 457
Cash flows	**(3 134)**	(20 199)
Proceeds from borrowings	**25 000**	23 754
Repayment of borrowings	**(28 134)**	(43 953)
Other movements	**3 975**	4 737
Effects of changes in foreign exchange rates and interest accrued	**11 561**	10 841
Acquisition of subsidiary	**–**	203
Interest paid[1]	**(7 586)**	(6 307)
Borrowings at the end of the year	**81 274**	80 433
Comprising:		
– Current	**15 493**	14 949
– Non-current	**65 781**	65 484

[1] Presented as part of cash generated from operating activities.

2.8 **Reconciliation of cash flows arising from financing activities related to lease liabilities**

	2022 Rm	2021 Rm
Leases at the beginning of the year	**47 914**	49 481
Current	**6 505**	5 728
Non-current	**41 409**	43 753
Cash flows	**(7 405)**	(5 949)
Repayment of lease liabilities	**(7 405)**	(5 949)
Other movements	**17 835**	4 382
Additions[1] (note 6.5.2)	**15 914**	6 905
Interest paid[2] (note 6.5.4)	**(6 166)**	(5 475)
Modifications[3]	**2 712**	82
Transfer to held for sale (note 6.5.5)	**(1 583)**	(4 402)
Effects of changes in foreign exchange rates and interest accrued	**6 958**	7 272
Leases at the end of the year	**58 344**	47 914
Comprising:		
– Current	**5 871**	6 505
– Non-current	**52 473**	41 409

[1] Included in additions, are additions related to MTN SA sale and leaseback (refer to note 6.5.5).
[2] Presented as part of cash generated from operating activities.
[3] During the current year, MTN SA had a contract modification in existing lease agreements for RAN sharing agreements.

3 TAXATION

3.1 Income tax expense

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 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 countries where the Company and its subsidiaries operate and generate 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 consolidated financial statements for financial reporting purposes. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction (other than a business combination) 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.

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 Group and it is probable that the temporary difference will not reverse in the foreseeable future.

As the functional currencies of MTN Sudan, MTN South Sudan and Irancell are currencies of hyperinflationary economies, deferred tax relating to these subsidiaries and joint venture is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their restated carrying amounts.

Withholding tax
Withholding tax is payable at different rates varying between 0% and 25% on amounts paid to the Group companies by certain of their subsidiaries as dividends, interest and management fees.

Analysis of income tax expense for the year	**2022 Rm**	2021 Rm
Normal tax	**(17 863)**	(11 782)
Current year	**(16 373)**	(11 668)
Adjustments in respect of the prior year[1]	**(1 490)**	(114)
Deferred tax (note 3.2)	**2 222**	1 187
Current year	**735**	967
Adjustments in respect of the prior year[1]	**1 487**	220
Withholding taxes on foreign income	**(1 595)**	(1 227)
	(17 236)	(11 822)

[1] In prior years, mobile devices that were sold as part of postpaid contract packages were included in taxable income as the monthly subscriptions were invoiced. As revenue from such handsets are recognised upfront, historically there was a deferred tax liability recognised for the related timing difference. Following discussions with SARS the Group revised the timing on the inclusion of the handset revenue in taxable income to the date that the handsets are sold. Following this change, the related deferred tax liability was reversed and the related current tax liability was recognised.

The table on the next page explains the differences between the expected tax expense on continuing operations, at the South African statutory rate of 28% and the Group's total tax expense for each year.

The reconciliation of taxation has been performed using the statutory tax rate of the Company of 28% (2021: 28%). The impact of different corporate tax rates applied to the various jurisdictions in which the Group operates has been incorporated in the "Effect of different tax rates in other countries" line on the next page.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

3 TAXATION (continued)

3.1 Income tax expense (continued)

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

Tax rate reconciliation	2022 %	2021 %
Tax at statutory tax rate	**28.00**	28.00
Expenses not allowed	**11.18**	13.58
Sudan non-deductible expenses	**1.25**	1.90
Assessed loss and other balances on which deferred tax was not recognised	**4.06**	0.74
Reversal of deferred tax asset	**2.82**	—
Disallowed interest expenses	**0.34**	0.70
Impairment of goodwill and investment in joint ventures	**0.42**	0.57
Controlled foreign company legislation imputation	**0.61**	0.88
Impairment loss on remeasurement of non-current assets held for sale	**0.85**	0.05
Loss on deconsolidation of MTN Syria	**–**	4.59
Impairment loss on Yemen property, plant and equipment and intangible assets	**–**	0.59
COVID-19 vaccination programme donations	**–**	0.36
Other[1]	**0.83**	3.20
Effect of different tax rates in other countries	**1.63**	2.22
Income not subject to tax	**(0.42)**	(2.13)
Exempt income	**(0.24)**	(0.44)
Fair value gain on acquisition of subsidiary	**–**	(0.51)
Gain on disposal of investment in associates	**–**	(1.18)
Gain on MTN SA tower sale	**(0.18)**	–
Share of results of associates and joint ventures	**(2.27)**	(2.00)
Foreign income and withholding taxes	**3.86**	4.26
Share-based payment transactions[2]	**(0.29)**	(2.71)
Change in corporate income tax rate	**0.41**	–
Other	**(0.56)**	(0.19)
Effective tax rate	**41.54**	41.03

[1] Includes disallowed expenses for depreciation and amortisation relating to MTN Nigeria and technical and management service fees incurred in both MTN Cameroon and MTN Benin which are subject to deductibility limitations.

[2] Tax deductions on share-based payments are calculated based on the cash-settled share-based payment expense in each of the Group entities to which it relates. However, the share-based payment expense included in the Group profit before tax, against which the effective tax rate is calculated, is an equity-settled share-based payment expense. The differential between the equity-settled and cash-settled share-based payment expense gives rise to the tax rate reconciling item. The MTN Group Limited share price decreased year-on-year, resulting in a corresponding decrease in the cash-settled share-based payment expense and this reconciling item.

The following are the corporate tax rates applicable to the various jurisdictions in which the Group operates:

	Corporate tax rate	
Country	**2022 %**	2021 %
Afghanistan	**20**	20
Benin	**30**	30
Cameroon	**33**	33
Congo-Brazzaville	**28**	28
Côte d'Ivoire S.A.	**30**	30
Ethiopia	**30**	30
Ghana	**25**	25
Guinea-Bissau	**25**	25
Guinea-Conakry	**35**	35
Kenya	**30**	30
Liberia	**25**	25
Namibia	**32**	32
Netherlands	**25**	25
Nigeria	**30**	30
Rwanda	**30**	30
South Africa[1]	**28**	28
South Sudan[2]	**30**	25
Sudan	**10**	10
Syria[3]	**N/A**	14
Uganda	**30**	30
Yemen[3]	**N/A**	50
Zambia	**40**	40

[1] 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.

[2] Effective from 18th July 2022, the Republic of South Sudan National Revenue Authority changed the corporate income tax rate to 30%.

[3] Not applicable for the 2022 financial year as the Group lost control of MTN Syria and exited Yemen in the prior year as set out in note 9.4.1.3 and 9.4.1.4, respectively.

The Group 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 for Economic Co-operation and Development (OECD) to assess the potential impact that it may have.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

3 **TAXATION** (continued)

3.2 **Deferred taxes**

Deferred tax is accounted for in accordance with the accounting policy disclosed in note 3.1.

	1 Jan 2021 Rm	Recognised in profit or loss Rm	Exchange/ and other movements[1] Rm	31 Dec 2021 Rm	**Recognised in profit or loss Rm**	**Recognised in other comprehensive income Rm**	**Exchange/ other movements[1] Rm**	**31 Dec 2022 Rm**
Provisions and tax losses carried forward[2]	8 113	915	7	9 035	**(555)**	**–**	**(135)**	**8 345**
Working capital allowances	(634)	5	15	(614)	**3 236**	**–**	**4**	**2 626**
Tax allowances in excess of depreciation	(9 780)	(58)	(46)	(9 884)	**(404)**	**–**	**582**	**(9 706)**
Other temporary differences	(1 253)	325	(52)	(980)	**(97)**	**(16)**	**96**	**(997)**
Net deferred tax liability	(3 554)	1 187	(76)	(2 443)	**2 180**	**(16)**	**547**	**268**
Comprising:								
Deferred tax assets	6 355			7 223				**6 571**
Deferred tax liabilities	(9 909)			(9 666)				**(6 303)**
	(3 554)			(2 443)				**268**

[1] Including the effect of hyperinflation.

[2] The Group has taken note of South Africa's finance minister's announcement in the budget speech on 23 February 2022 relating to the future limitation on the utilisation of assessed losses to 80% of taxable income. It has been indicated in the 2022 budget speech that the amendment will come into effect for years of assessment ending on or after 31 March 2023.

There were deductible temporary differences and unused tax losses of R16 138 million (2021: R9 219 million) for which no deferred tax asset had been recognised in the statement of financial position at year end.

2022 **Year of expiry**		**2023**	**2024**	**2025**	**2026**	**2027**	**Total**
Amount (Rm)		**1 650**	**813**	**1 073**	**2 238**	**300**	**6 074**
No expiry (Rm)		**–**	**–**	**–**	**–**	**–**	**10 064**
Total[1,2]		**1 650**	**813**	**1 073**	**2 238**	**300**	**16 138**
2021 Year of expiry	2022	2023	2024	2025	2026	2027	Total
Amount (Rm)	1 124	1 695	876	757	3 075	160	7 687
No expiry (Rm)	–	–	–	–	–	–	1 532
Total[1,2]	1 124	1 695	876	757	3 075	160	9 219

There were foreign tax credits of R728 million (2021: R585 million) for which no deferred tax asset had been recognised in the statement of financial position at year end.

2022 **Year of expiry**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**Total**
Amount (Rm)	**72**	**79**	**93**	**98**	**124**	**119**	**143**	**728**
Total[2]	**72**	**79**	**93**	**98**	**124**	**119**	**143**	**728**
2021 Year of expiry		2023	2024	2025	2026	2027	2028	Total
Amount (Rm)		72	79	93	98	124	119	585
Total[2]		72	79	93	98	124	119	585

[1] Includes unused tax losses attributable to tax deductible expenditure recognised in OCI.

[2] Deductible temporary differences, unused tax losses and foreign tax credits were aggregated in 2021 and have been disaggregated in 2022 and comparative numbers have been re-presented accordingly.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

3 TAXATION (continued)

3.3 Income tax paid

	2022 Rm	2021 Rm
At the beginning of the year	**(3 747)**	(2 623)
Amount recognised in profit or loss (note 3.1)	**(17 236)**	(11 822)
Deferred tax (note 3.1)	**(2 222)**	(1 187)
Effect of movements in exchange rates	**64**	321
Normal tax recognised in other comprehensive income	**(312)**	448
Increase/(decrease) in withholding tax accruals	**597**	(402)
Exit in Yemen (note 9.4.1.4)	**–**	524
Transferred to held for sale (note 9.4.2.4)	**186**	–
Other	**(195)**	40
At the end of the year	**8 912**	3 747
Taxation assets	**(2 483)**	(3 288)
Taxation liabilities	**11 395**	7 035
Total tax paid	**(13 953)**	(10 954)

4 WORKING CAPITAL

4.1 Inventories

Inventories mainly comprise of handsets, SIM cards, accessories held for sale and consumable items.

Inventories are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method. Cost comprises of direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

As the functional currencies of MTN South Sudan and MTN Sudan are the currencies of hyperinflationary economies, inventories relating to these subsidiaries are measured at the lower of the restated cost and net realisable value.

	2022 Rm	2021 Rm
Finished goods – at cost	**2 817**	2 400
Handsets	**1 779**	1 441
SIM cards and accessories	**1 038**	959
Consumables	**160**	153
Less: Write-down to net realisable value[1]	**(1 071)**	(1 014)
	1 906	1 539

[1] The write-down of inventories to net realisable value mainly relates to handsets.

MTN Ghana has secured facilities through the pledge of its inventories amounting to R22 million (2021: R74 million) (note 6.1).

Reconciliation of write-down of finished goods

	At the beginning of the year Rm	Additions[1] Rm	Reversals[1] Rm	Utilised Rm	Exchange and other movements Rm	At the end of the year Rm
2022						
Movement in write-down	**(1 014)**	**(203)**	**20**	**–**	**126**	**(1 071)**
2021						
Movement in write-down	(896)	(301)	135	51	(3)	(1 014)

[1] A net write-down on inventories of R183 million (2021: R166 million net write-down) was recognised in the current year. This amount is included in other operating expenses in profit or loss (note 2.3).

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

4 WORKING CAPITAL

4.2 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business and are accounted for at amortised cost in accordance with the accounting policy disclosed in note 7.1.

Prepayments and other receivables are stated at their nominal values.

As the functional currencies of MTN South Sudan and MTN Sudan are currencies of hyperinflationary economies, prepayments relating to these subsidiaries are restated by applying the change in the general price indices from the date of payment to the current reporting date.

	2022 Rm	2021 Rm
Trade receivables (note 7.1.4)	**18 574**	17 680
Less: Allowance for impairment of trade receivables (note 7.1.4)	**(2 833)**	(3 054)
Net trade receivables	**15 741**	14 626
Loan to Irancell[1]	**–**	1 882
Receivable from Irancell[2]	**770**	1 531
Prepayments and other receivables	**2 512**	3 346
Sundry debtors and advances[3]	**9 805**	6 610
	28 828	27 995

[1] The balance at 31 December 2021 related to a loan receivable from Irancell and was due on 30 September 2017 but remained outstanding. The amount outstanding at 31 December 2021 was translated at the CBI rate (note 1.5.3 and note 7.6).

[2] Receivables denominated in Iranian rial to the value of R770 million (2021: R1 525 million) were translated at the SANA rate, while the remaining Iranian rial amounts outstanding at 31 December 2022 were translated at the CBI rate. Refer to detail below on the repatriation of Iranian rial denominated balances.

[3] Sundry debtors and advances include advances to suppliers and receivables from related parties (note 10.1).

Impairment of trade receivables

An allowance for impairment of R1 194 million (2021: R579 million) was incurred in the current year. This amount is included in impairment and write-down of trade receivables and contract assets in profit or loss (note 2.3). Additionally, R364 million (2021: R357 million) was written-off directly to profit or loss.

The Group's exposure to credit and currency risk relating to trade and other receivables is disclosed in note 7.1.

Secured facilities and collateral

MTN Ghana has secured facilities through the pledge of its trade and other receivables amounting to R1 999 million (2021: R1 821 million) (note 6.1).

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 entity for the purpose of repatriating the receivable and/or loan. As at 31 December 2022, Iranian rial denominated receivables amounted to R2 194 million[1] (2021: R1 531 million) and the Iranian rial denominated loan amounted to R2 013 million[2] (2021: R1 882 million).

The Group has intercompany receivables of R5 828 million (including the Iranian rial denominated receivables and loan detailed above) owing from Irancell as at 31 December 2022. Considering the continued uncertainty of when the sanctions will be lifted, the Group has reassessed and determined that the settlement of R5 009 million of the outstanding receivables is neither planned nor likely to occur in the foreseeable future. Therefore, the balances have been reclassified from current to non-current in the consolidated statement of financial position and presented as part of investment in associates and joint ventures. The Group intends to repatriate the remaining intercompany receivables (including the R770 million Iranian rial denominated receivable) when circumstances permit.

[1] Receivables denominated in Iranian rial to the value of R2 158 million (2021: R1 525 million) were translated at the SANA rate (note 1.5.3 and note 7.6), while the remaining Iranian rial amounts outstanding at year-end were translated at the CBI rate.

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

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

4 **WORKING CAPITAL** (continued)

4.3 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 7.1.

Restricted cash balance includes amounts of R7 203 million (2021: R5 494 million) related to MTN Nigeria operations. The balance relates to cash deposits with banks to secure letters of credit and collateral against repayment on borrowings. Furthermore, the restricted cash balance includes dividends from MTN Nigeria being held on behalf of the Group by the Nigeria Registrar at an amount of R592 million (2021: R742 million) as well an amount of R1 545 million of proceeds received from the proceeds of the MTN Nigeria secondary offer remains unavailable to the Group. These cash balances will remain restricted until foreign currency (US$) becomes available in the market. In addition, the restricted cash balance includes an amount of R548 million related to MTN Cameroon for garnishee orders in respect of ongoing court cases. Prior year restricted cash included an amount of R103 million of proceeds received from the MTN Uganda initial public offering (IPO) (9.4.1.2), which became available to the Group during the current financial year.

4.4 Cash and cash equivalents

Cash and cash equivalents are accounted for at amortised cost and bank overdrafts are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 7.1.

Cash and cash equivalents comprise of cash on hand and deposits held on call, all of which are available for use by the Group. Bank overdrafts are included within current liabilities on the statement of financial position, unless the Group has a current legally enforceable right to set off the amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously, in which case it is netted off against cash and cash equivalents on the statement of financial position.

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

	2022 Rm	2021 Rm
Cash at bank and on hand	**44 350**	39 488
Bank overdrafts	**(716)**	(469)
Net cash and cash equivalents	**43 634**	39 019

MTN Ghana has secured facilities through the pledge of its cash and cash equivalents amounting to R1 891 million (2021: R1 571 million) (refer to note 6.1).

4.5 Trade and other payables

Trade payables, sundry creditors 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 7.1.

Other payables are stated at their nominal values.

	2022 Rm	2021 Rm
Trade payables	**16 758**	13 290
Sundry creditors	**2 881**	2 589
Accrued expenses[1]	**30 712**	28 590
Other payables[2]	**6 464**	6 298
	56 815	50 767

[1] Includes accruals for operating expenses, inventories and capital expenditure for which supplier invoices are outstanding at year-end.
[2] Includes dealer commissions, withholding taxes and VAT payable.

4 WORKING CAPITAL (continued)

4.6 MoMo deposits and payables

MoMo deposits are balances that are held with banks for and on behalf of MoMo customers. MoMo regulations in most of the Group's markets require that these balances with banks are held in a manner to ensure that these balances are not co-mingled with the Group's cash and cash equivalents and that these are ring-fenced to settle MoMo customers' obligations. Regulations in certain jurisdictions specify the types of permissible liquid instruments that these deposits may be invested in. The deposits held are accounted for at amortised cost in accordance with the Group's accounting policy disclosed in note 7.1.

Upon recognition of the MoMo financial asset, the Group recognises a corresponding current liability, in the ordinary course, to refund MoMo customers for the deposits made.

The Group earns transactional fees and also earns interest on these MoMo balances and recognises the interest and transactional fees as part of revenue. Transactional fees are recognised over time as the transactions occur. The Group accounts for fees paid to agents as a commission expense as part of selling, distribution and marketing expenses and interest paid to customers in other operating expenses.

Cash flows that relate to interest received, transaction fees earned and operating expenses incurred are classified as operational cash flows. Cash flows that relate to the principal MoMo deposit balance and corresponding liabilities are reflective of customer transactions and, consequently, are not recorded on the Group's statement of cash flows.

MoMo involves the issuing of electronic money in return for cash. MoMo enables an active mobile phone subscriber to load a MoMo wallet, with a balance which is recorded electronically for immediate or later use. The Group utilises MoMo agents to facilitate customer activities i.e. depositing cash and loading and storing the MoMo in wallets. The Group also performs the activities of a MoMo agent through MTN branches. Any monetary value stored on a MoMo wallet is supported by an equivalent MoMo deposit held with a bank or multiple banks.

The Group provides the platform to administer the MoMo wallet and the MoMo service generally. The Group opens bank accounts in which the MoMo deposits and interest earned on the cash balances is held.

MoMo is a regulated service offering. These regulations govern the manner in which MoMo services are conducted as well as the rights and obligations of all parties to the MoMo service offering. These regulations and rights and obligations differ from market to market.

The treatment of MoMo in the financial statements is not and should not be construed as a waiver by members of the Group of any legal, contractual or statutory rights, remedies and defences they may have, or as an admission of liability enforceable against any of them in law or otherwise. The legal, contractual and statutory rights, remedies and defences of members of the Group are reserved.

	2022 Rm	2021 Rm
Non-current MoMo deposits	**612**	609
WECA	**612**	609
Côte d'Ivoire	**612**	609
Current MoMo deposits	**38 661**	38 260
South Africa	**36**	45
Nigeria	**46**	10
SEA	**8 740**	6 718
Uganda	**5 529**	4 305
Zambia	**1 381**	1 183
Other SEA	**1 830**	1 230
WECA	**29 749**	31 479
Ghana	**18 757**	22 680
Côte d'Ivoire	**2 230**	1 966
Cameroon	**3 498**	3 105
Other WECA	**5 264**	3 728
MENA	**90**	8
Sudan	**90**	*
Afghanistan[1]	**–**	8
Total MoMo deposits and current MoMo payables	**39 273**	38 869

[1] MTN Afghanistan is held for sale in the current year, refer to note 9.4.2.4.

* Amounts below R1 million.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

5 INFRASTRUCTURE INVESTMENTS

5.1 Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Property, plant and equipment acquired through business combinations are initially shown at fair value (based on replacement cost) and are subsequently carried at the initially determined fair value less accumulated depreciation and impairment losses.

Property, plant and equipment under construction (capital work-in-progress) are measured at initial cost and depreciation commences from the date the assets are transferred to an appropriate category of property, plant and equipment, i.e. when commissioned and ready for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment. The Group capitalises general and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are expensed in profit or loss.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to provisions (note 6.3) for further information about the recognised decommissioning provision and the accounting judgements, estimates and assumptions made.

In circumstances whereby the Group enters into an exchange transaction, the Group determines whether such an exchange has commercial substance. Property, plant and equipment acquired in an exchange transaction are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up. Any consideration paid or payable is included in the cost of the asset received. Property, plant and equipment received for no consideration are accounted for at zero value.

As the functional currencies of MTN South Sudan and MTN Sudan are currencies of hyperinflationary economies, property, plant and equipment relating to these subsidiaries are restated by applying the change in the general price indices from the date of acquisition to the current reporting date.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives. Depreciation relating to the property, plant and equipment of MTN South Sudan and MTN Sudan is based on the restated amounts, which have been adjusted for the effects of hyperinflation.

Useful lives and residual values are reviewed on an annual basis and the effect of any changes in estimate is accounted for on a prospective basis.

In determining residual values, the Group uses historical sales and management's best estimate based on market prices of similar items.

Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

Land is not depreciated.

5 INFRASTRUCTURE INVESTMENTS (continued)

5.1 Property, plant and equipment (continued)

The estimated useful lives of property, plant and equipment are as follows:

	2022 Years	2021 Years
Buildings	**5 – 50**	5 – 50
Network infrastructure	**2 – 25**	2 – 25
Information systems equipment	**2 – 15**	1 – 15
Furniture and fittings	**2 – 15**	3 – 15
Leasehold improvements	**3 – 20**	2 – 20
Office equipment	**2 – 13**	2 – 13
Vehicles	**3 – 13**	3 – 13

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance costs are included in profit or loss during the financial period in which they are incurred. The gain or loss arising on the disposal or retirement of an asset is included in profit or loss.

Impairment
An impairment loss is recognised in profit or loss if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. For the purpose of impairment testing, assets are grouped together into CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use and fair value less costs of disposal, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Goodwill arising from business combinations is allocated to CGUs or the group of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is subsequently reversed only to the extent that the asset or CGU's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

The Group annually reviews the carrying amounts of its property, plant and equipment in order to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

Notes to the Group financial statements (continued)
for the year ended 31 December 2022

5 INFRASTRUCTURE INVESTMENTS (continued)
5.1 Property, plant and equipment (continued)

	Land and buildings Rm	Leasehold improvements Rm	Network infrastructure Rm	Information systems, furniture and office equipment Rm	Capital work-in-progress/ other Rm	Spare parts Rm	Vehicles Rm	Total Rm
Carrying amount at 1 January 2021	5 459	1 617	81 492	4 615	5 287	1 820	286	100 576
Additions[1]	250	25	11 060	1 836	7 079	6 816	325	27 391
Acquisition of subsidiary	–	1	–	8	–	–	3	12
Disposal of subsidiary	–	–	(21)	(2)	(3)	–	–	(26)
Exit in Yemen	–	–	(56)	(8)	(77)	–	–	(141)
Disposals	(1)	(1)	(164)	(4)	(8)	–	(5)	(183)
Reallocations	266	50	8 293	315	(1 829)	(6 503)	35	627
Depreciation for the year	(278)	(280)	(18 257)	(1 964)	(264)	–	(138)	(21 181)
Net impairment loss	–	(31)	(231)	(26)	(49)	(2)	–	(339)
Reclassified to held for sale	–	–	(3 573)	(5)	–	–	–	(3 578)
Other movements	(118)	(23)	(210)	(18)	(141)	33	11	(466)
Effect of movements in exchange rates[2]	(76)	12	(2 388)	(78)	213	(615)	9	(2 923)
Carrying amount at 31 December 2021	5 502	1 370	75 945	4 669	10 208	1 549	526	99 769
Comprising:								
Cost	9 555	4 824	197 592	18 552	12 984	1 573	1 258	246 338
Accumulated depreciation and impairment losses	(4 053)	(3 454)	(121 647)	(13 883)	(2 776)	(24)	(732)	(146 569)
	5 502	1 370	75 945	4 669	10 208	1 549	526	99 769
Carrying amount at 1 January 2022	**5 502**	**1 370**	**75 945**	**4 669**	**10 208**	**1 549**	**526**	**99 769**
Additions	**1 089**	**77**	**19 849**	**1 522**	**9 450**	**82**	**134**	**32 203**
Disposals	**(2)**	**(8)**	**(35)**	**(19)**	**–**	**(14)**	**(14)**	**(92)**
Reallocations	**327**	**51**	**7 462**	**953**	**(8 227)**	**44**	**66**	**676**
Depreciation for the year	**(143)**	**(335)**	**(17 970)**	**(1 921)**	**(275)**	**–**	**(168)**	**(20 812)**
Impairment loss	**3**	**(1)**	**(75)**	**(3)**	**(95)**	**2**	**(1)**	**(170)**
Reclassified to held for sale	**–**	**(1)**	**(732)**	**(68)**	**(4)**	**(40)**	**–**	**(845)**
Other movements	**(2)**	**5**	**53**	**(148)**	**(341)**	**(33)**	**–**	**(466)**
Effect of movements in exchange rates[2]	**(73)**	**(71)**	**(1 856)**	**(147)**	**693**	**10**	**(43)**	**(1 487)**
Carrying amount at 31 December 2022	**6 701**	**1 087**	**82 641**	**4 838**	**11 409**	**1 600**	**500**	**108 776**
Comprising:								
Cost	**10 816**	**4 675**	**212 870**	**18 949**	**14 760**	**1 614**	**1 264**	**264 948**
Accumulated depreciation and impairment losses	**(4 115)**	**(3 588)**	**(130 229)**	**(14 111)**	**(3 351)**	**(14)**	**(764)**	**(156 172)**
	6 701	**1 087**	**82 641**	**4 838**	**11 409**	**1 600**	**500**	**108 776**

1 Substantial acquisitions of spare parts occurred during the year, due to advance purchasing of construction parts by MTN Nigeria for use in the 5G project rollout. These parts have subsequently been re-allocated to capital work-in-progress where they have either remained at year-end or became available for use as network infrastructure depending on the construction completion status at year-end.
2 Includes the effect of hyperinflation.

5 INFRASTRUCTURE INVESTMENTS (continued)

5.1 Property, plant and equipment (continued)

5.1.1 Impairment (losses)/reversals

The following entities recognised impairment (losses)/reversals in other operating expenses in profit or loss:

	2022 Rm	2021 Rm
MTN SA	**–**	(32)
MTN Nigeria	**(29)**	(18)
MTN South Sudan	**–**	160
MTN Bissau	**(151)**	–
MTN Yemen	**–**	(453)
Other	**10**	4
	(170)	(339)

5.1.2 Capital work-in-progress

There are various capital work-in-progress projects under way within the Group, a summary of which is set out below:

	2022 Rm	2021 Rm
MTN SA	**655**	1 627
MTN Ghana	**137**	89
MTN Sudan	**2 504**	638
MTN Nigeria[1]	**3 348**	3 847
MTN Guinea-Conakry	**69**	119
MTN Côte d'Ivoire S.A. (MTN Côte d'Ivoire)	**687**	399
Spacetel Benin S.A (MTN Benin)	**173**	19
MTN South Sudan	**56**	33
MTN Congo-Brazzaville	**194**	287
MTN Cameroon Limited (MTN Cameroon)	**74**	22
Lonestar Communications Corporation (MTN Liberia)	**99**	26
MTN Uganda	**44**	33
Spacetel Guinea-Bissau S.A. (MTN Guinea-Bissau)	**224**	269
GlobalConnect	**1 339**	834
MTN Group Management Services Proprietary Limited	**186**	153
GlobalConnect Zambia Limited	**93**	172
MTN Rwanda	**62**	–
Other	**52**	42
	9 996	8 609

[1] Includes work-in-progress relating to the MTN Nigeria 5G project rollout.

5.1.3 Changes in estimates

There were no material changes in the depreciation method, residual values or useful lives for any of the categories of property, plant and equipment during the current or prior year.

5.1.4 Encumbrances

Borrowings (note 6.1) are secured by various categories of property, plant and equipment with the carrying amounts of R7 703 million (2021: R9 398 million) for MTN Ghana, R156 million (2021: Rnil million) for MTN Zambia, R118 million (2021: Rnil million) for MTN Guinea-Bissau and R15 million (2021: Rnil million) for MTN Guinea-Conakry.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

5 INFRASTRUCTURE INVESTMENTS (continued)

5.2 Intangible assets and goodwill

Goodwill

Goodwill is measured at cost less accumulated impairment losses and is not amortised but tested for impairment annually and whenever there is an indication that the goodwill may be impaired.

As the functional currencies of MTN South Sudan and MTN Sudan are currencies of hyperinflationary economies, goodwill relating to these subsidiaries is restated by applying the change in the general price indices from the date of acquisition to the current reporting date.

Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Goodwill arising on the acquisition of an associate or joint venture is included in 'Investment in associates and joint ventures' and is tested for impairment as part of the overall balance when there is an indicator of impairment.

Gains or losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

The Group annually reviews the carrying amounts of goodwill and intangible assets with indefinite useful lives for impairments. The recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

Intangible assets with finite useful lives

The Group's intangible assets with finite useful lives are as follows:

- Licences.
- Customer relationships.
- Computer software.
- Other intangible assets.

Intangible assets with finite useful lives are measured at historical cost less accumulated amortisation and impairment losses. Intangible assets acquired through business combinations are initially shown at fair value and are subsequently carried at the initially determined fair value less accumulated amortisation and impairment losses. The initial cost incurred in respect of licences is capitalised. Contingent licence fees are expensed as they are incurred.

As the functional currencies of MTN South Sudan and MTN Sudan are currencies of hyperinflationary economies, intangible assets relating to these subsidiaries are restated by applying the change in the general price indices from the date of acquisition to the current reporting date.

5 INFRASTRUCTURE INVESTMENTS (continued)

5.2 Intangible assets and goodwill (continued)

Intangible assets with finite useful lives (continued)
Amortisation is calculated on a straight-line basis to write off the cost of intangible assets over their estimated useful lives. Amortisation relating to MTN South Sudan and MTN Sudan is based on the restated amounts, which have been adjusted for the effects of hyperinflation.

Useful lives are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis. The residual values of intangible assets are assumed to be zero.

The basis for determining the useful lives for the various categories of intangible assets is as follows:

	Basis for determining useful lives	2022 Years	2021 Years
Licences	The useful lives are determined primarily with reference to the unexpired licence period.	**5 – 30**	2 – 30
Customer relationships	The useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to factors such as customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life.	**4 – 6**	4 – 6
Software	The useful life is determined with reference to the licence term of the computer software. For unique software products controlled by the Group, the useful life is based on historical experience with similar assets as well as anticipation of future events such as technological changes, which may impact the useful life.	**3 – 6**	3 – 6
Other intangible assets	Useful lives are based on management's estimate and take into account historical experience as well as future events which may impact the useful lives.	**3 – 10**	3 – 10

The gain or loss arising on the disposal or retirement of an intangible asset is included in profit or loss.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:
- It is technically feasible to complete the software so that it will be available for use.
- Management intends to complete the software and use or sell it.
- There is an ability to use or sell the software.
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available.
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Research and development expenditure that does not meet the criteria above is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Expenditure that enhances or extends the performance of intangible assets beyond their original specifications is recognised as a capital improvement and capitalised to the original cost of the assets. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment
An impairment loss is recognised in profit or loss if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. For the purpose of impairment testing, assets are grouped together into CGUs. The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use and fair value less costs of disposal, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is subsequently reversed only to the extent that the asset or CGU's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

An impairment loss in respect of goodwill is not reversed.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

5 INFRASTRUCTURE INVESTMENTS (continued)

5.2 Intangible assets and goodwill (continued)

	Goodwill Rm	Licences Rm	Customer relation-ships Rm	Software[1] Rm	Other intangible assets Rm	Capital work-in-progress[1] Rm	Total Rm
Carrying amount at 1 January 2021	15 575	13 058	102	9 227	449	658	39 069
Additions	–	6 342	–	3 284	33	1 745	11 404
Acquisition of subsidiary	573	–	4	–	2	18	597
Exit in Yemen	–	(10)	–	(10)	–	–	(20)
Disposals	–	–	–	(15)	–	–	(15)
Reallocations	–	541	(2)	(199)	(15)	(952)	(627)
Reclassified to held for sale	–	–	–	(12)	–	–	(12)
Amortisation for the year	–	(2 547)	(84)	(3 579)	(33)	–	(6 243)
Impairment loss	(583)	(27)	–	(83)	–	–	(693)
Other movements	–	(51)	7	78	(75)	(257)	(298)
Effect of movements in exchange rates[2]	46	543	2	(57)	11	53	598
Carrying amount at 31 December 2021	15 611	17 849	29	8 634	372	1 265	43 760
Comprising:							
Cost	22 371	31 101	1 326	26 202	5 867	1 265	88 132
Accumulated amortisation and impairment losses	(6 760)	(13 252)	(1 297)	(17 568)	(5 495)	–	(44 372)
	15 611	17 849	29	8 634	372	1 265	43 760
Carrying amount at 1 January 2022	**15 611**	**17 849**	**29**	**8 634**	**372**	**1 265**	**43 760**
Additions	**–**	**9 051**	**–**	**4 749**	**482**	**1 235**	**15 517**
Disposals	**–**	**–**	**–**	**(12)**	**–**	**–**	**(12)**
Reallocations	**–**	**(210)**	**(2)**	**980**	**(15)**	**(1 299)**	**(546)**
Amortisation for the year	**–**	**(2 628)**	**(24)**	**(3 340)**	**(7)**	**–**	**(5 999)**
Net impairment (loss)/reversal	**(283)**	**1**	**–**	**(9)**	**(3)**	**–**	**(294)**
Reclassified to held for sale	**(510)**	**(179)**	**–**	**(105)**	**–**	**–**	**(794)**
Other movements	**–**	**(165)**	**–**	**371**	**43**	**338**	**587**
Effect of movements in exchange rates[2]	**(1 588)**	**(247)**	**(1)**	**(85)**	**5**	**(26)**	**(1 942)**
Carrying amount at 31 December 2022	**13 230**	**23 472**	**2**	**11 183**	**877**	**1 513**	**50 277**
Comprising:							
Cost	**22 371**	**37 396**	**1 307**	**32 206**	**6 326**	**1 513**	**101 119**
Accumulated amortisation and impairment losses	**(9 141)**	**(13 924)**	**(1 305)**	**(21 023)**	**(5 449)**	**–**	**(50 842)**
	13 230	**23 472**	**2**	**11 183**	**877**	**1 513**	**50 277**

[1] Included in software are internally generated intangible assets with a carrying value of R2.1 billion (2021: R1.7 billion). During the year additions of R634 million (2021: R547 million) and amortisation of R204 million (2021: R722 million) were recognised.
[2] Includes the effect of hyperinflation.

5 INFRASTRUCTURE INVESTMENTS (continued)

5.2 Intangible assets and goodwill (continued)

5.2.1 Goodwill

A summary of the goodwill allocation and related assumptions applied for impairment testing purposes is presented below:

	2022			2021		
	Growth rate %	**Discount rate %**	**Goodwill carrying amount Rm**	Growth rate %	Discount rate %	Goodwill carrying amount Rm
MTN Côte d'Ivoire	**2.0**	**10.7**	**3 396**	2.0	6.7	3 376
MTN Ghana	**6.0**	**28.9**	**2 146**	6.0	14.7	3 912
MTN Afghanistan	**4.0**	**20.1**	**–**	4.0	11.9	423
MTN Uganda	**5.0**	**16.8**	**740**	5.0	10.3	725
MTN Congo-Brazzaville	**3.0**	**19.7**	**1 124**	6.3	15.6	1 117
MTN Benin	**2.0**	**12.0**	**1 558**	2.0	6.6	1 547
MTN SA	**4.5**	**12.5**	**2 584**	4.5	7.9	2 584
MTN Liberia	**1.9**	**20.8**	**144**	2.3	13.3	135
MTN Rwanda	**5.0**	**16.5**	**338**	5.0	10.3	329
MTN Nigeria	**10.5**	**24.6**	**370**	11.5	17.8	376
MTN Guinea-Bissau	**2.0**	**15.0**	**–**	2.0	9.5	268
aYo[1]	**N/A**	**N/A**	**696**	2.3	17.0	651
Other[2]	**–**	**–**	**134**	–	–	168
Total			**13 230**			15 611

[1] Impairment testing for aYo was based on the aYo share sale transaction in the current year. Refer to note 9.4.
[2] MTN Zambia was aggregated in Other in the current year. Comparatives were re-presented.

Goodwill is tested annually for impairment. The recoverable amounts of the CGUs were determined based on value in use calculations. The calculations mainly used cash flow projections based on financial budgets approved by management covering a three to five-year period. Cash flows beyond the above period were extrapolated using the estimated growth rates as mentioned above. These growth rates are in line with industry norms.

The following key assumptions were used for the value in use calculations:

- Growth rates: the Group used steady growth rates to extrapolate revenues beyond the budget period cash flows. The growth rates were consistent with publicly available information relating to long-term average growth rates for each of the markets in which the respective CGU operated. The average growth rates used ranged from 1.9% to 10.5% (2021: 2.0% to 11.5%).
- Discount rates: discount rates used reflect both time value of money and other specific risks relating to the relevant CGU. The Group experienced a deterioration in these specific risks, as a result, the discount rates ranged from 10.7% to 29.5% (2021: 6.6% to 22.0%).

Goodwill impairment

Impairment losses were recognised relating to the following entities:

	2022 Rm	2021 Rm
MTN Yemen	**–**	(550)
MTN Guinea-Bissau	**(251)**	–
Other	**(32)**	(33)
	(283)	(583)

5.2.2 Encumbrances

Borrowings are secured by various categories of intangible assets of MTN Ghana with a carrying amount of R344 million (2021: R530 million), refer to note 6.1.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

5 INFRASTRUCTURE INVESTMENTS (continued)

5.2 Intangible assets and goodwill (continued)

5.2.3 Licences

Licence agreements	Type	Granted/renewed	Term
MTN SA	ECS licence	15/01/2009	20 years
	ECNS licence	15/01/2009	20 years
	900MHz	29/01/2003	Renewable annually
	1 800MHz	29/10/2004	Renewable annually
	2 100MHz	02/02/2005	Renewable annually
	6GHz	30/08/2015	Renewable annually
	7GHz	14/06/2010	Renewable annually
	8GHz	14/06/2010	Renewable annually
	10.5GHz	07/02/2006	Renewable annually
	11GHz	23/03/2009	Renewable annually
	13GHz	06/04/2009	Renewable annually
	15GHz	21/10/2005	Renewable annually
	18GHz	14/06/2010	Renewable annually
	23GHz	14/06/2010	Renewable annually
	26GHz Sub 17	21/10/2005	Renewable annually
	26GHz Sub 18	07/02/2006	Renewable annually
	28GHz	12/04/2012	Renewable annually
	38GHz	07/10/2006	Renewable annually
	Eband (60-90GHz)	13/12/2007	Renewable annually
	Spectrum 800MHz 2x10MHz	17/03/2022	20 years
	Spectrum 2 600MHz 1x40MHz	17/03/2022	20 years
	Spectrum 3 500MHz 1x40MHz	17/03/2022	20 years
MTN Uganda	National Operator Telecom Licence	01/07/2020	12 years
MTN Rwanda	2G	01/07/2021	10 years
	3G	01/07/2021	10 years
MTN Nigeria	Universal Access Licence (including International Gateway)	01/09/2021	10 years
	WACS	01/01/2010	20 years
	Super Agent Licence: Central Bank of Nigeria	17/07/2019	Renewable annually
	700MHz spectrum[1]	16/01/2018	TBC
	800MHz spectrum (Visafone)	01/01/2015	10 years
	800MHz – Intercellular acquisition	01/01/2021	10 years
	900MHz	01/09/2021	10 years
	1 800MHz	01/09/2021	10 years
	2.6GHz spectrum	01/01/2018	10 years
	5.4GHz spectrum	30/09/2021	Renewable annually
	10.5GHz spectrum	30/09/2021	Renewable annually
	3G spectrum[3]	01/05/2007	15 years
	3.5GHz spectrum	24/08/2022	10 years
MTN Zambia	National Service Licence	23/09/2010	15 years
	International Network Licence[2]	23/09/2010	15 years

[1] The Nigerian Communications Commission suspended the effective date (16 January 2018) of the licence until all encumbrances (interferences on the network) have been cleared.

[2] Additional spectrum of 2600MHz was acquired in the current year under the existing licence. The additional spectrum will be available for the remainder of the existing licence term.

[3] This licence has expired. The Nigerian Communications Commission has granted use of the licence pending conclusion of the renewal negotiations.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

5 INFRASTRUCTURE INVESTMENTS (continued)

5.2 Intangible assets and goodwill (continued)

5.2.3 Licences (continued)

Licence agreements	Type	Granted/renewed	Term
MTN Ghana	International gateway	11/08/2019	5 years
	Fixed access service of united access	23/03/2020	15 years
	800MHz Spectrum (2x5MHz)	10/01/2020	15 years
	BroadBand Wireless Access (2 600MHz radio access)	01/12/2018	15 years
	2G (900MHz & 1 800MHz)	12/02/2019	15 years
	2G (900MHz & 1 800MHz)	02/12/2019	15 years
	3G	23/01/2009	15 years
	4G (LTE) Spectrum (800MHz (2x10MHz))	21/06/2016	15 years
MTN Cameroon	2G	15/02/2015	15 years
	3G	15/02/2015	15 years
	4G	15/02/2015	15 years
MTN Côte d'Ivoire	Universal networks	04/01/2016	17 years
MTN Benin	900MHz	19/10/2007	30 years
	1 800 MHz	19/10/2007	30 years
	Universal licence	19/03/2012	25 years
MTN Guinea-Conakry	2G	04/02/2022	10 years
	3G	04/02/2022	10 years
	4G	04/02/2022	10 years
MTN Congo-Brazzaville	Optical fibre licence	02/04/2010	15 years
	International gateway by optical fibre	03/06/2013	10 years
	900MHz	25/11/2011	15 years
	1 800MHz	25/11/2011	15 years
	2G	25/11/2011	15 years
	3G	25/11/2011	17 years
	LTE Spectrum	12/09/2016	15 years
MTN Liberia	WiMax	24/03/2009	15 years
	3G	19/02/2013	10 years
	Universal Telecommunication Licence	04/08/2015	15 years
MTN Guinea-Bissau	900MHz	23/05/2014	10 years
	1 800MHz	23/05/2014	10 years
	3G	17/07/2015	10 years
	4G	17/07/2015	10 years
MTN Sudan	2G + 3G	25/10/2005	20 years
	Transmission	25/10/2005	20 years
	VSAT gateway	25/10/2005	20 years
	VSAT hub	25/10/2005	20 years
	VSAT terminal	25/10/2005	20 years
	Frequency 4G	25/10/2017	7 years
MTN Afghanistan	2G Spectrum licence	01/10/2020	10 years
	3G unified licence	01/07/2012	15 years
	New number range RTU	31/10/2012	15 years
	New number range RTU	25/08/2013	14 years
	New number range RTU	31/10/2014	13 years
	New number range RTU	31/05/2015	12 years
	New number range RTU	31/12/2018	9 years

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

6 FINANCING STRUCTURE AND COMMITMENTS

6.1 Borrowings

Borrowings are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 7.1.

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 rate 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.

Details of the Group's significant unsecured borrowings are provided below:

	2022 Rm	2021 Rm	Denominated currency	Nominal interest %*	Interest payment	Final maturity
Unsecured						
MTN Holdings	**28 441**	29 072				
	604	602	ZAR [2,4]	9.0	Quarterly	June 2023
	906	904	ZAR [2,4]	9.2	Quarterly	June 2025
	–	1 002	ZAR [2,3]	5.8	Quarterly	March 2023
	1 007	1 003	ZAR [2,3]	9.5	Quarterly	February 2023
	5 252	5 235	ZAR [1,2]	9.9	Quarterly	June 2025
	–	1 515	ZAR [2,3]	5.6	Quarterly	October 2022
	–	1 012	ZAR [2,4]	5.4	Quarterly	July 2022
	–	536	ZAR [2,4]	5.3	Quarterly	October 2022
	402	402	ZAR [2,4]	8.9	Quarterly	March 2025
	1 208	1 205	ZAR [2,4]	9.2	Quarterly	September 2026
	–	302	ZAR [2,4]	4.8	Quarterly	May 2022
	506	504	ZAR [2,4]	8.3	Quarterly	May 2024
	–	182	ZAR [2,4]	4.9	Quarterly	May 2022
	504	502	ZAR [2,4]	8.9	Quarterly	May 2024
	574	572	ZAR [2,4]	9.2	Quarterly	May 2026
	2 018	2 009	ZAR [2,3]	9.0	Quarterly	June 2024
	1 999	1 996	ZAR [2,3]	9.8	Quarterly	June 2024
	1 524	1 513	ZAR [2,3]	8.7	Quarterly	June 2024
	1 037	1 030	ZAR [2,4]	8.7	Quarterly	October 2024
	851	850	ZAR [2,4]	9.8	Quarterly	June 2023
	163	162	ZAR [2,4]	9.5	Quarterly	January 2026
	932	932	ZAR [2,4]	8.3	Semi-annual	January 2026
	447	445	ZAR [2,4]	9.0	Quarterly	July 2023
	357	357	ZAR [2,4]	8.9	Quarterly	June 2024
	944	943	ZAR [2,4]	9.3	Quarterly	June 2026
	739	738	ZAR [2,4]	9.6	Quarterly	June 2028
	322	322	ZAR [2,4]	8.8	Quarterly	March 2025
	1 400	1 398	ZAR [2,4]	9.1	Quarterly	March 2027
	588	587	ZAR [2,4]	9.5	Quarterly	September 2028
	542	–	ZAR [2,4]	8.7	Quarterly	September 2025
	1 046	–	ZAR [2,4]	9.0	Quarterly	September 2027
	989	–	ZAR [2,4]	9.3	Quarterly	September 2029
	713	–	ZAR [2,4]	8.3	Quarterly	November 2027
	867	–	ZAR [2,4]	8.5	Quarterly	November 2029
	–	312	ZAR [2,4]	5.3	Quarterly	June 2022

[1] Syndicated term loan facility [2] Variable interest rate [3] Bilateral term loan facility [4] Domestic medium-term notes
* Contractual interest rates on loans as at 31 December 2022.

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.1 Borrowings (continued)

Details of the Group's significant unsecured borrowings are provided below:

	2022 Rm	2021 Rm	Denominated currency		Nominal interest %*	Interest payment	Final maturity
MTN Nigeria	**25 497**	18 539					
	–	121	US$	2,7	1.3	Semi-annual	March 2022
	3 443	4 664	NGN	1,2	15.4	Quarterly	August 2025
	1 289	1 686	NGN	1,2	15.4	Quarterly	May 2026
	641	1 186	US$	1,2	8.4	Semi-annual	December 2023
	829	–	NGN	5,9	9.1	Quarterly	March 2023
	1 142	–	US$	2,6	3.8	Semi-annual	April 2031
	403	–	US$	2,6	3.8	Semi-annual	April 2029
	5 961	–	NGN	2,10	1.4	Monthly	April 2023
	11 789	7 543	NGN	5,11	12.8	Semi-annual	May 2028
	–	3 339	NGN	2,10	1.4	Monthly	December 2022
MTN (Mauritius) Investments Limited	**16 336**	20 135					
	7 703	12 050	US$	5,8	4.8	Semi-annual	November 2024
	8 633	8 085	US$	5,8	6.5	Semi-annual	October 2026
MTN Zambia	**1 175**	1 187					
	905	917	ZMK	1,2	24.0	Semi-annual	June 2026
	270	270	ZAR	1,2	10.3	Semi-annual	June 2026
MTN Uganda	**1 142**	1 633					
	282	409	UGX	1,2	16.8	Quarterly	February 2025
	57	113	UGX	2,6	14.8	Quarterly	December 2023
	–	100	US$	2,6	3.4	Quarterly	December 2023
	–	520	US$	1,2	3.4	Quarterly	February 2025
	355	491	UGX	1,2	17.2	Quarterly	February 2025
	448	–	UGX	1,2	13.0	Quarterly	February 2025
MTN Benin	**1 195**	1 607					
	34	36	CFA	5,12	2.0	Semi-annual	April 2029
	85	142	CFA	5,12	7.2	Semi-annual	May 2024
	1 076	1 429	CFA	1,5	6.8	Semi-annual	November 2025
MTN Côte d'Ivoire	**2 658**	2 390					
	1 014	1 227	CFA	1,5	7.0	Quarterly	January 2026
	–	1 163	CFA	1,5	6.0	Quarterly	June 2023
	1 644	–	CFA	1,5	6.0	Quarterly	September 2029
MTN Cameroon	**251**	849					
	251	738	XAF	1,3,5	6.0	Monthly	December 2023
	–	111	XAF	1,3,5	6.0	Monthly	December 2023
MTN Rwanda	**1 436**	1 411					
	1 076	1 048	RWF	1,2	15.0	Semi-annual	July 2028
	360	363	RWF	1,2	15.0	Semi-annual	November 2025
MTN Congo-Brazzaville	**765**	1 037					
	765	1 037	CFA CB	1,5	5.0	Quarterly	June 2025
MTN Zakhele Futhi	**898**	927					
	898	927	ZAR	2,13	7.5	Semi-annual	November 2024
Other unsecured borrowings	**75**	81					
Total unsecured borrowings	**79 869**	78 868					

[1] Syndicated term loan facility
[2] Variable interest rate
[3] Revolving credit facility
[4] Domestic medium-term notes
[5] Fixed interest rate
[6] Bilateral term loan facility
[7] Export credit facility
[8] Senior unsecured notes
[9] Commercial paper
[10] Credit letter
[11] Local bonds
[12] Bank borrowings
[13] Preference shares
* Contractual interest rates on loans as at 31 December 2022.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.1 Borrowings (continued)

Details of the Group's significant secured borrowings are provided below:

	2022 Rm	2021 Rm	Deno-minated currency	Nominal interest %*	Interest payment	Final maturity	Security/ collateral
Secured							
MTN Ghana	**599**	1 438					
	–	291	GHS [1,2]	16.2	Semi-annual	December 2022	Floating charge on company assets
	–	189	GHS [1,2,3]	16.6	Quarterly	December 2022	Floating charge on company assets
	599	958	GHS [1,2]	39.0	Semi-annual	June 2025	Floating charge on company assets
MTN Zambia	**199**	-					
	199	-	ZMK [2,6]	19.5	Semi-annual	January 2027	Security on fixed assets
MTN Guinea-Bissau[7]	**171**	66					
	171	66	XOF [4,5]	7.0	Monthly	November 2028	Security on fixed assets
MTN Guinea-Conakry[7]	**367**	61					
	367	61	GNF [4,5]	10.5	Monthly	September 2027	Security on fixed assets
Other secured borrowings	**69**	–					
Total secured borrowings	**1 405**	1 565					
Total unsecured borrowings	**79 869**	78 868					
Total borrowings	**81 274**	80 433					

[1] Syndicated term loan facility [2] Variable interest rate [3] Revolving credit facility

[4] Fixed interest rate [5] Bank borrowings [6] Medium-term loan

[7] Secured borrowings for MTN Guinea-Bissau and MTN Guinea-Conakry were included in other secured borrowings in 2021 and have been disaggregated in 2022 with comparative numbers re-presented accordingly.

* Contractual interest rates on loans as at 31 December 2022.

	2022 Rm	2021 Rm
The classification of the Group's borrowings is as follows:		
Current	**15 493**	14 949
Non-current	**65 781**	65 484
	81 274	80 433
The carrying amounts of the Group's borrowings are denominated in the following currencies:		
Nigerian naira	**23 311**	17 232
United States dollar	**18 970**	22 082
South African rand	**29 609**	30 282
Benin Communauté Financière Africaine franc	**1 195**	1 607
Côte d'Ivoire Communauté Financière Africaine franc	**2 658**	2 390
Zambian kwacha	**1 104**	917
Congo-Brazzaville Communauté Financière Africaine franc	**765**	1 037
Ugandan shilling	**694**	1 013
Cameroon Communauté Financière Africaine franc	**251**	849
Ghanaian cedi	**599**	1 438
Rwandan franc	**1 436**	1 411
Guinea-Bissau Communauté Financière Africaine franc[1]	**171**	66
Guinean franc[1]	**367**	61
Other currencies	**144**	48
	81 274	80 433

[1] The carrying amount for MTN Guinea-Bissau and MTN Guinea-Conakry were included in other currencies in 2021 and have been disaggregated in 2022 with comparative numbers re-presented accordingly.

The Group has undrawn variable rate facilities of R56 058 million (2021: R40 023 million).

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.2 Other non-current liabilities

Deferred income is accounted for in accordance with the policy disclosed in note 2.2 and other liabilities are accounted for in accordance with the accounting policy disclosed in note 7.1.

	2022 Rm	2021 Rm
Deferred income[1]	**1 045**	792
Other	**67**	328
	1 112	1 120

[1] Includes deferred income relating to indefeasible right-of-use assets over capacity on international telecommunication cables which are amortised to the income statement on a monthly basis.

6.3 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.

	At the beginning of the year Rm	Additions Rm	Reversals Rm	Utilised Rm	Exchange and other movements[1] Rm	At the end of the year Rm
2022						
Non-current						
Decommissioning provision	269	13	(28)	(36)	17	235
Employee benefit provisions	384	289	(2)	(221)	(36)	414
Litigation provisions[2]	92	59	–	–	12	163
Other provisions[2,3]	62	77	(68)	–	11	82
	807	438	(98)	(257)	4	894
Current						
Bonus and other employee benefit provisions	1 487	2 081	(294)	(1 450)	(287)	1 537
Licence obligations	164	81	–	(15)	–	230
Litigation provisions[2]	767	322	(2)	(340)	(4)	743
Other provisions[2,3]	474	1 175	(432)	(191)	(54)	972
	2 892	3 659	(728)	(1 996)	(345)	3 482

[1] Includes the effect of hyperinflation.
[2] Litigation provisions were included in other provisions in 2021 and have been disaggregated in 2022 and comparative numbers have been re-presented accordingly.
[3] Other provisions relate to indirect tax exposures, restructuring and credit notes.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.3 Provisions (continued)

	At the beginning of the year Rm	Additions Rm	Reversals Rm	Utilised Rm	Exchange and other movements[1] Rm	At the end of the year Rm
2021						
Non-current						
Decommissioning provision	290	18	(8)	–	(31)	269
Employee benefit provisions	415	34	(80)	(48)	63	384
Litigation provisions[2,3]	7	84	–	–	1	92
Other provisions[2,3]	–	60	–	(16)	18	62
	712	196	(88)	(64)	51	807
Current						
Bonus and other employee benefit provisions	1 511	1 539	(86)	(1 383)	(94)	1 487
Licence obligations	190	–	–	(26)	–	164
Litigation provisions	508	195	(1)	(15)	80	767
Other provisions	311	253	(66)	(159)	135	474
	2 520	1 987	(153)	(1 583)	121	2 892

[1] Includes the effect of hyperinflation.
[2] Litigation provisions were included in other provisions in 2021 and have been disaggregated in 2022 and comparative numbers have been re-presented accordingly.
[3] Other provisions relate to tax exposures, restructuring and credit notes.

Bonus and other employee benefit provisions

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall Group entity's performance with regard to a set of predetermined key performance measures. Bonuses are payable annually after the Group annual results have been approved. Other employee benefit provisions include long-term service awards. This provision relates to the estimated staff cost associated with employees becoming entitled to a long-term service award after having been in the employ of the Group for a continuous period of between 3 and 30 years depending on the specific Group entity with whom they are employed.

Decommissioning provision

This provision relates to the estimate of the cost of dismantling and removing either an item of property, plant and equipment or a right-of-use asset and restoring the site on which the item was located to its original condition. The Group also provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in property, plant and equipment or right-of-use assets that are erected on leased land.

The Group only recognises these decommissioning costs for the proportion of its overall number of sites for which it expects decommissioning to take place. The expected percentage has been based on actual experience in the respective operations.

Licence obligations

The licence obligations provision represents the estimated costs to be incurred in fulfilling the Universal Services Obligation (USO) in South Africa. USOs are governed by the Electronic Communications Act.

Litigation

The Group is involved in various third party, regulatory and indirect taxation matters specific to the respective jurisdictions in which the Group operates. These matters may not necessarily be resolved in a manner that is favourable to the Group. The Group has therefore recognised provisions in respect of these matters based on estimates and the probability of an outflow of economic benefits and should not be construed as an admission of legal liability. When legal action has either been initiated or is reasonably expected, these matters are categorised as litigation provisions. The expected timing of cash outflows is uncertain depending on the specifics of each matter.

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.4 Capital commitments

Commitments for the acquisition of property, plant and equipment and software:

	2022 Rm	2021 Rm
Capital expenditure authorised not yet incurred at the reporting date is as follows:		
Contracted	**9 808**	12 725
– Property, plant and equipment[1]	**8 830**	11 556
– Software	**978**	1 169
Not contracted	**27 267**	21 810
– Property, plant and equipment[2]	**21 574**	15 581
– Software[2]	**5 693**	6 229
Total commitments for property, plant and equipment and software	**37 075**	34 535

[1] Includes capital expenditure commitment by MTN Nigeria for the 5G project rollout.
[2] The capital commitments of R370 million relating to MTN Afghanistan have been excluded as MTN Afghanistan is held for sale.

Capital expenditure will be funded from operating cash flows, existing borrowing facilities and, where necessary, by raising additional facilities.

6.5 Leases

6.5.1 The Group's leasing activities and significant accounting policies

The Group's leases include network infrastructure (including tower space and land), retail stores, vehicles, licences and office equipment. Rental contracts are typically made for fixed periods varying between two to fifteen years but may have renewal periods as described below.

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. office equipment) and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The Group defines low-value leases as leases of assets for which the value of the underlying asset when it is new is US$5 000 or less and is not considered fundamental to its network. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), including non-recoverable payments that do not transfer a separate service, less any incentives receivable.
- Variable lease payments that are based on an index or rate, measured using the index or rate as at the lease commencement date.
- Amounts that are expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments specific to the lease, e.g. term, country, currency and security.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use assets are initially measured at cost comprising the following:
- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Decommissioning costs.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. Refer to note 5.1 for the accounting policy on impairment. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.5 Leases (continued)

6.5.1 The Group's leasing activities and significant accounting policies (continued)

6.5.1.1 Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Group's business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the Group and the lessor to terminate the lease without a termination penalty. In determining whether the Group has an economic incentive to not exercise the termination option, the Group considers the broader economics of the contract and not only contractual termination payments.

As at 31 December 2022, a number of lease contracts relating to network infrastructure, include renewal options for an unlimited number of renewal periods. Due to the judgement exercised in relation to the determination of the lease term as outlined above, the Group is exposed to potential future cash outflows relating to an indefinite period which have not been included in the lease liability because it is not reasonably certain that the leases will be extended beyond the estimated lease term.

6.5.1.2 Lease and non-lease components

A number of lease contracts include both lease and non-lease components (e.g. maintenance, security, etc). The Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.5 Leases (continued)

6.5.2 Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2022 Rm	2021 Rm
Land, buildings and network infrastructure[1]	**48 843**	41 024
Licences	**1 371**	1 493
Other	**411**	440
Total right-of-use assets	**50 625**	42 957
Current	**5 871**	6 505
Non-current	**52 473**	41 409
Total lease liabilities	**58 344**	47 914

[1] Land, buildings and network infrastructure were aggregated in the current year. Comparatives were re-presented.

Additions to right-of-use assets during the current financial year were R15 914 million (2021: R6 905 million).

Right-of-use assets of R1 406 million and lease liabilities of R1 583 million have been classified as part of a disposal group held for sale at 31 December 2022. These relate to the remaining land leases still to be transferred as part of the sale and leaseback agreement with IHS Group. Refer to note 6.5.5.

6.5.3 Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2022 Rm	2021 Rm
Land, buildings and network infrastructure	**7 597**	6 987
Licences	**122**	122
Other	**121**	107
Depreciation charge of right-of-use assets	**7 840**	7 216
Interest expense (included in finance costs)	**6 792**	6 128
Expense relating to short-term leases (included in other operating expenses)	**91**	87
Expense relating to leases of low-value assets (included in other operating expenses)	**95**	11
Impairment loss on right-of-use assets[1]	**3**	96

[1] The impairment loss of R219 million relating to the MTN Afghanistan right-of-use assets has been excluded as MTN Afghanistan is held for sale.

Foreign exchange losses of R446 million (2021: R141 million) were recognised on foreign denominated lease liabilities included in finance costs.

6.5.4 Amounts recognised in the statement of cash flows

The statement of cash flows shows the following amounts relating to leases:

	2022 Rm	2021 Rm
Interest paid	**6 166**	5 475
Repayment of lease liabilities	**7 405**	5 949
Acquisition of right-of-use asset	**628**	—
Total cash outflow	**14 199**	11 424

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.5 Leases (continued)

6.5.5 MTN SA Towers sale

On 16 November 2021, MTN SA entered into an agreement with IHS Group to sell its tower infrastructure (comprising approximately 5 700 tower sites) and power assets; cede related agreements including land lease agreements (on which the towers are constructed) to IHS Group; and lease back space on the towers which it would sell. Additionally, IHS Group, will provide electricity utility services at each site, as well as a direct current power backup service. The related conditions precedent were fulfilled and the transaction became effective on 30 May 2022.

Nature of transaction

As MTN SA has transferred its land leases and tower infrastructure to IHS Group and is leasing tower spaces back on this infrastructure, this part of the transaction has been accounted for as a sale and leaseback in terms of IFRS 16 *Leases*. MTN SA has agreed to lease tower spaces for its own use for a 10-year period, with an option to renew for a further 10 years. In addition, MTN SA has leased additional tower spaces that it can only utilise in terms of an existing barter arrangement for a period of 30 years.

As MTN SA is transferring its power assets and will be receiving electricity and other services going forward, the Group accounted for this part of the transaction as a disposal of property, plant and equipment as it no longer has the right to control the use of an identifiable asset. The electricity utility and power backup service arrangement are accounted for as a service arrangement and recognised as an expense as the service is received.

Pre-existing barter arrangement

Prior to the transaction, MTN SA had a barter arrangement with another mobile network operator, where they each co-located on each other's towers on a non-cash basis. As the tower spaces that are exchanged are similar in nature, MTN SA had previously assessed that this barter arrangement lacks commercial substance and, therefore, is not required to be accounted for.

Subsequent to the transaction with IHS Group, MTN SA has retained the pre-existing barter arrangement with another mobile network operator. MTN SA received a reduced upfront purchase price for the tower infrastructure and thereby, in substance, prepaid for the lease of these barter spaces. Control of the barter spaces has transferred to IHS Group as MTN SA is not allowed to utilise the barter spaces for its own benefit or lease these spaces to any party other than the specified mobile network operator and the use of the tower spaces remains with IHS should the mobile network operator cancel the barter arrangement. MTN SA has therefore accounted for these barter spaces as part of the sale and leaseback arrangement.

Measurement of transaction

MTN SA has measured the right-of-use asset from the sale and leaseback at the proportion of the previous carrying amount of the assets transferred (including the remaining land leases still to be transferred) that relates to the total right-of-use retained by MTN SA. The right-of-use retained was calculated by comparing the present value of the future lease payments (including the prepayment for the barter spaces) to the fair value of the assets transferred to IHS Group (including the existing land leases).

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

MTN SA has recognised a R371 million gain (included in other income) on the disposal of the disposal group, including the land leases, which were ceded when the transaction became effective, up to 31 December 2022. This transaction resulted in a tax income of R34 million, which is included in income tax expense in the group income statement.

6 FINANCING STRUCTURE AND COMMITMENTS (continued)

6.5 Leases (continued)

6.5.5 MTN SA Towers sale (continued)

	31 December 2022		
	Tower sale and leaseback Rm	**Power assets Rm**	**Total Rm**
Cash received	**5 282**	**1 073**	**6 355**
(Payable)/receivable	**(11)**	**193**	**182**
Total proceeds	**5 271**	**1 266**	**6 537**
Derecognise:			
Property, plant and equipment	**(2 095)**	**(1 687)**	**(3 782)**
Right-of-use assets – land leases	**(2 407)**	**–**	**(2 407)**
Lease liability – land leases	**2 870**	**–**	**2 870**
Decommissioning provision	**12**	**–**	**12**
Recognise:			
Right-of-use asset – tower space	**5 196**	**–**	**5 196**
Lease liability – tower space	**(7 974)**	**–**	**(7 974)**
Provision for vandalised sites/inventory	**(50)**	**(31)**	**(81)**
Gain/(loss) recognised	**823**	**(452)**	**371**

The remaining land leases are presented as held for sale:

	31 December 2022 Rm
Right-of-use assets	**1 406**
Lease liabilities	**(1 583)**
Net carrying amount of liabilities held for sale	**(177)**

6.6 Contingent liabilities

The Group 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 is recognised.

	2022 Rm	2021 Rm
Contingent liabilities	**2 021**	2 878
Uncertain tax exposures	**1 142**	1 622
Legal and regulatory matters	**879**	1 256

Uncertain tax exposures

The Group operates in numerous tax jurisdictions and the Group's interpretation and application of the various tax rules applied in direct and indirect tax filings may result in disputes between the Group and the relevant tax authority. The outcome of such disputes may not be favourable to the Group. At 31 December 2022, there were a number of tax disputes ongoing in various of the Group's operating entities. The most significant matter relates to a transfer pricing dispute which the Group is contesting with the South African Revenue Service that relates to the 2009 to 2012 tax years. Based on internal and external legal and technical advice obtained, the Group remains confident that it has a robust legal case to contest the exposure.

Legal and regulatory matters

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

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

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK

7.1 Financial risk management and financial instruments

Accounting for financial instruments

Financial instruments comprise investments in equity and debt securities, loans receivable, trade and other receivables (excluding prepayments), investments in self-insurance cell captives (insurance cell captives), cash and cash equivalents, restricted cash, MoMo deposits, borrowings, other non-current liabilities (excluding provisions), bank overdrafts, derivatives, trade and other payables and MoMo payables.

Recognition

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments. Financial assets are recognised on the date the Group 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 Group has an unconditional right to defer payment for more than 12 months from the reporting date.

Classification

The Group classifies financial assets on initial recognition as measured at amortised cost, FVOCI or FVTPL on the basis of the Group'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
FVTPL	Debt investments that do not qualify for measurement at amortised cost or FVOCI; equity investments that are held for trading; and equity investments designated as at FVTPL.
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.
Equity investments at FVOCI	The asset is not held for trading and the Group has irrevocably elected on initial recognition to recognise the asset as at FVOCI.
Debt investments at FVOCI	The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding however, the Group's business model is to both collect the contractual cash flows and sell the financial asset.

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

Financial liabilities are classified as measured at amortised cost except for those derivative liabilities that are measured at FVTPL.

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.

Notes to the Group financial statements (continued)
for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

Subsequent measurement: Financial assets

Subsequent to initial recognition, financial assets are measured as described below.

Measurement category	Subsequent measurement
FVTPL	These financial assets are subsequently measured at fair value and changes therein (including any interest or dividend income) are recognised in profit or loss.
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.
Equity investments at FVOCI	These financial assets are subsequently measured at fair value. Dividends are recognised in profit or loss when the right to receive payment is established. Other net gains and losses are recognised in OCI and never reclassified to profit or loss.
Debt investments at FVOCI	These financial assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Subsequent measurement: Financial liabilities

All financial liabilities, excluding derivative liabilities, are subsequently measured at amortised cost using the effective interest method. Derivative liabilities are subsequently measured at fair value with changes therein recognised in profit or loss.

Derecognition

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

Modification of financial liabilities

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

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

Offsetting financial instruments

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

Impairment

Under IFRS 9 the Group calculates its allowance for credit losses as ECLs for financial assets measured at amortised cost, debt investments at FVOCI and contract assets (unbilled handset component for contract). 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the original effective interest rate (EIR) of the financial asset.

To calculate ECLs the Group segments/groups trade receivables by customer type i.e. interconnect, Enterprise Business Unit (EBU), mobile (billed handset and network services component for contracts) etc. The Group applies the simplified approach to determine the ECL for trade receivables and contract assets. This results in calculating lifetime ECLs for trade receivables and contract assets. ECLs for trade receivables is calculated using a provision matrix. For contract assets and mobile trade receivables relating to the South African operation, ECLs are determined using a simplified parameter-based approach. Refer to note 7.1.4 for more detail about ECLs and how these are calculated.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

Risk management

Introduction

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk (foreign exchange, interest rate and price risk). This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. While MTN Afghanistan has been classified as a disposal group held for sale, the entity still exposes the Group to risks relating to financial instruments. Accordingly, MTN Afghanistan has been included in the financial risk management and financial instruments disclosure.

Risk profile

The Group'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 Group. The Group considers natural hedges that may exist and, in addition, where possible, uses derivative financial instruments such as cross-currency swaps to hedge exposures. As a matter of principle, the Group does not enter into derivative contracts for speculative purposes. The Group applies hedge accounting to manage its risk of currency exchange rate volatility associated with certain of its investments in foreign operations.

Risk management is carried out under policies approved by the Board of Directors of the Group and of relevant subsidiaries. The MTN Group Treasury Committee identifies, evaluates and hedges financial risks in cooperation with the 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. Group treasury is responsible for managing the Group's exposure to financial risk within the policies set by the Board of Directors, under the guidance of the Group CFO, Group Audit Committee and Group Risk Management and Compliance committee.

7.1.1 Categories of financial instruments

	Assets			Liabilities		
	Amortised cost Rm	**FVTPL Rm**	**FVOCI Rm**	**Amortised cost Rm**	**FVTPL Rm**	**Total carrying amount Rm**
2022						
Non-current financial assets						
Investment in joint venture and associates	5 009	–	–	–	–	5 009
Loans and other non-current receivables	307	–	–	–	–	307
Investments	392	–	9 201	–	–	9 593
Mobile Money deposits	612	–	–	–	–	612
Current financial assets						
Trade and other receivables[1]	25 081	–	–	–	–	25 081
Current investments	2 740	1 414	500	–	–	4 654
Restricted cash[1]	10 350	–	–	–	–	10 350
Mobile Money deposits[1]	38 668	–	–	–	–	38 668
Cash and cash equivalents[1]	44 896	–	–	–	–	44 896
	128 055	1 414	9 701	–	–	139 170
Non-current financial liabilities						
Borrowings	–	–	–	65 781	–	65 781
Other non-current liabilities	–	–	–	14	–	14
Lease liabilities[1, 2]	–	–	–	54 217	–	54 217
Current financial liabilities						
Trade and other payables	–	–	–	52 832	–	52 832
Mobile Money payables[1]	–	–	–	39 280	–	39 280
Lease liabilities[1, 2]	–	–	–	6 092	–	6 092
Borrowings	–	–	–	15 493	–	15 493
Derivative liabilities	–	–	–	-	113	113
Bank overdrafts	–	–	–	716	–	716
	–	–	–	234 425	113	234 538

[1] Includes assets and liabilities directly associated with non-current assets held for sale, refer to note 6.5.5 and 9.4.2.4.
[2] Lease liabilities are measured in accordance with IFRS 16 *Leases* (IFRS 16), refer to note 6.5.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.1 Categories of financial instruments (continued)

	Assets			Liabilities		
	Amortised cost Rm	FVTPL Rm	FVOCI Rm	Amortised cost Rm	FVTPL Rm	Total carrying amount Rm
2021						
Non-current financial assets						
Loans and other non-current receivables	404	–	–	–	–	404
Investments	408	–	19 508	–	–	19 916
Mobile Money deposits	609	–	–	–	–	609
Current financial assets						
Trade and other receivables	23 625	–	–	–	–	23 625
Current investments	3 894	1 528	–	–	–	5 422
Restricted cash	6 801	–	–	–	–	6 801
Mobile Money deposits	38 260	–	–	–	–	38 260
Cash and cash equivalents	39 488	–	–	–	–	39 488
	113 489	1 528	19 508	–	–	134 525
Non-current financial liabilities						
Borrowings	–	–	–	65 484	–	65 484
Other non-current liabilities	–	–	–	102	–	102
Lease liabilities[1,2]	–	–	–	45 610	–	45 610
Current financial liabilities						
Trade and other payables	–	–	–	46 930	–	46 930
Mobile Money payables	–	–	–	38 869	–	38 869
Lease liabilities[1,2]	–	–	–	6 706	–	6 706
Borrowings	–	–	–	14 949	–	14 949
Derivative liabilities	–	–	–	–	14	14
Bank overdraft	–	–	–	469	–	469
	–	–	–	219 119	14	219 133

[1] Includes assets and liabilities directly associated with non-current assets held for sale, refer to note 6.5.5.
[2] Liabilities are measured in accordance with IFRS 16 *Leases* (IFRS 16), refer to note 6.5

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.2 Financial assets and liabilities subject to offsetting

The following table presents the Group's financial assets and liabilities that are subject to offsetting:

	Gross amount Rm	Amount offset Rm	Net amount Rm
2022			
Current financial assets			
Trade and other receivables	**2 786**	**(2 038)**	**748**
Current financial liabilities			
Trade and other payables	**2 325**	**(2 038)**	**287**
2021			
Current financial assets			
Trade and other receivables	4 198	(2 839)	1 359
Current financial liabilities			
Trade and other payables	3 275	(2 839)	436

The amounts subject to offsetting include interconnect receivables and payables. The Group has entered into agreements with the respective counterparties which permit it to offset any payables owing to the counterparty against receivables owing to the Group. This right to offset exists in all circumstances and the Group intends to settle on a net basis.

7.1.3 Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group 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 table on the next page presents the Group's assets and liabilities that are measured at fair value. 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).
- Level 3: fair value based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.3 Fair value estimation (continued)

The following table presents the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2022				
Financial assets				
Investment in IHS Group	**8 930**	**–**	**–**	**8 930**
Unlisted equity investments	**–**	**–**	**271**	**271**
Investment in insurance cell captives	**–**	**–**	**1 394**	**1 394**
Treasury bills	**520**	**–**	**–**	**520**
Total assets	**9 450**	**–**	**1 665**	**11 115**
Financial liabilities				
Cross-currency swaps	**–**	**113**	**–**	**113**
Total liabilities	**–**	**113**	**–**	**113**
2021				
Financial assets				
Investment in IHS Group	19 144	–	–	19 144
Investment in bonds (debt instruments) classified as at fair value through profit or loss	234	–	–	234
Unlisted equity investments	–	–	364	364
Investment in insurance cell captives	–	–	1 294	1 294
Total assets	19 378	–	1 658	21 036
Financial liabilities				
Cross-currency swaps	–	14	–	14
Total liabilities	–	14	–	14

Valuation methods and assumptions

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

IHS Group listed equity investment – the fair value of the investment is determined by reference to published price quotations on the New York Stock Exchange. The share price of IHS Group was US$6.15 (2021: US$14.10) on the last trading day of the year.

A fair value decrease of R10 908 million (2021: R10 336 million). On 9 March 2023, the IHS Group share price was US$7.44, equating to an increase in the fair value of R2 771 million subsequent to 31 December 2022.

Unlisted equity investments – fair values have been estimated using a discounted cash flow model. The discounted cash flow model requires management to make assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Derivatives – the Group enters into derivative financial instruments with various counterparties. Interest rate swaps, cross-currency swaps, foreign exchange contracts and equity derivatives are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

Investment in insurance cell captives – the fair value of the investment in insurance cell captives is determined based on the net asset value of the insurance cell captive at the reporting date. The net asset value is determined from statements received from the insurer in respect of the net assets of the cell.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.3 Fair value estimation (continued)

Valuation methods and assumptions (continued)

Investment in treasury bills – the fair value of these investments is determined by reference to published price quotations in an active market.

Fair value measurements for financial instruments not measured at fair value

Financial assets and financial liabilities at amortised cost – the carrying value of current receivables and liabilities measured at amortised cost approximates their fair value.

The fair values of the majority of the non-current receivables and liabilities measured at amortised cost, other than for the instruments listed below, are also not significantly different to their carrying values.

The Group has listed long-term fixed interest rate senior unsecured notes in issue which were issued in prior years, with a carrying amount of R7 703 million (2021: R12 050 million) and a fair value of R7 480 million (2021: R12 494 million). In the current year, the Group settled notes with a face value of $300 million. The notes are listed on the Irish bond market and the fair values of these instruments are determined by reference to quoted prices in this market. The market for these bonds is not considered to be liquid and consequently the fair value measurement is categorised within level 2 of the fair value hierarchy.

In 2016, the Group issued US$1 billion listed long-term fixed interest rate unsecured notes. Notes with a face value of US$500 million, which were redeemable in 2022, were early settled in the prior financial year in line with the Group's strategy to reduce exposure to United States dollar debt. At 31 December 2022, the remaining US$500 million redeemable in 2026 (the 2026 notes) had a carrying amount of R8 633 million (2021: R8 085 million) and a fair value of R8 520 million (2021: R8 931 million). The notes are listed on the Irish bond market and the fair value of these instruments is determined by reference to quoted prices in this market. The market for these bonds is not considered to be liquid and consequently the fair value measurement is categorised within level 2 of the fair value hierarchy.

Reconciliation of level 3 financial assets

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3):

	Insurance cell captives Rm
Balance at 1 January 2021	1 138
Contributions paid to insurance cell captives	583
Claims received by insurance cell captives	(910)
Gain recognised in profit or loss	483
Balance at 1 January 2022	**1 294**
Contributions paid to insurance cell captives	**330**
Claims received by insurance cell captives	**(253)**
Additional investment	**334**
Loss recognised in profit or loss	**(311)**
Balance at 31 December 2022	**1 394**

	Investments Rm
Balance at 1 January 2021	27 570
Gain on equity investments at fair value through other comprehensive income	3 890
Foreign exchange differences	432
Change in fair value hierarchy	(31 528)
Balance at 1 January 2022	**364**
Foreign exchange movements	**(93)**
Balance at 31 December 2022	**271**

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.4 Credit risk

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

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

	2022 Rm	2021 Rm
Investments	**392**	408
Investment in associates and joint ventures	**5 009**	—
Loans and other non-current receivables	**307**	404
Trade and other receivables[1]	**25 081**	23 625
Trade receivables	**15 848**	14 626
Other receivables	**9 233**	8 999
Contract assets	**5 172**	4 721
Current investments	**4 654**	5 422
Restricted cash[1]	**10 350**	6 801
Mobile Money deposits[1]	**39 280**	38 869
Cash and cash equivalents[1]	**44 896**	39 488
	135 141	119 738

[1] Includes assets and liabilities directly associated with non-current assets held for sale, refer to note 9.4.2.4.

The risk rating grade of cash and cash equivalents and restricted cash are set out below. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

	Credit ratings of financial institution	**Cash and cash equivalents Rm**	**Restricted cash Rm**
2022			
South Africa (including head office entities)	**AA+ to AA**	**17 306**	**2 167**
MTN Nigeria	**AAA to BBB-**	**12 921**	**7 203**
MTN Dubai and GlobalConnect	**AA to BBB+**	**4 794**	**30**
MTN Rwanda	**AA to B**	**321**	**-**
Other[1]	**Various/unrated**	**9 554**	**950**
		44 896	**10 350**
2021			
South Africa (including head office entities)	AA+ to BB-	17 349	883
MTN Nigeria	AAA to BBB-	9 828	5 494
MTN Dubai and GlobalConnect	A+ to B-	3 912	36
MTN Rwanda	AA to B	188	–
Other	Various/unrated	8 211	388
		39 488	6 801

[1] Includes assets and liabilities directly associated with non-current assets held for sale, refer to note 9.4.2.4.

The Group's treasury bills and foreign currency deposits denominated in Nigerian naira and Rwandan franc respectively have credit risk rating grades ranging from A to B+ (2021: A- to B+).

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.4 Credit risk (continued)

Cash and cash equivalents, restricted cash and current investments

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

Investment in insurance cell captives

The Group has exposure to the credit risk of the insurance company through its investment in preference shares in its cell captive arrangements.

MoMo deposits

MoMo deposits are balances that are held with banks for and on behalf of MoMo customers. Regulations in certain jurisdictions specify the types of permissible liquid instruments that these deposits may be invested in. MoMo deposits are spread among approved, reputable financial institutions based on internal risk assessments or guidance provided by regulators, to manage the concentration of credit risk to a single counterparty. Many risk mitigations are in place and banks are also obliged to pay insurance premiums to protect MoMo customer deposits (or a portion thereof) in the event of bank failure.

As a result of the uncertain and evolving legal and regulatory environment, the assessment of which party in a MoMo arrangement is exposed to a bank credit risk event, has become increasingly complex and dependent on legal interpretations that are largely untested in the respective markets in which the Group operates. Consequently, the assessment of the Group's credit risk exposure with regards to MoMo remains subject to legal and regulatory developments.

The treatment of MoMo in the financial statements is not and should not be construed as a waiver by members of the Group of any legal, contractual or statutory rights, remedies and defences they may have, or as an admission of liability enforceable against any of them in law or otherwise. The legal, contractual and statutory rights, remedies and defences of members of the Group are reserved.

Trade receivables and contract assets (unbilled handset component)

A large portion of the Group's postpaid market revenues are generated in South Africa. There are no other significant concentrations of credit risk, since the other operations within the Group operate largely within the prepaid market. The Group has policies in place to ensure that retail sales of products and services are made to customers with an appropriate credit history. Before credit is granted to a customer, the Group performs credit risk assessments through credit bureaus. The Group insures some of its trade receivables in its South African operation, in which instance the credit risk assessments are performed by the credit insurer prior to the granting of credit by the Group. In terms of this arrangement R5.7 billion (2021: R6.1 billion) has been insured for which the Group's risk is limited to R600 million (2021: R1.0 billion). In addition, some entities within the Group require potential customers to obtain guarantees from banks before credit is granted. During the current year the Group did not recognise ECLs amounting to R39.2 million (2021: R44.5 million) as a result of collateral held.

The recoverability of interconnect receivables in certain international operations is uncertain; however, this is actively managed within acceptable limits and has been incorporated in the assessment of an appropriate revenue recognition policy (note 2.2) and the ECL of trade receivables where applicable. In addition, in certain countries there exists a right of set-off with interconnect parties to enable collection of outstanding amounts.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.4 Credit risk (continued)

Ageing and impairment analysis

	2022[1] Gross Rm	2022[1] Impairment Rm	2022[1] Net Rm	2021 Gross Rm	2021 Impairment Rm	2021 Net Rm
Fully performing trade receivables	**11 530**	**(215)**	**11 315**	10 834	(501)	10 333
Interconnect receivables	**1 777**	**(137)**	**1 640**	1 130	(86)	1 044
Contract receivables	**1 470**	**(18)**	**1 452**	1 460	(195)	1 265
Retail receivables	**5 686**	**(17)**	**5 669**	6 708	(58)	6 650
EBU receivables	**725**	**(16)**	**709**	562	(46)	516
Other receivables[2]	**1 872**	**(27)**	**1 845**	974	(116)	858
Past due trade receivables	**7 188**	**(2 655)**	**4 533**	6 846	(2 553)	4 293
Interconnect receivables	**1 021**	**(390)**	**631**	989	(247)	742
0 to 3 months	**448**	**(73)**	**375**	375	(42)	333
3 to 6 months	**201**	**(109)**	**92**	217	(60)	157
6 to 9 months	**36**	**(25)**	**11**	79	(12)	67
9 to 12 months	**336**	**(183)**	**153**	318	(133)	185
Contract receivables	**2 148**	**(685)**	**1 463**	1 588	(854)	734
0 to 3 months	**1 410**	**(260)**	**1 150**	624	(257)	367
3 to 6 months	**238**	**(120)**	**118**	231	(94)	137
6 to 9 months	**151**	**(54)**	**97**	164	(65)	99
9 to 12 months	**349**	**(251)**	**98**	569	(438)	131
Retail receivables	**1 037**	**(559)**	**478**	1 592	(568)	1 024
0 to 3 months	**343**	**(49)**	**294**	635	(11)	624
3 to 6 months	**323**	**(174)**	**149**	605	(330)	275
6 to 9 months	**42**	**(37)**	**5**	35	(26)	9
9 to 12 months	**329**	**(299)**	**30**	317	(201)	116
EBU receivables	**1 144**	**(496)**	**648**	1 525	(634)	891
0 to 3 months	**282**	**(42)**	**240**	351	(43)	308
3 to 6 months	**330**	**(148)**	**182**	398	(182)	216
6 to 9 months	**38**	**(19)**	**19**	47	(27)	20
9 to 12 months	**494**	**(287)**	**207**	729	(382)	347
Other receivables[2]	**1 838**	**(525)**	**1 313**	1 152	(250)	902
0 to 3 months	**919**	**(73)**	**846**	392	(10)	382
3 to 6 months	**223**	**(105)**	**118**	229	(47)	182
6 to 9 months	**53**	**(21)**	**32**	44	(3)	41
9 to 12 months	**643**	**(326)**	**317**	487	(190)	297
Total	**18 718**	**(2 870)**	**15 848**	17 680	(3 054)	14 626

[1] Includes assets and liabilities directly associated with non-current assets held for sale, refer to note 9.4.2.4.

[2] Other receivables includes both national and international roaming receivables.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.4 Credit risk (continued)

Total past due per significant operation

	Inter-connect receivables Rm	Contract receivables Rm	Retail receivables Rm	EBU receivables Rm	Other receivables[1] Rm	Total Rm
2022						
MTN SA	**151**	**781**	**149**	**314**	**324**	**1 719**
MTN Nigeria	**147**	**810**	**–**	**–**	**22**	**979**
MTN Côte d'Ivoire	**102**	**–**	**175**	**254**	**24**	**555**
MTN Ghana	**–**	**14**	**287**	**29**	**124**	**454**
MTN Zambia	**38**	**195**	**20**	**20**	**221**	**494**
MTN Cameroon	**50**	**52**	**39**	**249**	**21**	**411**
MTN Benin	**16**	**70**	**–**	**69**	**37**	**192**
MTN Guinea-Conakry	**71**	**15**	**247**	**113**	**27**	**473**
MTN Congo-Brazzaville	**249**	**–**	**–**	**–**	**462**	**711**
MTN Uganda	**8**	**49**	**41**	**–**	**–**	**98**
Other operations	**189**	**162**	**79**	**96**	**576**	**1 102**
	1 021	**2 148**	**1 037**	**1 144**	**1 838**	**7 188**
2021						
MTN SA	141	224	505	448	–	1 318
MTN Nigeria	100	500	–	–	14	614
MTN Côte d'Ivoire	74	419	164	–	116	773
MTN Ghana	4	16	306	19	–	345
MTN Zambia	7	114	20	14	188	343
MTN Cameroon	9	4	5	313	16	347
MTN Benin	10	–	84	78	44	216
MTN Guinea-Conakry	132	98	136	57	9	432
MTN Congo-Brazzaville	310	–	–	478	–	788
MTN Uganda	19	101	187	–	–	307
Other operations	183	112	185	118	765	1 363
	989	1 588	1 592	1 525	1 152	6 846

[1] Other receivables includes both national and international roaming receivables.

Expected credit losses

The Group has the following financial assets subject to the ECL model:

- Trade and other receivables.
- Contract assets.
- Loans and other non-current receivables.
- Debt investments carried at amortised cost.
- Treasury bills and foreign deposits carried at amortised cost.
- Cash and cash equivalents.
- Restricted cash.
- MoMo deposits.

Application of the ECL model had an immaterial impact on all financial assets except for contract assets and trade receivables.

Included in other receivables are amounts receivable from related parties (note 10.1) to which the Group has applied the general impairment model. The Group has considered the financial performance, external debt and future cash flows of the related parties and concluded that the credit risk relating to these receivables is limited and consequently the probability of default relating to these balances is low.

Provision matrix – ECLs are calculated by applying a loss ratio to the aged balance of trade receivables at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historical/proxy write offs to the payment profile of the sales population. In instances where there was no evidence of historical write offs management used a proxy write off. Trade receivable balances have been grouped so that the ECL calculation is performed on groups of receivables with similar risk characteristics and ability to pay. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations. The historic loss ratio is then adjusted for forward-looking information (including forecast economic indicators) to determine the ECL for the portfolio of trade receivables at the reporting date to the extent that there is a strong correlation between the forward-looking information, and the ECL.

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.4 Credit risk (continued)

Expected credit losses (continued)

Provision matrix (continued)

The Group used 12 – 36 months sales data to determine the payment profile of the sales. Where the Group has information about actual historical write-offs, actual write-offs have been used to determine a historic loss ratio. Alternatively, management has used a proxy write-off based on management's best estimate. The Group has considered quantitative forward-looking information such as the core inflation rate. Qualitative assessments have also been performed, of which the impact was found to be immaterial.

The loss allowance for trade receivables to which the provision matrix has been applied is determined as follows:

2022	Gross carrying amount Rm	Impairment Rm	Average ECL/ impairment ratio %
Interconnect receivables	**2 798**	**(527)**	**18.83**
Fully performing	**1 777**	**(137)**	**7.71**
Up to 90 days past due	**448**	**(73)**	**16.29**
120 days and above past due	**573**	**(317)**	**55.32**
Contract receivables	**2 059**	**(498)**	**24.19**
Fully performing	**514**	**(5)**	**0.97**
Up to 90 days past due	**807**	**(68)**	**8.43**
120 days and above past due	**738**	**(425)**	**57.59**
Retail receivables	**6 723**	**(576)**	**8.57**
Fully performing	**5 686**	**(17)**	**0.30**
Up to 90 days past due	**343**	**(49)**	**14.29**
120 days and above past due	**694**	**(510)**	**73.49**
EBU receivables	**1 869**	**(512)**	**27.39**
Fully performing	**725**	**(16)**	**2.21**
Up to 90 days past due	**282**	**(42)**	**14.89**
120 days and above past due	**862**	**(454)**	**52.67**
Other receivables[1]	**3 710**	**(552)**	**14.88**
Fully performing	**1 872**	**(27)**	**1.44**
Up to 90 days past due	**919**	**(73)**	**7.94**
120 days and above past due	**919**	**(452)**	**49.18**
Total	**17 159**	**(2 665)**	**15.53**
2021			
Interconnect receivables	2 119	(333)	15.71
Fully performing	1 130	(86)	7.61
Up to 90 days past due	375	(42)	11.20
120 days and above past due	614	(205)	33.39
Contract receivables	1 988	(729)	36.67
Fully performing	624	(98)	15.71
Up to 90 days past due	401	(34)	8.48
120 days and above past due	963	(597)	61.99
Retail receivables	8 300	(626)	7.54
Fully performing	6 708	(58)	0.86
Up to 90 days past due	635	(11)	1.73
120 days and above past due	957	(557)	58.20
EBU receivables	2 087	(680)	32.58
Fully performing	562	(46)	8.19
Up to 90 days past due	351	(43)	12.25
120 days and above past due	1 174	(591)	50.34
Other receivables[1]	2 126	(366)	17.22
Fully performing	974	(116)	11.91
Up to 90 days past due	392	(10)	2.55
120 days and above past due	760	(240)	31.58
Total	16 620	(2 734)	16.45

[1] Other receivables includes both national and international roaming receivables.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 **FINANCIAL RISK** (continued)

7.1 **Financial risk management and financial instruments** (continued)

7.1.4 **Credit risk** (continued)

Expected credit losses (continued)

Simplified parameter-based approach – ECL is calculated using a formula incorporating the following parameters: Exposure at Default (EAD), Probability of Default (PD), Loss Given Default (LGD) discounted using the Effective Interest Rate (EIR) (i.e. PD x LGD x EAD = ECL). The probability of default has been increased for the estimated deteriorated gross domestic product growth in South Africa. Exposures are mainly segmented by customer type i.e. corporate, consumer etc, ageing, device vs. SIM only contracts and months in contract. This is done to allow for risk differentiation. The probability of a customer defaulting as well as the realised loss with defaulted accounts has been determined using historical data of 12 months. The EIR represents a weighted average rate which is representative of the portfolio of customers and incorporates a risk-free rate plus a risk premium on initial recognition of the trade receivables. A qualitative assessment of the impact of forward-looking information has been performed and found to be immaterial.

For corporate customers management rebutted the presumption that a customer is in default when 90 days past due and have determined default as 180 days past due. This is on the basis of billing disputes taking time to resolve resulting in a high-cure rate.

The balance of trade receivables and contract assets to which the simplified parameter-based approach has been applied is as follows:

	Total Rm	Trade receivables[1] Rm	Contract assets[2] Rm
2022			
Gross balance	**7 383**	**1 560**	**5 823**
Expected credit loss allowance	**(856)**	**(205)**	**(651)**
	6 527	**1 355**	**5 172**
2021			
Gross balance	6 460	1 060	5 400
Expected credit loss allowance	(999)	(320)	(679)
	5 461	740	4 721

[1] Includes assets and liabilities directly associated with non-current assets held for sale, refer to note 9.4.2.4.

[2] Contract assets mainly relate to the South African operation.

Trade receivables are written off when there is no reasonable expectation of recovery. This is assessed individually by each operation and includes for example where the trade receivables have been handed over for collection and remain outstanding or the debtor has entered bankruptcy.

Reconciliation of allowance for credit losses	**2022 Trade receivables[1] Rm**	2021 Trade receivables Rm	**2022 Contract assets Rm**	2021 Contract assets Rm
At the beginning of the year	**(3 054)**	(3 138)	**(679)**	(499)
Additions[2]	**(1 355)**	(894)	**–**	(180)
Reversals[2]	**161**	315	**27**	–
Utilised[2]	**1 397**	689	**1**	–
Exit in Yemen (note 9.4.1.4)	**–**	118	**–**	–
Deconsolidation on loss of control (note 9.4.1.3)	**–**	127	**–**	–
Exchange differences and other movements[3]	**(19)**	(271)	**–**	–
At the end of the year	**(2 870)**	(3 054)	**(651)**	(679)

[1] Includes assets and liabilities directly associated with non-current assets held for sale, refer to note 9.4.2.4.

[2] A net impairment loss of R1 194 million (2021: R579 million) was recognised during the year. In addition to the R1 397 million (2021: R689 million) provision utilised, R364 million (2021: R357 million) was written off directly to profit or loss during the year.

[3] Includes the effect of hyperinflation.

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.5 Liquidity risk

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

The Group'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 Group's reputation.

Group treasury develops strategies to ensure that the Group 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. Group treasury performs regular cash flow forecasts, monitors cash holdings of the Group, negotiates lines of credit and sets policies for maturity profiles of loans.

The following liquid resources are available:

	2022[1] Rm	2021 Rm
Trade and other receivables	**25 081**	23 625
Current investments	**4 654**	5 422
Mobile Money deposits[2]	**39 280**	38 869
Cash and cash equivalents	**44 896**	39 488
	113 911	107 404

[1] Includes assets and liabilities directly associated with non-current assets held for sale, refer to note 9.4.2.4.

[2] MoMo deposits are utilised to settle the corresponding MoMo payable which gives rise to liquidity risk for the Group.

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

	Carrying amount Rm	Total Rm	Payable within one month or on demand Rm	More than one month but not exceeding three months Rm	More than three months but not exceeding one year Rm	More than one year but not exceeding two years Rm	More than two years but not exceeding five years Rm	More than five years Rm
2022								
Borrowings	**81 274**	**104 582**	**1 165**	**3 977**	**16 181**	**24 369**	**39 778**	**19 112**
Other non-current liabilities	**14**	**29**	**–**	**–**	**–**	**20**	**9**	**–**
Lease liabilities[1]	**60 309**	**94 368**	**502**	**2 251**	**9 672**	**12 992**	**37 202**	**31 749**
Trade and other payables	**52 832**	**52 922**	**25 464**	**3 413**	**24 045**	**–**	**–**	**–**
Mobile Money payables	**39 280**	**39 280**	**39 280**	**–**	**–**	**–**	**–**	**–**
Derivative liabilities	**113**	**113**	**–**	**–**	**113**	**–**	**–**	**–**
Bank overdrafts	**716**	**716**	**452**	**–**	**264**	**–**	**–**	**–**
	234 538	**292 010**	**66 863**	**9 641**	**50 275**	**37 381**	**76 989**	**50 861**
2021								
Borrowings	80 433	101 214	796	2 102	15 831	12 650	55 820	14 015
Other non-current liabilities	102	102	–	–	–	95	7	–
Lease liabilities[1]	52 316	82 760	2 329	2 353	7 292	9 214	27 765	33 807
Trade and other payables	46 930	47 161	22 940	2 783	21 438	–	–	–
Mobile Money payables	38 869	38 869	38 869	–	–	–	–	–
Derivative liabilities	14	14	–	–	14	–	–	–
Bank overdrafts	469	470	342	128	–	–	–	–
	219 133	270 590	65 276	7 366	44 575	21 959	83 592	47 822

[1] Includes liabilities directly associated with non-current assets held for sale, refer to note 6.5.5.

The Group has sufficient undrawn facilities to manage shortfalls in operational cash flows. Refer to note 6.1 for details of the Group's undrawn facilities. Holdco cash balances including restricted cash and current investments was R24.2 billion as at 31 December 2022 (2021: R20.1 billion).

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.6 Market risk

Market risk is the risk that changes in market prices (such as interest rates, foreign currencies and equity prices) will affect the Group's income or the value of its 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 Group treasury policy specifies approved instruments which may be used to economically hedge the Group's exposure to variability in interest rates and foreign currency and to manage and maintain market risk exposures within the parameters set by the Group's Board of Directors.

7.1.6.1 *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, restricted cash, MoMo deposits/payables, trade and other receivables/payables, loans receivable/payable, debt investments carried at amortised cost, treasury bills and foreign deposits carried at amortised cost, borrowings, bank overdrafts and other non-current assets/liabilities. 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 Group's interest rate risk arises from the repricing of the Group's floating rate debt, incremental funding or new borrowings, the refinancing of existing borrowings and the magnitude of the cash balances which exist.

The Group aims to maintain its mix of fixed and floating rate debt within internally determined parameters, however, this depends on the market conditions in the geographies where the Group operates.

Holding companies' (as disclosed in note 9.1) (including MTN (Mauritius) Investments Limited) debt is managed on an optimal fixed versus floating interest rate basis, in line with the approved Group treasury policy.

Debt in the majority of the Group's non-South African operations is mainly at floating interest rates. This is due to the environment and availability of funding in the market in which the entity operates. The Group continues to monitor developments which may create opportunities as these markets evolve in order to align each underlying operation with the Group treasury policy. Group treasury reports on the interest rate profile, in particular that of the holding companies, to the Board of Directors, Group Audit and Group Risk Management and Compliance Committees on a regular basis.

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

Profile

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

	Variable rate instruments	
	2022 Rm	2021 Rm
Non-current financial assets		
Loans and other non-current receivables	**3 848**	344
Current financial assets		
Trade and other receivables	**1 466**	1 578
Current investments	**1 984**	234
Mobile Money deposits	**18 793**	23 100
Cash and cash equivalents	**18 860**	20 295
	44 951	45 551
Non-current financial liabilities		
Borrowings	**33 884**	34 641
Current financial liabilities		
Trade and other payables	**177**	423
Mobile Money payables	**18 756**	23 055
Borrowings	**12 787**	12 019
Bank overdrafts	**180**	238
	65 784	70 376

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.6 Market risk (continued)

7.1.6.2 Sensitivity analysis

The Group 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 Group is mainly exposed to fluctuations in the following market interest rates: JIBAR, LIBOR, NIBOR, Money Market 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 2021.

	2022 (Decrease)/increase in profit before tax			2021 (Decrease)/increase in profit before tax		
	Change in interest rate %	**Upward change in interest rate Rm**	**Downward change in interest rate Rm**	Change in interest rate %	Upward change in interest rate Rm	Downward change in interest rate Rm
JIBAR	**1**	**(285.0)**	**285.0**	1	(293.7)	293.7
LIBOR and associated rates	**1**	**33.9**	**(33.9)**	1	54.8	(54.8)
NIBOR	**1**	**(107.1)**	**107.1**	1	(94.8)	94.8
Money market	**1**	**(6.2)**	**6.2**	1	(14.4)	14.4
Prime	**1**	**118.2**	**(118.2)**	1	109.5	(109.5)
Other	**1**	**37.1**	**(37.1)**	1	(9.6)	9.6

7.1.6.3 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 Group aims to maintain its foreign currency exposure within internally determined parameters, however, this depends on the market conditions in the geographies where the Group operates. Group treasury reports on the status of foreign currency positions or derivatives to the Group Treasury Committee on a regular basis. Where possible, entities in the Group use forward contracts to hedge their actual exposure to foreign currency.

Sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to profit or loss and to OCI, 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 Group 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 and OCI.

The analysis excludes foreign exchange translation differences resulting from the translation of Group entities that have functional currencies different from the presentation currency, into the Group's presentation currency, which are recognised in the FCTR.

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.

Intercompany balances that are denominated in a currency other than the functional currency of the entity are reflected as either impacting profit or loss before tax, or equity in the case of loans for which settlement is neither planned nor likely to occur in the foreseeable future.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.6 Market risk (continued)

7.1.6.3 Currency risk (continued)

Sensitivity analysis (continued)

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

	Increase/(decrease) in profit before tax				Increase/(decrease) in OCI		
Denominated: Functional currency	Net assets / (liabilities) denominated in foreign currency Rm	Change in exchange rate %	Weakening in functional currency Rm	Strengthening in functional currency Rm	Change in exchange rate %	Weakening in functional currency Rm	Strengthening in functional currency Rm
2022							
US$:ZAR[1]	**13 285**	**10**	**1 328.5**	**(1 328.5)**	**10**	**–**	**–**
US$:SDG	**(1 267)**	**10**	**(15.1)**	**15.1**	**10**	**(111.6)**	**111.6**
US$:SSP	**(94)**	**10**	**(3.4)**	**3.4**	**10**	**(6.0)**	**6.0**
US$:NGN	**(24 479)**	**10**	**(2 447.9)**	**2 447.9**	**10**	**–**	**–**
EUR:SDG	**(2 337)**	**10**	**(0.0)**	**0.0**	**10**	**(233.7)**	**233.7**
EUR:US$	**3 564**	**10**	**121.5**	**(121.5)**	**10**	**234.9**	**(234.9)**
US$:GNF	**(5 718)**	**10**	**(266.4)**	**266.4**	**10**	**(305.3)**	**305.3**
US$:ZMK	**(477)**	**10**	**(47.7)**	**47.7**	**10**	**–**	**–**
IRR:ZAR	**4 207**	**10**	**77.0**	**(77.0)**	**10**	**343.7**	**(343.7)**
EUR:ZAR	**(532)**	**10**	**(53.2)**	**53.2**	**10**	**–**	**–**
NGN:ZAR	**2 131**	**10**	**213.1**	**(213.1)**	**10**	**–**	**–**
US$:EUR	**(1 749)**	**10**	**(174.9)**	**174.9**	**10**	**–**	**–**
GHS:US$	**2 826**	**10**	**282.6**	**(282.6)**	**10**	**–**	**–**
2021							
US$:ZAR[1]	11 288	10	1 128.8	(1 128.8)	10	–	–
US$:SDG	(1 286)	10	(27.9)	27.9	10	(100.7)	100.7
US$:SSP	(403)	10	(28.1)	28.1	10	(12.2)	12.2
US$:NGN	(19 908)	10	(1 990.8)	1 990.8	10	–	–
EUR:SDG	(2 200)	10	(1.4)	1.4	10	(218.6)	218.6
EUR:US$	3 113	10	90.3	(90.3)	10	221.0	(221.0)
US$:GNF	(5 135)	10	(210.3)	210.3	10	(303.2)	303.2
US$:ZMK	(465)	10	(46.5)	46.5	10	–	–
IRR:ZAR	3 413	10	341.3	(341.3)	10	–	–
EUR:ZAR	(1 315)	10	(131.5)	131.5	10	–	–
NGN:ZAR	742	10	74.2	(74.2)	10	–	–
US$:EUR	(1 109)	10	(110.9)	110.9	10	–	–
GHS:US$	1 439	10	143.9	(143.9)	10	–	–

[1] Reduced by the impact of the net investment hedge as disclosed in note 7.5.

7.1.6.4 Price risk

The Group is exposed to equity price risk, which arises from equity investments at FVOCI (see note 7.2).

Refer to note 7.1.3 for disclosure of the sensitivity of the fair values of the investments to a change in the inputs used to determine their fair values. OCI (before tax) will be affected by the amounts disclosed in respect of these investments in note 7.1.3.

7 FINANCIAL RISK (continued)

7.1 Financial risk management and financial instruments (continued)

7.1.7 Capital management

The Group's policy is to borrow using a mixture of long-term and short-term borrowing facilities to meet anticipated funding requirements. Borrowings are managed within the Group's established debt: equity ratios. The Group seeks to maximise borrowings at an operating company level, on a non-recourse basis, within an acceptable level of debt for the maturity of the local company.

Management regularly monitors and reviews covenant ratios. In terms of the banking facilities, the Group is required to comply with financial covenants. These financial covenants differ based on the contractual terms of each facility and incorporate both IFRS and non-IFRS financial measures. In the current year, MTN Guinea-Bissau breached a loan covenant as result of negative EBITDA performance. No formal waiver has been provided by the lender, and as a result the full outstanding balance of R171 million has been included in current borrowing balance. For the year ended 31 December 2021, MTN Cameroon breached a loan requirement to recapitalise in accordance with the OHADA Uniform Act on Commercial Companies. This breach related to an outstanding loan balance of R849 million. The process of recaptalisation was finalised in May 2022 and MTN Cameroon is compliant with OHADA Uniform Act on Commercial Companies. The Group has complied with all other externally imposed loan covenants during the current financial year.

The Group's net debt: capital management EBITDA, net debt: total equity and net interest: capital management EBITDA at the end of the year are set out below. Net debt is defined as borrowings and bank overdrafts less cash and cash equivalents, restricted cash and current investments (excluding investment in insurance cell captives). Total equity is as per the Group statement of financial position. Net interest comprises finance costs less finance income and an add back of lease liability finance costs per notes 2.4 and 6.5. CODM EBITDA as defined in note 2.1, is reduced by an approximation of lease expenses (calculated as the aggregate of capital repayments and interest paid on lease liabilities) which would have been recognised had the lease liabilities not been capitalised, to arrive at capital management EBITDA.

	2022	2021
Net debt: Capital management EBITDA		
Borrowings and bank overdrafts (Rm)	**81 990**	80 902
Less: Cash and cash equivalents, restricted cash and current investments (Rm)	**(58 391)**	(50 417)
Net debt (Rm)	**23 599**	30 485
CODM EBITDA before impairment of goodwill[1] (Rm)	**89 838**	76 158
Less: Repayment and interest paid on lease liabilities (Rm) (note 6.5.4)	**(13 571)**	(11 424)
Capital management EBITDA (Rm)	**76 267**	64 734
Net debt/Capital management EBITDA ratio	**0.3**	0.5
Net debt: Total equity		
Net debt (Rm)	**23 599**	30 485
Total equity (Rm)	**122 343**	114 982
Net debt/Total equity (%)	**19.3**	26.5
Net interest: Capital management EBITDA		
Net finance costs (Rm)	**17 686**	14 448
Less: Lease liability finance costs (Rm) (note 2.4 and note 6.5.3)	**(6 792)**	(6 128)
Net interest (Rm)	**10 894**	8 320
Capital management EBITDA (Rm)	**76 267**	64 734
Net interest/Capital management EBITDA (%)	**14.3**	12.9

[1] CODM EBITDA is defined in note 2.1.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.2 Investments

Investments consist of equity investments at FVOCI and financial assets at amortised cost, that are accounted for in accordance with the accounting policy disclosed in note 7.1.

	2022 Rm	2021 Rm
Financial assets at amortised cost		
Fixed deposits with a fixed interest rate of 3% and maturing in January 2026[1]	**272**	126
Bonds (debt instruments) held with fixed interest rates of 5.32% and maturing in January 2026[1]	**120**	282
Financial assets at fair value through other comprehensive income		
Investment in IHS Group (note 7.1.3)	**8 930**	19 144
Unlisted equity investments (note 7.1.3)	**271**	364
	9 593	19 916

[1] Denominated in Nigerian naira.

7.3 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 7.1.

Prepayments include costs paid relating to subsequent financial years and are stated at nominal value.

	2022 Rm	2021 Rm
Non-current interconnect receivables	**–**	67
Other non-current receivables[1]	**334**	409
Non-current prepayments[2]	**1 390**	1 344
	1 724	1 820

[1] Due to sanctions imposed, a balance of R5 009 million relating to a loan to Irancell has been reclassified from current receivables to other non-current receivables in the current year and presented as part of investment in associates and joint ventures.

[2] Includes prepayments relating to indefeasible right-of-use of R963 million (2021: R900 million) over capacity on international telecommunication cables.

7 FINANCIAL RISK (continued)

7.4 Current investments

Current investments consist of financial assets at amortised cost and financial assets held at FVTPL, or OCI, that are accounted for in accordance with the accounting policy disclosed in note 7.1.

	2022 Rm	2021 Rm
Financial assets held at fair value through profit or loss		
Investment in insurance cell captives (note 7.1.3)	**1 394**	1 294
Treasury bills with fixed interest rates of 1.5% to 9.65% and matured in November 2022[1]	**–**	234
Treasury bills with fixed interest rates of 11.6% and maturity date in January 2023[1]	**20**	–
	1 414	1 528
Amortised cost		
Treasury bills with fixed interest rates of 0% and maturity date in January 2023[5]	**148**	1 327
Foreign currency deposits with fixed interest rates of 0.08% to 4% and matured between January and April 2022[2]	**–**	2 180
Treasury bills with fixed interest rates of 12.5% to 16.45% and maturity dates between January and December 2023[1,3]	**533**	230
Foreign currency deposits with a variable interest rate of 4.1% to 4.3% and maturity date at January 2023[2]	**1 984**	–
Foreign currency deposits with a fixed interest rate of 9.5% and maturity dates between January and March 2023[4]	**75**	157
	2 740	3 894
Financial assets held at fair value through other comprehensive income		
Treasury bills with fixed interest rates of 11.85% – 14.10% and maturity dates between January and September 2023[1]	**500**	–
	500	–
Total current investments	**4 654**	5 422

[1] Denominated in Nigerian naira.
[2] Denominated in United States dollar.
[3] Denominated in Ghanaian cedi.
[4] Denominated in Rwandan franc.
[5] Denominated in Ivory Coast Communaute Financière Africaine franc.

7.5 Net investment hedges

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

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

The fair value of the financial liabilities (included in borrowings) designated as net investment hedges are:

	2022 Rm	2021 Rm
US$ denominated bonds held by MTN (Mauritius) Investments Limited	**16 000**	21 425

The determination of fair value of these financial liabilities is disclosed in note 7.1.3.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

7 FINANCIAL RISK (continued)

7.5 Net investment hedges (continued)

The following information also relates to the hedge of the net investment:

	2022 Rm	2021 Rm
Carrying value of US$ denominated bonds held by MTN (Mauritius) Investments Limited	**16 336**	20 135
Nominal value of US$ denominated bonds held by MTN (Mauritius) Investments Limited[1]	**950**	1 250
Change in carrying amount of loans as a result of foreign exchange movements	**(1 112)**	(1 600)
Change in value of the hedged item used to determine hedge effectiveness	**1 112**	1 600
Hedge ratio	**100%**	100%
Foreign currency translation reserve		
Balance at the beginning of the year	**4 498**	3 346
Change in fair value of hedging instrument recognised in OCI for the year – after tax	**800**	1 152
Balance at the end of the year	**5 298**	4 498

[1] Amount presented in United States dollar.

7.6 Exchange rates to South African rand

		Closing rates		Average rates	
		2022	2021	**2022**	2021
Foreign currency to South African rand:					
United States dollar	US$	**17.05**	15.94	**16.36**	14.82
Euro	EUR	**18.26**	18.15	**17.21**	17.74
South African rand to foreign currency:					
Ugandan shilling	UGX	**218.43**	222.99	**225.50**	241.06
Rwanda franc	RWF	**63.26**	64.94	**63.59**	67.95
Cameroon Communauté Financière Africaine franc	XAF	**35.93**	36.15	**37.98**	37.37
Nigerian naira	NGN	**27.05**	26.61	**26.05**	27.54
Iranian rial[1, 2]	IRR	**16 914.43**	15 391.55	**15 736.47**	15 425.94
Botswana pula	BWP	**0.75**	0.74	**0.75**	0.75
Côte d'Ivoire Communauté Financière Africaine franc	CFA	**35.93**	36.14	**38.08**	37.36
Congo-Brazzaville Communauté Financière Africaine franc	XAF	**35.93**	36.15	**37.98**	37.30
Zambian kwacha	ZMK	**1.06**	1.05	**1.03**	1.36
eSwatini lilangeni	SZL	**1.00**	1.00	**1.00**	1.00
Afghanistan afghani	AFN	**5.23**	6.51	**5.01**	5.59
Ghanaian cedi	GHS	**0.62**	0.40	**0.54**	0.40
Benin Communauté Financière Africaine franc	XOF	**35.93**	36.14	**38.06**	37.33
Guinean franc	GNF	**501.74**	571.77	**522.07**	652.72
Sudanese pound[2]	SDG	**34.03**	27.47	**33.51**	25.07
Syrian pound[2,3]	SYP	**N/A**	157.59	**N/A**	147.69
Guinea-Bissau Communauté Financière Africaine franc	XOF	**35.93**	36.14	**37.19**	36.65
Yemen rial[3]	YER	**N/A**	25.09	**N/A**	27.33
Ethiopian birr	ETB	**3.16**	3.10	**3.26**	2.95
South Sudanese pound[2]	SSP	**39.22**	27.10	**32.25**	23.39

[1] SANA rate.
[2] The financial results, positions and cash flows of foreign operations trading in hyperinflationary economies are translated as set out in note 1.3.2.
[3] Not applicable for the 2022 financial year as the Group lost control of MTN Syria and exited Yemen in the prior year as set out in note 9.4.1.3 and 9.4.1.4, respectively.

7 FINANCIAL RISK (continued)

7.6 Exchange rates to South African rand (continued)

Subsidiaries and joint ventures operating in dual exchange rate economies

Irancell

During the 2018 financial year the CBI clarified that all future dividends can be expected to be repatriated at the SANA rate. Consequently, the Group equity accounts the results and translates any receivables from Irancell at the SANA rate from August 2018.

However, the Group continues to translate any receivables that have been approved by the Iranian government under the FIPPA at the CBI rate on the basis that management expects these balances to be settled at the CBI rate (note 4.2). At 31 December 2022 the ZAR to IRR exchange rate based on the CBI rate was 1 ZAR = 2 424 IRR (2021: 1 ZAR = 2 663 IRR).

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

8 EQUITY STRUCTURE

8.1 Ordinary share capital and share premium

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

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs (net of tax), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders and the cost of the treasury shares is released from share premium to retained earnings.

Ordinary share capital (par value of 0.01 cents)	**2022 Number of shares**	2021 Number of shares
Authorised	**2 500 000 000**	2 500 000 000
Issued (fully paid up)	**1 884 269 758**	1 884 269 758
In issue at the end of the year	**1 884 269 758**	1 884 269 758
Treasury shares[1]	**(1 319 536)**	(4 208 078)
Options held by MTN Zakhele Futhi[2]	**(76 835 378)**	(76 835 378)
In issue at the end of the year – excluding MTN Zakhele Futhi options and treasury shares[3]	**1 806 114 844**	1 803 226 302

[1] Treasury shares held by MTN Holdings and the 2016 MTN ESOP Trust.
[2] These shares, although legally issued to MTN Zakhele Futhi, are not deemed to be issued in terms of IFRS as the MTN Zakhele Futhi transaction has the substance of an option and are shown as such in the share capital reconciliation.
[3] There are no restrictions, rights or preferences including restrictions on dividend distributions attached to these shares.

	2022 Rm	2021 Rm
Share capital		
Balance at the beginning of the year	*****	*
Treasury shares	*****	*
Balance at the end of the year	*****	*
Share premium		
Balance at the beginning of the year	**37 994**	36 929
Reduction in treasury shares	**1 913**	1 065
Purchase of treasury shares	**(1 417)**	–
Balance at the end of the year	**38 490**	37 994

* Amounts less than R1 million.

MTN Zakhele Futhi

The Group structured a B-BBEE transaction through a separate legal entity in 2016, MTN Zakhele Futhi which replaced the Group's previous black economic empowerment (BEE) structure known as MTN Zakhele. The transaction was designed to provide long-term, sustainable benefits to all B-BBEE participants and will run for a period of eight years.

As part of the transaction MTN Zakhele Futhi acquired 76 835 378 of the Company's shares at a price of R128.50 per share.

MTN Zakhele Futhi is a structured entity with the sole business of holding shares of MTN Group Limited and administering the associated funding of these shares. The Group was involved in structuring MTN Zakhele Futhi, determining the level of its debt and negotiating the related debt covenants. In addition, the Group holds a call option which, if exercised on the occurrence of a trigger event, entitles it to settle MTN Zakhele Futhi's debt with the third-party funders. This gives the Group the ability to manage the credit risk of MTN Zakhele Futhi and consequently, the related B-BBEE credentials which are dependent on the continued success of MTN Zakhele Futhi. As these activities are considered to be the relevant activities of MTN Zakhele Futhi, it is consolidated by the Group.

8 EQUITY STRUCTURE (continued)

8.1 Ordinary share capital and share premium (continued)

MTN Zakhele Futhi (continued)

MTN Zakhele Futhi is funded by equity contributions (comprising cash received from new investors and reinvestment by existing MTN Zakhele shareholders in MTN Zakhele Futhi), preference shares issued to third parties, a donation received from the Group and notional vendor financing (NVF) from the Company. MTN Zakhele Futhi must repay the preference shares and NVF before the Company's shares held by it become unencumbered, while the Company's shares are the only security offered by MTN Zakhele Futhi for the debt funding obtained. Until the Company's shares held by MTN Zakhele Futhi become unencumbered, the ordinary shareholders of MTN Zakhele Futhi are exposed to the gains on the Company's shares, while their exposure to downside risk or risk of loss is limited to their equity contributions (i.e. the purchase price paid by them for the MTN Zakhele Futhi shares). Consequently, the Company does not recognise its shares issued to MTN Zakhele Futhi and does not recognise the NVF as outstanding but treats it as an option for accounting purposes.

Further, no non-controlling interest is recognised in respect of the shares held by the ordinary shareholders of MTN Zakhele Futhi. From a consolidated perspective, their equity contributions (comprising cash received from new investors and the reinvestment by existing MTN Zakhele shareholders in MTN Zakhele Futhi) are in substance treated as a premium paid for the option to acquire the Company's shares in future.

Third-party preference share funding obtained by MTN Zakhele Futhi

A reconciliation of the third-party preference share funding obtained by MTN Zakhele Futhi to purchase shares of the Company is provided below:

Class A cumulative redeemable non-participating preference shares	2022 Rm	2021 Rm
Balance at the beginning of the year	**927**	953
Interest accrued at the effective interest rate	**73**	24
Interest paid	**(30)**	(50)
Redemption of preference shares during the year	**(72)**	–
Balance at the end of the year	**898**	927

The Class A preference shares are held by Jabisan 04 Proprietary Limited. The preference share debt was refinanced in September 2021 and will mature in November 2024. Dividends are paid semi-annually on 30 April and 30 September. The preference share dividend rate is 75% of Prime.

On 29 April 2022, MTN Zakhele Futhi paid preference share dividends. The Group has advanced financial assistance in 2021, which bears interest at the Prime Interest Rate (compounded quarterly) to MTN Zakhele Futhi to meet its financial obligations. There were no further advancements in 2022. Full repayments toward the advancement were made as at 31 December 2022.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

8 EQUITY STRUCTURE (continued)

8.2 Other reserves

	2022 Rm	2021 Rm
Balance at the beginning of the year	**(10 527)**	(5 319)
Transactions with non-controlling interests	**3 446**	1 562
Net transfer to retained earnings, contingency and statutory reserves[1]	**(97)**	191
Share-based payment transactions	**990**	710
Exchange differences on translating foreign operations[2]	**518**	3 798
Foreign exchange movement on hedging instruments[2]	**(800)**	(1 152)
Net change in fair value of debt and equity instruments through other comprehensive income reserve	**(10 909)**	(10 336)
Other	**(201)**	19
Balance at the end of the year	**(17 580)**	(10 527)
Consisting of:		
Contingency reserve (as required by insurance regulations)[3]	**338**	184
Statutory reserve (as required by Rwanda, Congo-Brazzaville and other joint venture legislation)[4]	**71**	322
Transactions with non-controlling interests[5]	**(4 869)**	(8 315)
Share-based payment transactions[6]	**9 926**	8 936
Foreign currency translation reserve[2]	**(3 456)**	(3 174)
Equity and debt instruments at fair value through other comprehensive income[7]	**(19 339)**	(8 430)
Share of other reserves of joint ventures	**(81)**	(81)
Other	**(170)**	31
	(17 580)	(10 527)

[1] In 2021, following the loss of control of MTN Syria and the exit in Yemen, reserves worth R101 million and R24 million respectively were transferred to retained earnings.

[2] The Group's presentation currency is rand. The weakening of the closing rate of the rand against the functional currencies of the Group's largest operations and hyperinflationary impacts contributed to an increase in assets and liabilities and the resulting FCTR increase of R518 million (2021: R3 798 million) since 31 December 2021. In addition, the Group recognised foreign currency losses arising on the translation of financial liabilities designated as net investment hedges in a foreign operation of R800 million (2021: R1 152 million). Refer to the translation and disposal of foreign operations sections in accounting policy 1.3.2 foreign currency.

[3] A contingency reserve has been created in terms of the Short-term Insurance Act, 1988. Transfers to the contingency reserve are treated as an appropriation of income, and the balance of the reserve is disclosed in the statement of financial position as a non-distributable reserve, forming part of shareholders' funds. On dissolution of the structured entities to which the reserve relates, they will become available for distribution.

[4] A statutory reserve has been created in terms of local legislation. Transfers to the statutory reserve are treated as an appropriation of income, and the balance of the reserve is disclosed in the statement of financial position as a non-distributable reserve, forming part of the shareholders' funds.

[5] Non-controlling shareholders are treated as equity participants and, therefore, all acquisitions of non-controlling interests or disposals by the Group of its interests in subsidiary companies where control is maintained subsequent to the disposal, are accounted for as equity transactions. Consequently, the difference between the fair value of the consideration transferred and the carrying amount of a non-controlling interest purchased is recorded in equity. All profits or losses arising as a result of the disposal of interests in subsidiaries to non-controlling shareholders, where control is maintained subsequent to the disposal, are also recorded in equity. In 2022, the Group realised gains on the following sales (refer to note 9.4.2); R3 046 million in the disposal of 3.25% interest held in MTN Nigeria, R293 million gain in the disposal of 50% interest held in aYo Holdings and R107 million gain in the disposal of 1.21% interest held in MTN Ghana. In 2021, the Group realised a net gain of R1 774 million from the disposal of 12.95% of its interest in MTN Uganda as part of an initial public offering (refer note 9.4.1.2). In addition, the Group realised a net loss of R212 million recognised in equity on the acquisition of the remaining 25% interest in aYo, bringing the Group's interest to 100% as at 31 December 2021 (refer note 9.4.1.5).

[6] Refer to the accounting policy in note 8.4 with regard to equity-settled share-based payments. In 2022, MTN Group recognised R259 million from the disposal of 5% interest in MTN Ghana to Ghanaian citizens through MTN Ghana SPV as part of the Group localisation strategy (refer note 9.4.2.3).

[7] This comprises of all fair value adjustments on all equity and debt investments that have been classified as FVOCI. On the disposal of the FVOCI equity investments, the cumulative gains recognised on these investments are not reclassified to profit or loss.

8 EQUITY STRUCTURE (continued)

8.3 Dividends

Dividends declared to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors.

Dividends declared during the year	**2022** Cents per share	**2022** Rm	2021 Cents per share	2021 Rm
Final dividend declared in respect of the prior year	**300**	**5 414**	–	–
Dividends declared after year-end				
Approved after the reporting date and not recognised as a liability[1]	**330**	**5 963**	300	5 414

[1] Declared at the board meeting on 10 March 2023.

8.4 Share-based payments

Equity-settled share-based payments

Equity-settled share-based payments are measured at fair value (excluding the effect of service or non-market-based vesting conditions) at the grant date. The fair value is measured using a stochastic model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non- transferability, exercise restrictions and behavioural considerations, where applicable. The fair value determined at the grant date of the equity-settled share-based options or rights is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity, based on the Group's estimate of the shares that will eventually vest. The expense is adjusted to reflect the actual number of share rights for which the related service and non-market-based vesting conditions are met.

Settlement of the PSP awards are done through the acquisition of shares in the open market and the subsequent delivery to participants.

Cash-settled share-based payments

The fair value of the amount payable to employees in respect of cash-settled share-based payments is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured to fair value at each reporting date and at settlement date. Any changes in the liability are recognised in profit or loss.

The MTN Group performance share plan and employee share ownership scheme

The Group operates a number of equity-settled share-based payment schemes for the benefit of eligible employees, including executive directors, in accordance with the schemes' rules. The schemes are designed to retain and recognise the contributions of executive directors and eligible employees and to provide additional incentives to contribute to the Group's continued growth.

The PSP and the ESOP are the active schemes.

The vesting period for the PSP is three years and the awards vest in full based on set performance targets. Employees are not entitled to receive dividends on the shares during the vesting period.

The employees participating under the ESOP are entitled to dividends during the vesting period. The shares vest in three tranches, with a third vesting on the third, fourth and fifth anniversary of the grant date.

The total number of shares which may be allocated for the purposes of the schemes shall not exceed 5% of the total issued ordinary share capital of the Company, being 94 213 488 shares as approved by shareholders in 2001.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

8 EQUITY STRUCTURE (continued)

8.4 Share-based payments (continued)

MTN PSP

During prior financial years, the Group granted eligible employees share rights under the PSP established in 2010. The rights are granted to employees on levels 3, 4, 5 and 6. The PSP was established in order to attract, retain and reward selected employees who are able to contribute to the business of the employer companies and to stimulate their personal involvement thereby encouraging their continued service and encouraging them to advance the interests of the relevant employer company and the Group in general.

The following performance conditions apply to the PSPs for the three-year vesting period:

Total shareholder return (TSR)

Vesting is based on a sliding scale of 100% vesting at the 75th percentile as compared to MSCI Emerging Markets Communication Services Index and 25% vesting at the median with straight-line vesting in between the two points. 0% vesting for below the median. TSR will be measured by comparing the 30-day volume-weighted average price at the beginning and end of the three-year period plus re-invested dividends. TSR must be positive and to be measured on common currency. The TSR condition is applicable for all awards.

Cumulative operating free cash flow (OFCF)

Targeted at the sum of the budgeted OFCF established each year for the three-year measurement period with a threshold of 25% vesting at 90% of the target, and a stretch of 100% vesting at 110% of the target, with a sliding scale between each point. OFCF will be measured on constant currency. The OFCF condition is applicable for all awards.

Black Economic Empowerment

Vesting is based on the achievement of previously agreed upon deliverables as applicable in South Africa. The BEE condition is applicable for all awards.

Compliance

The vesting conditions with regards to compliance to the Department of Trade, Industry and Competition (dtic) and Independent Communications Authority of South Africa (ICASA) are based on reasonable efforts made to ensure compliance with the relevant targets and codes. The compliance condition is applicable for all awards.

Return on average capital employed (ROACE)

The ROACE is defined as the sum of earnings before interest and tax/(equity+ net debt) for each year divided by three. There is a 25% vesting at 90% of budget (kick-in) and a 100% vesting at 100% of budget, with a straight-line vesting between the kick-in and budget rate. ROACE is only applicable for awards up to December 2019.

Individual retention

100% vesting upon remaining with the Group for the duration of award fulfilment period, unless the participant terminates employment on good terms. The retention performance condition is only applicable for awards up to December 2020.

Return on equity (ROE)

Defined as adjusted headline earnings per share/equity excluding non-controlling interests for each year divided by three. There is a 25% vesting at 90% of budget (kick-in) and a 100% vesting at 100% of budget target with a straight-line vesting between the kick-in and budget target rate. ROE is only applicable for awards from December 2020.

Environmental, social and governance (ESG)

ESG comprises of emissions, broadband coverage and diversity and inclusion as per approved business plan. ESG will be measured over the three-year measurement period with a 25% vesting at threshold value (kick-in) and a 100% vesting at 100% of threshold value, with a straight-line vesting between the kick-in and the threshold value. ESG is only applicable for awards from December 2021.

8 EQUITY STRUCTURE (continued)

8.4 Share-based payments (continued)

MTN PSP (continued)

The following performance conditions must be fulfilled to qualify for the percentage of the shares granted as stated in the table below:

	Proportion of grant			
	2019 grant		2020 grant	
	Employee level 3 – 4 %	Employee level 5 – 6 %	Employee level 3 – 4 %	Employee level 5 – 6 %
Vesting conditions for shares granted				
Total shareholder return (TSR)	25.0	25.0	25.0	25.0
Return on Average Capital employed (ROAC)	25.0	8.3 – 25.0	–	–
Cumulative operating free cash flow (OFCF)	25.0	25.0	25.0	25.0 – 30.0
Individual retention	25.0	25.0	25.0	0.0 – 25.0
Return on equity (ROE)	–	–	25.0	25.0 – 30.0
Compliance	–	0.0 – 8.3	–	0.0 – 5.0
Black Economic Empowerment (BEE)	–	0.0 – 8.3	–	0.0 – 5.0

	Proportion of grant			
	2021 grant		**2022 grant**	
	Employee level 3 – 4 %	Employee level 5 – 6 %	**Employee level 3 – 4 %**	**Employee level 5 – 6 %**
Vesting conditions for shares granted				
Total shareholder return	25.0	25.0	**25.0**	**22.5 – 25.0**
Cumulative operating free cash flow	25.0	22.5 – 25.0	**25.0**	**22.5 – 25.0**
Return on equity	25.0	22.5 – 25.0	**25.0**	**22.5 – 25.0**
Environmental, Social and Governance	25.0	22.5 – 25.0	**25.0**	**22.5 – 25.0**
Compliance	–	0.0 – 5.0	**–**	**0.0 – 5.0**
Black Economic Empowerment	–	0.0 – 5.0	**–**	**0.0 – 5.0**

Details of the outstanding equity-settled performance share plan rights are as follows:

	Number outstanding at 31 December 2021	**Offered**	**Forfeited[1]**	**Exercised during 2022**	**Number outstanding at 31 December 2022**
Offer date					
28 December 2018	9 289 870	**–**	**–**	**(9 289 870)**	**–**
20 December 2019	11 239 126	**–**	**(873 296)**	**–**	**10 365 830**
21 December 2020	16 705 710	**–**	**(1 692 304)**	**–**	**15 013 406**
21 December 2021	7 339 281	**–**	**(689 333)**	**–**	**6 649 948**
12 December 2022	–	**10 760 000**	**(84 519)**	**–**	**10 675 481**
Total	44 573 987	**10 760 000**	**(3 339 452)**	**(9 289 870)**	**42 704 665**

[1] Forfeitures occur either when an employee leaves the employ of the Group prior to the vesting or when the vesting date conditions are not met, as determined by the scheme rules.

A valuation has been prepared using a stochastic model to determine the fair value of the PSP and the expense to be recognised for the shares granted during the current and prior periods.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

8 **EQUITY STRUCTURE** (continued)

8.4 **Share-based payments** (continued)

MTN PSP (continued)

The range of inputs into the stochastic model used for rights granted during the year was as follows:

	December 2022
Share price (R)	**131.00**
Expected life	**3 years**
Risk-free rate	**8.07% – 8.43%**
Expected volatility	**29.52% – 38.09%**
Dividend yield	**1.58%**

	December 2021
Share price (R)	158.00
Expected life	3 years
Risk-free rate	5.63% – 6.01%
Expected volatility	36.37% – 41.14%
Dividend yield	1.20%

The risk-free rate was estimated using the nominal bond curve as compiled by the JSE and obtained from I-Net Bridge.

Volatility was estimated using the weekly closing share price as provided by I-Net Bridge. An annualised standard deviation of the continuously compounded rates of return of the share and the daily dividend yield was used.

The fair value per share of the PSP granted during the year was R124.93 for non-market conditions and R91.54 for the TSR condition.

ESOP

During 2022, 75 330 (2021: 83 799) shares were granted to qualifying employees for no consideration and subject to a service condition. 694 090 shares for the 2017, 2018 and 2019 awards (2021: 654 330 shares for the 2017 and 2018 awards) vested during 2022. The shares vest in three tranches. A third will vest on the third, fourth and fifth anniversary of the grant date. The plan is facilitated through a structured entity (the 2016 MTN ESOP Trust). The Group provides shares and funding to the 2016 MTN ESOP Trust to enable the trust to satisfy its objectives.

Amounts recognised in income statement

In addition, throughout the Group there are various notional share schemes. The total expense recorded for these schemes in the current year is R148 million (2021: R365 million).

	2022 Rm	2021 Rm
Expense arising from equity-settled share-based payment transactions	**659**	710
Expense arising from cash-settled share-based payment transactions	**148**	365
Total	**807**	1 075

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION

9.1 Interest in subsidiaries and joint ventures

MTN Group

HOLDING COMPANIES

Mobile Telephone Networks Holdings Limited, South Africa	100%
MTN International Proprietary Limited, South Africa	100%

MANAGEMENT SERVICES

MTN Group Management Services Proprietary Limited, South Africa	100%

TELECOMMUNICATIONS/ISP

Swazi MTN Limited[1], eSwatini	30%

HOLDING COMPANY

MTN International (Mauritius) Limited, Mauritius	100%

TELECOMMUNICATIONS/ISP

MTN Business Solutions Botswana Proprietary Limited, Botswana	80%
WindUpco Proprietary Limited, South Africa	100%
Supersonix FTTX Proprietary Limitd, South Africa	100%
Satellite Data Networks Mauritius Proprietary Limited, Mauritius	100%
Cell Place Proprietary Limited, South Africa	100%
iTalk Cellular Proprietary Limited, South Africa	100%
MTN Network Solutions Proprietary Limited, South Africa	100%
Mobile Telephone Networks Proprietary Limited, South Africa	100%
MTN Business Solutions Proprietary Limited, South Africa	100%
MTN South Africa Foundation NPC, South Africa	100%
Chenosis Proprietary Limited, South Africa	100%

PROPERTY

Aconcagua 11 Investments Proprietary Limited, South Africa	100%
MTN Propco Proprietary Limited, South Africa	100%

ELECTRONIC SERVICES

Simfy Africa Proprietary Limited, South Africa	100%
MTN Group Fintech PTY LTD, South Africa	100%
MTN Group Fintech Fintech B.V, Netherlands	100%

STRUCTURED ENTITIES

Munyati Buffalo Zambia Limited, Zambia	100%
MTN (Mauritius) Investments Limited, Mauritius	100%

HOLDING COMPANIES

Econet Wireless Citizens Limited, Mauritius	82.8%
Deci Investments Proprietary Limited[1], Botswana	33.3%
Mobile Botswana Limited, Mauritius	100%

TELECOMMUNICATIONS/ISP

MTN Telephone Networks Cameroon Limited, Cameroon	80%
MTN Nigeria Communications Plc[6], Nigeria	75.58%
Mascom Wireless Botswana Proprietary Limited[1], Botswana	53.1%
MTN Côte d'Ivoire S.A.[3], Côte d'Ivoire	58.83%
MTN Zambia Limited[2], Zambia	78%
MTN Publicom Limited, Uganda	83.05%
MTN Rwandacell Limited, Rwanda	80%
MTN Uganda Limited, Uganda	83.05%
Visafone Communications Limited, Nigeria	75.58%
MTN Congo S.A., Republic of the Congo	100%
Irancell Telecommunication Company Services (PJSC)[1], Iran	49%
MTN Networks Solutions Limited, Cameroon	80%
XS Broadband Limited, Nigeria	75.58%
MTN Internet Services Côte d'Ivoire S.A.	58.71%
MTN Village Phone Limited, Uganda	83.05%

ELECTRONIC SERVICES

MTN Mobile Money Limited[2], Zambia	78%
Mobile Money Corporation PLC[4], Cameroon	76%
Yello digital Financial Services, Nigeria	75.58%
Mobile Money Congo, Republic of the Congo	100%
MTN Mobile Financial Services, Côte d'Ivoire[3]	58.83%
Mobile Money Rwanda Limited, Rwanda	80%
MTN Mobile Money Uganda Limited, Uganda	82.97%

[1] Joint venture.
[2] Effective shareholding of 89.8%, for accounting purposes.
[3] Effective shareholding of 66.8%, for accounting purposes.
[4] Effective shareholding of 80%, for accounting purposes.
[5] Effective shareholding of 84.28%, for accounting purposes.
[6] Effective shareholding of 75.69%, for accounting purposes.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION (continued)

9.1 Interest in subsidiaries and joint ventures (continued)

MTN Group

MTN (Dubai) Limited
Dubai
100%

HOLDING COMPANIES

Easy Dial International Limited	British Virgin Islands	100%
Investcom Telecommunications Guinea-Conakry Limited	British Virgin Islands	100%
Investcom Consortium Holding S.A.	British Virgin Islands	100%
Investcom Mobile Benin Limited	British Virgin Islands	100%
Investcom Mobile Communications Limited	British Virgin Islands	100%
Investcom Telecommunications Afghanistan Limited	British Virgin Islands	100%
MTN NIC BV	Netherlands	100%
MTN (Netherlands) BV	Netherlands	100%
MTN (Netherlands) Co-Op UA	Netherlands	100%
Investcom Global Limited	British Virgin Islands	100%
MTN Group Fintech BV	United Arab Emirates	100%
Servico SAL	Lebanon	99.97%
Progressive Tech Holdings	Mauritius	100%
Investcom International Limited	British Virgin Islands	100%
MTN REL Mauritius	Mauritius	100%
MTN Nigeria Towers SPV B.V.	Netherlands	100%

TELECOMMUNICATIONS/ISP

Lonestar Communications Corporation LLC	Liberia	60%
MTN Afghanistan Limited	Afghanistan	100%
MTN Sudan Company Limited	Sudan	85%
GlobalConnect Solutions Limited	Dubai	100%
Scancom PLC	Ghana[5]	79.28%
Areeba Guinea S.A.	Guinea-Conakry	75%
Spacetel Benin SA	Benin	75%
Spacetel Guinea-Bissau S.A.	Guinea-Bissau	100%
MTN South Sudan Limited	South Sudan	100%
Easynet Search Limited	Ghana	97.80%
MTN ICT Services PLC	Ethiopia	99.90%
MTN Business Kenya Limited	Kenya	70%

PROCUREMENT

Global Trading Company Limited	United Arab Emirates	100%
Global Sourcing Company Limited	United Arab Emirates	100%
Telecom Sourcing Services FZ-LLC	United Arab Emirates	100%
MTN Investments Limited	United Arab Emirates	100%
MTN SEA Shared Services Limited	Uganda	100%

MANAGEMENT SERVICES

Inteltec Offshore SAL	Lebanon	99.8%

STRUCTURED ENTITIES

MTN Ghana Foundation	Ghana[5]	79.28%
MTN Nigeria Foundation	Nigeria	75.58%

INTERNATIONAL BUSINESS

Interserve Overseas Limited	British Virgin Islands	100%

ELECTRONIC SERVICES

MTN Mobile Money	Benin	75%
Middle East Internet Holding S.A.R.L [1]	Luxembourg	50%
aYo Holdings Limited	Mauritius	50%
Mobile Money Limited	Ghana[5]	79.28%
Lonestar Cell MTN Mobile Money Inc	Liberia	60%
MTN Mobile Money Guinea Limited	Guinea-Conakry	75%
MTN Sudan Fintech Comp Limited	Sudan	85%
GlobalConnect FibreCo B.V	Netherlands	100%
aYo Uganda Limited	Uganda	50%
aYo Côte d'Ivoire Limited	Côte d'Ivoire	50%
aYo Insurance Brokers Limited	Cameroon	50%
aYo Intermediaries Ghana Limited	Ghana	50%
aYo Micro Insurance Limited	Nigeria	50%
aYo Rwanda Limited	Rwanda	50%
aYo Insurance Brokers Zambia Limited	Zambia	49.95%
GlobalConnect Zambia Limited	Zambia	99%
aYo Intermediaries	South Africa	50%
GlobalConnect Nigeria Infra (Pty) Ltd	Nigeria	100%
GlobalConnect Ghana Solutions Ghana Limited	Ghana	100%
MTN GlobalConnect Uganda Limited	Uganda	100%
GlobalConnect Nigeria Limited	Nigeria	100%
GlobalConnect Solutions Limited DIFC	Netherlands	100%
MTN GlobalConnect E2W Holdings Limited	(UAE)	100%

9 GROUP COMPOSITION (continued)

9.2 Investment in associates and joint ventures

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost.

The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post-acquisition accumulated profits or losses of associated companies and joint ventures in the carrying amount of the investments, which are generally determined from their latest audited Annual Financial Statements or management accounts and the annual profit attributable to the Group is recognised in profit or loss. The Group's share of any post-acquisition movement in reserves is recognised in OCI. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The carrying amount of the Group's investments in associates and joint ventures is reduced to recognise any potential impairment in the value of individual investments. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless the Group has an obligation, issued guarantees or made payments on behalf of the associate or joint venture.

Dilution gains or losses arising on investments in associates and joint ventures are recognised in profit or loss. If the ownership interest in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI is reclassified to profit or loss. Profits or losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates and joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Adjustments have been made where necessary to bring the accounting policies of the associates and joint ventures in line with those of the Group.

Non-current assets (or disposal groups) are classified as non-current assets held for sale and are stated at the lower of their carrying amounts and fair value less cost to sell when their carrying amounts are to be recovered principally through sale rather than continued use and the sale is considered to be highly probable. The Group applies equity accounting up until the date the investment meets the requirements to be classified as held for sale. Thereafter it is measured at the lower of carrying value and fair value less cost to sell in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5).

	2022 Rm	2021 Rm
Investment in associates	**103**	255
Loan and receivables to joint ventures[1]	**5 009**	—
Investment in joint ventures	**17 830**	13 593
Total investment in associates and joint ventures	**22 942**	13 848
Share of results of associates after tax	**(152)**	(74)
Share of results of joint ventures after tax	**3 521**	2 128
Total share of results of associates and joint ventures after tax	**3 369**	2 054

[1] Loans and receivables were reclassified to investments in associates and joint ventures in the current year. Refer to note 4.2.

Investment in associates

Unless otherwise stated, the Group's associates' countries of incorporation are also their principal place of operation.

The Group has the following effective interests in associates:

			Effective % interest in issued ordinary share capital	
Associate	**Principal activity**	**Country of incorporation**	**2022**	2021
Number Portability Proprietary Limited	Porting	South Africa	**20**	20
International Digital Services Middle East Limited (iME)	Telecommunications	United Arab Emirates	**29.55**	29.55

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION (continued)

9.2 Investment in associates and joint ventures (continued)

Investment in associates (continued)

	iME Rm	Other Rm	Total Rm
2021			
Balance at the beginning of the year	321	3	324
Share of results after tax	(74)	–	(74)
Share of other reserves	2	–	2
Effect of movements in exchange rates	3	–	3
Balance at the end of the year	252	3	255
2022			
Balance at the beginning of the year	**252**	**3**	**255**
Share of results after tax	**(152)**	**–**	**(152)**
Share of other reserves	**–**	**–**	**–**
Effect of movements in exchange rates	**–**	**–**	**–**
Balance at the end of the year	**100**	**3**	**103**

Summarised financial information of associates

Set out below is the summarised financial information of an associate that is material to the Group. The summarised financial information is adjusted to reflect adjustments made by the Group when applying the equity method, including fair value adjustments at acquisition and modifications for differences in accounting policy.

	iME	
	2022 Rm	2021 Rm
Summarised statement of financial position		
Total assets	**1 778**	971
Non-current assets	**142**	85
Current assets	**1 636**	886
Total liabilities	**2 404**	1 072
Non-current liabilities	**466**	181
Current liabilities	**1 938**	891
Net assets	**(626)**	(101)
% ownership interest held	**29.55**	29.55
Interest in associate	**(185)**	(30)
Adjustment up to 31 December[1]	**54**	53
Goodwill	**231**	229
Balance at the end of the year	**100**	252
Summarised income statement		
Revenue	**5 342**	2 655
Profit/(loss) before tax	**(7)**	130
Income tax expense	**(509)**	(380)
Loss after tax	**(516)**	(250)
% ownership interest held	**29.55**	29.55
Share of results after tax	**(152)**	(74)

[1] Summarised financial information presented with regard to the Group's interest in iME is as per the latest available management accounts at 30 November 2022. Preparation of financial statements at 31 December 2022 by iME was impracticable. Appropriate adjustments have been made to the Group's interest and share of results for the effects of significant transactions and events that occurred for the one month up to the reporting date.

There are no significant contingent liabilities relating to the Group's interests in these associates at the end of the current or prior year.

9 GROUP COMPOSITION (continued)

9.2 Investment in associates and joint ventures (continued)

Investment in joint ventures

Classification of significant joint arrangements

Joint arrangements are all arrangements where two or more parties contractually agree to share control of the arrangement, which only exists when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group exercises judgement in determining the classification of its joint arrangements. The Group's joint arrangements provide the Group and the other parties to the agreements with rights to the net assets of the entities. The Group has joint control over these arrangements as, under the contractual arrangements, unanimous consent is required for all decisions made with regards to the relevant activities. Judgement has been applied in determining that the following entities should be classified as joint ventures of the Group:

- Irancell (49%).
- Mascom Wireless Botswana Proprietary Limited (Mascom) (53.1%).
- Middle East Internet Holding S.A.R.L (MEIH) (50%).

The Group has the following effective interests in joint ventures:

			Effective % interest in issued ordinary share capital	
Joint venture	**Principal activity**	**Country of incorporation**	**2022**	2021
Irancell	Network operator	Iran	**49**	49
Mascom	Network operator	Botswana	**53.1**	53.1
Swazi MTN Limited	Network operator	eSwatini	**30**	30
Deci Investments Proprietary Limited (Deci Investments)	Holding company	Botswana	**33.3**	33.3
MEIH[1]	Telecommunications	Luxembourg	**50**	50
Mowali Sociate par Actions Simplifiee (Mowali)	Telecommunications	Côte d'Ivoire	**–**	50

[1] The entity operates in various countries across the Middle East.

The joint ventures listed above are unlisted and their countries of incorporation are also their principal place of operation unless otherwise indicated.

All joint ventures have a year-end consistent with that of the Company with the exception of Irancell that has a year-end of 21 December, for Group reporting purposes.

	Irancell Rm	**Mascom Rm**	**MEIH Rm**	**Other Rm**	**Total Rm**
2021					
Balance at the beginning of the year	6 936	1 879	575	592	9 982
Additions	–	–	–	24	24
Share of results after tax	1 709	428	(12)	3	2 128
Dividend income	(592)	(491)	–	(95)	(1 178)
Other comprehensive income and effect of movements in exchange rates including the effect of hyperinflation[1]	2 629	(1)	4	5	2 637
Balance at the end of the year	10 682	1 815	567	529	13 593
2022					
Balance at the beginning of the year	**10 682**	**1 815**	**567**	**529**	**13 593**
Impairments	**–**	**–**	**(193)**	**(149)**	**(342)**
Share of results after tax	**3 101**	**337**	**(23)**	**106**	**3 521**
Dividend income	**(859)**	**(286)**	**–**	**(85)**	**(1 230)**
Other comprehensive income and effect of movements in exchange rates including the effect of hyperinflation[1]	**2 279**	**21**	**2**	**(14)**	**2 288**
Balance at the end of the year	**15 203**	**1 887**	**353**	**387**	**17 830**

[1] Refer to note 1.3.3 for the Group's accounting policy with regard to those entities whose functional currency is the currency of a hyperinflationary economy.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 **GROUP COMPOSITION** (continued)

9.2 **Investment in associates and joint ventures** (continued)

Investment in joint ventures (continued)

Summarised financial information of joint ventures

Set out below is the summarised financial information of each joint venture that is material to the Group. The summarised financial information is adjusted to reflect adjustments made by the Group when applying the equity method including fair value adjustments at acquisition and modifications for differences in accounting policy.

	Irancell		Mascom	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Summarised statement of financial position				
ASSETS				
Non-current assets	**48 502**	35 068	**2 719**	2 437
Property, plant and equipment	**41 766**	30 633	**1 218**	1 484
Intangible assets	**3 150**	2 996	**934**	193
Right-of-use assets	**1 106**	569	**552**	745
Investment property	**138**	68	**15**	15
Loans and other non-current receivables	**1 245**	41	**–**	–
Investment in associate	**413**	330	**–**	–
Capitalised contract costs	**684**	431	**–**	–
Current assets	**5 819**	5 968	**855**	1 015
Inventories	**270**	127	**45**	16
Trade and other receivables	**3 384**	2 204	**130**	189
Current investments	**779**	7	**–**	–
Restricted cash	**30**	53	**–**	–
Cash and cash equivalents	**1 356**	3 577	**656**	789
Contract assets	**–**	–	**24**	21
Total assets	**54 321**	41 036	**3 574**	3 452
LIABILITIES				
Non-current liabilities	**6 827**	4 260	**912**	936
Deferred tax liabilities	**6 305**	3 930	**110**	96
Provisions	**284**	233	**–**	–
Other non-current liabilities	**3**	2	**802**	13
Lease liabilities	**235**	95	**–**	827
Current liabilities	**16 492**	15 005	**713**	717
Trade and other payables	**12 347**	11 398	**658**	703
Provisions	**415**	274	**–**	–
Taxation liabilities	**965**	635	**55**	14
Borrowings	**992**	1 370	**–**	–
Lease liabilities	**173**	131	**–**	–
Dividends payable	**1 600**	1 197	**–**	–
Total liabilities	**23 319**	19 265	**1 625**	1 653
Total net assets	**31 002**	21 771	**1 949**	1 799
% ownership interest held	**49**	49	**53.1**	53.1
Interest in joint venture excluding goodwill	**15 191**	10 668	**1 035**	955
Goodwill	**12**	14	**852**	860
Balance at the end of the year	**15 203**	10 682	**1 887**	1 815

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION (continued)

9.2 **Investment in associates and joint ventures** (continued)

Investment in joint ventures (continued)

Summarised financial information of joint ventures (continued)

	Irancell		Mascom	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Summarised income statement				
Revenue	**20 225**	15 968	**2 119**	2 227
Other income	**50**	9	**1**	17
Operating expenses	**(11 932)**	(10 192)	**(1 048)**	(941)
Depreciation of property, plant and equipment	**(5 762)**	(4 581)	**(200)**	(228)
Amortisation of intangible assets	**(992)**	(766)	**(157)**	(118)
Finance income	**524**	720	**161**	82
Finance costs	**(140)**	(235)	**(57)**	(71)
Net monetary gain[1]	**4 896**	2 892	**–**	17
Share of results of associate after tax	**12**	(10)	**–**	–
Profit before tax	**6 881**	3 805	**819**	985
Income tax (expense)/income	**(553)**	(317)	**(184)**	(179)
Profit after tax	**6 328**	3 488	**635**	806
% ownership interest held	**49**	49	**53.1**	53.1
Share of results after tax	**3 101**	1 709	**337**	428

[1] The economy of Iran was assessed to be hyperinflationary effective 1 January 2020, and hyperinflation accounting has since been applied. Upon first application of hyperinflation, net prior period gains were recognised directly in equity.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 **GROUP COMPOSITION** (continued)

9.2 **Investment in associates and joint ventures** (continued)

Investment in joint ventures (continued)

Summarised financial information of joint ventures (continued)

	MEIH 2022 Rm	MEIH 2021 Rm
Summarised statement of financial position		
ASSETS		
Non-current assets	**5**	2
Property, plant and equipment	**5**	2
Current assets	**634**	520
Trade and other receivables	**19**	24
Other current receivables	**55**	49
Cash and cash equivalents	**560**	447
Total assets	**639**	522
LIABILITIES		
Non-current liabilities	**12**	21
Borrowings	**–**	13
Other non-current liabilities	**12**	8
Current liabilities	**265**	146
Trade and other payables	**20**	17
Contract liabilities	**24**	6
Provisions	**147**	54
Other current liabilities	**74**	69
Total liabilities	**277**	167
Net assets	**362**	355
Non-controlling interest	**3**	96
Attributable to equity holders of the Company	**365**	451
% ownership interest held	**50**	50
Interest in joint venture excluding goodwill	**183**	226
Adjustment up to 31 December[1]	**160**	138
Goodwill	**10**	203
Balance at the end of the year	**353**	567
Summarised income statement		
Revenue	**225**	240
Other income	**—**	11
Operating expenses	**(271)**	(273)
Net monetary gain	**3**	–
Finance cost	**(2)**	–
Loss before tax	**(45)**	(22)
Income tax expense	**(2)**	(2)
Loss after tax	**(47)**	(24)
% ownership interest held	**50**	50
Share of results after tax	**(23)**	(12)

[1] Summarised financial information presented with regard to the Group's interest in MEIH is as per the latest available management accounts at 30 November 2022 (2021: 30 November 2021). Preparation of financial statements at 31 December 2022 by MEIH was impracticable. Appropriate adjustments have been made to the Group's interest and share of results for the effects of significant transactions and events that occurred for the one month up to the reporting date.

9 GROUP COMPOSITION (continued)

9.2 Investment in associates and joint ventures (continued)

Investment in joint ventures (continued)

Commitments relating to joint ventures

Commercial commitments

Irancell

The investment in Irancell is subject to a number of sovereign, regulatory and commercial risks, which could result in the Group failing to realise full market value of 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.

Capital commitments	2022 Rm	2021 Rm
Share of capital commitments of joint ventures not yet incurred at the reporting date:		
Contracted	**932**	1 093
– Property, plant and equipment	**903**	1 031
– Software	**29**	62
Authorised but not contracted	**2 144**	1 428
– Property, plant and equipment	**1 982**	1 265
– Software	**162**	163
	3 076	2 521

Contingent liabilities relating to joint ventures

There are no material contingent liabilities relating to the Group's interests in its joint ventures during the current or prior year.

Licences

Licences awarded to the joint ventures are set out below:

Licence agreements	Type	Granted/renewed	Term
Irancell	GSM	07/10/2021	5 years
	TDD-LTE	21/03/2021	7 years
Mascom	900MHz	01/09/2018	15 years
	1 800MHz	01/09/2018	15 years
	2 100MHz	01/09/2018	15 years
	2 600MHz	01/09/2018	15 years
Swazi MTN Limited	Electronic Communications Network Licence	28/11/2018	10 years
	Electronic Communications Service Licence	28/11/2018	10 years
	800MHz	01/04/2022	Renewable annually
	900MHz	01/04/2022	Renewable annually
	1 800MHz	01/04/2022	Renewable annually
	2 100MHz	01/04/2022	Renewable annually

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION (continued)

9.3 Joint operations

In respect of its interest in joint operations, the Group recognises in its financial statements its share of the assets jointly held, classified according to the nature of the assets, any liabilities that it has incurred, its share of any liabilities incurred jointly with the other joint operators in relation to the joint operation, any income from the sale or use of its share of the output of the joint operation, together with its share of any expenses incurred by the joint operation and any expenses that it has incurred in respect of its interest in the joint operation.

When the Group acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised in profit or loss. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

When the Group increases its interest in a joint operation in which the activity of the joint operation constitutes a business, by acquiring an additional interest in the joint operation, the Group's previously held interests in the joint operation are not remeasured if the joint operator retains joint control.

The Group has entered into agreements with several other companies to construct high-capacity fibre optic submarine cable systems.

The Group has the following interests in jointly controlled operations:

	Ownership interest held	
	2022 %	2021 %
Joint operation		
Europe India Gateway Submarine Cable System	**6.72**	6.72
West Africa Cable System	**11.14**	11.14
EASSy Cable System	**16.28**	15.99
Africa Coast to Europe Cable system	**9.61**	9.93

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION (continued)

9.4 Changes in shareholding

9.4.1 Prior year changes in shareholding

9.4.1.1 Disposal of BICS

In 2021, the Group concluded an agreement to sell its 20% shareholding in BICS. The transaction closed 24 February 2021 and the Group received net cash proceeds of EUR99.1 million (R1.8 billion[1]) and realised a profit of R1.2 billion, mainly comprising of reclassified FCTR gains. The reclassified FCTR gains form part of earnings per share but have no impact on headline earnings per share, equity and cash flows.

In 2021, the Group recognised revenue to the amount of R267 million from transactions with BICS and incurred expenses to the amount of R95 million for interconnect, roaming and other services received from the associate.

9.4.1.2 Initial public offering of MTN Uganda

The Group disposed of 2 902 003 800 shares in MTN Uganda to the public as part of an IPO following which MTN Uganda listed on the Uganda Securities Exchange. This took the Group's shareholding from 96% to 83.05%. Proceeds generated from the sale of shares, net of transaction costs, amounted to UGX522.9 billion (R2.3 billion[1]) which has been included in cash flows from financing activities. The share allocation was finalised on 6 December 2021 and resulted in a net gain of R1.8 billion that was recognised in equity as a transaction with non-controlling interests.

[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.

9.4.1.3 Loss of control of MTN Syria

On 25 February 2021, the Administrative Court of Damascus placed MTN Syria under judicial guardianship, appointing the chairman of TeleInvest as the judicial guardian with the responsibility for managing MTN Syria's day-to-day operations. The appointment of the judicial guardian significantly reduced the Group's ability to direct relevant activities in MTN Syria and therefore the Group lost control over MTN Syria on this date. MTN Syria was presented as part of the MENA cluster in the segment information (note 2.1) up to the date control was lost.

On loss of control the Group recognised its 75% shareholding in MTN Syria as a financial instrument at fair value. Given the appointment of the judicial guardian and the related shift of power from the majority shareholder to the judicial guardian, the fair value of the shares was determined to be negligible. Subsequently, on 12 August 2021 the Group has exited Syria through abandonment of the operation.

Included in the 2021 Group results is R308 million revenue representing 0.2% of the Group's total revenue and R105 million CODM EBITDA[1] representing 0.1% of the Group's CODM EBITDA relating to MTN Syria up to the date control was lost. These amounts exclude the impact of hyperinflation.

[1] CODM EBITDA is defined in note 2.1.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION (continued)

9.4 Changes in shareholding (continued)

9.4.1 Prior year changes in shareholding (continued)

9.4.1.3 Loss of control of MTN Syria (continued)

The carrying amounts of the assets and liabilities as at the date of loss of control were:

	Rm
Property, plant and equipment	1 095
Right-of-use assets	133
Intangible assets	381
Trade receivables and other current assets	508
Cash and cash equivalents	228
Total assets	**2 345**
Deferred tax and other non-current liabilities	387
Current liabilities	694
Total liabilities	**1 081**
Net carrying amount of assets	(1 264)
Non-controlling interests derecognised	240
Reclassification of foreign currency translation reserve including hyperinflation	(3 696)
Fair value of remaining interest held in MTN Syria	–
Loss on deconsolidation of subsidiary	**(4 720)**
Cash and cash equivalents in MTN Syria	228
Cash derecognised on loss of control	**228**

9.4.1.4 Exit in Yemen

During 2021, the Group initiated a process to exit Yemen, in accordance with its MENA exit strategy. The Group did not expect to recover any of its investment in MTN Yemen through ongoing operations until the date of exit and therefore the recoverable amount of the CGU was considered to be negligible.

The Group recognised the following impairment losses during 2021:

	Rm
Impairment of goodwill	550
Impairment of property, plant and equipment	453
Impairment of intangible assets	60
Impairment of right-of-use assets	96
	1 159

Effective 17 November 2021, the Group exited Yemen (including MTN Yemen and associated companies) by way of a transfer of its shareholding in Investcom Telecommunications Yemen Limited (MTN Yemen's direct holding company) to Emerald for one United Arab Emirates dirham*. Emerald is a subsidiary of Zubair Investment Center LLC, an affiliate of Zubair Corporation LLC, which is the minority shareholder in MTN Yemen. The decision to exit Yemen was driven by a need to simplify the portfolio, reduce risk and focus on executing a pan-African strategy.

* Amounts less than R1 million.

9 GROUP COMPOSITION (continued)

9.4 Changes in shareholding (continued)

9.4.1 Prior year changes in shareholding (continued)

9.4.1.4 Exit in Yemen (continued)

The carrying amounts of the assets and liabilities as at the date of exit were:

	Rm
Property, plant and equipment	141
Right-of-use assets	30
Intangible assets	20
Trade receivables and other current assets	1 108
Restricted cash	35
Cash and cash equivalents	900
Total assets	**2 234**
Deferred tax and other non-current liabilities	75
Taxation liabilities	524
Other current liabilities	1 461
Total liabilities	**2 060**
Net carrying amount of assets	(174)
Non-controlling interests derecognised	6
Total share transfer consideration – cash	*
Reclassification of foreign currency translation reserve	183
Gain on disposal of subsidiary[1]	**15**
Net cash:	
Cash received	*
Less: Cash and cash equivalents in MTN Yemen and associated entities	900
Net cash deconsolidated	**900**

[1] Included in other income in the Group income statement.
* Amounts less than R1 million.

Included in the 2021 Group results is R1 924 million revenue representing 1.1% of the Group's total revenue and R277 million CODM EBITDA[1] representing 0.3% of the Group's CODM EBITDA relating to MTN Yemen up to the date of exit.

[1] CODM EBITDA is defined in note 2.1.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION (continued)

9.4 Changes in shareholding (continued)

9.4.1 Prior year changes in shareholding (continued)

9.4.1.5 aYo Holdings Limited (aYo)

Acquisition of subsidiary

aYo is a micro-insurance fintech firm. On 30 June 2021, the Group subscribed for additional shares in aYo for R1 thousand. As a result, the Group's equity interest in aYo increased from 50% to 75%, resulting in the Group obtaining control of aYo. Taking control of aYo will allow the Group to grow its micro-insurance business.

Identifiable assets acquired and liabilities assumed at acquisition are as follows:

	Fair value Rm
Property, plant and equipment	12
Right-of-use assets	3
Intangible assets	24
Deferred tax assets	1
Trade receivables and other current assets	89
Cash and cash equivalents	68
Total assets	**197**
Lease liabilities – non-current	2
Borrowings – current	203
Trade payables and other current liabilities	57
Total liabilities	**262**
Net identifiable liabilities acquired	**(65)**

Goodwill arising from acquisition has been recognised as follows:

	Rm
Total consideration transferred	*
Non-controlling interests, based on their proportionate share of recognised amounts of assets and liabilities in aYo	(18)
Fair value of existing interest in aYo[1]	526
Fair value of identifiable net assets	65
Goodwill	**573**

[1] Included in other income in the Group income statement.

* Amounts less than R1 million.

Remeasurement of the Group's existing 50% interest in aYo resulted in a R526 million gain. The goodwill is attributable to the previously unrecognised costs of researching the market approach, product innovation, developing distribution channels and developing a business model for a successful micro-insurance business and the anticipated high-revenue growth of the entity. None of the goodwill is expected to be deductible for tax purposes.

Following aYo's acquisition on 30 June 2021, the acquired business contributed revenue and loss after tax of R47 million and R86 million respectively to the Group for the year ended 31 December 2021. Had the acquisition occurred on 1 January 2021, the Group's consolidated revenue and consolidated profit after tax for the period ended 31 December 2021 would have been R181 703 million and R16 870 million respectively.

9 GROUP COMPOSITION (continued)

9.4 Changes in shareholding (continued)

9.4.1 Prior year changes in shareholding (continued)

9.4.1.5 aYo Holdings Limited (aYo) (continued)

Acquisition of subsidiary (continued)

The fair value of the Group's existing 50% interest in aYo was determined using a model considered to be appropriate by management, due to the absence of transactions between market participants. The fair value was calculated using cash flow projections for the next eight years. Cash flows beyond this were extrapolated at an estimated growth rate of 2.3%. The cash flows were discounted at 17%, which reflects both the time value of money and other specific risks related to aYo. Due to the significant unobservable inputs included in this fair value measurement, it has been classified as level 3 of the fair value hierarchy.

Transaction with non-controlling interest

Effective 1 September 2021, the Group subscribed for an additional 25% shares in aYo. As a result, the Group's equity interest in aYo increased from 75% to 100% on this date. As the Group already controlled aYo prior to the increase in ownership interest to 100%, the acquisition of the additional 25% shares has been accounted for as an equity transaction at a purchase consideration of US$17 million (R255 million[1]).

[1] Translated at the effective date of acquisition. Acquisition cash outflows per the statement of cash flows are translated at the spot rate on the date of payment.

9.4.2 Current year changes in shareholding

9.4.2.1 Disposal of MTN Nigeria shares

On 31 January 2022, the Group disposed of 661.25 million shares in MTN Nigeria following a secondary offer. This took the Group's shareholding from 78.83% to 75.58%. Proceeds generated from the sale of shares, net of taxes and transaction costs amounted to NGN97.6 billion (R3.4 billion translated at the effective date). R1 970 million has been received in cash to date. This resulted in a net gain of R3 billion that was recognised in equity as a transaction with non-controlling interest.

9.4.2.2 Disposal of aYo shares

The Group entered into a transaction to dispose of 50% of the shares held in aYo. The sale was subject to a number of conditions precedent which were met on 28 October 2022 and the sale became effective. This took the Group's shareholding from 100% to 50%. The Group retained control in aYo through a shareholder's agreement. The agreement gives the Group power over the detailed business plans which enables the Group to direct the relevant activities of aYo. Proceeds generated from the sale of the shares, before transaction costs amounted to US$40 million (R735 million[1]). This resulted in a net gain of R293 million that was recognised in equity as a transaction with non-controlling interest.

[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.

9.4.2.3 MTN Ghana localisation

In April 2022, the Group concluded the transfer of a 5% interest in MTN Ghana to Ghanaian citizens as part of the Group's localisation strategy. The shares are held through five separate special purpose vehicles (Ghana SPVs).

The Ghana SPVs acquired 614 523 715 of MTN Ghana's shares at a price of GHS0.90 per share for a total consideration of R1 122 million. The acquisition of these shares was funded through equity contributions from the Ghana SPVs shareholders and vendor loans provided by MTN (Dubai) Limited (MTN Dubai).

The Ghana SPVs must repay the vendor loans using dividends on the MTN Ghana shares over a period of 10 years before the shares become unencumbered. Consequently, the Group does not recognise a non-controlling interest for the MTN Ghana shares legally sold to the Ghana SPVs and consolidates the Ghana SPVs until the vendor loans are fully repaid.

The transactions have been accounted for as equity-settled share-based payment transactions in accordance with IFRS 2 *Share-based Payments* and the Group recognised an expense of R85 million in profit or loss, with a corresponding entry in equity.

9.4.2.4 MTN Afghanistan

On 20 June 2022, the Group received a binding offer for the sale of MTN Afghanistan for a consideration of approximately US$25 million (R434 million[1]) on a discounted basis. MTN Dubai and MINT Trading Middle East Limited (a 100% subsidiary of M1 Group Limited) have subsequently signed a sale and purchase agreement on 10 March 2023, which is subject to conditions precedent. The Group expects the sale to be concluded during the second half of 2023. Accordingly, MTN Afghanistan's assets and liabilities have been presented as held for sale.

An impairment loss of R1 263 million after writing down the carrying amount of the disposal group to its fair value less costs to sell has been recognised in profit or loss. MTN Afghanistan is presented as part of the MENA cluster in the segment information (note 2.1). On disposal of MTN Afghanistan, accumulated foreign currency translation reserve (FCTR) gains will be reclassified to profit and loss. As at 31 December 2022, MTN Afghanistan's accumulated FCTR gain was R696 million.

[1] Translated at the closing exchange at 31 December 2022 of US$1 = R17.0471.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION (continued)

9.4 Changes in shareholding (continued)

9.4.2 Current year changes in shareholding (continued)

9.4.2.4 *MTN Afghanistan (continued)*

The carrying amounts of assets and liabilities that have been reclassified to non-current assets held for sale as at 31 December 2022 were:

	Rm
Property, plant and equipment	**449**
Right-of-use assets	**245**
Intangible assets	**151**
Deferred tax asset	**43**
Trade receivables and other current assets	**518**
Cash and cash equivalents	**546**
Total assets	**1 952**
Current liabilities	**1 135**
Lease liabilities	**383**
Total liabilities	**1 518**
Net carrying amount of assets held for sale	**434**

9.5 Interest in subsidiaries

The subsidiaries in which MTN Group Limited has direct and indirect interests are set out in note 9.1. A summary of the Group's subsidiaries with material non-controlling interests is presented below.

		Non-controlling interests	
Subsidiary	**Principal place of business**	**2022 Rm**	2021 Rm
MTN Nigeria	Nigeria	**3 018**	2 108
MTN Côte d'Ivoire	Côte d'Ivoire	**1 087**	1 054
MTN Ghana	Ghana	**1 581**	2 075
MTN Guinea-Conakry	Guinea-Conakry	**(1 646)**	(1 330)
MTN Uganda	Uganda	**800**	734
Other		**902**	(706)
		5 742	3 935

9 GROUP COMPOSITION (continued)

9.5 Interest in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below and on the next page is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. Unless otherwise stated, the Group's subsidiaries' countries of incorporation are also their principal places of operation. The summarised financial information presented is before intercompany eliminations.

	MTN Nigeria		MTN Côte d'Ivoire		MTN Ghana	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm	**2022 Rm**	2021 Rm
% ownership interest held by non-controlling interests	**24.31**	21.17	**33.17[1]**	33.17[1]	**15.72**	14.51
Summarised statement of financial position						
Non-current assets[2]	**71 868**	62 586	**9 605**	9 715	**11 471**	15 557
Current assets	**29 327**	22 459	**4 502**	3 979	**24 109**	28 702
Total assets	**101 195**	85 045	**14 107**	13 694	**35 580**	44 259
Non-current liabilities	**44 355**	40 915	**2 618**	1 713	**3 437**	5 585
Current liabilities	**44 430**	34 171	**8 211**	8 802	**22 959**	27 650
Total liabilities	**88 785**	75 086	**10 829**	10 515	**26 396**	33 235
Summarised income statement						
Revenue	**77 260**	60 050	**8 918**	8 903	**18 031**	19 187
Profit before tax	**20 471**	15 847	**823**	774	**7 494**	7 082
Income tax expense	**(6 718)**	(4 990)	**(338)**	(245)	**(2 273)**	(2 109)
Profit after tax	**13 753**	10 857	**485**	529	**5 221**	4 973
Profit attributable to non-controlling interests	**3 343**	2 298	**161**	175	**821**	722
Dividends attributable to non-controlling interests	**2 590**	1 563	**119**	77	**390**	345
Summarised statement of cash flows						
Net cash generated from operating activities	**21 776**	20 834	**1 555**	2 284	**6 753**	5 727
Net cash used in investing activities	**(18 425)**	(15 450)	**(1 591)**	(553)	**(3 707)**	(3 269)
Net cash (used in)/generated from financing activities	**1 067**	(5 169)	**(105)**	(1 481)	**(1 375)**	(1 589)
Net increase/(decrease) in cash and cash equivalents	**4 418**	215	**(141)**	250	**1 671**	869
Net cash and cash equivalents at the beginning of the year	**9 828**	10 112	**668**	391	**2 514**	1 668
Exchange (losses)/gains on cash and cash equivalents	**(1 315)**	(481)	**10**	27	**(1 635)**	(8)
Net cash and cash equivalents at the end of the year	**12 931**	9 846	**537**	668	**2 550**	2 529

[1] The non-controlling interests hold 41.17% of the issued ordinary share capital of MTN Côte d'Ivoire. However, the effective ownership for accounting purposes is 33.17% due to outstanding funding provided by the Group to the non-controlling interests to acquire ordinary share capital in MTN Côte d'Ivoire.

[2] In addition to the assets included in the summarised financial information, R3 396 million (2021: R2 692 million) of goodwill is recognised in the Group statement of financial position in relation to MTN Côte d'Ivoire and R2 146 million (2021: R3 912 million) of goodwill is recognised in the Group statement of financial position in relation to MTN Ghana.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

9 GROUP COMPOSITION (continued)

9.5 Interest in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

	MTN Uganda		MTN Guinea-Conakry	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
% ownership interest held by non-controlling interests	**16.95**	16.95	**25**	25
Summarised statement of financial position				
Non-current assets	**10 699**	8 754	**1 968**	1 116
Current assets	**7 480**	6 044	**1 264**	1 031
Total assets	**18 179**	14 798	**3 232**	2 147
Non-current liabilities	**4 834**	3 663	**4 232**	3 591
Current liabilities	**9 202**	7 385	**5 583**	3 874
Total liabilities	**14 036**	11 048	**9 815**	7 465
Summarised income statement				
Revenue	**10 126**	8 549	**1 668**	1 505
Profit/(loss) before tax	**2 627**	2 036	**(754)**	(276)
Income tax expense	**(821)**	(625)	**(1)**	–
Profit/(loss) after tax	**1 806**	1 411	**(755)**	(276)
Profit/(loss) attributable to non-controlling interests	**306**	80	**(129)**	(69)
Dividends attributable to non-controlling interests	**171**	37	**–**	–
Summarised statement of cash flows				
Net cash generated from operating activities	**2 315**	2 291	**383**	271
Net cash used in investing activities	**(1 293)**	(1 265)	**(595)**	(154)
Net cash used in financing activities	**(925)**	(404)	**278**	(52)
Net increase/(decrease) in cash and cash equivalents	**97**	622	**66**	65
Net cash and cash equivalents at the beginning of the year	**805**	202	**68**	14
Exchange (losses)/gains on cash and cash equivalents	**(24)**	(19)	**5**	10
Net cash and cash equivalents at the end of the year	**878**	805	**139**	89

10 RELATED PARTIES

10.1 Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, 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 Group's Executive Committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

	2022 Rm	2021 Rm
Key management compensation		
Salaries and other short-term employee benefits	**93**	125
Post-employment benefits	**7**	10
Share gains	**140**	31
Other benefits	**8**	36
Bonuses	**77**	119
Total	**325**	321

Details of directors' remuneration are disclosed in note 10.2 of the financial statements.

Subsidiaries
Details of investments in subsidiaries are disclosed in note 9.1 of the financial statements.

Changes in shareholding
Details of changes in shareholding are disclosed in note 9.4 of the financial statements.

Joint ventures and associates
Details of the Group's investments in and share of results and dividend income from its joint ventures and associates are disclosed in note 9.2 of the financial statements.

Details of transactions and balances with joint ventures and associates are set out below:

	Joint ventures		**Associates**	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Balances outstanding at 31 December				
Loans receivable	**5 009**	1 882	**–**	–
Trade receivables	**930**	3 079	**240**	225
Trade payables	**331**	317	**–**	–
Transactions for the year ended 31 December				
Revenue generated	**46**	20	**–**	267
Expenses incurred	**29**	13	**–**	95
Interest income	**56**	27	**1**	–
Dividends declared	**1 230**	1 178	**–**	–

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

10 RELATED PARTIES (continued)

10.1 Related party transactions (continued)

Shareholders

The principal shareholders of the Company are disclosed in Annexure 1, which is unaudited.

10.2 Emoluments, equity compensation and dealings in ordinary shares

Directors' emoluments and related payments

2022	Date appointed	Salaries R'000	Post-employment benefits R'000	Other benefits* R'000	Bonuses R'000	Sub-total R'000	Share gains** R'000	Total R'000
Executive directors								
RT Mupita	03/04/2017	**16 439**	**772**	**616**	**21 933**	**39 760**	**37 700**	**77 460**
TBL Molefe	01/04/2021	**8 149**	**1 123**	**374**	**10 169**	**19 815**	**–**	**19 815**
Total		**24 588**	**1 895**	**990**	**32 102**	**59 575**	**37 700**	**97 275**

* Includes medical aid, expense allowances and unemployment insurance fund.

** Pre-tax gains on equity-settled share-based payments.

2021	Date appointed	Salaries R'000	Post-employment benefits R'000	Other benefits* R'000	Bonuses R'000	Sub-total R'000	Share gains** R'000	Total R'000
Executive directors								
RT Mupita	03/04/2017	15 406	701	961	28 966	46 034	5 276	51 310
TBL Molefe	01/04/2021	6 475	708	5 778[@]	10 978	23 939	–	23 939
Total		21 881	1 409	6 739	39 944	69 973	5 276	75 249

* Includes medical aid, expense allowances and unemployment insurance fund.

** Pre-tax gains on equity-settled share-based payments.

@ Includes a payment made *in lieu* of forfeiture of performance bonus from previous employer.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

10 RELATED PARTIES (continued)

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

Directors' emoluments and related payments (continued)

2022	Date appointed	Retainer# R'000	Attendance# R'000	Special Board R'000	Strategy session R'000	*Ad hoc* work R'000	Total R'000
Non-executive directors							
MH Jonas	01/06/2018	**3 150**	**1 114**	**40**	**521**	**9**	**4 834**
SN Mabaso-Koyana	01/09/2020	**407**	**702**	**66**	**218**	**91**	**1 484**
NP Gosa	01/04/2021	**396**	**743**	**53**	**218**	**82**	**1 492**
PB Hanratty+	01/08/2016	**270**	**337**	**44**	**218**	**26**	**895**
S Kheradpir+	08/07/2015	**1 576**	**930**	**44**	**408**	**79**	**3 037**
SP Miller+	01/08/2016	**1 489**	**1 048**	**40**	**408**	**79**	**3 064**
KDK Mokhele	01/07/2018	**615**	**838**	**40**	**290**	**9**	**1 792**
CWN Molope	01/04/2021	**380**	**685**	**66**	**218**	**82**	**1 431**
T Pennington**+	01/08/2022	**843**	**634**	**39**	**–**	**22**	**1 538**
VM Rague+	01/07/2019	**1 728**	**1 117**	**22**	**408**	**87**	**3 362**
SLA M Sanusi+	01/07/2019	**1 529**	**1 128**	**57**	**408**	**70**	**3 192**
NL Sowazi	01/08/2016	**434**	**781**	**44**	**218**	**26**	**1 503**
BS Tshabalala^	01/06/2018	**185**	**131**	**4**	**–**	**38**	**358**
Total		**13 002**	**10 188**	**559**	**3 533**	**700**	**27 982**

\+ Fees have been paid in euros.
\# Retainer and attendance fees include fees for board and committee representation and meetings.
** Appointed on 1 August 2022.
^ Retired on 28 May 2022.

2021	Date appointed	Retainer# R'000	Attendance# R'000	Special board R'000	Strategy session R'000	*Ad hoc* work R'000	Total R'000
Non-executive directors							
MH Jonas	01/06/2018	3 135	917	547	1 271	–	5 870
SN Mabaso-Koyana	01/09/2020	376	535	244	315	75	1 545
NP Gosa^	01/04/2021	292	494	185	290	9	1 270
PB Hanratty+	01/08/2016	275	326	230	218	66	1 115
S Kheradpir+	08/07/2015	1 603	882	443	616	9	3 553
AT Mikati†^^	18/07/2006	771	359	166	139	18	1 453
SP Miller+	01/08/2016	1 516	924	443	616	9	3 508
KDK Mokhele	01/07/2018	582	767	330	379	9	2 067
CWN Molope^	01/04/2021	250	417	95	290	75	1 127
VM Rague+	01/07/2019	1 760	998	438	616	18	3 830
SLA M Sanusi+	01/07/2019	1 516	924	443	616	68	3 567
NL Sowazi	01/08/2016	395	600	230	218	66	1 509
BS Tshabalala	01/06/2018	373	548	153	290	9	1 373
Total		12 844	8 691	3 947	5 874	431	31 787

\+ Fees have been paid in euros.
\# Retainer and attendance fees include fees for board and committee representation and meetings.
^ Appointed on 1 April 2021.
^^ Retired on 28 May 2021.
† Fees paid to M1 Limited

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

10 RELATED PARTIES (continued)

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

Prescribed officers' emoluments and related payments

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

2022	Salaries R'000	Post-employment benefits R'000	Other benefits# R'000	Bonuses R'000	Sub-total R'000	Share gains** R'000	Total R'000
Prescribed officers							
E Asante	**11 312**	**1 548**	**2 374**	**8 823**	**24 057**	**27 520**	**51 577**
C Molapisi	**7 855**	**848**	**918**	**8 770**	**18 391**	**9 248**	**27 639**
J Schulte-Bockum	**11 025**	**1 149**	**686**	**15 112**	**27 972**	**42 882**	**70 854**
K Toriola	**10 441**	**1 296**	**3 368**	**12 496**	**27 601**	**22 596**	**50 197**
Total	**40 633**	**4 841**	**7 346**	**45 201**	**98 021**	**102 246**	**200 267**

Includes medical aid and unemployment insurance fund.

** Pre-tax gains on equity-settled share-based payments.

2021	Salaries R'000	Post-employment benefits R'000	Other benefits# R'000	Bonuses R'000	Sub-total R'000	Share gains*** R'000	Total R'000
Prescribed officers							
E Asante	10 321	2 167	3 759	9 464	25 711	4 789	30 500
Y Cuba*	7 091	777	3 885**	7 309	19 062	–	19 062
I Jaroudi	11 196	990	2 034	9 675	23 895	2 097^^	25 992
F Moolman	7 423	799	1 557	9 596	19 375	4 212	23 587
G Motsa	7 614	827	11 982@	8 370	28 793	4 441^^	33 234
PD Norman	6 246	684	256	7 884	15 070	2 574	17 644
S Perumal^	1 311	119	80	–	1 510	–	1 510
J Schulte-Bockum	9 930	1 039	753	14 899	26 621	4 046	30 667
K Toriola	9 870	934	5 295	11 359	27 458	3 586	31 044
Total	71 002	8 336	29 601	78 556	187 495	25 745	213 240

Includes medical aid and unemployment insurance fund.

* Appointed as prescribed officer on 1 January 2021.

** Other benefits include a payment made *in lieu* of forfeiture of participation in share schemes from previous employer.

*** Pre-tax gains on equity-settled share-based payments.

^ Ceased to be acting GCFO on 31 March 2021.

^^ In accordance with the minimum shareholding requirements policy, the prescribed officer has elected to commit 100% of his vested PSP's to meet the targeted minimum shareholding.

@ Includes compensation comprising of notice pay and a restraint of trade payment.

10 RELATED PARTIES (continued)

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

Directors, prescribed officers and Company Secretary of the MTN Group Limited's shareholding and dealings in ordinary shares

	December 2022	December 2021	**Beneficial**
RT Mupita[1]	**601 830**	473 522	Direct
RT Mupita	**680**	680	Indirect
SN Mabaso-Koyana	**744**	744	Direct
Y Cuba[2]	**N/A**	500	Direct
Y Cuba[2]	**N/A**	91 000	Indirect
I Jaroudi[2]	**N/A**	33 670	Direct
S Miller	**7 500**	7 500	Direct
G Motsa[3]	**N/A**	77 686	Direct
PD Norman[2]	**N/A**	10 000	Indirect
PD Norman[2]	**N/A**	23 185	Direct
J Schulte-Bockum	**50 000**	50 000	Direct
PT Sishuba-Bonoyi	**2 201**	2 201	Direct
BS Tshabalala[4]	**N/A**	1 004	Indirect
C Molapisi[5]	**52 700**	N/A	Direct
TBL Molefe	**14 819**	–	Direct
P Hanratty[6]	**20 000**	20 000	Direct
Total	**750 474**	791 692	

[1] Includes 291 200 shares (2021: 291 200) held in American Depository Receipt. These shares were previously disclosed separately, but have been included in the table above in the current year. Comparatives have been re-presented accordingly.
[2] Ceased to be a prescribed officer on 1 January 2022.
[3] Resigned in 31 December 2021.
[4] Retired on 25 May 2022.
[5] Became a prescribed officer on 1 January 2022.
[6] Includes 20 000 (2021: 20 000) held in American Depository Receipt shares. These shares were previously disclosed separately, but have been included in the table above in the current year. Comparatives have been re-presented accordingly.

Subsequent to year-end, up to and including 10 March 2023, there were no changes in the directors' beneficial interest in MTN Group.

Directors, prescribed officers and Company Secretary of the MTN Group Limited's shareholding relating to MTN Zakhele Futhi

Beneficiary	**December 2022**	December 2021	**Beneficial**
RT Mupita	**33 562**	33 562	Indirect
SN Mabaso-Koyana	**50 000**	50 000	Indirect
Total	**83 562**	83 562	

Subsequent to year end, up to and including 10 March 2023, there were no changes in the directors' beneficial interest in MTN Zakhele Futhi.

Notes to the Group financial statements (continued)

for the year ended 31 December 2022

10 RELATED PARTIES (continued)

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

Equity compensation benefits for executive directors, prescribed officers and Company Secretary of the MTN Group Limited in respect of the performance share plan

Award date	Vesting date	Number outstanding as at 31 December 2021	Awarded	Settled	Forfeited	Settlement date	Price on settlement R	Number outstanding as at 31 December 2022
RT Mupita								
28/12/2018	28/12/2021	128 308	–	128 308	–	06/04/2022	198.21	**–**
28/12/2018	28/12/2021	61 892	–	61 892	–	22/03/2022	198.21	**–**
20/12/2019	20/12/2022	223 300	–	–	–	–	–	**223 300**
21/12/2020	21/12/2023	530 800	–	–	–	–	–	**530 800**
13/12/2021	13/12/2024	205 200	–	–	–	–	–	**205 200**
12/12/2022	12/12/2025	–	275 800	–	–	–	–	**275 800**
Total		1 149 500	275 800	190 200	–	–	198.21	**1 235 100**
PD Norman*								
28/12/2018	28/12/2021	94 600	–	94 600	–	30/05/2022	198.21	**–**
20/12/2019	20/12/2022	100 900	–	–	–	–	–	**100 900**
21/12/2020	21/12/2023	139 100	–	–	–	–	–	**139 100**
13/12/2021	13/12/2024	56 900	–	–	–	–	–	**56 900**
Total		391 500	–	94 600	–	–	198.21	**296 900**
G Motsa*								
28/12/2018	28/12/2021	114 100	–	114 100	–	12/04/2022	198.21	**–**
20/12/2019	20/12/2022	82 495	–	–	–	–	–	**82 495**
21/12/2020	21/12/2023	57 618	–	–	–	–	–	**57 618**
Total		254 213	–	114 100	–	–	198.21	**140 113**
J Schulte-Bockum								
28/12/2018	28/12/2021	104 300	–	104 300	–	08/04/2022	198.21	**–**
28/12/2018	28/12/2021	101 200	–	101 200		06/04/2022	198.21	**–**
20/12/2019	20/12/2022	216 400	–	–	–	–	–	**216 400**
21/12/2020	21/12/2023	315 800	–	–	–	–	–	**315 800**
13/12/2021	13/12/2024	121 500	–	–	–	–	–	**121 500**
12/12/2022	12/12/2025	–	170 700	–	–	–	–	**170 700**
Total		859 200	170 700	205 500	–	–	198.21	**824 400**
F Moolman*								
28/12/2018	28/12/2021	112 900	–	112 900	–	08/04/2022	198.21	**–**
20/12/2019	20/12/2022	117 300	–	–	–	–	–	**117 300**
21/12/2020	21/12/2023	180 700	–	–	–	–	–	**180 700**
13/12/2021	13/12/2024	64 900	–	–	–	–	–	**64 900**
Total		475 800	–	112 900	–	–	198.21	**362 900**
PT Sishuba-Bonoyi								
20/12/2019	20/12/2022	36 800	–	–	–	–	–	**36 800**
21/12/2020	21/12/2023	52 100	–	–	–	–	–	**52 100**
13/12/2021	13/12/2024	21 300	–	–	–	–	–	**21 300**
12/12/2022	12/12/2025	–	26 900	–	–	–	–	**26 900**
Total		110 200	26 900	–	–	–	–	**137 100**

* Ceased to be a prescribed officer from 1 January 2022.

10 RELATED PARTIES (continued)

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

Equity compensation benefits for executive directors, prescribed officers, Company Secretary of the MTN Group and directors of major subsidiaries in respect of the performance share plan (continued)

Award date	Vesting date	Number outstanding as at 31 December 2021	**Awarded**	**Settled**	**Forfeited**	**Settlement date**	**Price on settlement R**	**Number outstanding as at 31 December 2022**
TBL Molefe								
01/04/2021	21/12/2023	126 100	–	–	–	–	–	**126 100**
13/12/2021	13/12/2024	101 900	–	–	–	–	–	**101 900**
12/12/2022	12/12/2025	–	128 600	–	–	–	–	**128 600**
Total		228 000	128 600	–	–	–	–	**356 600**
I Jaroudi*								
28/12/2018	28/12/2021	118 164	–	118 164	–	30/05/2022	198.21	**–**
28/12/2018	28/12/2021	15 536	–	15 536	–	08/04/2022	198.21	**–**
20/12/2019	20/12/2022	135 900	–	–	–	–	–	**135 900**
21/12/2020	21/12/2023	209 300	–	–	–	–	–	**209 300**
13/12/2021	13/12/2024	76 000	–	–	–	–	–	**76 000**
Total		554 900	–	133 700	–	–	198.21	**421 200**
E Asante								
28/12/2018	28/12/2021	137 500	–	137 500	–	08/04/2022	198.21	**–**
20/12/2019	20/12/2022	143 200	–	–	–	–	–	**143 200**
21/12/2020	21/12/2023	221 600	–	–	–	–	–	**221 600**
13/12/2021	13/12/2024	81 000	–	–	–	–	–	**81 000**
12/12/2022	12/12/2025	–	101 600	–	–	–	–	**101 600**
Total		583 300	101 600	137 500	–	–	198.21	**547 400**
K Toriola								
28/12/2018	28/12/2021	114 000	–	114 000	–	08/04/2022	198.21	**–**
20/12/2019	20/12/2022	120 800	–	–	–	–	–	**120 800**
21/12/2020	21/12/2023	186 200	–	–	–	–	–	**186 200**
13/12/2021	13/12/2024	50 850	–	–	–	–	–	**50 850**
12/12/2022	12/12/2025	–	84 500	–	–	–	–	**84 500**
Total		471 850	84 500	114 000	–	–	198.21	**442 350**
S Perumal^								
20/12/2019	20/12/2022	56 200	–	–	–	–	–	**56 200**
21/12/2020	21/12/2023	79 400	–	–	–	–	–	**79 400**
Total		135 600	–	–	–	–	–	**135 600**
Y Cuba*								
13/12/2021	13/12/2024	63 300	–	–	–	–	–	**63 300**
Total		63 300	–	–	–	–	–	**63 300**
C Molapisi								
20/12/2019	20/12/2022	64 400	–	–	–	–	–	**64 400**
21/12/2020	21/12/2023	120 700	–	–	–	–	–	**120 700**
13/12/2021	13/12/2024	58 800	–	–	–	–	–	**58 800**
12/12/2022	12/12/2025	–	120 000	–	–	–	–	**120 000**
Total		243 900	120 000	–	–	–	–	**363 900**

^ Ceased to be acting GCFO on 31 March 2021.
* Ceased to be a prescribed officer from 1 January 2022.

MTN

Company Financial Statements

Company statement of comprehensive income

for the year ended 31 December 2022

	Note	2022 Rm	2021 Rm
Revenue	1	**6 079**	221
Finance income	2	**214**	1 424
Finance costs	2	**(257)**	(92)
Other income		**1**	–
Operating expenses	3	**(582)**	(328)
Profit before tax		**5 455**	1 225
Income tax income	4	**24**	37
Profit and total comprehensive income for the year		**5 479**	1 262

Company statement of financial position

as at 31 December 2022

	Note	2022 Rm	2021 Rm
ASSETS			
Non-current assets		**23 869**	23 808
Investment in subsidiaries	5	**23 808**	23 808
Deferred tax asset		**61**	–
Current assets		**579**	592
Trade and other receivables	6	**366**	320
Taxation assets	11	**–**	36
Cash and cash equivalents	7	**213**	236
Total assets		**24 448**	24 400
EQUITY			
Ordinary share capital and share premium	8	**37 040**	37 040
Accumulated loss		**(21 472)**	(21 298)
Other reserves		**7 324**	7 324
Total equity		**22 892**	23 066
LIABILITIES			
Non-current liabilities		**6**	1
Deferred tax liability		**6**	1
Current liabilities		**1 550**	1 333
Trade and other payables	9	**776**	556
Financial guarantee contracts	13	**774**	777
Total liabilities		**1 556**	1 334
Total equity and liabilities		**24 448**	24 400

Company statement of changes in equity

for the year ended 31 December 2022

	Share capital Rm	Share premium Rm	Accumulated losses Rm	Other reserves[1] Rm	Total Rm
Balance at 1 January 2021	*	37 040	(22 560)	7 324	21 804
Profit and total comprehensive income	–	–	1 262	–	1 262
Balance at 1 January 2022	*	**37 040**	**(21 298)**	**7 324**	**23 066**
Profit and total comprehensive income	**–**	**–**	**5 479**	**–**	**5 479**
Transactions with shareholders					
Dividends declared[2]	**–**	**–**	**(5 653)**	**–**	**(5 653)**
Balance at 31 December 2022	*	**37 040**	**(21 472)**	**7 324**	**22 892**
Note	8	8			

[1] Share-based payment reserve.
* Amounts less than R1 million.
[2] Refer to note 8.3 of the Group financial statements for the dividends declared per share during the current period.

Company statement of cash flows

for the year ended 31 December 2022

	Note	2022 Rm	2021 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	**(75)**	26
Interest received		**1**	5
Income tax (paid)/received	11	**4**	(5)
Dividends received		**5 700**	–
Net cash generated from operating activities		**5 630**	26
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(5 653)**	–
Net cash used in financing activities		**(5 653)**	–
Net increase/(decrease) in cash and cash equivalents		**(23)**	26
Cash and cash equivalents at the beginning of the year		**236**	210
Cash and cash equivalents at the end of the year	7	**213**	236

Notes to the Company financial statements

for the year ended 31 December 2022

1 REVENUE

Revenue comprises of dividend income and management fees received. Dividend income is recognised when the right to receive payment is established. Management fees received are recognised as and when the services are rendered.

	2022 Rm	2021 Rm
Dividend income – other revenue	**5 700**	–
Management fees received – revenue from contracts with customers	**379**	221
	6 079	221

2 FINANCE INCOME AND FINANCE COSTS

Finance income
Finance income mainly comprises of amortisation of financial guarantee contracts and the related net foreign exchange gains.

Finance cost
Finance cost comprises of net foreign exchange losses on financial guarantee contracts and remeasurements of financial guarantee contracts.

Finance income	**2022 Rm**	2021 Rm
Interest income on bank deposits	**–**	5
Amortisation of financial guarantee contracts	**214**	583
Net gain on remeasurement of financial guarantees	**–**	836
	214	1 424
Finance cost		
Net loss on remeasurement of financial guarantees	**(169)**	–
Net foreign exchange losses	**(88)**	(92)
	(257)	(92)
Net finance income/(cost) recognised in profit or loss	**(43)**	1 332

3 OPERATING EXPENSES

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

	2022 Rm	2021 Rm
Directors' emoluments[1]	**(23)**	(31)
Fees paid for services	**(455)**	(238)
– Professional fees	**(110)**	(37)
– Management fees paid (note 12)	**(345)**	(201)
Auditors' remuneration	**(41)**	(23)
– Audit fees	**(41)**	(23)

[1] Includes reimbursement of expenses.

Notes to the Company financial statements

(continued)

for the year ended 31 December 2022

4 INCOME TAX INCOME

Refer to note 3.1 of the Group financial statements for the applicable accounting policy.

	2022 Rm	2021 Rm
Normal tax	–	38
Current year	(5)	33
Adjustments in respect of the prior year	5	5
Deferred tax – current year	24	(1)
Income tax income	**24**	37

South African normal taxation is calculated at 28%[1] (2021: 28%) of the estimated taxable income for the year.

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

	2022 %	2021 %
Tax rate reconciliation		
Tax at statutory tax rate	28.0	28.0
Income not subject to tax[2]	(30.4)	(32.5)
Prior year under provision	*	(0.4)
Expenses not allowed[3]	1.9	1.9
Change in tax rate	*	–
Effective tax rate	**(0.5)**	(3.0)

[1] 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.

[2] The majority of the exempt income relates to dividend income received in the current year (2021: amortisation and net gain on remeasurement of financial guarantee contracts).

[3] Includes non-deductible net foreign exchange losses on financial guarantee contracts.

* Percentage less than 0.1%.

5 INVESTMENT IN SUBSIDIARIES

The Company accounts for investment in subsidiaries at cost less accumulated impairment losses.

The Group structure and Company's subsidiaries are disclosed in note 9.1 of the Group financial statements.

	2022 Rm	2021 Rm
Total interest in MTN Holdings	22 310	22 310
Total interest in MTN Group Management Services Proprietary Limited	57	57
Total interest in MTN SA[1]	1 441	1 441
Total interest in subsidiary companies	**23 808**	23 808

[1] The interest in MTN SA arose from the share-based transaction undertaken by the Group with MTN Zakhele Futhi (note 8).

6 TRADE AND OTHER RECEIVABLES

Refer to note 4.2 of the Group financial statements for the applicable accounting policy.

	2022 Rm	2021 Rm
Trade receivables due from related parties (note 12)	344	293
Prepayments and other receivables	21	17
Sundry debtors and advances	1	10
	366	320

7 CASH AND CASH EQUIVALENTS

Refer to note 4.4 of the Group financial statements for the applicable accounting policy.

	2022 Rm	2021 Rm
Cash at bank	213	236

Notes to the Company financial statements
(continued)
for the year ended 31 December 2022

8 ORDINARY SHARE CAPITAL AND SHARE PREMIUM

Refer to note 8.1 of the Group financial statements for the applicable accounting policy.

	2022 Number of shares	2021 Number of shares
Ordinary share capital (par value of 0.01 cents)		
Authorised	**2 500 000 000**	2 500 000 000
Issued (fully paid up)	**1 884 269 758**	1 884 269 758
In issue at the beginning and end of the year	**1 884 269 758**	1 884 269 758
Options held by MTN Zakhele Futhi[1]	**(76 835 378)**	(76 835 378)
In issue at the end of the year – excluding MTN Zakhele Futhi	**1 807 434 380**	1 807 434 380

[1] These shares, although legally issued to MTN Zakhele Futhi, are not deemed to be issued in terms of IFRS and are shown as such in the share capital reconciliation.

	2022 Rm	2021 Rm
Share capital		
Balance at the beginning of the year	*	*
Balance at the end of the year	*	*
Share premium		
Balance at the beginning of the year	**37 040**	37 040
Balance at the end of the year	**37 040**	37 040

* Amounts less than R1 million.

Share-based payment transaction
The Group structured a B-BBEE transaction through a separate legal entity in 2016, MTN Zakhele Futhi which replaced the Group's previous BEE structure known as MTN Zakhele. The transaction was designed to provide long-term, sustainable benefits to all B-BBEE participants and will run for a period of eight years.

As part of the transaction MTN Zakhele Futhi acquired 76 835 378 of the Company's shares at a price of R128.50 per share. The B-BBEE transaction with MTN Zakhele Futhi has the substance of an option for accounting purposes. MTN Zakhele Futhi must repay the preference shares and NVF before the Company's shares held by it become unencumbered, while the Company's shares are the only security offered by MTN Zakhele Futhi for the debt funding obtained. Until the Company's shares held by MTN Zakhele Futhi becomes unencumbered, the ordinary shareholders of MTN Zakhele Futhi are exposed to the gains on the Company's shares, while their exposure to downside risk or risk of loss is limited to their equity contributions (i.e. the purchase price paid by them for the MTN Zakhele Futhi shares).

Consequently, although legally issued the Company does not recognise its shares issued to MTN Zakhele Futhi and does not recognise the NVF as outstanding for accounting purposes. Equity contributions from external parties comprising cash received from new investors (including amounts funded from the preference shares) and the reinvestment by existing MTN Zakhele shareholders in MTN Zakhele Futhi, are in substance treated as a premium paid for the option to acquire the Company's shares in future. The resultant premium recognised by the Company in the share-based payment reserve amounted to R4 036 million. Securities transfer tax of R10 million was paid by the Company on the acquisition of shares from MTN Zakhele Futhi, which was recognised in the share-based payment reserve.

The transaction with MTN Zakhele Futhi's shareholders is an equity-settled share-based payment transaction among Group entities in terms of which the Company will issue shares in future to MTN Zakhele Futhi's shareholders in exchange for B-BBEE benefits received by MTN SA.

Notes to the Company financial statements

(continued)

for the year ended 31 December 2022

9 TRADE AND OTHER PAYABLES

Refer to note 4.5 of the Group financial statements for the applicable accounting policy.

	2022 Rm	2021 Rm
Payables due to related parties (note 12)	**522**	343
Accrued expenses and other payables	**254**	213
	776	556

10 CASH GENERATED FROM OPERATIONS

	2022 Rm	2021 Rm
Profit before tax	**5 455**	1 225
Adjusted for:		
Dividend income (note 1)	**(5 700)**	–
Finance income (note 2)	**(214)**	(1 424)
Finance costs (note 2)	**257**	92
	(202)	(107)
Changes in working capital	**127**	133
(Increase)/decrease in trade and other receivables	**(46)**	98
Increase in trade and other payables	**173**	35
	(75)	26

11 INCOME TAX (PAID)/RECEIVED

	2022 Rm	2021 Rm
Balance at the beginning of the year	**36**	(6)
Amounts recognised in profit or loss (note 4)	**24**	37
Deferred tax	**(24)**	1
Other	**(32)**	(1)
Balance at the end of the year	**—**	(36)
Income tax received/(paid)	**4**	(5)

Notes to the Company financial statements

(continued)

for the year ended 31 December 2022

12 RELATED PARTY TRANSACTIONS

Refer to note 10.1 of the Group financial statements for the applicable accounting policy.

Various transactions were entered into by the Company during the year with related parties.

The following is a summary of significant transactions with subsidiaries during the year and significant balances at the reporting date:

	2022 Rm	2021 Rm
Dividends paid		
– MTN Zakhele Futhi	**(231)**	–
Dividends received		
– MTN Holdings	**5 700**	–
Management fees paid		
– MTN Group Management Services Proprietary Limited	**(345)**	(201)
Management fees received		
– MTN International Proprietary Limited	**379**	221
Receivables		
– MTN Holdings	**90**	104
– MTN Group Management Services Proprietary Limited	**191**	120
– MTN SA	**9**	9
– MTN Dubai[1]	**5**	5
– MTN International Proprietary Limited	**48**	54
– 2016 MTN ESOP Trust	**1**	1
– MTN (Mauritius) Investments Limited[2]	*****	*
– MTN Mauritius	*****	*
Payables		
– MTN Group Management Services Proprietary Limited	**(158)**	(50)
– MTN Dubai[1]	**(350)**	(290)
– MTN Holdings	**(10)**	*
– MTN Mauritius	**(4)**	(3)
– MTN Zambia	*****	*

[1] The balances result from transactions whereby MTN Dubai and the Company extinguished liabilities on behalf of one another.
[2] The balance results from transactions whereby the Company extinguished liabilities on behalf of MTN (Mauritius) Investments Limited.
* 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 Company financial statements.

Financial guarantee contracts
Details of financial guarantee contracts are disclosed in note 13 of the Company financial statements.

Directors
Details of directors' remuneration are disclosed in note 3 of the Company financial statements and note 10.2 of the Group financial statements.

Shareholders
The principal shareholders of the Company are disclosed in Annexure 1 which is unaudited.

Notes to the Company financial statements

(continued)

for the year ended 31 December 2022

13 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 ECL in accordance with IFRS 9.
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15.

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

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

The Company along with subsidiaries in the Group 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 guarantee, the Company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

	Face value		Drawn down balance[2]	
	2022 Rm	2021 Rm	**2022 Rm**	2021 Rm
Bond guarantees				
Bonds[1] and commercial paper	**35 000**	20 000	**16 641**	14 799
US$ senior unsecured notes	**16 198**	19 925	**16 336**	20 135
Syndicated and other loan facilities				
US$ revolving-credit-facility	**21 309**	19 925	**–**	–
ZAR long-term loan	**23 000**	14 250	**11 800**	14 273
	95 507	74 100	**44 777**	49 207

[1] R16 641 million (2021: R14 799 million) of the bonds are listed on the Bond Exchange of South Africa.
[2] Includes interest accrued.

The Company, together with subsidiaries in the Group guaranteed senior unsecured notes issued by MTN (Mauritius) Investments Limited on the Irish Stock Exchange amounting to US$950 million (2021: US$1 250 million). A financial liability was recognised at the fair value of the guarantees issued. A fee was not charged by the Company providing the guarantee and therefore the benefit provided by the Company to its subsidiary was recognised as a capital contribution.

The 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 in relation to the financial guarantees issued over the senior unsecured notes of MTN (Mauritius) Investments Limited. Following the downgrade in the Group's credit rating by S&P during 2021 (BB+ to BB-), it was determined that use of lifetime ECL for these debt instruments was appropriate as they were entered into prior to the downgrade. This assessment remained unchanged for the 2022 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 firstly BB-, being the Group's current credit rating by S&P, and then further for the difference in credit risk between the Group and MTN (Mauritius) Investments Limited. CDS's are forward looking and considered reflective of markets view on future potential losses and therefore default probabilities. The LGD specific to the Group was determined based on the S&P Ratings report dated 22 October 2022 at 35% (2021: 35%). The original effective interest rate of the underlying borrowings is used as the discount rate.

At 31 December 2022, the financial guarantees over the debt instruments of MTN (Mauritius) Investments Limited were measured at the ECL amount and losses on remeasurement of R169 million (2021: R11 million) have been recognised in profit or loss.

Notes to the Company financial statements

(continued)

for the year ended 31 December 2022

13 FINANCIAL GUARANTEE CONTRACTS (continued)

In addition to the financial guarantees issued over the cash management facility, senior unsecured notes and Citibank facilities, the Company, together with subsidiaries in the Group, have also issued various financial guarantees over the bonds, revolving credit facilities, long-term loans and banking facilities of MTN Holdings. Each guarantor is jointly and severally liable. Limited value was attached to these financial guarantee contracts which resulted in immaterial fair values being ascribed on initial recognition. The Company carries on the business of an investment holding company. 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. Therefore, the Group assessed that in the event of default by MTN Holdings, while the Company remains jointly and severally liable, it can be reasonably assumed that a borrower would seek recovery from the other guarantors, considering the assets held by each guarantor. As such, the ECLs attributable to the Company as at 31 December 2022 have been estimated at zero, remaining unchanged since prior year (2021: resulting in a gain on remeasurement of R847 million recognised in profit or loss).

The Company's financial liability relating to financial guarantee contracts amounts to R774 million (2021: R777 million) and R214 million (2021: R583 million) was amortised to profit or loss for the year.

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Refer to note 7.1 of the Group financial statements for the applicable accounting policy.

14.1 Categories of financial instruments

	Assets amortised cost Rm	Liabilities amortised cost Rm	Total carrying amount Rm	Fair value Rm
2022				
Trade and other receivables	**345**	**–**	**345**	#
Cash and cash equivalents	**213**	**–**	**213**	#
	558	**–**	**558**	#
Trade and other payables	**–**	**766**	**766**	#
Financial guarantee contracts	**–**	**774**	**774**	**580**
	–	**1 540**	**1 540**	**580**
2021				
Trade and other receivables	300	–	300	#
Cash and cash equivalents	236	–	236	#
	536	–	536	#
Trade and other payables	–	556	556	#
Financial guarantee contracts	–	777	777	715
	–	1 333	1 333	715

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

Notes to the Company financial statements

(continued)

for the year ended 31 December 2022

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

14.1 Categories of financial instruments (continued)

14.1.1 Fair value estimation

Refer to note 7.1.3 of the Group financial statements for the applicable accounting policy.

The following table presents the fair value measurement hierarchy of the Company's liabilities that are materially different from the carrying amount:

	Total carrying amount Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2022					
Current financial liabilities					
Financial guarantee contracts	**774**	**–**	**–**	**580**	**580**
2021					
Current financial liabilities					
Financial guarantee contracts	777	–	–	715	715

Valuation methods and assumptions

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

The fair value of the financial guarantee contracts are 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 the interest rate curve.

14.2 Credit risk

Refer to note 7.1.4 of the Group financial statements for an explanation on credit risk and how it is managed.

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

	2022 Rm	2021 Rm
Cash and cash equivalents	**213**	236
Trade and other receivables	**345**	300
Financial guarantee contracts	**44 777**	49 207
	45 335	49 743

Credit risk is mitigated to the extent that the majority of trade receivables consist of related party receivables of R344 million (2021: R293 million).

The Company holds its cash balances in financial institutions with ratings of AA+ (2021: AA+ to BB-). Given these ratings, management does not expect the counterparty to fail to meet its obligations.

Application of the ECL model had an immaterial impact on all financial instruments except for financial guarantee contracts (refer to note 13).

Notes to the Company financial statements
(continued)

for the year ended 31 December 2022

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

14.2 **Credit risk** (continued)

Trade and other receivables

Ageing and impairment analysis

	2022			2021		
	Gross Rm	**Impaired Rm**	**Net Rm**	Gross Rm	Impaired Rm	Net Rm
Fully performing trade and other receivables	**75**	**–**	**75**	86	–	86
Trade receivables due from related parties	**75**	**–**	**75**	86	–	86
Past due trade and other receivables	**270**	**–**	**270**	214	–	214
Sundry debtors and advances	**–**	**–**	**–**	7	–	7
9 to 12 months	**–**	**–**	**–**	7	–	7
Trade receivables due from related parties	**270**	**–**	**270**	207	–	207
0 to 3 months	**61**	**–**	**61**	24	–	24
3 to 6 months	**–**	**–**	**–**	29	–	29
6 to 9 months	**105**	**–**	**105**	58	–	58
9 to 12 months	**104**	**–**	**104**	96	–	96
	345	**–**	**345**	300	–	300

14.3 **Liquidity risk**

Refer to note 7.1.5 of the Group financial statements for an explanation on liquidity risk and how it is managed.

The following liquid resources are available:

	2022 Rm	2021 Rm
Cash and cash equivalents	**213**	236
Trade and other receivables	**345**	300
	558	536

The Company and other subsidiaries in the Group have undrawn variable rate facilities of R56 058 million (2021: R40 023 million).

The following are the undiscounted contractual maturities of financial liabilities:

	Carrying amount Rm	**Total Rm**	**Payable within 1 month or on demand Rm**
2022			
Trade and other payables	**776**	**776**	**776**
Financial guarantee contracts	**774**	**44 777**	**44 777**
	1 550	**45 553**	**45 553**
2021			
Trade and other payables	556	556	556
Financial guarantee contracts	777	49 207	49 207
	1 333	49 763	49 763

Further details of financial guarantee contracts are provided in note 13 of the Company financial statements.

Notes to the Company financial statements

(continued)

for the year ended 31 December 2022

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

14.4 Market risk

14.4.1 Interest rate risk

Refer to note 7.1.6.1 of the Group financial statements for an explanation on interest rate risk and how it is managed.

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

	Variable rate instruments Rm
2022	
Financial assets	
Cash and cash equivalents	**213**
Trade and other receivables	**344**
	557
Financial liabilities	
Trade and other payables	**522**
2021	
Financial assets	
Cash and cash equivalents	236
Trade and other receivables	293
	529
Financial liabilities	
Trade and other payables	343

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: JIBAR, prime and LIBOR rates. Changes in market interest rates affect the interest income or expense of floating rate financial instruments. Changes in market interest rates only affect profit or loss in relation to financial instruments with fixed interest rates if these financial instruments are subsequently measured at their fair value.

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

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis as was used for 2021.

	2022 Increase/(decrease) in profit before tax			2021 Increase/(decrease) in profit before tax		
	Change in interest rate %	**Upward change in interest rate Rm**	**Downward change in interest rate Rm**	Change in interest rate %	Upward change in interest rate Rm	Downward change in interest rate Rm
JIBAR	**1**	**1.7**	**(1.7)**	1	2.3	(2.3)
Prime	**1**	**2.1**	**(2.1)**	1	2.4	(2.4)
LIBOR	**1**	**(3.5)**	**3.5**	1	(2.9)	2.9

Notes to the Company financial statements
(continued)
for the year ended 31 December 2022

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)
14.4 Market risk (continued)
14.4.2 Currency risk

Refer to note 7.1.6.3 of the Group financial statements for an explanation on currency risk and how it is managed.

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

	2022 Rm	2021 Rm
Current assets		
United States dollar	**1**	5
Current liabilities		
United States dollar	**950**	1 060

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

Denominated: functional currency	**Change in exchange rate %**	**Weakening in functional currency Rm**	**Strengthening in functional currency Rm**
2022			
US$:ZAR	**10**	**(95)**	**95**
2021			
US$:ZAR	10	(106)	106

The exchange rates relevant to the Company are disclosed in note 7.6 of the Group financial statements.

Financial definitions

for the year ended 31 December 2022

The following financial terms are used in the Annual Financial Statements with the meanings specified:

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.
Asset exchange transactions	Transactions where one or more items of property, plant and equipment are acquired in exchange for non-monetary assets, or a combination of monetary and non-monetary assets.
Capital management EBITDA	CODM EBITDA before impairment of goodwill less repayments and interest paid on lease liabilities.
Carrying amount	The amount at which the asset is recognised after deducting any accumulated depreciation/amortisation and accumulated impairment losses there on.
CODM EBITDA	Earnings before interest which includes gains and losses on foreign exchange transactions, tax, depreciation and amortisation and is also presented before recognising the following items: • Impairment of goodwill and investment in joint ventures. • Net monetary gain resulting from the application of hyperinflation. • Share of results of associates and joint venture after tax. • Hyperinflation. • Gain on disposal of investment in associates. • Fair value gain on acquisition of subsidiary. • Gain on disposal of investment in associates. • Gain on exit in Yemen. • Gain on disposal of subsidiary. • Loss on deconsolidation of subsidiary. • Impairment loss on Yemen property, plant and equipment and intangible assets. • Impairment loss on remeasurement of non-current assets held for sale.
Defined contribution plan	A post-employment benefit plan (such as a pension plan) under which the Group pays a fixed percentage of employees' remuneration as contributions into a separate entity (a fund), and will have no further legal or constructive obligations to pay additional contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
dtic	Department of Trade, Industry and Competition.
Equity investments at fair value through other comprehensive income (FVOCI)	The asset is not held for trading and the Group has irrevocably elected on initial recognition to recognise the asset as at FVOCI.
Financial assets at fair value through profit or loss (FVTPL)	Debt investments that do not qualify for measurement at amortised cost or FVOCI; equity investments that are held for trading; and equity investments designated as at FVTPL.
Gain or loss on disposal of an asset	The difference between the proceeds from the disposal and the carrying amount of the asset.
ICASA	Independent Communications Authority of South Africa.

Financial definitions (continued)

for the year ended 31 December 2022

Interconnect revenue	Revenue derived from other operators for local and international incoming voice minutes, short messaging (SMS) and multimedia services (MMS).
Measurement period adjustments	Adjustments that arise from additional information obtained during the "measurement period" about facts and circumstances that existed at the acquisition date. The measurement period constitutes the period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for a business combination. This period shall not exceed one year from the acquisition date.
Net debt	Borrowings and bank overdrafts less cash and cash equivalents, restricted cash and current investments (excluding investment in insurance cell captives).
Net debt to capital management EBITDA ratio	Net debt divided by capital management EBITDA.
Net interest	Finance costs less finance income and add back lease liability finance costs.
Net interest to capital management EBITDA	Net interest divided by capital management EBITDA.
Postpaid product	Products and services provided on the MTN network which customers pay for subsequent to the usage.
Prepaid product	Products and services provided on the MTN network which customers pay for in advance of usage.
Roaming revenue	Revenue generated from subscribers making calls when using other networks, including MTN networks outside the country of operation.
SARS	South African Revenue Service.

Annexure 1 – Shareholder information

for the year ended 31 December 2022

Shareholder spread

	2022			
	Number of shareholders	**%**	**Number of shares**	**%**
1 – 1 000 shares	**118 249**	**90.25**	**20 131 298**	**1.07**
1 001 – 10 000 shares	**10 203**	**7.79**	**27 752 746**	**1.47**
10 001 – 100 000 shares	**1 599**	**1.22**	**55 646 331**	**2.95**
100 001 – 1 000 000 shares	**780**	**0.60**	**242 547 179**	**12.87**
1 000 001 shares and over	**189**	**0.14**	**1 538 192 204**	**81.64**
Total	**131 020**	**100.00**	**1 884 269 758**	**100.00**

Nominees holding shares in excess of 5% of the issued ordinary capital of the Company

	2022		2021	
	Number of shares	**% of Issued share capital**	Number of shares	% of Issued share capital
Standard Bank Nominees (Tvl) Proprietary Limited	**835 681 736**	**44.35**	881 428 722	46.78
First National Nominees Proprietary Limited	**186 896 361**	**9.92**	185 678 028	9.85
JP Morgan Chase Bank	**190 557 478**	**10.11**	174 295 638	9.25
CMB Nominees (RF) Proprietary Limited[1]	**147 087 749**	**7.81**	141 346 012	7.50
Citi Bank Nominees	**140 186 920**	**7.44**	141 345 978	7.61

Beneficial shareholders holding 5% or more

	2022		2021	
	Number of shares	**% of Issued share capital**	Number of shares	% of Issued share capital
Government Employees Pension Fund	**389 139 377**	**20.65**	414 798 034	22.01
Lombard Odier Darier Hentsch & Cie (M1 Limited)	**121 330 000**	**6.44**	121 330 000	6.44

Spread of ordinary shareholders

	2022			2021	
	Number of shareholdings	**Number of shares**	**% of Issued share capital**	Number of shares	% of Issued share capital
Public	**130 988**	**1 294 894 993**	**68.72**	1 266 306 576	67.21
Non-public	**32**	**589 374 765**	**31.28**	617 963 182	32.79
Directors, prescribed officers and Company Secretary of MTN Group Limited	**8**	**750 474**	**0.04**	791 692	0.04
MTN Zakhele Futhi (RF) Limited	**1**	**76 835 378**	**4.08**	76 835 378	4.08
Lombard Odier Darier Hentsch & Cie (M1 Limited)	**3**	**121 330 000**	**6.44**	121 330 000	6.44
Government Employees Pension Fund	**19**	**389 139 377**	**20.65**	414 798 034	22.01
Mobile Telephone Network Holdings Limited and 2016 ESOP Trust	**1**	**1 319 536**	**0.07**	4 208 078	0.22
Total	**131 020**	**1 884 269 758**	**100.00**	1 884 269 758	100.00

Annexure 2 – administration

for the year ended 31 December 2022

MTN GROUP LIMITED
Incorporated in the Republic of South Africa

Company registration number: 1994/009584/06
ISIN code: ZAE000042164
Share code: MTN

Board of Directors
MH Jonas^
KDK Mokhele^
RT Mupita[1]
TBL Molefe[1]
NP Gosa^
PB Hanratty[2]^
S Kheradpir[3]^
SN Mabaso-Koyana^
SP Miller[4]^
CWN Molope^
N Newton-King (appointed 1 January 2023)
T Pennington[5]^ (appointed 1 August 2022)
NL Sowazi^
SLA Sanusi[6]^
VM Rague[7]^

[1] *Executive*
[2] *Irish*
[3] *American*
[4] *Belgian*
[5] *British*
[6] *Nigerian*
[7] *Kenyan*

^ *Independent non-executive director*
# *Non-executive director*

Group Secretary
PT Sishuba-Bonoyi
Private Bag X9955, Cresta, 2118

Registered office
216 – 14th Avenue
Fairland
Gauteng, 2195

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

Depository: The Bank of New York Mellon
101 Barclay Street, New York NY, 10286, USA

MTN Group sharecare line
Toll free: 0800 202 360 or +27 11 870 8206
if phoning from outside South Africa

Transfer secretaries
Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
PO Box 61051, Marshalltown, 2107

Joint auditors
PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City, Jukskei View,
Johannesburg, South Africa, 2090

Ernst & Young Inc.
102 Rivonia Road, Sandton, Johannesburg,
South Africa, 2146

Lead sponsor
JP Morgan Equities (SA) Proprietary Limited
1 Fricker Road, cnr Hurlingham Road, Illovo, 2196

Joint sponsor
Tamela Holdings Proprietary Limited
Ground Floor, Golden Oak House, 35 Ballyclare Drive,
Bryanston, 2022

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Date of release: 13 March 2023

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