

MTN International Proprietary Limited
(Registration number: 1998/002351/07)
Annual Financial Statements
for the year ended 31 December 2023

MTN International Proprietary Limited

(Reg. No. 1998/002351/07)

Annual financial statements

for the year ended 31 December 2023

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

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

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

These Annual Financial Statements were approved for issue on 29 April 2024 by the Board of Directors.

MTN International Proprietary Limited

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Statement of directors' responsibility

for the year ended 31 December 2023

The directors are responsible for the integrity, preparation and fair presentation of the annual financial statements of the Company in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), the South African Institute 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 requirements of the South African Companies Act, No 71 of 2008, as amended, (The Companies Act) 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 aspects, the financial position at year end and the financial performance and cash flows of the Company for the year then ended.

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

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

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

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

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

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

The directors have reviewed 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 Company Annual Financial Statements. The directors have no reason to believe that the Company will not be a going concern in the year ahead. These financial statements support the viability of the Company.

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Statement of directors' responsibility (continued) for the year ended 31 December 2023

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

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

The Company annual financial statements which appear on pages 1 to 43 were approved for issue by the board of directors on 29 April 2024 and are signed on its behalf by:



RT Mupita
Group President and Chief Executive Officer (CEO)

Fairland



TBL Molefe
Group Chief Finance Officer (GCFO)

Fairland

MTN International Proprietary Limited

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Certificate by the Company secretary

for the year ended 31 December 2023

I certify that to the best of my knowledge and belief, MTN International Proprietary Limited has filed all its returns and notices with the Registrar of Companies and Intellectual Property Commission for the year ended 31 December 2023, as required in terms of section 88(2)(e) of the Companies Act, No. 71 of 2008 as amended and that such returns and notices are true, correct and up to date.



PT Sishuba-Bonoyi
Company Secretary

Fairland
29 April 2024

MTN International Proprietary Limited

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Directors' report

for the year ended 31 December 2023

Nature of business

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

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

Compliance with financial reporting standards

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

Financial results

The Company recorded a profit after tax for the year ended 31 December 2023 of R392 million (2022: R4 812 million).

Full details of the financial results of the Company are set out on pages 10 to 43 of these annual financial statements and accompanying notes for the year ended 31 December 2023.

Related party transactions

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

Borrowing powers

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

Going concern

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

Subsidiary companies and joint ventures

Details of the subsidiary and joint venture in which the Company has a direct interest are set out in note 6 of these Annual Financial Statements.

Dividend

Dividends of Rnil million (2022: R4 700 million) were declared during the current financial year. Dividends of R4 000 million (2022: Rnil million) were declared subsequent to year end.

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Directors' report (continued) for the year ended 31 December 2023

Share capital

Authorised share capital

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

Issued share capital

The issued share capital of the Company is R1 000 (2022: R1 000) comprising 1 000 (2022: 1 000) ordinary shares of R1 each.

Control of unissued share capital

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

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

Directorate

Details of directors' remuneration and shareholding are set out in note 18 of these annual financial statements.

Retirement of directors

There were no retirement of directors during the year under review.

Retirement by rotation of directors

There were no director retirements by rotation during the year under review.

Appointments and resignations

There were no director appointments and resignations during the year under review.

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Directors' report (continued) for the year ended 31 December 2023

Company indemnity disclosure

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

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

Interests of directors and prescribed officers

Details of the interests of directors and prescribed officers are provided in note 18 of these annual financial statements.

Internal financial controls

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

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

Auditors

EY served as the auditors in accordance with section 90 of the Companies Act for the 2023 financial year. The audit committee reviewed the independence of the auditors during the period under review and satisfied itself that the auditors were independent of the Company.



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

Opinion

We have audited the financial statements of MTN International Proprietary Limited ('the Company') set out on pages 10 to 43, which comprise the Statement of Financial Position as at 31 December 2023, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant Accounting Policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of MTN International Proprietary Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 43-page document titled *Annual financial statement for the year ended 31 December 2023*, which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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.

Ernst & Young Inc.

Ernst and Young Inc.
Director: Morkel Pienaar
Registered Auditor
Chartered Accountant (SA)

29 April 2024
Johannesburg, South Africa

MTN International Proprietary Limited

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Statement of profit and loss and other comprehensive income

for the year ended 31 December 2023

	Note	2023 Rm	2022 Rm
Revenue	2	59	8 033
Operating expenses	3	*	(3 282)
Operating profit		59	4 751
Finance income	4	435	251
Finance costs	4	(83)	(130)
Profit before tax		411	4 872
Income tax expense	5	(19)	(60)
Profit and total comprehensive income for the year		392	4 812

*Amount less than R1 million.

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Statement of financial position for the year ended 31 December 2023

	Note	2023 Rm	2022 Rm
ASSETS			
Non-current assets			
Investment in subsidiary and joint venture	6	4 592	4 592
Current assets			
Receivables	7	2 204	693
Taxation assets	13	44	10
Cash and cash equivalents	8	175	333
Total assets		7 015	5 628
EQUITY			
Ordinary share capital	9	3 749 *	4 012 *
Shareholder's loan	10	1 378	1 378
Retained earnings		2 371	2 634
LIABILITIES			
Current liabilities			
Payables	11	3 266	1 616
Financial guarantee contracts	15	1 673	388
Taxation liabilities	13	1 563	1 211
		30	17
Total equity and liabilities		7 015	5 628

*Amount less than R1 million.

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Statement of changes in equity for the year ended 31 December 2023

	Ordinary share capital Rm	Shareholder's loan Rm	Retained earnings Rm	Total Rm
Balance at 1 January 2022	*	1 378	2 922	4 300
Profit and total comprehensive income	-	-	4 812	4 812
Transactions with shareholders				
Initial recognition of financial guarantees ¹	-	-	(400)	(400)
Dividends declared	-	-	(4 700)	(4 700)
Balance at 31 December 2022	*	1 378	2 634	4 012
Balance 1 January 2023	*	1 378	2 634	4 012
Profit and total comprehensive income	-	-	392	392
Transactions with shareholders				
Initial recognition of financial guarantees ¹	-	-	(655)	(655)
Balance at 31 December 2023	*	1 378	2 371	3 749
Note	9	10		

¹ The Company issued guarantees for MTN Holdings debt for no consideration. The fair value is recognised as a distribution in equity.

* Amount less than R1 million.

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Statement of cash flows

for the year ended 31 December 2023

	Note	2023 Rm	2022 Rm
Cash flows from operating activities			
Cash generated from/(used in) operations	12	(225)	406
Interest received		46	16
Income tax paid	13	(40)	(57)
Dividends received		61	4 597
Net cash generated (used in)/ from operating activities		(158)	4 962
Cash flows used in financing activities			
Dividends paid		-	(4 700)
Net cash used in financing activities		-	(4 700)
Net increase/(decrease) in cash and cash equivalents		(158)	262
Cash and cash equivalents at the beginning of the year		333	71
Cash and cash equivalents at the end of the year	8	175	333

MTN International Proprietary Limited

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Notes to the annual financial statements

for the year ended 31 December 2023

1. Basis of preparation and principal accounting policies

1.1 Basis of preparation

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

Consolidated financial statements are not presented as MTN International Proprietary Limited (the Company) is a wholly owned subsidiary of MTN Holdings, a Company incorporated in the Republic of South Africa. The ultimate holding Company is the Group, a Company also incorporated in the Republic of South Africa. A copy of the consolidated annual financial statements of the Group for the financial year ended 31 December 2023, which includes the consolidation of the Company, its subsidiaries, joint ventures and associates (directly or indirectly held) are publicly available and can be accessed electronically via <https://www.mtn.com/financial-results/> or physically at the Company's registered address which is 216 14th Avenue, Fairland, Roodeport, Gauteng.

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

Amounts are rounded to the nearest million with the exception of directors' emoluments, equity compensation and dealings in ordinary shares (note 18).

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

1.2 Going concern

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

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

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Notes to the annual financial statements (continued)

for the year ended 31 December 2023

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

1.3 Principal accounting policies

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

1.3.1 New accounting pronouncements

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

Standard	Effective date for annual periods beginning on or after
Classification of Liabilities as Current or Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025

1.3.2 Foreign currency

Functional and presentation currency

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

Transactions and balances

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

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Notes to the annual financial statements (continued)

for the year ended 31 December 2023

2. Revenue

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

	2023 Rm	2022 Rm
Dividend income - other revenue ¹	59	4 587
Management fees received - revenue from contracts with customers ²	-	3 446
	59	8 033

¹ No dividends were received from MTN International (Mauritius) Limited in the current year.

² The management fee policy was restructured resulting in no management fees earned.

3. Operating expenses

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

	2023 Rm	2022 Rm
Auditor's remuneration		
Audit fees	(*)	(*)
Fees paid for services		
Management fees paid ¹	-	(3 282)

*Amount less than R1 million. The 2023 auditors' remuneration total amounted to R335 287 (2022: R262 218).

¹ The management fee policy was restructured resulting in no management fees incurred.

4. Finance income and finance cost

Finance income

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

Finance cost

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

	2023 Rm	2022 Rm
Finance income		
Amortisation of financial guarantees	388	232
Interest income	47	19
Finance income	435	251
Finance costs		
Net foreign exchange losses	(43)	(39)
Loss on remeasurement of financial guarantees	(40)	(91)
Finance costs	(83)	(130)

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Notes to the annual financial statements (continued)

for the year ended 31 December 2023

5. Income tax expense

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

Current tax

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

Withholding tax

Withholding tax is payable at different rates varying between 0% and 20% (2022: 0% - 20%) on amounts paid to shareholders as dividends and management fees.

	2023	2022
	Rm	Rm
Current tax		
Normal tax - current year	(13)	(52)
Foreign income and withholding taxes	(6)	(8)
	(19)	(60)

Tax rate reconciliation

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

	2023	2022
	%	%
Statutory tax rate	27.0	28.0
Expenses not allowed	6	0.8
Exempt income	(29.4)	(27.8)
Withholding taxes	1.4	0.2
Effective tax rate	4.6	1.2

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Notes to the annual financial statements (continued)

for the year ended 31 December 2023

6. Investment in subsidiary and joint venture

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

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

	2023 Rm	2022 Rm
Interest in joint venture		
Swazi MTN Limited (incorporated in Eswatini) 30% interest in Swazi MTN Limited	*	*
Interest in subsidiary		
MTN International (Mauritius) Limited (incorporated in South Africa)		
100% interest in MTN International (Mauritius) Limited ^{1,2} (MTN Mauritius)	4 592	4 592
	4 592	4 592

*Amount less than R1 million.

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

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

7. Receivables

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

	2023 Rm	2022 Rm
Receivables from related parties (note 14)	2 192	689
Other receivables	12	4
	2 204	693

The Company does not hold collateral for receivables.

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

8. Cash and cash equivalents

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

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

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

	2023 Rm	2022 Rm
Cash at bank	175	333

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Notes to the annual financial statements (continued)

for the year ended 31 December 2023

9. Ordinary share capital

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

	2023 Rm	2022 Rm
Ordinary share capital		
<i>Authorised share capital</i>		
10 000 ordinary shares of R1 each	*	*
<i>Issued and fully paid-up share capital</i>		
1 000 (2022: 1 000) ordinary shares of R1 each	*	*

*Amount less than R1 million.

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

10. Shareholder's loan

	2023 Rm	2022 Rm
Balance at the beginning of the year	1 378	1 378
Payment made during the year	-	-
Balance at the end of the year	1 378	1 378

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

11. Payables

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

	2023 Rm	2022 Rm
Amounts due to related parties (note 14)	1 673	383
VAT payable	-	5
	1 673	388

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12. Cash generated from/(used in) operations

	2023 Rm	2022 Rm
Profit before tax	411	4 872
<i>Adjusted for:</i>		
Dividend income (note 2)	(59)	(4 587)
Finance costs (note 4)	83	130
Finance income (note 4)	(435)	(251)
	-	164
Changes in working capital	(225)	242
(Increase)/decrease in receivables	(1 420)	205
Increase in payables	1 195	37
Cash generated (used in)/from operations	(225)	406

13. Income tax paid

	2023 Rm	2022 Rm
At beginning of the year	(7)	(4)
Amounts recognised in profit or loss (note 5)	(19)	(60)
At the end of the year	(14)	7
Taxation assets	(44)	(10)
Taxation liabilities	30	17
Total tax paid	(40)	(57)

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14. Related party transactions

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

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

	2023 Rm	2022 Rm
Management fees received (note 2)		
MTN International (Mauritius) Limited ¹	-	3 446
Management fees paid (note 3)	-	3 282
MTN Group Limited ²	-	379
MTN Group Management Services Proprietary Limited ³	-	2 903
Dividends received (note 2)	59	4 587
Swazi MTN Limited ⁴	59	87
MTN International (Mauritius) Limited ¹	-	4 500
Intercompany payables (note 11)	1 673	383
MTN Group Management Services Proprietary Limited ³	-	335
MTN Group Limited ²	-	48
MTN International (Mauritius) Limited ¹	1 673	-
Intercompany receivables (note 7)	2 192	689
MTN Group Management Services Proprietary Limited ³	1 650	-
MTN Group Limited ²	263	-
MTN International (Mauritius) Limited ¹	-	402
Mobile Telephone Networks Holdings Limited ⁵	224	229
Swazi MTN Limited ⁴	18	23
Irancell Telecommunications Services Company (PJSC) ⁶	33	31
MTN Uganda Limited ³	1	1
MTN (Zambia) Limited ³	1	1
MTN (Dubai) Limited ³	2	2
Areeba Guinea S.A. ³	*	*
Dividends paid		
Mobile Telephone Networks Holdings Limited ⁵	-	(4 700)
Loan to related party⁷ (note 6)		
MTN International (Mauritius) Limited ¹	72	72
Loans from related party (note 10)		
Mobile Telephone Networks Holdings Limited ⁵	1 378	1 378

¹ Subsidiary of the Company.

² Ultimate holding Company of the Group.

³ Fellow subsidiary of the Group.

⁴ Joint venture of the Company.

⁵ Holding Company.

⁶ Joint venture of the Group.

⁷ Included in cost of subsidiary.

*Amount less than R1 million.

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Notes to the annual financial statements (continued) for the year ended 31 December 2023

14. Related party transactions (continued)

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

Directors' emoluments

Details of directors' emoluments are disclosed in note 18 of these financial statements.

Financial guarantee contracts

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

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for the year ended 31 December 2023

15. Financial guarantee contracts

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

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured at the higher of:

- The expected credit loss (ECL) in accordance with IFRS 9; or
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15.

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

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

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

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

	Face value		Drawn down balance ²	
	2023	2022	2023	2022
	Rm	Rm	Rm	Rm
Bond guarantees				
Bonds ¹ and commercial paper	35 000	35 000	17 751	16 641
US\$ senior unsecured notes	10 905	16 198	11 029	16 336
Syndicated and other loan facilities				
US\$ revolving-credit-facility	14 159	21 309	-	-
ZAR long-term loan	32 000	23 000	19 106	11 800
	92 064	95 507	47 886	44 777

¹ R17 751 million (2022: R16 641 million) of the bonds are listed on the Bond Exchange of South Africa.

² Includes interest accrued.

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15. Financial guarantee contracts (continued)

The Company, together with other subsidiaries in the Group guaranteed senior unsecured notes issued by MTN (Mauritius) Investments Limited on the Irish Stock Exchange amounting to US\$593 million (2022: US\$950 million). Each guarantor is jointly and severally liable. A financial liability was recognised at the fair value of the guarantees issued. A fee was not charged by the Company for providing the guarantee and therefore the benefit provided by the Company to its subsidiary was recognised as a capital contribution.

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 Company assessed that in the event of default by MTN (Mauritius) Investments Limited, it can be reasonably assumed that a borrower would seek recovery from the other guarantors. Any breach on the part of MTN (Mauritius) Investments Limited could reasonably be expected to be as a result of default by MTN Mauritius as these borrowings were on lent to MTN Mauritius. The Company's main investment is a 100% shareholding in MTN Mauritius. As such, the ECLs attributable to the Company as at 31 December 2023 have been estimated at zero while the financial liability remains recognised at the amount initially recognised less cumulative amortisation.

In addition to the financial guarantees issued over the senior unsecured notes and Citibank facilities, the Company, together with other subsidiaries of the Group, have also issued various financial guarantees over the bonds, revolving credit facilities, long-term loans and banking facilities of MTN Holdings. 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 (limited value guarantees). New financial guarantees issued over new bonds issued in the current financial year have been initially recognised at a combined fair value of R655 million (2022: R400 million). As a fee was not charged by the Company for providing the guarantee, the benefit provided by the Company to its parent has been recognised as a distribution in equity.

As industry practice has developed, it has become clear that consideration should be given to which guarantor the borrower could reasonably be expected to seek recovery from. In the current year, the Company assessed that in the event of default by MTN Holdings, there is a 94% probability that a borrower would seek recovery from the Company, considering the assets held by each guarantor and their credit scores. As such, the ECLs attributable to the Company as at 31 December 2023 in relation to the financial guarantees over MTN Holdings debt have resulted in a loss on remeasurement of R40 million (2022: loss on remeasurement of R91 million) recognised in profit or loss.

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. 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 debt instruments entered into prior to the downgrade and the use of 12 month ECLs for debt instruments entered into subsequent to the downgrade, including banking facilities negotiated on an annual basis was appropriate as they were entered into prior to the downgrade. This assessment remained unchanged for the 2023 financial year.

The following formula was used to determine the ECL: Exposure at Default x Probability of Default (PD) x Loss Given Default (LGD) x discount rate. PDs have been determined with reference to Refinitiv's Telecoms BB credit default swap (CDS) spreads adjusted to BB-, being the Group's current credit rating by S&P. CDS's are forward looking and considered reflective of markets view on future potential losses and therefore default probabilities. The LGD specific to the Group was determined based on the S&P Ratings report dated 27 October 2022 at 35% (2022: 35%). The original effective interest rate of the underlying borrowing is used as the discount rate.

The Company's financial liability relating to financial guarantee contracts amounts to R1 563 million (2022: R1 211 million) as at 31 December 2023 and R388 million (2022: R232 million) was amortised to profit or loss for the year. Credit losses relating to 12 months ECL amounted to R397 million (2022: credit losses of R16 million) and credit gains relating to lifetime ECL amounted to R101 million (2022: credit losses of R75 million).

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Notes to the annual financial statements (continued)

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16. Financial risk management and financial instruments

Accounting for financial instruments

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

Recognition

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

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

Classification

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

Financial assets are classified as follows:

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

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

Financial liabilities are classified as measured at amortised cost.

Measurement on initial recognition

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

Subsequent measurement: Financial assets

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

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

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Notes to the annual financial statements (continued)

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16. Financial risk management and financial instruments (continued)

Subsequent measurement: Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition

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

Impairment

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

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

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Notes to the annual financial statements (continued)

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16. Financial risk management and financial instruments (continued)

Risk management

Introduction

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

Risk profile

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

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

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16. Financial risk management and financial instruments (continued)

16.1 Categories of financial instruments

		Assets		Liabilities			
Note		Amortised cost Rm	Amortised cost Rm	Total carrying amount Rm	Fair value Rm		
2023							
Current financial assets							
Receivables	7	2 204	-	2 204	#		
Cash and cash equivalents	8	175	-	175	#		
		2 379	-	2 379	#		
Current financial liabilities							
Payables	11	-	1 673	1 673	#		
Financial guarantee contracts	15	-	1 563	1 563	1 145		
		-	3 236	3 236	1 145		
2022							
Current financial assets							
Receivables	7	693	-	693	#		
Cash and cash equivalents	8	333	-	333	#		
		1 026	-	1 026	#		
Current financial liabilities							
Payables	11	-	383	383	#		
Financial guarantee contracts	15	-	1 211	1 211	771		
		-	1 594	1 594	771		

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

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Notes to the annual financial statements (continued)

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16. Financial risk management and financial instruments (continued)

16.2 Fair value estimation

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

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

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

	Total carrying amount Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2023					
Current financial liabilities					
Financial guarantee contracts	1 563	-	-	1 145	1 145
2022					
Current financial liabilities					
Financial guarantee contracts	1 211	-	-	771	771

Valuation methods and assumptions

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

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

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Notes to the annual financial statements (continued)

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16. Financial risk management and financial instruments (continued)

16.3 Credit risk

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

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

	2023 Rm	2022 Rm
Receivables	2 204	693
Cash and cash equivalents	175	333
Financial guarantee contracts	47 886	44 777
	50 265	45 803

Credit risk is mitigated to the extent that the counterparties to the majority of receivables of R2 204 million (2022: R689 million) and all financial guarantee contracts are related parties.

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

Receivables

Ageing and impairment analysis

	2023			2022		
	Rm Gross	Rm Impaired	Rm Net	Rm Gross	Rm Impaired	Rm Net
Fully performing other receivables	79	-	79	107	-	107
Sundry debtors and advances	-	-	-	-	-	-
Receivables due from related parties	79	-	79	107	-	107
Past due other receivables	214	-	214	586	-	586
Sundry debtors and advances	12	-	12	4	-	4
>12 months	12	-	12	4	-	4
Receivables due from related parties	202	-	202	582	-	582
0 to 3 months	22	-	22	426	-	426
3 to 6 months	2	-	2	2	-	2
6 to 9 months	17	-	17	111	-	111
>12 months	160	-	160	43	-	43
	293	-	293	693	-	693

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Notes to the annual financial statements (continued)

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16. Financial risk management and financial instruments (continued)

16.3 Credit risk (continued)

Cash and cash equivalents

MTN Group determines appropriate internal credit limits for each counterparty. In determining these limits, MTN Group considers the counterparty's credit rating established by an accredited ratings agency and performs internal risk assessments. MTN Group manages the Company's exposure to a single counterparty by spreading transactions among approved financial institutions. The MTN Group regularly reviews and monitors the Company's credit exposure. The Company holds its cash balances in financial institutions with a rating of AA+ (2022: AA+). Given this rating, management does not expect the counterparty to fail to meet its obligations.

16.4 Liquidity risk

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

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

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

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Notes to the annual financial statements (continued) for the year ended 31 December 2023

16. Financial risk management and financial instruments (continued)

16.4 Liquidity risk (continued)

The following liquid resources are available:

	2023 Rm	2022 Rm
Cash and cash equivalents	175	333
Receivables	2 204	693
	2 379	1 026

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

The following are the contractual cash flows of financial liabilities:

	Carrying amount Rm	Payable within 1 month or on demand Rm
2023		
Current liabilities		
Payables	1 673	1 673
Financial guarantee contracts	1 563	47 886
	3 236	49 559
2022		
Current liabilities		
Payables	383	383
Financial guarantee contracts	1 211	44 777
	1 594	45 160

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Notes to the annual financial statements (continued)

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16. Financial risk management and financial instruments (continued)

16.5 Market risk

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

16.5.1 Interest rate risk

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

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

	2023	2022
	Variable rate instruments	Variable rate instruments
	Rm	Rm
Current financial assets		
Receivables	2 204	693
Cash and cash equivalents	175	333
	2 379	1 026
Current financial liabilities		
Payables	1 673	383

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Notes to the annual financial statements (continued)

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16. Financial risk management and financial instruments (continued)

16.5 Market risk (continued)

16.5.2 Sensitivity analysis

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

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

	Increase/(decrease) in profit before tax		
	Change in interest rate	Upward change in interest rate	Downward change in interest rate
	%	Rm	Rm
2023			
LIBOR	1	19	(19)
JIBAR	1	(15)	15
Prime	1	2	(2)
Other	1	1	(1)
2022			
LIBOR	1	*	*
JIBAR	1	2	(2)
Prime	1	3	(3)
Other	1	1	(1)

*Amount less than R1 million.

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

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis was performed on the same basis as was used for 2022.

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Notes to the annual financial statements (continued)

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16. Financial risk management and financial instruments (continued)

16.5 Market risk (continued)

16.5.3 Currency risk

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

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

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

	2023	2022
	Rm	Rm
Assets		
<i>Current assets</i>		
United States dollar	36	34
Eswatini lilangeni	18	23
	54	57
Liabilities		
<i>Current liabilities</i>		
United States dollar	409	594
	409	594

16.5.3.1 Sensitivity analysis

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

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

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Notes to the annual financial statements (continued) for the year ended 31 December 2023

16. Financial risk management and financial instruments (continued)

16.5 Market risk (continued)

16.5.3 Currency risk (continued)

16.5.3.1 Sensitivity analysis (continued)

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

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

	Increase/(decrease) in profit before tax		
	Change in exchange rate %	Weakening in functional currency Rm	Strengthening in functional currency Rm
2023			
Denominated: functional currency			
US dollar : ZAR	10	(37)	37
Eswatini lilangeni : ZAR	10	2	(2)
2022			
Denominated: functional currency			
US dollar : ZAR	10	(56)	56
Eswatini lilangeni : ZAR	10	2	(2)

Price risk

The Company is not exposed to price risk.

16.6 Capital risk management

The Company's policy is 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.

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

Capital includes ordinary shares of R1 000 (2022: R1 000) and equity attributable to the equity holders of the Company amounting to R2 371 million (2022: R2 634 million).

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

17. Events after the reporting period

Subsequent to year end, dividends of R4 000 million (2022: Rnil million) were declared.

No other matters are material to the financial affairs of the Company, have occurred between 31 December 2023 and the date of approval of these financial statements.

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Notes to the annual financial statements (continued)

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18. Emoluments, equity compensation and dealings in ordinary shares

18.1 Directors' emoluments and related payments

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

	Date appointed	Post-employment				Sub-total R'000	Share gains** R'000	Total R'000
		Salaries R'000	benefits R'000	Other benefits* R'000	Bonuses R'000			
2023								
Executive directors								
RT Mupita	03/04/2017	17 627	846	1 286	13 981	33 740	29 075	62 815
TBL Molefe	01/04/2021	9 238	1 341	781	7 150	18 510	-	18 510
Total		26 865	2 187	2 067	21 131	52 250	29 075	81 325

* Includes medical aid, expense allowances and unemployment insurance fund.

** Pre-tax gains on equity-settled share-based payments.

	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	3 268	1 271	178	694	347	5 758
SN Mabaso-Koyana	01/09/2020	500	844	174	316	152	1 986
NP Gosa	01/04/2021	417	784	176	316	152	1 845
PB Hanratty**	01/08/2016	101	-	-	79	-	180
S Kheradpir ⁺	08/07/2015	1 863	1 230	160	605	151	4 009
NP Mageza ¹	16/01/2023	92	382	-	-	-	474
SP Miller ⁺	01/08/2016	1 744	1 293	160	605	303	4 105
KDK Mokhele	01/07/2018	635	869	106	405	97	2 112
CWN Molohe	01/04/2021	417	751	79	316	79	1 642
N Newton-King **	01/01/2023	332	624	83	316	152	1 507
T Pennington ***	01/08/2022	1 931	1 576	271	605	303	4 686
VM Rague ⁺	01/07/2019	1 847	1 341	204	605	303	4 300
SLA M Sanusi ⁺	01/07/2019	1 744	1 334	179	605	303	4 165
NL Sowazi	01/08/2016	481	839	101	316	73	1 810
Total		15 372	13 138	1 871	5 783	2 415	38 579

⁺ Fees have been paid in euros.

[#] Retainer and attendance fees include fees for Board and committee representation and meetings.

^{**} Appointed on 1 January 2023.

[^] Resigned on 30 April 2023.

¹ Appointed as an independent non-executive Chairman of the MTN Group sourcing committee.

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

18.1 Directors' emoluments and related payments (continued)

2022	Date appointed	Salaries R'000	Post-employment benefits R'000	Other benefits* R'000	Bonuses R'000	Subtotal 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.

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 2023.

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Notes to the annual financial statements (continued)

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

18.2 Prescribed officers' emoluments and related payments.

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

	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
2023							
Prescribed officers							
E Asante	12 634	1 774	6 325	10 506	31 239	18 645	49 884
C Molapisi	8 191	850	1 077	6 468	16 586	8 385	24 971
J Schulte-Bockum	11 909	1 216	681	12 058	25 864	28 176	54 040
K Toriola	10 466	1 466	3 033	8 380	23 345	15 729	39 074
Total	43 200	5 306	11 116	37 412	97 034	70 935	167 969

[#] Includes medical aid and unemployment insurance fund.

** Pre-tax gains on equity-settled share-based payments.

	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
2022							
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.

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Notes to the annual financial statements (continued) for the year ended 31 December 2023

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

18.3 Directors, prescribed officers, Company secretary of the Group and directors and Company secretaries shareholding and dealings in ordinary shares of MTN Group Limited

	December 2023	December 2022	Beneficial
RT Mupita ¹	863 519	601 830	Direct
RT Mupita ²	680	680	Indirect
SN Mabaso-Koyana	744	744	Direct
SP Miller	7 500	7 500	Direct
J Schulte-Bockum	158 400	50 000	Direct
PT Sishubu-Bonoyi	11 889	2 201	Direct
C Molapisi	52 700	52 700	Direct
TBL Molefe	49 615	14 819	Direct
PB Hanratty [*]	20 000	20 000	Direct
T Pennington ²	14 090	-	Indirect
Total	1 179 137	750 474	

¹ Includes 402 268 shares (2022: 291 200) held in American Depository Receipt.

² Refers to the Indirect holdings of associates.

* Resigned on 30 April 2023. Includes 20 000 (2022:20 000) held in American Depository Receipt shares.

Subsequent to year end, up to and including 26 April 2023, director PSPs were settled and directors and their associates purchased shares which resulted in an increase in the following directors' beneficial interest in MTN Group:

Beneficiary	December 2023	December 2022	Beneficial
RT Mupita	254 132	150 621	Direct
J Schulte-Bockum	79 955	108 400	Direct
TBL Molefe	70 352	34 796	Direct
PT Sishuba-Bonoyi	-	19 688	Direct
T Pennington	-	14 090	Indirect
	404 439	327 595	

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

18.3 Directors, prescribed officers, Company secretary of the Group and directors and Company secretaries of dealings in ordinary shares of MTN Group Limited

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

Beneficiary	December 2023	December 2022	Beneficial
RT Mupita	33 562	33 562	Indirect
SN Mabasa-Koyana	50 000	50 000	Indirect
Total	83 562	83 562	

Subsequent to year end, up to and including 29 April 2024, there were no changes in the directors' beneficial interest in MTN Zakhele Futhi.

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for the year ended 31 December 2023

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

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

Award date	Vesting date	Number outstanding as at 31 December 2022	Awarded	Settled	Forfeited	Settlement date	Price on settlement R	Number outstanding as at 31 December 2023
RT Mupita								
20/12/2019	20/12/2022	67 000	-	67 000	-	20/04/2023	130.24	-
20/12/2019	20/12/2022	156 300	-	156 300	-	02/05/2023	130.24	-
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
28/12/2023	28/12/2026	-	321 077	-	-	-	-	321 077
Total		1 235 100	321 077	223 300	-	-	-	1 332 877
J Schulte-Bockum								
20/12/2019	20/12/2022	108 400	-	108 400	-	26/04/2023	130.24	-
20/12/2019	20/12/2022	108 000	-	108 000	-	18/04/2023	130.24	-
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
28/12/2023	28/12/2026	-	212 614	-	-	-	-	212 614
Total		824 400	212 614	216 400	-	-	-	820 614
PT Sishuba-Bonoyi								
20/12/2019	20/12/2022	17 112	-	17 112	-	24/05/2023	130.24	-
20/12/2019	20/12/2022	19 688	-	19 688	-	19/04/2023	130.24	-
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
28/12/2023	28/12/2026	-	32 412	-	-	-	-	32 412
Total		137 100	32 412	36 800	-	-	-	132 712

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Notes to the annual financial statements (continued) for the year ended 31 December 2023

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

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

Award date	Vesting Date	Number outstanding as at 31 December				Settlement date	Price on settlement R	Number outstanding as at 31 December 2023
		2022	Awarded	Settled	Forfeited			
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
28/12/2023	28/12/2026	-	171 738	-	-	-	-	171 738
Total		356 600	171 738	-	-	-	-	528 338
E Asante								
20/12/2019	20/12/2022	143 200	-	143 200	-	17/04/2023	130.24	-
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
28/12/2023	28/12/2026	-	247 856	-	-	-	-	247 856
Total		547 400	247 856	143 200	-	-	-	652 056
K Toriola								
20/12/2019	20/12/2022	120 800	-	120 800	-	17/04/2023	130.24	-
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
28/12/2023	28/12/2026	-	108 375	-	-	-	-	108 375
Total		442 350	108 375	120 800	-	-	-	429 925
C Molapisi								
20/12/2019	20/12/2022	19 300	-	19 300	-	22/08/2023	130.24	-
20/12/2019	20/12/2022	45 100	-	45 100	-	22/08/2023	130.24	-
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
28/12/2023	28/12/2026	-	144 529	-	-	-	-	144 529
Total		363 900	144 529	64 400	-	-	-	444 029