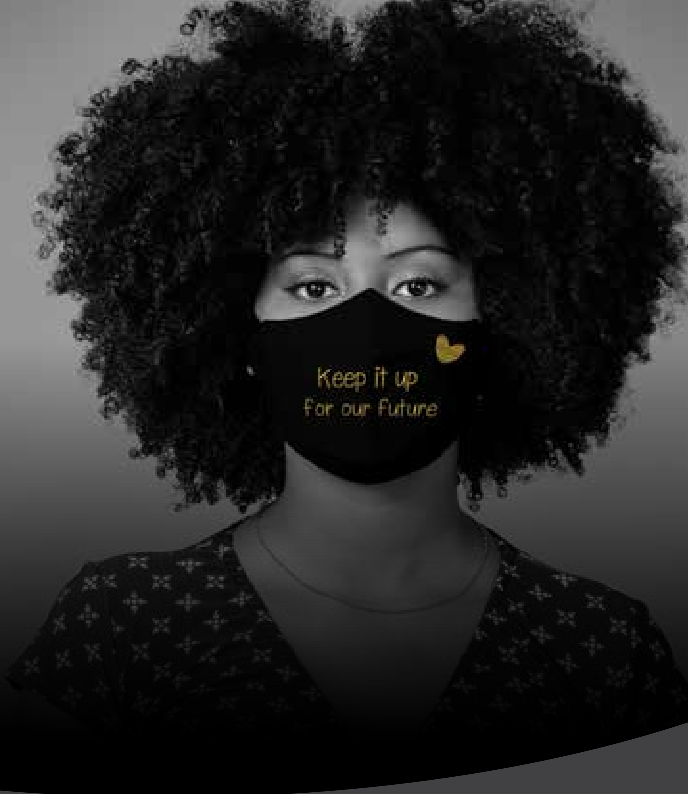

MTN Group Limited

Interim financial results

for the six months ended
30 June 2021

Leading digital solutions for Africa's progress

Contents

Results overview

* *Constant currency information after accounting for the impact of the pro forma adjustments as defined and included throughout this Stock Exchange News Service of the JSE Limited (SENS) announcement.*

Any forward-looking financial information disclosed in this results announcement, including the dividend guidance, is the directors' responsibility and has not been reviewed or audited or otherwise reported on by our external joint auditors.

Certain information presented in these results constitutes pro forma financial information. The responsibility for preparing and presenting the pro forma financial information and for the completeness and accuracy of the pro forma financial information is that of the directors of MTN. This is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present MTN's financial position, changes in equity, and results of operations or cash flows. This pro forma financial information has not been audited or reviewed or otherwise reported on by our external joint auditors.

Certain financial information presented in these consolidated financial results has been prepared excluding the impact of hyperinflation, impairments of goodwill, property, plant and equipment, intangible assets and joint ventures & associates, fair value gain on acquisition of aYo, impairment loss on remeasurement of disposal groups, loss on deconsolidation of MTN Syria, impairment of investment in MEIH, impairment of Iran receivable, gain on disposal of ATC Ghana and ATC Uganda and constitutes pro forma financial information to the extent that it is not extracted from the segment disclosure included in the reviewed condensed consolidated financial results for the six months ended 30 June 2021. This pro forma financial information has been presented to eliminate the impact of the pro forma adjustments from the consolidated financial results to achieve a comparable YoY analysis. The pro forma adjustments have been calculated in terms of the Group accounting policies which are consistent with International Financial Reporting Standards (IFRS) and as disclosed in the consolidated financial statements for the year ended 31 December 2020.

Constant currency information has been presented to remove the impact of movement in currency rates on the Group's results and has been calculated by translating the prior financial reporting period's results at the current period's average rates. The measurement has been performed for each of the Group's currencies, materially being that of the US dollar and Nigerian naira. The constant currency growth percentage has been calculated based on the prior period constant currency results compared to the current interim results. In addition, in respect of MTN Irancell, MTN Sudan, MTN South Sudan and MTN Syria, the constant currency information has been prepared excluding the impact of hyperinflation. The economies of Sudan, South Sudan, Iran and Syria were assessed to be hyperinflationary for the period under review and hyperinflation accounting was applied. Hyperinflation accounting was applied to MTN Syria until loss of control by the Group.

The Group's results and segmental report are presented in line with the Group's operational structure. The Group's underlying operations are clustered as follows: South Africa (SA), Nigeria, the Southern and East Africa (SEA) region, the West and Central Africa (WECA) region and the Middle East and North Africa (MENA) region and their respective underlying operations.

The SEA region includes Uganda, Zambia, Rwanda, South Sudan, Botswana (joint venture-equity accounted), eSwatini (joint venture-equity accounted) and Business Group. The WECA region includes Ghana, Cameroon, Côte d'Ivoire, Benin, Congo-Brazzaville, Liberia, Guinea Conakry and Guinea Bissau. The MENA region includes Iran (joint venture-equity accounted), Syria, Sudan, Yemen and Afghanistan.

In line with the Group's strategy announced in March 2021, MTN Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA region). Prior year numbers have been restated for SEA and WECA accordingly.

MTN Syria results have been disclosed up to February for 2021 and up to 31 December for 2020, as a result of loss of control effective February 2021, following MTN Syria being placed under judicial guardianship.

ONE MORE PUSH
everywhere you go

Results overview

for the six months ended
30 June 2021

#GoodTogether

Highlights

MTN is a pan-African mobile operator with the strategic intent of *Leading digital solutions for Africa's progress*. We have 277.3 million customers in 21 markets and are inspired by our belief that everyone deserves the benefits of a modern connected life.

Subscribers
277.3 million
decreased by 2.3 million

Service revenue grew by 2.1%
19.7%*

EBITDA
(before once-off items)
grew by 6.6%
24.1%*

EBITDA margin (before once-off items) up by 1.5 percentage points (pp) to 44.8%
(up 1.6pp* to 44.9%*)

Reported HEPS at
387 cps,
down 10.0%;
non-operational impacts decreased HEPS by 118 cps

Holding company (Holdco) net debt down to
R36.7 billion
(from R43.3 billion) leverage improved to 1.4x (2020: 2.2x)

ROE improved to
18.3% from 14.1% in June 2020

Capex of
R14.8 billion
(R11.6 billion under IAS17 with capex intensity of 13.3%)

MoMo value of transactions **up 88.3%** YoY to **US$115.2 billion**

No interim dividend declared, in line with guidance

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Any forward-looking financial information disclosed in this results announcement, including the dividend guidance, is the directors' responsibility and has not been reviewed or audited or otherwise reported on by our external joint auditors.

Results overview

Group President and CEO Ralph Mupita comments:

"Notwithstanding the many challenges presented by the COVID-19 pandemic, MTN delivered a solid H1, exceeding most of the Group's medium-term targets through sustained commercial momentum as we executed on our ***Ambition 2025*** *strategy.*

Our sustained investment in our networks and platforms, strong market positions, leading African brand and capital allocation disciplines, have placed MTN in a strong position to be able to support societies that we operate in to navigate the COVID-19 pandemic. We believe that the drive for faster digitalisation of economies is a structural change that will accelerate through the pandemic and beyond.

In H1, we continued to prioritise the health and safety of our people as well as sustain initiatives to support the continent's recovery from the pandemic's devastating impacts on lives and livelihoods. By 12 July 2021, we had recorded 2 452 COVID-19 infections and mourned the loss of 18 of our staff across the markets.

We are encouraged by the rollout of COVID-19 vaccination programmes across our markets. By 12 July 2021, we had recorded 1 780 (8.1%) of our staff vaccinated with at least one dose. Our efforts to support the rollout of vaccines across the African continent continue, and we anticipate that the US$25 million vaccine donation to the Africa Centres for Disease Control and Prevention (Africa CDC) will be fully utilised in H2 2021 as vaccine availability improves. One million vaccine doses were distributed by the Africa CDC in H1 2021, ahead of challenges in securing vaccines through the COVAX facility as the Delta variant became more prevalent.

We added our voice to the calls by the World Health Organisation and the Africa CDC for COVID-19 vaccine equity for developing markets. The push for herd immunity across the world and a return to broad-based socio-economic global growth will not be possible while developing markets battle to access vaccines. Public private partnerships focused on a sustainable future for our planet will be critical in order to successfully navigate this pandemic.

With the launch of the #OneMorePush campaign, we have extended our partnership with the Africa CDC. This campaign encourages people to not give up in the fight against COVID-19 – and to continue to wear their masks, wash their hands and practise social distancing, at a time when vaccination levels across our markets still lag developed markets.

A key part of Ambition 2025 is to create shared value to support the progress of Africa. Notwithstanding the challenges of slow vaccine rollout in the period, we were encouraged by the progress in digital and financial inclusion across our markets. We reduced the cost to communicate to ensure that we remain true to our core belief that everybody deserves the benefits of a modern connected life. We added approximately R50 billion of economic value during H1 to sustain societies that went a long way in supporting the nation states in which we operate and serve.

Group service revenue grew by 19.7% and EBITDA increased by 24.1%*, with continued operating leverage as the EBITDA margin expanded by 1.6pp* to 44.9%*. This reflects pleasing service revenue growth from our large operations, operating leverage achieved and on-going execution of our expense efficiency programme. All MTN South Africa's (MTN SA) business units recorded good growth, and both MTN Nigeria and MTN Ghana delivered double-digit percentage increases in service revenue.*

Reported HEPS were impacted by a number of non-operational and once-off items, which included accounting adjustments relating to our Middle East portfolio and material COVID-19 donations to the AU for vaccines and the Coalition Against COVID-19 (CACOVID) in Nigeria.

Excluding these items, adjusted HEPS increased by 31.5%. This supported the further expansion of our adjusted ROE, which was up by 4.2pp to 18.3% versus June 2020.

The solid results were delivered despite a 2.3 million decline in the number of subscribers to 277.3 million, due to new industry-wide SIM registration regulations in Nigeria. These included a ban on new SIM activations, which was lifted in April 2021. New additions in Nigeria have since remained muted, as expected, owing to the new registration requirements. Excluding Nigeria, Group subscribers increased by 5.4 million and we expect subscriber growth to normalise over time as more of MTN's enrolment centres in Nigeria are certified for SIM registration. Active data subscribers increased by 3.1 million to 117.4 million.

In our platform businesses, the number of monthly active users (MAU) rose by 27.9% YoY to 48.9 million for MoMo and by 299.7% YoY to 8.0 million for ayoba. The growth in these businesses is underpinned by the momentum in their underlying value drivers, which continued to trend strongly in the period.

The work to structurally separate the fintech business by the end of Q1 2022 is on track. We are pleased to announce the InsurTech alliance with the Sanlam Group across Africa. This strategic alliance has the potential to change the face of insurance in Africa by leveraging the brand and reach of MTN, together with Sanlam's licensing, insurance expertise and extensive footprint. Through this partnership, we will develop and distribute a comprehensive range of insurance, investment and savings products to MTN customers using digital channels. We believe that this will support our ambition to scale our InsurTech portfolio more rapidly in line with our pan-African focus. Our InsurTech business, through aYo, currently has 6.3 million active policies with a 2025 target of 30 million policyholders.

The structural separation of the fibre business is also underway and is targeted to be completed in the next two years.

The focus on the faster de-leveraging of our balance sheet is progressing well, with the continued improvement in consolidated net debt-to-EBITDA to 0.6x (from 0.8x) and Holdco leverage to 1.4x (from 2.2x). This was boosted by cash of R9.3 billion upstreamed from our Operating Companies (Opcos) (including R4.0 billion from Nigeria) in H1, as well as R1.8 billion in proceeds from the sale of Belgacom International Carrier Services SA (BICS) in February 2021 as part of our asset realisation programme (ARP). There is also good progress being made to realise value in our stake in IHS in the near term as well as in the work on a transaction for the tower portfolio in MTN SA, which remains on track for a decision by the end of Q3 2021.

Our exit from the Middle East, in line with the pan-African focus of our strategy, is underway. The Group has initiated an exit of Syria, through abandoning the operation given regulatory actions and demands that make operating in the market untenable. We reserve our rights to seek redress through international legal processes given the actions of the Syrian authorities that have left us with no other choice than to exit. In H1, MTN Syria represented less than 1% of MTN Group EBITDA, prior to deconsolidation in February 2021. Exploration of the options to exit Yemen and Afghanistan in an orderly manner is ongoing and we will keep the market updated as the processes develop.

*Looking ahead, we remain focused on executing on **Ambition 2025**, driving growth, deleveraging the Holdco balance sheet and unlocking value, while navigating the impacts of the pandemic. We maintain our Group capex guidance of approximately R30.1 billion for the year, on current currency assumptions, as we remain committed to investing in the capacity and resilience of all our networks as well as scaling our platforms to drive accelerated growth and achieving our medium-term targets."*

Results overview continued

Overview

MTN continued to deliver solid growth for the six months ended 30 June 2021, against the backdrop of persistently challenging trading conditions. Service revenue grew ahead of our medium-term targets and, coupled with our expense efficiency programme, this drove positive operating leverage with further improvements in the EBITDA margin.

Group ***service revenue*** rose by 19.7%* to R81.9 billion (2020: R80.2 billion). This was led by growth of 9.3% in MTN SA, 23.8%* in MTN Nigeria and 25.5%* in MTN Ghana. The Group also benefited from double-digit overall top-line growth from the regions.

We continued to deliver solid results in our ***industry-leading connectivity operations***.

Voice revenue increased by 8.9%*, supported by growth in voice traffic of 12.3% YoY. The performance was also supported by our well-executed customer value management (CVM) initiatives and segmented customer propositions.

Data revenue expanded by 32.2%* on the back of a 56.4% increase in data usage (to 0.9GB per user per month), with sustained levels of online demand brought about by the effects of the pandemic. At 30 June 2021, we had 117.4 million active data users, up 3.1 million. In H1 we increased the number of people in our 3G and 4G coverage, adding 7.5 million and 25.0 million respectively; invested further in 5G in SA, adding 257 sites; recorded 148 million smartphones on our network (53.5% penetration of our customer base); and reduced the average effective rate per megabyte by 17.2% as we worked to bridge the digital divide and drive inclusion.

MTN ***GlobalConnect*** (MTN GC), which is driving our fibreco ambitions, recorded a healthy commercial and financial performance, signed new fixed wholesale deals to the value of US$27.3 million in total contract value terms (TCV) during H1 and delivering growth in external revenue of 40.0% YoY to US$45.5 million (total revenue of US$248 million, up 34% YoY).

We continued building scale infrastructure assets to meet the explosive growth in data traffic and the accelerating digital economy in Africa. During H1 we rolled out additional fibre in a number of our markets including SA, Ghana, Rwanda, Uganda and Cote d'Ivoire and concluded 12 new cross-border links in East and West Africa. During H1, GC rolled out more than 2 500km of additional fibre, largely in Zambia. We also connected the last segment of the Africa Coast to Europe (ACE) submarine cable to the MTN GC Cable Landing Station located near Cape Town in SA. This provides direct access to 20 countries in West Africa and Europe.

We continued to accelerate ***building the largest and most valuable platforms***.

Fintech revenue rose by 39.7%*. The number of active MoMo users increased by 2.6 million to 48.9 million compared to December 2020, generating a monthly ARPU of US$1.3. The value of MoMo transactions was up by 88.3% to US$115.2 billion and we processed 17 292 transactions per minute (up 47.1% from 11 752 in June 2020). In Nigeria we added 121 000 agents to end the period with more than 515 000 registered MoMo agents.

We continued to scale our payments platform, the number of active merchants accepting MoMo payments stood at 581 514 (up 85.3% YoY) and the total value of MoMo merchant payments (gross merchandise value – GMV) rose by 354.2% to US$12.4 billion.

The total value of remittances grew by 91.8% to US$1.1 billion at 30 June 2021; while in BankTech we facilitated a total loan value of US$511.5 million, a 49.5% YoY increase. Within InsurTech, our ***aYo*** insurance business had more than 13.6 million registered policyholders and 6.3 million active policies (up 31.9% YoY). In total, aYo generated US$3.9 million (R56.7 million) in service revenue and US$6.5 million (R95.5 million) in premium income.

We concluded an agreement to increase our shareholding in aYo to 100% as MMH exits the partnership. At the same time, we have announced a strategic alliance with Sanlam, which will help to accelerate our InsurTech growth on the continent, in line with our pan-African strategy. The aYo platform will form the base of the alliance with Sanlam.

Digital revenue increased by 23.8%*, supported by the greater uptake of our services. In the period, our instant messaging platform ayoba, recorded 8.0 million monthly active users, an addition of 2.5 million since December 2020. It has now been integrated into 18 MTN markets. We rolled out an updated version of ayoba, which includes music, gaming, channels and money transfer services.

Enterprise revenue increased by 14.2%*, supported by growth in MTN SA, which delivered growth of 17.5% as it continued to benefit from increased data usage through work from home solutions. Other markets which contributed to growth included MTN Ghana and MTN Côte d'Ivoire, both of which benefited from some turnaround in the SME segments, albeit with continued headwinds from COVID-19 impacts.

Enterprise revenue for MTN Nigeria grew at 6.7%* YoY, muted by regulatory issues affecting the Bulk SMS and USSD service lines. Pleasingly, MTN Nigeria made significant progress in concluding the operational modalities for the new pricing framework for USSD services, which incorporates the recovery of outstanding USSD debts.

Wholesale revenue increased by 60.6%*, aided by the strength of national roaming in SA. We recognised revenue of R1.4 billion (up 74% YoY) from Cell C with a balance of R0.3 billion unrecognised at 30 June 2021. Cell C remains up to date with its payment plan.

The Group's ***EBITDA margin*** in constant currency terms and excluding the effects of once-off items expanded by 1.6pp* to 44.9%*, driven by the 1.5pp, 1.8pp* and 0.9pp* improvements delivered by MTN SA, MTN Nigeria and MTN Ghana respectively.

The Group's reported EBITDA margin was 40.0% compared to 49.7% in June 2020. The H1 2021 figure included a number of non-operational items totalling a net -R4.2 billion. This comprises gains on disposal/transition of assets (R1.7 billion), loss on remeasurement/deconsolidation of MTN Syria (-R4.7 billion), impairment of MTN Yemen (-R0.7 billion) and COVID-19 donations (-R0.5 billion).

Results overview continued

The 2020 margin had also included the effects of the gain on disposal of our ATC Uganda and ATC Ghana tower associates (R6.1 billion) and the impairment loss on the remeasurement of the MTN Syria disposal group (-R0.8 billion).

The Group's overall underlying margin improvement in 2021 was assisted by our expense efficiency programme, including strict cost containment measures. At 30 June 2021, we had realised R1.6 billion worth of expense efficiencies, with the largest savings recorded by MTN Nigeria and MTN Cameroon.

Basic ***earnings per share*** (EPS) decreased by 78.0% to 148 cents (2020: 674 cents), impacted by the abovementioned items. 2021 EPS were impacted by impairment losses of 71 cents relating to MTN Yemen and derecognition losses relating to MTN Syria of approximately 262 cents. There was some offset arising from the gain on disposal of BICS, amounting to approximately 67 cents. EPS in June 2020 had included the benefit from gains amounting to approximately 341 cents on the disposal of the ATC Uganda and ATC Ghana tower associates announced in March 2020.

Reported ***headline earnings per share*** (HEPS) declined by 10.0% to 387 cents (2020: 430 cents). HEPS were negatively impacted by net non-operational and once-off items amounting to 118 cents from the following items: hyperinflation (excluding impairments) of 5 cents (10 cents in 2020), the impact of foreign exchange gains and losses of -99 cents (28 cents in 2020), the reversal of the time value loss recognised on the Irancell receivable of 0 cents (8 cents in 2020) and material COVID-19 donations of -24 cents (0 cents). We thus continued to show pleasing momentum in the growth of underlying earnings at the bottom line; on an adjusted basis HEPS was up 31.5% to 505 cents.

We invested ***capex*** of R14.8 billion on an IFRS16 reported basis, which is 7.7% higher YoY (up by 15.1% to R11.6 billion under IAS 17). We continued to accelerate our investment and expand the capacity of our networks despite varying COVID-19 lockdown restrictions. In the period we rolled out 1 873 3G and 7 023 4G sites. Capex intensity edged up to 13.3% from 12.0% under IAS 17 in June 2020, when the dampening effects of COVID-19 on capex were evident in the base.

Group ***operating free cash flow*** increased by 51.2% to R13.2 billion, benefiting from a strong underlying EBITDA performance, driven by positive operating leverage, as well as disciplined management of working capital.

Return on equity (ROE) (adjusted for non-operational items, including hyperinflation) for the period expanded 4.2pp to 18.3%, from 14.1% in June 2020, further demonstrating the improving quality of our earnings. This result was driven by the Group's solid revenue growth, improved efficiencies, positive operating leverage as well as lower finance costs and depreciation.

COVID-19 pandemic impact on the business

After emerging from a second wave of COVID-19 infections in H1, some parts of Africa are being impacted by a third wave. This is driving rapid increases in new cases and in turn the renewed imposition of lockdown restrictions in some markets. Across the continent the distribution of vaccines has commenced, albeit slowly, with only 1.6% of all Africans having received at least one jab according to recent World Health Organization data.

While economic activity has picked up, the health crisis continues to create a challenging trading environment. In H1, we continued to work to create shared value and focus on four key areas, namely: ***social*** (our people, communities and stakeholders); ***commercial*** (including our customers); ***network and supply chain;*** and ***funding and liquidity***.

Social

The health and safety of our people continues to be our priority: employees are permitted to work from home and strict protocols are in place for those who are unable to work remotely. Through initiatives such as the MTN Global Staff Emergency Fund for employees and ***Y'ello*** Hope packages for other stakeholders, the Group continues to work to safeguard the wellbeing of our staff, customers and communities.

We will be pursuing a hybrid working policy ahead, with a mix of on-site and work from home solutions, for staff. A COVID-19 vaccination policy is also under development and will guide the start of the hybrid working conditions. We anticipate that this policy will be in place by the end of 2021.

Thus far, the AU has dispensed over one million COVID-19 vaccines supported by our US$25 million donation to the Africa CDC. On 8 July 2021, alongside the Africa CDC we launched a joint campaign – #OneMorePush – to encourage people across the continent to not give up in the fight against COVID-19, and to continue to wear their masks, wash their hands and practise social distancing.

The awareness campaign is an extension of the African Union's *'Adapted Africa Joint Continental Strategy for COVID-19 Pandemic'* endorsed by Africa's Health Ministers and aligned to the *'Prevent, Monitor and Treat'* approach. It is also an extension of the partnership between the Africa CDC and MTN, which includes the rollout of COVID-19 vaccines to health workers across the continent through the Group's US$25 million donation.

Commercial

While trends levelled out following the peaks of 2020, commercial momentum remained resilient in H1 of 2021 as we lapped the base effects from 2020.

Overall Group ***data*** traffic (including MTN Irancell) grew by approximately 53.2% YoY for the six-month period. Among our larger markets: MTN SA was up by 56.5%, MTN Nigeria increased by 83.0%, and MTN Ghana was 53.2% higher.

Group fintech transaction volumes were up by 47.1% YoY and the value of fintech transactions in US dollar terms was 88.3% higher. In some of our markets, MTN continues to zero-rate transactions to support customers and drive increased adoption.

Network and supply chain

Another priority throughout the pandemic has been to safeguard the capacity and resilience of our networks. By 30 June 2021 we added 1 873 3G, 7 023 4G and 324 5G radio sites to ensure we cater for demand. The headroom in our core data networks of our larger markets, at peak utilization, was approximately 17% in South Africa, 31% in Nigeria and 22% in Ghana. Upgrades are underway in these three markets that will increase core network headroom to approximately 40% in South Africa, 50% in Nigeria and 50% in Ghana by the end of the year.

Funding and liquidity

Through the volatility of the pandemic, the resilience of our balance sheet has been evidently sustained and we continue to focus on this as well as on managing liquidity.

We are committed to accelerating the deleveraging of the Holdco balance sheet and optimising our debt mix, through solid operational performance and cashflow generation, cash upstreaming, asset realisations and potential liability management.

At 30 June 2021, our Group net debt was R45.6 billion. Our net debt-to-EBITDA ratio of 0.6x remained well within our covenant limit of 2.5x. Our interest cover was 6.3x, comparing favourably with the covenant limit of no less than 5.0x.

We maintained a healthy liquidity position at the Holdco level for the period: the Holdco net debt of R36.7 billion at 30 June 2021 compared to the December 2020 level of R43.3 billion. At the end of June 2021, our Holdco leverage was 1.4x (vs 2.2x in December 2020) – we are pleased that Holdco leverage is tracking well against our medium-term target of 1.5x. The acceleration in the deleveraging of our Holdco balance sheet was underpinned by significant progress in cash upstreaming, including from Nigeria. The June 2021 ratio of non-rand to rand-denominated debt at the Holdco level stood at 44:56, from 48:52 in December 2020.

During the six-month period, we upstreamed R9.3 billion in cash from our Opcos, including R4.0 billion from Nigeria. We received a further R2.3 billion from Nigeria post the H1 period-end, bringing the total year-to-date upstreaming from Nigeria to R6.3 billion. We have now repatriated all outstanding FY 2019 and FY 2020 dividends. YTD cash from Nigeria was upstreamed at an average exchange rate of approximately N462/US$. On a pro-forma basis, our Holdco leverage would thus be 1.2x on inclusion of the cash upstreamed from Nigeria in July 2021.

We continue to take a prudent approach to liquidity management. At 30 June 2021, our Holdco liquidity headroom was R48.3 billion. This is comprised of R19.6 billion in cash (excluding Nigeria dividends that had not yet been repatriated by June 2021) and R28.7 billion in committed, undrawn credit facilities.

By the end of June 2021, we had made good progress on reducing our exposure to US dollar debt and repaid our US dollar term loan debt of US$150 million (of which US$75 million was an early settlement) as well as the US dollar revolving credit facility (RCF) of US$150 million. This was achieved by raising R3.4 billion through a variety of rand debt instruments, enabling us to mitigate refinancing risk.

Our focus over the medium term remains to deleverage faster through reducing our exposure to US dollar debt and improving the funding mix at the Holdco level through greater cash flows.

Creating shared value

We made advances in our work to ***create shared value***, a strategic priority of our Ambition 2025 strategy. We remained steadfast in supporting Africa's progress, driven by our belief that everyone deserves the benefits of a modern connected life. We remain committed to driving digital and financial inclusion across our markets, driving broadband connectivity and reducing the blended cost of data across our markets by 17.2% YoY.

Our contribution to society and economies continued to make a positive impact on lives and livelihoods in our markets – this amounted to approximately R50 billion in H1. We paid cash taxes of R7.2 billion in support of the fiscal resources of the nation states in which we operate and invested R22 billion in our networks, boosting fixed investment. On the ground, we continued to support the livelihoods of approximately 5 million people in our value chain.

In terms of eco-responsibility – Project Zero, we advanced our efforts to reach net zero emissions by 2040, including working closely with our suppliers to reduce our scope 3 emissions. We remain committed to reduction of carbon emissions by 47% (off a 2019 base) by 2030 across scope 1, scope 2 and scope 3 emissions, and to achieving net-zero by 2040.

To accelerate diversity and inclusion, we set a target of 50% women representation of executives and boards across our Opcos and 50% (from 38% currently) women in the workforce overall by 2030.

Although we still have much work to do, our ESG initiatives were recognised by FTSE Russell, which increased MTN Group's ESG rating at June 2021 to 3.7 (out of a maximum of 5) from our previous score of 2.9. This placed MTN above the mobile telecommunications sub-sector average of 3. Among the highlights of the evaluation were an improvement in our social score as we worked towards greater disclosure on human rights practices, labour standards and our social supply chain and an increase in our environmental score. Our score on governance remained stable.

Asset realisation programme (ARP) and portfolio transformation

We continued to work to ***accelerate portfolio transformation***. Our ARP, launched in March 2019 and enhanced in March 2020, aims to reduce debt, simplify our portfolio, reduce risk and improve returns. Our target is to realise proceeds of at least R25 billion over three to five years. MTN's broader portfolio transformation plan is to accelerate these goals to actualise our focus on Africa, support our shared value objectives and structure the business to reveal value. Over the past six months we delivered approximately R1.8 billion in asset realisations.

IHS is key to our ARP and we are confident of making progress on realising this asset in the near-term. IHS has indicated that it is exploring an IPO subject to regulatory approvals and to market conditions being favourable. At present, demand for infrastructure assets remains strong and conditions in the US equity market are favourable for a listing. At 30 June 2021, we valued our 29% shareholding in IHS at R30.5 billion.

Work on a potential transaction related to passive infrastructure in South Africa is well advanced and envisages incorporating approximately 5 700 towers. MTN SA is evaluating a short-list of interested bids and aims to reach a decision on the transaction by the end of Q3 2021.

Results overview continued

In February 2021, we completed the sale of our 20% associate shareholding in BICS to PROXIMUS NV/SA and received cash proceeds of €102.4 million (R1.8 billion).

Localisations are a key element of our ARP, as we also prioritise creating shared value, broadening local participation, and deepening the capital markets in which we operate. This includes the further sell-down of approximately 14% of our shareholding in MTN Nigeria, also comprising a potential retail offer targeting at least two million Nigerians. Work is also ongoing for the further localisation of MTN Ghana as well as the listing of MTN Uganda. MTN Rwanda listed on the Rwanda Stock Exchange (RSE) on 4 May 2021 and reported its maiden results as a listed entity on 3 August 2021.

Our exit from the Middle East, in line with our strategy to focus on pan-Africa, is underway. The Group has initiated an exit of Syria, through abandoning the operation given the regulatory actions and demands that make operating in the market untenable. We reserve our right to seek redress through international legal processes given the actions of the Syrian authorities that have left us with no other choice than to exit. In H1, MTN Syria represented less than 1% of MTN Group EBITDA, before deconsolidation in February 2021. Exploration of the options to exit Yemen and Afghanistan in an orderly manner is ongoing and we will keep the market updated as the processes develop.

Our April 2021 bid for a new telecom licence in Ethiopia was unsuccessful. Our bid took into account the licence conditions as well as related uncertainties. We had also adopted a partnership approach to ensure that funding and risk was diversified. While disappointing, we are comfortable that our approach was guided by disciplined strategic and capital allocation frameworks.

The Group has decided not to participate in the new liberalisation processes underway in Ethiopia, and we thank the Ethiopian government for the opportunity to have been part of the previous process. We also thank the partners we had in our unsuccessful licence bid.

Regulatory and legal considerations

SIM registration in Nigeria

In December 2020, the Nigerian Communications Commission (NCC) suspended the sale and activation of new SIMs, directing operators to update registration records with national identification numbers (NINs) for every SIM in Nigeria. Since then, it has extended the deadline numerous times.

The Nigerian Federal Ministry of Communications & Digital Economy completed a general policy for the communications sector in the country and, on 19 April 2021, the suspension on issuing new SIMs and various other activities was lifted subject to adherence with the regulator's stipulated guidelines.

MTN Nigeria has continued to make progress with more than 37 million subscribers having submitted their NINs by 26 July 2021, representing approximately 54% of the subscriber base and 65% of service revenue. MTN Nigeria is actively supporting the Government's NIN enrolment programme, having now acquired approximately 40 000 enrolment devices.

The deadline for NIN registrations is 31 October 2021, extended from the previous date of 26 July 2021.

MTN Nigeria licence renewal
MTN Nigeria remains in good regulatory standing with the NCC. The NCC is going through its usual processes for licence renewal and we are confident that with MTN Nigeria, having fulfilled all requirements well within stipulated timelines, will receive formal notification of the renewal of all its licences in due course.

MTN Rwanda licence renewal
MTN Rwanda renewed its licence with the Rwanda Utilities Regulatory Authority (RURA). The previous licence expired on 30 June 2021 and the new licence took effect from 1 July 2021. With MTN Rwanda having received all required approvals, it has now signed a 10-year Individual Licence with RURA for a license fee equivalent to Rwf91.0 billion. The licence is unified, subject to Rwanda's National Broadband Policy.

Spectrum in South Africa
The planned auction of broadband spectrum in South Africa is on hold due to pending litigation. The court cases relating to the auction are currently scheduled for mid-September 2021, however MTN SA remains constructive that the delays will be resolved in a mutually acceptable manner through the ongoing mediation process with ICASA.

MTN SA's dispute relates to the inclusion of the vital 3.5GHz '5G anchor band' in the opt-in round and the exclusion of MTN from participating in the opt-in round, due to the arbitrary Tier 1 and Tier 2 classification.

ICASA has extended the allocation of temporary spectrum to licensees until the disputes are resolved. This has allowed MTN SA to continue to zero-rate over 1 000 health, education and job websites, helping more than five million financially vulnerable South Africans as they navigate this demanding period.

MTN Ghana classified a significant market power
Since October 2020, MTN Ghana has applied a 30% asymmetrical interconnect rate, effective for two years, in line with a directive from the National Communications Authority (NCA) which followed its classification of MTN Ghana as a significant market power. MTN Ghana remains in constructive discussions with the NCA and will update stakeholders on any significant developments.

MTN Afghanistan anti-terrorism complaint
On 5 February 2021, the Group and two of its subsidiaries, MTN Dubai and MTN Afghanistan (collectively: MTN Defendants), filed a reply in support of its September 2020 request that the United States (US) court dismiss MTN Defendants from a civil case filed against it in 2019, which had asserted claims for civil monetary relief under the US Anti-Terrorism Act. MTN Defendants had requested that the court dismiss the complaint for two independent reasons: firstly, the court lacks jurisdiction over MTN Defendants, which does not operate in the US, and secondly, the complaint does not allege any conduct by MTN Defendants that violated the Anti-Terrorism Act.

As announced on 2 August 2021, on 30 July 2021 the magistrate judge to whom the case had been referred made a recommendation to the district judge presiding over the case to grant the motion to dismiss for all defendants in the case, including as submitted by MTN Defendants.

The magistrate judge further concluded that the court did not have jurisdiction over MTN Defendants. Under the US court's procedures, the plaintiffs are permitted to file objections to the report with the district judge, and MTN Defendants will have an opportunity to respond.

MTN is in the process of studying the full report with its legal counsel, however, we are pleased with this positive development supporting MTN's strong defence and arguments with regards to our motion to dismiss.

Iraq anti-terrorism complaint

On 22 June 2021 a complaint for violations of the US Anti-Terrorism Act was filed in the United States District Court for the Eastern District of New York on behalf of American service members and civilians, and their families, who were killed or wounded in Iraq between 2011 and 2016.

The complaint alleges that telecom companies indirectly supported the Iran Revolutionary Guard Corps by, inter alia, doing business with Iranian companies. The defendants named in the complaint are two different telecoms companies, one of which is MTN and certain of its affiliates including Irancell (MTN holds a 49% equity interest in Irancell).

MTN is reviewing the details of the complaint and is consulting its advisers but remains of the view that it conducts its business in a responsible and compliant manner in all its territories and so intends to defend its position where necessary.

Dividend and medium-term dividend policy update

As previously communicated, the board of directors of MTN (Board) has suspended dividend payments until March 2022. At that time, the Board will communicate a revised medium-term dividend policy along with the announcement of FY 2021 results.

We have also previously advised shareholders that the Board anticipates paying a minimum ordinary dividend of at least 260cps as a final dividend for FY 2021. On assessment of the progress of cash upstreaming from Nigeria, ARP delivery and COVID-19 impacts, the Board will consider returning further cash to shareholders, in line with our capital allocation framework, in the form of special dividends or share repurchases after the release of FY 2021 results.

Capex guidance 2021 (including the impact of IFRS 16)

Rm	Estimated (IFRS 16) 2021	Estimated (IAS 17) 2021	Capitalised (IFRS 16) 1H 21	Capitalised (IAS 17) 1H 21	Capitalised (IFRS 16) 1H 20	Capitalised (IAS 17) 1H 20
South Africa	**9 283**	8 798	**3 218**	3 032	3 532	2 831
Nigeria	**12 154**	8 976	**6 708**	4 049	5 854	3 390
SEA	**2 827**	2 342	**1 486**	1 137	1 230	980
WECA	**6 523**	6 015	**2 882**	2 790	2 304	2 166
MENA	**1 539**	1 331	**309**	268	551	483
Head offices, GlobalConnect and eliminations	**2 662**	2 662	**339**	338	453	340
Total	**34 988**	30 124	**14 942**	11 614	13 924	10 190
Hyperinflation	**–**	–	**(94)**	(46)	(140)	(138)
Total reported	**34 988**	30 124	**14 848**	11 568	13 784	10 052
Iran (49%)	**1 940**	1 859	**592**	563	387	335

In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.

The difference between IFRS 16 and IAS 17 is operating leases which are now capitalised under IFRS 16.

Results overview continued

Financial review

Headline earnings reconciliation

Rm	IFRS reported 1H 21	Impairment of goodwill, PPE and associates[1]	Loss on deconsolidation of subsidiary[2]	Impairment loss on remeasurement of disposal group[3]	Gain on disposal/ dilution of investment in JV/ Associate and fair value gain on acquisition of subsidiary[4]
1H 21					
Revenue	**86 673**	**–**	**–**	**–**	**–**
Other income	**1 744**	**–**	**–**	**–**	**(1 738)**
EBITDA	**34 626**	**730**	**4 720**	**53**	**(1 738)**
Depreciation. amortisation and impairment of goodwill	**(17 539)**	**583**	**–**	**–**	**–**
Profit from operations	**17 087**	**1 313**	**4 720**	**53**	**(1 738)**
Net finance cost	**(7 883)**	**–**	**–**	**–**	**–**
Hyperinflationary monetary gain	**108**	**–**	**–**	**–**	**–**
Share of results of associates and joint ventures after tax	**926**	**–**	**–**	**–**	**–**
Profit before tax	**10 238**	**1 313**	**4 720**	**53**	**(1 738)**
Income tax expense	**(6 057)**	**–**	**–**	**–**	**–**
Profit after tax	**4 181**	**1 313**	**4 720**	**53**	**(1 738)**
Non–controlling interests	**(1 508)**	**(13)**	**–**	**(13)**	**–**
Attributable profit	**2 673**	**1 300**	**4 720**	**40**	**(1 738)**
EBITDA margin	**40.0%**				
Effective tax rate	**59.2%**				

Rm	IFRS reported 1H 20	Impairment of goodwill, PPE and associates[1]	Loss on deconsolidation of subsidiary[2]	Impairment loss on remeasurement of disposal group[3]	Gain on disposal/ dilution of investment in JV/ Associate and fair value gain on acquisition of subsidiary[4]
1H 20					
Revenue	84 076	–	–	–	–
Other income	6 157	–	–	–	(6 136)
EBITDA	41 780	242	–	759	(6 136)
Depreciation. amortisation and impairment of goodwill	(18 519)	701	–	–	–
Profit from operations	23 261	943	–	759	(6 136)
Net finance cost	(6 197)	–	–	–	–
Hyperinflationary monetary gain	552	–	–	–	–
Share of results of associates and joint ventures after tax	597	–	–	–	–
Profit before tax	18 213	943	–	759	(6 136)
Income tax expense	(4 869)	–	–	–	–
Profit after tax	13 344	943	–	759	(6 136)
Non–controlling interests	(1 227)	(12)	–	68	–
Attributable profit	12 117	931	–	827	(6 136)
EBITDA margin	49.7%				
Effective tax rate	26.7%				

Other[5]	Headline earnings	Hyper-inflation (excluding impair-ments)[6]	Impact of foreign exchange losses and gains[7]	Reversal of time value loss recognised on the Iran receivable[8]	Vaccine donations[9]	Adjusted 1H 21	% movement
–	86 673	959	–	–	–	87 632	4.1
–	6	–	–	–	–	6	(84.6)
(32)	38 359	513	–	–	473	39 345	7.7
–	(16 956)	72	–	–	–	(16 884)	(5.3)
(32)	21 403	585	–	–	473	22 461	20.2
–	(7 883)	(495)	2 502	–	–	(5 876)	(15.9)
–	108	(108)	–	–	–	–	0.0
–	926	(49)	(198)	–	–	679	(29.2)
(32)	14 554	(67)	2 304	–	473	17 264	36.3
–	(6 057)	(22)	(496)	–	(31)	(6 606)	44.6
(32)	8 497	(89)	1 808	–	442	10 658	31.7
7	(1 527)	2	(18)	–	(15)	(1 558)	29.6
(25)	6 970	(87)	1 790	–	427	9 100	32.0
	44.3%					44.9%	
	41.6%					38.3%	

Other[5]	Headline earnings	Hyper-inflation (excluding impair-ments)[6]	Impact of foreign exchange losses and gains[7]	Reversal of time value loss recognised on the Iran receivable[8]	Vaccine donations[9]	Adjusted 1H 20
–	84 076	143	–	–	–	84 219
–	21	18	–	–	–	39
–	36 645	(118)	–	–	–	36 527
–	(17 818)	136	–	(152)	–	(17 834)
–	18 827	18	–	(152)	–	18 693
–	(6 197)	60	(852)	–	–	(6 989)
–	552	(552)	–	–	–	–
–	597	197	165	–	–	959
–	13 779	(277)	(687)	(152)	–	12 663
–	(4 869)	14	286	–	–	(4 569)
–	8 910	(263)	(401)	(152)	–	8 094
–	(1 171)	74	(105)	–	–	(1 202)
–	7 739	(189)	(506)	(152)	–	6 892
	43.6%					43.6%
	35.3%					35.3%

[1] *Represents the exclusion of the impact of goodwill, PP&E, intangibles and joint venture impairments. H1 21: Goodwill (MTN Yemen: R550 million and Mednet: R33 million), PP&E (Yemen: R543 million) and intangibles (MTN Yemen: R120 million); H1 20: MEIH (R228 million) and goodwill (MTN Liberia: R308 million and MTN Guinea-Bissau: R165 million).*

[2] *Represents the deconsolidation of MTN Syria. H1 21: R4 720 million; H1 20: R0 million.*

[3] *Represents the impairment loss on remeasurement of disposal group (MTN Syria). H1 21: R40 million; H1 20: R827 million.*

[4] *Represents the gain on disposal of investment in JV/Associate and fair value gain on acquisition of subsidiary. H1 21: fair value gain on acquisition of aYo (R526 million) and the profit on sale of BICS (R1 212 million); H1 20: Gain on disposal of tower companies (R6 136 million).*

[5] *Represents the net loss of disposal of PP&E which is offset by the gain in disposal of intangibles (H1 21: R32 million; H1 20: R0 million).*

[6] *The impact of hyperinflation is excluded for the operations that are currently accounted for on a hyperinflationary basis (MTN Irancell, MTN Syria, MTN Sudan and MTN South Sudan) as well as those that have previously been accounted for on a hyperinflationary basis. The economy of Sudan was assessed to be hyperinflationary during 2018, and hyperinflation accounting has since been applied. Hyperinflationary accounting was applied previously in MTN Sudan until 30 June 2016. The economy of Iran was assessed to be hyperinflationary effective 1 January 2020, and hyperinflation accounting has since been applied. Hyperinflationary accounting was applied previously in MTN Irancell until 30 June 2015.*

[7] *Adjustment for the net forex (gains)/losses impacting earnings for the respective periods H1 21: forex loss of R1 790 million; H1 20: forex gain of R506 million). This includes the impact of forex in Iran.*

[8] *Represents the reversal of the time value loss recognised on the Iran receivable (H1 21: R0 million; H1 20: R152 million).*

[9] *Represents the donations contributed towards vaccinations for COVID-19 (H1 21: R427 million; H1 20: R0 million).*

Exchange rates

The stronger average rand against most functional currencies had a negative overall translation impact on rand-reported results. The average naira weakened 7.8% YoY against the US dollar and closed 2.5% weaker. The average rand strengthened by 12.3% YoY against the US dollar and closed 2.5% stronger, which impacted positively on the balance sheet especially due to our US dollar-denominated debt.

Revenue and service revenue

Table 1: Group revenue by country

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	Contribution to revenue %
South Africa	**23 741**	21 125	12.4	12.4	27.4
Nigeria	**28 484**	28 151	1.2	23.8	32.9
SEA	**8 272**	7 930	4.3	30.0	9.5
Uganda	**4 014**	4 005	0.2	10.3	4.6
Zambia	**1 016**	1 294	(21.5)	17.2	1.2
Other	**3 242**	2 631	23.2	74.9	3.7
WECA	**22 994**	21 504	6.9	17.2	26.5
Ghana	**9 084**	8 463	7.3	24.9	10.5
Cameroon	**3 464**	3 171	9.2	14.0	4.0
Côte d'Ivoire	**4 402**	4 146	6.2	11.0	5.1
Other	**6 044**	5 724	5.6	13.0	7.0
MENA	**3 601**	5 153	(30.1)	40.7	4.2
Syria^	**308**	1 394	(77.9)	67.4	0.4
Sudan	**1 058**	1 403	(24.6)	208.5	1.2
Other	**2 235**	2 356	(5.1)	9.9	2.6
Head offices, GlobalConnect and eliminations	**540**	356			0.6
Total	**87 632**	84 219	4.1	20.0	101.1
Hyperinflation	**(959)**	(143)			(1.1)
Total reported	**86 673**	84 076	3.1	20.0	100.0

In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.

^ Based on Q1 data due to loss of control.

Group total revenue increased by 20.0%* and service revenue increased by 19.7%*, supported by growth across most of our operations: MTN SA (up 9.3%), MTN Nigeria (up 23.8%*), MTN Uganda (up 10.6%*), MTN Ghana (up 25.5%*), MTN Cote d'Ivoire (up 11.1%*) and MTN Cameroon (up 14.5%*).

Group revenue: voice grew by 8.9%* to R40.8 billion, data expanded by 32.2%* to R25.6 billion, fintech grew by 39.7%* to R7.5 billion and digital was up by 23.8%* to R1.6 billion. Enterprise revenue grew by 14.2%* to R7.9 billion and wholesale increased by 60.6%* to R2.8 billion.

Results overview continued

Table 2: Group service revenue by country

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	Contribution to service revenue %
South Africa	**19 252**	17 610	9.3	9.3	23.5
Nigeria	**28 447**	28 103	1.2	23.8	34.7
SEA	**8 185**	7 825	4.6	30.4	10.0
Uganda	**3 991**	3 973	0.5	10.6	4.9
Zambia	**979**	1 239	(21.0)	18.0	1.2
Other	**3 215**	2 613	23.0	74.8	3.9
WECA	**22 885**	21 353	7.2	17.4	27.9
Ghana	**9 057**	8 398	7.8	25.5	11.1
Cameroon	**3 448**	3 144	9.7	14.5	4.2
Côte d'Ivoire	**4 379**	4 124	6.2	11.1	5.3
Other	**6 001**	5 687	5.5	12.9	7.3
MENA	**3 594**	5 145	(30.1)	40.7	4.4
Syria^	**308**	1 394	(77.9)	67.4	0.4
Sudan	**1 055**	1 399	(24.6)	208.5	1.3
Other	**2 231**	2 352	(5.1)	10.0	2.7
Head offices, GlobalConnect and eliminations	**540**	355			0.7
Total	**82 903**	80 391	3.1	19.7	101.2
Hyperinflation	**(956)**	(144)			(1.2)
Total reported	**81 947**	80 247	2.1	19.7	100.0

In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.
^ Based on Q1 data due to loss of control.

Table 3: Group revenue analysis

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	Contribution to revenue %
Outgoing voice[1]	**36 099**	38 446	(6.1)	10.1	41.6
Incoming voice[2]	**5 257**	6 052	(13.1)	1.8	6.1
Data[3]	**25 952**	22 736	14.1	32.2	29.9
Digital[4]	**1 617**	1 542	4.9	23.8	1.9
Fintech[5]	**7 500**	6 116	22.6	39.7	8.7
SMS	**2 013**	1 892	6.4	19.9	2.3
Devices	**4 729**	3 828	23.5	25.1	5.5
Wholesale[6]	**2 780**	1 821	52.7	60.6	3.2
Other	**1 685**	1 786	(5.7)	5.7	1.9
Total	**87 632**	84 219	4.1	20.0	101.1
Hyperinflation	**(959)**	(143)			(1.1)
Total reported	**86 673**	84 076	3.1	20.0	100.0

[1] Excludes international roaming and wholesale.
[2] Includes local and international roaming and excludes wholesale.
[3] Includes mobile and fixed access data and excludes roaming and wholesale.
[4] Includes rich media services, content VAS, eCommerce and mobile advertising.
[5] Includes Xtratime and mobile financial services.
[6] Includes domestic wholesale voice, SMS and data, leased lines and BTS rentals.

Results overview continued

Table 4: Group data revenue[1]

	Actual Rm	Prior Rm	Reported % change	Constant currency % change
South Africa	**7 900**	7 033	12.3	12.3
Nigeria	**8 208**	6 825	20.3	48.1
SEA	**1 693**	1 570	7.8	38.0
Uganda	**700**	745	(6.0)	4.5
Zambia	**254**	315	(19.4)	20.4
Other	**739**	510	44.9	113.6
WECA	**6 851**	5 545	23.6	36.9
Ghana	**3 036**	2 408	26.1	47.7
Cameroon	**1 067**	872	22.4	28.4
Côte d'Ivoire	**995**	739	34.6	42.1
Other	**1 753**	1 526	14.9	23.6
MENA	**1 176**	1 681	(30.0)	56.0
Syria^	**133**	505	(73.7)	107.8
Sudan	**382**	514	(25.7)	215.7
Other	**661**	662	(0.2)	16.2
Head offices, GlobalConnect and eliminations	**124**	82		
Total	**25 952**	22 736	14.1	32.2
Hyperinflation	**(321)**	(71)		
Total reported	**25 631**	22 665	13.1	32.2

[1] Includes mobile and fixed access and excludes roaming and wholesale.
^ Based on Q1 data due to loss of control.
In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.

Table 5: Group fintech revenue[1]

	Actual Rm	Prior Rm	Reported % change	Constant currency % change
South Africa	**533**	501	6.4	6.4
Nigeria	**1 135**	942	20.5	47.4
SEA	**1 584**	1 416	11.9	30.7
Uganda	**1 012**	952	6.3	16.9
Zambia	**235**	243	(3.3)	44.2
Other	**337**	221	52.5	84.2
WECA	**4 209**	3 178	32.4	47.2
Ghana	**2 261**	1 765	28.1	48.8
Cameroon	**515**	364	41.5	48.4
Côte d'Ivoire	**635**	511	24.3	30.1
Other	**798**	538	48.3	57.7
MENA	**39**	80	(51.3)	34.5
Syria^	**14**	53	(73.6)	100.0
Sudan	**1**	1	0.0	100.0
Other	**24**	26	(7.7)	9.1
Head offices, GlobalConnect and eliminations	**–**	(1)		
Total	**7 500**	6 116	22.6	39.7
Hyperinflation	**(6)**	(24)		
Total reported	**7 494**	6 092	23.0	39.7

[1] Includes Xtratime and mobile financial services.
^ Based on Q1 data due to loss of control.
In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.

Table 6: Group digital revenue[3]

	Actual Rm	Prior Rm	Reported % change	Constant currency % change
South Africa	**630**	490	28.6	28.6
Nigeria	**284**	190	49.5	88.1
SEA	**39**	66	(40.9)	(20.4)
Uganda	**7**	14	(50.0)	(46.2)
Zambia	**8**	29	(72.4)	(60.0)
Other	**24**	23	4.3	50.0
WECA	**569**	625	(9.0)	2.2
Ghana	**243**	363	(33.1)	(21.9)
Cameroon	**70**	47	48.9	59.1
Côte d'Ivoire	**186**	149	24.8	31.0
Other	**70**	66	6.1	16.7
MENA	**93**	169	(45.0)	66.1
Syria^	**19**	73	(74.0)	171.4
Sudan	**26**	53	(50.9)	116.7
Other	**48**	43	11.6	29.7
Head offices, GlobalConnect and eliminations	**2**	2		
Total	**1 617**	1 542	4.9	23.8
Hyperinflation	**(15)**	(17)		
Total reported	**1 602**	1 525	5.0	23.8

[3] Includes Rich Media services, content VAS, eCommerce and mobile advertising.
^ Based on Q1 data due to loss of control.
In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.

Costs

Table 7: Cost analysis

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	% of revenue
Handsets and other accessories	**5 020**	4 560	10.1	13.4	5.8
Interconnect	**4 228**	4 909	(13.9)	1.5	4.9
Roaming	**444**	352	26.1	43.2	0.5
Commissions	**6 032**	6 440	(6.3)	7.5	7.0
Government and regulatory costs	**3 327**	2 940	13.2	27.0	3.8
VAS/Digital revenue share	**1 265**	1 542	(18.0)	14.2	1.5
Service provider discounts	**1 902**	634	200.0	200.9	2.2
Network and IS maintenance	**13 591**	13 597	(0.0)	20.1	15.7
Marketing	**1 419**	1 375	3.2	14.4	1.6
Staff costs	**5 644**	5 895	(4.3)	4.9	6.5
Other opex	**5 929**	5 729	3.5	29.1	6.8
Total	**48 801**	47 973	1.7	17.8	56.3
Loss on deconsolidation of subsidiary	**4 720**	–			5.4
Impairment loss on MTN Yemen PPE and intangible assets	**663**	–			0.8
Impairment loss on remeasurement of disposal group	**53**	759			0.1
Hyperinflation	**(446)**	(279)			(0.5)
Total reported	**53 791**	48 453	11.0	17.8	62.1

Total costs increased by 17.8%*, due to higher network costs from MTN Nigeria from site rollout and the forex impact on BTS lease rentals. Higher handset costs, particularly at MTN SA, as well as increased commissions from MTN SA, MTN Nigeria, MTN Ghana and MTN Côte d'Ivoire also contributed to higher total costs.

Included in total costs are non-operational and once-off items, namely: R0.5 billion for COVID-19 donations. Adjusting for these items, costs were up by 16.7%*.

However, our expense efficiency programme, including enhanced oversight of expenditure such as distribution and network costs, helped to contain overall cost increases. The total realised savings for the period were R1.6 billion, mainly from network and sales and distribution. These were made up of approximately R520 million, R493 million, R254 million and R129 million in savings from MTN Nigeria, MTN Sudan, MTN SA and MTN Cameroon respectively.

Results overview continued

EBITDA

Table 8: Group EBITDA by country

	Actual Rm	Prior Rm	Reported % change	Constant Currency % change
South Africa	**9 821**	8 436	16.4	16.4
Nigeria	**15 135**	14 402	5.1	28.2
SEA	**4 007**	3 495	14.6	39.7
Uganda	**2 066**	1 971	4.8	15.6
Zambia	**293**	391	(25.1)	12.3
Other	**1 648**	1 133	45.5	101.0
WECA	**9 436**	8 561	10.2	22.2
Ghana	**4 941**	4 530	9.1	26.9
Cameroon	**1 293**	1 034	25.0	30.9
Côte d'Ivoire	**1 499**	1 444	3.8	8.4
Other	**1 703**	1 553	9.7	16.9
MENA	**1 000**	1 519	(34.2)	(7.7)
Syria^	**105**	292	(64.0)	(71.1)
Sudan	**443**	540	(18.0)	238.2
Other	**452**	687	(34.2)	(23.3)
Head offices, GlobalConnect and eliminations	**(562)**	(128)		
CODM EBITDA	**38 837**	36 285	7.0	22.6
Gain on disposal/dilution of investment in joint ventures and associates	**1 212**	6 136		
Fair value gain on acquisition of subsidiary	**526**	–		
Loss on deconsolidation of subsidiary	**(4 720)**	–		
Impairment loss on MTN Yemen PPE and intangible assets	**(663)**	–		
Impairment loss on remeasurement of disposal group	**(53)**	(759)		
Hyperinflation	**(513)**	118		
CODM EBITDA before impairment of goodwill and joint ventures	**34 626**	41 780	(17.1)	22.6

In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.
^ Based on Q1 data due to loss of control.
* EBITDA margin before COVID-19 donations is 24.1%

Group EBITDA increased by 6.6% on a reported basis and increased by 24.1%* in constant currency, before once-off items. This was driven by good operational results across most operations, with MTN SA up 16.4%, MTN Nigeria up 28.2%* and increases of 39.7%*and 22.3%* in SEA and WECA respectively.

The strong service revenue and EBITDA growth resulted in an increase in the Group EBITDA margin by 1.0pp* to 44.3%*. Excluding the COVID-19 donations, the EBITDA margin was 44.9%*.

Depreciation, amortisation and impairment of goodwill

Table 9: Group depreciation and amortisation

	Depreciation				Amortisation			
	Actual Rm	Prior Rm	Reported % change	Constant currency % change	**Actual Rm**	Prior Rm	Reported % change	Constant currency % change
South Africa	**4 509**	4 676	(3.6)	(3.6)	**774**	355	118.0	118.0
Nigeria	**4 390**	4 636	(5.3)	15.8	**780**	768	1.6	24.2
SEA	**899**	976	(7.9)	8.8	**237**	141	68.1	106.1
Uganda	**533**	571	(6.7)	2.7	**198**	100	98.0	125.0
Zambia	**113**	160	(29.4)	4.6	**39**	41	(4.9)	44.4
Other	**253**	245	3.3	27.1	**–**	–	0.0	0.0
WECA	**3 371**	3 622	(6.9)	1.1	**829**	843	(1.7)	6.7
Ghana	**997**	1 064	(6.3)	9.0	**196**	187	4.8	22.5
Cameroon	**754**	817	(7.7)	(3.3)	**114**	118	(3.4)	1.8
Côte d'Ivoire	**789**	811	(2.7)	1.7	**269**	311	(13.5)	(8.8)
Other	**831**	930	(10.6)	(3.6)	**250**	227	10.1	19.0
MENA	**328**	825	(60.2)	(16.8)	**179**	265	(32.5)	(0.6)
Syria^	**–**	364	(100.0)	(100.0)	**–**	58	(100.0)	(100.0)
Sudan	**31**	101	(69.3)	19.2	**6**	12	(50.0)	100.0
Other	**297**	360	(17.5)	(4.5)	**173**	195	(11.3)	2.4
Head offices, GlobalConnect and eliminations	**238**	253			**350**	315		
Total	**13 735**	14 988	(8.4)	3.8	**3 149**	2 687	17.2	33.0
Hyperinflation	**58**	36			**14**	8		
Total reported	**13 793**	15 024	(8.2)	3.8	**3 163**	2 695	17.4	33.0

^ Based on Q1 data due to loss of control.
In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.

The Group depreciation charge increased by 3.8%* as the trajectory continued to normalise following the elevated capex profile of the past few years. Amortisation costs increased by 33.0%* driven largely by MTN SA and MTN Zambia mainly due to IT software and network licences in MTN Zambia.

At every reporting period, the Group performs impairment testing on our assets at every reporting period. For H1, the Group made goodwill impairments, including R550 million for MTN Yemen. This has resulted from a write down of the cash-generating unit's recoverable amount, which the Group considered to be negligible.

Net finance costs

Table 10: Net finance cost

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	% of revenue
Net interest paid	**5 876**	7 000	(16.1)	(6.9)	6.8
Net forex losses/(gains)	**2 502**	(863)	389.9	326.2	2.9
Total	**8 378**	6 137	36.5	21.4	9.7
Hyperinflation	**(495)**	60			(0.6)
Total reported	**7 883**	6 197	27.2	21.4	9.1

Net finance costs increased by 21.4%* to R7.9 billion, driven by an increase in forex losses, including R771 million forex losses from Nigeria cash upstreaming. Finance costs relating to interest-bearing liabilities however decreased by 29.1% YoY from R4.4 billion to R3.1 billion. The average cost of borrowing declining by 1.5% to 7.0% from 8.5% due to the lower interest rate environment and reduction in debt underpinned by improved cash generation as a result of strong underlying performance.

At 30 June 2021, we recognised net forex losses of R2.1 billion compared to net forex gains of R0.9 billion in the prior period. This was largely due to the impact of the weaker rand on net foreign-denominated receivable balances in head offices in 2020.

Share of results of associates and joint ventures after tax

We reported a positive contribution of R0.9 billion from associates and joint ventures, compared to R0.6 billion in June 2020. The contribution for the period was largely attributable to MTN Irancell's improved performance and lower losses from the Digital Group.

Taxation

Table 11: Taxation

	Actual Rm	Prior Rm	Reported % change	Constant currency % change	Contribution to taxation %
Normal tax	**5 517**	5 879	(6.2)	5.3	91.1
Deferred tax	**(331)**	(1 652)	80.0	78.8	(5.5)
Foreign income and withholding taxes	**893**	635	40.6	50.1	14.7
Total	**6 079**	4 862	25.0	42.4	100.4
Hyperinflation	**(22)**	14			(0.4)
Total reported	**6 057**	4 876	24.2	42.4	100.0

The reported Group effective tax rate (GETR) was 59.2%; higher than the prior year's rate of 26.7%, mainly due to the non-deductible loss on deconsolidation of MTN Syria, the non-deductible impairment of goodwill, PPE and intangible assets in MTN Yemen; and withholding taxes on dividends repatriated from MTN Nigeria. The GETR in June 2020 had benefited from the non-taxable gain from the disposal of the tower companies. For the period ended 30 June 2021, the Group's reported taxation charge increased by 24.4% to R6.1 billion. Normalising for the aforementioned items, the underlying GETR was 38.9% (June 2020: 36.1%) – this is in line with our medium-term guidance range (mid-to-high 30%s).

Cash flow

Cash inflows generated from operations increased by 28.8% to R42.2 billion, driven by the solid operational performance across our markets. Key cash outflows included tax paid of R7.2 billion, net interest paid of R4.5 billion and capex of R17.6 billion.

Capital expenditure

Table 12: Capital expenditure

	Actual IFRS 16 Rm	Actual IAS 17 Rm	Prior IAS 17 Rm	Reported % change	Constant currency % change
South Africa	**3 218**	**3 032**	2 831	7.1	7.1
Nigeria	**6 708**	**4 049**	3 390	19.4	48.0
SEA	**1 486**	**1 137**	980	16.0	56.4
Uganda	**847**	**614**	403	52.4	72.6
Zambia	**119**	**119**	210	(43.3)	(15.3)
Other	**520**	**404**	367	10.1	75.1
WECA	**2 882**	**2 790**	2 166	28.8	43.1
Ghana	**1 393**	**1 326**	916	44.8	69.6
Cameroon	**392**	**387**	284	36.3	43.6
Côte d'Ivoire	**549**	**538**	402	33.8	44.0
Other	**548**	**539**	564	(4.4)	2.6
MENA	**309**	**268**	483	(44.5)	34.4
Syria^	**62**	**55**	282	(80.5)	(0.7)
Sudan	**128**	**94**	32	193.8	2 255.4
Other	**119**	**119**	169	(29.6)	(15.0)
Head offices, GlobalConnect and eliminations	**339**	**338**	340		
Total	**14 942**	**11 614**	10 190	14.0	34.6
Hyperinflation	**(94)**	**(46)**	(138)		
Total reported	**14 848**	**11 568**	10 052	15.1	34.6

^ Based on Q1 data due to loss of control.

In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.

Financial position

Table 13: Net debt analysis

Rm	Cash and cash equivalents*	Interest-bearing liabilities	Inter-company eliminations	Net interest-bearing liabilities	**Net debt/ (cash) June 2021**	Net debt/ (cash) December 2020
South Africa	3 257	29 835	(29 835)	–	**(3 257)**	(1 901)
Nigeria	12 640	20 168	–	20 168	**7 528**	1 877
SEA	1 246	3 274	(302)	2 972	**1 726**	1 725
Uganda	584	1 437	–	1 437	**853**	1 321
Zambia	46	1 152	–	1 152	**1 106**	962
Other	616	685	(302)	383	**(233)**	(558)
WECA	4 578	12 967	(4 173)	8 794	**4 216**	6 082
Ghana	1 614	1 892	–	1 892	**278**	377
Cameroon	672	1 572	(384)	1 188	**516**	1 095
Côte d'Ivoire	923	2 846	–	2 846	**1 923**	2 973
Other	1 369	6 657	(3 789)	2 868	**1 499**	1 637
MENA	1 307	3 074	(3 074)	–	**(1 307)**	(1 384)
Syria^	–	–	–	–	**–**	–
Sudan	201	3 074	(3 074)	–	**(201)**	(451)
Other	1 106	–	–	–	**(1 106)**	(933)
Head offices, GlobalConnect and eliminations	22 242	58 900	(1)	58 899	**36 657**	43 282
Total reported	45 270	128 218	(37 385)	90 833	**45 563**	49 681
Iran	1 609	374	–	374	**(1 235)**	(426)

* Includes restricted cash and current investments.
^ Based on Q1 data due to loss of control.
In line with MTN Group's strategy, Ghana results have been reported under the WECA region effective 1 January 2021 (previously included in SEAGHA). Prior year has therefore been restated for SEA and WECA respectively.

Group net debt reduced to R45.6 billion from R49.7 billion in December 2020, driven by an improved operational cash position.

Holdco borrowings declined to R36.7 billion, from R43.3 billion in December 2020, boosted by the progress made with upstreaming cash from Opcos. The currency mix of MTN's debt at June 2021 was 44% US dollar/euro and 56% rand (December 2020: 48% and 52% respectively), reflecting pleasing advances in our work to optimise the mix of our Holdco debt. At the end of June 2021, our Holdco leverage improved to 1.4x, compared to our medium-term target of below 1.5x.

We remain comfortably within our debt covenants, which are evaluated on a Group consolidated basis. Our Group net debt-to-EBITDA ratio stood at 0.6x at 30 June 2021 (December 2020: 0.8x) against our covenant of 2.5x. Our interest cover ratio was 6.3x (December 2020: 7.7x) compared to the covenant of no less than 5.0x. Our Group cash balance at the end of June 2021 was R45.3 billion.

Operational review

MTN South Africa

- Service revenue increased by 9.3%
- Data revenue increased by 12.3%
- Fintech revenue increased by 6.4%
- Digital revenue increased by 28.6%
- EBITDA increased by 16.4% to R9.8 billion
- EBITDA margin increased by 1.5pp to 41.4%
- Capex of R3.2 billion on IFRS reported basis (R3.0 billion under IAS 17)

MTN SA delivered a strong overall performance, enabled through solid commercial and operational execution across all business units in H1. This drove healthy and sustained growth in all our core businesses, namely: the prepaid consumer business unit (CBU), postpaid CBU, the enterprise business unit (EBU) as well as the wholesale business.

The 9.3% growth in service revenue exceeded our medium-term target and reflected the solid revenue performances in prepaid CBU (up 4.0%), postpaid CBU (up 7.3%), EBU (up 14.1%), and wholesale (up 62.4%).

MTN SA remained competitive in H1, maintaining its ***#1 NPS*** leadership position and continued to defend its strong challenger market position.

Higher gross additions and stabilised churn resulted in the number of ***subscribers*** increasing by around 665 000 to 32.7 million. This was driven by an increase of around 506 000 in postpaid subscribers to 7.3 million, which recovered well amid less-stringent lockdown restrictions, more data value offers and advanced CVM churn management. In June 2020 the postpaid subscriber base had benefited from short-term university and college deals offered to support students during the height of the COVID-19 restrictions. In H1 2021, prepaid customers increased by about 159 000 to 25.4 million supported by growth in 4G data customers.

Data was a key driver of the strong growth in revenue. Data revenue increased by 12.3%, supported by a 56.5% YoY rise in traffic, an increase of approximately 56 000 (up 11.1% YoY) in active data subscribers to 15.8 million and a 30% decline in the effective data rate as MTN SA worked to ensure greater data affordability for customers. In the past year, MTN SA has reduced its sub-1GB 30-day bundle by approximately 45%. An active prepaid data subscriber now consumes over 2GB of data, on average, a month. An active postpaid data subscriber uses over 10GB of data per month.

The ***consumer prepaid*** business sustained its growth momentum. Service revenue increased by 4.0%, driven by strong distribution execution, smart commissions and advanced CVM initiatives. Service revenue growth slowed slightly from 4.4% in the first quarter to 3.6% in the second quarter as we marked the anniversary of the impact of a strong Q2 2020 which benefited from a strong uplift in data consumption driven by COVID-19.

The ***consumer postpaid*** business remained resilient in a highly competitive trading environment, generating healthy service revenue growth of 7.3% for the half. This was supported by subscriber growth driven by channel expansion, specifically the online channel, well-managed churn, as well as the consistent drive of SIM-only and data-orientated packages. This integrated mix contributed significantly to the growth.

The ***enterprise business*** remained on a positive trajectory, now recording growth for more than seven consecutive quarters. Service revenue was up 17.5% for the half, on the back of strong voice and data revenue. During 2020, the run-rate from Q2 saw a notable increase in demand for enterprise solutions spurred by the national lockdown, including some short-term university deals. This created a strong base in H2 2020, however MTN SA continues to drive growth in the enterprise business through ongoing short-term COVID-19 deals, strengthening SME CVM initiatives and sustained recovery in the ICT business.

At the end of March 2021, the National Treasury appointed MTN SA as a service provider to the national government. This provides an additional growth opportunity for MTN SA to leverage the investment in its industry-leading network to offer innovative products and services in support of government's telecommunication requirements. The total National Treasury (RT-15) tender represents a potential opportunity of between R4-5 billion in revenues over a five-year period.

Wholesale revenue increased by 62.4%, supported by a notable improvement in payments from Cell C for which we continued to recognise revenue on a cash basis. In H1, we recognised R1.4 billion in roaming revenue, up from R788.0 million in June 2020. At 30 June 2021, R0.3 billion of Cell C roaming revenue remained unrecognised.

MTN SA has progressed well on the phase two transition of the roaming agreement, with approximately 35% of Cell C traffic on our network. The agreement envisages a three-year transition towards a full national roaming arrangement under which MTN will carry all of Cell C's network traffic. We continue to expand our wholesale business through new MVNO partnerships and have signed up Pick 'n Pay Mobile and have a number of other significant brands in the pipeline.

MTN SA delivered strong profitability, achieving ***EBITDA*** of R9.8 billion (up 16.4% YoY) with a solid EBITDA margin of 41.4% representing an improvement of 1.5pp. This was driven by the strong service revenue performance as well as the successful execution of the expense efficiency programme. MTN SA improved device gross margins through optimisation of device subsidies, which contributed 0.7pp to the EBITDA margin expansion. In addition, the EBITDA base in the prior year was reduced by a R258 million doubtful debt provision related to anticipated risk as a result of COVID-19 at the time.

The strong operational performance in MTN SA filtered through to profit after tax (PAT) which increased by 256.9% to R2.3 billion, boosted by a decline in finance costs. MTN SA's adjusted free cash flow also grew strongly to R6.6 billion (up 34.6%), on the back of the EBITDA growth and a decline in capex during the period.

MTN SA continues to accelerate the fintech business launched in February 2020, scaling to 3.4 million registered users and 369 000 MAU at 30 June 2021. This growth surpasses the progress made in the previous launches and MTN SA remains confident in the prospect of passing the key inflection point of 1 million MAU within the next 12 months. The platform continues to grow transactions driven by innovative and relevant solutions – such as airtime, electricity, gaming, e-commerce and e-government services.

MTN SA continues to deliver and sustain the ***best network*** quality in SA, as shown in both customer and independent measures. MTN SA has now maintained this leadership position for three years in a row. The Opco maintained its #1 network NPS with a clear focus on accelerating 5G, launched in June 2020. MTN SA has over 500 5G sites across several spectrum bands, with plans to significantly scale up should it be allocated 3 500MHz high demand spectrum.

In mid-July, South Africa suffered civil unrest mainly in the KwaZulu-Natal and Gauteng povinces. In addition to the impact on lives and livelihoods, this spate of violence impacted MTN employees, stores and warehouses. In total, 29 MTN stores were damaged during the civil unrest. KwaZulu-Natal (KZN) was the worst hit region, where 21 MTN stores were damaged, while eight were affected in Gauteng. To date, MTN SA has reopened eight stores in KZN and 13 are still closed. One of the eight damaged stores in Gauteng has reopened. Where repairs will take an extended time, MTN SA will deploy kiosks to ensure that customers continue to be served and supported. The cost impact of the unrest on MTN SA was not material.

The rest of 2021 presents some uncertainty, including the potential impacts of further waves of COVID-19 infections and possible associated lockdowns. The longer-term impacts of the pandemic are also yet to be determined. Almost 800 MTN SA employees have been infected by COVID-19 in the past 16 months and while most have recovered, 13 MTN SA lives have sadly been lost. MTN SA continues to focus on the health and wellbeing of its people.

MTN Nigeria

- Service revenue increased by 23.8%*
- Data revenue increased by 48.1%*
- Fintech revenue increased by 47.4%*
- Digital revenue increased by 88.1%*
- EBITDA grew by 28.2%* to R15.1 billion*
- EBITDA margin increased by 1.8pp* to 53.1%*
- Capex investment of R6.7 billion on a reported basis (R4.0 billion under IAS 17)

MTN Nigeria delivered another solid performance with double-digit service revenue growth ahead of local inflation and continued operating leverage with an improved EBITDA margin.

Service revenue grew by 23.8%* YoY, driven by the sustained growth in data and also partly due to the lower base in comparative 2020 voice revenue that resulted from lockdowns during that period.

Voice revenue grew by 12.6%*, benefitting from an 11.8% increase in traffic and CVM initiatives. The impact on voice revenue from the industry-wide suspension of new SIM registration was partly offset by higher usage in the active SIM base as well as migration to a higher quality of experience.

Data revenue continued the positive momentum from H2 2020, rising by 48.1%*. This was driven by increased usage from the existing base, supported by the acceleration in 4G rollout and enhanced network capacity following the acquisition and activation of an additional 800MHz spectrum in Q1. Data traffic rose by 83.0% YoY, and smartphone penetration was up by 5.8pp to 49.3%. Our 4G network now covers 65.1% of the population, up from 60.1% in December 2020.

Fintech revenue rose by 47.4%*, driven by increased adoption of Xtratime and core fintech services. MTN Nigeria continues to expand its MoMo agent network and broaden its service offerings. Registered MoMo agents increased by 121 000 in H1 2021 to more than 515 000. Transaction volume increased by 280.8% YoY to 55.6 million in H1 2021, and the active subscriber base is now more than 6.1 million up 180.0% YoY.

The ***digital*** business continued to gain traction on the back of a strong partner ecosystem and the uptake of our products and services. Digital revenue rose by 88.1%*, also supported by rich media and value-added services. The active user base rose by 38.0% to over 3.9 million, led by ayoba, with more than 2.3 million active users.

The ***enterprise*** business revenue increased by 6.7%* demonstrating continued recovery from the impact of the COVID-19 lockdown and the uptake of our services by the businesses we support. MTN Nigeria has made significant progress in concluding the operational modalities for the new pricing framework for USSD services, which incorporates the recovery of outstanding USSD debts.

Operating expenses increased by 21.6%* due to an accelerated site rollout, the effects of naira depreciation on lease rental costs and COVID-19 related expenditure. Expense efficiencies underpinned the continued ability to drive operating leverage, helping to drive EBITDA growth of 28.2%, with a 1.8pp* expansion in the EBITDA margin to 53.1%. Excluding MTN Nigeria's contribution to CACOVID, the EBITDA margin was 53.5%.

Southern and East Africa (SEA)

- Service revenue increased by 30.4%*
- Data revenue increased by 38.0%*
- Fintech revenue increased by 30.7%*
- Digital revenue declined by 20.4%*

MTN's ***SEA*** region delivered a healthy performance with double-digit top-line growth across most of the markets and strong growth in voice, data and fintech revenue. This was against the backdrop of persistently challenging trading conditions including the ongoing health crisis, slow economic recovery and higher inflation. Total subscribers increased by 1.5 million to 34.4 million.

MTN Uganda's performance was hindered by the implementation of some service restriction orders in January 2021, which negatively affected data and fintech services. Service revenue increased by 10.6%*, with growth notably in voice (up 10.4%*) and fintech (up 16.9%*). Data revenue increased by 4.5%. Services were restored at the end of June with a steady return to normalcy in the economy. MTN Uganda's performance was underpinned by increases in the user base, usage and a good uptake on MoMo basic services. The EBITDA margin expanded by 2.4pp* to 51.5%* on higher revenue and the effective implementation of cost efficiencies.

MTN Rwanda demonstrated its resilience in a trading environment impacted by COVID-19 with lockdown restrictions reintroduced during Q1. In H1 the Opco delivered strong service revenue growth of 29.1%*, maintaining its EBITDA margin of 50.4%*. The gradual easing of lockdown restrictions supported overall performance, which benefited from robust voice (up 15.9%*) and data (up 25.0%*) growth. Fintech was also a key driver of the performance, with service revenue growth of 78.9%*.

The rest of the SEA portfolio also reported strong results, with MTN Zambia growing at a double-digit rate. Service revenue continued to grow ahead of costs in most markets, driving positive operating leverage. The SEA portfolio recorded a blended EBITDA margin of 48.4%, up by 3.3pp YoY.

West and Central Africa (WECA)

- Service revenue increased by 17.4%*
- Data revenue increased by 36.9%*
- Fintech revenue increased by 47.2%*
- Digital revenue increased by 2.2%*

Results overview continued

The ***WECA*** region recorded a good performance, supported by double-digit growth in most Opcos and an expansion of the subscriber base. Acceleration in data and fintech revenue were key drivers of the performance. Service revenue growth of 17.4%* was well in excess of the blended inflation (5.5%) of the region. The execution of the expense efficiency programme resulted in most WECA Opcos improving their EBITDA margins. The aggregate EBITDA margin of WECA increased by 1.6pp to 41.0%*. Total subscribers increased by 2.0 million to 65.5 million.

MTN Ghana delivered a resilient performance in the context of the protracted effects of the pandemic. The Opco grew service revenue by 25.5%*, boosted by data (up 47.7%*) and fintech (up 48.9%*) as it continued to drive increased digital and financial inclusion. The EBITDA margin increased by 0.9pp to 54.4%.

MTN Côte d'Ivoire continued to maintain its leadership position and recorded an increase in service revenue of 11.1%* despite the country's unstable electricity supply which has caused service disruptions and is expected to remain volatile in the short term. The positive result was supported by strong revenue growth in data (up 42.1%*), fintech (up 30.1%*) and SMS (up 59.7%*). The EBITDA margin contracted by 0.8pp* to 34.1%*.

MTN Cameroon reported service revenue growth of 14.5%* in a challenging environment. Growth was supported by increases in data (up 28.4%*), fintech (up 48.4 %*) and digital (up 59.1%*) revenue. The EBITDA margin for MTN Cameroon expanded by 4.8pp* to 37.3%*.

Overall, excluding MTN Ghana, the WECA markets grew service revenue by 12.7%* and reported a 1.3pp improvement in EBITDA margin to 32.3%*.

Middle East and North Africa (MENA) (excluding Iran)

- Service revenue increased by 40.7%*
- Data revenue increased by 56.0%*
- Fintech revenue increased by 34.5%*
- Digital revenue increased by 66.1%*

The operations within the MENA portfolio delivered a strong performance with a solid EBITDA margin driven by a focus on optimisation initiatives in light of challenging trading conditions, including local currency devaluations and high inflation. This performance was supported by solid growth in data. The total number of subscribers (excluding MTN Irancell) was 26.4 million.

MTN Sudan increased service revenue by 208.5%*, underpinned by growth in voice (up 220.5%*) supported by re-pricing, and data (up 215.7%*) on the back of an increase in data bundle prices and usage. The EBITDA margin expanded by 3.7pp* to 41.9%*, driven by strong growth in revenue.

MENA service revenue increased by 40.7%* in H1, with the EBITDA margin declining by 14.5pp to 27.8%*. Excluding MTN Syria, which is consolidated for just two months in the period, MENA service revenue increased by 38.6%* and the EBITDA margin was 27.2%* (down 3.1pp).

Associates, joint ventures and investments

Telecoms operations

MTN Irancell delivered a very robust set of results in an economy operating under US sanctions and the impact of the pandemic. In the period, Iran also held presidential elections. Service revenue grew by 36.3%*, with voice revenue up by 22.7%* and data revenue up by 44.8%*. At 30 June 2021, the total number of subscribers was 49.4 million. In the period, MTN Irancell's operating licence was extended for a period of five years.

MTN Irancell's EBITDA margin increased by 0.9pp* to 38.8%*. Invested capex was R0.7 billion under IAS 17. The value of the Irancell loan and receivable at 30 June 2021 was R2.7 billion.

E-commerce investments

The Iran Internet Group (IIG) continued its strong recovery in the first six months of 2021. Ride-hailing app Snapp remained the market leader, ranking among the top ride-hailing apps globally and reaching 2.3 million daily rides. Food delivery app Snappfood grew revenue by 180%* YoY; it continued to lead the market to reach almost 200k daily orders. Last-mile delivery service Snappbox also remained the market leader with almost 200k daily orders.

Within Middle East Internet Holding (MEIH), ride-hailing service Jeeny and cleaning service app Helpling continued to recover strongly from the impact of COVID-19, with Jeeny reaching a peak of 85k daily rides. These e-commerce holdings, while important investments, are not viewed as long-term strategic holdings for the Group and form part of the ARP.

Investments in tower and infrastructure companies

At 30 June 2021, the fair value of our 29% investment in ***IHS*** was recognised at R30.5 billion.

Prospects and guidance

Positioning the business for accelerated growth and relevance to 2025

We are encouraged by the continued resilience of our business and the solid performance across our markets. Service revenue is tracking favourably against our medium-term guidance and EBITDA margins continue to expand despite the challenging trading environment and ongoing COVID-19 uncertainties.

The pandemic, which has led to accelerated digital transformation and also shone a light on the digital divide, will shape economic activity in the second half of the year. At the heart of our ***Ambition 2025*** is leading greater digital and financial inclusion across Africa while aligning to the development agendas of nation states. We believe everyone deserves the benefits of a modern connected life and our strategic intent is to provide leading digital solutions for Africa's progress.

As we execute our strategy, we are excited about the opportunities for growth as well as those to unlock value. Our strategy is underpinned by a solid financial framework with a value-based approach to capital allocation and improving returns.

In driving the industry-leading connectivity business, we are focused on accelerating growth in MTN SA and MTN Nigeria as well as continuing to drive sustained growth in data throughout our footprint. We will continue to scale and build the largest and most valuable platforms, which underpin our long-term growth outlook and achieving our medium-term guidance targets.

In the remainder of the year, we expect the operational base effects of the strong H2 2020 to become more of a factor shaping our commercial and financial trends. This is due to the trajectory of these metrics from H2 2020 having been boosted by the effects of COVID-19. We will continue our work to structurally separate our fintech and fibre businesses, which remains on track. We aim to have a clear operational and resourcing focus to accelerate growth while allowing the entities to leverage the MTN base, brand, network and footprint. The separated operations will remain controlled by the Group but will be better able to engage value-adding partnerships to scale and accelerate their growth as well as reveal the value held within the Group.

We anticipate that we will have an operational Group fintech holding company in place by Q1 2022, while the fibre businesses will likely take about two years to operate separately, depending on the regulatory approvals required for cross-market fibre deployment.

We are targeting more than R5 billion in expense efficiencies over the next three years as well as strengthening our financial position by accelerating the deleveraging of our Holdco balance sheet, protecting liquidity and preserving cash. We will continue to focus on upstreaming cash from the markets and executing on our ARP and portfolio transformation.

We will continue to invest in the capacity and resilience of our networks and to scale our platforms. Our guidance for capex in 2021 is R30.1 billion as we defend our 'second-to-none' network position.

Creating shared value is integral to the sustainability of our business as we work to play our part in the socioeconomic development of our markets and, in turn, our continent. We have taken a step change in our ESG approach and have committed to achieve net zero emissions by 2040.

Medium-term guidance

Amid ongoing challenges in the trading environment, we remain committed to delivering on our medium-term (three to five years) guidance of low to mid-teens percentage growth in Group service revenue in constant currency terms; mid-single-digit percentage growth in service revenue from MTN SA and mid-teens percentage growth in MTN Nigeria's service revenue. We are targeting an increase in the service revenue contribution of the fintech business to greater than 20% as part of our Ambition 2025 strategy.

We remain steadfast in maintaining a strong Holdco balance sheet, and faster deleveraging with our target ratio over the medium term of 'below 1,5x', which will be supported by our work to achieve at least a further R25 billion in asset realisations over the medium term.

We expect to continue to improve our earnings through revenue growth as well as the execution of our Group efficiency programme to deliver on our ROE target of >20%.

As previously communicated, the Board anticipates paying a minimum ordinary dividend of at least 260cps as a final dividend for FY 2021, in line with our capital allocation framework, and announcing a medium-term dividend policy in March 2022.

Board changes

We announced the following changes to the Board:

- Tsholofelo Molefe was appointed Group chief financial officer (GCFO) and executive director, effective 1 April 2021;
- Nosipho Molope was appointed as an independent non-executive director, effective 1 April 2021;
- Noluthando Gosa was appointed as an independent non-executive director, effective 1 April 2021; and
- Azmi Mikati, retired as a non-executive director effective 28 May 2021, as part of the structured board evolution process which has been underway since 2019; we thank him for his service over many years and wish him well.

For and on behalf of the board

MH Jonas	**RT Mupita**	**TBL Molefe**
Group Chairman	*Group President and CEO*	*Group CFO*

11 August 2021

Fairland

Date of Release 12 August 2021

Lead sponsor
JP Morgan Equities (SA) Proprietary Limited

Joint sponsor
Tamela Holdings Proprietary Limited

Appendix

Definitions:

- All financial numbers are YoY unless otherwise stated
- All subscriber numbers are compared to the end of December 2020 unless otherwise stated
- Service revenue excludes device and SIM card revenue
- Data revenue is mobile and fixed access data and excludes roaming and wholesale
- Fintech includes MoMo, insurance, airtime lending and ecommerce
- MoMo users are 30-day active users
- CODM EBITDA (referred to as 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 joint ventures; net monetary gain resulting from the application of hyperinflation; share of results of associates and joint ventures after tax; impairment loss on remeasurement of disposal groups; loss on deconsolidation of MTN Syria; impairment loss on MTN Yemen property, plant and equipment (PPE) and intangible assets (note 9); fair value gain on acquisition of subsidiary; and gain on disposal/dilution of investment in associates and joint ventures (BICS). EBITDA including these once-off items increased by 22.6%*.
- ROE is calculated based on reported Group HEPS of 505 cps after adjusting for non-operational impacts of 118 cps. Equity is also adjusted for non-operational items such as hyperinflation
- Holdco leverage: Holdco net debt (including GlobalConnect)/SA EBITDA + cash upstreaming
- ARPU: average revenue per user
- SME: small and medium-sized enterprises

Results overview

Reviewed condensed consolidated interim financial statements for the six months ended 30 June 2021

The Group's reviewed condensed consolidated interim financial statements for the six months ended 30 June 2021 have been independently reviewed by the Group's external auditors. The Group's reviewed condensed consolidated interim financial statements have been prepared by the MTN finance staff under the guidance of the Group Finance Executive, S Perumal CA(SA) and was supervised by the Group Chief Financial Officer, TBL Molefe CA(SA).

The results were made available on 12 August 2021.

#GoodTogether

Independent auditors' review report on the condensed consolidated interim financial statements

TO THE SHAREHOLDERS OF MTN GROUP LIMITED

We have reviewed the condensed consolidated interim financial statements of MTN Group Limited, in the accompanying interim report on pages 41 to 72, which comprise the condensed consolidated statement of financial position as at 30 June 2021 and the related condensed consolidated income statement and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council 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 interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of MTN Group Limited for the six months ended 30 June 2021 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor
Johannesburg, South Africa
11 August 2021

Ernst & Young Inc.

Ernst & Young Inc.
Director: EAL Botha
Registered Auditor
Johannesburg, South Africa
11 August 2021

Condensed consolidated income statement

for the

	Note	Six months ended 30 June 2021 Reviewed Rm	Six months ended 30 June 2020 Reviewed Rm	Financial year ended 31 December 2020 Audited Rm
Revenue	7	**86 673**	84 076	179 361
Other income	10	**532**	21	99
Direct network and technology operating costs		**(13 494)**	(13 539)	(28 208)
Costs of handsets and other accessories		**(5 031)**	(4 621)	(11 093)
Interconnect and roaming costs		**(4 602)**	(5 296)	(10 992)
Staff costs		**(5 628)**	(5 890)	(12 741)
Selling, distribution and marketing expenses		**(10 633)**	(9 824)	(21 158)
Government and regulatory costs		**(3 419)**	(3 160)	(6 823)
Impairment and write-down of trade receivables and contract assets		**(522)**	(732)	(2 169)
Other operating expenses		**(5 689)**	(4 632)	(9 584)
Depreciation of property, plant and equipment		**(10 233)**	(11 751)	(22 704)
Depreciation of right-of-use assets		**(3 560)**	(3 360)	(7 204)
Amortisation of intangible assets		**(3 163)**	(2 707)	(5 743)
Impairment of goodwill and investment in joint venture	9	**(583)**	(701)	(1 065)
Gain on disposal of investment in joint ventures and associates	20	**1 212**	6 136	6 129
Loss on deconsolidation of subsidiary	8	**(4 720)**	–	–
Impairment loss on remeasurement of disposal group		**(53)**	(759)	(1 510)
Operating profit		**17 087**	23 261	44 595
Net finance costs	11	**(7 883)**	(6 197)	(18 233)
Net monetary gain		**108**	552	1 582
Share of results of associates and joint ventures after tax	12	**926**	597	1 142
Profit before tax		**10 238**	18 213	29 086
Income tax expense	22	**(6 057)**	(4 869)	(9 439)
Profit after tax		**4 181**	13 344	19 647
Attributable to:				
Equity holders of the company		**2 673**	12 117	17 022
Non-controlling interests		**1 508**	1 227	2 625
		4 181	13 344	19 647
Basic earnings per share (cents)	13	**148**	674	946
Diluted earnings per share (cents)	13	**146**	671	936

Condensed consolidated statement of comprehensive income

for the

	Note	Six months ended 30 June 2021 Reviewed Rm	Six months ended 30 June 2020 Reviewed Rm	Financial year ended 31 December 2020 Audited Rm
Profit after tax		**4 181**	13 344	19 647
Other comprehensive income after tax				
Items that may be and/or have been reclassified to profit or loss:		**(3 756)**	11 897	5 243
Net investment hedges	19	**472**	(4 287)	(878)
Foreign exchange movement on hedging instruments[1]		**655**	(5 954)	(1 219)
Deferred and current tax[1]		**(183)**	1 667	341
Exchange differences on translating foreign operations including the effect of hyperinflation[2]	19	**(4 228)**	16 184	6 121
(Losses)/gains arising during the period[1]		**(6 744)**	14 516	4 453
Reclassification of foreign currency translation differences, including hyperinflation, on loss of significant influence and control[1]		**2 516**	1 668	1 668
Items that will not be reclassified to profit or loss:				
Equity investments at fair value through other comprehensive income[2,3]		**3 890**	(2 834)	(622)
Gains/(losses) arising during the period		**3 890**	(2 834)	(622)
Other comprehensive income for the period		**134**	9 063	4 621
Attributable to:				
Equity holders of the company		**1 214**	8 439	3 955
Non-controlling interests		**(1 080)**	624	666
Total comprehensive income for the period		**4 315**	22 407	24 268
Attributable to:				
Equity holders of the company		**3 887**	20 556	20 977
Non-controlling interests		**428**	1 851	3 291
		4 315	22 407	24 268

[1] In June 2021, these line items have been disaggregated and comparative numbers have been re-presented accordingly.
[2] This component of other comprehensive income (OCI) does not attract any tax.
[3] Equity investments at fair value through OCI relates mainly to the Group's investment in IHS Holding Limited (IHS Group).

Condensed consolidated statement of financial position

as at

	Note	30 June 2021 Reviewed Rm	30 June 2020 Reviewed Rm	31 December 2020 Audited Rm
Non-current assets		**232 030**	248 855	235 166
Property, plant and equipment		**92 625**	103 618	100 576
Intangible assets and goodwill		**39 486**	42 148	39 069
Right-of-use assets		**44 241**	49 565	46 156
Investments	14	**31 533**	33 386	28 518
Investment in associates and joint ventures		**13 143**	9 189	10 306
Deferred tax and other non-current assets		**11 002**	10 949	10 541
Current assets		**115 797**	106 902	109 760
Trade and other receivables		**32 131**	34 306	29 826
Other current assets		**11 623**	17 117	14 377
Restricted cash		**5 886**	2 873	6 888
Mobile Money deposits		**29 236**	23 755	27 679
Cash and cash equivalents		**36 921**	28 851	30 990
Non-current assets held for sale		**–**	2 467	4 016
Total assets		**347 827**	358 224	348 942
Total equity		**109 337**	101 212	106 225
Attributable to equity holders of the company		**106 973**	98 352	102 873
Non-controlling interests		**2 364**	2 860	3 352
Non-current liabilities		**129 844**	149 330	133 334
Interest-bearing liabilities	16	**75 518**	90 399	78 457
Lease liabilities		**43 343**	46 933	43 753
Deferred tax and other non-current liabilities		**10 983**	11 998	11 124
Current liabilities		**108 646**	106 606	108 299
Interest-bearing liabilities	16	**15 315**	22 519	17 792
Lease liabilities		**5 321**	5 160	5 728
Trade and other payables		**45 341**	41 527	41 880
Mobile Money payables		**29 638**	24 348	28 008
Other current and tax liabilities		**13 031**	13 052	14 891
Liabilities directly associated with non-current assets held for sale		**–**	1 076	1 084
Total equity and liabilities		**347 827**	358 224	348 942

Condensed consolidated statement of changes in equity

for the

	Six months ended 30 June 2021 Reviewed Rm	Six months ended 30 June 2020 Reviewed Rm	Financial year ended 31 December 2020 Audited Rm
Opening balance at 1 January	**102 873**	83 897	83 897
Opening reserve adjustment for impact of hyperinflation	**–**	–	3 677
Total comprehensive income	**3 887**	20 556	20 977
Profit after tax	**2 673**	12 117	17 022
Other comprehensive income after tax	**1 214**	8 439	3 955
Transactions with owners of the company			
Share-based payment transactions	**230**	247	695
Dividends declared	**–**	(6 393)	(6 393)
Gain on disposal of shares in MTN Zambia	**–**	–	180
Other movements	**(17)**	45	(160)
Attributable to equity holders of the company	**106 973**	98 352	102 873
Non-controlling interests	**2 364**	2 860	3 352
Closing balance	**109 337**	101 212	106 225
Dividends declared during the period (cents per share)	**–**	355	355

Condensed consolidated statement of cash flows

for the

	Note	Six months ended 30 June 2021 Reviewed Rm	Six months ended 30 June 2020 Reviewed Rm	Financial year ended 31 December 2020 Audited Rm
Net cash generated from operating activities		**30 823**	22 082	58 513
Cash generated from operations		**42 197**	32 771	78 580
Interest received		**733**	413	1 305
Interest paid		**(5 204)**	(6 459)	(13 576)
Dividends received from associates and joint ventures		**292**	265	608
Income tax paid		**(7 195)**	(4 908)	(8 404)
Net cash used in investing activities		**(13 087)**	(13 617)	(33 512)
Acquisition of property, plant and equipment		**(10 815)**	(9 477)	(23 502)
Acquisition of intangible assets		**(6 814)**	(3 880)	(6 678)
Proceeds from sale of investment in associates	20	**1 807**	8 959	8 962
Increase in non-current investments and joint venture		**(4)**	(85)	(260)
Proceeds from sale of investment in Jumia		**–**	–	2 315
Decrease in loan receivables		**22**	24	25
Realisation/(purchase) of bonds, treasury bills and foreign deposits		**3 082**	(8 227)	(8 116)
Cash acquired on acquisition of subsidiary	10	**68**	–	–
Increase in restricted cash		**(4 184)**	(981)	(6 388)
Decrease in restricted cash		**4 128**	–	103
Cash deconsolidated on loss of control	8	**(228)**	–	–
Other investing activities		**(149)**	50	27
Net cash used in financing activities		**(8 037)**	(4 724)	(13 705)
Proceeds from borrowings	17	**13 928**	18 113	22 551
Repayment of borrowings	17	**(17 800)**	(12 546)	(22 655)
Repayment of lease liabilities		**(3 075)**	(3 234)	(4 998)
Dividends paid to equity holders of the company		**–**	(6 408)	(6 462)
Dividends paid to non-controlling interests		**(1 107)**	(626)	(2 093)
Other financing activities		**17**	(23)	(48)
Net increase in cash and cash equivalents		**9 699**	3 741	11 296
Net cash and cash equivalents at beginning of the period		**30 636**	21 607	21 607
Exchange (losses)/gains on cash and cash equivalents		**(3 826)**	3 713	(2 179)
Net monetary (losses)/gain on cash and cash equivalents		**(69)**	(195)	36
Decrease/(increase) in cash classified as held for sale		**124**	(136)	(124)
Net cash and cash equivalents at end of the period		**36 564**	28 730	30 636

Notes to the condensed consolidated interim financial statements

for the six months ended 30 June 2021

1. INDEPENDENT REVIEW

The directors of the company take full responsibility for the preparation of the condensed consolidated interim financial statements. The condensed consolidated interim financial statements have been reviewed by our joint auditors PricewaterhouseCoopers Inc. and Ernst & Young Inc., who have expressed an unmodified conclusion thereon. The joint auditors have performed their review in accordance with International Standard on Review Engagements (ISRE) 2410.

2. GENERAL INFORMATION

MTN Group Limited (the Company) carries on the business of investing in its connectivity business and platforms through its subsidiary companies, joint ventures, associates and related investments.

3. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2021 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim financial statements and the requirements of the Companies Act applicable to interim financial statements. The interim financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS.

4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

A number of amendments to accounting pronouncements are effective from 1 January 2021, but they do not have a material effect on the Group's interim financial statements.

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2021

5. CRITICAL ACCOUNTING JUDGEMENTS

5.1 MTN SA revenue recognition

On 1 May 2020, Mobile Telephone Networks Proprietary Limited's (MTN SA) new long-form roaming agreement (Phase 2 agreement) with Cell C Limited (Cell C) became effective. In February 2021, Cell C entered into a settlement agreement specifying the repayment schedule for the long outstanding amounts.

Since the effective dates of the Phase 2 agreement and subsequent settlement agreement, Cell C has made some but not all the scheduled payments. Based on Cell C's liquidity issues, the Group has assessed that it is not probable that it will receive all consideration to which it is entitled under the Phase 2 agreement, and therefore the agreement does not meet the definition of a contract for revenue recognition purposes in terms of IFRS 15 *Revenue from Contracts with Customers* (IFRS 15). As a result, MTN SA did not recognise all revenue accrued on satisfied performance obligations during the period under review. Revenue was only recognised on completed services based on the non-refundable consideration received.

MTN SA recorded revenue of R1 410 million from Cell C during the period ended 30 June 2021 (30 June 2020: R788 million, 31 December 2020: R1 992 million). As at 30 June 2021, R326 million (30 June 2020: R673 million, 31 December 2020: R525 million) of revenue in relation to satisfied performance obligations remains unrecognised.

Cell C continues to work on its recapitalisation programme, which if successful, would result in a change in the Group's accounting treatment of Cell C roaming revenues back to an accounting methodology of recognising revenue as performance obligations are satisfied.

6. 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.

The Group has classified the economies of Syria, South Sudan, Sudan and Iran as hyperinflationary effective 2014, 2016, 2018 and 2020 respectively.

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

	Six months ended 30 June 2021 Reviewed		
	Revenue Rm	**Operating profit Rm**	**Capex Rm**
Syria[1]	**–**	**–**	**–**
Sudan	**(227)**	**(166)**	**(9)**
South Sudan (included in other SEA)	**(732)**	**(418)**	**(85)**
	(959)	**(584)**	**(94)**
Major joint venture – Irancell	**485**	**(700)**	**92**

[1] Hyperinflation accounting was applied to MTN Syria JSC (MTN Syria) until the Group lost control of MTN Syria. Refer to note 8.

	Six months ended 30 June 2020 Reviewed		
	Revenue Rm	Operating profit Rm	Capex Rm
Syria	(666)	137	(160)
Sudan	354	(215)	12
South Sudan (included in other SEA)	169	61	8
	(143)	(17)	(140)
Major joint venture – Irancell	–	(262)	–

	Financial year ended 31 December 2020 Audited		
	Revenue Rm	Operating profit Rm	Capex Rm
Syria	(669)	124	(139)
Sudan	3 429	233	507
South Sudan (included in other SEA)	165	61	26
	2 925	418	394
Major joint venture – Irancell	(2 312)	(1 629)	(121)

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2021

7. SEGMENT ANALYSIS

The Group has identified reportable segments that are used by the Group Executive Committee (the 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); and
- 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 cellular network services providers in the Group. In line with the Group's strategy, segment information for the Ghana operation has been reported under the WECA cluster effective 1 January 2021 (previously included in SEAGHA, now renamed SEA). Prior year operating segment information for SEA and WECA has been restated accordingly.

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 venture (note 9);
- net monetary gain resulting from the application of hyperinflation;
- share of results of associates and joint ventures after tax (note 12);
- hyperinflation (note 6);
- gain on disposal of investment in joint ventures and associates (note 20);
- fair value gain on acquisition of subsidiary (note 10);
- loss on deconsolidation of subsidiary (note 8);
- impairment loss on MTN Yemen property, plant and equipment (PPE) and intangible assets (note 9); and
- impairment loss on remeasurement of disposal group.

These exclusions have remained unchanged, apart from the fair value gain on acquisition of subsidiary, loss on deconsolidation of subsidiary and impairment loss on MTN Yemen PPE and intangible assets. Impairment losses on PPE and intangible assets are generally included in the CODM EBITDA as they are operational in nature. As the impairment of MTN Yemen's PPE and intangible assets arises from the MENA exit strategy, it is not considered reflective of MTN Yemen's performance for the period.

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

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2021

7. SEGMENT ANALYSIS continued

Six months ended 30 June REVENUE	Network services Rm	Mobile devices Rm	Interconnect and roaming Rm
2021			
South Africa	15 177	4 488	2 048
Nigeria	23 929	37	2 704
SEA	5 911	87	405
Uganda	2 734	23	190
Zambia	663	37	55
Other SEA	2 514	27	160
WECA	16 359	109	1 230
Ghana	6 094	27	329
Côte d'Ivoire	2 921	23	423
Cameroon	2 635	16	194
Other WECA	4 709	43	284
MENA	2 886	8	537
Syria[1]	270	–	4
Sudan	757	3	268
Other MENA	1 859	5	265
Major joint venture – Irancell[2]	2 669	59	138
Head office companies[3]	680	–	2 528
Eliminations	(193)	–	(2 676)
Hyperinflation impact	(917)	(3)	(13)
Irancell revenue exclusion	(2 669)	(59)	(138)
Consolidated revenue	63 832	4 726	6 763

[1] MTN Syria's revenue is included until the Group lost control of MTN Syria. Refer to note 8.
[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 Solutions Limited and management fees from segments.

Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
1 163	670	23 546	195	23 741
1 419	395	28 484	–	28 484
1 623	246	8 272	–	8 272
1 019	48	4 014	–	4 014
243	18	1 016	–	1 016
361	180	3 242	–	3 242
4 778	518	22 994	–	22 994
2 504	130	9 084	–	9 084
821	214	4 402	–	4 402
585	34	3 464	–	3 464
868	140	6 044	–	6 044
132	38	3 601	–	3 601
33	1	308	–	308
27	3	1 058	–	1 058
72	34	2 235	–	2 235
162	66	3 094	8	3 102
2	4 470	7 680	62	7 742
–	(4 276)	(7 145)	(57)	(7 202)
(21)	(5)	(959)	–	(959)
(162)	(66)	(3 094)	(8)	(3 102)
9 096	2 056	86 473	200	86 673

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2021

7. SEGMENT ANALYSIS continued

Six months ended 30 June **REVENUE**	Network services Rm	Mobile devices Rm	Interconnect and roaming Rm
2020 – Restated[1]			
South Africa	14 236	3 515	1 528
Nigeria	23 849	48	2 848
SEA	5 614	105	464
Uganda	2 723	32	224
Zambia	860	55	84
Other SEA	2 031	18	156
WECA	15 357	151	1 684
Ghana	5 721	65	427
Côte d'Ivoire	2 716	22	534
Cameroon	2 481	27	222
Other WECA	4 439	37	501
MENA	4 237	8	611
Syria	1 240	–	20
Sudan	1 045	4	287
Other MENA	1 952	4	304
Major joint venture – Irancell[2]	3 726	55	242
Head office companies[3]	486	1	2 153
Eliminations[3]	(83)	–	(2 270)
Hyperinflation impact	(184)	1	83
Irancell revenue exclusion	(3 726)	(55)	(242)
Consolidated revenue	63 512	3 829	7 101

[1] 2020 operating segments have been restated due to Ghana being moved from the SEA cluster (previously named SEAGHA) to the WECA cluster and Zambia being disaggregated from other SEA.

[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 Solutions Limited and management fees from segments. The head office companies and eliminations have been disaggregated in 31 December 2020. The June 2020 period has been re-presented to reflect this disaggregation.

	Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
	991	639	20 909	216	21 125
	1 132	274	28 151	–	28 151
	1 482	265	7 930	–	7 930
	966	60	4 005	–	4 005
	272	23	1 294	–	1 294
	244	182	2 631	–	2 631
	3 803	509	21 504	–	21 504
	2 128	122	8 463	–	8 463
	660	214	4 146	–	4 146
	411	30	3 171	–	3 171
	604	143	5 724	–	5 724
	249	48	5 153	–	5 153
	126	8	1 394	–	1 394
	54	13	1 403	–	1 403
	69	27	2 356	–	2 356
	249	59	4 331	13	4 344
	2	5 689	8 331	83	8 414
	(1)	(5 636)	(7 990)	(68)	(8 058)
	(41)	(2)	(143)	–	(143)
	(249)	(59)	(4 331)	(13)	(4 344)
	7 617	1 786	83 845	231	84 076

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for the six months ended 30 June 2021

7. SEGMENT ANALYSIS continued

Year ended 31 December **REVENUE**	Network services Rm	Mobile devices Rm	Interconnect and roaming Rm
2020 – Restated[1]			
South Africa	29 639	8 449	3 481
Nigeria	49 054	294	5 732
SEA	11 837	212	910
Uganda	5 570	53	437
Zambia	1 696	105	161
Other SEA	4 571	54	312
WECA	31 755	303	3 330
Ghana	11 648	120	749
Côte d'Ivoire	5 697	47	1 101
Cameroon	5 118	46	459
Other WECA	9 292	90	1 021
MENA	8 568	21	1 228
Syria	2 036	1	32
Sudan	2 526	11	623
Other MENA	4 006	9	573
Major joint venture – Irancell[2]	6 539	92	414
Head office companies[3]	1 077	–	4 553
Eliminations	(166)	(1)	(4 661)
Hyperinflation impact	2 169	11	651
Irancell revenue exclusion	(6 539)	(92)	(414)
Consolidated revenue	133 933	9 289	15 224

[1] 2020 operating segments have been restated due to Ghana being moved from the SEA cluster (previously named SEAGHA) to the WECA cluster and Zambia being disaggregated from other SEA.
[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 Solutions Limited and management fees from segments.

Digital and fintech Rm	Other Rm	Revenue from contracts with customers Rm	Interest revenue Rm	Total revenue Rm
2 170	1 331	45 070	403	45 473
2 341	559	57 980	–	57 980
3 290	540	16 789	–	16 789
2 135	125	8 320	–	8 320
570	44	2 576	–	2 576
585	371	5 893	–	5 893
8 408	1 076	44 872	–	44 872
4 487	241	17 245	–	17 245
1 472	459	8 776	–	8 776
994	69	6 686	–	6 686
1 455	307	12 165	–	12 165
477	129	10 423	–	10 423
213	13	2 295	–	2 295
119	27	3 306	–	3 306
145	89	4 822	–	4 822
393	114	7 552	21	7 573
10	11 902	17 542	148	17 690
–	(11 822)	(16 650)	(141)	(16 791)
66	28	2 925	–	2 925
(393)	(114)	(7 552)	(21)	(7 573)
16 762	3 743	178 951	410	179 361

7. SEGMENT ANALYSIS continued

	Six months ended 30 June 2021		
External vs inter-segment revenue	External revenue Rm	Inter-segment revenue Rm	Total revenue Rm
South Africa	23 513	228	23 741
Nigeria	27 898	586	28 484
SEA	8 049	223	8 272
Uganda	3 850	164	4 014
Zambia	992	24	1 016
Other SEA	3 207	35	3 242
WECA	22 286	708	22 994
Ghana	8 757	327	9 084
Côte d'Ivoire	4 318	84	4 402
Cameroon	3 351	113	3 464
Other WECA	5 860	184	6 044
MENA	3 334	267	3 601
Syria[2]	308	–	308
Sudan	861	197	1 058
Other MENA	2 165	70	2 235
Major joint venture–Irancell[3]	3 102	–	3 102
Head office companies[4]	2 520	5 222	7 742
Eliminations[4]	–	(7 202)	(7 202)
Hyperinflation impact	(927)	(32)	(959)
Irancell revenue exclusion	(3 102)	–	(3 102)
Consolidated revenue	86 673	–	86 673

[1] 2020 operating segments have been restated due to Ghana being moved from the SEA cluster (previously named SEAGHA) to the WECA cluster and Zambia being disaggregated from other SEA.
[2] MTN Syria's revenue is included until the Group lost control of MTN Syria. Refer to note 8.
[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.
[4] Head office companies consist mainly of revenue from GlobalConnect Solutions Limited and management fees from segments. The head office companies and eliminations have been disaggregated in 31 December 2020. The June 2020 period has been re-presented to reflect this disaggregation.

Six months ended 30 June 2020 Restated[1]			Financial year ended 31 December 2020 Restated[1]		
External revenue Rm	Inter-segment revenue Rm	Total revenue Rm	External revenue Rm	Inter-segment revenue Rm	Total revenue Rm
20 911	214	21 125	45 045	428	45 473
27 836	315	28 151	57 355	625	57 980
7 652	278	7 930	16 237	552	16 789
3 820	185	4 005	7 936	384	8 320
1 263	31	1 294	2 519	57	2 576
2 569	62	2 631	5 782	111	5 893
20 804	700	21 504	43 458	1 414	44 872
8 193	270	8 463	16 697	548	17 245
4 088	58	4 146	8 643	133	8 776
3 045	126	3 171	6 440	246	6 686
5 478	246	5 724	11 678	487	12 165
4 847	306	5 153	9 781	642	10 423
1 394	–	1 394	2 295	–	2 295
1 175	228	1 403	2 804	502	3 306
2 278	78	2 356	4 682	140	4 822
4 344	–	4 344	7 573	–	7 573
2 160	6 254	8 414	4 557	13 133	17 690
–	(8 058)	(8 058)	–	(16 791)	(16 791)
(134)	(9)	(143)	2 928	(3)	2 925
(4 344)	–	(4 344)	(7 573)	–	(7 573)
84 076	–	84 076	179 361	–	179 361

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for the six months ended 30 June 2021

7. SEGMENT ANALYSIS continued

CODM EBITDA	Six months ended 30 June 2021 Reviewed Rm	Six months ended 30 June 2020 Restated[1] Reviewed Rm	Financial year ended 31 December 2020 Restated[1] Audited Rm
South Africa	**9 821**	8 436	17 742
Nigeria	**15 135**	14 402	29 506
SEA	**4 007**	3 495	7 705
Uganda	**2 066**	1 971	4 118
Zambia	**293**	391	765
Other SEA	**1 648**	1 133	2 822
WECA	**9 436**	8 561	17 717
Ghana	**4 941**	4 530	9 097
Côte d'Ivoire	**1 499**	1 444	3 042
Cameroon	**1 293**	1 034	2 149
Other WECA	**1 703**	1 553	3 429
MENA	**1 000**	1 519	3 352
Syria[2]	**105**	292	574
Sudan	**443**	540	1 428
Other MENA	**452**	687	1 350
Head office companies[3]	**(205)**	311	1 871
Eliminations[3]	**(357)**	(439)	(2 570)
CODM EBITDA	**38 837**	36 285	75 323
Major joint venture – Irancell[4]	**1 204**	1 646	2 818
Hyperinflation	**(513)**	118	1 369
Gain on disposal of investment in joint ventures and associates	**1 212**	6 136	6 129
Fair value gain on acquisition of subsidiary	**526**	–	–
Loss on deconsolidation of subsidiary	**(4 720)**	–	–
Impairment loss on MTN Yemen PPE and intangible assets	**(663)**	–	–
Impairment loss on remeasurement of disposal group	**(53)**	(759)	(1 510)
Irancell CODM EBITDA exclusion	**(1 204)**	(1 646)	(2 818)
CODM EBITDA before impairment of goodwill	**34 626**	41 780	81 311
Depreciation, amortisation and impairment of goodwill and investment in joint venture	**(17 539)**	(18 519)	(36 716)
Net finance cost	**(7 883)**	(6 197)	(18 233)
Net monetary gain	**108**	552	1 582
Share of results of associates and joint ventures after tax	**926**	597	1 142
Profit before tax	**10 238**	18 213	29 086

[1] 2020 operating segments have been restated due to Ghana being moved from the SEA cluster (previously named SEAGHA) to the WECA cluster and Zambia being disaggregated from other SEA.
[2] MTN Syria EBITDA has been included until the Group lost control of MTN Syria. Refer to note 8.
[3] The head office companies and eliminations have been disaggregated in 31 December 2020. The June 2020 period has been re-presented to reflect this disaggregation.
[4] Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from capital expenditure incurred due to equity accounting for joint ventures.

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for the six months ended 30 June 2021

7. SEGMENT ANALYSIS continued

CAPITAL EXPENDITURE INCURRED	**Six months ended 30 June 2021 Reviewed Rm**	Six months ended 30 June 2020 Restated[1] Reviewed Rm	Financial year ended 31 December 2020 Restated[1] Audited Rm
South Africa	**3 218**	3 532	7 542
Nigeria	**6 708**	5 854	12 694
SEA	**1 486**	1 230	3 042
Uganda	**847**	499	1 328
Zambia	**119**	210	436
Other SEA	**520**	521	1 278
WECA	**2 882**	2 304	6 439
Ghana	**1 393**	946	3 021
Côte d'Ivoire	**549**	422	1 064
Cameroon	**392**	310	950
Other WECA	**548**	626	1 404
MENA	**309**	551	1 642
Syria[2]	**62**	305	751
Sudan	**128**	54	495
Other MENA	**119**	192	396
Major joint venture – Irancell[3]	**592**	387	1 865
Head office companies[4]	**416**	459	1 286
Eliminations[4]	**(77)**	(6)	–
Hyperinflation impact	**(94)**	(140)	394
Irancell capex exclusion	**(592)**	(387)	(1 865)
	14 848	13 784	33 039

[1] 2020 operating segments have been restated due to Ghana being moved from the SEA cluster (previously named SEAGHA) to the WECA cluster and Zambia being disaggregated from other SEA.
[2] MTN Syria capital expenditure has been included until the Group lost control of MTN Syria. Refer to note 8.
[3] Irancell proportionate results are included in the segment analysis as reviewed by the CODM. This is, however, excluded from capital expenditure incurred due to equity accounting for joint ventures.
[4] The head office companies and eliminations have been disaggregated in 31 December 2020. The June 2020 period has been re-presented to reflect this disaggregation.

8. 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 (the non-controlling shareholder of MTN Syria) 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 7) 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, the Group has decided to initiate a process to exit Syria.

The carrying amounts of the assets and liabilities as at the date of loss of control were:

	Reviewed 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 interest (NCI) 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**

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9. IMPAIRMENT OF GOODWILL, PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND INVESTMENT IN JOINT VENTURE

Impairment of goodwill, property, plant and equipment and intangibles

The Group has decided to initiate a process to exit in Yemen, within the near future, in light of its MENA exit strategy. Based on the political environment in Yemen and the sanctions risk in the country, a sale is not considered feasible. The Group is not expecting to recover any of its investment in MTN Yemen through ongoing operations until date of exit. Therefore, the recoverable amount of the cash-generating unit (CGU) is considered to be negligible.

The following impairment losses were recognised in the impairment of goodwill and investment in joint venture (R550 million) and other operating expenses (R663 million) lines respectively in 2021.

	30 June 2021 Reviewed Rm
Goodwill impairment	**550**
Impairment of property, plant and equipment	**543**
Impairment of intangible assets	**120**

A goodwill impairment charge of R525 million for MTN Yemen was recognised in the 2020 financial year (June 2020: R nil).

Other prior period impairments

	Six months ended 30 June 2020 Reviewed		Financial year ended 31 December 2020 Audited	
	Impairment of joint venture Rm	Goodwill impairment Rm	Impairment of joint venture Rm	Goodwill impairment Rm
MTN Liberia	–	308	–	308
MTN Guinea-Bissau	–	165	–	165
Middle East Internet Holdings S.A.R.L. (MEIH)	228	–	67	–

10. ACQUISITION OF SUBSIDIARY

aYo Holdings Limited (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
Non-current assets	**33**
Trade and other receivables and other current assets	**89**
Cash and cash equivalents	**68**
Borrowings - current	**(203)**
Trade and other payables	**(50)**
Other liabilities	**(9)**
Net identifiable assets acquired	**(72)**

The fair values of aYo's net identifiable assets have been measured provisionally, pending completion of a valuation.

Goodwill arising from acquisition has been recognised as follows:

	Rm
Total consideration transferred	*
NCI, based on their proportionate share of recognised amounts of assets and liabilities in aYo	**(18)**
Fair value of existing interest in aYo	**526**
Fair value of identifiable net assets	**72**
Goodwill	**580**

*Amount less than R1 million.

Remeasurement of the Group's existing 50% interest in aYo resulted in a R526 million gain. This amount is included in other income. The provisionally measured 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.

The acquired business did not contribute towards the Group's revenue and profit after tax for the period ended 30 June 2021, as aYo was acquired on 30 June 2021. Had the acquisition occurred on 1 January 2021, the Group's consolidated revenue and consolidated profit after tax for the period ended 30 June 2021 would have been R86 730 million and R4 057 million respectively.

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.

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11. NET FINANCE COSTS

	Six months ended 30 June 2021 Reviewed Rm	Six months ended 30 June 2020 Reviewed Rm	Financial year ended 31 December 2020 Audited Rm
Interest income on loans and receivables	**61**	191	605
Interest income on bank deposits	**409**	449	888
Net foreign exchange gains	**–**	852	–
Finance income	**470**	1 492	1 493
Interest expense on financial liabilities measured at amortised cost	**(3 171)**	(4 477)	(8 816)
Net foreign exchange losses	**(2 066)**	–	(4 537)
(Loss on)/unwind of revision of cash flows	**–**	(65)	174
Lease liability interest expense	**(3 116)**	(3 147)	(6 547)
Finance costs	**(8 353)**	(7 689)	(19 726)
Net finance costs recognised in profit or loss	**(7 883)**	(6 197)	(18 233)

12. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES AFTER TAX

	Six months ended 30 June 2021 Reviewed Rm	Six months ended 30 June 2020 Reviewed Rm	Financial year ended 31 December 2020 Audited Rm
	926	597	1 142
Irancell	**781**	248	538
Others	**145**	349	604

Irancell loan and receivable

On 20 September 2019, the US Treasury Department's Office of Foreign Assets Control (OFAC) designated the Central Bank of Iran (CBI) as being subject to sanctions. Sanctions imposed on the CBI creates a secondary sanctions risk for MTN entities if the CBI allocates foreign currency to an MTN entity for the purpose of repatriating the receivable and/or loan. As at 30 June 2021, Iranian rial denominated receivables amounted to R1 032 million[1] (30 June 2020: R1 194 million, 31 December 2020: R1 037 million) and the Iranian rial denominated loan amounted to R1 691 million[2] (30 June 2020: R2 053 million, 31 December 2020: R1 733 million).

[1] Includes R1 001 million at the SANA rate (30 June 2020: R964 million and 31 December 2020: R840 million). Includes R31 million at the CBI rate (30 June 2020: R230 million, 31 December 2020: R197 million).
[2] The amount outstanding was translated at the CBI rate.

13. EARNINGS PER ORDINARY SHARE

	As at 30 June 2021 Reviewed	As at 30 June 2020 Reviewed	As at 31 December 2020 Audited
Number of ordinary shares in issue			
At end of the period (excluding MTN Zakhele Futhi and treasury shares)	**1 802 807 799**	1 798 675 305	1 798 990 980
Weighted average number of shares	**1 801 016 505**	1 798 290 095	1 798 503 457
Add: Dilutive shares			
– Share options – MTN Zakhele Futhi	**8 981 876**	5 929 878	11 045 701
– Share schemes	**17 005 707**	2 749 021	8 443 911
Shares for dilutive earnings per share	**1 827 004 088**	1 806 968 994	1 817 993 069

Treasury shares
Treasury shares of 4 626 581 (June 2020: 8 759 075, December 2020: 8 443 400) are held by the Group and 76 835 378 (June 2020: 76 835 378, December 2020: 76 835 378) are held by MTN Zakhele Futhi (RF) Limited (MTN Zakhele Futhi).

Headline earnings
Headline earnings is calculated in accordance with Circular 1/2021 *Headline Earnings* as issued by the SAICA as amended from time to time and as required by the JSE Limited.

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2021

13. EARNINGS PER ORDINARY SHARE continued

	Six months ended 30 June 2021 Reviewed Rm	Six months ended 30 June 2020 Reviewed Rm	Financial year ended 31 December 2020 Audited Rm
Reconciliation between net profit attributable to the equity holders of the company and headline earnings:			
Profit attributable to equity holders of the company	**2 673**	12 117	17 022
Net profit on disposal of property, plant and equipment and intangible assets (IAS 16 and IAS 38)	**(39)**	(12)	(24)
– Subsidiaries (IAS 16)	**(32)**	(12)	(22)
– Joint ventures (IAS 28)	**(7)**	–	(2)
Net loss on disposal of intangible assets (IAS 38)	**7**	–	–
Impairment of goodwill and investment in joint ventures (IAS 36)	**583**	701	1 065
Net impairment loss on property, plant and equipment and intangible assets (IAS 36)	**730**	254	42
Impairment loss on remeasurement of disposal group (IFRS 5)	**53**	759	1 510
– Subsidiaries	**53**	759	1 113
– Joint venture/associate	**–**	–	397
Net gain on disposal of investment in joint venture/associate and fair value gain on acquisition of subsidiary (IAS 28 and IFRS 10)	**(1 738)**	(6 136)	(6 129)
Loss on deconsolidation of a subsidiary (IFRS 10)	**4 720**	–	–
Total non-controlling interest effect of adjustments	**(19)**	56	(13)
Headline earnings	**6 970**	7 739	13 473
Earnings per share (cents)			
– Basic	**148**	674	946
– Basic headline	**387**	430	749
Diluted earnings per share (cents)			
– Diluted	**146**	671	936
– Diluted headline	**381**	428	741

14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

14.1 Financial assets and financial liabilities at amortised cost

The carrying value of current financial assets and financial liabilities measured at amortised cost approximates their fair value.

Listed long-term borrowings

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 R25 060 million at 30 June 2021 (30 June 2020: R30 421 million, 31 December 2020: R25 987 million) and a fair value of R27 147 million (30 June 2020: R31 112 million, 31 December 2020: R27 691 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.

14.2 Financial instruments measured at fair value

The fair values of financial instruments measured at fair value are determined as follows:

IHS Group unlisted equity investment

Included in investments in the condensed consolidated statement of financial position is an equity investment in IHS Group at fair value of R30 483 million (June 2020: R30 744 million, December 2020: R27 197 million). The fair value is determined using models considered to be appropriate by management, due to the absence of transactions between market participants. The fair value was calculated using an earnings multiple technique and was based on unobservable market inputs including tower industry earnings multiples of between 10x to 13x (June 2020: 9x to 12x, December 2020: 10x to 13x) applied to MTN management's estimates of earnings, less estimated net debt of R27 676 million (June 2020: R30 561 million, December 2020: R23 330 million). The Group has applied a combined liquidity and macro discount of 20% (June 2020: 30%, December 2020: 30%). A fair value increase of R3 947 million (June 2020: R2 830 million decrease, December 2020: R1 151 million decrease) translated at the closing rate has been recognised for the period.

Given the confidentiality restrictions in the shareholders' agreement with IHS Group, MTN does not have access to the IHS Group business plans or actual financial information. Any estimated earnings used to derive the existing fair value are therefore solely based on MTN management assumptions and market estimates on financial growth, currency movements, costs and performance. The investment has therefore been classified as level 3 on the fair value hierarchy. An increase of one in the low and high end of the multiple range, keeping other inputs constant, would have resulted in an increase in the fair value of R3 296 million (June 2020: R3 914 million, December 2020: R2 700 million) and a decrease of one in the low and high end of the multiple range, keeping other inputs constant, would have resulted in a decrease in the fair value by R3 296 million (June 2020: R3 914 million, December 2020: R2 700 million).

An increase of 10% in the estimated earnings used, keeping other inputs constant, would have resulted in an increase in the fair value of R3 690 million (June 2020: R3 986 million, December 2020: R3 019 million) and a decrease of 10% in the estimated earnings used, keeping other inputs constant, would have resulted in a decrease in the fair value of R3 690 million (June 2020: R3 986 million, December 2020: R3 019 million).

An increase of 1% to the combined liquidity and macro discount, keeping other inputs constant, would have resulted in a decrease in the fair value of R381 million (June 2020: R439 million, December 2020: R389 million) and a decrease of 1% to the combined liquidity and macro discount, keeping other inputs constant, would have resulted in an increase in the fair value by R381 million (June 2020: R439 million, December 2020: R389 million).

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14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

14.2 Financial instruments measured at fair value continued

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 2020	1 812
Contributions paid to insurance cell captives	605
Claims received by insurance cell captives	(869)
Loss recognised in profit or loss	(410)
Balance at 1 January 2021	**1 138**
Contributions paid to insurance cell captives	**139**
Claims received by insurance cell captives	**(288)**
Loss recognised in profit or loss	**(50)**
Balance at 30 June 2021	**939**

Investments	Rm
Balance at 1 January 2020	27 158
Acquisitions	158
Loss on equity investments at fair value through other comprehensive income	(1 575)
Foreign exchange differences	1 829
Balance at 1 January 2021	**27 570**
Gain on equity investments at fair value through other comprehensive income	**3 890**
Foreign exchange differences	**(594)**
Balance at 30 June 2021	**30 866**

14.3 Capital management

Management regularly monitors and reviews covenant ratios. Under the terms of the major borrowing facilities, the Group is required to comply with financial covenants. These covenants differ based on the contractual borrowing terms of each facility and incorporate both IFRS and non-IFRS financial measures. As at 30 June 2021, the Group has met interest related covenants. Holdco leverage has improved since 31 December 2020 following the impact of a stronger rand on dollar denominated borrowings and a higher amount of dividends received from MTN Nigeria Communications Plc (MTN Nigeria).

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2021

15. AUTHORISED COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT, EQUIPMENT AND SOFTWARE

	As at 30 June 2021 Reviewed Rm	As at 30 June 2020 Reviewed Rm	As at 31 December 2020 Audited Rm
	14 342	18 486	29 408
– Contracted	**9 311**	13 328	6 814
– Not contracted	**5 031**	5 158	22 594

16. INTEREST-BEARING LIABILITIES

	As at 30 June 2021 Reviewed Rm	As at 30 June 2020 Reviewed Rm	As at 31 December 2020 Audited Rm
Bank overdrafts	**357**	121	354
Current borrowings	**14 958**	22 398	17 438
Current liabilities	**15 315**	22 519	17 792
Non-current borrowings	**75 518**	90 399	78 457
Total interest-bearing liabilities	**90 833**	112 918	96 249

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2021

17. ISSUE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

During the period under review the following entities raised and repaid significant debt instruments:

	Six months ended 30 June 2021 Reviewed		Six months ended 30 June 2020 Reviewed		Financial year ended 31 December 2020 Audited	
	Raised Rm	**Repaid Rm**	Raised Rm	Repaid Rm	Raised Rm	Repaid Rm
Mobile Telephone Networks Holdings Limited	**3 162**	**5 563**	10 250	8 985	12 250	14 512
Loan facilities	**812**	**4 313**	5 550	6 684	5 550	9 458
General banking facilities	**–**	**–**	2 000	1 750	2 500	2 500
Domestic medium term programme	**2 350**	**1 250**	2 700	551	4 200	2 554
MTN International (Mauritius) Limited	**–**	**2 065**	–	762	–	1 913
Revolving credit facility	**–**	**2 065**	–	762	–	–
Loan facilities	**–**	**–**	–	–	–	1 913
MTN Nigeria Communications Plc	**9 028**	**7 423**	5 279	322	6 182	1 796
Long-term borrowings	**6 472**	**4 619**	938	322	1 841	1 022
Commercial paper issuance[1]	**2 556**	**2 804**	4 341	–	4 341	774
Other	**1 738**	**2 749**	2 584	2 477	4 119	4 434
	13 928	**17 800**	18 113	12 546	22 551	22 655

[1] On 22 March 2021, MTN Nigeria issued commercial paper with a face value of NGN19.8 billion (R737 million) for 181 days and NGN53.7 billion (R2 billion) for 269 days.

The Group has undrawn variable rate facilities of R28.7 billion (June 2020: R44 billion, December 2020: R33.3 billion). Holdco cash balances including restricted cash and current investments was R22.2 billion as at 30 June 2021 (June 2020: R14.8 billion, December 2020: R20.6 billion).

Notes to the condensed consolidated interim financial statements continued

for the six months ended 30 June 2021

18. CONTINGENT LIABILITIES

	As at 30 June 2021 Reviewed Rm	As at 30 June 2020 Reviewed Rm	As at 31 December 2020 Audited Rm
Uncertain tax exposures	**1 554**	1 997	1 796
Legal and regulatory matters	**1 726**	1 606	2 035
	3 280	3 603	3 831

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 30 June 2021, 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 condensed consolidated interim financial statements continued

for the six months ended 30 June 2021

19. EXCHANGE RATES TO SOUTH AFRICAN RAND

		As at 30 June 2021 Reviewed	As at 30 June 2020 Reviewed	As at 31 December 2020 Audited	Six months ended 30 June 2021 Reviewed	Six months ended 30 June 2020 Reviewed	Financial year ended 31 December 2020 Audited
		Closing rates			Average rates		
Foreign currency to South African rand:							
United States dollar	US$	**14.32**	17.38	14.68	**14.54**	16.58	16.50
South African rand to foreign currency:							
Nigerian naira	NGN	**28.68**	22.25	27.28	**27.78**	22.70	23.24
Iranian rial[1]	IRR	**14 639.50**	9 101.60	17 458.88	**15 563.66**	8 092.49	10 117.96
Ghanaian cedi	GHS	**0.41**	0.34	0.40	**0.40**	0.34	0.35
Cameroon Communauté Financière Africaine franc	XAF	**38.66**	33.55	36.42	**37.28**	35.54	34.68
Côte d'Ivoire Communauté Financière Africaine franc	CFA	**38.66**	33.56	36.47	**37.18**	35.71	34.76
Ugandan shilling	UGX	**248.70**	214.52	249.19	**247.73**	224.57	225.45
Syrian pound[2]	SYP	**82.79**	72.25	85.57	**83.34**	35.71	50.53
Sudanese pound	SDG	**31.61**	3.17	3.76	**19.00**	3.18	3.32

[1] SANA rate.
[2] Syrian pound closing and average rates for six months ended 30 June 2021 represent those as at and for the two months ended 28 February 2021.

The Group's presentation currency is rand. The strengthening of the closing rate of the rand against the functional currencies of the Group's largest operations contributed to the decrease in consolidated assets and liabilities and the resulting foreign currency translation reserve decrease of R6 744 million (June 2020: R14 516 million increase, December 2020: R4 453 million increase) for the period.

Net investment hedges

The Group hedges a designated portion of its dollar net assets in MTN (Dubai) Limited (MTN Dubai) for forex exposure arising between the US$ and ZAR as part of the Group's risk management objectives. The Group designated external borrowings (Eurobonds) denominated in US$ held by MTN (Mauritius) Investments Limited with a value of R27.1 billion (June 2020: R31.1 billion, December 2020: R27.7 billion). For the period of the hedge relationship, foreign exchange movements on these hedging instruments are recognised in other comprehensive income as part of the foreign currency translation reserve (FCTR), offsetting the exchange differences recognised in other comprehensive income, arising on translation of the designated dollar net assets of MTN Dubai to ZAR. The cumulative forex movement recognised in other comprehensive income will only be reclassified to profit or loss upon loss of control of MTN Dubai. There was no hedge ineffectiveness recognised in profit or loss during the current or prior period.

20. DISPOSAL OF BELGACOM INTERNATIONAL CARRIER SERVICES SA (BICS)

During the period under review, 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.

[1] Translated at the effective date of sale.

21. IMPACT OF COVID-19

The six months ended 30 June 2021 were shaped by the emergence from a second wave of infections but a third wave of COVID-19 is currently impacting some of our markets. This is driving rapid increases in new cases and in turn the renewed imposition of lockdown restrictions in some markets. Across our footprint the distribution of vaccines has commenced.

We continue to prioritise the health and safety of our people as well as sustain initiatives to support the continent's recovery from the pandemic's devastating impacts on lives and livelihoods.

We are encouraged by the rollout of COVID-19 vaccination programmes across our markets and, in July 2021, we joined forces with The Africa Centres for Disease Control and Prevention (CDC) to launch #OneMorePush – a campaign to encourage people to not give up in the fight against COVID-19, and to continue to wear their masks, wash their hands and practice social distancing. The Group announced that it will be donating US$25 million (R370 million[2]) to support the African Union's COVID-19 vaccination programme. This has been recognised as an expense and is included in other operating expenses. MTN Nigeria donated an additional NGN3 billion (R103 million[3]) as part of the Coalition Against COVID-19 this is also expensed in the other operating expenses line item.

While economic activity has picked up, the health crisis continues to create a challenging trading environment. During 2021, we continued to work to create shared value and focus on four key areas, namely: social (our people, communities and stakeholders); commercial (including our customers); network and supply chain; and funding and liquidity.

[2] Translated at the relevant exchange rate during March 2021.
[3] Translated at the May 2021 average exchange rate.

22. EFFECTIVE TAX RATE

The Group's effective tax rate of 59.2% for the period ended 30 June 2021 was significantly higher than the effective tax rate for the year ended 31 December 2020 of 32.5% (June 2020: 26.7%). This was mainly due to the non-deductible loss on deconsolidation of MTN Syria; non-deductible impairment of goodwill, PPE and intangible assets in MTN Yemen; and withholding taxes on dividends declared by MTN Nigeria. The lower profit before tax resulted in these items having a higher percentage impact on the Group's effective tax rate.

23. EVENTS AFTER REPORTING PERIOD

MTN Rwandacell Plc (MTN Rwanda) renewed its unified licence with the Rwanda Utility Regulatory Authority (RURA) for a 10-year period, with effect from 1 July 2021. MTN Rwanda paid 70% of the total licence fee of USD 91 million (R1 310 million[1] on 30 July 2021. The remaining 30% will be paid by 30 July 2022.

[1] Converted at the 1 July 2021 closing exchange rate.

Administration

MTN GROUP LIMITED
Incorporated in the Republic of South Africa

Company registration number:
1994/009584/06
ISIN: ZAE000042164
Share code: MTN

Board of directors
MH Jonas*
RT Mupita[1]
TBL Molefe[1] (appointed 1 April 2021)
NP Gosa* (appointed 1 April 2021)
CWN Molope* (appointed 1 April 2021)
PB Hanratty[2]*
S Kheradpir[3]*
S Mabaso-Koyana*
AT Mikati[4#] (retired 28 May 2021)
SP Miller[5]*
NL Sowazi*
BS Tshabalala*
KDK Mokhele*
SLA Sanusi[6]*
VM Rague[7]*

[1] *Executive*
[2] *Irish*
[3] *American*
[4] *Lebanese*
[5] *Belgian*
[6] *Nigerian*
[7] *Kenyan*
* *Independent non-executive director*
\# *Non-executive director*

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