



MTN Zakhele Futhi (RF) Limited

Interim Financial Statements

for the six-months ended **30 June 2022**



Index

The reports and statements set out below comprise the interim report presented to the shareholders.

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Preparer

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Supervised by

Jaynesh Padayachy CA (SA)

Senior Financial Manager: Central Finance - Nedbank Limited

Results Overview

Performance for the six months ended 30 June 2022

Financial performance

MTN Zakhele Futhi (RF) Limited's ("MTN Zakhele Futhi" or "the Company") financial performance is based entirely on the MTN Group Limited ("MTN") share price and any dividend declared and received from MTN during the year.

At 30 June 2022, the Company recognised a loss after taxation of R294,7 million (30 June 2021: R127,7 million profit). The loss in the period under review is largely attributable to the revaluation of the derivative asset.

MTN's share price at 30 June 2022 was R132.04, representing a R28.81 increase in the share price since 30 June 2021. It however must be noted that the share price decreased by R38.67 from 31 December 2021. This decrease in the MTN share price from December 2021 to June 2022 has had a direct impact on the revaluation of the derivative financial instrument which resulted in a loss of R624,7 million (31 December 2021: R913,8 million gain) being recognised in the statement of profit or loss. The Company's loss after taxation is entirely a result of the fair value loss recognised on the derivative financial instrument.

A fair value loss as a result of the re-measurement of the investment in MTN shares at 30 June 2022 of R1 533,8 million (30 June 2021: R2 199.9 million gain) was recognised in the statement of comprehensive income.

Repayment and refinancing of MTN Zakhele Futhi's debt

The Company received R230 million (30 June 2021: Nil) in dividend income from MTN. This income was used firstly to pay the Company's permitted operational costs and tax with the remainder of the dividend income being used to repay loans made by Mobile Telephone Network Holdings Limited, to pay dividends owing to the preference shareholders and to reduce the capital portion of the debt owing to the preference shareholders.

R72.4 million (30 December 2021: Nil) of the dividend income was applied towards the voluntary early redemption of the preference shares during the 6-month period ended 30 June 2022. This will ultimately result in a reduction of dividends payable on the preference shares over the life of these instruments

Review

The interim financial results for the six-months ended 30 June 2022 have been reviewed by SizweNtsalubaGobodo Grant Thornton Inc., the independent auditor of MTN Zakhele Futhi in line with the guidance provided in the International Standard of Review Engagements (ISRE) 2410, Review Financial Statements of Interim Financial Information Performed by the Independent Auditor of the Entity and they have expressed an unmodified review opinion.

SNG Grant Thornton

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF MTN ZAKHELE FUTHI (RF) LIMITED

We have reviewed the condensed financial statements of MTN Zakhele Futhi (RF) Limited (the company) that comprise the condensed statement of financial position as at 30 June 2022 and the condensed statement of profit or loss, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the period then ended 30 June 2022, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 16.

Directors' Responsibility for the interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the South African Institute of Chartered Accounts (SAICA) Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on these 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 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 performed 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 financial statements.

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF MTN ZAKHELE FUTHI (RF) LIMITED
for the six months ended 30 June 2022

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements of MTN Zakhele Futhi (RF) Limited for the six months ended 30 June 2022 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 Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Material uncertainty relating to going concern

We draw attention to note 10 in the condensed financial statements, which indicates that the provider of the notional vendor finance, through its subsidiary, has agreed to support the company for the period 1 April 2023 to 31 August 2023 to enable it to meet its cash requirements. As stated in note 10, these events or conditions, along with other matters as set forth in note 10, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



SizweNtsalubaGobodo Grant Thornton Inc.

Nhlanhla Sigasa CA (SA)

Director

Registered Auditor

31 August 2022

20 Morris Street East, Woodmead, 2191

Condensed Statement of Financial Position

as at 30 June 2022

	Notes	30 June 2022 Reviewed R'000	30 June 2021 Reviewed R'000	31 December 2021 Audited R'000
Assets				
Non-Current Assets				
Investment in equities	6	6 749 121	5 276 520	8 725 707
		6 749 121	5 276 520	8 725 707
Current Assets				
Current tax receivable		-	3	1
Cash and cash equivalents		29 339	1 810	2 126
Cash and cash equivalents – restricted funds		3 256	3 292	3 288
Other receivables		458	377	656
		33 053	5 482	6 071
Total Assets		6 782 174	5 282 002	8 731 778
Equity and Liabilities				
Equity				
Share capital		2 468 336	2 468 336	2 468 336
Reserves		983 927	(237 105)	3 002 532
Accumulated profit		1 363 036	1 147 160	1 173 001
		4 815 299	3 378 391	6 643 869
Liabilities				
Non-Current Liabilities				
Borrowings	8	856 671	919 336	924 384
Derivative financial instrument	7	791 415	920 113	166 708
Deferred tax		305 580	-	888 269
		1 953 666	1 839 449	1 979 361
Current Liabilities				
Borrowings	8	8 832	9 388	12 478
Other liability		2 673	2 778	2 743
Advance from MTN		-	47 821	91 027
Trade and other payables		1 518	4 175	2 300
Current tax payable		186	-	-
		13 209	64 162	108 548
Total Liabilities		1 966 875	1 903 611	2 087 909
Total Equity and Liabilities		6 782 174	5 282 002	8 731 778

Condensed Statement of Profit or Loss

for the 6 months ended 30 June 2022

		6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
Dividend income	5	230 506	-	-
Directors emoluments		(521)	(626)	(1 170)
Other operating expenses		(7 538)	(9 231)	(17 813)
Operating profit/(loss)		222 447	(9 857)	(18 983)
Finance income		669	78	197
Finance costs incurred on financial liabilities measured at amortised cost		(32 894)	(22 931)	(62 737)
(Loss)/Gain on re-measurement of the derivative financial instrument		(624 707)	160 396	913 801
		-		
(Loss)/Profit before taxation		(434 485)	127 686	832 278
Income tax		139 747	(22)	37 289
(Loss)/Profit for the period		(294 738)	127 664	869 567
Basic and diluted loss / earnings per share (cents)	13	153,98	(26,52)	(5,58)

Condensed Statement of Comprehensive Income

for the 6 months ended 30 June 2021

		6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
(Loss)/Profit for the period		(294 738)	127 664	869 567
Other comprehensive (loss) /income – items that will subsequently be reclassified to profit or loss:		(1 533 832)	2 199 956	4 723 531
Loss/(gain) on re-measurement of the investment in equities		(1 976 587)	2 199 956	5 649 143
Deferred tax on loss/(gain) on re-measurement of the financial asset		442 755	-	(925 612)
Total comprehensive (loss)/income for the period		(1 828 570)	2 327 620	5 593 098

Condensed Statement of Changes in Equity

for the 6 months ended 30 June 2022

	6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
Share Capital	2 468 336	2 468 336	2 468 336
Balance at the beginning of the period	2 468 336	2 468 336	2 468 336
Issue of shares during the period	-	-	-
Investment in equities reserve	1 672 755	683 012	3 206 587
Balance at the beginning of the period	3 206 587	(1 516 944)	(1 516 944)
Other comprehensive (loss)/income for the period	(1 533 832)	2 199 956	4 723 531
Other reserve	(688 828)	(920 117)	(204 055)
Balance at the beginning of the period	(204 055)	(1 080 513)	(1 080 513)
Transfer between reserves *	(484 773)	160 396	876 458
Total reserves	983 927	(237 105)	3 002 532
Accumulated profit	1 363 036	1 147 160	1 173 001
Balance at the beginning of the period	1 173 001	1 179 892	1 179 892
(Loss)/Profit for the period	(294 738)	127 664	869 567
Transfer between reserves *	484 773	(160 396)	(876 458)
Total equity at the end of the period	4 815 299	3 378 391	6 643 869

* The transfer between reserves arises in respect of the (gain)/loss on re-measurement of the derivative financial instrument that was recorded in profit and loss. The amount transferred is net of the related deferred tax, where applicable.

This transfer of the net (gain)/loss from retained earnings to the non-distributable reserve is affected as the (gain)/loss is currently not distributable.

Condensed Statement of Cash Flows

for the 6 months ended 30 June 2022

	6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
Cash flows from operating activities			
Cash used in operations	(8 682)	(8 130)	(19 382)
Dividend received	230 506	-	-
Interest income received	669	77	197
Finance costs paid	(29 528)	(28 302)	(50 392)
Tax paid	-	(23)	(58)
Net cash from operating activities	192 965	(36 378)	(69 635)
Cash flows from financing activities			
Redemption of cumulative redeemable non-participating preference shares	(72 438)	-	-
Repayment of the MTN Advance	(96 181)	-	-
Receipt of advance from MTN	2 867	31 610	72 133
Capitalisation of refinancing fees incurred	-	-	(6 896)
Cash refunded to unsuccessful participants	(32)	(58)	(116)
Net cash from financing activities	(165 784)	31 552	65 121
Total cash at the beginning of the period	5 414	9 928	9 928
Total cash movement for the period	27 181	(4 826)	(4 514)
Total cash at the end of the period	32 595	5 102	5 414

Notes to the Condensed Financial Statements *continued*

for the 6 months ended 30 June 2022

1. General information

MTN Zakhele Futhi was incorporated as a public company under the laws of the Republic of South Africa on 21 June 2016.

The Company is incorporated as the special purpose investment vehicle to effect MTN's 2016 Broad Based Black Economic Empowerment ("BBBEE") transaction.

2. Basis of preparation

The condensed financial information has been prepared in accordance with and containing information required by International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34: Interim Financial Reporting, and the interpretation of these standards as adopted by the Independent Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act, 71 of 2008 as amended and the Listings Requirements of the JSE Limited ("JSE") relating to Asset Backed Securities.

3. Accounting policies

The accounting policies adopted are in terms of IFRS and consistent with and as described in the annual financial statements. During the period under review, the Company adopted all the IFRS and interpretations that were effective and deemed applicable to the Company. The accounting policies are consistent with those of the prior financial period.

4. Contingent liabilities and commitments

There is no reimbursement to any third party for potential obligations of the Company that have not been accrued for at the end of the period. The Company did not have any contingent liabilities at the end of the period.

5. Dividend income

During the period, MTN Zakhele Futhi received dividends from its investment in MTN shares.

The total dividend income received by MTN Zakhele Futhi from MTN during the financial period was R230 506 134 (30 June 2021: Nil).

6. Investment in equities

The investment consists of 51 114 213 (30 June 2021: 51 114 213) MTN shares. The total investment, including the derivative financial instrument (refer to note 7), comprises a total of 76 835 378 MTN shares, representing approximately 4% of the MTN issued share capital.

The shares were acquired for cash at a price of R4 593 511 342 on 23 November 2016.

The fair value of the investment is based on a quoted market price of R132,04 (30 June 2021: R103,23) per share as listed on the JSE at 30 June 2022. The total loss recorded in other comprehensive income for the current financial period is R1 976 586 617 (30 June 2021: R2 199 955 728 gain).

	6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
Balance at the beginning of the period	8 725 707	3 076 564	3 076 564
(Loss)/Gain on re-measurement of investment in equities	(1 976 586)	2 199 956	5 649 143
Balance at the end of the period	6 749 121	5 276 520	8 725 707

Notes to the Condensed Financial Statements *continued*

for the 6 months ended 30 June 2022

7. Derivative financial instrument

As part of the implementation of the MTN BBBEE scheme, MTN Zakhele Futhi obtained Notional Vendor Finance ("NVF") to facilitate the purchase of MTN shares. MTN issued 25 721 165 NVF shares to MTN Zakhele Futhi at a total subscription price of R2 572 on 23 November 2016. MTN has a call option against MTN Zakhele Futhi in respect of the shares included in the NVF facility.

The notional outstanding debt at a given point in time is dependent on the dividends generated by MTN during the life of the option. The structure therefore represents a path dependent option. The Monte Carlo simulation was applied as the valuation technique, which is in line with the standard market practice.

The valuation of the option at 30 June 2022 was a liability of R791 414 920 (30 June 2021: 920 113 172 liability).

The significant inputs into the model at the valuation date were as follows:

- the market price of MTN shares of R132.04 (30 June 2021: R103,23);
- the NVF balance of approximately R4 941 million (30 June 2021: R4 658 million);
- volatility of 56.2% (30 June 2021: 50.89%);
- a dividend yield of 2.92% (30 June 2021: 3.98%);
- an expected option life of 8 years from inception (30 June 2021: 8 years); and
- an annual risk-free rate of 7.45% (30 June 2021: 5.41%).

	6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
Balance at the beginning of the period	(166 708)	(1 080 510)	(1 080 510)
Fair value adjustments recorded in profit or loss	(624 707)	160 396	913 801
Fair value at the end of the period	(791 415)	(920 114)	(166 709)

8. Borrowings

The below borrowings have been indirectly secured through the back-to-back preference shares issued by Jabisan 04 (RF) Proprietary Limited ("Jabisan 04"). MTN Zakhele Futhi issued cumulative redeemable non-participating preference shares, on 23 November 2016, at an issue price of R1 000 per preference share to Jabisan 04. The preference shares were redeemable after 5 (five) years from the issue date i.e. 23 November 2021. During December 2020 the scheduled redemption date was extended to 23 November 2022. In addition, during September 2021, agreements were concluded in relation to amendments to the terms of the MTN Zakhele Futhi preference shares and the refinancing of the Jabisan 04 preference share funding agreements and the holders of the cumulative redeemable preference shares agreed to extend the scheduled redemption date of the Jabisan 04 preference shares and the MTN Zakhele Futhi preference shares to 23 November 2024, i.e. 8 (eight) years from the issue date. The revised terms of the preference shares, including the MTN Zakhele Futhi preference shares include a favourable change to the dividend rate applicable to the preference shares, being a reduction of 2.5% from 75% to 72.5% of the prime lending rate quoted by FirstRand Bank Limited (acting through its Rand Merchant Bank division), expressed as a simple rate of interest (compounded on each scheduled preference dividend date).

The transaction costs capitalised to the borrowings relate to the arrangement fees that were directly attributable to the issue of the preference shares.

Notes to the Condensed Financial Statements *continued*

for the 6 months ended 30 June 2022

The preference shares are classified as debt instruments (financial liabilities) as they are mandatorily redeemable to the holders by no later than 23 November 2024.

The preference shares accrue preference share dividends at a Dividend Rate of 72.5% of the South African prime rate expressed as a simple rate of interest (compounded on each scheduled preference dividend date). The preference share dividends accrued (in arrears) are payable annually on 30 April and 30 September over the term of the preference shares, or such earlier date as may be agreed in writing by MTN Zakhele Futhi and the Preference Share Agent at least 5 (five) business days prior to 30 September of any year during the term of the preference shares. Subject to the relevant conditions, the accrued dividends on the preference shares may be rolled up to the agreed maximum amount (being an amount calculated on the date the relevant priority of payments set out in the memorandum of incorporation of MTN Zakhele Futhi, equal to no more than 105% of the issue price of the unredeemed MTN Zakhele Futhi preference shares plus all accrued and/or accumulated preference share dividends in relation to such shares).

The MTN Zakhele Futhi preference shares are subject to a trigger event if the one-day volume weighted average traded price (“VWAP”) of the MTN shares is R38 or less. This trigger event was revised during the prior financial year, with the consent of the MTN Zakhele Futhi shareholders, the preference shareholders, the Company and MTN, from a one-day VWAP of R50 to a one-day VWAP of R38.

MTN Zakhele Futhi is structured robustly and is supported by MTN in multiple ways. Over the eight-year life of the scheme, the potential for unforeseen, but material and sudden, movements in market prices was provided for, and a mechanism was included in the Call Option Agreement to enable MTN to voluntarily take over the third-party funding in these circumstances, through the exercise of an option to purchase the preference shares.

There are no continuing trigger events and MTN Zakhele Futhi is in compliance with its debt covenant requirements for the period ended 30 June 2022.

	6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
Balance at the beginning of the period	936 862	935 042	935 042
Capitalisation of transaction costs	-	-	(6 896)
Redemption of non-participating preference shares at a par value of R1 000	(72 438)	-	0
Dividends paid on cumulative redeemable non-participating preference shares	(29 528)	(28 302)	(50 392)
Gain on IFRS 9 modification adjustment	-	-	(2 204)
Accrued dividends at the effective dividend rate	30 607	21 984	61 312
Balance at the end of the period	865 503	928 724	936 862

Notes to the Condensed Financial Statements *continued*

for the 6 months ended 30 June 2022

9. Related parties

Relationships:

Preference shareholder:	Jabisan 04 (RF) Proprietary Limited
Ordinary shareholder of preference shareholder:	BFC2 Owner Trust
Provider of notional vendor finance:	MTN Group Limited
Non-executive directors:	Sindisiwe Mabaso-Koyana Grant Gelink Belinda Mapongwana Manana Nhlanhla Edward Pitsi

	6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
Related party balances:			
Preference share liability			
Jabisan 04 (RF) Proprietary Limited	896 242	969 236	972 326
Advance received			
Mobile Telephone Network Holdings Limited	-	31 610	72 133
Ordinary share capital held by related party			
MTN Group Limited	365 540	365 540	365 540
Related party transactions:			
Dividends received from related parties			
MTN Group Limited	230 506	-	-
Dividends paid to related parties			
Jabisan 04 (RF) Proprietary Limited	29 528	28 302	50 392
Interest payments accrued in respect of related parties			
Mobile Telephone Network Holdings Limited	2 287	946	3 628
Expenses paid on behalf of related parties			
Jabisan 04 (RF) Proprietary Limited	448	-	3 319
BFC2 Ownership Trust	-	-	-

Notes to the Condensed Financial Statements *continued*

for the 6 months ended 30 June 2022

9. Related parties (continued)			
	6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
Related party transactions (continued)			
Remuneration of the board of directors			
– Directors' fees *	521	626	1 168
Sindisiwe Mabaso- Koyana	98	67	130
Grant Gelink	88	129	243
Belinda Mapongwana	193	199	389
Manana Nhlanhla	29	106	172
Edward Pitsi	113	125	234

* VAT (at a rate of 15%) is charged by the non-executive directors where applicable.

The directors do not consider the key service providers to be “key management personnel” as defined in IAS 24, *Related Party Disclosure*.

10. Going concern

The interim financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have assessed the going concern assumption after consideration of the following:

- The receipt of a letter of support from MTN Group indicating their intention to support MTN Zakhele Futhi in the event that it faces any further liquidity challenges.
- Should cash resources once again become strained, and to the extent that the dividend roll up mechanism is not available to the Company, the Company's directors would consider the possibility of either additional subordinated loans from MTN Group, or requesting the postponement of future preference share dividends. This would assist in providing MTN Zakhele Futhi with improved liquidity to meet its obligations.
- The Company's only asset is the 76 835 378 ordinary shares held in MTN. MTN Zakhele Futhi is entirely dependent on the dividends received from MTN Group and any appreciation in the MTN share price to generate income.
- The preference share funding redemption date has been extended to November 2024. The capital amount of the third-party funding is therefore not repayable within the next 12-month period.
- There will be no payment of the preference share dividend in September 2022, as MTN Zakhele Futhi exercised the maximum 105% roll up in April 2022. This allows MTN Zakhele Futhi not to pay any preference share dividends, as MTN Group have indicated that no interim dividend will be declared, as per the dividend policy communicated to market.

Notes to the Condensed Financial Statements *continued*

for the 6 months ended 30 June 2022

MTN Zakhele Futhi has the following options available to it in order to meet its cash requirements of the Company for the period 1 April 2023 to 31 August 2023:

- Requested additional financing from MTN. MTN has previously demonstrated its continued commitment to support MTN Zakhele Futhi and has formally communicated intentions to provide financial support to the MTN Zakhele Futhi scheme. MTN Zakhele Futhi has requested the additional funding to meet all operational expenses.
- MTN Group anticipates paying a minimum ordinary final dividend of 330cps for FY 2022, this will ensure MTN Zakhele Futhi has sufficient cash to cover all other expenses post 31 March 2023.

Based on the above, the directors have concluded that a material uncertainty exists around the application of the going concern assumption for the Company over the next 12-month period. The material uncertainty arises due to the significant reliance required to be placed on MTN Group in order for MTN Zakhele Futhi to be considered liquid and solvent.

11. Fair value estimation

In terms of IFRS 13, Fair Value Measurement, financial instruments that are measured in the statement of financial position at fair value require disclosure of the fair value measurements by level in terms of the following fair value measurement hierarchy:

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

The fair value of the investment in equity financial asset is based on the MTN share price, as listed on the JSE. The fair value of the derivative financial asset is based on a valuation model. The input to this model includes the MTN share price, which is an observable input in the market. Other inputs include interest rates on the borrowings, which inputs are not observable in the market.

The table below presents the Company's assets and liabilities that are measured at fair value.

Notes to the Condensed Financial Statements *continued*

for the 6 months ended 30 June 2022

11. Fair value estimation (continued)

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
30 June 2022				
Recurring fair value measurement				
Investment in equities	6 749 121	-	-	6 749 121
Derivative financial instrument	-	-	(791 415)	(791 415)
Amortised cost measurement				
Borrowings	-	(899 993)	-	(899 993)
Other payables	-	(1 518)	-	(1 518)
Other liability	-	(2 674)	-	(2 674)
Other receivables	-	457	-	457
Cash and cash equivalents	-	32 595	-	32 595
30 June 2021				
Recurring fair value measurement				
Investment in equities	5 276 520	-	-	5 276 520
Derivative financial instrument	-	-	(920 113)	(920 113)
Amortised cost measurement				
Borrowings	-	(975 876)	-	(975 876)
Advance from MTN	-	(47 821)	-	(47 821)
Other payables	-	(4 175)	-	(4 175)
Other liability	-	(2 778)	-	(2 778)
Other receivables	-	377	-	377
Cash and cash equivalents	-	5 102	-	5 102

There were no transfers between level 1, 2 or 3 during the financial year.

12. Events after the reporting date

The directors are not aware of any other matter or circumstance arising after the reporting date to the date of signing of this report that would require adjustment or disclosure.

Notes to the Condensed Financial Statements *continued*

for the 6 months ended 30 June 2022

13. Basic and diluted (loss) earnings per share

	6 months ended 30 June 2022 Reviewed R'000	6 months ended 30 June 2021 Reviewed R'000	Year ended 31 December 2021 Audited R'000
Number of ordinary shares in issue at year end ('000)	123 417	123 417	123 417
Weighted average number of shares ('000)	123 417	123 417	123 417
(Loss)/Profit for the year	(294 738)	127 664	869 567
Adjusted for:			
- Loss/(Gain) on remeasurement of the derivative financial instrument	484 773	(160 396)	(876 458)
Loss/(profit) attributable to shareholders	190 035	(32 732)	(6 891)
Basic and diluted (loss)/earnings per share (cents)	153,98	(26,52)	(5,58)

There are no items included in the calculation of profit attributable to shareholders which are required to be excluded in terms of circular 2/2015, Headline Earnings, in the calculation of headline earnings per share.

Administration

Company information

(Incorporated in the Republic of South Africa)

(Registration number: 2016/268837/06)

JSE share code: MTNZF

ISIN: ZAE000279402

LEI: 378900429C4F73B1BE74

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Registered address

135 Rivonia Road

Sandown, 2196

Johannesburg

Board of directors

BL Mapongwana (independent non-executive chairperson)

SN Mabaso-Koyana (non-executive director)

GG Gelink (independent non-executive director)

ET Pitsi (independent non-executive director)

MM Nhlanhla (non-executive director)

Office of the transfer secretaries

Nedbank Limited, acting through its Share Scheme

Administration business unit

(Registration number 1951/000009/06)

135 Rivonia Road

Sandton, 2196

Tel: +27 83 900 6863

E-mail: ssa-zakhelefuthi@Nedbank.co.za

JSE Sponsor

Tamela Holdings Proprietary Limited

Ground Floor, Golden Oak House

Ballyoaks Office Park, 35 Ballyclare Drive

Bryanston, 2021

Company secretary

Nedbank Limited, acting through its Group Secretariat

135 Rivonia Road

Sandown

Johannesburg, 2196

Auditors

SizweNtsalubaGobodo Grant Thornton Inc.

20 Morris Street East

Woodmead, 2191

PO Box 2939, Saxonwold, 2132

Attorneys

Webber Wentzel

90 Rivonia Road, Sandton, Johannesburg, 2196

PO Box 61771, Marshalltown, 2107

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