

MTN ZAKHELE FUTHI (RF) LIMITED - FUNDING UPDATE

23 May 2025 14:00



Funding update

MTN Zakhele Futhi (RF) Limited
(Incorporated in the Republic of South Africa)
(Date of incorporation: 21 June 2016)
(Registration number: 2016/268837/06)
JSE share code: MTNZF
ISIN: ZAE000279402
LEI: 378900429C4F73B1BE74
("MTNZF")

Funding update

1. Introduction

Shareholders are referred to the joint announcement by MTNZF and MTN Group Limited ("MTN") entitled "Proposed Extension of the 2016 MTN Broad-Based Black Economic Empowerment ("BEE") Scheme Operated Through MTNZF ("Scheme") and Approval of Future Specific Repurchases by MTN of MTN Shares from MTNZF on an Unwind of the Extended Scheme" released on the Stock Exchange News Service of the JSE Limited on 19 August 2024 ("Earlier Announcement"). Unless the context requires otherwise, terms used in this announcement have the same meanings as defined in the Earlier Announcement.

MTNZF shareholders are reminded that, during the three-year extension period of the Scheme (which ends on 23 November 2027), the MTNZF Board may in its discretion, realise or lock in value by partially or fully unwinding the Scheme and/or settling its Funding Obligations (together, the "Unwind"), and/or by entering into derivative transactions in respect of the MTN Shares held by MTNZF. While the Funding Obligations remain outstanding, MTNZF will require the consent of the relevant funders, including MTN, to implement an Unwind or any derivative transaction.

In light of the above, the MTNZF Board believes that it is appropriate to provide MTNZF shareholders with an update on the position of its Funding Obligations following the 31 December 2024 annual financial statements and therefore discloses the information below.

2. MTN dividend

MTN declared a cash dividend of R3.45 per MTN Share on 17 March 2025, which was paid on 14 April 2025. Based on its holding of 76 835 378 MTN Shares, MTNZF received a total dividend of R265 million ("Dividend Proceeds"). The Dividend Proceeds were applied as follows:

- R49 million - to fund operational expenses of MTNZF;
- R51 million - to pay accrued preference share dividends; and
- R165 million - to redeem preference shares.

The application of the Dividend Proceeds is consistent with the MTNZF Board's objective of reducing Funding Obligations while meeting day-to-day requirements.

3. Funding Obligations

As at 30 April 2025, after applying the Dividend Proceeds in the manner noted above, the amounts owing in terms of MTNZF's Funding Obligations were as follows:

	R
Preference share funding	454 617 000
Notional Vendor Finance ("NVF")	6 350 618 377
Total Funding Obligations	6 805 235 377

4. Settlement of NVF

In terms of MTNZF's agreement with MTN which sets out the NVF arrangement, the NVF is settled through the exercise by MTN of a call option in respect of the MTN Shares held by MTNZF ("NVF Call Option"). The NVF Call Option is effected through repurchases of MTN Shares from MTNZF at R0.0001 per MTN Share up to a number of MTN Shares equal to the NVF Balance (as defined below) as at the day immediately preceding the date on which the NVF Call Option is exercised, divided by the 30-day volume-weighted average price of MTN Shares ("30-Day VWAP") ending on that date ("NVF Repurchases"). On each NVF Repurchase, the (notional) balance outstanding on the NVF ("NVF Balance") is correspondingly reduced or settled by the 30-Day VWAP of the MTN Shares repurchased under that NVF Repurchase.

5. Illustrative example

For illustrative purposes only, using the NVF Balance of R6 350 618 377 and a 30-Day VWAP of R114.60 per MTN Share (each as at 30 April 2025), MTN would repurchase approximately 55 415 518 MTN Shares (R 6 350 618 377 / R 114.60) to settle the entire NVF Balance. The Scheme would then retain approximately 21 419 860 MTN Shares. These residual MTN Shares would then need to be sold and the net proceeds applied, first, to settle the R454 617 000 outstanding preference share funding and related obligations; second, to pay or provide for related taxes and costs associated with the Unwind; and, lastly, the remaining balance allocated for distribution to MTNZF shareholders. There are currently 123 416 818 MTNZF ordinary shares in issue.

The financial information in this announcement is the responsibility of the MTNZF Board and has not been reviewed or reported on by the external auditors of MTNZF.

Johannesburg
23 May 2025

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Tamela Holdings Proprietary Limited

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