



MTN Zakhele Futhi (RF) Limited
Summarised Annual Financial Statements
for the year ended 31 December 2021
and Notice to the Annual General
Meeting



Index

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

Index	Page
Board of directors	2 - 3
A statement from your chairman	4 – 5
Summarised statement of financial position	6
Summarised statement of profit or loss	7
Summarised statement of other comprehensive income	7
Summarised statement of changes in equity	8
Summarised statement of cash flows	9
Notes to the summarised annual financial statements	10 – 17
Notice of the annual general meeting	18 – 23
Explanatory notes to resolutions proposed at the annual general meeting of the Company	24
Appendix to the notice of the annual general meeting	25
Summary of applicable rights contained in section 58 of the Companies Act No 71 of 2008, as amended	26
How to participate in the Annual General Meeting	27
Form of proxy	28
Notes to proxy	29
Administration	30

Preparer

Siyabonga Zokoza
Senior Financial Officer: Central Finance - Nedbank Limited

Supervised by

Jaynesh Padayachy CA(SA)
Senior Financial Manager: Central Finance - Nedbank Limited

Please visit <https://www.mtnzakhelefuthi.co.za/investor-relations> for the Zulu and Sotho version of this document from Wednesday, 20 April 2022.

Board of Directors

Belinda Mapongwana (48)

Bachelor of Social Science (UCT), Bachelor of Law (UCT), Master of Law (International Business Law) (Vrije Universiteit, Amsterdam), Postgraduate Certificate in Compliance Management (UCT)

Independent Non-executive Director (Appointed: 22 June 2020; Appointed as Independent Non-executive Chairperson on 16 September 2020)

Member of the Audit, Risk & Compliance Committee (Appointed: 9 April 2021)

Belinda is currently a non-executive director of Nordex Energy SA, TUHF Limited, TUHF Holdings Limited, TUHF Equity Proprietary Limited, and Prosirius Proprietary Limited. She is also a member of the board of Hilton College.

She is an admitted attorney with over 15 years post-admission experience. She specialises in all aspects of mergers and acquisition transactions, corporate commercial law, compliance, risk and corporate governance. She spent some time in New York where she worked on several mergers and acquisitions, private equity and structured finance transactions. Belinda has experience in compliance and risk management having worked in investment banks in Johannesburg, New York and London.

Belinda is the founder of Mapongwana Attorneys Inc. a 100% black woman-owned boutique law firm that offers specialist legal services in corporate and commercial law. Belinda is also the Chairperson of the Nordex Education Trust and a member of the UNISA Council.

Sindisiwe N Mabaso-Koyana (52)

CA(SA), B Comm (Natal), Post Graduate Diploma in Accounting (Natal)

Non-executive Director (Appointed: 6 June 2017)

Sindi is currently the Chairperson of African Women Chartered Accountants (AWCA) Investment Holding Company and the Chairperson of the Advanced Group of Companies. She is the founder member and former President of the African Women of Chartered Accountants. Her other board positions include that of a non-executive director for MTN Group Limited, Toyota South Africa Motors (Pty) Ltd and Sun International Limited.

Sindi is a Chartered Accountant by profession with experience in financial management, auditing and governance in both the public and private sector. She is a renowned leader and champion in growth and development of young women. She has been named by The Financial Mail as one of the top 20 most powerful business women in South Africa and was a finalist for the Business Woman of the Year Award in 2004. In 2013 she was nominated by The CEO Magazine as the most Influential Women in Business and Public Sector.

Edward Pitsi (38)

CA(SA), Masters in Finance (University of Pretoria), EMBA (INSEAD)

Independent Non-executive Director (Appointed: 22 June 2020)

Member of the Audit, Risk & Compliance Committee (Appointed: 16 September 2020)

Edward is currently a non-executive director of Ethos Mid-Market Fund I Proprietary Limited, Autozone Holdings Proprietary Limited, Kevro Holdings Proprietary Limited, Gammatek Holdings Proprietary Limited, Synerlytic Holdings Proprietary Limited and Crossfin Technology Holdings Proprietary Limited.

Edward is the Managing Partner at Ethos Mid-Market Fund which holds 4.05% of the MTN Zakhele Futhi issued ordinary share capital. Prior to joining Ethos, he worked in the Acquisition and Leveraged Finance team at Barclays Africa Group after completing his articles at PriceWaterhouseCoopers. He has investment experience across various sectors including but not limited to TIC, Technology and Connectivity, Automotive, Industrials and Business Services.

Board of Directors *continued*

Grant G Gelink (72)

CA(SA), BComm, BCompt (Hons)

Independent Non-executive Director (Appointed: 9 June 2017)

Chairman of the Audit, Risk & Compliance Committee (Appointed: 9 June 2017)

Grant is a non-executive director of FirstRand Limited, Grindrod Limited, Allied Electronics Limited and Rain Group Holdings Proprietary Limited.

He was the chief executive of Deloitte & Touche from 2006 to 2012. His vast experience at Deloitte spans over 26 years and includes being Lead Client Service Partner across a number of different industries servicing clients such as Barloworld, Imperial Holdings, Murray & Roberts, Nedbank, Sappi, South African Airways and Transnet.

Manana Nhlanhla (69)

BSc and Masters in Information Science

Non-executive Director (Appointed: 22 June 2020)

Member of the Audit, Risk & Compliance Committee (Appointed: 16 September 2020; Resigned: 9 April 2021)

Manana is a non-executive director of Mion Holdings Proprietary Limited, RCL Foods Limited, Manyoro Limited, Prospect Resources Limited (Australia), Vunani Fund Managers Limited and Zimbabwe Crocodiles Limited.

She is a former university lecturer in Information Science. Over the past 20 years Manana has been involved in leading Mion Holdings, a private equity company that owns 8.2% of the shares in MTN Zakhele Futhi. Under Mion Holdings Manana runs KALIPA Foundation which sponsors education and Trustee of the Do-More-Foundation started by RCL Foods

A statement from your chairperson

Introduction

In 2016 MTN Group Limited (MTN Group or MTN) set up MTN Zakhele Futhi (RF) Limited (MTN Zakhele Futhi or the Company), a vehicle for qualifying black South Africans to invest in MTN Group, a leading emerging markets telecoms service provider.

MTN Zakhele Futhi has an approximate 4% shareholding in MTN Group. This investment is the Company's only asset. The Company also administers the associated funding of this investment – being the preference shares subscribed for by third party debt providers and a notional vendor finance facility obtained from MTN Group.

On 25 November 2019, MTN Zakhele Futhi listed on the BEE Segment of the JSE marking the end of the “Minimum Investment Period”. The listing provides shareholders with the ability to trade their shares between qualifying black people and black groups on the open market during the remaining Empowerment Period (which ends on 23 November 2024).

80.6% of the shareholders hold fewer than 500 ordinary shares showing the true broad-based nature of the scheme.

Impact of Covid-19

On 15 March 2020 the President of the Republic of South Africa declared South Africa to be in a “National State of Disaster” due to the increasing impact of the Covid-19 virus in South Africa. The Covid-19 pandemic has had an unprecedented global impact to which MTN Zakhele Futhi has not been immune. As with those shares listed on the global stock exchanges, the prices of shares on the JSE, and the shares of MTN and MTN Zakhele Futhi, were adversely impacted.

On the 12th March 2021, MTN the Board suspended the dividend policy and anticipates communicating a revised medium-term dividend policy when they announce their 2021 results in March 2022. As MTN Zakhele Futhi's only material investment and asset consists of MTN Shares, the Company is entirely dependent on the receipt of dividends from MTN. The suspension of MTN's dividend policy has therefore had a significant impact on the ability of MTN Zakhele Futhi to continue as a going concern.

To assist MTN ZF in meeting its cash requirements for the 2021 financial year end. The MTN Group, through its subsidiary Mobile Telephone Networks Holdings Limited, has agreed to advance an amount of up to R75,0 million to MTN Zakhele Futhi to enable it to meet its cash requirements for the 2021 financial year end.

We would like to thank MTN and Mobile Telephone Networks Holdings Limited (MTN Holdings) for their continued commitment to support MTN Zakhele Futhi and its shareholders.

The amounts provided by MTN Holdings to address the liquidity issues being faced by MTN Zakhele Futhi have negatively impacted the gearing in the Company due to the interest-bearing nature of all funding provided by MTN Holdings. The MTN Zakhele Futhi board will continue with their efforts to protect the investment made by its shareholders.

Subsequent to year end, MTN declared a final dividend of 300 cents per share on 9 March 2022, This will ensure MTN Zakhele Futhi has enough cash to meet its cash requirements for the 2022 financial year end.

Changes to the MTN Zakhele Futhi Audit, Risk & Compliance Committee membership

During the 2021 financial year, Manana Nhlanhla resigned as a member of the Audit, Risk & Compliance Committee and Belinda was appointed in her stead.

Financial performance

The Company's financial performance is based entirely on the MTN Group share price and any dividend declared and received from MTN Group during the year.

At 31 December 2021, the Company recognised a profit after taxation of R869,5 million (2020: R146,1 million loss). The profit is attributable to the gain on the re-measurement of the derivative financial instrument. The gain on the re-measurement of the derivative financial instrument is largely due to the significant increase in the MTN Group share price from R60,19 at 31 December 2020 to R170,71 at 31 December 2021.

The increase in the MTN Group share price since the prior financial year also resulted in a fair value gain of R5 649,1 million (2020: R1 139,8 million) being recognised in the statement of comprehensive income.

Refinancing of MTN Zakhele Futhi's debt

At the onset of the transaction, the preference shares in this structure were redeemable after five years from the date of issue, being 23 November 2021.

During December 2020 the scheduled redemption date was extended to 23 November 2022. In addition, during September 2021 the holders of the preference shares agreed to extend this date to 23 November 2024. The extension of the redemption date of the preference shares has had a positive effect on the liquidity issues faced by the Company during the year.

Shareholder support (IMPORTANT)

Effective and efficient shareholder communication is essential to ensure that shareholders are kept up to date. The Company will continue to use SMS communication as their main means of communication. Notices of the Annual General Meetings will be sent by email, SMS or post to all registered shareholders. To enable MTN Zakhele Futhi to effectively communicate with shareholders and maintain up to date records, shareholders are requested to notify the MTN Zakhele Futhi Administrator of all changes to their SMS contact details, postal address, status and banking details.

Shareholders, even those not wishing to trade their MTN Zakhele Futhi shares, are requested to register their share custodial and trading accounts and can elect to use either the facilitated stockbroker (Nedbank Private Wealth) or an independent stockbroker. No shares may be bought or sold without a share trading account, so you are encouraged to do this well before the scheme ends.

Please visit the MTN Zakhele Futhi website on www.mtnzakhelefuthi.co.za for details on how to register your share custodial and trading account, or how to submit your data changes.

Shareholders are encouraged to familiarise themselves with the information published from time to time on the MTN Zakhele Futhi website and we once again encourage all our shareholders to make sound investment decisions when electing to sell, hold or buy their MTN Zakhele Futhi shares in order to maximise the true value of their investment.

Prospects

Due to the nature and purpose of MTN Zakhele Futhi, its prospects are aligned with the prospects of the MTN Group. The MTN Zakhele Futhi board will continue with their efforts to provide support and value to its shareholders.

Annual General Meeting

Given the Covid-19 pandemic, our ongoing concern for the health and safety of our stakeholders, as well as the wider potential reach of a virtual AGM and lower costs thereof, the Company will once again hold its annual general meeting through electronic means and shareholders will not be able to attend this meeting in person.

We would like to encourage shareholders to attend the annual general meeting to be held virtually at <https://mtnzakhelefuthi.virtual-meetings.online/login> at 10:00 (South African time) on Monday, 9 May 2022.

Appreciation

While the 2021 financial year has been challenging for MTN Zakhele Futhi, we remain optimistic and are encouraged by the support we have received from the MTN Group.

I would like to thank my fellow board members, all our stakeholders and partners for their commitment and support to ensure that MTN Zakhele Futhi is a valuable investment for its shareholders.

Belinda Mapongwana

Chairperson

4 April 2022

Summarised statement of financial position

at 31 December 2021

(As extracted from the audited financial statements)

	Notes	31 December 2021 R'000	31 December 2020 R'000
Assets			
Non-Current Assets			
Investment in equities	6	8 725 707	3 076 564
		8 725 707	3 076 564
Current Assets			
Current tax receivable		1	2
Cash and cash equivalents		2 126	6 578
Cash and cash equivalents – restricted funds		3 288	3 350
Other receivables		657	879
		6 072	10 809
Total Assets		8 731 779	3 087 373
Equity and Liabilities			
Equity			
Share capital		2 468 336	2 468 336
Reserves		3 002 532	(2 597 457)
Accumulated profit		1 173 001	1 179 892
		6 643 869	1 050 771
Liabilities			
Non-Current Liabilities			
Borrowings	8	924 384	922 340
Derivative financial instrument	7	166 708	1 080 510
Deferred tax		888 269	-
		1 979 361	2 002 850
Current Liabilities			
Borrowings	8	12 478	12 702
Advance from MTN		91 027	15 266
Other liability		2 743	2 860
Trade and other payables		2 300	2 924
		108 548	33 752
Total Liabilities		2 087 909	2 036 602
Total Equity and Liabilities		8 731 779	3 087 373

Summarised statement of profit or loss

for the year ended 31 December 2021

(As extracted from the audited financial statements)

	Notes	31 December 2021 R'000	31 December 2020 R'000
Dividend Income	5	-	272 766
Directors emoluments		(1 170)	(1 037)
Other operating expenses		(17 813)	(15 445)
Operating (loss)/profit		(18 983)	256 284
Finance income		197	818
Finance costs incurred on financial liabilities measured at amortised cost		(62 737)	(31 246)
Gain/(loss) on re-measurement of the derivative financial instrument		913 801	(79 735)
Profit/(loss) before taxation		832 278	146 121
Income tax expense		37 289	(229)
Profit/(loss) for the year		869 567	145 892
Basic and diluted earnings per share (cents)	15	(5,58)	182,81

Summarised statement of comprehensive income

for the year ended 31 December 2021

(As extracted from the audited financial statements)

	31 December 2021 R'000	31 December 2020 R'000
Profit for the year	869 567	145 892
Other comprehensive income – items that may not be reclassified to profit or loss:	4 723 531	(1 139 847)
Gain/(loss) on re-measurement of the investment in equities	5 649 143	(1 139 847)
Deferred tax on the re-measurement of the investment in equities*	(925 612)	-
Total comprehensive gain/(loss) for the year	5 593 098	(993 955)

*Note: The deferred tax on gain of re-measurement of the investment in equities is made up of the current year movement of (R1 265 407 992) and the deferred tax asset previously unrecognised of R339 795 521.

Summarised statement of changes in equity

for the year ended 31 December 2021

(As extracted from the audited financial statements)

	Share capital	Investment in equities reserve	Other reserve*	Total reserves	Accumulated profit/(loss)	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 January 2020	2 468 336	(377 097)	(1 000 778)	(1 377 875)	954 265	2 044 726
Profit for the year	-	-	-	-	145 892	145 892
Other comprehensive income	-	(1 139 847)	-	(1 139 847)	-	(1 139 847)
Total comprehensive loss for the year	2 468 336	(1 139 847)	-	(1 139 847)	145 892	(993 955)
Transfer between reserves**	-	-	(79 735)	(79 735)	79 735	-
Balance at 31 December 2020	2 468 336	(1 516 944)	(1 080 513)	(2 597 457)	1 179 892	1 050 771
Balance at 1 January 2021	2 468 336	(1 516 944)	(1 080 513)	(2 597 457)	1 179 892	1 050 771
Profit for the year	-	-	-	-	869 567	869 567
Other comprehensive income	-	4 723 531	-	4 723 531	-	4 723 531
Total comprehensive gain/(loss) for the year	2 468 336	3 206 587	(1 080 513)	2 126 074	2 049 459	6 643 869
Transfer between reserves**	-	-	876 458	876 458	(876 458)	-
Balance at 31 December 2021	2 468 336	3 206 587	(204 055)	3 002 532	1 173 001	6 643 869

* The other reserve account is used to record the losses and gains recognised on the re-measurement of the derivative financial instrument.

** The transfer between reserves arises in respect of the 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.

Summarised statement of cash flows

for the year ended 31 December 2021

(As extracted from the audited financial statements)

	31 December 2021 R'000	31 December 2020 R'000
Cash flows from operating activities		
Cash used in operations	(19 382)	(16 807)
Dividends received	-	272 766
Interest income received	197	818
Finance costs paid	(50 392)	(70 592)
Tax paid	(58)	(226)
Net cash from operating activities	(69 635)	185 959
Cash flows from financing activities		
Redemption of cumulative redeemable non-participating preference shares	-	(212 620)
Receipt of advance from MTN	72 133	15 000
Capitalisation of refinancing fees incurred	(6 896)	-
Cash refunded to unsuccessful participants	(116)	(217)
Net cash from financing activities	65 121	(197 837)
Cash at the beginning of the year	9 928	21 806
Total cash movement for the year	(4 514)	(11 878)
Total cash at the end of the year	5 414	9 928

Notes to the summarised financial statements

for the year ended 31 December 2021

(As extracted from the audited financial statements)

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 Group Limited's 2016 Broad Based Black Economic Empowerment ("**BBBEE**") scheme.

2. Basis of preparation

The summarised financial information has been prepared in accordance with the framework concepts and measurement and recognition requirements of the International Financial Reporting Standards ("**IFRS**"), the information, 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, 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 are 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 adoption of these standards did not have a material impact on the annual financial statements.

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 year end. The Company did not have any contingent liabilities at year end.

5. Dividend income

The total dividend income received by MTN Zakhele Futhi from MTN Group during the financial period was R0 (2020: R272 765 592).

6. Investment in equities

The investment consists of 51 114 213 (2020: 51 114 213) MTN Group shares. The total investment together with the derivative financial instrument (refer note 7) comprises approximately 4% of MTN Group's 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 R170,71 (2020:R60,19) per share as listed on the JSE at 31 December 2021. The total gain recorded in other comprehensive income for the current financial year is R5 649 142 821 (2020: R1 139 846 950).

	31 December 2021 R'000	31 December 2020 R'000
Balance at the beginning of the year	3 076 564	4 216 411
Gain/(Loss) on re-measurement of the investment in equities	5 649 143	(1 139 847)
Balance at the end of the year	8 275 707	3 076 564

Notes to the summarised financial statements *continued*

for the year ended 31 December 2021

(As extracted from the audited financial statements)

7. Derivative financial instrument

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

The notional outstanding debt at a given point in time is dependent on the dividends generated by MTN Group 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 value of the option at year end was a liability of R166 707 970 (2020: R1 080 509 393).

- the market price of MTN Group shares of R170,71 (2020: R60,19);
- the NVF balance of approximately R4 792 million (2020: R4 531 million);
- volatility of 51,41% (2020: 47,08%);
- a dividend yield of 4,38% (2020: 11,59%);
- an expected option life of 8 years from inception (2020: 8 years); and
- an annual risk-free rate of 5,75% (2020: 4.31%).

	31 December 2021 R'000	31 December 2020 R'000
Balance at the beginning of the year	(1 080 510)	(1 000 775)
Fair value adjustments recorded in profit or loss	913 801	(79 735)
Fair value at the end of the year	(166 708)	(1 080 510)

8. Borrowings

MTN Zakhele Futhi issued cumulative redeemable non-participating MTN Zakhele Futhi preference shares ("MTN Zakhele Futhi preference shares") to Jabisan 04 (RF) Proprietary Limited on 23 November 2016 at an issue price of R1 000 per MTN Zakhele Futhi preference share. The MTN Zakhele Futhi preference shares were redeemable after 5 years from the date of issue 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 preference shares dividends accrued (in arrears) being payable on 30 April and 30 September over the term of the MTN Zakhele Futhi preference shares, or such earlier or later date as may be agreed in writing by MTN Zakhele Futhi and the Preference Share Agent at least 5 business days prior to 30 April or 30 September of any year during the term of the MTN Zakhele Futhi preference shares. Subject to the relevant conditions, the accrued dividends 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).

Notes to the summarised financial statements *continued*

for the year ended 31 December 2021

(As extracted from the audited financial statements)

8. Borrowings (continued)

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 Transaction Documents 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.

The MTN Zakhele Futhi preference shares are subject to a trigger event if the one day VWAP of the MTN shares is R38 or less. This trigger event was revised during the 2020 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.

There are no continuing trigger events and MTN Zakhele Futhi is in compliance with its debt covenant requirements at year end.

	31 December 2021 R'000	31 December 2020 R'000
Balance at the beginning of the year	935 042	1 187 778
Capitalisation of transaction costs	(6 896)	(504)
Redemption of non-participating preference shares at a par value of R1 000	-	(212 620)
Interest paid on cumulative redeemable non-participating preference shares	(50 392)	(70 592)
Gain on IFRS 9 modification adjustment	(2 204)	(19 521)
Accrued interest at the effective interest rate	61 312	50 501
	936 862	935 042

Notes to the summarised financial statements *continued*

for the year ended 31 December 2021

(As extracted from the audited financial statements)

9. Related parties

Relationships:

Preference shareholder:	Jabisan 04 (RF) Proprietary Limited
Shareholder of preference shareholder:	BFC2 Owner Trust
Provider of Notional Vendor Finance:	MTN Group Limited
Provider of Advance:	Mobile Telephone Network Holdings Limited

Non-executive directors:	Sindisiwe Mabaso-Koyana
	Grant Gelink
	Belinda Mapongwana ⁽¹⁾
	Edward Pitsi ⁽¹⁾
	Manana Nhlanhla ⁽¹⁾

⁽¹⁾ Appointed on 22 June 2020.

	31 December 2021 R'000	31 December 2020 R'000
Related party balances:		
Preference share liability		
Jabisan 04 (RF) Proprietary Limited	972 326	956 347
Advance received		
Mobile Telephone Network Holdings Limited	72 133	15 000
Ordinary share capital held by related party		
MTN Group Limited	365 540	365 540
Related party transactions:		
Dividends received from related parties		
MTN Group Limited	-	(272 766)
Interest paid to related parties		
Jabisan 04 (RF) Proprietary Limited	50 392	70 592
Interest payments accrued in respect of related parties		
Mobile Telephone Network Holdings Limited	3 628	266
Expenses paid on behalf of related parties	3 139	1 075
Jabisan 04 (RF) Proprietary Limited	3 139	1 075
BFC2 Owner Trust	-	-

Notes to the summarised financial statements *continued*

for the year ended 31 December 2021

(As extracted from the audited financial statements)

9. Related Parties (continued)		
Remuneration of the board of directors – directors' fees*	1 169	1 037
Sindisiwe Mabaso- Koyana	130	287
Sonja De Bruyn ⁽¹⁾	-	78
Grant Gelink	243	232
Belinda Mapongwana ⁽²⁾	389	159
Edward Pitsi ⁽²⁾	234	147
Manana Nhlanhla ⁽²⁾	172	134

(1) Resigned on 22 June 2020.

(2) Appointed on 22 June 2020.

* 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. Events after the reporting period

MTN Group declared a final dividend of 300 cents on 9 March 2022.

The financial effect of the declaration of the dividend by the MTN Group is an estimated dividend income of R230 506 134, which is calculated as follows 76 835 378 shares * 300 cents.

No other significant events have occurred between the reporting date and 4 April 2022 that require adjustment or disclosure.

11. Fair value measurement

In terms of IFRS 13, *Fair Value Measurements*, 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: Fair value is based on quoted prices (unadjusted) in active markets for identical assets and liabilities. These are readily available and obtainable from multiple sources;
- Level 2: Fair value is based on input other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3: Fair value is based on input for the asset or liability that is not based on observable market data (i.e. unobservable inputs)

The fair value of the investment in equities financial asset is based on the MTN Group share price, as listed on the JSE. The fair value of the derivative financial instrument is based on a valuation model. The input to this model includes the MTN Group share price, which is an observable input in the market. Other inputs include interest and dividend 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 summarised financial statements *continued*

for the year ended 31 December 2021

(As extracted from the audited financial statements)

11. Fair value measurement (continued)

	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
31 December 2021				
Recurring fair value measurement				
Investment in equities	8 725 707	-	-	8 725 707
Derivative financial instrument	-	-	(166 708)	(166 708)
Amortised cost measurement				
Borrowings	-	(999 990)	-	(999 990)
31 December 2020				
Recurring fair value measurement				
Investment in equities	3 076 564	-	-	3 076 564
Derivative financial instrument	-	-	(1 080 510)	(1 080 510)
Amortised cost measurement				
Borrowings	-	(1 012 151)	-	(1 012 151)
There were no transfers between level 1, 2 or 3 during the financial year.				

Notes to the summarised financial statements *continued*

for the year ended 31 December 2021

(As extracted from the audited financial statements)

12. Going concern

The annual 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.

On 12 March 2021 MTN Zakhele Futhi, together with MTN, sent a request to the third-party funders to allow the MTN Subordination and Undertaking Agreement to be amended to allow MTN or MTN Holdings to advance sufficient funds to the Company to address any liquidity shortfall of the Company. The third party funders were amenable to this request and the MTN Subordination and Undertaking Agreement has been amended to allow for funds received from MTN or an MTN group Company that is a party to the MTN Subordination and Undertaking Agreement to be utilised by MTN Zakhele Futhi to pay both scheduled payments owing to the third-party funders and operational and other costs and taxes as they become due and payable.

On 16 April 2021, MTN Holdings agreed to advance an aggregate amount of R75,0 million to MTN Zakhele Futhi to assist the Company in meeting its immediate liquidity shortfall. These amounts were advanced in order to assist the Company in meeting its operational and other payment obligations until the date of receipt of the next dividend from MTN.

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

- The receipt of a letter of support from MTN indicating their intention to support MTN Zakhele Futhi in the event that it faces any further liquidity challenges. Although this letter should not in any way be construed as a guarantee of support or firm undertaking by MTN, MTN has demonstrated its willingness to exercise its call option and acquire the third party preference share funding (in order to preserve the MTN Zakhele Futhi transaction) when the trigger events relating to the preference share funding occurred in March 2020 and were ongoing.
- The preference share funding redemption date has been extended to November 2024. The third-party funding is therefore not repayable within the next 12-month period.
- MTN declared a final dividend of 300 cents per share on 9 March 2022. Subject to certain consents and/or waivers being obtained from the preference share funders, this will ensure that MTN Zakhele Futhi has enough cash to meet its preference share obligations and operational requirements for the next 12 months.
- In the event that the funders do not provide the consents and/or waivers referred to above, then, as a result of amendments to the preference share terms during 2021:
 - the accrued dividends may, subject to the applicable conditions, 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; and
 - this ability to roll up dividends is an additional factor which, if applied, is expected to enable MTN Zakhele Futhi to meet its preference share obligations and operational requirements for the next 12 months.

Based on the above and the Company's forecasts and projections, taking account of reasonable possible changes in investment performance, show that the Company will be able to operate within the level of its current funding.

The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future.

13. Independent audit

These summarised financial results set out on pages 6 to 17 are not themselves audited but are extracted from the Annual Financial Statements for the year ended 31 December 2021 audited by the Company's independent auditors, SizweNtsalubaGobodo Grant Thornton Inc., who have performed their audit in accordance with the International Standards on Auditing.

A full copy of their unmodified audit report is available for inspection at the Company's registered office, or on request. The audit report is also available within the audited annual financial statements. The summarised financial statements have been extracted from the Company's annual financial statements and are consistent in all material aspects.

The directors take full responsibility for the preparation of the summarised financial statements and that the financial information has been correctly extracted from the underlying annual financial statements.

14. Availability of full set of audited financial statements

The full set of audited financial statements and the unmodified audit report from SizweNtsalubaGobodo Grant Thornton Inc, thereon

- can be accessed on the following website: www.mtnzakhelefuthi.co.za;
 - are available at the Company's registered office during normal business hours on business days; or
 - will be sent to you by ordinary post if you request this from Nedbank Limited, acting through its Share Scheme Administration division, whose details appear under the administration section on the inside back cover.
-

15. Basic and diluted earnings per share

Number of ordinary shares in issue at year end ('000)	123 417	123 417
Weighted average number of shares ('000)	123 417	123 417
Profit/(loss) for the year	869 567	145 892
Adjusted for:		
- (Gain)/loss on remeasurement of the derivative financial instrument	(876 458)	79 735
(Loss)/Profit attributable to shareholders	(6 891)	225 627
Basic and diluted earnings per share (cents)	(5,58)	182,81

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.

16. Net Asset Value

The Net Asset Value Per Share (NAVPS) is a metric used to assess the value of one share. The NAVPS is obtained by dividing the net asset value of the scheme by the number of outstanding shares.

Net Asset Value = (Total Assets – Total Liabilities)/Total number of Outstanding Shares

= (8 731 779 - 2 087 909)/123 416 818

= 6 643 869/123 416 818

= **53.83 per share**



MTN Zakhele Futhi (RF) Limited

Incorporated in the Republic of South Africa
(Registration number 2016/268837/06)

JSE share code: MTNZF

ISIN: ZAE000279402

LEI: 378900429C4F73B1BE74

("MTN Zakhele Futhi" or "the Company")

NOTICE OF THE ANNUAL GENERAL MEETING

This document is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your broker, central securities depository participant ("CSDP"), legal adviser, banker, financial adviser, accountant or other professional adviser immediately.

Included in this document are:

- The notice of the annual general meeting ("**AGM**"), setting out the resolutions to be proposed at the meeting, together with explanatory notes.
- Guidance notes on how to participate in the AGM electronically which can be found on pages 26 to 29. There are also guidance notes if you wish to attend and vote at the meeting (for which purpose the virtual meeting connection information is included) or to vote by proxy which can be found on page 27 of this notice.
- A proxy form for use by shareholders holding MTN Zakhele Futhi shares in certificated form or recorded in sub-registered electronic form in "own name".

If you have disposed or otherwise transferred all your shares in MTN Zakhele Futhi, please forward this notice of AGM, proxy form and accompanying documents, to the purchaser or transferee of such shares or the broker, banker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This document is available in English, Zulu and Sotho on the Company's website at –

www.mtnzakhelefuthi.co.za/investor-relations under the section titled "*Notice to Annual General Meetings*"

Shareholders are advised that as the AGM will be held virtually, physical attendance will not be possible, and the AGM will only be accessible through electronic communication, as permitted by the JSE Limited ("JSE") and the provisions of the Companies Act, No. 71 of 2008, as amended ("Companies Act") and the Company's memorandum of incorporation, as amended ("MOI").

Notice to shareholders

Notice is hereby given to shareholders of MTN Zakhele Futhi that, the 6th AGM of the Company will be held entirely by way of electronic communication as contemplated in section 63(2)(a) of the Companies Act at <https://mtnzakhelefuthi.virtual-meetings.online/login> on Monday, 9 May 2022 at 10:00 (South African time), to: (i) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the Listings Requirements ("**Listings Requirements**") of the JSE and the MOI: and (ii) deal with such other business as may lawfully be dealt with at the AGM.

The board of directors of the Company ("**Board**") has, in accordance with section 62(3)(a), read with section 59 of the Companies Act, set the following record dates for determining the entitlement of shareholders:

	South African dates
Record date to determine the shareholders entitled to receive the notice of the AGM	Friday, 25 March 2022
Posting date of the notice of AGM	Monday, 4 April 2022
Last date to trade to be eligible to participate in and vote at the AGM	Monday, 25 April 2022
Record date to be eligible to participate in and vote at the AGM	Friday, 29 April 2022
Forms of proxy to be lodged for administrative purposes by no later than AGM to be held at 10:00 (SA time) on	Friday, 6 May 2022
Results of AGM to be released on or about	Monday, 9 May 2022
	Tuesday, 10 May 2022

Due to: (i) the current status of the ongoing COVID-19 outbreak in South Africa; (ii) the shareholder accessibility of an electronic AGM; and (iii) the MOI of MTN Zakhele Futhi allowing the Company to hold its general meetings and AGMs (as the case may be) entirely by way of electronic communication as contemplated in section 63(2)(a) of the Companies Act, the Board has, in the circumstances, determined that it is necessary, prudent and preferable that the upcoming AGM be held entirely by way of electronic participation, and not by way of a physical meeting. Accordingly, the AGM will only be accessible through electronic communication, as permitted by the JSE and in accordance with the provisions of the Companies Act and the MOI. Shareholders will have the opportunity to cast their votes electronically through the iProxy platform prior to the meeting, or send in their proxy forms, or to participate and/or vote online, using their smartphone, tablet or computer, subject to the provisions applicable to dematerialised shareholders without own-name registration. Please refer to pages 26 to 29 of this notice of AGM for details on how to participate in the meeting. The iProxy platform will be available from 09:00 on Tuesday, 12 April 2022.

Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the JSE, the Company or any service provider retained for purposes of hosting and/or facilitating the electronic AGM. None of the JSE, the Company or any such service provider can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder from participating in and/or voting at the AGM.

Identification of meeting participants

Shareholders are further advised that in terms of section 63(1) of the Companies Act, any person (including duly appointed proxies) attending or participating at the AGM must present reasonably satisfactory identification before being entitled to attend or participate in and vote at the AGM. The Company has retained the services of Ince Proprietary Limited to provide the voting platform and the webcast, and to validate (in consultation with the Company and, in particular, the Company's transfer secretaries, Nedbank Limited (acting through its Share Scheme Administration business unit), and your CSDP) each shareholder's entitlement to participate in and/or vote at the AGM, before providing you with the necessary means to access the AGM and the associated voting platform.

Shareholders are advised, and strongly encouraged, to participate in the AGM electronically and, for administrative ease, to make use of the online proxy platform as outlined in this notice ahead of the meeting, subject to the provisions applicable to dematerialised shareholders without own-name registration.

AGENDA

1. Presentation of annual financial statements

The audited annual financial statements of the Company (as approved by the Board), including the directors' report, the audit, risk and compliance committee report and the external auditors' report for the year ended 31 December 2021, have been distributed to shareholders as required and are hereby presented to shareholders at this AGM as required in terms of section 61(8)(a) of the Companies Act.

The complete annual financial statements are set out on pages 19 to 54 of the annual report which is available on the Company's website at www.mtnzakhelefuthi.co.za/investor-relations under the section titled Annual and Interim Financial Statements.

When reading the resolutions below, please refer to the explanatory notes for the AGM resolutions on page 24.

2. ORDINARY RESOLUTIONS

2.1 Ordinary resolution number 1.1 to 1.2

Re-election of directors retiring by rotation

Ms Mabaso Koyana and Mr Pitsi retire by rotation in terms of clause 24.7 of the MOI, which requires not less than one-third of the directors to retire at each AGM. Ms Mabaso-Koyana and Mr Pitsi, being eligible, offer themselves for re-election

Ordinary resolution number 1.1:

Re-election of Sindisiwe Mabaso-Koyana as a director

Sindisiwe Mabaso-Koyana is an independent non – executive director. The full biography of the director is set out on page 2 of this notice.

“Resolved that, Sindisiwe Mabaso-Koyana, who retires by rotation and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company.”

Ordinary resolution number 1.2

Re-election of Edward Pitsi as a director

Edward Pitsi is an independent non – executive director. The full biography of the director is set out on page 2 of this notice.

“Resolved that, Edward Pitsi, who retires by rotation and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company.”

The percentage of voting rights required for ordinary resolution numbers 1.1 to 1.2 to be adopted is more than 50% (fifty percent) of the voting rights exercised on each resolution.

2.2 Ordinary resolution numbers 2.1 to 2.3

Election of Audit and Risk Committee Members

Ordinary resolution number 2.1:

“Resolved that, Grant Gelink be and is hereby elected as a member of the audit, risk and compliance committee with effect from the conclusion of this meeting in terms of section 94(2) of the Companies Act, until the conclusion of the next AGM.”

Ordinary resolution number 2.2:

“Resolved that, subject to the passing of resolution number 1, Edward Pitsi be and is hereby elected as a member of the audit, risk and compliance committee with effect from the conclusion of this meeting in terms of section 94(2) of the Companies Act, until the conclusion of the next AGM.”

Ordinary resolution number 2.3:

“Resolved that, Belinda Mapongwana be and is hereby elected as a member of the audit, risk and compliance committee, with effect from the conclusion of this meeting in terms of section 94(2) of the Companies Act, until the conclusion of the next AGM.”

The percentage of voting rights required for ordinary resolution numbers 2.1 to 2.3 to be adopted is more than 50% (fifty percent) of the voting rights exercised on each resolution.

2.3 Ordinary resolution number 3

Re-appointment of external auditors

Ordinary resolution number 3.1

“**Resolved that**, SizweNtsalubaGobodo Grant Thornton Inc. be and is hereby re-appointed as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next AGM of the Company.”

The percentage of voting rights required for ordinary resolution number 3 to be adopted is more than 50% (fifty percent) of the voting rights exercised on this resolution.

3. SPECIAL RESOLUTIONS

3.1 Special resolution number 1

Proposed remuneration payable to non-executive directors

“**Resolved that** (i) in terms of the Companies Act and clause 26 of the MOI and subject to the terms thereof, the directors’ remuneration, with effect from the date of passing of this resolution, be as set out below:

MTN Zakhele Futhi (RF) Limited board			
	Annual retainer fee (ZAR)		Attendance fee (ZAR)
	Proposed quarterly fee	Total annually	(per meeting)
			Proposed attendance fee (per meeting)
Chairperson	33 164	132 656	52 235
Member	14 500	58 000	29 000

It is anticipated that the board will meet quarterly.

MTN Zakhele Futhi (RF) Limited audit, risk and compliance committee			
	Annual retainer fee (ZAR)		Attendance fee (ZAR)
	Proposed quarterly fee	Total annually	(per meeting)
			Proposed attendance fee (per meeting)
Chairperson	N/A	N/A	22 078
Member	N/A	N/A	15 792

It is anticipated that the audit, risk and compliance committee will meet at least twice per year to align with the interim and year-end audit results, and only attendance fees will be paid.

MTN Zakhele Futhi (RF) Limited – Special Assignments/Projects per day/Ad hoc work	
Daily/hourly rate (ZAR) unless otherwise stated	Proposed
Special assignment or project per day	12 640
Ad hoc work, including special assignments and projects and, including telecom meetings (hourly rate)	1 580

- (i) In accordance with clause 26.2 of the MOI, the directors may be paid all reasonable expenses in travelling (including hotels) to and from meetings of the directors and shareholders, and the members of the Board

committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the board committees.”

The proposal set out in special resolution number 1, is in line with the remuneration paid to non-executive directors and other non-executive office bearers of other South African companies and this represents an increase of 5.0% on last year’s fees. The Board has sanctioned the proposal.

The proposed revised remuneration is considered to be fair and reasonable and in the best interests of the Company.

The percentage of voting rights required for special resolution number 1 to be adopted shall be at least 75% (seventy five percent) of the votes cast by all shareholders present in person, or represented by proxy, at the AGM.

Operative time of resolutions

Other than expressly provided otherwise, all resolutions will be immediately operative once approved by the requisite majority of shareholders.

Voting procedures

Voting at the AGM will be undertaken electronically. An electronic voting service will be available that will enable all eligible shareholders who attend to vote at the meeting, subject to the provisions applicable to dematerialised shareholders without own-name registration. Voting on all resolutions will be conducted by way of a poll. The registrars will identify each shareholder’s individual shareholding as at the voting record date for the AGM so that the number of votes that each shareholder has at the meeting will be linked to the number of votes which each shareholder will be able to exercise at the meeting. Shareholders who have completed and returned forms of proxy, including any proxy completed and returned via the online proxy platform will not need to vote at the meeting. The voting process for shareholders who elect to participate electronically is detailed in the online shareholder’s guide on page 26. Shareholders are encouraged to participate and use the form of proxy or the online voting service to ensure all shareholders’ votes are counted, subject to the provisions applicable to dematerialised shareholders without own-name registration.

Voting and proxies

Certificated shareholders and dematerialised shareholders who hold their shares with “own-name” registration entitled to attend and vote at the meeting may appoint one or more individuals as proxies to attend, participate and vote in their stead. A proxy does not have to be a shareholder of the Company but must be an individual. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached and must be submitted by all individuals attending as proxies, together with a certified copy of the SA ID of the shareholder and the proxy.

The duly completed instrument appointing a proxy and the authority, if any, under which it is signed must be lodged by shareholders with the Company’s transfer secretaries, Nedbank Limited, acting through its Share Scheme Administration business unit, registration number: 1951/000009/06, at 135 Rivonia Road, Sandown, Johannesburg, 2193 or by email at email address: ssa-zakhelefuthi@Nedbank.co.za prior to the commencement of the meeting to be held at 10:00 (South African time) on Monday, 9 May 2022 and for administrative purposes shareholders are requested to lodge all such documents by no later than 10:00 (South African time) on Friday, 6 May 2022. The name and address details of the transfer secretaries are given on the back of the proxy form.

The attention of shareholders is directed to the additional notes contained in the form of proxy included in this notice on page 28.

The attached form of proxy is provided to shareholders for their convenience. Shareholders are not obliged to use the attached form and may appoint a proxy in writing under section 58 of the Companies Act. A summary of the provisions of this section is included in the appendix to the notice of AGM.

Dematerialised shareholders without own-name registration must instruct their CSDP, broker or nominee as to how they wish to vote. The voting instructions must reach the CSDP, broker or nominee in sufficient time to allow the CSDP, broker or nominee to advise the Company or the Company’s transfer secretaries, Nedbank Limited (acting through its Share Scheme Administration business unit) of their instructions by no later than 10:00 on Friday 6 May 2022, for administrative purposes.

Dematerialised shareholders without own-name registration who wish to attend, participate electronically in and/or vote at the AGM are required to first contact and/or instruct their CSDP, broker or nominee to issue them with the necessary letters of representation in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP, broker

or nominee to do so and following the procedure above. For administrative purposes, shareholders are requested to lodge the letters of representation with the Company's registrars by no later than 10:00 on Friday, 6 May 2022.

By order of the Board

Belinda Mapongwana

Chairperson: Board of directors

4 April 2022

Business address and registered office

135 Rivonia Road
Sandown
Johannesburg
2193

Transfer secretaries and shareholder communication

Nedbank Limited, acting through its Share Scheme
Administration business unit
(Registration number: 1951/000009/06)
135 Rivonia Road
Sandown, Johannesburg, 2193
Tel: +27 83 900 6863
Email: ssa-zakhelefuthi@Nedbank.co.za

Explanatory Notes to the Resolutions Proposed at the Annual General Meeting of the Company

for the year ended 31 December 2021

For any assistance or information, please phone Nedbank Limited, acting through its Share Scheme Administration business unit on +27 83 900 6863.

Re-election of directors retiring by rotation at the AGM – ordinary resolution number 1.1 to 1.2

Clauses 24.7 and 24.8 of the MOI, *inter alia*, require not less than one-third of the directors (including MTN Nominated Directors), to retire from office at the conclusion of each AGM and for those directors, being eligible for re-election, to be re-elected by shareholders. Sindiswe Mabaso-Koyana and Edward Pitsi having retired by rotation in terms of the MOI and, being eligible, offers themselves for re-election as a director of the Company. Their biographical details are set out on page 2.

Election of the audit committee – ordinary resolution numbers 2.1 to 2.3

Section 94 of the Companies Act, requires, among other things, that at each AGM of a public company the shareholders elect an audit committee comprising at least three members who are non-executive directors of the Company. Regulation 42 of the Companies Regulations, 2011 requires that, at least one-third of the members of a Company's audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The Board has reviewed the composition of the audit, risk and compliance committee against the requirements of the Companies Act and has confirmed that the committee complies with the relevant regulatory requirements and that the members have the necessary knowledge, skills and experience to enable the committee to perform its duties in terms of these requirements. The Board therefore recommends the election of the members proposed in ordinary resolution numbers 2.1 to 2.3.

Re-appointment of external auditors – ordinary resolution number 3

Section 90(1) of the Companies Act requires a public company to appoint an auditor each year at its AGM. The audit, risk and compliance committee considered the independence of the external auditors during the year and assessed the skills, reporting and overall performance of SizweNtsalubaGobodo Grant Thornton Inc. (as external auditors) and has satisfied itself that the external auditors comply with the requirements of section 90(2) and 90(3) of the Companies Act and section 22 of the Listings Requirements, and accordingly recommends their reappointment as the Company's external auditors.

Remuneration payable to directors – special resolution number 1

In terms of sections 66(8) and (9) of the Companies Act, the Company may remunerate its directors for their services as directors only in accordance with a special resolution approved by the shareholders within the previous two years. In terms of clause 26.1 of the MOI, the directors are entitled to such remuneration as the shareholders of the Company in general meeting may from time to time determine, but subject to the limits on administration costs applicable to the Company under clause 3 of Annexe A to the MOI, and the Transaction Documents (as defined in the MOI). In addition, in terms of clause 26.2 of the MOI, the directors shall be paid all reasonable expenses in travelling (including hotels) to and from meetings of the directors and shareholders, and the members of the board committees shall be entitled to all reasonable expenses in travelling (including hotels) to and from meetings of the members of the board committees.

Special resolution number 1 is proposed in order to comply with the requirements of the Companies Act and the MOI. The rates referred to in this special resolution number 1 have been selected to ensure that the remuneration of directors remains competitive in order to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the Company.

Appendix to the Notice of the Annual General Meeting

for the year ended 31 December 2021

Important notes about the AGM

Date and time

The meeting will be held virtually on Monday, 9 May 2022 at <https://mtnzakhelefuthi.virtual-meetings.online/login> and will begin promptly at 10:00 (South African time).

Shareholders can attend the AGM by accessing the online facility and will need to register prior to the meeting, subject to the provisions applicable to dematerialised shareholders without own-name registration. Details on how to attend through electronic means can be found on page 27 of this notice.

Translation services

Kindly note that the meeting will be translated into Zulu and Sotho. This document will be available in Zulu and Sotho on the Company's website at <https://www.mtnzakhelefuthi.co.za/investor-relations> and under the section titled "**Notice to Annual General Meetings**" from 20 April 2022.

Enquiries

Any shareholders having difficulties or queries in regard to the AGM or the above are invited to contact Nedbank Limited, acting through its Share Scheme Administration business unit, on +27 83 900 6863. Calls will be monitored for quality control purposes.

The results of the AGM will be posted on the Securities Exchange News Services ("**SENS**") as soon as is practicable after the AGM.

Summary of applicable rights established in section 58 of the Companies Act No 71 of 2008, as amended

For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –
 - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
 - 3.2 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
 - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
 - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date –
 - 5.1 stated in the revocation instrument, if any; or
 - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –
 - 6.1 the shareholder, or
 - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –
 - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 8.2 the company must not require that the proxy appointment be made irrevocable; and
 - 8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

How to participate in the Annual General Meeting

Certificated and dematerialised own-name registered shareholders may follow the process outlined below.

Dematerialised shareholders without own-name registration who wish to attend, participate electronically in and/or vote at the AGM are required to first contact and/or instruct their CSDP, broker or nominee to issue them with the necessary letters of representation in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP, broker or nominee to do so before accessing the online facility and following the procedure below. For administrative convenience, shareholders are requested to lodge the letters of representation with the Company's registrars by no later than 10:00 on Friday, 6 May 2022.

Dematerialised shareholders without own-name registration who do not wish to attend the meeting must instruct their CSDP, broker or nominee as to how they wish to vote. The voting instructions must reach the CSDP, broker or nominee in sufficient time to allow the CSDP, broker or nominee to advise the Company or the Company's transfer secretaries, Nedbank Limited (acting through its Share Scheme Administration business unit) of their instructions by no later than 10:00 on Friday 6 May 2022, for administrative purposes. Dematerialised shareholders without own-name registration who do not wish to attend the AGM must not complete the Form of Proxy.

We encourage shareholders to make use of the iProxy service to cast their votes prior to the meeting, or to participate in and/vote during the online meeting using their smartphone, tablet or computer.

Shareholders who are unable to attend the AGM can, through the online facility, prior to the commencement of the meeting, vote on the resolutions set out on page 20 by:

- completing and returning the Form of Proxy attached to this notice on page 28; or
- appointing a proxy to attend in their stead; or
- casting their votes electronically through the iProxy platform or USSD platform.

Shareholders are referred below for details on how to register for the AGM and submit their Form of Proxy.



Submit their Form of Proxy by using the easy-to-operate online facility to appoint a proxy to vote at the AGM on their behalf.

AGM

Click <https://mtnzakhelefuthi.virtual-meetings.online/login>

The online guide is available to download and may be accessed at

<https://www.mtnzakhelefuthi.co.za/home/agm> from Tuesday, 12 April 2022

The online facility will be available from **09:00 on Tuesday, 12 April 2022**; or



Complete the Form of Proxy using their mobile device by dialling ***120*0130#** to appoint a proxy to attend the AGM

The USSD guide is available to download and may be accessed at

<https://www.mtnzakhelefuthi.co.za/home/agm> from Tuesday, 12 April 2022

The USSD facility will be available from **09:00 on Tuesday, 12 April 2022**; or



Complete the Forms of Proxy that are contained in the Notice of AGM

These forms appear on pages 28 of the Notice of AGM document

Shareholders can also attend the AGM by accessing the online facility and will need to log on at <https://mtnzakhelefuthi.virtual-meetings.online/login> using their SA ID number and the One Time Pin that has been provided to them.

To be completed by certificated shareholders and dematerialised shareholders with 'own- name' registration only.



MTN Zakhele Futhi (RF) Limited

Incorporated in the Republic of South Africa
(Registration number 2016/268837/06)

JSE share code: MTNZF

ISIN: ZAE000279402

LEI: 378900429C4F73B1BE74

("MTN Zakhele Futhi" or "the Company")

FORM OF PROXY

For use at the annual general meeting ("AGM") to be held virtually at <https://mtnzakhelefuthi.virtual-meetings.online/login> at 10:00 (South African time) on Monday, 9 May 2022. For assistance in completing the proxy form, please contact Nedbank Limited, acting through its Share Scheme Administration business unit on +27 83 900 6863. A shareholder (including certificated shareholders and dematerialised shareholders with 'own- name' registration) entitled to attend and vote at the AGM may appoint one or more proxies to attend, vote and speak in his/her/its stead at the AGM. A proxy need not be a shareholder of the Company but must be an individual.

I/We

ID number/registration number of

being a shareholder/shareholders of the above-mentioned Company do hereby appoint

or failing him/her

or failing him/her

the chairperson of the Company or failing him/her the chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the AGM of the Company to be held virtually at <https://mtnzakhelefuthi.virtual-meetings.online/login> on Monday, 9 May 2022 at 10:00 for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment or postponement thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name as follows:

	For**	Against**	Abstain**
Ordinary resolutions			
Ordinary resolution number 1.1: Re-election of Sindi Mabaso - Koyana as a director			
Ordinary resolution number 1.2: Re-election of Edward Pitsi as a director			
Ordinary resolution number 2.1: Election of Grant Gelink as a member of the audit, risk and compliance committee			
Ordinary resolution number 2.2: Election of Edward Pitsi as a member of the audit, risk and compliance committee			
Ordinary resolution number 2.3: Election of Belinda Mapongwana as a member of the audit, risk and compliance committee			
Ordinary resolution number 3: Re-appointment of external auditors			
Special resolutions			
Special resolution number 1: Proposed remuneration payable to non-executive directors			

**Mark with an X whichever is applicable. Unless otherwise directed, the proxy will vote or abstain as he/she thinks fit in respect of the shareholder's total holding. The proxy may also vote or abstain in respect of any other business proposed at the meeting as he/she thinks fit.

Any shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and to vote in his/her stead. The proxy so appointed need not also be a shareholder but must be an individual.

Please read the notes on the reverse side hereof.

Signed at	on	2022
Full name(s)	(in block letters)	
Signature(s)		
Address		
Assisted by (guardian)	date	

If signing in a representative capacity, see notes to proxy on the reverse side hereof.

Please note that a proxy/ies attending the meeting on behalf of a registered shareholder will not be entitled to vote on behalf of the shareholder unless they are accompanied by this duly completed form.

Notes to form of proxy

1. Only shareholders who are registered in the register, or in the sub-register of the Company under their 'own-name' on the relevant record date for the meeting may complete a proxy form or alternatively attend the meeting. Beneficial owners who are not the registered holder and who wish to attend the meeting in person may do so by requesting the registered holder, being their Central Security Depository Participant (CSDP), broker or nominee, to issue them with a letter of representation in terms of the custody agreements entered into with the registered holder. Letters of representation must be lodged with the Company's registrars by no later than 10:00 on Friday, 6 May 2022.
2. Beneficial owners who are not the registered holder and who do not wish to attend the meeting in person must provide the registered holder, being the CSDP, broker or nominee, with their voting instructions. The voting instructions must reach the registered holder in sufficient time to allow the registered holder to advise the Company or the Company's registrar of their instructions by no later than 10:00 on Friday, 6 May 2022 for administrative convenience.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her/its choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the foregoing will be declared not to have been validly effected. The person whose name stands first on the proxy form and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the AGM.
4. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box provided. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she/it deems fit in respect of the entire shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her/its proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the shareholder or by his/her proxy. The proxy may also vote or abstain in respect of any other business proposed at the meeting as he/she/it thinks fit.
5. The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of any proposed amendment to the above resolutions. If the foregoing sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form is attached.
6. To be effective, completed proxy forms and the authority, if any, under which it is signed must be lodged at the Company's South African transfer secretaries at the address, fax number or email address stipulated below prior to the time appointed for the holding of the meeting and shareholders are requested to lodge all such documents by no later than 10:00 on Friday, 6 May 2022.
7. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat instead of any proxy appointed in terms hereof.
8. The chairman of the AGM may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.
9. Any alteration to this proxy form, other than a deletion of alternatives, must be initialled by the signatory.
10. Documentary evidence establishing the authority of a person signing this proxy form in a representative or other legal capacity must be attached to this proxy form, unless previously recorded by the Company or waived by the chairperson of the AGM.
11. Where there are joint holders of shares:
 - 11.1 any one holder may sign the proxy form; and
 - 11.2 the vote of the senior shareholder (for which purpose seniority will be determined by the order in which the names of the shareholders appear in the Company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.
12. A minor must be assisted by his/her parent or legal guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
13. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.

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

ADMINISTRATION

Company information

(Incorporated in the Republic of South Africa) (Registration number: 2016/268837/06)

JSE share code: MTNZF ISIN: ZAE000279402

LEI: 378900429C4F73B1BE74

Postal address

PO Box 1144

Johannesburg 2000

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

Email: ssa-zakhelefuthi@Nedbank.co.za

Company 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

Sizwe Ntsaluba Gobodo 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

www.mtnzakhelefuthi.co.za 