



MTN Zakhele Futhi Extension Notice FAQ

Website FAQ

1. What was the 19 August announcement about?

- MTN and MTN Zakhele Futhi (MTNZF) have proposed an extension of the MTNZF scheme for a maximum of three years.
- The Boards believe the proposed extension of the Scheme has merit for MTNZF ordinary shareholders rather than unwinding the Scheme on the presently scheduled maturity date of 23 November 2024.

2. What is the purpose of the 20 September circular?

- The purpose of the circular is to provide details regarding the extension and to convene a meeting of MTNZF shareholders, to be held at 09:00 on Monday, 21 October 2024, to vote on the extension.

3. Why did MTNZF extend the maturity date, considering the original maturity date was 23 November 2024?

- The maturity date is proposed to be extended because challenging macroeconomic conditions during this period have negatively impacted MTN's share price performance, despite MTN's operating performance remaining resilient.
- The Boards believe the proposed extension of the Scheme has merit for MTNZF ordinary shareholders rather than unwinding the Scheme on the presently scheduled maturity date of 23 November 2024, as the unwind value of MTNZF is being negatively impacted by the current MTN share price.
- The proposed Extension is subject to various conditions, including the approval of the MTN and MTNZF shareholders.

4. What is the relationship between the MTNZF share price and the MTN Group share price?

- MTNZF holds a stake of approximately 4% in MTN Group and because of this shareholding (which is MTNZF's only material asset), there is a direct correlation between the share price of the two companies.
- The share price performance is dependent on a number of factors including, the state of the economies in markets in which MTN Group operates in, the inflation rate in these markets, the state of the telecommunications industry and any regulatory changes as well as the financial performance of the MTN Group.
- The significant devaluation of the Naira over the last 14 months has affected the reported earnings and valuation of the MTN group, which in turn has negatively impacted the MTN share price and hence the value of MTNZF.

5. Why has the share price failed to grow to the required levels? / Why is the share value consistently decreasing?

- Shares by their very nature are subject to the cyclical nature of the external environment.
- MTN Group's share price is not immune to these and, during this period faced a combination of the impacts of Covid-19 in the markets it operates in. This resulted in higher inflation and interest rates. Most recently the significant devaluation of the Naira over the last 14 months has impacted the MTN Group.



- These factors have negatively impacted the MTN share price, and hence the MTNZF share price and the value of MTNZF.

6. Why are there no good buyers for the shares?

- We cannot speculate on the buying and selling of any shares.
- It is important to understand how trading in listed shares works as it relates to this particular scheme.
- MTNZF ordinary shareholders can either retain, buy additional or sell their shares by using one of the following trading options:
 1. The Facilitated Trading Process; or
 2. The Independent Trading Process
- MTNZF has appointed Singular Financial Services (SFS), a division of Singular Systems (Pty) Ltd. as the preferred broker to trade their shares on the Johannesburg Stock Exchange (JSE).
- The "Facilitated Trading Process" means ordinary shareholders will be using SFS as their broker to retain, buy additional or sell their MTNZF shares. One of the benefits of this option is that the share custody costs to shareholders are subsidised by MTNZF.
- The "Independent Trading Process" is for those MTNZF ordinary shareholders who wish to use their own broker or agent to hold or trade their shares. Please note that this option is not subsidised by MTNZF.

7. Why are all the other MTN-related investments performing better than MTNZF, such as MTN Group?

- It is important to note that the only asset held by MTNZF is MTN shares, therefore any reduction in the MTN share price directly impacts the value of MTNZF and its share valuation.
- We cannot speculate about any other MTN investments.

8. What other options did MTN consider in reaching a conclusion that this is the most viable option?

- The MTN Board, together with its advisers considered various options in relation to the Scheme.
- We realised that an unwind in November 2024 would potentially result in an immediate loss of the investment that MTNZF ordinary shareholders made in the Scheme
- Replacing the Scheme would be too expensive for MTN shareholders.
- The extension was preferred as it provides an opportunity for a recovery in the MTN Group share price during the three-year extension period.

9. What does this extension mean for me as an existing MTNZF ordinary shareholder?

- Your ownership in MTNZF will run for an additional period of a maximum of three years.
- For added benefit and, subject to the consent of MTN Group and third-party funders, the MTNZF board is able to lock in value by either partially or fully unwinding the scheme early if the MTN Group share price recovers.
- You will not have to do anything except to vote at the shareholders meeting on Monday 21 October 2024.
- Shareholders will continue to be able to trade MTNZF shares via the Facilitated or Independent trading processes at any time during the extension period if they wish to do so.



10. When are the MTNZF shares maturing?

- The MTN Board considers that it is in the best interest of MTN and MTNZF shareholders to extend the Scheme for up to 3 years with the MTNZF Board having the discretion (subject to MTN Group and third-party funder consents) to lock in value by either partially or fully unwinding the Scheme during the Scheme Extension Period, if the MTN Group share price reaches a sufficient level.
- The potential unwind of the Scheme earlier than the end of the Scheme Extension Period means that the MTNZF shares could mature before 23 November 2027.

11. What can we expect when the MTNZF shares have matured?

- The outcome of the scheme cannot be determined at this stage as it depends on the share price and dividend declared by MTN Group during the Scheme Extension period.

12. What are the next steps now that you have made this announcement?

- The Proposed Extension will require, amongst others, the following approvals:
 - The final approval of the third-party funders of the Scheme (in-principle approval has already been obtained).
 - MTN and MTNZF shareholder approval at extraordinary general meetings in October 2024.

13. Can I cash out of the Scheme pending these approvals?

- You can continue to trade your shares with other eligible MTNZF shareholders through the Facilitated Trading / Independent Trading Process.
- All sales are subject, amongst others, to the existing approval and BEE verification processes.

14. What happens if MTN / MTNZF shareholders do not approve this arrangement?

- If the Proposed Scheme Extension is not approved, MTNZF will be required to unwind and pay its outstanding financial obligations at the current scheduled maturity date (23 November 2024)
- Depending on where the MTN Group share price is at that date, it is unlikely that there will be enough to pay these amounts.
- The net effect of this is that MTNZF shareholders may potentially lose their investment.

15. How much does the Scheme owe?

- At this stage the scheme is projected to owe approximately R640 million to the third-party preference share funders and R6.1 billion to MTN based on a November 2024 unwind date.

16. What happens if, at the end of the Scheme Extension Period, the MTN group share price has not performed well?

- The purpose of the Proposed Extension is to provide an additional timeline in which MTNZF shareholders could benefit from additional dividends and a potential increase in the MTN share price.
- Additionally, the MTNZF Board will have discretion (subject to MTN Group and third-party funder consents) to lock in value during the Scheme Extension Period by either partially or fully unwinding the Scheme if the MTN share price recovers.



17. Why have I not received any communication or updates since the inception of the Scheme?

- We have endeavoured to keep an open line of communication with MTNZF shareholders through various means such as:
 - MTNZF announcements through the JSE Stock Exchange News Service (SENS)
 - Annual financial statements of MTNZF that indicate the performance of its underlying investment in accordance with IFRS.
 - Annual General Meetings (AGMs)
 - The MTNZF website <https://www.mtnzakhelefuthi.co.za/>
- We have also responded to queries through MTNZF Shareholder Services as well as our Walk In Centre in Waverly.

18. How do I get more information about MTNZF following the MTNZF announcement

- We will keep you updated through the following means:
 - MTNZF announcements through JSE Stock Exchange News Service (SENS)
 - Publication of the Annual and Interim financial statements of MTNZF that indicate the performance of its underlying investment in accordance with IFRS.
 - Annual General Meetings (AGMs)
 - The MTNZF website <https://www.mtnzakhelefuthi.co.za/>
 - Contacting MTNZF shareholder services.

19. How do I contact MTNZF shareholder services?

- Please visit the MTN Zakhele Futhi website: <https://www.mtnzakhelefuthi.co.za/> for the latest contact details.

20. Will I receive any dividends during this three-year period? / Why are there no dividends being paid?

- There will be no changes in how the Scheme operates.
- If MTN declares a dividend this will be available to MTNZF.
- If funds remain after provision for permitted operational fees, expenses, tax liabilities and servicing funding commitments, the MTNZF Board has a discretion to pay up to 20% of the total dividend received from MTN as a dividend to MTNZF Shareholders.

21. Will I receive a full refund and interest when the Scheme matures?

- At this stage, we cannot determine what the outcome of the Scheme will be when it matures as this is wholly dependent on the performance of the MTN Group share price and dividends declared by MTN during the Scheme Extension Period.
- Shares by their very nature are subject to the cyclical nature of the external environment.

22. What happens if I die or become insolvent during the extension period?

- The provisions of the MTNZF Relationship Agreement (to which all MTNZF ordinary shareholders are bound) will continue to apply during the Scheme Extension Period.
 - In summary: **If you die and you are an MTNZF shareholder** the executor of your deceased estate will transfer your MTNZF shares to your heir, provided that your heir meets the relevant eligibility criteria (i.e., your heir is an Eligible Shareholder or Verified Shareholder).



- If your heir does not meet the relevant eligibility criteria, the executor of your deceased estate will have to transfer your MTNZF shares to a person or entity that does meet the criteria within 120 days of your death, failing which your deceased estate may be forced to sell your MTNZF shares to MTN at the Call Reference Price.
- **If you become insolvent and you are a natural person** then the trustee of your insolvent estate will have to transfer your MTNZF shares to a person or entity that meets the relevant eligibility criteria within 120 days of the date of the provisional or final sequestration order (provided such order is not subsequently set aside during that 120 day period), failing which your MTNZF shares may be forcibly sold to MTN at a discount to the Call Reference Price.