



Blue Label Telecoms Limited
(Incorporated in the Republic of South Africa)
(Registration number 2006/022679/06)
Share code: BLU ISIN: ZAE000109088
("Blue Label")

Acquisition of Shares and Debt Claim against Cell C from Gramercy

1. Introduction

The board of directors of Blue Label is pleased to advise its shareholders that The Prepaid Company Proprietary Limited ("**TPC**"), a wholly owned subsidiary of Blue Label, has concluded a binding term sheet with Gramercy SA Telecom Holdings LLC ("**Gramercy**"), in terms of which TPC will acquire a debt claim ("**Claim**") which Gramercy has against Cell C Limited ("**Cell C**"). The acquisition of the Claim will be referred to as the "**Transaction**".

Gramercy's beneficial owners are various comingled funds and a large UK corporate pension plan (the "Funds"). The Funds and their investors are not "related parties" in relation to Blue Label, as defined in the JSE Listings Requirements.

The particulars of the Transaction are set out below.

2. Business Description and Rationale for the Transaction

Cell C is a leading mobile provider in South Africa offering a wide range of products and services, including voice, data, device and SIM cards. Cell C has initiated a strategic turnaround plan focused on improving operational efficiencies, cutting costs, and optimising network traffic. This strategy involves a substantial reduction in capital expenditures and a shift from a fixed-cost infrastructure model to a flexible, variable operating expenditure model.

For Blue Label, this acquisition, combined with the anticipated benefits from Cell C's turnaround and sustainability initiatives, is expected to strengthen its investment value and support shareholder returns. Having a history of supporting Cell C's financial restructuring, this transaction further demonstrates Blue Label's commitment to stabilising Cell C as a key player in South Africa's telecom market. Through this transaction, TPC solidifies its position in Cell C's capital structure, potentially leading to greater financial stability and enhanced returns.

3. Salient terms of the Transaction

On 21 September 2022, *inter alios*, Cell C and Gramercy entered into a certain Gramercy Reinvested Term Loan Agreement ("**Gramercy Facility Agreement**"). In terms of the Gramercy Facility Agreement, Gramercy has a Claim against Cell C of ZAR414,765,527.00 plus interest, which Claim is payable by the end of March 2026. If any proceeds are available from a quarterly cash waterfall funds flow formula calculation, then prepayments may be made before that date but none have been forthcoming.

On 11 November 2024, TPC and Gramercy concluded a binding term sheet, which has conditions usual for a transaction of this nature, in terms of which TPC agrees to acquire the Claim from Gramercy for a purchase consideration of ZAR450,000,000 ("**Claim Purchase Price**") (which is the face value of the Claim). The Claim Purchase Price is payable in four non-interest bearing instalments of ZAR112,500,000 each in cash, funded from own

cash resources or existing facilities, on closing of the Transaction and at the end of November 2025, March 2026 and November 2026. Should TPC fail to make any scheduled payments, default interest will accrue on the outstanding amount at a rate of 15% per annum.

As security for the payment of the Claim Purchase Price by TPC to Gramercy, TPC shall cede, by way of a cession in security, in favour of Gramercy:

- all of TPC's rights, title and interest in and to the Claim; and
- any shares in Cell C which TPC will acquire from Gramercy pursuant to the "Share Acquisition" referred to in paragraph 7 below.

4. Effective date

The effective date of the Transaction is the fifth business day after the last of the conditions precedent in respect thereof, as set out in paragraph 6 below, has been fulfilled or waived.

5. Long form documents

The parties intend to conclude a long form sale and cession agreement, and any other letters or agreements as required, to implement the Transaction.

6. Conditions precedent

The Transaction shall be subject to the fulfilment or waiver of customary conditions precedent for transactions of this nature, including, but not limited to:

- necessary consents from lenders to TPC or Blue Label;
- any consents required in terms of the memorandum of incorporation of Cell C;
- approval of the Financial Surveillance Department of the South African Reserve Bank, or an authorised dealer on its behalf, to the extent required by the regulations made under the Currency and Exchanges Act No 9 of 1933.

The parties shall use their best commercial endeavours to procure the fulfilment of each of the conditions precedent as soon as practicably possible.

7. Acquisition of shares from Gramercy

As a separate and independent transaction, which is not in any manner inter-conditional upon the Transaction, TPC and Gramercy have concluded a binding term sheet which has conditions usual for a transaction of this nature, in terms of which TPC agrees to acquire 6.09%, representing 88,939,299 shares of the issued share capital in Cell C ("**Sale Shares**") from Gramercy ("**Share Acquisition**").

The purchase consideration for the Sale Shares shall be ZAR6,000,000, which shall be payable in four non-interest bearing equal instalments in cash, funded from own cash resources or existing facilities, on closing of such Share Acquisition, the end of November 2025, March 2026 and November 2026. Should TPC fail to make any scheduled payments, default interest will accrue on the outstanding amount at a rate of 15% per annum.

The Share Acquisition shall be subject to the fulfilment or waiver of customary conditions precedent for transactions of this nature, including, but not limited to:

- necessary consents from lenders to TPC or Blue Label;
- any consents or waivers required in terms of the memorandum of incorporation of Cell C;
- all necessary statutory, legal and regulatory approvals required by the parties, which shall include approvals in terms of the Competition Act No 89 of 1998 and the Electronic Communications Act No. 36 of 2005.

The effective date of the Share Acquisition is the fifth business day after the last of the conditions precedent in respect thereof has been fulfilled or waived.

8. Categorisation of the transactions

As Blue Label and Gramercy are party to both the Transaction and the Share Acquisition (collectively the “**Transactions**”) involving Cell C, the categorisations of the Transactions have to be aggregated in terms of paragraph 9.11 of the Listings Requirements. Consequently, the Transactions constitute a category 2 transaction in terms of section 9 of the Listings Requirements.

By order of the board

Sandton
14 November 2024

Sponsor

Investec Bank Limited

Legal Adviser to Blue Label

Werksmans Inc