

ALLIED ELECTRONICS CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1947/024583/06)

Share code: AEL

ISIN: ZAE000191342

("Altron" or "the Company")

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## **FIRM INTENTION ANNOUNCEMENT RELATING TO THE DEMERGER OF BYTES TECHNOLOGY GROUP AND WITHDRAWAL OF CAUTIONARY**

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### **1 INTRODUCTION**

Altron released cautionary announcements on SENS Thursday, 2 April 2020 and Thursday, 22 October 2020, advising that as part of its FY2020 strategic review the Altron board of directors ("Altron Board") had assessed each of the business units within Altron, to identify opportunities which have the potential to create value for Altron shareholders ("Altron Shareholders"). The Altron Board identified Bytes Technology Group Limited (now named Bytes Technology Limited) ("Bytes UK") as not being ascribed fair value by the market. In order to unlock value for Altron Shareholders the Altron Board resolved to apply for admission of the entire issued and to be issued share capital of Bytes UK, via a newly established holding company, Bytes Technology Group plc, to the premium listing segment of the Official List of the United Kingdom ("UK") Financial Conduct Authority ("FCA"), to trading on the Main Market of the London Stock Exchange ("LSE") and to the Main Board of the Johannesburg Stock Exchange ("JSE") by way of a secondary inward listing, to pursue an offer for subscription for new Bytes Technology Group plc shares, and a distribution of Altron's remaining interest in Bytes UK to ordinary Altron Shareholders ("Altron Ordinary Shareholders") (the "Demerger").

Further to the cautionary announcement released on Thursday, 22 October ("Cautionary Announcement"), Altron Shareholders are informed that Altron has entered into a share purchase agreement ("Demerger SPA") with, amongst others, Bytes Technology Group plc in respect of the sale of all its shares in Bytes UK to a wholly-owned subsidiary of Bytes Technology Group plc, and Bytes Technology Group plc is expected to execute a convertible loan note instrument ("Convertible Loan Note Instrument") on 3 November 2020 in respect of the unlisted, interest-free, unsecured, redeemable, convertible loan notes ("Convertible Notes") to be issued to Altron as consideration for its shares in Bytes UK (together the "Transaction Agreements").

In terms of the Transaction Agreements Altron, through its subsidiary Bytes Technology Group Proprietary Limited ("Bytes SA"), will dispose of Bytes UK to a wholly owned subsidiary of Bytes Technology Group plc ("Bytes Technology Holdco"). Altron will distribute the Convertible Notes it receives (through its various subsidiaries) for the disposal of Bytes UK as a distribution *in specie* (subject to Altron retaining some Convertible Notes to cover necessary costs and taxes arising from the Demerger) to Ordinary Altron Shareholders.

The above will be implemented in accordance with the terms and conditions of the Transaction Agreements as more fully set out in paragraph 6 below.

The purpose of this firm intention announcement ("FIA") is to, *inter alia*, advise Altron Ordinary Shareholders of the terms, conditions and timing of the Demerger.

## **2 SALIENT TERMS OF THE DEMERGER**

The Demerger anticipates the listing of Bytes UK, via a newly established holding company, Bytes Technology Group plc, on the LSE and JSE with Altron Ordinary Shareholders retaining an interest in Bytes UK pursuant to the composite, inter-conditional, indivisible transaction consisting of the Distribution, the Offer, Admission, the Disposal, the Redemption and the Conversion as defined in section 6 below. The diagram below provides a high-level overview of the Demerger steps.

### **SIMPLIFIED DEMERGER STRUCTURE**

The Demerger structure diagram can be viewed in the pdf version of the announcement which will be available on Altron's website from today.

### **SIMPLIFIED DEMERGER STEPS**

Simplistically the Demerger is being implemented through a three-step process:

#### **Step 1: Altron sells Bytes UK to Bytes Technology Holdco, a wholly owned subsidiary of Bytes Technology Group plc**

- Altron sells its shares in Bytes UK to Bytes Technology Holdco, at market value (market value is by reference to the Offer price ultimately achieved).
- Altron (through its various subsidiaries) receives Convertible Notes issued by Bytes Technology Group plc in consideration for its shares in Bytes UK.

#### **Step 2: Altron distributes Bytes Technology Group plc Convertible Notes**

- Altron distributes Convertible Notes received in step 1 as a distribution *in specie* to Altron Ordinary Shareholders, subject to Altron and Altron Finance Proprietary Limited, a wholly owned subsidiary of Altron (“Altron Finance”), retaining some Convertible Notes to cover costs, taxes and settle a portion of its loan obligations.

### **Step 3: Bytes Technology Group plc Offer**

- Bytes Technology Group plc will apply for its shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market of the LSE and on the Main Board of the JSE by way of a secondary inward listing.
- Subject to fulfilment or waiver of certain conditions, including Admission (as defined below), Bytes Technology Group plc will offer new shares to institutional investors in the UK and elsewhere (the “Offer”), which shares will be issued to subscribers on Admission.
- Bytes Technology Group plc uses proceeds from the Offer to: i) redeem 100% of the Convertible Notes beneficially owned by Altron and Altron Finance; and ii) redeem a minimum of 25% of the Convertible Notes beneficially owned by Altron Ordinary Shareholders (excluding Convertible Notes retained by Altron and Altron Finance as described in step 2, plus such number of such Convertible Notes, up to 100%, as are the subject of Altron Ordinary Shareholder elections for additional cash (in each case subject to investor demand in the Offer). Each Convertible Note which is redeemed will be redeemed for cash at the Offer Price as defined in section 6 below.
- Remaining Convertible Notes held by Altron Ordinary Shareholders convert automatically into Bytes Technology Group plc shares.

## **3 RATIONALE FOR THE DEMERGER**

A fundamental and strategic goal of the Altron Board has been to maximise value for Altron Ordinary Shareholders. This resulted in driving a strategy, which successfully delivered the disposal of non-core assets, the rationalisation of operations and the execution of targeted acquisitions in high-growth areas. This positioned Altron as a leading IT Services organisation in Africa and achieved a total shareholder return of 26% per annum over three years with the return on capital employed increasing from 6.3% to 20.8% over the same period.

The Altron Board has assessed each of the business units within Altron, to identify opportunities which have the potential to unlock further value for Altron Ordinary Shareholders and to streamline operations. Post this review, the Altron Board concluded that the true value of Bytes UK is not reflected in the Company’s share price. Bytes UK has increasingly developed a growth trajectory and strategic levers that are different

to the rest of the Altron group of companies (“Altron Group”) and operates in a different geographical capital market with a highly rated peer group. In addition, Bytes UK is independently managed by the Bytes UK management team and has limited functional support from Altron.

Consequently, and after due consideration as to whether the long-term prospects of Bytes UK would be enhanced by a separate listing on the LSE and secondary listing on the JSE, the Altron Board resolved to pursue the Demerger. The Demerger will enable Bytes UK to operate in a more focused and efficient manner, allow Bytes UK to achieve its strategic goals and unlock value for Altron Ordinary Shareholders over the long term.

The Altron Board has carefully considered the unprecedented market conditions resulting from the Covid-19 pandemic. The Altron Board believes that the terms and construct of the Demerger are still in the best interests of Altron Shareholders and other Altron stakeholders.

#### **4 DESCRIPTION OF ALTRON**

Founded in 1965, Altron has a direct presence in South Africa, the rest of Africa, Europe, the Middle East and Australia. In addition, the Altron Group’s strategic partnerships with leading international technology companies gives it access to leading technology capabilities and products from across the world, including Asia, Europe and North America.

Most of Altron’s revenue and headcount are derived from the local market in South Africa where the group is headquartered. Altron’s primary focus is in providing innovative solutions in the fintech, healthtech, safety & security, and learning and development verticals that have a meaningful impact on society by addressing challenges facing communities in South Africa, the continent and beyond, while delivering shared value for all its stakeholders.

#### **5 DESCRIPTION OF BYTES TECHNOLOGY GROUP PLC**

Bytes Technology Group plc is one of the UK’s leading providers of IT software offerings and solutions, with a focus on cloud and security products. Bytes Technology Group plc enables effective and cost-efficient technology sourcing, adoption and management across software services, including in the areas of security and cloud services. It aims to deliver the latest technology to a diverse and embedded customer base and has a long track record of delivering strong financial performance.

Bytes Technology Group plc’s software offering includes working with customers to identify their software needs, selecting and deploying appropriate software products, managing licence compliance and,

ultimately, seeking to optimise their software assets. This offering is delivered through licensing and subscription agreements. The reselling of software in the form of licensing agreements, permits Bytes Technology Group plc's customers to install the software on a specified number of IT devices, such as desktop computers, mobile devices or servers. Software is also delivered through the cloud in the form of subscription agreements that allow access to the software for a specified number of users over a period of time, which is known as Software-as-a-Service. Examples include Microsoft Azure and Microsoft 365.

Beyond the reselling of software, Bytes Technology Group plc provides tailored IT solutions to its customers, including the products and services required to implement and manage such solutions. These solutions, which are provided both on premise and in the cloud, include professional and managed services as well as hardware sales.

## **6 DETAILS OF THE DEMERGER**

Altron expects that the Demerger will be implemented in accordance with the following transaction steps:

- 6.1** As at 2 November 2020, Bytes SA, an indirect wholly owned subsidiary of Altron, owns the 10,000 A ordinary shares in Bytes UK and Bytes UK management own the 1,000 B ordinary shares in Bytes UK;
- 6.2** Altron, through Bytes SA, will dispose of all of its interest in Bytes UK (the "Disposal") to Bytes Technology Holdco, a wholly owned subsidiary of Bytes Technology Group plc, with Bytes Technology Group plc being subject to the listing as described in the Introduction above;
- 6.3** management of Bytes UK will also sell their interest in Bytes UK to Bytes Technology Group plc, such that the Bytes Technology Group plc group of companies will own the entire issued share capital of Bytes UK with effect from Admission (as defined below). Bytes UK management will receive Bytes Technology Group plc shares equal to 5% of the issued share capital of Bytes Technology Group plc at Admission and £14.3 million cash consideration in consideration for their interest in Bytes UK;
- 6.4** the initial shareholders of Bytes Technology Group plc are Neil Murphy and Keith Richardson, the Chief Executive Officer and Chief Financial Officer, respectively, of Bytes Technology Group plc;
- 6.5** Bytes Technology Group plc on behalf of Bytes Technology Holdco will settle the purchase consideration due to Bytes SA for the Disposal through the issue of 220,506,494 Convertible Notes to Bytes SA;
- 6.6** Bytes SA and certain intermediate subsidiaries of the Company will distribute the Convertible Notes to Altron as a distribution *in specie* in terms of section 46 of the Companies Act. Altron will in turn distribute the beneficial interest in 91% of the Convertible Notes (representing 200,600,910

Convertible Notes) to Altron Ordinary Shareholders by way of a distribution *in specie* in terms of section 46 of the Companies Act ("Distribution"). Altron will retain 9% of the Convertible Notes (representing 19,905,584 Convertible Notes) in order to settle dividends tax arising from the Distribution. Altron has estimated that the proceeds of the redemption of 9% of the Convertible Notes will be sufficient to settle dividends tax, however, the actual liability for dividends tax will be determined after Altron Ordinary Shareholders submit declarations to Altron in terms of section 64FA of the Income Tax Act;

- 6.7** Altron Shareholders, who are on the Altron register at the record date for the Distribution (see paragraph 15 below), will be entitled to 0.5 Convertible Notes for every 1 Altron ordinary share held ("Entitlement Ratio");
- 6.8** Certain of the Convertible Notes will be redeemed for cash out of the proceeds raised in the Offer ("Redemption") and any Convertible Notes not redeemed shall automatically convert into shares in Bytes Technology Group plc ("Conversion");
- 6.9** Altron Finance which holds treasury shares in the Company equal to 8%, and Altron Shareholders in jurisdictions in which it is unlawful to deliver shares in Bytes Technology Group plc ("Restricted Shareholders") will have 100% of their Convertible Notes redeemed for cash at the price per Bytes Technology Group plc share realised in the Offer ("Offer Price");
- 6.10** Altron will use the redemption proceeds received through Altron Finance in step 6.9 above to reduce Altron Group debt;
- 6.11** Altron will have 100% of the 9% of the Convertible Notes which it retained redeemed for cash at the Offer Price so that it can settle the dividends tax obligation arising on the Distribution;
- 6.12** after redemption of the Convertible Notes retained by Altron to settle its dividends tax and held by Altron Finance and Restricted Shareholders, subject to demand in the Offer for approximately 37% of the enlarged share capital of Bytes Technology Group plc, Altron Ordinary Shareholders who do not make an election will have 25% of their Convertible Notes redeemed for cash at the Offer Price per Convertible Note and the remaining 75% of their Convertible Notes will be automatically converted into Bytes Technology Group plc shares (the "Default Ratio");
- 6.13** to the extent there is insufficient demand for Bytes Technology Group plc shares in the Offer to redeem Convertible Notes in the Default Ratio, the Default Ratio will be adjusted proportionately;
- 6.14** Altron Shareholders who wish to have more than 25% of their Convertible Notes redeemed for cash may submit an election (by the election date, see paragraph 15 below) to do so, and such elections will be satisfied proportionally to the extent of investor demand for Bytes Technology Group plc

shares in the Offer in excess of the demand required to redeem Convertible Notes in the Default Ratio;

- 6.15** the Bytes Technology Group plc shares will be admitted to the premium listing segment of the Official List of the FCA and to trading on the LSE's Main Market for listed securities and to the Main Board of the JSE by way of a secondary inward listing ("Admission"); and
- 6.16** all underwriting commissions, fees, expenses and taxes payable in respect of the Offer and the issue of the new Bytes Technology Group plc shares will be borne by Bytes Technology Group plc. The Offer will therefore also raise sufficient funds for Bytes Technology Group plc to enable it to satisfy the above obligations.

Altron is satisfied that Bytes Technology Group plc has sufficient authority available to be able to issue the Convertible Notes to Bytes SA and to be able to issue to Altron as nominee for Altron Ordinary Shareholders' the converted Bytes Technology Group plc shares arising on Conversion of the Convertible Notes.

## **7 CONSIDERATION PAYABLE TO ALTRON AND ALTRON SHAREHOLDERS**

In order to provide additional certainty in relation to the Demerger as described above the Altron Board has determined a minimum Offer Price of £1.89 below which the Demerger will not be implemented ("Minimum Offer Price"). It has been set by reference to the currently prevailing global macroeconomic and stock market volatility. As such, it should not be taken as a guide to the actual Offer Price which may be achieved and/or the Altron Board's assessment of the actual value of Bytes UK. The Altron Board are entitled in their absolute discretion to increase the Minimum Offer Price until the publication of the prospectus, which is expected to be published on 2 December 2020. When assessing whether to increase the Minimum Offer Price, the Altron Board will take all relevant factors at that time into consideration in exercising their fiduciary duties. The Minimum Offer Price has been put in place to ensure the Demerger will only be implemented on terms which create value for Altron Shareholders.

The Minimum Offer Price will result in a minimum market capitalisation of £450 million for Bytes Technology Group plc at Admission. This represents 89% of Altron's current market capitalisation as at close of business on 30 October 2020.

Based on the Minimum Offer Price Altron will receive a minimum value of c.£416 million (220,506,494 Convertible Notes multiplied by £1.89) in proceeds from the Disposal. Post dividends tax Altron will distribute c.£379 million (200,600,910 Convertible Notes multiplied by £1.89) in value to Altron Ordinary Shareholders in the form of Bytes Technology Group plc shares and cash.

As an illustrative example, post implementation of the Demerger Altron Ordinary Shareholders (other than Restricted Altron Shareholders and Altron Finance) are expected to receive the following on the basis that the Default Ratio is 75%:25%:

for every 8 Altron ordinary shares  
3 Bytes Technology Group plc shares and cash to the value of 1 Bytes Technology Group plc share at  
the Offer Price

This represents a value equivalent to not less than GBP0.94/ZAR20.03 per Altron ordinary share at the Minimum Offer Price (representing, as a minimum, approximately 75% of the current market value of an Altron ordinary share as at 30 October 2020).

Altron Ordinary Shareholders (excluding Restricted Altron Shareholders and Altron Finance) will have the option to elect to receive a greater percentage of this value in cash.

The Default Ratio of 75%:25% referred to above and the ability to elect to receive a greater percentage of the value in cash will be dependent on there being sufficient demand in the Offer.

## **8 FUNDING THE TRANSACTION**

The Takeover Regulations Panel ("TRP") has been furnished with an irrevocable unconditional guarantee issued by Rand Merchant Bank, a division of FirstRand Bank Limited ("RMB"), in accordance with regulation 111(4)(a) of the Companies Regulations, in which RMB has agreed to pay up to a maximum guaranteed amount equal to the Rand equivalent of GBP97,300,000, in relation to:

- the redemption of 100% of the Convertible Notes held by Altron as nominee for Restricted Altron Shareholders;
- the redemption of 25% of the Convertible Notes held by Altron as nominee for Altron Ordinary Shareholders (other than Altron Finance and Restricted Altron Shareholders); and
- settlement of fractional entitlements of Altron ordinary shares to Convertible Notes,

if Bytes Technology Group plc fails to pay such amounts to Altron, subject to fulfilment or, where applicable, waiver of the suspensive conditions

## **9 SHAREHOLDER APPROVALS REQUIRED**

In connection with the Demerger, Altron is expected to publish a circular on Tuesday, 3 November 2020 setting out the detailed terms of the Demerger ("Altron Circular") and to convene an extraordinary general



meeting of the Altron Shareholders ("General Meeting") at which the Altron Shareholders will be asked to consider, and, if deemed fit, pass the following resolutions required to implement the Demerger:

- 9.1** approval by special resolution of the Altron Shareholders in accordance with section 112 and 115(2)(a) of the Companies Act for the Distribution ("Distribution Resolution");
- 9.2** approval by special resolution of the Altron Shareholders in accordance with section 112 and 115(2)(b) of the Companies Act for the Disposal ("Disposal Resolution"); and
- 9.3** approval by more than 50% of the total voting rights exercised by Altron Shareholders for the Disposal as it is a Category 1 Transaction in terms of the JSE Listings Requirements,

(collectively, the "Demerger Resolutions")

## **10 SUSPENSIVE CONDITIONS TO THE DEMERGER**

The Demerger is subject to fulfilment or waiver by Altron, where capable of waiver, of the following suspensive conditions by no later than 31 December 2020:

- 10.1** delivery by KPMG Services Proprietary Limited ("Independent Expert") of the Independent Expert's Report (as defined below) to the Altron independent board ("Independent Board");
- 10.2** the adoption of the Demerger Resolutions at the General Meeting;
- 10.3** either:
  - 10.3.1** fewer than 15% of the voting rights exercised on the Disposal Resolution and the Distribution Resolution are exercised against such resolutions; or
  - 10.3.2** if 15% or more of the voting rights exercised on the Disposal Resolution or the Distribution Resolution are exercised against either such resolution:
    - 10.3.2.1** within the 5 business day period referred to in section 115(3)(a) of the Companies Act, no Altron Shareholder who voted against the Disposal Resolution or the Distribution Resolution requires Altron to seek the approval of the court in terms of section 115(3)(a) of the Companies Act; or
    - 10.3.2.2** if any Altron Shareholder who voted against the Disposal Resolution or the Distribution Resolution requires Altron to seek the approval of the court in terms of section 115(3)(a) of the Companies Act, court approval is obtained;
- 10.4** either:

- 10.4.1 within the 10 business day period referred to in section 115(3)(b) of the Companies Act, no Altron Shareholder who voted against the Disposal Resolution or the Distribution Resolution seeks leave of the court in terms of section 115(3)(b) of the Companies Act for a review of the Disposal or the Distribution; or
- 10.4.2 if any Altron Shareholder who voted against the Disposal Resolution or the Distribution Resolution seeks leave of the court in terms of section 115(3)(b) of the Companies Act for a review of the Disposal and/or the Distribution, then:
  - 10.4.2.1 the court determines that it will not grant such leave; or
  - 10.4.2.2 if the court does grant such leave, the court determines that the Disposal Resolution and the Distribution Resolution will not be set aside;
- 10.5** if any Altron Shareholders exercise the rights afforded to them in terms of section 164 of the Companies Act ("Appraisal Rights"), Altron Shareholders holding no more than 5% of all the Altron ordinary shares exercise their Appraisal Rights, by delivering valid demands, as contemplated in sections 164(5) to 164(8) of the Companies Act, within the maximum time period specified in the Companies Act, provided that in the event that either:
  - 10.5.1 Altron Shareholders deliver notices objecting to the Disposal Resolution or the Distribution Resolution as contemplated in section 164(3) of the Companies Act, in respect of no more than 5% of the Altron ordinary shares; or
  - 10.5.2 Altron Shareholders who have delivered notices in terms of section 164(3) of the Companies Act exercise voting rights against the Disposal Resolution and the Distribution Resolution in respect of no more than 5% of the Altron Ordinary Shares,

this suspensive condition shall be fulfilled immediately following the General Meeting;
- 10.6** approval by the Financial Surveillance Department of the South African Reserve Bank ("FinSurv") for the Demerger in terms of the Exchange Control Regulations, 1961, issued pursuant to the South African Currency and Exchanges Act, 1933 (including any applicable directive and rulings of FinSurv and the South African National Treasury);
- 10.7** to the extent that their approval is required in terms of the common terms agreement entered into between, amongst others, Altron, Bytes UK and Nedbank Limited (as facility agent) dated 28 February 2019, Altron's lenders give their written approval (on terms acceptable to Altron, acting reasonably) for the Disposal and the Distribution;

- 10.8** the release by Altron's lenders of security over the shares and other assets in or of any members of the Bytes Technology Group plc group of companies (including shares in Bytes UK) with effect from Admission;
- 10.9** the bookrunner procures subscribers for not less than 25% of the expected enlarged issued share capital of Bytes Technology Group plc immediately following Admission (as determined by Bytes Technology Group plc, acting reasonably) at a subscription price per Bytes Technology Group plc share not less than the Minimum Offer Price;
- 10.10** the underwriting agreement is entered into and becomes unconditional in accordance with its terms;
- 10.11** the issue by the TRP of Compliance Certificates in relation to the Distribution in terms of section 115(1)(a) and (b) (read with section 119(4)(b) of the Companies Act) by 2 December 2020;
- 10.12** the issue by the TRP of a Compliance Certificate in relation to the Disposal in terms of section 115(1)(a) and (b) (read with section 119(4)(b) of the Companies Act) between the record date and the Admission date; and
- 10.13** Admission occurring.

## **11 PRO FORMA FINANCIAL EFFECTS ON ALTRON**

The *pro forma* financial effects presented below have been prepared for illustrative purposes only to provide information about how the Demerger may have affected the financial position of Altron assuming that the Demerger had been implemented on 31 August 2020 for purposes of the net asset value per share and tangible net asset value per share and implemented on 1 March 2020 for purposes of the earnings per share and headline earnings per share.

<b>Pro forma financial effects (cents)</b>	<b>Pro forma after the</b>		
	<b>Before (1)</b>	<b>Demerger (2)</b>	<b>Change %</b>
<b>Earnings per share ("EPS")<sup>2.1</sup></b>	<b>69</b>	<b>2,551</b>	<b>3,611%</b>
Continuing operations	85	2,567	2,919%
Discontinued operations	(16)	(16)	0%
<b>Headline earnings per share ("HEPS")<sup>2.1</sup></b>	<b>67</b>	<b>(22)</b>	<b>(133%)</b>
Continuing operations	83	(6)	(107%)
Discontinued operations	(16)	(16)	0%
<b>Net asset value per share<sup>2.2</sup></b>	<b>1,101</b>	<b>1,197</b>	<b>9%</b>

<b>Net tangible asset value per share<sup>2.2</sup></b>	<b>467</b>	<b>782</b>	<b>68%</b>
<b>Number of shares ('000s)</b>	<b>369,034</b>	<b>369,034</b>	
<b>Weighted average number of shares ('000s)</b>	<b>373,897</b>	<b>373,897</b>	

## **NOTES**

- (1) The "Before" column has been extracted from Altron's unaudited interim financial statements for the six months ended 31 August 2020.
- (2) The "*Pro forma* after the Demerger" column reflects the impact of the Disposal and Distribution of Bytes UK as follows:
  - (2.1) *Pro forma* earnings and headline earnings per share are based on the principal assumption that the Disposal and Distribution were effective 1 March 2020.
  - (2.2) *Pro forma* net asset value and net tangible asset value per share are based on the principal assumption that the Disposal and Distribution were effective 31 August 2020.
- (3) Although there is current significant uncertainty regarding the implications of the global COVID-19 pandemic, no post balance sheet event has been adjusted for in this regard. There are no other material subsequent events that require an adjustment to the *pro forma* financial information.

## **12 INDEPENDENT BOARD**

The Independent Board has been constituted in terms of the Companies Act to consider the terms of the Disposal and the Distribution.

## **13 INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION**

- 13.1** The Independent Board has appointed the Independent Expert, as required by section 112 of the Companies Act (read with Regulation 90 of the Companies Regulations), to issue an opinion in respect of the Disposal and the Distribution in accordance with regulations 90 and 110 of Companies Regulations, issued in terms of section 223 of the Companies Act, and to express an opinion on whether the Disposal and the Distribution are fair and reasonable to Altron Shareholders ("Independent Expert Report"). The Independent Expert's Report will be detailed in the Altron Circular.

**13.2** Having considered the terms and conditions of the Disposal and Distribution and based on the conditions set out in the Independent Expert's Report on the Disposal and Distribution, the Independent Expert has concluded that the terms and conditions of the Disposal and Distribution are both fair and reasonable to Altron Shareholders, as each of these terms is defined in the Companies Act.

## **14 DOCUMENTATION**

Details of the Demerger will be included in the Altron Circular, which will contain, *inter alia*, the terms of the Demerger, a notice convening the General Meeting, a form of proxy in connection with the General Meeting, and the relevant tax declaration and undertaking forms with respect to the dividend liability created in the hands of Altron per section 64FA of the Income Tax Act. It is expected the Altron Circular will be posted on Tuesday, 3 November 2020.

## **15 IMPORTANT DATES AND TIMES**

**2020**

Record date to determine which Altron Shareholders are entitled to receive the Altron Circular and notice of General Meeting	Friday, 23 October
Circular posted to Altron Shareholders and notice convening the General Meeting released on SENS on	Tuesday, 3 November
Last day to trade in order to be eligible to attend and vote at the General Meeting	Wednesday 18 November
Declaration announcement in respect of the Distribution released on SENS	Friday, 20 November
Record date for the voting at the General Meeting	Monday, 23 November
General Meeting at 10:00am	Tuesday, 1 December
Results of General Meeting released on SENS on	Tuesday, 1 December
Finalisation announcement in respect of the Distribution released on SENS on	Wednesday, 2 December
Announcement released on SENS in respect of cash payment for fractional entitlements	Wednesday, 2 December

**If the Disposal and Distribution are approved by Altron Shareholders at the General Meeting and the suspensive conditions are fulfilled or waived (where capable of waiver):**

**The following dates assume that no court approval or review of the Disposal or the Distribution is required:**

Last day to trade in Altron Ordinary Shares in order to be eligible to receive the Distribution	Friday, 4 December
Altron Ordinary Shares trade ex the entitlement to receive the Distribution on	Monday, 7 December
Record date for the Distribution	Wednesday, 9 December
Distribution election date	Wednesday, 9 December
Settlement date for the Distribution (Altron to hold Convertible Notes as nominee for Altron Ordinary Shareholders)	Thursday, 10 December
Admission of the Bytes Technology Group plc shares to the LSE and commencement of unconditional dealings in Bytes Technology Group plc shares on the LSE at 8:00 (London time) on	Friday, 17 December
Admission of the Bytes Technology Group plc shares to the JSE and commencement of unconditional dealings in Bytes Technology Group plc shares on the JSE at 10:00 on <sup>5</sup>	Friday, 17 December
Settlement for Conversion of Convertible Notes	Friday, 17 December
Payment date for Redemption of Convertible Notes	Thursday, 23 December
Fractional entitlement payment date	Thursday, 23 December

**The following dates assume that court approval or review of the Disposal and Distribution is required:**

Last day for Altron Shareholders who voted against the Disposal and/or the Distribution to require Altron to seek court approval for the Disposal and/or the Distribution in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Altron Shareholders at the General Meeting were exercised against the Disposal and the Distribution on	5 business days after the General Meeting, currently anticipated to be Tuesday, 8 December
Last day for Altron Shareholders who voted against the Disposal and/or the Distribution to apply to the court for a review of the Disposal and/or the Distribution in terms of section 115(3)(b) of the Companies Act on	10 business days after the General Meeting, currently anticipated to be Tuesday, 15 December

**Notes:**

1. All times shown in this FIA are South African Standard Time unless otherwise stated.
2. All dates and times are subject to change by Altron (subject to the approval of the JSE and/or TRP, if required). Any material change will be released on SENS and published in the South African press.
3. Altron ordinary share certificates may not be rematerialised or dematerialised between Monday, 7 December 2020 and Wednesday, 9 December 2020, both days inclusive.

4. The dates have been determined based on certain assumptions regarding the dates by which certain Altron Shareholder and regulatory approvals will be obtained and that no court approval or review of the Disposal and / or Distribution will be required. If the relevant dates change and the dates set out above are therefore impacted, details of the relevant change will be released on SENS and published in the South African press.
5. Admission of the Bytes Technology Group plc shares to the JSE and commencement of unconditional dealings in Bytes Technology Group plc shares on the JSE will commence at 10:00am instead of 9:00am in order to align with the admission time on the LSE and facilitate a simultaneous listing on both exchanges.

## **16 BYTES TECHNOLOGY GROUP PLC RESPONSIBILITY STATEMENT**

The board of directors of Bytes Technology Group plc, individually and collectively accepts full responsibility for the accuracy of the information contained in this FIA to the extent that it relates solely to Bytes Technology Group plc. In addition, the board of directors of Bytes Technology Group plc certifies that to the best of its knowledge and belief, the information contained in this FIA solely pertaining to Bytes Technology Group plc is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein solely pertaining to Bytes Technology Group plc, and that all reasonable enquiries to ascertain such information have been made.

## **17 INDEPENDENT BOARD RESPONSIBILITY STATEMENT**

The Independent Board, individually and collectively, accepts full responsibility for the accuracy of the information contained in this FIA to the extent that it relates to Altron. In addition, the Independent Board certifies that to the best of its knowledge and belief, the information contained in this FIA is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein pertaining to Altron, and that all reasonable enquiries to ascertain such information have been made.

## **18 WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

The Cautionary Announcement is hereby withdrawn, and caution is no longer required to be exercised by Altron Shareholders when dealing in their Altron ordinary shares.

Johannesburg

2 November 2020

Financial Advisor and Transaction Sponsor

Rand Merchant Bank, a division of FirstRand Bank Limited

Legal advisor to Altron

DLA Piper

Independent Expert to Altron

KPMG

Legal advisor to Bytes Technology Group plc

Travers Smith LLP

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terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Bytes Technology Group plc's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Bytes Technology Group plc's business, results of operations, financial position, liquidity, prospects, growth and strategies. Forward-looking statements speak only as of the date they are made. No representation or warranty is made that any forward-looking statement will come to pass.