
WORKFORCE HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 2006/018145/06)
Share code: WKF ISIN: ZAE000087847
 (“**Workforce**” or “**the Group**”)

**ACQUISITION OF GETSAVVI HEALTH, GETSAVVI CONSULT, ARNOCURE AND
FEELBETTERFAST**

1. INTRODUCTION

The board of directors of Workforce (“**the Board**”) is pleased to inform shareholders that on 19 April 2021 (“**Signature Date**”), Workforce entered into a sale and purchase agreement (“**Agreement**”) with Blackbird Group Proprietary Limited (“**Blackbird**”), the January Family Trust, and the Steenkamp Family Trust (collectively, “**the Sellers**”).

In terms of the Agreement, and subject to the fulfilment or waiver of the conditions precedent set out in paragraph 2.3 below (“**Conditions Precedent**”), the Sellers will sell:

- 100% of the shares and claims in GetSavvi Health Proprietary Limited (“**GetSavvi Health**”), GetSavvi Consult Proprietary Limited (“**GetSavvi Consult**”) and 50% of the shares and claims in FeelBetterFast Proprietary Limited (“**FeelBetterFast**”) which are owned by Blackbird; and
- 100% of the shares and claims in Arnocure Proprietary Limited (“**ArnoCure**”) which is owned jointly by the January Family Trust and the Steenkamp Family Trust;

(collectively referred to hereinafter as the “**Sale Interest**”),

to Workforce with effect from 1 June 2021 (“**Effective Date**”) for the purchase consideration as set out in paragraph 2.4 below (the “**Acquisition**”).

GetSavvi Health, GetSavvi Consult, FeelBetterFast and Arnocure are collectively referred to hereinafter as the “**Group Companies**”.

2. THE ACQUISITION

2.1 Nature of the business of the Group Companies

The Group Companies are involved with the provision of affordable, quality health insurance and other specialised short term insurance products to the market, both under the GetSavvi brand and white labelled for corporate customers. The medical insurance products currently comprise 6 different offerings ranging from a basic hospital plan through to more comprehensive plans that include day-to-day cover for optometry and dentistry. In addition, the Group Companies have developed new product offerings outside of health insurance. These products include, “GetSavvi En-Sure”, an income replacement insurance product for surviving members and dependents, “FeelBetterFast”, a digital voucher service for use at pharmacies for minor ailments/tests and medical assessments and “GetSavvi E-Hailer”, an industry specific suite of insurance offerings catering to Uber drivers and similar, covering both driver and vehicle.

The Group Companies conduct their business from Suite 301, Tygervalley Chambers 5, 1 Willie van Schoor Avenue, Tygervalley (“**the Premises**”).

2.2 Rationale for the Acquisition

GetSavvi is a complementary addition to the Group's short-term insurance financial services cluster, specifically the Essential Employee Benefits ("**EEB**") business unit, and also gives EEB access to additional depth in management and systems. Furthermore, the Group Companies are profitable and contribute critical mass and scale to the Group's financial services cluster.

2.3 Conditions Precedent

The Acquisition is subject to fulfilment or waiver, as the case may be, of the following Conditions Precedent.

- 2.3.1 Within 60 days of the Effective Date, the delivery of the financial statements of the Group Companies for the 12-month period ended 31 May 2021 by the Sellers to Workforce.
- 2.3.2 Within 30 days of the Signature Date:
 - 2.3.2.1 the conclusion of employment agreements between the Group Companies and certain key employees;
 - 2.3.2.2 the Board, and each of the board of directors of the Group Companies, approving the purchase and sale of the Sale Interest respectively; and
 - 2.3.2.3 the delivery of the signed lease agreement concluded between the landlord of the Premises, and GetSavvi Health in respect of the rental of the Premises; and
 - 2.3.2.4 the amendment, to Workforce's satisfaction, of the shareholders agreement, license agreement and service agreement for FeelBetterFast.

The conditions referred to in 2.3.2 above are referred to hereinafter as the "**Initial Conditions Precedent**".

2.4 Purchase Consideration and Payment Structure

- 2.4.1 In terms of the Agreement, a maximum aggregate purchase consideration of R25 649 672 ("**Purchase Consideration**") in cash is payable by Workforce to the Sellers as set out below:
 - 2.4.1.1 **Initial Payment:** an amount of R13 704 503, payable within 7 days of the fulfilment or waiver of the Initial Conditions Precedent;
 - 2.4.1.2 **Second Payment:** an amount of up to R2 936 679, payable within 30 days of the date on which the annual financial statements ("**AFS**") of the Group Companies for the 12-month period commencing 1 June 2021 ("**Year 1**") are received by Workforce, subject to the Group Companies achieving a warranted profit before tax ("**PBT**") of no less than R7 407 428; and
 - 2.4.1.3 **Third Payment:** an amount of up to R2 936 679, payable within 30 days of the date on which the AFS of the Group Companies for the 12-month period commencing 1 June 2022 ("**Year 2**") are received by Workforce ("**Third Payment Date**"), subject to the Group Companies achieving a warranted PBT of no less than R8 074 097.

2.4.1.4 In the event that the aggregate value of the PBT for Year 1 and Year 2 exceeds R15 481 525, then the Sellers shall be entitled to receive a top up payment (“**Top Up Payment**”) based on an agreed upon formula. The Top Up Payment will be limited to a maximum of R6 071 811, and is payable by Workforce to the Sellers, on the Third Payment Date.

2.4.2 In the event that:

- the warranted Year 1 PBT is not achieved and the value of the Second Payment was accordingly reduced; and
- the actual Year 2 PBT exceeds the warranted Year 2 PBT,

then the Sellers will be entitled to a clawback payment, equal to the amount by which the Second Payment was so reduced.

2.4.3 The Acquisition will be funded by the Group’s internal cash resources.

2.5 Other salient terms of the Acquisition

In addition to the profit warranties contained in the Agreement which are usual for transactions of this nature, the Sellers have undertaken that the Group Companies shall generate sufficient cash during Year 1 so that Workforce shall not be required to provide any working capital to enable them to carry on their business during this period.

Subsequent to the Acquisition, the memoranda of incorporation of the Group Companies will be reviewed, and if necessary amended, to ensure that they do not prevent Workforce from complying with its obligations in terms of the Listings Requirements of JSE Limited (“**JSE**”).

3. FINANCIAL INFORMATION

The financial information for GetSavvi Health is set out as follows:

- the value of the audited net assets that are the subject of the Acquisition as at 31 May 2020 was (R1 824 027). The normalised net assets of GetSavvi Health, after taking into account the adjustments referred to below, as at 31 May 2020 was R2 680 543.
- the audited loss after tax attributable to the net assets for the year ended 31 May 2020 was R1 929 230. After adjusting for various revenue and expense items related to GetSavvi Health but earned or incurred in Blackbird, the normalised profit after tax for GetSavvi Health for the year ended 31 May 2020 was R2 575 340.

The remaining Group Companies were dormant as at 31 May 2020 and accordingly have no historical financial information available. The revenue streams and expenses from Blackbird referred to above will be transferred into GetSavvi Health prior to the Effective Date.

The annual financial statements for the Group Companies year ended 31 May 2020 were prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the South African Companies Act.

4. CLASSIFICATION OF THE ACQUISITION

The Acquisition is classified as a Category 2 transaction in terms of the JSE Listings Requirements.

Johannesburg

20 April 2021

Designated Adviser

Merchantec Capital

Legal Adviser to Workforce

Simone Monty Attorneys