

ETION LIMITED

(Incorporated in the Republic of South Africa)

(Registration Number: 1987/001222/06)

(Share Code: ETO)

(ISIN: ZAE000097028)

("Etion" or "the Company" or "the Group")

The logo for Etion Limited, featuring the word "ETION" in a bold, sans-serif font. The letters are black and have a slightly stylized, blocky appearance.

CATEGORY 1 DISPOSAL ANNOUNCEMENT AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are advised that Etion, has entered into an agreement ("**Agreement**") with Altron TMT SA Group Proprietary Limited ("**Altron**") in terms of which, Etion will sell 100% of the issued shares in Law Trusted Third Party Services Proprietary Limited ("**Lawtrust**"). for the disposal consideration set out in paragraph 4 ("**Disposal Consideration**") ("**Disposal**").

2. DESCRIPTION OF LAWTRUST

LAWtrust is a digital trust services and cyber / information security solutions provider. Its solutions include:

- Authentication - Products and services used to verify the authenticity of digital identities and counterparty systems in transactions;
- Encryption – of data sent and received over secure online environments with Secure Socket Layer certificates, as well as the encryption of information sent via email;
- Digital signatures – to enable the digitisation of business through legally enforceable electronic and digital signatures for approvals and electronic contracting; and
- Biometrics - Solutions that utilise a variety of modalities for identity verification and identification. These include fingerprint and facial recognition technologies.

LAWtrust began operations in 2006 and today provides services to over 500 clients in the private and public sectors. It is considered to be one of the leading / cyber / information security companies in South Africa, providing for a range of requirements within the sector.

LAWtrust was the first ECT Act accredited authentication service provider in the country, and the only accredited private company to provide advanced electronic signature solutions. It is an internationally certified Certificate Authority undergoing both WebTrust and ISO 21188 audits for the provision of publicly trusted digital certificates and digital signatures.

LAWtrust owns and develops its own intellectual property which it uses in combination with third party solutions to deliver services to its clients.

3. RATIONALE FOR THE DISPOSAL

The current share price of Etion does not reflect the underlying intrinsic value of the businesses in the Group. The Etion board of directors initiated a process to unlock

shareholder value late last year and it is within this context that the transaction has been concluded.

4. DISPOSAL CONSIDERATION

The Disposal Consideration of R245 million is payable as follows:

- with effect from the Effective Date (as defined in paragraph 7), payment of R185 million;
- R30 million (subject to potential adjustment relating Lawtrust's net debt and working capital as at the Effective Date) to be paid to Etion within 10 business days of the certification or determination of the closing accounts in accordance with the Agreement; and
- R30 million to be paid to Etion on the first anniversary of the Effective Date less any legitimate warranty, indemnity and other potential claims under the Agreement which are accepted and conceded by Etion.

5. APPLICATION OF THE DISPOSAL CONSIDERATION

Subsequent to the review and consideration of operational cash requirements the net proceeds of the Disposal will be distributed to shareholders post the settlement of any Group third party debt.

6. CONDITIONS PRECEDENT

The Disposal is subject to the fulfilment or waiver of the following outstanding conditions precedent ("**Conditions Precedent**") by no later than 15 July 2021, or such date as may be agreed in writing by the parties:

- Etion obtaining approval from its shareholders for the Disposal pursuant to the JSE Listings Requirements;
- Etion obtaining approval from its shareholders for the Disposal in terms of section 112 read with section 115 of the Companies Act 71 of 2008 ("**Companies Act**");
- Etion and Altron obtaining all necessary approvals, including any regulatory or statutory approvals as may be required for the purposes of completing the Disposal including the approval of the Competition Authorities;
- Etion and Lawtrust obtaining such necessary notifications and/or approvals in terms of Lawtrust's corporate and contractual arrangements as may be required for the purposes of completing the Disposal; and
- other conditions precedent that are customary for a transaction of this nature.

7. EFFECTIVE DATE OF THE DISPOSAL

The Effective Date of the Disposal is the first day of the calendar month in which the last of the Conditions Precedent has been completely fulfilled or duly waived, to the extent capable of waiver in law, unless Etion and Altron otherwise agree in writing ("**Effective Date**").

8. FINANCIAL INFORMATION

The value of the net assets of Lawtrust as at 30 September 2020, was R102 million.

The unaudited and unreviewed segment profit attributable to Lawtrust for the 6 months period ended 30 September 2020, was R21 million (including intra-group charges).

9. WARRANTIES AND OTHER SIGNIFICANT TERMS OF THE AGREEMENT

The Agreement contains indemnities and warranties given by Etion in favour of Altron which are standard for a transaction of this nature.

10. CLASSIFICATION OF THE DISPOSAL

The Disposal is required to be approved by an ordinary resolution of Etion shareholders, which will require the support of more than 50% (fifty per cent) of the votes exercised on it.

In addition, the Disposal is regarded as a disposal of the greater part of the assets or undertaking of Etion in terms of section 112 of the Companies Act and therefore constitute an "affected transaction" that will require the approval of Etion shareholders by way of a special resolution, which will require the support of at least 75% (seventy five per cent) of the votes exercised on it.

11. INDEPENDENT BOARD

Etion has constituted an independent board which consists of Martie Janse van Rensburg, Steve Naude and Sengo Garrine ("the **Independent Board**"). The Independent Board will appoint an independent expert to provide the Independent Board with external advice regarding the Disposal and to compile a fairness opinion on the Disposal in terms of the regulations published in terms of the Companies Act.

12. CIRCULAR

A circular containing the full details of the Disposal, incorporating a notice convening the required general meeting of the shareholders of Etion, will be distributed to shareholders in due course, at which time the salient dates and times of the Disposal, including the date of the general meeting, will be announced on SENS.

13. WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the Company's cautionary announcement released on SENS on 28 October 2020 and the various further cautionary announcements released on SENS.

Shareholders are hereby advised that as the particulars of the Disposal have now been announced, caution is no longer required to be exercised by shareholders when dealing in Etion's securities.

14. INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board of Etion:

- have considered all statements of fact and opinion in this announcement;
- accept, individually and collectively, full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no omissions of material facts or considerations which would make any statement of fact or opinion

contained in this document false or misleading;

- have made all reasonable enquiries in this regard; and
- confirm that this announcement contains all information required by the TRP Regulations.

20 April 2021

Transactional Sponsor and Transaction Adviser

PSG Capital



PSG CAPITAL

Designated Adviser

Exchange Sponsors

