

EOH HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/014669/06)

JSE share code: EOH ISIN: ZAE000071072

("EOH" or "the Group")



PROPOSED DISPOSAL OF THE FOLLOWING INFORMATION SERVICES COMPANIES:

- HOONAR TEKWURKS CONSULTING SOUTH AFRICA PROPRIETARY LIMITED;
 - MANAGED INTEGRITY EVALUATION PROPRIETARY LIMITED;
 - XPERT DECISION SYTEMS PROPRIETARY LIMITED; AND
 - ZENAPTIX PROPRIETARY LIMITED
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1. Introduction

The board of directors of EOH are pleased to announce that EOH Mthombo Proprietary Limited ("**the Seller**"), a wholly-owned subsidiary of EOH, has entered into a share purchase agreement ("**SPA**") to dispose of 100% of the issued shares of Hoonar Tekwurks Consulting South Africa Proprietary Limited ("**HTCSA**"), Managed Integrity Evaluation Proprietary Limited ("**MIE**"), Xpert Decision Sytems Proprietary Limited ("**XDS**") and Zenaptix Proprietary Limited ("**Zenaptix**") (together "**Information Services**"), to Bachique 842 Proprietary Limited ("**the Purchaser**") ("**the Transaction**").

The Transaction is subject to the fulfilment or waiver, to the extent permissible, of the suspensive conditions detailed in paragraph 5.3 below.

2. Description of Information Services

Information Services provides credit checks, background screening and big data, analytics and technology in South Africa. The Information Services platform provides access to a rich pool of data across its business units, allowing it to provide unique insights to clients.

Information Services has evolved over the years from a data provider to a holistic solution provider for risk mitigation and data analysis tools, with each division focusing on a specific sub-set of data-driven solutions:

- **HTCSA:** Data engineering and risk management
- **MIE:** Background screening and vetting
- **XDS:** Credit information bureau
- **Zenaptix:** Software development covering various aspects of big data

3. Overview of the Purchaser

The Purchaser is a company incorporated under the laws of South Africa and is currently a wholly-owned subsidiary of LR Africa Holdings Limited. LR Africa Holdings Limited is advised by Lightrock, a global private equity platform that backs purpose-driven entrepreneurs

tackling the world's biggest challenges. Since 2007, Lightrock and its predecessors in title have invested in companies that pursue scalable and tech-driven business models around the key impact themes of people, planet, and productivity/tech for good. Lightrock's portfolio includes more than 60 high-growth companies, supported by over 70 professionals based in 5 offices across Europe, Latin America, India and Africa. Lightrock is backed by the Princely House of Liechtenstein and LGT, the international private banking and asset management group.

4. Rationale for the Transaction

The Transaction is in line with EOH's stated strategic intent of disposing of a targeted group of IP companies as part of the Group's deleveraging processes and represents a significant milestone in the implementation of these processes. The achievement of a more sustainable capital structure will allow the Group flexibility to execute on its long-term growth strategy.

EOH is confident that Lightrock is the right partner to unlock Information Services' full potential, enabling both future growth and international expansion in its operations.

5. Salient terms of the Transaction

5.1 Purchase consideration

Subject to the fulfilment or waiver, as the case may be, of the suspensive conditions (detailed in paragraph 5.3 below), closing will take place on the last business day of the month in which the last suspensive condition is fulfilled ("**the Closing Date**").

The cash consideration payable by the Purchaser to the Seller on the Closing Date will be calculated with reference to an enterprise value of R445 million and shall be an amount equal to the base purchase price of R417 000 000 adjusted for final net debt and working capital benchmarks, certain once-off items and locked box adjustments as at 31 July 2021 ("**the Locked Box Date**"). Interest will accrue on the cash consideration from the Locked Box Date up to (and including) the Closing Date.

The Purchaser will fund the purchase consideration from equity and third-party debt.

5.2 Use of proceeds

The proceeds of the Transaction, net of costs, will assist EOH in creating a more sustainable capital structure and will primarily be applied to reduce debt.

5.3 Suspensive Conditions

The Transaction is subject to the fulfilment or waiver, as the case may be, of the suspensive conditions contained in the SPA, including:

- Unconditional approval from the Financial Surveillance Department ("**FSD**") of the South African Reserve Bank, or, if any conditions are imposed by the FSD on any of the parties to the Transaction, such party accepts such conditions;

- The shareholders of EOH approving the ordinary resolution as required in terms of the JSE Limited (“JSE”) Listings Requirements to approve the Transaction;
- The counterparties to selected contracts that Information Services has a ‘consent requirement’ clause in terms of change in control, providing the Seller such consent in writing;
- Consent being received from the lenders to EOH;
- The acquisition financing agreements entered between the Purchaser and its third-party lenders for the provision of funding for the Transaction becoming unconditional in accordance with their terms;
- The Purchaser and the Seller entering into a transitional services agreement in respect of Information Services and such agreement becoming unconditional; and
- The insurance policy providing no recourse to the Sellers in respect of any insured claim in respect of the Sellers’ warranty, being concluded by the Purchaser, on terms satisfactory to both the Seller and the Purchaser.

5.4 Other significant terms

The Purchaser shall be entitled to terminate the SPA at any time before the Closing Date if a material adverse event occurs in relation to Information Services.

The SPA contains representations and warranties which are standard for a transaction of this nature.

6. Financial information

6.1 Net Asset Value

The net asset value of Information Services as at 31 July 2021, being the date of the last audited financial information of Information Services, was R344.0 million (R135.6 million excluding related goodwill and identifiable intangible assets).

6.2 Profit After Tax

The audited profit after tax attributable to Information Services for the twelve months ended 31 July 2021 was R79.1 million (R37.9 million excluding identifiable amortisation on group recognised intangible assets and once-off non-cash gain).

6.3 EBITDA

The EBITDA attributable to Information Services for the twelve months ended 31 July 2021 was R138.4 million (R88.0 million excluding the once-off non-cash gain mentioned in 6.2 above).

The Profit After Tax and Net Asset Value has been extracted from the Information Services audited annual financial statements for the year ended 31 July 2021 which were prepared in accordance with Information Services’ accounting policies and International Financial Reporting Standards. The *pro forma* financial effects of the Transaction will be set out in the circular to EOH shareholders (referred to in paragraph 8 below).

7. Categorisation

The Transaction meets the definition of category 1 transaction as contemplated in the JSE Listings Requirements. As a result, the Transaction is required to be approved by way of an ordinary resolution of EOH shareholders, which will require the support of more than 50% of the votes exercised thereon.

8. Circular to shareholders

A circular setting out additional details of the Transaction ("**the Circular**") will be distributed to EOH shareholders in due course. Further details of the Transaction, together with, *inter alia*, the *pro forma* financial effects of the Transaction, will be included in the Circular. The Circular will incorporate a notice convening a general meeting of the EOH shareholders ("**the General Meeting**") at which EOH shareholders will be requested to vote on the relevant resolutions. At the same time, the salient dates and times of the Transaction, including the date of the General Meeting, will be announced on SENS.

11 March 2022

Sponsor



Financial Advisors



Legal Advisor to EOH

WEBBER WENTZEL

in alliance with > **Linklaters**

Overall Strategic and lead advisor to EOH

