

Datatec Limited

(Incorporated in the Republic of South Africa)

Registration number: 1994/005004/06

ISIN: ZAE000017745

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("Datatec")

Category 1 Transaction Announcement and Withdrawal of Cautionary: Sale of Analysys Mason for up to GBP 210 million

Datatec, the international Information and Communications Technology Company, refers shareholders to the cautionary announcement released on the Stock Exchange News Service ("SENS") on 24 May 2022, which advised that it had entered into negotiations in relation to a potential transaction regarding Analysys Mason Limited ("AM").

Datatec is pleased to announce that its 100% subsidiary, Datatec PLC, has entered into a definitive sale of shares agreement (the "Share Sale Agreement") in terms of which it proposes to sell its interest in AM to Bridgepoint Development Capital ("BDC") ("the Transaction").

BDC, through Aramis Bidco Limited ("the Purchaser"), a new company incorporated for the purposes of the Transaction, will acquire all of the issued shares in AM at an enterprise value of £210 million, equivalent to approximately US\$260 million.

Highlights

- Significant value realisation for shareholders
- Transaction in line with stated Strategic Review process
- Proceeds to be returned to shareholders
- AM set to build on market leading position with support from BDC

The Transaction constitutes a Category 1 transaction in terms of the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") in respect of Datatec. Therefore, closing of the Transaction is subject to, among other things, Datatec shareholder approval. A circular containing full details of the Transaction, and convening a general meeting to approve the Transaction, will be sent to shareholders in due course and in compliance with the JSE Listings Requirements. The salient dates and times related to the Transaction, including the date of the general meeting, will be announced on SENS on the day of distribution of the circular.

Jens Montanana, Datatec CEO, said:

"Analysys Mason has developed significantly with Datatec's support over the past 20 years to become one of the world's leading telecommunications, media and technology management consultancies with an enviable track record. We believe that the time is right to realise our investment now as part of our Strategic Review process and we see Bridgepoint Development Capital as the ideal partners to take the business forward on its next growth phase, supported by significant reinvestment from management and employee shareholders."

"Datatec's share of the proposed maximum transaction value, equating to approximately 38% of Datatec's current market capitalisation, represents a great value realisation opportunity for shareholders. As with previous transactions, the net proceeds from the sale will be returned to shareholders."

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Background and rationale for the Transaction

Datatec shareholders were advised in the announcement released by Datatec on 25 August 2021 that the board of Datatec ("the Board") has engaged Lazard & Co. Limited to assist with a comprehensive evaluation of strategic options and initiatives ("the Strategic Review") to unlock and maximise shareholder value.

The Transaction is being entered into pursuant to the Strategic Review to unlock shareholder value and has the unanimous support of the Board, which recommends that shareholders vote in favour of the ordinary resolution necessary to approve and implement the Transaction.

About BDC and the Purchaser

Part of Bridgepoint, the international alternative private assets management group with assets under management exceeding €33 billion, BDC invests in midcap companies in the UK, France and the Nordic region.

BDC works actively to develop successful businesses undertaking growth and expansion, with enterprise values typically up to £250m. It is currently investing in its fourth fund, the £1.5 billion BDC IV. The Purchaser is an indirect wholly owned subsidiary of Aramis Topco Limited ("Topco"), which is ultimately owned by BDC IV (managed by Bridgepoint Advisers II Limited).

Bridgepoint has offices in Europe (Amsterdam, Frankfurt, London, Luxembourg, Madrid, Paris, and Stockholm), the USA (New York and San Francisco), and China (Shanghai).

Description of AM

With offices in 14 countries, across Europe, Asia-Pacific and the Middle East, AM is a global leader in telecoms, media and technology management consulting, a critical enabler of economic, environmental and social transformation.

AM brings together unparalleled commercial and technical understanding to deliver bespoke consultancy on strategy, transaction support, transformation, regulation and policy, further strengthened by globally respected research.

Particulars of the Transaction

Introduction

On 29 June 2022, Datatec PLC, together with members of the management team of AM who hold shares in AM, namely Abraham Moerman, Thomas Rudkin, Joan Antoni Obradors Samarra, Fiona Margaret Glennon, Jan Morten Ruud and Chris Andrew Stanford-Beale (collectively, "the Management Sellers") entered into the Share Sale Agreement. The sale by Datatec PLC and the Management Sellers (collectively, "the Sellers") of all of their shares in AM to the Purchaser represents approximately 78.6% of all of the issued shares in AM as at Completion. Datatec PLC currently holds approximately 79.4% of the issued shares in AM, but its interest will be diluted to approximately 71.2% of the issued shares in AM prior to Completion (as defined below) as a result of the issue of ordinary shares in AM under the rules of AM's performance share schemes in satisfaction of vested awards.

It is also proposed that, on or prior to completion of the sale by the Sellers of their shares in AM to the Purchaser in accordance with the Share Sale Agreement ("Completion"), a second share purchase agreement ("the Minority SPA") will be entered into by the Purchaser and the owners of shares in the capital of AM that are not being sold pursuant to the Share Sale Agreement ("the Minority Sellers"), for the sale by the Minority Sellers of their shares in AM to the Purchaser, representing approximately 21.4% of all of the issued shares in AM.

Accordingly, pursuant to the terms of the Share Sale Agreement and the Minority SPA, the Purchaser will acquire the entire issued share capital of AM. Any Minority Sellers who do not enter into the Minority SPA will have their AM shares acquired pursuant to the drag-along provisions of the articles of association of AM ("the Drag Provision").

Certain of the Management Sellers have agreed, pursuant to the Share Sale Agreement, to reinvest a portion of the consideration to be paid to them into securities in Topco and Aramis Midco 1 Limited, being the direct subsidiary of Topco (and an indirect parent company of the Purchaser) ("Midco 1"), as is customary for management sellers in a management buy-out transaction. The Minority Sellers who are also employees of AM will similarly be encouraged to reinvest a portion of their consideration into securities in Topco and Midco 1, on the same terms as the Management Sellers. In addition, Datatec's CEO, Jens Montanana, will, in his personal capacity, have the option to invest approximately £2.4 million in Topco and Midco 1 for a period of 90 days after Completion by the purchase, from funds managed by Bridgepoint Advisers II Limited, of shares and loan notes held by them in Topco and Midco 1 (respectively).

The Share Sale Agreement is governed by the laws of England.

Consideration

The Transaction values Analysys Mason at a maximum consideration of £210 million on an enterprise value basis. This equates to a total maximum equity consideration of £200 million, comprising the initial consideration and an additional consideration subject to the performance of AM Group as set out below.

The aggregate purchase price payable by the Purchaser for the entire issued share capital of AM is an initial consideration of £190 million, including £10 million unsecured loan notes carrying a 7% p.a. coupon ("the Deferred Loan Notes").

For the sale of its entire 71.2% shareholding in AM, Datatec PLC will receive its portion (namely 71.2%) of the initial consideration on Completion, comprising approximately £128 million in cash and £7.1 million in principal amount of Deferred Loan Notes to be issued by Midco 1 and which are payable on the third anniversary of Completion.

Additional consideration of up to £10 million in aggregate may also be payable under an earn out based on an EBITDA target of the AM group for the financial year ending 28 February 2023. Any additional consideration which may be payable pursuant to the earn out will be satisfied by the issue by Midco 1 of non-interest bearing unsecured loan notes which will be payable on 28 February 2025. Datatec PLC would receive 71.2% of any such additional consideration.

The Share Sale Agreement provides for a "locked box structure", which allows the Purchaser to receive the financial benefits accruing to the AM group during the "Locked Box Period" (being the period from and excluding 28 February 2022 to and including the date on which Completion takes place). This in turn means that no "leakage" (as contemplated in the Share Sale Agreement, including distributions) may take place during the Locked Box Period, and the Sellers are obliged to compensate the Purchaser for any unauthorised "leakage" occurring during the Locked Box Period.

The Share Sale Agreement also provides for certain adjustments to the consideration, however these adjustments will not have a material impact on the consideration that Datatec PLC will receive for its interest in AM.

Conditions and Termination

Completion is conditional on (i) Datatec shareholders passing an ordinary resolution approving the Transaction in accordance with the provisions of section 9.20 of the JSE Listings Requirements, (ii) the

French Ministry of Economy and the UK Department for Business, Energy and Industrial Strategy each approving the Transaction and (iii) such number of Minority Sellers who (when combined with the Management Sellers) hold 75% of the aggregate AM shares that are not held by Datatec PLC (including certain specified persons) entering into the Minority SPA ("the Conditions").

Completion shall take place on the later of: (i) the date falling on the seventeenth business day after (but not including) the day of satisfaction of the last of the Conditions; and (ii) the date falling on the fifteenth business day after (but not including) service of the most recently served notice on those who are selling their shares pursuant to the Drag Provision, or on such other date as is agreed in writing by parties to the Share Sale Agreement.

If the conditions are not satisfied or waived by the Purchaser by 18:00 (London time) on 31 December 2022 (or such later date and time as may be agreed in writing) ("the Long Stop Date"), Share Sale Agreement will automatically terminate.

Datatec PLC has agreed to pay a break fee of £1.4 million and AM has agreed to pay a break fee of £0.6 million to the Purchaser if either condition referred to in (i) and (iii) above are not satisfied on or before the Long Stop Date or a resolution of Datatec is passed which prevents the Transaction from being implemented.

Pre-Completion Undertakings

Datatec PLC and the Management Sellers have given certain customary undertakings not to take certain actions in relation to the business of AM during the period between signing the Share Sale Agreement and Completion.

Warranties and the Tax Covenant

Certain Sellers, including Datatec PLC, have given warranties to the Purchaser that are customary for a transaction of this nature. The warranties are subject to customary financial and other limitations. The Purchaser has also given customary warranties in favour of the Sellers.

The Share Sale Agreement includes a customary tax covenant in respect of pre-Completion tax liabilities, which is subject to typical exemptions and financial thresholds. The Purchaser has placed a warranty and indemnity insurance policy in respect of the business warranties and the tax covenant.

Restrictive Covenants and Post-Completion Obligations

Datatec PLC and the Management Sellers have entered into customary non-compete and non-solicitation restrictive covenants with the Purchaser. The restrictions will apply for a period of 18 months from the date of Completion for Datatec PLC and for a period of 12 months from the date of Completion for the Management Sellers.

In the event that Datatec divests all, or substantially all, of both Westcon International Limited and its subsidiary undertakings and Logicalis Group Limited and its subsidiary undertakings during the 12 month period from Completion, Datatec Plc must notify the Purchaser at least 20 business days in advance of completion of the last of such sale and has agreed to work with the Purchaser to implement reasonable protections for the Purchaser in respect of any residual obligations of Datatec Plc under the Share Sale Agreement (including, where appropriate, agreeing that monies amounting to £25 million in aggregate are placed into escrow by Datatec Plc for the remainder of the 12 month period commencing on the date of Completion).

Financial information on AM

The net asset value as at 28 February 2022 and profit after tax for the year ended 28 February 2022 was US\$37.6 million and US\$5.8 million, respectively, prepared under International Financial Reporting Standards, in respect of AM. This represents the AM results as reported in the Datatec audited consolidated results for the year ended 28 February 2022 and adjusted for intercompany transactions and other consolidation adjustments.

Application of sale proceeds

The net Transaction proceeds received by Datatec will be returned to Datatec shareholders as soon as reasonably practicable, and the exact mechanism of such distribution is still to be determined.

Shareholder Support

Jens Montanana, who holds 30,641,893 Datatec ordinary shares constituting approximately 14.16% of the total issued Datatec ordinary shares (excluding treasury shares) has given Datatec an irrevocable undertaking to vote in favour of the Transaction. In addition, Datatec has received irrevocable undertakings or letters of support in relation to the Transaction from shareholders holding or managing 44.16% of the total issued Datatec ordinary shares (excluding treasury shares).

Categorisation of the Transaction and Circular to shareholders

The total consideration measured against the market capitalisation of Datatec, as at close of business on 29 June 2022 results in a percentage ratio of more than 30%. Accordingly, the Transaction is classified as a Category 1 Transaction in terms of paragraph 9.5 of the JSE Listings Requirements and requires approval by way of an ordinary resolution by Datatec shareholders at a general meeting in terms of paragraph 9.20 of the Listings Requirements.

Accordingly, a circular will be sent to Datatec shareholders in due course setting out the information required by the JSE Listings Requirements for the Transaction and convening a meeting of shareholders to consider, and if deemed fit, to pass the ordinary resolution referred to above.

The Transaction does not constitute a related party transaction in terms of the JSE Listings Requirements.

Closing

Datatec shareholders will be advised when Completion occurs, and this date will be the effective date of the Transaction.

Withdrawal of Cautionary

Datatec shareholders are referred to the cautionary announcement released on SENS on 24 May 2022 and are advised that, as particulars of the Transaction have now been announced, caution is no longer required to be exercised by shareholders when dealing in Datatec shares.

Johannesburg
30 June 2022

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

South African Legal Advisor

Bowmans

UK Legal Advisor

Dorsey & Whitney (Europe) LLP

Financial Advisor

Lazard & Co. Limited