

**ALVIVA HOLDINGS LIMITED**

Incorporated in the Republic of South Africa

(Registration number: 1986/000334/06)

Share code: AVV ISIN: ZAE000227484

("Alviva" or the "Company")

**FIRM INTENTION ANNOUNCEMENT REGARDING AN OFFER BY THE CONSORTIUM TO ACQUIRE ALL OF THE ISSUED ORDINARY SHARES OF ALVIVA NOT ALREADY OWNED BY THE CONSORTIUM BY WAY OF A SCHEME OF ARRANGEMENT WHICH WILL RESULT IN THE DELISTING OF ALL ALVIVA ORDINARY SHARES FROM THE MAIN BOARD OF THE JSE LIMITED IF IMPLEMENTED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

**1. INTRODUCTION**

1.1 Holders of Alviva ordinary shares ("**Shareholders**") are referred to the cautionary announcement released on the Stock Exchange News Service ("**SENS**") of the JSE Limited ("**JSE**") dated 30 June 2022 "Cautionary Announcement", and the renewal of the Cautionary Announcement released on SENS on 12 August 2022, 23 September 2022 and 4 November 2022, all of which relate to the non-binding expression of interest received from Bidco (as defined below) to acquire all of the issued ordinary shares of Alviva ("**Alviva shares**") not excluded from the offer.

1.2 Shareholders are hereby advised that a consortium of investors consisting of Tham Investments (Pty) Ltd ("**Tham**"), Mr. P Ramasamy, Day One Asset Management (Pty) Ltd ("**DOAM**") and certain members of Alviva management (collectively referred to as "**the Consortium**"), whose interests are represented by Fonzosys (Pty) Ltd ("**BidCo**"), and Alviva have entered into an implementation agreement ("**Implementation Agreement**") on 8 December 2022, in terms of which BidCo expressed its firm intention to make a binding offer on the terms and conditions set out in this announcement ("**Offer**") to acquire all the Alviva shares not already owned by BidCo ("**Proposed Transaction**").

1.3 The Offer was made on Tuesday, 13 December 2022 to acquire all of the issued ordinary shares of the Company (excluding treasury shares, shares held or controlled by the Consortium or any of its registered or beneficial shareholders, other than the shares detailed in paragraph 1.4) ("**Eligible Shareholders**" or "**Scheme Participants**").

1.4 Eligible Shareholders will include the following shares owned by the Consortium: i) 2,200,306 shares held in entities that are associated with, or under the same management as DOAM and ii) 1,281,364 shares held directly and indirectly by participating Alviva management, all of which will participate in the Scheme Consideration (as defined in paragraph 4.2 below), these specific blocks of Alviva shares are precluded from voting in the Scheme (as defined in paragraph 1.5.1 below) and

1.5 The Offer will be implemented by way of a single composite transaction comprising:

1.5.1 a scheme of arrangement in terms of Section 114(1)(c) read with Section 115 of the Companies Act 71 of 2008 ("**Companies Act**") and Chapter 5 of the Companies Regulations, 2011 ("**Companies Regulations**") to be proposed by the board of directors of Alviva between the Company and the Shareholders in terms of which BidCo will acquire the Alviva shares not already owned by BidCo ("**Scheme Shares**") for the Scheme Consideration (as defined in paragraph 4.2 below) on the terms and subject to the conditions precedent ("**Scheme Conditions**") set out in paragraph 4.3 below ("**the Scheme**").

1.6 The Proposed Transaction contemplates:

1.6.1 a cash offer of up to R2.562 billion by BidCo to acquire all of the Alviva shares that are not owned by BidCo for a purchase consideration of R28.00 per Alviva share, which represents a premium of 45% to the 30-day volume weighted average traded

price ("**VWAP**") of R19.29 and a premium of 44% to the closing price of R19.50 as at 24 June 2022, the date which represents the closing price prior to the expression of interest ("**EOI**") having been received by the Company;

1.6.2 The Offer is to be made by way of a scheme of arrangement in accordance with section 114(1)(c) of the Companies Act, No 71 of 2008; and

1.6.3 the subsequent delisting of Alviva shares from the exchange operated by the JSE.

## **2. THE CONSORTIUM**

2.1 Tham and Mr. P Ramasamy are two major shareholders and empowerment partners of Alviva that currently own c. 18.7% of the issued share capital of the Company.

2.2 The Consortium includes certain members of Alviva management and DOAM. DOAM is a private company incorporated under the laws of South Africa, wholly owned by four funds under the management of Peregrine Capital (Pty) Ltd.

2.3 The Consortium will utilise BidCo, a private company incorporated in accordance with the laws of South Africa, as their investment vehicle for the Proposed Transaction.

2.4 A declaration relating to coming into concert has been submitted to Alviva and the Executive Director of the Takeover Regulation Panel ("**TRP**") by the abovementioned Consortium members.

## **3. RATIONALE FOR THE PROPOSED TRANSACTION**

3.1 The Proposed Transaction will result in Alviva becoming a majority black-owned, privately held, information and communications technology champion, repositioning the Company to drive the

strategic direction of the business for future growth and expansion and also allows Alviva Shareholders to exit for a cash consideration that is at a substantial premium to the closing price prior to the receipt of the EOI.

#### **4. TERMS AND CONDITIONS OF THE SCHEME**

##### 4.1 Overview and effects of the Scheme

4.1.1 The Alviva board will propose the Scheme between the Company and the Eligible Shareholders, in respect of which Bidco will be a party, in terms of Section 114(1)(c) read with Section 115 of the Companies Act and Chapter 5 of the Companies Regulations, pursuant to which BidCo will acquire all the Scheme Shares, if implemented.

4.1.2 The Scheme will be subject to the fulfilment or waiver, as the case may be, of the Scheme Conditions set out in paragraph 4.3 below, including obtaining the necessary approvals from the Financial Surveillance Department of the South African Reserve Bank ("**FinSurv**"), the TRP and the JSE.

4.1.3 Following implementation of the Scheme, an application will be made to the JSE for the delisting of all the Alviva shares from the JSE as contemplated in paragraph 1.17(b) of the JSE Listings Requirements ("**JSE Listing Requirements**").

##### 4.2 Scheme Consideration

4.2.1 If the Scheme becomes operative, the Scheme Participants will receive an amount of R28.00 per Alviva share, payable in cash ("**Scheme Consideration**").

4.2.2 The Scheme Consideration represents a premium of 15.2% to the closing share price of R24.30, a premium of 20.1% to the 30-day volume weighted average price of R23.32 and a premium of

20.7% to the 90-day volume weighted average price of R23.19 calculated as at close of market on 13 December 2022, the last trading day prior to this Announcement.

#### 4.3 Scheme Conditions

4.3.1 The Scheme will be subject to the fulfilment and/or waiver of each of the following Scheme Conditions by no later than the longstop date being 31 March 2023 ("**Longstop Date**"), or such later date as BidCo and Alviva may from time to time agree in writing and be approved by the TRP:

4.3.1.1 all the necessary approvals and/or resolutions of the Eligible Shareholders, including the special resolution approving the Scheme, having been approved in accordance with Section 115(2) of the Companies Act by the requisite majority of at least 75% of the voting rights exercised ("**Scheme Resolution**") at the general meeting (present or represented by proxy) of the Eligible Shareholders to be convened to consider and vote on the Scheme Resolution ("**General Meeting**");

4.3.1.2 the Independent Expert (as defined in paragraph 11.2 below) appointed by the independent board of directors of Alviva established for purposes of the Proposed Transaction ("**Alviva Independent Board**") provides the Independent Expert Report (as defined in paragraph 11.2 below) to the Alviva Independent Board, confirming that the Scheme Consideration is fair and reasonable to the Scheme Participants;

4.3.1.3 if any person who voted against the Scheme Resolution requires Alviva to seek court approval to implement the Scheme in terms of section

115(3) (a) and section 115(5) (a) of the Companies Act:

4.3.1.3.1 the approval of the implementation of the Scheme Resolution by the court is obtained; and

4.3.1.3.2 Alviva not treating the Scheme Resolution as a nullity, as contemplated in section 115(5) (b) of the Companies Act;

4.3.1.4 if any person who voted against the Scheme Resolution applies to court for a review of the Scheme Resolution in terms of section 115(3) (b) and section 115(6) of the Companies Act, either:

4.3.1.4.1 leave to apply to the court for any such review is refused; or

4.3.1.4.2 if leave is so granted, the court refuses to set aside the Scheme Resolution;

4.3.1.5 in respect of appraisal rights (as afforded to Scheme Participants in terms of Sections 115(8) and 164 of the Companies Act) (**"Appraisal Rights"**), either:

4.3.1.5.1 no Scheme Participants give notice objecting to the Scheme Resolution, as contemplated in section 164(3) of the Companies Act, or vote against the Scheme Resolution at the General Meeting; or

4.3.1.5.2 Scheme Participants give notice objecting to the Scheme as contemplated in section 164(3) of the Companies Act and vote against the Scheme at the General Meeting

in respect of not more than 5% of all of the shares; or

4.3.1.5.3 if clause 4.3.1.5.1 is not satisfied, then, within the time period permitted in terms of the Companies Act, dissenting shareholders have not exercised their Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of more than 5% of all the shares, or not at all; provided that this Scheme Condition will not fail unless and until on or before the Longstop Date, BidCo gives Alviva written notice that this Scheme Condition has failed and has not been waived;

4.3.1.6 all regulatory consents are obtained, being either unconditional or subject only to any obligation, undertaking, condition or qualification, which BidCo is willing to accept, acting reasonably, which acceptance shall not be unreasonably withheld or delayed and such regulatory consents include but not limited to:

4.3.1.6.1 a compliance certificate having been issued by the TRP to Alviva in terms of Section 121(b) of the Companies Act ("**TRP Compliance Certificate**");

4.3.1.6.2 approval granted by FinSurv as required in terms of the South African Exchange Control Regulations (promulgated in terms of the South African Currency and Exchanges Act No. 9 of 1933); and

4.3.1.6.3 such approvals granted by the JSE as are required in terms of the JSE Listings Requirements and the TRP in terms of the Companies Regulations,

collectively, ("**Regulatory Consents**");

4.3.1.7 No material adverse event (as defined in the Circular) has occurred in respect of Alviva.

4.3.1.8 BidCo is entitled to waive the Scheme Condition referred to in paragraph 4.3.1.2, 4.3.1.5 and 4.3.1.7 to the extent that the Scheme Condition is capable of being waived or extend the date of fulfilment by notice in writing delivered to Alviva. The Scheme Conditions under paragraphs 4.3.1.1, 4.3.1.3, 4.3.1.4 and 4.3.1.6 cannot be waived but may be extended by written agreement between Alviva and BidCo. An announcement will be released on SENS and, where required, published in the South African press as soon as possible after: (i) the fulfilment or waiver, as the case may be, of all of the Scheme Conditions; or (ii) the non-fulfilment of any Scheme Condition.

## **5. BANK GUARANTEE**

5.1 BidCo will fund settlement of the Scheme Consideration through debt funding. BidCo has provided the TRP with an irrevocable unconditional bank guarantee issued by Absa Bank Limited for the sole purpose of settling the Scheme Consideration when it becomes due upon implementation of the Scheme in accordance with Regulation 111(4) and 111(5) of the Companies Regulations.

## **6. FORFEITABLE SHARE PLAN**

6.1 The Consortium is aware of the fact that Forfeitable Share Plan ("FSP") awards have been allocated by Alviva's remuneration committee, and the Consortium has agreed to a new incentive structure to be implemented for management participating in the Scheme with the Consortium post implementation of the Scheme.

6.2 For Alviva management not participating in the Scheme with the Consortium, subject to the approval of the Scheme, and subsequent Delisting occurring, an accelerated vesting in terms of the forfeitable share plan rules will be triggered.

## **7. TERMINATION EVENTS**

7.1 The Scheme will terminate with immediate effect under the following circumstances, provided that the Scheme has not become unconditional:

7.2 on written notice of termination by BidCo to Alviva if:

7.2.1 the Alviva Independent Board: (i) withdraws, modifies, or qualifies its recommendation to vote in favour of the Scheme Resolution; and/or (ii) does not express and maintain a majority view that the Scheme Consideration is fair and reasonable to Shareholders; or

7.2.2 the Alviva Independent Board recommends an alternative offer to the Eligible Shareholders and/or Scheme Participants and withdraws its recommendation of, or does not recommend, the Offer by BidCo.

## **8. SHAREHOLDER SUPPORT**

8.1 Letters of support i.e., irrevocables have been received from the following Shareholders:

Shareholder	Alviva shares held	% of issued share capital
Old Mutual Customised Solutions (Pty) Ltd	5,886,808	5.0%
Gary Yu-Shan Kao	4,176,080	3.6%
Anchor Capital (Pty) Ltd	3,845,233	3.3%
CVM Investments (Pty) Ltd	1,089,099	0.9%
Michiel Matthee	1,062,555	0.9%
South African Alpha Capital Management Limited	903,085	0.8%
<b>Total</b>	<b>16,962,860</b>	<b>14.5%</b>

## 9. BENEFICIAL INTERESTS OF BIDCO AND BIDCO DIRECTORS IN ALVIVA SHARES

9.1 BidCo has been incorporated by Mr P. Ramasamy. Mr P. Ramasamy's Alviva shares were held through DY Investments 3 (Pty) Ltd ("**DY Investments**"). Mr P. Ramasamy exchanged his shares in DY Investments for shares in BidCo through an asset-for-share transaction. As a result, BidCo, through its wholly owned subsidiary, DY Investments owns 14,300,000 Alviva shares.

9.2 Tham, DOAM and Alviva management, in accordance with the BidCo sale agreement have exchanged Alviva shares for shares in BidCo through an asset-for-share transaction. The effective date of the asset-for-share transaction was 7 December 2022.

9.3 This asset-for-share transaction results in BidCo holding 28,126,816 Alviva shares, representing 23.9% of all issued Alviva shares.

9.4 A portion of DY Investments' shareholding in Alviva is encumbered, equivalent to 6,000,000 Alviva shares ("**the Debt**"). BidCo will utilise a portion of the funding for the Proposed Transaction to subscribe for additional shares in DY Investments at R28.00 per share. DY Investments will utilise the proceeds of the subscription to settle the Debt.

9.5 The Consortiums beneficial interest in Alviva and BidCo:

Shareholder	Alviva shares not eligible to vote	Alviva shares held by BidCo	Effective shareholding of Consortium members in BidCo	% of BidCo's issued share capital
Mr. P. Ramasamy	14,300,000 <sup>1</sup>	14,300,000 <sup>1</sup>	8,300,000	37.5%
Tham	7,700,000	7,700,000	7,700,000	34.8%
Alviva management <sup>2</sup>	7,901,627	3,876,816	3,876,816	17.5%
DOAM and/or funds under the management of Peregrine	4,450,306	2,250,000	2,250,000	10.2%
Alviva management <sup>3</sup> (direct and indirect holdings)	1,281,364	-	-	-
<b>Total</b>	<b>35,633,297</b>	<b>28,126,816</b>	<b>22,126,816</b>	<b>100%</b>

<sup>1</sup> Mr. P. Ramasamy's Alviva shares were held through DY Investments, which is now a 100% subsidiary of BidCo.

<sup>2</sup>Participating Alviva management forming part of the Consortium, these shares represent the shares from Alviva's FSPs and minimum shareholding requirement. Within the total shares not eligible to vote, 437,677 shares are being cancelled as they have not vested in accordance with the FSP rules and 3,587,134 Alviva shares will convert to a share appreciation right and will not form part of BidCo.

<sup>3</sup>Participating Alviva management's direct and indirect shareholding in Alviva. These shares represent shares of participating Alviva management that will not be exchanged for shares in BidCo but in accordance with paragraph 1.4 will participate in the Scheme Consideration.

#### 9.6 Directors of BidCo beneficial interest in Alviva:

Director	Alviva shares held	% of issued share capital
Mr. P. Ramasamy <sup>1</sup>	14,300,000	12.2%
Mr. F. Mahlangu <sup>2</sup>	7,700,000	6.5%

<sup>1</sup> Mr. P. Ramasamy's interest was held through DY Investments. Mr. P. Ramasamy does not hold any other direct or indirect shareholding.

<sup>2</sup> Mr. F. Mahlangu's interests in Alviva are held through Tham, Mr. F. Mahlangu does not hold any other direct or indirect shareholding.

## 10. BENEFICIAL INTERESTS OF ALVIVA DIRECTORS IN ALVIVA SHARES

### 10.1

Director	Alviva shares held (directly, indirectly, through the FSP and through Alviva's minimum shareholding requirement) as at 13 December 2022	% of issued share capital
P Spies	2,726,300	2.3%

RD Lyon <sup>1</sup>	1,473,046	1.3%
A Tugendhaft	318,600	0.3%

<sup>1</sup>Not part of Alviva management participating with the Consortium.

## **11. OPINION OF THE INDEPENDENT BOARD AND INDEPENDENT EXPERT**

11.1 Alviva has, in accordance with the Companies Regulation 108(8) and 108(9), constituted the Alviva Independent Board comprising Ms. Mathukana Mokoka, Ms. Parmi Natesan, Ms. Seadimo Chaba and Mr. Peter Masemola to consider the Proposed Transaction.

11.2 The Alviva Independent Board has appointed Valeo Capital (Pty) Ltd as the independent expert ("**Independent Expert**"), as required in terms of Section 114(2) of the Companies Act and the Companies Regulations, to issue a report dealing with the matters set out in Sections 114(2) and 114(3) of the Companies Act and Regulations 90 and 110 of the Companies Regulations and in accordance with Paragraph 1.15(d) as read with Schedule 5 of the JSE Listings Requirements, in respect of its opinion on whether the terms and conditions of the Proposed Transaction are fair and reasonable to Shareholders ("**Independent Expert Report**").

11.3 As at the date of this announcement, the Alviva Board has not received any other firm intention letter, other than the Offer in respect of the Proposed Transaction from BidCo as set out in this announcement.

11.4 The Independent Expert Report and recommendations of the Alviva Independent Board and Alviva Board will be included in the Circular to be posted as set out in paragraph 12.

## **12. OFFER CIRCULAR**

12.1 Alviva will issue an offer circular setting out the full terms and conditions of the Scheme including the notice convening the General

Meeting to consider the Scheme Resolution ("**Circular**"). The Circular is expected to be posted on or about 23 December 2022. A further announcement relating to the posting of the Circular and notice of the General Meeting, further important details related to the Scheme and the salient dates and times will be published on SENS in due course.

### **13. RESPONSIBILITY STATEMENTS**

#### 13.1 The Alviva Board and Alviva Independent Board

The Alviva Board and the Alviva Independent Board (to the extent that the information relates to Alviva) collectively and individually accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to Alviva is true and this announcement does not omit anything that is likely to affect the importance of such information.

#### 13.2 BidCo (to the extent that the information relates to BidCo) accepts responsibility for the information contained in this announcement and certifies that, to the best of its knowledge and belief, the information contained in this announcement relating to BidCo is true and this announcement does not omit anything that is likely to affect the importance of such information.

### **14. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

#### 14.1 Shareholders are advised that as a result of the publication of this firm intention announcement, the Cautionary Announcement released on SENS dated 30 June 2022, the renewal of Cautionary Announcement released on SENS dated 12 August 2022, 23 September 2022 and 4 November 2022 are all accordingly withdrawn and Shareholders are no longer required to exercise caution when dealing in Alviva's securities.

**Midrand**

**14 December 2022**

**Corporate advisor and transaction sponsor to Alviva:** Bravura Capital Proprietary Limited

**Legal advisor to Alviva:** Tugendhaft Wapnick Banchetti and Partners

**Sponsor:** Deloitte & Touche Sponsor Services Proprietary Limited

**Legal advisor to the Consortium:** Webber Wentzel

**Financial advisor, Bookrunner and Mandated Lead Arranger to the Consortium and BidCo:** Absa Corporate and Investment Banking, a division of Absa Bank Limited