

Finbond Group Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2001/015761/06)
Share code: FGL ISIN: ZAE000138095
(‘Finbond’ or ‘the Company’)

SPECIFIC REPURCHASES FROM RELATED PARTIES AND CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are advised of the proposed repurchase and subsequent delisting of 340 523 358 Finbond ordinary shares (“the Repurchase Shares”), representing approximately 38.55% of the total issued Finbond shares (“Finbond Shares”), 220 523 358 from Net1 Finance Holdings (Pty) Ltd, a private company incorporated in accordance with the laws of South Africa (“Net1”) and 120 000 000 from Massachusetts Institute of Technology, a private land-grant research university incorporated in accordance with the laws of the United States of America (“MIT”), at a price of 29.11 cents per Repurchase Share (“Repurchase Consideration”) (“the Repurchases”).

2. RATIONALE FOR THE REPURCHASES

The Repurchases are ultimately to the benefit of Finbond shareholders in that the delisting of such shares results in the removal of the Repurchase Shares from the share capital of the Company at an attractive price (i.e. a decrease in the aggregate number of Finbond Shares from 883 423 450 ordinary shares of no par value to 542 900 092 ordinary shares of no par value. Treasury shares will remain at 89 118 708 ordinary shares).

The Repurchases are considered an appropriate allocation of capital as the impact of the Repurchases and cancellation of the Repurchase Shares are expected to enhance earnings and net asset value per Finbond Share.

The reduction in the number of Finbond Shares in issue will also have the effect of increasing the holdings of the Company's existing shareholders.

3. REPURCHASE CONSIDERATION

The Repurchase Consideration of 29.11 cents per Repurchase Shares will be funded out of the Group's available cash resources and/or facilities.

Finbond has sufficient cash resources and/or facilities to implement the Repurchases. The Repurchases are not conditional upon financing being procured from other sources.

Settlement of the Repurchase Consideration will be implemented in full in accordance with the terms of the Repurchases without regard to any lien, right of set-off, counterclaim, other analogous right to which the Company may otherwise be, or claim to be, entitled against Net1 and/or MIT.

4. CONDITIONS PRECEDENT

Subject to the fulfilment of the Repurchase Conditions, Finbond wishes to implement the Repurchases in terms of sections 48(8), 114 and 115 of the Companies Act, 2008 (Act 71 of 2008) and paragraph 5.69 of the JSE Listings Requirements, and on the terms and subject to the conditions set out below.

The implementation of the Repurchases is subject to the fulfilment of the following conditions precedent on or before 31 December 2023 ("Repurchase Conditions"):

- all resolutions required to implement the Repurchases in terms of section 48(8)(b) and 115(2)(a) of the Companies Act, and paragraphs 5.67(C) and 5.69(b) of the JSE Listings Requirements, have been approved by the requisite majority of Finbond shareholders (the "Repurchase Resolutions");
- all approvals, consents and/or waivers, as may be required in terms of the Companies Act, the Takeover Regulations, the JSE Listings Requirements and any other applicable laws in order for the Repurchases to be implemented have been obtained, other than the issue of the compliance certificate by the Takeover Regulation Panel in terms of section 119(4)(b) of the Companies Act, provided that if such approval is granted conditionally, this Repurchase Condition shall not be regarded as having been fulfilled unless before such date the Company gives notice to the effect that such conditions and terms are acceptable to the Company (in its discretion);
- publication of the required announcements and distribution of the required circulars; and
- obtaining the required external opinions and internal approvals.

The Repurchase Conditions are not capable of being waived.

In order to comply with Regulation 102(13) of the Takeover Regulations, Finbond, Net1 and MIT have agreed that notwithstanding the fulfilment of the Repurchase Conditions, the Repurchases shall not be implemented unless and until the Takeover Regulation Panel ("TRP") has issued a compliance certificate in respect of the Repurchases in terms of section 119(4)(b) of the Companies Act.

The date for fulfilment of any Repurchase Condition may be extended by agreement between Finbond and/or Net1 and/or MIT from time to time as approved by the TRP and the JSE Limited ("JSE") (if and to the extent such approvals are required).

In the event that the Repurchase Conditions are fulfilled and the Repurchases becomes operative and is implemented in accordance with its terms, the Repurchase Shares will be repurchased for the Repurchase Consideration and an application will be made to the JSE for the termination of the listing of the Repurchase Shares.

The Repurchases will terminate with immediate effect if all of the Repurchase Conditions have not been fulfilled on or before the relevant date for fulfilment.

A general meeting of Finbond Shareholders will be convened for the purpose of considering and if deemed fit, approving, the Repurchase Resolution ("General Meeting").

5. REPURCHASE FROM A RELATED PARTY

Net1 and MIT are material shareholders of the Company and as such, the Repurchases constitute specific repurchases from related parties as contemplated in section 5.69(e) of the JSE Listings Requirements.

6. INDEPENDENT BOARD AND FAIR AND REASONABLE OPINION

As the Repurchases constitute a repurchase by Finbond of more than 5% of the entire issued ordinary share capital of Finbond, it is required that the Repurchases be approved and implemented in accordance with sections 48(8), 114 and 115 of the Companies Act.

A Firm Intention Announcement regarding the Repurchases will be released in due course in compliance with the Takeover Regulations issued in terms of the Companies Act (“Firm Intention Announcement”), subject to TRP approval.

7. CIRCULAR TO SHAREHOLDERS

Subsequent to release of the Finbond interim results for the six months ending 31 August 2023 (expected on or about Friday, 27 October 2023), and subject to the release of the Firm Intention Announcement and the approval of the TRP and the JSE, a circular will be posted to Finbond shareholders regarding the Repurchase, including

- the pro forma financial effects on the financial position of Finbond following the implementation of the Repurchase and including the independent reporting accountants’ assurance thereon;
- the recommendations of the Finbond Independent Board;
- the Independent Expert’s Report in respect of the Repurchase; and
- a notice convening the General Meeting.

The salient dates and notice of General Meeting will be published in the Firm Intention Announcement.

8. RESPONSIBILITY STATEMENT

The directors of Finbond collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this announcement contains all information required by law and the JSE Listings Requirements.

9. CAUTIONARY ANNOUNCEMENT

Finbond shareholders are advised to exercise caution when trading in Finbond shares until the Firm Intention Announcement is released on SENS.

Pretoria

11 August 2023

Sponsor: Grindrod Bank Limited