

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

## **FIRM INTENTION ANNOUNCEMENT: SPECIFIC REPURCHASE FROM RELATED PARTIES AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

### **1. INTRODUCTION**

Shareholders are referred to the specific repurchases from related parties and cautionary announcement released on SENS on 11 August 2023 and the renewal of cautionary announcement released on SENS on 22 September 2023 ("**Cautionary Announcements**") which advised shareholders 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 Repurchase Shares from Net1 Finance Holdings (Pty) Ltd, a private company incorporated in accordance with the laws of South Africa ("**Net1**") and 120 000 000 Repurchase Shares 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 Repurchase**").

The contents of this announcement ("**Firm Intention Announcement**") constitute a firm intention by Finbond to undertake the Repurchase in terms of Chapter 5 of the Companies Act, 2008 (Act 71 of 2008) ("**Companies Act**") and Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act ("**Takeover Regulations**").

The purpose of this Firm Intention Announcement is to advise Shareholders of the terms and conditions of the Repurchase.

### **2. RATIONALE FOR THE REPURCHASE**

The Repurchase is 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 542 720 092 ordinary shares of no par value. The 89 118 708 Finbond Shares held as treasury shares by a subsidiary of Finbond ("**Treasury Shares**") will remain unchanged.

The Repurchase is considered an appropriate allocation of capital as the impact of the Repurchase and cancellation of the Repurchase Shares are expected to enhance 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. CLASSIFICATION**

As the Repurchase constitutes a repurchase by Finbond of more than 5% of the entire issued ordinary share capital of Finbond, it is required that the Repurchase be approved and implemented in accordance with sections 48(8), 114 and 115 of the Companies Act as regulated by the Takeover Regulation Panel ("**TRP**") in terms of section 195 of the Companies Act and paragraph 5.69 of the JSE Limited ("**JSE**") Listings Requirements.

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

As the Repurchase Consideration represents a 19% discount to the 30 business day volume weighted average price up to Wednesday, 9 August 2023 (the date prior to the date on which the Repurchase Consideration was agreed between the parties), no fairness opinion is required in terms of section 5.69(e) of the JSE Listings Requirements. A fair and reasonable opinion is however required in terms of sections 48(8), 114 and 115 of the Companies Act.

#### **4. REPURCHASE CONSIDERATION**

The Repurchase Consideration will be funded out of the Group's available cash resources.

Finbond has sufficient cash resources and/or facilities to implement the Repurchase. The Repurchase is 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 Repurchase 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.

#### **5. TERMS AND CONDITIONS PRECEDENT**

Subject to the fulfilment of the Repurchase Conditions, Finbond wishes to implement the Repurchase 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 Repurchase is subject to the fulfilment of the following conditions precedent on or before 31 December 2023 ("**Repurchase Conditions**"):

- all resolutions required to implement the Repurchase 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 Repurchase to be implemented have been obtained, other than the issue of the compliance certificate by the TRP 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 Repurchase shall not be implemented unless and until the TRP has issued a compliance certificate in respect of the Repurchase 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 (if and to the extent such approvals are required).

In the event that the Repurchase Conditions are fulfilled and the Repurchase 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 Repurchase will terminate with immediate effect if all of the Repurchase Conditions have not been fulfilled on or before the relevant date for fulfilment.

## 6. CIRCULAR AND NOTICE OF GENERAL MEETING

A circular to Finbond shareholders regarding the Repurchase will be distributed on or about Wednesday, 8 November 2023 ("**the Circular**"), once all the relevant regulatory approvals have been obtained. The Circular shall include:

- the full terms and conditions of the Repurchase;
- 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 Independent Expert's Report in respect of the Repurchase;
- a notice convening the general meeting of Finbond Shareholders to consider and if deemed fit to approve the special resolutions required to implement the Repurchase ("**Repurchase Resolutions**") ("**General Meeting**"); and
- a summary of the Dissenting Shareholders' Appraisal Rights afforded to Finbond Shareholders in terms of the Takeover Regulation.

The salient dates and times relating to the Repurchase will be included in a further announcement relating to the distribution of circular and notice of General Meeting to be released on or about Wednesday, 8 November 2023.

## 7. CONFIRMATION OF CASH RESOURCES

The Company is required to provide a bank guarantee to the TRP from a South African registered bank unconditionally and irrevocably guaranteeing settlement of the full Repurchase Consideration. The Company has obtained and delivered to the TRP a bank guarantee issued by Absa Bank Limited (registration number 1986/004794/06) for the full Repurchase Consideration, being R99,126,349.52, in accordance with Regulations 101(7)(b)(vi) and 111(4) of the Companies Regulations.

## 8. INDEPENDENT BOARD

The board of directors of Finbond (the "**Board**") constituted an independent board in accordance with the Companies Act and Takeover Regulations comprising of Dr MDC Motlatla, D Pentz and P Naudé, (the "**Independent Board**").

The Independent Board appointed Merchantec (Pty) Ltd as the independent expert (which meets the requirements set out in section 114(2) of the Companies Act) to advise it on the Repurchase and to compile a report in terms of section 114 of the Companies Act to the Independent Board concerning the Repurchase (the "**Independent Expert**").

The report of the Independent Expert and the Board and Independent Board's recommendation and opinion will be included in the Circular.

## **9. SOLVENCY AND LIQUIDITY TEST**

A resolution has been passed by the Board in terms of section 46 of the Companies Act that having applied the solvency and liquidity test as set out in section 4 of the Companies Act (the "solvency and liquidity test"), it has satisfied itself that at the date of the resolution being passed that it reasonably appears, and it has thus reasonably concluded, that the Company will satisfy the solvency and liquidity test, immediately after implementation of the Repurchase.

Furthermore, in accordance with the JSE Listings Requirements, the Board, having considered the effect of the Repurchase, consider that there are reasonable grounds for believing that:

- the Company and the Group will be able, in the ordinary course of business, to repay their debts for a period of 12 months after the date of issue of the Circular;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of issue of the Circular. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited Group financial statements;
- the ordinary capital and reserves of the Company and the Group shall be adequate for ordinary business purposes for a period of 12 months after the date of issue of the Circular; and
- the working capital of the Company and the Group shall be adequate for ordinary business.

## **10. FINANCIAL INFORMATION**

The *pro forma* financial effects of the Repurchase on the financial position of Finbond, to assist Shareholders in assessing the impact of the Repurchase on, *inter alia*, the earnings per Share, headline earnings per Share, diluted earnings per Share, diluted headline earnings per Share, net asset value per Share and tangible net asset value per Share, will be included in the Circular.

The TRP provided a dispensation in respect of regulation 106(7)(c)(i) and (ii) of the Takeover Regulations by:

- allowing Finbond to include extracts of the annual financial statements in the Circular, and make complete sets of the annual financial statements available for inspection by Finbond Shareholders during normal business hours at the registered offices of the Company and the sponsor and by referring Shareholders to the Finbond website where the full sets of annual financial statements can be assessed, viewed and downloaded, as opposed to incorporating complete sets of the annual financial statements in the Circular itself; and
- that the period of the Pro Forma Financial Information be based on the last published interim results for the six month period ended 31 August 2023.

## **11. EXCLUDED SHAREHOLDERS AND VOTING REQUIREMENTS**

The following persons are participating in the Repurchase and are acting in concert or are presumed to be acting in concert with Finbond in terms of the Companies Regulations:

- Net1; and
- MIT.

(the "Excluded Shareholders")

Finbond Shares held by the Excluded Shareholders will accordingly be excluded from voting on the Repurchase Resolutions, as follows:

- Net1, being the holder of a portion (220 523 358) of the Repurchase Shares, will be excluded from voting on the Repurchase Resolution related to the repurchase of its shares; and
- MIT, being the holder of a portion (120 000 000) of the Repurchase Shares, will be excluded from voting on the Repurchase Resolution related to the repurchase of its shares.

The Treasury Shares will be excluded from voting on any resolution at the General Meeting.

The Repurchase Resolutions, as will be set out in the notice of General Meeting, will be subject to the approval of more than 75% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting and who are entitled to vote (excluding the relevant Excluded Shareholders and the Treasury Shares) in terms of the Companies Act. The Revocation Resolution as will be set out in the notice of General Meeting, will be subject to the approval of more than 75% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting and who are entitled to vote (excluding the Treasury Shares) in terms of the Companies Act.

## 12. IRREVOCABLE UNDERTAKINGS TO VOTE ON THE REPURCHASE FROM Net1

Finbond has procured irrevocable letters of undertaking (“**Irrevocable Undertakings**”) from the following Shareholders to vote in favour of the Repurchase Resolution, required to implement the Repurchase from Net1:

Name of Shareholder	Number of shares held directly	Number of shares held indirectly	% of Total Shares Eligible to Vote on Net1's Repurchase Resolution
Kings Reign Investments (Pty) Ltd	186 656 275	0	32.54
Protea Asset Management LLC	90 353 135	0	15.75
Total	277 0098 410	0	48.29

*\* Based on there being 573 601 384 Finbond shares eligible to vote on the the Repurchase Resolution, required to implement the Repurchase from Net1.*

## 13. RESPONSIBILITY STATEMENTS

The Independent Board, collectively and individually, accept responsibility for the accuracy of the information given in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement is true, that no facts have been omitted which would make any statement in this announcement false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Firm Intention Announcement contains all information required by law, the Companies Act, the Takeover Regulations, and the JSE Listings Requirements.

The Board 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 Firm Intention Announcement contains all

information required by law the Companies Act, the Takeover Regulations and the JSE Listings Requirements.

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

Finbond shareholders are referred to the Cautionary Announcements and are advised that caution is no longer required when trading in Finbond shares.

Pretoria

1 November 2023

Sponsor: Grindrod Bank Limited