

Finbond Group Limited  
(Registration number: 2001/015761/06)  
Share code: FGL ISIN: ZAE000138095  
("Finbond" or "the Company" or "the Group")

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## **ACQUISITION OF KITSISMART (PTY) LTD AND KWT FINANCE (PTY) LTD**

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### **1. Introduction**

Finbond shareholders are advised that King Loan Finance (Pty) Ltd, a 100% subsidiary of the Group, has entered into an agreement for the acquisition of Kitsismart (Pty) Ltd and KWT Finance (Pty) Ltd ("the Businesses") ("the Transaction").

The Businesses are short-term consumer lenders with a total of five branches in the Eastern Cape.

### **2. Nature of Finbond Business and Rationale for the Transaction**

Finbond is a leading South-African and North American financial services institution that specialises in the design and delivery of unique value and solution-based credit products tailored to borrower requirements rather than institutionalised policies and practices.

Finbond is a credit provider with both brick and mortar and online operations. Finbond conducts its business through a total of 592 stores (411 in South Africa, 181 in North America).

The rationale for the Transaction includes expanding Finbond's South African store network to 416 and increasing profitability of Finbond's South African operations.

### **3. The Transaction**

#### **3.1. Nature of the Businesses**

The Businesses operate via their five branches in the Eastern Cape, offering short-term consumer loans with terms from one to three months.

The Businesses' key strengths *inter alia* include:

- A proven and scalable credit offering;
- Focused cash generative short-term consumer loan products; and
- Effective sales and collection processes.

#### **3.2. Salient terms**

The salient terms of the Transaction are as follows:

- The purchase consideration payable by King Loan Finance (Pty) Ltd will be R25.75 million for 100% of the shares in the Businesses.
- 100% of the purchase consideration set out above will be payable in cash on the effective date of the transaction, which is 1 September 2024.

- The vendors in respect of the Transaction are Kitsismart (Pty) Ltd and KWT Finance (Pty) Ltd, represented by Mr. Steven Hatley and Mr. Mark Ahlin.
- The beneficial owners of the Businesses are Mr. Steven Hatley and Mr. Mark Ahlin, each owning a 50% interest in the Businesses.
- The net asset value and net profit before taxation of the Businesses amounted to R6.75 million and R3.93 million) respectively, based on unaudited annual financial statements for the financial year ended 29 February 2024 for the Businesses.
- Included in the net profit before taxation of the Businesses for the financial year ended 29 February 2024 are expenses of R4.85 million which will not be applicable post-acquisition.

The Businesses' unaudited annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

### **3.3. Condition precedent**

The Transaction remains subject to the following condition precedent, to be fulfilled by no later than 1 September 2024:

- As at the effective date, the loans and/or capital granted by the Businesses shall not have decreased by more than 3% (three percent) in aggregate for the period between July 2024 and August 2024.

### **4. Funding of the acquisition**

Finbond intends to fund the Transaction from surplus cash on hand.

### **5. Categorisation of the Transaction**

The Transaction is categorised as a Category 2 transaction in terms of the JSE Limited Listings Requirements and is therefore not subject to Finbond shareholder approval.

### **6. Memoranda of Incorporation**

The provisions of the Memoranda of Incorporation of the Businesses do not frustrate Finbond in any way from compliance with its obligations in terms of the Listings Requirements. Nothing contained in the Memoranda of Incorporation of the Businesses shall relieve Finbond from compliance with the Listings Requirements.

Pretoria  
28 August 2024

Sponsor:  
African Bank Limited (Business and Commercial Banking Division)