

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

ACQUISITION OF ADDITIONAL SHAREHOLDING IN AMERICASH HOLDING LLC AND CREDITBOX.COM LLC

1. Introduction

Finbond shareholders are advised that Finbond Group North America LLC, a 100% subsidiary of the Group, has entered into an agreement for the acquisition of an additional 27.78% interest in Americash Holding LLC and CreditBox.com LLC ("the Businesses") ("the Transaction").

The Businesses are engaged in the business of owning and operating a consumer lending business that operates online (through AmeriCashLoans.net) and at various physical locations, predominantly in the states of South Carolina, Wisconsin and Missouri.

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 602 stores (418 in South Africa, 184 in North America).

The rationale for the Transaction includes dollar-based earnings enhancing growth and increasing Finbond's interest in its operations in various US states, predominantly South Carolina, Wisconsin and Missouri.

The Transaction will increase Finbond's shareholding in the Businesses to 90.57%

3. The Transaction

3.1. Nature of the Businesses

The Businesses operate via their 18 branches and online offerings in South Carolina, Wisconsin and Missouri, offering instalment loans up to \$2,500.

The Businesses' key strengths *inter alia* include:

- Experienced directors and senior management with extensive experience in the US alternative financial services market;
- Established market position with various state and metropolitan licenses;
- A proven and scalable online fintech offering;
- Loyal repeat customer base;
- Focused cash generative short-term instalment loan products;
- Well-developed information technology infrastructure and proprietary software;

- Conservative upfront credit scoring methodologies;
- Efficient collection capabilities;
- Proven ability to steer through regulatory changes; and
- Proven ability to acquire, integrate and consolidate companies in its market.

3.2. Salient terms

The salient terms of the Transaction are as follows:

- The purchase consideration payable by Finbond Group North America LLC will be USD1,645,313.91 (approximately ZAR29 218 472.60) for 27.78% of the equity interest in the Businesses.
- 100% of the purchase consideration set out above will be payable in cash within one week from the conclusion of the Transaction.
- The vendors in respect of the Transaction are the David H. Barr Trust, Bonnie J. Schoenberg Trust and Steven Schoenberg Trust, represented by Mr. David Barr, Ms. Bonnie Schoenberg and Mr. Steven Schoenberg.
- The beneficial owners of the vendors are Mr. David Barr, Ms. Bonnie Schoenberg and Mr. Steven Schoenberg.
- The net asset value and net profit before taxation of the Businesses amounted to USD28.6 million and USD4.55 million (approximately ZAR507.90 million and ZAR80.80 million respectively, based on unaudited annual financial statements for the financial year ended 29 February 2024 for the Businesses.

The Businesses' unaudited annual financial statements have been prepared in accordance with International Financial Reporting Standards.

3.3. Condition precedent

The Transaction is not subject to the any conditions precedent.

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.

(The exchange rate applied in this announcement is ZARUSD 17.7586)

Pretoria
16 September 2024

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