

ECSPONENT LIMITED

Incorporated in the Republic of South Africa

Registration number: 1998/013215/06

JSE Code: ECS - ISIN: ZAE000179594

Debt Issuer Code: ECSD

Hybrid Issuer Code: ECSH

("the Company" or "Ecsponent")

Disposal of a 25% interest in MyBucks Zambia

The board of directors of Ecsponent ("the Board") advises shareholders that it has concluded an agreement ("the Agreement") with Xtenda Finance Limited ("Xtenda") to sell its 25% interest (comprising of 2,726,060 shares) in Ecsponent Financial Services Limited ("MyBucks Zambia") ("the Disposal") for a total cash consideration of USD1,500,000.00.

The Disposal will take place concurrently with:

- MyBucks S.À. ("MyBucks"), being a co-shareholder in MyBucks Zambia, disposing of 20% of its shareholding in MyBucks Zambia to Xtenda; and
- Mr Barkat Ali Rawjani, MyBucks Zambia's Managing Director and Chief Executive Officer, disposing of his 10% shareholding) in MyBucks Zambia to Xtenda, (collectively, "the Ancillary Disposals").

1. Description of MyBucks Zambia's business

MyBucks Zambia is a licensed microfinance institution carrying out the business of lending and deposit taking in Zambia. Incorporated on 19 February 2015 in Lusaka, the Republic of Zambia ("Zambia"), MyBucks Zambia carries out its operations using satellite offices and over 100 agents in all ten provinces of Zambia and formed part of the Frankfurt-listed MyBucks group of companies. The company aims to be the preferred provider of financial services in Zambia through sustainable profitability, product and services innovation and quality employment.

2. Rationale for the Disposal and use of proceeds

The Disposal is in line with Ecsponent's restructuring of its wider group, which restructuring is focused on consolidation of its Private equity portfolio and reducing of its debt. The proceeds from the Disposal

will assist with a recovery of the Company's financial position and improvement of its current debt exposures. The proceeds from the Disposal will be used to settle high yield current debt.

3. Financial information in relation to MyBucks Zambia

As at 31 December 2019, being MyBucks Zambia's latest financial year end, MyBucks Zambia's net asset value was ZAR71.4million. MyBucks Zambia reported a net profit after tax of ZAR1.58million for the financial year ended 31 December 2019.

The above financial information is based on unaudited management accounts for the year ended 31 December 2019, prepared in accordance with International Financial Reporting Standards. Ecsponent is satisfied with the quality of the unaudited management accounts.

4. Terms of the Agreement

4.1. Disposal structure and consideration

Ecsponent shall sell 2,726,060 MyBucks Zambia shares to Xtenda for a purchase consideration of USD1,500,000.00 (ZAR24,825,000.00 as at 29 July 2020, being the date of last signature of the Agreement) ("**the Consideration**"). The Consideration shall be discharged by Xtenda in cash on the first business day following the date upon which the last of the conditions (as set out in paragraph 4.2 below) have been fulfilled.

4.2. Conditions precedent and Effective Date

The Disposal is subject to, *inter alia*, the satisfaction of the following conditions precedent, on or before 30 September 2020 ("**Effective Date**"):

- delivery of MyBucks Zambia's management accounts and annual financial statements for its 2019 financial year;
- the Bank of Zambia having approved, in writing, both the Disposal and the Ancillary Disposals and to Xtenda becoming a shareholder in MyBucks Zambia; and
- Xtenda and MyBucks having executed a shareholders' agreement in respect of MyBucks Zambia.

4.3. Other material terms of the Agreement

Xtenda shall not be obliged to purchase the MyBucks Zambia shares (pursuant to the Disposal) unless the Ancillary Disposals are simultaneously completed.

The Agreement provides for warranties, terms and conditions that are normal for a transaction of this nature.

5. Categorisation and approvals required for the Disposal

In terms of the JSE Listings Requirements, the Disposal is categorised as a Category 2 transaction and involves no related parties (as defined by the JSE Listings Requirements) and is accordingly not subject to approval by shareholders.

For more information about this announcement or the Ecsponent group, email investor.relations@ecsponent.com or visit www.ecsponentlimited.com/investor-relations.

4 August 2020
Pretoria

Sponsor to Ecsponent



Questco Corporate Advisory (Pty) Ltd