

CONCLUSION OF BINDING OFFER TO ACQUIRE A CONTROLLING INTEREST IN SIZWE AFRICA IT

Shareholders are hereby advised that the Company has entered into a binding offer with Loxisource (Pty) Ltd (“**Loxisource**”) Loxisource and Alexisource (Pty) Ltd (“**Alexisource**”) to acquire 55% of the share capital of Zaloserve (Pty) Ltd (“**Zaloserve**”) from Loxisource, Alexisource and Rev Vukile Mahana Ltd (“**Binding Offer**”).

Zaloserve is an investment holding company that holds a 100% shareholding in Opiwize (Pty) Ltd, which in turn holds a 100% shareholding in Sizwe Africa IT (Pty) Ltd (“**Sizwe**”).

Sizwe offers various information and communication technology (“**ICT**”) services to its customers, including a focused spectrum of physical infrastructure, metro and long-distance optic fibre, facility management, continuous energy supply, networking and security to hosting, storage server processing, mobility, data centre, end-user computing and associated consumables. Sizwe operates in 3 concentrated business units, namely managed services; unified network solutions and fibre & facilities management that service and have long standing relationships with both public and private sector companies. The Sizwe group has built a firm reputation for good performance and has been supplying great quality products and services within the ICT sector for the past 2 decades.

AYO has a stated strategy to grow organically and through acquisitive growth. Zaloserve, through its investments in Sizwe, is a significant, established player in the ICT sector and is inline with AYO’s “go to market” strategy. Additionally, the acquisition allows AYO to expand

its product basket and client offering as Sizwe will be one of AYO’s key platform providers.

Sizwe has a broad base of public sector customers and blue chip private customers and has a strong annuity based income. In the year ending 30 June 2018, Sizwe had revenues in excess of R1 billion, strong cash generation with cash from operations of R75 million and EBITDA of R70 million.

In terms of the Binding Offer, the purchase price for the 55% interest in Zaloserve will be R165 million (“**Purchase Price**”), based on an equity value of R300 million for Zaloserve. A payment of 90% of the Purchase Price will be settled upfront with the balance being settled upon the achievement of warranted profits for a 3-year period.

The Binding Offer is subject to the fulfilment of various conditions precedent including, inter alia, the completion of detailed financial, tax, legal, technical, operational and human resources due diligence to the satisfaction of AYO and the conclusion of definitive sale agreements. Shareholders will be advised when the definitive sale agreements have been concluded.

The above announcement is a voluntary announcement as the size of the potential acquisition is under the JSE categorisation thresholds.

Cape Town
11 September 2018



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