

AFRISTRAT INVESTMENT HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number: 1998/013215/06

JSE Code: ATI - ISIN: ZAE000287587

Debt Issuer Code: ATID

Hybrid Issuer Code: ATIG

("Afristrat" or "the Company" or "the Group")



CHANGE IN CONTROL OF AN ASSOCIATE, MYBUCKS S.A. AND FOURTH EXTENSION OF CIRCULAR DISTRIBUTION DATE

1. Introduction

- 1.1. Shareholders are referred to the various announcements released on SENS relating *inter alia* to the proposed acquisition by Afristrat of MHMK Financial Services Limited ("**MHMK Financial Services**"), a share consolidation and the implementation of an employee share scheme (together, "**Proposed Transaction**"), dated 18 May 2021 and 15 October 2021 ("**Transaction Announcements**").
- 1.2. Capitalised terms used herein that are not otherwise defined, bear the meanings ascribed to them in the Transaction Announcements.
- 1.3. Shareholders are further referred to the integrated annual report of the Company for the year ended 31 March 2021 ("**IAR**"), distributed to shareholders on 30 July 2021.
- 1.4. Shareholders' attention is drawn to page 10 of the IAR, detailing the Operational Overview of MyBucks S.A. ("**MyBucks**") in the IAR and the 'Prospects' paragraph thereof, in which it was stated that:
 - 1.4.1. An in-depth analysis of the financial position post the restructure has resulted in the realisation that the future prospects of MyBucks as an investment vehicle are unsustainable and would not provide any realistic turnaround value for Afristrat in the future.
 - 1.4.2. The Board has therefore started a strategic review to actively pursue the best route to rebuild value from the remaining two assets in MyBucks after settlement of all residual debts, and to recapitalise Afristrat in order to rebuild its financial services and banking division.
 - 1.4.3. This strategic shift away from MyBucks culminated in the Proposed Transaction.
- 1.5. Shareholders are further referred to the announcements released on SENS on 5 July 2021, 7 September 2021 and 22 October 2021, related to the extension of the distribution date of the Circular due to unforeseen delays with the implementation of the Proposed Transaction.
- 1.6. Shareholders are hereby advised that the Board of Afristrat ("**Board**"), nominated additional members to the Board of directors of MyBucks ("**MyBucks Board**") for appointment, after vacancies arose due to resignations, and therefore effectively obtained control over MyBucks as defined in IFRS 10 ("**MyBucks Change in Control**") prior to the implementation of the Proposed Transaction, with effect from 17 November 2021 ("**Effective Date**").

2. Rationale for the MyBucks Change in Control

With reference to paragraph 1.4.2 above, the Company would like to commence with the processes to extract what value is left from the remaining assets of MyBucks, however, this process has been delayed due to the unforeseen delays in the implementation of the Proposed Transaction and put some of these processes at risk.

Accordingly, the Board came to the decision that the Company will, through a nomination process to appoint directors to the MyBucks Board, obtain control of the MyBucks Board prior to the implementation of the Proposed Acquisition to accelerate the above process.

3. Changes to the Board of MyBucks

With effect from 17 November 2021, Mr. Craig Lyons and Mr. Lutz Seebacher resigned from the MyBucks Board and Mr George Manyere was appointed to the MyBucks Board. The current MyBucks Board comprises: Mr Tertius de Kock and Mr George Manyere.

4. Accounting Treatment

4.1. Shareholders are referred to note 5 of the annual financial statements contained in the IAR ('Investment in Associates'), of which page 50, as it relates to MyBucks, states that:

"Control for IFRS purposes is assessed in terms of IFRS10, which consider numerous factors when assessing "control". In the case of Afristrat, there are several factors which lead to the assessment of control and ultimately also involves significant judgement by management. Based on, inter alia, the lack of a contractual right to entrench voting control, as no voting pool arrangement exists between Afristrat and MHMK, Afristrat having a majority independent Board from MHMK and the subsequent reduction of MHMK shareholding in Afristrat to 15.67% and the lack of contractual ability to appoint the majority directors to the Board of MyBucks, control in terms of IFRS10 is not established over MyBucks and accordingly MyBucks is not consolidated by the Group."

4.2. Following the MyBucks Change in Control, in terms of IFRS 10, the financial results of MyBucks will be consolidated into the Group results and reflected as a post balance sheet event for Afristrat in the *pro forma* financial information ("**Financial Information**") contained in the Circular to be distributed to shareholders in due course.

4.3. The table below indicates the *pro forma* financial effects of the MyBucks Change in Control and have been prepared to illustrate the impact of the MyBucks Change in Control on the reported financial information of Afristrat for the year ended 31 March 2021, had the event occurred on 1 April 2020 for the statement of comprehensive income and as at 31 March 2021 for the statement of financial position.

4.4. The *pro forma* financial effects below have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the annual financial statements of Afristrat for the financial year ended 31 March 2021. *The pro forma* financial effects, which are the responsibility of the Board, are provided for illustrative purposes only and, because of their *pro forma* nature, may not fairly present Afristrat's actual financial position, changes in equity, results of operations or cash flow.

| | Before the MyBucks Change in Control | After the MyBucks Change in Control | Percentage change (%) |
|--|---|--|----------------------------------|
| Basic earnings/(loss) per share (cents) | (1.1570) | (0.6605) | 42.92% |
| Headline earnings/(loss) per share (cents) | (1.1610) | (0.6636) | 42.84% |
| Net asset value per share (cents) | (0.28) | (0.49) | (43.18%) |
| Tangible net asset value per share (cents) | (0.28) | (0.49) | (43.28%) |
| Weighted average number of shares in issue (000's) | 46 530 245 | 46 530 245 | - |
| Total number of shares in issue (000's) | 59 445 881 | 59 445 881 | - |

- 4.5. The unaudited value of the net assets that are the subject of the change in control as at 17 November 2021 was R39.1 million.
- 4.6. The unaudited profit after tax attributable to the net assets that are the subject of the change in control was R271.7 million.

5. Impact on the Proposed Transaction

The MyBucks Change in Control has no impact on the terms of the Proposed Transaction as MyBucks was not the main subject of the Proposed Transaction and the rationale for MyBucks remains the same going forward.

6. Categorisation of the MyBucks Change in Control

The MyBucks Change in Control has no consideration value and accordingly does not trigger the thresholds for a categorisable transaction in terms of the JSE Listings Requirements. Accordingly, the information disclosed herein is voluntary.

7. Fourth Extension of Circular Distribution Date

- 7.1. The finalisation of the Financial Information to be disclosed in the Circular relating to the financial disclosure requirements set out in Section 8 of the JSE Listings Requirements has been further delayed, due to the MyBucks Change in Control.
- 7.2. Accordingly, the Company approached the JSE for a further extension to distribute the Circular, to by no later than Tuesday, 21 December 2021, which has been granted.

25 November 2021
Pretoria

Sponsor

Merchantec Capital