



**4SIGHT HOLDINGS LIMITED**

(Incorporated in the Republic of Mauritius)  
(Registration number: C148335 C1/GBL)  
("4Sight Holdings" or "the Company")  
ISIN Code: MU0557S00001 JSE Code: 4SI

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**ACQUISITION OF ACCTECH SYSTEMS PROPRIETARY LIMITED ("AccTech") AND DYNAMICS AFRICA SERVICES PROPRIETARY LIMITED ("Dynamics Africa")**

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**Introduction**

The board of directors of 4Sight Holdings is pleased to announce that the Company, through its wholly owned subsidiary Foursight Holdings Proprietary Limited ("Foursight"), has entered into a sale of shares and sale claim agreement for the acquisition of 100% of AccTech Systems Proprietary Limited and Dynamics Africa Services Proprietary Limited with MG Swanepoel (49.95% in AccTech and 50% in Dynamics Africa) and ML Zitzke (50.05% in AccTech and 50% in Dynamics Africa) ("the vendors"), (together "the Acquisition"). The vendors are not related parties to 4Sight Holdings.

AccTech and Dynamics Africa will become subsidiaries of 4Sight and will adhere to the provisions of paragraph 10.21 of Schedule 10 of the JSE Listing Requirements.

**Terms and conditions**

The purchase consideration amounting to a maximum of R120 million for AccTech and R30 million for Dynamics Africa will be settled by way of the transfer of 4Sight shares as set out below. The Purchase Consideration shall be allocated between the Companies as follows:

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<b>Details</b>	<b>Initial R</b>	<b>Against Earn Out R</b>	<b>Total R</b>
AccTech	40 000 000	80 000 000	120 000 000
Dynamics Africa	10 000 000	20 000 000	30 000 000
<b>Total – acquisition of shares</b>	<b>50 000 000</b>	<b>100 000 000</b>	<b>150 000 000</b>
Sale claims (loan accounts)	5 110 300	-	5 110 300
<b>Total</b>	<b>55 110 300</b>	<b>100 000 000</b>	<b>155 110 300</b>

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The initial consideration of R50 million will be settled through the issue of 25 000 000 new shares in 4Sight Holdings at R2.00 per share, less R20 million, as the Sellers have the option to jointly request, in writing, to make a payment of R20 million in cash by no later than 30 November 2018, which will reduce the share portion of the purchase consideration. This will be achieved by way of a vendor consideration placing, calculated at the prevailing share price of 4Sight Holdings at the time of placing. Any JSE Listings Requirements will be assessed in the event, and at the time, that such option is exercised.

The earn-out will be payable against achievement of combined Net Profit After Tax (“NPAT”) determined in accordance with IFRS, as detailed below:

<b>Details</b>	<b>NPAT Hurdle R</b>	<b>NPAT Target R</b>	<b>Period</b>
Warranty period 1	12 960 000	25 920 000	12-month period from 1 January 2018 until 31 December 2018
Warranty Period 2	29 160 000	58 320 000	24-month period from 1 January 2018 until 31 December 2019

In the event that the combined NPAT Hurdle is not met in respect to NPAT Warranty Period 1 and/or Warranty Period 2, then the Sellers' rights to the Earn Out Shares shall lapse and revert to the Purchaser and the Purchase Consideration shall be deemed to have been adjusted accordingly. However, the Sellers will be able to make up the NPAT Warranty for Period 1 in Warranty Period 2.

In the event that the NPAT is above the NPAT Hurdle and within 10% of the NPAT target, the purchase price for the earn-out will be paid on a pro rata basis. If the actual NPAT is within 10% then the profit warranty will be deemed to have been achieved.

The earn-out ratio is split 50:50 between the two warranty periods.

The shares will be issued within 30 days of approval by the auditors in writing of the calculation of NPAT for the relevant period, which will not be later than 28 February 2019 and 28 February 2020. The issue price for the shares will be the 30-day VWAP at the date upon which the relevant portion of Earn Out Shares become transferable to the Sellers, which number of shares will be limited to such number of shares that would not result in the Sellers being obliged to make a mandatory offer in accordance with the Companies Act. In this event, the Earn Outs would be suspended pending compliance with the applicable Takeover provisions.

#### **Description of AccTech and Dynamics Africa and rationale for the Acquisition**

AccTech Systems has been servicing the Private and Government Sector on Enterprise Resource Planning (ERP) products since 1994, with over 1 200 customers and 35 600 users Internationally, (80% in RSA). AccTech has offices in 15 African cities and 300 staff (180 in Pretoria Head Office), all within Africa's reach. The main products and services include business software (ERP, Business Process Management (BPM), Human Resource Management (HRM), Business Intelligence (BI), implementation services, software development and system support. These products and services are delivered to customers in various industries such as; Finance, Mining, Manufacturing, Distribution, Logistics, Property Management, State-owned Organisations, Not-for-Profits, and Retail. Of the users, 12 000 users are on AccTech's own BPM solution, 12 000 users on Sage ERP products, 5 000 on 3<sup>rd</sup> Party products and 6 600 users on Human Capital and Customer Relation Management (CRM) solutions from Sage and Microsoft.

4Sight's capability focus areas for 4IR solutions are to visualize, digitize, analyze and then optimize digital operations. With this acquisition, 4Sight acquires key capabilities in the "analyze" stack. This stack requires that data design, strategy and governance are addressed, cloud infrastructures are implemented in a hosted-, private- or public cloud, data lakes, warehouses and data marts are created, and BI solutions deliver business insight across the enterprise. AccTech delivers most of these capabilities, and in conjunction with existing 4Sight subsidiaries such as CaseWise and Visualitics, able to offer customers full 4IR solutions.

Within the "Digitize" capability area, 4Sight has existing capacity through BlueESP to do integration with SAP ERP systems, while the AccTech acquisition extends this capability with SAGE and Microsoft ERP environments. This offers 4Sight the opportunity to offer its solutions into a broader market across the most popular ERP systems, and utilizing's AGE Technology's system integration capabilities to integrate these ERP solutions with popular Operation Execution systems across Original Equipment Manufacturers such as Schneider Electric, General Electric and Siemens.

4Sight's vision is to enable people to make decisions in the digital economy, and the start of this digital transformation process is brought about by cloud technologies.

Dynamics Africa, an AccTech subsidiary, has been appointed by Microsoft as one of seven indirect Cloud Solutions Providers (CSP) in the Middle East Africa regions.

Its program allows for the distribution of Microsoft's range of cloud applications, including Office 365, Dynamics Africa 365 and Microsoft Azure to its dedicated partners across the globe.

4Sight believes that this partnership forms a key approach to enable 4IR solutions for organisations through cloud solutions. Dynamics Africa demonstrated its ability to drive this need for agility and innovation into the African region, and together with two new Microsoft Azure data regions will see a much higher adoption rate of digitization in Africa which is in line with 4Sight's vision. Dynamics Africa provides support in this rapid expanding channel community across the Middle East, Africa and Central Europe. Being part of the 4Sight group will help Dynamics Africa expand their services even further in driving digital transformation for their partners, and their partners' customers.

### **Financial and other Information**

The net asset value of AccTech and Dynamics Africa as extracted from the Annual Financial Statements for the year ended 28 February 2017 was R16,900,837 and R2,965,022 respectively.

The profit before tax was R1,486,619 and R2,238,170 respectively and the profit after tax was R450,284 and R1,603,870 respectively for the same period.

The audited Annual Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS").

The year end will be changed to 31 December 2018 to align with the year end of 4Sight Holdings.

**Effective Date**

The effective date is 1 April 2018.

**Management Sharing Agreement**

A management sharing agreement was concluded whereby future management to be nominated by the Sellers will share in 20% of NPAT above the warranted Earn-Outs detailed above in order to incentivise management to exceed the set targets. The bonuses will apply as of the implementation date being the close of business 30 April 2018, up and to 31 December 2020, or longer or shorter period as may be agreed to between the Sellers and the Companies.

**Conditions precedent**

The following Conditions Precedent are in place:

- a satisfactory due diligence investigation to be conducted by the Purchaser;
- the approval of the transaction by the Board of Directors of Foursight, AccTech, Dynamics Africa and 4Sight on or before 30 April 2018;
- the Sellers agreeing to be employed by AccTech and/or Dynamics Africa by 26 April 2018; and
- any regulatory or JSE approval, to the extent necessary.

**Classification of the transaction**

The Acquisition is classified as a Category 2 transaction in terms of the JSE Listings Requirements pertaining to companies listed on the Alternative Exchange of the JSE and thus shareholder approval is not required. The Acquisition may be categorised as a Category 1 acquisition in accordance with the aggregation requirements of the JSE Listings Requirements. However, the various acquisitions from date of listing are not from the same parties or the same asset. A further announcement will be made after consultation with the JSE if shareholder approval is required.

**Withdrawal of cautionary announcement**

Shareholders are referred to the cautionary announcement published on 23 April 2018 and are advised that the Company has finalised the terms of acquisition of AccTech Systems Proprietary Limited ("AccTech") and Dynamics Africa Services Proprietary Limited ("Dynamics Africa"), caution is no longer required to be exercised by shareholders when dealing in their securities.

**Mauritius**

25 April 2018

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**Designated Advisor**

Arbor Capital Sponsors Proprietary Limited

