



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

ACQUISITION OF 70% OF SIMULATION ENGINEERING TECHNOLOGIES PROPRIETARY LIMITED

1. Introduction

The board of directors of 4Sight Holdings is pleased to announce that the Company has entered into an agreement and addendum thereto with J Botha ("**Vendor**") for the acquisition of 70% of the shares in Simulation Engineering Technologies Proprietary Limited ("**SET**") ("**Acquisition**") with effect from 1 April 2018 ("**Effective Date**"). The Vendor is not a related party to 4Sight Holdings. SET will become a subsidiary of 4Sight Holdings and will adhere to the provisions of paragraph 10.21 of Schedule 10 of the JSE Listing Requirements.

2. Terms and conditions

2.1 The aggregate purchase consideration is R53 544 353 ("**Purchase Consideration**"), which is payable in 4Sight Holdings shares as follows:

2.1.1 13 386 088 4Sight Holdings shares at R2.00 per share by no later than the first business day following the day on which all of the conditions precedent, as detailed in paragraph 5 below ("**Closing Date**"), have been fulfilled; and

2.1.2 such number of 4Sight Holdings shares that, in aggregate, represents R26 772 176 ("**Earn-out Shares**"), the issue price of which will be calculated at the 30-day volume-weighted average share price of 4Sight Holdings as at the date upon which the relevant proportion of the Earn-out Shares, as detailed in paragraph 2.3 below, becomes due to the Vendor.

2.2 The transfer of the Earn-out Shares to the Vendor is subject to SET earning a net profit after tax ("**NPAT**") of R9 561 492 ("**NPAT Target**") for the 12-month period from 1 January 2018 until 31 December 2018 ("**NPAT Warranty Period**") ("**Profit Warranty**").

2.3 The Earn-out Shares will become available for transfer to the Vendor on the following basis:

2.3.1 If the NPAT of SET for the NPAT Warranty Period is equal to R4 780 746 ("**NPAT Hurdle**") or less, the Vendor will forfeit the Earn-out Shares;

2.3.2 To the extent that the NPAT of SET is between the NPAT Hurdle and the NPAT Target ("**NPAT Range**"), there will be a *pro rata* transfer of Earn-out Shares to the Vendor (i.e. a *pro rata* portion of the Earn-out Shares in relation to that part of the NPAT Range achieved by SET in the NPAT Warranty Period over and above the NPAT Hurdle). The balance of the Earn-out Shares will be forfeited by the Seller.

2.3.3 The full number of Earn-out Shares will be due to the Vendor if the NPAT Target is achieved in the NPAT Warranty Period.

3. Description of SET

SET is an independent consulting company that specialises in creating accurate discrete-event computer simulation models of complex systems in the mining, rail, logistics, manufacturing and service industries. SET was established in 2004 and its senior staff have been in the simulation industry since 1995. SET has over 50 years of collective experience in conducting simulation studies in the aforementioned industries and have offices in Cape Town and Centurion.

SET's professional services include the application of various industrial engineering techniques and principles like process simulation, production scheduling, warehouse slotting optimisation capacity planning, operations improvement, systems optimisation, work studies, training, etc. SET is also a supplier of various simulation, scheduling and optimisation software packages in Africa and the Middle East with strategic partnerships across the globe.

4. Rationale for the Acquisition

The Acquisition is in line with 4Sight Holdings' acquisitive and organic growth strategy of acquiring industry 4.0 companies and provides the 4Sight Holdings group with deep skills in data science and real-time decision-making solutions, with large customer bases internationally and in South Africa, and the ability to enhance solutions across customers and industries.

5. Conditions precedent

The Acquisition is subject to the fulfilment of the following conditions precedent by no later than 15 April 2018:

- 5.1 approval by the board of directors of 4Sight Holdings;
- 5.2 the satisfactory outcome of a due diligence investigation into the business of SET and its subsidiaries;
- 5.3 any regulatory or JSE approval, to the extent necessary; and
- 5.4 the Vendor agreeing to be employed by SET for a period of at least three years from the Closing Date, and to be restrained from competing with SET within all the territories that make up Africa and all other countries in which 4Sight Holdings operates, during the term of his employment, and for a period of two years after the date on which he ceases to be employed by SET.

6. Financial information

SET was previously a Close Corporation and the annual financial statements for the year ended 28 February 2017 were confirmed as being in agreement with the accounting records and summarised in the manner required by Section 58(2)(d) of the Close Corporations Act, 1984 by the accounting officer. SET has subsequently converted to a private company and has changed its year end to 31 December each year.

The net asset value of SET as extracted from the Annual Financial Statements for the year ended 28 February 2017 was R4 369 847 and the profit after tax was R1 089 635.

7. 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.

5 April 2018
Mauritius

Designated Advisor

Arbor Capital Sponsors Proprietary Limited

