

4SIGHT HOLDINGS LIMITED

(Incorporated in the Republic of Mauritius)

(Registration number: C148335 C1/GBL)

JSE share code: 4SI ISIN: MU0557S00001

(“4Sight” or the “Company” or the “Group”)



RELATED PARTY DISPOSAL OF DIGITATA LIMITED, REPURCHASE OF SHARES AND WITHDRAWAL OF CAUTIONARY

1. INTRODUCTION

Shareholders are advised that 4Sight has entered into a share sale and repurchase agreement (the “**transaction agreement**”) with Edward Earnest Bartlett, Wilhelm Marthinus Bonnema, Brian Jonathan Collett, Hilton Denzil Goodhead, Desmond Bryan Griggs, Ronel Visagie, Marthinus Phillipus Neethling, the Ad Alta Trust, the Apex Trust, the Digitata Investment Trust, the Pachypodium Trust and the Yotta Trust (collectively, the “**purchasers**”), whereby 4Sight will, with effect from the date on which the last of the conditions precedent to the transaction agreement are fulfilled or, where appropriate, waived, dispose of 100% of the issued share capital of Digitata Limited (“**Digitata**”) (the “**Digitata Equity**”) to the purchasers for an aggregate consideration of R91 900 000.

The R91 900 000 consideration payable by the purchasers for the Digitata Equity (the “**Digitata Sale Consideration**”) will be discharged by the purchasers selling to the Company as part of an indivisible transaction an aggregate of 290 549 558 4Sight shares (the “**repurchase shares**”) for an amount equal to the Digitata Sale Consideration (the disposal of Digitata Equity and the repurchase by the Company of the repurchase shares collectively referred to herein as the “**proposed transaction**”).

2. DESCRIPTION OF DIGITATA AND RATIONALE

Digitata was acquired by 4Sight on 1 July 2017 ahead of the Company’s listing on the Alternative Exchange of the JSE. Digitata operates mainly in the mobile telecommunications industry and focuses on providing Fourth Industrial Revolution (“**4IR**”) solutions across the areas of service revenue management through its Intelligent Pricing Solution, customer engagement through its gamification platform and a suite of mobile network management products.

Digitata has not operated profitably during the last 18 months and has not achieved its agreed budget targets. This was primarily due to non-cash events related to impairments as reported in the 2019 Financial Results as published on SENS on 31 March 2020. The Digitata subsidiary was acquired by 4Sight at an acquisition cost based on its anticipated future financial performance which has unfortunately failed to materialise.

The other 4Sight clusters, namely the Mining, Manufacturing, Energy & Chemicals and Platform Clusters, which continue to deliver solid results, will remain as part of the Group. These clusters enable the creation of an ecosystem where 4Sight subsidiaries, partners, and alliances can build, run and grow their 4IR offerings. This transcends into the value that can be created for customers embarking on their digital transformation journey, while following a cost effective and low risk self-funding methodology.

In line with previous SENS announcements where 4Sight indicated that the Group continues to realign its strategic intent, the proposed transaction will further allow for the continued repositioning of the 4Sight Group as a focused multi-national, diversified technology group. The proposed transaction will allow 4Sight to focus its efforts on accelerating its integrated solution development for the convergence of operational technologies, information technologies and business environment solutions, on a basis that allows the Company to cancel the repurchased shares and thus significantly reduce its issued share capital by c.37%.

3. SALIENT TERMS OF THE TRANSACTION

Digitata Sale consideration

The aggregate consideration for the Digitata Equity is R91 900 000.

On repurchase by the Company of the repurchase shares, the repurchase shares will be cancelled and the issued share capital of 4Sight reduced from 791 304 945 to 500 755 387 issued shares.

Conditions precedent

The proposed transaction is subject to the fulfilment of the following conditions precedent:

- the securing of all regulatory approvals that may be required to give effect to the transaction agreement, which includes compliance with the Mauritian Companies Act 2001 (the “**Companies Act**”), required JSE Listings Requirements approvals and to the extent necessary, applicable competition commission filings/approval (whether in South Africa or Mauritius);
- all such resolutions as may be necessary in order to approve and implement the proposed transaction have been passed by the board of directors and/or the shareholders of the Company;
- all such resolutions as may be necessary in order to approve and implement the proposed transaction have been passed by the board of directors and/or the shareholders of Digitata;
- the Battler transaction¹ has become unconditional in accordance with its terms, save for any condition that requires it to become effective with reference to the transaction agreement and/or any terms in the transaction agreement;
- except for loan obligations in existence between Digitata and/or its subsidiaries and 4Sight and/or its subsidiaries (excluding Digitata and its subsidiaries), each of the Company and Digitata has delivered to the other a confirmation letter signed by a director that there are no inter-company loan repayment and/or customer account (debtors) obligations between or among them (including their respective subsidiaries) and that the appropriate accounting entries have been effected;
- a fairness opinion is obtained from an independent expert prepared in accordance with Schedule 5 of the JSE Listings Requirements, confirming that the sale of the Digitata Equity and the receipt and transfer of the repurchase shares as consideration therefor, are fair insofar as the shareholders of the Company are concerned (other than those purchasers who are "related parties" as envisaged in the JSE Listings Requirements); and
- none of the Company’s shareholders exercise legally permissible, valid and enforceable appraisal rights (if any) applicable and provided for under the Companies Act, the Company’s constitution or applicable law.

Note

1. Prior to the disposal of the Digitata Equity, Digitata South Africa Proprietary Limited, a wholly-owned subsidiary of Digitata, will transfer its equity in Battler Investments Proprietary Limited, which owns the immovable property/ies situated in Fourways, Johannesburg and the related property letting enterprise from which Group operations are conducted, to Foursight Holdings Proprietary Limited, a wholly-owned subsidiary of 4Sight, for no additional consideration (the “**Battler transaction**”). The Battler transaction

is subject to Digitata being entitled to continue its operations from the premises rent-free for a period of 18 months, while also contributing to operating costs.

Anti-embarrassment

Should the purchasers (or any of them) to dispose of all or any of the Digitata Equity and/or all or any of the business or assets of Digitata and/or all or some of the shares in any subsidiary of Digitata (individually or collectively a “**Digitata Asset**”), to a third party/ies, for a profit during the 12-month period commencing after the implementation of the proposed transaction, then the purchasers shall become liable to the Company for 50% of any profit made on such disposal.

Warranties and indemnities

The transaction agreement contains undertakings, warranties and indemnities that are normal for a transaction of this nature.

4. FINANCIAL INFORMATION

Net asset value and net loss after tax of Digitata

Digitata’s reported net asset value and its net loss after tax, as disclosed in its reviewed financial results, prepared in terms of IFRS, for the year ended 31 December 2019 were USD6 641 084 and USD7 665 324, respectively.

Pro forma financial effects of the proposed transaction

The table below sets out the *pro forma* financial effects of the proposed transaction on 4Sight shareholders based on 4Sight’s reviewed financial results for the year ended 31 December 2019, assuming that the proposed transaction had been implemented on 1 January 2019 for purposes of the statement of comprehensive income and on 31 December 2019 for purposes of the statement of financial position.

The *pro forma* financial information, which is the responsibility of the directors of 4Sight, has been prepared for illustrative purposes only and for the purpose of this announcement. The *pro forma* information, because of its nature, may not fairly present 4Sight’s financial position, changes in equity, results of operations or cash flows.

4Sight shareholder <i>pro forma</i> financial effects (US cents):	Before the adjustments¹	After the proposed transaction²	% change
Net asset value per share	0.034	0.041	19.6%
Net tangible asset value per share	0.008	0.004	- 48.2%
Earnings / (Loss) per share	(3.69)	0.29	greater than 100%
Diluted earnings / (loss) loss per share	(2.97)	0.20	greater than 100%
Headline earnings / (loss) per share	(0.006)	1.1083	greater than 100%
Diluted headline earnings / (loss) per share	(0.005)	0.7856	greater than 100%
Dividend per share	-	-	-

Notes and assumptions:

1. This information has been extracted, without adjustment, from 4Sight’s reviewed results for the year ended 31 December 2019, which has been prepared in accordance with IFRS.
2. The repurchase shares are assumed to be cancelled.
3. Battler Investments Proprietary Limited is excluded from the Digitata figures and the loan due to Digitata.

5. JSE REQUIREMENTS FOR THE PROPOSED TRANSACTION

The proposed acquisition constitutes a category 2 transaction with related parties, as the Yotta Trust is an associate of a former director of 4Sight who resigned within 12 months prior to the execution of the transaction agreement. In addition, the repurchase by the Company of the repurchase shares constitutes a specific repurchase of shares.

In terms of the JSE Listings Requirements, a specific repurchase of shares from related parties requires the approval of 4Sight shareholders, excluding the related parties, by way of a special resolution. As the proposed transaction is a transaction with related parties, 4Sight is in addition required to obtain a fairness opinion from an independent expert in compliance with the provisions of paragraph 21.12(b) (read with paragraph 10.7(b)) of the JSE Listings Requirements in respect of the proposed transaction, and include a statement confirming as to whether the proposed transaction is fair to 4Sight shareholders in accordance with paragraph 10.4(f) of the JSE Listings Requirements.

Accordingly, 4Sight will appoint an independent expert to provide external advice to the board of directors of 4Sight in relation to the proposed transaction in terms of the JSE Listings Requirements. The independent expert's report, as well as the statements of the board of directors of 4Sight as to whether the proposed transaction is fair to shareholders, will be included in the circular to 4Sight shareholders, as detailed below. Should the independent expert state that the proposed disposal of the Digitata Equity is not fair to shareholders, the disposal of the Digitata Equity will be subject to the approval of a simple majority of shareholders by way of ordinary resolution, excluding the votes of the related parties and their associates being cast in favour of the resolution.

6. DOCUMENTATION AND TIMING IN RELATION TO THE PROPOSED TRANSACTION

Full details of the proposed transaction will be set out in a circular which will be distributed by 4Sight to its shareholders in due course, which circular will include the opinion of the independent expert in respect of the proposed transaction, a notice of general meeting of 4Sight shareholders to approve the proposed transaction and the applicable salient dates and times relating to the proposed transaction.

7. WITHDRAWAL OF CAUTIONARY

4Sight shareholders are referred to the cautionary announcement released on SENS on Monday, 30 March 2020 and are advised that in light of the publication of this announcement, the cautionary is withdrawn.

7 April 2020

Designated advisor

JAVACAPITAL