



BEHEREND BEPERK • HOLDINGS LIMITED

NWK HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration Number: 1998/007243/06

4AX Share Code: 4ANWKH

ISIN: ZAE400000028

(“NWK Holdings”)



NWK LIMITED

(Incorporated in the Republic of South Africa)

Registration Number: 1998/007577/06

4AX Share Code: 4ANWK

ISIN: ZAE400000010

(“NWK”)

JOINT ANNOUNCEMENT OF THE FIRM INTENTION BY NWK HOLDINGS TO MAKE AN OFFER TO ACQUIRE THE ORDINARY SHARES IN NWK NOT ALREADY OWNED BY IT, BY WAY OF A SCHEME OF ARRANGEMENT OR GENERAL OFFER

1. INTRODUCTION

- 1.1 Shareholders of NWK are hereby advised that NWK Holdings has, pursuant to an implementation agreement which has become of force and effect between NWK and NWK Holdings (“**Implementation Agreement**”), delivered notice to NWK of its firm intention to make an offer (“**Offer**”) to acquire all the issued ordinary shares of NWK (“**NWK Shares**”) from the holders of NWK Shares other than NWK Holdings itself (“**NWK Shareholders**”). NWK Holdings currently holds approximately 79.45% of the NWK Shares and intends, subject to the fulfilment or waiver of certain conditions precedent, to acquire, pursuant to the Offer, the remaining 20.55% (approximately 29 390 985 NWK Shares) of the NWK Shares (“**Scheme Shares**”).
- 1.2 The purpose of this announcement (“**Joint Firm Intention Announcement**”) is to set out the background to the Offer, and to advise NWK Shareholders of the terms and conditions of the Offer, in compliance with Regulation 101 of the Companies Regulations, 2011 (“**Companies Regulations**”).

2. THE OFFER AND CONSIDERATION

- 2.1 The Offer will be proposed as a combined offer comprising:
- 2.1.1 initially, a scheme of arrangement (“**Scheme**”) in terms of section 114 of the Companies Act 71 of 2008 (“**Companies Act**”) between NWK and the NWK Shareholders, to be proposed by the NWK board of directors (“**NWK Board**”) (on recommendation of the Independent Board (as defined below)) in terms of which NWK Holdings will acquire the NWK Shares at the Offer Consideration (as defined below) and upon the terms and subject to the conditions set out in the circular to be distributed to the NWK Shareholders in due course (“**Combined Offer Circular**”). Implementation of the Scheme will result in NWK delisting from the exchange operated by 4 Africa Exchange Proprietary Limited (“**4AX**”) and becoming an unlisted wholly-owned subsidiary of NWK Holdings; or
- 2.1.2 subsequently and if, *inter alia*, after the Scheme is proposed, the NWK special general meeting (“**Special General Meeting**”) to consider and vote on the Scheme is cancelled by NWK or is not held for any reason, or court approval is required but not obtained, or any condition precedent to the Scheme is not fulfilled and, where applicable, not waived, or the Scheme otherwise fails, then a general offer by NWK Holdings to NWK Shareholders (“**General Offer**”) as contemplated in section 117(1)(c)(v) of the Companies Act, in terms of which NWK Holdings acquires the NWK Shares at the Offer Consideration (as defined below) and upon the terms and subject to the conditions

set out in the Combined Offer Circular. Following the General Offer and subject to the passing of a delisting resolution, NWK will be delisted from 4AX and become an unlisted subsidiary of NWK Holdings,

collectively referred to as the proposed transaction (“**the Proposed Transaction**”).

2.2 **The Offer Consideration:**

- 2.2.1 If the Scheme becomes unconditional, subject to the required NWK Holdings ordinary and special resolutions being approved (“**NWK Holdings Requisite Resolutions**”) by the requisite majority of the NWK Holdings shareholders (“**NWK Holdings Shareholders**”), the offer consideration offered by NWK Holdings to the NWK Shareholders for their NWK Shares in terms of the Offer (“**Offer Consideration**”), shall be as set out in paragraph 2.2.2 below.
- 2.2.2 It should specifically be noted that the Offer comprises a share-for share offer to NWK Shareholders in terms whereof the NWK Shareholders will exchange their existing NWK Shares for newly issued ordinary shares in NWK Holdings (“**the NWK Holdings Shares**”). However, due to the “*Bona Fide Commercial Agricultural Producers*” (“**BFCAP**”) eligibility requirements applicable to the NWK Holdings Shares (as set out in NWK Holdings’ memorandum of incorporation (“**MOI**”)), only such NWK Shareholders complying with the BFCAP eligibility requirements will be able to receive NWK Holdings Shares in terms of paragraph 2.2.2.1. NWK Shareholders not meeting the BFCAP eligibility requirements will receive an alternative and equivalent cash consideration in terms of paragraph 2.2.2.2. Accordingly:
- 2.2.2.1 those NWK Shareholders who satisfy the BFCAP eligibility requirements (“**BFCAP Participants**”) and who therefore will receive the shares only consideration of the Offer Consideration, will each receive 1.2419 NWK Holdings Shares for every 1 Scheme Share disposed of by such BFCAP Participant to NWK Holdings in terms of the Scheme (“**Shares Only Consideration**”); and
- 2.2.2.2 those NWK Shareholders who do not satisfy the BFCAP eligibility requirements (“**Non-BFCAP Participants**”), will each receive the cash only consideration of the Offer Consideration, being an amount of R6.00 per NWK Share (“**Cash Only Consideration**”).
- 2.2.3 If the Scheme does not become operative for any reason and the General Offer becomes unconditional in accordance with its terms and the NWK Holdings Requisite Resolutions are approved by the requisite majority of the NWK Holdings Shareholders, the Offer Consideration payable by NWK Holdings to the NWK Shareholders shall be the same as in the Scheme as detailed in paragraph 2.2.2 above, being:
- 2.2.3.1 the Shares Only Consideration in respect of BFCAP Participants; and
- 2.2.3.2 the Cash Only Consideration in respect of the Non-BFCAP Participants.
- 2.2.4 Non-BFCAP Participants will receive the Cash Only Consideration of R6.00 per NWK Share, being a value equivalent to the Shares Only Consideration of 1.2419 NWK Holdings Shares for every 1 NWK Share. The Cash Only Consideration represents a premium of 44.46% to the volume weighted average price of NWK’s Shares of R4.15 for the last traded month, being May 2020.
- 2.2.5 The Offer will however be subject to a condition precedent that the Cash Only Consideration will not exceed an amount of R43,000,000 in aggregate.

3. RATIONALE AND BENEFITS OF THE PROPOSED TRANSACTION

- 3.1 During 1998 NWK was converted to a public company, at which time the current NWK Holdings control structure was incorporated within NWK and all their subsidiaries ("**NWK Group**"), in terms of which structure, NWK Holdings holds a controlling stake in NWK. NWK's main business is that of an operational agricultural business that has been operating in the grain and food value chain of southern Africa, mainly in the North West, for more than a century.
- 3.2 Since September 2017, NWK has been listed on the Official List of 4AX. The rationale of the listing at the time was to facilitate a trading platform for its shareholders to trade in NWK Shares pursuant to the amendment by South African legislative and regulatory authorities of legislation relating to the trading in securities in the South African financial markets (in terms of which over-the-counter trading was effectively abolished).
- 3.3 The unique NWK Group organisational listed structure provides shareholders of the NWK Group who are considered as both BFCAPs and Non-BFCAPs the opportunity to invest in the NWK Group's securities to gain exposure to the agricultural market of South Africa. The objective of the current double organisational listed NWK Group structure was for Non-BFCAPs to obtain exposure to the agricultural sector while the NWK Group is controlled by BFCAPs.
- 3.4 However, the NWK Holdings board of directors ("**NWK Holdings Board**") and the NWK Board are of the opinion that the current listed dual structure no longer benefits the NWK Group (and indirectly its shareholders) due to substantial administrative costs associated with, and the corporate burden of management time being spent on, the management of the double organisational structure.
- 3.5 The Proposed Transaction will realise NWK Holdings' stated intent and commitment to move closer to its founding objectives, one of which is to strengthen the contingent BFCAP shareholders indirectly within the NWK Group. The NWK Holdings Board initiated such commitment when NWK Holdings acquired Grindrod Trading Holdings Proprietary Limited ("**Grindrod**") entire beneficial holding in NWK, being 29 153 264 NWK Shares, constituting 20.38% ("**Grindrod Sale**") of NWK's total number of issued NWK Shares, for a total cash consideration of R204,072,848. As a result, NWK Holdings increased its beneficial holding in NWK to a total aggregate of 113 640 986 NWK Shares, being 79.45%.
- 3.6 The successful implementation of the Proposed Transaction will result in the collapse of the current double organisational structure between NWK Holdings and NWK, and consequently a simplified group structure, as well as a substantial decrease in administrative costs and significantly less time and energy being required from the NWK Group's executives in ensuring compliance with the listed double structure in accordance with the listing requirements of 4AX ("**4AX Listing Requirements**").
- 3.7 The successful implementation of the Proposed Transaction will also result in only NWK Holdings Shares being listed on the exchange operated by 4AX, potentially having a positive impact in reducing the discount between the traded price of NWK Holdings Shares compared to NWK Shares.
- 3.8 NWK Holdings and NWK intend to give effect to the intention to delist by way of the Scheme. However, should the Scheme fail for any reason, NWK Holdings will facilitate the delisting by automatically implementing the General Offer, subject to the fulfilment or waiver of the General Offer conditions precedent as set out in paragraph 5.2.5 below.
- 3.9 Post the successful implementation of the Proposed Transaction, including the delisting of NWK's shares from 4AX, NWK Holdings will continue with NWK operations by trading in agricultural and related products, aids and services

at a retail level. The NWK Group will continue to be dynamic, continuously adapting, to transform and grow together with agriculture in order to look after the needs of stakeholders and contribute to food security within southern Africa.

4. APPOINTMENT OF INDEPENDENT BOARD AND AN INDEPENDENT EXPERT

- 4.1 In accordance with Regulation 108 of the Companies Regulations, NWK has constituted an independent board comprising Messrs DA Foster, MD van Tonder and Professor A Rademeyer ("**Independent Board**") to consider the terms and conditions, and the merits, of the Scheme and the General Offer.
- 4.2 The NWK Independent Board has appointed BDO Corporate Finance Proprietary Limited (the "**Independent Expert**") to act as Independent Expert in accordance with the requirements of the Companies Regulations, (and the 4AX Listing Requirements) to advise the Independent Board and report to the Independent Board on the Scheme and General Offer by way of a fair and reasonable opinion. The Independent Expert's full report will be included in the Combined Offer Circular to be issued to NWK Shareholders.

5. CONDITIONS TO THE PROPOSED TRANSACTION AND REGULATORY FRAMEWORK

- 5.1 The Scheme shall be proposed by the NWK Board (on recommendation of the Independent Board), in accordance with section 114 of the Companies Act and the Companies Regulations and accordingly, constitutes an "*affected transaction*", as defined in section 117 of the Companies Act.
- 5.2 The implementation of the Proposed Transaction will be subject to, *inter alia*, the fulfilment and/or waiver (to the extent that any of such conditions are capable of being waived) of the following conditions precedent:
- 5.2.1 4AX and Takeover Regulation Panel ("**TRP**") having approved the Combined Offer Circular;
- 5.2.2 the NWK Holdings Shareholders having passed all the NWK Holdings Requisite Resolutions as may be required in accordance with sections 41(1) and/or 41(3) of the Companies Act and the 4AX Listing Requirements authorising the allotment and issue of the Shares Only Consideration;
- 5.2.3 the financial surveillance department of South African Reserve Bank having approved the Offer and the payment of the Cash Only Consideration to those NWK Shareholders who are not tax residents in South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini (the "**Common Monetary Area**"), provided that if such approval is granted conditionally or on terms, this condition shall not be regarded as having been fulfilled unless before the applicable date contemplated in paragraph 5.2.6 NWK Holdings gives notice to NWK to the effect that such conditions and terms are acceptable to NWK Holdings and *vice versa*;
- 5.2.4 in relation to the Scheme:
- 5.2.4.1 by not later than 17h00 on 11 September 2020, the Scheme being approved by way of special resolution ("**Scheme Resolution**") adopted by the requisite majority of the NWK Shareholders at the Special General Meeting, as contemplated in section 115(2)(a) of the Companies Act, and in the event of the provisions of section 115(2)(c) of the Companies Act becoming applicable:
- 5.2.4.1.1 by no later than 17h00 on the 15th business day after the Scheme Resolution is adopted, (i) the High Court of South Africa approving the implementation of the Scheme Resolution and no appeal or review being timeously lodged or, if timeously lodged, the appeal or review not being successful or (ii) the provisions of section 115(2)(c) of the Companies Act ceasing to be applicable; and

- 5.2.4.1.2 if applicable, NWK not treating the Scheme Resolution as a nullity as contemplated in section 115(5)(b) of the Companies Act; and
- 5.2.4.2 on the business day preceding the Scheme finalisation date, being the date on which the Scheme becomes unconditional, the company secretary of NWK Holdings and NWK confirming in writing that the aggregate value of (i) Scheme Shares which are to be settled by way of the Cash Only Consideration, (ii) fractions of NWK Holdings Shares which are to be settled by NWK Holdings in cash in circumstances where a NWK Shareholder's entitlement to the Shares Only Consideration gives rise to a fraction of an NWK Holdings Share; and (iii) the Scheme Shares, if any, which are to be settled by NWK in cash at their fair value by virtue of NWK Shareholders having validly exercised their appraisal rights in terms of section 164 of the Companies Act, will not exceed an amount of R43,000,000;
- 5.2.5 in the case of the General Offer, which will automatically be implemented if the Scheme fails for any reason, in the following circumstances:
- 5.2.5.1 any one or all of the Scheme conditions precedent not being timeously fulfilled or waived, or, if the Scheme conditions precedent are timeously fulfilled or waived, the Scheme not becoming operative by 17h00 on 23 October 2020;
- 5.2.5.2 by not later than 17h00 on 11 September 2020, the delisting resolution being approved by way of an ordinary resolution adopted by the requisite majority of NWK's shareholders at the Special General Meeting as contemplated in paragraph 3.24 of the 4AX Listing Requirements;
- 5.2.5.3 by no later than 17h00 on the closing date of the General Offer (i) the company secretary of NWK Holdings and NWK confirming in writing that the aggregate value (a) of NWK Shares which are to be settled by way of the Cash Only Consideration and (b) fractions of NWK Holdings Shares which are to be settled by NWK Holdings in cash in circumstances where a NWK Shareholder's entitlement to the Shares Only Consideration gives rise to a fraction of an NWK Holdings Share, will not exceed an amount of R43,000,000, and (ii) with agreement from 4AX, the securities register of NWK has been closed and trading in NWK Shares has been suspended, with the effect that no further trades in NWK Shares may be effected until the General Offer has finally closed; and
- 5.2.5.4 NWK Shareholders accepting the General Offer in respect of so many NWK Shares as will result in NWK Holdings acquiring more than 50% plus 1 of all of the NWK Shares in issue (excluding the shares already held by NWK Holdings); and
- 5.2.6 in the case of the Scheme by no later than 17h00 on 23 October 2020, or in the case of the General Offer by not later than 17h00 on the 30 January 2021, all regulatory consents being received on an unconditional basis or, to the extent that any such regulatory consents are given subject to any condition or qualification, NWK and/or NWK Holdings (whichever one or both of them are being adversely affected by the condition or qualification) confirming in writing to the other of them that the condition is acceptable to it, which confirmation shall not be unreasonably withheld or delayed.
- 5.3 The Offer condition precedent as envisaged in paragraphs 5.2.4.2 (subject to TRP consent), 5.2.5.2, 5.2.5.3 (subject to TRP consent) and 5.2.5.4 above are capable of waiver and the time and/or date for fulfilment or waiver of such conditions precedent may be extended, on the basis that NWK Holdings and NWK are entitled to, by their written

agreement prior to any such Offer condition precedent having failed (i) extend the time and/or date for fulfilment or waiver of any such Offer condition precedent from time to time, and/or (ii) waive fulfilment of any of such General Offer condition precedent, in whole or in part.

5.4 Any other Offer conditions precedent are not capable of being waived. Despite this, NWK Holdings and NWK are entitled, by their written agreement prior to such Offer conditions precedent having failed, to extend the time and/or date for fulfilment of the Offer conditions precedent.

5.5 Each NWK Shareholder will only be able to accept the General Offer in respect of all the NWK Shares held by such NWK Shareholder.

6. PRO FORMA FINANCIAL INFORMATION

6.1 In terms of Regulation 101(7)(b)(iv) of the Companies Regulations, a firm intention announcement must contain, *inter alia*, the pro forma earnings and asset value per offeree regulated company security if the offer consideration consists wholly or partly of offeror securities.

6.2 **Pro forma earnings and asset value per NWK Share equivalent and NWK Share where applicable**

6.2.1 The *pro forma* financial effects and notes thereto relating to the impact of the Grindrod Sale and the Proposed Transaction is contained in the table below. The *pro forma* financial effects are based on the latest consolidated audited financial statements for NWK for the 12 months ended 30 April 2019.

6.2.2 The *pro forma* financial effects in the table below takes into account the recently concluded Grindrod Sale for the acquisition of 29 153 264 NWK Shares from Grindrod by NWK Holdings.

6.2.3 The *pro forma* financial effects of the Grindrod Sale and the Proposed Transaction on the NWK Shareholders, for which the NWK Independent Board is responsible, are provided and have been prepared for illustrative purposes only to provide information about how the Grindrod Sale and the Proposed Transaction may affect the financial position of the NWK Shareholders, and because of its nature, may not fairly present the actual financial position of the Grindrod Sale and the Proposed Transaction on the NWK Shareholders.

6.2.4 The pro forma financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of NWK's accounting policies that comply with IFRS for the year ended 30 April 2019. The *pro forma* financial effects of the Grindrod Sale and the Proposed Transaction has been prepared on the assumption that the aforementioned became effective on 01 May 2018 for the statement of profit and loss and 30 April 2019 in respect of the statement of financial position. The pro forma financial effects are presented in accordance with the 4AX Listing Requirements and the Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus.

6.2.5 The NWK Independent Board is responsible for the compilation, contents and preparation of the NWK *pro forma* financial effects. Their responsibility includes determining that the NWK *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of NWK and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial effects disclosed pursuant to the 4AX Listing Requirements.

- 6.2.6 The *pro forma* financial effects are presented separately for BFCAP Participants who will receive the Shares Only Consideration, Non-BFCAP Participants who will receive the Cash Only Consideration for their NWK Shares held at the date of this Joint Firm Intention Announcement, and participants who remain NWK Shareholders assuming that 50% +1 of all participants participates in the General Offer.
- 6.2.7 NWK Shareholders who do not comply with BFCAP eligibility requirements will receive the Cash Only Consideration of R6.00 per NWK Share in the event that either the Scheme becomes operative and unconditional or the General Offer is accepted.
- 6.2.8 It should be noted that the *pro forma* financial effects include the earnings effect of the finance costs incurred on the overdraft facilities drawn on for the Grindrod Sale and the Proposed Transaction. However, the timing of the amounts drawn down against the overdraft facilities is currently uncertain for the Proposed Transaction. Consequently, to the extent that the amounts are drawn down for purposes of the intended use, the finance costs illustrated for purposes of presenting the *pro forma* financial effects may not be realised in full.

Pro forma financial effects on BFCAP Participants:

Pro forma financial effects on BFCAP Participants

| | Before the Grindrod Sale (1) (cents) | Pro forma after the Grindrod Sale (before the Proposed Transaction) (2) | Percentage change from (1) to (2) (%) | Pro forma after the Proposed Transaction (3) | Percentage change from (2) to (3) (%) | Percentage change from (1) to (3) (%) |
|--|--|---|---|--|---|---|
| Per NWK equivalent share (cents) | | | | | | |
| Earnings per NWK Share | 169 | 171 | 1.0% | 253 | 47.9% | 49.4% |
| Basic and diluted earnings from continuing operations per NWK Share | 64 | 66 | 2.7% | 80 | 21.8% | 25.1% |
| Basic and diluted earnings from discontinued operations per NWK Share | 105 | 105 | - | 173 | 64.2% | 64.2% |
| Net asset value per NWK Share | 1,091 | 1,091 | - | 1,494 | 36.9% | 36.9% |
| Net tangible asset value per NWK Share | 1,072 | 1,072 | - | 1,463 | 36.4% | 36.4% |
| Weighted number of NWK Shares in issue | 143,031,971 | 143,031,971 | - | - | - | - |
| Number of NWK Shares in issue | 143,031,971 | 143,031,971 | - | - | - | - |
| Weighted number of NWK Holding Shares in issue | 76,212,831 | 76,212,831 | - | 108,167,404 | - | - |
| Number of NWK Holding Shares in issue | 76,212,831 | 76,212,831 | - | 108,167,404 | - | - |

Notes and assumptions:

- The NWK information reflected in the "Before the Grindrod Sale" column has been extracted without amendments from the NWK consolidated annual financial statements for the twelve months ended 30 April 2019.

Grindrod Sale

- The NWK information reflected in the "Pro forma after the Grindrod Sale (before the Proposed Transaction)" column has been calculated on the basis that the Grindrod Sale has been implemented and based on the following assumptions:
 - The effects on basic and diluted earnings from continued and discontinued operations per NWK Share are calculated on the basis that the Grindrod Sale was effective 01 May 2018, whilst the effects on the net asset value and the net tangible asset value per NWK Share are calculated on the basis that the Grindrod Sale was effective 30 April 2019.
 - NWK obtained debt funding through overdraft facilities and utilised the proceeds of this to provide funding to NWK Holdings to acquire 29 153 264 NWK Shares (20.38%) in relation to the Grindrod Sale totalling R204.1 million plus related transaction costs totalling R2.3 million.

- c. Finance charges, calculated at a rate of 8.51% per annum, being the average prime interest rate less 160 basis points, for a period of 12 months.
- d. Finance income, calculated at a rate of 10.11%, being the average prime rate, for a period of 12 months.
- e. The Grindrod Sale had no impact on the weighted average number of NWK Shares in issue.

Proposed Transaction

3. The NWK information reflected in the “Pro forma after the Proposed Transaction” column has been calculated on the basis that the Proposed Transaction has been implemented (either the Scheme becomes operative and unconditional or the General Offer is accepted by all NWK Shareholders) and based on the following assumptions:
 - a. The effects on basic and diluted earnings from continued and discontinued operations per NWK Share are calculated on the basis that the Proposed Transaction was effective 01 May 2018, whilst the effects on the net asset value and the net tangible asset value per NWK Share are calculated on the basis that the Proposed Transaction was effective 30 April 2019.
 - b. The pro forma financial effects on NWK Shareholders who qualify as BFCAP Participants have been derived by multiplying the pro forma financial effects of NWK Holdings by the Shares Only Consideration, being 1.2419 of a NWK Holdings Share for every one NWK Share held by a BFCAP Participant.
 - c. The weighted average number of shares in issue and the number of shares in issue is representative of the issued share capital of NWK Holdings after the implementation of the Proposed Transaction.
4. Unless otherwise stated, all adjustments are expected to have a continuing impact on the statement of comprehensive income.

Pro forma financial effects on participants who remain NWK Shareholders, assuming that 50% +1 of all participants participates in the General Offer (“Minimum General Offer Requirement”):

Pro forma financial effects on remaining NWK Shareholders

| Per NWK Share (cents) | Before the Grindrod Sale (1) (cents) | Pro forma after the Grindrod Sale (before the Minimum General Offer Requirement) (2) | Percentage change from (1) to (2) (%) | Pro forma after the Minimum General Offer Requirement (3) | Percentage change from (2) to (3) (%) | Percentage change from (1) to (3) (%) |
|---|---|---|--|--|--|--|
| Earnings per NWK Share | 169 | 171 | 1.0% | 171 | 0.1% | 1.1% |
| Basic and diluted earnings from continuing operations per NWK Share | 64 | 66 | 2.7% | 66 | 0.2% | 2.9% |
| Basic and diluted earnings from discontinued operations per NWK Share | 105 | 105 | - | 105 | - | - |
| Net asset value per NWK Share | 1,091 | 1,091 | - | 1,091 | - | - |
| Net tangible asset value per NWK Share | 1,072 | 1,072 | - | 1,072 | - | - |
| Weighted number of NWK Shares in issue | 143,031,971 | 143,031,971 | | 143,031,971 | | |
| Number of NWK Shares in issue | 143,031,971 | 143,031,971 | | 143,031,971 | | |

Notes and assumptions:

1. The NWK information reflected in the “Before the Grindrod Sale” column has been extracted without amendments from the NWK consolidated annual financial statements for the twelve months ended 30 April 2019.

2. The NWK information reflected in the “Pro forma after the Grindrod Sale (before the Minimum General Offer Requirement)” column has been calculated based on the assumptions as summarised in the notes and assumptions above.

Minimum General Offer Requirement

3. The NWK information reflected in the “Pro forma after the Minimum General Offer Requirement” column has been calculated on the basis that the Minimum General Offer Requirements is met and that 50% +1 of all participants participates in the General Offer and on the following assumptions:
 - a. The effects on basic and diluted earnings from continued and discontinued operations per NWK Share are calculated on the basis that the Minimum General Offer Requirement was effective 01 May 2018, whilst the effects on the net asset value and the net tangible asset value per NWK Share are calculated on the basis that the Minimum General Offer Requirement was effective 30 April 2019.
 - b. The assumed Cash Only Consideration payable to participants who remain NWK Shareholders in the event of the Minimum General Offer Requirement (assuming that 50% +1 of all participants participate in the General Offer) totalling R10.98 million plus estimated transaction costs of R3.9 million are assumed to be settled through overdraft facilities utilised by NWK to provide funding to NWK Holdings to settle the same.
4. Unless otherwise stated, all adjustments are expected to have a continuing impact on the statement of comprehensive income.
5. Should either 50% +1 or 75% of all participants accept the General Offer, the impact on the financial effects of an NWK Shareholder remain unchanged, while the financial effects of a BFCAP Participant and an NWK Holdings Shareholder are estimated to have less than a 4% positive effect on the basic earnings from continuing operations and net asset value per share which will be illustrated in the Combined Offer Circular.

6.3 **Pro forma earnings and asset value per NWK Holdings Share**

- 6.3.1 The pro forma financial effects and notes thereto relating to the impact of the Grindrod Sale and the Proposed Transaction is contained in the table below. The pro forma financial effects are based on the latest consolidated audited financial statements for NWK Holdings for the 12 months ended 30 April 2019.
- 6.3.2 The *pro forma* financial effects in the table below takes into account the recently concluded Grindrod Sale for the acquisition of 29 153 264 NWK shares from Grindrod by NWK Holdings.
- 6.3.3 The pro forma financial effects on NWK Holdings Shareholders, for which the NWK Holdings Board is responsible, are provided for illustrative purposes only to provide information about how the Grindrod Sale and the Proposed Transaction may affect the financial position of NWK Holdings Shareholders, and because of their nature, may not fairly present the actual financial position of the Grindrod Sale and the Proposed Transaction on NWK Holdings Shareholders.
- 6.3.4 The pro forma financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of NWK Holdings’ accounting policies that comply with IFRS for the

year ended 30 April 2019. The *pro forma* financial effects of the Grindrod Sale and the Proposed Transaction has been prepared on the assumption that the aforementioned became effective on 01 May 2018 for the statement of profit and loss and 30 April 2019 in respect of the statement of financial position. The *pro forma* financial effects are presented in accordance with the 4AX Listing Requirements and the Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420: Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus.

6.3.5 The NWK Holdings Board is responsible for the compilation, contents and preparation of the NWK Holdings *pro forma* financial effects. Their responsibility includes determining that the NWK Holdings *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of NWK Holdings and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial effects disclosed pursuant to the 4AX Listing Requirements.

6.3.6 It should be noted that the *pro forma* financial effects include the earnings effect of the finance costs incurred on the overdraft facilities drawn on for the acquisition of shares in the Grindrod Sale and the Proposed Transaction. However, the timing of the amounts drawn down against the overdraft facilities is currently uncertain for the Proposed Transaction. Consequently, to the extent that the amounts are drawn down for purposes of the intended use, the finance costs illustrated for purposes of presenting the *pro forma* financial effects may not be realised in full.

Pro forma financial effects on NWK Holdings Shareholders:

Pro forma financial effects on NWK Holdings Shareholders

| | Before the Grindrod Sale (1) | Pro forma after the Grindrod Sale (before the Proposed Transaction) (2) | Percentage change from (1) to (2) (%) | Pro forma after the Proposed Transaction (3) | Percentage change from (2) to (3) (%) | Percentage change from (1) to (3) (%) |
|--|---------------------------------|---|---|--|---|---|
| Per NWK Holdings Share (cents) | | | | | | |
| Earnings per NWK Holdings Share | 188 | 227 | 21.0% | 204 | -10.3% | 8.6% |
| Basic and diluted earnings from continuing operations per NWK Holdings Share | 71 | 70 | -1.2% | 65 | -7.9% | -9.0% |
| Basic and diluted earnings from discontinued operations per NWK Holdings Share | 117 | 157 | 34.5% | 139 | -11.3% | 19.3% |
| Net asset value per NWK Holding Share | 1,170 | 1,317 | 12.6% | 1,203 | -8.7% | 2.8% |
| Net tangible asset value per NWK Holding Share | 1,134 | 1,281 | 13.0% | 1,178 | -8.1% | 3.8% |
| Weighted number of NWK Holding Shares in issue | 76,212,831 | 76,212,831 | | 108,167,404 | | |
| Number of NWK Holding Shares in issue | 76,212,831 | 76,212,831 | | 108,167,404 | | |

Notes and assumptions:

1. The NWK Holdings information reflected in the "Before the Grindrod Sale" column has been extracted without amendments from the NWK Holdings consolidated annual financial statements for the twelve months ended 30 April 2019.

Grindrod Sale

2. The NWK Holdings information reflected in the "Pro forma after the Grindrod Sale (before the Proposed Transaction)" column has been calculated on the basis that the Grindrod Sale has been implemented and based on the following assumptions:
 - a. The effects on basic and diluted earnings from continued and discontinued operations per NWK Holdings Share are calculated on the basis that the Grindrod Sale was effective 01 May 2018, whilst the effects on

the net asset value and the net tangible asset value per NWK Holdings Share are calculated on the basis that the Grindrod Sale was effective 30 April 2019;

- b. The acquisition price of the Grindrod Sale totalling R204.1 million plus related transaction costs totalling R2.32 million have been settled through overdraft facilities (obtained through NWK Holdings' subsidiary NWK). The additional R2.03 million transaction costs were settled through NWK Holdings' bank account;
- c. Finance charges, calculated at a rate of 8.51% per annum, being the average prime interest rate less 160 basis points, for a period of 12 months;
- d. The Grindrod Sale resulted in a 20.38% decline in the non-controlling interest balance as at 30 April 2019;
- e. Transaction costs (non-recurring) of R4.4 million have been capitalised to equity attributable to shareholders;
- f. The Grindrod Sale had no impact on the weighted average number of NWK Holdings Shares in issue.

Proposed Transaction

3. The NWK Holdings information reflected in the "Pro forma after the Proposed Transaction" column has been calculated on the basis that the Proposed Transaction has been implemented (either the Scheme becomes operative and unconditional or the General Offer is accepted by all NWK Shareholders) and based on the following assumptions:
 - a. The effects on basic and diluted earnings from continued and discontinued operations per NWK Holdings Share are calculated on the basis that the Proposed Transaction was effective 01 May 2018, whilst the effects on the net asset value and the net tangible asset value per NWK Holdings Share are calculated on the basis that the Proposed Transaction was effective 30 April 2019;
 - b. The assumed Offer Consideration for accounting purposes is settled as follows:
 - Cash Only Consideration: The assumed Cash Only Consideration totalling R21.96 million payable to Non-BFCAP Participants plus estimated transaction costs of R3.9 million are assumed to be settled through overdraft facilities (obtained through NWK Holdings' subsidiary NWK).
 - Shares Only Consideration: The issue of 31 954 573 NWK Holdings Shares based on the Shares Only Consideration at an assumed price of R5.11 per NWK Holdings Share, being the volume weighted average price of NWK Holdings Shares for the last traded month, being April 2020 as there were no trades during the month of May 2020. In terms of IFRS, the issue price of the NWK Holdings Shares will be determined on the effective date of the Proposed Transaction and may differ from the assumptions underlying these pro forma effects.
 - c. Finance charges calculated at a rate of 8.51% per annum, being the average prime interest rate less 160 basis points, for a period of 12 months.
 - d. The Proposed Transaction results in a 20.55% decline in the non-controlling interest balance as at 30 April 2019.

- e. Estimated transaction costs (non-recurring) of R3.9 million have been capitalised to equity attributable to shareholders.
- f. The number of NWK Holdings Shares in issue are increased by an assumed 31 954 573 NWK Holdings Shares to be issued as a part of the Shares Only Consideration.

7. FUNDING OF THE OFFER CONSIDERATION

7.1 Shares Only Consideration

NWK Holdings confirms that it will have sufficient authorised ordinary shares available to issue the maximum number of NWK Holdings Shares which may be required to implement the Proposed Transaction fully and that it has the necessary authority to issue such NWK Holdings Shares, subject to the NWK Holdings Requisite Resolutions being passed at the NWK Holdings Special General Meeting (to be held on 04 August 2020).

7.2 Cash Only Consideration

7.2.1 NWK Holdings has confirmed to the TRP that it has sufficient funds to fully satisfy the Cash Only Consideration pursuant to the Proposed Transaction. NWK Holdings has received financial assistance from its subsidiary, NWK, for purposes of enabling NWK Holdings to settle the total aggregate Cash Only Consideration, which financial assistance has been furnished under the authority granted by the specific financial assistance for the acquisition of shares in NWK special resolution number C4 adopted by NWK's shareholders at the annual general meeting of NWK's shareholders held on 09 September 2019 ("**Annual General Meeting**"). In accordance with special resolution number C4 adopted by NWK's shareholders at the Annual General Meeting, the specific financial assistance was provided to NWK Holdings on the following terms:

- 7.2.1.1 the aggregate value of the financial assistance to be granted by NWK will not exceed R250,000,000;
- 7.2.1.2 the specific authority shall be valid for a period of 2 years from the date of passing of special resolution number C4;
- 7.2.1.3 any financial assistance granted by NWK pursuant to special resolution C4 shall be subject to the provision of adequate security by NWK Holdings (or a subsidiary of NWK Holdings) to NWK, acceptable to the NWK Board; and
- 7.2.1.4 the financial assistance to be granted by NWK will be provided on market related terms as follows:
 - 7.2.1.4.1 the interest rate shall not be less than the prime lending rate;
 - 7.2.1.4.2 the term of the financial assistance shall not exceed a period of 7 years; and
 - 7.2.1.4.3 such further terms and conditions which are standard for financing arrangements of this nature, as approved by the NWK Board.

7.2.2 As at the date of this Joint Firm Intention Announcement, NWK had granted R206,390,095 of the total aggregate value of R250,000,000 to NWK Holdings in respect of the sale of NWK Shares held by Grindrod to NWK Holdings. As a result, NWK Holdings has received an additional R43,609,905, as part of the specific authority financial assistance facility, for settlement of the Cash Only Consideration.

7.2.3 An irrevocable, unconditional bank guarantee (“**Guarantee**”) which complies with Regulation 111(4) and (5) of the Companies Regulations has been issued by a South African bank for the total amount of R43,000,000 and the original thereof has been delivered to the TRP.

7.2.4 NWK has provided financial assistance to NWK Holdings for purposes of enabling NWK Holdings to obtain the Guarantee, which financial assistance has been furnished in accordance with the general financial assistance special resolutions number C2 and/or C3 adopted by NWK Shareholders at the Annual General Meeting.

8. STATEMENTS OF BENEFICIAL INTERESTS

8.1 NWK Holdings is the controlling shareholder of NWK which currently owns 113 640 986 NWK Shares, representing approximately 79.45% of the total issued Shares in NWK.

8.2 The following directors of NWK Holdings and NWK hold the beneficial interests in the issued share capital of NWK as detailed below:

| Directors of NWK Holdings | Direct Holding | Indirect Holding * | Total | % of NWK issued Shares |
|-----------------------------|----------------|--------------------|--------|------------------------|
| H Krüger (Chairman) | 98 156 | 3 | 98 159 | 0.07% |
| L Vermooten (Vice-Chairman) | - | - | - | 0.00% |
| FH Badenhorst | 79 787 | - | 79 787 | 0.06% |
| JJ du Preez | - | 94 098 | 94 098 | 0.07% |
| JP du Preez | - | - | - | 0.00% |
| J Mahne | 61 665 | - | 61 665 | 0.04% |
| JH Suurd | 28 897 | - | 28 897 | 0.02% |
| CF van Niekerk | 24 928 | - | 24 928 | 0.02% |

| Directors of NWK | Direct Holding | Indirect Holding * | Total | % of NWK issued Shares |
|--|----------------|--------------------|--------|------------------------|
| H Krüger (Chairman) | 98 156 | 3 | 98 159 | 0.07% |
| L Vermooten (Vice-Chairman) | - | - | - | 0.00% |
| FH Badenhorst | 79 787 | - | 79 787 | 0.06% |
| JJ du Preez | - | 94 098 | 94 098 | 0.07% |
| JP du Preez | - | - | - | 0.00% |
| J Mahne | 61 665 | - | 61 665 | 0.04% |
| JH Suurd | 28 897 | - | 28 897 | 0.02% |
| CF van Niekerk | 24 928 | - | 24 928 | 0.02% |
| DA Foster | 1 000 | - | 1 000 | 0.00% |
| TE Rabe (Chief Executive Officer) | 14 108 | - | 14 108 | 0.01% |
| DPG Kleingeld (Chief Financial Officer) | 30 481 | - | 30 481 | 0.02% |
| TB Modise (Executive Director: Transformation) | - | - | - | 0.00% |

Notes:

* – *Indirect:* Mr. H Krüger holds an indirect shareholding through MK Farming Proprietary Limited and Mr. JJ du Preez holds an indirect shareholding through Vlakpan Trust.

9. RESPONSIBILITY STATEMENTS

9.1 The NWK Independent Board accepts responsibility for the information contained in this announcement insofar as it relates to NWK, accepts responsibility for the accuracy of such information and certifies that, to the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

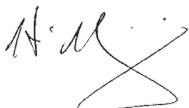
9.2 The NWK Holdings Board accepts responsibility for the information contained in this announcement insofar as it relates to NWK Holdings, accepts responsibility for the accuracy of such information and certifies that, to the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

10. POSTING OF THE COMBINED OFFER CIRCULAR

NWK Holdings and NWK intend to post the Combined Offer Circular on or about 07 July 2020, and in any event within 20 business days from the date of this announcement as specified in the Companies Regulations. It is expected that the Special General Meetings to be convened to consider the resolutions necessary to implement the Proposed Transaction will be held on 04 August 2020. The Combined Offer Circular will confirm the date of the Special General Meetings and provide detail of all other pertinent dates.

SIGNED AT LICHTENBURG FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF NWK HOLDINGS ON 08 JUNE 2020

By order of the NWK Holdings Board



H KRÜGER
Chairman

SIGNED AT LICHTENBURG FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF NWK ON 08 JUNE 2020

By order of the NWK Board



L VERMOOTEN
Vice-Chairman

SIGNED AT POTCHEFSTROOM FOR AND ON BEHALF OF THE INDEPENDENT BOARD OF NWK ON 08 JUNE 2020

By order of the NWK Independent Board



A RADEMEYER
Chairman

NWK Holdings Limited

81 Scholtz Street
Lichtenburg
North West
South Africa

NWK Limited

81 Scholtz Street
Lichtenburg
North West
South Africa

TRANSACTION ADVISOR AND 4AX EXTERNAL ISSUER AGENT:

Pallidus Capital Proprietary Limited

LEGAL ADVISORS TO THE NWK GROUP:

Cliffe Dekker Hofmeyr Inc.