

CLIENTÈLE LIMITED

Incorporated in the Republic of South Africa

(Registration number: 2007/023806/06)

Share code: CLI

ISIN: ZAE000117438

("Clientèle" or "the Company")



TERMS ANNOUNCEMENT REGARDING THE ACQUISITION OF 1LIFE INSURANCE LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are referred to the various cautionary announcements released on SENS, the last of which was dated 24 October 2023 and are hereby advised that the Company has entered into an exchange of shares agreement ("**Share Exchange Agreement**") with Telesure Investment Holdings Proprietary Limited ("**TIH**"), in terms of which the Company will acquire 100% of the issued share capital of 1Life Insurance Limited ("**1Life**") held by TIH for a purchase consideration that will be settled through an issue of shares in Clientèle, as set out in paragraph 4 below ("**1Life Acquisition**").

2. THE BUSINESS OF 1LIFE

1Life is a licensed life insurer that specialises in offering funeral and underwritten life insurance products to South African consumers via direct sales, intermediated sales and through online distribution platforms.

3. RATIONALE FOR THE 1LIFE ACQUISITION

Clientèle is a diversified financial services group and is one of South Africa's leading direct distributors of financial services products. Over the past 30 years it has been successfully offering convenient and easy to understand financial services products to the entry level mass market.

1Life operates in the underwritten direct and intermediated life insurance market and the funeral mass market. When 1Life commenced operations in 2006, it was the first truly direct life insurer, having been the largest direct life insurer for over a decade, the company has evolved into a multi-distribution insurer in the entry level mass market and mass affluent market.

The merging of these two well-known insurance entities brings together two organisations that have expertise in the mass market segment and a strong focus on Treating Clients Well. The acquisition is accretive, resulting in a combined Embedded Value of approximately R7.8 billion and almost 1.5 million contracts, which improves scale and will enhance future value creation for all customers, employees, shareholders and other stakeholders.

4. CONSIDERATION

The purchase consideration for the 1Life Acquisition is an amount of R1,914 billion, which is equivalent to the Embedded Value of 1Life, as at 30 June 2023, adjusted to be calculated on a similar basis to that used by Clientèle in its Embedded Value calculation, plus a control premium of 6.23%.

The purchase consideration will be settled through the issue of 117,815,756 (one hundred and seventeen million, eight hundred and fifteen thousand, seven hundred and fifty six) ordinary shares in Clientèle ("**Consideration Shares**"), which will be equal to 26% of the sum of Clientèle's issued share capital plus the Consideration Shares as at the date of this announcement.

The Consideration Shares will be issued at a price of R16.25 (sixteen Rand and twenty five cents) per Consideration Share, which, although a substantial premium to the prevailing market price of Clientèle shares, is similar to Clientèle's Embedded Value per share, given that the purchase consideration was determined on a like-for-like basis as set out above.

5. EFFECTIVE DATE OF THE 1LIFE ACQUISITION

The effective date of the 1Life Acquisition will be the 3rd business day after the date on which all of the conditions precedent, as set out below, have been fulfilled or waived ("**Closing Date**"), which date is anticipated to be 30 June 2024.

6. CONDITIONS PRECEDENT

The 1Life Acquisition is subject to the fulfilment or waiver (if applicable), as the case may be, of the following material conditions precedent ("**Conditions Precedent**"):

- by not later than 17h00 on 31 March 2024, the shareholders of Clientèle have passed a resolution (1) approving the 1Life Acquisition in terms of the relevant and applicable provisions of the JSE Listings Requirements, (2) electing two persons (nominated by TIH) to the board of directors of Clientèle, with effect from the Closing Date and (3) approving the allotment and issue of the Consideration Shares pursuant to the Share Exchange Agreement, to the satisfaction of TIH;
- by not later than 17h00 on 30 September 2024, the counterparties to the material contracts, as defined in the Share Exchange Agreement, have been notified in writing or have consented in writing to the change in control of 1Life;
- by not later than 17h00 on 31 March 2024, the signature of an amendment agreement to the written Outsource Agreement ("**TGS OA**") concluded between Telesure Group Services Proprietary Limited ("**TGS**") and 1Life on or about September 2019 in terms of which *inter alia* for a period of 5 (five) calendar years from the Closing Date, TGS will continue to render outsourced services to Clientèle and such agreement having become unconditional, save for any condition precedent in such agreement requiring the Share Exchange Agreement to become unconditional;
- by not later than 17h00 on 31 March 2024, TIH, 1Life and Clientèle (or its subsidiary, Clientèle Life Assurance Company Limited) have concluded a written agreement in relation to a royalty free right to copy and/or extract all software code related to information technology systems exclusively utilised by 1Life and/or that are bespoke to 1Life or any of its products, and which are owned by TIH or any of the TIH group companies and hosted on its information technology main frame(s), for its own use at any time after the Closing Date, including any maintenance agreements attaching to such software as may be required by 1Life to secure access to the resources that it requires to continue to conduct the 1Life business on the same basis as before the 1Life Acquisition, and where such copy or extraction is not possible, a licensing arrangement to achieve the same outcome;

- by not later than 17h00 on 31 March 2024, the signature of an agreement in terms of which Clientèle and/or 1Life will pay to TIH or TGS certain reasonable costs based on the sales of 1Life policies by TIH tied agents, and such agreement having become unconditional, save for any condition precedent in such agreement requiring the Share Exchange Agreement to become unconditional;
- by not later than 17h00 on 31 March 2024, the signature of lock-in agreements with certain key employees, and such agreements having become unconditional, save for any condition precedent in such agreement requiring the Share Exchange Agreement to become unconditional;
- by not later than 17h00 on 31 March 2024, the signature of a written leads agreement between TIH, 1Life and Clientèle (or its subsidiary, Clientèle Life Assurance Company Limited) which will include –
 - o a royalty free intellectual property licence in respect of the use of TIH's owned brand trademarks which are used by 1Life as at the signature date of the Share Exchange Agreement in the conduct of the 1Life business for the purpose of (i) cross-selling to customers, 1Life's white labelled products; and (ii) servicing the existing clients of 1Life's white labelled products;
 - o a royalty free right to information in terms of which TIH grants to 1Life, the right to receive certain information of the customers of TIH's group companies (to the extent legally permissible), and which information has been generated from time to time by TIH's internal systems and processes, for purposes of 1Life marketing and selling its life insurance products to such customers through its direct call centres and TIH's tied agency force; and
 - o an agreement in terms of which Clientèle and the TIH group companies provide each other with certain customer leads information of potential customers of insurance products or value-added services (to the extent legally permissible) in relation to which the respective referring parties do not hold a licence to underwrite, for the purposes of marketing and selling such products or services (under its own brands or as white-labelled product offerings);

and such agreement having become unconditional, save for any condition precedent in such agreement requiring the Share Exchange Agreement to become unconditional

- by not later than 17h00 on 30 September 2024, the 1Life Acquisition and all agreements and transactions contemplated in the Share Exchange Agreement (to the extent necessary) have been unconditionally approved by the relevant competition authorities in terms of the Competition Act, no 71 of 2008, or conditionally approved on terms and conditions which each of Clientèle and TIH confirms in writing to the other to be acceptable to it;

- by not later than 17h00 on 30 September 2024 (1) Clientèle has signed and delivered to the Prudential Authority, a written letter of credit in relation to 1Life in replacement of the current letter of credit provided by TIH to the Prudential Authority in respect of 1Life and (2) the 1Life Acquisition and all agreements and transactions contemplated in the Share Exchange Agreement (to the extent necessary) have been unconditionally approved by the Prudential Authority in terms of section 51(1) of the Insurance Act read with sections 157 and 158 of the FSRA, or conditionally approved on terms and conditions which each of Clientèle and TIH confirms in writing to the other to be acceptable to it; and
- by not later than 17h00 on 30 September 2024, Clientèle has obtained all such approvals as may be required, if any, by the JSE Limited (“JSE”) for the allotment, issue and listing of the Consideration Shares on the JSE.

The time period for the fulfilment of the Conditions Precedent can be extended in the manner set out in the Share Exchange Agreement.

7. SIGNIFICANT TERMS OF THE SHARE EXCHANGE AGREEMENT

Distributions

The shares in 1Life are being acquired ex of certain dividend(s) specified in the Share Exchange Agreement.

Clientèle may not declare or pay any dividends prior to the Closing Date which is not in the ordinary course of business or which constitute a distribution in specie or a capitalisation issue. The Consideration Shares are being issued to TIH ex any dividend that may be declared by Clientèle and with a record date prior to the Closing Date.

Restraint

In terms of the Share Exchange Agreement TIH has undertaken (for itself and on behalf of each of its group companies) that it will not, and will ensure that its related parties do not, for a period of 5 (five) calendar years from the Closing Date, directly or indirectly, offer, distribute and/or underwrite any insurance product(s) that compete with 1Life's insurance products, underwritten as at the Closing Date, without the prior written consent of Clientèle.

Warranties and indemnities

The Share Exchange Agreement contains warranties and indemnities appropriate for transactions of this nature.

8. FINANCIAL INFORMATION

In terms of the latest audited annual financial statements of 1Life, for the financial year ended 30 June 2023, the net asset value of 1Life amounted to R1,705,425,000, while the profit after taxation of 1Life amounted to R152,756,000 for the year ended 30 June 2023.

9. CLASSIFICATION OF THE 1LIFE ACQUISITION

The 1Life Acquisition constitutes a category 1 transaction in terms of the JSE Listings Requirements which will require the approval of shareholders. In the circumstances of the 1Life Acquisition only, the material shareholders of Clientèle, namely Newshelf 702 (Pty) Limited, River Lily Investments (Pty) Limited and the Hollard Group, holding between them approximately 80% of the issued share capital of Clientèle, have voluntarily decided that they will not vote on the resolution to approve the 1Life Acquisition at the meeting to be convened to consider the 1Life Acquisition.

A circular to shareholders relating to the 1Life Acquisition will be distributed in due course.

10. OTHER

For purposes of paragraph 9.16 of the Listings Requirements, the Company shall ensure that after the Closing Date nothing in the constitutional documents of 1Life will, in any way, frustrate or relieve the Company from its compliance with the Listings Requirements.

11. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are advised that, as a result of the publication of this terms announcement, the cautionary announcement published on 15 June 2023 and renewed on 28 July 2023, 11 September 2023 and 24 October 2023, is hereby withdrawn and shareholders are no longer required to exercise caution when dealing in the Company's securities in relation to the 1Life Acquisition.

Johannesburg
3 November 2023

Transaction sponsor
Valeo Capital (Pty) Limited

 Valeo Capital

Legal advisors
Cliffe Dekker Hofmeyr Incorporated

