
WORKFORCE HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 2006/018145/06)
Share code: WKF ISIN: ZAE000087847
 (“**Workforce**” or “**the Company**” or “**the Group**”)

ACQUISITION OF THE DYNA GROUP

1. INTRODUCTION

Shareholders are advised that Workforce has entered into a purchase of shares agreement (“**Acquisition Agreement**”) to acquire the entire issued share capital of and shareholder claims in Dyna Training Proprietary Limited (“**Dyna Training**”), Dyna Industrial Training and Development Proprietary Limited (“**Dyna Industrial**”), Dyna Training Namibia Proprietary Limited (“**Dyna Training Namibia**”) and NQ Plus Networks Proprietary Limited (“**NQ**”), collectively referred to herein after as “**the Dyna Group**” with effect from 1 June 2018 (“**Effective Date**”) (“**the Acquisition**”).

The Acquisition will be implemented on the “**Closing Date**”, being the fourteenth day after the date on which the last of the conditions precedent to the Acquisition, as set out in paragraph 2.5 below is fulfilled or waived, as the case may be (“**Conditions Precedent**”).

2. THE ACQUISITION

2.1 Nature of the business of the Dyna Group

The Dyna Group is an industry award winning provider of leadership, management and supervisory training with company owned branches in Cape Town and Windhoek and with franchises, which are not part of the Acquisition, in Johannesburg, Durban and Port Elizabeth. Its training programs consist of proprietary accredited and non-accredited courses that lie just below formal business qualifications offered by tertiary educational institutions. The business follows a “business to business” model and also offers learnerships to corporate clients. The Dyna Group has a wide range of customers, including numerous blue chip listed and non-listed companies. Approximately 2 000 people are trained by the Dyna Group annually.

2.2 Rationale for the Acquisition

As a pre-eminent training provider in its particular market segment, the Acquisition allows Workforce to further expand its training offering, in line with the Company’s previously stated growth strategy, by bringing a profitable, market leading business with both a highly regarded brand and a capable, entrepreneurial management team into the Group.

The Dyna Group diversifies Workforce’s current training offering, which is aimed primarily at blue collar employees, by offering workplace relevant career progressing training that is also applicable to white collar employees. This complementary offering provides both Workforce and the Dyna Group with potential cross selling opportunities.

2.3 Sellers

Workforce has entered into the Acquisition Agreement with:

- the Charlies Rock Trust and the Amanzi Trust in respect of the acquisition of the entire issued share capital of Dyna Training and Dyna Industrial;
- Roland Pierre Innes (“**Innes**”) and Warwick Daniel Aubrey du Preez (“**Du Preez**”) in respect of the acquisition of the entire issued share capital of Dyna Training Namibia; and

- Innes, Du Preez and Melanie Joan Botha Harvard (“**Harvard**”) in respect of the entire issued share capital of NQ, collectively referred to herein after as the “**Sellers**”.

The ultimate beneficiaries of the Charlies Rock Trust and the Amanzi Trust are Du Preez and Innes respectively, as well as their respective family members.

2.4 Purchase consideration

The maximum purchase price payable by Workforce to the Sellers in respect of the Acquisition is an amount of R79 358 361 in cash and is made up as follows:

- 2.4.1. an amount of R34 127 773, referred to as the “**First Payment**”, payable on the Closing Date;
- 2.4.2. an amount of up to R5 060 886, referred to as the “**Second Payment**”, calculated using a predetermined formula based on the aggregate operating profit of the Dyna Group (“**PBIT**”) for the first 12-month period following the Effective Date (“**Second Payment Period**”), payable within 30 days from the date on which the accounts for the Second Payment Period are received;
- 2.4.3. an amount of up to R9 060 112, referred to as the “**Third Payment**”, calculated using a predetermined formula based on the aggregate PBIT of the Dyna Group for the second 12-month period following the Effective Date (“**Third Payment Period**”), payable within 30 days from the date on which the accounts for the Third Payment Period are received;
- 2.4.4. an amount of up to R13 695 622, referred to as the “**Fourth Payment**”, calculated using a predetermined formula based on the aggregate PBIT of the Dyna Group for the third 12-month period following the Effective Date (“**Fourth Payment Period**”), payable within 30 days from the date on which the accounts for the Fourth Payment Period are received;
- 2.4.5. in the event that the aggregate value of the PBIT for the Second Payment Period, Third Payment Period and the Fourth Payment Period (“**Total Payment Period PBIT**”) amounts to R42 016 084 and there has been a shortfall in the Second Payment and/or the Third Payment paid to the Sellers, the Sellers shall then be entitled to receive a Clawback Payment equivalent to the amount of such shortfall, payable within 30 days from the date on which the accounts for the Fourth Payment Period are received; and
- 2.4.6. in the event that the aggregate value of the Total Payment Period PBIT is greater than R42 016 084, the Sellers shall then be entitled to receive a Top-up Payment of up to R17 413 968, calculated in accordance with a predetermined formula, payable within 30 days from the date on which the accounts for the Fourth Payment Period are received.

2.5 Conditions precedent

In addition to the conditions precedent as are normal with a transaction of this nature, including the conduct of a due diligence investigation which has been performed to the satisfaction of Workforce, the following relevant conditions precedent to the Acquisition are disclosed:

- 2.5.1 delivery by the Sellers to Workforce of the audited or independently reviewed accounts of the Dyna Group companies, at the election of Workforce, for the year ended 31 May 2018, prepared in accordance with the Acquisition Agreement by a date no later than 27 July 2018; and
- 2.5.2 the conclusion of key employment agreements with each of Innes, Du Preez and Harvard, by a date not later than 30 July 2018.

3. FINANCIAL INFORMATION

The value of the net assets that are the subject of the Acquisition as at 31 May 2018 was R10 404 381. The PBIT attributable to the net assets that are the subject of the Acquisition for the year ended 31 May 2018 was R7 132 705.

The annual financial statements for the year ended 31 May 2018 were prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the Companies Act, no.71 of 2008.

4. CLASSIFICATION OF THE ACQUISITION

The Acquisition is classified as a Category 2 transaction in terms of the Listings Requirements of JSE Limited.

Johannesburg
24 July 2018

Designated Adviser
Merchantec Capital