

## ACQUISITION OF SHARES IN ORACLEMED INVESTMENTS

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### 1. INTRODUCTION

The board of directors of Conduit Capital (“**the Board**”) is pleased to inform shareholders that Conduit Capital and its wholly-owned subsidiary, Constantia Risk and Insurance Holdings Proprietary Limited (“**Constantia**”), have, on 27 June 2021 (“**Signature Date**”), entered into a subscription agreement (“**Subscription Agreement**”) with OracleMed Health Group Holdings Proprietary Limited (“**OracleMed Holdings**”) and OracleMed Health Investments Proprietary Limited (“**OracleMed Investments**”) in terms of which Constantia (or its nominee) will subscribe for:

- 30% of the total issued ordinary no par value shares in OracleMed Investments upon implementation of the Subscription Agreement (“**Subscription Shares A**”) for an amount of R42 000 000 (“**Subscription Consideration A**”); and
- up to 45% of the total issued no par value shares in OracleMed Investments as detailed in paragraph 2.4.2.1 below (“**Subscription Shares B**”) for an amount to be determined in accordance with the formula detailed in the Subscription Agreement (“**Formula**”), which Formula is based on the achievement of certain earnings thresholds by OracleMed Investments, and which will be capped at a maximum of R81 750 000 (“**Subscription Consideration B**”),

subject to the fulfilment or waiver, as the case may be, of the conditions detailed in paragraph 2.3 below (“**the Acquisition**”).

The Subscription A Shares and the Subscription B Shares are collectively referred to hereinafter as the “**Subscription Shares**”.

The Subscription Consideration A and the Subscription Consideration B are collectively referred to hereinafter as the “**Subscription Consideration**”.

After the implementation of the Acquisition, Constantia will own up to 75% of the shares in OracleMed Investments, making it a subsidiary of Conduit Capital. In accordance with paragraph 10.21 of Schedule 10 of the Listings Requirements of JSE Limited (“**Listings Requirements**”), Conduit Capital will ensure that no provisions contained in the memorandum of incorporation of OracleMed Investments will frustrate the Company in any way from its obligations in terms of the Listings Requirements, nor will it relieve the Company from compliance with the Listings Requirements.

### 2. THE ACQUISITION

#### 2.1 Nature of the businesses of Constantia and OracleMed Investments

##### 2.1.1 Constantia

Constantia is the holding company of the Conduit Capital Group’s three registered insurers, comprising Constantia Insurance Company Limited, Constantia Life Limited and Constantia Life and Health Assurance Company Limited, as well as a number of insurance-related subsidiaries.

Constantia offers insurance and risk management solutions, covering areas such as medical malpractice, primary health insurance and medical gap cover products, funeral and life insurance, guarantee and indemnity solutions, medical evacuation insurance, property and casualty (including motor), heavy commercial vehicle, small business and other niche lines. Constantia’s products are distributed through underwriting management agencies, administrator managed (binder based) broker distribution and direct broker relationships.

### 2.1.2 OracleMed Investments

As detailed in paragraph 2.3.1 below, OracleMed Investments will acquire the business of OracleMed Health Proprietary Limited ("**OracleMed Health**"). Established in 2001, OracleMed Health is a global Medical Insurance Underwriting Manager and Administrator providing a unique range of International Medical Insurance products in Africa, underwritten by Constantia. OracleMed Health has a worldwide network of 3,200 hospitals and established partnerships with 7,000 health providers across Africa.

The Business, as set out in paragraph 2.3.1 below, has built a team of professionals drawn from a broad range of disciplines, including medical practitioners and healthcare specialists, who are sensitive to the cultural, political and economic needs across eighteen Africa countries.

## 2.2 Rationale for the Acquisition

Constantia has a long-standing relationship with OracleMed Health as its Underwriting Manager and Administrator for bespoke health products in Africa. The Acquisition allows Constantia to fully align interests with a key partner and ensure a smooth succession of the OracleMed group business. A number of synergies will be unlocked across Constantia's diverse product base while OracleMed Health's experience in and networks across Africa is intended to provide Constantia with access to new markets and USD based earnings.

## 2.3 Conditions precedent

The Acquisition is subject to the fulfilment or waiver, as the case may be, of the following conditions by no later than 31 August 2021, or such later date as the parties to the Subscription Agreement ("**Parties**") may agree in writing:

- 2.3.1 the conclusion of a Sale of Business Agreement, being an agreement to be entered into between OracleMed Health and OracleMed Investments pursuant to which OracleMed Investments will acquire from OracleMed Health its specialised outsourced administration and underwriting management services business and associated revenue opportunities ("**Business**");
- 2.3.2 each of the boards of directors of Conduit Capital and Constantia passing written resolutions authorising the transactions contemplated in the Subscription Agreement;
- 2.3.3 the transactions contemplated in the Subscription Agreement, as read with the Sale of Business Agreement, having, to the extent required, been approved by the Competition Authorities; and
- 2.3.4 the Parties obtaining all regulatory approvals which are necessary for the implementation of the Acquisition.

## 2.4 Subscription Shares

### 2.4.1 Subscription Shares A

- 2.4.1.1 The Subscription Shares A will be allotted and issued to Constantia with effect from 1 September 2021 ("**Effective Date**"), following which the entire issued share capital of OracleMed Investments will be held by OracleMed Holdings (70%) and Constantia (30%).
- 2.4.1.2 It is envisaged that the Subscription Consideration A shall be paid in cash by Constantia to OracleMed Investments, from a combination of existing cash resources and new external debt funding, within 48 hours of the Fulfilment Date, being the date on which the last condition precedent is fulfilled or waived, as the case may be.

### 2.4.2 Subscription Shares B

- 2.4.2.1 Provided that Constantia is a shareholder in OracleMed Investments on 1 September 2022, the Subscription Shares B will be allotted and issued to

Constantia with effect from 1 September 2022, following which the entire issued share capital of OracleMed Investments will, subject to the Formula, be held by Constantia (up to 75%) and the balance by OracleMed Holdings.

2.4.2.2 It is envisaged that the Subscription Consideration B shall be paid in cash by Constantia to OracleMed Investments, from a combination of existing cash resources and new external debt funding, on or about 15 October 2022.

2.4.3 OracleMed Investments will apply the Subscription Consideration towards discharging its indebtedness to OracleMed Holdings arising out of the purchase of the Business pursuant to the Sale of Business Agreement.

## **2.5 Warranties**

The Subscription Agreement contains warranties that are normal for a transaction of this nature.

## **3. FINANCIAL INFORMATION**

The value of the audited net assets of OracleMed Health as at 31 August 2020 was R96 560 305. The audited profit attributable to OracleMed Health for the year ended 31 August 2020 was R25 904 634. The net assets of the Business being acquired as at 31 August 2020 was R6 216 311 and the profit attributed to the net assets of the Business for the year ended 31 August 2020 was R23 312 759.

The audited annual financial statements for OracleMed Health for the year ended 31 August 2020 were prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the Companies Act.

## **4. CLASSIFICATION OF THE ACQUISITION**

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

Shareholders are advised that the Acquisition is not related to the renewal of cautionary announcement released on SENS on 28 May 2021. Further announcements in relation thereto will be published on SENS in due course.

Johannesburg  
29 June 2021

**Sponsor**  
Merchantec Capital