

METTLE INVESTMENTS LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number: 2008/002061/06)  
JSE share code: MLE  
ISIN: ZAE000257622  
("Mettle" or "the Company")



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## ANNOUNCEMENT REGARDING AN ACQUISITION BY A SUBSIDIARY OF THE COMPANY

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### 1. Introduction

Shareholders are hereby advised that Reward Investments (No. 2) Limited ("**Reward**"), a subsidiary of the Company, has concluded an agreement with Truly Alternative Limited ("**TAL**") in terms of which Reward shall acquire from TAL 100 Reward Finance Group Limited ("**RFG**") "B" shares, equating to an effective 10% of the issued share capital of RFG, for an aggregate cash consideration of GBP 2 000 000 ("**the Transaction**"). After the implementation of the Transaction, Reward will have an effective 82.5% interest in the issued share capital of RFG.

### 2. Overview of Reward and TAL

RFG provides asset-secured short- and medium-term loans and invoice discounting to the United Kingdom's small to medium sized enterprise ("**SME**") market. RFG's strategy is to target SME's that are not adequately serviced by traditional banks.

TAL is the vehicle through which two of the executive directors of RFG, Thomas Flannery and David Jones ("**the Executive Directors**"), hold their interest in RFG.

### 3. Rationale for the Transaction

The transaction is part of an executive succession plan that commenced in 2017. In terms of this plan the Executive Directors would facilitate the recruitment and development of a new senior management team that will lead RFG during the next phase of its development. Once this had been achieved, their shares in RFG would be acquired and they would allow the new management team to take charge of RFG.

The Executive Directors have ensured that a new management team is now in place. With effect from the purchase by Reward of TAL's shares in RFG the Executive Directors have resigned as the joint chief executive officers of RFG. Nick Smith, who has 27 years' experience in the United Kingdom's SME finance sector and has been with the RFG since 2016, has been appointed as the chief executive officer of RFG with effect from 1 April. Both David Jones and Thomas Flannery will remain involved as founding directors. David Jones will assist in the continued development of the RFG business, while Thomas Flannery has been appointed as executive chairman of Reward.

Accordingly, given the Executive Directors' new roles, the successful implementation of RFG's succession plan and the good value that the Transaction represents for the Company, the board of directors of Mettle is of the view that it is now the appropriate time to conclude the Transaction.

### 4. Purchase Consideration

The aggregate purchase consideration of GBP 2 000 000 shall be settled in cash.

## **5. Categorisation and Related Party Transaction**

TAL is an associate of Thomas Flannery, a director of Mettle. Accordingly, in terms of the Listings Requirements of the JSE Limited, the Transaction is classified as a Category 2, small related party transaction

The independent directors of Mettle are in the process of appointing an independent professional expert ("the **IPE**") to opine of the fairness of the Transaction. The opinion of the IPE will be announced on SENS as soon as it has been finalised.

## **6. Conditions precedent and effective date**

No conditions precedent to the Transaction remain outstanding and the Transaction became effective on 2 April 2020. To the extent that the IPE opines that the terms of the Transaction are not fair, the Transaction will be referred to Mettle Shareholders in general meeting for approval.

## **7. Financial Information**

The net asset value of RFG as at 31 August 2019, the date of Mettle's interim results for the six months then ended, was GBP 5 459 000. RFG generated a profit after tax for the same period of GBP 1 719 000.

The above figures are unaudited and have not been reviewed by Mettle's auditors.

Cape Town  
08 April 2020

Designated Advisor



Questco Corporate Advisory (Pty) Ltd