

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 7 of this Circular apply, *mutatis mutandis*, throughout this Circular, including on this front cover.

### Action required

1. If you have disposed of all your shares in Novus, this Circular should be handed to the purchaser of your shares or to the Broker, banker or other agent through whom the disposal was effected.
2. Novus Shareholders are referred to page 2 of this Circular, which sets out the action required by them.
3. If you are in any doubt about the action to be taken, you should consult your CSDP, Broker, banker, legal advisor, accountant or other professional advisor immediately.

Neither Novus nor the Offeror accepts any responsibility, and will not be held liable for, any action or omission by, any CSDP or Broker, including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Novus Shares to notify such beneficial owner of the Offer set out in this Circular.



**NOVUS HOLDINGS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 2008/011165/06)  
Share code: NVS ISIN: ZAE000202149  
("Novus" or the "Company")



**A2 INVESTMENT PARTNERS  
PROPRIETARY LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 2021/530443/07)  
("Offeror")

## Combined circular to shareholders

### relating to:

- a Mandatory Offer by the Offeror to Novus Minority Shareholders to acquire the Issued Share Capital for an Offer Consideration of 235 cents (two hundred and thirty five cents) per Novus Share; and
- a Response Circular by the Independent Board of Novus containing their views in respect of the Offer,

### and incorporating:

- the Independent Expert Report regarding the Offer; and
- a Form of Acceptance, Transfer and Surrender (pink) for use by Certificated Shareholders only.

Legal adviser to Novus  
Van der Spuy & Partners



Independent Expert  
BDO Corporate Finance Proprietary Limited



Sponsor to Novus  
Merchantec Capital



Legal adviser to A2  
Edward Nathan Sonnenbergs Inc.



## Corporate information and advisors

The definitions commencing on page 7 of this Circular apply, mutatis mutandis, to this corporate information and advisors section.

### IN RESPECT OF NOVUS

#### Company Secretary

Kilgetty Statutory Services (South Africa)  
Proprietary Limited  
Unit G05  
Century Gate Officer Park  
Corner Bosmansdam Road and Century Way  
Century City  
7441  
(PO Box 2275, Cape Town, 8001)

#### Registered Office

10 Freedom Way  
Milnerton  
Cape Town  
7441  
(PO Box 37014, Chempet, 7442)

#### Transfer Secretaries

JSE Investor Services Proprietary Limited  
13th Floor  
19 Ameshoff Street  
Braamfontein  
2001  
(PO Box 4844, Johannesburg, 2000)

#### Legal Advisor

Van der Spuy (Western Cape) Inc.  
t/a Van der Spuy & Partners  
36 Thom Street  
Paarl  
7646  
(PO Box 218, Paarl, 7620)

### IN RESPECT OF A2

#### Registered Office

3 Meson Street  
Techno Park  
Stellenbosch  
7600

#### Sponsor

Merchantec Capital  
13th Floor Illovo Point  
68 Mellville Road  
Illovo  
Sandton  
2196  
(PO Box 41480, Craighall, 2024)

#### Independent Expert

BDO Corporate Finance  
Proprietary Limited  
52 Corlett Drive  
Wanderers Office Park  
Illovo  
2196  
(Private Bag X60500, Houghton, 2041)

#### Legal Advisor

Edward Nathan Sonnenbergs Inc.  
The MARC | Tower 1  
129 Rivonia Road  
Sandton  
Johannesburg  
2196

Date of issue: Friday, 26 November 2021

*This Circular is only available in English. Copies may be obtained from the registered offices of Novus and the Sponsor whose registered addresses are set out in the "Corporate information and Advisors" section of this Circular during normal business hours from the date of issue of this Circular to the Closing Date and is also available on the Company's website at [www.novus.holdings](http://www.novus.holdings).*

## Important information

### FOREIGN SHAREHOLDERS

The legality of the Offer to non resident Offerees may be affected by the laws of any jurisdiction relevant to them. Such Offerees should inform themselves about any applicable legal requirements, which they are obliged to observe. It is the responsibility of any such Offeree wishing to accept the Offer to satisfy himself/herself as to the full observance of the laws of any relevant jurisdiction in connection with the Offer. This Offer does not and will not constitute an offer to purchase, or the solicitation of an offer to sell, any Novus Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the laws of such jurisdiction. Without limiting the generality of the above, the Offer is not being made, directly or indirectly, in or into or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States, Australia, Canada, Japan or any other jurisdiction if it is illegal for the Offer to be made or accepted in that jurisdiction (a “**Restricted Jurisdiction**”) and the Offer cannot be accepted by any such use of mails, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, neither copies of this document nor any related documentation are being or may be mailed or otherwise distributed or sent in or into or from a Restricted Jurisdiction, and, if received in any Restricted Jurisdiction, this document should be treated as being received for information only.

### FORWARD LOOKING STATEMENTS

Statements in this Offer Circular include “forward looking statements” that express or imply expectations of future events or results. Forward looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, and statements regarding plans, objectives and expectations with regard to future operations, products and services, and statements regarding future performance. Forward looking statements are generally identified by the words “anticipates”, “believes”, “estimates”, “expects”, “intends” and similar expressions. All forward looking statements involve a number of risks, uncertainties and other factors, and neither the Offeror nor the Independent Board can give assurances that those statements will prove to be correct. Risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward looking statements include, without limitation, changes in the economic or political situation in South Africa or any other relevant jurisdiction, and the performance of (and cost savings realised by) Novus. Although both the Offeror and the Independent Board believe that the expectations reflected in the forward looking statements are reasonable, Novus Shareholders are cautioned that forward looking information and statements are subject to various risks and uncertainties many of which are difficult to predict and generally beyond the control of either the Offeror or Novus that could cause actual events or results to differ materially from those expressed in, or implied or projected by, the forward looking information and statements. Neither the Offeror nor the Independent Board undertakes any obligation to update any forward looking information or statements.

### RESPONSIBILITY

This Offer Circular is published by, and is the joint responsibility of, the Offeror and the Independent Board.

## Action required by Novus shareholders

The definitions commencing on page 7 of this Circular apply, mutatis mutandis, to this section setting out the action required by Novus Shareholders.

### Please take careful note of the following provisions regarding the action required by Novus Shareholders:

- If you have disposed of all of your Novus Shares, this Circular should be handed to the purchaser of such Novus Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
- If you are in any doubt as to what action you should take arising from this Circular, please consult your Broker, CSDP, banker, attorney, accountant or other professional advisor.
- If you wish to reject the Mandatory Offer, you do not need to take any further action.

### If you are a Certificated Shareholder

#### Acceptance of Offer, surrender of Documents of Title and Offer Consideration

- If you are a Certificated Shareholder and you wish to accept the Offer in respect of all or part of your Novus Shares, you must complete the attached Form of Acceptance, Transfer and Surrender attached to this Circular in accordance with its instructions and return it, together with the relevant Documents of Title, to the Transfer Secretaries as follows (so as to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date):

#### If delivered by hand

JSE Investor Services Proprietary Limited  
13th Floor  
19 Ameshoff Street  
Braamfontein  
2001

#### If sent by mail

JSE Investor Services Proprietary Limited  
PO Box 4844  
Johannesburg  
2000

- Certificated Shareholders are required to indicate their acceptance of the Offer on the Form of Acceptance, Transfer and Surrender. Should there be any doubt or dispute as to whether you have accepted the Offer or not, then you will be deemed not to have accepted the Offer.
- If you accept the Offer in respect of all or some of your Novus Shares and surrender the relevant Documents of Title, you will not be able to trade such Novus Shares from the date of your acceptance of the Offer and surrender of the relevant Documents of Title in respect thereof.
- If you do not wish to accept the Offer, you need not take any action.

#### Offer Consideration

- If the Offer becomes Unconditional and you have both (i) forwarded your completed Form of Acceptance, Transfer and Surrender (*pink*), and (ii) surrendered your Documents of Title, to the Transfer Secretaries on or before 12:00 on the Closing Date, you will be paid the Offer Consideration by way of EFT into your bank account recorded by the Transfer Secretaries or the bank account nominated by you in the Acceptance, Transfer and Surrender (*pink*), as the case may be, in cash on the Payment Date.
- If the Offer becomes Unconditional and you forward your completed Form of Acceptance, Transfer and Surrender (*pink*) to the Transfer Secretaries on or before 12:00 on the Closing Date, but you surrender your Documents of Title after 12:00 on the Closing Date, the Offer Consideration will be paid to you by way of EFT within 6 Business Days of receipt of your Documents of Title by the Transfer Secretaries. If you fail to surrender your Documents of Title to the Transfer Secretaries, or if your banking details

are not recorded with the Transfer Secretaries and you have failed to provide your banking details in the completed Form of Acceptance, Transfer and Surrender (*pink*), the Offer Consideration due to you will be held in trust by the Offeror or the Transfer Secretaries on your behalf, but only for a period of five years after the Payment Date after which the Offer Consideration due to you will be paid to the benefit of the Guardian's Fund of the Master of the High Court.

- In this regard such Offer Participants irrevocably authorise and appoint each of the Offeror and the Transfer Secretaries (or their respective agents, as appointed by each of them) in *rem suam* (that is, irrevocably for the Offeror's and the Transfer Secretaries' advantage), with full power of substitution, to act as agent in the name, place and stead of such Offer Participants to pay the Offer Consideration to the benefit of the Guardian's Fund in the aforesaid manner.
- For the avoidance of doubt, no interest shall accrue for the benefit of Novus Shareholders on the Offer Consideration.
- Documents of Title surrendered prior to 12:00 on the Closing Date, subject to the Offer becoming Unconditional, will be held in trust by the Transfer Secretaries, at the risk of the relevant Certificated Shareholders.
- If Documents of Title relating to any Novus Shares to be surrendered are lost or destroyed, Certificated Shareholders should nevertheless return the attached Form of Acceptance, Transfer and Surrender (*pink*) duly signed and completed to the Transfer Secretaries by hand to 13th Floor, 19 Ameshoff Street, Braamfontein, or by post to PO Box 4844, Johannesburg, 2000 together with an indemnity form, which is obtainable on request from the Transfer Secretaries. Certificated Shareholders who have applied for a lost scrip indemnity will only receive their Offer proceeds upon finalisation of the lost scrip process.
- If you have any queries in relation to the action required by Certificated Shareholders, please contact the Transfer Secretaries' helpline via email at [specialprojects@jseinvestorservices.co.za](mailto:specialprojects@jseinvestorservices.co.za) or telephonically on 0861 472 644 if calling from within South Africa and on +27 11 029 0112 if calling from outside of South Africa.

### If you are a Dematerialised Shareholder

#### Acceptance of Offer

- If you are a Dematerialised Shareholder, you will be contacted by your duly appointed Broker or CSDP in the manner stipulated in your Custody Agreement in order to ascertain whether or not you wish to accept the Offer. If you wish to accept the Offer, you must notify your Broker or CSDP of your acceptance of the Offer in the time and manner stipulated in your Custody Agreement in order to constitute a valid acceptance.
- If you are a Dematerialised Shareholder and wish to accept the Offer, but have not been contacted by your Broker or CSDP, it would be advisable for you to contact and furnish your Broker or CSDP with instructions in regard to the acceptance of the Offer. These instructions must be provided in the manner and by the cut-off date and time stipulated in your Custody Agreement.
- **You must not complete the attached Form of Acceptance, Transfer and Surrender.**
- If you notify your Broker or CSDP of your desire to accept the Offer, you will not be able to trade your Novus Shares from the date on which you notify your Broker or CSDP of your acceptance of the Offer.

#### Offer Consideration

- If the Offer becomes Unconditional, and you have accepted the Offer, you will have your account at your CSDP or Broker credited with the Offer Consideration and debited with the Novus Shares that you are transferring to the Offeror on the Payment Date.
- For the avoidance of doubt, no interest shall accrue for the benefit of Novus Shareholders on the Offer Consideration.

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## Important dates and times

	2021
Posting Record Date	Friday, 19 November
Circular distributed to Novus Shareholders	Friday, 26 November
Opening Date of the Offer (09:00)	Monday, 29 November
	2022
Anticipated date for receipt of approval from the Competition Authority	Thursday, 20 January
Finalisation date announcement (including the timetable in respect of the Offer and the Closing Date) published on SENS	Friday, 21 January
Finalisation date announcement published in the press	Monday, 24 January
Last Day to Trade for Novus Shareholders wishing to accept the Offer	Tuesday, 8 February
Shares trade "ex" the Offer	Wednesday, 9 February
Closing Date of Offer at 12:00 on	Friday, 11 February
Record Date	Friday, 11 February
Results of Offer to be announced on SENS	Monday, 14 February
Last Payment Date	Monday, 14 February

### Notes:

- Certificated Shareholders are required to complete and return the attached Form of Acceptance, Transfer and Surrender in accordance with the instructions contained therein to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date.
- Any change to the above dates and times will be agreed upon by the Offeror and Novus, approved by the JSE and the TRP (as required), and announced on SENS and, if required, publication in the South African press.
- No Dematerialisation or rematerialisation of Novus Shares will take place between the trading ex-date and the Record Date (both days inclusive).
- In the event that the fulfilment of the Conditions Precedent is unduly delayed, the above dates and times relating to the crediting and payment of the Offer Consideration will be amended. Such amended dates and times will be announced on SENS and, if required, published in the South African press.
- Offerees should note that acceptance of the Offer will be irrevocable.
- Although the salient dates and times are stated to be subject to change, such statement shall not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Act, the Takeover Regulations and the JSE Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
- All times referred to in this Circular are references to South African Standard Time.

## Definitions

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In this Circular, unless the context indicates a contrary intention, an expression which denotes a gender includes the other genders, the singular includes the plural and vice versa, natural persons include a juristic person and the following terms bear the meanings assigned to them below.

“A2”	A2 Investment Partners Proprietary Limited (Registration number 2021/530443/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
“Act” or “Companies Act”	the Companies Act (Act 71 of 2008), as amended from time to time;
“Act in Concert”	for a specific purpose, means any action pursuant to an agreement between or among 2 (two) or more Persons (as defined in the Act), in terms of which all or any of them co-operate for that specific purpose, and “Acts in Concert” or “Acting in Concert” has a corresponding meaning;
“Board” or “Directors”	the board of directors of Novus whose names are set out on page 25 of this Circular;
“Broker”	any Person registered as a “broking member (equities)” in terms of the requirements of the JSE and in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday or Sunday or official public holiday in South Africa;
“Certificated Shareholders”	Novus Shareholders who have not dematerialised their Novus Shares, title to which is represented by a share certificate or other physical Document/s of Title;
“CEO”	Chief Executive Officer;
“CFO”	Chief Financial Officer;
“Circular”	this circular dated Friday, 26 November 2021 including all the annexures hereto and incorporating a Form of Acceptance Transfer and Surrender;
“Closing Date”	the closing date as described in paragraph 5.5.2 of <i>Part A</i> of this Circular;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Eswatini;
“Competition Authority”	collectively the Competition Commission, the Competition Tribunal or the Competition Appeal Court, whichever has jurisdiction for the purposes of the Offer, as established by the Competition Act No 89 of 1998;
“Conditions Precedent”	the conditions precedent set out in paragraph 5.4 of <i>Part A</i> of this Circular;

“CSDP”	a person that holds in custody and administers securities of an interest in securities as a central securities depository participant;
“Custody Agreement”	a custody mandate agreement between a Dematerialised Novus Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Novus Shares held on Novus’ uncertificated securities register administered by a CSDP or Broker on behalf of such Novus Shareholder;
“Dematerialisation”	the process by which certificated shares are converted to an electronic form as uncertificated shares registered in the sub register of shareholders maintained by a CSDP;
“Dematerialised Shareholders”	Novus Shareholders who have dematerialised their Novus Shares in terms of the Strate rules;
“Document/s of Title”	share certificates and/or certificated transfer deeds and/or balance receipts or any other document/s of title in respect of the Novus Shares;
“EFT”	Electronic Funds Transfer;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“Financial Markets Act”	the Financial Markets Act, No 19 of 2012, as amended;
“Firm Intention Announcement”	the announcement released on SENS on 1 October 2021 advising Novus Shareholders of the Offer, referred to in paragraph 1.1 of the Circular;
“Form of Acceptance, Transfer and Surrender”	the form of acceptance, transfer and surrender (pink) for use by Certificated Shareholders only, enclosed herewith;
“Independent Board”	the members of the Board, who have been identified as being independent for the purposes of the Offer in terms of Regulation 108(8) of the Takeover Regulations, being Phumla Mnganga, Abduraghaman Mayman, and Lulama Mtanga;
“Independent Expert”	BDO Corporate Finance Proprietary Limited, a private company duly registered and incorporated under the laws of South Africa with registration number 1983/002903/07, appointed as the independent expert by the Independent Board in terms of Regulation 110 of the Takeover Regulations to opine on the fairness and reasonableness of the Offer and provide the Independent Board with appropriate external advice;
“Independent Expert Report”	the report prepared by the Independent Expert in terms of sections 114 and 115 of the Companies Act as read with Takeover Regulations 90 and 110 in respect of the Offer;
“Issued Share Capital”	the issued share capital of the Company, consisting of 319 319 006 Novus Shares, excluding Treasury Shares;

<b>“JSE”</b>	the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;	<b>“Payment Date”</b>	means, subject to the Offer becoming Unconditional: in respect of Certificated Shareholders who accept the Offer, within 6 Business Days of the later of: (i) the Offer being declared Unconditional; and (ii) the date on which such Certificated Shareholders forward both: (a) the Form of Acceptance, Transfer and Surrender (pink); and (b) the Documents of Title, to the Transfer Secretaries; and  in respect of Dematerialised Shareholders who accept the Offer, within 6 Business Days after the later of: (i) the Offer being declared Unconditional; and (ii) the date on which the CSDP or Broker of such Dematerialised Shareholder notifies the Transfer Secretaries of their acceptance of the Offer,  with the last payment date being Monday, 14 February 2022;
<b>“Last Day to Trade”</b>	the last day on which Novus Shareholders may acquire Novus Shares in order to be recorded on the Register on the Closing Date and therefore be able to accept the Offer and receive the Offer Consideration;	<b>“Posting Record Date”</b>	the record date to determine which Novus Shareholders are entitled to receive this Circular, being Friday, 19 November 2021;
<b>“Last Practicable Date”</b>	Monday, 22 November 2021, being the last practicable date prior to the finalisation of this Circular;	<b>“Record Date”</b>	the record date of the Offer, which is anticipated to be Friday, 11 February 2022;
<b>“Mandatory Offer” or the “Offer”</b>	the mandatory offer by the Offeror, in terms of section 123 of the Act, to acquire, on the terms set out in this Circular, from the Novus Minority Shareholders, all or part of their Novus Shares for the Offer Consideration;	<b>“Register”</b>	the securities register of the Novus Shareholders maintained by Novus in terms of sections 50(1) and 50(3) of the Companies Act, including the Uncertificated Securities Register;
<b>“Novus” or the “Company”</b>	Novus Holdings Limited (registration number 2008/011165/06), a public company duly registered and incorporated with the laws of South Africa and listed on the JSE;	<b>“Response Circular”</b>	the response circular by the Independent Board, as set out in <b>Part B</b> of this Circular;
<b>“Novus Group” or the “Group”</b>	Novus and its subsidiaries;	<b>“Scrip Distribution Announcement”</b>	the declaration announcement released on SENS by Novus on 16 July 2021 containing details of the Cash Dividend and the Scrip Distribution Alternative;
<b>“Novus Minority Shareholders”</b>	all Novus Shareholders, other than the Offeror;	<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“Novus Shares” or “Shares”</b>	ordinary no par value shares in the issued ordinary share capital of Novus;	<b>“South Africa”</b>	the Republic of South Africa;
<b>“Novus Shareholders” or “Shareholders”</b>	means all of the holders of Novus Shares;	<b>“Sponsor”</b>	Merchantec Proprietary Limited (registration number 2008/027362/07) a private company duly registered and incorporated in accordance with the laws of South Africa, being the Sponsor to Novus;
<b>“Offer Consideration”</b>	the offer consideration to be paid to the Offer Participants by the Offeror, being 235 ZAR cents per Novus Share held by such Offer Participants;	<b>“Strate”</b>	Strate Proprietary Limited (registration number 1998/022242/07), a private company duly registered and incorporated in accordance with the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
<b>“Offerees”</b>	the Novus Minority Shareholders, who are recorded in the Register as at the Posting Record Date to which the Offer is made;	<b>“Takeover Regulations”</b>	the Takeover Regulation set forth in chapter 5 (Fundamental Transactions and Takeover Regulations) of the Companies Regulations, 2011, promulgated under the Companies Act;
<b>“Offeror”</b>	A2;		
<b>“Offer Participants”</b>	the Novus Minority Shareholders who validly and lawfully accept the Mandatory Offer by the Closing Date, and who are thus entitled to receive the Offer Consideration;		
<b>“Offer Period”</b>	the period from 09:00 on the Opening Date up to 12:00 on the Closing Date;		
<b>“Offer Shares”</b>	in relation to any Offeree, the Novus Shares in respect of which the Offer is accepted by that Offeree;		
<b>“Opening Date”</b>	the opening date as described in paragraph 5.5.1 of <b>Part A</b> of this Circular;		

“Transfer Secretaries”	JSE Investor Services Proprietary Limited (Registration No. 2000/007239/07) a private company duly registered and incorporated in accordance with the laws of South Africa;
“Treasury Shares”	the 27 337 342 shares held in treasury by the Treasury Share Holders;
“Treasury Share Holders”	collectively, Novus Holdings Share Trust, Novus Print Proprietary Limited and Latiano 554 Proprietary Limited;
“TRP” or “Takeover Regulation Panel”	the Takeover Regulation Panel, established by section 196 of the Companies Act;
“Uncertificated Securities Register”	the uncertificated securities register of Novus Shareholders maintained by a CSDP in terms of section 50(3) of the Companies Act;
“Unconditional”	means, in relation to the Offer, all the Conditions Precedent have been fulfilled or, where applicable, waived;
“Van Der Veen”	André van der Veen, being a director of A2;
“ZAR” or “R”	the lawful currency of South Africa; and
“Zetler”	Adrian Zetler, being a director of A2.

## Offer to all Novus minority shareholders

### 1. INTRODUCTION – REASONS FOR THE OFFER AND PURPOSE OF THIS CIRCULAR

- 1.1. Novus Shareholders are referred to the Scrip Distribution Announcement wherein it was advised that, further to the Novus annual results for the year ended 31 March 2021:
  - 1.1.1. the Board had declared a gross cash dividend (the “Cash Dividend”) of 50 ZAR cents per Novus Share; and
  - 1.1.2. instead of electing to receive the Cash Dividend, Novus Shareholders would be entitled to elect to receive a scrip distribution of fully-paid Novus Shares (which shares were held as treasury shares in the issued share capital of Novus) in proportion to their ordinary shareholding in Novus on the scrip distribution record date (“Scrip Distribution Shares” or “Scrip Distribution Alternative”), being Friday, 10 September 2021.
- 1.2. Novus Shareholders are further referred to the Firm Intention Announcement, in which the following information was disclosed:
  - 1.2.1. The Scrip Distribution Alternative was approved by Novus Shareholders at the Company’s annual general meeting held on 27 August 2021;
  - 1.2.2. On 13 September 2021 Novus Shareholders received the Cash Dividend or the Scrip Distribution Shares as per their election; and
  - 1.2.3. As a result of not all of the Novus Shareholders electing to receive the Scrip Distribution Shares:
    - 1.2.3.1. the Offeror’s shareholding in Novus increased from 50 814 011 Novus Shares, being 17.64% of the Issued Share Capital, to 60 427 312 Novus Shares, being 18.92% of the Issued Share Capital; and
    - 1.2.3.2. as the Offeror controls the voting rights in respect of 59 466 309 Novus Shares, being 18.62% of the Issued Share Capital, which Novus Shares the Offeror manages on behalf of an associate,
 

the Offeror is now in a position where it holds and/or controls the voting rights in respect of 119 893 621 Novus Shares, being 37.55% of the Issued Share Capital, resulting in A2 being required to make a mandatory offer in terms of section 123 of the Companies Act (read with section 117 of the Companies Act) as a result of the Offeror being in a position where it is now able to exercise, directly and indirectly, more than 35% (thirty five percent) of the voting rights attaching to the Novus Shares.
- 1.3. The Offer is being made in compliance with the Offeror’s obligations in terms of the Companies Act and the Takeover Regulations.
- 1.4. The purpose of this Circular is:
  - 1.4.1. to set out the terms on which the Offeror makes the Offer to the Minority Novus Shareholders to purchase all of their Novus Shares;



- 1.4.2. to provide the Novus Minority Shareholders with information on Novus and A2; and
- 1.4.3. to inform the Novus Minority Shareholders of the manner in which the Offer may be accepted by them and the manner in which the Offer will be implemented.

## 2. INFORMATION OF NOVUS

With extensive experience and a solid track record, Novus services the country and customers across the African continent through its print production of all short to long run requirements of magazines, retail inserts, catalogues, books, newspapers, commercial and digital work and educational materials. Beyond traditional printing, the Group has a packaging division that offers wet-glue and wrap-around labels, pressure-sensitive labels and flexible plastic packaging as well as a 49% interest in a tissue manufacturing business which produces jumbo wadding.

### 2.1. Major shareholders:

The following Novus Shareholders had a 5% or more beneficial (direct and indirect) interest in the Issued Share Capital as at 29 October 2021:

Name	Number of Shares	% Holding of Issued Share Capital**
A2*	119 893 530	37.55
Value Capital Partners	35 747 520	11.19
Caxton & CTP Publishers & Printers Limited	32 129 062	10.06
Absa Capital	26 436 716	8.28
RMB Morgan Stanley	17 843 439	5.59
<b>Total</b>	<b>232 050 267</b>	<b>72.67</b>

\* This figure includes associate holdings.

\*\* based on an issued share capital of 319 319 006 Novus Shares which figure excludes Treasury Shares.

### 2.2. Corporate structure:

The Novus Group includes:

- 2.2.1. Novus Print Proprietary Limited which houses printing and publishing businesses; and
- 2.2.2. Novus Packaging Proprietary Limited which houses the flexible packaging and labels businesses together with the Group's interest in tissue manufacturing.

### 2.3. Financial Information:

The summarised, audited financial statements of Novus for the three financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 and the summarised unaudited financial statements for the six months ended 30 September 2021 are set out in Annexure C of this Circular.

## 3. INFORMATION OF A2

The Offeror is an investment company operating in the South African market. Zetler and Van Der Veen are the only directors and shareholders of the Offeror (see shareholding details at paragraph 9.1).

## 4. RATIONALE FOR THE OFFER AND A2'S INTENTIONS REGARDING NOVUS AND THE BOARD OF NOVUS

- 4.1. As noted in paragraph 1 above, as a result of not all of the Novus Shareholders electing to receive the Scrip Distribution Shares, the Offeror has moved from a position where it was able to exercise the voting rights of less than 35% of the Issued Share Capital to a position where the Offeror now holds and/or controls the voting rights in respect of 119 893 621 Novus Shares, being 37.55% of the Issued Share Capital. This has resulted in A2 being required to make a mandatory offer in terms of section 123 of the Companies Act (read with section 117 of the Companies Act) as the Offeror is now in a position to exercise, directly and indirectly, more than 35% (thirty five percent) of the voting rights attaching to the Novus Shares.
- 4.2. The Offeror hereby advises that, pursuant to the implementation of the Offer, it is currently intended that:
  - 4.2.1. Novus shall continue with its business;
  - 4.2.2. the Directors shall continue in office;
  - 4.2.3. the remuneration of the Directors shall not be affected by the Offer;
  - 4.2.4. the Novus Minority Shareholders will not be compelled to dispose of their Novus Shares by way of section 124 (relating to a compulsory acquisition and squeeze out) of the Companies Act; and
  - 4.2.5. Novus will not be delisted from the JSE.

## 5. TERMS OF THE OFFER

### 5.1. The Offeror

The Offeror is A2.

### 5.2. The Offer

The Offeror hereby offers to purchase from the Novus Minority Shareholders, at the election of each Offeree, some or all of their Novus Shares on the terms set out in this Circular.

### 5.3. The Offer Consideration

- 5.3.1. In terms of Regulation 111(2) of the Takeover Regulations, if an offer is made and the offeror or its concert parties has acquired relevant securities in the offeree regulated company within the six month period before the commencement of the offer period, the consideration paid, per security, to the minorities of the same class must be identical to, or where appropriate, similar to the highest consideration paid, excluding commission, tax and duty, for those acquisitions.
- 5.3.2. Whilst the highest price at which the Offeror acquired Novus Shares within the six month period prior to the commencement of the Offer Period was 285 ZAR cents, given that Novus paid the Cash Dividend (of 50 ZAR cents), which Cash Dividend was significant in size and was a return of capital, the Takeover Regulation Panel, in terms of Regulation 111(3) read with Regulation 118(4), has exempted the Offeror from compliance with Regulation 111(2) relating to the affected transaction that would be triggered under Section 117(1)(c)(vi) read with Section 123 as defined in the Takeover Regulations of the Companies Act.

- 5.3.3. Consequently, the offer consideration per Novus Share will be 235 ZAR cents per Novus Share to factor in the Cash Dividend paid (i.e. 285 ZAR cents less 50 ZAR cents).
- 5.3.4. The Offer Consideration is payable in cash.

#### 5.4. Conditions precedent to the Offer

The implementation of the Offer is subject to the fulfilment (or waiver, to the extent legally permissible, by the Offeror by notice to Novus) of the following conditions precedent (“**Conditions Precedent**”) namely that all regulatory approvals, consents or waivers from those regulatory authorities as may be required to implement the Mandatory Offer have been obtained, including:

- 5.4.1. the Takeover Regulation Panel having issued a compliance certificate in respect of the Mandatory Offer in terms of section 119(4)(b) of the Companies Act; and
- 5.4.2. the Competition Authority granting the approval for the Offeror to acquire control of Novus pursuant to the implementation of the Mandatory Offer or otherwise, either unconditionally or with conditions acceptable to the Offeror and Novus.

#### 5.5. Offer Period

- 5.5.1. In accordance with Regulation 102(4) to the Companies Act, the Offer will remain open for acceptance for at least 30 Business Days after the opening date of the Offer, being the day after the posting of this Circular.
- 5.5.2. The Offer is unconditional as to acceptances but is subject to the fulfilment or waiver (as the case may be) of the Conditions Precedent, one of which relates to the Competition Authority’s approval, which is expected to be the last of the Conditions Precedent that is to be fulfilled. Therefore, in accordance with Regulation 105(5) of the Takeover Regulations, after the Offer becomes Unconditional and is announced on SENS as such, the Closing Date will occur 10 Business Days thereafter.
- 5.5.3. The Offeror may, in its sole and absolute discretion, but in accordance with the Companies Act and the Takeover Regulations, extend the Closing Date. If the Offeror so elects, the amended Closing Date will be announced on SENS (and published in the press, if required).

#### 5.6. Applicable law

- 5.6.1. The Offer is made in compliance with the requirements of the Companies Act in conjunction with the Takeover Regulations and is governed by and subject to the provisions of the laws of South Africa and will be subject to the exclusive jurisdiction of the South African courts.
- 5.6.2. Each Offer Participant will be deemed by its acceptance to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Offer and acceptance thereof.

#### 5.7. Offer not made where illegal

- 5.7.1. The legality of the Offer to persons resident in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction.
- 5.7.2. Such persons should acquaint themselves with any applicable legal requirements which they are obligated to observe.

- 5.7.3. It is the responsibility of any Offeree wishing to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith.
- 5.7.4. If the Offer is received in any jurisdiction where it is illegal for the Offer to be made or accepted, this document should be treated as being received for information purposes only.

#### 5.8. Ownership, risk and benefit

- 5.8.1. The Offer Shares in respect of which the Offer is accepted will be acquired by the Offeror together with all rights and benefits thereto, including without limitation the right to receive all dividends, distributions, benefits or rights which accrue or are declared by Novus after the Closing Date.
- 5.8.2. Offer Participants warrant and undertake that they will deliver the Offer Shares to the Offeror free of all liens, equities, mortgages, options, rights of pre-emption, charges, encumbrances and other third party rights and interests of any nature whatsoever.
- 5.8.3. Subject to the Conditions Precedent having been fulfilled or waived (as the case may be), the acquisition by the Offeror of the Offer Shares shall be deemed to take place on the date of acceptance of the Offer.

#### 5.9. Approvals, consents and undertakings received

- 5.9.1. The Offeror has obtained the necessary authorisations and approvals from its board of directors and shareholders, to the extent applicable, to proceed with the Offer.
- 5.9.2. The TRP and JSE have both approved this Circular.
- 5.9.3. The TRP does not express any view or opinion on the commercial advantages or disadvantages of the Offer.

#### 5.10. Tax implications for Offerees

The tax treatment of Offerees is dependent on the individual circumstances and the jurisdiction applicable to such Offerees. It is recommended that, if Offerees are uncertain about the tax treatment of the receipt of the Offer Consideration, they seek appropriate advice in this regard.

#### 5.11. Confirmation of cash resources

- 5.11.1. The Offeror is required to provide a bank guarantee to the TRP from a South African bank unconditionally and irrevocably guaranteeing settlement of the full cash consideration payable in terms of the Offer, or an irrevocable, unconditional cash confirmation in favour of the Offerees.
- 5.11.2. Accordingly, to determine the cash consideration required, the following is applicable:

Novus Shares in issue	346 656 348
Shares held or controlled by the Offeror	(119 893 621)
Treasury Shares	(27 337 342)
<b>Shares for which cash confirmation is required</b>	<b>199 425 385</b>

Accordingly, the amount of the cash required is R468,649,655.00 (four hundred and sixty eight million six hundred and forty nine thousand six hundred and fifty five Rand) (being the 199 425 385 Novus Shares multiplied by 235 ZAR cents per Novus Share).

- 5.11.3. The Takeover Regulation Panel has been furnished with an irrevocable, unconditional bank guarantee from the Standard Bank of South Africa in the amount of R469,000,000.00 (four hundred and sixty nine million Rand), in favour of the Offerees, for the sole purpose of the Offeror fully satisfying the Offer Consideration.
- 5.11.4. The Offeror hereby confirms in favour of the Offerees and Novus that in financing the Offer Consideration it has not incurred a high level of debt and the payment of interest, repayments or security for such debt is not dependent upon the business of Novus.

## 6. PROCEDURE FOR ACCEPTANCE OF THE OFFER

### 6.1. Acceptances irrevocable

All acceptances of the Offer received by Novus' Transfer Secretaries, the Offeror or the relevant CSDP or Broker prior to the Closing Date shall be irrevocable.

### 6.2. Certificated Shareholders

- 6.2.1. Certificated Shareholders who wish to accept the Offer in respect of some or all of their Novus Shares are required to complete the attached Form of Acceptance, Transfer and Surrender and return it to the Transfer Secretaries together with their Documents of Title in respect of their Novus Shares, at their own risk, to be received by no later than 12:00 on the Closing Date. If a Form of Acceptance, Transfer and Surrender (*pink*) is not received by 12:00 on the Closing Date, such Certificated Shareholder will be deemed to have declined the Offer. No late acceptances will be considered if received by the Transfer Secretaries after 12:00 on the Closing Date.
- 6.2.2. The Form of Acceptance, Transfer and Surrender (*pink*) may be delivered by hand or sent by mail to the Transfer Secretaries as follows:
- | <b>If delivered by hand</b>   | <b>If sent by mail</b>   |
|---|--|
| JSE Investor Services Proprietary Limited<br>13th Floor<br>19 Ameshoff Street<br>Braamfontein<br>2001 | JSE Investor Services Proprietary Limited<br>PO Box 4844<br>Johannesburg<br>2000 |
- 6.2.3. No late acceptances will be considered. Acceptances of the Offer that are sent by mail are sent at the risk of the Certificated Shareholders concerned. Accordingly, Certificated Shareholders should take note of the postal delivery times so as to ensure that acceptances of the Offer are received timeously. It is therefore recommended that such acceptances be sent by registered mail or delivered by hand to the Transfer Secretaries.

- 6.2.4. If the Documents of Title relating to the Offer Shares held by a Certificated Shareholder have been lost or destroyed, Novus Shareholders should nevertheless return a duly completed Form of Acceptance, Transfer and Surrender (*pink*) together with an indemnity on terms satisfactory to Novus and the Offeror. The Offeror and Novus may, in their sole discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and upon provision of an indemnity on terms acceptable to the Offeror and Novus. Unless otherwise agreed by the Offeror and Novus, only indemnity forms obtained from the Transfer Secretaries (available on request) will be regarded as suitable. Certificated Shareholders who have applied for a lost scrip indemnity will only receive their Offer proceeds upon finalisation of the lost scrip process. The Offeror and Novus shall be entitled, in their absolute discretion, by way of agreement to waive the requirement of an indemnity.

### 6.3. Dematerialised Shareholders

- 6.3.1. Dematerialised Shareholders will be contacted by such Dematerialised Shareholder's duly appointed Broker or CSDP in the manner stipulated in the Custody Agreement entered into between such Shareholder and its Broker or CSDP, as the case may be, in order to ascertain whether or not such Shareholder wishes to accept the Offer. Dematerialised Shareholders who wish to accept the Offer are required to notify their CSDPs or Brokers of their acceptance in the manner and by the deadline stipulated in the Custody Agreement. If no instruction is given to their CSDPs or Brokers, or if there is any doubt or dispute in respect of their acceptance, such Dematerialised Shareholders will be deemed to have declined the Offer.
- 6.3.2. Dematerialised Shareholders must **not** complete the attached Form of Acceptance, Transfer and Surrender.
- 6.3.3. If a Dematerialised Shareholder notifies its Broker or CSDP of its desire to accept the Offer, it will not be able to trade its Novus Shares from the date on which it notifies its Broker or CSDP of its acceptance of the Offer.
- 6.3.4. All acceptances of the Offer received by the Transfer Secretaries, CSDPs or Brokers and treated as valid by them, shall be irrevocable.
- 6.3.5. The Offeror reserves the right, in its sole and absolute discretion (following consultation with Novus), to:
- 6.3.5.1. in respect of Certificated Shares, treat as invalid Forms of Acceptance, Transfer (*pink*) and Surrender not accompanied by valid Documents of Title;
  - 6.3.5.2. treat as invalid Forms of Acceptance, Transfer and Surrender (*pink*) not properly completed;
  - 6.3.5.3. require proof of the authority of the person signing the Form of Acceptance, Transfer and Surrender (*pink*) where such proof has not been lodged with or recorded by the Transfer Secretaries; and
  - 6.3.5.4. without prejudice to any of its rights, the Offeror reserves the right to condone, in its sole discretion, the non-performance by any Offeree of any of the terms of the Offer.

#### 6.3.6. Settlement of the Offer Consideration, if the Offer becomes Unconditional:

##### 6.3.6.1. In respect of Certificated Shareholders:

- 6.3.6.1.1. Certificated Shareholders who accept the Offer will be paid the Offer Consideration by way of EFT into the bank account recorded by the Transfer Secretaries or the bank account nominated by them in the Form of Acceptance, Transfer and Surrender (pink), as the case may be, in cash by no later than the Payment Date; and
- 6.3.6.1.2. If the Offer Consideration is not paid to a Novus Shareholder entitled thereto because the relevant Documents of Title have not been surrendered and the Form of Acceptance, Transfer and Surrender (*pink*) has not been delivered by the Closing Date, the Offer Consideration will be held by the Offeror or the Transfer Secretaries in trust, on behalf of and for the benefit of such Certificated Shareholders, until claimed by any person legally entitled to it, for a maximum period of five years, after which period, such funds shall be made over to the Guardian's Fund of the High Court. No interest will accrue on any of the aforementioned Offer Consideration so held in trust.

6.3.6.2. Dematerialised shareholders who accept the Offer will have their accounts at their CSDP or Broker credited with the Offer Consideration and debited with the Novus Shares that they are transferring to the Offeror by no later than the Payment Date.

6.3.6.3. The settlement of the Offer Consideration to which any Offeree becomes entitled in terms of the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counter-claim or any other analogous right to which the Offeror may be entitled.

6.3.6.4. The settlement of the Offer Consideration for both Dematerialised Shareholders and Certificated Shareholders will be made subject to the Exchange Control Regulations.

#### 6.4. South African Exchange Control Regulations

The following is a summary of Exchange Control Regulations as they apply to the Offerees who accept the Offer.

Offerees who are not registered in or have a registered address outside South Africa must satisfy themselves to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Offer Consideration, including obtaining any requisite governmental and other consents, observing any other requisite formalities and paying any transfer or other taxes due in such territory. If in doubt, Novus Minority Shareholders should consult their professional advisers without delay.

#### 6.4.1. Residents of the Common Monetary Area

In the case of:

- 6.4.1.1. Certificated Shareholders whose registered address is in the Register within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of Exchange Control Regulations, the Offer Consideration will be posted or transferred, as the case may be, to such Offerees in accordance with paragraph 6.3.6; or
- 6.4.1.2. Dematerialised Shareholders whose registered address in the Register is within the Common Monetary Area and have not been restrictively designated in terms of Exchange Control Regulations, the Offer Consideration will be credited directly to the accounts nominated for the relevant Offerees by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement.

#### 6.4.2. Emigrants from the Common Monetary Area

In the case of Offerees who are emigrants from the Common Monetary Area and whose shares form part of their blocked assets, the Offer Consideration will:

- 6.4.2.1. in the case of Certificated Shareholders whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such Offerees' blocked assets in terms of the Exchange Control Regulations. The attached form of acceptance makes provision for the details of the authorised dealer concerned to be given; or
- 6.4.2.2. in the case of Dematerialised Shareholders whose registered addresses in the register are outside the Common Monetary Area and have been restrictively designated in terms of the Exchange Control Regulations, be paid to their CSDP or Broker which shall arrange for same to be credited directly to the blocked Rand bank account of the Offerees concerned with their authorised dealer in foreign exchange in South Africa.

#### 6.4.3. All other non-residents of the Common Monetary Area

The Offer Consideration accruing to non-resident Novus Minority Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will:

- 6.4.3.1. in the case of Certificated Shareholders, whose Documents of Title have been restrictively endorsed in terms of Exchange Control Regulations, be posted to their registered address, unless written instructions to the contrary are received and an address provided. The attached Form of Acceptance, Transfer and Surrender makes provision for a substitute address or bank details; or
- 6.4.3.2. in the case of Dematerialised Shareholders, be paid to the duly appointed CSDP or Broker and credited to such Novus Minority Shareholders in terms of the provisions of the Custody Agreement.

#### 6.4.4. Information not provided

If the information regarding authorised dealers is not given, or the instructions are not given as required in terms of paragraphs 6.4.1 to 6.4.3, the Offer Consideration will be held in trust by Novus or the Transfer Secretaries on behalf of Novus for the Novus Shareholders concerned, pending receipt of the necessary information or instructions.

### 7. IRREVOCABLE UNDERTAKINGS

No Novus Shareholder has given any irrevocable undertaking or waiver in respect of accepting or rejecting the Offer.

### 8. INTERESTS OF THE OFFEROR IN NOVUS

8.1. As at the Last Practicable Date, the Offeror, both directly and indirectly (in regard to the Novus Shares which the Offeror manages on behalf of an associate), held the following beneficial interests in the Novus Shares–

	Direct	Indirect
A2	60,427,312	59,466,309
<b>Total</b>	<b>60,427,312</b>	<b>59,466,309</b>

8.2. Pursuant to the implementation of the Offer, the Offeror will become the beneficial owner of the Offer Shares sold pursuant to the acceptances of the Offer.

### 9. INTERESTS OF THE DIRECTORS OF A2 IN A2 AND NOVUS

9.1. The direct and indirect beneficial interest of the directors of A2 in the issued share capital of A2 as at the Last Practicable Date is as follows:

Director	Beneficial direct interests (number of shares)	Beneficial indirect interests (number of shares)	Percentage of issued share capital (%)
Zetler	–	25	25%
Van Der Veen	–	75	75%
<b>Total</b>	<b>–</b>	<b>100</b>	<b>100%</b>

9.2. No director of A2 has dealt for value in the shares of A2 in the six month period ending on the Last Practicable Date.

9.3. The direct and indirect beneficial interest of the directors of A2 in respect of the Novus Shares as at the Last Practicable Date is as follows:

Director	Beneficial direct interests (number of shares)	Beneficial indirect interests (number of shares)	Percentage of issued share capital (%)
Zetler	148	15,106,828	4.73%
Van Der Veen	–	45,320,484	14.19%
<b>Total</b>	<b>148</b>	<b>60,427,312</b>	<b>18.92</b>

9.4. Neil Birch (a director and the CEO of Novus) and Harry Todd (a director and the CFO of Novus until 01 September 2021) have dealt for value in Novus Shares within the six month period prior to the Last Practicable Date as detailed in Annexure B.

9.5. A2 has dealt for value in Novus Shares within the six month period prior to the Last Practicable Date as detailed in Annexure B.

### 10. SPECIAL ARRANGEMENTS AND UNDERTAKINGS

10.1. No agreement exists between the Offeror, or any person Acting in Concert with the Offeror, and:

10.1.1. Novus;

10.1.2. any of the Directors, or persons who were Directors within the preceding 12 months; or

10.1.3. holders of Novus Shares, or persons who were holders of Novus Shares within the preceding 12 months,

which agreement is considered to be material to a decision regarding the Offer.

### 11. ARRANGEMENTS, UNDERTAKINGS OR AGREEMENTS IN RELATION TO OFFER SHARES

There are no arrangements, undertakings or agreements between the Offeror or any person Acting in Concert with it in relation to the Offer Shares.

## 12. COSTS OF THE OFFER

12.1. The estimated costs incurred or to be incurred by Novus and the Offeror respectively with regard to the publication of this Circular and the implementation of the Offer, exclusive of VAT are as follows:

Director	Novus	A2	Total
Printing, publication and distribution	24 678	24 678	49 357
JSE documentation fees	17 457	—	17 457
TRP	62 500	62 500	125 000
Independent Expert	125 000	—	125 000
Edward Nathan Sonnenbergs Inc*	125 000	375 000	500 000
Competition Commission	—	165 000	165 000
Van der Spuy & Partners	50 000	50 000	100 000
Sponsor	320 000	—	320 000
Transfer Secretaries	50 000	—	50 000
<b>Estimated Total</b>	<b>774 635</b>	<b>677 178</b>	<b>1 451 814</b>

\* Novus and the Offeror have agreed to share Edward Nathan Sonnenbergs Inc. fees on a 50:50 basis in respect of the drafting of this Circular.

## 13. LISTING ON THE JSE

The trading of Novus Shares on the JSE will not be affected by the Offer. The Offeror has no intention of delisting the Novus Shares from the JSE as a result of the Offer.

## 14. RESPONSE CIRCULAR BY NOVUS AND INDEPENDENT EXPERT REPORT

The Response Circular by the Independent Board which contains the substance of the opinion given to it by the Independent Expert in terms of the Takeover Regulations is set out in **Part B** of this Circular.

## 15. CONSENTS

Each of the advisers set out on the corporate information section of this Circular has consented in writing to act in the capacity stated in this document and to their names being stated in this document in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

## 16. DIRECTORS' RESPONSIBILITY STATEMENT

Each of the directors of A2:

- 16.1. have considered all statements of fact and opinion in this offer document (**Part A** of this Circular);
- 16.2. accept, individually, with full responsibility for the accuracy of the information given in **Part A** of the Circular;
- 16.3. certify that, to the best of their knowledge and belief, the information in **Part A** of the Circular is true;

- 16.4. certify that, to the best of their knowledge and belief, there are no omissions of material facts or considerations which would make any statement of fact or opinion contained in this document false or misleading;
- 16.5. have made all reasonable enquiries in this regard; and
- 16.6. confirm that the offer document (**Part A** of the Circular) contains all information required by the Takeover Regulation Panel in respect of offer circulars.

## 17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection during normal business hours at the registered office of Novus and the Sponsor, from the date of issue of this document until the Closing Date –

- 17.1. signed copy of this offer document;
- 17.2. the Independent Expert Report;
- 17.3. the memorandum of incorporation of Novus;
- 17.4. extracts of the audited annual financial statements of Novus for the previous three financial years ended 31 March 2019, 2020 and 2021 and the summarised unaudited financial statements for the six months ended 30 September 2021; and
- 17.5. the signed letters of consent referred to in paragraph 15 of this offer document.

For and on behalf of A2 Investment Partners Proprietary Limited.

Adrian Zetler  
Director

26 November 2021  
Cape Town

## PART B: NOVUS RESPONSE CIRCULAR



**NOVUS HOLDINGS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 2008/011165/06)  
Share code: NVS ISIN: ZAE000202149  
("Novus" or the "Company")

### Directors

Phumla Mnganga\* (Chairman)

Neil Birch (Chief Executive Officer)

Keshree Alwar (Chief Financial Officer)

Abduraghman Mayman \*

Lulama Mtanga\*

Noluvuyo Mkhondo §

André van der Veen §

Adrian Zetler §

§ *Non-executive Director*

\* *Independent Non-executive Director*

## Response circular to Novus minority shareholders

The definitions commencing on page 7 of the Circular apply to this Response Circular, unless the context indicates otherwise.

### 18. INTRODUCTION AND PURPOSE OF THE RESPONSE CIRCULAR

This Response Circular contains the response by the Independent Board to the Offer proposed by A2, the terms of which are set out in *Part A* of this Circular.

Novus Minority Shareholders are referred to paragraph 1 of *Part A* of this Circular for the rationale of this Offer.

### 19. COMPOSITION OF THE INDEPENDENT BOARD

19.1. In accordance with the requirements of the Companies Act, the Board has constituted an Independent Board comprising of the following independent non-executive directors:

19.1.1. Phumla Mnganga

19.1.2. Abduraghman Mayman; and

19.1.3. Lulama Mtanga.

19.2. Accordingly, the purpose of this Response Circular is to:

19.2.1. provide Novus Shareholders with information regarding the Mandatory Offer;

19.2.2. provide Novus Minority Shareholders with the Independent Expert Report in respect of the Mandatory Offer, issued by the Independent Expert so appointed by them to opine on whether or not the terms of the Offer are fair and reasonable to the Novus Minority Shareholders, in conformity with the applicable requirements of Regulation 90 of the Takeover Regulations; and

19.2.3. advise Novus Minority Shareholders of the Independent Board's opinion in respect of the Mandatory Offer (which opinion was reached after the Independent Board received and considered the Independent Expert Report).

19.3. The terms of the Mandatory Offer are set out in *Part A* of this Circular.

### 20. OPINION OF INDEPENDENT EXPERT

20.1. The Independent Expert Report is provided in Annexure A to this Circular and has not been withdrawn prior to publication of this Circular.

20.2. Having considered the terms and conditions of the Offer, based on the conditions set out in its report, the Independent Expert has concluded that the terms and conditions of the Offer are unfair but reasonable in the circumstances to Novus Minority Shareholders as each of these terms is contemplated in the Takeover Regulations.

### 21. OPINION AND RECOMMENDATION OF THE INDEPENDENT BOARD

21.1. As stated above, the Independent Board appointed the Independent Expert to compile the Independent Expert Report on the Mandatory Offer.

21.2. The Independent Board, after due consideration of the Independent Expert Report, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Offer and the Offer Consideration, as contemplated in Takeover Regulation 110(3)(b). The Independent Board has formed a view on the value of Novus Shares, which accords with the value of Novus Shares contained in the Independent Expert Report, in considering its opinion and recommendation. The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in Takeover Regulation 110(6)).

21.3. The Independent Board, taking into account the Independent Expert Report, has considered the terms and conditions of the Offer and the Offer Consideration and the members of the Independent Board are unanimously of the opinion, in agreement with the Independent Expert, that the terms and conditions thereof are unfair but reasonable in the circumstances to Novus Minority Shareholders. Having considered the contents and conclusions contained in the Independent Expert Report, the Independent Board is of the opinion that although

the Offer may be considered to be reasonable in relation to the current market prices, the value is unfair and therefore, subject to the individual Novus Shareholder needs, it does not recommend that Novus Shareholders accept the Offer.

- 21.4. The Independent Board has reviewed the statements made by the Offeror in the relevant parts of the Offer Circular regarding the intentions of the Offeror contained in **Part A** of this Circular. The Independent Board has no objection to the intentions of the Offeror in respect of Novus or to the statements contained in **Part A** of this Circular insofar as they pertain to Novus.

## 22. INTERESTS OF NOVUS IN THE OFFEROR, INTERESTS OF THE DIRECTORS OF NOVUS AND A2

### 22.1. Shareholdings:

- 22.1.1. On the Last Practicable Date, Novus had no direct or indirect beneficial interest in the Offeror.
- 22.1.2. On the Last Practicable Date, the Directors, and persons who were Directors of Novus within the preceding 12 months, have the following direct or indirect beneficial interests in Novus Shares:

Director	Beneficial direct interests (number of shares)	Beneficial indirect interests (number of shares)	Percentage of issued share capital (%)
Neil Birch	130 000	4 208 119 <sup>1</sup>	0.04
Keshree Alwar	—	740 527 <sup>1</sup>	0.00
Harry Todd	65 000	1 092 000 <sup>1</sup>	0.02
van der Veen	—	45,320,484	14.19
Zetler	148	15,106,828	4.73
<b>Total</b>	<b>195 148</b>	<b>60 427 312</b>	<b>18.98</b>

#### Note:

- <sup>1</sup> *Unexercised options held by executive Directors in terms of the Company's share appreciation rights scheme, on the basis that one option does not equal one Novus Share, which do not carry economic or voting rights.*

- 22.1.3. On the Last Practicable Date, the Directors have the following direct and indirect beneficial interest in A2 shares:

Director	Beneficial direct interests (number of shares)	Beneficial indirect interests (number of shares)	Percentage of issued share capital (%)
van Der Veen	—	75	75%
Zetler	—	25	25%
<b>Total</b>	<b>—</b>	<b>100</b>	<b>100%</b>

All the current directors of Novus, in respect of their own beneficial holdings of Offer Shares, intend to reject the Offer.

### 22.2. Share dealings

To the best of the knowledge of Novus and the Offeror, the dealings of the Directors in Novus Shares during the six month period prior to the Last Practicable Date are as set out in Annexure B.

- 22.3. Neither Novus nor the current Directors have traded in the securities of A2 during the six month period prior to the Last Practicable Date.

### 22.4. Special agreements:

- 22.4.1. There are no agreements between Novus and A2 and any of its concert parties.
- 22.4.2. There are no agreements between Novus and any of the directors of A2, or persons who were directors or equivalent of A2 within the preceding 12 months; and
- 22.4.3. There are no agreements between Novus and any shareholders in A2 or persons who were holders of shares in A2 or interested therein within the preceding 12 months.

### 22.5. Directors of A2 and Novus

Novus is not a party to any agreements with any of the executive directors of A2 or persons who were executive directors of A2 during the twelve months preceding the Last Practicable Date.

### 22.6. Shareholders of A2 and Novus

Novus is not a party to any agreements with any holders of securities or beneficial interests in A2 or persons who were holders thereof or interested therein during the twelve months preceding the Last Practicable Date.

## 23. NOVUS DIRECTORS' INTERESTS IN THE OFFEROR

No directors of Novus, other than the Offeror, will benefit directly or indirectly in any manner as a consequence of the implementation of the Offer.

## 24. DIRECTORS' SERVICE CONTRACTS

- 24.1. The material particulars of the service contracts of the executive directors of Novus are set out below.

Neil Birch (as the CEO) and Keshree Alwar (as the CFO) as the executive directors of the Company have service contracts with, and their remuneration is paid for by, the Company. Furthermore, each of the executive directors of Novus have concluded a service contract with Novus on terms and conditions that are broadly consistent with market standards for such appointments. The principal terms of the service agreements with executive directors are set out below.

Name	Position	Date of appointment to current role	Notice period	Restraint
Neil Birch	CEO	19 June 2018	Three calendar months	None
Keshree Alwar	CFO	01 September 2021	Four calendar months	None



24.2. The particulars of service contracts that were entered into or amended during the period beginning six months prior to the Offer Period and ending on the Last Practicable Date are set out below:

Name	Position	Date of termination/ appointment to current role
Harry Todd	CFO terminated	01 September 2021
Keshree Alwar	CFO appointed	01 September 2021

24.3. Save as set out above, there are no other written service contracts between Novus and its directors.

## 25. DIRECTORS' EMOLUMENTS

25.1. The salaries and other emoluments paid to directors of Novus during the financial year ended 31 March 2021 were as follows:

Directors emoluments 2021	Services as directors R'000	Salary and allowances R'000	Bonuses and performance related payments R'000	Retirement and related benefits R'000	Share based payments R'000	Other Benefits R'000	Total R'000
<b>Executive Directors</b>							
NW Birch	—	3 829	960	331	—	—	5 120
HA Todd	—	2 872	393	248	—	—	3 513
K Alwar <sup>1</sup>	—	1 509	233	130	—	—	1 872
<b>Non-Executive Directors</b>							
D Mack <sup>2</sup>	423	—	—	—	—	—	423
A Mayman	401	—	—	—	—	—	401
N Mkhondo	301	—	—	—	—	—	301
P Mnganga	850	—	—	—	—	—	850
L Mtanga	383	—	—	—	—	—	383
SDM Zungu <sup>2</sup>	333	—	—	—	—	—	333

### Notes:

<sup>1</sup> Appointed with effect from 1 September 2021.

<sup>2</sup> Resigned with effect from 27 August 2021.

25.2. The Directors' emoluments will not be affected by the Offer.

## 26. LISTING ON THE JSE

The Independent Board does not believe that the trading of the Novus Shares on the JSE will be affected by the Offer. The Offeror has indicated in its offer document that it does not have any intention to delist the Novus Shares as a result of the Offer.

## 27. FINANCIAL INFORMATION OF NOVUS

The audited historical financial information of Novus for the last three financial years ended 31 March 2019, 31 March 2020 and 31 March 2022 and the summarised financial statements for the six months ended 30 September 2021 is annexed hereto as Annexure C.

## 28. CONSENTS

All the parties listed in the section entitled "Corporate Information and Advisors" have consented in writing to act in the capacity stated in this document and to their names being stated in this document and in the case of the Independent Expert, reference to their report in the form and context in which it appears and have not withdrawn their consent prior to the publication of this Circular.

## 29. COSTS OF THE OFFER

The estimated costs incurred or to be incurred by the Company and the Offeror respectively with regard to the publication of this Circular and the implementation of the Offer, exclusive of VAT are set out in paragraph 12 in *Part A* of the Circular.

## 30. LITIGATION STATEMENT

As at the Last Practicable Date, there were no legal or arbitration proceedings, including any such proceedings which are pending or threatened, of which the directors of Novus are aware and which may have or have had during the 12 month period preceding the date of distribution of this Circular, a material effect on the financial position of the Novus Group, save for the litigation and claims initiated by Novus's competitor Caxton and CTP Publishers and Printers Limited ("Caxton"):

30.1. The complaint by Caxton and CTP Limited to the Broad-Based Black Economic Empowerment Commission (the "Commission") of 24 June 2019, which it supplemented on 15 January 2020 and remains under investigation by the Commission.

30.2. The application by Caxton and CTP Limited against Novus and Express Verification Services (Pty) Ltd of 2 August 2019, which was heard by the High Court of South Africa, Western Cape Division, Cape Town on 11 October 2021 and in respect of which judgment has been reserved.

30.3. The application by Caxton and CTP Limited against Novus and aBEerate Verification Agency (Pty) Ltd which was lodged on 24 June 2021 and in which Novus has delivered its opposing papers.

30.4. An application by Caxton made against Novus, as a shareholder's demand in terms of section 165(2) of the Companies Act, that Novus received on 7 April 2020. The Board deemed it advisable in accordance with good corporate governance principles and on the advice of its legal advisors (including Senior Counsel) to appoint an independent and impartial person to conduct an investigation in terms of section 165(4) of the Companies Act which has been concluded.

Resulting therefrom, Novus refused to comply with the demand as prescribed in terms of section 165(4)(b)(ii) of the Companies Act. Notwithstanding, Caxton filed an application in the Western Cape Division of the High Court, Cape Town on 10 July 2020 by way of a derivative action in terms of section 165(5) of the Companies Act to obtain an order on an urgent basis from the Court to bring or continue proceedings in relation to the above-mentioned shareholder's demand in the name and on behalf of Novus. This application was opposed by Novus and the answering affidavit was filed on 5 August 2020. Consequent thereon, Caxton's legal representative filed a notice to request the disclosure of documentation from Novus, which request was refused on 18 August 2020. On 17 August 2020 Caxton's legal representative removed the enrolment of the application from the urgent court roll of 25 August 2020. On 27 August 2020 notice was served on Novus in terms of an interlocutory application to compel disclosure of certain documentation, which application is opposed by Novus. This interlocutory application was heard in Western Cape Division of the High Court, Cape Town on 9 December 2020 and the Court held that Caxton is not entitled to the relief sought. Thereafter Caxton sought leave to appeal against this judgment to the Supreme Court of Appeal ("SCA"), which leave has been granted. This appeal was heard by the SCA on 9 November 2021 and judgment has been reserved. Once this matter has been finally adjudicated, the main application could proceed, if Caxton so decides.

### 31. DIRECTORS' RESPONSIBILITY STATEMENT

The Independent Board of directors of Novus:

- 31.1. have considered all statements of fact and opinion in this Response Circular;
- 31.2. accept, individually and collectively, full responsibility for the accuracy of the information given in this Response Circular;
- 31.3. certify that, to the best of their knowledge and belief, the information in this Response Circular is true;
- 31.4. certify that, to the best of their knowledge and belief, there are no omissions of material facts or considerations which would make any statement of fact or opinion contained in this Response Circular false or misleading;
- 31.5. have made all reasonable enquiries in this regard; and
- 31.6. confirm that this Response Circular contains all information required by the Takeover Regulations in respect of response circulars.

### 32. IRREVOCABLE UNDERTAKINGS

The Independent Board is not aware of any person who has, or prior to the Last Practicable Date, irrevocably committed himself to accept or reject the Offer.

### 33. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection during normal business hours at the registered office of Novus and the Sponsor, from the date of issue of this document until the Closing Date of the Offer:

- 33.1. a signed copy of this Circular;

33.2. the Independent Expert Report;

33.3. the memorandum of incorporation of Novus;

33.4. extracts of the audited annual financial statements of Novus for the previous 3 financial years ended 31 March 2019, 2020 and 2021 and the summarised unaudited financial statements for the six months ended 30 September 2021; and

33.5. the signed letters of consent referred to in paragraph 28 of this Circular.

For and behalf of the Independent Board

Phumla Mnganga

26 November 2021

Cape Town

## Independent expert's report

### The Independent Board

Novus Holdings Limited  
10 Freedom Way  
Milnerton, 7441

15 October 2021

Dear Sirs / Mesdames

### REPORT OF THE INDEPENDENT EXPERT TO PROVIDE INDEPENDENT EXPERT ADVICE TO THE INDEPENDENT BOARD OF DIRECTORS OF NOVUS HOLDINGS LIMITED REGARDING A MANDATORY OFFER

#### Introduction

In an announcement published on the Stock Exchange News Service ("SENS") and in the South African press on 13 September 2021, shareholders of Novus Holdings Limited ("Novus" or the "Company") ("Shareholders") were advised that following the scrip election made by shareholders, there has been an increase in the shareholdings of A2 Investment Partners, and its associates ("A2 Investment Partners"). A2 Investment Partners now hold in excess of 35% of the votable securities of the Company.

Consequently, in terms of section 123 of the Companies Act, No. 71 of 2008, as amended (the "Companies Act") read with Chapter 5 of the Companies Regulations, 2011 (the "Companies Regulations") A2 Investment Partners is obliged to make a mandatory offer to all Novus shareholders to acquire the remaining ordinary issued share capital in Novus that it does not already own ("Offer Shares") from the remaining shareholders of the Company (the "Offer"). A2 Investment Partners shall offer to acquire all of the Offer Shares for an offer consideration of R2.35 per Novus ordinary share (the "Offer Consideration").

#### Independent expert reports required in terms of the Companies Act

The Offer is an affected transaction as defined in Section 117(1)(c) of the Companies Act. In terms of Section 114(2) of the Companies Act, as read with Regulation 90 and 110 of the Companies Regulations, the Company is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(3) of the Companies Act, as read with Regulations 90 and 110 of the Companies Regulations (the "Fair and Reasonable Opinion" or "Opinion").

BDO Corporate Finance Proprietary Limited ("BDO Corporate Finance" or "Independent Expert") has been appointed as the independent expert by the Independent Board to assess the Offer as required in terms of section 114 of the Companies Act, as read with Regulations 90 and 110 of the Companies Regulations. The Independent Expert Report set out herein is provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion on the Offer and Offer Consideration for the benefit of the Shareholders.

#### Responsibility

Compliance with the Companies Act and the Companies Regulations is the responsibility of the Independent Board. Our responsibility is to report to the Independent Board on whether the terms and conditions of the Offer and the Offer Consideration are fair and reasonable to Shareholders.

#### Definition of the terms "fair" and "reasonable" applicable in the context of the Offer

The "fairness" of a transaction is primarily based on quantitative issues. A transaction will generally be said to be fair to a company's shareholders if the benefits received, as a result of the transaction, are equal to or greater than the value given up.

The Offer may be said to be fair to the Shareholders if the Offer Consideration is equal to or greater than the fair value of a Novus Share, or unfair if the Offer Consideration is less than the fair value of a Novus Share. Furthermore, in terms of Regulation 110(8) of the Companies Regulations, an offer with a consideration per offeree regulated company security within the fair-value range is generally considered to be fair.

The assessment of reasonableness of the Offer is generally based on qualitative considerations surrounding the transaction. Hence, even though the consideration may be lower than the market value, the Offer may be considered reasonable after considering other significant qualitative factors.

#### Details and sources of information

In arriving at our opinion we have relied upon the following principal sources of information:

- the notice of intention to make a mandatory offer to the Shareholders from A2 Investment Partners, the Firm Intention Announcement ("FIA") dated 01 October 2021;
- the annual reports of Novus, incorporating the audited annual financial statements/Integrated Reports, for the financial years ended 31 March 2019, 2020 and 2021;
- the year to date financial information of Novus for the period ended 31 August 2021;
- budgeted financial information provided by Novus management for the financial year ending 31 March 2022;
- forecasted financial information provided by Novus management for the financial years ending 31 March 2023 and 2024;
- discussions with the Novus directors and management regarding the Offer;
- discussions with Novus directors and management regarding the historical and forecast financial information of the Company;
- discussions with the Novus directors and management on prevailing market, economic, legal and other conditions which may affect underlying value;
- publicly available information relating to the industry in which Novus operates in general; and
- publicly available information relating to Novus that we deemed to be relevant, including Company announcements and media articles.

The information above was secured from:

- the Directors and Management; and
- third-party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Novus.

#### Procedures

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the Offer:

- reviewed the terms and conditions of the Offer;
- reviewed the audited financial information related to Novus as detailed above;

- reviewed and obtained an understanding from management as to the budgeted and forecast financial information of Novus for the financial years ending 31 March 2022, 2023 and 2024 as prepared by management. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management and assessed the achievability thereof by considering historical information as well as macro-economic and industry-specific data;
- performed such other studies and analyses as we deemed appropriate and have considered our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the industry in which Novus operates;
- held discussions with the Novus directors and management regarding the past and current business operations, regulatory requirements, financial condition and prospects of Novus and such other matters as we have deemed relevant to our inquiry;
- determined the fair value of Novus by applying appropriate generally accepted valuation approaches and methods in use in the market from time to time in order to derive the fair value of a Novus Share;
- assessed the long-term potential of Novus;
- performed a sensitivity analysis on key assumptions included in the valuation;
- evaluated the relative risks associated with Novus and the industry in which it operates;
- reviewed certain publicly available information relating to Novus and the industry in which it operates that we deemed to be relevant, including Company announcements and media articles, including available analyst coverage of industry in general; and
- where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which Novus operates, and to analyse external factors that could influence the business of Novus.

#### Assumptions

We arrived at our opinion based on the following assumptions:

- that all agreements that have been entered into in terms of the Offer will be legally enforceable against the relevant parties thereto;
- that none of the Novus Shares acquired pursuant to the Offer will be transferred to any person other than the Offeror and it will be the ultimate owner of the Novus Shares so acquired;
- that the Offer will have the legal, accounting and taxation consequences described in the Circular and discussions with, and materials furnished to us by representatives and advisers of Novus; and
- that reliance can be placed on the financial information of Novus.

#### Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- placing reliance on audit reports in the financial statements of Novus;
- conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- determining the extent to which representations from Management were confirmed by documentary and other financial evidence as well as our understanding of Novus and the economic environment in which the Company operates.

#### Limiting conditions

The Independent Expert Report is provided in connection with and for the purposes of the Offer. This Independent Expert Report does not purport to cater for each individual Shareholder's perspective, but rather that of the general body of Shareholders. Should a Shareholder be in doubt as to what action to take, he or she should consult an independent adviser. Individual Shareholder's decisions regarding the Offer may be influenced by such Shareholder's circumstances and accordingly individual Shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Offer.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Novus relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Novus will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Offer will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisers of Novus and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of a Novus Share. We do not express any view as to the price at which Shares may trade nor on the future value, financial performance or condition of Novus.

#### Independence, competence and fees

We confirm that neither we nor any person related to us (as contemplated in the Companies Act) have a direct or indirect interest in the Novus Shares or the Offer, nor have had within the immediately preceding two years, any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by Regulation 90(6)(i) and 90(3)(a) of the Companies Regulations, that we are independent in relation to the Offer and will reasonably be perceived to be independent. We also confirm that we have the necessary competence to provide the Independent Expert Report and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fees of R125,000 (excluding VAT), in respect of professional services relating to the Offer are not contingent upon the success of the Offer. Our fees are not payable in shares.

### Valuation approach

This valuation has been prepared on the basis of "Market Value". The generally accepted definition of "Market Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

The valuation of Novus was performed by applying the discounted cash flow ("DCF") methodology. In addition, we considered the market approach (based on financial data for comparable publicly traded companies) as a secondary methodology to support the results of the DCF valuation. The valuation of Novus was performed on a consolidated basis, using consolidated cash flow forecasts for Novus.

The valuation was performed taking cognisance of risk and other market and industry factors affecting Novus. Key internal value drivers to the DCF valuation of Novus included the discount rate, revenue growth, gross profit margins, growth in operating expenses, investment in working capital and capital expenditure requirements.

External value drivers include key macro-economic parameters such as, GDP growth, interest rates, exchange rates, headline inflation rates, and prevailing market and industry conditions were also considered in assessing the forecast cash flows and risk profile of Novus.

Our valuation results are also sensitive to the long-term growth rate of the free cash flows into perpetuity of 3.0% and the weighted average cost of capital ("WACC") calculated as 15.5%, applied in the DCF valuation.

Sensitivity analyses were performed in respect of long-term growth into perpetuity and WACC by increasing and decreasing the long-term growth by a maximum of 1% and the WACC range by a maximum of 1%. The sensitivity analyses did not indicate a significant enough effect on the valuation of Novus to alter our opinion in respect of the Offer.

### Valuation results

In undertaking the valuation exercise above, we determined a valuation range of R4.84 to R5.18 per Novus Share with a most likely value of R5.00 per Novus Share.

The valuation range above is provided solely in respect of the Independent Expert Report and should not be used for any other purposes.

### Reasonableness of the Offer

The Offer Consideration represents neither a discount nor premium to the Novus share price on the last trading day before the date of the FIA, being the 30 September 2021. We have assessed the terms of the Offer with reference to normal market-related practice. We have found that accepting the Offer will not have a material adverse effect on the Shareholders and as such is considered reasonable.

### Opinion

BDO has considered the terms and conditions of the Offer and, based upon and subject to the conditions set out herein, is of the opinion that the Offer is not fair to the Novus Shareholders.

Based on the qualitative considerations set out above, we are of the opinion that the terms and conditions of the Offer is reasonable in the circumstances.

Our opinion is necessarily based upon the information available to us up to 12 October 2021, including in respect of the financial, market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Offer have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this Independent Expert Report, which we are under no obligation to update, revise or re-affirm.

### Consent

We hereby consent to the inclusion of this Independent Expert Report, in whole or in part, and references thereto in the Circular and any other announcement or document pertaining to the Offer, in the form and context in which they appear.

Yours faithfully

N Lazanakis Director  
**BDO Corporate Finance Proprietary Limited**  
Wanderers Office Park  
52 Corlett Drive  
Illovo  
2196

## ANNEXURE B

### Dealings by directors

To the best of the knowledge of the Company and the Offeror, the Directors had no dealings in Novus Shares during the six-month period prior Last Practicable Date, other than as set out below:

Director name	Date of transaction	Number of Novus Shares	Share price	Total value of transaction	Nature of transaction
Neil Birch	3 September 2021	130 000	R2,80	R364 000	On market purchase of shares
Harry Todd	30 September 2021	65 000	R2,35	R152 641	On market purchase of shares

The Offeror, of which Van Der Veen and Zetler are directors and indirect shareholders, dealt in Novus Shares as follows during the six-month period prior Last Practicable Date:

Date of transaction	Number of Novus Shares	Share price (c)	Total value of transaction (R)	Nature of transaction
09 April 2021	35,291,857	100	35,420,861	On market purchase of shares
09 April 2021	25,291,857	100	25,291,857	On market purchase of shares
10 May 2021	144,613	170.16	246,073	On market purchase of shares
02 June 2021	131,596	258.74	340,491	On market purchase of shares
05 June 2021	189,036	274.69	519,263	On market purchase of shares
08 June 2021	10,270	280	28,756	On market purchase of shares
08 June 2021	14,740	277.95	40,970	On market purchase of shares
08 June 2021	9,470	271	25,664	On market purchase of shares
12 June 2021	246,365	280	689,822	On market purchase of shares
13 June 2021	36,582	270	98,771	On market purchase of shares
14 June 2021	129,782	271.67	352,579	On market purchase of shares
16 June 2021	27,640	280	77,392	On market purchase of shares
19 June 2021	112,225	274.34	307,878	On market purchase of shares
20 June 2021	18,770	274.93	51,604	On market purchase of shares
21 June 2021	71,128	280	199,158	On market purchase of shares
22 June 2021	13,221	280	37,019	On market purchase of shares
23 June 2021	5,061	280	14,171	On market purchase of shares
26 June 2021	820,000	270	2,214,000	On market purchase of shares
26 June 2021	87,675	277.14	242,982	On market purchase of shares
29 June 2021	22,645,958	285	64,540,980	On market purchase of shares
06 July 2021	183,603	257.74	474,978	On market purchase of shares
06 July 2021	263,745	274.69	727,175	On market purchase of shares
07 July 2021	13,212	271	35,944	On market purchase of shares
12 July 2021	14,329	280	97,649	On market purchase of shares
13 July 2021	343,730	280	966,023	On market purchase of shares
14 July 2021	51,040	270	138,321	On market purchase of shares

14 July 2021	181,074	271.67	493,753	On market purchase of shares
16 July 2021	38,563	280	108,380	On market purchase of shares
19 July 2021	156,578	274.34	431,154	On market purchase of shares
21 July 2021	99,239	280	277,869.20	On market purchase of shares
22 July 2021	26,188	274.93	72,271	On market purchase of shares
22 July 2021	18,446	280	51,648.80	On market purchase of shares
23 July 2021	7,060	280	19,768.00	On market purchase of shares
26 July 2021	122,325	277.14	339,011.51	On market purchase of shares
29 July 2021	13,982,456	285	39,849,999.60	On market purchase of shares
08 September 2021	2,692,011	—	—	Scrip
10 September 2021	8,314,654	—	—	Scrip
13 September 2021	6,921,199	—	—	Scrip
13 September 2021	9,460,320	—	—	Scrip
14 September 2021	1,393,423	—	—	Scrip

## ANNEXURE C

### EXTRACTS OF THE AUDITED CONSOLIDATED FINANCIAL INFORMATION OF NOVUS FOR THE YEARS ENDED 31 MARCH 2019, 2020 AND 2021 AND THE UNAUDITED SUMMARISED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The historical financial information is the responsibility of the Directors. The full set of annual financial statements for the period/years ended 30 September 2021, 31 March 2019, 31 March 2020 and 31 March 2021 are available on the Company's website: www.novus.holdings and are also available for inspection at the registered offices of the Company and the Sponsor from the date of distribution of this Circular to the Closing Date..

A summary of the aforesaid financial information is set out below.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March

	Group Sept-21 R'000	Group 2021 R'000	Group 2020 R'000	Group 2019 R'000
<b>Assets</b>				
<b>Non-current assets</b>	<b>1,144,753</b>	<b>1,255,930</b>	1,491,127	2,179,879
Property, plant and equipment	858,855	953,462	1,268,439	1,857,753
Investment property	63,657	64,415	—	—
Goodwill	80,213	96,920	96,920	182,709
Other intangible assets	12,783	13,715	15,978	26,391
Financial assets at fair value through other comprehensive income	3,072	3,086	3,255	3,164
Investment in associates	20,349	23,343	2,726	—
Other financial assets at amortised cost	908	1,593	2,926	4,375
Deferred taxation asset	104,916	99,396	100,883	105,487
<b>Current assets</b>	<b>1,788,982</b>	<b>1,487,707</b>	1,449,860	1,539,293
Inventory	448,298	309,739	486,634	692,022
Trade and other receivables	932,968	488,984	532,868	671,979
Related party receivables	25,219	59,505	—	—
Contract assets	50,240	5,269	21,533	14,216
Derivative financial instruments	7,888	19	76,664	8,983
Current income tax receivable	—	—	28,614	4,180
Cash and cash equivalents	197,943	442,855	177,872	120,626
Non-current assets held for sale	126,426	181,336	125,675	27,287
<b>Total Assets</b>	<b>2,933,735</b>	<b>2,743,637</b>	2,940,987	3,719,172

### Equity

#### Capital and reserves attributable to the Group's equity holders

	2,165,641	2,207,469	2,279,476	2,670,648
Share capital	531,742	602,656	602,656	602,656
Treasury shares	(368,175)	(507,344)	(507,344)	(507,344)
Other reserves	(103,646)	(112,843)	(19,496)	(71,073)
Retained earnings	2,105,720	2,225,000	2,203,660	2,646,409
Non-controlling interest	—	—	2,779	2,764

#### Total Equity

### Liabilities

#### Non-current liabilities

	119,485	152,103	240,217	340,111
Post-employment medical liability	2,224	2,260	2,066	2,873
Provisions	10,397	11,635	15,950	15,861
Borrowings and lease liabilities	50,139	92,593	116,342	84,114
Deferred taxation liabilities	51,377	39,610	97,900	207,619
Deferred grant income	5,348	6,005	7,959	29,644

#### Current liabilities

	648,609	384,065	418,515	705,649
Provisions	—	—	—	2,484
Current portion of borrowings and lease liabilities	16,840	25,402	26,055	15,474
Trade and other payables	625,590	335,641	384,972	510,604
Cash-settled share-based payment liability	—	—	—	1,311
Current income tax payable	4,459	9,518	2,847	—
Derivative financial instruments	406	12,157	—	52
Bank overdrafts	—	33	3,335	174,501
Deferred grant income	1,314	1,314	1,306	1,223

#### Total Equity and Liabilities

	2,933,735	2,743,637	2,940,987	3,719,172
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## CONSOLIDATED INCOME STATEMENT

for the year ended 31 March

	Group Sept-21 R'000	Group 2021 R'000	Group 2020 R'000	Group 2019 R'000
<b>Revenue</b>	<b>1,523,272</b>	<b>2,837,939</b>	4,112,092	4,331,800
Cost of sales	(1,157,297)	(2,297,591)	(3,344,396)	(3,387,778)
<b>Gross profit</b>	<b>365,975</b>	<b>540,348</b>	767,696	944,022
Operating expenses	(275,721)	(560,121)	(641,235)	(650,500)
Administrative and other expenses	(279,977)	(550,238)	(604,515)	(648,409)
Net impairment losses on financial assets	4,256	(9,883)	(36,720)	(2,091)
Other gains/(losses)	(35,451)	(7,665)	(521,516)	(16,691)
<b>Operating profit/(loss)</b>	<b>54,803</b>	<b>(27,438)</b>	(395,055)	276,831
Finance income	5,083	27,458	3,695	6,648
Finance costs	(14,559)	(14,837)	(55,239)	(45,330)
Share of net (losses)/profits of associates accounted for using the equity method	(2,993)	(1,339)	319	–
<b>Profit/(loss) before taxation</b>	<b>42,334</b>	<b>(16,156)</b>	(446,280)	238,149
Taxation	(17,583)	(7,306)	102,308	(67,796)
<b>Net profit/(loss) for the year</b>	<b>24,751</b>	<b>(23,462)</b>	(343,972)	170,353
<b>Attributable to:</b>				
Equity holders of the Group	24,751	(23,989)	(343,987)	171,606
Non-controlling interests	–	527	15	(1,253)
	<b>24,751</b>	<b>(23,462)</b>	(343,972)	170,353
<b>Earnings/(loss) per share (cents)</b>				
Basic	8.52	(8.34)	(119.60)	56.45
Diluted	8.52	(8.34)	(119.60)	56.45

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March

	Group Sept-21 R'000	Group 2021 R'000	Group 2020 R'000	Group 2019 R'000
<b>Net profit/(loss) for the year</b>	<b>24,751</b>	<b>(23,462)</b>	(343,972)	170,353
<b>Other comprehensive income/(loss) Items that may be subsequently reclassified to profit or loss</b>				
<b>Hedging reserve</b>	<b>1,810</b>	<b>(34,017)</b>	44,539	10,033
Foreign exchange movement, gross	2,514	(47,246)	81,060	40,707
Foreign exchange movement, tax portion	(704)	13,229	(22,697)	(11,398)
Other movements, gross	–	–	(19,200)	(26,772)
Other movements, tax portion	–	–	5,376	7,496
<b>Foreign currency translation reserve</b>	<b>–</b>	<b>–</b>	–	(1)
Exchange loss arising on translating foreign operations, gross	–	–	–	(2)
Deferred tax relating to loss arising on translating foreign operations, tax portion	–	–	–	1
<b>Fair value reserve</b>	<b>(10)</b>	<b>(122)</b>	48	53
Net fair value (losses)/gains gross	(14)	(169)	66	74
Net fair value (losses)/gains, tax portion	4	47	(18)	(21)
<b>Items that will not be reclassified to profit or loss</b>				
<b>Post-employment benefit obligations and provisions</b>	<b>–</b>	<b>350</b>	1,599	41
Remeasurement of post-employment benefit obligations and provisions, gross	–	486	2,221	57
Remeasurement of post-employment benefit obligations and provisions, tax portion	–	(136)	(622)	(16)
<b>Total other comprehensive income/(loss), net of tax</b>	<b>1,800</b>	<b>(33,789)</b>	46,186	10,126
<b>Total comprehensive income/(loss) for the year</b>	<b>26,551</b>	<b>(57,251)</b>	(297,786)	180,479
<b>Attributable to:</b>				
Equity holders of the Group	26,551	(57,778)	(297,801)	181,732
Non-controlling interests	–	527	15	(1,253)
	<b>26,551</b>	<b>(57,251)</b>	(297,786)	180,479



## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March

	Group Sept-21 R'000	Group 2021 R'000	Group 2020 R'000	Group 2019 R'000
<b>Cash (utilised in)/generated from operating activities</b>				
Cash generated from operations	(241,094)	338,742	427,538	231,165
Finance income	5,083	3,135	3,695	6,648
Finance costs	(586)	(4,483)	(16,819)	(19,603)
Taxation paid	(18,794)	(2,022)	(38,003)	(68,719)
Related party dividends received	—	—	736	—
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(255,391)</b>	<b>335,372</b>	<b>377,147</b>	<b>149,491</b>
<b>Cash flows from investing activities</b>				
Property, plant and equipment acquired	(11,963)	(15,090)	(79,525)	(106,660)
Prepayment for property, plant and equipment	—	(17,369)	—	—
Proceeds from sale of property, plant and equipment	2,529	59,051	2,846	1,693
Proceeds from the sale of non-current assets held for sale	77,239	—	24,235	59,906
Purchase of intangible assets	(420)	(1,064)	(1,135)	(771)
Financial assets at amortised cost advanced	—	(134)	(626)	(746)
Financial assets at amortised cost repaid	684	1,467	2,050	1,614
Related party loans repaid/(advanced)	33,953	(58,120)	—	—
Acquisition of subsidiaries/businesses	—	—	(650)	(48,030)
Disposal of business	—	—	34,134	—
Disposal of subsidiary	—	3,364	—	—
Acquisition of associate	—	(2,740)	(3,143)	—
<b>Net cash inflow/(outflow) from investing activities</b>	<b>102,022</b>	<b>(30,635)</b>	<b>(21,814)</b>	<b>(92,994)</b>
<b>Cash flows from financing activities</b>				
Repayment of long-term loans	(6,732)	(14,333)	(13,506)	(15,917)
Repayment of leases	(9,515)	(22,119)	(27,132)	—
Payments for shares bought back	—	—	—	(140,756)
Share buy-back transaction costs	—	—	—	(1,475)
Dividends paid	(75,263)	—	(86,283)	(160,840)
<b>Net cash outflow from financing activities</b>	<b>(91,510)</b>	<b>(36,452)</b>	<b>(126,921)</b>	<b>(318,988)</b>
Net increase/(decrease) in cash and cash equivalents	(244,879)	268,285	228,412	(262,491)
Cash and cash equivalents at beginning of the year	442,822	174,537	(53,875)	208,616
<b>Cash and cash equivalents at end of the year</b>	<b>197,943</b>	<b>442,822</b>	<b>174,537</b>	<b>(53,875)</b>

## SIGNIFICANT ACCOUNTING POLICIES

### 1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the South African Companies Act No 71 of 2008. The Listings Requirements require the financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss or fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.1 of the full Annual Financial Statements.

These financial statements incorporate accounting policies that have been consistently applied to all years presented, with the exception of the implementation of the new standards, interpretations and amendments to published standards that became effective during the applicable financial years.

#### 1.1 Basis of consolidation

##### Subsidiaries

Subsidiaries are all entities over which the Group has control and are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within the "existing control business combination reserve" in equity.

##### Business Combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. The identifiable assets and liabilities acquired, including

contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

## 1.2 Property, plant and equipment

Property, plant and equipment are stated at cost, being the purchase cost plus any cost to prepare the assets for their intended use, less accumulated depreciation and any accumulated impairment losses. Cost includes transfers from equity of any gains/losses on qualifying cash flow hedges relating to foreign currency property, plant and equipment acquisitions. Property, plant and equipment, with the exception of land, are depreciated in equal annual amounts over each asset's estimated useful life to their residual values. Land is not depreciated as it is deemed to have an indefinite life.

The Group applies the component approach whereby parts of some items of property, plant and equipment may require replacement at regular intervals. The carrying amount of an item of property, plant and equipment will include the cost of replacing the part of such an item when that cost is incurred, if it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. The carrying amount of those parts that are replaced is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Major leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful economic lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and the cost can be

reliably measured. Major renovations are depreciated over the remaining useful economic life of the related asset.

Items of property, plant and equipment are reviewed for indicators of impairment at least annually. Where indicators of impairment are identified, the carrying values of property, plant and equipment are reviewed to assess whether or not the recoverable amount has declined below the carrying amount. In the event that the recoverable amount of the asset is lower than its carrying amount, the carrying amount is reduced and the reduction is charged to profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains / (losses)' in profit or loss.

Work in progress is defined as assets still in the construction phase and not yet available for use. These assets are carried at initial cost and are not depreciated. Depreciation on these assets commences when they become available for use and depreciation periods are based on management's assessment of their useful lives.

## 1.3 Intangible assets

### Goodwill

Goodwill is initially measured at cost, being an amount representing the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously held equity interest over the fair value of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the acquiree (a bargain purchase), the difference is recognised in profit or loss.

Goodwill arising on acquisition of subsidiaries is included in "goodwill" in the statement of financial position. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes. An impairment test is performed by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

## 1.4 Financial assets

The Group classifies its financial assets in the following categories: financial assets at amortised cost and financial assets at fair value through other comprehensive income.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### **Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### **Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in the fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in the income statement. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

#### **Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'Other gains / (losses)'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance income/cost'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the income statement within 'Other gains / (losses)'.

### **1.5 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

### **1.6 Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Due to the short-term nature of the current receivables they are all classified as current.

A provision for impairment of trade receivables is established using the simplified approach to measuring expected credit losses (ECL's) for trade receivables at an amount equal to the lifetime ECLs. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience. The historical credit loss rates are based on the payment profiles of sales over a period of 12 months during the previous reporting period and the corresponding actual credit losses experienced during the current 12 month reporting period. The historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as tough trading conditions due to inflation and consumer behaviour affecting the ability of the customers to settle their debt.

The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:

- Significant financial difficulty of the customer; or

- The customer is over terms after it is highly probable the customer will not be able to pay all amounts owing according to original terms of payment or numerous defaults on revised repayment plans put in place.

Information about the Group's exposure to foreign currency risk and interest rate risk can be found in note 34 of the Annual Financial Statements.

### 1.7 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown separately within current liabilities on the statement of financial position.

### 1.8 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

### 1.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

### 1.10 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 1.11 Revenue

Printing revenue is recognised upon client acceptance of product specifications and completion of printing to client specifications (point in time).

Tissue revenue is recognised at a point in time upon delivery of the related product and customer acceptance.

Revenues from distribution services are recognised upon delivery of the product to the customer and acceptance thereof. Where print and distribution services are provided to the same client, the terms of each separate contract are consistent with contracts where an unrelated party provides one of the services. Revenue is recognised separately for print and distribution services as the contracts are separately negotiated.

Other revenue is recognised at a point in time upon delivery of the related product and customer acceptance.

Revenue is measured as the amount of consideration which the Group most likely expects to receive, based on the price list applicable to a given performance obligation, net of returns and allowances, trade discounts and volume rebates. Payment is due once delivery is made within terms of invoice. The Group has no significant payment terms in place with its customers.

A contract asset is raised for products printed but not yet invoiced/delivered. This is recognised as a separate line item in the statement of financial position.

### 1.12 Leases

The Group leases various offices, factory premises and equipment. Certain lease contracts in place have renewal options included. Renewal options are only included in the lease term if the lease is reasonably certain to be extended.

For any new contracts entered into, the Group considers whether the contract contains a lease and applies *IFRS 16: Leases* as set out below.

#### Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The lease liability is measured as the present value of lease payments over the lease term, discounted at the Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. The right-of-use asset is recognised at the amount of the initial measurement of the lease liability and any initial direct costs.

#### Right-of-use assets

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the end of the earlier of the useful life or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

On the statement of financial position, the right-of-use assets have been included in Property, Plant and Equipment.

### ***Lease Liabilities***

Subsequent to initial measurement of the lease liability, the liability will be reduced for payments made and increased for finance costs. It is re-measured to reflect any reassessment or modification. When the lease liability is re-measured, the corresponding gain or loss is reflected in profit or loss.

On the statement of financial position, lease liabilities have been included in 'Borrowings and lease liabilities' and 'Current portion of borrowings and lease liabilities'.

The Group has elected to apply the exemptions applicable to short term leases and to assets of low value. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Deferred tax is recognised on temporary differences arising from the lease liability and right-of-use assets.

### **Measurement and recognition of leases as a lessor**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The Group leases a building to an associate of the Group. The lease is classified as an operating lease.

Lease payments from operating leases are recognised as income on a straight-line basis. Costs, including depreciation, incurred in earning the lease income is recognised as an expense.

## **1.13 Foreign currency translation**

### ***(a) Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African Rands (ZAR) which is the Group's presentation currency.

### ***(b) Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

## **1.14 Investment property**

Investment property which includes a building, is held for long-term rental yields and is not occupied by the Group. Investment property is measured by applying the cost model. Investment property is measured at cost less accumulated depreciation and less accumulated impairment.