

COGNITION HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1997/010640/06)
Share code: CGN ISIN: ZAE000197042
("Cognition" or "the company")

DETAILED CAUTIONARY ANNOUNCEMENT: PROPOSED DISPOSAL OF MAJORITY INTEREST IN PRIVATE PROPERTY SOUTH AFRICA PROPRIETARY LIMITED ("Private Property")

1. INTRODUCTION

Further to the cautionary announcement released by Cognition on Wednesday, 3 August 2022, shareholders are advised that the company has entered into separate agreements dated 12 August 2022 ("the Signature Date"), constituting one indivisible transaction, with BetterHome Group Limited ("BetterHome"), ooba Proprietary Limited ("ooba") and Fledge Capital Proprietary Limited ("Fledge") (collectively, "the Purchasers") in terms of which it will, subject *inter alia* to the conditions precedent referred to in paragraph 5 below, dispose of its 50,01% interest in Private Property ("the Sale Shares" and "the Disposal"). Full details of the Disposal are set out in this announcement.

2. RATIONALE FOR THE DISPOSAL

The business of Cognition has been subjected to a vigorous reassessment process following the restructuring of the management team at the end of December 2021. The existing businesses of FoneWorx and BMI have been refocused and aligned with the identified needs of their respective customer bases.

At the same time, Private Property has also interrogated its priorities and business imperatives and has resolved to commit greater investment to future growth prospects and in its long-term upstream and downstream markets, serviced by its web-based platform. This will require an allocation of considerable additional resources in technology and marketing.

In the process of the above review, it has become apparent to the company that its investment in Private Property may benefit from a more industry-aligned

shareholder base which supports the imperatives of growth as opposed to short term returns, and which can accelerate the implementation of Private Property's revised strategy. In the circumstances, the offer to acquire Cognition's shareholding in Private Property represents an opportunity for the company to return significant value to shareholders.

3. DETAILS OF THE DISPOSAL

- 3.1 Cognition will dispose of the Sale Shares to the Purchasers for an amount of R150 000 000, payable in cash on delivery of the share certificates and other relevant documentation relating to the Sale Shares to the Purchasers.
- 3.2 The effective date of the Disposal is expected to be on or about 16 November 2022.
- 3.3 The agreements governing the Disposal contain limited warranties that are usually found in agreements regarding transactions of this nature.
- 3.4 The proceeds of the Disposal will be added to the existing cash reserves of the company, pending decisions as to effective utilisation of such funds.

4. CLASSIFICATION AND CATEGORISATION OF THE DISPOSAL

- 4.1 As the Disposal constitutes the disposal of the greater part of the assets and undertaking of the company, it is classified as an "affected transaction" in accordance with the provisions of the Takeover Code contained in the Companies Act, 2008 ("the Code").
- 4.2 The Code *inter alia* requires the appointment of an independent board to oversee the Disposal process, and an independent expert to prepare a report on the Disposal for the shareholders, as well as approval of the Disposal by the shareholders of the company in general meeting, by way of a special resolution requiring a 75% majority vote.
- 4.3 In addition, the Disposal is categorised as a Category 1 transaction in terms of the Listings Requirements of the Johannesburg Stock Exchange ("the JSE") and therefore similarly requires approval by the shareholders in general meeting, by way of an ordinary resolution requiring a 50% plus majority vote.

5. CONDITIONS PRECEDENT

The Disposal is subject *inter alia* to the following conditions precedent :

- 5.1 within 35 days of the Signature Date, the provision by the Purchasers of unconditional and irrevocable proof of funds to implement the Disposal to the satisfaction of the Takeover Regulation Panel (“the TRP”);
- 5.2 the completion of the pre-emptive rights process contained in the existing shareholders’ agreement between the shareholders of Private Property, and triggered by the Disposal;
- 5.3 the approval by the TRP of the circular to shareholders referred to in paragraph 7 below;
- 5.4 the approval by the JSE of the circular to shareholders referred to in paragraph 7 below;
- 5.5 the approval of the Disposal by the shareholders of the company in general meeting as indicated in paragraph 4 above; and
- 5.6 the issue by the TRP of a certificate of compliance in respect of the Disposal in accordance with the Code.

6. FINANCIAL INFORMATION

As at 30 June 2022, being the last financial year end of Private Property, the net asset value of Private Property was R49,6 million. The profit after tax for the period amounted to R10,2 million, of which 50,01% is attributable to Cognition.

The financial information was prepared in accordance with full IFRS and extracted from the draft reviewed provisional results of the company for the year ended 30 June 2022, which are expected to be released on or about 1 September 2022. These draft results formed the basis for the trading statement released by the company on Friday, 5 August 2022.

The financial information is subject to the outcome of the audit for the year, which is currently being finalised by BDO South Africa Inc., the auditors to the company, and which audited results are expected to be published on or about 30 September 2022.

7. CIRCULAR TO SHAREHOLDERS

A circular to shareholders convening the general meeting of shareholders of the company required to implement the Disposal will be despatched to shareholders within the applicable time frames of the Code and the Listings Requirements. The circular will include the report referred to in paragraph 4 above, as well as the

notice of the general meeting at which shareholders will be asked to approve the Disposal.

8. CONTINUATION OF CAUTIONARY ANNOUNCEMENT

Shareholders are advised that, while this announcement complies with the Listings Requirements, it falls short of a Firm Intention Announcement as required by the Code, and they are therefore urged to continue to exercise caution when dealing in their shares pending further announcements regarding implementation of the Disposal.

9. RESPONSIBILITY STATEMENT

The board of directors of the company accepts responsibility for the information contained in this announcement, and certify that, to the best of its knowledge and belief, the information is true and, where appropriate, this announcement does not omit anything likely to affect the importance of the information included.

By order of the board.

Johannesburg

26 August 2022

Sponsor	Auditors and reporting accountants	Attorneys
AcaciaCap Advisors Proprietary Limited	BDO South Africa Inc.	Fluxmans Inc.