



SENWES LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/005336/06)

(**"Senwes"**)

(Referred to as "the Company")

ANNOUNCEMENT OF THE ACQUISITION OF JOHN DEERE DEALERSHIPS IN GERMANY

1. INTRODUCTION

- 1.1 The board of directors of the Company (the **"Senwes Board"**) hereby informs the shareholders that the Company and its subsidiary Senwes Capital (Pty) Limited (**"Senwes Capital"**), acquired three John Deere dealerships (**"the Acquisition"**) and property in Germany as one indivisible transaction for an aggregate purchase consideration of €23 700 000,00 (twenty three million seven hundred thousand euros) which consideration is variable subject to the levels of operating capital and debt on the Closing date of the Acquisition. The dealerships are as follows:
- (i) **"Schlieper Business"**, consisting of the acquisition of 100% of the shares in Schlieper für Landmaschinen GmbH, Sonnewalde, and the real estate of the Schlieper premises in Herzberg, Sonnewalde and Ragow;
 - (ii) **"Bartling Business"**, consisting of only the assets used by Bartling Landtechnik GmbH for the operation of the Hohenseefeld premises and the real estate of the Bartling premises in Hohenseefeld; and
 - (iii) **"LVD Business"**, consisting of all assets pertaining to the operation of Landmaschinen Vertrieb Deuben GmbH (LVD) in Gerichshain and Rochlitz and shares in related entities.
- 1.2 The Acquisition, contemplated in paragraph 1.1, is subject to the fulfilment of the suspensive conditions as set out in paragraph 8 below, before or on 1 July 2022, before being capable of being implemented (**"the Closing Date"**).
- 1.3 The purpose of this announcement is to *inter alia* advise shareholders of the Company of the salient terms and conditions relating to the Acquisition.

2. BACKGROUND

- 2.1 Senwes, with its head office in Klerksdorp, is one of the leading agricultural companies in South Africa, is deeply rooted in agriculture and has a rich and proud history which extends over a period of 113 years. Senwes provides goods and services to the commercial grain agricultural sector with strategic focus housed in three operational channels – market access for grain, input supplies, such as agricultural whole goods and equipment, as well as financial services.
- 2.2 Agribel Holdings Limited is an investment holding company with Senwes as its sole investment.
- 2.3 Since 2004, Senwes has been one of the major authorised John Deere dealers in South Africa.

3. RATIONALE

3.1. The Acquisition is aligned with the Senwes strategic philosophy, specifically the strategic pillar of externalisation which brings further opportunities into alternative lower risk jurisdictions. Furthermore, the following will be achieved:

- a) “Best-of-both” principle: dealer expertise application in South Africa and Senwes’ business model roll-out in a first world country such as Germany. The business is essentially similar to Senwes Equipment in terms of the business models, the way it is structured, the industry and the product offering. Whole goods sales, spare part sales, workshops and precision technologies all form part as different divisions, with the John Deere dealership as the main brand offering;
- b) creating a platform for growth and increasing the Company’s exposure to other major currencies and decrease the exposure to the volatile rand.

3.2 John Deere markets agricultural machinery products in Germany through independent sales partners (dealerships). One of John Deere strategic objectives is to have larger and more sustainable dealers globally in terms of its John Deere “*Dealer of the Future*” strategy. In a number of regions most of the John Deere dealerships have traditionally been family-owned businesses. These businesses have always benefitted from being part of the community they operate in. However, they did not have the necessary resources and capabilities to expand and adapt to the changing environments, especially with regards to capital, technologies and precision solutions. It was in light of this, that Senwes was approached by John Deere to participate in the Acquisition and accordingly John Deere supports it fully.

4. STRUCTURE AND MANAGEMENT

The three dealerships, with six branches and sub-dealers, are being consolidated into one German holding structure with the management and head office located at Sonnewalde, Germany, under the leadership of a local German and highly experienced management team.

Ms Ricarda Schlieper has been appointed as the Managing Director of the consolidated dealership. Ms Schlieper was the managing director of the Schlieper Business. She will be supported by Ms Cathleen Powell, the Financial Director, who previously acted as the financial executive of the Senwes Equipment business in South Africa.

5. FINANCIAL EFFECT

Shareholders will be advised of the full financial effect on Senwes shares as part of the annual financial statements, which will be published during July 2022.

6. WARRANTIES AND INDEMNITIES

Senwes confirms that warranties and indemnities applicable to the Acquisition are normal for transactions of this nature.

7. REGULATORY APPROVALS

No investment, merger clearance, competition or other regulatory approvals or filings were required for the Acquisition, apart from the approval from the South African Reserve Bank in terms of the exchange control provisions.

8. SUSPENSIVE CONDITIONS

The Acquisition is subject to *inter alia* the conclusion of:

- 8.1 new supply and distribution agreements with John Deere and other business-related suppliers; and
- 8.2 the transfer and registration of properties and conclusion of property lease agreements.

9. BOARD RESPONSIBILITY STATEMENT

The Company's board of directors accepts responsibility for the information contained in this announcement and confirms that to the best of its knowledge and belief, such information set out herein is true and this announcement does not omit anything likely to affect the importance of such information included.

By order of the Board of Directors

EM Joynt (Mrs)
GROUP COMPANY SECRETARY
Tel no.: (018) 464 7104

7 June 2022

Website: www.senwes.co.za