



Joint statement: GWK and VKB – 12 August 2022

GWK's shareholders vote "yes" for amalgamation with VKB

On 11 August 2022 GWK's shareholders voted in favour of the proposed amalgamation between GWK and VKB.

The necessary shareholder resolutions were passed during a special GWK shareholders' meeting held in Douglas. VKB's board of directors had previously approved the transaction within their mandate, subject to approval by GWK's shareholders, and the relevant competition and other regulatory body requirements and approvals.

Mr Nicolaas Kruger, chairman of the board of the GWK Group, says that, following a very constructive and thorough negotiation process, the GWK board unanimously supported the proposal of the transaction to GWK shareholders for approval. The support of the transaction by GWK's shareholders at this meeting is an important strategic milestone in GWK's history. "We are elated that our shareholders have bought into the strategic benefits that can be created over time for all stakeholders, including advantages of economies of scale, growth opportunities and risk diversification," said Kruger.

According to Mr Coenraad Fick, chairman of the board of the VKB Group, VKB is convinced that the proposed transaction holds value for both companies and their shareholders: "We expect synergies to be created, which will contribute to more stability and sustainability in a challenging and volatile environment. The complementing corporate cultures and vision of both groups should contribute to a smooth implementation process. We also anticipate improved service delivery to clients along with further benefits to our producers. We are excited about the solid foundation it will create for future growth and progress."

The approval by GWK's shareholders follows the July 2020 announcement that discussions commenced between the two companies and, more recently, the joint firm intention announcement on 8 July 2022 to proceed with the proposed amalgamation. This announcement was followed by a series of special information sessions for GWK shareholders during the week of 11 to 14 July 2022, to share more details regarding the proposed transaction in preparation for the special shareholder meeting on 11 August 2022. The thorough discussions and preparations were rooted in both groups' long-term goals and in building momentum for their combined growth and future strategies.

In summary, the proposed transaction includes the following key terms:

- A cash amount as well as a newly created financial instrument in VKB issued to GWK shareholders to secure an interest and voting rights in the consolidated group, based on the respective nett asset values of each company;
- Representation of both GWK and VKB on the board of the consolidated group;
- Retention of both brands, as well as continued operations under the existing brands; and
- An integration committee with equal representation from both groups will have the mandate to plan and monitor the integration of the two groups' operations.



The conception and design of the transaction was led by delegates from GWK and VKB, in collaboration with an external, independent corporate finance advisor, Pallidus, in order to negotiate an agreement that ensures the protection and long-term benefit of both groups. These delegates took the utmost care to critically consider several aspects, including synergies in terms of company culture and structure, a shared vision to promote agriculture, preserving producer ownership and control, and to ensure continued quality service for farmers.

Mr Llewellyn Brooks, managing director of the GWK Group, says the support of GWK's shareholders is an important milestone in the strategic journey of the business. "I am excited about the opportunities this transaction will create for all stakeholders and look forward to being part of the creation of the agricultural business of the future."

According to Mr Koos Janse van Rensburg, current managing director of the VKB Group, GWK shareholders' acceptance of the VKB offer is the result of two years' negotiations: "The shareholders of both GWK and VKB will benefit from the transaction. The synergies between the two groups will gear up after the transaction is finalised. It will create new opportunities, as well as personal growth opportunities for employees. We look forward to further exploring these opportunities should the transaction be approved by the regulatory authorities."

Dr PG Strauss, who will be taking over from Mr Janse van Rensburg as managing director of the VKB Group on 1 October 2022, says that GWK and VKB have an important contribution to make to the South African agricultural industry: "Collaboration improves the sustainability of both companies, and ensures that both GWK and VKB can continue to support producers to remain sustainable in the future. This will serve the objective of supporting South Africa's food security and economic growth."

The proposed transaction between GWK and VKB will be submitted to the competition authorities for consideration in due course and is subject to, among others, their approval before the integration process will begin. Discussions between the two companies were, and still remain, subject to relevant competition and other regulatory body requirements and approvals.

END
