



**LABAT AFRICA LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1986/001616/06)  
("Labat Africa" or "the Company")  
ISIN Code: ZAE000018354 Share Code: LAB  
FSE Code: LEI 9845000R73DF5EE41J88

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**ACQUISITION OF 30% OF CANNAFRICA PROPRIETARY LIMITED (CannAfrica)**

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**BACKGROUND AND TERMS**

In terms of a Sale of Business and Assets Agreement, Labat Africa will acquire the remaining 30% interest in CannAfrica from Mr Herschel Maasdorp for a consideration of R6 428 571 to be settled through the issue of 29 924 251 ordinary Labat Africa shares at an issue price of R0.12 per share and the balance in cash of R2 837 660, which will be offset against a loan account owed by Mr Maasdorp to CannAfrica. The effective date of the acquisition is 1 June 2023.

**RATIONALE**

The CannAfrica agreement is in line with the strategy to expand the Labat Healthcare business and further entrench their position in the Cannabis market in Southern Africa. CannAfrica is an established and fully integrated Cannabis business offering.

The acquisition of the minority shareholding is to align Mr Maasdorp's interests in the larger cannabis healthcare business and the strategy of Labat Africa.

The rollout of Labat Healthcare retail stores is progressing well through both company-owned stores and franchisees, with presence in the following areas:

**Owned:**

- Ballito Junction, Kwazulu-Natal
- Springs Mall, Springs (owned during year under review but sold to a franchisee after year end)
- Town Square, Weltevreden Park
- Boardwalk, Port Elizabeth (owned during year under review but sold to a franchisee after year end)

**Franchised:**

- Benmore Gardens, Sandton
- Hartbeespoort
- Rustenburg
- Blu-Bird, Athol
- East Point Mall, Boksburg
- Florida, Roodepoort
- Moreletta Park
- The Moot
- Centurion
- Greenacres, Port Elizabeth

The success of the CannAfrica stores is clearly visible in the sale of two corporate owned stores to franchisees. It is a business model that the Company will continue to deploy.

Subsequent to year end, the following additional stores/areas have been signed up or identified, to be rolled out in this calendar year:

- Umhlanga
- Benoni
- Edenvale
- Kloof/upper highway
- Newcastle
- The Pavilion
- Durban North
- Bryanston
- Tzaneen
- Polokwane
- Jefferies Bay
- Cape St Francis
- East London (Nahoon, Berea, Vincent)

The above store locations will be a combination of franchise stores and Corporate owned flagship stores.

CannAfrica will also continue to offer franchise rights to interested individuals who may contact the company at 011 675 6841.

#### **SUSPENSIVE CONDITIONS OF THE ACQUISITION**

The CannAfrica Acquisition is subject to the issue and listing of the shares for the CannAfrica Acquisition.

#### **FINANCIAL INFORMATION**

Per the management accounts for the year ended 31 May 2023, the estimated profit before taxation amounted to R672 458 and the net asset value was (R2 409 959). The financial information is in the process of being audited and is presented before final audit adjustments.

#### **CLASSIFICATION OF THE TRANSACTION**

The acquisition of the balance of the CannAfrica shares is a Category 2 transaction and Mr Maasdorp is not a related party to Labat Africa as defined in the JSE Listings Requirements. Accordingly, the acquisition does not require a fairness opinion or shareholder approval.

#### **JOHANNESBURG**

26 July 2023

