



MERGER DECISION NO 39: 2021

Notice in Terms of Section 53(4)(a)(ii) of the Competition Act

THE PROPOSED ACQUISITION BY K2020893770 (SOUTH AFRICA) (PROPRIETARY) LIMITED (NEWCO) OF 100% OF THE ISSUED SHARE CAPITAL IN SYBRIN SYSTEMS (PROPRIETARY) LIMITED (SYBRIN SYSTEMS) AND SYBRIN (GUERNSEY) LIMITED ("SYBRIN") FROM EOH MTHOMBO (PTY) LTD ("EOH MTHOMBO")

Introduction of the Merging Parties

- i. Pursuant to Section 53(4)(a)(ii) of the Competition Act of 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in respect of the proposed acquisition by K2020893770 (South Africa) (Pty) Ltd of 100% of the issued share capital in Sybrin Systems (Pty) Ltd and Sybrin (Guernsey) Limited (collectively, the "Target Enterprises") from EOH Mthombo (Pty) Ltd. The transaction was notified to the Authority on 10th September 2021 and the merger assessment was halted on 29th September 2021 due to incomplete information. However, the assessment process recommenced on 8th October 2021 after receipt of additional information and the transaction was completed on 20th October 2021.
- ii. The Acquiring Enterprise, NewCo, is jointly controlled by 1K1V Sybrin Limited ("1K1V"), a private investment holding company registered in Mauritius; and Crossfin Technology Holdings (Pty) Ltd ("CFTH"), a private investment holding company incorporated in accordance with the Laws of South Africa. NewCo is a special purpose vehicle which has been established for the purposes of facilitating this transaction and allows for the joint investment by 1K1V and CFTH in the Target Enterprises. Therefore, NewCo does not offer any products or activities in Botswana. 1K1V is an affiliate of One Thousand & One Voices Africa Fund 1, a private equity enterprise whose mandate is to invest in businesses across Africa. However, 1K1V does not own or control entities with activities or operations in Botswana. On the other hand, CFTH as an investment company indirectly controls the following entities with operations in Botswana: GAAP Point of Sale Botswana (Pty) Ltd ("GAAP Botswana") and Innervation Value Added Services Botswana (Pty) Ltd ("Innervation Botswana").
- iii. GAAP Botswana is engaged in the leasing and sale of Point of Sale (POS) hardware and software, primarily to restaurants, takeaway outlets, pubs and night-clubs. It also provides the support services associated with these products. It is submitted that Innervation Botswana is a PCI-compliant

payment and switching business that provides streamlined integrated payment solutions to retailers, thereby enabling greater merchant capabilities and efficiency. Innervation Botswana also facilitates value added services for its clients, including loyalty and rewards.

- iv. The Primary Target Enterprises are Sybrin Systems and Sybrin. Sybrin Systems is a private company incorporated in accordance with the Laws of the Republic of South Africa, whilst Sybrin is incorporated under Laws of Guernsey. Both Sybrin Systems and Sybrin are each wholly owned by EOH Mthombo, which, in turn, is wholly owned by EOH Holdings Limited. EOH Holdings is a public company listed on the Johannesburg Stock Exchange and, as such, is not controlled by any single shareholder. In Botswana, the Target Enterprises provide software, implementation and support services in the following domains: *payments* – providing enterprise payment software to financial institutions in order to streamline and integrate payment processing; *document management* – a system or process used to capture, track and store electronic documents, such as PDFs, word processing files and digital images of paper-based content; and *fraud risk management* – which helps to prevent, detect and respond to fraud risks.

Relevant Markets

- v. The Acquirer through GAAP Botswana is engaged in the leasing and sale of Point of Sale (POS) hardware and software, primarily to restaurants, takeaway outlets, pubs and night-clubs. Whilst with Innervation Botswana, it provides integrated payment solutions to retailers to enable greater merchant capabilities and efficiency, such as some integrated payment solutions to enable merchants (retailers) with a debit and credit card payment acceptance capability.
- vi. On the other hand, the Target Enterprises provide software, implementation and support services in the following domains: *payments* – providing enterprise payment software to financial institutions in order to streamline and integrate payment processing; *document management* – a system or process used to capture, track and store electronic documents, such as PDFs, word processing files and digital images of paper-based content; and *fraud risk management* – which helps to prevent, detect and respond to fraud risks.
- vii. It is therefore evident from these descriptions that the products/services offered by the Acquirer do not overlap with those provided by the Target Enterprises. It is against this background that the Authority maintains that it is not necessary to reach a definitive view on the exact scope of the product market.

Competitive Analysis and Public Interest

- viii. The Authority's assessment has revealed that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the service offered in the relevant market. Furthermore, no negative public interest concerns have been identified.

The Determination

- ix. The Authority determined through the analysis of the facts of the merger, that the proposed transaction is not likely to result in the prevention or substantial lessening of competition, or endanger the continuity of the services offered in the relevant market. Furthermore, no public interest concerns have been identified.
- x. Pursuant to the provision of section 53 of the Competition Act, the Authority has decided to unconditionally approve the proposed acquisition by K2020893770 (South Africa) (Pty) Ltd of 100% of the issued share capital in Sybrin Systems (Pty) Ltd and Sybrin (Guernsey) Limited (collectively, the "Target Enterprises") from EOH Mthombo (Pty) Ltd.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 20th day of October 2021.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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