

ECSPONENT LIMITED

Incorporated in the Republic of South Africa

Registration number: 1998/013215/06

JSE Code: ECS - ISIN: ZAE000179594

Debt Issuer Code: ECSP

("the Company" or "Ecsponent")

MARKET UPDATE ON STRATEGY AND SOLVENCY AND LIQUIDITY OF THE GROUP, TRADING STATEMENT AND CAUTIONARY ANNOUNCEMENT

Update on group structure and strategy

The Ecsponent Board of Directors ("the Board") wish to advise its ordinary and preference shareholders ("Shareholders") and noteholders that the Company's strategic focus has shifted from a group which focussed on both private equity investments and financial services to that of almost exclusively a private equity investment business.

The Company announced during 2019 the conversion of a material amount of its business-to-business interest-bearing loans into the underlying equity investments, most notably the substantial increase in the equity investment in MyBucks SA to obtain greater influence over the direction of the MyBucks SA Group.

The current equity portfolio includes investments in the following major assets:

- MyBucks SA;
- InvestSolar Africa Limited;
- Getbucks Microfinance Bank Zimbabwe Limited;
- Ngwedi Investment Managers Proprietary Limited;
- MHMK Capital Botswana Limited;
- MHMK Capital Eswatini Limited; and
- Chrome Valley Mining (Pvt) Limited.

The portfolio holds significant underlying value which is estimated to require the next 3 to 5 years to fully materialise. MyBucks SA's past performance was particularly disappointing which necessitated shareholder intervention and culminated in a significant restructure of this group's operations during 2019.

The Board is currently investigating the conversion of further loans in its business-to-business loan book into equity investments.

As at the date of this announcement, the remaining loan book, after taking into account conversions into equity and impairments, will approximate R61 million.

Update on capital structure and ability to settle obligations

As a result of the change in the business model into that of a private equity investment, the Company no longer considers the issue of its current classes of preference shares or notes an appropriate form of funding. The Company will accordingly be considering alternative forms of funding going forward.

The Board is currently assessing various options pursuant to a capital restructure of its preference shares and/or alternative forms of funding, specifically also taking into account the potential conversion of preference shares into ordinary shares in the event of default in accordance with the terms of the preference shares. The Board is also considering the disposal of certain non-core assets in order to deleverage the Group's balance sheet. A further announcement will be made in this regard as soon as the Board has assessed and concluded on the various alternatives.

The Board advises shareholders that, having assessed its immediate and future obligations and the funding currently available to the Company, it expects that the Company will not be in a position to settle its obligations as they become due, in particular in relation to the redemption of the preference share obligations due in March 2020 and its ongoing dividend payment obligations on its various classes of preference shares.

Accordingly, the Board expects a default event to occur on its March redemption obligation and ongoing dividend obligations. The following redemption amounts are due for payment in March:

- Class A, Series 2 in an amount of R24 694 600;
- Class B, Series 2 in an amount of R46 166 000; and
- Class C, Series 2 in an amount of R117 517 000.

The above follows after various funding alternatives which the Board had considered for the refinancing of its preference share debt have been exhausted and given the Company's current asset base, which is aimed towards long-term capital growth and not capable of conversion into cash in a short space of time.

Trading statement

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements, companies are required to publish a trading statement as soon as they are satisfied, with a reasonable degree of certainty, that the financial results for the period to be reported upon next will differ by at least 20% from those of the previous corresponding reporting period.

The Board therefore wishes to advise shareholders that it is reasonably certain that the interim results for the period 31 December 2019 will indicate a loss-making position, in comparison to the published results for the interim period ended 31 December 2018 which indicated a profit-making position.

A further trading statement will be made once the Board has a reasonable degree of certainty as to the expected range of the Group's results for the interim period ended 31 December 2019. The financial information on which this trading statement is based has not been reviewed or reported on by the Company's external auditors.

The Company's financial results for the interim period ended 31 December 2019 will be released on or before 30 March 2020.

Cautionary announcement

Shareholders are advised that the outcome of the capital restructuring initiatives may have a material effect on the price of the Company's securities and accordingly should exercise caution in dealing in the Company's securities until a further announcement is made.

For more information about this announcement or the Ecsponent group, email investor.relations@ecsponent.com or visit www.ecsponentlimited.com/investor-relations

10 February 2020
Pretoria

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