

ECSPONENT LIMITED

Incorporated in the Republic of South Africa

Registration number: 1998/013215/06

JSE Code: ECS – ISIN: ZAE000179594

Debt Issuer Code: ECSD

Hybrid Issuer Code: ECSH

("the Company" or "Ecsponent")

ANNOUNCEMENT REGARDING A FORENSIC INVESTIGATION INTO THE USE AND DISTRIBUTION OF FUNDS RECEIVED UNDER A THIRD-PARTY TERM LOAN FACILITY

The board of directors of Ecsponent ("the Board"), through an internal investigation, noted that USD7.5 million of funds received by a Mauritian based subsidiary of the Company ("the Borrower") under a third-party loan facility ("the Facility"), may have been misappropriated. The Facility was advanced by a third-party lender ("the Lender"), and is guaranteed by the Company.

Stakeholders are accordingly advised that the Board had instructed a forensic investigation into the use and distribution of the funds from the Facility and, based on recommendations from the forensic investigators and legal representation obtained from the external legal counsel of the Company, the Board has instructed its legal counsel to institute legal action against certain parties ("the Offenders") whom the Board believes are potentially liable to the Company for actions by them that have resulted in the current inability of the Borrower to maintain the Facility, as further detailed in the forensic report.

Further details will be disclosed on SENS upon institution of the recommended legal action, and once the outcome of such legal action is known.

IMPACT ON SERVICING OF MONTHLY INTEREST AND SETTLEMENT OF THE FACILITY

The ability of the Company to service the ongoing monthly interest and repay the principal amount of the Facility, 50% which is due in May 2021 and the remaining 50% in September 2021 has been impacted due to the alleged activities of the Offenders. At the date of this announcement, interest, and penalties on the Facility amounting to R10,581,129.35 (USD621,910.87) are overdue.

Accordingly, the Board is actively seeking to renegotiate the terms of the Facility with the Lender. Although the Lender is entitled to make demand for the entire debt owed and has reserved its rights against the Borrower, the Lender has not yet accelerated debt repayments.

The Board is committed to resolving the situation by seeking to find a solution that is mutually acceptable to all parties. It also continues to work proactively with all stakeholders to improve its liquidity, its overall debt profile and long-term growth of its private equity portfolio.

Pretoria

1 September 2020

Sponsor to Ecsponent

Questco Corporate Advisory (Pty) Ltd