



NUTRITIONAL HOLDINGS LIMITED

(Registration number: 2004/002282/06)
(Incorporated in the Republic of South Africa)
(Share Code: NUT ISIN Code: ZAE000156485)
("Nutritional Holdings" or "the Company")

UPDATE ON THE INTENDED DISPOSAL OF NUTRITIONAL FOODS (PTY) LTD ('NUTRITIONAL FOODS'), WITHDRAWAL OF NUTRITIONAL FOODS BUSINESS RESCUE PROCEEDINGS AND CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the announcements published on SENS on 24 February 2021 detailing the proposed disposal of Nutritional Foods and on 25 February 2021 in respect of the subsequent decision to place Nutritional Foods into Business Rescue.

DISPOSAL OF NUTRITIONAL FOODS

Following the announcement on 24 February 2021 of the intended disposal of Nutritional Foods, shareholders are advised that the Company received various expressions of interest for the acquisition of Nutritional Foods, one of which was from Mr MM Suping, the CEO of Nutritional Foods and a related party to Nutritional Holdings.

The offer has conditionally been accepted by the Board and the terms thereof are set out below:

Terms:

The agreed purchase consideration for 100% of the shares in, and claims against, Nutritional Foods is R15.2m, with a R250 000 non-refundable deposit and the provision of a guarantee for the balance within 90 days thereafter. The R250 000 deposit still needs to reflect in the Company's bank account.

Conditions:

The disposal is conditional on a formal sale agreement being signed and any other regulatory and shareholder approvals, if required.

Categorisation:

The consideration is below 10% of the market capitalisation of the Company as at date of initial acceptance of the offer and as at the date of this announcement. Accordingly, the disposal does not require shareholder approval nor a fairness opinion from an independent expert.

Rationale:

The Board is focusing on sustainable, profitable and cash generating businesses and Nutritional Foods is considered non-core to this strategy. Turnaround efforts were not successful in 2020, primarily due to COVID-19. Shareholders are aware that a major customer the Education Department and Schools, which had been severely hampered due to the uncertainty of COVID-19 and the subsequent closure of schools during 2020, which led to Nutritional Foods incurring further losses, impacting negatively on the group.

As shareholders are aware, Nutritional Foods has continuously made year on year losses for the past seven years and thus is no longer positioned with the growth focus of the newly reinvented Nutritional Holdings.

It is with the above in mind, that the Board, excluding Mr MM Suping who has an interest in the disposal, has voted in favour of the disposal of Nutritional Foods as it is considered to be in the best interest of shareholders. The focus of the group going forward will be growing the vertically integrated CBD food products business as a JSE listed company.

Financial effects:

The financial effects of the transaction will be announced in due course once the disposal agreement has been finalised and signed. Any other salient terms will also be announced.

BUSINESS RESCUE PROCEEDINGS

The announcement on 25 February 2021 advised that the board of directors unanimously agreed and passed a resolution on the 24 February 2021 to place Nutritional Foods into Business Rescue effective 25 February 2021.

Correction to announcement and update

It is noted that in fact the Nutritional Holdings board did not pass a resolution unanimously but by way of a majority of the Board. The Chief Executive Officer of Nutritional Foods, Mr MM Suping, who is on the Nutritional Holdings board, was however informed in writing on 25 February 2021 of the board's decision to place Nutritional Foods in to Business Rescue. The Board also advises that a resolution was not passed by the board of Nutritional Foods to place it under Business Rescue and Nutritional Foods was thus technically not actually placed into Business Rescue at that point in time. Instead, Nutritional Holdings elected to launch a High Court application to place Nutritional Foods into Business Rescue, which application was filed in the High Court of South Africa, KwaZulu-Natal Local Division on 21 April 2021.

It is noted that the revenues generated by Nutritional Foods continue to decline and losses continue to be incurred. However, Nutritional Foods is classified as an asset held for sale as previously announced on 24 February 2021 and will no longer be consolidated by Nutritional Holdings.

Withdrawal of Business Rescue proceedings

Shareholders are advised that following the board decision to enter into an agreement for the disposal of Nutritional Foods as detailed above, there is no benefit of proceeding with the Business Rescue proceedings and this will be withdrawn from the court.

CAUTIONARY ANNOUNCEMENT

Shareholders are advised to exercise caution in dealing in their shares until a further announcement is made regarding the disposal of Nutritional Foods and the publication of the balance of the information required in terms of the JSE Listings Requirements.

By order of the Board

Durban

19 May 2021

Designated Advisor
AcaciaCap Advisors Proprietary Limited

