

GEN – General – Nutritional Holdings Limited

Censure imposed by the JSE on Nutritional Holdings Limited (“**Company**”)

The JSE hereby informs stakeholders of the following findings in respect of the Company:

Background

1. Nutritional Holdings Limited is listed on the JSE’s AltX. Trading of the Company’s shares on the JSE was suspended since 26 May 2021. Pursuant to an investigation conducted by the JSE, the JSE identified that the Company failed to comply with several important provisions of the Listings Requirements between 2020 and 2021.

Placing Nutritional Foods (Pty) Ltd (“Nutritional Foods”) into business rescue

2. On 24 February 2021, the Company published a SENS announcement advising the market of the proposed disposal of its subsidiary, Nutritional Foods. The next day, on 25 February 2021, the Company published a SENS announcement advising that the board had unanimously agreed and passed a resolution to place Nutritional Foods into business rescue after careful consideration and discussions with stakeholders (“**February SENS Announcement**”).
3. Following the February SENS announcement informing the market that the Company’s board resolved to place Nutritional Foods into business rescue, shareholders and investors would have reasonably expected the Company to commence proceedings for business rescue and for the business rescue process to implemented in accordance with the provisions of the Companies Act.
4. A few months later, on 19 May 2021, the Company published an update SENS announcement advising the market that although a resolution was passed by its board to place Nutritional Foods in business rescue, a resolution to this effect was not passed by the board of Nutritional Foods and that “Nutritional Foods was thus ‘technically’ not actually placed into business rescue” at that point in time (“**May SENS Announcement**”). The Company also communicated to shareholders that it had instead elected to launch a high court application, in its capacity as a shareholder of Nutritional Foods, to place Nutritional Foods into business rescue, which application was filed on 21 April 2021.

5. The May SENS Announcement confirmed to the JSE and shareholders that factually, Nutritional Foods was not placed in business rescue as stated by the Company in the February SENS Announcement and that the high court application which was only filed on 21 April 2021 was intended to give effect to the business rescue process.
6. The Company was obligated to inform shareholders via a SENS announcement that the process to place Nutritional Foods in business rescue had not started and was required to do so immediately when it became aware that the board of the Company could not place Nutritional Foods into business rescue and that a separate legal process had to be implemented to achieve this. The Company only informed shareholders of the true status of Nutritional Foods business rescue process three months after the February SENS Announcement and almost a month after it had filed the high court application in its capacity as a shareholder of Nutritional Foods. Such information was deemed price sensitive by the JSE and should have been disclosed without delay in accordance with the provisions of paragraph 3.4(a) of the Listings Requirements.
7. Accordingly and for these reasons, the JSE found the Company to be in breach of the provisions of paragraph 3.4(a) of the Listings Requirements for failing to inform the market, as soon as it became aware and without delay, that it could not, and did not place Nutritional Foods into business rescue and that a separate legal process had to be implemented to achieve this, which information was price sensitive.

Cannacrypt initial coin offering

8. In a letter dated 25 March 2021 and published to shareholders on the Company's website, the Company's Chief Executive Officer informed shareholders that the Company and its subsidiary, Ukusekela Holdings (Pty) Ltd ("**Ukusekela**") had conceived a digital campaign to harness the global power of cryptocurrency and promote growth through the launch of a cannabis cryptocurrency known as Cannacrypt. Shareholders were offered 20 000 coins at a launch price of R1, whereafter a public launch would be offered. According to this letter circulated to shareholders for purposes of investment, Ukusekela's launch of Cannacrypt and the initial coin offering ("**Cannacrypt ICO**") would create an income stream for the Company's subsidiary, Ukusekela and yield profitable returns over the next few years, which would be of benefit to shareholders and consequentially, the Nutritional Group.

9. In the letter to shareholders, the Company included facts and prospective information relevant to it when launching the Cannacrypt ICO, stating that the cryptocurrency had a dual income stream and would exhibit triple digit growth year on year, and that shareholders taking up such an offering would obtain additional benefit insofar as it related to the performance of the Company and its subsidiaries. The perception created by the Company that the Cannacrypt ICO was housed within the Nutritional Holdings Limited group generated false expectations for shareholders who, in all likelihood would have invested in such cryptocurrency offering on the basis that it was supported and driven by a company already listed on the JSE and regulated as such.
10. Pursuant to the JSE's enquiries with the Company regarding Ukusekela's launch of the Cannacrypt ICO, the Company thereafter published SENS announcements to shareholders and the market on 14 April 2021 and 22 April 2021, referring specifically to the letter disseminated to shareholders dated 25 March 2021, clarifying that the Cannacrypt ICO was actually housed within a company known as Cannacrypt Proprietary Limited, which was not a subsidiary or associate of the Company. The Company further clarified that the offer made to shareholders to participate in the Cannacrypt ICO on a preferential basis did not constitute an issue by an existing subsidiary nor a transaction by the Company as defined in the JSE's Listings Requirements.
11. In disseminating incorrect and misleading information to shareholders, the Company did not apply the highest standard of care. The information initially conveyed in the letter to shareholders had to be clarified and corrected in subsequent SENS announcements published on 14 and 22 April 2021.
12. Accordingly and for these reasons, the JSE found the Company to be in breach of the provisions of paragraph General Principle (v) of the Listings Requirements for failing to observe the highest standards of care in the dissemination of information to shareholders and the public regarding the Cannacrypt ICO, which information was incorrect and misleading.

Interim Financial Statements for the six months ended 31 August 2020

13. The auditor's report on the annual financial statements of the Company for the year ended 29 February 2020 contained a qualified opinion. The provisions of paragraph 3.18(b) of the Listings Requirements require that where an issuer's auditor has disclaimed, qualified or issued an adverse opinion on the

issuer's latest financial statements, the next published interim report must be reviewed by the issuer's auditor. On 11 December 2020, the Company published unreviewed/unaudited consolidated interim results for the six months ended 31 August 2020 contrary to the Listings Requirements. The Company subsequently rectified its non-compliance and published its reviewed restated consolidated interim results for the six months ended 31 August 2020 on 9 June 2021 in accordance with the Listings Requirements.

14. Accordingly, the JSE found the Company to be in breach of the provisions of paragraph 3.18(b) for publishing its results for the six months ended 31 August 2020 on 11 December 2020 that were not reviewed.

Continuing obligations

15. On 15 October 2021 the Company published a renewal of cautionary announcement regarding the restructuring of its board of directors and possible injection of additional funding into the group. As at 10 December 2021, the Company did not provide any further update to the market by way of a renewal of cautionary announcement or an announcement containing full details of the subject of the announcement which is required every 30 business days in terms of paragraphs 11.41 read with 3.9 of the Listings Requirements.
16. Furthermore, companies whose securities are suspended on the JSE are required to submit monthly progress reports to the JSE pertaining to the state of affairs of the company and action proposed to be taken by the company in order to have its listing reinstated. After 12 October 2021, despite the trading of its securities still being suspended, the Company did not provide the JSE with its monthly progress reports as required by paragraph 1.11(b) of the Listings Requirements until March 2022.
17. Accordingly, the JSE found the Company to be in breach of the following provisions of the Listings Requirements:
 - Paragraph 11.41 read with 3.9 for failing to provide updates to the market after 15 October 2021 by way of a renewal of cautionary announcement at least every 30 business days, unless the JSE allows otherwise, until full details on the subject of the cautionary announcement have been announced; and

- Paragraph 1.11(b) for failure to submit to the JSE a monthly progress report after 12 October 2021 pertaining to its suspension, current state of affairs and proposed action to have its listing reinstated.

JSE's decision to censure the Company

18. The JSE finds it unacceptable that the Company failed to inform the market of price-sensitive information without delay, failed to apply the highest standard of care in disseminating information to the market, and published financial results that were not reviewed despite previous financial statements containing a qualified audit opinion.
19. The provisions of the Listings Requirements, which impose various important obligations on listed companies in respect of the disclosure and dissemination of timely and accurate information, contributes to the integrity of the market and promotes investor confidence.
20. For these reasons and with reference to the JSE's findings of breach, the JSE has decided to impose a public censure on the Company as a result of its failure to comply with important provisions of the Listings Requirements.

28 November 2022