

ELLIES HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2007/007084/06)

JSE share code: ELI ISIN: ZAE000103081

("Ellies" or the "Company" or the "Group")



PROPOSED RIGHTS OFFER AND FURTHER CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are referred to the SENS announcement released on 1 February 2023 (the "**1 February Announcement**") with regard to the signature of a sale of shares agreement (the "**Agreement**") regarding the acquisition by Ellies of 100% of the members' interests in Magetz Electrical cc and Power On Wheels cc (collectively, "**Bundu Power**") (the "**Acquisition**") for a maximum consideration of R202.6 million (the "**Consideration**"), together with the most recent renewal of cautionary announcement which was released on SENS on 2 May 2023.

2. CONSIDERATION

In terms of the Agreement, the Consideration will be settled as follows:

- an initial payment of R72.6 million to be paid on the date of fulfilment or waiver of the conditions precedent to the Acquisition, as detailed in the 1 February Announcement; and
- the balance will be payable through three earn out payments not exceeding in aggregate R130 million in respect of the 2023, 2024 and 2025 financial years.

3. PROPOSED FULLY UNDERWRITTEN RIGHTS OFFER

In order to fund the initial payment, together with the earn out for the 2023 financial year, the board of directors of Ellies has resolved to undertake a fully underwritten renounceable rights offer in the amount of R120 million (the "**Proposed Rights Offer**"), through the issue of new Ellies shares at an issue price of R0.07 per share.

Mazi Assets Management Proprietary Limited and Imvula Education Empowerment Trust ("**Imvula**") (together, the "**Underwriters**") have agreed to underwrite the Proposed Rights Offer on an equal basis, in consideration for an underwriting fee of 1.5% of the value of new Ellies shares, if any, subscribed for by each Underwriter.

The Proposed Rights Offer is conditional on, *inter alia*, the approval by Ellies shareholders of;

- an increase in authorised share capital of the Company;
- the issue of shares for cash pursuant to the Proposed Rights Offer with a combined voting power that will exceed 30% of all Ellies shares in issue, as contemplated in section 41(3) of the Companies Act, No. 71 of 2008;
- a waiver of mandatory offer in terms of regulation 86(4) of the Companies Regulations, 2011; and
- and the Acquisition.

A further announcement containing the salient dates with regard to the Proposed Rights Offer will be released in due course.

4. RELATED PARTY TRANSACTION

Shareholders are advised that the underwriting agreement contains a reference to the provision by Imvula of certain paid advisory services to Ellies. The terms and conditions of these advisory services are still to be agreed between the parties, whereafter the provisions of the relevant JSE Listings Requirements dealing with transactions between related parties, will be complied with. A further announcement in this regard will be made in due course.

5. FURTHER CAUTIONARY ANNOUNCEMENT

Further to the information set out above, shareholders are advised to continue to exercise caution when dealing in their Ellies shares until a further detailed announcement in this regard is made.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The board of directors of Ellies collectively and individually accept responsibility for the information contained in this announcement and certify that, to the best of their knowledge and belief, the information contained in this announcement relating to Ellies is true and this announcement does not omit anything that is likely to affect the import of such information.

13 June 2023

Sponsor

The logo for Java Capital, featuring the word "JAVA" in a bold, sans-serif font with a blue swoosh underline, followed by the word "CAPITAL" in a lighter, all-caps sans-serif font.