

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")

ACQUISITION OF UKUSEKELA AND FURTHER CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are referred to the announcements dated 17 December 2019, 31 January 2020 and 13 March 2020 and are advised that Nutritional Holdings has entered into an agreement dated 23 March 2020 with The Wellness Trust 29 ("**the Trust**") to acquire a 100% shareholding in Ukusekela Holdings (Pty) Ltd ("**Ukusekela**") for a total consideration of R140 million payable by a combination of cash and the issue of Nutritional Holdings shares at 4.5 cents per share ("**the Transaction**").

2. BACKGROUND AND RATIONALE FOR THE TRANSACTION

The Trust currently holds 100% of Ukusekela's shareholding.

Ukusekela holds various licenses in Lesotho, Zimbabwe and Swaziland for the cultivation, harvesting, manufacturing, distribution, importing and exporting of cannabis as well as a research laboratory in South Africa.

Ukusekela holds a take-off agreement with Europharma Medical Corporation, a cannabis pharmaceutical company based in Europe which has a license to distribute CBD Oils and infused products in more than 15 countries.

3. TRANSACTION CONSIDERATION

The purchase consideration will be R140 million payable by a combination of cash and the issue of Nutritional Holdings shares at 4.5 cents per share payable as follows:

- 2 (two) billion shares will be issued to Ukusekela at 4.5 cents per share which equates to R90 million; and
- R50 million in cash.

4. CONDITIONS PRECEDENT

The Transaction will be subject to the fulfilment of the following conditions within 150 days of the signature of the agreement ("**Conditions Precedent**"):

- any regulatory approvals as may be required, including the JSE Limited, Takeover Regulation Panel and the Competition Act; and
- the approval by Nutritional Holdings shareholders.

5. EFFECTIVE DATE

The effective date of the Transaction is 17 December 2019, or any other date agreed to by the parties.

6. WARRANTIES AND OTHER MATERIAL TERMS

Ukusekela has provided a profit warranty to Nutritional Holdings of a minimum profit after tax of R30 million per annum for a two-year period. R25 million per annum for the balance of the R50 million cash consideration, will be paid to Ukusekela with one payment end of March 2021 and the last payment at end of March 2022. There will be no interest payable by Nutritional Holdings to Ukusekela for the balance outstanding.

7. FINANCIAL INFORMATION OF THE TRANSACTION

The financial information relating to the Transaction will be available in due course.

8. CATEGORISATION

In terms of the JSE Listings Requirements, the Transaction constitutes a Category 1 transaction and therefore Nutritional Holdings' shareholder approval is required. The Company will consult with the JSE to determine if the Transaction is considered a reverse take-over and Revised Listing Particulars are required. A circular convening a general meeting and providing further information on the Transaction will be sent to the Company's shareholders in due course.

9. FURTHER CAUTIONARY ANNOUNCEMENT

Due to the unavailability of the financial information as mentioned above, Shareholders are advised to continue exercising caution when dealing in the Company's shares until the financial information is released.

27 March 2020

Designated Advisor to Nutritional Holdings
Exchange Sponsors