

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular have, where appropriate, been used on this cover page.

Action required by Shareholders

If you have disposed of all of your Ellies shares, this Circular, together with the attached notice of General Meeting and form of proxy, should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Beneficial Shareholders who hold Dematerialised Shares through a CSDP or broker but who have not elected own-name registration who wish to attend the General Meeting must request their CSDP or broker to provide them with the necessary letter of representation to attend the General Meeting or must instruct their CSDP or broker to vote on their behalf in terms of their agreement with their CSDP or broker.

Shareholders are referred to pages 2 and 3 of this Circular, which sets out the detailed action required of them in respect of the transaction and ancillary matters set out in this Circular. If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

Ellies does not accept responsibility and will not be held liable for any action of, or omission by the CSDP or broker of any holder of Dematerialised Shares to notify such Shareholder of the action required of them in respect of the transaction and ancillary matters set out in this Circular.



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")

CIRCULAR TO ELLIES SHAREHOLDERS

regarding:

- the approval of the increase in the authorised share capital of the Company;
- the approval of the Proposed B-BBEE Transaction to be implemented by way of specific issue of shares for cash;
- the granting of a Call Option and the potential future repurchase of the Subscription Shares upon the occurrence of any of the Trigger Events;
- the pre-emptive right authorising the Company to repurchase from the Subscriber the Subscription Shares; and
- the pre-approval of B-BBEE Spend with Imvula;

and incorporating:

- the notice of General Meeting;
- a form of proxy (*yellow*), only for use by Certificated Shareholders and Dematerialised Shareholders with "Own-name Registration"; and
- Electronic Participation Form.

Corporate Advisor to Ellies



Transaction Sponsor to Ellies

Deloitte.

Legal advisor to Ellies

**Baker
McKenzie.**

Joint transaction advisor to Imvula



Joint transaction advisor to Imvula

Agileequity

Date of issue: Tuesday, 10 August 2021

This Circular is available in English only. Copies of this Circular may be obtained from the registered office of the Company between 09:00 and 16:30 on Business Days, from Tuesday, 10 August 2021 to Wednesday, 8 September 2021, both dates inclusive. The Circular will also be available on Ellies's website at www.elliesholdings.co.za.

CORPORATE INFORMATION

Registered office of Company

ELLIES HOLDINGS LIMITED

(Registration number 2007/007084/06)

Brooklyn Place
3 Centex Close
Kramerville
Sandton
2090

(PO Box 57076, Springfield, 2137)

Company secretary

Acorim Secretarial & Governance Services
13th Floor, Illovo Point
68 Melville Road
Illovo
Sandton
2196

Corporate Advisor

Khanda Capital Proprietary Limited
(Registration number 2018/082102/07)
Second Floor
Building 3
11 Alice Lane
Sandton
2196

(PO Box 650957, Benmore, 2010)

Transaction Sponsor

Deloitte & Touche Sponsor Services Proprietary Limited
(Registration number 1996/000034/07)
Deloitte Place
5 Magwa Crescent
Waterfall City
2090

(Private Bag X6, Gallo Manor, 2052)

Date and place of incorporation

Incorporated in the Republic of South Africa
on 5 March 2007

Legal advisor

Baker & McKenzie Incorporated
(Registration number: 2012/047447/21)
1 Commerce Square
39 Rivonia Road
Sandhurst
Johannesburg
2196
South Africa

(PO Box 781033, Sandton, 2146)

Transfer Secretary

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

(Private Bag X9000, Saxonwold, 2132)

Joint transaction advisors to Invula

CapitalGate (Pty) Ltd
(Registration number 2007/028667/07)
1 Padma Amanda Lane
Morningside

Agilequity (Pty) Ltd
(Registration number 2018/377177/07)
13 Belmont Street
Kyalami Estates
Kyalami

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ACTION REQUIRED BY SHAREHOLDERS

This Circular is important and requires your immediate attention.

The definitions and interpretations commencing on page 5 of this Circular shall apply *mutatis mutandis* to this section.

If you are in any doubt as to the action you should take, please consult your CSDP, broker, attorney, banker or professional advisor immediately.

GENERAL MEETING

Given the risks arising from the COVID-19 pandemic, the General Meeting, convened in terms of the Notice of General Meeting, will be held entirely by electronic communication, as permitted by the JSE, the provisions of the Companies Act and the MOI on Wednesday, 8 September 2021, commencing at 11:00. A notice convening the General Meeting is attached to and forms part of this Circular.

Certificated Shareholders and own-name Dematerialised Shareholders who are unable to attend the General Meeting but who wish to be represented thereat are requested to complete and return the attached form of proxy in accordance with the instructions contained therein. The duly completed forms of proxy are requested to be received by the Transfer Secretaries by no later than 11:00 on Monday, 6 September 2021. Alternatively, the form of proxy may be lodged with the chairperson of the General Meeting or to the Transfer Secretaries at the General Meeting, at any time prior to its commencement, or prior to voting on any resolutions proposed at the General Meeting.

Dematerialised Shareholders who have not elected own-name registration in the sub-register maintained by a CSDP must provide their CSDP or broker with their instruction for attendance or voting at the General Meeting in the manner stipulated in the custody agreement governing the relationship between such Shareholders and their CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Should they wish to attend the meeting, they must request a letter of representation from their CSDP or broker.

If you hold your Ellies Shares (whether certificated or dematerialised) through a nominee, you should timeously make the necessary arrangements with your nominee or, if applicable, your CSDP or broker who will provide them with the necessary letter of representation to vote in terms of the agreement entered into between the Shareholder and the CSDP or broker, in the manner and time periods stipulated therein.

Ellies does not accept responsibility and will not be held liable for any failure on the part of the broker, banker, investment dealer or CSDP of a Dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be conducted thereat.

ELECTRONIC PARTICIPATION AT THE GENERAL MEETING

The Company has retained the services of the Company Secretary to facilitate the General Meeting on an interactive electronic platform, in order to facilitate remote participation and voting by Shareholders. The Company Secretary will also act as scrutineer.

Shareholders who wish to participate in the General Meeting, including proxy holders, will be required to submit the duly completed Electronic Participation Form, found on page 47 of this document, together with the relevant documents to roxanne@acorim.co.za or Computershare Investor Services (Pty) Ltd at proxy@computershare.co.za, as provided for on the form. Shareholders are strongly encouraged to complete their verification well ahead of time.

Once your shareholding, identity and authority (if the shareholder is not an individual) have been verified by Computershare, you will be provided with details on how to join the General Meeting web stream. A live voting function will not be available, and shareholders will be required to send their duly completed voting forms to Computershare via email before the meeting, or at the close of voting at the latest.

Shareholders that choose not to participate in the meeting can still submit their proxy forms as usual.

The Company Secretary will assist Shareholders with the requirements for electronic participation in, and for voting at the General Meeting. The Transfer Secretaries is further obliged to validate (in correspondence with the Company), each such Shareholder's entitlement to participate in and / or vote at the General Meeting, before providing it with the necessary means to access the General Meeting and / or the associated voting platform. For further information in this regard, please see the details contained in the Notice of General Meeting.

ACTION REQUIRED BY SHAREHOLDERS

continued

While the Company will incur all costs for the hosting of the General Meeting by way of a remote interactive electronic platform, Shareholders will be liable for their own network charges in relation to electronic participation in and / or voting at the General Meeting. Any such charges will not be for the account of the JSE, the Company or the Transfer Secretaries. None of the JSE, the Company, its agents and third party service providers or the Transfer Secretaries can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and / or power outages which prevents any such Shareholder from participating in and / or voting at the General Meeting.

IMPORTANT NOTE: Shareholders or their proxies may participate in the General Meeting by telephone conference call, you, or your proxy, should advise the Company as such by no later than 11:00 on Monday, 6 September 2021, by submitting by e-mail to Acorim Secretarial & Governance Services, the Company secretary of Ellies, at roxanne@acorim.co.za, relevant contact details, including an e-mail address, cellular number and landline, as well as full details of your title to Ellies Shares and proof of identity, in the form of copies of identity documents and share certificates (in the case of Certificated Shares) or written confirmation from your CSDP confirming your title to the Dematerialised Shares (in the case of Dematerialised Shares). Upon receipt of the required information, you will be provided with a secure code and instructions to access the electronic communication during the General Meeting. Shareholders should note that access to the electronic communication will be at the expense of the Shareholders who wish to utilise the facility.

Shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the General Meeting through this medium. Accordingly, Shareholders making use of the electronic participation facility are requested to either complete the form of proxy (in the case of Certificated Shareholders and Dematerialised Shareholders who have elected own-name registration) or contact their CSDP or broker (in the case of Dematerialised Shareholders who have not elected own-name registration), in both instances, as set out above.

VOTING PROCEDURE AND QUORUM FOR THE GENERAL MEETING

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders present. In addition:

- the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Every Shareholder present or represented by proxy and entitled to exercise voting rights at the General Meeting shall be entitled to vote on a show of hands, irrespective of the number of voting rights that Shareholder would otherwise be entitled to exercise. On a poll, any person who is present at the General Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Shares held by that Shareholder.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this Circular have been used in the following table of salient dates and times.

	2021
Record date for determining which Shareholders are entitled to receive this Circular and notice of General Meeting	Friday, 30 July
Circular and notice of General Meeting posted to shareholders	Tuesday, 10 August
Announcement relating to the issue of the Circular and notice of General Meeting released on SENS	Tuesday, 10 August
Last day to trade in Ellies Shares in order to be recorded in the Register on the Voting Record Date	Tuesday, 24 August
Voting Record Date	Friday, 27 August
Last day to lodge forms of proxy for the General Meeting with the Transfer Secretaries, by 11:00 (forms of proxy not lodged with the Transfer Secretaries in time may be lodged with the chairperson of the General Meeting or to the Transfer Secretaries at the General Meeting, at any time prior to its commencement, or prior to voting on any resolutions proposed at the General Meeting)	Monday, 6 September
General Meeting held at 11:00 on	Wednesday, 8 September
Results of the General Meeting released on SENS	Wednesday, 8 September

Notes:

1. All times given in this Circular are local times in South Africa.
2. All dates and times are subject to change. Any change will be released on SENS and, if required, published in the Press.
3. Ellies Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, persons who acquire Ellies Shares after Tuesday, 24 August 2021 will not be eligible to vote at the General Meeting.

DEFINITIONS AND INTERPRETATIONS

Throughout this Circular and the annexures hereto, unless otherwise stated, the words in the first column have the meanings assigned to them in the second column, words in the singular include the plural and *vice versa*, words importing natural persons include corporations and associations of persons and any reference to a gender includes the other gender.

"Accounts"	means collectively (i) the audited accounts of the Company for the financial period 1 May 2020 to 30 April 2021 (the Audited Accounts 2021) and (ii) the Issue Date Accounts;
"B-BBEE"	means Broad-Based Black Economic Empowerment as contemplated in the BEE Act and the BEE Codes;
"B-BBEE Act"	means the Broad-Based Black Economic Empowerment Act, No 53 of 2003, as amended from time to time;
"B-BBEE Codes or Codes"	means the Codes of Good Practice on Broad-Based Black Economic Empowerment published under section 9(1) of the BEE Act, as amended or revised from time to time;
"B-BBEE Spend"	means the Board approved annual budgeted spend that Ellies proposes to allocate and pay to Invula for the Lock in Period, further details which are set out in paragraph 5.5 below and in the relevant resolution in the attached notice of General Meeting;
"B-BBEE Pillar"	means any one of the following B-BBEE elements as defined and contemplated within the Codes: (i) Ownership Element, (ii) Management Control element, (iii) Skills Development element, (iv) Enterprise and Supplier Development element and (v) Socio-Economic Development element;
"B-BBEE Status"	has the same meaning ascribed to it in Schedule 1 of the BEE Codes;
"Black People"	has the same meaning ascribed to it in Schedule 1 of the BEE Codes and Black Person shall be construed accordingly;
"Black Woman"	means a Black Person who is a woman and Black Women shall be construed accordingly;
"Board" or "Directors"	means the board of directors of the Company;
"Business Day"	means any day other than a Saturday, Sunday or official public holiday in South Africa;
"Call Option"	means the option granted by the Subscriber in the Subscription Agreement in favour of the Company or its nominee, the irrevocable right and option, to repurchase from the Subscriber, the Subscription Shares, in terms of section 48(2)(a), as read with section 46, of the Companies Act, subject to the requirements of section 48(8)(b) of the Companies Act, full details of which are set out in paragraph 5.11 below;
"Certificated Shareholders"	means Shareholders who hold Certificated Shares;
"Certificated Shares"	means shares which have not been dematerialised into the Strate system, title to which is represented by a share certificate or other physical Documents of Title;
"Circular"	means this circular dated Tuesday, 10 August 2021, including all annexures, the notice of General Meeting and the form of proxy;
"Claim"	means any claims, actions, demands, proceedings, litigation, audit, citation, summons, subpoena or investigations of any nature (whether civil, criminal, administrative, regulatory or otherwise) which may be instituted, made, threatened, established or alleged against or otherwise involving a Party;
"Companies Act"	means the Companies Act, No. 71 of 2008, as amended from time to time;

DEFINITIONS AND INTERPRETATIONS

continued

"Conditions Precedent"	means the suspensive conditions to which the Subscription Agreement (and thus the transactions set out therein) is subject, as set out in paragraph 5.2 below;
"Control"	<p>means, in relation to any Entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Entity, whether through the ownership of voting securities (or other ownership interests), by contract or otherwise, and (without derogating from the generality of the foregoing) includes:</p> <p>(a) owning (directly or indirectly) the majority of the issued ordinary shares or membership interests of such Entity;</p> <p>(b) controlling (directly or indirectly) the majority of voting rights in relation to such Entity; and/or</p> <p>(c) the right to appoint (and then appointing) so many directors on the board of directors or so many trustees or so many other individuals (who, in relation to such Entity perform a similar decision making function as directors perform in respect of a company and as trustees perform in respect of a trust), as the case may be, of such Entity as controls or control the majority of the voting rights of all such directors, trustees or individuals, as the case may be, and Controlling and Controlled shall be construed accordingly;</p>
"CSDP"	a Central Securities Depository Participant in South Africa, appointed to hold and administer Dematerialised Shares;
"Data Room"	means the virtual data room populated by the Company for the purposes of the Due Diligence Investigation, as made available by the Company to the Subscriber;
"Dematerialised Shares"	means Shares which have been incorporated into the Strate system, title to which is not represented by physical Documents of Title;
"Dematerialised Shareholders"	means Shareholders who hold Dematerialised Shares;
"Disclosed"	means the disclosure of the Disclosed Information by the Company to Imvula;
"Disclosed Information"	means the information disclosed by the Company in the Data Room, taking into account Imvula's enquiries and requests;
"Dispose"	means to sell, transfer, make over, give, donate, exchange, dispose of, unbundle, distribute or otherwise alienate, and Disposal has a corresponding meaning;
"Documents of Title"	means share certificates and other documents evidencing title to Shares;
"Due Diligence Investigation"	means the due diligence investigation conducted by Imvula with regards to the Company;
"Ellies" or "the Company"	means Ellies Holdings Limited (Registration number 2007/007084/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE, full details of which are set out in the "Corporate Information" section;
"Ellies Electronics"	means Ellies Electronics Proprietary Limited, (Registration Number 2007/010759/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly owned subsidiary company of Ellies, which has been placed in final liquidation;
"Ellies Electronic Holdings"	means Ellies Electronics Holdings Proprietary Limited, (Registration Number 2014/146927/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly owned subsidiary company of Ellies;

DEFINITIONS AND INTERPRETATIONS

continued

"Ellies Properties"	means Ellies Properties Proprietary Limited, (Registration Number 2006/010156/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly owned subsidiary company of Ellies;
"Encumber"	means to mortgage, pledge, cede, assign, confer security, hypothecate, create a lien or security interest, preferential right or trust arrangement or other agreement or arrangement, the effect of which is to create security, and Encumbrance has a corresponding meaning;
"Entity"	means any juristic person, association, business, close corporation, company, concern, enterprise, firm, partnership, joint venture, trust, undertaking, voluntary association, body corporate and any similar entity;
"General Meeting"	means the general meeting of Ellies Shareholders to be held entirely by electronic communication at 11:00 on Wednesday, 8 September 2021, for the purpose of considering and if deemed fit, passing, with or without modification the resolutions set out in the notice of general meeting which is attached to and forms part of this Circular;
"IFRS"	means International Financial Reporting Standards;
"Issue Date"	means the date on which the Subscription Shares are issued by the Company to Imvula, being the Subscriber, which is expected to occur within five Business Days after fulfilment of all of the Conditions Precedent, or such later date as may be notified by the Company to Imvula under the Subscription Agreement;
"Imvula" or "Subscriber"	means Imvula Education Empowerment Fund Trust, Master's Reference number IT4262/04, an inter vivos trust incorporated under the laws of South Africa, trustees names which are set out in paragraph 5.1 and beneficiaries that include 100% South African black individuals (youth);
"JSE"	means the exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa, and licensed as an exchange under the Financial Markets Act No. 19 of 2012, as amended from time to time;
"JSE Listings Requirements"	means the Listings Requirements of the JSE, as amended from time to time by the JSE;
"Last Practicable Date"	means Tuesday, 3 August 2021, being the last practicable date prior to finalisation of this Circular;
"Lock-in Period"	means the period commencing on the Issue Date and terminating 10 years thereafter;
"Maharishi Institute"	means Maharishi Invincibility Institute NPC, registration number 2015/133285/08, a non-profit company with and incorporated under the laws of South Africa, further details which are set out in paragraph 3 of this Circular;
"MOI" or "Memorandum of Incorporation"	means the Memorandum of Incorporation of the Company, as amended from time to time;
"Parties"	means the parties to the Subscription Agreement, being the Company and the Subscriber and Party means any one of them;
"Pre-Emptive Right"	means the right in terms of which the Subscriber may Dispose of and the Company repurchase from the Subscriber the Subscription Shares, full details of which are set out in paragraph 5.10 below;
"Register"	means the share register maintained on behalf of the Company by Computershare;
"Shareholders" or "Ellies Shareholders"	means the registered holders of Shares;

DEFINITIONS AND INTERPRETATIONS

continued

“Share Increase”	means the increase in the authorised share capital of the Company, details of which are set out in paragraph 4 below;
“Shares”	means ordinary shares having no par value in the share capital of the Company;
“Signature Date”	means the date of signature of the Subscription Agreement by the Party last in time to do so;
“Standard Bank”	means The Standard Bank of South Africa Limited;
“Standard Bank Loan”	means the loan amount of c.R129 305 000 from Standard Bank to the Company as set out in an agreement dated on or about 21 November 2018;
“Strate”	means Strate Proprietary Limited (Registration number 1998/022242/07), a private company incorporated and registered in accordance with the laws of South Africa, a registered central securities depository responsible for the electronic settlement used by the JSE;
“South Africa”	means the Republic of South Africa;
“Specific Issue”	means the specific issue by the Company of Shares to the Subscriber for cash under the Subscription Agreement, in terms of, inter alia, section 5.51 of the Listings Requirements, in terms of which the Company intends to raise gross proceeds of up to R18 524 207,00 from the Subscriber by issuing 185 242 070 Shares to the Subscriber;
“Subscription Agreement” or “Agreement”	means the agreement entered into between the Company and Invula dated 6 July 2021 in terms of which the Company agrees to allot and issue, and Invula agrees to subscribe for the Subscription Shares;
“Subscription Price”	means R0,10 per Subscription Share in aggregate amounting to R18 524 207,00 being the consideration amount approved by the Board, and further subject to shareholder approval as provided for herein;
“Subscription Proceeds”	means the total cash consideration raised by the Company from issuing the Subscription Shares to the Issuer under the Subscription Agreement pursuant to the Transaction, amounting to R18 524 207,00;
“Subscription Shares”	means the 185 242 070 Shares to be issued by the Company to the Subscriber under the Subscription Agreement pursuant to the Specific Issue, which once issued, will constitute approximately 23% of the total issued share capital of the Company on the Issue Date;
“Takeover Regulation Panel”	means the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“Transaction”	means the Share Increase, the Specific Issue and the potential future repurchase of the Subscription Shares pursuant to the Call Option, the Pre-Emptive Right and the pre-approval of the B-BBEE Spend;
“Transfer Secretaries” or “Computershare”	means Computershare Investor Services Proprietary Limited, a private company (Registration number 2004/003647/07), full details of which are set out in the “Corporate Information” section;

DEFINITIONS AND INTERPRETATIONS

continued

“Trigger Event”	<p>shall be deemed to have occurred in relation to the Subscriber if:</p> <ul style="list-style-type: none"> (a) the Subscriber commits a material breach of the provisions of the Agreement through an event or circumstance within its control and fails to remedy such breach in accordance with the Agreement; (b) should the Subscriber not maintain its B-BBEE Credentials and fails to action the appropriate amendments and do all things that is reasonably practicable, in order to achieve the required B-BBEE Credentials within 3 months or such reasonable time considering legislation and regulation procedures; (c) the Subscriber, without the prior written consent of the Company, makes any amendments to the Trust Deed that would reduce the B-BBEE Credentials of the Subscriber; (d) the Subscriber, without the prior written consent of the Company, becomes Controlled, whether directly or indirectly, by a person other than the person(s) who ultimately Controlled it, directly or indirectly at the Issue Date; (e) the Subscriber takes any action regarding the winding up and/or deregistration of its affairs; (f) the Subscriber fails to comply with the undertakings in paragraphs 5.6 and 5.7 below; or (g) the Subscriber reduces its B-BBEE Credentials as confirmed by the Company's verification agent.
“Trust Deed”	means the trust deed which governs Imvula;
“Voting Record Date”	means the day on which Ellies Shareholders must be recorded in the Register in order to participate in and vote at the General Meeting, being Friday, 27 August 2021;
“VWAP”	means volume weighted average price;
“Warranties”	means collectively, the warranties, representations and undertakings given by either Party to the other in terms of this Agreement; and
“ZAR” or “R”	South African Rand.



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")

DIRECTORS

Timothy Fearnhead (*Independent non-executive chairman*)
Francois Olivier (*Independent non-executive director*)
Edward Raff (*Independent non-executive director*)
Martin Kuscus (*Independent non-executive director*)
Sefenya Edick Lehapa (*Independent non-executive director*)
Shaun Prithvirajh (*Chief executive officer*)
Christiaan Booyens (*Chief financial officer*)

CIRCULAR TO ELLIES SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Shareholders are referred to the announcement published on SENS on 6 July 2021 where they were advised that the Company has entered into the Subscription Agreement with Imvula, a Broad Based Black Economic Empowerment (B-BBEE) partner, in terms of which Ellies will issue and Imvula will subscribe for 185 242 070 new ordinary shares of no par value, ("the Proposed B-BBEE Transaction"), subject to the fulfillment of the Conditions Precedent as set out in paragraph 5.2 below. The Subscription Shares will be issued at an issue price of 10 cents per share, for total cash consideration of R18 524 207,00.

The Proposed B-BBEE Transaction is regarded as the specific issue of shares for cash in terms of section 5.51(g) of the JSE Listings Requirements and is therefore subject to the necessary approval of the shareholders of Ellies. On implementation of the Proposed B-BBEE transaction, Imvula will own a shareholding of 23% in Ellies on the Issue Date and Ellies will achieve the maximum points available to it under the B-BBEE ownership scorecard as set out in the B-BBEE Codes. Ellies anticipates achieving a Level 4 B-BBEE Status as a result of the Proposed B-BBEE Transaction.

As set out in the Company's Chairperson's Report for 2020, the Company was rated as B-BBEE non-compliant relating to its beneficial shareholding for the period then under review. The non-compliant rating has posed challenges for the Company in, or prevented the Company from, procuring certain business opportunities or even tendering for certain businesses. The Company proposes, therefore, to implement the Proposed B-BBEE Transaction in order to increase its B-BBEE Status for the reasons set out in paragraph 2 below. Ellies has identified and selected Imvula based on Imvula's ability to meet not only the ownership criteria under the B-BBEE Codes of Good Practice, but also Imvula's ability to (i) enable the Company to meet and improve its performance in relation to other B-BBEE scorecard elements, and (ii) provide other strategic benefits including Imvula's access to appropriate potential business networks and opportunities. In addition, in implementing the Proposed B-BBEE Transaction, Ellies is seeking a long-term B-BBEE partner to alleviate the uncertainty, costs and administrative burden of concluding new B-BBEE transactions at a shareholder level in the event that the B-BBEE partner exits the investment after only a few years.

From Imvula's perspective, Imvula is a long-term B-BBEE investor and Ellies represents an attractive investment opportunity for Imvula given Ellies's: (i) current valuation; (ii) future prospects after the implementation of the Proposed B-BBEE Transaction; and (iii) undertakings with respect to the B-BBEE Spend. As such, Imvula has agreed to transaction terms that are favourable to Ellies, including:

- a 10-year lock-in period;
- Imvula funding the consideration payable for the Subscription Shares from its own sources with no funding assistance being required from Ellies; and
- Imvula agreeing to a price of 10 cents per Subscription Share which is equal to the prevailing share price of the Company as at 5 July 2021, and a premium of 1.6% to the Company's 30-day volume weighted average price up to and including 5 July 2021.

In terms of the Listings Requirements, the specific issue of new ordinary shares to Imvula for cash requires approval of ordinary resolutions passed by a 75% majority of the votes cast by Shareholders, present or represented by proxy, at the General Meeting.

The purpose of this Circular is to provide Ellies Shareholders with information relating to the Transaction as set out in this Circular and the attached notice of General Meeting at which Shareholders will be asked to approve the resolutions required to implement the Transaction.

2. RATIONALE FOR THE PROPOSED B-BBEE TRANSACTION

Implementing the Specific Issue will improve the level of B-BBEE ownership in the Company and consequently the Company's overall BEE Status. As stated above, the Company is currently ranked as a non-compliant B-BBEE contributor. An improved B-BBEE scorecard is necessary for the future prospects of the Company, and will strengthen the Company's position in relation to its competitors.

The Specific Issue will reiterate the Company's commitment to sustainable B-BBEE ownership and transformation. It is intended that the Proposed B-BBEE Transaction will also assist to uplift and develop Black People as set out in the Company's undertakings referred to in paragraph 5.5 below.

In addition, the Company intends utilising the Subscription Proceeds to improve its operations and/ or financial position in order to endeavour to increase the returns for the shareholders of the Company.

3. INFORMATION ON IMVULA AND MAHARISHI INSTITUTE

The Imvula Education Empowerment Trust is the funding arm of initiatives aimed at providing a holistic set of solutions to historically disadvantaged young South Africans to enable them to become economically active citizens in high-level employment. These initiatives are facilitated by the Maharishi Invincibility Institute NPC, a not for profit company. Imvula provides an ideal B-BBEE solution, allowing partners to attain the highest possible B-BBEE scores, in the most impactful way for the future of South Africa, at an affordable cost, and with fair value paid to the business. Imvula deploys 100% of future revenues to empower deserving unemployed young black South Africans, through access to quality education, specialist skills training, work experience, nutritional and counselling support and finally job placement, thereby assisting them to enter the economy productively.

This formula has proven to work over more than a decade, and Maharishi Institute, with its predecessor organisations, has successfully utilised its philanthropic, commercial and other networks to put over 19 070 black individuals into decent jobs, earning combined annual salaries exceeding R1,45 billion and estimated career earnings of approximately R41,85 billion. These individuals support over 150 000 family members. Maharishi Institute has been selected by the Company as the most innovative youth development programme for purposes of serving the Company's empowerment needs and objectives.

The Subscriber is a Level 1 Contributor to B-BBEE, and this status will contribute to the B-BBEE ownership element of the Company. In addition, the Subscriber effectively acts as a "conduit" ensuring that the amounts which measured entities (such as the Company) wish to spend in relation to the social transformation elements of the B-BBEE Codes are effectively deployed in favour of relevant B-BBEE beneficiaries applicable in relation to the relevant transformation elements.

Maharishi Invincibility Institute (MI) is a non-profit private college and self-development organisation, which is registered as a public benefit organization and provides bursary loans and self-development programmes for bright, deserving youth to further their studies and assists them to find employment opportunities when they graduate. MI offers financial and other access to 18 nationally accredited qualifications through Services SETA and five other SETA's, and access to an accredited international Business Degree via distance education. MI is the education arm of the Maharishi group.

<https://maharishiinstitute.org>. The founders of MI are Richard Herbert Peycke, Adam Paul Blecher and Thomas Mphatsoe.

The beneficiaries of the Imvula Education Empowerment Fund Trust are all youths who are South African black individuals ("Beneficiaries"). These will be South African black young people that will be selected by the Maharishi Institute, based on genuine financial and other needs, for the purposes set out in the immediately preceding paragraph.

4. SHARE INCREASE

4.1 Share capital of the Company

The current share capital of the Company, as at the Last Practicable Date, is set out below:

	R'000
Authorised share capital	
800 000 000 ordinary shares of no par value	
Issued share capital	
620 158 235 ordinary shares of no par value	837 212

4.2 Share Increase

- In order for the Company to issue the Subscription Shares, subject to obtaining the necessary consents and approvals of the Ellies Shareholders, the JSE and any other relevant regulatory authorities, it is necessary to amend the MOI to increase the authorised shares of the Company by the creation of 50 000 000 no par value shares. Accordingly, Shareholders will be requested to approve the special resolution necessary to implement an increase in the authorised share capital of the Company from 800 000 000 ordinary shares of no par value to 850 000 000 ordinary shares of no par value by an amendment to the MOI in terms of section 16(1)(c) of the Companies Act as set out in the notice of General Meeting attached to, and forming part of, this Circular.
- The Share Increase will become effective once the special resolution, as set out in the notice of General Meeting is filed with the CIPC.
- In terms of the Companies Act, at least 75% (seventy five percent) of all votes exercised by Ellies Shareholders present or represented by proxy at the General Meeting must be exercised in favour of the special resolution relating to the Share Increase.
- Upon their issue, all ordinary shares issued pursuant to the Share Increase will be listed on the JSE and will rank pari passu in all respects with the Ellies Shares already in issue and, as set out in paragraph 5.1 below, if the relevant approvals are obtained, will also be listed on the JSE.

The authorised and issued share capital of the Company after the Share Increase will be as follows:

	R'000
Authorised share capital	
850 000 000 ordinary shares of no par value	
Issued share capital	
620 158 235 ordinary shares of no par value	837 212

5. SPECIFIC ISSUE

5.1 Terms of the Specific Issue

On the Issue Date, the Subscriber will subscribe and pay the Subscription Price for the Subscription Shares to the Company. On the Issue Date, and against payment of the Subscription Price, the Company will, in terms of the Specific Issue, allot and issue the Subscription Shares to the Subscriber. The Subscription Shares will comprise 185 242 070 ordinary shares of no par value in the authorised share capital of the Company to Invula. The Subscription Shares will be of a class already in issue, will be listed on the JSE and will, on issue, rank pari passu in all respects with the Ellies Shares already in issue.

Subject to the receipt of the requisite approval of the JSE for the listing of the Subscription Shares, the Subscription Shares will be listed on the JSE within 5 days after the Issue Date.

The Subscription Shares will be issued at an issue price of R0.10 per Share, and the aggregate Subscription Price will thus equal to a total issue price of R18 524 207,00. There is no discount applicable to the issue price of the Subscription Shares.

The Specific Issue will be made to a public shareholder as defined by the JSE Listings Requirements. Imvula founders are Adam Paul Blecher and the trustees are Adam Paul Blecher, Geoffrey Rothschild, Sandile Shepard Ndlungwane, Neo Petunia Makgato, Richard Herbert Peycke, Peter Samuel Mabila, Thami Mathamsanqa and Portia Ngubeni. Imvula is currently not a related party but will become a related party upon conclusion of the Proposed B-BBEE Transaction, by virtue of becoming a material shareholder, as defined by the JSE Listings Requirements.

From the Issue Date, the Subscriber will be entitled to exercise voting rights in the Company with regard to the appointment of directors in accordance with the Companies Act, JSE Listings Requirements and the Company's Memorandum of Incorporation, subject to the B-BBEE undertakings by the Subscriber in paragraph 5.7 below.

The duly appointed Trustees of Imvula Trust are entitled to act on behalf of the Beneficiaries and exercise all voting rights attached to the Trust Shares. Up to half of the Trustees are "Beneficiary Trustees" (being the Trustees representing the Beneficiaries, as defined in paragraph 3 above, which Beneficiary Trustees are nominated for appointment by the Beneficiaries) and the Trustees meet quarterly, or more often if required. Given the nature of a "Broad-Based Ownership Scheme" (as defined in the B-BBEE Codes), the decision as to how to vote the Trust Shares shall be made by a simple majority of the Trustees, bearing in mind the wishes of the Beneficiaries as expressed through the Beneficiary Trustees. The Trustees will appoint one Trustee representative to attend the Shareholder meeting and vote on behalf of the Trustees in terms of the decision of the Trustees. The Trustees may obtain professional advice but shall not be obliged to do so. The Imvula Trust is independent of Ellies, was founded in 2006, and has equity stakes in several other companies in addition to the proposed Ellies investment. Ellies does not carry any rights to nominate or appoint Trustees to the Board of Imvula Trust.

In terms of paragraph 5.51(g) of the JSE Listings Requirements, the Specific Issue requires the approval by way of an ordinary resolution (requiring at least a 75% majority of the votes cast in favour of such resolution) by all Shareholders present or represented by proxy at the general meeting. Imvula will be prohibited from selling their Subscription Shares for a period of 10 years from the Subscription Date.

5.2 Conditions Precedent

- (a) The Subscription Agreement is subject to the fulfilment of the following conditions precedent that on or before 30 September 2021 ("Long Stop Date"):

Conditions Precedent required by relevant and applicable laws (as detailed below)

- (i) the shareholders of the Company have voted at a general meeting of the Company to:
- (a) amend the MOI to increase the authorised shares of the Company by the creation of 50 000 000 Shares, resulting in the increase of the authorised shares of the Company from 800 000 000 to 850 000 000 ordinary Shares in accordance with section 16(1)(c) of the Companies Act and regulation 31(6) of the Companies Act;
 - (b) approve the Specific Issue;
 - (c) approve the pre-emptive right granted in favour of the Company and/or its nominee as more fully detailed in clause 5.11; and
 - (d) a specific buy-back of the Subscription Shares as more fully detailed in clause 5.10, in terms of section 48(2)(a), as read with section 46, of the Companies Act, subject to the requirements of section 48(8)(b) of the Companies Act;
- (ii) all required third party approvals must be obtained, including from the JSE;
- (iii) the Parties must pass all required board and/or shareholders' resolutions necessary for the implementation of the Agreement;

Conditions Precedent in favour of the Subscriber

- (iv) the Subscriber (acting reasonably) has confirmed in writing that they have completed their due diligence on the Company to their satisfaction; and

Conditions Precedent in favour of the Subscriber

- (v) the Company (acting reasonably) has confirmed in writing that they have completed their due diligence on the Subscriber to their satisfaction.

- (b) The Conditions Precedent required by law are not capable of waiver. The JSE approval of the circular has been obtained.
- (c) The Conditions Precedent in favour of the Subscriber and the Company, respectively, have been fulfilled.
- (e) The Parties are required to use their reasonable endeavours and to cooperate in good faith to procure the fulfilment of the Conditions Precedent by the Long Stop Date.
- (f) If the remaining Conditions Precedent are not fulfilled on or before the Long Stop Date, then the Agreement, save for certain surviving provisions which will remain in full force and effect, will lapse and not be of any further force or effect, the Parties must be restored as near as possible to the positions in which they would have been had the Agreement not been entered into (*status quo ante*) and neither Party will have any claim against the other in terms of the Agreement.

5.3 Share capital of the Company pursuant to the Specific Issue

The authorised and issued share capital of the Company subsequent to the Share Increase and after the Specific Issue will be as follows:

	R'000
Authorised share capital	
850 000 000 ordinary shares of no par value	
Issued share capital	
805 400 305 ordinary shares of no par value	855 737

5.4 Application of proceeds

The Company intends using the Subscription Proceeds that it will receive from the Subscriber in order to improve its operations and/ or financial position in order to endeavour to increase the returns for the shareholders of the Company.

5.5 Undertakings by the Company

- (a) In terms of the provisions of the Subscription Agreement, the Company undertakes:
 - (i) to comply with the relevant requirements of the Companies Act and the JSE Listing Requirements in relation to the Specific Issue;
 - (ii) that the Subscription Shares will have been legally created and will be unencumbered;
 - (iii) that the Directors will authorise the allotment and issue of the Subscription Shares;
 - (iv) to allocate all of its annual budgeted spend that enables a minimum B-BBEE score of level 2 allocated to (a) Skills Development Expenditure, (b) Enterprise and Supplier Development Contributions, and (c) Socio- Economic Development Contributions in South Africa, as contemplated within the Codes ("B-BBEE Spend"), to beneficiaries identified by the Subscriber as suitable beneficiaries, to benefit from such B- BBEE Spend, and in order to further improve the Company's B-BBEE scorecard as provided for and approved by the Shareholders of the Company in the circular in terms of which the transaction herein contemplated was approved by shareholders of the Company. To the extent that such B-BBEE Spend does not enable the Company to achieve a maximum achievable score relative to the budgeted spend, for any specific B-BBEE pillar with the beneficiaries (identified by the Subscriber), as contemplated in the B-BBEE Act and Codes, only then will the Company be entitled to direct the relevant portion of such spend to another B-BBEE beneficiary (the "Redirection Entitlement"). The Redirection Entitlement shall not apply in relation to commitments made by the Company and in relation to which Absorption Bonus points under the Skills Development element have been earned by the Company (i.e. in terms of Clause 2.1.3 of the Skills Development scorecard and Paragraph 3.5 in Statement 300 read together with the definition of "Absorption" in Schedule 1 of the Generic B-BBEE Codes, as amended on 31 May 2019 – which require the Company to appoint the learners as permanent employees and the number of learners may be in excess of the permanent employees required by the Company); and

- (v) to do the YES (Youth Employment Services) programme using the Subscriber as the implementation partner with the intention of improving the B-BBEE Status of the Company. The YES programme is a business-led initiative supported by government to significantly impact youth unemployment. The intention is to stimulate demand-side job creation through company investment and by leveraging government's existing recognitions such as employment tax incentive and B-BBEE recognition for transformation.
- (b) The Company will be responsible for the payment of all of its costs of and incidental to:
 - (i) the Specific Issue and the implementation of all matters incidental thereto; and
 - (ii) the allotment and issue of the Subscription Shares pursuant to the Specific Issue.
- (c) The Company has undertaken to apply the proceeds of the Subscription Price to improve its operations and/or financial position in order to endeavour to increase return for the Shareholders and has received written confirmation from Standard Bank that it has no intention to sweep the Subscription Proceeds towards a reduction of the Standard Bank Loan.

5.6 Subscriber Undertakings

The Subscriber has confirmed, acknowledged, represented, warranted and undertaken for the benefit of the Company that:

- (a) it has obtained all the necessary consents and authorities necessary for the funding to enable it to give and execute its commitment to subscribe for the Subscription Shares; and
- (b) it may lawfully subscribe for the Subscription Shares without any additional lodgement, registration or other formality or consents required.

5.7 B-BBEE undertakings by the Subscriber

For so long as it is a shareholder in the Company, the Subscriber has undertaken and warranted in favour of the Company, that it shall:

- (a) procure that the person appointed to the Board of the Company by the Subscriber shall have the necessary experience;
- (b) maintain a Level 1 B-BBEE Status (which it warrants it holds at the Signature Date) for as long as the Subscriber is a shareholder in the Company;
- (c) ensure that the B-BBEE Credentials are maintained for the Lock-in Period as follows:
100% Black Person owned and 60% Black Women owned;
- (d) not sell, transfer, cede or otherwise alienate its Shares, or any right or interest therein, other than in accordance with any rights and/or obligations which it has in terms of the Agreement and/or the MOI;
- (e) not in any way Encumber and/or grant any right or option to any other person, save as provided for in the Agreement, in respect of the Subscription Shares; and
- (f) with effect from the Issue Date, on each anniversary of the Issue Date and upon request by the Company at any time, make itself available to the Company's B-BBEE accreditation agency in order to obtain a qualified certificate to the Company indicating the voting, Control and 100% of the economic interest in the Subscriber which is, and will continue to be held, directly or indirectly, by Black People for the preceding 12 month period and the Subscriber shall ensure it provides all reasonably requested information timeously to ensure that the B-BBEE accreditation agency is able to provide the Company with the certificate concerned before the last day of the relevant anniversary of the Issue Date, with the first certificate to be issued to the Company within 1 month from the Issue Date, which certificate will reflect at least a Level 1 B-BBEE Status in relation to the Company, as contemplated in terms of the B-BBEE Act as read with the Codes (B-BBEE Credentials).

5.8 B-BBEE information and reporting

Notwithstanding the provisions of paragraph 5.7 above, the Subscriber, when reasonably required by the Company:

- (a) shall make itself available to the Company's verification agent in order to obtain a qualified certificate indicating that the Subscriber's investment in the Company will qualify as being 100% held, directly or indirectly, by Black People in terms of voting control and economic interest;
- (b) shall provide any other document relevant to the respective B-BBEE Credentials of the Subscriber, including but not limited to documents which relate to the management and trustees of the Subscriber,
- (c) shall be available on reasonable notice for interviews conducted by any verification agent appointed by the Company for purposes of producing a B- BBEE certificate for the Company; and
- (d) shall act in good faith and apply their reasonable efforts in order to facilitate the performance of the annual B-BBEE audit and any other anti-bribery and corruption compliance audit requested by the Company.

5.9 Restrictions on transfers and encumbrance of shares

Subject to the provisions of the MOI and paragraph 5.10, but save as specifically otherwise agreed to in writing by the Parties or specifically permitted by the Subscription Agreement: the Subscriber shall for the duration of the Lock -in Period not directly or indirectly Dispose of or Encumber any of the Subscription Shares or its rights or interest therein (or enter into any option, derivative or other transaction, the effect of which is or will be to Dispose of or Encumber or require it to Dispose of or Encumber any of its Shares or its rights or interest therein).

5.10 Pre-emptive right

- (a) If the Subscriber wishes to Dispose of any of its Shares, the Subscriber shall offer such Shares by notice in writing to the Company and/or its nominee ("Offer") stating:
 - (i) the number of Shares which the Subscriber proposes to sell;
 - (ii) the price (in ZAR) at, and the terms and conditions upon which, the Subscriber proposes to sell the Shares; and
 - (iii) to the extent applicable, the name of the proposed transferee to whom the Subscriber intends selling and its ultimate holding company (if any), including a copy of any offer received.
- (b) Should the Offer not be accepted in full in writing within 30 Business Days after the date upon which the Offer is made, the Company shall be deemed to have declined the Offer.
- (c) Notwithstanding the provisions in clause 5.10 (a) above, the acceptance of the Offer by the Company shall be subject to:
 - (i) the Takeover Regulation Panel granting an exemption to the Company in terms of section 119(6) of the Companies Act; and
 - (ii) the board of directors of the Company having approved and authorised the entering into of the Agreement and the transactions contemplated herein, including:
 - (A) authorising the Company to repurchase from the Subscriber the Subscription Shares in terms of section 48(2)(a), as read with section 46, of the Companies Act, subject to the requirements of section 48(8)(b) of the Companies Act;
 - (B) acknowledge that the board of the Company has applied the solvency and liquidity test, as set out in section 4 of the Companies Act, and reasonably conclude that the Company will satisfy the solvency and liquidity test immediately after the repurchase of the Shares following the acceptance of the Offer; and
 - (iii) although not specifically stated within the provisions of the Subscription Agreement, all relevant laws, including but not limited to the JSE Listing Requirements, namely sections 5.69 to 5.77, read with 11.23 to 11.25 of the JSE Listing Requirements.

- (d) Should the Offer not have been accepted in accordance with the foregoing procedure, and a proposed transferee has been identified, then:
 - (i) the Subscriber will then be entitled to Dispose of all of its Shares offered, within a further period of 30 Business Days, to the proposed transferee referred to in clause 5.10 (a)(iii) at a price not lower and on terms and conditions not more favourable to such person than the price and terms stated in the Offer; and
 - (ii) unless the Subscriber Disposes of all its said Shares to the proposed transferee within the said further period of 30 Business Days, it may not thereafter Dispose of any Shares without again adopting the procedure referred to herein.
- (e) Following the expiration of the Lock-in Period, the Subscriber shall be entitled to Dispose of the Subscription Shares and the Subscriber shall engage in reasonable consultation with the Company relating to whom the Subscription Shares are sold and that the Subscription Shares are not (i) "dumped" in the market (i.e. in large amounts at the same time with little or no concern for the price or market effect); and/or (ii) unreasonably sold below the market price and/or (iii) sold to a competitor of the Company.

5.11 Company call option

- (a) A Trigger Event shall be deemed to have occurred in relation to the Subscription Shares if the Subscriber:
 - (i) commits a material breach of the provisions of the Agreement through an event or circumstance within its control and fails to remedy such breach in accordance with the Agreement;
 - (ii) should the Subscriber not maintain its B-BBEE Credentials and fails to action the appropriate amendments and do all things that is reasonably practicable, in order to achieve the required B- BBEE Credentials within 3 months or such reasonable time considering legislation and regulation procedures;
 - (iii) without the prior written consent of the Company, makes any amendments to the Trust Deed that would reduce the B-BBEE Credentials of the Subscriber;
 - (iv) without the prior written consent of the Company, becomes Controlled, whether directly or indirectly, by a person other than the person(s) who ultimately Controlled it, directly or indirectly at the Issue Date;
 - (v) takes any action regarding the winding up and/or deregistration of its affairs;
 - (vi) fails to comply with the undertakings in clauses 5.6 and 5.7; or
 - (vii) reduces its B-BBEE Credentials as confirmed by the Company's verification agent.
- (b) If a Trigger Event as contemplated in clause 5.11(a) above has occurred, then the Subscriber hereby grants in favour of the Company or its nominee, the irrevocable right and option ("Call Option"), to repurchase from the Subscriber, the Subscription Shares on the following terms:
 - (i) the Company shall, without prejudice to any of its other rights, be entitled, but not obliged, to exercise the Call Option at any time ("**Call Option Period**") by giving the Subscriber written notice ("**Call Notice**") of its intention to exercise the Call Option; and
 - (ii) with effect from the date of the receipt by the Subscriber of the Call Notice ("**Call Sale Date**"), the Subscriber shall sell to the Company, who shall repurchase from Subscriber, the Subscription Shares ("**Repurchase**").
 - (iii) the purchase price for the Subscription Shares during the Call Option Period, shall be the 30 day volume weighted average price of a Share as at the Call Sale Date.
- (c) Notwithstanding the provisions in clause 5.11 (b) above, the exercise and implementation of the Call Option shall be subject to:
 - (i) the Takeover Regulation Panel granting an exemption to the Company in terms of section 119(6) of the Companies Act in respect of the Repurchase; and

- (ii) the Board having approved and authorised the entering into of the Agreement and the transactions contemplated herein, including:
 - (A) authorising the Company to repurchase from the Subscriber the Subscription Shares in terms of section 48(2)(a), as read with section 46, of the Companies Act, subject to the requirements of section 48(8)(b) of the Companies Act;
 - (B) acknowledge that the Board has applied the solvency and liquidity test, as set out in section 4 of the Companies Act, and reasonably conclude that the Company will satisfy the solvency and liquidity test immediately after completing the Repurchase; and
- (iii) although not specifically stated within the provisions of the Subscription Agreement, all relevant laws, including but not limited to the JSE Listing Requirements, namely section 5.69 to 5.77, read with 11.23 to 11.25 of the JSE Listing Requirements.

5.12 Warranties

- (a) Except as set out in this paragraph 5.12, each Party gives no warranties, representations or undertakings to the other, express or implied.
- (b) Each Party gives warranties and makes the representations contained in the Agreement to and in favour of the other on the following basis:
 - (i) notwithstanding that either Party is, or should be, aware that any Warranty is or may be incorrect, the Agreement is entered into by the Parties relying on the Warranties, each of which is deemed to be both a material representation inducing the Parties to enter into the Agreement and an essential contractual undertaking by the Parties to ensure that the Warranties are true and correct;
 - (ii) insofar as any Warranty is promissory or relates to a future event, such Warranty shall be deemed conclusively to have been given as at the due date for fulfilment of the promise or for the happening of the event, as the case may be;
 - (iii) each such Warranty shall constitute and remain in force notwithstanding the conclusion of the transaction provided for in the Agreement;
 - (iv) each such Warranty is given on the basis that it is a separate Warranty;
 - (v) the Warranties are in no way limited or restricted by reference to or inference from the terms of any other Warranty or by any other words in the Agreement; and
 - (vi) unless specifically otherwise stated, each such Warranty is given as at the Signature Date and the Issue Date.
- (c) The Company warrants that at the Issue Date:
 - (i) the Company is duly incorporated with limited liability according to the applicable laws of the South Africa;
 - (ii) the Company will have or make the necessary arrangements to ensure that there is sufficient authorised, but unissued shares, in its share capital to issue allot the Subscription Shares to the Subscriber on the Issue Date;
 - (iii) all the authorised and issued shares in the capital of the Company are one class and rank pari passu with one another;
 - (iv) the Subscription Shares will, when delivered to the Subscriber, be free of any pledge, lien, hypothec, notarial bond or encumbrance whatsoever and free of any and all other security, interest or right of retention or pre-emption, and no agreement has been entered into which may give rise to those Subscription Shares being thus Encumbered;
 - (v) on the Issue Date, the Subscription Shares will constitute 23% of the entire issued share capital of the Company;
 - (vi) to the best of the knowledge and belief of the Company, all Material Information (a) was Disclosed by or on behalf of the Company to the Subscriber in the Data Room and/or (b) is within the public domain, including information as published by the Company and/or (c) is contained in the Accounts;

- (vii) to the best of the knowledge and belief of the Company, having made due and reasonable enquiry, as at the Issue Date, the Accounts of the Company will constitute a true and fair representation of the financial position of the Company in relation to the period to which they relate;
- (viii) to the best of the knowledge and belief of the Company, there shall be no Material adverse difference between (a) the financial position of the Company as envisaged in the forecast for and only in relation to the 2021 financial year in the Data Room; and the (b) Audited Accounts 2021.
- (d) The Subscriber relied on the aforementioned Warranties made by the Company in its decision to subscribe for the Subscription Shares.
- (e) The Subscriber warrants to the Company that:
 - (i) it is duly registered in accordance with the applicable laws of South Africa;
 - (ii) as at the Issue Date, the Subscriber's (A) B-BBEE Credentials (BEE Warranty); and (B) where relevant, Control structure (Control Warranty), will remain true and accurate for as long as the Subscriber is a shareholder in the Company; and
 - (iii) it has full authority to enter into the Agreement and carry out the obligations in accordance with the provisions of the Agreement.
- (f) The Certificate of Compliance constituted a material representation by the Subscriber, inducing the Company to enter into the Agreement.

5.13 Limitation of liability

- (a) The provisions of this paragraph 5.13 shall apply to any breach of the Company's Warranties.
- (b) The Company will not have any liability for breach of any Company's Warranty unless:
 - (i) an individual claim (or series of related claims with respect to the same facts or circumstances) exceeds ZAR 300 000 (a "**Qualifying Claim**"); and
 - (ii) the aggregate amount of all Qualifying Claims exceeds ZAR 800 000 ("**Claim Threshold**"),
 provided that when such aggregate or individual Qualifying Claim(s) exceed the Claim Threshold, the Company shall be liable for the full amount of such claim(s) and not only for the amount in excess of the Qualifying Threshold.
- (c) Notwithstanding anything to the contrary in the Subscription Agreement, the maximum aggregate liability of the Company for all and any Warranty claims shall be limited to and at no time shall exceed 100% of the Subscription Price.
- (d) Should the Subscriber wish to bring a claim for breach of the Subscription Agreement (including a breach of any of the Warranties), it must do so within 18 calendar months of the Issue Date. Any claim which is not instituted within the relevant foregoing periods shall prescribe and become wholly unenforceable against the Company.
- (e) The Subscriber shall have no claim whatsoever against the Company in respect of any breach of any of the Warranties, if and to the extent that:
 - (i) such breach or claim would not have arisen but for any voluntary act or omission on the part of the Subscriber or any person connected therewith, otherwise than in the ordinary course of business;
 - (ii) it is as a consequence of any matter or thing done or omitted to be done pursuant to and in compliance with the Subscription Agreement or otherwise at the request in writing or with the approval in writing of the Subscriber; or
 - (iii) it is as a consequence of any act, omission or transaction of the Subscriber or their respective directors, officers, employees or agents or successors in title, after the Issue Date.
- (f) Where any statement is qualified by the expression "to the best of the knowledge of the Company" or "so far as the Company is aware" or any similar expression, the Parties agree that unless otherwise stated, it will be deemed to refer to the actual knowledge of the Board having made due and reasonable enquiry. Nothing in this clause 5.13 applies to exclude or limit the liability of the Company and the Board to the extent that a Claim arises or is delayed as a result of dishonesty, fraud, wilful misconduct or wilful concealment by the Company.

- (g) Save for those Warranties expressly given or made in the Subscription Agreement, no Warranties or representations are given or made, in respect of the Subscription Shares, whether express, tacit or implied, the Subscription Shares are sold on a voetstoots basis.
- (h) The Subscriber shall not have any claim under the Subscription Agreement in respect of any claim under any breach of any of the Warranties, or as a result of any representations or undertakings given by the Company in the Agreement, for any consequential loss, special damages or indirect damages (including any loss of profit, injury to business reputation and loss of business opportunities).
- (i) Notwithstanding anything to the contrary herein contained, a claim by the Subscriber arising out of any claim in terms of any breach of any Warranty or undertaking shall not entitle the Subscriber to make a claim in respect of more than one of such claims under a breach of Warranty or undertaking where such additional Claim, breach and/or claim arises from or is attributable to the same cause of action.
- (j) The Company shall not be liable in respect of a Warranty under the Subscription Agreement for any projections, forward looking statements or financial estimates provided.

5.14 Breach

- (a) If a Party commits a breach of any provision of the Subscription Agreement and fails to remedy the breach within 5 Business Days of written notice to do so ("**Notice Period**") (provided that if the breach cannot reasonably be remedied within the Notice Period, the Party in default shall be entitled to an extension, not exceeding a further 5 Business Days, to remedy the breach, on condition that such Party provides evidence to the reasonable satisfaction of the other Party ("**Innocent Party**") within the Notice Period that effective steps to remedy the breach have been initiated and continues to provide such evidence on an on-going basis that the steps are being expeditiously pursued, but despite the extension of time still fails to remedy the breach), that Party shall be in default ("**Defaulting Party**").
- (b) If a Party is in default, the Innocent Party shall subject to the further terms of the Subscription Agreement be entitled, in addition and without prejudice to all other remedies at law, to:
 - (i) claim specific performance of the terms of the Subscription Agreement and claim and recover damages from the Defaulting Party; or
 - (ii) to cancel the Agreement, with or without claiming damages, in which case written notice of the cancellation shall be given to the Defaulting Party, and the cancellation shall take effect on the giving of the notice; provided that neither Party shall be entitled to cancel the Subscription Agreement unless the breach is a material breach going to the root of the Subscription Agreement.

6. BUSINESS AND PROSPECTS OF ELLIES

6.1 Business of Ellies

Ellies is an investment holding company for businesses involved in the manufacture, trading and distribution of a diverse range of products and services, inclusive of satellite television products and related accessories, electrical, signal distribution, residential and commercial LED lighting solutions, solar power, sound and audio-visual equipment distribution and installation.

Ellies Electronics, the Trading and Distribution segment, which is the heartbeat of the organisation, operates out of 19 branches and trade counters in South Africa, with a presence in all nine provinces and wholly-owned subsidiaries in Namibia, Botswana and Eswatini (formerly Swaziland).

Ellies Industries, which was the Manufacturing segment of the organization, was placed under provisional liquidation in February 2021 despite best efforts at a turnaround to profitability. The final liquidation order was granted on 12 April 2021. The items that were manufactured will be sourced locally and/or imported. While Ellies currently holds sufficient stock of the satellite mounting brackets, which is the biggest volume mover for Ellies, these products are now procured through three local engineering plants and Multichoice has granted the necessary approval for such procurement. The case for the inverter trolleys is also sourced locally. LCD/LED TV brackets are now imported from Ellies' supplier in China and satellite dishes from Ellies's Taiwanese supplier. Ellies is concluding agreements in respect of the manufacture of two non-material lines, namely the Galaxy (bunny) aerials and shelving. These are currently in testing phase. Ellies notes that aerials are on a downward trajectory given streaming and satellite technology.

After the liquidation of Ellies Industries, Ellies still qualify for listing with remaining assets of approximately R478,0 million and will continue with operations through its existing wholly owned subsidiaries being Ellies Electronics, Ellies Properties and Ellies Electronics Holdings. Therefore, Ellies confirms that it still controls the majority of its assets.

6.2 Prospects of Ellies

As set out in paragraphs 1 and 2 above:

- the Company's non-compliant status has posed challenges for the Company in, or prevented the Company from, procuring certain new business or even tendering. The Transaction, if implemented, will result in Ellies being able to achieve an appropriate BEE rating and therefore procure new, and/or retain existing, business opportunities and enhance the Company's contribution to sustainable BEE ownership and transformation; and
- the Company has identified and selected Imvula based on Imvula's ability to meet not only the ownership criteria under the BEE codes, but also Imvula's ability to (i) enable the Company meet or improve its performance in relation to other BEE scorecard elements including in relation to Skills Development Expenditure, Enterprise and Supplier Development Contributions, and Socio- Economic Development Contributions in South Africa, as contemplated within the Codes, and (ii) provide other strategic benefits including Imvula providing Ellies access to Imvula's appropriate potential business networks and opportunities.

7. FINANCIAL INFORMATION

The financial effect of the proposed Specific Issue on Ellies is a maximum cash inflow of approximately R18 524 207,00 and an increase in number of shares in issue to 805 400 305 and an increase in share capital. The estimated once-off transaction costs are more fully set out in paragraph 14 below and will result in a reduction of cash balances.

There is no IFRS 2 charge as there is no discount to the share price for the shares to be issued. This view has been confirmed with the Auditors. The repurchase pursuant to the call option leg will only be required in the event of the Subscriber defaulting and Ellies being required to exercise its option to buy back the shares. Ellies expect the possibility of it happening to be remote. Auditors have been consulted and confirmed that it wouldn't trigger IFRS 2 charge either.

8. DIRECTORS' INFORMATION

8.1 Directors

The Board of Ellies comprises of the following Directors:

Name (age)	Nationality	Function	Business address
Timothy Fearnhead (age 72)	South African	(Independent non-executive chairman)	Brooklyn Place 3 Centex Close Kramerville Sandton 2090
Shaun Prithvirajh (age 51)	South African	(Chief executive officer)	Brooklyn Place 3 Centex Close Kramerville Sandton 2090
Christiaan Booyens (age 64)	South African	(Chief financial officer)	Brooklyn Place 3 Centex Close Kramerville Sandton 2090

Name (age)	Nationality	Function	Business address
Francois Olivier (age 50)	South African	(Independent non-executive director)	Brooklyn Place 3 Centex Close Kramerville Sandton 2090
Edward Raff (age 42)	South African	(Independent non-executive director)	Brooklyn Place 3 Centex Close Kramerville Sandton 2090
Martin Kuscus (age 64)	South African	(Independent non-executive director)	Brooklyn Place 3 Centex Close Kramerville Sandton 2090
Sefenya Edick Lehapa (age 67)	South African	(Independent non-executive director)	Brooklyn Place 3 Centex Close Kramerville Sandton 2090

Brief curricula vitae of the Board members are set out in the 2020 Integrated Annual Report.

The Directors of major subsidiaries are as follows:

Name (age)	Nationality	Function	Business address
ELLIES ELECTRONICS			
Christiaan Phillip Booyens (age 64)	South African	Director	Brooklyn Place 3 Centex Close Kramerville Sandton 2090
Shaun Prithvirajh (age 51)	South African	Director	Brooklyn Place 3 Centex Close Kramerville Sandton 2090
ELLIES PROPERTIES			
Christiaan Phillip Booyens (age 64)	South African	Director	Brooklyn Place 3 Centex Close Kramerville Sandton 2090

Name (age)	Nationality	Function	Business address
Shaun Prithvirajh (age 51)	South African	Director	Brooklyn Place 3 Centex Close Kramerville Sandton 2090
ELLIES ELECTRONICS HOLDINGS			
Christiaan Phillip Booyens (age 64)	South African	Director	Brooklyn Place 3 Centex Close Kramerville Sandton 2090
Shaun Prithvirajh (age 51)	South African	Director	Brooklyn Place 3 Centex Close Kramerville Sandton 2090

8.2 Directors' interests in Ellies Shares

Set out below are the interests of Directors in the Company at the Last Practicable Date. This includes the interests of persons who are no longer Directors, but resigned during the last 18 months. Direct and indirect beneficial interests are disclosed. In addition, interests of associates of Directors in which the director has no beneficial interest are separately disclosed (this relates principally to the holdings of spouses and minor children).

	Directly	Indirectly	Total	Percentage
Estate late Elliot Salkow *	75 275 961		75 275 961	12,14
Shaun Prithvirajh	500 000	–	500 000	0,02
Timothy Fearnhead	–	500 000	500 000	0,02
Christiaan Booyens	–	–	–	0,0
Martin Kuscus	–	–	–	0,0
Francois Olivier	–	–	–	0,0
Edward Raff	–	–	–	0,0
Sefenya Edick Lehapa #	–	–	–	0,0
Total	75 775 961	500 000	76 275 961	12,18

* Resigned with effect from 29 February 2020; passed away on 4 August 2021

Appointed with effect from 4 April 2020

There have been no dealings in Shares for the period beginning 1 May 2021 and ending on the Last Practicable Date by the Directors, including former Directors who have resigned during the 18 months prior to the Last Practicable Date, other than the following:

Director	Date of transaction	Securities	Price (R)	Value	Transaction
Shaun Prithivirajh	26 April 2021	6 248 871	RNil	R624 887,10, being the total deemed value calculated using the closing price of Ellies shares on 23 April 2021 of R0,10	Off-market grant and acceptance of awards under the terms of the LTI
Christiaan Booyens	26 April 2021	3 257 134	RNil	R325 713,40, being the total deemed value calculated using the closing price of Ellies shares on 23 April 2021 of R0,10	Off-market grant and acceptance of awards under the terms of the LTI Plan
Elliot Salkow	3 May 2021	862 257	0,09	R77 603,13	On-market sale of ordinary shares
	11 May 2021	1 000 000	0,09	R90 000,00	On-market sale of ordinary shares
	18 May 2021	2 000 000	0,09	R180 000,00	On-market sale of ordinary shares
	25 May 2021	2 939 426	0,09	R264 548,34	On-market sale of ordinary shares
	12 Jul 2021	1 962 092	0,12	R235 451,04	On-market sale of ordinary shares

8.3 Directors' interests in transactions

Save for Elliot Salkow's interest in the transaction as disclosed in the circular dated 30 June 2020 and as the landlord to Ellies Industries up to this stage, none of the Directors of Ellies, including a Director who resigned during the last 18 months, has or had any material beneficial interest, direct or indirect, in any transactions that were effected by Ellies during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or underperformed.

8.4 Directors' Remuneration and Service Contracts

The Directors' remuneration and benefits are set out in the Annual Audited Financial Statements for the year ended 30 April 2021 available on the Company's website: www.elliesholdings.co.za. There is no change to the directors' remuneration and benefits as a result of the Transaction.

The contracts of employment of Executive Directors are available for inspection as described in paragraph 20 of this Circular. There are no service contracts in place in respect of Non-Executive Directors of Ellies.

9. MAJOR BENEFICIAL SHAREHOLDERS

In so far as is known to Ellies, the name of any Shareholder, other than a Director, that, directly or indirectly, is beneficially interested in 5% or more of Ellies Shares, together with the amount of each such Shareholder's interest at the Last Practicable Date is set out in the table below. For the avoidance of doubt, no Ellies Shares in which a Director has a direct or indirect beneficial interest are included in the table below.

Shareholder	Number of Shares held indirectly	Number of Shares held directly	Total number of Shares held	Percentage of issued share capital (%)
Mazi Capital	125 459 210	–	125 459 210	20,25
Estate late Elliot Salkow *	75 275 961	–	75 275 961	12,14
PSG Online Securities	58 662 614	–	58 662 614	9,46
Standard Financial Markets	47 877 323	–	47 877 323	7,72
RMB Private Clients	51 297 428	–	51 297 428	8,27
Investec Securities	33 255 916	–	33 255 916	5,36
Total	391 828 452	–	391 828 452	63,20

The shareholding is based on 620 158 235 shares currently in issue.

* *Elliot Salkow passed away on 4 August 2021*

For illustrative purposes, the position following the Subscription Issue is set out in the table below. Ellies confirms that Public Shareholders will continue to hold more than 20% of the issued share capital of Ellies following the Subscription Issue.

Shareholder	Number of Shares held indirectly	Number of Shares held directly	Total number of Shares held	Percentage of issued share capital (%)
Imvula	–	185 242 070	185 242 070	23,00
Mazi Capital	125 459 210	–	125 459 210	15,58
Estate late Elliot Salkow*	75 275 961	–	75 275 961	9,35
PSG Online Securities	58 662 614	–	58 662 614	7,28
Standard Financial Markets	47 877 323	–	47 877 323	5,94
RMB Private Clients	51 297 428	–	51 297 428	6,37
Investec Securities	33 255 916	–	33 255 916	4,13
Total	391 828 452	185 242 070	577 070 522	71,65

The shareholding is based on 805 400 305 shares, being the number of shares in issue subsequent to the Proposed B-BEE Transaction.

* *Elliot Salkow passed away on 4 August 2021*

10. MATERIAL CHANGES

As stated in paragraph 6.1 above, Ellies Industries has been placed in final liquidation.

The impact of the COVID-19 pandemic has been detailed in the 2020, 2021 annual financial statements and interim results.

Revenue recovered and for FY 2021, grew by 4,6% compared to the previous financial year.

Ellies remain committed to preventing the spread of the virus. Ensuring the safety of the group's employees and their families, customers, business partners, and the communities in which Ellies operate remains our priority. Ellies maintain stringent measures to protect its people from infection.

Other than as stated above, there have been no other material changes in the financial or trading position of Ellies and its subsidiaries since 30 April 2021, being the end of the last financial period for which audited financial results have been published.

11. DIRECTORS' RECOMMENDATION

The Board is of the opinion that the Transaction is beneficial to the Company in that the Transaction will improve the level of BEE ownership in the Company and consequently the Company's overall BEE status. The Board recommends that Shareholders vote in favour of the resolutions to be proposed at the General Meeting. The Directors intend voting the Shares held by them in favour of the resolutions to be proposed at the General Meeting.

12. LITIGATION STATEMENT

The following material litigation matters are currently ongoing:

- **Freightit (Pty) Ltd // Ellies Electronics & 3 Others**

Freightit (Pty) Ltd (the plaintiff) is claiming for payment as a result of cancellation or repudiation of an agreement allegedly concluded between themselves and Ellies. Ellies contends that the 2018 agreement together with the schedule of rates relied upon by Freightit was forged.

A number of exceptions and objections have been raised to Freightit's particulars of claim as a result of their non-compliance with the Uniform Rules of Court. Freightit have delivered their latest notice of amendment dated 31 March 2021 to Ellies' last objection, to which end we served our plea on 20 May 2021. Freightit's claim reduced from R11,1 million to R9,7 million.

- **Beyond Platinum (Pty) Ltd // Ellies Electronics**

There are two claims presently in which Ellies is the plaintiff.

First action: On 10 January 2018 Beyond Platinum (Pty) Ltd ("defendant") attorneys, acting as an agent for the defendant, sent letters to numerous of Ellies ("Plaintiff") customers alleging that the sale of Ellies remotes amounted to an offence of dealing in counterfeit goods, an infringement of the defendant's copyright and a contravention of the Consumer Protection Act.

Ellies contends that the publication of these letters caused reputational, lost sales and business opportunities and wrongful defamation. Beyond Platinum served their notice of intention to defend. Ellies claim for the first action is R5 million.

Second action arises as a result of the damages occasioned from the search and seizures which were organised by Beyond Platinum of Ellies remotes, as well as Ellies' email server and database of accounting records. Ellies is claiming for lost sales, Quarantine costs, unsellable remotes, invasion of privacy: misappropriation of confidential information. Both parties to the litigation are in the process of compiling their respective discovery affidavits.

Ellies claim for the second action is R46 556 958,87.

- **Allybay Trading Enterprises (Pty) Ltd // Ellies Electronics**

Allybay (the plaintiff) is claiming for payment of damages suffered as a result of the cancellation of an agreement allegedly concluded between themselves and Ellies for delivery services. Ellies only signed the rates document (which is a stand-alone agreement consisting of only the last 5 pages of the agreement). Ellies contends the agreement was forged to make it appear that an agreement existed between Ellies and Allybay.

A pre-trial conference was convened and produced a minute dated 8 June 2021. An agreement has been made to separate merits and quantum and the matter will proceed on merits only at the date of hearing.

All the procedural formalities have been complied, and a trial date will be applied for in due course.

Allybay's claims amount to R1,0 million and R27,5 million with interest thereon at 15,5%.

- **Ellies Electronics // Moonshine Holdings (Pty) Ltd & Mark Shane Groenewald**

Moonshine Holdings (Pty) Ltd ("defendant") entered into an agreement with our Elsat Rentals division in November 2018 for the supply and installation of various equipment by Elsat Rentals to Dioso Gentleman's Club (related to Moonshine).

The Agreement provided for monthly payment of R28 366,78 for a period of 24 months commencing from November 2018. A deposit of R100 434,37 was paid by the defendant and no subsequent payments were made notwithstanding several demands from the Elsat Division. Ellies elected to proceed with default judgment, and at this point we are awaiting the Registrar's decision in this regard.

The Ellies claim amounts to R544 382.

Aside from the information detailed above, there are no legal or arbitration proceedings which may have, or have during the 12 (twelve) months preceding the date of this Circular, had a material effect on the financial position of the Ellies Group. Ellies is not aware of any proceedings that would have a material effect on the financial position of the Ellies Group or which are pending or threatened against the Ellies Group.

13. THE GENERAL MEETING

A General Meeting of Ellies Shareholders will be held entirely by electronic communication at 11:00 on Wednesday, 8 September 2021 in order to consider and approve the resolutions set out in the notice of General Meeting attached to this Circular. The notice convening the General Meeting and a form of proxy for use by Certificated Shareholders and Dematerialised Shareholders with own-name registration who are unable to attend the General Meeting form part of this Circular. Details of the action required by Ellies Shareholders recorded in the Register on the Voting Record Date is set out on pages 2 and 3 of this Circular.

14. PRELIMINARY AND ISSUE EXPENSES

The costs that are expected or have been provided for in connection with the Transaction (exclusive of VAT) are set out below:

Description	Name	R
Corporate advisory fees	Khanda Capital	280 000
Legal fees	Baker & McKenzie	1 100 000
Transaction Sponsor fees	Deloitte & Touche Sponsor Services Proprietary Limited	125 000
Documentation inspection fees	JSE	48 878
JSE ruling	JSE	17 456
Printing fees	Graphiculture	120 000
Listing fees	JSE	50 283
Total		1 741 617

Shareholders are referred to the circular dated 30 June 2020 for the expenses relating to the disposal by Ellies Properties Proprietary Limited, a wholly-owned subsidiary of Ellies, of various properties.

15. ADVISORS' CONSENTS

The parties referred to in the "Corporate Information and Advisors" section of this Circular, have consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, reports, in this Circular in the form and context in which they appear and have not withdrawn their consent prior to the publication of this Circular.

16. IRREVOCABLE UNDERTAKINGS AND LETTERS OF SUPPORT

Ellies has received irrevocable undertakings and letters of support from shareholders currently holding and beneficially owning or controlling in total 32,2% of the issued Ellies Shares, to vote in favour of the resolutions required to implement the Transaction based on their holding on the Record Date for the General Meeting. Details of the irrevocable undertakings received are as follows:

16.1 Irrevocable undertakings

Name of Shareholders	Number of Shares	Percentage holding %
Estate late Elliot Salkow #	75 275 961 *	12,1
Dr Shaun Prithivirajh	500 000	0,1
Mr KS Bhala	2 025	0,0
Mr ML Bhala	2 025	0,0
Total	75 780 011	12,2

* Shareholding as at Last Practicable Date.

Mr Elliot Salkow passed away on 4 August 2021.

16.2 Letters of support

Name of Shareholders	Number of Shares	Percentage holding %
Mazi Asset Management (Pty) Ltd	124 140 214	20,02
Total	124 140 214	20,02

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out in this Circular, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by law and the JSE Listings Requirements.

18. INCORPORATION OF INFORMATION BY REFERENCE

The information below is incorporated by reference and is available on Company's website:

<https://elliesholdings.com/financial-reports/>:

- the 2020 Ellies Integrated Annual Report which contains details of Material Risks.
- the 2021 annual financial statements. (<https://elliesholdings.com/AFS2021.pdf>)

19. JSE RULING REGARDING THE PROPOSED B-BBEE SPEND

As part of its undertaking as contemplated in the Subscription Agreement, Ellies will be making the periodic payments to Imvula to achieve its BEE objectives, per paragraph 5.5 (a) above.

The Company has therefore resolved (i) for the duration of the 10 year lock in period committed to by the Subscriber, (ii) to allocate its necessary and Board approved annual budgeted spend to the Subscriber, which shall be capped at/limited to an aggregate amount of no more than R8 500 000 per financial year ("**B-BBEE Spend**") that would enable a minimum B-BBEE score of Level 2 ("**B-BBEE Level Target**"), and in particular in relation to (iii) contributing the B-BBEE Spend shall be allocated as follows (a) Skills Development Expenditure, (b) Enterprise and Supplier Development Contributions, and (c) Socio-Economic Development Contributions, being the elements of the scorecard as provided for in the Codes, and (iv) to enable the Company to achieve the B-BBEE Level Target. The B-BBEE Spend, will be subject to an annual inflationary related increase equal to the percentage increase as per the Consumer Price Index for the financial year in question, the first such inflationary related increase to be applicable in relation to the financial year commencing in 2022."

The Company is therefore (i) seeking the once-off authority from Shareholders (ii) to make payments in relation to the B-BBEE Spend to the Subscriber for the duration of the 10 year lock in period (iii) to achieve the B-BBEE Level Target, bearing in mind that post implementation of the Proposed B-BBEE Transaction the Subscriber will become a related party to the Company.

Shareholders are advised that Ellies has received a formal JSE ruling that the proposed B-BBEE Spend by Ellies to Imvula will not be treated as a related party transaction after the implementation of the Proposed B-BBEE Transaction, subject to Ellies shareholders pre-approving the capped B-BBEE Spend over the Lock-in Period at the general meeting, taking into account that Imvula is not a related party at the time of entering into the Subscription Agreement. Further details are contained in the resolution relating to the B-BBEE Spend in the notice of general meeting attached to this circular.

20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Ellies during normal office hours, and will also be electronically available by making an email request to the Company Secretary at roxanne@acorim.co.za from the date of issue of this Circular to the date of the General Meeting:

- a. the Memorandum of Incorporation of Ellies and its major subsidiaries;
- b. audited annual financial statements of Ellies for the years ended 30 April 2021, 30 April 2020 and 30 April 2019;
- c. interim results for the six months ended 31 October 2020;
- d. the signed consent letters of the parties referred to in paragraph 15;
- e. a signed copy of this Circular;
- f. a copy of the Subscription Agreement;
- g. material contracts;
- h. irrevocable undertakings and letters of support as per paragraph 16; and
- i. the Directors' service agreements.

Signed in Johannesburg by Shaun Prithvirajh as a Director of Ellies for and on behalf of each of the Directors of Ellies in terms of a round robin resolution of the Board authorising Shaun Prithvirajh to sign on their behalf.



Shaun Prithvirajh
Chief Executive Officer

Tuesday, 10 August 2021

SHARE PRICE HISTORY OF ELLIES

Set out below is a table showing the highest, lowest and closing prices and aggregate volumes traded in the Ordinary Shares on the JSE for each day over the 30 trading days preceding the Last Practicable Date:

Daily	High (cents)	Low (cents)	Close (cents)	Volume (shares)	Value (R)
1 June	10	9	10	2 966 378	268 184,69
2 June	9	9	9	75 000	6 750
3 June	10	9	9	53 457	4 911,13
4 June	10	9	10	232 419	22 891,9
7 June	10	9	10	1 465 608	137 341,19
8 June	10	9	10	1 249 833	118 552,22
9 June	10	9	10	66 548	6 089,8
10 June	10	9	9	51 800	5 130
11 June	10	9	10	1 086 545	104 464,44
14 June	10	9	10	554 812	51 382,53
15 June	10	10	10	20 000	2 000
17 June	10	9	9	872 945	78 590,03
18 June	10	9	10	790 183	72 184,95
21 June	10	9	10	113 000	11 170
22 June	10	9	9	1 863 726	183 366,48
23 June	10	10	10	100 000	10 000
24 June	10	9	10	200 000	19 500
25 June	10	9	9	136 284	13 319,55
28 June	9	9	9	1 330	119,7
29 June	10	9	10	124 748	12 401,24
30 June	10	9	10	51 495	4 830,55
1 July	10	10	10	2 402 028	240 202,8
2 July	10	9	10	1 229 279	122 866,23
5 July	10	9	10	1 077 461	107 597,81
6 July	14	9	12	5 756 729	587 411,12
7 July	15	12	15	4 430 125	644 157,53
8 July	16	15	15	1 725 080	265 507,93
9 July	15	11	12	3 880 098	511 533,79
12 July	14	12	13	2 310 917	281 291,09
13 July	14	12	14	724 714	98 158,47
14 July	14	13	14	523 473	73 230,32
15 July	15	13	15	1 187 422	164 560,78
16 July	15	14	14	494 204	69 803,33
19 July	16	14	16	1 311 670	194 610,92

Daily	High (cents)	Low (cents)	Close (cents)	Volume (shares)	Value (R)
20 July	16	15	16	681 957	108 985,61
21 July	17	15	17	2 299 499	367 684,76
22 July	18	16	18	2 435 131	406 825,6
23 July	19	17	18	3 029 325	554 850,29
26 July	19	17	18	799 756	144 807,44
27 July	19	17	19	1 634 921	295 190,37
28 July	19	17	18	2 011 589	361 613,67
29 July	24	17	20	25 867 708	5 686 209,83
30 July	24	22	24	3 593 954	839 296,96
2 August	24	21	22	4 061 798	907 253,17
3 August	22	20	21	4 686 818	980 210,11

Set out below is a table showing the highest, lowest and closing prices and aggregated monthly volumes traded in the Ordinary Shares on the JSE for the previous 12 months:

Monthly	High (cents)	Low (cents)	Close (cents)	Volume (shares)	Value (R)
2020					
May	8	6	7	10 060 163	660 585
June	11	5	10	16 710 442	1 151 909
July	10	7	9	11 257 106	930 929
August	10	6	8	15 533 744	1 153 995
September	10	5	6	43 019 147	2 930 007
October	7	5	6	22 974 846	1 242 167
November	7	5	6	11 078 792	658 618
December	15	5	11	38 158 587	4 016 475
2021					
January	11	9	10	12 891 810	1 283 911
February	10	8	10	29 665 859	2 763 390
March	10	8	10	10 206 822	947 212
April	10	8	8	24 572 236	2 173 212
May	10	8	10	27 236 243	2 497 883
June	10	9	9	11 899 868	1 115 949
July	24	9	24	3 593 954	839 297

Source: JSE limited

MATERIAL LOANS AND BORROWINGS

Material loans of Ellies Group as at 30 April 2021 are as follows, based on the most current information available, none of which are of a convertible nature:

	2021 R'000
Non-current portion	110 416
Term loans	110 416
Current portion	18 888
Term loan – payable within 12 months	18 888
	129 304
Repayment terms	
1 year	18 888
2 to 5 years	110 416
Longer than 5 years	–
	129 304

Term loans

The Group's banking facilities consist of the following:

Standard Bank – Facility A (R85 million) Amount outstanding at 30 April 2021 R56,7 million of which R18,9 million is current liabilities

The loan bears interest at Jibar plus a margin of 4%, and is repayable in equal quarterly instalments of R4,72 million with the final payment being made on 30 April 2024. The instalment comprises payment of capital.

Standard Bank – Facility B (R85 million) Amount outstanding at 30 April 2021 R72,6 million

The loan bears interest at Jibar plus a margin of 4,5%, and is repayable on 30 April 2024. Interest on the loan is paid quarterly.

The Standard Bank of South Africa Limited loans are secured as follows:

- General notarial bond over all moveable assets of R500 million (2021: R500 million); and
- Cession of trade and other receivables and amounts due from contract customers.

Debt arose to replace overdraft which funded historical losses with term loans.

The Group achieved the EBITDA levels on which the facilities' covenants are based at the 31 October 2020 Interim results as well as at 30 April 2021 financial year-end. The Group requested condonation from The Standard Bank of South Africa Limited for breaches at the two other measurement dates during the FY 2021. Ellies requested condonation in advance in the event of a breach at the year-end at 30 April 2021 to avoid having to disclose term loans as current liabilities.

Debt covenant triggers

Ellies Group has a debt covenant for the loans from Standard Bank: –

- Total Borrowings cannot exceed 3 times EBITDA,
- EBITDA and Total Assets of obligations must comprise at least 90% of the Group total.

Testing occurs on a quarterly basis.

The covenants were complied with at the two reporting dates being October 2020 and April 2021. Condonations were obtained for the two quarters in the financial year where the covenants were breached. The seasonality of revenue played a part in the covenants breached.

At 30 April 2021 year-end, Ellies obtained from Standard Bank an upfront condonation, which would allow it to report the long-term portion of term loans as long term. In the event this condonation was not required. To date Standard Bank has condoned all breaches and has recently granted an additional R20 million Invoice payment facility for imports. The terms of the agreement is being finalised.

Standard Bank has also undertaken to restructure the covenants but have not done so yet.

Debt levels are higher than desirable level, but is attributable to legacy poor financial performance dating back approximately 5 years when the Group ventured into electrical and water infrastructure development via Megatron and Botjheng Water. These subsidiaries posted losses in excess of R300 million. Megatron was placed in business rescue and is being wound up. Botjheng was being deregistered. The existing Group inherited the debt due to cross guarantees. In the measurement of management's performance, these legacy loans are excluded from the ROIC calculations.

The action Ellies can take to avoid the breach is to ensure that the Group is profitable and achieves sufficient EBITDA and manage the variable borrowings levels such that the covenant is not breached. The term loans are set. Both profitability and borrowings are functions of market conditions. Ellies manages its variable borrowings but this is a function of the timing of imports and collection of accounts receivable.

Covenant status as at 30 April 2021 financial year-end

Ellies applied for an upfront condonation in the event that the finalised financial results at 30 April 2021 will reflect a breach of covenant. This was done to avoid a potential uncondoned breach which requires term loans to be disclosed as current liabilities.

Per the audited results in respect of the financial year ended 30 April 2021, as published on 30 July 2021, the Group was compliant with the covenant.

Required covenant ratio: Gross Debt to EBITDA not to exceed 3,0:1

- Reported EBITDA R76 046 000
- Gross Debt: R144 458 000
- Actual ratio: 1,9:1

General undertaking

Total assets and EBITDA of obligators not to be less than 90% of Group total.

The Group, therefore, complied with the covenant at the 30 April 2021 measurement date.

MATERIAL RISKS

RISK MANAGEMENT

Risk management and strategy is the responsibility of the Board. Identifying, assessment, management and monitoring thereof forms the basis of the strategy and is done in collaboration with executive directors and senior management. This includes risk policies to be developed and implemented throughout the business.

The appetite and tolerance for risk is determined by the Board, and therefore is responsible for ensuring that impact and mitigation measures are monitored and proactively managed.

Risk management is the balance between identifying threats to the company and identifying and pursue opportunities with informed caution.

There is an ongoing, systematic and documented risk management process that ensures that all material risks are identified, evaluated, effectively managed, and where this is practical, quantified. This process is undertaken within each business unit as well as by the Board and serves to ingrain a sustainable risk awareness and culture at all levels. Ongoing business sustainability is addressed as part of this process.

For losses arising from catastrophic events, which include fire, flood, explosion, earthquake, pandemic and machinery breakdown, as well as business interruption, the Group has sufficient insurance in place to alleviate the financial and economic impact of these events.

The Insurance portfolio have been centralised and all South Africa-based operations form part of this programme, however, in an effort to manage the risk, operations outside South Africa continue to have their own policies.

GROUP RISK MANAGEMENT FRAMEWORK

Formalisation of a Risk Management Framework is the responsibility of the Board. The framework will include:

- efficient allocation of capital across various activities in order to maximise returns and diversification of income streams;
- risk taking within levels acceptable to the Group as a whole and within the constraints of the relevant business units;
- efficient liquidity management and control of funding costs; and
- improved risk management and control.

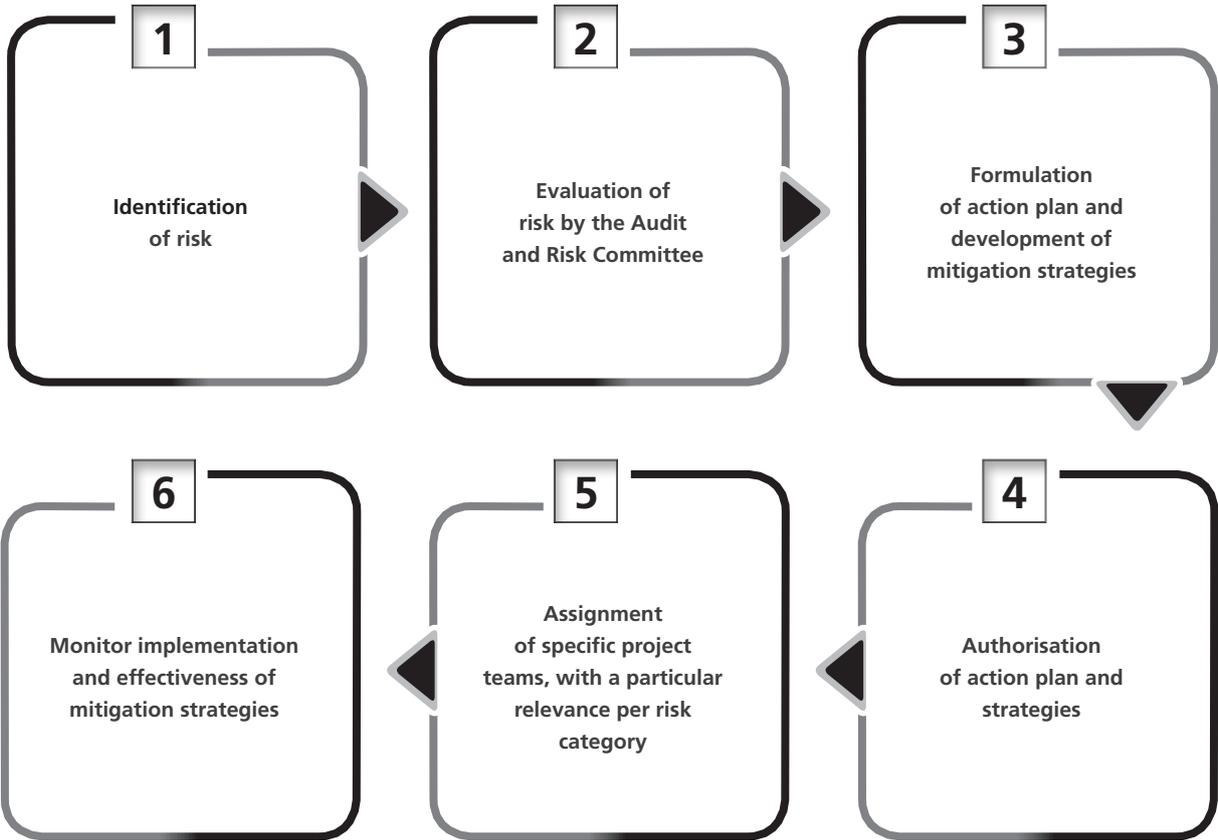
The Risk Management Framework of the Group will aim to:

- align strategy with risk appetite and tolerance;
- improve decision-making which improves the Group's risk profile;
- promote strategic and coordinated procurement;
- ensure equitable commercial terms and conditions are contracted on a continuous basis;
- promote continuous improvement through the application of key lessons learnt;
- improve predictability and build shareholder confidence;
- build robust organisational risk structures and facilitate timeous interventions to promote long-term sustainability; and
- promote the efficient and proactive utilisation of opportunities.

IDENTIFYING RISKS AND OPPORTUNITIES

The identification of risks and opportunities is robust, systematic and should involve every level of the organisation.

Risk management process



The Board recognises that managing risk is an inherent part of the Group's activities, and that risk management and the ongoing improvement in corresponding control structures must be a key focus in building a successful and sustainable business.

Risk management is a dynamic process and the Risk Framework should be robust enough to effectively manage and react to change in an efficient and timeous manner.

The Charter of the Audit and Risk Committee mandates them to monitor the progress of the implementation of the risk management processes, with written submissions and presentations provided by management regularly.

Promotion of the active participation of Executive Management in all of the operational and strategic decisions affecting the business units, is endeavoured by the Group structure, thereby creating a strong culture of ownership and accountability.

Key risks identified, together with mitigation strategies and outcomes, as at the Last Practicable Date, are disclosed below.

Risk	Impact High/ Med/ Low	Proba- bility High/ Med/ Low	Mitigation strategies
FINANCIAL			
<p>1 Funding</p> <p><i>Existing facilities</i></p> <ul style="list-style-type: none"> Loss of/curtailed banking facilities due to not meeting covenants. <p><i>New/additional facilities</i></p> <ul style="list-style-type: none"> Inability to raise adequate funding for future growth opportunities. 	M	M	<ul style="list-style-type: none"> Reviewing long-term funding capacity requirement. Pro-active borrowing and cash flow forecast management. Exploring business partnership options with bank, such as Trade Suite service offerings. Nurturing the banking relationship. Exploring additional sources of funding to increase inventory capacity of in-demand categories.
<p>2 Customer</p> <ul style="list-style-type: none"> Customer concentration skewed toward satellite transmission. Customer power of large retail organisations. Customer online migration platforms that move towards smaller stock holdings and just-in-time approach. 	M	M	<ul style="list-style-type: none"> Reducing reliance on a few significant customers over time. Differentiated product mix attracting new customers. Re-establishing and nurturing the relationships to ensure continuity. Ensure the Group equips itself for the future online retail by improving ease of delivery to customer remote deposit capture
<p>3 Inventory</p> <ul style="list-style-type: none"> Timeous conversion of inventories to minimise the risk of obsolescence. Not over-procuring product. Overstocking/excessive inefficient inventory management. Risk of prohibitive regulations to curb the spread of COVID 19 resulting in slower stock turn. Risk of non-supply or excess stockholding in regions, with not having the right stock at the right place at the right time. Technology changes rapidly – which could cause obsolescence of products in Ellies' sector. Eskom/electricity crisis can have a knock-on effect on inventory where product has an expiration shelf life, i.e., back-up power products, batteries. 	H	H	<ul style="list-style-type: none"> Constant improvement of on demand forecast. Leveraging of third-party logistics technology to better manage inventory levels. Sales and operations planning process fully functional, creating alignment between sales, operations and procurement. Rotational promotions to eradicate end-of-life products. Enforcing credit control management. Ensuring procurement of adequate but not excessive quantities. Highlight products which have technology changes and monitor to clear out.

Risk	Impact High/ Med/ Low	Proba- bility High/ Med/ Low	Mitigation strategies
FINANCIAL (continued)			
4 Foreign exchange <ul style="list-style-type: none"> Significant volumes of imports impact the Group's exposure to exchange rate fluctuations. 	H	M	<ul style="list-style-type: none"> Constantly and actively reviewing forward cover positions. Ensuring forward cover is arranged, where appropriate, as a hedge against adverse exchange rate fluctuations. Ensuring that policies and approval limits are in place.
5 COVID-19	H	H	<ul style="list-style-type: none"> Continuous risk management procedures at all facilities. Ellies has an essential service provider designation and is currently developing own online channel to market.
PEOPLE MANAGEMENT			
6 Internal controls <ul style="list-style-type: none"> Incidents of fraud and theft may occur and that the internal controls will not timeously detect or prevent them from happening. 	H	M	<ul style="list-style-type: none"> Appointed an Internal Audit function. Improved control compliance scores reported by Internal Audit. Third-party logistics technology drastically reduces risk of loss. Implemented improved control procedures and routine stock counts. Ensuring that policies and approval limits are in place. Outsourced whistle-blowing functionality.
7 Skills retention <ul style="list-style-type: none"> Management continuity affects the execution of the turnaround plan. 	H	L	<ul style="list-style-type: none"> Implemented long- and short-term remuneration structure to attract and retain talent.
8 Transformation <ul style="list-style-type: none"> Insufficient implementation of transformation objectives affects the Group's ability to compete. 	H	M	<ul style="list-style-type: none"> Improving the Group's Broad-Based Black Economic Empowerment rating through the implementation of specified initiatives to increase qualifying shareholding. Following a formalised programme to move the Group's B-BBEE status from non-compliant to compliant.
9 Union volatility <ul style="list-style-type: none"> Disparity in remuneration. 	M	M	<ul style="list-style-type: none"> Union representation has decreased after the Section 189A restructure. Constant interaction and discussion with trade unions.

Risk	Impact High/ Med/ Low	Proba- bility High/ Med/ Low	Mitigation strategies
IT			
10 Information technology <ul style="list-style-type: none"> • Information technology shortcomings and lack of comprehensive business continuity and disaster recovery plans. • Information technology not supporting business processes and activities. 	H	M	<ul style="list-style-type: none"> • Project to remediate IT environment has commenced. • ERP has been upgraded to Sage 300. • Implementation plan for the rest has been developed and execution has begun. • Appointment of an IT Governance Committee by the Board to oversee strategy and execution.
PROCESS			
11 Cash <ul style="list-style-type: none"> • Cash on premises increases risk of theft and fraud. 	L	L	<ul style="list-style-type: none"> • Effecting payments to installers via EFT. • Installed cash-drop safes. • Implementing daily cash-in-transit collections. • Cash on delivery replaced by upfront deposits.
OTHER			
12 Competitors <ul style="list-style-type: none"> • New competitors enter and disrupt local market, mainly in solar and alternative energy. 	H	M	<ul style="list-style-type: none"> • Strengthening current customer relationships and partnerships with installers. • Reviewing funding model. • Ensuring best product range.
13 Reputation <ul style="list-style-type: none"> • Corporate reputational risk. 	H	M	<ul style="list-style-type: none"> • Implementing an investor relations programme and engaging proactively with relevant stakeholders.
14 Suppliers <ul style="list-style-type: none"> • Reliance on a few key suppliers. 	H	M	<ul style="list-style-type: none"> • Developing alternate suppliers.
15 House brands <ul style="list-style-type: none"> • The development of the Group's house brands could be impacted by chain stores deciding to import their own products. 	M	M	<ul style="list-style-type: none"> • Broadening the Group's strategy to include innovation and promotional activities. • Gathering market intelligence on an ongoing basis.
16 Litigation <ul style="list-style-type: none"> • Losses arising from legacy litigation issues 	M	M	<ul style="list-style-type: none"> • Embarking on governance training and awareness initiatives. • Better processes and procedures, including authority levels. • Most legacy legal issues have been resolved. • In-house legal representative appointed to vet all agreements and advise on areas of possible legal contention. • Strengthening authority rules and processes.

Risk	Impact High/ Med/ Low	Proba- bility High/ Med/ Low	Mitigation strategies	
OTHER (continued)				
17	COVID-19 impact <ul style="list-style-type: none"> Health and safety of workforce Increased infections and fatalities across all stakeholders. 	H	H	<ul style="list-style-type: none"> Implemented COVID-19 continuity policies and plans approved by the Board and adopted by executive management. Observing strict COVID-19 government protocols throughout the Group's business operations. Providing all Group staff with the necessary COVID-19 personal protective equipment. Continuous monitoring of the situation and initiating appropriate responses.
18	COVID-19 impact <ul style="list-style-type: none"> Rising unemployment and subsequent socio-political unrest. 	H	H	<ul style="list-style-type: none"> Ellies has an essential service provider designation and is currently developing own online channel to market. Ensure all necessary insurance is in place.
19	COVID-19 impact <ul style="list-style-type: none"> Shortage/sourcing of raw materials. 	H	H	<ul style="list-style-type: none"> Dual sourcing of raw materials, where possible, through a second supplier, second brand or alternate manufacturing site. Procuring finished goods from alternate manufacturer and/or supplier.
20	Global microchip shortage <ul style="list-style-type: none"> Global shortage of Microchips. 	M	M	<ul style="list-style-type: none"> Robust forecasting through Sales and Operations Planning meetings. Increase stockholding of affected products in order to prevent stock outs.

Note:

The outcomes of the key risks identified are all ongoing, except for risk 3, Inventory, where the outcome has materialised.



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")

NOTICE OF GENERAL MEETING OF ELLIES SHAREHOLDERS

Where appropriate and applicable, the terms defined in the Circular to which this notice of General Meeting is attached bear the same meanings in this notice of General Meeting and, in particular, in the resolutions set out below, unless otherwise indicated by the context.

NOTICE IS HEREBY GIVEN that a General Meeting of Ellies Shareholders will be held entirely by electronic communication at 11:00 on Wednesday, 8 September 2021, for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

The purpose of the General Meeting is to consider and, if deemed fit, pass, with or without modification, the resolutions set out hereunder in the manner required by the Companies Act, and the Listings Requirements.

Shareholders are referred to the Circular, which sets out the information and explanatory material that they may require in order to determine whether to participate in the General Meeting and vote on the resolutions set out below.

In terms of section 62(3)(e) of the Companies Act:

- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the General Meeting in the place of the Shareholder;
- a proxy need not be a Shareholder of the Company; and
- Shareholders recorded in the Register of the Company on the Voting Record Date (including Shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the General Meeting. In this regard, all Shareholders recorded in the Register on the Voting Record Date will be required to provide identification satisfactory to the chairperson of the General Meeting. Forms of identification include valid identity documents, drivers' licences and passports.

In terms of section 59(1)(a) and (b) of the Companies Act (and to the extent relevant, the Listings Requirements), the record date on which the Shareholders must be recorded in the Securities Register maintained by the Transfer Secretaries for the purposes of being entitled to attend and vote at the General Meeting is Friday, 27 August 2021. Accordingly, the last day to trade to be eligible to attend and vote at the General Meeting is Tuesday, 24 August 2021.

SPECIAL RESOLUTION NUMBER 1 – SHARE INCREASE

"RESOLVED that the Memorandum of Incorporation of the Company be and is hereby amended, with effect from the date of filing of the relevant notice of amendment with the Companies and Intellectual Property Commission ("CIPC"), by substituting "800 000 000 ordinary no par value shares" in article 6.1.1 of the Company's Memorandum of Incorporation with "850 000 000 ordinary no par value shares" by way of amendment to the Memorandum of Incorporation in terms of section 16(1)(c) of the Companies Act."

Reason and effect

The reason for Special Resolution Number 1 is to increase the authorised share capital of the Company by way of amendment to the Memorandum of Incorporation in terms of section 16(1)(c) of the Companies Act by the filing of a notice of amendment with the CIPC so as to enable it to issue the Subscription Shares. The effect of Special Resolution Number 1 will be that the Company's authorised share capital of 800 000 000 ordinary shares of no par value will be increased to 850 000 000 ordinary shares of no par value.

Note:

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of the voting rights exercised at the General Meeting in respect of Special Resolution Number 1.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE SPECIFIC ISSUE

“RESOLVED that, subject to the approval of Special Resolution Number 1, the issuing of the Subscription Shares by the Company to the Subscriber, in terms of the Specific Issue and in accordance with the provisions of the Subscription Agreement, be and is hereby approved in terms of paragraph 5.51(g) of the JSE Listings Requirements, the Companies Act and the Company’s Memorandum of Incorporation.”

Reason and effect

The reason for Ordinary Resolution Number 1 is that the issuing of the Subscription Shares in terms of the Specific Issue requires the approval of Ellies Shareholders in terms of paragraph 5.51(g) of the JSE Listings Requirements and the Company’s Memorandum of Incorporation. The effect of Ordinary Resolution Number 1 is that the requisite approval, in terms of paragraph 5.51(g) of the JSE Listings Requirements, the Companies Act and the Company’s Memorandum of Incorporation, will be granted by Shareholders in order for the Specific Issue to be implemented.

Note:

In terms of paragraph 5.51(g) of the JSE Listings Requirements, for this resolution to be passed, votes in favour of the resolution must represent least 75% of the votes cast at the General Meeting in respect of Ordinary Resolution Number 1. No party is excluded for voting on this resolution.

ORDINARY RESOLUTION NUMBER 2 – PRE-APPROVAL OF THE B-BBEE SPEND

“RESOLVED that, subject to the approval of Special Resolutions Number 1 and Ordinary Resolution Number 1 and as contemplated in the Subscription Agreement referred to in Ordinary Resolution Number 1, the Company be and is hereby authorised for the duration of the 10 year lock in period committed to by the Subscriber referred to in Ordinary Resolution Number 1 in the Subscription Agreement, (i) to allocate its necessary and Board approved annual budgeted spend to the Subscriber, which shall be capped at/limited to an aggregate amount of no more than R 8 500 000 per financial year (“**B-BBEE Spend**”) that would enable a minimum B-BBEE score of Level 2 (“**B-BBEE Level Target**”), and in particular in relation to so contributing the B-BBEE Spend (ii) to allocate same as follows (a) Skills Development Expenditure, (b) Enterprise and Supplier Development Contributions, and (c) Socio-Economic Development Contributions, being the elements of the scorecard as provided for in the Codes, and (iii) to enable the Company generally to achieve the B-BBEE Level Target. The B- BBEE Spend, will be subject to an annual inflationary related increase equal to the percentage increase as per the Consumer Price Index for the financial year in question, the first such inflationary related increase to be applicable in relation to the financial year commencing in 2022.”

Reason and effect

The reason and effect for Ordinary Resolution Number 2 is that the Company is seeking the once-off authority from Shareholders (i) to make payments in relation to the B-BBEE Spend to the Subscriber for the duration of the 10 year Lock in Period (ii) to achieve the B-BBEE Level Target, bearing in mind that post implementation of the Proposed B-BBEE Transaction the Subscriber will become a related party to the Company. The effect of Ordinary Resolution Number 2 is that such approval will be granted.

In the interest of both efficiency and cost effectiveness, the Company wishes to avoid the necessity of complying with the related party transaction requirements, including obtaining a fairness opinion and/or the issuing of separate circulars, each time payment is made to the Subscriber pursuant to the B-BBEE Spend.

Based on the fact that (i) the B- BBEE Spend will not be paid by the Company to the Subscriber in relation to the procurement of commercial goods and services, but rather in relation to the achievement of socio economic transformation objectives as envisaged in relevant B-BBEE legislation and the Codes of Good Practice, (ii) and the limitation/ cap In relation to such spend, the Company has sought and obtained a ruling from the JSE to that effect.

In the event that the B-BBEE Spend exceeds the cap as proposed, then the Company will comply with the JSE Listings Requirements insofar as they may relate to the related party transaction at that time.

Note:

For this resolution to be passed, votes in favour of the resolution must represent more than Ordinary Resolution Number 2 requires the approval of at least 50% plus one share of the votes cast at the General Meeting in respect of Ordinary Resolution Number 2. No party is excluded for voting on this resolution.

SPECIAL RESOLUTION NUMBER 2 – SPECIFIC AUTHORITY TO REPURCHASE THE SUBSCRIPTION SHARES FROM THE SUBSCRIBER PURSUANT TO THE CALL OPTION

“RESOLVED that, subject to the passing of Special Resolution Number 1, Ordinary Resolution Number 1 and Ordinary Resolution Number 2, in terms of paragraph 5.67(B)(a) of the JSE Listings Requirements and the Company's Memorandum of Incorporation, the Company and, its subsidiaries, be and is hereby authorised, in accordance with and to the extent it is entitled to do so in terms of the provisions of the Subscription Agreement referred to in Ordinary Resolution Number 1, to acquire the Subscription Shares referred to in Ordinary Resolution 1 from the Subscriber referred to in Ordinary Resolution Number 1, should the Company exercise the Call Option granted in its favour in terms of the provisions of the Subscription Agreement, at the Repurchase Price determined in accordance with the applicable discounts detailed in the provisions of the Subscription Agreement, such specific authority being subject to the requirements of paragraph 5.69 of the JSE Listings Requirements having been met in relation to the acquisition made by the Company pursuant to this Special Resolution 2. The specific authority granted in terms of this Special Resolution shall be valid until such time as the acquisitions contemplated in this Special Resolution 2 have been implemented or it is amended or revoked by another special resolution.”

Reason and effect

In terms of paragraph 5.67(B)(a) of the JSE Listings Requirements, the acquisition by an issuer of its own securities or a purchase by a subsidiary of securities in its holding company (in accordance with section 48 of the Companies Act), will be regarded as a repurchase of securities in terms of the JSE Listings Requirements, in which case such acquisition must be approved by a special resolution. The reason for Special Resolution Number 2 is to authorise the Company (or any subsidiary of the Company) to acquire the Subscription Shares from the Subscriber in terms of the Subscription Agreement. The effect of Special Resolution Number 2 is to give such authority.

Note:

Pursuant to the Listings Requirements, for this resolution to be passed, votes in favour of the resolution must represent at least 75% of the voting rights exercised at the General Meeting in respect of Special Resolution Number 2. No party is excluded for voting on this resolution.

SPECIAL RESOLUTION NUMBER 3 – SPECIFIC AUTHORITY TO REPURCHASE THE SUBSCRIPTION SHARES FROM THE SUBSCRIBER PURSUANT TO THE PRE-EMPTIVE RIGHT

“RESOLVED that, subject to the passing of Special Resolution Number 1, Special Resolution Number 2, Ordinary Resolution Number 1 and Ordinary Resolution Number 2, and in terms of paragraph 5.67(B)(a) of the JSE Listings Requirements and the Company's Memorandum of Incorporation, the Company and its subsidiaries be and is hereby authorised, in accordance with and to the extent it is entitled to do so in terms of the provisions of the Subscription Agreement referred to in Ordinary Resolution Number 1 to acquire the Subscription Shares from the Subscriber referred to in Ordinary Resolution Number 1, pursuant to the Pre-Emptive Right granted in its favour in terms of the provisions of the Subscription Agreement (“**the PE Right**”). The Company's PE Right shall be subject to (i) the Company's compliance with all relevant requirements in terms of the Companies Act; and (ii) the following conditions: (A) Period: the Pre-Emptive Right only being exercisable by the Company and its subsidiaries during the 10 year lock-in period committed to by the Subscriber in the Subscription Agreement; (B) Number of Shares: the Company and its subsidiaries shall repurchase the total amount of Subscription Shares being disposed of by the Subscriber at such date (“**Sale Shares**”) (C) Price : the Company and its subsidiaries shall only be entitled to acquire the Sale Shares at a price per share equal to or less than the Company's 30 day volume weighted average price as at the close of business on the day immediately preceding the date upon which the PE Right arises.”

Reason and effect

In terms of paragraph 5.67(B)(a) of the JSE Listings Requirements, the acquisition by an issuer of its own securities or a purchase by a subsidiary of securities in its holding company (in accordance with section 48 of the Companies Act), will be regarded as a repurchase of securities in terms of the JSE Listings Requirements, in which case such acquisition must be approved by a special resolution. The reason for Special Resolution Number 3 is to authorise the Company (or any subsidiary of the Company) to acquire the Subscription Shares from the Subscriber in terms of the Subscription Agreement and subject to the conditions detailed above. The effect of Special Resolution Number 3 is to give such authority.

Note:

Pursuant to the Listings Requirements, for this resolution to be passed, votes in favour of the resolution must represent at least 75% of the voting rights exercised at the General Meeting in respect of Special Resolution Number 3. No party is excluded for voting on this resolution.

ORDINARY RESOLUTION NUMBER 3 – AUTHORITY OF DIRECTORS

“RESOLVED that, any executive director or the company secretary of the Company be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the special and ordinary resolutions above.”

Explanatory note

For this resolution to be passed, votes in favour of the resolution must represent more than 50% of the votes cast at the General Meeting in respect of Ordinary Resolution Number 3. No party is excluded for voting on this resolution.

VOTING AND QUORUM

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders present. In addition:

- the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Every Shareholder present or represented by proxy and entitled to exercise voting rights at the General Meeting shall be entitled to vote on a show of hands, irrespective of the number of voting rights that Shareholder would otherwise be entitled to exercise. On a poll, any person who is present at the General Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Shares held by that Shareholder.

SHAREHOLDERS

General instructions

Shareholders who are entitled to attend, speak and vote at the General Meeting are encouraged to do so.

Electronic participation

Given restrictions on gatherings and travel due to the COVID-19 pandemic, the General Meeting will be held entirely through electronic communication, as provided for in section 63(2)(a) of the Companies Act. The Company's MOI does not prohibit electronic meetings. Shareholders who wish to participate in the General Meeting, including proxy holders, will be required to submit the duly completed Electronic Participation Form, found on page 47 of this document, together with the relevant documents by no later than 11:00 on Monday, 6 September 2021 to the Company Secretary at roxanne@acorim.co.za or Computershare Investor Services (Pty) Ltd ("Computershare"), as provided for on the form. Shareholders are strongly encouraged to complete their verification well ahead of time.

Once your shareholding, identity and authority (if the shareholder is not an individual) has been verified by Computershare, you will be provided with details on how to join the General Meeting web stream. A live voting function will not be available, and shareholders will be required to send their duly completed voting forms to Computershare via email before the meeting, or at the close of voting at the latest.

Shareholders that choose not to participate in the meeting can still submit their proxy forms as usual.

Upon receipt of the required information, you will be provided with a secure code and instructions to access the electronic communication during the General Meeting. Shareholders should note that access to the electronic communication will be at the expense of the Shareholders who wish to utilise the facility.

Shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the General Meeting through this medium. Accordingly, Shareholders making use of the electronic participation facility are requested to submit their forms of proxy to the Company, as directed.

Proxies and authority for representatives to act

The attached form of proxy (yellow) is only to be completed by:

- Certificated Shareholders; or
- own-name Dematerialised Shareholders

who cannot attend the General Meeting but wish to be represented thereat.

All other beneficial owners who have dematerialised their Shares through a CSDP or broker, without own-name registration, and who wish to attend the General Meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These Shareholders must not use a form of proxy.

Forms of proxy are requested to be delivered to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or posted to Private Bag X9000, Saxonwold, 2132, or faxed to +27 11 688 5238, or emailed to proxy@computershare.co.za so as to arrive no later than 11:00 on Monday, 6 September 2021. Alternatively, the form of proxy may be lodged with the chairperson of the meeting or to the Transfer Secretaries at the meeting, at any time prior to its commencement, or prior to voting on any resolutions proposed at the meeting. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote at the General Meeting should the Shareholder decide to do so.

A company that is a Shareholder, wishing to attend and participate at the General Meeting should ensure that a resolution authorising a representative to so attend and participate at the General Meeting on its behalf, is passed by its directors.

Ellies does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a Dematerialised Shareholder to notify such Shareholder of the General Meeting of or any business to be conducted thereat.

GENERAL NOTES

1. Shareholders who are companies or other bodies corporate may, by resolution of its directors or other governing body, authorise any person to act as its representative at the General Meeting.
2. The chairperson of the General Meeting will be making a demand that all resolutions put to the vote shall be decided by way of a poll.

By order of the Board

Ellies Holdings Limited

Tuesday, 10 August 2021

Registered office

Brooklyn Place
3 Centex Close
Kramerville,
Sandton
2090

(PO Box 57076, Springfield, 2137)



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")

FORM OF PROXY

Where appropriate and applicable, the terms defined in the Circular to which this form of proxy is attached bear the same meanings in this form of proxy.

THIS FORM OF PROXY IS ONLY FOR USE BY:

- Certificated Shareholders;
- own-name Dematerialised Shareholders.

For completion by the aforesaid registered Shareholders who are unable to attend the General Meeting to be held entirely by electronic communication at 11:00 on Wednesday, 8 September 2021.

If you are a Dematerialised Shareholder, other than with own-name registration, do not use this form. Dematerialised Shareholders, other than with own-name registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

Email address

Telephone number

Cellphone number

of (address)

being the holder(s) of

Ellies shares hereby appoint:

1. _____ or failing him/her
2. _____ or failing him/her
3. the chairperson of the General Meeting

as my/our proxy to attend, speak and to vote for me/us and on my/our behalf at the General Meeting of Shareholders and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the General Meeting, and to vote on the resolutions in respect of the Shares registered in my/our name(s).

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

		Number of votes		
		In favour of *	Against *	Abstain *
Special resolution number 1:	Share Increase			
Ordinary resolution number 1:	Approval of the Specific Issue			
Ordinary resolution number 2:	Pre-approval of the B-BBEE Spend			
Special resolution number 2:	Specific Authority to repurchase the Subscription Shares from the Subscriber pursuant to the Call Option			
Special resolution number 3:	Specific authority to repurchase the Subscription Shares from the Subscriber pursuant to the Pre-Emptive right			
Ordinary resolution number 3:	Authority of Directors			

* One vote per Ellies Share held by Shareholders, recorded in the Register on the Voting Record Date

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this _____ day of _____ 2021

Signature

Assisted by me (where applicable)

(State capacity and full name)

Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a Shareholder of Ellies. Each Shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that Shareholder at the General Meeting.

Forms of proxy are requested to be delivered to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or posted to Private Bag X9000, Saxonwold, 2132, or faxed to +27 11 688 5238, or emailed to proxy@computershare.co.za so as to arrive no later than 11:00 on Monday, 6 September 2021. Alternatively, the form of proxy may be lodged with the chairperson of the meeting or to the transfer secretaries at the meeting, at any time prior to its commencement, or prior to voting on any resolutions proposed at the meeting. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote at the General Meeting should the Shareholder decide to do so.

Please read notes on the reverse side hereof

NOTES TO THE FORM OF PROXY:

1. Only Shareholders who are registered in the Register of the Company under their own name on the Voting Record Date may complete a form of proxy or attend the General Meeting. This includes Certificated Shareholders or own-name Dematerialised Shareholders. A proxy need not be a Shareholder of the Company.
2. Certificated Shareholders wishing to attend the General Meeting have to ensure beforehand with the Transfer Secretaries that their Shares are registered in their own name.
3. Beneficial Shareholders whose Shares are not registered in their own name, but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered Shareholder and they should contact the registered Shareholder for assistance in issuing instructions on voting their Shares, or obtaining a proxy to attend, speak and vote at the General Meeting.
4. Dematerialised Shareholders who have not elected own-name registration in the Register of the Company through a CSDP and who wish to attend the General Meeting, must instruct the CSDP or broker to provide them with the necessary letter of representation to attend.
5. Dematerialised Shareholders who have not elected own-name registration in the Register of the Company through a CSDP and who are unable to attend, but wish to vote at the General Meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that Shareholder and the CSDP or broker.
6. A Shareholder may insert the name of a proxy or the names of two or more alternative proxies of the Shareholder's choice in the space, with or without deleting "the chairperson of the General Meeting of Shareholders". The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
7. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting thereat to the exclusion of any proxy appointed, should such Shareholder wish to do so. In addition to the foregoing, a Shareholder may revoke the proxy appointment by:
 - 7.1 cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - 7.2 delivering a copy of the revocation instrument to the proxy, and to the Company.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of the date:
 - 8.1 stated in the revocation instrument, if any; or
 - 8.2 upon which the revocation instrument is delivered to the proxy and the Company as required in section 58(4)(c)(ii) of the Companies Act.
9. Should the instrument appointing a proxy or proxies have been delivered to the Transfer Secretaries, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Memorandum of Incorporation to be delivered by the Company to the Shareholder must be delivered to:
 - 9.1 the Shareholder; or
 - 9.2 the proxy or proxies if the Shareholder has in writing directed the Company to do so and has paid any reasonable fee charged by the Company for doing so.
10. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant Shareholder without direction, except to the extent that the Memorandum of Incorporation or the instrument appointing the proxy provide otherwise.
11. If the Company issues an invitation to Shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of instrument appointing a proxy:
 - 11.1 such invitation must be sent to every Shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
 - 11.2 the Company must not require that the proxy appointment be made irrevocable; and
 - 11.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
13. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.
14. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
15. A company holding Shares in the Company that wishes to attend and participate at the General Meeting should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the Transfer Secretaries prior to the General Meeting.
16. Where there are joint holders of Shares any one of such persons may vote at any meeting in respect of such Shares as if he were solely entitled thereto; but if more than one of such joint holders wishes to be present or represented at the General Meeting, that one of the said persons whose name appears first in the Register or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
17. The chairperson of the General Meeting may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a Shareholder wishes to vote.
18. A proxy may not delegate his/her authority to act on behalf of the Shareholder, to another person.
19. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of Shares to be voted on behalf of that Shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the General Meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the General Meeting or other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit, in respect of the Shares concerned. A Shareholder or the proxy is not obliged to use all of the votes exercisable by the Shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Shareholder or the proxy.
20. Forms of proxy are requested to be delivered to the Transfer Secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, or posted to Private Bag X9000, Saxonwold, 2132, or faxed to +27 11 688 5238, or emailed to proxy@computershare.co.za, so as to arrive no later than 11:00 on Monday, 6 September 2021. Alternatively, the form of proxy may be lodged with the chairperson of the meeting or to the Transfer Secretaries at the meeting, at any time prior to its commencement, or prior to voting on any resolutions proposed at the meeting. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote at the General Meeting should the Shareholder decide to do so.
21. This form of proxy may be used at any adjournment or postponement of the General Meeting, including any postponement due to a lack of quorum, unless withdrawn by the Shareholder.
22. The foregoing notes include a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.



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")

ELECTRONIC PARTICIPATION FORM

Shareholders or their proxies who wish to participate in the General Meeting to be held on Wednesday, 8 September 2021 at 11:00 via electronic communication ("General Meeting Participant") must notify the Company by delivering this form and supporting documents to the Company Secretary at roxanne@acorim.co.za or to the office of the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, or by post to Private Bag X9000, Saxonwold, 2132 (at own risk), or via email to proxy@computershare.co.za and roxanne@acorim.co.za as soon as possible, but by no later 11:00 on Monday, 6 September 2021. Shareholders are strongly encouraged to complete their verification well ahead of time.

Each General Meeting Participant, who has successfully been verified by Computershare, will be provided with the details on how to join the General Meeting webcast. There will not be a live voting function available during the proceedings. Once verified, participants will be provided with a voting form and are strongly encouraged to send their completed forms to Computershare at least 48 hours before the meeting. Shareholders that prefer to complete their voting forms during the meeting proceedings will still be able to email their voting forms to proxy@computershare.co.za and roxanne@acorim.co.za during the meeting.

Please refer to pages 43 and 44 of the Notice of General Meeting Important information regarding participation and voting at the General Meeting.

Name of registered shareholder:	
ID/Passport number or registration number of registered shareholder:	
Name and contact details of CSDP or broker (If shares are held in dematerialised format):	
Shareholder Number/ SCA number/Broker account number/ Own name account number or Custodian Account number:	
Number of ordinary shares held:	
Full name of General Meeting Participant:	
ID number/Passport number of General Meeting Participant:	
Email address:	
Cellphone number:	

By signing this form I/we agree and consent to the processing of my/our personal information above for the purpose of participation in the General Meeting and acknowledge the following:

The cost of joining the General Meeting is for the expense of the General Meeting Participant and will be billed separately by the General Meeting Participant's own internet service provider. The General Meeting Participant is not permitted to share the link with a third party.

The Company, its agents and third-party service providers cannot be held accountable, and will not be obliged to make alternative arrangements, in the event of a loss or interruption of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth, power outages or any other circumstances which prevents any shareholder or proxy holder from participating in the General Meeting voting.

Signed this _____ day of _____ 2021

Signature _____

Assisted by me (where applicable) _____

Important: Please attach the following documents:

- Dematerialised shareholders (except "own name" holders): The letter of representation from your CSDP or broker and a copy of your identity document/passport/driver's licence.
- Certificated or "own name" shareholders (individuals): A copy of your identity document/passport/driver's licence.
- Certificated or "own name" shareholders (entities): A copy of the resolution authorizing the individual to represent the entity and a copy of the identity document/passport/driver's licence of the representative.
- Proxy holders: The duly completed and signed proxy form and a copy of your identity document/passport/driver's licence.

