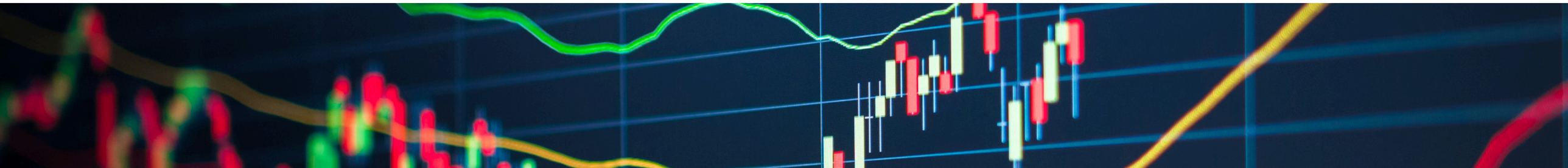
LISTING ON ETHIOPIAN SECURITIES EXCHANGE



Why do we list our company?

As an issuer, listing provides you with access to a large pool of long-term capital that is critical to finance your growth ambitions. Listing provides access to a new source of finance that compliments your other sources of capital, such as bank lending, as it requires no guarantees or collateral to raise capital from the public, as issuing share securities bears no interest payment.

Indeed, listing is a strategic decision that boosts the company's **national and global profile, improves the company's overall governance**, and **its standing as a sustainable business enterprise.**



Why do we list our company?

Access to capital

Enhanced corporate governance

Enhanced Visibility and Credibility

Boost Employee Performance

Higher liquidity

Exit strategy

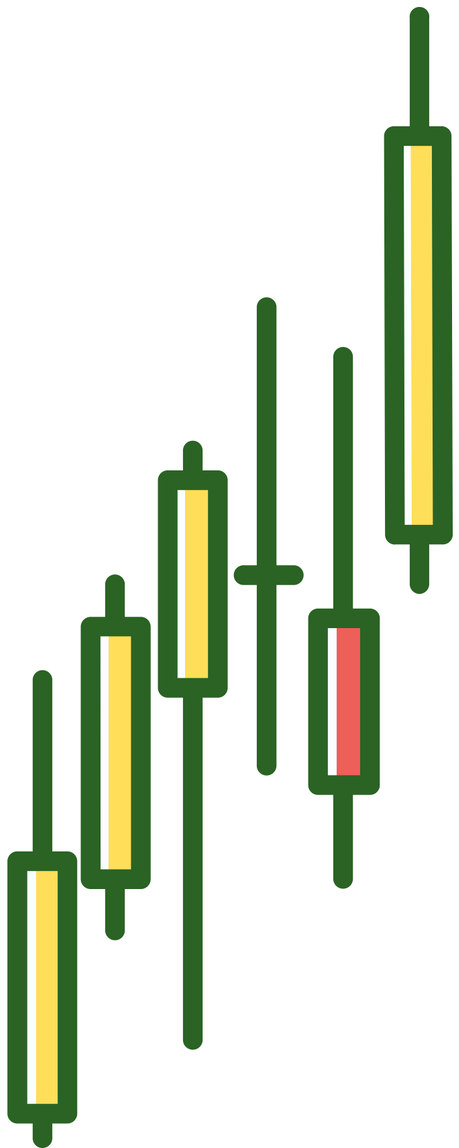


ESX market segments

Main Market

ESX's Main market serves as a platform for large and mature issuers that are capable of meeting ESX's listing requirements. The market is reserved for outstanding companies with a high level of assurance in liquidity, size, and transparency. The main market is designed as a platform to showcase the investment quality to investors and place the issuer among the best companies in its industry.

The primary candidates for the main market include large financial institutions such as banks, insurance and microfinance companies, other large private companies that may be established as family owned PLCs or share companies that would like to grow their business. The main market is also a platform for listing of some of the largest state-owned enterprises, which in line with the Government of Ethiopia's strategic direction, will be listed on ESX.



Growth Market

ESX Growth market is a regulated segment for small and medium sized companies SMEs) with high levels of growth and appetite to raise substantial capital. Listing on ESX Growth Market provides issuers with access to a wide range of capital to accelerate their growth and development to serve as a springboard into ESX's Main Market.

ESX growth market offers companies a regulatory environment designed specifically to meet the needs of Ethiopian SMEs. The segment offers lighter listing requirements (in particular, total capitalization, free float and reporting obligations) that's adapted to high growth, high potential equity issuers.

Growth companies will also have the full complement of support provided by ESX and designated advisors, reduced fee structure, relaxed entry criteria, reduced post-listing obligations and increased turnaround time for approvals and time to market.

How to become a listed company

To be listed on the ESX equity market, issuers will be required to comply with pre-set listing rules and be subject to continuous obligations that include the following:

- Be a share company with securities registered by the ECMA.
- The issuer's minimum capital.
- Minimum number of years in operation.
- Proven profitability over identified number of years of operation
- The minimum size of capital the issuer must issue/float to the public on the first day of listing.
- The minimum number of shareholders
- Shares must be fully paid and free from any liens or restrictions on transfer.



An Issuer seeking to list its equity shares on the ESX Main Market Segment shall have:

1.An operating track record of at least three (3) years. Where the Issuer does not have three (3) years' operating track record the Issuer shall provide evidence of a core investor/technical partner who has at least three (3) years' operating track record with substantial equity and involvement in management of the Issuer.

2.Total market capitalization of at least [ ] upon listing.

3.Declared profits after tax attributable to shareholders at least once in the last three (3) financial years immediately preceding the date of application.

4.The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) or applicable accounting standards in Ethiopia and shall be compliant with other applicable Directives issued by ECMA.

5.An Issuer shall have a minimum free float of fifteen percent (15%) of the total number of shares for which listing is sought in the hands of at least three hundred (300) public security holders.

6.An issuer shall submit all the applicable documents as prescribed by the Exchange from time to time.



An Issuer seeking to list its equity shares on ESX Growth Market Segment shall have:

1.An operating track record of at least two (2) years. Where the Issuer does not have two (2) years' operating track record, it shall provide evidence of a core investor/technical partner who has at least two (2) years' operating track record with substantial equity and involvement in management of the Issuer.

2.Total market capitalization of at least [ ] post listing.

3.The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) or applicable accounting standards in Ethiopia and shall be compliant with other applicable Directives of the ECMA.

4.An Issuer shall have a minimum of fifteen percent (15%) of the total number of shares for which listing is sought in the hands of a minimum number of three hundred (50) public security holders.

5.An Issuer shall submit all the applicable documents as prescribed by The Exchange from time to time.



Listing Through an Initial Public Offering

An IPO is the process through which a private company offers its shares of ownership to the public for the first time with the objective of raising capital and creating liquidity for investors. May take the form of offer for sale or offer for subscription. Steps of an IPO include:

Preparation: Hire Professionals, Financial Due Diligence, Regulatory Compliance

Discussion with ESX: the company shall have a preliminary conversation with the ESX listing team to discuss requirements, timelines, and next steps.

Application with ECMA: The company prepares and files a prospectus for review and approval by ECMA.

Roadshow: The company conducts a roadshow to market itself to potential investors.

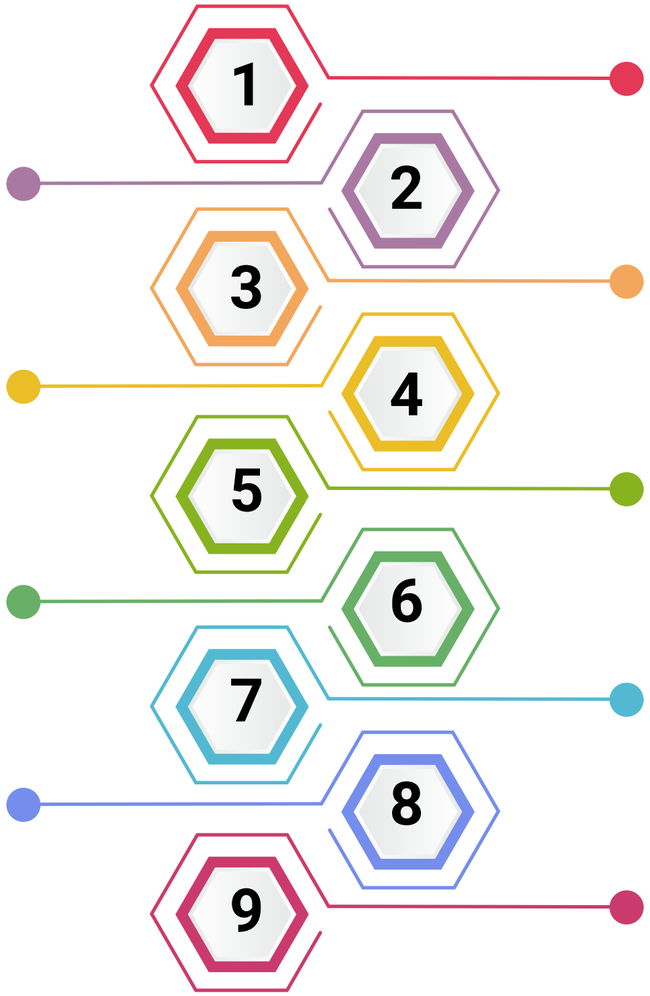
Pricing: Based on feedback from the roadshow, with the help of underwriters, determines the IPO price and the number of shares to be issued.

Clearance by ECMA: Once ECMA is satisfied with the registration statement, it will register the securities, making the offer effective.

Listing approval by ESX: After completion of all relevant documents, a formal application for listing shall be made by the listed company, after which approval for listing shall be given

IPO Date: On the scheduled IPO date, the company's shares start trading on the ESX, and they become available for purchase by the public.

Post-IPO Reporting and Compliance: must continue to meet ongoing reporting and compliance requirements, including regular financial reporting and disclosures.



Listing by Introduction (Direct Listing)

For companies that do not aim to raise new capital but would like to create liquidity for their investors, listing by introduction is the most streamlined avenue. Here's an overview of the process:

Discussion with ESX: The company and its advisors discuss the requirements, process, and next steps for listing with ESX listing department.

Listing approval by ESX: After completion of all relevant documents, a formal application for listing shall be made by the listed company, after which approval for listing shall be given.

Price Determination: Unlike a traditional IPO, where the price is determined through a book building process, in a direct listing, the initial stock price is not set by underwriters or the company. Instead, it is determined by market forces through an opening auction on the first day of trading.



Preparation: Hire Professionals, Financial Due Diligence, Regulatory Compliance

ECMA Registration: The company prepares and files registration documents for review and approval by ECMA.

Listing and trading: On the scheduled listing date, the company's existing shares become available for trading on the stock exchange.

Post-Listing Reporting and Compliance: After the direct listing, the company must meet ongoing reporting and compliance requirements, including regular financial reporting, disclosures, and adherence to other ESX rules.

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