ELLIES

HOLDINGS LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

for the six months ended 31 October 2019

www.ellieshholdings.com

H1 F2020 at a glance

REVENUE decreased by 2,3% to R644,3 million (H1 F2019: R659,6 million*)

EBITDA decreased by 85,7% to a profit of R2,5 million (H1 F2019: profit of R17,1 million)

PROFIT decreased by 292,1% to a loss of R30,1 million (H1 F2019: profit of R15,7 million*)

TOTAL COMPREHENSIVE INCOME decreased by 278,7% to a loss of R30,0 million (H1 F2019: income of R16,8 million*)

EARNINGS PER SHARE decreased by 242,7% to a loss of 4,18 cents (H1 F2019: earnings per share of 2,93 cents*)

HEADLINE EARNINGS PER SHARE decreased by 201,7% to a loss of 2,91 cents (H1 F2019: headline earnings per share of 2,86 cents*)

NET ASSET VALUE PER SHARE decreased by 20,2% to 43,0 cents (H1 F2019: 53,9 cents)

NET TANGIBLE ASSET VALUE PER SHARE decreased by 23,9% to 34,7 cents (H1 F2019: 45,6 cents)

NO DIVIDEND DECLARED

* *Restated.*

Results COMMENTARY

INTRODUCTION

Ellies Holdings Limited is an investment holding company for businesses involved in the manufacture, trading and distribution of a diverse range of products and services, inclusive of Digital Terrestrial Television (DTT), 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 14 branches and trade counters in South Africa, with a presence in all nine provinces and wholly-owned subsidiaries in Namibia, Botswana and Swaziland.

Ellies Industries, the Manufacturing segment, manufactures, sells and distributes various products related to markets Ellies serves, including satellite dishes, terrestrial aerials, TV brackets, mounts and shelving solutions, whilst offering bespoke industry solutions and custom-made products, with its primary customer being Ellies Electronics.

The Group changed its operating segments during the 2019 reporting period. It now reports on two segments, namely Trading and Distribution, and Manufacturing. These segments leverage off common pools of expertise, allowing each segment to focus on its core competencies. The Trading and Distribution segment markets a comprehensive range of products, sourced from the Group's Manufacturing segment as well as other manufacturers, both locally and internationally. The Manufacturing segment manufactures primarily for the Trading and Distribution segment.

OVERVIEW

In the integrated annual report issued during August 2019, it was stated the business was in crisis from a strategic and operational perspective. The new management and Board, appointed in April 2019, have been working to effect a number of changes in order to deal with legacy issues, some of which were more serious than initially envisaged, and were called on to resolve new problems inherent in the business.

Insurance

Due to the deterioration of the municipal water infrastructure and the lack of maintenance to the Johannesburg warehouse and distribution facility, the Group's insurers initially withdrew fire cover but later reinstated cover with stringent conditions, which the Group has met and cover has been reinstated.

Investment properties

In line with the Group's strategy to return to sustainable profitability, the Group has resolved to dispense of its investment properties and to lease back only those required for operations. Steps are in progress to achieve this objective. An impairment write-down was taken in the current results to align the carrying value with the expected proceeds on disposal.

Inventory

At the April 2019 year-end, the Group recorded considerable inventory write-offs attributable to poor inventory management and a further write-off followed in the interim results for the six-month period ended 31 October 2019. Whilst inventory losses remain unacceptably high, the Group has made some progress towards correcting the inventory mix and poor customer service levels.

Control environment

The appointment in June 2019 of an outsourced Internal Audit function was made and is aimed at strengthening the control environment. At present, due to the poor control environment, insurers have declined to cover the Group for losses attributable to commercial crime. The internal auditors have made a number of control recommendations, which management across the organisation is working to address.

Technology

The lack of investment in technology and infrastructure has regrettably continued to adversely affect operations. An information technology remediation plan was submitted to the Board in November 2019 and approved, which indicated that a considerable spend is required over the next two to three years to remediate systems.

The Board will be addressing this as a matter of urgency in the next six months with the intention to set up a dedicated project to deal with this vital aspect of the business.

Results commentary continued

Manufacturing

The manufacturing segment has suffered from lack of throughput and has been posting losses for a number of financial years. The initial scope of the DTT Project has not materialised and there is no clear understanding as to when this project will take effect. A remediation plan is being devised and various options are being evaluated.

Trading environment

The trading environment remains constrained and the Group's principal revenue generator, installations of satellite dishes, have shown a significant decline. It is worth noting that the previous year's reporting period included the FIFA World Cup, which stimulated the high volume of installation of satellite dishes in that period.

Changes in technology, for example, the recently announced changes to streaming devices, are expected to eventually have an effect on the existing business.

Lower activity and revenue from Multichoice was the biggest single factor driving the decline in revenue.

In order to achieve greater market penetration, the first new concept trade counter was opened on the East Rand with more to follow.

In addition to the above, a number of legacy legal issues remain outstanding and are being resolved.

The unsatisfactory operating performance in the period under review has resulted in both the Group's primary banker and its import finance provider reducing funding facilities. The Board and management are in regular contact with the Group's bankers and the Board does not believe that the reduction in the facilities will adversely impact the operations going forward, as steps are being taken to improve performance and strengthen the statement of financial position.

REVIEW OF OPERATIONS

Trading and Distribution segment

The Trading and Distribution segment experienced a challenging six months and management is focussing on inventory management (end-to-end) in an attempt to improve stock control and order fill rates. Infrastructure issues, however, continued to restrict the efficient movement and control of inventory.

Approximately half of the revenue of the Trading and Distribution segment is also concentrated in a few key customers and their performance within their own industries has had a direct impact on Ellies' performance. Increased competition from imports and the ongoing poor economic conditions in the country have put additional pressure on margins, directly impacting profitability.

Despite the challenges facing the segment, good demand is still experienced from customers as the Ellies brand is recognised and respected across industries and sectors. The Board and management are working hard to ensure that changes in the environment are taken note of and alternative opportunities pursued to ensure that the brand remains relevant in the sector.

Manufacturing segment

The Manufacturing segment provides product to the Trading and Distribution segment. There has been insufficient throughput to recover the costs on a monthly basis and the segment remains challenged by issues such as the forecasting of market demand (South Africa and the rest of Africa), the lowering of input costs and the driving of volumes to support a sustainable outcome. A critical review of this segment is in progress.

Details of the financial results per segment are disclosed in the Segment Analysis.

FINANCIAL REVIEW

The Group, as noted above, experienced another challenging six months and reported a loss per share of 4,18 cents for the period under review (H1 2019: earnings of 2,93 cents per share) and a headline loss per share of 2,91 cents (H1 2019: headline earnings per share of 2,86 cents).

Growth in the South African economy remained subdued, however, the difficulties experienced at Eskom contributed positively to the Group's results through the sale of alternative energy solutions.

Results commentary continued

Statement of comprehensive income

EBITDA before restructuring costs of R2,5 million was the result of a 2,3% revenue decrease, which resulted in a 3,0% decrease in gross profit. Operating expenses increased by 3,4%, excluding the effect of the introduction of IFRS 16.

The main drivers of operating expenses remain employment costs and delivery expenses.

In the integrated annual report, management alluded to the infrastructure issue at the Johannesburg main warehouse. Due to the deterioration of the municipal water infrastructure, the Group's Johannesburg properties required remediation to be insurable for fire hazards. The Group changed its intention regarding investment properties. Previously it was expected that the cost of the properties will be recovered through use instead of sale. The Group has decided that the properties' cost will be recovered through sale in order to reduce debt and a review of the carrying values of investment properties resulted in an impairment of R8,0 million to its fair value less cost to sell.

IFRS 16 – *Leases* became effective on 1 May 2019, and the Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments of R2,2 million to retained earnings and R0,1 million to non-controlling interests on the date of initial application without restatement of comparative figures. As a result of adopting IFRS 16, the net loss for the six months ended 31 October 2019 has decreased by R0,7 million due to the replacement of operating lease expenses of R8,4 million with depreciation on the right-of-use assets (R6,8 million) and interest expense on lease liabilities (R1,4 million), totalling an amount of R8,1 million. The straight lining of leases accounts for the difference.

Statement of financial position

Despite a decrease of R78,8 million in capital and reserves compared to a year ago, the statement of financial position remains strong, ending the year with capital and reserves of R242,3 million. Net asset value per share was 43,0 cents (H1 2019: 53,9 cents).

IFRS 16 resulted in a right-of-use asset of R17,0 million. A corresponding lease liability of R 19,7 million was raised, of which R14,9 million has been disclosed as current.

Inventory decreased considerably compared to a year ago, mainly as a result of the identification of slow-moving and obsolete inventory written off and provisioned against.

The Group will commence the repayment of the amortising profile loan instalments of the Standard Bank facility at the end of January 2020 and quarterly thereafter.

Statement of cash flows

Changes in working capital since 1 May 2019 amounted to an outflow of R8,0 million, attributable to an increase in inventory and accounts receivable of R31,3 million and R6,6 million, respectively, partially set off by an increase in trade payables of R29,9 million.

GOING FORWARD

Ellies is in the process of adjusting to difficult trading conditions in a very competitive and challenging economic environment and, as noted above, there are a number of critical issues to be resolved before the Group can solely focus on the return to sustainable profitability. The Board and management believe that the key areas of focus have been identified, action plans developed and implementation steps taken.

DIVIDEND

No dividend has been declared for the period under review.

Consolidated statement of PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 October 2019

	Notes	GROUP Unaudited 6 months ended 31 Oct 2019 R'000	Restated 6 months ended 31 Oct 2018 R'000	Unaudited 6 months ended 31 Oct 2018 R'000	Audited 12 months ended 30 Apr 2019 R'000
Revenue	2	**644 293**	659 575	677 768	1 357 739
Cost of sales		**(454 338)**	(463 693)	(481 886)	(1 009 244)
Gross profit		**189 955**	195 882	195 882	348 495
Other income		**917**	3 551	3 551	4 497
Operating expenses		**(188 421)**	(182 294)	(182 294)	(374 467)
Depreciation		**(5 447)**	(5 777)	(5 777)	(8 944)
Right-of-use asset depreciation		**(6 785)**	–	–	–
Operating (loss)/profit before impairment of intangibles assets		**(9 781)**	11 362	11 362	(30 419)
Impairment of property, plant and equipment		**(8 006)**	–	–	(7 873)
Impairment of loans to associate		**91**	(4 781)	(4 781)	(3 902)
(Loss)/profit from operations		**(17 696)**	6 581	6 581	(42 194)
Interest received		**548**	1 799	1 799	2 816
Interest paid		**(9 337)**	(8 265)	(8 265)	(20 298)
Operating lease interest		**(1 353)**	–	–	–
Share of losses from associates		**(91)**	–	–	(2 269)
(Loss)/profit before taxation		**(27 929)**	115	115	(61 945)
Taxation		**(2 060)**	(694)	(694)	5 832
(Loss)/profit for the period: continuing operations		**(29 989)**	(579)	(579)	(56 113)
(Loss)/profit from discontinued operations – Trading and Distribution segment	3	**(95)**	16 240	69 733	24 718
(Loss)/profit for the period		**(30 084)**	15 661	69 154	(31 395)
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss					
– Foreign currency translation reserve		**83**	801	801	697
– Tax effect on foreign currency translation		**32**	311	311	38
Total comprehensive (loss)/income for the period		**(29 969)**	16 773	70 266	(30 660)
Attributable to:					
Equity holders of the parent		**(25 896)**	18 250	71 743	(22 183)
Non-controlling interests		**(4 188)**	(2 589)	(2 589)	(9 212)
Net (loss)/profit after taxation		**(30 084)**	15 661	69 154	(31 395)
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		**(25 781)**	19 362	72 855	(21 448)
Non-controlling interests		**(4 188)**	(2 589)	(2 589)	(9 212)
Total comprehensive (loss)/income for the period		**(29 969)**	16 773	70 266	(30 660)
– Basic (loss)/earnings per share (cents)	4	**(4,18)**	2,93	11,57	(3,58)
– Diluted (loss)/earnings per share (cents)		**(4,18)**	2,93	11,57	(3,58)

Consolidated statement of FINANCIAL POSITION

as at 31 October 2019

	Notes	GROUP			
		Unaudited 31 Oct 2019 R'000	Restated 31 Oct 2018 R'000	Unaudited 31 Oct 2018 R'000	Audited 30 Apr 2019 R'000
ASSETS					
Non-current assets		**111 815**	137 404	137 404	132 555
Property, plant and equipment	7	**27 776**	73 292	73 292	64 029
Goodwill	6	**51 438**	51 438	51 438	51 438
Right-of-issue asset	9	**16 956**	–	–	–
Deferred taxation		**15 645**	12 674	12 674	17 088
Current assets		**534 299**	633 760	616 190	527 646
Inventory		**331 293**	398 703	398 703	300 009
Trade and other receivables		**181 158**	204 566	187 439	174 543
Taxation receivable		**7 335**	7 959	7 959	7 713
Bank and cash balances		**14 513**	22 532	22 089	45 381
Non-current assets		**23 832**	–	–	–
Non-current assets held for sale		**23 832**	–	–	–
Group disposals held for sale/distribution		**–**	–	17 570	–
Trading and Distribution segment	3	**–**	–	17 570	–
Total assets		**669 946**	771 164	771 164	660 201
EQUITY AND LIABILITIES					
Total shareholders' interests		**242 336**	321 121	374 704	274 634
Stated capital		**837 212**	837 212	837 212	837 212
Non-distributable reserves		**(176 121)**	(175 859)	(175 859)	(176 236)
Accumulated loss		**(394 645)**	(327 067)	(273 484)	(366 554)
Equity attributable to equity holders of the parent		**266 446**	334 286	387 869	294 422
Non-controlling interests		**(24 110)**	(13 165)	(13 165)	(19 788)
Non-current liabilities		**153 175**	92 253	92 253	148 300
Interest-bearing liabilities		**148 300**	87 693	87 693	148 300
Lease liability	9	**4 875**	–	–	–
Deferred taxation		**–**	4 560	4 560	–
Current liabilities		**274 435**	357 790	297 751	237 267
Interest-bearing liabilities		**9 528**	4 921	4 922	9 656
Trade and other payables		**206 904**	141 534	135 078	177 094
Provisions		**1 541**	5 248	5 248	5 186
Taxation payable		**–**	474	474	786
Third party loans		**41 607**	53 584	–	41 607
Lease liability	9	**14 855**	–	–	–
Bank overdrafts		**–**	152 029	152 029	2 938
Group disposals held for sale/distribution		**–**	–	6 456	–
Trading and Distribution segment	3	**–**	–	6 456	–
Total equity and liabilities		**669 946**	771 164	771 164	660 201
Supplementary information:					
Net asset value per share (cents)		**42,96**	53,90	62,54	47,48
Net tangible asset value per share (cents)		**34,67**	45,61	54,25	39,18
Number of shares in issue at the end of period		**620 158 235**	620 158 235	620 158 235	620 158 235

Consolidated statement of CHANGES IN EQUITY

for the six months ended 31 October 2019

	Stated capital R'000	Foreign currency trans-lation reserve R'000	Non-distri-butable reserves R'000	Retained earnings R'000	Equity attri-butable to equity holders of the parent R'000	Non-controlling interests R'000	Total equity R'000
GROUP							
Balances as at 1 May 2017	837 212	1 512	(178 044)	(382 594)	278 086	(7 180)	270 906
Total comprehensive (loss)/income for the period	–	(289)	–	42 421	42 132	(4 163)	37 969
Share-based payment reserve	–	–	1 554	–	1 554	–	1 554
Balances as at 1 May 2018	837 212	1 223	(176 490)	(340 173)	321 772	(11 343)	310 429
Adjustments on first-time adoption of IFRS 9	–	–	–	(4 198)	(4 198)	–	(4 198)
Total comprehensive income/(loss) for the period	–	1 112	–	71 743	72 855	(2 589)	70 266
Change of control	–	–	–	(856)	(856)	767	(89)
Share-based payment reserve	–	–	(1 704)	–	(1 704)	–	(1 704)
Balances as at 31 October 2018	837 212	2 335	(178 194)	(273 484)	387 869	(13 165)	374 704
Adjustment as a result of prior period error	–	–	–	(53 583)	(53 583)	–	(53 583)
Adjusted balances as at 31 October 2018	837 212	2 335	(178 194)	(327 067)	334 286	(13 165)	321 121
Total comprehensive income/(loss) for the period	–	(377)	–	(39 487)	(39 864)	(6 623)	(46 487)
Balances as at 30 April 2019	**837 212**	**1 958**	**(178 194)**	**(366 554)**	**294 422**	**(19 788)**	**274 634**
Adjustments on first-time adoption of IFRS 16	**–**	**–**	**–**	**(2 195)**	**(2 195)**	**(134)**	**(2 329)**
Total comprehensive income/(loss) for the period	**–**	**115**	**–**	**(25 896)**	**(25 781)**	**(4 188)**	**(29 969)**
Balances as at 31 October 2019	**837 212**	**2 073**	**(178 194)**	**(394 645)**	**266 446**	**(24 110)**	**242 336**

Consolidated statement of CASH FLOWS

for the six months ended 31 October 2019

	Notes	GROUP Unaudited 6 months ended 31 Oct 2019 R'000	Restated 6 months ended 31 Oct 2018 R'000	Unaudited 6 months ended 31 Oct 2018 R'000	Audited 12 months ended 30 Apr 2019 R'000
Cash flows from operating activities		**(19 802)**	(46 183)	(46 183)	63 822
Cash generated from operations	5	**(9 227)**	(47 305)	(36 633)	65 419
Interest received		**548**	130	130	265
Interest paid		**(10 690)**	(8 265)	(8 265)	(20 249)
Taxation paid		**(338)**	(7 343)	(7 343)	(8 345)
Cash flows – continuing operations		**(19 707)**	(62 783)	(52 111)	37 090
Cash flows – discontinued operations		**(95)**	16 600	5 928	26 732
Cash flows from investing activities		**(973)**	(1 233)	(1 233)	(3 387)
Acquisitions of property, plant and equipment		**(1 032)**	(3 348)	(3 348)	(5 041)
Proceeds on disposal of property, plant and equipment		**59**	935	935	982
Proceeds on disposal of non-current assets held for sale		**–**	4 250	4 250	4 250
Loss of control		**–**	(29)	(29)	(29)
Loans advanced to associate		**–**	(3 112)	(3 112)	(3 620)
Cash flows – continuing operations		**(973)**	(1 304)	(1 304)	(3 458)
Cash flows – discontinued operations		**–**	71	71	71
Cash flows from financing activities		**(7 155)**	(7 242)	(7 242)	56 898
Repayment of interest-bearing liabilities		**(128)**	(6 342)	(6 342)	(10 347)
Repayment of vendor loans		**–**	–	–	67 245
Capital paid on lease liabilities		**(7 027)**	–	–	–
Cash flows utilised by continuing operations		**(7 155)**	(6 342)	(6 342)	56 898
Cash flows utilised by discontinued operations		**–**	(900)	(900)	–
Net increase in cash and cash equivalents		**(27 930)**	(54 658)	(54 658)	117 333
Foreign currency translation reserve – net movement on cash and cash equivalents		**–**	(40)	(40)	(91)
Cash and cash equivalents at the beginning of the period		**42 443**	(74 799)	(74 799)	(74 799)
Cash and cash equivalents at the end of the period		**14 513**	(129 497)	(129 497)	42 443
Cash and cash equivalents consist of:					
Bank and cash balances		**14 513**	22 532	22 532	45 381
– Continuing operations		**14 513**	22 532	22 089	45 381
– Discontinued operations		**–**	–	443	–
Bank overdrafts		**–**	(152 029)	(152 029)	(2 938)
– Continuing operations		**–**	(152 029)	(152 029)	(2 938)
		14 513	(129 497)	(129 497)	42 443

SEGMENT analysis

for the six months ended 31 October 2019

The Group changed its operating segments during the 2019 reporting period. It now reports on two segments, namely Trading and Distribution, and Manufacturing. These segments leverage off common pools of expertise, allowing each segment to focus on its core competencies. The Trading and Distribution segment sources and markets, both locally and internationally. The Manufacturing segment manufactures primarily for the Trading and Distribution segment.

STATEMENT OF FINANCIAL POSITION	Trading and Distribution R'000	Manufacturing R'000	Infrastructure discontinued R'000	Total R'000
Unaudited as at 31 October 2019				
Total assets	**592 641**	**77 305**	**–**	**669 946**
Total liabilities	**380 134**	**47 476**	**–**	**427 610**
Net assets	**212 507**	**29 829**	**–**	**242 336**
Restated as at 31 October 2018				
Total assets	680 773	90 391	–	771 164
Total liabilities	406 155	43 887	–	450 042
Net assets	274 618	46 504	–	321 122
Unaudited as at 31 October 2018				
Total assets	663 203	90 391	17 570	771 164
Total liabilities	346 116	43 887	6 456	396 459
Net assets	317 087	46 504	11 114	374 705
Audited as at 30 April 2019				
Total assets	576 296	83 905	–	660 201
Total liabilities	337 832	47 735	–	385 567
Net assets	238 464	36 170	–	274 634

STATEMENT OF PROFIT OR LOSS	Trading and Distribution R'000	Manufacturing R'000	Total continuing operations R'000	Trading and Distribution discontinued R'000	Infrastructure discontinued R'000	Total R'000
Unaudited six months ended 31 October 2019						
	642 915	**1 378**	**644 293**	**–**	**–**	**644 293**
Revenue	**666 991**	**39 996**	**706 987**	**–**	**–**	**706 987**
Intersegment revenue	**(24 076)**	**(38 618)**	**(62 694)**	**–**	**–**	**(62 694)**
Operating expenses	**(172 673)**	**(15 748)**	**(188 421)**	**(95)**	**–**	**(188 516)**
Segment (loss)/profit before interest and taxation	**(7 421)**	**(10 275)**	**(17 696)**	**(95)**	**–**	**(17 791)**
Interest received	**548**	**–**	**548**	**–**	**–**	**548**
Interest paid	**(10 508)**	**(182)**	**(10 690)**	**–**	**–**	**(10 690)**
Interest intersegment	**5 650**	**(5 650)**	**–**	**–**	**–**	**–**
(Loss)/profit before taxation	**(11 731)**	**(16 107)**	**(27 838)**	**(95)**	**–**	**(27 933)**
Share of losses from associates	**(91)**	**–**	**(91)**	**–**	**–**	**(91)**
(Loss)/profit before taxation	**(11 822)**	**(16 107)**	**(27 929)**	**(95)**	**–**	**(28 024)**

SEGMENT analysis

for the six months ended 31 October 2019

STATEMENT OF PROFIT OR LOSS	Trading and Distribution R'000	Manufac-turing R'000	Total continuing operations R'000	Trading and Distribution discontinued R'000	Infrastructure discontinued R'000	Total R'000
Restated six months ended 31 October 2018						
	659 295	280	659 575	611	–	660 186
Revenue	677 488	49 856	727 344	611	–	727 955
Intersegment revenue	(18 193)	(49 576)	(67 769)	–	–	(67 769)
Operating expenses	(168 116)	(14 178)	(182 294)	(4 649)	–	(186 943)
Segmental profit/(loss) before interest and taxation	11 415	(4 834)	6 581	16 240	–	22 821
Interest received	1 799	–	1 799	–	–	1 799
Interest paid	(8 265)	–	(8 265)	–	–	(8 265)
Interest intersegment	4 586	(4 586)	–	–	–	-
(Loss)/profit before taxation	9 535	(9 420)	115	16 240	–	16 355
Share of losses from associates	–	–	–	–	–	–
(Loss)/profit before taxation	9 535	(9 420)	115	16 240	–	16 355
Unaudited six months ended 31 October 2018						
	659 295	280	659 575	611	–	660 186
Revenue	677 488	49 856	727 344	611	–	727 955
Intersegment revenue	(18 193)	(49 576)	(67 769)	–	–	(67 769)
Operating expenses	(168 116)	(14 178)	(182 294)	(155)	–	(182 449)
Segmental profit/(loss) before interest and taxation	11 415	(4 834)	6 581	(78)	69 811	76 314
Interest received	1 799	–	1 799	–	–	1 799
Interest paid	(8 265)	–	(8 265)	–	–	(8 265)
Interest intersegment	4 586	(4 586)	–	–	–	–
(Loss)/profit before taxation	9 535	(9 420)	115	(78)	69 811	69 848
Share of losses from associates	–	–	–	–	–	–
(Loss)/profit before taxation	9 535	(9 420)	115	(78)	69 811	69 848
Audited as at 30 April 2019						
	1 356 897	842	1 357 739	611	–	1 358 350
Revenue	1 396 892	92 233	1 489 125	611	–	1 489 736
Intersegment revenue	(39 995)	(91 391)	(131 386)	–	–	(131 386)
Operating expenses	(345 056)	(29 411)	(374 467)	(5 194)	–	(379 661)
Segmental (loss)/profit before interest and taxation	(13 723)	(28 471)	(42 194)	24 718	–	(17 476)
Interest received	2 816	–	2 816	–	–	2 816
Interest paid	(20 298)	–	(20 298)	–	–	(20 298)
Interest intersegment	10 180	(10 180)	–	–	–	–
(Loss)/profit before taxation	(21 025)	(38 651)	(59 676)	24 718	–	(34 958)
Share of losses from associates	(2 269)	–	(2 269)	–	–	(2 269)
(Loss)/profit before taxation	(23 294)	(38 651)	(61 945)	24 718	–	(37 227)

Notes to the UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

for the six months ended 31 October 2019

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial results for the six months ended 31 October 2019 have been prepared in accordance with the requirements of the JSE Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa applicable to condensed financial statements. The JSE Listings Requirements require reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The unaudited condensed consolidated interim financial results were compiled by Mr Jayme Burgers (CA(SA)), Group Financial Accountant, under the supervision of Mr Chris Booyens (CA(SA)), Financial Director and Chief Financial Officer.

The directors take full responsibility for the preparation of this condensed report. The directors are not aware of any matters or circumstances arising subsequent to the reporting date that require any additional disclosure or adjustment to the financial statements, other than as disclosed in note 10.

Changes in accounting policies

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 April 2019. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 April 2019, except for the first-time adoption of IFRS 16 – *Leases*.

Audit opinion

The Group's external auditors, BDO South Africa Inc, have not reviewed the unaudited condensed consolidated interim financial results.

Any reference to future financial performance included in this announcement has neither been reviewed nor is it reported on by the Group's external auditors.

Going concern assessment

In determining the appropriate basis of preparation of the unaudited condensed consolidated interim financial results, the directors are required to determine if the Group will be a going concern for the next financial year and up to 31 January 2021. Management prepared cash flow forecasts for each of the subsidiaries. These forecasts were subjected to sensitivity tests. Management also considered the businesses' ability to meet its financial obligations for the 12 months following approval of the unaudited condensed consolidated interim financial results. The analysis considered the current challenging market conditions and management's turnaround plan being executed including a return to sustainable profitability, cost reductions and the optimisation of working capital. The resulting cash flow projections were compared to available funding facilities. The forecast indicated that the banking facilities should be adequate. There are specific banking covenants with which the Company has to comply.

The effect of a further deterioration in the economic outlook and its potential impact on the Group's cash flow and funding facilities were also considered. The Group's ability to fund its short-term liquidity requirements is dependent on adequate funding facilities.

The directors believe that the Group will have adequate resources available to continue in operation.

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

2. REVENUE

Revenue from contracts with customers

	GROUP			
	Unaudited 6 months ended 31 Oct 2019 R'000	Restated 6 months ended 31 Oct 2018 R'000	Unaudited 6 months ended 31 Oct 2018 R'000	Audited 12 months ended 30 April 2019 R'000
Revenue from contracts with customers	**644 293**	659 575	677 768	1 357 739

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographic market.

	GROUP			
	Unaudited 6 months ended 31 Oct 2019 R'000	Restated 6 months ended 31 Oct 2018 R'000	Unaudited 6 months ended 31 Oct 2018 R'000	Audited 12 months ended 30 April 2019 R'000
South Africa	**597 888**	620 174	638 367	1 271 245
Botswana	**10 995**	8 666	8 666	16 623
Namibia	**27 189**	24 282	24 282	55 083
Swaziland	**8 221**	6 453	6 453	14 788
	644 293	659 575	677 768	1 357 739

Revenue generated in South Africa can be further disaggregated into the following customer categories:

	GROUP			
	Unaudited 6 months ended 31 Oct 2019 R'000	Restated 6 months ended 31 Oct 2018 R'000	Unaudited 6 months ended 31 Oct 2018 R'000	Audited 12 months ended 30 April 2019 R'000
Cash on delivery customers	**110 344**	91 157	91 157	204 208
Independent customers	**147 581**	159 768	159 768	217 690
Satellite television service providers	**139 699**	182 658	200 851	353 017
Major retailers	**200 264**	186 591	186 591	496 330
	597 888	620 174	638 367	1 271 245

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 May 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

3. DISCONTINUED OPERATIONS

	GROUP			
	Unaudited 6 months ended 31 Oct 2019 R'000	Restated 6 months ended 31 Oct 2018 R'000	Unaudited 6 months ended 31 Oct 2018 R'000	Audited 12 months ended 30 April 2019 R'000
Revenue	**–**	611	611	611
(Loss)/profit before interest, taxation, depreciation and amortisation ("EBITDA")	**(95)**	16 246	(72)	15 455
Depreciation	**–**	(6)	(6)	(6)
Profit on loss of control	**–**	–	69 811	9 269
(Loss)/profit before interest and taxation	**(95)**	16 240	69 733	24 718
Interest received	**–**	–	–	–
Interest paid	**–**	–	–	–
Share of losses from associate	**–**	–	–	–
(Loss)/profit before taxation	**(95)**	16 240	69 733	24 718
Taxation	**–**	–	–	–
(Loss)/profit after taxation	**(95)**	16 240	69 733	24 718
Loss as a result of loss of control in the Trading and Distribution segment	**–**	–	–	(655)
Profit as a result of loss of control in the Infrastructure segment	**–**	–	69 811	9 924
	–	–	69 811	9 269
Current assets	**–**	–	17 570	–
Trade and other receivables	**–**	–	17 127	–
Bank and cash balances	**–**	–	443	–
	–	–	17 570	–
Current liabilities	**–**	–	6 456	–
Trade and other payables	**–**	–	6 456	–
	–	–	6 456	–

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

4. (LOSS)/EARNINGS PER SHARE

	GROUP			
	Unaudited 6 months ended 31 Oct 2019 R'000	Restated 6 months ended 31 Oct 2018 R'000	Unaudited 6 months ended 31 Oct 2018 R'000	Audited 12 months ended 30 Apr 2019 R'000
Basic (loss)/earnings per share (cents)	**(4,18)**	2,93	11,57	(3,58)
– Trading and Distribution – continuing operations	**(2,50)**	1,10	1,10	(3,42)
– Trading and Distribution – discontinued operations	**(0,02)**	2,61	(0,01)	3,99
– Manufacturing – continuing operations	**(1,66)**	(0,78)	(0,78)	(4,15)
– Infrastructure – discontinued operations	**–**	–	11,26	–
Headline (loss)/earnings per share (cents)	**(2,91)**	2,86	0,24	(3,26)
– Trading and Distribution – continuing operations	**(1,23)**	1,02	1,02	(2,88)
– Trading and Distribution – discontinued operations	**(0,02)**	2,62	(0,01)	2,49
– Manufacturing – continuing operations	**(1,66)**	(0,78)	(0,78)	(2,87)
– Infrastructure – discontinued operations	**–**	–	0,01	–
The calculation of (loss)/earnings per ordinary share for the Group is based on the following:				
– Basic (loss)/earnings (R'000)	**(25 896)**	18 250	71 743	(22 183)
– Headline (loss)/earnings (R'000)	**(18 024)**	17 757	1 517	(20 229)
– Weighted average number of shares in issue	**620 158 235**	620 158 235	620 158 235	620 158 235
Reconciliation of headline earnings				
Net (loss)/profit for the year attributable to equity holders of the parent	**(25 896)**	18 250	71 743	(22 183)
Adjusted for:				
– (Profit) on sale of property, plant and equipment	**(59)**	(684)	(684)	(767)
– Trading and Distribution – continuing operations	**(59)**	(684)	(684)	(767)
– (Profit)/loss as a result of loss of control	**–**	–	(69 733)	(9 269)
– Impairment of property, plant and equipment	**8 006**	–	–	7 873
– Impairment of loans to associates	**(91)**	–	–	3 902
– Tax effect on adjustments	**16**	191	191	215
Headline (loss)/earnings attributable to ordinary shareholders	**(18 024)**	17 757	1 517	(20 229)

Ellies has no dilutionary instruments in issue.

All amounts are net of non-controlling interests, where applicable.

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

5. CASH (UTILISED BY)/GENERATED FROM OPERATIONS

	GROUP			
	Unaudited 6 months ended 31 Oct 2019 R'000	Restated 6 months ended 31 Oct 2018 R'000	Unaudited 6 months ended 31 Oct 2018 R'000	Audited 12 months ended 30 April 2019 R'000
(Loss)/profit before taxation	**(27 929)**	115	115	(61 945)
Adjusted for:				
Interest received	**(548)**	(1 799)	(1 799)	(2 816)
Interest paid	**10 690**	8 265	8 265	20 298
Impairment on inventory	**–**	–	–	82 798
Impairment on trade receivables	**–**	–	–	12 323
Impairment of loans	**–**	4 781	4 781	3 902
Impairment of property, plant and equipment	**8 006**	–	–	7 873
Depreciation	**12 232**	5 777	5 777	8 944
Loss on transfer of control	**–**	340	340	–
Share-based payments	**–**	–	–	(1 704)
Loss on disposal of non-current assets	**(59)**	(720)	(720)	(767)
Share of losses from associates	**–**	–	–	2 269
(Decrease)/increase in provisions	**(3 645)**	3 514	3 514	3 496
	(1 253)	20 273	20 273	74 671
Changes in working capital	**(7 974)**	(67 578)	(56 906)	(9 252)
(Increase)/decrease in inventories	**(31 284)**	(30 088)	(30 402)	57 762
(Increase)/decrease in trade and other receivables	**(6 615)**	33 216	50 869	(59 198)
Decrease/(increase) in trade and other payables	**29 925**	(70 706)	(77 373)	(7 816)
	(9 227)	(47 305)	(36 633)	65 419

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

6. GOODWILL

	GROUP			
	Unaudited 31 Oct 2019 R'000	Restated 31 Oct 2018 R'000	Unaudited 31 Oct 2018 R'000	Audited 30 April 2019 R'000
Cost	**53 672**	53 672	53 672	53 672
Accumulated impairments	**(2 234)**	(2 234)	(2 234)	(2 234)
	51 438	51 438	51 438	51 438
Net carrying value				
Arising on acquisition of companies/business of:				
Trading and Distribution segment	**51 438**	51 438	51 438	51 438
– Ellies Group of companies*	**51 438**	51 438	51 438	51 438
Closing net carrying value	**51 438**	51 438	51 438	51 438
Movement summary				
Carrying value at the beginning of the period	**51 438**	51 438	51 438	51 438
Impairment	**–**	–	–	–
Carrying value at the end of the period	**51 438**	51 438	51 438	51 438
** The net book value of goodwill has been allocated to the following cash-generating units:*				
Bloemfontein (Ellies Electronics branch)	**13 911**	13 911	13 911	13 911
Cape Town (Ellies Electronics branch)	**23 431**	23 431	23 431	23 431
Ellies Namibia Proprietary Limited	**6 596**	6 596	6 596	6 596
Other smaller branches (Ellies Electronics branches)	**7 500**	7 500	7 500	7 500
	51 438	51 438	51 438	51 438

The main factor contributing to the goodwill raised on these acquisitions is their market presence and expected synergies.

Impairment review

In accordance with IAS 36, goodwill is reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired.

The recoverable amount of goodwill relating to the Trading and Distribution segment cash-generating units has been determined on the basis of value-in-use calculations. All these cash-generating units operate in the same economic environment for which the same key assumptions have been used.

Management made use of a discounted cash-flow model over a period of five years; the following assumptions were applied in determining the value in use:

- A growth rate of 5,2% (2018: 4%) was applied and cash flows were discounted at a pre-tax rate of 24% (2018: 20,99%), which is the estimated cost of capital.
- Asset values were based on the carrying amounts for the financial period.
- Future profits were estimated using historical information and approved budgets.
- Sales growth/gross margins were based on historical achievement/known future prospects.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows have been extended into perpetuity at the growth rates noted above as management has no reason to believe the company will not continue past the budget period.

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

6. GOODWILL continued

Management believes that this growth rate does not exceed the long-term average growth rate for the market in which the businesses operate. Any changes in revenue or costs are based on past practices and expectations of future changes in the market. Reasonable changes to the inputs of the model would not lead to material impairments.

Assumptions were based on management's past experience and best estimates regarding forecasts. Management determined budgeted gross margin based on past performance and its expectations of market developments. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and respective businesses. Based on management's calculations, no impairment was required.

7. PROPERTY, PLANT AND EQUIPMENT IMPAIRMENT

During the period management committed to a plan to sell its properties. Accordingly, the properties are presented as non-current assets held for sale. Efforts to sell the properties have started and a sale is expected by April 2020.

Impairment losses of R8,0 million for write-downs of the non-current assets to the lower of its carrying amount and its fair value less costs to sell have been included in impairments to property plant and equipment. The impairment losses have been applied to reduce the carrying amount of properties.

The below table summarise the impairment of these properties:

	Unaudited 6 months ended 31 Oct 2019 R'000
Village Deep – ERF 264	1 116
Village Deep – ERF 236	3 825
Christies Crescent Nelspruit – ERF 45, 8 and 10	1 024
Bloemfontein – ERF 1671	1 446
North End Port Elizabeth – ERF 1030	595
	8 006

The non-current assets held for sale may be analysed as follows:

	Unaudited 6 months ended 31 Oct 2019 R'000
Village Deep – ERF 264	4 132
Village Deep – ERF 236	1 862
Christies Crescent Nelspruit – ERF 45, 8 and 10	6 300
Bloemfontein – ERF 1671	4 722
North End Port Elizabeth – ERF 1030	3 595
Arcadia East London – ERF 16159	3 221
	23 832

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

8. GUARANTEES AND CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of bank and other guarantees. It is not expected that any material liabilities will arise from these.

Increspec Proprietary Limited and NV Properties Proprietary Limited

The two cases, Ellies Proprietary Limited versus Increspec Proprietary Limited and Ellies Proprietary Limited versus NV Properties Proprietary Limited, remain pending. Both Increspec Proprietary Limited and NV Properties Proprietary Limited have filed counter claims wherein they seek damages against Ellies Proprietary Limited in the sum of R21,5 million and R5 million, respectively. Ellies Proprietary Limited is defending the claims and, based on the assessment of its legal position, does not believe that the cases will result in a loss to the Group. At the reporting date, these matters remained pending and has been dormant for a long period of time. The company is considering the next best viable options and is obtaining legal advice in this regard.

Beyond Platinum Proprietary Limited

Beyond Platinum Proprietary Limited instituted civil legal action and laid criminal charges against Ellies Electronics Proprietary Limited and certain of its directors for the alleged sale of counterfeit remote-control devices. The criminal cases against the directors have since been withdrawn. The civil claims are not quantified. The value of the risk in terms of assets is R5,1 million, all duly impaired. During July 2019, the court delivered judgment in the civil case in favour of Ellies Electronics Proprietary Limited. Beyond Platinum Proprietary Limited then appealed the court judgment and the application for leave to appeal was heard in court on 26 November 2019. Beyond Platinum Proprietary Limited has served their amended particulars of claim (summons) in the second aspect of the case. Ellies Electronics Proprietary Limited is in the process of obtaining legal advice on its legal remedies in respect of issues raised in the amended summons.

Super Group Limited

Super Group Limited instituted legal action against Ellies Electronics Proprietary Limited relating to the performance and cancellation of a contract and loss of profits. The total amount claimed is R42,0 million. The parties are currently in the process of rescheduling a date for a meeting with the arbitrator as the initial date could not be complied with. The purpose of the meeting with the arbitrator is to determine a date for the hearing of the arbitration as well as any other pre-arbitration requirement pertaining to, for example, the filing of documents.

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

9. IMPACT OF FIRST-TIME ADOPTION OF IFRS 16

IFRS 16 – Leases

IFRS 16 supersedes the previous standards relating to the accounting treatment of leases (IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease). The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application being 1 May 2019, using the incremental borrowing rate as opposed to the interest rate implicit to the lease, across all leases.

Therefore, the comparative information for 2018 is reported under IAS 17 and not comparable to the information presented for 2019.

As prescribed by IFRS 16, lease liabilities are measured at the present value of lease payments discounted at the incremental borrowing rate at the date of initial application. As part of the modified retrospective transition approach, the Group has elected to use a single discount rate. The Group recognises right-of-use assets at the commencement of the lease. The right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment considerations.

The Group elected to use the transition practical expedient allowing the standard not to be applied to contracts that were not previously identified as leases applying IAS 17 and IFRC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that have a term of 12 months or less and do not contain a purchase option and contracts for which the underlying asset is of low value.

On adoption of IFRS 16 at transition date, the Group recognised a net right-of-use asset to the value of R17,3 million (value of asset R37,5 million and accumulated depreciation of R20,1 million) (the derecognition of the previous operating lease straight-line liabilities of R0,5 million was offset against the right-of-use asset) and a lease liability of R20,3 million.

The impact to equity on initial application, was a decrease in retained earnings of R2,2 million and a decerease in the non-controlling interest of R0,1 million.

As a result of adopting IFRS 16, the net loss for the six months ended 31 October 2019 has decreased by R0,7 million due to the replacement of operating lease expenses of R8.4 million with depreciation on the right-of-use assets (R6,8 million) and interest expense on lease liabilities (R1,4 million), totalling an amount of R8,1 million. The lease smoothing reserve accounts for the remaining difference.

The effects of the adoption of IFRS 16 is as follows:

Impact on the statement of financial position as at 31 October 2019

	R'000
Assets	
Right-of-use assets	43 881
Accumulated depreciation	(26 925)
Total assets	**16 956**

Right-of-use assets were measured at the carrying value that would have resulted from IFRS 16 being applied, from the commencement date of the leases.

	R'000
Liabilities	
Lease liability	19 730
Total liabilities	**19 730**

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates as at 1 May 2019. The Group's incremental borrowing rates are the rates at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

9. IMPACT OF FIRST-TIME ADOPTION OF IFRS 16 continued

Impact on the statement of comprehensive income for the period ended 31 October 2019

	R'000
Depreciation	(6 785)
IAS 17 – rent expense	8 379
Finance costs	(1 353)
Straight lining of leases	480
Impact on income tax expense	(67)
Impact on profit for the period	654
Equity net of tax restated as follows:	
Retained earnings	(2 195)
Non-controlling interests	(134)
	(2 329)

The following table reconciles the minimum lease commitments disclosed in the Group's 30 April 2019 annual financial statements to the amount of lease liabilities recognised on 1 May 2019:

	R'000
Minimum operating lease commitment at 30 April 2019	35 859
Less: short-term leases not recognised under IFRS 16	(5 874)
Less: low-value leases not recognised under IFRS 16	(389)
Less: leases not yet commenced at 1 May 2019, agreement signed before 1 May 2019	(5 503)
Less: other sundry adjustments	(942)
Undiscounted lease payments	23 151
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(2 819)
Lease liabilities recognised at 1 May 2019	20 332

10. PRIOR PERIOD ERRORS

Revenue and cost of sales

During 2019, the Group discovered that rebates received on the purchase of goods were incorrectly classified as revenue instead of cost of sales. The error has been corrected by restating each of the affected financial statement line items for prior periods. The following table summarises the impacts on the Group's consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income	As previously reported R'000	Adjustment R'000	As restated R'000
Revenue	677 768	(18 193)	659 575
Cost of sales	(481 886)	18 193	(463 693)

There has been no material impact on the Group's gross profit, basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the prior period ended 31 October 2018.

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

11. RESTATEMENT

Botjheng Water Proprietary Limited

The interim financial results for the six months ended 31 October 2018 included R69,8 million in respect of a profit on the discontinued operation of Botjheng Water Proprietary Limited. It was expected by the then Board of Directors that Botjheng Water Proprietary Limited would be liquidated and deregistered by year-end. Due to changes at the executive level, the liquidation and deregistration were not concluded. The new Board, appointed in April 2019, reviewed the decision and concluded it was premature to deconsolidate Botjheng Water Proprietary Limited and reversed the decision. This resulted in the R75 million profit from the deconsolidation of Botjheng Water Proprietary Limited, which was included in the interim results, not being included in the year-end results. The following table summarises the impacts on the Group's consolidated financial statements.

Statement of financial position	Restated 6 months ended 31 Oct 2018 R'000
Current assets	
Trade and other receivables	17 127
Bank and cash balances	443
	17 570
Current liabilities	
Trade and other payables	6 456
Third party loan	53 584
	60 040

Statement of profit or loss	Restated 6 months ended 31 Oct 2018 R'000
Profit from discontinued operations	(53 493)

12. EVENTS AFTER THE REPORTING DATE

The property, Arcadia East London – ERF 16159, designated as held for sale, has been sold after period-end.

The Board is not aware of any other material events which occurred subsequent to the reporting date and which needed adjustment or disclosure.

Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2019

For and on behalf of the Board

Dr Shaun Prithivirajh
CEO

Chris Booyens
CFO

30 January 2020

ELLIES HOLDINGS LIMITED

Incorporated in the Republic of South Africa
Registration number: 2007/007084/06
JSE share code: ELI
ISIN: ZAE000103081
("Ellies") or ("the Company") or ("the Group")

Directors:

Messrs Timothy Fearnhead (Chairperson)*, Dr Shaun Prithivirajh (CEO), Chris Booyens (CFO), Martin Kuscus*, Francois Olivier*, Edward Raff*, Elliot Salkow#

* *Independent non-executive* # *Non-executive*

Preparer:

Prepared by Mr Jayme Burgers (CA(SA)), Group Financial Accountant, under the supervision of Mr Chris Booyens (CA(SA)), Financial Director and CFO

Company Secretary: Ms Lindie Lankalebalelo resigned with effect from 31 December 2019; Acorim Secretarial & Governance Services was appointed from 1 January 2020

Registered office:

94 Eloff Street Ext, Village Deep, Johannesburg, 2001

(PO Box 57076, Springfield, 2137)

Auditors: BDO South Africa Inc, Wanderers Office Park, 52 Corlett Dr, Illovo, 2196

Sponsor: Java Capital, 2nd Floor, 6A Sandown Valley Crescent, Sandton, 2196

Transfer secretaries: Computershare Investor Services Proprietary Limited

www.elliesholdings.com