



**HOLDINGS LIMITED**

**(IN BUSINESS RESCUE)**

**UNAUDITED CONDENSED  
CONSOLIDATED  
INTERIM RESULTS**

**for the six months ended  
31 October 2023**

# H1 F2024

## AT A GLANCE

### REVENUE

decreased by 30,6%  
to  
**R353,1 million**

(H1 F2023: R508,9 million)

### EBITDA

decreased by 72,7%  
to a loss of  
**R51,8 million**

(H1 F2023: loss of R30 million)

### LOSS AFTER TAX

increased by 205,2%  
to a loss of  
**R106,5 million**

(H1 F2023: loss of R34,9 million)

### TOTAL COMPREHENSIVE LOSS

increased by 202,6%  
to a loss of  
**R106,5 million**

(H1 F2023: loss of R35,2 million)

### LOSS PER SHARE

increased by 204,8%  
to a loss of  
**13,23 cents**

(H1 F2023: loss of 4,34 cents)

### HEADLINE LOSS PER SHARE

increased by 189,7%  
to a headline loss of  
**13,27 cents**

(H1 F2023: headline loss of  
4,58 cents)

### NET ASSET VALUE PER SHARE

decreased by 159,3%  
to a negative equity per  
share of  
**7,3 cents**

(H1 F2023: 12,3 cents)

### NET TANGIBLE ASSET VALUE PER SHARE

decreased by 159,3%  
to a negative equity per  
share of  
**7,3 cents**

(H1 F2023: 12,3 cents)

NO DIVIDEND DECLARED

# Results commentary

## INTRODUCTION

Ellies Holdings Limited is an investment holding company for businesses involved in the 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 and operates out of 13 branches and trade counters in Southern Africa, has a presence in eight of the nine provinces and wholly owned subsidiaries in Namibia, Botswana and Eswatini (formerly Swaziland). Ellies Commercial division provides services to a range of customers that include sport stadia, large construction enterprises and retail commercial lighting solutions. Ellies Solar division services the residential market with quality solar products and expert installations. Ellies Retail Distribution is listed with all major retailers providing Ellies' branded quality electrical products.

## BUSINESS RESCUE

Ellies Holdings Limited commenced business rescue proceedings on 31 January 2024 and appointed John Evans as its business rescue practitioner on 1 February 2024. The main operating subsidiary of the Group, Ellies Electronics Proprietary Limited, commenced business rescue proceedings on 31 January 2024 and appointed John Evans as its business rescue practitioner on 1 February 2024.

## OVERVIEW

In the Integrated Annual Report issued during August 2023, it was reported that the Board and management had embarked on an ambitious turnaround strategy to reset the cost base, restructure the business for growth in new categories and were actively pursuing acquisition opportunities. The process, as reported, was expected to take up to 18 months to complete. These plans, as mentioned in the 2023 Integrated Annual Report, were dependent on several conditions, mainly an improvement in the trading conditions, a successful rights issue and the continued support of our bankers. Regrettably, as shown in the Trading Statement and the results for the period, Ellies was unable to correct the adverse trading that had started in the prior period and, thus, the conditions that attached to the rights issue could not be met. On 30 January 2024, the Company was advised by its bankers that they were withdrawing support. The Board, therefore, believed that the Company was in a financially distressed position, as defined in the Companies Act, 71 of 2008, and that the best option for all stakeholders would be to seek Business Rescue, which they resolved to do on 31 January 2024. In addition, the conditions precedent attributable to the Bundu acquisition could not be fulfilled or waived by the deadline of 31 January 2024, resulting in the lapsing of the Bundu acquisition.

## Trading environment

During the first half of the financial year the trading environment remained constrained, with continued pressure on consumers on multiple fronts as well as inflation increasing globally and, consequently, in South Africa. Households have continued to experience difficult economic conditions due to higher interest rates, weak confidence and declining real income. The expanded unemployment rate, which includes individuals who desire employment but are not actively seeking, is above 40%. The South African Reserve Bank increased rates by 475 basis points between November 2021 and May 2023. All these factors have negatively affected consumer spending. The continued and increased load shedding, whilst negatively affecting the economy and which had historically benefitted the Group, decreased significantly from May 2023 as Eskom's planned maintenance was postponed and the use of diesel for Open Cycle Gas Turbines kept load shedding at manageable levels. This resulted in a significant decrease in demand for inverter trolleys and solar products and, together with an oversupply in the market, has negatively affected Ellies' revenues for the period under review. Ellies had invested significantly in alternative energy inventory for the Retail Distribution segment but, due to the downturn, retailer forecasts did not materialise into confirmed orders and competitors have significantly discounted on the selling price. Ellies' working capital position has, therefore, worsened due to the decreased revenue generation. This continued downward trend continued into the second half of the financial year and contributed significantly to the decision to commence business rescue on 31 January 2024.

# Results commentary continued

## **B-BBEE**

As previously reported, the Group embarked on a transformation strategy with the objective of attaining a Level 4 B-BBEE accreditation. Aided by the B-BBEE transaction entered into with Imvula Education Empowerment Fund Trust and approved by shareholders on 8 September 2021, the Group achieved a Level 3 B-BBEE accreditation on 29 October 2022. The Board is pleased to report the Group has managed to further improve and was awarded a Level 1 B-BBEE accreditation in October 2023.

## **Legal legacy matters**

As previously reported, since the appointment of the new Board in April 2019 the number of legacy legal issues which had remained outstanding have steadily reduced. The final legacy legal issue remaining is with Freightit Proprietary Limited, who instituted legal action against Ellies Electronics Proprietary Limited, as reported, relating to alleged uncontractual termination of agreement. The total amount of the claim is R9,6 million. Ellies Electronics Proprietary Limited is currently defending the claim and, based on the assessment of its legal position, does not believe that the case will result in a loss to the Group.

## **CHANGES TO THE BOARD OF DIRECTORS**

As previously announced on the Stock Exchange News Service ("SENS"), the following changes to the Board took place in the period under review:

- Mr Edward Raff resigned as an independent non-executive director with effect from 15 August 2023.
- Subsequent to the reporting period, Ms Maya Makanjee resigned as an independent non-executive director (as reported on the SENS dated 20 December 2023) with effect from 31 December 2023.

## **FINANCIAL REVIEW**

### **Statement of comprehensive income**

Revenue for the interim period to 31 October 2023 was 30,6% lower than the prior comparative period, with the large drop being a result of a combination of factors. The continued decline of the satellite installation business, whilst expected, contributed to the decline in revenue. Secondly, as noted under the trading environment commentary, whilst the Group pivoted their product offering toward solar and power backup solutions in anticipation of the expected demand, the sharp reduction in load shedding and a resultant oversupply in the market negatively affected both sales and margin as competitors discounted their product offering as a consequence of declining sales. Lastly, the Group's limited working capital constrained the ability to maximise the revenue from all the product channels.

Operating expenses, when compared to the prior period and excluding the provision for restructuring costs were 12,4% lower, a reduction of R18,3 million, evidencing the effect of the restructure undertaken in the reporting period to 30 April 2023. Loss from operations for the current period is R58,6 million compared to the prior period loss of R39,2 million, an increase of 49,5%. Interest paid was R4,0 million higher than the prior comparative period as a result of both a higher average interest rate and levels of average overdraft balance.

Taxation reflects a reversal of deferred tax assets raised on timing differences and, based on the current performance of the Group, the changes in expectations for the utilisation of tax asset cannot be reliably estimated and, therefore, no longer fits the requirement for recognition.

The income from discontinued operations in the prior period was due to the final distribution on the liquidation of Ellies Industries Proprietary Limited, being R1,9 million. No further proceeds are expected.

# Results commentary continued

## Statement of financial position

Property, plant and equipment declined in line with depreciation, with only minor additions to maintain operations. Right-of-use assets decreased from R17,2 million to R9,5 million partly due to depreciation and also due to a reduction in leases due to the restructure carried out in the prior year to April 2023. Movements in deferred tax, as disclosed above, are due to the reversal of deferred tax assets.

Inventory has reduced from R159 million in the prior period to R110,9 million in the current period as a consequence of constrained working capital. Trade and other receivables have decreased over the prior period from R147,9 million to R97,1 million, mostly due to decreased sales. The taxation receivables have reduced over the prior period and the majority of the remaining balance relates to foreign operations. Bank and cash balances have reduced by R5,6 million over the period, representing balances held in foreign operations. Non-current assets held for sale represents a property, as disclosed in note 6.

Total shareholders' interests have declined to a negative interest of R58,5 million because of the losses in the current period and the reversal of the deferred tax asset.

The movement in interest-bearing liabilities from non-current to current is due to the current maturity of the term loan from Standard Bank, repayable 21 February 2024. Lease liabilities have decreased from R21,5 million to R11,5 million in line with the reduction of leases, as noted above in relation to the right-of-use assets.

Trade and other payables have reduced from R121,2 million to R106,5 million, however, the bank overdraft increased from R59,2 million to R93,1 million as at 31 October 2023.

## Statement of cash flows

Cash flows from operating activities for the reporting period have decreased by R2,2 million, attributable to the change in working capital, in turn, mostly due to a reduction in inventory and trade and other receivables, as reported above.

Cash flows from investing activities were flat due to a small increase in property, plant and equipment to maintain operations and a decrease due to disposals of a similar amount. The proceeds in the prior period included the disposal of one of the two properties that were held for sale.

Cash flows from financing activities resulted in an outflow of R15,8 million, of which R9,5 million was the repayment of the term loan and R6,2 million in repayment of lease liabilities.

## 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 2023

	Notes	GROUP		
		Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
<b>Revenue</b>	2	<b>353 089</b>	508 940	993 000
Cost of sales		<b>(276 642)</b>	(374 383)	(744 195)
<b>Gross profit</b>		<b>76 447</b>	134 557	248 805
Other income		<b>1 014</b>	1 169	1 812
Operating expenses		<b>(129 191)</b>	(147 531)	(296 892)
Retrenchment costs		<b>–</b>	(18 055)	–
Impairment loss on trade receivables		<b>(45)</b>	(182)	(672)
Depreciation		<b>(6 771)</b>	(9 212)	(19 634)
<b>Loss from operations</b>		<b>(58 546)</b>	(39 254)	(66 581)
Interest received		<b>26</b>	–	862
Interest paid		<b>(13 301)</b>	(9 296)	(21 298)
<b>Loss before taxation</b>		<b>(71 821)</b>	(48 550)	(87 017)
Taxation		<b>(34 707)</b>	11 735	130
<b>Loss for the period: continuing operations</b>		<b>(106 528)</b>	(36 815)	(86 887)
Income: discontinued operations		<b>–</b>	1 873	1 873
<b>Loss for the period</b>		<b>(106 528)</b>	(34 942)	(85 014)
<i>Other comprehensive income:</i>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
– Foreign currency translation reserve		<b>52</b>	(231)	(394)
<b>Total comprehensive loss for the period</b>		<b>(106 476)</b>	(35 173)	(85 408)
<i>Attributable to:</i>				
Equity holders of the parent		<b>(106 528)</b>	(34 942)	(85 014)
<b>Loss after tax</b>		<b>(106 528)</b>	(34 942)	(85 014)
<i>Attributable to:</i>				
Equity holders of the parent		<b>(106 476)</b>	(35 173)	(85 408)
<b>Total comprehensive loss for the period</b>		<b>(106 476)</b>	(35 173)	(85 408)
– Basic loss per share (cents)	3	<b>(13,23)</b>	(4,34)	(10,56)
– Diluted loss per share (cents)	3	<b>(13,23)</b>	(4,34)	(10,56)

# Consolidated statement of FINANCIAL POSITION

as at 31 October 2023

	Notes	GROUP		
		Unaudited 31 Oct 2023 R'000	Unaudited 31 Oct 2022 R'000	Audited 30 Apr 2023 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>18 455</b>	74 762	59 023
Property, plant and equipment		7 184	9 378	8 274
Right-of-use assets		9 499	17 239	14 162
Deferred taxation	4	1 772	48 145	36 587
<b>Current assets</b>		<b>215 505</b>	326 407	358 938
Inventory	5	110 922	159 036	171 199
Trade and other receivables		97 111	147 853	182 527
Taxation receivable		1 605	8 065	1 606
Bank and cash balances		5 867	11 453	3 606
<b>Non-current assets held for sale</b>		<b>1 600</b>	1 600	1 600
Non-current assets held for sale	6	1 600	1 600	1 600
<b>Total assets</b>		<b>235 560</b>	402 769	419 561
<b>EQUITY AND LIABILITIES</b>				
<b>Total shareholders' interest</b>		<b>(58 545)</b>	98 768	47 931
Stated capital		855 736	855 736	855 736
Non-distributable reserves		(175 751)	(175 038)	(175 803)
Accumulated loss		(738 530)	(581 930)	(632 002)
Equity attributable to equity holders of the parent		(58 545)	98 768	47 931
<b>Non-current liabilities</b>		<b>5 495</b>	91 351	6 947
Interest-bearing liabilities	7	206	82 367	306
Lease liabilities		4 709	8 340	5 953
Deferred taxation	4	580	644	688
<b>Current liabilities</b>		<b>288 610</b>	212 650	364 683
Interest-bearing liabilities	7	82 067	18 818	91 488
Lease liabilities		6 776	13 201	11 155
Provisions		142	142	142
Taxation payable		4	4	5
Trade and other payables		106 506	121 249	183 840
Bank overdrafts		93 115	59 236	78 053
<b>Total equity and liabilities</b>		<b>235 560</b>	402 769	419 561

# Consolidated statement of CHANGES IN EQUITY

for the six months ended 31 October 2023

	Stated capital R'000	Foreign currency trans- lation reserve R'000	Share- based payment reserve R'000	Arising from common control transac- tion R'000	Accumu- lated loss R'000	Total equity R'000
<b>GROUP</b>						
<b>Balance as at 30 April 2022</b>	855 736	2 284	682	(178 194)	(546 988)	133 520
Equity-settled share-based payment expense	-	-	421	-	-	421
Total comprehensive loss for the period	-	( 231)	-	-	(34 942)	(35 173)
<b>Balance as at 31 October 2022</b>	855 736	2 053	1 103	(178 194)	(581 930)	98 768
Equity-settled share-based payment expense	-	-	( 602)	-	-	( 602)
Total comprehensive loss for the period	-	( 163)	-	-	(50 072)	(50 235)
<b>Balance as at 30 April 2023</b>	<b>855 736</b>	<b>1 890</b>	<b>501</b>	<b>(178 194)</b>	<b>(632 002)</b>	<b>47 931</b>
Equity-settled share-based payment expense	-	-	-	-	-	-
Total comprehensive loss for the period	-	<b>52</b>	-	-	<b>(106 528)</b>	<b>(106 476)</b>
<b>Balance as at 31 October 2023</b>	<b>855 736</b>	<b>1 942</b>	<b>501</b>	<b>(178 194)</b>	<b>(738 530)</b>	<b>(58 545)</b>

# Consolidated statement of CASH FLOWS

for the six months ended 31 October 2023

	Notes	GROUP		
		Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
<b>Cash flow from/(utilised in) operating activities</b>	6	<b>2 875</b>	5 078	(1 822)
Cash generated from operations		16 150	14 374	12 158
Interest received		26	–	862
Interest paid		(13 301)	(9 296)	(21 298)
Taxation paid		–	–	6 456
<b>Cash flow from investing activities</b>		<b>61</b>	1 690	1 138
Acquisitions of property, plant and equipment		(323)	(330)	(2 034)
Proceeds on disposal of property, plant and equipment		384	24	3 172
Proceeds on disposal of non-current assets		–	1 996	–
<b>Cash flows utilised in financing activities</b>		<b>(15 746)</b>	(17 807)	(37 146)
Repayment of interest-bearing liabilities		(9 521)	(9 228)	(18 619)
Receipt from issue of share capital		–	–	(18 527)
Repayment of lease liabilities		(6 225)	(8 578)	–
<b>Net decrease in cash and cash equivalents</b>		<b>(12 810)</b>	(11 038)	(37 830)
Foreign currency translation reserve – net movement on cash and cash equivalents		9	(231)	(103)
Cash and cash equivalents at beginning of period		(74 447)	(36 514)	(36 514)
<b>Cash and cash equivalents at the end of the period</b>		<b>(87 248)</b>	(47 783)	(74 447)
<i>Cash and cash equivalents consist of:</i>				
Bank and cash balances		5 867	11 453	3 606
Bank overdrafts		(93 115)	(59 236)	(78 053)
		<b>(87 248)</b>	(47 783)	(74 447)

# SEGMENT analysis

for the six months ended 31 October 2023

In prior years the Group reported on two segments, namely Trading and Distribution, and Manufacturing. As a result of the liquidation of Ellies Industries Proprietary Limited on 23 February 2021, the date of loss of control, the statement of financial position is nil at 31 October 2022, 31 October 2023 and 30 April 2023, respectively, for the Manufacturing segment. The current period only reflects the statement of financial position for the Trading and Distribution segment

The only item reflected in the Manufacturing segment statement of comprehensive income for the current period is Rnil (2022: R1,87 million) being distribution dividends from the liquidation of Ellies Industries Proprietary Limited.

Geographic segment information has not been provided as the foreign operations in Namibia, Eswatini and Botswana comprise less than 10% of total revenue and net profit after tax.

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>Trading and Distribution R'000</b>	<b>Total R'000</b>
<b>Unaudited as at 31 October 2023</b>		
Total assets	235 560	235 560
Total liabilities	294 105	294 105
Net assets	(58 545)	(58 545)
<b>Unaudited as at 31 October 2022</b>		
Total assets	402 769	402 769
Total liabilities	304 001	304 001
Net assets	98 768	98 768
<b>Audited as at 30 April 2023</b>		
Total assets	419 561	419 561
Total liabilities	371 630	371 630
Net assets	47 931	47 931

# SEGMENT analysis continued

for the six months ended 31 October 2023

	Continuing operations		Discontinued operations		Total R'000
	Trading and Distribution R'000	Total continuing operations R'000	Manufacturing discontinued R'000	Total Manufacturing discontinued R'000	
<b>STATEMENT OF PROFIT OR LOSS</b>					
<b>Unaudited six months ended 31 October 2023</b>					
Revenue	353 089	353 089	–	–	353 089
Operating expenses	(129 191)	(129 191)	–	–	(129 191)
Impairment loss on trade receivables	(45)	(45)	–	–	(45)
Depreciation	(6 771)	(6 771)	–	–	(6 771)
Segment (loss)/profit before interest and taxation	(58 546)	(58 546)	–	–	(58 546)
Interest paid	(13 301)	(13 301)	–	–	(13 301)
(Loss)/profit before taxation	(71 821)	(71 821)	–	–	(71 821)
<b>Unaudited six months ended 31 October 2022</b>					
Revenue	508 940	508 940	–	–	508 940
Other income – liquidation dividend	–	–	1 873	1 873	1 873
Operating expenses	(147 531)	(147 531)	–	–	(147 531)
Impairment loss on trade receivables	(182)	(182)	–	–	(182)
Depreciation	(9 212)	(9 212)	–	–	(9 212)
Segment (loss)/profit before interest and taxation	(39 254)	(39 254)	1 873	1 873	(37 381)
Interest received	–	–	–	–	–
Interest paid	(9 296)	(9 296)	–	–	(9 296)
(Loss)/profit before taxation	(48 550)	(48 550)	1 873	1 873	(46 677)
<b>Audited for the year ended 30 April 2023</b>					
Revenue	993 000	993 000	–	–	993 000
Other income – liquidation dividend	1 812	1 812	1 873	1 873	3 685
Operating expenses	(296 892)	(296 892)	–	–	(296 892)
Impairment loss on trade receivables	( 672)	( 672)	–	–	( 672)
Depreciation	(19 634)	(19 634)	–	–	(19 634)
Segment (loss)/profit before interest and taxation	(66 581)	(66 581)	1 873	1 873	(64 708)
Interest received	862	862	–	–	862
Interest paid	(21 298)	(21 298)	–	–	(21 298)
(Loss)/profit before taxation	(87 017)	(87 017)	1 873	1 873	(85 144)
Taxation	130	130	–	–	130
(Loss)/profit for the year	(86 887)	(86 887)	1 873	1 873	(85 014)

# Notes to the **UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS**

for the six months ended 31 October 2023

## **1. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial results for the six months ended 31 October 2023 have been prepared in accordance with IFRS™ Accounting Standards, the disclosure requirements of IAS 34, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, 2008, the Listings Requirements of the JSE Limited (JSE Listings Requirements) and Circular 1/2021: Headline Earnings as issued by SAICA.

The unaudited condensed consolidated interim financial results were compiled by Mr Jacques Liebenberg AGA(SA), Group Reporting Financial Manager under the supervision of Mr Guy Moretti 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 9.

### **Accounting policies**

The unaudited 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 2023. 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 2023.

### **Audit opinion**

The Group's external auditors, RSM South Africa Inc, have not reviewed or audited 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**

The Ellies Group entered into voluntary business rescue on 31 January 2024, and the Business Rescue Practitioner is currently in the early stages of developing the rescue plan. The Board is not able to conclude on the Group's ability to continue as a going concern and, consequently, would like to highlight a material uncertainty with respect to the Group's ability to continue as a going concern until such time as the business rescue plan has been prepared and approved for implementation by creditors. The interim results for the six months ended 31 October 2023 were prepared on the going concern basis assumption.

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# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2023

## 2. REVENUE

### Revenue from contracts with customers

	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
Revenue from contracts with customers	353 089	508 940	993 000

### 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 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
South Africa	328 944	476 992	932 357
Botswana	5 698	8 511	15 190
Namibia	16 431	20 578	39 450
Eswatini	2 016	2 859	6 003
	353 089	508 940	993 000

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

	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
Cash on delivery	13 646	20 922	43 015
Independent customers	121 769	159 470	299 128
Satellite television service providers	44 172	74 371	145 511
Major retailers	149 357	222 229	444 703
	328 944	476 992	932 357

# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2023

## 3. LOSS PER SHARE

	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
<b>Basic loss per share (cents)</b>	<b>(13,23)</b>	(4,34)	(10,56)
– Basic loss – continuing operations	(13,23)	(4,57)	(10,79)
– Basic earnings – discontinued operations	–	0,23	0,23
<b>Headline loss per share (cents)</b>	<b>(13,27)</b>	(4,58)	(10,78)
<b>The calculation of loss per ordinary share for the Group is based on the following:</b>			
– Basic loss (R'000)	(106 528)	(34 942)	(85 014)
– Headline loss (R'000)	(106 840)	(36 878)	(86 796)
<b>Diluted basic loss per share (cents)</b>	<b>(13,23)</b>	(4,34)	(10,56)
– Diluted basic loss – continuing operations	(13,23)	(4,57)	(10,79)
– Diluted basic earnings – discontinued operations	–	0,23	0,23
<b>Diluted headline loss per share (cents)</b>	<b>(13,27)</b>	(4,58)	(10,78)
– Weighted average number of shares in issue	805 400 305	805 400 305	805 400 305
– Diluted weighted average number of shares in issue	805 400 305	805 400 305	805 400 305
<b>Shares in issue (number of shares)</b>			
– At the beginning of the period	805 400 305	805 400 305	805 400 305
– Shares issued during the period	–	–	–
At the end of the period	805 400 305	805 400 305	805 400 305
Impact of weighting of shares	–	–	–
<b>Weighted and diluted weighted average number of shares in issue</b>	<b>805 400 305</b>	805 400 305	805 400 305
<b>Reconciliation of headline loss</b>			
Net loss for the period attributable to equity holders of the parent	(106 528)	(34 942)	(85 014)
<b>Adjusted for:</b>			
– (Profit)/loss on sale of held for sale assets	–	(46)	124
– Loss on sale of property, plant and equipment	(434)	(24)	–
– Liquidation dividend (discontinued operations – Ellies Industries (Pty) Ltd)	–	(1 873)	(1 873)
– Tax effect on adjustments *	122	7	(33)
<b>Headline loss attributable to ordinary shareholders</b>	<b>(106 840)</b>	(36 878)	(86 796)

\* Tax effect on adjustments relates only to profit on sale of property, plant and equipment.

# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2023

## 4. DEFERRED TAXATION

	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
<b>The balance consists of:</b>			
Capital allowances – right-of-use asset	1 490	3 643	1 845
Accrual for employee benefits	1 565	3 841	1 200
Prepaid expenses	(348)	(8)	(6)
Impairments against receivables	1 247	2 602	2 027
Lease obligations	293	771	71
Income received in advance	(1)	111	71
Estimate tax losses	63 334	33 987	46 767
Unutilised temporary difference	(73 074)	(5 859)	(24 221)
Provisions	6 637	8 362	8 145
Unrealised foreign exchange gains and losses	49	51	–
	<b>1 192</b>	<b>47 501</b>	<b>35 899</b>

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable in the foreseeable future.

The deferred tax asset, related to Ellies Electronics Proprietary Limited, which was previously raised on timing differences has been reversed based on the current performance of the Group as the expectations for the utilisation of tax asset cannot be reliably estimated and, therefore, no longer fits the requirement for recognition.

	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
<b>Movement summary</b>			
<b>Opening balance at 1 May 2023</b>	<b>35 899</b>	<b>35 768</b>	<b>35 768</b>
Foreign translation	1	(2)	(5)
Temporary differences per statement of comprehensive income	(34 708)	11 735	136
Capital allowances – right-of-use-asset	(355)	–	(1 801)
Accrual for employee benefits	365	636	(2 006)
Prepaid expenses	(342)	414	416
Impairments against receivables	(780)	398	(173)
Lease obligations	222	(107)	(467)
Income in advance	(72)	40	–
Estimate tax losses	16 567	6 178	18 112
Unutilised temporary difference	(48 854)	–	(18 362)
Provisions	(1 508)	4 176	3 916
Unrealised foreign exchange gains and losses	49	–	501
<b>Closing balance at 31 October 2023</b>	<b>1 192</b>	<b>47 501</b>	<b>35 899</b>

# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2023

## 4. DEFERRED TAXATION (continued)

Disclosed as	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
Current asset	1 772	48 145	36 587
Current liability	(580)	(644)	(688)
	<b>1 192</b>	<b>47 501</b>	<b>35 899</b>

## 5. INVENTORY

	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
Merchandise *	105 669	179 355	167 697
Goods in transit	9 371	–	19 611
Work in progress	4 314	4 994	7 952
Gross Inventories	<b>119 354</b>	<b>184 349</b>	<b>195 260</b>
Impairment allowance raised against inventories	<b>(8 432)</b>	<b>(25 313)</b>	<b>(24 061)</b>
	<b>110 922</b>	<b>159 036</b>	<b>171 199</b>

\* The carrying value of identified items is reduced to its expected net realisable value, which in certain instances may be nil. The total value of stock written down is R19,1 million.

Movement in impairment allowance raised against inventories	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
Opening balance at 1 May 2023	24 061	24 160	24 160
Impairment allowances raised/(decreased)	(3 820)	1 101	579
Impairment allowances utilised	–	–	(784)
Foreign currency translation	(11)	52	106
<b>Closing balance at 31 October 2023</b>	<b>20 230</b>	<b>25 313</b>	<b>24 061</b>

# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2023

## 6. NON-CURRENT ASSETS HELD FOR SALE

The property designated as held for sale was auctioned off in February 2020, subject to the fulfilment of conditions precedent which later lapsed as the buyer was unable to secure funding. Erf 236 Village Deep continues to be marketed to potential buyers.

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

	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
Erf 236 Village Deep, Johannesburg	1 600	1 600	1 600
	1 600	1 600	1 600

## 7. INTEREST-BEARING LIABILITIES

	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
<b>Non-current portion</b>	206	82 367	306
Term loans	206	82 367	306
<b>Current portion</b>	82 067	18 818	91 488
Instalment sale liabilities	–	–	–
Term loans – payable within 12 months	82 067	18 818	91 488
	82 273	101 185	91 794

The Group's banking facilities consist of the following:

- Standard Bank of South Africa – Facility A (R85 million)

The loan bears interest at JIBAR plus a margin of 4,5%, and is repayable in equal quarterly instalments of R4,72 million with the final payment being made on 30 April 2024. The capital and interest are paid quarterly.

- Standard Bank of South Africa – Facility B (R80 million)

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

- R80 million general banking facility.

The Standard Bank of South Africa loans are secured by general notarial bond over all moveable assets of R500 million (2022: R500 million) and cession of trade and other receivables and amounts due from contract customers.

The Group did not meet the covenants requirements at the end of the current reporting period and has applied for condonation. The Group's borrowings cannot exceed 3 times EBITDA.

Further to this refer to note 9 referring to withdrawal of support by the Company's bankers.

# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2023

## 8. CASH GENERATED FROM OPERATIONS

	GROUP		
	Unaudited 6 months ended 31 Oct 2023 R'000	Unaudited 6 months ended 31 Oct 2022 R'000	Audited 12 months ended 30 Apr 2023 R'000
Loss before taxation	(71 821)	(46 677)	(85 144)
<i>Adjusted for:</i>			
Interest received	(26)	–	(862)
Interest paid	13 301	9 296	21 298
Impairment of inventory	9 500	961	3 827
Impairment of trade receivables	45	182	672
Depreciation	6 771	9 212	19 634
Equity-settled share-based payments expense	–	421	(181)
Loss/(profit) on disposal of property, plant and equipment	–	(24)	(124)
Profit on disposal of non-current assets	(434)	(46)	–
	(42 664)	(26 675)	(40 880)
<b>Changes in working capital</b>	<b>58 814</b>	<b>41 049</b>	<b>53 038</b>
Increase in inventories	50 777	53 649	38 620
Decrease/(increase) in trade and other receivables	85 371	(683)	(35 847)
(Increase)/decrease in trade and other payables	(77 334)	(11 917)	50 265
	<b>16 150</b>	<b>14 374</b>	<b>12 158</b>

# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2023

## 9. EVENTS AFTER THE REPORTING DATE

On 30 January 2024, the Company was advised by its bankers they would be withdrawing support and, therefore, the Board resolved on 31 January 2024 to commence Business Rescue of Ellies Holdings Limited and its main operating subsidiary, Ellies Electronics Proprietary Limited, in terms of Chapter 6 of the Companies Act, 71 of 2008. The application appointing Mr John Evans as the Business Rescue Practitioner was duly registered by the Companies and Intellectual Property Commission of the Republic of South Africa (CIPC) on 1 February 2024 with an effective date of 31 January 2024.

As announced on SENS on 31 January 2024, the conditions precedent attributable to the Bundu acquisition could not be fulfilled or waived by the deadline of 31 January 2024 and, therefore, the agreement in this regard lapsed.

Ms Maya Makanjee resigned from the Board effective 31 December 2023, as noted under changes to the Board.

Other than the above, the Board is not aware of any material events which occurred subsequent to the reporting date and which needed adjustment or disclosure.

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For and on behalf of the Board

**Dr Shaun Prithvirajh**  
*Chief Executive Officer*

**Guy Moretti**  
*Financial Director and  
Chief Financial Officer*

29 February 2024



## **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:**

Mr Timothy Fearnhead (Chairperson)\*, Dr Shaun Prithvirajh (CEO), Mr Guy Moretti (CFO),  
Mr Darren Kramer\*, Mr Martin Kuscus\*, Mr Edick Lehapa\*, Ms Sedzani Mudau\*,  
Mr Francois Olivier\*

*\*Independent non-executive*

### **Preparer:**

Prepared by Mr Jacques Liebenberg BCompt (Hons), AGA(SA), Group Reporting Financial Manager,  
under the supervision of Mr Guy Moretti CA(SA), Financial Director and CFO.

### **Company Secretary:**

Acorim (Pty) Ltd

### **Registered office:**

Brooklyn Place, 3 Centex Close, Kramerville, Sandton, 2090  
(PO Box 57076, Springfield, 2137)

### **Auditors:**

RSM South Africa Inc, Executive City, Corner of Cross Street and Charmaine Avenue, President  
Ridge, Randburg, 2194

### **Sponsor:**

Java Capital, 6th Floor, 1 Park Lane, Wierda Valley, Sandown, Sandton, 2196

### **Transfer secretaries:**

Computershare Investor Services (Pty) Ltd

[www.elliesholdings.com](http://www.elliesholdings.com)