

enX Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2001/029771/06)

JSE share code: ENX ISIN: ZAE000222253

("enX" or "the company")

TRADING STATEMENT

In terms of the JSE Listings Requirements, companies are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will differ by at least 20% from the financial results for the previous corresponding period.

Shareholders are advised that the company anticipates results for the year ended 31 August 2020 ("Current Range") to differ by more than 20% compared to the year ended 31 August 2019 ("Prior Year"), as follows:

	Current Range	Prior Year (Represented)
(Loss)/earnings per share ("EPS")	(286.0c) to (280.2c)	58.9c
Diluted (loss)/earnings per share ("Diluted EPS")	(286.0c) to (280.2c)	58.3c
Headline (loss)/earnings per share ("HEPS")	(27.9c) to (13.8c)	141.0c

Revenue for the year ended 31 August 2020 is expected to decline by around 8%. COVID-19 related lockdowns impacted the sale of equipment, used vehicles, chemicals and lubricants, however, annuity revenue remained strong.

Profit from operations before depreciation and amortisation is expected to decline between 5% and 7% year-on-year and was positively impacted by the implementation of IFRS16 in the current financial year.

The main areas impacting earnings per share on a once off basis are as follows:

- Net one-off operating costs of R95.3 million, which are primarily COVID-19 related, offset by government assistance in the form of the furlough scheme in the UK;
- Impairment of EIE SA goodwill of R133.9 million and associated intangibles of R91.0 million (after tax: R65.5 million);
- Impairment of Eqstra Fleet Management and Logistics ("Eqstra") goodwill of R181.6 million and associated intangibles of R91.7 million (after tax: R66.0 million);
- Impairment of African Group Lubricants and Centlube intangibles of R13.7 million (after tax: R9.8 million);
- Impairment of West African International intangibles of R31.2 million (after tax: R22.5 million);
- A fair value adjustment on deferred amount payable relating to enX's acquisition of 37% of Zestcor amounting to R30.7 million; and
- Additional depreciation and amortisation, as a result of the reclassification of Eqstra from a discontinued operation to a continuing operation in May 2020, of R65.9 million (after tax: R47.4 million) which related to the period from the effective date of the Eqstra transaction

to 31 August 2019 that needed to be recognised in the 2020 financial year following the termination of the transaction.

On 15 July 2019, enX announced the disinvestment of its ownership in Eqstra which with effect from that date, it was classified as an asset held for sale. As required by IFRS 5, enX was required to cease depreciation and amortisation and assess the carrying value of the held for sale assets in terms of the transaction value.

As detailed in our SENS announcement dated 5 May 2020, the final outstanding condition precedent to the disinvestment of its ownership in Eqstra was not fulfilled and accordingly, the transaction did not become effective. Eqstra has been reclassified as a continuing operation from that date and depreciation and amortisation from 15 July 2019 was re-instated. In line with IFRS5, the results of operations of Eqstra have been included in income from continuing operations and the prior period has been represented.

The current range for the enX Group's EPS, Diluted EPS and HEPS would have been (258.5c) to (255.3c) , (258.5c) to (255.3c) and (0.4c) to 11.1c respectively on a like-for-like basis had Eqstra depreciation and amortisation from 15 July 2019 to 31 August 2019 been reversed in the 2020 financial year and charged in the 2019 financial year. This can be compared to the prior year EPS, Diluted EPS and HEPS of 32.5c, 32.1c and 114.6c respectively.

Financial information on which this trading statement is based has not been reviewed or reported on by the Company's auditors.

2 November 2020

Sponsor:

The Standard Bank of South Africa Limited