

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”)



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 upon next will differ by at least 20% from financial results for the previous corresponding period.

Shareholders are accordingly advised that Ellies expects a loss per share (“LPS”) for the six months ended 31 October 2022 of between 3,95 cents and 4,73 cents per share when compared to the loss per share (“LPS”) of 3,06 cents for the six months ended 31 October 2021. A headline loss per share (“HLPS”) for the six months ended 31 October 2022 of between 4,17 cents and 4,99 cents is also expected compared to the headline loss per share (“HLPS”) of 4,36 cents per share for the six months ended 31 October 2021. The restructure process mentioned below has had an impact of R 18 million in respect of retrenchment costs and amounts to 2.24 cents per share of LPS and HLPS in the period ended 31 October 2022.

The general trading environment continues to be constrained with consumers under pressure with rising costs as a consequence of the global inflationary environment and the increasing cost of fuel. The trading results for the Group have seen an improvement, however, with revenue up by 5,6% when compared to the six months ended 31 October 2021, whilst gross profit has also marginally improved over the prior interim period. Operating costs, excluding retrenchment costs, have been contained to an increase well below the Consumer Price Index (CPI).

The Group is currently implementing a turnaround strategy, as communicated in the Integrated Annual Report issued during August 2022, and expects major components of the plan to be completed before the year-end at 30 April 2023. The Board and management expect to see substantial savings because of the initiatives implemented and it is anticipated that the Group will begin benefiting from the savings in the latter part of the financial year. As reported, the turnaround is not only expected to result in savings but is also about restructuring the operations to position Ellies as a smart infrastructure business which will include comprehensive solutions for alternative energy, water storage and harvesting, connectivity and smart home technology.

The Group has signed a term sheet and is currently finalising an agreement with its bankers to restructure the working capital facilities, which would help to alleviate the constraints on working capital that were communicated in the most recent Integrated Annual Report. Lastly, the Group is currently engaged in negotiations, as previously announced on SENS, aimed at supporting the business in the areas where the Group is seeing substantial growth in demand for its products and services. Ellies expects that the combination of these initiatives, if successful, will lead to substantial synergies and growth in the Group’s performance.

The financial results for the six months ended 31 October 2022 are anticipated to be released on or about 14 December 2022.

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

12 December 2022

Sponsor

JAVACAPITAL