



HOLDINGS LIMITED

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

SHORT-FORM
ANNOUNCEMENT –

AUDITED CONDENSED
CONSOLIDATED FINANCIAL RESULTS

for the year ended 30 April 2023

2023 AT A GLANCE

REVENUE	EBITDA LOSS	LOSS AFTER TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	TOTAL COMPREHENSIVE LOSS
DECREASED by 7,7% to R993,0 million (F2022: R1 076,4 million)	INCREASED by 26,6% to a loss of R46,9 million (F2022: loss of R37,1 million)	INCREASED by 94,7% to a loss of R85,0 million (F2022: loss of R43,7 million)	INCREASED by 95,9% to a loss of R85,4 million (F2022: loss of R43,6 million)
LOSS PER SHARE	HEADLINE LOSS PER SHARE	NET ASSET VALUE PER SHARE	NET TANGIBLE ASSET VALUE PER SHARE
INCREASED by 77,2% to a loss of 10,56 cents (F2022: loss of 5,96 cents)	INCREASED by 51,2% to a headline loss of 10,78 cents (F2022: loss of 7,13 cents)	DECREASED by 63,9% to 6,0 cents (F2022: 16,6 cents)	DECREASED by 63,9% to 6,0 cents (F2022: 16,6 cents)

No dividend declared

OVERVIEW OF RESULTS

The Ellies Group, as reported in the trading statement, posted disappointing results for the year ended 30 April 2023. Revenue decreased by 7,7% on the prior year. Demand for Ellies' satellite installation and a portion of its retail offering came under pressure due to difficulties facing the consumer, with rising inflation and interest rates. The Group saw an increase in demand for its products related to power due to the continual load shedding, being UPS backup solutions, generators, solar and surge protection products. Unfortunately, the constrained working capital limited the Group's ability to capitalise on the surge in demand.

The Group's EBITDA loss increased from R37,1 million to a loss for the current year of R46,9 million. The loss, as reported, includes once-off separation costs as a result of the restructuring of the business of R18 million. Ellies expects to see the benefits of the restructuring in the form of reduced operating costs, estimated at R30 million per annum.

Depreciation was flat year-on-year with the prior financial year amounting to R19,1 million compared to the current year's R19,6 million. Interest, however, increased from R14,7 million to R21,3 million, a consequence of the increase in the prime rate as well as an increase in the Group's average borrowings over the year. The prior year results also included a profit from discontinued operations of R14 million compared to the current year of only R1,9 million. The profit is attributable to the distribution from the liquidation of Ellies Industries as well as the deregistration of Botjheng Water. Both these matters have now been concluded and are not expected to have any further impact on the results of the Group.

Deferred tax assets were created in previous years in respect of assessable losses and other temporary differences and are reflected in the Statement of Financial Position at R36,6 million. Based on the forecasts, the Group expects to utilise this asset in the foreseeable future, usually three years. The directors decided not to raise a further tax asset in the amount of R20,4 million as the realisation of the asset would likely extend beyond three years. In the prior year, the impact of the recognition of the temporary differences improved the loss by R13,1 million.

The loss after tax for the current year was R85 million compared to R43,7 million for the prior year, an increase of 94,7%. The loss per share increased from 5,96 to 10,78 for the current year, with net asset value per share decreasing by 64,1% to 6,0 cents per share.

As reported in the trading statement released on 25 July 2023, Ellies is happy to report that the restructuring is now substantially complete, and the Group has begun to see the benefits of a reduced operating expense base. The second objective was to diversify away from the traditional satellite business toward a smart home infrastructure business, including comprehensive solutions for alternative energy, water storage, connectivity and the connected home.

The Group is finalising an agreement with its bankers both for an extension to the Group's term loan currently due on 30 April 2024 as well as an increased working capital facility in order to capitalise on the increased demand in its power-related products noted above. Management expects this to be finalised during August 2023.

As reported to the market on 1 February 2023, the Group has signed an agreement to acquire Bundu Power. To finance the initial payment to the sellers of Bundu Power, the Group plans to undertake a fully underwritten renounceable rights offer, aiming to raise R120 million at an issue price of 7 cents per share. This acquisition represents a pivotal step in the Group's strategy to expand its offering into alternative power, and is further expected to bolster the balance sheet and enhance earnings.

The Board and management believe that with the acquisition of Bundu Power, the expected increase in working capital facilities and benefits from the restructuring, the Group will be well positioned for the next year.

Any forward-looking statements have not been reviewed or reported on by the Group's auditors, BDO South Africa Incorporated.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors. It is only a summary of the information contained in the audited Annual Financial Statements and does not contain full or complete details.

These condensed consolidated financial results have not been audited by the Company's auditors but are derived from the audited Annual Financial Statements.

Any investment decision by investors and/or shareholders should be based on the published audited Annual Financial Statements.

The Annual Financial Statements including the audit opinion of the external auditor, BDO South Africa Incorporated, which sets out the key audit matters and the basis for its unmodified opinion with an emphasis of matter relating to the Group's going concern, are available on the Company's website at <https://ellies.co.za/AFS2023.pdf> and the JSE link is <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/ELI/AFS23.pdf>.

The Annual Financial Statements are also available at the Company's registered office (for inspection, at no charge, during office hours on any business day) and at the offices of the sponsor, Java Capital, from Tuesday, 1 August 2023 to Tuesday, 8 August 2023, both days inclusive. Copies of the Annual Financial Statements may be requested by email to investorrelations@ellies.co.za.

1 August 2023

ELLIES HOLDINGS LIMITED

Directors: Mr Timothy Fearnhead (Chairperson)*, Dr Shaun Prithivirajh (CEO), Mr Guy Moretti (CFO), Mr Darren Kramer*, Mr Martin Kuscus*, Mr Edick Lehapa*, Ms Maya Makanjee*, Ms Sedzani Mudau*, Mr Francois Olivier*, Mr Edward Raff*

* Independent Non-Executive

Preparer: Prepared by Mr Jacques Liebenberg (BCompt (Hons), AGA(SA)), Group Reporting Financial Manager, under the supervision of Mr Guy Moretti (BCompt (Hons), 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)

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

Auditors: BDO South Africa Incorporated

Transfer secretaries: Computershare Investor Services (Pty) Ltd

www.ellies.co.za