

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”)



UPDATE WITH REGARD TO THE PROPOSED CATEGORY 1 ACQUISITION OF BUNDU POWER AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are referred to:

- the initial announcement released on SENS on 1 February 2023 with regard to the sale of shares agreement (“**Agreement**”) entered into by the Company with Heidi von Broembsen, Nicholas von Broembsen, Suzanne von Broembsen and Colin Sykes (“**Vendors**” or “**Sellers**”), being the sole members of Magetz Electrical cc (now Magetz Electrical Proprietary Limited) and Power On Wheels cc (now Power on Wheels Proprietary Limited) (collectively trading as Bundu Power (“**Bundu Power**”)), in terms of which Ellies proposed to, with effect from the date of fulfilment or waiver of certain conditions precedent, purchase 100% of the members’ interests in Magetz Electrical cc and Power On Wheels cc (“**Acquisition**”) for a maximum consideration of R207.6 million (“**Consideration**”);
- the announcement of 13 June 2023 with regard to, *inter alia*, a proposed fully underwritten rights offer (“**Rights Offer**”) in the amount of R120 million in order to fund the initial payment in terms of the Acquisition; and
- the update announcement of 1 September 2023 (“**1 September 2023 Announcement**”) with regard to, *inter alia*, certain amendments to the Agreement, including the payment of an amount of R1 000 000 to the Vendors in proportion to their shareholding in Bundu Power, on each of 1 September, 1 October and 1 November 2023.

The Company, the Vendors and Bundu Power have now entered into an amended and restated share purchase agreement (“**Amended Agreement**”), the terms of which are more fully detailed below.

2. DESCRIPTION OF THE ASSETS TO BE ACQUIRED

Bundu Power, founded in 2005, specialises in the distribution and rental of generators as well as the distribution and installation of solar and ancillary products, providing alternative energy solutions for residential, commercial, industrial, hospitality, agricultural and recreational users.

3. RATIONALE FOR THE ACQUISITION OF BUNDU POWER

As previously disclosed in the Company’s results for the six months ended 31 October 2022 and for the year ended 30 April 2023, Ellies is repositioning itself as a smart infrastructure business which will include comprehensive solutions for alternative energy, water storage and harvesting, connectivity and smart home technology. The acquisition of Bundu Power is the first building block of the new strategy and will expand the Ellies portfolio of alternative energy solutions. Ellies, in turn, provides Bundu Power with an expanded Southern African distribution network and access to a group with a level 1 BBBEE status.

4. CONSIDERATION

The Consideration shall be settled as follows:

- five interim payments of R1 million each to be made to the Vendors in proportion to their shareholding in Bundu Power on each of 1 September 2023, 1 October 2023, 1 November 2023, 1 December 2023 and 3 January 2024;
- an initial payment of R150 million to be paid on the date of fulfilment or waiver of the conditions

precedent detailed in paragraph 6 below; and

- the balance payable through two deferred payments of R26 300 000 each (“**Deferred Payments**”), to be settled within 60 days of 29 February 2024 and 28 February 2025 respectively, being the financial year ends of Bundu Power.

Ellies intends to fund the Consideration through a debt facility and consequently, the Company shall not be proceeding with the Rights Offer at this stage.

5. FINANCIAL INFORMATION

The financial information is extracted from the latest audited annual financial statements of Bundu Power as at 28 February 2023, which financial statements were prepared in terms of IFRS:

- the value of the net assets of Bundu Power is R77.7 million;
- the after tax profit attributable to Bundu Power for the year ended 28 February 2023 was R32.4 million; and
- the estimated profit after tax of Bundu Power for the year ended 28 February 2024 is R33.94 million.

This information has not been audited or reviewed and reported on by either the Company’s auditors or a reporting accountant in accordance with ISAE 3000.

6. CONDITIONS PRECEDENT

The Acquisition is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent (“**Conditions Precedent**”):

- the approval of the directors and shareholders of Ellies to the extent required;
- Ellies having completed to its satisfaction a due diligence investigation and the delivery of written notice in this regard to the members of Bundu Power;
- each of the members of Bundu Power entering into non-competition agreements; and
- unconditional approval by the Competition Authorities or conditional approval accepted by both parties.

The Conditions Precedent must be fulfilled by 31 January 2024, unless extended by the parties in writing.

7. ADDITIONAL SIGNIFICANT TERMS OF THE AMENDED AGREEMENT

Ellies has granted the Sellers a call option, exercisable in the Sellers’ absolute discretion, to repurchase all of the members’ interest at an agreed valuation should Ellies fail to pay any amount due and payable to the Sellers in terms of the Agreement within 60 business days of such amount falling due (“**Option Event**”). The call option would cease to apply to the extent that Ellies provides a bank guarantee or alternative security, to the satisfaction of the Sellers, for the settlement of any outstanding Deferred Payments in the event of an Option Event occurring.

The Amended Agreement furthermore contains representations and warranties by Bundu Power and its members in favour of Ellies that are standard for a transaction of this nature.

8. CATEGORISATION OF TRANSACTION AND SHAREHOLDER CIRCULAR

The Acquisition constitutes a category 1 transaction in terms of the JSE Listings Requirements and requires the approval of Ellies shareholders in general meeting. A circular containing full details of the Acquisition and incorporating a notice of general meeting of shareholders of Ellies, is in the process of being prepared and will be distributed to shareholders in due course. The JSE has granted Ellies an extension to the date of posting of the circular such that the circular in this regard will be distributed by 31 January 2024.

9. WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the initial cautionary announcement released on SENS on 28 September 2022 and subsequent renewals thereof, the latest of which was released on 27 November 2023, and are advised that as a result of the publication of this announcement, the cautionary is withdrawn and shareholders are therefore no longer required to exercise caution when dealing in their Ellies shares.

4 December 2023

Sponsor

