



**HOLDINGS LIMITED**

**UNAUDITED CONDENSED  
CONSOLIDATED  
INTERIM RESULTS**

**for the six months ended 31 October 2020**

# H1 F2021 at a glance

- **REVENUE** increased by 1,9% to **R656,7** million (H1 F2020: R644,3 million)
- **EBITDA** increased by 1 261,3% to a profit of **R33,4** million (H1 F2020: profit of R2,5 million)
- **PROFIT AFTER TAX** increased by 143,0% to a profit of **R12,9** million (H1 F2020: loss of R30,1 million)
- **TOTAL COMPREHENSIVE INCOME** increased by 142,5% to an income of **R12,7** million (H1 F2020: loss of R30,0 million)
- **EARNINGS PER SHARE** increased by 161,2% to a profit of **2,56** cents (H1 F2020: loss per share of 4,18 cents)
- **HEADLINE EARNINGS PER SHARE** increased by 181,6% to a profit of **2,37** cents (H1 F2020: headline loss per share of 2,91 cents)
- **NET ASSET VALUE PER SHARE** decreased by 51,6% to **20,8** cents (H1 F2020: 43,0 cents)
- **NET TANGIBLE ASSET VALUE PER SHARE** decreased by 40,0% to **20,8** cents (H1 F2020: 34,7 cents)
- **NO DIVIDEND DECLARED**

# Results COMMENTARY

## INTRODUCTION

Ellies Holdings Limited is an investment holding company for businesses involved in the manufacture, 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, operates out of 19 branches and trade counters in South Africa, with a presence in all nine provinces and wholly-owned subsidiaries in Namibia, Botswana and Eswatini (formerly Swaziland).

Ellies Industries, the Manufacturing segment, manufactures, sells and distributes various products related to markets Ellies serves, including satellite dishes, terrestrial aerials, TV brackets, mounts and shelving solutions, whilst offering bespoke industry solutions and custom-made products, with its primary customer being Ellies Electronics.

The Group reports on two segments, namely Trading and Distribution, and Manufacturing. These segments leverage off common pools of expertise, allowing each segment to focus on its core competencies. The Trading and Distribution segment markets a comprehensive range of products, sourced from the Group's Manufacturing segment as well as other manufacturers, both locally and internationally. The Manufacturing segment manufactures primarily for the Trading and Distribution segment.

## OVERVIEW

In the integrated annual report issued during October 2020, it was stated that the benefits of the various strategic projects are already visible and showing notable improvements. This included the restructuring and migration of the warehouse and distribution functions in Johannesburg. It is also pleasing to report that insurance-related property issues in Johannesburg were resolved and the properties have been vacated. The disposal of the investment properties was completed and what remains outstanding is the last three transfers through the Deeds office.

### Inventory

During the preceding two years, the Group wrote off substantial amounts of inventory and it is pleasing to report that the inventory write-off for the first half of FY 2021 was negligible. This was attributable to the ongoing clean-up as well as the migration to a third-party logistics and warehousing provider.

### Technology

Last year it was reported that the lack of investment in technology and infrastructure has regrettably continued to adversely affect operations. An information technology remediation plan is currently underway with a remediation of the ERP system, including an update to the latest release. Achievements to date include the migration to the cloud, the integration of the Ellies systems with that of Value Logistics, the third-party logistics and warehousing supplier, as well as the commissioning of the business intelligence system, allowing the business to better analyse its information and data relating to the revenue cycle.

The Board has appointed a Non-Executive Director to oversee IT Governance. This is to ensure the IT strategic vision is aligned to the business requirements.

### Trading environment

The trading environment remains constrained in the wake of the post COVID economy. The Group's principal revenue generator, installations of satellite dishes, has shown a declining trend over the past reporting periods. During the lockdown restrictions, Multichoice was an essential services provider and partnered with Ellies, which resulted in a surge in new subscriptions as people were home bound. New subscriptions have tapered off since restrictions were eased.

### Legal legacy matters

The Board is pleased to report that a number of legacy legal issues, which remained outstanding for some time, has been resolved: –

- The R42 million claim from Supergroup was settled after the reporting date for a cash consideration of R3 million. In exchange, Ellies received R2 million in inventory retained as a lien by Supergroup. This settles all Supergroup claims.
- Beyond Platinum has appealed the judgment in Ellies' favour relating to the search and seizure. The appeal was heard on 13 November 2020 and was dismissed with costs.

# Results commentary continued

## REVIEW OF OPERATIONS

### Trading and Distribution segment

The Trading and Distribution segment experienced a pleasing six months despite the disruption attributable to the migration of the logistics and warehousing functions during this period. Stock hygiene and order fill rates have shown marked improvements, attributable to the migration to Value Logistics.

Approximately half of the revenue of the Trading and Distribution segment is concentrated in a few key customers and their performance within their own industries has had a direct impact on Ellies' performance. Increased competition from imports and the ongoing poor economic conditions in the country have put pressure on margins.

Despite the challenges facing the segment, good overall demand is still experienced from customers as the Ellies brand is recognised and respected across industries and sectors. Management is pursuing opportunities to ensure that the brand remains relevant in the sector.

### Manufacturing segment

The manufacturing segment continues to underperform and posted a significantly reduced loss for the first half of FY 2021. This is attributable to the lack of traction on the DTT project and continued under-recovery of fixed costs.

Management is focusing on and evaluating alternatives.

Details of the financial results per segment are disclosed in the Segment Analysis.

## FINANCIAL REVIEW

The Group experienced a pleasing performance in the first six months of FY 2021 and reported an earnings per share of 2,56 cents for the period under review (H1 FY2020: loss of 4,18 cents per share) and a headline earnings per share of 2,37 cents (H1 FY2020: headline loss per share of 2,91 cents).

While the growth in the South African economy remained subdued and was influenced by the economic effects of the COVID-19 pandemic, the difficulties experienced at Eskom contributed positively to the Group's results through the sale of alternative energy solutions.

### Statement of comprehensive income

EBITDA of R33,4 million was the result of a 1,9% revenue increase, which contributed to a 6,4% increase in gross profit when compared to the corresponding period in the previous financial year. Gross margin increased by 1 percentage point and is attributable to the inventory losses normally associated with the Johannesburg facility not recurring following the closure of that facility. Operating expenses decreased by 13,2%, reflecting the expected effect of the efficiency gains associated with the migration to the third-party logistic supplier.

The main drivers of operating expenses remain employment costs and logistics expenses.

Total comprehensive profit of R12,7 million represents a considerable improvement over the loss of R30,0 million in the corresponding period in the previous financial year.

### Statement of financial position

Capital and reserves decreased compared to a year ago attributable to the impairment of goodwill and deferred tax assets as well as provisioning for inventory write-offs and accounts receivable. The statement of financial position remains strong, ending the half-year with capital and reserves of R89,0 million. Net asset value per share was 20,8 cents (H1 FY2020: 43,0 cents before the impairments referred to above).

IFRS 16 resulted in a right-of-use asset of R32,5 million compared to R17,0 million in the previous year, the increase is related to new property leases entered into.

Inventory decreased considerably compared to 31 October 2019, mainly as a result of the identification of slow-moving and obsolete inventory written off and provisioned against.

The Group commenced the repayment of the amortising profile loan instalments of the Standard Bank facility at the end of January 2020 and quarterly thereafter.

## Results commentary continued

The unsatisfactory operating performance reported for FY 2020, together with the effect which COVID-19 had on the credit guarantee industry, resulted in the import finance provider withdrawing funding facilities. Standard Bank, as the Group's primary bank, granted an additional facility. The Board and management are in regular contact with bankers and every effort is being made to maintain adequate facilities going forward. It is pleasing to note that Ellies met its covenants for both quarters in the interim results period as opposed to the previous year when the business was operationally and financially challenged.

### **Statement of cash flows**

Cash outflow from operating activities since 1 May 2020 amounted to R32,1 million, including an outflow on working capital attributable to the settlement of trade and other payables after the year-end at 30 April 2020. Cash inflow from divesting investment properties amounted to R15,4 million. The repayment of the amortising term loan contributed R9,6 million to the repayment of interest-bearing liabilities.

### **GOING FORWARD**

Ellies is in the process of adjusting to difficult trading conditions in a very competitive and challenging economic environment. The Board and management believe that the key areas of focus have been identified, action plans developed, and implementation steps taken.

### **GOING CONCERN**

The effects of the COVID-19 pandemic continue to create a material uncertainty across the globe and impact on the South African economy. The directors have considered this uncertainty as well as the trading and resultant profits in the period to 31 October 2020, the profitability and cash flow forecasts for the year ahead, the continued support of our bankers and as a result of all of the above believe that Ellies is a going concern.

### **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 2020

	Notes	GROUP		
		Unaudited 6 months ended 31 Oct 2020 R'000	Unaudited 6 months ended 31 Oct 2019 R'000	Audited 12 months ended 30 Apr 2020 R'000
Revenue	2	656 651	644 293	1 169 867
Cost of sales		(454 557)	(454 338)	(861 361)
<b>Gross profit</b>		<b>202 094</b>	<b>189 955</b>	<b>308 506</b>
Other income		781	917	4 856
Operating expenses		(163 590)	(188 421)	(377 656)
Impairment loss on trade receivables		(5 920)	–	(2 827)
Depreciation		(11 081)	(12 232)	(21 223)
<b>Operating profit/(loss) before impairment of non-current assets</b>		<b>22 284</b>	<b>(9 781)</b>	<b>(88 344)</b>
Impairment of non-current assets held for sale		–	(8 006)	(12 330)
Impairment of goodwill		–	–	(51 438)
Impairment of loans		(258)	91	(224)
<b>Profit/(loss) from operations</b>		<b>22 026</b>	<b>(17 696)</b>	<b>(152 336)</b>
Interest received		1 543	548	797
Interest paid		(10 224)	(10 690)	(26 985)
Share of losses from associates		–	(91)	–
<b>Profit/(loss) before taxation</b>		<b>13 345</b>	<b>(27 929)</b>	<b>(178 524)</b>
Taxation		(415)	(2 060)	(18 052)
<b>Profit/(loss) for the period: continuing operations</b>		<b>12 930</b>	<b>(29 989)</b>	<b>(196 576)</b>
Loss from discontinued operations		(7)	(95)	(115)
<b>Profit/(loss) for the period</b>		<b>12 923</b>	<b>(30 084)</b>	<b>(196 691)</b>
<i>Other comprehensive income:</i>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
– Foreign currency translation reserve		(181)	115	552
<b>Total comprehensive income/(loss) for the period</b>		<b>12 742</b>	<b>(29 969)</b>	<b>(196 139)</b>
<i>Attributable to:</i>				
Equity holders of the parent		15 858	(25 896)	(179 652)
Non-controlling interests		(2 935)	(4 188)	(17 039)
<b>Net profit/(loss) after taxation</b>		<b>12 923</b>	<b>(30 084)</b>	<b>(196 691)</b>
<i>Total comprehensive income/(loss) attributable to:</i>				
Equity holders of the parent		15 677	(25 781)	(179 100)
Non-controlling interests		(2 935)	(4 188)	(17 039)
<b>Total comprehensive (loss)/income for the period</b>		<b>12 742</b>	<b>(29 969)</b>	<b>(196 139)</b>
– Basic earnings/(loss) per share (cents)	3	2,56	(4,18)	(28,97)

# Consolidated statement of FINANCIAL POSITION

as at 31 October 2020

	Notes	GROUP		
		Unaudited 31 Oct 2020 R'000	Unaudited 31 Oct 2019 R'000	Audited 30 Apr 2020 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		59 123	111 815	46 055
Property, plant and equipment		25 947	27 776	26 638
Right-of-use assets		32 476	16 956	18 641
Goodwill		–	51 438	–
Deferred taxation		700	15 645	776
<b>Current assets</b>		460 742	534 299	435 390
Inventory		226 836	331 293	243 129
Trade and other receivables		217 356	181 158	150 221
Taxation receivable		8 118	7 335	8 118
Bank and cash balances		8 432	14 513	33 922
<b>Non-current assets held for sale</b>		6 839	23 832	19 511
Non-current assets held for sale	4	6 839	23 832	19 511
<b>Total assets</b>		526 704	669 946	500 956
<b>EQUITY AND LIABILITIES</b>				
<b>Total shareholders' interests</b>		89 023	242 336	76 281
Stated capital		837 212	837 212	837 212
Non-distributable reserves		(175 865)	(176 121)	(175 684)
Accumulated loss		(532 432)	(394 645)	(548 290)
Equity attributable to equity holders of the parent		128 915	266 446	113 238
Non-controlling interests		(39 892)	(24 110)	(36 957)
<b>Non-current liabilities</b>		146 224	153 175	148 300
Interest-bearing liabilities		119 860	148 300	129 401
Lease liabilities		26 364	4 875	12 297
<b>Current liabilities</b>		291 457	274 435	282 977
Interest-bearing liabilities		18 889	9 528	18 972
Lease liabilities		11 000	14 855	9 066
Trade and other payables		195 346	206 904	207 399
Provisions		13 121	1 541	5 277
Taxation payable		474	–	470
Third-party loans		41 607	41 607	41 607
Bank overdrafts		11 020	–	186
<b>Total equity and liabilities</b>		526 704	669 946	500 956
<i>Supplementary information:</i>				
Net asset value per share (cents)		20,80	42,96	18,26
Net tangible asset value per share (cents)		20,80	34,67	18,26
Number of shares in issue at the end of period		620 158 235	620 158 235	620 158 235

# Consolidated statement of CHANGES IN EQUITY

for the six months ended 31 October 2020

	Stated capital R'000	Foreign currency trans- lation reserve R'000	Non- distri- butable reserves R'000	Accum- lated loss R'000	Equity attri- butable to equity holders of the parent R'000	Non- controlling interests R'000	Total equity R'000
<b>GROUP</b>							
<b>Balances as at 1 May 2019</b>	837 212	1 958	(178 194)	(366 554)	294 422	(19 788)	274 634
First-time adoption of IFRS 16	-	-	-	(2 195)	(2 195)	(134)	(2 329)
Total comprehensive (loss)/ income for the period	-	115	-	(25 896)	(25 781)	(4 188)	(29 969)
<b>Adjusted balances as at 31 October 2019</b>	837 212	2 073	(178 194)	(394 645)	266 446	(24 110)	242 336
<b>Adjustments on first-time adoption of IFRS 16</b>	-	-	-	110	110	4	114
Total comprehensive income/ (loss) for the period	-	437	-	(153 755)	(153 318)	(12 851)	(166 169)
<b>Balances as at 30 April 2020</b>	837 212	2 510	(178 194)	(548 290)	113 238	(36 957)	76 281
Total comprehensive income/ (loss) for the period	-	(181)	-	15 858	15 677	(2 935)	12 742
<b>Balances as at 31 October 2020</b>	837 212	2 329	(178 194)	(532 432)	128 915	(39 892)	89 023



# Consolidated statement of CASH FLOWS

for the six months ended 31 October 2020

	Notes	GROUP		
		Unaudited 6 months ended 31 Oct 2020 R'000	Unaudited 6 months ended 31 Oct 2019 R'000	Audited 12 months ended 30 Apr 2020 R'000
<b>Cash flows from operating activities</b>		(32 149)	(19 802)	19 748
Cash generated from operations	5	(23 050)	(9 227)	47 346
Interest received		1 543	548	797
Interest paid		(10 224)	(10 690)	(26 985)
Taxation paid		(411)	(338)	(1 410)
Cash flows – continuing operations		(32 142)	(19 707)	19 748
Cash flows – discontinued operations		(7)	(95)	–
<b>Cash flows from/(utilised in) investing activities</b>		10 689	(973)	(2 007)
Acquisitions of property, plant and equipment		(4 824)	(1 032)	(2 119)
Proceeds on disposal of property, plant and equipment		113	59	112
Proceeds on disposal of non-current assets held for sale		15 400	–	–
<b>Cash flows utilised by financing activities</b>		(14 744)	(7 155)	(26 135)
Receipt of interest-bearing liabilities		–	(128)	–
Repayment of interest-bearing liabilities		(9 624)	–	(9 583)
Repayment of lease liabilities		(5 120)	(7 027)	(16 552)
<b>Net decrease in cash and cash equivalents</b>		(36 204)	(27 930)	(8 394)
Foreign currency translation reserve – net movement on cash and cash equivalents		(120)	–	(313)
Cash and cash equivalents at the beginning of the period		33 736	42 443	42 443
<b>Cash and cash equivalents at the end of the period</b>		(2 588)	14 513	33 736
<i>Cash and cash equivalents consist of:</i>				
Bank and cash balances		8 432	14 513	33 922
Bank overdrafts		(11 020)	–	(186)
		(2 588)	14 513	33 736

# SEGMENT analysis

for the six months ended 31 October 2020

The Group reports on two segments, namely Trading and Distribution, and Manufacturing. These segments leverage off common pools of expertise, allowing each segment to focus on its core competencies. The Trading and Distribution segment sources and markets, both locally and internationally. The Manufacturing segment manufactures primarily for the Trading and Distribution segment.

	Trading and Distribution R'000	Manufac- turing R'000	Total R'000
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>Unaudited as at 31 October 2020</b>			
Total assets	462 393	64 311	526 704
Total liabilities	221 405	216 276	437 681
Net assets	240 988	(151 965)	89 023
<b>Unaudited as at 31 October 2019</b>			
Total assets	592 641	77 305	669 946
Total liabilities	380 134	47 476	427 610
Net assets	212 507	29 829	242 336
<b>Audited as at 30 April 2020</b>			
Total assets	430 232	70 724	500 956
Total liabilities	213 119	211 556	500 956
Net assets	217 113	(140 832)	76 281

# SEGMENT analysis continued

for the six months ended 31 October 2020

	Trading and Distribution R'000	Manufacturing R'000	Total continuing operations R'000	Trading and Distribution discontinued R'000	Total R'000
<b>STATEMENT OF PROFIT OR LOSS</b>					
<b>Unaudited six months ended 31 October 2020</b>					
	654 902	1 749	656 651	–	656 651
Revenue	708 251	70 089	778 340	–	778 340
Intersegment revenue	(53 349)	(68 340)	(121 689)	–	(121 689)
Operating expenses	(150 380)	(13 203)	(163 583)	(7)	(163 590)
Segment profit/(loss) before interest and taxation	27 768	(5 735)	22 033	(7)	22 026
Interest received	1 543	–	1 543	–	1 543
Interest paid	(10 221)	(3)	(10 224)	–	(10 224)
Interest intersegment	5 396	(5 396)	–	–	–
Profit/(loss) before taxation	24 485	(11 133)	13 352	(7)	13 345
Share of losses from associates	–	–	–	–	–
(Loss)/profit before taxation	24 485	(11 133)	13 352	(7)	13 345
<b>Unaudited six months ended 31 October 2019</b>					
	642 915	1 378	644 293	–	644 293
Revenue	666 991	39 996	706 987	–	706 987
Intersegment revenue	(24 076)	(38 618)	(62 694)	–	(62 694)
Operating expenses	(172 763)	(15 748)	(188 421)	(95)	(188 516)
Segmental loss before interest and taxation	(7 421)	(10 275)	(17 696)	(95)	(17 791)
Interest received	548	–	548	–	548
Interest paid	(10 508)	(182)	(10 690)	–	(10 690)
Interest intersegment	5 650	(5 650)	–	–	–
Loss before taxation	(11 731)	(16 107)	(27 838)	(95)	(27 933)
Share of losses from associates	(91)	–	(91)	–	(91)
Loss before taxation	(11 822)	(16 107)	(27 929)	(95)	(28 024)
<b>Audited as at 30 April 2020</b>					
	1 192 873	(23 006)	1 169 867	–	1 169 867
Revenue	1 237 273	47 671	1 248 944	–	1 248 944
Intersegment revenue	(44 399)	(70 677)	(115 076)	–	(115 076)
Operating expenses	(347 575)	(30 081)	(377 656)	(115)	(377 771)
Segmental loss before interest and taxation	(100 934)	(51 402)	(152 336)	(115)	(152 451)
Interest received	797	–	797	–	797
Interest paid	(26 985)	–	(26 985)	–	(26 985)
Interest intersegment	12 518	(12 518)	–	–	–
Loss before taxation	(114 604)	(63 920)	(178 524)	(115)	(178 639)
Share of losses from associates	–	–	–	–	–
Loss before taxation	(114 604)	(63 920)	(178 524)	(115)	(178 639)

# Notes to the UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

for the six months ended 31 October 2020

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial results for the six months ended 31 October 2020 have been prepared in accordance with the requirements of the JSE Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa applicable to condensed financial statements. The JSE Listings Requirements require reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The unaudited condensed consolidated interim financial results were compiled by Mr Jacques Liebenberg AGA(SA), Interim Finance Executive under the supervision of Mr Chris Booyens 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 7.

### **Accounting policies**

The 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 2020. 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 2020.

### **Audit opinion**

The Group's external auditors, BDO South Africa Inc, have not reviewed 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**

In determining the appropriate basis of preparation of the unaudited condensed consolidated interim financial results, the directors are required to determine if the Group will be a going concern for the next year. Management prepared cash flow forecasts for each of the subsidiaries. These forecasts were subjected to sensitivity tests. Management also considered the businesses' ability to meet its financial obligations for the 12 months following approval of the unaudited condensed consolidated interim financial results. The analysis considered the current challenging market conditions and management's turnaround plan being executed including a return to sustainable profitability, cost reductions and the optimisation of working capital. The resulting cash flow projections were compared to available funding facilities. The forecast indicated that the banking facilities should be adequate. There are specific banking covenants with which the Company has to comply.

The Group's ability to fund its short-term liquidity requirements is dependent on adequate funding facilities.

The effects of the COVID-19 pandemic continue to create a material uncertainty across the globe and impact on the South African economy. The directors have considered this uncertainty as well as the trading and resultant profits in the period to 31 October 2020, the profitability and cash flow forecasts for the year ahead, the continued support of our bankers and as a result of all of the above believe that Ellies is a going concern.

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# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2020

## 2. REVENUE

### Revenue from contracts with customers

	GROUP		
	Unaudited 6 months ended 31 Oct 2020 R'000	Unaudited 6 months ended 31 Oct 2019 R'000	Audited 12 months ended 30 Apr 2020 R'000
Revenue from contracts with customers	656 651	644 293	1 169 867

### 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 2020 R'000	Unaudited 6 months ended 31 Oct 2019 R'000	Audited 12 months ended 30 Apr 2020 R'000
South Africa	610 970	597 888	1 071 265
Botswana	12 719	10 995	20 695
Namibia	22 208	27 189	59 807
Swaziland	10 754	8 221	18 100
	656 651	644 293	1 169 867

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

	GROUP		
	Unaudited 6 months ended 31 Oct 2020 R'000	Unaudited 6 months ended 31 Oct 2019 R'000	Audited 12 months ended 30 Apr 2020 R'000
Cash on delivery customers	103 985	110 344	200 980
Independent customers	102 434	147 581	216 356
Satellite television service providers	128 223	139 699	246 166
Major retailers	276 328	200 264	407 763
	610 970	597 888	1 071 265

# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2020

## 3. EARNINGS/(LOSS) PER SHARE

	GROUP		
	Unaudited 6 months ended 31 Oct 2020 R'000	Unaudited 6 months ended 31 Oct 2019 R'000	Audited 12 months ended 30 Apr 2020 R'000
<b>Basic earnings/(loss) per share (cents)</b>	2,56	(4,18)	(28,97)
– Trading and Distribution – continuing operations	4,36	(2,50)	(21,39)
– Trading and Distribution – discontinued operations	(0,00)	(0,02)	(0,02)
– Manufacturing – continuing operations	(1,80)	(1,66)	(7,56)
<b>Headline earnings/(loss) per share (cents)</b>	2,37	(2,91)	(18,66)
– Trading and Distribution – continuing operations	4,17	(1,23)	(11,08)
– Trading and Distribution – discontinued operations	(0,00)	(0,02)	(0,02)
– Manufacturing – continuing operations	(1,80)	(1,66)	(7,56)
<b>The calculation of earnings/(loss) per ordinary share for the Group is based on the following:</b>			
– Basic earnings/(loss) (R'000)	15 858	(25 896)	(179 652)
– Headline earnings/(loss) (R'000)	14 704	(18 024)	(115 736)
– Weighted average number of shares in issue	620 158 235	620 158 235	620 158 235
<b>Reconciliation of headline earnings</b>			
Net profit/(loss) for the year attributable to equity holders of the parent	15 858	(25 896)	(179 652)
<i>Adjusted for:</i>			
– (Profit)/loss on sale of property, plant and equipment	480	(59)	(105)
– Impairment of goodwill	–	–	51 438
– Profit on non-current asset held for sale	(1 634)	–	–
– Impairment of non-current asset held for sale	–	8 006	12 554
– Impairment of loans to associates	–	(91)	–
– Tax effect on adjustments	–	16	29
Headline earnings/(loss) attributable to ordinary shareholders	14 704	(18 024)	(115 631)

Ellies has no dilutionary instruments in issue.

All amounts are net of non-controlling interests, where applicable.

# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2020

## 4. NON-CURRENT ASSETS HELD FOR SALE

The properties designated as held for sale were auctioned off in February and March 2020 but subject to the fulfilment of conditions precedent, some of which are still outstanding at the reporting date, as a result of the national lockdown as a result of the COVID-19 pandemic.

	GROUP		
	Unaudited 6 months ended 31 Oct 2020 R'000	Unaudited 6 months ended 31 Oct 2019 R'000	Audited 12 months ended 30 Apr 2020 R'000
ERF 45, 8 & 10 Christie Crescent, Vintonia, Mpumalanga	–	6 300	6 300
ERF 16159, Arcadia, East London	–	3 221	3 221
ERF 1930 North End, Port Elizabeth	–	3 595	3 150
ERF 28416 Bloemfontein	3 225	4 630	3 225
ERF 1671 Bloemfontein	64	92	64
ERF 264 Village Deep, Johannesburg	1 950	4 132	1 950
ERF 236 Village Deep, Johannesburg	1 600	1 862	1 600
	<b>6 839</b>	23 832	19 511

# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2020

## 5. CASH (UTILISED BY)/GENERATED FROM OPERATIONS

	GROUP		
	Unaudited 6 months ended 31 Oct 2020 R'000	Unaudited 6 months ended 31 Oct 2019 R'000	Audited 12 months ended 30 Apr 2020 R'000
Profit/(loss) before taxation	13 345	(27 929)	(178 639)
<i>Adjusted for:</i>			
Interest received	(1 543)	(548)	(797)
Interest paid	10 224	10 690	26 985
Impairment on inventory	381	–	49 011
Impairment on trade receivables	5 920	–	2 827
Impairment of loans	–	–	–
Impairment of non-current assets held for sale	–	8 006	12 330
Impairment of goodwill	–	–	51 438
Depreciation	11 081	12 232	23 311
Profit on disposal of non-current assets	480	(59)	(105)
Profit on disposal of held for sale assets	(1 634)	–	–
(Decrease)/increase in provisions	7 844	(3 645)	91
	<b>46 098</b>	<b>(1 253)</b>	<b>(13 548)</b>
<b>Changes in working capital</b>	<b>(69 148)</b>	<b>(7 974)</b>	<b>60 895</b>
Decrease/(increase) in inventories	15 912	(31 284)	7 869
Decrease/(increase) in trade and other receivables	(73 007)	(6 615)	21 495
(Decrease)/increase in trade and other payables	(12 053)	29 925	31 531
	<b>(23 050)</b>	<b>(9 227)</b>	<b>47 346</b>



# Notes to the unaudited condensed consolidated interim results continued

for the six months ended 31 October 2020

## 6. GUARANTEES AND CONTINGENT LIABILITIES

The Group has contingent liabilities in respect of bank and other guarantees. It is not expected that any material liabilities will arise from these.

### **Freightit Proprietary Limited**

Freightit Proprietary Limited instituted legal action against Ellies Electronics Proprietary Limited relating to performance and cancellation of contract. The total amount of the claim is R11 million. Ellies Electronics Proprietary Limited is 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.

### **Allybay Trading Enterprises Proprietary Limited**

Allybay Trading Enterprises Proprietary Limited instituted legal action against Ellies Electronics Proprietary Limited relating to damages suffered as the result of the cancellation of a purported delivery service agreement. The total amount of the claim is R7 million. Ellies Electronics Proprietary Limited is 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.

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## 7. EVENTS AFTER THE REPORTING DATE

After the reporting date:

- The R42 million claim from Supergroup was settled for a cash consideration of R3 million. In exchange, Ellies received R2 million in inventory retained as a lien by Supergroup. This settles all Supergroup claims.
- Beyond Platinum has appealed the judgment in Ellies' favour relating to the search and seizure. The appeal was heard on 13 November 2020 and was dismissed with costs.

Other than the items above, the Board is not aware of any other 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**

CEO

**Chris Booyens**

CFO

4 December 2020

## 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:

Messrs Timothy Fearnhead (Chairperson)\*, Dr Shaun Prithvirajh (CEO), Chris Booyens (CFO), Martin Kuscus\*, Francois Olivier\*, Edick Lehapa\*, Edward Raff\*

*\* Independent non-executive*

### Preparer:

Prepared by Mr Jacques Liebenberg AGA(SA), Interim Finance Executive, under the supervision of Mr Chris Booyens CA(SA), Financial Director and CFO

### Company Secretary:

Acorim Secretarial & Governance Services

### Registered office:

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

### Auditors:

BDO South Africa Inc, Wanderers Office Park, 52 Corlett Dr, Illovo, 2196

### Sponsor:

Java Capital, 2nd Floor, 6A Sandown Valley Crescent, Sandton, 2196

### Transfer secretaries:

Computershare Investor Services Proprietary Limited

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