

TRELLIDOR HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1970/015401/06)

Share Code: TRL

ISIN Code: ZAE000209342

("the Company" or "the Group")



FINANCIAL COVENANTS: LENDER FEEDBACK AND GROUP STRATEGIES

Shareholders are referred to the Group's consolidated annual financial statements for the year ended 30 June 2023 ("**Financial Statements**"), published on 28 September 2023.

As detailed in the commentary to the Financial Statements, driven primarily by the decrease in the Group's financial performance during the second half of FY23, as at 30 June 2023, certain of the financial covenants set by the Company's primary lender were breached by the Group. Shareholders were advised that, following receipt of the signed Financial Statements, the lender would complete its annual review and assess the significance of the covenant breaches.

The board of directors of the Company ("**Board**") is pleased to report that the primary lender has completed its review and condoned the covenant breaches for FY23, without amending the existing financial covenants or imposing any additional covenants or conditions. These covenants will be re-measured by the lender for the ensuing financial period ending 30 June 2024.

In making its determination to allow the breaches, the lender, *inter alia*, considered the following:

- the detailed financial and operating plans to rectify the breaches, prepared by the executive team of the Company and approved by the Board;
- that the Group continues to be profit making, despite its underperformance; and
- that no legal proceedings have been instituted against the Group by other funders.

The financial and operating plans prepared by the executive team incorporated the Board's existing strategy of improving profitability, which aims to ensure that the current breached covenants are regularised, *inter alia*, by:

- addressing the factors that impacted the financial performance in the second half of F23, including strategic product positioning and price reviews being implemented by Trellidor through the second quarter of F24;
- the fulfilment of a significant manufacture and supply contract of roller shutters in the UK, the initial orders in terms of which have already been received, and which project is expected to be completed during the third quarter of F24; and
- maintaining overhead levels in line with inflation throughout F24, after the investment in selling capacity which took place during F23.

In addition, as noted in the Financial Statements, the Board has mandated the executive team to investigate opportunities to materially reduce the debt levels of the Group by the end of F25. In that regard, shareholders are advised that the executive team is considering various strategies and initiatives, including the possibility of concluding a "sale and leaseback" transaction in respect of certain identified properties owned by the Group.

Given that the primary lender has condoned the covenant breaches, the Group will have the unconditional right to defer settlement of the related loan liabilities for at least twelve months after the F23 reporting period, and such debt will therefore be reclassified as non-current liabilities.

Durban
16 November 2023

Sponsor
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