

HUDACO INDUSTRIES LIMITED
(“**Hudaco**” or the “**Company**” or the “**Group**”)
Incorporated in the Republic of South Africa
Registration number 1985/004617/06
Share code: HDC & ISIN: ZAE000003273

TRADING UPDATE AND TRADING STATEMENT

Discontinuance of businesses

Shareholders are advised that Hudaco has discontinued two businesses within its portfolio, and that these businesses will be classified as discontinued operations in the interim results for the six months ended 31 May 2026, to be released on SENS on or about 3 July 2026. In both instances, the Company has previously communicated to the market that the businesses were underperforming and that their future was under consideration.

Alternative energy business

The more significant of the two is the alternative energy business, distributing solar and back-up power products, which thrived during the era of frequent load-shedding. It was initially known as Hudaco Energy and later incorporated into Deltec Energy Solutions. Although demand fell away once load-shedding ceased, management believed that the business could still succeed in the alternative energy sector, by providing environmentally friendly solutions and solutions aimed at reducing energy costs for commercial, industrial and residential applications in the face of ever-increasing electricity tariffs.

However, that market has become commoditised, with low margins and rapidly falling product costs putting pressure on selling prices. This “stack it high and sell it cheap” approach is not aligned with the Hudaco strategy of high-margin value-added distribution and, accordingly, is being discontinued.

Impairment of inventory that was paid for two to three years ago, amounting to R125m, has been recognised and limited retrenchment costs have been incurred. Reasonable effort will be made to extract some value from the inventory, which will be difficult in the prevailing market, and no further procurement is envisaged.

Hudaco will continue supplying automotive batteries through Deltec and UPS products through Specialised Battery Systems.

Battery bay management and battery service business within Eternity Technologies

Eternity Technologies supplies traction batteries and services, primarily for forklifts. The contract-based, highly labour-intensive battery bay management and battery service business within Eternity Technologies was running at a low margin due to above-inflation increases in labour costs over an extended period. In the past, product sales to customers of this business more than compensated for the poor margin. As communicated in the integrated report released in February 2026, the entry into the market of former staff members with a key supplier supporting them by splitting the agency, has put product margins under further pressure and this labour-intensive business is no longer viable.

Eternity Technologies will continue distributing forklift batteries and accessories but has terminated all management and service contracts with customers. It is in the process of retrenching approximately 90% of the 245 Eternity Technologies employees. The abandonment of this business involves retrenchment costs, impairment of plant and inventory write-offs totalling R21m.

Trading statement

In terms of the Listings Requirements of the JSE Limited, a listed company is required to publish a trading statement as soon as it becomes reasonably certain that the financial results for the next reporting period will differ by 20% or more from those of the previous corresponding period.

As a result of:

- the impact of the discontinuance of the operations described above on basic and headline earnings; and
- the fact that a gain of R35m in the previous year on the fair value adjustment of a liability to a vendor of a business acquired was not repeated in the current year;

the effects of which are amplified when assessed in a half year period, the board is reasonably certain that earnings per share ("EPS") and headline earnings per share ("HEPS") for the six months ended 31 May 2026 will be at least 20% lower than for the six months ended 31 May 2025 ("prior period"). This does not apply to comparable earnings per share ("CEPS"), which is expected to be higher than in 2025. CEPS excludes discontinued operations and fair value adjustments on vendor liabilities.

Shareholders are accordingly advised that:

- HEPS and EPS are both expected to be between 624 cents and 635 cents. This is between 34% and 32% lower than the 938 cents and 941 cents, respectively, reported for the prior period; and
- CEPS is expected to be between 973 cents and 983 cents. This is between 12% and 13% higher than comparable earnings per share of 870 cents reported for the prior period.

The above information has not been reviewed or reported on by the Company's independent external auditors.

The Group's results for the six months ended 31 May 2026 are scheduled to be released on SENS on or about Friday 3 July 2026.

30 June 2026

Edenvale

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