

NU-WORLD HOLDINGS LIMITED
Registration No. 1968/002490/06
(Incorporated in the Republic of South Africa)
JSE share code: NWL ISIN code: ZAE000005070
(“Nu-World” or “the Group” or “the Company”)

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS OF NU-WORLD FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

FINANCIAL HIGHLIGHTS

SOUTH AFRICAN INCOME	R 61,5 MILLION	+ 69.0%
GROUP INCOME BEFORE TAXATION	R112,8 MILLION	+ 16.6%
NET ASSET VALUE PER SHARE	6 303,7 CENTS	+ 4,6%
HEADLINE EARNINGS PER SHARE	388,7 CENTS	+ 10,4%

	Unaudited 6 Months 28 February 2021 R000	Unaudited 6 Months 29 February 2020 R000	Audited 12 Months 31 August 2020 R000
--	---	--	---

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	% Change			
Revenue	-8,9%	1 394 372	1 530 987	2 627 705
Net operating income		127 422	109 171	205 562
Depreciation – property, plant and equipment		1 312	1 410	2 795
Depreciation – right-of-use asset		7 502		15 004
Finance charges – right-of-use asset		2 642		6 039
Interest paid		3 198	11 052	13 195
Income before taxation	+16.6%	112 768	96 709	168 529
Taxation		28 057	20 127	42 072
Income after taxation		84 711	76 582	126 457
Share of associate company income		372	36	63
Net income for the period/year		85 083	76 618	126 520
Attributable to:				
Equity holders of the Company	+10,1%	83 624	75 936	132 736
Non-controlling interest		1 459	682	(6 216)
		85 083	76 618	126 520
Other comprehensive income:				
Exchange differences on translating foreign operations		(43 134)	10 577	39 150
Comprehensive net income for the period/year		41 949	87 195	165 670
Total comprehensive income attributable to:				
Non-controlling interest		956	657	(4 349)
Equity holders of the Company		40 993	86 538	170 018
		41 949	87 195	165 669
Headline earnings reconciliation:				
Basic earnings		83 624	75 936	132 736
Loss / (Profit) on disposal of property, plant and equipment and impairment of trademarks				3 969
Total tax effects of adjustment				3
Headline earnings		83 624	75 936	136 708

		Unaudited 6 Months 28 February 2021 R000	Unaudited 6 Months 29 February 2020 R000	Audited 12 Months 31 August 2020 R000
OTHER GROUP INFORMATION				
Dividend proposed / paid				44 245
Earnings per share (cents)		388,7	351,9	617,0
Headline earnings per share (cents)	+10,4%	388,7	351,9	635,5
Dividend per share (cents)				195,4
Dividend cover (times)				3,0
Interest cover (times)		39,4	9,8	15,4
Shares in issue (total issued)		22 646 465	22 646 465	22 646 465
Shares in issue (less treasury shares)		21 513 366	21 513 366	21 513 366
Shares in issue – weighted		21 513 366	21 576 570	21 513 366
Operating income as percentage of revenue	+28,2%	9,1%	7,1%	7,8%
Effective taxation rate		24,9%	20,8%	25,0%
Net asset value per share (cents)	+4,6%	6 303,7	6 026,8	6 113,1
Intangible assets				
Goodwill and amortisation				
Balance at beginning of year		34 985	31 432	31 432
Translation of foreign operations		(1 260)	(35)	3 553
Balance at end of year		33 725	31 397	34 985
Patents and trademarks				
Balance at beginning of year		27 725	31 706	31 706
Amount impaired during year				(3 981)
Balance at end of year		27 725	31 706	27 725
Total intangible assets		61 450	63 103	62 710

Unaudited 6 Months 28 February 2021 R000	Unaudited 6 Months 29 February 2020 R000	Audited 12 Months 31 August 2020 R000
---	--	---

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 Months 28 February 2021 R000	Unaudited 6 Months 29 February 2020 R000	Audited 12 Months 31 August 2020 R000
ASSETS			
Non-current assets	166 017	178 947	175 036
Property, plant and equipment	23 102	23 388	22 162
Right-of-use assets	50 994	65 047	58 496
Intangible assets	61 450	63 103	62 710
Investment in associates	939	539	567
Deferred taxation	29 532	26 870	31 101
Current assets	1 408 983	1 403 702	1 482 992
Inventory	685 011	629 683	745 029
Trade and other receivables	536 882	502 888	550 865
Cash and cash equivalents	187 090	271 131	187 098
Total assets	1 575 000	1 582 649	1 658 028
EQUITY AND LIABILITIES			
Total equity	1 364 677	1 309 159	1 322 730
Ordinary shareholders' funds	1 356 135	1 296 567	1 315 144
Non-controlling interest	8 542	12 592	7 586
Non-current liabilities	58 460	68 948	65 600
Lease liabilities	58 460	68 948	65 600
Current liabilities	151 863	204 542	269 698
Bank overdraft	59 030	24 030	26
Lease liabilities	14 287	17 427	14 560
Trade and other payables	78 546	163 085	255 112
Total equity and liabilities	1 575 000	1 582 649	1 658 028

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 Months 28 February 2021 R000	Unaudited 6 Months 29 February 2020 R000	Audited 12 Months 31 August 2020 R000
Balance as at 1 September	1 315 144	1 225 385	1 225 385
Total attributable income for the year	83 624	75 936	132 736
Dividend paid			(65 312)
Movement in foreign currency translation reserve	(42 633)	10 602	37 284
Adoption of IFRS 16 - Leases		(15 356)	(14 949)
Balance as at 29 February / 31 August	1 356 135	1 296 567	1 315 144

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited 6 Months 28 February 2021 R000	Unaudited 6 Months 29 February 2020 R000	Audited 12 Months 31 August 2020 R000
Net cash flow from operating activities	(1 106)	232 966	191 189
Cash generated from operations	34 837	262 771	311 919
Interest paid	(3 198)	(11 052)	(13 195)
Dividend paid			(65 312)
Normal tax on companies	(32 745)	(18 753)	(42 223)
Cash flows from investing activities	(2 252)	(2 143)	(2 277)
Purchase of tangible fixed assets	(2 252)	(2 143)	(2 336)
Proceeds on disposal of fixed assets			59
Cash flows from financing activities	(10 055)	0	(20 139)
Repayment of lease liabilities	(10 055)	0	(20 139)
Net (decrease)/increase in cash and cash equivalents	(13 413)	230 823	168 773
Cash and cash equivalents at the beginning of the period/year	187 072	4 179	4 179
Effect on exchange rate changes on the balance of cash held in foreign currencies	(45 600)	12 099	14 120
Cash and cash equivalents at end of the period/year	128 059	247 101	187 072

NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS

Note 1: Basis of preparation

The condensed consolidated interim results are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The condensed consolidated interim results are presented in Rand rounded to the nearest thousand ('000).

The condensed consolidated interim results have been prepared under the supervision of Graham Hindle CA (SA) in his capacity as Financial Director.

Note 2: Accounting policies

The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

Note 3: Segmental information

	Unaudited 6 Months 28 February 2021 R000	Unaudited 6 Months 29 February 2020 R000	Audited 12 Months 31 August 2020 R000
% Change			
Geographical revenue			
South Africa	1 102 832	1 145 581	1 954 170
Offshore subsidiaries	291 540	385 406	673 535
	-8,9%	1 394 372	2 627 705
Geographical income			
South Africa	61 520	36 404	83 064
Offshore subsidiaries	22 104	39 532	49 672
	+10,1%	83 624	132 736

Note 4: Revenue from contracts with customers

	Unaudited 6 Months 28 February 2021 R000	Unaudited 6 Months 29 February 2020 R000	Audited 12 Months 31 August 2020 R000
Sale of goods	1 511 306	1 665 303	2 846 374
Rebates and trade discounts	(116 934)	(134 316)	(218 669)
	1 394 372	1 530 987	2 627 705
Regions			
Africa	1 208 332	1 278 599	2 166 776
Middle East and Asia	46 420	80 027	131 256
Australasia	241 691	293 932	521 068
South America	14 862	12 745	27 274
	1 511 306	1 665 303	2 846 374
Categories			
Consumer electronics	1 014 147	1 097 104	1 777 365
Home electrical appliances	409 149	427 252	785 077
Other consumer durables	88 010	140 948	283 932
	1 511 306	1 665 303	2 846 374

The Group has no contract assets arising from revenue with customers. There are no unsatisfied performance obligations relating to contracts with customers at period end. The Group has determined that no material costs are incurred to fulfil contracts and as such, no costs have been capitalised in this regard.

Note 5: Other comprehensive income

The ZAR appreciated by 10,1% against the USD in H1 2021, compared to the ZAR depreciation of 10,2% to the USD in FY 2020. This resulted in the exchange differences on translating foreign operations of (R43,1 million) in H1 2021 and R39,1 million in FY 2020.

COMMENTARY

Introduction

Nu-World is a company incorporated and domiciled in South Africa with subsidiaries in Australia, Brazil, Dubai UAE, Hong Kong and Lesotho. The main business of Nu-World and its subsidiaries includes the importing, assembling, marketing and distribution of branded consumer goods. The Board presents the Nu-World summary results for the six months ended 28 February 2021. The Group's results to 28 February 2021 were satisfactory taken in context of the affects which the COVID-19 pandemic has had on world economies.

Review

Sales came under pressure particularly during months when lockdown restrictions were in place, however as restrictions were lifted sales increased in Q2 2021. Income increased due to additional cost controls resulting in the reduction in overheads. The Group increased the net asset value per share by 4,6% to R 63,04.

South Africa

Sales improved during the last quarter of the period under review as Government eased restrictions. The increase in income is attributable to the appreciation in the local currency against the USD, cost efficiencies leading to improved operating margins, and the introduction of new product categories.

Sales

Consumer electronics

Visual - this sector came under pressure due to the pricing of LED panels. This is as a consequence of the consolidation in the panel supply chain as well as an increased demand from the USA and Europe. Panel prices increased dramatically week on week. Certain sizes escalated more than three fold. This manifested itself into continued increases in cost of LED TV, as well as many shortages in supply. Further, the shipping lines reduced the number of vessels on different routes worldwide, which resulted in substantial increases in freight rates. The Group worked to minimize the effects of these issues; however, this did manifest in some shortages for the high season selling period of Black Friday and Christmas sales, which in turn had a negative effect on top line sales. However as the markets settled down and stock receipts started to resume, the company has recovered some of this lost ground.

Hi-tech – tablet sales were impacted by high price and shortages worldwide. The company successfully launched two new JVC tablets in South Africa and Australia during this period.

Audio - also experienced shortages in supply over the peak selling months. However, with supplier support, the company has increased its offering and looks forward to improved conditions going forward.

Seasonal products

Similarly, the summer season range of products was under short supply during November and December months, recovering in January 2021. The season was under some strain due to lower than average temperatures for January and February 2021.

Winter season stock has been brought in early to prevent any supply issues reoccurring. The weather forecast is predicting a cold winter for 2021.

Appliances – Small domestic appliances (SDA) and White Goods

The Company introduced a number of cutting edge designed and fully featured SDA under the Ultimium brand. These were well accepted by the market and sales of these have exceeded expectations. Additional ranges have been planned and the rollout will commence during H2 2021.

The Company is focused on becoming a major supplier in the White Goods category. The Company is presently widening the range of new products, which will be launched at the end of Q3 2021.

Furniture

The pandemic and Government Regulations have resulted in many company employees working from home. This has created more awareness regarding home furnishings as well as demand for home office equipment.

The Company is in the process of launching many new items that have been requested by our customers. Consequently we are working towards becoming a major stockist of home furnishings in line with our customers' requirements.

Liquor

Due to the past and current restrictions of the sale of liquor, this division has been under severe pressure. However our sales team is looking towards potential growth areas, and new brands and categories will be introduced shortly.

Personal Protective Equipment (PPE)

The Company continues to work in this area. The Company believes it can offer assistance to Government, NGO's and Corporates by the supply of approved masks that have a filtering capability from between 95% - 99% effectiveness. The Company can supply a complete range of PPE equipment to hospitals, including IVD test kits that detect antibodies essential in determining the effectiveness of various vaccines as well as Rapid Tests for identifying positive persons in the community.

Offshore operations

The offshore operations came under pressure especially at the top line. A number of factors contributed to this :

Travel restrictions between countries- our international sales team could not visit – various distributors and vice versa.

Domestic travel restrictions – our distributors/local companies sales team could not visit their customers in their various locations.

Increased cost of LED TV - with the continued increase in cost of led TV, planning by the sales teams in each country came under pressure as certain price points could no longer be achieved.

Australia has managed to cut costs and increase gross margins during the period

The directors believe that there are opportunities for growth in many of these markets.

FINANCIAL PERFORMANCE

STATEMENT OF COMPREHENSIVE INCOME

Group revenue decreased by 8,9% to R 1 394,4 million (February 2020 – R 1 531,0 million). Attributable income to equity holders of the company increased by 10,1% to R 83,6 million (February 2020 – R 75,9 million)

STATEMENT OF FINANCIAL POSITION

The balance sheet continued to strengthen during the period under review, mainly due to the decrease in trade and other payables and the resultant generation of cash from operations of R 35,8 million.

Inventory levels (including stock in transit) of R 685,0 million decreased by 8,1% from August 2020 (R 745,0 million). Directors and management remain focused on maintaining and improving working capital management and stock turn rates further.

The right of use assets decreased to R 51,0 million (August 2020 – R 58,5 million) in terms of IFRS 16. Net asset value per share has increased by 4,6% to 6 303,7 cents (February 2020 – 6 026,8 cents). Included in Trade and other receivables is an amount of R83,8 million that relates to the outstanding settlement of a Stock Throughput insurance claim. It is envisaged that this claim will be fully settled by the end of the financial year.

SEGMENT REPORTING

The South African business operations contributed 79,1% of the Group's revenue and 73,6% of the Group's attributable income. Offshore operations account for 20,9% of turnover and 26,4% of income.

BOARD OF DIRECTORS

During the period under review, Bruce Haikney retired and resigned as Director and Company Secretary of the Group. Travers Cape has been appointed as interim Company Secretary with effect from 1st February 2021.

CORPORATE ACTIVITIES

There were no corporate activities during the period under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ASPECTS

The Group complies with the Code on Corporate Governance Practices and Conduct as contained in the King IV Report on Corporate Governance. Nu-World is committed to transparent and integrated reporting in the spirit of King IV and the Global Reporting Initiative (GRI).

Nu-World continues its community support and corporate social investment.

PROSPECTS

Consumer demand will probably remain constrained and trading conditions challenging, in the immediate future. The focus of management is to grow both local and offshore market share in the consumer electronics and branded consumer durables sectors. This, coupled with the expanded offshore territories that the Group trades in, should increase the contribution from these businesses in future years. The Group's local projects division continues to explore business opportunities that could increase profitability.

The Group continues to focus its target market on recognized International brands for consumer electronics and consumer durables, both locally and offshore.

SUBSEQUENT EVENTS

No events material to the understanding of this report have occurred during the period between 28 February 2021 and the date of this report.

On behalf of the Board

J.A. Goldberg
Chief Executive Officer
22 April 2021

G.R. Hindle
Financial Director

COMPANY INFORMATION

Nu-World Holdings Limited

Registration number 1968/002490/06

(Incorporated in the Republic of South Africa)

JSE share code: NWL

ISIN code: ZAE000005070

("Nu-World" or "the Company" or "the Group")

Registered office

682 Pretoria Main Road,

Wynberg,

Sandton, 2199

Republic of South Africa

Tel +27 (11) 321 2111

Fax +27 (11) 440 9920

Transfer secretaries

Computershare Investor Services (Pty) Ltd

Rosebank Towers, 15 Biermann Avenue,

Rosebank, 2196

Company secretary (interim)

T. Cape

Sponsor

Sasfin Capital (a member of the Sasfin Group)

Sasfin Place, 29 Scott Street, Waverley, 2090

Auditors

RSM South Africa Inc.

Executive City, Cross Street and Charmaine Avenue

President Ridge, Randburg, 2194

Executive Directors

M.S. Goldberg (Executive Chairman),

J.A. Goldberg (Chief Executive),

G.R. Hindle (Financial Director)

Independent Non-executive directors

J.M. Judin (Lead)

D. Piaray

R. Kinross

F.J. Davidson

www.nuworld.co.za

22 April 2021