

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 29 FEBRUARY 2024

FINANCIAL HIGHLIGHTS

CASH AND CASH EQUIVALENTS	R 454,3 MILLION	
NET ASSET VALUE PER SHARE (CENTS)	7 258,3 CENTS	+4,8%
REVENUE	R 969,5 MILLION	- 2,8 %
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	R 31,5 MILLION	- 5,3 %
HEADLINE EARNINGS PER SHARE (CENTS)	147,1 CENTS	- 5,0 %

	% Change	Unaudited 6 Months 29 February 2024 R000	Unaudited 6 Months 28 February 2023 R000	Audited 12 Months 31 August 2023 R000
CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME				
Revenue (Refer note 4)	-2,8%	969 525	997 851	1 901 931
Net operating income		52 743	54 916	116 769
Depreciation – property, plant and equipment		1 210	1 121	2 397
Depreciation – right-of-use asset		9 096	9 889	19 041
Finance charges – right-of-use asset		2 055	2 320	4 817
Interest paid		1 228	1 168	2 133
Income before taxation		39 154	40 418	88 381
Taxation		7 600	7 800	17 426
Income after taxation		31 554	32 618	70 955
Share of associate company income		117	29	32
Net income for the period/year		31 671	32 647	70 987
Attributable to:				
Equity holders of the Company	-5,3%	31 493	33 240	70 578
Non-controlling interest		178	(593)	409
		31 671	32 647	70 987

	Unaudited 6 Months 29 February 2024 R000	Unaudited 6 Months 28 February 2023 R000	Audited 12 Months 31 August 2023 R000
%			
Change			

OTHER GROUP INFORMATION

Dividend proposed			28 225
Earnings per share (cents)	147,2	154,5	329,9
Diluted earnings per share (cents)	147,2	154,5	329,9
Headline earnings per share (cents)	147,1	154,9	329,8
Diluted headline earnings per share (cents)	147,1	154,9	329,8
Dividend per share (cents)			125,3
Dividend cover (times)			2,5
Interest cover (times)	42,0	46,1	53,6
Shares in issue (total issued)	22 525 541	22 646 465	22 525 541
Shares in issue (less treasury shares)	21 392 442	21 513 366	21 392 442
Shares in issue – weighted	21 392 442	21 513 366	21 392 442
Shares in issue – diluted	21 392 442	21 513 366	21 392 442

Operating income as percentage of revenue	5,4%	5,5%	6,1%
Net asset value per share (cents)	7 258,3	6 927,2	7 179,9

Intangible assets

Goodwill and amortization

Balance at beginning of period/year	34 401	33 860	33 860
Translation of foreign operations	783	1 191	541
Balance at end of period/year	35 184	35 051	34 401

Patents and trademarks

Balance at beginning of period/year	28 644	28 611	28 611
Amount impaired during period/year			33
Balance at end of period/year	28 644	28 611	28 644

Total intangible assets	63 828	63 662	63 045
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	Unaudited 6 Months 29 February 2024 R000	Unaudited 6 Months 28 February 2023 R000	Audited 12 Months 31 August 2023 R000
CONDENSED GROUP STATEMENT OF FINANCIAL POSITION			
ASSETS			
Non-current assets	134 508	148 962	143 803
Property, plant and equipment	21 607	20 436	20 830
Right-of-use assets	31 979	42 019	41 072
Intangible assets	63 828	63 662	63 045
Investment in associate	1 049	929	933
Deferred taxation	16 045	21 916	17 923
Current assets	1 605 218	1 448 557	1 614 046
Inventory	480 146	457 029	472 775
Stock in transit	152 722	86 508	80 661
Trade and other receivables	517 245	369 220	536 344
Cash and cash equivalents	455 105	535 800	524 266
Total assets	1 739 726	1 597 519	1 757 849
EQUITY AND LIABILITIES			
Total equity	1 562 266	1 498 712	1 544 970
Ordinary shareholders' funds	1 552 717	1 490 268	1 535 950
Non-controlling interest	9 549	8 444	9 020
Non-current liabilities	21 236	39 091	34 193
Lease liabilities	21 236	39 091	34 193
Current liabilities	156 224	59 716	178 686
Bank overdraft	850	4 021	54
Lease liabilities	25 092	21 272	23 757
Trade and other payables	130 282	34 423	154 875
Total equity and liabilities	1 739 726	1 597 519	1 757 849

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 Months 29 February 2024 R000	Unaudited 6 Months 28 February 2023 R000	Audited 12 Months 31 August 2023 R000
Balance as at 1 September	1 535 950	1 451 236	1 451 236
Total attributable income for the period/year	31 493	33 240	70 578
Dividend paid	(28 225)	(33 924)	(33 924)
Movement in foreign currency translation reserve	13 499	39 716	51 152
Shares repurchased			(3 092)
Balance as at 29 February / 31 August	1 552 717	1 490 268	1 535 950

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited 6 Months 29 February 2024 R000	Unaudited 6 Months 28 February 2023 R000	Audited 12 Months 31 August 2023 R000
Cash (absorbed)/generated from operating activities	(68 025)	164 686	198 602
Cash (absorbed)/generated from operations	(41 419)	200 401	230 553
Investment income	13 731	4 408	16 979
Interest paid	(1 228)	(1 168)	(2 133)
Dividend paid	(28 225)	(33 924)	(33 924)
Normal tax on companies	(10 884)	(5 031)	(12 873)
Cash flows from investing activities	(1 986)	(91)	(1 762)
Purchase of tangible fixed assets	(1 986)	(91)	(2 755)
Proceeds on disposal of fixed assets			993
Cash flows from financing activities	(13 680)	(13 550)	(29 759)
Repayment of lease liabilities	(13 680)	(13 550)	(26 667)
Acquisition of share capital			(3 092)
Net (decrease)/increase in cash and cash equivalents	(83 691)	151 045	167 081
Cash and cash equivalents at the beginning of the period/year	524 212	338 267	338 267
Effect of exchange rate changes on the balance of cash held in foreign currencies	13 734	42 467	18 864
Cash and cash equivalents at end of the period/year	454 255	531 779	524 212

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 Group 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.

	% Change	Unaudited 6 Months 29 February 2024 R000	Unaudited 6 Months 28 February 2023 R000	Audited 12 Months 31 August 2023 R000
Note 3: Headline earnings reconciliation				
Basic earnings		31 493	33 240	70 578
Loss/(profit) on disposal of property, plant and equipment			109	(26)
Total tax effects of adjustment			(29)	7
Headline earnings		31 493	33 320	70 559
Note 4: Segmental information				
Geographical revenue				
South Africa		664 164	711 280	1 258 998
Offshore subsidiaries		305 361	286 571	642 933
	-2,8%	969 525	997 851	1 901 931
Geographical income				
South Africa		12 379	15 087	31 962
Offshore subsidiaries		19 114	18 153	38 616
	-5,3%	31 493	33 240	70 578
Note 5: Other comprehensive income				
Net income for the period / year		31 671	32 647	70 987
Exchange differences on translating foreign operations		13 850	40 214	51 224
Comprehensive net income for the period/year		45 521	72 861	122 211
Total comprehensive income attributable to:				
Non-controlling interest		529	(95)	481
Equity holders of the Company		44 992	72 956	121 730
		45 521	72 861	122 211

The ZAR depreciated by a further 2,3% against the USD in H1 2024, following the ZAR depreciation of 10,3% to the USD in FY 2023. This resulted in the exchange differences on translating foreign operations of R13,8 million in H1 2024 and R51,2 million in FY 2023.

COMMENTARY

Introduction

Nu-World is a company incorporated and domiciled in South Africa with subsidiaries in Australia, Brazil, Dubai UAE, and Hong Kong. The main business of Nu-World and its subsidiaries is made up of the importing, assembling, marketing and distribution of branded consumer goods.

The Board presents the Nu-World summary results for the six months ended 29 February 2024.

Review

Sales came under pressure locally for the six-month period, however international sales managed to show a 6.6% growth in turnover. Margins locally declined due to increasing cost pressures, high interest rates, high shipping costs, devaluation in ZAR, load shedding and fuel costs. Business confidence continued to remain subdued, causing downward pressure on sales volumes. Overall, lower sales volumes and higher input costs have had a marginal adverse effect on profitability. The Group increased the net asset value per share by 4,8% to R 72,58.

South Africa

Sales declined by 6,6% for the period under review.

The trading environment in certain sectors that the Group trades in, has come under pressure, especially consumer electronics television sets.

High inflation, interest rates and rising fuel costs have constrained consumers' real disposable income. Confidence levels declined causing consumers to limit their purchases for discretionary spend.

A major negative has also been the ongoing Eskom load-shedding that has not only caused a downturn in consumer sentiment but has also affected retail sales.

The Bureau for Economic Research (BER) Retail Trade survey showed that Wholesale Sales Volumes declined by 3.3% in Q4 2023, driven primarily by consumer goods. The Sales Volume indices of all three wholesale / retail sub-categories (non-durable, semi-durable and durable goods) declined. South African consumers are experiencing an ever-increasing squeeze on their disposable income.

Sales

Consumer electronics

LED TVs in particular, have had an unprecedented decline in volumes, due to the declining disposable income. Load-shedding in particular has directly reduced household demand for new TVs.

Seasonal products

The Summer season had strong growth for this category of products, increasing by over 50%. Our wider summer range offering of products, was well received by our consumers.

Appliances – Small domestic appliances (SDA) and White Goods

The company made further ground in this division arising primarily from the introduction of new high tech appliances and white goods.

Liquor

This division showed strong growth, arising from the wider product offering and sale of specialist liquor products.

Offshore operations

Offshore operations showed a 6,6% increase in revenue and a 5,3% increase in after tax income. The increase in revenue was primarily due to opening new markets and expansion in our existing markets. Profitability was maintained despite tough competitive trading conditions.

The directors are proactively working to increase market penetration in many regions, and have appointed additional sales and marketing personnel in these areas.

Nu-World has made good progress in internationalising our Group over the last number of years and we believe that our international business will continue to grow and expand.

FINANCIAL PERFORMANCE

STATEMENT OF COMPREHENSIVE INCOME

Group revenue decreased by 2,8% to R 969,5 million (February 2023 – R 997,9 million).

Attributable income to equity holders of the company decreased by 5,3% to R 31,5 million (February 2023 – R 33,2 million).

STATEMENT OF FINANCIAL POSITION

Inventory levels of R 632,9 million increased by 16,4% compared to February 2023 (R 543,5 million) due to the increase in stock in transit necessitated by the problems being experienced at the Ports and the Railways which has caused the Company to pre-order and ship stock up to two months early to prevent any late receipt of the stock in our warehouses. Procurement controls have improved ensuring correct stocking levels based on the current sales requirements, together with an increased management focus on selling slower moving product lines so as to ultimately reduce the warehousing requirements. The increase in inventory levels had a direct negative impact on cash generated from operations.

The right-of-use assets decreased to R 31,9 million (August 2023 – R 41,1 million) in terms of IFRS 16. Net asset value per share has increased by 4,8% to 7 258,3 cents (February 2023 – 6 927,2 cents). Trade and other receivables decreased by 3,5% to R 517,2 million (August 2023 – R 536,3 million).

SEGMENT REPORTING

The South African business operations contributed 68,5% of the Group's revenue and 39,3% of the Group's attributable income. Offshore operations account for 31,5% of turnover and 60,7% of income.

BOARD OF DIRECTORS

As announced on SENS on 20 November 2023, Desmond Piaray and Richard Kinross retired by rotation from the board of directors at the annual general meeting held on 7 February 2024. Michael Goldberg stepped down as executive director with effect from 7 February 2024.

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.

SUBSEQUENT EVENTS

No events material to the understanding of this report have occurred during the period between 29 February 2024 and the date of this report.

On behalf of the Board

J.A. Goldberg
Chief Executive Officer
11 April 2024

G.R. Hindle
Group 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")

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Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196

Company secretary

B.H. Haikney

Sponsor

Questco Corporate Advisory (Pty) Ltd
Ground Floor, Block C, Investment Place,
10th Road, Hyde Park, 2196

Auditors

RSM South Africa Inc.
Executive City, Cross Street and Charmaine Avenue
President Ridge, Randburg, 2194

Executive Directors

J.A. Goldberg (Chief Executive Officer)
G.R. Hindle (Group Financial Director)

Non-executive directors

M.S. Goldberg (Non-Executive Chairman)
J.M. Judin (Lead Independent)
F.J. Davidson (Independent)

www.nuworld.co.za