

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS OF NU-WORLD FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

FINANCIAL HIGHLIGHTS

CASH GENERATED FROM OPERATIONS	R 204,8 MILLION	
NET ASSET VALUE PER SHARE (CENTS)	6 927,2 CENTS	+ 7,5 %
REVENUE	R 997,9 MILLION	-15,7 %
TOTAL COMPREHENSIVE INCOME	R 72,9 MILLION	- 17,2 %
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	R 33,2 MILLION	- 50,9 %
HEADLINE EARNINGS PER SHARE (CENTS)	154,9 CENTS	- 50,7 %

	% Change	Unaudited 6 Months 28 February 2023 R000	Unaudited 6 Months 28 February 2022 R000	Audited 12 Months 31 August 2022 R000
CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME				
Revenue (Refer note 3)	-15,7%	997 851	1 183 513	2 151 831
Net operating income		54 916	99 784	133 304
Depreciation – property, plant and equipment		1 121	1 286	2 645
Depreciation – right-of-use asset		9 889	7 900	17 282
Finance charges – right-of-use asset		2 320	2 403	4 567
Interest paid		1 168	2 457	4 455
Income before taxation		40 418	85 738	104 355
Taxation		7 800	18 036	19 525
Income after taxation		32 618	67 702	84 830
Share of associate company income		29	72	193
Net income for the period/year		32 647	67 774	85 023
Attributable to:				
Equity holders of the Company	-50,9%	33 240	67 688	84 818
Non-controlling interest		(593)	86	205
		32 647	67 774	85 023
Other comprehensive income:				
Exchange differences on translating foreign operations (Refer note 4)		40 214	20 207	68 664
Comprehensive net income for the period/year	-17,2%	72 861	87 981	153 687
Total comprehensive income attributable to:				
Non-controlling interest		(95)	(49)	955
Equity holders of the Company		72 956	88 030	152 732
		72 861	87 981	153 687
Headline earnings reconciliation:				
Basic earnings		33 240	67 688	84 818
Loss/(profit) on disposal of property, plant and equipment		109	(86)	(30)
Total tax effects of adjustment		(29)	24	6
Headline earnings		33 320	67 626	84 794

	Unaudited 6 Months 28 February 2023 R000	Unaudited 6 Months 28 February 2022 R000	Audited 12 Months 31 August 2022 R000
%			
Change			

OTHER GROUP INFORMATION

Dividend proposed			33 924
Earnings per share (cents)	154,5	314,6	394,3
Diluted earnings per share (cents)	154,5	314,6	394,3
Headline earnings per share (cents)	154,9	314,3	394,1
Diluted headline earnings per share (cents)	154,9	314,3	394,1
Dividend per share (cents)			149,8
Dividend cover (times)			2,5
Interest cover (times)	46,1	40,1	29,3
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	21 513 366	21 513 366
Shares in issue – diluted	21 513 366	21 513 366	21 513 366

Operating income as percentage of revenue	5,5%	8,4%	6,2%
Net asset value per share (cents)	6 927,2	6 445,0	6 745,7

Intangible assets

Goodwill and amortization

Balance at beginning of period/year	33 860	32 097	32 098
Translation of foreign operations	1 191	804	1 762
Balance at end of period/year	35 051	32 901	33 860

Patents and trademarks

Balance at beginning of period/year	28 611	28 612	28 611
Amount impaired during period/year			
Balance at end of period/year	28 611	28 612	28 611

Total intangible assets	63 662	61 513	62 471
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	Unaudited 6 Months 28 February 2023 R000	Unaudited 6 Months 28 February 2022 R000	Audited 12 Months 31 August 2022 R000
CONDENSED GROUP STATEMENT OF FINANCIAL POSITION			
ASSETS			
Non-current assets	148 962	154 227	163 727
Property, plant and equipment	20 436	22 213	21 466
Right-of-use assets	42 019	44 456	55 153
Intangible assets	63 662	61 513	62 471
Investment in associate	929	779	900
Deferred taxation	21 916	25 266	23 737
Current assets	1 448 557	1 425 653	1 484 896
Inventory	457 029	808 200	644 280
Stock in transit	86 508	68 930	74 155
Trade and other receivables	369 220	368 475	428 194
Cash and cash equivalents	535 800	180 048	338 267
Total assets	1 597 519	1 579 880	1 648 623
EQUITY AND LIABILITIES			
Total equity	1 498 712	1 394 070	1 459 775
Ordinary shareholders' funds	1 490 268	1 386 535	1 451 236
Non-controlling interest	8 444	7 535	8 539
Non-current liabilities	39 091	48 034	51 977
Lease liabilities	39 091	48 034	51 977
Current liabilities	59 716	137 776	136 871
Bank overdraft	4 021	26 041	
Lease liabilities	21 272	17 539	23 261
Trade and other payables	34 423	94 196	113 610
Total equity and liabilities	1 597 519	1 579 880	1 648 623

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 Months 28 February 2023 R000	Unaudited 6 Months 28 February 2022 R000	Audited 12 Months 31 August 2022 R000
Balance as at 1 September	1 451 236	1 354 894	1 354 894
Total attributable income for the period/year	33 240	67 688	84 818
Dividend paid	(33 924)	(56 390)	(56 390)
Movement in foreign currency translation reserve	39 716	20 343	67 914
Balance as at 28 February / 31 August	1 490 268	1 386 535	1 451 236

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited 6 Months 28 February 2023 R000	Unaudited 6 Months 28 February 2022 R000	Audited 12 Months 31 August 2022 R000
Cash generated/(absorbed) from operating activities	164 686	(371 346)	(183 035)
Cash generated/(absorbed) from operations	204 809	(287 370)	(99 503)
Interest paid	(1 168)	(2 457)	(1 989)
Dividend paid	(33 924)	(56 390)	(56 390)
Normal tax on companies	(5 031)	(25 129)	(25 153)
Cash flows from investing activities	(91)	(259)	(837)
Purchase of tangible fixed assets	(91)	(259)	(981)
Proceeds on disposal of fixed assets			144
Cash flows from financing activities	(13 550)	(10 885)	(23 463)
Repayment of lease liabilities	(13 550)	(10 885)	(23 463)
Net increase/(decrease) in cash and cash equivalents	151 045	(382 490)	(207 335)
Cash and cash equivalents at the beginning of the period/year	338 267	514 247	514 247
Effect of exchange rate changes on the balance of cash held in foreign currencies	42 467	22 250	31 355
Cash and cash equivalents at end of the period/year	531 779	154 007	338 267

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.

Note 3: Segmental information

	Unaudited 6 Months 28 February 2023 R000	Unaudited 6 Months 28 February 2022 R000	Audited 12 Months 31 August 2022 R000
%			
Change			
Geographical revenue			
South Africa	711 280	965 548	1 637 502
Offshore subsidiaries	286 571	217 965	514 329
-15,7%	997 851	1 183 513	2 151 831
Geographical income			
South Africa	15 087	46 839	45 156
Offshore subsidiaries	18 153	20 849	39 662
-50,9%	33 240	67 688	84 818

Note 4: Other comprehensive income

The ZAR depreciated by a further 8,0% against the USD in H1 2023, following the ZAR depreciation of 17,0% to the USD in FY 2022. This resulted in the exchange differences on translating foreign operations of R40,2 million in H1 2023 and R68,6 million in FY 2022.

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 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 28 February 2023.

Review

Sales came under pressure both locally and internationally for the six-month period. Margins, especially in South Africa, declined due to increasing cost pressures, rising interest rates, high shipping costs, devaluation in ZAR, and load shedding fuel costs. Business confidence continued to deteriorate, causing downward pressure on sales volumes. Overall, lower sales volumes and higher input costs have had an adverse effect on profitability.

The Group increased the net asset value per share by 7,5% to R 69,27.

South Africa

Sales declined by 26,3% for the period under review.

The trading environment in all sectors that the Group trades in, has come under huge strain.

High inflation and rapidly rising interest rates constrain consumers' real disposable income. Confidence levels declined causing consumers to limit their purchases for discretionary spend.

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

Sales have also been negatively impacted due to the higher fuel costs, causing pricing pressures. The Bureau for Economic Research (BER) Retails Trade survey showed that retail confidence in Q4 2022 dropped from 51% to 42%. Wholesale confidence also tracked down from 50% to 37%, being below the long-term average of 46%. The Wholesale Sales Volume Index also declined, 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 TV's 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 TV's.

Seasonal products

The Summer season has unfortunately faced some decline due to weather related issues, as well as the reduced disposable income for higher priced items.

Appliances – Small domestic appliances (SDA) and White Goods

The company made ground in this division and had some of the best sell through for newer technology items, in spite of load-shedding.

Furniture

Certain stock items were not replenished as the high freight costs made them uncompetitive. This has now been reversed and the company has placed orders with their suppliers.

Liquor

This division showed some growth, although it appears as if consumers are “buying down”.

Offshore operations

Despite the pleasing increase in revenue of 31,5%, the offshore operations' profitability came under pressure. The increase in revenue was primarily due to new markets being opened but the reduced profitability was as a result of 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 are optimistic that our international business will continue to grow and expand.

FINANCIAL PERFORMANCE

STATEMENT OF COMPREHENSIVE INCOME

Group revenue decreased by 15,7% to R 997,9 million (February 2022 – R 1 183,5 million).
Attributable income to equity holders of the company decreased by 50,9% to R 33,2 million (February 2022 – R 67,7 million)

STATEMENT OF FINANCIAL POSITION

Inventory levels of R 457,0 million decreased by 43,5% compared to February 2022 (R 808,2 million) due to improved procurement controls allowing for the postponing or cancelling incoming purchase orders and ensuring correct stocking levels based on the current sales requirements, together with an increased management focus on selling slower moving product lines. The decline in inventory levels had a direct positive impact on cash generated from operations.

The right-of-use assets decreased to R 42,0 million (August 2022 – R 55,2 million) in terms of IFRS 16. Net asset value per share has increased by 7,5% to 6 927,2 cents (February 2022 – 6 445,0 cents). Trade and other receivables remained constant at R 369,2 million (February 2022 – R 368,5 million).

SEGMENT REPORTING

The South African business operations contributed 71,3% of the Group's revenue and 45,4% of the Group's attributable income. Offshore operations account for 28,7% of turnover and 54,6% of income.

BOARD OF DIRECTORS

There were no changes during the period under review.

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 28 February 2023 and the date of this report.

On behalf of the Board

J.A. Goldberg
Chief Executive Officer
20 April 2023

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

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Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196

Company secretary

B.H. Haikney

Sponsor

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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

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

Independent Non-executive directors

J.M. Judin (Lead)
D. Piaray
R. Kinross
F.J. Davidson

www.nuworld.co.za

20 April 2023