

COMBINED CHIEF EXECUTIVE OFFICER'S AND GROUP FINANCIAL DIRECTOR'S REPORT



GROUP FINANCIAL RESULTS

A summary is as follows:

	2022 R'000	2021 R'000
Revenue	2 151 831	2 358 212
Operating profit	110 911	200 448
Finance income	2 466	926
Finance costs	9 022	10 315
Profit before tax	104 355	191 059
Income tax expense	(19 525)	(49 105)
Profit after tax	84 830	141 954
Share of profit attributable to associate	193	140
Profit for the year	85 023	142 094
Non-controlling interest	(205)	(1 130)
Profit attributable to owners of the Company	84 818	140 964
Basic earnings per share (cents)	394,3	655,2
Attributable income	84 818	140 964
Headline earnings	84 794	139 973
Earnings per share (cents)	394,3	655,2
Dividend per share (cents)	149,8	249,0
Headline earnings per share (cents)	394,1	650,6



Corporate information

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

Operating review

The Board presents disappointing results for the year ended 31 August 2022 due to the extremely tough global economic climate. General business conditions were challenging with consumer goods, sales volumes and profitability remaining under pressure for the entire FY 2022.

South Africa

The economy in South Africa showed little sign of recovery post the COVID-19 pandemic and the July 2021 looting and insurrection. Consumer confidence has not recovered, consequently discretionary spend remains subdued. Inflation has added to the negativity of consumers with less funds available for discretionary spending.

Sales

Consumer electronics

The TV market in particular contracted in unit sales due to increased cost of freight as well as higher FOB prices. The market conditions were further negatively affected by supply chain problems, sourcing shortages and shipping delays. Inflationary pressures started to have negative effect on consumers' disposable income.

Seasonal products

The summer range sales in H1 2022 were disappointing due to the moderate weather conditions. The winter season started off well with weather being very cold, however became more moderate towards end of season. Never the less, sales for the season ended satisfactorily.

Appliances – Small domestic appliances (SDA) and white goods

SDA – Nu-World managed to introduce new leading items which were in demand during the year under review. Sales were strong. The Company is to grow on this success by introducing a full line up of these products. Other associated lines, under the Goldair brand, are also being introduced.

Appliances – white goods – certain lines became unaffordable due to the exorbitant freight rates being charged by shipping lines. These lines were temporarily suspended from the range, however have subsequently been re-introduced. Other lines, particularly in the gas range, proved very popular and sales improved in these products.

Consumer division – liquor and other

Liquor sales doubled due to the lifting of lockdowns and the introduction of new spirit ranges.

Offshore operations

Australia

Yale Prima managed to increase its topline sales significantly, however lower margins resulted in weaker profitability. The Australian operation is pushing to widen its customer base and enter into new markets. Despite reducing operating expenses, trading profits remain under pressure.

Other Offshore Markets

Most markets showed signs of improvement post the pandemic lockdowns, as Retailers were able to trade again, and distributors started acquiring and building their stock levels.

Financial performance

Statement of comprehensive income

Group revenue decreased by 8,8% to R 2 151,8 million (August 2021 – R 2 358,2 million).

Attributable income to equity holders of the Company decreased by 39,8% to R 84,8 million (August 2021 – R 140,9 million). The decreased profitability arose from reduced gross margins and operating expenditure pressures.

Statement of financial position

The balance sheet remains strong with total equity increasing by 7,1% to R 1 459,8 million (August 2021 – R 1 362,5 million).

Inventory levels of R 718,4 million increased by 13,1% from August 2021 (R 634,9 million), but Directors and management remain focused on improving working capital management and stock turn rates.

Trade and other receivable of R 428,2 million increased by 22,3% from prior year (August 2021 – R 350,1 million).

Net asset value per share has increased by 7,1% to 6 745,7 cents (August 2021 – 6 297,9 cents).

Board of directors

There were no changes during the year under review.

Corporate activities

There were no corporate activities during the year 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 31 August 2022 and the date of this report.

Declaration of final dividend

Notice is hereby given that a final gross dividend of 149,80 cents per share was declared on 26 October 2022, payable to shareholders recorded in the register of Nu-World at the close of business on the record date appearing below. The dividend is payable out of cash reserves.

- Dividends have been declared out of profits available for distribution.
- Local Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 149,80 cents per ordinary share.
- The net cash dividend amount is therefore 119,84 cents per ordinary share.
- The Company has 22 646 465 ordinary shares in issue as at the declaration.
- The Company's income tax reference number is 9100/085/71/2.

The salient dates pertaining to the final dividend are as follows:

Declaration announcement:	Wednesday, 26 October 2022
Last date to trade "cum" dividend	Monday, 12 December 2022
Date trading commences "ex" dividend	Tuesday, 13 December 2022
Record date	Thursday, 15 December 2022
Date of payment	Monday, 19 December 2022

Ordinary share certificates may not be dematerialised or rematerialised on Tuesday, 13 December 2022 and Thursday, 15 December 2022, both days inclusive.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 19 December 2022.

Annual report and notice of annual general meeting (AGM)


The 2022 Integrated Annual Report and the notice of AGM will be mailed on Monday, 28 November 2022 to those shareholders that are registered on the share register on Friday, 18 November 2022. The Annual General Meeting will take place at 10h00 on Wednesday, 8 February 2023, at the registered office of the Company. The last date to trade in order to be eligible to participate in and vote at the AGM will be Tuesday, 24 January 2023 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM will be Friday, 27 January 2023.


Prospects

Consumer demand is expected to 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 continues to focus its target market on recognized International brands for consumer electronics and consumer durables, both locally and offshore.

On behalf of the board of directors


J A GOLDBERG
Chief Executive Officer


G R HINDLE
Group Financial Director

