NU-WORLD HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number 1968/002490/06)
Share Code: NWL ISIN code: ZAE000005070
("Nu-World")

NU-WORLD HOLDINGS LIMITED

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS OF NU-WORLD FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

FINANCIAL HIGHLIGHTS

TOTAL COMPREHENSIVE INCOME	R 87,9 MILLION	+ 109,7 %
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS	R 67,7 MILLION	- 19,1 %
NET ASSET VALUE PER SHARE	6 445,0 CENTS	+ 2,3 %
HEADLINE EARNINGS PER SHARE	314,3 CENTS	- 19,1 %

	% Change	**Unaudited 6 Months 28 February 2022 R000**	Unaudited 6 Months 28 February 2021 R000	Audited 12 Months 31 August 2021 R000
CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME				
Revenue	-15,1%	**1 183 513**	1 394 372	2 358 212
Net operating income		**99 784**	127 422	219 468
Depreciation – property, plant and equipment		**1 286**	1 312	2 820
Depreciation – right-of-use asset		**7 900**	7 502	15 274
Finance charges – right-of-use asset		**2 403**	2 642	5 189
Interest paid		**2 457**	3 198	5 126
Income before taxation		**85 738**	112 768	191 059
Taxation		**18 036**	28 057	49 105
Income after taxation		**67 702**	84 711	141 954
Share of associate company income		**72**	372	140
Net income for the period/year		**67 774**	85 083	142 094
Attributable to:				
Equity holders of the Company	-19,1%	**67 688**	83 624	140 964
Non-controlling interest		**86**	1 459	1 130
		67 774	85 083	142 094
Other comprehensive income:				
Exchange differences on translating foreign operations		**20 207**	(43 134)	(58 160)
Comprehensive net income for the period/year	+109,7%	**87 981**	41 949	83 934
Total comprehensive income attributable to:				
Non-controlling interest		**(49)**	956	(2)
Equity holders of the Company		**88 030**	40 993	83 936
		87 981	41 949	83 934
Headline earnings reconciliation:				
Basic earnings		**67 688**	83 624	140 964
Profit on disposal of property, plant and equipment and impairment of trademarks		**(86)**		(1 031)
Total tax effects of adjustment		**24**		40
Headline earnings		**67 626**	83 624	139 973

	% Change	**Unaudited 6 Months 28 February 2022 R000**	Unaudited 6 Months 28 February 2021 R000	Audited 12 Months 31 August 2021 R000
OTHER GROUP INFORMATION				
Dividend proposed / paid				56 390
Earnings per share (cents)		**314,6**	388,7	655,2
Diluted earnings per share (cents)		**314,6**	388,7	655,2
Headline earnings per share (cents)	-19,1%	**314,3**	388,7	650,6
Diluted headline earnings per share (cents)		**314,3**	388,7	650,6
Dividend per share (cents)				249,0
Dividend cover (times)				2,5
Interest cover (times)		**40,1**	39,4	42,3
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		**8,4%**	9,1%	9,3%
Net asset value per share (cents)	+2,3%	**6 445,0**	6 303,7	6 297,9
Intangible assets				
Goodwill and amortization				
Balance at beginning of year		**32 097**	34 984	34 984
Translation of foreign operations		**804**	(1 260)	(2 887)
Balance at end of year		**32 901**	33 724	32 097
Patents and trademarks				
Balance at beginning of year		**28 612**	27 726	27 726
Amount impaired during year				886
Balance at end of year		**28 612**	27 726	28 612
Total intangible assets		**61 513**	61 450	60 709

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 Months 28 February 2022 R000	Unaudited 6 Months 28 February 2021 R000	Audited 12 Months 31 August 2021 R000
ASSETS			
Non-current assets	**154 227**	166 017	166 653
Property, plant and equipment	**22 213**	23 102	23 240
Right-of-use assets	**44 456**	50 994	52 169
Intangible assets	**61 513**	61 450	60 709
Investment in associates	**779**	939	707
Deferred taxation	**25 266**	29 532	29 828
Current assets	**1 425 653**	1 408 983	1 499 361
Inventory	**877 130**	685 011	634 982
Trade and other receivables	**368 475**	536 882	350 089
Cash and cash equivalents	**180 048**	187 090	514 290
Total assets	**1 579 880**	1 575 000	1 666 014
EQUITY AND LIABILITIES			
Total equity	**1 394 070**	1 364 677	1 362 478
Ordinary shareholders' funds	**1 386 535**	1 356 135	1 354 894
Non-controlling interest	**7 535**	8 542	7 584
Non-current liabilities	**48 034**	58 460	56 323
Lease liabilities	**48 034**	58 460	56 323
Current liabilities	**137 776**	151 863	247 213
Bank overdraft	**26 041**	59 030	43
Lease liabilities	**17 539**	14 287	17 545
Trade and other payables	**94 196**	78 546	229 625
Total equity and liabilities	**1 579 880**	1 575 000	1 666 014

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 Months 28 February 2022 R000	Unaudited 6 Months 28 February 2021 R000	Audited 12 Months 31 August 2021 R000
Balance as at 1 September	**1 354 894**	1 315 144	1 315 144
Total attributable income for the year	**67 688**	83 624	140 964
Dividend paid	**(56 390)**		(44 251)
Movement in foreign currency translation reserve	**20 343**	(42 633)	(56 963)
Balance as at 28 February / 31 August	**1 386 535**	1 356 135	1 354 894

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited 6 Months 28 February 2022 R000	Unaudited 6 Months 28 February 2021 R000	Audited 12 Months 31 August 2021 R000
Cash (absorbed)/generated from operating activities	**(371 346)**	(1 106)	374 133
Cash (absorbed)/generated from operations	**(287 370)**	34 837	482 817
Interest paid	**(2 457)**	(3 198)	(5 126)
Dividend paid	**(56 390)**		(44 251)
Normal tax on companies	**(25 129)**	(32 745)	(59 307)
Cash flows from investing activities	**(259)**	(2 252)	(3 899)
Purchase of tangible fixed assets	**(259)**	(2 252)	(3 899)
Cash flows from financing activities	**(10 885)**	(10 055)	(20 428)
Repayment of lease liabilities	**(10 885)**	(10 055)	(20 428)
Net (decrease)/increase in cash and cash equivalents	**(382 490)**	(13 413)	349 806
Cash and cash equivalents at the beginning of the period/year	**514 247**	187 072	187 072
Effect of exchange rate changes on the balance of cash held in foreign currencies	**22 250**	(45 599)	(22 631)
Cash and cash equivalents at end of the period/year	**154 007**	128 060	514 247

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

	% Change	**Unaudited 6 Months 28 February 2022 R000**	Unaudited 6 Months 28 February 2021 R000	Audited 12 Months 31 August 2021 R000
Geographical revenue				
South Africa		**965 548**	1 102 832	1 907 845
Offshore subsidiaries		**217 965**	291 540	450 367
	-15,1%	**1 183 513**	1 394 372	2 358 212
Geographical income				
South Africa		**46 839**	61 520	112 490
Offshore subsidiaries		**20 849**	22 104	28 474
	-19,1%	**67 688**	83 624	140 964

Note 4: Other comprehensive income

The ZAR depreciated by 5,8% against the USD in H1 2022, compared to the ZAR appreciation of 15,2% to the USD in FY 2021. This resulted in the exchange differences on translating foreign operations of R20,2 million in H1 2022 and R58,2 million in FY 2021.

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 2022.

Review
Sales came under pressure both locally and internationally for the six-month period. Tough Chinese lockdowns caused supply chain disruptions which continued during the period under review. Margins, especially in South Africa, declined due to increasing cost pressures, rising interest rates and a slowdown in home-improvement spending as people start to spend less and less time at home. Business confidence deteriorated to its lowest level since the onset of the pandemic in Q2 2020, 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 2,3% to R 64,45.

South Africa
Sales declined by 12,4% for the period under review.
The insurrection that occurred in July 2021 had a detrimental effect on business in general and specifically on retail trade, that is still being felt today. Confidence levels declined and consumers held back on any major purchases. Our customers lost many stores. Results released by our various customers indicate that total sales amounting to over 2 billion rand were lost leading into the festive season. Supply chain disruptions and exorbitant freight rates have contributed towards the declining sales and increasing of stock levels after the festive season. Ongoing Eskom load-shedding continued to create negative perceptions. A spike in shipping costs has resulted in South Africa now facing a double whammy with resultant increasing inflation and higher interest rates.
Many households are reeling from the effect of rising food, electricity and fuel prices. South African consumers are experiencing an ever-increasing squeeze on their disposable income at this time due to unprecedented global and local events.

Sales

Consumer electronics
Pricing increased substantially, in particular LED TV's, due to worldwide consolidation in the panel production chain- panel factories increased pricing substantially with the lead up to the festive season. In order to assist our customers over these most difficult times, the Company absorbed additional costs as much as possible - naturally, this had a direct effect on margins.
Supply chain disruptions caused many items in general to arrive late for Black Friday as well as the Festive Season. Many items, particularly TV's, which were looted during the insurrection appear to have created an initial oversupply in the market.

Seasonal products
The summer season range of products was again under short supply due to supply chain disruptions. The season was under some strain due to lower than average inconsistent weather.
Winter season stock has been brought in early to prevent any supply issues reoccurring. The weather forecast is predicting a cold winter for 2022.

Appliances – Small domestic appliances (SDA) and White Goods
Sales were reasonable, considering the loss of trading space by our major customers. During this period, the Company successfully launched top selling lines in our Goldair brand, air-fryers in particular.

Furniture
Showed increases in customers, range and distribution. In-home office range did particularly well with the launch of a new range of office chairs and desks.

Liquor
Liquor division sales started to increase again as the various COVID restrictions were removed. Certain brands are outperforming others at this time.

Offshore operations

The offshore operations came under pressure especially at the top line, resulting in sales declining by 25,2%. A number of factors contributed to this:
Primarily in Australia, there was a complete lockdown at retail level – effectively, no sales at the Malls for a number of weeks.

Covid travel restrictions, both in South Africa and internationally, have made it virtually impossible for our buyers and sales teams to travel together with our customers to visit our suppliers.
In addition, our ability to forecast sales accurately in each country in which we operate, has made procurement very difficult. The continuing increases in the cost of LED TV's, as well as the cost of shipping, have resulted in the difficulty of meeting certain wholesale and retail price points.

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

Nu-World has made good progress in internationalising our Group over the last number of years and we are optimistic that our international business growth will recover. However, at this time we accept that the Russian/Ukraine war has had a damaging economic effect on the global economy which affects our offshore subsidiaries and their customers.

FINANCIAL PERFORMANCE

STATEMENT OF COMPREHENSIVE INCOME

Group revenue decreased by 15,1% to R 1 183,5 million (February 2021 – R 1 394,4 million).
Attributable income to equity holders of the company decreased by 19,1% to R 67,7 million (February 2021 – R 83,6 million)

STATEMENT OF FINANCIAL POSITION

Inventory levels (including stock in transit) of R 877,1 million increased by 38,1% from August 2021 (R 635,0 million) due to the late arrival of stock in Q2 2022 as a result of supply chain disruptions and port congestion issues. Management are addressing this increase in stock levels by postponing or cancelling incoming purchase orders and ensuring correct stocking levels for the upcoming season.

The right-of-use assets decreased to R 44,4 million (August 2021 – R 52,2 million) in terms of IFRS 16.
Net asset value per share has increased by 2,3% to 6 445,0 cents (August 2021 – 6 297,9 cents).
Trade and other receivables decreased by 31,4% to R 368,5 million (February 2021 – R 536,8 million) due to the reduced sales and the settlement of the R 83,8 million stock throughput insurance claim.

SEGMENT REPORTING
The South African business operations contributed 81,6% of the Group's revenue and 69,2% of the Group's attributable income. Offshore operations account for 18,4% of turnover and 30,8% 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.

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. The Group's local projects division continues to explore business opportunities that could increase profitability.
On-going Eskom load shedding, Transnet disruptions and current global geopolitical sanctions on Russia have now emerged as major risks. The Russian invasion of Ukraine has roiled global markets and pushed oil prices significantly.

SUBSEQUENT EVENTS
No events material to the understanding of this report have occurred during the period between 28 February 2022 and the date of this report.

On behalf of the Board

J.A. Goldberg
Chief Executive Officer
05 May 2022

G.R. Hindle
Financial Director

COMPANY INFORMATION
Nu-World Holdings Limited
Registration number 1968/002490/06
(Incorporated in the Republic of South Africa)
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ISIN code: ZAE000005070
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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

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JSE Sponsor to Nu-World

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CORPORATE ADVISORY

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05 May 2022