



HOLDINGS LIMITED

2024

**UNAUDITED
CONSOLIDATED INTERIM**

FINANCIAL STATEMENTS

**FOR THE SIX MONTHS ENDED
31 OCTOBER 2024**

your
dynamic partner

NWK HOLDINGS LIMITED


(Incorporated in the Republic of South Africa)
(Registration number 1998/007243/06)

CTSE Share Code: 4ANWKH
ISIN: ZAE400000028

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2024

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The consolidated interim financial statements have not been audited or independently reviewed, were prepared by H van der Westhuizen, approved by the board on 29 November 2024, and published on 29 November 2024. This report has been published in English and Afrikaans. Should any discrepancies between the English and Afrikaans versions of the report exist, the English version should be regarded as the correct version.



IN this report, presented as part of the consolidated interim financial statements, the board of directors accounts for the financial position of the company, its subsidiaries, associated companies and joint ventures as at 31 October 2024, the results of their operations and the cashflow for the six months ended on that date.

STATEMENT OF RESPONSIBILITIES

The board is responsible for the financial statements. In terms of this responsibility, it is the directors' duty to ensure that the financial statements fairly present the financial position and performance of the company, are complete and accurate, comply with the provisions of the Companies Act of South Africa and have been prepared in accordance with the prescriptions of international financial reporting standards. The prescriptions of international financial reporting standards require that the directors scrutinise the going-concern principle when preparing the financial statements, identify relevant accounting policies to account for assets, liabilities, income and expenses, use their discretion and make estimates and assumptions regarding the future.

DIRECTORS' REPORT

for the six months ended 31 October 2024

INTERNAL FINANCIAL CONTROL SYSTEM

The board of directors is responsible for the development, the implementation and the maintenance of an effective internal financial control system. The internal financial control system comprises all internal policy and financial controls and was designed to ensure the integrity of financial information, in other words to provide reasonable assurance that transactions are concluded according to policy and procedures, assets are protected, mistakes and fraud are prevented, the accounting records and the financial reports are complete and accurate, and that the appropriate legal provisions, financial reporting standards, listing requirements and codes are adhered to. The board is responsible for establishing and maintaining an independent audit committee and it is its duty to ensure that the group has an independent internal audit function that has the necessary resources and expertise, is efficient and follows a risk-based audit approach.

FINANCIAL AND OPERATIONAL REVIEW

Extremely challenging agricultural conditions that prevailed during the past agricultural year had a strong negative effect on the results of the group. For the six months ending 31 October 2024 the group realised an income of R2 943 million (October 2023: R2 897 million) and a profit of R69 million (October 2023: R133 million).

Insufficient rainfall across the region, accompanied by extremely high temperatures during critical phases of crop development in the previous production season, placed immense pressure on the production of grain. The group could therefore realise only about 40% of the harvest intake of the previous season, resulting in a significant decrease in the profit of the grain segment. Unsubstantial harvests across large parts of the group's traditional service area had a negative effect on producers' profitability, but this was partially mitigated by higher grain prices. The trade segment once again had a disappointing performance. This can mainly be attributed to significant net realisable value adjustments that had to be made to second-hand agricultural equipment and to producers' limited profitability. The relatively late season also led to the input supply division not being up to speed yet.

The reduction in the repo rate of 25 basis points, as well as a decrease in operating capital, caused the treasury function to realise less than expected income, but it still performed satisfactorily. A major focus was placed on improving the cashflow and strengthening of the group's balance sheet in the past few years. The own-capital ratio strengthened materially from the previous half-year financial results. If the effect of commodities and commodity financing is excluded, the own-capital ratio is more than 50%. The financing department also performed as expected. The head office costs are under control and are increasing at less than inflation.

The group has succeeded in building an alternative power supply line in collaboration with another company, after an agreement with the Ditsobotla Municipality was reached, that enabled supply directly from Eskom to business units including Epko Oil Seed Crushing, the Lottiehalte silo complex and the liquid fertiliser factory. This, together with no load shedding for the financial year thus far, has led to Epko being able to crush at full capacity. Although crushing margins are still lower than the ideal, excellent quality sunflower seed received has meant that Epko has performed admirably so far. Epko is also in the implementation phase of a sunflower oil refining plant, which will be able to refine up to a third of Epko's crushing capacity. This should reduce Epko's reliance on the crude market.

The Bastion group, NWK4Sure Brokers and Molemi Sele Management are performing satisfactorily and make a constant contribution to the profitability of the group. The group's results are lower than the previous comparative period and it is anticipated that the annual results will show the same trend.

PROSPECTS

Agricultural conditions have already improved significantly since the previous season and the prospects seem positive. It will probably not have a material effect on the results of the 2024/2025 financial year, but will in the subsequent year. Weather predictions show that a drier cycle is forthcoming and the group is geared for this.

DIVIDENDS

The board declared a dividend of 14 cents per share – R15 million in total – on 29 November 2024 for distribution to the shareholders.

APPROVAL

The directors are of the opinion that the consolidated interim financial statements fairly present the financial position and performance of the company, are complete and accurate, comply with the provisions of the Companies Act and have been prepared in accordance with the prescriptions of international financial reporting standards. The directors are of the opinion that the accounting policy is appropriate, that the material uncertainties relating to the preparation of the consolidated interim financial statements have been duly assessed, and that estimates and assumptions are reasonable, prudent and unbiased and take into account the available and appropriate information. The consolidated interim financial statements for the six months ended 31 October 2024, as set out on pages 1 to 12, were approved by the board of directors on 29 November 2024 and signed on behalf of the board by:



L VERMOOTEN
Director

29 November 2024

STATEMENT OF FINANCIAL POSITION

at 31 October 2024

	OCTOBER 2024	APRIL 2024	OCTOBER 2023
	R'm	R'm	R'm
		(Audited)	
Non-current assets	1 594	1 480	1 489
Property, plant and equipment	967	952	925
Investment property	17	13	13
Intangible assets	67	68	73
Investment in associates and joint ventures	111	97	90
Investments at fair value through other comprehensive income	7	6	5
Loans and lease receivables	416	336	366
Deferred tax assets	9	8	17
Current assets	4 982	4 626	7 153
Inventory	1 299	1 145	1 366
Agricultural commodities	2 152	1 606	4 344
Trade and other receivables	1 433	1 804	1 283
Prepaid expenses	5	1	2
Assets from contracts with customers	11	1	37
Current tax assets	-	2	2
Financial instruments at fair value through profit or loss	47	24	60
Cash and cash equivalents	35	43	59
Total assets	6 576	6 106	8 642
Equity attributable to the owners of the holding company	2 139	2 079	1 998
Share capital	174	174	174
Distributable reserves	1 965	1 905	1 824
Equity attributable to non-controlling interests	8	7	7
Total equity	2 147	2 086	2 005
Non-current liabilities	263	282	266
Provisions	11	11	16
Long-term loans	167	191	136
Lease liabilities	42	40	75
Deferred tax liabilities	43	40	39
Current liabilities	4 166	3 738	6 371
Trade and other payables	991	707	959
Accumulating compensated absences	42	38	40
Liabilities from contracts with customers	51	34	77
Short-term provisions	-	10	-
Current portion of long-term loans	39	43	49
Current portion of lease liabilities	35	38	67
Current tax liabilities	8	6	4
Financial instruments at fair value through profit or loss	720	876	1 557
Short-term loans	1 050	389	2 638
Overdrafts	1 230	1 597	980
Total equity and liabilities	6 576	6 106	8 642

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 October 2024

	Note	OCTOBER 2024	OCTOBER 2023
		R'm	R'm
Revenue		2 943	2 897
Operating profit before finance charges	11	200	315
Finance charges		(129)	(161)
Operating profit		71	154
Proportionate share of the profits of joint ventures		19	19
Pretax profit		90	173
Tax		(20)	(40)
Profit for the period		70	133
Other comprehensive income		16	-
<i>Items that cannot be reclassified to profit or loss:</i>			
Fair-value adjustment of the investment in equity instruments		-	-
Proportionate share of the other comprehensive income of subsidiaries		16	-
Total comprehensive income for the period		86	133
Profit attributable to the owners of the holding company		69	133
Profit attributable to non-controlling interests		1	-
Profit for the period		70	133
Total comprehensive income attributable to the owners of the holding company		85	133
Total comprehensive income attributable to non-controlling interests		1	-
Total comprehensive income for the period		86	133
		OCTOBER 2024	OCTOBER 2023
EARNINGS PER SHARE		Cents	Cents
Basic and diluted earnings		70	131

The calculation of basic and diluted earnings per share has been based on the consolidated profit of R69 million (October 2023: R133 million) attributable to the owners of the holding company and the weighted average number of 99 535 891 shares (October 2023: 101 091 429 shares) in issue.

STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 October 2024

	OCTOBER 2024	OCTOBER 2023
	R'm	R'm
Opening balance	2 086	1 905
Total comprehensive income for the period	86	133
Profit for the period	70	133
Other comprehensive income	16	-
Equity attributable to non-controlling shareholders	-	7
Share buyback	-	(22)
Dividends	(26)	(18)
Equity at the end of the period	2 147	2 005

DIVIDENDS PAID

Dividend per share paid

	OCTOBER 2024	OCTOBER 2023
	Cents	Cents
Dividend per share paid	26	17

Dividends of 26 cents and 17 cents per share have been paid, respectively, in August 2024 and August 2023.

STATEMENT OF CASHFLOWS

for the six months ended 31 October 2024

	Note	OCTOBER 2024	OCTOBER 2023
		R'm	R'm
Cashflow from operating activities		(192)	(1 489)
Cashflow from operations		(132)	(1 382)
Finance income		109	106
Finance charges		(128)	(161)
Dividends received from joint ventures		5	-
Tax paid		(20)	(34)
Dividends paid		(26)	(18)
Cashflow from investing activities		(57)	(134)
Property, plant and equipment acquired		(54)	(127)
Intangible assets acquired		(3)	-
Assets and liabilities acquired through business combinations	7	-	(7)
Cashflow from financing activities		241	1 635
Increase/(decrease) in overdraft		(367)	(519)
Repayment of long-term loans		(32)	(25)
Share buyback		-	(22)
Repayment of lease liabilities		(21)	(21)
Short-term loans		661	2 222
Change in cash and cash equivalents		(8)	12
Cash and cash equivalents at the beginning of the period		43	47
Cash and cash equivalents at the end of the period		35	59

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 October 2024

1. ACCOUNTING POLICY

The accounting policies and principles applied in the preparation of the consolidated interim financial statements are in all material respects consistent with those applied in the consolidated annual financial statements for the year ended 30 April 2024.

2. GOING-CONCERN PRINCIPLE

When preparing financial statements, the board of directors investigates – on the basis of the financial information under review – the company's financial position, its financial and operating results, capital ratios, capital needs, financial obligations and their settlement dates, borrowing capacity, financial assets and their recoverability, cash-generating assets and cashflows, customer base and supply chain, as well as the general economic and agricultural conditions, current and expected market conditions, the political climate, existing and proposed legislation, and other significant sustainability matters. The board is of the opinion that the company is a going concern. The consolidated interim financial statements have therefore been prepared according to the going-concern principle.

3. SEASONAL BUSINESS

The objective of the group is to trade in agricultural and related products, resources and services, and to undertake associated activities. This objective causes the revenue earned by the group and the resulting profit or loss to be exposed to the seasonal nature of agricultural activities. Agricultural commodities are usually received in the first six months of a financial year. On the other hand, the revenue earned by the retail, mechanisation and fertiliser departments rises in the last six months of a financial year when summer crops are planted. Traditionally, the group's key businesses therefore perform better in the last part of a financial year, subject to climatic conditions, crop yields of producers and commodity prices.

It is not only the financial results of the group that are seasonal – the statement of financial position and the statement of cashflows are equally influenced by the seasonal nature of agricultural activities. For example, the levels of loans and receivables are traditionally lower at the end of October when the production debt of the previous season has been settled, compared to the end of April, when the new production season is financed.

On the other hand, stock levels, and especially the levels of agricultural commodities, are traditionally higher at the end of October compared to those in late April. The seasonal fluctuations in levels of inventory, agricultural commodities and trade and other receivables, together with the fluctuations in the levels of the bank and short-term loans with which the assets are financed, are therefore the reason why the group, when presenting its consolidated interim financial statements, presents a statement of financial position at the end of the comparative period of the previous year, despite the fact that international financial reporting standards do not require it.

	OCTOBER 2024	APRIL 2024	OCTOBER 2023
	R'm	R'm	R'm
4. FAIR-VALUE HIERARCHY OF FINANCIAL ASSETS AND LIABILITIES MEASURED ON A RECURRING BASIS AT FAIR VALUE			
Investments at fair value through other comprehensive income	7	7	5
Fair value measured with level one input data	1	1	1
Fair value measured with level two input data	1	1	1
Fair value measured with level three input data	5	5	3
Financial instruments at fair value through profit or loss measured with level one input data	(673)	(852)	(1 497)
Net fair value of assets and liabilities measured at fair value	(666)	(845)	(1 492)
5. FAIR-VALUE HIERARCHY OF FINANCIAL ASSETS MEASURED AT AMORTISED COST			
Loans and lease receivables	497	376	410
Trade and other receivables	1 312	1 764	1 239
Cash and cash equivalents	35	43	59
Fair value measured with level two input data	1 844	2 183	1 708
6. FAIR-VALUE HIERARCHY OF FINANCIAL LIABILITIES MEASURED AT AMORTISED COST			
Lease liabilities	77	78	142
Trade and other payables	991	707	959
Short-term loans	1 050	389	2 638
Overdrafts	1 230	1 597	980
Fair value measured with level two input data	3 348	2 771	4 719

	OCTOBER 2024	APRIL 2024	OCTOBER 2023
	R'm	R'm	R'm
7. BUSINESS COMBINATIONS			
Fair value of assets acquired	-	20	20
Property, plant and equipment	-	1	1
Other intangible assets	-	14	14
Financial assets	-	5	5
Fair value of liabilities acquired	-	(15)	(15)
Long-term loans	-	-	(12)
Financial liabilities	-	(15)	(3)
Assets and liabilities of acquired subsidiaries and business units	-	5	5
Goodwill recognised as part of the acquisition of business units	-	21	21
Non-controlling interest in NWK4Sure Brokers Proprietary Limited	-	(6)	(6)
Less disposal at fair value of interest previously held in NWK4Sure Brokers Proprietary Limited	-	(13)	(13)
Assets and liabilities acquired through business combinations	-	7	7
Cash paid on acquisition of NWK4Sure Brokers Proprietary Limited	-	7	7
Assets and liabilities acquired through business combinations	-	7	7

During the previous financial year, NWK Limited acquired an additional interest of 26% in NWK4Sure Brokers Proprietary Limited, for the purchase price of R7 million, as a strategic decision to increase its revenue from financial services by increasing its interest in NWK4Sure Brokers Proprietary Limited. NWK Limited now holds a 76% interest in NWK4Sure Brokers Proprietary Limited.

8. CORPORATE INFORMATION

NWK Holdings Limited is a listed public company registered in the Republic of South Africa with the registration number 1998/007243/06. The objective of the group is to trade in agricultural and related products, resources and services, and to undertake associated activities. Flowing from this objective, the group specialises in the storing, handling and marketing of agricultural commodities, runs stores as a trader in farming requisites and consumer goods, and provides financing to agricultural producers and other customers.

NWK Holdings Limited executes its principal activities from its registered office – 81 Scholtz Street, Lichtenburg, North West, Republic of South Africa. The company's issued ordinary shares trade on the trading platform of The Cape Town Stock Exchange Proprietary Limited.

The Cape Town Stock Exchange Proprietary Limited share code is 4ANWKH and the company's International Securities Identification Number is ZAE400000028. Mrs AM van Rooyen is the company secretary, CTSE Registry Services Proprietary Limited is the transfer secretary and Deloitte & Touche acts as the company's external auditor.

9. SEGMENTAL REPORTING

The main objective of the group is to trade in agricultural and related products, resources and services and to undertake associated activities. The operating activities of the group have been divided into various segments for management purposes, namely agricultural commodities, trade, financial services and oil press. Segments are aggregated from the operating departments of the group based on the products and services provided, the customer base served, and the segment compositions of other agricultural companies.

	Revenue		Profit or loss	
	OCTOBER 2024	OCTOBER 2023	OCTOBER 2024	OCTOBER 2023
	R'm	R'm	R'm	R'm
10. SEGMENTAL REVENUE AND PROFIT OR LOSS				
Agricultural commodities	339	551	77	168
Trade	1 576	1 832	5	17
Financing and treasury	109	96	63	68
Oil press	907	405	27	3
Corporate	12	13	(82)	(83)
Segmental revenue and profit	2 943	2 897	90	173
Amounts stated in the statement of comprehensive income	2 943	2 897	90	173

	OCTOBER 2024	OCTOBER 2023
	R'm	R'm
11. OPERATING PROFIT BEFORE FINANCE CHARGES		
Operating profit before taking into account the expenses below	232	352
Write-off of inventory to net realisable value	(28)	(33)
Credit losses on financial assets	(4)	(4)
Operating profit before finance charges	200	315

12. RELATED PARTIES

NWK Holdings Limited has no holding company. NWK Limited, Epko Oil Seed Crushing Proprietary Limited, Mogaladi Fuel Proprietary Limited and NWK4Sure Brokers Proprietary Limited are subsidiaries of the company. Although the company does not hold any shares in The NWK Loyalty Programme Trust, the company controls the trust. Consequently, this bewind trust is also classified as a subsidiary. NWK Holdings Limited’s joint ventures include Bastion Lime Proprietary Limited and Molemi Sele Management Proprietary Limited.

The directors of the company include Messrs AS Badenhorst, RJ Boöttger, HJ du Preez (from 30 August 2024), JJ du Preez, JP du Preez, PN Jansen van Vuuren, H Krüger, MW Schoeman, FA Smit (from 10 July 2024), CF van Niekerk and L Vermooten. Messr J Mahne was a director until 30 August 2024.

The other key employees of the group include Messrs DJ Coetzee, PB Coetzer (until 31 July 2024), JL du Rand, AJ Jacobs (from 1 May 2024), DPG Kleingeld, TB Modise, TE Rabe, AJ van Tonder and AJ White (from 1 September 2024), as well as Mrs AM van Rooyen.

	OCTOBER 2024	OCTOBER 2023
	R'm	R'm
13. RELATED-PARTY TRANSACTIONS		
Revenue earned from related parties	33	32
Directors	30	25
Other key employees	3	-
Agricultural commodities bought from related parties	182	181
Directors	172	163
Other key employees	10	18
Value of transactions with related parties	215	213

14. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any events after the reporting period having a material effect on the disclosed consolidated interim financial statements that have not already been dealt with in the consolidated interim financial statements.