

REVIEWED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2024

Figures in Emalangeni	Reviewed for the 6 months ended 30 June 2024	Audited for the full year ended 31 December 2023	Reviewed for the 6 months ended 30 June 2023
	GROUP	GROUP	GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Continuing operations			
Revenue	814 306 799	1 769 319 730	849 290 906
Cost of sales	(673 926 879)	(1 478 970 245)	(703 376 780)
Gross profit	140 379 920	290 349 485	145 914 126
Other operating income	22 687 605	40 576 672	20 705 158
Other operating gains	1 034 368	25 493 846	1 882 754
Operating expenses	(174 914 351)	(350 073 942)	(174 209 972)
Operating (loss) / profit	(10 812 458)	6 346 061	(5 707 934)
Investment income	1 497 178	16 999 267	1 843 684
Finance costs	(22 601 829)	(52 090 239)	(16 923 412)
(Loss) before taxation	(31 917 109)	(28 744 911)	(20 787 662)
Taxation	(59 662)	12 555 230	170 125
(Loss) from continuing operations	(31 976 771)	(16 189 681)	(20 617 537)
Profit from discontinued operations	7 150 315	15 633 250	9 035 608
Total comprehensive (loss) for the year	(24 826 456)	(556 431)	(11 581 929)
Total comprehensive loss attributable to:			
From continuing operations	(19 213 376)	7 042 829	(9 996 615)
From discontinued operations	(5 613 080)	(7 599 260)	(1 585 314)
	(24 826 456)	(556 431)	(11 581 931)
(Loss) per share	(0,11)	(0,00)	(0,05)

CONSOLIDATED STATEMENT OF CASH FLOWS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	(6 028 946)	68 502 997	(39 883 298)
Interest income	1 497 178	2 741 474	1 843 684
Dividend income	-	13 198 018	1 882 754
Finance costs	(22 601 829)	(25 058 547)	(18 618 827)
Tax paid	(828 520)	(2 475 245)	(6 343 605)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	(27 962 117)	56 908 697	(61 119 292)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-	(11 241 287)	(6 160 837)
Proceeds from sale of property, plant and equipment	7 057 674	-	-
Purchases of investments	-	(7 438 959)	-
Cash advances to group companies	(1 219 463)	(30 245 557)	(3 236 801)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	5 838 211	(48 925 803)	(9 397 638)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of loans from group companies	-	-	2 117 332
Cash advances received on loans from group companies	5 121 495	30 765 800	18 477 954
Repayments of other financial liabilities	-	(6 076 338)	(1 095 785)
Purchase of other financial liabilities	77 126	8 873 902	-
Cash Repayment of lease liabilities	(29 361 616)	(69 730 442)	(5 820 407)
Dividend Paid	-	(8 806 738)	(7 989 556)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	(24 162 995)	(44 973 816)	5 689 538
NET CHANGE IN CASH AND CASH EQUIVALENTS	(46 286 901)	(36 990 922)	(64 827 392)
TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	47 931 657	84 922 579	84 922 579
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1 644 756	47 931 657	20 095 187

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY			
SHARE CAPITAL	445 346 144	445 346 144	445 346 144
RETAINED INCOME	112 278 785	132 302 707	109 541 225
Balance at the beginning of the year	132 302 707	124 986 804	124 986 804
Other movement	(810 546)	7 170 721	1 448 683
Dividends paid	-	(6 897 647)	(6 897 647)
(Loss) / profit for the year	(19 213 376)	7 042 829	(9 996 615)
NON CONTROLLING INTEREST	99 205 123	105 636 351	112 467 477
Balance at the beginning of the year	105 636 351	115 144 702	115 144 702
Dividends paid	(818 148)	(1 909 091)	(1 909 090)
(Loss) for the year	(5 613 080)	(7 599 260)	(1 585 316)
TOTAL EQUITY	656 830 052	683 285 202	667 354 846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	137 595 492	157 032 602	207 653 573
Right of use assets	145 929 870	164 277 001	214 183 630
Goodwill	448 526 010	448 526 010	506 213 991
Intangible assets	-	-	783 593
Investments at fair value	158 077 157	158 077 157	145 820 113
Investment in associates	-	-	45 558 213
Deferred tax	41 549 890	41 549 890	27 656 021
	931 678 419	969 462 660	1 147 869 134
CURRENT ASSETS			
Inventories	139 427 142	161 389 187	155 942 713
Amounts owing by related parties	16 257 899	15 038 436	10 111 159
Trade and other receivables	19 625 816	15 773 254	23 259 815
Tax receivable	168 800	156 883	2 822 778
Cash and cash equivalents	29 551 081	67 150 114	45 507 210
	205 030 738	259 507 874	237 643 675
Assets classified as held for sale	530 335 218	511 418 575	-
TOTAL ASSETS	1 667 044 375	1 740 389 109	1 385 512 809
EQUITY AND LIABILITIES			
EQUITY			
Share capital	445 346 144	445 346 144	445 346 144
Retained income	112 278 785	132 302 707	109 541 225
	557 624 929	577 648 851	554 887 369
Non-controlling interest	99 205 123	105 636 351	112 467 477
TOTAL EQUITY	656 830 052	683 285 202	667 354 846

Figures in Emalangeni	Reviewed for the 6 months ended 30 June 2024	Audited for the full year ended 31 December 2023	Reviewed for the 6 months ended 30 June 2023
	GROUP	GROUP	GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)			
LIABILITIES			
NON-CURRENT LIABILITIES			
Amounts owing to related parties	-	27 651 127	33 649 969
Other financial liabilities	73 261 395	121 471 302	163 615 408
Lease liabilities	139 629 647	152 573 972	235 520 043
	212 891 042	301 696 401	432 785 420
CURRENT LIABILITIES			
Trade and other payables	176 841 828	234 003 189	177 350 088
Amounts owing to related parties	117 816 160	85 043 538	82 276 761
Other financial liabilities	59 417 763	11 130 730	-
Lease liabilities	34 787 081	40 085 391	-
Current Tax payable	614 830	1 371 771	333 671
Bank overdraft	27 906 325	19 218 457	25 412 023
	417 383 987	390 853 076	285 372 543
Liabilities directly associated with assets classified as held for sale	379 939 294	364 554 430	-
TOTAL LIABILITIES	1 010 214 323	1 057 103 907	718 157 963
TOTAL EQUITY AND LIABILITIES	1 667 044 375	1 740 389 109	1 385 512 809

NOTES			
1. STATEMENT OF COMPLIANCE			
The interim financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34, in the manner required by the Companies Act of Eswatini. The accounting policies and methods of compilation applied in these financial results are consistent with those applied in the preparation of the prior year annual financial statements for the year ended 31 December 2023.			
2. HEADLINE EARNINGS			
2.1 EARNINGS PER SHARE			
Basic and diluted (loss) / earnings per share	(0,11)	(0,00)	(0,05)
2.2 NUMBER OF ORDINARY SHARES OF E0.01 EACH IN ISSUE			
Actual	229 921 561	229 951 561	229 921 561
Weighted average	140 777 900	140 777 900	140 777 900
3. INVESTMENTS			
Listed	52 138 559	52 138 559	52 138 559
Unlisted	105 938 598	105 938 598	93 620 211
	158 077 157	158 077 157	145 758 770
4. LOANS AND RECEIVABLES			
Other receivables	19 625 816	15 773 254	23 259 815
	19 625 816	15 773 254	23 259 815
5. RELATED PARTY TRANSACTIONS			
Management fees paid	4 911 273	8 636 642	3 657 907
Interest income	1 497 178	1 544 184	659 004
Interest paid	(3 286 978)	(9 665 427)	(3 550 613)
Administration and consultancy expenses	(5 671 086)	(11 165 906)	(14 458 909)

All related party transactions are made at terms equivalent to those prevailing in arm's length transactions. There have been no guarantee provided or received for any related party receivables or payables. The company has not recorded any impairment of receivables relating to amounts owed by related parties during the year.

6. CASH GENERATED FROM OPERATIONS			
(Loss) before tax - continuing operations	(31 917 109)	(28 744 911)	(9 903 891)
Profit before tax - discontinued operations	9 724 516	21 377 013	-
Adjustments for non-cash items:			
Depreciation, amortisation, impairments and reversals	35 145 234	75 105 313	21 375 589
Loss on sale of assets and liabilities	(1 472 276)	100 189	-
Loss on exchange differences - unrealised	437 908	386 230	(171 337)
Fair value (gains)	-	(25 980 355)	-
Adjust for items which are presented separately:			
Interest income	(1 497 178)	(3 801 249)	(1 843 684)
Dividend received	-	(13 198 018)	(1 882 754)
Finance costs	22 601 829	52 090 239	18 618 827
Changes in working capital			
Decrease in inventories	21 962 045	19 490 162	24 936 636
(Increase) / decrease trade and other receivables	(3 852 562)	7 802 899	316 338
(Decrease) in trade and other payables	(57 161 353)	(36 124 605)	(92 777 705)
Other movement in equity	-	-	1 448 683
	(6 028 946)	68 502 907	(39 883 298)

COMMENTARY

Introduction

Greystone Partners Limited's ("Greystone" or the "Company") primary goal as an investment firm is to cultivate and expand a portfolio of material equity stakes in privately held companies. Companies are carefully selected based on their proven growth track records or their potential for future growth.

Greystone continues to provide its shareholders with access to a diversified portfolio of private enterprises that are actively managed by African Alliance Eswatini Capital Limited ("the Manager"). The Company believes that in order to be a conduit for wealth creation, it must make a direct and proactive contribution to Eswatini's economic growth and development and priorities investments in the local economy.

Portfolio Review

For the six months ended 30 June 2024, Greystone's underlying investments have largely benefited from a more stable and commercially desirable macro-economic environment. Whilst the general population in territories Greystone operates undoubtedly remaining under pressure, with discretionary spending still lagging pre Covid-19 levels, green shoots are beginning to show.

Lingering impacts of a tough three (3) years do however remain with our early-stage discretionary goods (cyclical) investments, namely General Africa Foods Eswatini (Pty) Limited's ("GAFF") continuing to absorb inflationary pressure thereby inducing a squeeze on profitability. The Manager is however excited to introduce to the market a revitalised, repurposed and more importantly reinvigorated general merchandising brand in early September. Greystone is optimistic this offering will result in a much-improved financial performance emanating from this entity.

Notwithstanding lingering structural impediments affecting the portfolio, most of Greystone's

HIGHLIGHTS

Nav per share	Group revenue	Group equity value
E2.86	E814.31m	E656.83m

investments have demonstrated resilience and performed well during the six (6) months ended 30 June 2024. Ngwane Mills (Pty) Limited ("Ngwane Mills") and Alliance Foods (Pty) Limited ("Alliance Foods") continue to outperform. ESDI a homegrown standalone butchery, has however stood out. It follows that Greystone has entered into agreements to swap its shareholding in Alliance Foods for shares in Inala Capital (who will ultimately own 100% of Alliance Foods) as part of a broader consolidation and continued growth strategy, as well as sell out of Ngwane Mills entirely. This will ensure ongoing exposure to Alliance Foods during its next growth phase and drive a liquidity event for Greystone through the sale of the Ngwane Mills shares for cash.

The Manager will continue to focus on unlocking shareholder value, driving underlying portfolio company performance and looking for value accretive corporate actions at a Greystone investment holding company level.

By nature, private equity is a long-term investment, requiring long-term thinking and a patient strategy. Greystone, through the Manager, remains confident of its ability to generate sustainable, market-leading returns for its investors.

FINANCIAL REVIEW

At a Group level, the Revenue, Cost of Sale and Operating Expenses are largely attributable to GAFF and Lojaf as these entities are recognised on a consolidated basis. Operating expenses include advertising costs, rent, salaries and wages, royalty fees as well as other costs relating to the operational expenses of ESDI's, Pick n Pay's and West Pack's operating under GAFF and Lojaf.

Greystone Group's total investment income of E1.5 million is solely comprised of E1.5 in interest received.

During the year ended 31 December 2023, Alliance Foods was reclassified as held for sale and as such Revenue, Cost of Sales, Operating Costs and Gross Profits are no longer recognised on a consolidated basis for this investment.

Profit attributable to discontinued operations (Alliance Foods) amounts to some E7.2 million for the period under review.

The two largest expenses (at a company level) specifically related to administration and management fees of E3.6 million and Auditors remuneration of E563,000. The management fee covers all accounting, rent, deal sourcing, holding company management and other operating activity costs of Greystone. This management fee is 1.5% of the audited Net Asset Value of Greystone.

Greystone Company's balance sheet remains conservatively leveraged with a total of E64.3 million of debt and accrued interest. This debt was raised as supplemental capital that was deployed in historic years, into portfolio investments made to date.

Cash and Cash equivalents amounted to E29.6 million for the Group and E195,500 for the Company.

The Goodwill relates to a number of the investment companies. On an annual basis, the carrying value of goodwill is reviewed to determine whether there is any indication that Goodwill may have suffered an impairment loss. All investments, not consolidated, are disclosed as investments reflected at fair value through profit and loss ("FVTPL") of E158.1 million at Greystone Group level and E436.4 million at a Company Level. Property, Plant and Equipment, Inventories, Accounts Receivable and Accounts Payable all largely relate to GAFF and Lojaf. Overall, the Net Asset Value at a Group level is E656.8 million and at a Company Level is E473.9 million as at 30 June 2024.

Outlook

Despite enduring the lingering aftereffects of three (3) years of rampant inflation, supply chain disruptions, poor economic growth metrics and political unrest in the local economy, Greystones underlying investments are well positioned to benefit from an improved operating environment in the short to medium term.

The board, in collaboration with the Manager, maintains a positive outlook for the future. To this end, Greystone's portfolio is well-positioned for sustained growth. In addition to the anticipated macroeconomic improvements, our assets are set to benefit from a rising middle class, increased urbanisation, the adoption of new technologies, and the formalisation of informal trade. We have already seen signs of healthier trading activity and reduced margin pressure within our investment portfolio, which should enhance cash flow generation. However, we recognise that this transient trend needs to continue for a substantial positive impact on our portfolio valuation.

CORPORATE GOVERNANCE

The directors and management of Greystone Partners Limited confirm their commitment to the principles of openness, integrity and accountability as advocated by sound principles of Corporate Governance contained in the King Report.

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 **AFRICAN ALLIANCE CAPITAL MARKETS**

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