

HIGHLIGHTS

Nav per
Share
E 0.8

Equity Investments
Valued at
E 32 m

E 1.1 m
Interest
Income

Figures in Emalangen	Reviewed for the 6 months ended 30 June 2023	Audited for the year ended 31 December 2022	Reviewed for the 6 months ended 30 June 2022
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME			
Dividend income	1 090 911	-	-
Interest income	1 483 626	2 604 046	1 053 810
Operating expenses	(1 354 883)	(3 047 061)	(1 595 413)
Operating profit/(loss)	1 219 654	(443 015)	(541 603)
Unrealised loss on revaluation of investments	-	(3 545 000)	-
Profit/(Loss) before taxation	1 219 654	(3 988 015)	(541 603)
Total comprehensive income/(loss)	1 219 654	(3 988 015)	(541 603)
Earnings/(Loss) per share	0,02	(0,06)	(0,01)

CONDENSED STATEMENT OF FINANCIAL POSITION			
ASSETS			
NON-CURRENT ASSETS			
Investments in associate	23 050 000	23 050 000	22 100 000
Investments at fair value	9 305 000	9 305 000	13 800 000
	32 355 000	32 355 000	35 900 000
CURRENT ASSETS			
Other financial assets	24 053 585	22 723 053	21 321 402
Prepayments	2 773	6 932	-
Cash and cash equivalents	3 934 605	4 046 849	5 337 888
	27 990 963	26 776 834	26 659 290
TOTAL ASSETS	60 345 963	59 131 834	62 559 290
EQUITY AND LIABILITIES			
EQUITY			
Share capital	73 373 123	73 373 123	73 373 123
Accumulated loss	(13 587 401)	(14 807 055)	(11 360 644)
TOTAL EQUITY	59 785 722	58 566 068	62 012 479
LIABILITIES			
CURRENT LIABILITIES			
Other financial liabilities	21 400	21 400	-
Trade and other payables	538 841	544 366	546 811
TOTAL LIABILITIES	560 241	565 766	546 811
TOTAL EQUITY AND LIABILITIES	60 345 963	59 131 834	62 559 290

CONDENSED STATEMENT OF CHANGES IN EQUITY			
SHARE CAPITAL	73 373 123	73 373 123	73 373 123
ACCUMULATED LOSS	(13 587 401)	(14 807 055)	(11 360 644)
Balance at the beginning of the period	(14 807 055)	(10 819 040)	(10 819 041)
Profit/(Loss) for the year	1 219 654	(3 988 015)	(541 603)
TOTAL EQUITY	59 785 722	58 566 068	62 012 479

CONDENSED STATEMENT OF CASH FLOWS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	(265 338)	(3 061 764)	(2 516 594)
Interest income	1 483 626	286 541	1 053 810
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	1 218 288	(2 775 223)	(1 462 784)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net movement in other financial assets	(1 330 532)	-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1 330 532)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from other financial liabilities	-	21 400	-
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	-	21 400	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(112 244)	(2 753 823)	(1 462 784)
TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4 046 849	6 800 672	6 800 672
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3 934 605	4 046 849	5 337 888

Figures in Emalangen	Reviewed for the 6 months ended 30 June 2023	Audited for the year ended 31 December 2022	Reviewed for the 6 months ended 30 June 2022
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NOTES			
1. STATEMENT OF COMPLIANCE			
The financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies' Act of 2009.			
The financial results presented have been reviewed and audited by the auditor of Inala Capital Limited (the "Company" or "Inala").			
2. HEADLINE EARNINGS			
2.1 EARNINGS PER SHARE			
Basic and diluted earnings per share	0,02	(0,06)	(0,01)
2.2 NUMBER OF ORDINARY SHARES OF E1 EACH IN ISSUE			
Actual	71 994 000	71 994 000	71 994 001
Weighted average	71 994 000	71 994 000	71 994 001
3. INVESTMENTS			
Unlisted	32 355 000	32 355 000	35 900 000
	32 355 000	32 355 000	35 900 000
4. LOANS AND RECEIVABLES			
Investment in promissory notes	24 053 585	22 723 053	21 321 402
	24 053 585	22 723 053	21 321 402
5. RELATED PARTY TRANSACTIONS			
Management fees paid	999 632	1 974 016	963 931
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 or investments in related parties during the period.			
6. CASH USED IN OPERATIONS			
Profit/(Loss) before tax	1 219 654	(3 988 015)	(541 603)
Adjustments for:			
Interest income	(1 483 626)	(2 604 046)	(1 053 810)
Change in fair value of investments through profit or loss	-	3 545 000	-
Decrease in prepayments	4 159	(6 932)	-
Decrease in trade and other payables	(5 525)	(7 771)	(5 327)
Increase in other financial asset	-	-	(915 854)
	(265 338)	(3 061 764)	(2 516 594)

COMMENTARY

INTRODUCTION

Inala Capital's principal objective is to carry on business as an investment holding company to provide investors with attractive long-term returns. Inala Capital focusses on investing in companies which demonstrate strong fundamentals and good growth prospects, where Inala Capital believes it can add value. The Company's primary investment geography is in the Kingdom of Eswatini. Where opportunities are unavailable, the Company will seek opportunities in the Southern African Development Community ("SADC").

PORTFOLIO REVIEW

For the 6 months ended 30 June 2023, Inala Capital's unlisted equity investment portfolio value has remained stable as business valuations are only undertaken by an independent valuation expert annually – this exercise will commence again as at 31 December 2023. The portfolio companies continue to deal with tough trading

conditions induced by supply chain challenges, cost push inflation, elevated interest rates and diminishing disposable income which have an outsized effect on consumer facing businesses. Nonetheless, Alliance Foods (trading as KFC Eswatini) has demonstrated robust performance for the first half of the year and continues to deliver strong results, with KFC Eswatini being the leading quick service restaurant brand in Eswatini. General Africa Foods Eswatini ("GAFF") (early growth stage investment) has experienced lower transaction volumes as consumers shift spend away from discretionary goods towards necessities. Whilst trading conditions at this point in the economic cycle continue to make it challenging for GAFF, the business is showing positive momentum in business activity.

Inala's fixed income investments continue to generate reliable and healthy yields for Inala. These instruments are short term in nature, to maximise the return on treasury capital and to allow Inala the flexibility to deploy capital to one or other suitable unlisted equity investments or follow-on investments into the current portfolio.

The current unlisted equity portfolio is valued at E 32.40 million (no change from the results of 31 December 2022), and the fixed income investments are valued at E 24.05 million (an increase of E 1.33 million on the results from 31 December 2022 of E 22.72 million).

FINANCIAL REVIEW

Fair value gains on financial instruments held at fair value will reflect no change from 31 December 2022, as the unlisted equity investments are only revalued annually by an independent professional valuator. Interest income for the period relates to interest received on the fixed income investments and money market returns of the cash and cash equivalents of Inala Capital to the value of E 1.48 million. A dividend of E 1.1 million was received from Alliance Foods during the reporting period.

Operating expenses amounted to E 1.35 million and comprises of day-to-day operational expenses (management fees etc.) incurred to run Inala Capital. In summary, Inala Capital made a profit before tax of E 1.22 million.

Overall, the Net Asset Value increased from E 58.57 million as at 31 December 2022 to E 59.79 million, resulting in a Net Asset Value per share of E 0.83, an increase of E 0.02 from E 0.81 from 31 December 2022.

OUTLOOK

With inflation volatility subsiding and interest rates nearing the peak of their hiking cycle, there is an expectation that the economy will stabilize. This should provide much welcomed relief to consumers and stimulate general economic activity in the markets within which we operate – a major tailwind for the investment portfolio companies. Over and above the structural macro fundamentals that should ease, KFC Eswatini will continue to benefit from consumers lifestyle habits that are shifting towards fast, convenient, good quality and affordable food offerings. KFC Eswatini will also be opening up a new store in 2024 to further drive value accretion.

Inala is dedicated to ensuring that it delivers long term sustainable returns as well as socio-economic impact of the Kingdom of Eswatini by investing in a diversified range of food and agricultural sector opportunities. As such, the Manager is currently exploring step-change investments for Inala to optimize and grow its current portfolio.

EVENTS AFTER THE REPORTING PERIOD

The Company is in negotiations to expand its equity interests in the food and Agri investments, aligning with its regional growth strategy. If successful, the acquisitions include obtaining all shares from Greystone Partners in Alliance Foods. In exchange, the Company will swap a minority stake in General Africa Foods Eswatini and issue shares in Inala Capital to Greystone Partners. Additionally, the Company aims to acquire a minority stake in Ngwane Mills from Greystone Partners. To fund these initiatives, the Company plans a capital raising exercise through equity funding.

CORPORATE GOVERNANCE

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

By order of the Board

AT Dlamini

22 December 2023

MANAGER
AA AFRICAN ALLIANCE

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Matsapha Link, Plot 270, 13th Street,
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AUDITOR
SNG Grant Thornton

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STOCKBROKERS
AA AFRICAN ALLIANCE CAPITAL MARKETS

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Inala Capital Limited
(Incorporated in the Kingdom of Eswatini Reg. No. 2364 of 2017)

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