

Unaudited Interim Financial Results for the 6 months ended 31 December 2023



KEY HIGHLIGHTS

REVENUE

▲ 34%

CURRENT ASSETS

▲ 2.7%

INVENTORY

▲ 25%

RESELLERS

▲ 28%

SHARE PRICE

▲ 20%

ESWATINI QUALITY AWARDS, PRODUCT OF THE YEAR - LARGE ENTERPRISE

FIGURES IN EMALANGENI	REVIEWED FOR THE 6 MONTHS ENDED 31 DEC 2023	FOR THE 6 MONTHS ENDED 31 DECEMBER 2022	AUDITED FOR THE YEAR ENDED 30 JUNE 2023
CONDENSED STATEMENT OF COMPREHENSIVE INCOME			
Revenue	31,581,680	23,553,665	43,653,437
Cost of sales	(21,928,840)	(17,129,490)	(24,199,779)
Gross profit	9,652,840	6,424,175	19,453,658
Interest income	1,730	11,145	15,607
Other income	178,335	159,193	762,268
Operating expenses	(9,058,853)	(5,815,726)	(18,729,492)
Operating profit	774,052	778,787	1,502,041
Finance costs	(716,465)	(756,671)	(1,134,650)
Profit for the year before taxation	57,587	22,116	367,391
Taxation	(7,150)	-	(265,410)
Profit for the year	50,437	22,116	101,981
Earnings/ per share	0.01	-	10.01

FIGURES IN EMALANGENI	REVIEWED AS AT 31 DEC 2023	6 MONTHS ENDED 31 DECEMBER 2022	AUDITED AS AT 30 JUNE 2023
CONDENSED STATEMENT OF FINANCIAL POSITION			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	54,106,538	53 148 215	52,693,201
Intangible assets	-	3 538	785
Loans to related parties	149,178	1 231 845	1,304,823
Deferred tax	2,207,133	2 407 277	2,141,868
	56,462,849	56 790 875	56,140,677
Current assets			
Inventories	5,432,562	4 509 689	4,316,724
Trade and other receivables	4,649,569	4 161 635	5,935,539
Cash and cash equivalents	1,226,326	1 162 590	459,799
Taxation prepaid	3,334	-	-
	11,311,791	9 833 914	10,712,062
Total assets	67,774,640	66 624 789	66,852,739
Equity and liabilities			
Equity			
Share capital	4,277,060	100	100
Retained earnings	1,491,674	1 361 376	1,441,237
Revaluation reserve	30,924,713	30 924 713	30,924,713
	36,693,447	32 286 189	32,366,050
Liabilities			
Non-current liabilities			
Finance lease obligation	3,085,851	3 252 898	3,028,445
Loans from related parties	7,020,716	10 737 228	8,057,889
	10,106,567	13 990 126	11,086,334
Current liabilities			
Finance lease obligation	133,562	131887	188,224
Trade and other payables	9,384,546	8 638 762	11,358,892
Provisions and accruals	2,732,841	2 389 773	2,855,807
Bank overdraft	8,723,677	9 188 052	8,997,432
	20,974,626	20 348 474	23,400,355
Total equity and liabilities	67,774,640	66 624 789	66,852,739

FIGURES IN EMALANGENI	REVIEWED AS AT 31 DEC 2023	AUDITED AS AT 30 JUNE 2023
Cash flow from operating activities		
Cash generated from operations	(613,642)	4,726,710
Finance costs	(716,465)	(1,134,650)
Net cash (outflow)/inflow from operating activities	(1,330,107)	3,592,060
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,027,787)	(433,942)
Cash flows from financing activities	(2, 027 787)	(433,942)
Movement in loans with related parties	118,472	(3,769,278)
Finance lease repayments	2,744	(630,443)
Issue of shares	4,276,960	-
Net cash inflow/(outflow) from financing activities	4,398,176	(4,399,271)
Total cash movement for the year	1,040,282	(1,241,603)
Cash and cash equivalent at the end beginning	(8,537,633)	(7,296,030)
Cash and cash equivalents at end of the year	(7,497,351)	(8,537,633)

CONDENSED STATEMENT OF CHANGES IN EQUITY				
	Share capital	Revaluation reserves	Retained earnings	Total
Balance at 01 July 2022	100	-	1,339,256	1,339,356
Profit for the year	-	-	101,981	101,981
Revaluations	-	30,924,713	-	30,924,713
Balance at 30 June 2023	100	-	1,441,237	32,366,050
Profit for the 6 months period ended 31 December 2023	-	-	50,437	50,437
Balance at 31 December 2023	4,277,060	30,924,713	1,491,674	32,416,487

NOTES

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.

COMMENTARY

INTRODUCTION

Nkonyeni Pre-cast Limited (NPC), a leading player across diverse sectors such as precast concrete products, hardware, concrete roof tiles, chemicals, printing, construction, and distribution, is pleased to announce its financial results for the six months ended December 31, 2023. While this period presented significant market challenges, NPC demonstrated its resilience and unwavering commitment to its core values.

NPC remains committed to transparency and accountability, sharing its performance and future plans with all valued stakeholders, including investors, community members, customers and employees. This report showcases the company's financial achievements and strategic vision for the future.

NPC remains committed to providing investors with attractive long-term returns, recognizing their vital role in the company's growth and success. The financial results presented in this release demonstrate ongoing efforts to generate sustainable value for shareholders. With a strong market presence in Eswatini and a diversified product offering, NPC is well-positioned to contribute significantly to the Kingdom's construction and manufacturing industries. The company's strategic approach caters to a wide range of market needs, fostering economic development and creating opportunities for local communities.

PORTFOLIO REVIEW

During the six months ended 31 December 2023, NPC demonstrated operational resilience amidst challenging market conditions. This period also saw the successful Initial Public Offering (IPO) listing of 50 million shares on the Eswatini Stock Exchange (ESE) at 1 Lilangeni per share, in November 2023. Of these, 24,277,000 shares were subscribed, with 4,277,000 shares paid before the IPO closed and 20,000,000 to be paid before the financial year-end. This strategic move showcased NPC's commitment to expansion and financial stability. In December 2023, the share price increased by 20% to 1.20 Emalangeni per share, reflecting continued investor confidence. Despite economic challenges, the company's diverse portfolio achieved a 34% revenue increase compared to the corresponding period, demonstrating its adaptability and growth potential.

FINANCIAL REVIEW

While facing challenges such as high raw material costs and increased maintenance expenses, NPC achieved a noteworthy profit before tax, demonstrating effective cost management and strategic initiatives. Operational costs, including marketing efforts associated with the listing, contributed to NPC's ability to navigate difficulties and achieve commendable financial results.

CUSTOMER IMPACT

Our commitment to customers is reflected in our financial plans. The positive results will enable us to:

- **Improve Services:** Enhance the quality and range of our services.
- **Introduce New Offerings:** Bring innovative products to market.
- **Enhance Customer Experience:** Elevate overall satisfaction through enhanced services.

OUTLOOK

Looking ahead, NPC is engaged in negotiations to expand its equity interests, aligning with regional growth strategies. Successful acquisitions and the planned capital raising exercise through equity funding underscore NPC's commitment to strategic growth and shareholder value. NPC remains dedicated to principles of sound corporate governance, ensuring openness, integrity, and accountability in its operations.

NPC continues its mission to contribute significantly to the Kingdom of Eswatini's economic development, providing quality products and services across diverse sectors.

FINANCIAL STATEMENTS

The condensed interim financial statements for the period ended 31 December 2023 have not been audited as per prior comparable periods. A copy of the unaudited comprehensive financial statements is available for inspection at the Company's registered office.

CORPORATE GOVERNANCE

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

By order of the Board
Frans Pienaar
23 February 2024

Sponsoring Broker	Auditor	Transfer Secretary