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NWK Group positive about the future, despite 50% decrease in profit

Although the NWK Group's income increased by R156 million (R5 990 million in total), its profit after tax decreased by 50% (R114,3 million).

This is largely due to a severe drought that resulted in 43,4% fewer grain receipts than the previous year. Producers were also forced to cut their expenses.

However, a good agricultural year is on the horizon and the company is positive that the picture will look more rosy in 2025/2026, thanks to good yield estimates as well as soil moisture that is carried over to the new season and should lay the foundation for an improvement in the production capacity of its customer base.

The 2023/2024 season was one of the driest in NWK's operating area in the past 52 years and also the driest since 2012. Its effect on the company's financial performance, is clearly visible this year.

Grain reserves depleted

The Grain segment's income decreased by R349 million – from R921 million in 2024 to R572 million in 2025.

This can largely be attributed to the group's low grain receipts. Those for of the 2023/2024 production season were the lowest since 2016/2017. At about 43,4% less than those of 2022/2023, there was little stock in silos that could be carried over and generate a good income.

The low volumes of grain received, coupled with a high demand for grain, has meant that several silos that had not been completely emptied in the previous four seasons, have now been emptied completely.

NWK's Logistics division, with its fleet of 35 trucks that mainly transport grain commodities, consequently also showed a weaker performance due to lower volumes transported and reduced capacity utilisation.

It is gratifying that this division's service offering has been expanded since December 2024 with four fuel tanker trucks that provide a fuel transport service to NWK Retail and silo fuel sites.

Producers feel the pinch

The profit of NWK's Trade segment is R7 million less than that of 2023/2024 and amounts to R67 million.

This is largely because of the previous season's drought and below-average yields, which had an impact on producers' spending capacity in the 2024/2025 financial year. The income of NWK Trade decreased by 11% - from R3 837 million in 2024 to R3 386 million in 2025.

Due to late season rainfall, not all of the maize seed that had been provided for was planted and farmers decided to try their hand at sunflower instead. This shift from maize to sunflower led to a drop in fertiliser sales.

Good rain since the beginning of 2025 has also in turn led to a decline in livestock feed sales.

A decrease in revenue from fuel sales due to a drop in price during seven out of the 12 months was also experienced. Some of these declines were significant and had a negative impact on revenue and gross profit from fuel sales.

Reduced load-shedding by Eskom also caused customers to forgo solar power installations, resulting in less sales by Energies@NWK.

Net sales by NWK Mechanisation have decreased by 38,7% since the previous financial year. The below-average yield of 2023/2024 resulted in significant lower sales of whole goods.

High inventory values, as well as high national inventory levels of second-hand machinery, necessitated net realisable value adjustments of second-hand machines.

It is expected that predicted better climatic conditions for the 2025/2026 production season will lead to a more positive trade environment.

Epko's performance commendable

After years of poor performance as a result of, among others, large-scale power supply interruptions that crippled production, Epko (NWK's sunflower oil press) was the goose that laid the golden eggs this year and now boasts a record profit of R87 million.

Despite the previous dry season, sunflower yields generally had high protein and oil percentages. A new power line was installed to avoid downtime because of ongoing breakages in local electrical infrastructure and target pressing volumes were consequently achieved.

NWK's board is confident that the refinery, which will refine crude oil, will be in full production in the 2025/2026 financial year. This will be included in the press operations as a risk mitigation strategy.

The NWK Group's financial position remains healthy with an equity of R2 104 million and a net asset value of R21,14 per share. The total dividend declared for the 2025 financial year is 48 cents per share.

Due to NWK's focused, conservative and transparent balance sheet and financial management, as well as strategic partnerships in agriculture, the company is in a sound financial position and ready to assist producers to get the best from their production in the coming year. We wish them all the strength and success," said Alf White, NWK's Group Chief Financial Officer. ealise the best

The financial results are available on NWK's website at <https://www.nwk.co.za/financial-results/>.

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Media enquiries: Johan Bezuidenhout, Group Manager of Corporate Marketing and Communication at NWK – Tel: +27 18 633 1368 or email: jbezuidenhout@nwk.co.za; www.nwk.co.za