



Necsa GROUP PRESENTATION

**PRESENTATION TO THE PORTFOLIO
COMMITTEE ON ELECTRICITY AND ENERGY**

Integrated Annual Report FY2023/24

16 October 2024



**South African Nuclear Energy
Corporation SOC Limited**

CHAIRPERSON'S OPENING REMARKS

- The Necsa Board is charged with leading the entity to long-term sustainability in compliance with the founding Act and other governance statutes that guide Schedule 2 companies in South Africa
- The strategy that the Board approved following the annual review in 2022 has enabled the positive performance we are sharing with you today for the financial 2023/24
- The Board has played an active role in monitoring implementation of the strategy and performance against the Group's strategic objectives by the executive leadership team through its Committees who have specific delegated tasks
- The Shareholder has also enabled the work of the Board by ensuring that it is fully constituted with the right level of skills and diversity that is required to lead Necsa into the future
- Ethical leadership and transparency is important in the functions of the Board hence our commitment to reporting our activities and impacts in terms of profits, people and planet to our Shareholder on a quarterly basis and to Parliament annually
- Stability at leadership levels and in employee relations has seen the Necsa Group ending the year profitable with an unqualified audit opinion. As the Board we are committed in growing revenue and financial stability while remaining safe for our people, property and the environment



CHAIRPERSON'S OPENING REMARKS



Mr DR Nicholls
Board Chairperson



Mr LJ Shayl
Chairperson of Nuclear Oversight and Regulatory Compliance Committee



Mr L Mavuso
Chairperson of Human Resources, Social and Ethics Committee



Ms SKN Masango
Chairperson of Technology Research and Development Committee



Mr H Lazarus
Chairperson of Investments and Finance Committee



Mr S Maharaj
Chairperson of Audit and Risk Committee.



Dr P Magampa
DMRE Representative



Amb X Mabhungo
DIRCO Representative



Dr M Makgae
Board Member



Adv. A Chowan
Board Member



Mr Loyiso Tyabashe
Group CEO



Ms B Makgopa
DMRE Alternative representative



Mr M Combrink
DIRCO alternative representative

Board members resigned during the year 2023



Ms PE Monale
DMRE Representative



Amb N Ntshinga
DIRCO Representative



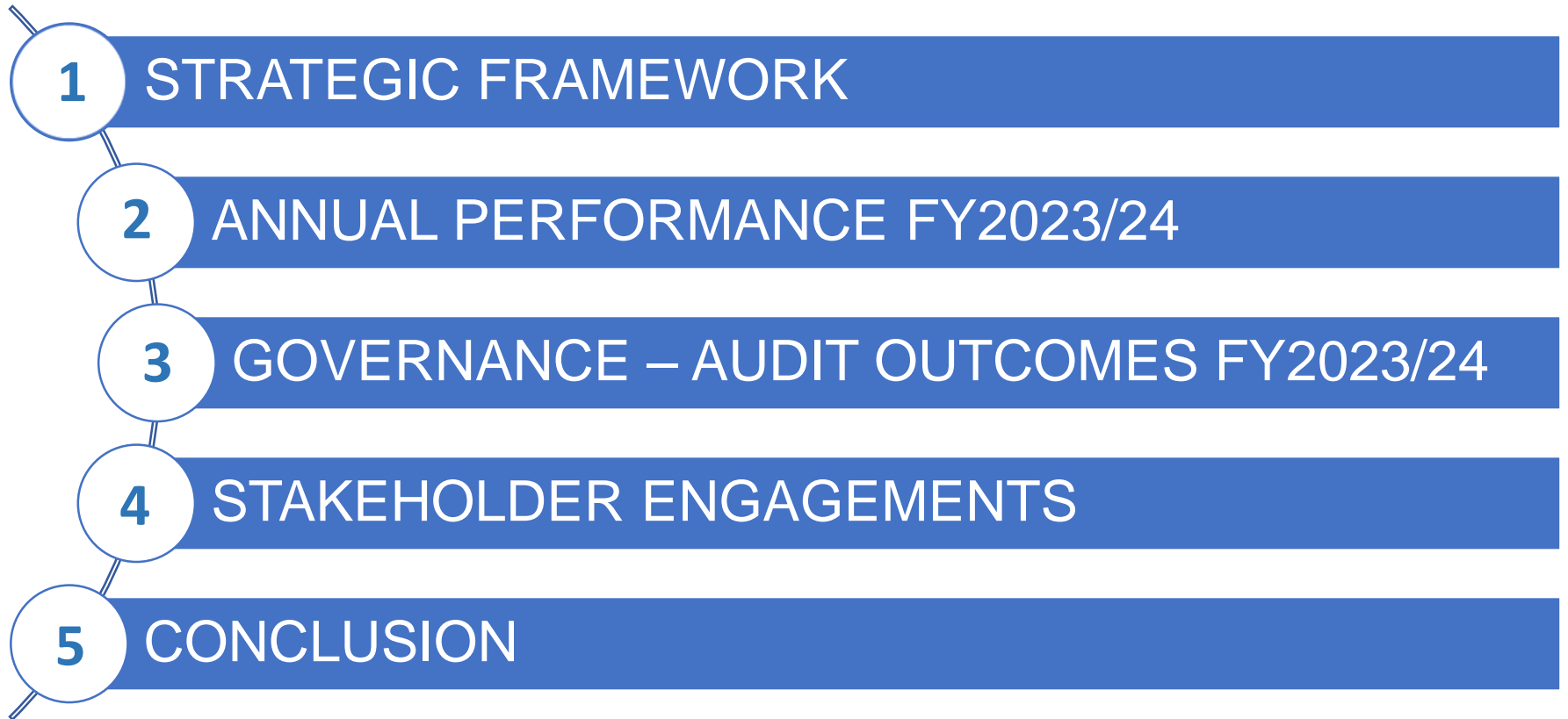
Mr A Latchu
Board Member



Mr M. Van Schalkwyk
DIRCO alternative representative

A fully-fledged Board ensures adequate oversight and accountability for a sustainable Necsa Group







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STRATEGIC FRAMEWORK

STRATEGIC FRAMEWORK

Financially sustainable organisation
with efficient operations and good governance



VALUES: Excellence, Accountability, Safety First, Integrity and Innovation (EASII)

MISSION: To develop and safely utilize nuclear, radiation and related technologies to make socio-economic impact in diverse global markets through commercial and non-commercial technologies, in an environmentally responsible manner

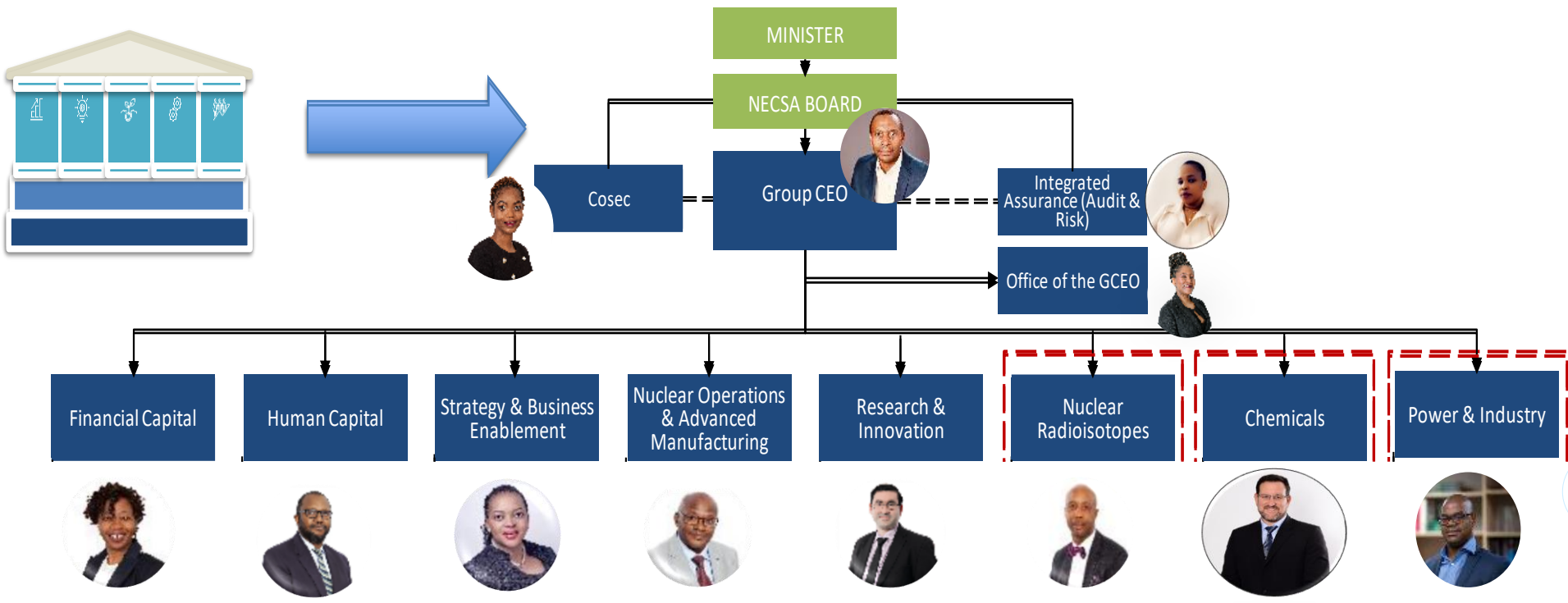
VISION: To be a global nuclear and related technology leader, positively touching people's lives socio-economically

MANDATE: To develop, utilise and manage nuclear technology for national and regional socio-economic development through: Applied R&D; commercial application of nuclear and associated technology; contributing to the development of skills in science and technology

- Front-end Fuel supply
- Power generation leading with SMRs
- Solidify Neutron Source Generation
- Radioisotope production and services
- Fluorochemical operations/business
- Skills development

- Re-affirmed Group Strategy supported by High Impact Programmes gives a solid base for performance and delivery on the objective of long-term sustainability
- The Necsa Group implements continuous enterprise risk management to de-risk delivery against the Corporate Plan

ORGANISATIONAL STRUCTURE



Leadership stability has ensured accountability and focused implementation of the strategy



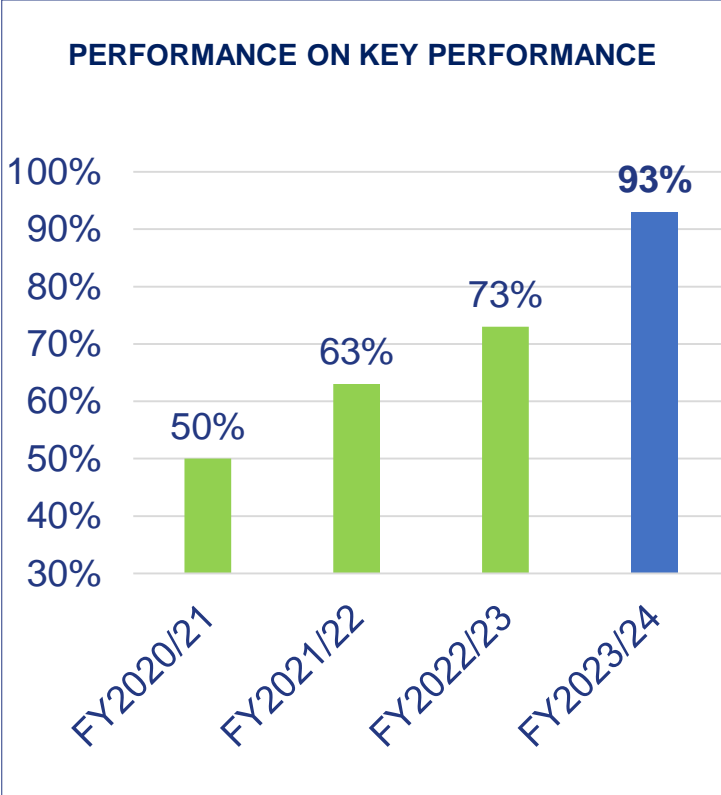


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ANNUAL PERFORMANCE FY2023/24

PERFORMANCE AGAINST SHAREHOLDER COMPACT

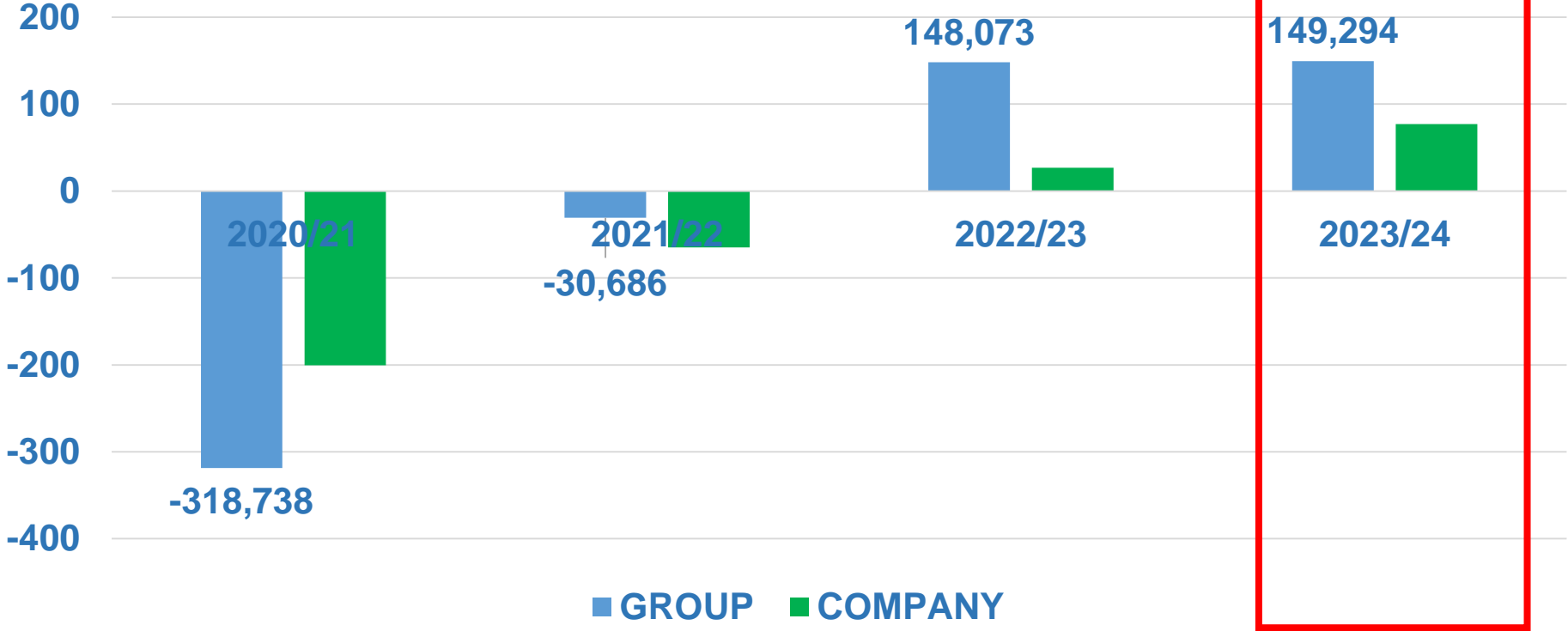
KPA	KPI	Status
FINANCIAL RECOVERY & SUSTAINABILITY	<i>Necsa Group Net Profit After Tax (R'm)</i>	Green
	<i>Audit Opinion</i>	Green
RESEARCH & INNOVATION	<i>Contract R&D funding generation (R'm)</i>	Green
	<i>Number of peer-reviewed publications</i>	Green
	<i>Number of Innovation Disclosures</i>	Green
PROFITABLE COMMERCIAL ENTERPRISES	<i>NTP Group Net Profit After Tax (R'm)</i>	Green
	<i>Pelchem Net Profit After Tax (R'm)</i>	Red
BUSINESS CONTINUITY & EFFICIENCY	<i>Disabling Injury Incidence Rate (DIIR)</i>	Green
	<i>Public dose impact limit (mSv per annum)</i>	Green
	<i>SAFARI-1 Number of days available per year</i>	Green
	<i>Neutron Source Generation</i>	Green
	<i>D&D Execution of Annual Plan of Action as approved by Necsa Board and submitted to DMRE</i>	Green
TALENT EXCELLENCE & HIGH PERFORMANCE CULTURE	<i>Staff productivity % (Group HR Basic Salary cost as % of Group Revenue)</i>	Green
	<i>Improvement of Performance Culture and Maintaining Core Skills</i>	Green
	<i>Successfully Implement the Employment Equity (EE)</i>	Green



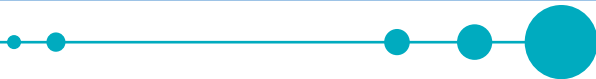
- Performance against objectives shows steady growth over the years a testament that the strategy is working
- Beyond positive results, the focus is now on growing the business through external revenue

FINANCIAL PERFORMANCE OVER TIME

PROFIT/LOSS STATEMENT



The Necsa Group's financial position is gaining strength and it is on the back of these results that we now aim for investment grade

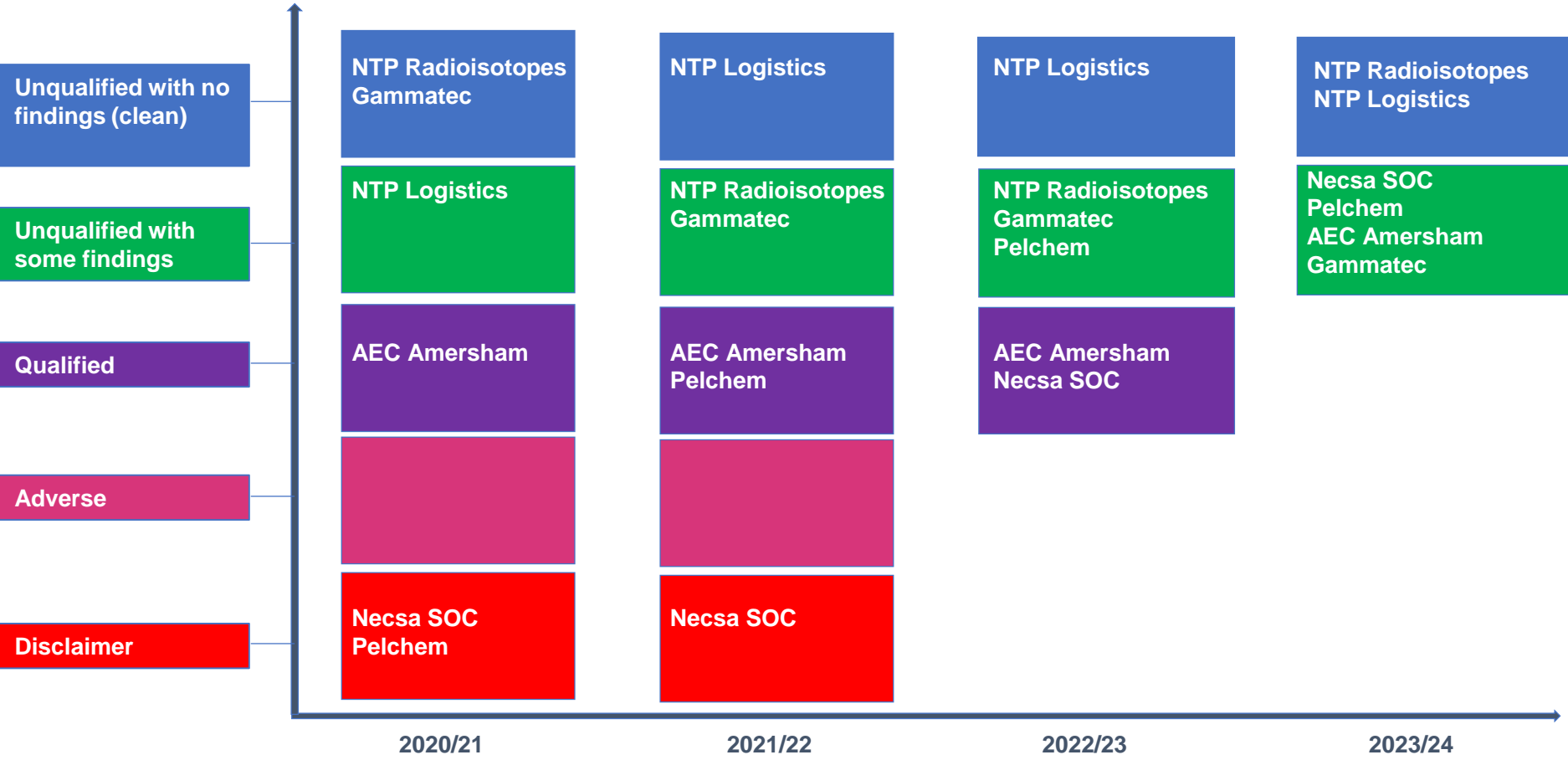




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GOVERNANCE – AUDIT OUTCOMES FY2023/24

POSITIVE AUDIT OUTCOMES ACROSS THE NECSA GROUP



- Positive audit outcomes augur well for the Necsa Group as they build confidence and trust of stakeholders in the company’s governance
- The aim is on keeping the discipline and improve on this outcome by reaching an unqualified outcome with no findings across the Group



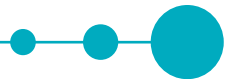
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STAKEHOLDER ENGAGEMENTS

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Active environmental Management within the Necsa site as well as surroundings ensures healthy animals, water and air



STAKEHOLDER ENGAGEMENTS



- Financial Wellness Campaign
- Pre-Retirement Counselling Programme
- Executive Wellness Day
- Workplace Eye Care Wellness Awareness Week
- Breast Cancer and Prostate Screening Programme
- Corporate Health and Wellness Testing Week
- A Corporate Wellness Day

Total Amount Spend by Necsa = R1.7bn
 Local Spend = R 1.5bn
 SMEs in North West = R19m

R2.9 million of CHIETA-funded Work Integrated Learning benefiting 74 students who are currently at Necsa internship

R2.6 million of Services SETA-funded Internship Programme benefiting 39 students

R2.4m for Study Assistance Scheme benefitting 77 employees

11.14% employees at Necsa come from the NW

Necsa Group employs
1614
 staff members



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CONCLUSION

CONCLUSION



Improvements in governance, entrenched through oversight structures on the implementation of the strategy contributed to Necsa's positive performance and audit results



The financial trajectory shows stability that allows the Necsa Group to focus on increasing external revenue and improving its financial ratios to investment grade



The revised strategy for growth with the six High Impact Programmes will see the Necsa Group moving from stabilisation to growing the business



There is a collected commitment towards overall improvement of Necsa to reach its ultimate potential as a global nuclear technology leader deriving value for all its stakeholders





THANK YOU

GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

STATEMENT OF FINANCIAL POSITION	GROUP		COMPANY	
	F2024	F2023	F2024	F2023
Financial position (R'M)				
Non-current assets	5 435 875	4 683 013	5 220 113	4 473 967
Current Assets	1 983 278	1 857 851	881 937	897 435
Total Assets	7 419 153	6 540 864	6 102 050	5 371 402
Equity	783 511	639 418	-72 875	-149 918
Non-current liabilities	5 431 898	4 643 746	5 253 357	4 467 626
Current liabilities	1 203 744	1 257 700	921 568	1 053 694
Total Equity and Liabilities	7 419 153	6 540 864	6 102 050	5 371 402

- Positive trajectory reflecting the strengthening of the balance sheet year on year
- Focus on arresting the previously significantly declining equity position



NECSA GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AS AT 31 MARCH 2024

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	Group		Company	
		2024 R 000	2023 R 000	2024 R 000	2023 R 000
Revenue	27	2 861 765	2 416 523	925 677	880 332
Cost of sales	28	(1 215 323)	(1 076 870)	(131 641)	(182 988)
Gross profit		1 446 442	1 339 653	794 036	717 344
Fair value adjustments	34	15 492	5 906	14 644	6 754
Other operating income	29	143 913	96 335	431 861	330 797
Other operating losses	30	14 241	(10 998)	(131)	(2 275)
Expected credit reversals/ (losses)	12	5 885	(14 899)	(48 703)	(82 162)
Other operating expenses		(1 271 342)	(1 058 534)	(1 138 528)	(943 622)
Government Grant expense (Decommissioning & Decontamination Stage 1)	23	(560 731)	(966 691)	(560 731)	(966 691)
Acceptance of Decommission and Decontamination Stage 1 Administration and fees	23	560 731	966 691	560 731	966 691
		(259 563)	(240 280)	(113 238)	(104 659)
Operating profit (loss)	31	95 068	117 183	(60 059)	(77 823)
Investment income	32	109 145	361 039	134 954	379 822
Finance costs	33	(49 277)	(308 596)	(35 021)	(292 817)
Income from equity accounted investments		3 002	1 126	-	-
Profit (loss) before taxation		157 938	170 752	39 874	9 182
Taxation	35	(49 242)	(45 300)	-	-
Profit (loss) for the year		108 696	125 452	39 874	9 182
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset	16	17 909	(231)	17 909	(231)
Gains on property revaluation	4	20 201	21 433	19 180	17 984
Share of comprehensive income of equity accounted investments		2 409	(1 208)	-	-
Total items that will not be reclassified to profit or loss		40 519	19 994	37 089	17 753
Items that may be reclassified to profit or loss:					
Fair value through other comprehensive income adjustments	20	79	(195)	79	(195)
Other comprehensive income for the year net of taxation	36	40 598	19 799	37 168	17 558
Total comprehensive income (loss) for the year		149 294	145 251	77 042	26 740

Key performance numbers:

- Profit at R108.7m
- Total comprehensive income at R149.3m

Key focus areas:

- Managing our costs
- Improving efficiencies within the business
- Increasing revenue streams (products, markets & improved plant performance)