

Revenue

19% ↑

Gross Profit

15% ↑

EBITA

16% ↑

Profit Before Tax

15% ↑

Final dividend per share

30t

Special dividend per share

10t

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the 52 week period ended 24 April 2022	For the 52 week period ended 25 April 2021*
	P'000	P'000
Revenue	7 519 535	6 292 809
Cost of sales	(6 996 384)	(5 838 779)
Gross profit	523 151	454 030
Other income and gains	51 549	41 746
Administrative expenses	(251 645)	(216 421)
Earnings before interest, tax and amortisation (EBITA)	323 055	279 355
Amortisation of intangible assets	(7 108)	(6 315)
Investment income	54 163	47 885
Finance costs	(21 867)	(22 955)
Profit before share of results of associates	348 243	297 970
Share of results of associates	(14 435)	(7 704)
Profit before tax	333 808	290 266
Income tax expense	(112 743)	(73 384)
PROFIT FOR THE YEAR	221 065	216 882
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Net gain on revaluation of land and buildings	19 217	16 279
Gross gain on revaluation of land and buildings	25 479	21 362
Income tax on gain on revaluation of land and buildings	(6 262)	(5 083)
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	27 403	62 391
Other comprehensive income for the year (net of tax)	46 620	78 670
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	267 685	295 552
PROFIT FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the parent	219 612	216 198
Non - controlling interests	1 453	684
TOTAL PROFIT FOR THE YEAR	221 065	216 882
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	266 232	294 868
Non - controlling interests	1 453	684
TOTAL COMPREHENSIVE INCOME	267 685	295 552
Number of shares in issue at beginning and end of the year	250 726 709	250 726 709
Dividends per share (thebe) - ordinary - interim	10.00	10.00
Dividends per share (thebe) - ordinary - final	30.00	30.00
Basic earnings per share (thebe)	87.59	86.23

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the 52 week period ended 24 April 2022	For the 52 week period ended 25 April 2021*
	P'000	P'000
Net cash generated from operating activities	284 917	257 178
Net cash flows utilised in investment activities	(70 570)	(15 539)
Dividends paid	(100 290)	(94 021)
Net cash flows from other financing activities	(61 705)	(51 217)
Net movement in cash and cash equivalents	52 352	96 401
Cash and cash equivalents at beginning of year	474 737	365 875
Effect of exchange rate on cash and cash equivalents	3 512	12 461
Cash and cash equivalents at end of year	530 601	474 737
Represented by:		
Cash and cash equivalents	575 240	478 261
Bank overdrafts	(44 639)	(3 524)
Cash and cash equivalents at end of year	530 601	474 737

COMMENTARY

Basis of preparation and accounting policies

The abridged consolidated financial results of Sefalana Holding Company Limited and its subsidiaries ("Sefalana" / the "Group") are extracted from the Group financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS"), under the historical cost convention except for the revaluation of certain non-current assets being land and buildings, investment in properties and preference shares, which are carried at fair value.

* The accounting policies applied in the preparation of the audited financial statements for the 52-week period ended 24 April 2022 (the "year"), are consistent with those applied in the preparation of the audited financial statements for the 52-week period ended 25 April 2021 ("prior year").

The Group's largest segments are those of Fast-Moving Consumer Goods (FMCG). In line with common practice across the world, the FMCG businesses have historically followed a Retail calendar with a financial period of 52 weeks or 364 days. This contrasts with a calendar year of 365 days. On the basis that this has resulted in a one day difference each year which is caught up every 6 years with a 53rd week, the Group emphasised its disclosure of this fact, through the restatement of the prior year column headings on the primary statements. There has been no adjustment to the abridged statement of comprehensive income, statement of cashflows and statement of financial position on the basis of materiality.

Financial results of the Group - overview

Despite the challenges we have been facing in the current environment across all the Regions in which we operate, we are delighted to be able to once again, report to you our best results to date!

We have consistently been able to do this over the last 10 years (other than 2017) and are proud to be able to do so once again. This comes at a time when many organizations locally and across the world are reporting downward trends.

We generated a profit before tax ("PBT") of P334 million. This is up 15% on the prior year and on the back of reporting our best PBT for the half year ended October 2021 of P153 million.

We have been able to do this through sheer determination and perseverance by our people, our human capital, who are our most important asset. Our teams have remained motivated and driven and have been resilient throughout the year. For this we are truly grateful.

Our Group had put in place measures, as early as November 2019, in anticipation of the impact of the Pandemic and this has helped us navigate through these difficult 3 years. We identified ways in which we were able to mitigate the effects of the Pandemic, and ultimately provide our customers with what they require, in as many channels as possible. We endeavour to continually deliver and exceed the expectations of all our stakeholders. We are very pleased with our success in this regard.

We are pleased to report that we did not retrench any of our staff during the Pandemic and ensured all our staff throughout the Group were fully paid. We also applied pay increases wherever possible to assist our staff during these troubled times. Our head count across the Group has seen

a 38% increase from 4,076 in April 2019 to 5,619 in April 2022. Just over 99% of our Botswana staff compliment are local citizens. Creating employment, developing, and supporting our people, and retaining talent are at the centre of our business model.

Our precise strategic focus has been on the core Fast Moving Consumer Goods (FMCG) businesses where we have placed considerable efforts to enhance margins and relative contribution to Group results. This has not been easy but has enabled us to remain ahead and deliver these fantastic results.

Our manufacturing operations which support the FMCG businesses are also key focus areas for us. These have performed well during the year despite certain challenges beyond our control.

Our diversification strategy across both trade sectors and countries over recent years has helped maintain our Group performance and support sustained long term growth.

The effective tax rate for the year of 34% is significantly higher than that of the prior year of 25% due to the accelerated withholding tax paid on dividends declared by subsidiary companies to Sefalana Holding Company Limited, prior to the increase in Botswana withholding tax rates on 1 July 2021. This will result in an enhanced net cash dividend available for distribution to our Shareholders over time. The Group made an overall tax saving of just over P7 million from this accelerated declaration and this saving will be realized by our Shareholders in the coming years.

Financial highlights

For the 52-week period ended 24 April 2022, the Group's:

- Revenue was P7.5 billion – up 19% on prior year.
- Gross profit was P523 million – up 15% on prior year.
- Earnings before interest, tax and amortisation ("EBITA") was P323 million, up 16% on prior year.
- Profit before tax was P334 million – up 15% on the prior year.
- Final dividend of 30 thebe per share to be paid to our Shareholders: and
- Special dividend of 10 thebe per share to be paid in December 2022

Segmental Reporting

The Group's business and geographical segments are reported separately. Inter-segment transactions are eliminated, and costs of shared services are accounted for in a separate ("Inter-segment or Unallocated") segment. All transactions between segments are at arm's length.

Review of operations

Botswana Business units – 58% of Group profits

Overall Botswana business units have generated P192 million of the PBT for the year, up 8% on the prior year. From the 3 African territories in which we are present, the Botswana operations have experienced the greatest impact of the Pandemic and related economic stress.

Trading – consumer goods

The Botswana FMCG businesses have been adversely affected for much of the last 2 years by the trading restrictions that have been in place. These restrictions have been gradually lifted in the current year and consequently there has been a solid recovery of performance by this segment.

Consumers have begun to visit stores more often than during the initial phase of the Pandemic, and basket sizes have begun to increase, with a lower frequency of visits. The consumer is still somewhat cautious and tends to focus more on value packs, necessities, and private label products, rather than luxuries. The desire for a one-stop shop is very much apparent and we have responded accordingly through offering a wider variety of goods and services both in-store and online.

At the beginning of the financial year, Sefalana operated 4 hyper stores ("Sefalana Hyper"), 25 cash and carry stores ("Sefalana Cash & Carry") and 33 supermarket retail stores ("Sefalana Shopper") across the country, giving the Group a total of 62 stores in Botswana. During the year, we expanded our national footprint through the opening of an additional Sefalana Shopper retail store in Ramotswa and at Molapo Crossing, Gaborone and a Sefalana Quick at our new Caltex site in Broadhurst Industrial. All these new stores are performing well and are proving popular with the customer base in the area. We also introduced retail liquor departments in 3 existing stores – Shopper Mahalapye, Shopper Ghanzi and Hyper Gaborone.

As part of our annual birthday promotion, our Cash & Carry business continued with its empowerment program and gave away 28 mobile kiosks to Botswana to start their own businesses. The number of budding and young entrepreneurs has been increasing and we look to support our community through this initiative. Total cost of these kiosks amounted to just under P2 million. To date we have given away 144 kiosks at a combined cost of P7.2 million over the last 4 years, changing the lives of the winners.

Our Retail birthday promotion focused on giving away P1.9 million in the form of cash. This generated a lot of excitement in the market meeting the needs of our retail customers who prefer cash rather than prizes in kind, during these challenging inflationary times.

Sefalana Cash & Carry Limited contributed 53% and 30% of the Group's revenue and PBT for the reporting period, respectively. Turnover amounted to just under P4 billion, which was 16% up on the prior year. Profit was P100 million which was up 26% on prior year.

Overall, a very pleasing performance by this division which this year, reports its best ever results to date despite the tough trading conditions.

Trading – others

This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed 1.3% and 3% to Group turnover and PBT, respectively. This is a relatively small Group segment in line with our focus on the core business of FMCG.

CML historically relied on tender business, and over recent years has been focusing on growing its private sales due to a general decline in tender activity. During the current year, the business relocated its 3 dealerships to a prime location adjacent to the Sefalana Head Office in Broadhurst. We believe this will help enhance brand awareness and put us in good stead for post Pandemic vehicle sales. Performance by this business improved compared to the prior year despite the worldwide shortages and challenges in sourcing vehicle units for customers.

MFL focuses almost exclusively on the supply of components to Botswana Railways. This business no longer sells to walk-in customers and is not a primary focus for the Group. During the year long standing amounts receivable

were successfully recovered enhancing the performance of this segment.

Manufacturing

Foods Botswana (Pty) Limited ("FB") contributed 3% and 6% to Group turnover and PBT for the period respectively. The profitability of this business is largely dependent on the timing of orders placed by Government in respect of the various feeding schemes and availability of raw materials. This had an adverse impact on the performance of this division in the year.

Milling Division

During the year FB manufactured and supplied to Government for 11 of the 12 months however the business was only awarded one third of the total contract volumes in respect of the 24 month contract issued in April 2020. Despite the party who was awarded two thirds of the contract not being able to fulfill its obligation to supply the required volumes, FB was not awarded the balance of the contract. We have been requested to continue to supply for an additional 3 months to end of July 2022 until the new tender invitation has been published.

We have been focusing on the manufacture and supply of branded products to utilise factory capacity and to avoid unemployment. Growth in this area is positive and showing an upward trend. The Sechaba range of products has increasingly become a popular household name and a preferred choice for many regions across the country.

From a raw materials perspective, we have procured and entered contracts to further procure adequate grain to fulfil any volumes for the forthcoming tender that Government might require from us. We have done this through securing the grain from local farmers. We support several farmers across the country and often are their largest and preferred customer due to our policy of immediate and sometimes upfront payment for the grain. This cash flow assistance enables better working capital and stock management for the farming sector.

Beverages Division

This division is heavily dependent on the manufacture and supply of milk to Government for the children's feeding scheme. In 2019 we were awarded the 24-month supply tender which we completed in June 2021 following a 4 month extension.

A decision was made by Government to decentralize the 2021/22 tenders, and this now requires separate tender bids to be submitted for each region. Whilst this increases the administrative aspect of tendering, we are pleased to report that most of these tenders have been awarded to us.

There has been a longer than expected break between the completed prior year tenders, and the orders being placed on the new tenders, resulting in an overall drop in the volumes procured by Government compared to the prior year.

As with the Milling division, our focus continues building the Delta Fresh private brand. Delta Fresh is now available throughout Botswana in most retailers and is increasing in market share and popularity. A new refreshed packaging of this brand will be launched in late 2022.

Raw material shortages in the Region over the last 18 months have resulted in a slowdown in production volumes and as a result we have not been able to supply the Trade

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	24 April 2022	25 April 2021*
	P'000	P'000
ASSETS		
NON - CURRENT ASSETS		
Property, plant and equipment	857 355	790 504
Right of use asset	229 711	171 752
Investment property	230 082	211 082
Intangible assets	123 426	127 141
Investment in preference shares		194 997
Investment in associates	63 689	71 542
Deferred lease assets	4 734	4 404
Deferred tax assets	29 710	28 523
Trade and other receivables	6 320	7 207
Total non - current assets	1 545 027	1 607 152
CURRENT ASSETS		
Inventories	1 007 390	870 505
Trade and other receivables	327 828	269 268
Investment in preference shares	190 665	
Current tax assets	2 333	2 782
Cash and cash equivalents	575 240	478 261
Total current assets	2 103 456	1 620 816
Asset classified as held for sale	34 750	23 958
TOTAL ASSETS	3 683 233	3 251 926
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	686 354	686 354
Other reserves	257 681	211 061
Retained earnings	1 213 040	1 093 718
Equity attributable to owners of the parent	2 157 075	1 991 133
Non - controlling interests	16 548	15 095
Total equity	2 173 623	2 006 228
NON - CURRENT LIABILITIES		
Lease liabilities	160 762	140 091
Loans and borrowings	105 833	107 634
Deferred tax liabilities	116 847	109 251
Total non - current liabilities	383 442	356 976
CURRENT LIABILITIES		
Trade and other payables	862 363	722 602
Lease liabilities	93 270	54 666
Loans and borrowings	1 735	1 618
Contract liabilities	14 992	17 477
Current tax liabilities	33 792	21 189
Bank overdrafts	44 639	3 524
Provisions and accruals	75 377	67 646
Total current liabilities	1 126 168	888 722
Total liabilities	1 509 610	1 245 698
TOTAL EQUITY AND LIABILITIES	3 683 233	3 251 926

consistently with the required volumes. Having explored various options, we have now put in place measures for the importation of pasteurized milk into Botswana. This is more expensive than raw milk but allows a more regular supply without interruption. This has consequently caused an erosion of margins which will continue to be in place until shortages in the raw milk supply taper off.

With the Hospitality sector appearing to be in recovery, we will re-visit our plans for the water and juice plants, which had been put on hold with the onset of the Pandemic.

Properties

Botswana property portfolio

Our property portfolio held in Botswana performed well, contributing 1% and 18% to Group revenue and PBT respectively. Almost all properties are tenanted, and leases are in place for periods between 2 and 5 years.

During the year, the sectional title sale of the Italtile property in Setlhoa Gaborone took place for a consideration of P35m. This property was held for sale at the previous year end. The necessary regulatory approvals have been received during the year and the final administrative steps to complete this transaction are due to be taken in the coming months.

In early 2022, we commenced the construction of a 3,000 sqm warehouse at Foods Botswana Beverages to accommodate growth. This will also be used for storage when we proceed with our bottled water and fruit juice plant in due course.

The KSI property development of 5,000 sqm of warehouse space remains fully let with on-going demand for the sites. With the closure of the KSI soap plant, the factory property will be upgraded to increase the size and quality of the lettable space. This will further enhance the return from that site.

We are currently evaluating and developing plans for several of our other properties.

Our P100m loan taken out for the purpose of developing property will begin its five-year repayment period in 2025.

Regional operations and foreign exchange exposure

Our diversification into neighbouring countries over the last 7 years has helped us maintain the Group's overall performance. Each economy has presented its own opportunities and put forward its unique challenges. Our business model has been tailored to each economy accordingly.

Diversification into other regions brings with it foreign exchange exposure. For this year, we have recorded a re-translation gain of P27 million largely relating to the Namibian, South African and Lesotho businesses which are all ZAR denominated which has strengthened against the Pula, as well as the appreciation of the Zambian Kwacha since the year end. This compares to a gain of P62 million in the comparative year. These currencies constantly fluctuate and therefore the retranslation gains and losses are largely temporary and are recorded in other comprehensive income and losses in line with IFRS.

Since July 2020 we have exposure to the Australian Dollar. This hard currency exposure often offsets the exposure on the ZAR and serves as a partial hedge. We will continue to invest in harder currencies to protect the overall Pula return for our Shareholders.

Metro (Sefalana) Namibia

Metro Namibia contributed 33% and 35% of revenue and PBT for the year, respectively. Turnover amounted to just over P2.5 billion, a growth of 26% on the prior year. Profit before tax amounted to P118 million, up a staggering 35% from the prior year. Our operations in Namibia continue to grow despite indications of stress in the economy. This business makes a significant contribution to overall Group results each year. We are the largest FMCG business in Namibia.

At the start of the year, we had 21 stores across the country. During the year two new stores were opened in Otjivarongo and Katima (Zambezi) increasing our representation in that area. Our loyalty card offering has now been introduced to our customers in Namibia and we look forward to additional growth and customer retention as a result.

We continue to look for new suitable locations for store openings as we have now met our medium-term target of 20 stores. Expansion will however be cautious given the current economic environment. Other revenue streams and models are being evaluated and will be introduced in due course.

Sefalana Lesotho

We have been operating in Lesotho for 6 years and the underlying business is performing well. We have 2 stores located in Maseru and 2 in Mafusoe. We remain the largest FMCG business in the country. We offer the widest range of products, and our stores are well positioned to be accessible by the entire country. This business is performing well and expected to continue to do so.

Our discussions are on-going with the Lesotho Revenue Authority for the settlement of VAT due to us. This process has taken longer than anticipated, but we are hopeful for a favourable outcome by the end of the ensuing financial year end. For some time now this matter has meant the business has experienced cash flow constraints and has required Group support to assist during peak times. A settlement will eliminate this pressure and allow us to progress with further growth and employment in the country.

Turnover of P783 million has been achieved for the year, which is 21% up on the prior year. A PBT of P12.9 million was generated, almost double that of the prior year. This business is expected to continue to grow and become a larger contributor to Group results in line with our focus on our core segments.

Investment in Preference shares

During the year, we received our fourth tranche of returns from our South African Preference share investment. For the first time since we made this investment in South Africa, that business has performed below expectation, and this is largely because of the tough economic conditions currently being experienced in the country.

The five-year period relating to this Preference share investment ended in June 2022. We have carefully monitored the performance of the business over the

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent							Non-controlling interests	Total equity
	Stated capital	Reserves	Retained earnings	Total	P'000	P'000	P'000		
	P'000	P'000	P'000	P'000					
At 26 April 2021	686 354	211 061	1 093 718	1 991 133			15 095	2 006 228	
Profit for the year			219 612	219 612			1 453	221 065	
Other comprehensive income for the year:									
Gain on revaluation of land and buildings (net of tax)			19 217	19 217				19 217	
Currency translation differences			27 403	27 403				27 403	
Dividends paid - 2022 interim and 2021 final			(100 290)	(100 290)				(100 290)	
At 24 April 2022	686 354	257 681	1 213 040	2 157 075			16 548	2 173 623	

SEGMENT RESULTS

	BOTSWANA					ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	AUSTRALIA	GROUP
For the 52 week period ended 24 April 2022	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares	Investment in associate	Inter-segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	3 951 562	1 005 576	240 020	61 274	3 787	782 747	2 518 552			(138 983)	7 519 535
Cost of sales	(3 763 986)	(77 986)	(175 670)			(741 014)	(2 362 396)			124 668	(6 996 384)
Gross profit	187 576	22 590	64 350	61 274	3 787	41 733	156 156			(14 315)	523 151
Other income and gains / (losses)	16 318	6 727	1 222	19 258	(9 065)	146	21 519	(6 101)		1 525	51 549
Administrative expenses	(87 970)	(21 463)	(43 689)	(10 646)	(977)	(18 803)	(40 874)			(27 223)	(251 645)
Earnings before interest, tax and amortisation (EBITA)	115 924	7 854	21 883	69 886	(6 255)	23 076	136 801	(6 101)		(40 013)	323 055
Amortisation	(617)					(1 590)	(4 901)				(7 108)
Investment income	2 675	2 399	1 053	101		111	4 253	37 793	1 965	3 813	54 163
Finance costs	(17 982)	(345)	(1 565)	(9 144)		(8 735)	(18 568)			34 472	(21 867)
Profit before share of results of associates	100 000	9 908	21 371	60 843	(6 255)	12 862	117 585	31 692	1 965	(1 728)	348 243
Share of results of associates									(13 915)	(520)	(14 435)
Profit before tax (PBT)	100 000	9 908	21 371	60 843	(6 255)	12 862	117 585	31 692	(11 950)	(2 248)	333 808

	BOTSWANA					ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	AUSTRALIA	GROUP
For the 52 week period ended 25 April 2021	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares	Investment in associate	Inter-segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	3 397 750	93 696	250 969	62 864	3 687	647 214	1 991 532			(154 903)	6 292 809
Cost of sales	(3 235 968)	(72 923)	(184 318)			(613 865)	(1 872 028)			140 323	(5 838 779)
Gross profit	161 782	20 773	66 651	62 864	3 687	33 349	119 504			(14 580)	454 030
Other income and gains / (losses)	10 206	4 232	1 971	17 155	(228)	55	12 949	(5 291)		697	41 746
Administrative expenses	(79 488)	(22 827)	(36 617)	(9 338)	(1 817)	(16 105)	(24 667)			(25 562)	(216 421)
Earnings before interest, tax and amortisation (EBITA)	92 500	2 178	32 005	70 681	1 642	17 299	107 786	(5 291)		(39 445)	279 355
Amortisation	(437)					(1 488)	(4 390)				(6 315)
Investment income	4 478	615	735	749			1 880	35 486	1 062	2 880	47 885
Finance costs	(17 370)	(100)	(135)	(8 929)		(8 604)	(18 192)			30 375	(22 955)
Profit before share of results of associates	79 171	2 693	32 605	62 501	1 642	7 207	87 084	30 195	1 062	(6 190)	297 970
Share of results of associates									(5 450)	(2 254)	(7 704)
Profit before tax (PBT)	79 171	2 693	32 605	62 501	1 642	7 207	87 084	30 195	(4 388)	(8 444)	290 266

SEGMENT ASSETS AND LIABILITIES

	BOTSWANA					ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	AUSTRALIA	GROUP
24 April 2022	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares and loan	Investment in associate	Inter-segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Assets	1 185 628	96 347	226 039	648 102	48 483	230 208	846 914	190 665	63 689	147 158	3 683 233
Liabilities	(1 012 615)	(42 091)	(66 929)	(209 696)	(946)	(200 850)	(713 154)			736 671	(1 509 610)
25 April 2021											
Assets	1 110 381	68 692	247 982	648 668	38 769	190 664	669 423	194 997	71 542	10 808	3 251 926
Liabilities	(742 891)	(21 759)	(27 627)	(198 119)	(696)	(170 288)	(594 521)			510 203	(1 245 698)

last 12 months and the likely forward looking economic trends, and considered several other critical matters, and concluded that it was in the Group's interest not to exercise our conversion option.

We will redeem our investment of R250 million in full in August 2022. This investment has been one of the Group's highest earning investments to date and we are pleased with our annual 20% return for the 5-year term. Our dividend to earnings ratio over that period has resulted in approximately 50% of this return being paid to our Shareholders in the form of a dividend.

In the spirit of further rewarding our Shareholders, and the receipt of related cash from the redemption, we are pleased to declare a special one off dividend of 10 thebe per share to be paid in December 2022.

The carrying value of this investment inclusive of the conversion option was R258 million at April 2021. A fair value loss of R8 million has been reflected in the results of the current period (in other income and gains) to arrive at the redemption value in accordance with IFRS.

This segment contributed to P31.7 million to Group profit before tax for the reporting period.

Zambia property

Following the significant increase in supply of warehouse and office space in Lusaka over the last few years, we have experienced several changes in our tenant composition. Our current occupancy is at around 70% and we actively look for suitable tenants for the remaining space.

In the current year, the strengthening of the Kwacha resulted in a loss of P9 million in relation to the re-valuation of the property. The underlying USD valuation however remained flat. This exposure to the Kwacha results in volatility to the income statement which is currently unavoidable.

Namibia property portfolio

Since our entry into Namibia in 2013, we have aspired to establish a property portfolio like the one developed over the years in

Botswana. In the prior year, we acquired the new Head office site in Windhoek and some additional property in Keetmanshoop. We are looking at potential further investments in prime property across Namibia, and will make these investments if they are suitable

During the period approximately P12 million was invested in the development of property in Namibia.

Australian investment

Our investment in Australia is doing well and is in line with budget, generating a positive EBITA and cash position. As indicated previously, it is the norm in Australia for long leases of 20 years or more to be entered into on properties. In accordance with IFRS 16, this results in a front-loaded interest and depreciation charge in the earlier years of the lease. Consequently, the positive EBITDA is eroded by the related lease charges. In the latter period of the leases, this is expected to unwind, such that the reported PBT figures for this investment will grow significantly. This is aligned to our intended strategy to re-invest in that business for the first five years before dividends are declared to Shareholders. The Group's share of results from this associate for the period amounts to a loss of P12 million.

In November 2021, we embarked on Phase 2 of this investment which includes the acquisition of additional stores. We have acquired the first of the 5 stores and have approved 3 further stores to be acquired in the next 12 months. These stores are expected to enhance the profitability of the existing portfolio. Additional investment of AUD 2.9 million (P25.6 million) was made by the Group during the year.

Prospects

i) Financial Services - SefRemit

In June 2022 we were pleased to be awarded the necessary licenses by the Bank of Botswana to commence our new Financial Services division. This division provides bureau de change services to our customers along with international electronic money transfers. This new and exciting service offering has been well received by the market in a very short space of time. We anticipate rolling out our kiosks in 30 of our stores over the

next 12 months. Further updates will be provided at our next half year reporting.

ii) Manufacturing

We are currently in the process of establishing another potential manufacturing business in Botswana. Details of this potential venture will be provided to Shareholders once firm plans are in place.

iii) South African investment

As indicated above, we will fully redeem our Preference share investment in August 2022. Our fifth and final coupon payment of R50 million was received in July 2022.

National Lottery

Our 40% interest in Grow Mine Africa (Pty) Limited ("Grow Mine") remains in place. Several matters had been raised with the Minister and the Gambling Authority regarding the Preferred Applicant status being withdrawn from Grow Mine. Sefalana's involvement in this project remains minimal. Further updates will be provided when relevant.

Directors

It was with great sadness that we announced the passing of our Non-Executive Director Mr Moathlodi Sebabile on 3 October 2021. Mr Sebabile had only been on our Board for a year but had made significant contribution in that short space of time.

On 1 March 2022 we were pleased to announce the appointment of the following 3 directors to the Board:

- Mr Mahube Mpuogwa (Non-Executive);
- Ms Paula Disberry (Non-Executive); and
- Mr Gerhard Scheepers (Executive)

We look forward to their valuable input towards the Group's strategic direction through their respective backgrounds and areas of expertise.

No other changes to Directorships took place during the year.

The Board is satisfied with its full composition following these appointments.

Dividend

On 26 July 2022, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 30 (thirty) thebe per ordinary share.

The final dividend will be paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on or around Wednesday 24 August 2022 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 12 August 2022, with an Ex-dividend date of Wednesday 10 August 2022.

The Board of Directors also approved a once off special dividend of 10 (ten) thebe per Ordinary share.

The special dividend will be paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on or around Wednesday 21 December 2022 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 9 December 2022, with an Ex-dividend date of Wednesday 7 December 2022.

Auditor's report

The auditor, Deloitte & Touche, has issued its unmodified opinion on the Group's consolidated financial statements for the 52 week period ended 24 April 2022. These are available for inspection at the registered office of Sefalana Holding Company Limited. This publication has been extracted from those financial statements. This abridged financial information and any reference to future financial performance has however not been audited by the auditors.

By order of the Board

JM Marinelli (Chair) | CD Chauhan (Group Managing Director)

29 July 2022
Gaborone, Botswana