

Audited Group Financial Results

the 53-week period ended 30 April 2023 & dividend announcement

Revenue

21%↑

Gross Profit

29%↑

EBITA

27%↑

Profit Before Tax

21%↑

ROCE

16%

Final dividend
per share

50t

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the 53 week period ended 30 April 2023	For the 52 week period ended 24 April 2022
	P'm	P'm
Revenue	9 116.2	7 519.5
Cost of sales	(8 440.5)	(6 996.4)
Gross profit	675.7	523.1
Other income and gains	47.7	51.5
Administrative expenses	(311.7)	(251.6)
Earnings before interest, tax and amortisation (EBITA)	411.7	323.0
Amortisation	(7.3)	(7.1)
Investment income	34.4	54.2
Finance costs	(25.5)	(21.9)
Profit before share of results of associates	413.3	348.2
Share of results of associates	(10.6)	(14.4)
Profit before tax	402.7	333.8
Income tax expense	(102.2)	(112.7)
PROFIT FOR THE PERIOD	300.5	221.1
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Net gain on revaluation of land and buildings	22.7	19.2
Gross gain on revaluation of land and buildings	29.3	25.5
Income tax on gain on revaluation of land and buildings	(6.6)	(6.3)
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(28.4)	27.4
Other comprehensive (loss) / income for the period (net of tax)	(5.7)	46.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	294.8	267.7
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the parent	299.5	219.6
Non - controlling interests	1.0	1.5
TOTAL PROFIT FOR THE PERIOD	300.5	221.1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	293.8	266.2
Non - controlling interests	1.0	1.5
TOTAL COMPREHENSIVE INCOME	294.8	267.7
Dividends per share (thebe) - interim	12.0	10.0
Dividends per share (thebe) - final	50.0	30.0
Dividends per share (thebe) - special		10.0
Total Dividends per share (thebe)	62.0	50.0
Basic earnings per share (thebe)	119.5	87.6
Total comprehensive income per share (thebe)	117.2	106.2

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the 53 week period ended 30 April 2023	For the 52 week period ended 24 April 2022
	P'm	P'm
Net cash generated from operating activities	45.1	284.9
Net cash flows generated / (utilised) in investment activities	102.1	(70.5)
Dividends paid	(130.4)	(100.3)
Net cash flows from other financing activities	(63.5)	(61.7)
Net movement in cash and cash equivalents	(46.7)	52.4
Cash and cash equivalents at beginning of year	530.6	474.7
Effect of exchange rate on cash and cash equivalents	(7.5)	3.5
Cash and cash equivalents at end of year	476.4	530.6
Represented by:		
Cash and cash equivalents	525.4	575.2
Bank overdrafts	(49.0)	(44.6)
Cash and cash equivalents at end of year	476.4	530.6

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 April 2023	24 April 2022
	P'm	P'm
ASSETS		
NON - CURRENT ASSETS		
Property, plant and equipment	936.4	857.4
Right of use asset	180.8	229.7
Investment property	237.8	230.1
Intangible assets	110.1	123.4
Investment in associates	57.4	63.7
Loan to associate	58.0	
Deferred lease assets	4.6	4.7
Deferred tax assets	31.5	29.7
Trade and other receivables	4.6	6.3
Total non - current assets	1 621.2	1 545.0
CURRENT ASSETS		
Inventories	1 111.0	1 007.4
Trade and other receivables	302.0	327.8
Investment in preference shares		190.7
Current tax assets	6.1	2.3
Cash and cash equivalents	525.4	575.2
Total current assets	1 944.5	2 103.4
Asset classified as held for sale		34.8
TOTAL ASSETS	3 565.7	3 683.2
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	686.4	686.4
Other reserves	252.0	257.7
Retained earnings	1 382.1	1 213.0
Equity attributable to owners of the parent	2 320.5	2 157.1
Non - controlling interests	20.2	16.5
Total equity	2 340.7	2 173.6
NON - CURRENT LIABILITIES		
Lease liabilities	132.8	160.8
Loans and borrowings	104.2	105.8
Deferred tax liabilities	119.0	116.8
Total non - current liabilities	356.0	383.4
CURRENT LIABILITIES		
Trade and other payables	619.9	862.4
Lease liabilities	73.2	93.3
Loans and borrowings	1.7	1.7
Contract liabilities	15.8	15.0
Current tax liabilities	10.0	33.8
Bank overdrafts	49.0	44.6
Provisions and accruals	99.4	75.4
Total current liabilities	869.0	1 126.2
Total liabilities	1 225.0	1 509.5
TOTAL EQUITY AND LIABILITIES	3 565.7	3 683.2

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 53-week period ended 30 April 2023 (the "year"), are consistent with those applied in the preparation of the audited financial statements for the 52-week period ended 24 April 2022 ("prior year").

Financial results of the Group – key factors to highlight

Record breaking results!

During this financial year, we have noted significant recovery from the effects of the Pandemic, which has been the centre of all trading activities and decision making across the Group over the last 3 years. During that period, we have worked tirelessly to ensure we remain resilient and respond quickly and appropriately to the uncertain and continuously changing environment.

Each business sector, and each geographical region, has brought with it its unique circumstances and challenges. Due to the complex nature of the sectors in which we operate, navigating those changes has not been easy; but we have managed to do so, successfully.

With challenges, comes opportunities, and there are a number of new projects which we are pursuing, to support a long-term sustainable profit stream for the Group. These new opportunities are aimed at enhancing shareholder value. Some of these projects have taken longer than expected to materialize, due to factors and limitations beyond our control. We do, however, look forward with optimism and will keep our stakeholders informed of any developments in respect of these projects as soon as we are able to do so.

In respect of our existing businesses, our greatest focus has for some time now, 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. Margin pressure continues especially during inflationary times where disposable income is under strain. We have noted this trend worldwide. We are faced with constant price escalations from suppliers in South Africa who have experienced significant load shedding which has impacted volumes produced and ultimately pricing. Through regular dialogues with our suppliers, and through strategic procurement, we are pleased to have maintained, and in many instances enhanced, overall margins despite these on-going challenges.

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 relating to procurement and import restrictions.

It is within this context, that we are pleased and proud to report to you, our best set of results to date. This is on the back of reporting our best half year results to date, and full year results to 24 April 2022. Our diversification across sectors and territories has helped enable us to consistently deliver better results year on year for our Shareholders.

For the year under review, the Group generated a profit before tax ("PBT") of P403 million, up 21% on the prior year. The effective tax rate for the year of 25% is significantly lower than that of the prior year of 34% due to the payment in 2022 of accelerated withholding tax 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 allow a significant element of future dividends to our shareholders to be paid net of little, or no further tax.

Our net assets position at April 2023 amounted to P2.3 billion, net of dividend paid to shareholders during the year. The market capitalisation of the Group at 30 April 2023 amounted to P2.5 billion and our business is the largest in the Retail and Wholesale sector listed on the Botswana Stock Exchange.

Our share price at P9.79 has not seen significant movement during the year, predominantly because of the illiquid nature of our stock, where our large institutional shareholders opt to hold on to their holdings in Sefalana despite an overweight position. Our consistent dividend policy of paying out approximately 50% of earnings in the form of dividends has provided a regular and sustained income stream for our shareholders for many years. Third party valuations have suggested a share price value in excess of P12.50 illustrating an upside capital growth potential.

During the year, we invested significantly in inventory to ensure supply constraints were minimized. This has enabled us to avoid stock-outs and provide our customer base with a consistent product offering. There have been a number of significant price increases from suppliers in South Africa over the last 18 months, and where possible we have increased procurement to mitigate against these increases. In doing so, we have been able to delay price increases to our end consumer wherever possible.

Our cash and working capital position remains strong at April 2023, and allows us to make quick and strategic decisions without the need to source additional funding. This has helped us maintain and enhance margins, and will enable us to do the same in the ensuing year.

We are pleased to report that with this continued level of growth, our Group has created employment for an additional 1,004 staff during the year taking our total number of staff to 6,623 representing an 18% increase. We are pleased to be one of the largest private sector employers in the country. Of the 1,004 additional staff, 546 related to the Botswana businesses. Our citizen employment rate in Botswana remains just over 99.4%.

Financial highlights

For the 53-week period to 30 April 2023, the Group's:

- Revenue was P9.1 billion – up 21% on prior year;
- Gross profit was P676 million – up 29% on prior year;
- Earnings before interest, tax and amortisation ("EBITA") was P412 million, up 27% on prior year;
- Profit before tax was P403 million – up 21% on the prior year;
- ROCE of 15.8% - up from 13.4% in the prior year; and
- Final dividend of 50 thebe per share to be paid to our Shareholders, up 67% on prior year.

Segmental Reporting

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

Review of operations

Botswana Business units – 64% of Group PBT

Overall Botswana business units have generated P259 million of PBT for the year, compared to P192 million in the prior year. The most significant growth has been the Trading consumer goods sector, with an impressive turnaround in both the Wholesale and Retail business.

Trading – consumer goods

The Botswana FMCG businesses had been adversely affected for much of the last 2 years by the trading restrictions that had been in place. These restrictions have largely been lifted and consequently there has been a solid recovery of performance by this segment. There remain however, a number of import restrictions on confectionary, fruit and vegetables, but we have managed to mitigate the downside impact of this through diversification into wider product and service offerings. We have also assisted a selection of local farmers with short-term working capital funding to enable them to grow their produce.

Consumers have begun to visit stores more often and basket sizes that had reduced significantly, have begun to increase. 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.

Due to the changes in legislation relating to liquor licensing, the business now classifies and monitors liquor outlets as separate stores. Consequently, at the end of the year, the Botswana FMCG business consisted of 4 hyper stores ("Sefalana Hyper"), 25 cash and carry stores ("Sefalana Cash & Carry"), 31 supermarket retail stores ("Sefalana Shopper"), 58 liquor stores ("Sefalana Liquor"), 4 convenience stores ("Sefalana Quick"), and one catering outlet ("Sefalana Catering"), giving the Group a total of 123 stores in Botswana.

On an on-going basis we are in search of suitable sites for further growth. There are a number of locations in the pipeline where progress is being made with landlords. We estimate an average rate of 5 new stores a year for the foreseeable future. We are, however, mindful of the level of saturation in the country and will only open new stores where there is a sound business case to do so. During the year we opened 5 additional liquor stores across Botswana.

As part of our annual birthday promotion, our Cash & Carry business has for the past 4 years rolled out its empowerment program and gave away a total of 144 mobile kiosks to Botswana to start their own businesses. This year, in order to reach a wider number of winners, we introduced our scratch card promotion where our customers stand a chance to win cash prizes. The benefit to our customers was in excess of P3 million.

Our Retail birthday promotion once again benefited our customers with more than P2 million in the form of cash and mobile phone prizes. 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.

Our loyalty card continues to be popular with our customers and its usage has increased considerably during the year. Loyalty data is used to better understand our customer behaviour and provide a more tailored offering. In the ensuing year we look to enhance the offering further by the introduction of added benefits. These will be communicated to our customer base in the coming months.

Sefalana Cash & Carry Limited contributed 54% and 38% of the Group's revenue and PBT for the year, respectively. Revenue amounted to just under P4.9 billion, which was an impressive 24% up on the prior year.

Overall, a sterling performance by this division which this year, reports its best ever results to date. We are proud to note our core underlying Botswana business has experienced the most significant growth this year from all our segments.

Trading – others

This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed 1.1% to both Group turnover and PBT. 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. The move of the dealership to the new site last year has provided greater visibility and has helped promote our 3 brands. Performance of this segment is below our expectation and may be considered for disposal in due course as it is not core to our operations.

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.

Manufacturing

Foods Botswana (Pty) Limited ("FB") contributed 4% and 11% to Group turnover and PBT for the year 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.

Milling Division

In the first 3 months of the year, FB successfully and in time, completed its previous tender to Government. There was then a 5-month waiting period before the interim 4-month contract was awarded to FB. We completed the supply of the interim contract in April 2023. As a result, this sector of business was only available to FB for a total of 7 months.

To avoid downtime in the factory, we continued to focus on the manufacture and supply of branded products to optimise 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.

In November 2022 we employed just over 60 staff to create an internal sales and merchandising team to help promote and deliver the sale of our branded products across the country. This team will also be responsible for the portfolio of Beverages products. We are actively growing this area, to reduce the level of dependence on tenders.

We are pleased to report that in June 2023, we were awarded two-thirds of the 24-month tenders for both Tsabana and Malutu. From a raw materials perspective, we have procured adequate grain to fulfil all the volumes that Government has requested from us such that we anticipate that once again we will be able to successfully complete this tender. Our grain procurement focuses firstly on Botswana producers and thereafter external suppliers.

Further procurement of grain is required to support the branded products. We will be securing suitable supplies in the coming months.

Beverages Division

This division is heavily dependent on the manufacture and supply of milk to Government for the children's feeding scheme. In March 2019 we were awarded the 24 month supply tender which was successfully completed in June 2021. This was the last tender before Government procurement decentralization took place. Government tenders now require separate bids to be submitted for each region. Individual councils provide orders based on the number of schools in their region.

We are pleased to report that the majority of the current tenders have been awarded to us, most of which are for a 12 or 24 month period. There have however, been delays in the award of some regional tenders due to additional administration. Post decentralisation quantities have unfortunately almost halved on a month-to-month basis compared to the previous tenders. All orders received during the year were successfully completed and delivered.

Raw material milk 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 consistently with the required volumes, due to repeated outbreaks of Foot and Mouth Disease in South Africa. Having explored various options, we have now put in place measures for the importation of pasteurised milk into Botswana. This is more expensive than raw milk but allows a regular supply. This has consequently caused an erosion of margins.

Our focus continues on building the Delta Fresh 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 was launched in November 2022 which has been well received in the market. We have also made a change to the 500ml pack into a base format which is the preferred package type for Botswana.

In December 2022, Foods Botswana purchased a secondhand water and juice bottling plant for a total consideration of P3.9 million. This extension of the Beverages business had been approved and planned for 2019 but put on hold at the onset of Covid. We are now producing still, sparkling and flavoured water under the Clear Water brand. Our A-Star water production will be brought in-house towards the end of 2023. Fruit juice production is expected to follow in 2024.

We are currently in the process of reviewing the feasibility of establishing another potential manufacturing business in Botswana. Details of this potential venture will be provided to Shareholders as soon as we are able to do so.

Properties

Botswana property portfolio

Our property portfolio held in Botswana performed well, contributing 1% and 14% 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 prior year, the sectional title sale of the Italtile property in Sethoa Gaborone took place for a consideration of P35m. The necessary regulatory approvals were being received and the final administrative steps were completed during the year. This transaction has now been completed.

In early 2022, we commenced the construction of a 3,000 sqm warehouse at Foods Botswana Beverages to accommodate growth. This development is now completed and required an outlay of P19 million. Our water plant is utilizing some of the new warehouse storage space. The remaining space is supporting bulk storage for the remaining FB business.

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 has been upgraded to increase the size and quality of the lettable space. This will further enhance the return from that site.

We are in the process of developing plans for certain of our other properties, including the old Sefcash Head Office and Commercial Motors site in Broadhurst. These properties will be converted to warehousing space to support our FMCG businesses.

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 8 years has helped us maintain the Group's overall performance. Each economy has presented its own opportunities and put forward its unique challenges. Our model of doing business has been tailored to each economy accordingly.

Diversification into other regions brings with it foreign exchange exposure. We have recorded a retranslation loss of P28 million largely relating to the Namibian, South African and Lesotho businesses which are all ZAR denominated which has weakened against the Pula. This compares to a gain of P27 million in the prior 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 include 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 32% of revenue and PBT for the year respectively. Turnover amounted to just over P3 billion, a growth of 21% on the prior year. PBT amounted to P130 million, up 10% on the prior year. Our operations in Namibia continue to grow despite indications of stress in the economy, albeit at a slower rate than in the past. We have noted significant pressure on margins largely as a result of the supply constraints from South Africa, the local competitive pressure and the unemployment rates that remain high. Disposable income is now being directed towards necessity products and away from luxury, higher margin products.

This business still makes a significant contribution to overall Group results each year. We remain the largest FMCG business in Namibia. At the start of the year, we had 21 stores across the country. During the year a new Cash & Carry store and a stand-alone liquor store were opened.

Directors: JM Marinelli (Chair), CD Chauhan (Group Managing), B Davis, P Disberry, K Jefferis, KP Mere, M Mpugwa, MS Osman (Group Finance), G Scheepers, S Swaniker-Tetty

Registered office: Plot 10038, Corner of Nelson Mandela Drive and Kubu Road, Broadhurst Industrial, Gaborone

Transfer Secretaries: Transaction Management Services (Pty) Limited, trading as Corpserve Botswana Transfer Secretaries, PO Box 1583 AAD, Gaborone

Auditors: Deloitte & Touche, Plot 64518, Fairground Office Park, PO Box 778, Gaborone

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'm	P'm	P'm	P'm	P'm	P'm
At 25 April 2022	686.4	257.7	1 213.0	2 157.1	16.5	2 173.6
Profit for the year			299.5	299.5	1.0	300.5
Other comprehensive income for the year:						
Gain on revaluation of land and buildings (net of tax)				22.7		22.7
Currency translation differences		22.7		(28.4)		(28.4)
Increase in investment by minority					2.7	2.7
Dividends paid - 2023 interim and 2022 final			(130.4)	(130.4)		(130.4)
At 30 April 2023	686.4	252.0	1 382.1	2 320.5	20.2	2 340.7

	BOTSWANA				ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	AUSTRALIA	GROUP	
For the 53 week period ended 30 April 2023	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'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm
Revenue	4 883.6	98.3	337.6	59.4	4.7	891.7	3 037.9			(197.0)	9 116.2
Cost of sales	(4 606.9)	(77.9)	(249.3)			(839.0)	(2 856.7)			189.3	(8 440.5)
Gross profit	276.7	20.4	88.3	59.4	4.7	52.7	181.2			(7.7)	675.7
Other income and gains / (losses)	19.8	5.5	1.7	17.6	2.2	1.2	17.6			(17.9)	47.7
Administrative expenses	(125.3)	(21.0)	(45.0)	(11.4)	(1.9)	(22.4)	(42.5)			(42.2)	(311.7)
Earnings before interest, tax and amortisation (EBITA)	171.2	4.9	45.0	65.6	5.0	31.5	156.3			(67.8)	411.7
Amortisation	(0.8)					(1.6)	(4.9)				(7.3)
Investment income	3.2	0.7	3.0	0.5		0.3	9.2	6.2	2.6	8.7	34.4
Finance costs	(19.3)	(1.0)	(5.6)	(8.6)		(9.0)	(30.8)			48.8	(25.5)
Profit before share of results of associates	154.3	4.6	42.4	57.5	5.0	21.2	129.8	6.2	2.6	(10.3)	413.3
Share of results of associates									(10.6)		(10.6)
Profit before tax (PBT)	154.3	4.6	42.4	57.5	5.0	21.2	129.8	6.2	(8.0)	(10.3)	402.7

	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'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm
Revenue	3 951.6	100.6	240.0	61.2	3.8	782.7	2 518.6			(139.0)	7 519.5
Cost of sales	(3 763.9)	(77.9)	(175.7)			(741.0)	(2 362.4)			124.5	(6 996.4)
Gross profit	187.7	22.7	64.3	61.2	3.8	41.7	156.2			(14.5)	523.1
Other income and gains / (losses)	16.3	6.7	1.2	19.3	(9.0)	0.1	21.5	(6.1)		1.5	51.5
Administrative expenses	(87.9)	(21.5)	(43.7)	(10.6)	(1.0)	(18.8)	(40.9)			(27.2)	(251.6)
Earnings before interest, tax and amortisation (EBITA)	116.1	7.9	21.8	69.9	(6.2)	23.0	136.8	(6.1)		(40.2)	323.0
Amortisation	(0.6)					(1.6)	(4.9)				(7.1)
Investment income	2.7	2.4	1.0	0.1		0.1	4.2	37.8	2.0	3.9	54.2
Finance costs	(17.9)	(0.3)	(1.6)	(9.1)		(8.7)	(18.6)			34.3	(21.9)
Profit before share of results of associates	100.3	10.0	21.2	60.9	(6.2)	12.8	117.5	31.7	2.0	(2.0)	348.2
Share of results of associates									(13.9)	(0.5)	(14.4)
Profit before tax (PBT)	100.3	10.0	21.2	60.9	(6.2)	12.8	117.5	31.7	(11.9)	(2.5)	333.8

SEGMENT ASSETS AND LIABILITIES	BOTSWANA				ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	AUSTRALIA	GROUP	
30 April 2023	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'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm	P'm
Assets	1169.3	87.7	321.3	691.1	54.4	185.6	883.4		57.4	115.5	3 565.7
Liabilities	(759.3)	(30.7)	(125.1)	(201.5)	(1.2)	(142.1)	(778.3)			813.2	(1 225.0)
24 April 2022											
Assets	1185.6	96.3	226.0	648.1	48.5	230.2	846.9	190.7	63.7	147.2	3 683.2
Liabilities	(1 012.6)	(42.0)	(66.9)	(209.7)	(0.9)	(200.9)	(713.1)			736.4	(1 509.5)

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 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 7 years and the underlying business is performing well. We have 2 stores located in Maseru and 2 in Maptsoe. 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 to the entire country. This business is expected to continue to grow and perform well.

Our discussions are on-going with the Revenue Services Lesotho for the settlement of VAT due to us. This process has taken longer than anticipated, but we are hopeful for a favourable outcome. 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 P0.9 billion has been achieved for the year, which is 14% up on the prior year, and a contribution of 10% to total Group revenue. A PBT of P21m was generated, an increase of 66% on the prior year. This business has a lot of further potential which we look forward to in the coming years.

Redemption of Preference shares

During the year, we received our fifth and final tranche of returns from our South African Preference share investment. As previously reported, we carefully monitored the performance of the business over the 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 redeemed 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 declared a special once-off dividend of 10 thebe per share which was paid in December 2022.

The funds released from this redemption are being utilized to assist working capital and strategic inventory procurement along with foreign exchange spot purchases to enhance overall margins. This has enabled us to meet customer requirements and build market share, particularly in Botswana where our FMCG business has excelled as a result. The remaining funds are being invested in high yielding fixed deposits until the projects we are pursuing, are at a stage where investment will be required.

Zambia property

Following the significant increase in supply of warehouse and office space in Lusaka over the last few years, we have experienced a number of changes in our tenant composition. Our current occupancy is at around 75% and we actively look for suitable tenants for the remaining space.

Namibia property portfolio

Since our entry into Namibia in 2013, we have aspired to establish a property portfolio similar to the one developed over the years in Botswana. Our experience supports operating our large businesses from our own properties. In the previous years, 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. Further updates will be provided in due course.

Australian investment

Our investment in Australia is doing well and is in line with budget, generating a positive EBITA and cash position. We currently operate 11 stores across Brisbane under the Seasons IGA brand.

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. As a consequence, 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 (inclusive of interest earned on loans advanced to the business) for the year amounted to a loss of P8 million compared to P12 million in the prior year.

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 currently operate from 9 branches. We anticipate rolling out our kiosks in a further 20 of our stores over the next 24 months. Our latest site will be at the Maun International Airport.

We are due to introduce other revenue streams as we grow this new part of the business. Further updates to be provided in due course.

Directors

There were no changes to Directorships during the year. Dr Keith Jefferis was re-appointed to the Board on 1 July 2023 following his resignation in 2020 when he took up a senior role with the Government of Botswana. We look forward to Keith's participation and contribution to our Group's future success.

Shareholder returns and dividends

We are pleased to report a Return on Capital Employed (ROCE) (defined as operating profit divided by opening capital employed) of 15.8% compared to 13.4% in the prior year. This is well in excess of inflation which is currently around 6%.

Share price increased 3.4% during the year despite its illiquid nature.

An interim dividend of 12 thebe per share (P30 million payment) and a special dividend of 10 thebe per share (P25 million payment) was paid during the year.

On 25 July 2023, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 50 (fifty) thebe per ordinary share (P125 million payment). This is an increase of 67% on the prior year final dividend.

The final dividend will be paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on or about Wednesday 23 August 2023 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 11 August 2023, with an ex-dividend date of Wednesday 9 August 2023.

Total dividend payments therefore amounted to P180 million and is the highest payment to our Shareholders in our Group's history. Out dividends to earnings ratio for the year was 52%.

Auditor's report

Whilst this abridged financial information and any reference to future financial performance has not been audited by the auditor, this financial information was extracted from the Group's financial statements for the 53-week period ended 30 April 2023. The auditor, Deloitte & Touche, has issued its unmodified opinion on these financial statements for the 53-week period ended 30 April 2023. The full financial statements and auditor's opinion is available for inspection at the registered office of Sefalana Holding Company Limited.

By order of the Board

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

28 July 2023
Gaborone, Botswana