



ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 April 2020	Year ended 30 April 2019
	P'000	P'000
Revenue	5 835 836	5 305 981
Cost of sales	(5 448 817)	(4 965 856)
Gross profit	387 019	340 125
Other income and gains	40 996	48 897
Administrative expenses	(191 331)	(168 082)
Earnings before interest tax and amortisation (EBITA)	236 684	220 940
Amortisation	(6 107)	(5 819)
Investment income	55 900	55 409
Finance costs	(25 656)	(9 866)
Profit before share of results of associate	260 821	260 664
Share of results of associate	(2 011)	(1 994)
Profit before tax	258 810	258 670
Income tax expense	(61 142)	(60 026)
PROFIT FOR THE YEAR	197 668	198 644
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Net gain on revaluation of land and buildings	12 599	9 752
Gross gain on revaluation of land and buildings	15 384	12 398
Income tax on gain on revaluation of land and buildings	(2 785)	(2 646)
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(85 809)	(46 462)
Other comprehensive loss for the period (net of tax)	(73 210)	(36 710)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	124 458	161 934
PROFIT FOR THE YEAR ATTRIBUTABLE TO:		
Owners of the parent	197 922	198 860
Non - controlling interests	(254)	(216)
TOTAL PROFIT FOR THE YEAR	197 668	198 644
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	124 712	162 150
Non - controlling interests	(254)	(216)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	124 458	161 934
Number of shares in issue at beginning of the year and end of year	250 726 709	250 726 709
Dividends per share (thebe) - ordinary - interim	10.00	10.00
Dividends per share (thebe) - ordinary - final	27.50	27.50
Basic earnings per share (thebe)	78.94	79.31
Total comprehensive income per share (thebe)	49.74	64.67

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited year ended 30 April 2020	Audited year ended 30 April 2019
	P'000	P'000
Net cash generated from operating activities	147 156	288 919
Net cash flows utilised in investment activities	(169 107)	(43 330)
Dividends paid	(94 021)	(82 741)
Net cash flows from other financing activities	(39 839)	(5 123)
Net movement in cash and cash equivalents	(55 811)	157 725
Cash and cash equivalents at beginning of period	532 241	383 641
Effect of exchange rate on cash and cash equivalents	(10 555)	(9 125)
Cash and cash equivalents at end of period	365 875	532 241
Represented by:		
Cash and cash equivalents	372 018	537 566
Bank overdrafts	(6 143)	(5 325)
Cash and cash equivalents at end of period	365 875	532 241

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 properties and preference shares which are carried at fair value.

The accounting policies applied in the preparation of the audited financial statements for the year ended 30 April 2020 (the "year"), are consistent with those applied in the preparation of the audited financial statements for the year ended 30 April 2019 ("prior year") with the exception of the adoption of IFRS 16 (Leases) which now requires the recording of a right of use asset and corresponding liability in the consolidated statement of financial position, and a split of the cash payment in respect of these leases into their financing and operating components in the consolidated statement of comprehensive income.

Financial results of the Group - overview

Notwithstanding the difficult times, we have managed to close the year with a sterling performance. Last year we reported our best ever results and this year we have done it again, and we pleased to generate almost exactly the same profit despite the adverse impact of Covid-19.

All through the financial year, the greatest focus has been on the Fast Moving Consumer Goods ("FMCG") business in the various countries in which we operate, where we have placed considerable efforts to revive and improve margins and relative contribution to Group results. We had made considerable progress in this area in the first half of the year but then were negatively impacted by the Covid-19 Pandemic when our stores were restricted in terms of permitted customer numbers, and when liquor sales were prohibited during lock-down.

Our focus on cost saving initiatives across the Group and exploring ways to extract additional value from our existing businesses continued.

We placed emphasis on our Manufacturing businesses and this year we were able to secure large contracts and deliver very respectable profits.

We have also benefited from the second tranche of returns from our South African investment which is performing broadly in line with plan. Our third of five payments is due in July 2020. This has proven to be an exceptional investment for the Group.

Our Namibian business continues to perform well as we expand our presence in that country. The economy is however experiencing turbulence, and this return, is placing pressure on margins and our growth rate.

Our Lesotho business has performed well and generated a good profit this year. We were able to do this by changing our model to respond to competition in the area.

We were however, conscious of the significant weakening of the South African Rand over the last 12 months and our related ZAR denominated investments. As a consequence, we looked further out to identify investment opportunities outside the SACU area. Further information about this exciting development is set out in the Prospects section of this report.

Each of our foreign investments are discussed below in more detail.

Overall the Group achieved a turnover of P5.8 billion and generated a profit before tax of P259 million for the year ended 30 April 2020. We are confident that our Shareholders and potential investors will be pleased with our performance and will share our enthusiasm with the forward-looking prospects of our business and brand.

Foreign exchange exposure

With the economic challenges experienced in the local market over recent times, including the saturation in Botswana, in particular, our diversification into neighbouring countries has been central to our strategy, and over the last five years has helped us consistently improve the Group's overall performance.

Namibia continues to grow and generate enhanced profitability, Lesotho, despite its political climate, is also showing growth.

Our entry into the South African market has resulted in a sizeable contribution to the bottom line results for the current and prior year.

Expansion into the Region naturally exposes the Group to foreign exchange gains and losses, and we have annually reported this to be the case. In the prior year we reported a P46 million re-translation loss mainly relating to the Namibian, South African and Lesotho businesses which are all ZAR denominated. At the year end this re-translation loss amounted to P86 million since the currency movements have been very significant over the 12 month period due to the uncertainties in South Africa. These translation differences, recorded in other comprehensive income and losses are however, temporary and will reverse as the ZAR normalizes.

It is for this reason that we have looked at other stronger currency based investments to mitigate some of this foreign exchange exposure.

Financial highlights

For the year ended 30 April 2020, the Group's:

- Revenue was P5.8 billion – up 10% on prior year;
- Gross Profit was P387 million – up 14% on prior year;
- Earnings before interest, tax and amortization was P237 million – up 7% on prior year;
- Profit before tax was P259 million – in line with prior year; and
- A final dividend of 27.5 thebe to be paid to our Shareholders

Note that the impact of adopting IFRS 16 (Leases) has resulted in an additional charge of P4.7 million to the statement of comprehensive income. As a consequence, underlying Profit before tax excluding the impact of this standard, would have been P264 million and therefore up 2% on the prior year.

Segment Reporting

The Group's business and geographical segments are reported separately. Intersegment transactions are eliminated, and accounted for in a separate ("Intersegment or Unallocated") segment. Transactions between segments are at fair value.

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 April 2020	30 April 2019
	P'000	P'000
ASSETS		
NON - CURRENT ASSETS		
Property, plant and equipment	756 867	641 720
Right to use assets	140 984	
Investment property	234 705	287 166
Intangible assets	119 915	134 546
Investment in preference shares	175 858	197 895
Deferred lease assets	3 842	2 656
Deferred tax assets	23 717	17 254
Trade receivables	2 473	
Total non - current assets	1 458 361	1 281 237
CURRENT ASSETS		
Inventories	725 613	607 640
Trade and other receivables	344 180	254 882
Current tax assets	5 046	1 669
Cash and cash equivalents	372 018	537 566
Total current assets	1 446 857	1 401 757
TOTAL ASSETS	2 905 218	2 682 994
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	686 354	686 354
Other reserves	132 391	205 353
Retained earnings	970 971	867 318
Equity attributable to owners of the parent	1 789 716	1 759 025
Non - controlling interests	14 981	16 064
Total equity	1 804 697	1 775 089
NON - CURRENT LIABILITIES		
Finance lease obligations		1 360
Lease liabilities	119 948	
Deferred lease obligations		17 653
Loans and borrowings	109 335	110 831
Deferred tax liabilities	97 016	88 948
Total non - current liabilities	326 299	218 792
CURRENT LIABILITIES		
Trade and other payables	651 149	607 336
Finance lease obligations		775
Lease liabilities	39 319	
Loans and borrowings	1 490	1 429
Contract liabilities	17 191	14 119
Current tax liabilities	10 166	11 655
Bank overdrafts	6 143	5 325
Provisions and accruals	48 764	48 474
Total current liabilities	774 222	689 113
Total liabilities	1 100 521	907 905
TOTAL EQUITY AND LIABILITIES	2 905 218	2 682 994

The Botswana business units

Overall, our Botswana businesses have generated P135.6 million of profit, up 4% on the prior year.

Trading - consumer goods

During the first half of the year we had noted positive signs of recovery in the market, as consumer spending and confidence appeared to be improving. Our customers began visiting our stores more often and basket sizes increased. We also noted a greater level of sophistication with our customer base, as they looked for a greater range and a one-stop-shopping experience. We are pleased to have identified this and been able to provide our valued customers with what they desire.

The second half of the year was then impacted by the onset of the Covid-19 Pandemic and many businesses suffered as a consequence. The uncertainty this caused, resulted in a more cautious customer, initially forward buying in anticipation of the lock-down, and then reduced buying until after the lock-down had ended. The product mix also moved towards essentials and away from luxury high margin products. Net margin mix therefore reduced as a result.

From a top line growth perspective, we benefited from the Government Covid relief program where many donors selected Sefalana as their preferred supplier due to the competitive prices on offer. We deliberately reduced margins on these orders to maximise the food being made available to those in need. As a consequence, our turnover increased but at very slim margins. Our advance planning enabled us to stock up on key lines and this enabled us to be in a position of having adequate stock of these lines when our competitors had run out.

We were also pleased to have donated P1 million in food and hygiene products towards this relief initiative and partnered with other key suppliers in the market (FNBB and PST Distribution) to increase the donation to a combined P2 million. All our staff remained employed and without a salary reduction as we felt it important to support our most valued asset - our people.

Sefalana Cash & Carry Limited contributed 57% and 26% of the Group's revenue and profit before tax for the year, respectively. Turnover amounted to just over P3.3 billion, which was 13% up on the prior year.

Efforts continue to find ways in which to improve the overall margins as we navigate through the extended impact of the Pandemic.

At the beginning of the financial year, Sefalana operated 4 Hyper Stores ("Sefalana Hyper"), 25 Cash & Carry stores ("Sefalana Cash & Carry") and 26 supermarket retail stores ("Sefalana Shopper") across the country, giving the Group a total of 55 stores in Botswana. During the year, we expanded our national footprint through the opening of an additional Sefalana Shopper retail store in Kasangula and a Sefalana Quick at Sethoa.

In November 2019, we opened our 3,200 sqm flagship Sefalana Shopper store ("The Big One") at Sethoa. This store offers a wide range of up-market products, a significant hot foods counter, one of the largest butcheries, an impressive bakery, and even a pharmacy. Feedback to date has been very positive and we are making record level sales already. We are very proud of this new offering and look to replicate this in selected locations across the country.

At the Sethoa site we also opened our first Petrol station under the Puma franchise. We are pleased with this model and will look to replicate this in other parts of the country.

We have however, deliberately slowed down expansion as we manage overheads and will look to accelerate store openings once the impact of the Pandemic is better understood in the market.

In the first half of the year we opened our Sefalana Catering division in the Gaborone Old Industrial area. This division focuses on serving an end-to-end solution to the large hospitality industry with ambient and frozen foods in wholesale size units. This business offers over 2,000 additional different product lines not previously sold within the Sefalana Group and was expected to make a sizeable contribution to the Botswana FMCG business in the next three years. Unfortunately, the Pandemic has had a catastrophic impact on the Hospitality sector, and this has naturally had a knock on effect on this division of the business. Growth in this area is therefore only expected to improve once the Hotels, Lodges, and Restaurants re-open to full capacity.

At all our stores, we have focused on enhancing the shopping experience and offering better deals and a wider product range. We have developed our service lines, in particular with hot foods and butchery, and improved our fruit and vegetable offering.

During the lock-down period we offered WhatsApp and email orders to our customers and this proved to be very popular. We will continue to find ways of making it easier for our market to shop with us and we have a number of initiatives in this space planned for the forthcoming year.

As part of our annual birthday promotion, our Cash & Carry business gave away 29 mobile kiosks empowering Botswana to start their own businesses. This was our second year of running this format. We felt that, rather than giving away cars, it would be more beneficial to our customers to give them a means of livelihood. Total cost of these kiosks amounted to just under P2 million.

Our Retail birthday promotion focused on giving away P1.8 million in the form of cash. This generated a lot of excitement in the market as we found a number of our retail customers preferred cash rather than prizes in kind.

We continue to strive to work towards offering our customers a one-stop-shop experience and pride ourselves on being first to market with a number of initiatives. Our latest innovation is the introduction of a pharmacy in our Sefalana Shopper Sethoa store.

Trading - others

This segment which consists of Commercial Motors (Pty) Limited ("CML") and Mechanised Farming (Pty) Limited ("MFL") contributed 2% and 4% to Group turnover and profit before tax, respectively. This therefore remains a relatively small Group segment.

CML historically relied on tender business, but over recent years has focused on growing its private sales as a result of a general decline in tender activity.

We are currently exploring plans to relocate the MAN, Tata and Honda dealerships to the A1 highway, alongside our new Sethoa development. This will provide the dealership with better visibility and access which is essential given the focus on private



customer sales. This will also provide us with additional efficiencies relating to a single site rather than the two sites we currently operate from. Plans are however, on hold as we cut back on capital expenditure and to preserve cash during the Pandemic.

MFL continued to focus on the supply of equipment to Botswana Railways. This is in-line with the Group's strategy to focus on the core activities of operation and to downsize less profitable areas of the business. We have noted an improvement in the results from this business as a result of a lower overhead base required to support the on-going activities.

Manufacturing

This segment consists of Foods Botswana (Pty) Limited ("FB") and contributed 4% and 7% to Group turnover and profit before tax for the year respectively. At 69% profit growth, this was significantly higher than in the previous year despite delays in the awarding of Government tenders. Focus has therefore been placed on growing house brands across the business and satisfying tenders as they arise.

Milling Division

During the year FB manufactured and supplied to Government for only 2 of the 12 months. Production and supply for the previous tender ended in July 2019 and delays were experienced in the award of the subsequent tender. We therefore focused largely on the manufacture and supply of branded products to utilise factory capacity. Growth in this area is positive and showing an upward trend.

The Government award for the 24 month tender ultimately took place in April 2020. We were however, awarded only approximately one third of the Tsabana and Malutu tenders but we are on track with the supply of the ordered quantities and will welcome any additional orders should the Government require us to fulfil the needs of other depots.

We have a strong track record for delivery of a quality product in accordance with the required quantities and timetable over the years. We have procured the required grain and other raw materials to be able to deliver on the entire country's requirement should this be requested from us.

During the year, in support of local Botswana farmers, P57 million of grain was secured from BAMB and a further P17 million of grain was sourced directly from the farmers. This was especially appreciated by farmers during the Pandemic period.

Beverages Division

This division is heavily dependent on the manufacture and supply to Government for the children's feeding scheme. In March 2019 we were pleased to be awarded the 24 month supply tender which we are currently fulfilling.

In the early part of the year, there were restrictions in place on the importation of raw milk following the outbreak of the Foot and Mouth disease in South Africa. This slowed down our production but now that these restrictions have been removed, we have managed to catch up on the backlog. This division has therefore performed very well during the year.

Our focus also continues on building the Delta Fresh brand and ensuring our distribution is maximised. Delta Fresh is now available throughout Botswana in most retailers and we look forward to continued success of this product.

Our expansion into fruit juice manufacturing and bottling of water will require us to develop a warehouse to accommodate additional plant and equipment and also for storage. This is expected to take place in the ensuing year once we lift restrictions on capital expenditure.

Botswana property portfolio

Our property portfolio held in Botswana performed well, contributing 1% and 15% to Group revenue and profit before tax respectively. Almost all properties are tenanted, and leases are in place for between three and seven years. The KSI property development of 5,000 sqm of warehouse space continues to be fully let with on-going demand for the site.

Towards the end of 2017, we commenced the development of 4 plots at the Seletse site. This site is now complete with just over 20,000 sqm remaining vacant for our Motor Dealership which we will develop in due course.

We continually look for suitable sites for new store openings, or where we consider there to be forward upside potential in land situated in upcoming areas.

Zambia property

Following the significant increase in supply of warehouse and office space in Lusaka over the last few years, two of our largest tenants found alternative premises in April 2017. Since then we have been in search of replacement tenants and have now managed to secure an occupancy rate of around 70%.

We will continue to look for suitable tenants for the remaining space. Performance by this segment has therefore been below our desired level of return as a result of rental reductions that we have had to accept to avoid other tenants moving out. Segment performance is impacted by the relative movement of the Kwacha to Botswana Pula.

Namibia property portfolio

Since our entry into Namibia in 2013, we have focused on establishing a property portfolio similar to the one developed over the years in Botswana. Most recently we acquired the new Head office site in Windhoek where we originally anticipated further development of a warehouse. We have since decided not to proceed with the works as we are able to operate from the existing premises at a lower occupancy cost.

We did however invest in additional property in Keetmanshoop where we constructed a purpose built warehouse for our new cash and carry. This building cost N\$27 million and was financed using internal cash resources.

Overall, fair value gains recorded for the year on the Group's property portfolio have been conservative and broadly in line with the prior year.

Sefalana Lesotho

We have now been operating in Lesotho for almost 5 years and have been focusing on increasing our presence in the country through the opening of 2 new stores in Maseru. We are the leader in Cash & Carry in Lesotho and currently do not have any immediate plans to increase this footprint at this stage.

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	P'000
Balance at 30 April 2019	686 354	205 353	867 318	1 759 025	16 064	1 775 089	1 775 089
Profit for the year			197 922	197 922	(254)	197 668	197 668
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)		12 599		12 599		12 599	12 599
Currency translation differences		(85 809)		(85 809)		(85 809)	(85 809)
Transactions with non - controlling interests and other		248	(248)		(829)	(829)	(829)
Dividends paid - 2019 final			(94 021)	(94 021)		(94 021)	(94 021)
Balance at 30 April 2020	686 354	132 391	970 971	1 789 716	14 981	1 804 697	1 804 697

SEGMENT RESULTS	BOTSWANA		ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	GROUP			
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares	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
For the year ended 30 April 2020										
Revenue	3 329 879	115 893	205 779	55 532	4 661	529 399	1 707 326	(112 633)		5 835 836
Cost of sales	(3 185 560)	(90 795)	(157 785)			(503 870)	(1 622 065)			(5 448 817)
Gross profit	144 319	25 098	47 994	55 532	4 661	25 529	85 261	(1 375)		387 019
Other income and gains / (losses)	7 524	5 620	2 158	3 458	8 575	80	14 938			40 996
Administrative expenses	(68 533)	(21 293)	(32 710)	(10 331)	(1 620)	(14 544)	(23 051)			(191 331)
Earnings before interest, tax and amortisation (EBITA)	83 310	9 425	17 442	48 659	11 616	11 065	77 148			236 684
Amortisation	(261)					(1 516)	(4 330)			(6 107)
Investment income	2 976	815	764	470	21	3 941	3 255	37 528	6 130	65 900
Finance costs	(18 051)	(125)	(306)	(9 505)		(12 265)	(22 807)		37 404	(55 900)
Profit before share of results of associate	67 974	10 115	17 900	39 623	11 637	1 225	53 266		37 528	260 821
Share of results of associate									(2 011)	(2 011)
Profit before tax (PBT)	67 974	10 115	17 900	39 623	11 637	1 225	53 266	37 528	19 542	258 810

SEGMENT RESULTS	BOTSWANA		ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	GROUP			
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares	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
For the year ended 30 April 2019										
Revenue	2 941 668	120 472	209 679	48 994	4 344	438 638	1 629 985	(87 799)		5 305 981
Cost of sales	(2 806 026)	(96 533)	(172 106)			(426 796)	(1 547 889)			(4 965 856)
Gross profit	135 642	23 939	37 573	48 994	4 344	11 842	82 096	(4 305)		340 125
Other income and gains / (losses)	10 274	8 479	900	1 431	5 265	253	14 147	11 202	(3 054)	48 897
Administrative expenses	(70 508)	(19 472)	(28 919)	(12 407)	(1 247)	(5 890)	(20 465)		(9 174)	(168 082)
Earnings before interest, tax and amortisation (EBITA)	75 408	12 946	9 554	38 018	8 362	6 205	75 778	11 202	(16 533)	205 740
Amortisation	(247)					(1 584)	(3 988)			(5 819)
Investment income	4 043	1 135	1 095	355	44	113	7 318	37 339	3 967	65 900
Finance costs	(1 895)	(11)	(79)	(9 750)		(7 406)	(18 090)		27 364	(8 866)
Profit / (loss) before share of results of associate	77 309	14 070	10 571	28 623	8 406	(2 672)	61 018	48 541	14 798	260 664
Share of results of associate									(1 944)	(1 944)
Profit / (loss) before tax (PBT)	77 309	14 070	10 571	28 623	8 406	(2 672)	61 018	48 541	12 854	258 720

SEGMENT ASSETS AND LIABILITIES	BOTSWANA		ZAMBIA	LESOTHO	NAMIBIA	SOUTH AFRICA	GROUP			
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Trading consumer goods	Trading consumer goods	Investment in preference shares	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
30 April 2020										
Assets	1 067 472	71 916	221 345	603 882	53 299	145 612	497 755	175 858	68 079	2 905 218
Liabilities	(724 472)	(27 403)	(19 177)	(603 882)	(1 124)	(132 151)	(244 576)		258 299	(1 100 521)
30 April 2019										
Assets	732 480	85 513	188 949	582 501	62 771	168 462	537 603	197 895	126 820	2 682 994
Liabilities	(598 824)	(25 165)	(25 069)	(207 121)	(1 052)	(46 926)	(371 555)		367 807	(907 905)

Profitability in this segment improved in the second half of the year but there is still room for further improvements and value extraction from existing assets.

Turnover of P529 million has been achieved for the year, contributing 9% of total Group revenue. A respectable profit was generated for the year and we look to an even better performance next year as the 2 new stores begin to generate additional profit.

Metro Namibia - Trading Consumer Goods business

The economic strain in the Namibian economy is not being felt across all sectors, and indeed we have noted less growth in the FMCG sector than in previous years.

Despite these macro-economic indicators, we continue to grow in Namibia through providing our customer base with an on-going enhanced product offering. We have established a strong name for ourselves and a reputation for being the leader in the country.

Metro Namibia contributed 29% and 21% of revenue and profit before tax for the year, respectively. Turnover amounted to P1.7 billion, a growth of 5% on the prior year after the negative impact of currency conversion. Profit before tax amounted to P53 million, which was 13% down from the prior year.

Our operations in Namibia continue to make a large contribution to overall Group results each year, as we enhance our customer engagement and offering.

At the start of the year, we had 17 stores across the country. During the period 4 new stores have been opened (Eenhana, Grootfontein, Keetmanshoop and Rundu) and the store in Swakopmund was re-opened following the fire which occurred in 2018.

On an on-going basis we evaluate additional locations for store openings as we have now met our medium term target of 20 stores and look towards our next 10 stores. We are pleased with our accomplishments in the country over the last five years and look back at this investment as a very successful one.

Our investment in South Africa

As reported previously, we invested into a South African consortium effective 1 July 2017. Under

this transaction, Sefalana invested R250 million and earns a fixed annual return of R50 million for five years, after which point we will have the option to convert this investment into a 30% equity stake in the consortium. The consortium has been established with experienced players in the Fast Moving Consumer Goods (FMCG) market in South Africa.

The aim of the consortium is to acquire a number of existing chains and grow the store complement such that this is a significant business within a ten year period. We are pleased to report that this consortium is performing well and that almost three years into its operations, is performing broadly in line with plan.

The reported results include P38 million of income (under "investment income") pertaining to this investment representing a full year's performance. The prior year included a P11 million fair value gain on the conversion option built into the preference share arrangement.

The Consortium currently owns 15 stores across the country which are well located in areas where there is a strong population to support its trade. For all target chains acquired to date, performance has improved post take-over.

The South African economy however has been experiencing significant strain and this is expected to adversely impact trading conditions in the coming years. This preference share arrangement has therefore successfully sheltered our risk to the South African economy as we retain the ability to exit the South African investment on the completion of the 5 year preference share period should the country not show signs of recovery.

Our focus on CSR

At Sefalana, we believe in partnering with our Communities in order to improve the lives of those around us. We believe that through conducting our business responsibly and ethically, we can help deepen the needs of our society and develop programs to assist those that are less fortunate.

This year the Group mainly focused its CSR initiatives towards improving the livelihood of a number of Communities across the country, through provision of groceries and healthcare products to vulnerable children and families so as to promote healthier living.

We have also continued to focus on the Education sector, with a view of providing a better learning environment for the children of Botswana who are our future. This included the upgrading of a number of learning institutions and facilities.

As indicated above, we also contributed towards the Government's Covid-19 relief program.

Prospects

In April 2020 the Group entered into an agreement to purchase 40% of the share capital of an Australian business that operates in the Fast Moving Consumer Goods division. This Australian business, by the name of Seasons Group, consists of a chain of 7 supermarkets in the Brisbane area.

Total purchase consideration for Sefalana's investment in Australia amounted to AUD 9.9 million (P70 million), and is considered its fair value. The effective date of investment was 8 May 2020. This investment will be treated as an investment in an associate, in which Sefalana exerts significant influence, and therefore will be equity accounted. Sefalana entered into this agreement in order to pursue its Group strategy to diversify its income stream and foreign exchange exposure.

It is estimated that this investment will generate an additional EBITA of around P15 million for Sefalana for the year ending 30 April 2021. Further expansion in Australia will be considered in due course as we identify other suitable sites to complement this first phase investment.

At our Group Strategy workshop held in November 2018, our Board re-affirmed our intention to continue to focus on our core segment of FMCG and supporting businesses. In particular, we intend on expanding our manufacturing businesses to include wheat milling and to establish our fruit juice and bottled water plant in early 2021.

Going concern assumption

Impact of Covid-19 on Sefalana Group

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by a novel coronavirus, a Pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the Group, the economy and the general population. The financial impact of these events is still unknown globally, but for the year ended 30

April 2020, given the limited time this Pandemic has been in place, the impact is not considered significant for our Group.

The Directors are of the view that the Group remains a Going Concern and that there are no material uncertainties that would impact the financial statements as at the reporting date.

Directors

There were no changes made to the Board during the year. However Sefalana announced the resignation of Dr Keith R. Jeffers from the Board effective 31 May 2020. Dr Jeffers served as an independent non-executive director for six years and as a valued member of the Board, played a key role in the strategic direction of the Group.

The Board of Sefalana would like to wish Dr Jeffers success in his new role as Senior Policy Advisor in the Ministry of Finance and Economic Development.

Dividends

On 27 July 2020, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 27.5 (twenty seven and a half) 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 about Wednesday 26 August 2020 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 14 August 2020, with an Ex-dividend date of Wednesday 12 August 2020.

Gaborone, Botswana
30 July 2020