



AFRICAN DISTILLERS LIMITED

(Incorporated in Zimbabwe)

AFRICAN DISTILLERS LIMITED REVIEWED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

FINANCIAL HIGHLIGHTS

Inflation Adjusted	
•	Volume up 66%
	Revenue up 55% to ZW\$2.6 billion
	Operating income down 46% to ZW\$226 million
	Net cash on hand of ZW\$174 million
	Earnings per share at ZW\$38.71 cents
Historical Cost	
•	Revenue up 187% to ZW\$2.4 billion
	Operating income up 47% to ZW\$480 million
	Net cash funds on hand of ZW\$174 million
	Earnings per share at ZW\$257.58 cents
	Interim dividend declared ZW\$84 million
•	Government taxes remitted ZW\$746 million

CHAIRMAN'S STATEMENT

Overview
The economic environment for the six months period under review was relatively stable anchored on the good agricultural season as well as the partial easing of COVID-19 lockdown restrictions. As a result, there was improved consumer demand across the business’ product portfolio. The ability to trade in foreign currency, though constrained, helped sustain business operations.

Trading summary
Volume increased by 66% over same period last year. Ready to drink volume at 116% against prior period witnessed the largest growth of the three categories. This was largely attributed to improved availability of Ciders. Wines and Spirits grew by 88% and 34% respectively. The Company, however, continues to observe the presence of cheap and illicit spirits in small packs.

Financial performance
In inflation adjusted terms, revenue increased by 55% to ZW\$2.6 billion whilst operating income declined to ZW\$226 million. In historical cost terms, revenue increased by 187% to ZW\$2.4 billion whilst operating income increased by 47% to ZW\$480 million. The slower growth in operating income is as a result of cost normalisation, increased distribution and COVID-19 related expenses. Growth in revenue in both inflation and historical terms was due to firm demand which resulted in higher volumes.

Net cash on hand was ZW\$174 million.

Future prospects
The operating environment is expected to remain relatively stable, and management continues to focus on exploring revenue and profitability growth opportunities through product innovation, market share protection, production efficiencies and cost containment. Cost containment measures will include local production of some brands such as 4th Street. This will ensure enhancement of shareholder value.

The health and safety of employees and stakeholders remain of paramount importance to the business during the COVID-19 pandemic. The Company continues to implement COVID-19 mitigatory measures that will ensure business continuity.

Dividend
The board has recommended an interim dividend of ZW\$ 70 cents per share, amounting to ZW\$83.6 million.



M. M. Valela
Chairman
16 November 2021

Dividend Declaration
Notice is hereby given that the Board of Directors declared an interim dividend, number 92, of ZW\$ 70 cents per share payable in respect of all the qualifying ordinary shares of the Company. This dividend is in respect of the half year ended 30 September 2021.

INTERIM DIVIDEND	
Dividend Number	92
Announcement Date	18 November 2021
Record Date	03 December 2021
Last Date to Trade	30 November 2021
Ex-Dividend Date	01 December 2021
Payment Date	28 December 2021
Dividend Amount	ZW\$ 83.6 million
Dividend per Share	ZW\$ 70 cents

By order of the Board



L. Mutamuko
Company Secretary

REVIEWED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 30 September 2021

	Notes	INFLATION ADJUSTED		HISTORIC COST	
		September 2021	September 2020	September 2021	September 2020
		Reviewed ZW\$ 000	Unreviewed ZW\$ 000	Supplementary Information ZW\$ 000	Supplementary Information ZW\$ 000
Revenue	3	2 641 761	1 705 684	2 429 555	847 516
Cost of sales		(1 745 788)	(866 552)	(1 353 800)	(314 093)
Gross profit		895 973	839 132	1 075 755	533 423
Other income		8 128	7 826	7 561	4 297
Distribution costs		(57 209)	(17 774)	(52 872)	(10 331)
Administrative expenses		(60 818)	(56 460)	(55 861)	(26 634)
Other operating expenses		(559 747)	(353 980)	(494 382)	(173 191)
Operating income		226 327	418 744	480 201	327 564
Interest income		529	229	546	103
Interest expense		(3 137)	(234)	(2 848)	(71)
Net exchange (loss)/gain		(49 735)	37 403	(44 858)	40 081
Net monetary loss		(34 745)	(140 112)	-	-
Profit before taxation	4	139 304	316 030	433 041	367 677
Taxation	6	(93 259)	(159 779)	(126 673)	(91 449)
Profit for the period		46 045	156 251	306 368	276 228
Other comprehensive income		-	-	-	-
Total comprehensive income		46 045	156 251	306 368	276 228
Earnings per share (Cents) :					
Basic		38. 71	132. 38	257. 58	234. 03
Headline		38. 72	234. 34	257. 58	234. 34
Diluted		37. 66	227. 97	250. 58	227. 97

REVIEWED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Notes	INFLATION ADJUSTED		HISTORIC COST	
		September 2021	March 2021	September 2021	March 2021
		Reviewed ZW\$ 000	Audited ZW\$ 000	Supplementary Information ZW\$ 000	Supplementary Information ZW\$ 000
ASSETS					
Non-current assets					
Property, plant and equipment	7	476 200	443 723	108 339	61 667
Long term loans		19 672	11 923	19 672	9 846
		495 872	455 646	128 011	71 513
Current assets					
Inventories	8	883 379	1 025 324	695 773	588 547
Trade and other receivables	9	826 199	677 234	757 752	478 792
Short term investments	10	69	82	69	68
Cash and cash equivalents		173 882	90 596	173 882	74 814
		1 883 529	1 793 236	1 627 476	1 142 221
Total assets		2 379 401	2 248 882	1 755 487	1 213 734
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		51 351	51 338	1 161	1 150
Share premium		221 066	219 332	7 306	5 715
Share option reserve		64 037	57 415	12 090	6 072
Non-distributable reserve		-	-	5 361	5 361
Accumulated profit		1 129 878	1 085 471	965 643	660 838
Total capital and reserves		1 466 332	1 413 556	991 561	679 136
Non-current liabilities					
Deferred taxation		153 763	188 085	4 620	108
Current liabilities					
Trade and other payables	11	698 617	558 230	698 617	460 985
Current tax liability		60 689	89 011	60 689	73 505
		759 306	647 241	759 306	534 490
Total liabilities		913 069	835 326	763 926	534 598
Total equity and liabilities		2 379 401	2 248 882	1 755 487	1 213 734
Ordinary shares in issue (Actual) (millions)		119	118	119	118
Ordinary shares in issue (Weighted average) (millions)		119	118	119	118
Current ratio (: 1)		2	3	2	2
Shareholders' equity per share (Cents)		1 232	1 198	833	576
Middle market price (Cents)		7 500	2 400	7 500	2 400

REVIEWED CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the half year ended 30 September 2021

	Notes	INFLATION ADJUSTED		HISTORIC COST	
		September 2021	September 2020	September 2021	September 2020
		Reviewed ZW\$ 000	Unreviewed ZW\$ 000	Supplementary Information ZW\$ 000	Supplementary Information ZW\$ 000
Cash flow from operating activities					
Cash generated from trading	12	220 441	474 629	460 352	361 177
after non-cash items		196 648	(153 580)	(97 758)	(244 159)
Changes in working capital		417 089	321 049	362 594	117 018
Cash generated from operations		594	229	546	103
Interest received		(3 137)	(234)	(2 848)	(71)
Interest paid		(155 903)	(132 887)	(134 977)	(55 679)
Income tax paid		258 643	188 157	225 315	61 371
Net cash generated from operating activities					
Cash flow from investing activities					
Purchase of property, plant and equipment		(56 270)	(51 780)	(52 155)	(23 614)
Additional long term loans issued		(7 749)	(184)	(9 826)	(122)
Decrease (increase) in short term investments		13	173	(1)	(1)
Net cash utilised in investing activities		(64 006)	(51 791)	(61 982)	(23 737)
Net cash generated from investing and operating activities		194 637	136 366	163 333	37 634
Cash flow from financing activities					
Dividends paid to owners of the Company		(71 682)	(33 276)	(59 195)	(9 493)
Repayment of short term borrowings		-	(6 730)	-	(1 632)
Proceeds from exercise of share options		1 748	2 456	1 602	807
Net cash utilised in financing activities		(69 934)	(37 550)	(57 593)	(10 318)
Inflation effect		(34 745)	(137 118)		
Net movement in cash and cash equivalents		89 958	(38 302)	105 740	27 316
Net foreign exchange difference		(6 672)	(5 824)	(6 672)	(3 843)
Cash and cash equivalents at beginning of the period		90 596	126 005	74 814	30 555
Cash and cash equivalents at end of the period		173 882	81 879	173 882	54 028
Comprising:-					
Bank balances and cash		173 882	81 879	173 882	54 028

REVIEWED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the half year ended 30 September 2021

	INFLATION ADJUSTED		HISTORIC COST	
	Period ended September 2021	Period ended September 2020	Period ended September 2021	Period ended September 2020
	Reviewed ZW\$ 000	Unreviewed ZW\$ 000	Supplementary Information ZW\$ 000	Supplementary Information ZW\$ 000
Shareholders' equity at beginning of the period	1 413 556	1 151 312	679 136	144 679
Changes in issued share capital				
Exercise of share options	12	33	11	11
Changes in share premium				
Exercise of share options	1 735	2 423	1 591	796
Changes in share option reserve				
Recognition of share based payments expense	4 984	4 624	4 455	2 276
Transfer from share option reserve due to exercise of share options	(1 637)	(1 792)	(1 563)	(640)
Changes in accumulated profit				
Transfer from share option reserve due to exercise of share options	1 637	1 792	1 563	640
Total comprehensive income for the period	46 045	156 251	306 368	276 228
Dividend	-	(33 276)	-	(9 493)
Shareholders' equity at end of the period	1 466 332	1 281 367	991 561	414 497

NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL RESULTS
For the half year ended 30 September 2021

1 Basis of preparation
The reviewed condensed interim financial statements of African Distillers Limited have been prepared in accordance with IAS 34 - Interim Financial Reporting and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements.

1.1 Hyperinflation
The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWS). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 (Financial Reporting in Hyper Inflationary Economies) compliant. The conversion factors have been computed from the consumer price index (CPI) data prepared by the Zimbabwe Central Statistical Office as reported on the Reserve Bank of Zimbabwe website.

The conversion factors used to restate the interim financial results are as follows:

Index	Conversion Factor
30-Sep-21	3 342
31-Mar-21	2 760
30-Sep-20	2 205

1.2 Accounting policies
Accounting policies and critical judgements are consistent with those applied in prior year. The reviewed interim financial results should be read in conjunction with the latest annual report of the Company.



NOTES TO THE REVIEWED CONDENSED INTERIM FINANCIAL RESULTS (continued)
For the half year ended 30 September 2021

1.3 Historical information
The historical financial disclosure is shown as supplementary information. The information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 (Financial Reporting in Hyper inflationary Economies). As a result, the auditors have not issued a review conclusion on the historic financial information.

1.4 Comparative information
In prior year, the Company changed its financial year end from June 30 to March 31 to align with the Group (Delta Corporation Limited). As a result, the comparative figures stated in these condensed interim financial results are for the comparable period of six months to 30 September 2020.

2 Share buy back
The Company is holding 3 434 842 (March 2021: 3 434 842) of its own shares as treasury stock. No additional shares were acquired during the period.

	INFLATION ADJUSTED		HISTORIC COST	
	September 2021	September 2020	September 2021	September 2020
	Reviewed ZW\$ 000	Unreviewed ZW\$ 000	Supplementary Information ZW\$ 000	Supplementary Information ZW\$ 000
3 Revenue				
Spirits	1 545 025	1 240 513	1 421 673	615 954
Ready-to-drink (RTDs)	965 607	461 335	889 110	237 860
Wines	184 570	121 136	168 251	60 078
(Discounts)	(53 441)	(117 300)	(49 479)	(66 376)
	2 641 761	1 705 684	2 429 555	847 516
4 Profit before tax				
This is stated after charging/(crediting) the following items of significance:				
Depreciation	23 778	25 199	5 481	2 251
Staff costs	231 968	34 724	211 259	14 578
Loss on disposal of property, plant and equipment	15	5 870	2	362
5 Related party transactions				
Delta Corporation Limited ("Delta") and Distell Limited (South Africa) ("Distell") each have an effective shareholding of 50.79% (March 2021: 50.44%) and 29.94% (March 2021:30.04%) respectively in the Company.				

The following transactions of significance were carried out with related parties at arm's length and in accordance with normal business operations of the Company:

Distell Limited (South Africa)				
Purchase of raw materials	285 942	155 317	258 319	76 804
Purchase of finished products for sale	71 228	56 295	67 926	34 532
Purchase of property, plant and equipment and spares	20 749	7 911	17 861	3 524
Royalties on finished goods produced and sold under license	54 971	30 179	50 665	14 825
	432 890	249 702	394 771	129 685
Delta Corporation Limited				
Forklift hire	2 136	1 654	1 953	825
IT Costs	990	508	866	263
	3 086	2 162	2 819	1 088
6 Taxation				
Current income tax expense	127 581	188 351	122 161	92 278
Deferred tax	(34 322)	(28 572)	4 512	(829)
	93 259	159 779	126 673	91 449

		INFLATION ADJUSTED		HISTORIC COST	
		September 2021	March 2021	September 2021	March 2021
		Reviewed ZWS 000	Audited ZWS 000	Supplementary Information ZWS 000	Supplementary Information ZWS 000
7	Property, plant and equipment				
	Movement in the property, plant and equipment balance for the year:				
	Balance at the beginning of the period	443 723	438 619	61 667	34 210
	Additions	56 270	45 287	52 155	32 399
	Depreciation	(23 778)	(38 927)	(5 481)	(4 904)
	Disposals	(15)	(1 256)	(2)	(38)
	Balance at the end of the period	476 200	443 723	108 339	61 667
8	Inventories				
	Finished products	245 981	284 998	190 062	171 035
	Maturing spirits and wines	15 312	42 693	13 963	31 110
	Raw materials	622 710	701 476	492 018	387 940
	Allowance for obsolete Inventory	(624)	(3 844)	(270)	(1 538)
	Inventories at end of the period	883 379	1 025 324	695 773	588 547
9	Trade and other receivables				
	Trade receivables	419 349	250 421	419 349	206 797
	Prepayments - relating to inventory purchases #	331 941	428 489	270 930	273 379
	Other receivables *	79 810	3 387	72 374	2 797
	Allowance for credit losses	(4 901)	(5 063)	(4 901)	(4 181)
		826 199	677 234	757 752	478 792