

# SENS ANNOUNCEMENT

(the "Announcement")

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## ISSUER

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**Zambia Bata Shoe Company PLC.**

Incorporated in the Republic of Zambia

Company registration number 2557

Share Code: BATA

ISIN: ZM0000000102

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## BROKER

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Pangaea Securities Limited

[a member of the Lusaka Securities Exchange]

Regulated and Licensed by the Securities and Exchange Commission Zambia

Telephone Number: +260 211 220707 | Website: [www.pangaea.co.zm](http://www.pangaea.co.zm)

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## AUTHORISATION

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Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange
- The Securities and Exchange Commission Zambia
- Zambia Bata Shoe Company PLC.

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## DISCLAIMER AND RISK WARNING

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The announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

**ISSUED ON: 31<sup>st</sup> August 2022**



Bata Shoe Company Plc.  
(Incorporated in the Republic of Zambia)  
Company registration number 2557  
Share Code: BATA  
ISIN: ZM0000000102 (“Bata” or “the Company”)

In accordance with the requirements of the Securities and Exchange Act No. 41 of 2016, Zambia Bata Shoe Company PLC announces unaudited interim financial results for the half year ended 30th June 2022

Statement of Profit or Loss and Other Comprehensive Income For half year ended 30 June 2022			Statement of Financial Position For the period ended 30 June 2022		
	2022 ZMW '000	2021 ZMW '000		2022 ZMW '000	2021 ZMW '000
Revenue	104,399	78,126	<b>ASSETS</b>		
Cost of sales	(47,186)	(42,081)	Property, plant and equipment	63,680	48,596
<b>Gross profit</b>	<b>57,213</b>	<b>36,045</b>	Right-of-use assets	15,383	15,459
(Loss)/profit before income tax	21,337	4,194	Intangible assets	8	181
Income tax expense	(8,055)	(1,472)	Inventories	37,811	34,084
<b>(Loss)/profit after tax</b>	<b>13,282</b>	<b>2,722</b>	Current tax Receivable	-	825
Profit/(loss) for the year attributable to:			Trade and other receivables	3,083	11,358
- Owners	9,920	2,033	Cash at bank and in hand	63,652	45,954
- Non controlling interest	3,361	689	<b>Total Assets</b>	<b>183,618</b>	<b>156,457</b>
<b>Earnings per share (basic/ diluted)</b>	<b>0.17</b>	<b>0.04</b>	<b>EQUITY &amp; LIABILITIES</b>		
			Share capital	761	761
			Revaluation reserve	44,850	28,231
			Retained earnings	71,739	65,764
			Lease liabilities	20,489	20,103
			Deferred income tax liability	10,525	10,867
			Current tax Payable	8,251	-
			Trade and other payables	27,002	30,731
			<b>Total equity and liabilities</b>	<b>183,618</b>	<b>156,457</b>

Statement of Cash Flows  
For half year ended 30 June 2022

	2022	2021
	ZMW '000	ZMW '000
Net cash inflow from operating activities	13,137	16,292
Net cash outflow from investing activities	(484)	(10,466)
Net cash outflow from financing activities	1,642	(7,399)
<b>Net (decrease)/increase cash at bank and in hand</b>	<b>14,295</b>	<b>(1,573)</b>
Cash at bank and in hand at start of year	49,356	50,929
<b>Cash at bank and in hand at end of period</b>	<b>63,651</b>	<b>49,356</b>

Statement of changes in equity  
For half year ended 30 June 2022

	Share Capital	Revaluation reserve	Retained Earnings	Total Equity
	ZMW '000	ZMW '000	ZMW '000	ZMW '000
<b>For half year ended 30 June 2022</b>				
<b>At start of year</b>	<b>761</b>	<b>44,850</b>	<b>67,590</b>	<b>113,201</b>
Profit for the period	-	-	13,282	13,282
Dividends paid	-	-	(9,133)	(9,133)
<b>At end of period</b>	<b>761</b>	<b>44,850</b>	<b>71,739</b>	<b>117,350</b>

### Company Performance & Update

The half year results as of 30<sup>th</sup> June 2022 as depicted above are a clear illustration of successful business remodelling in tackling post COVID 19 effects as well as exploration and maximization of the underlying business opportunities in the Country.

**Year to Date June 2022 Turnover K 104.4 million = 134% vs Last year: EBIT K 25.5 million = 311% vs last year and Profit before tax = K 21.1 = 508.8% vs Last year.**

**Retail** – Turnover K 97.2 million = 136% vs Last year and Gross Margin 55.3% vs last year 47.2%.

Strategic initiatives taken to drive this portfolio include: 1. Store distribution and resupply standardization – application of real time data on posworx & speed to action. 2. Retail clusters – formation of small clusters/units for periodic performance reviews 3. Stretch targets - early (January) revised and agreed aggressive targets 4. Sales commission – consistent payment 4 days after period end leading to improved motivation. 5. Customer service training for all stores managers and staff.

**Products/Collection:** Our phenomenal growth was initiated and enabled by 1. Identification and critical focus on NOOS (Never Out of Stock) that included School shoes, Men's dress, Men's Canvas, Ladies Canvas and Gum boots contributing over 75% of our Turnover 2. Regional sourcing – maximizing on supply from South Africa and Zimbabwe with shorter lead times and more predictable ETA 3. Collection team target alignment with business goals and weekly performance reviews 4. OTB Top up – quick reaction to increased demand. We however lost substantial business in March, April, and May due to lack of adequate supplies caused by the logistics complexities of shipments ex China coupled by clearing delays at the port of Dar Es Salaam.

**Non-Retail Sales Division:** Turnover 6.4 million = 113% vs last year and Gross Margin 42% vs Last year 38%.

First half performance mainly attributed to new production planning ensuring product availability (Gum boots) and improved customer service. We lost considerable business on safety shoes due to lack of products caused by importation delays from China and clearing at Dar Es Salaam. In the second half we will be embarking on re modelling & re-engineering of this channel which will include: 1. Agricultural sector – exploiting the large consumer base with our preferred "rain master" 2. Mining Sector – venturing into the mining sector with the "Green Miner gum boot" 3. Institutions & NGOs – aggressive selling to security companies, Manufacturing concerns, NGOs etc. 4 Expand product offering with regional volume lines especially the plastics category 5. Departmental structure and route to Market.

**Marketing:** we have reactivated our approach on marketing and advertising by creating a new sense of awakening of the Bata Brand post Covid 19 pandemic challenges. Create a new look for the Bata Brand – advertise more & be heard more, to change the Bata persona and be on top of every customer's mind. How: 1. Enlarge digital platform usage (Facebook Instagram etc) Application of "Above the Line" advertising in Print Media (Daily Mail), Community radio stations and use of ZANIS (Zambia National Information Service).

**Production:** due to our new weekly production planning meeting we foresee a record production of over Pairs 500,000 compared to Pairs 417,000 last year. Mainly attributed by improved planning and commencement of the third shift in May 2022. We however continue to experience numerous breakdowns with the old Kou yi machine.

**Information Technology:** Posworx implementation has attributed to immense business advantages and benefits including: 1. Real time data instore, inventory and sales tracking 2. Improved customer service 3. Efficiency - elimination of manual entries, reduced human errors, timely submission of accurate reports. Stock management and control 4. Store deposits and expenses 5. Cost savings to the company.

**Human resources:** Our staff remain our key assets and we will continue to ensure that we put the necessary measure in place to ensure that we protect and care for all our staff during these times of lingering covid 19 effects.

Through the Bata Children's programme, on 30<sup>th</sup> April we visited "Safe Haven back to school charity" and donated Pairs 140 of school shoes and variety of food stuffs to help children in Mean wood who were in dire need of school requirements.

**Partnership with NATSAVE:** In June 2022 we signed off business partnership establishing a framework of cooperation between NATSAVE and Bata. NATSAVE will provide short term credit facilities to eligible persons/groups for the purchase of products from Bata. Our target market with this product is enormous for both our Retail as well as NRSD channel.

**Outlook:** we step forward into the second half of the year with full confidence of delivering exponential results attributed to improved business remodelling, strategic planning, and efficient team execution.

**Conclusion:** In conclusion, we sincerely thank all our customers, employees, board members and the Bata International group for all the unwavering and continued support

For and on behalf of the board.

Benson OKUMU

**Managing Director**



Sponsoring Broker

**Pangaea Securities Limited**

*(Member of the Lusaka Stock Exchange)*

*(Regulated by the Securities and Exchange Commission)*

Tel: +260 (211) 220 707 or 238 709 / 16 Fax +260 (211) 220 925

Pangaea Office Park, 1<sup>st</sup> Floor, Great East Road, P.O. Box 30163 Lusaka, Zambia

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