EDGARS STORES LIMITED

Abridged Unaudited Results for the 26 weeks ended 07 July 2024

ABRIDGED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 26 weeks to 07 July 2024

	Notes	2024 USD 26 weeks to 07.07.24	2023 USD 26 weeks to 09.07.23 Restated
Revenue	3	**16,078,548**	**18,995,234**
Sale of merchandise		13,150,921	15,084,579
Cost of sales		(6,139,924)	(7,505,285)
Gross profit		**7,010,997**	**7,579,294**
Revenue from micro-finance and other debtors accounts		2,898,158	3,860,134
Other revenue		29,469	50,521
Other operating income		86,728	270,212
Other operating expenses		(2,441,066)	(2,911,489)
Movement in credit loss allowance		(104,814)	(178,478)
Selling expenses		(5,545,602)	(5,850,149)
Financial services expenses		(922,258)	(1,320,915)
Trading profit		**1,011,612**	**1,499,130**
Net foreign exchange losses		(26,312)	-
Operating profit		**985,300**	**1,499,130**
Finance costs		(824,057)	(1,730,679)
Profit / (loss) before tax		**161,243**	**(231,548)**
Income tax (charge) / credit		(499,535)	57,239
Loss for the period		**(338,292)**	**(174,310)**
Other comprehensive income for the period net of tax		**-**	**-**
Total comprehensive loss for the period		**(338,292)**	**(174,310)**
Loss per share (cents)			
Basic	4	(0.06)	(0.03)
Diluted	4	(0.06)	(0.03)

Note: The abridged consolidated statement of profit or loss and other comprehensive income for the prior year was previously reported in ZWL. It has since been re-stated by converting to the Group's new presentation and functional currency, the USD. For further details on this change in presentation currency, please refer to note 2.

ABRIDGED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
For the 26 weeks to 07 July 2024

	Notes	2024 USD 26 weeks to 07.07.24	2023 USD 26 weeks to 09.07.23 Restated
Cash flows from operating activities			
Profit / (loss) before tax		161,243	(231,549)
Finance income		(2,898,158)	(3,860,134)
Finance costs		824,057	1,730,679
Non-cash items		(1,821,049)	(580,302)
Movements in working capital		(351,987)	(992,907)
Cash utilised in operations		**(4,085,894)**	**(3,934,213)**
Finance costs paid		(718,892)	(318,095)
Lease interest paid		(1,493,367)	(687,441)
Finance income received		3,718,482	1,815,324
Taxation paid		(561,978)	(882,643)
Net cash outflows from operating activities		**(3,141,649)**	**(4,007,068)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(750,743)	(106,463)
Net cash utilised in investing activities		**(750,743)**	**(106,463)**
Cash flows from financing activities			
Proceeds from borrowings		9,554,687	4,227,800
Repayment of borrowings		(6,078,087)	(1,885,535)
Net cash generated from financing activities		**3,476,600**	**2,342,265**
Total cash movements for the year		**(415,792)**	**(1,771,266)**
Cash and cash equivalents at the beginning of the period		**662,395**	**3,275,364**
Cash and cash equivalents at the end of the period		**246,603**	**1,504,098**
Being:			
Cash and bank balances		1,418,454	3,055,335
Bank overdrafts		(1,171,851)	(1,551,237)
		246,603	**1,504,098**

Note: The abridged consolidated statement of cash flows for the prior year was previously reported in ZWL. It has since been re-stated by converting to the Group's new presentation and functional currency, the USD. For further details on this change in presentation currency, please refer to note 2.

ABRIDGED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 07 July 2024

	Notes	2024 USD as at 07.07.24	2023 USD as at 07.01.24 Restated
Assets			
Non-current assets			
Property, plant and equipment	10	4,996,760	4,726,341
Right of use asset		2,947,185	2,676,353
Intangible assets		1,500,000	1,500,000
Total non-current assets		**9,443,945**	**8,902,694**
Current assets			
Inventories	9	7,243,740	8,502,325
Trade and other receivables		13,358,517	14,399,326
Deferred tax asset		-	347,155
Income tax receivable		291,726	280,157
Loans and advances to customers		819,343	1,212,711
Bank and cash balances		1,418,454	1,256,248
Total current assets		**23,131,780**	**25,997,922**
Total assets		**32,575,725**	**34,900,616**
Equity and liabilities			
Issued capital		679,741	679,741
Other reserves		9,821,262	9,577,879
Retained earnings		5,565,115	6,146,790
Total capital and reserves		**16,066,118**	**16,404,410**
Non-current liabilities			
Deferred tax liability		399,978	-
Interest bearing loans and borrowings	8	51,438	67,759
Borrowings-Related Parties	8	2,638,222	1,454,175
Lease liabilities	7	2,371,464	1,971,553
Total non-current liabilities		**5,461,102**	**3,493,487**
Current liabilities			
Trade and other payables		2,971,379	7,528,681
Dividend payable		57	57
Current tax payable		-	488,453
Contract liabilities		68,983	68,983
Interest bearing loans and borrowings	8	4,501,870	3,652,838
Borrowings-Related Parties	8	1,759,288	1,965,698
Bank overdraft		1,171,851	593,853
Lease liabilities	7	575,077	704,156
Total current liabilities		**11,048,505**	**15,002,719**
Total liabilities		**16,509,607**	**18,496,206**
Total equity and liabilities		**32,575,725**	**34,900,616**

Note: The abridged consolidated statement of financial position for the prior year was previously reported in ZWL. It has since been re-stated by converting to the Group's new presentation and functional currency, the USD. For further details on this change in presentation currency, please refer to note 2.

ABRIDGED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 26 weeks to 07 July 2024

	Issued capital	Equity-settled employee benefits reserve	Revaluation reserve	Credit reserve	Foreign Currency Translation Reserve	Retained earnings	Total
Balance at 08 January 2023	**679,741**	**164,130**	**2,155,467**	**277,866**	**6,961,668**	**5,029,386**	**15,268,258**
Loss for the period	-	-	-	-	-	(174,310)	(174,310)
Transfer to credit reserve	-	-	-	505,512	-	(505,512)	-
Balance at 09 July 2023	**679,741**	**164,130**	**2,155,467**	**783,378**	**6,961,668**	**4,349,564**	**15,093,948**
Balance at 07 January 2024	**679,741**	**164,130**	**2,155,467**	**539,996**	**6,718,287**	**6,146,790**	**16,404,410**
Reclassification of share options	-	(164,130)	164,130	-	-	-	-
Transfer to credit reserve	-	-	-	243,382	-	(243,382)	-
Loss for the period	-	-	-	-	-	(338,292)	(338,292)
Balance at 07 July 2024	**679,741**	**-**	**2,319,597**	**783,378**	**6,718,287**	**5,565,116**	**16,066,118**

Note: The abridged consolidated statement of changes in equity for the prior year was previously reported in ZWL. It was re-stated by converting to the Group's new presentation and functional currency, the USD. For further details on this change in presentation currency, please refer to note 2.

EDGARS STORES LIMITED

Abridged Unaudited Results for the 26 weeks ended 07 July 2024 (continued)

NOTES TO THE ABRIDGED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the 26 weeks to 07 July 2024

1 Directors responsibility statement

The Board of Directors are responsible for the preparation of the Interim Consolidated Financial Statements for the 26 weeks ended 07 July 2024. For the Interim abridged Financial Statements the reader can refer to the Edgars Stores Limited website www.edgars.co.zw, or the Victoria Falls Stock Exchange website vfex.exchange. Due to the inherent limitations in translating the current and prior year financial results in a hyper-inflationary environment, the Directors advise stakeholders to exercise caution in the reliance of the financial statements provided, notwithstanding the fact that the Directors have taken reasonable due care to ensure the fair presentation of the Group's performance and statements of affairs.

2 Basis of preparation

These interim abridged consolidated financial statements for the 26 weeks ended 07 July 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC), and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Victoria Falls Stock Exchange regulations. They are presented in United States dollars ("USD"), which is the group and company's functional and reporting currency. The principal accounting policies used in the preparation of the financial statements are consistent with those used in prior years. No material new standards were applied in the current year.

2.1 Change in Functional Currency

Following the promulgation of Statutory Instrument (""SI"") 185 of 2020 on 24 July 2020, the business experienced a gradual increase in the use of foreign currency across all its business activities. Subsequently, in June 2022, the Government of Zimbabwe formalized the multi-currency regime through Statutory Instrument 118A of 2022, which is set to remain in force until 31 December 2025. Additionally, on 27 October 2023, Statutory Instrument 218 of 2023 (SI 218/23) further extended the settlement of transactions in foreign currency until 31 December 2030, thereby providing businesses with greater certainty regarding the continued application of the multi-currency system. This has since been reinforced through the Finance Act No.13 of 2023. These regulatory changes have facilitated enhanced access to foreign currency and enabled the company to secure long-term financing critical for working capital and business expansion.

In light of these developments, the business has reassessed the functional currency in accordance with the requirements of IAS 21 (""The Effects of Changes in Foreign Exchange Rates""). In assessing functional currency for the businesses, the following factors were considered:

(i) the currency that mainly influences sales prices for goods and services (this is the currency in which sales prices for goods and services are denominated and settled)
(ii) the currency that mainly influences labour, material and other costs of providing goods and services. (this is the currency in which such costs are denominated and settled)
(iii) the currency in which funds from financing activities are generated.
(iv) the currency in which receipts from operating activities are usually retained.

The abridged unaudited financial statements are presented in United States Dollars ""USD"" which is the functional and reporting currency of the Group. Effective from the beginning of prior year, the entity's functional currency was USD , in the current period the group has now realigned its functional currency with the reporting currency."

Conversion process and exchange rates

In the preparation of these reviewed financial statements, the Group separated transactions based on the currency in which they occurred. Transactions which occurred in USD are reported in USD, and transactions which occurred in Zimbabwe Dollars were converted to USD based on the prevailing Reserve Bank of Zimbabwe interbank rate.

Restatement of prior period balances

Comparative amounts have been restated to effect the change in functional currency from 1 January 2023. The complete disclosures as required by IAS 8 have not been provided because the restatement has been performed on all amounts presented. In addition, impact analysis is impracticable because of different functional presentations currencies i.e. ZW$ and USD.

Conversion of hyperinflation numbers for the period 09 July 2023 and prior year comparatives to United States Dollars

The Group accounted for the change in functional currency prospectively as required by IAS21. In changing the functional currency, the Group translated the previously reported inflation adjusted financial statements using the closing exchange rate.

The exchange rates used are as follows:

Period	Exchange rate
09 July 2023	5,251.0640
07- January-2024	6,443.1313

The Board of Directors wishes to inform all stakeholders that the financial statements for the period ended 9 July 2023 include a change in the functional currency in the current reporting period. The functional currency has been reassessed and changed to United States Dollars effective from 1 January 2023, in accordance with the requirements of International Accounting Standard 21 (IAS 21)

The Effects of Changes in Foreign Exchange Rates.

As a result of this change in functional currency, the prior year financial numbers have been to reflect the new functional currency for comparative purposes. This restatement has been carried out in compliance with IAS 21.

Stakeholders are therefore advised to exercise caution when interpreting and relying on these financial statements, particularly when comparing financial results from the prior year. The change in functional currency and the subsequent restatement of prior year figures may significantly impact the financial performance and position presented.

3 Revenue

	2024 26 weeks to 07.07.24	2023 26 weeks to 09.07.23
Sale of merchandise		
Retail sales	13,434,035	15,037,582
Manufacturing sales to third parties - local sales	(283,114)	46,997
	13,150,921	**15,084,579**
Other revenue		
Revenue from Micro Finance and other debtor accounts	2,898,158	3,860,134
Commission	33,379	45,109
Edgars Club subscriptions	(3,910)	5,412
	2,927,627	**3,910,655**
Total Revenue	**16,078,548**	**18,995,234**

4 Headline loss per share

	USD	USD
Loss attributable to shareholders	(338,292)	(174,310)
Headline loss	(338,292)	(174,310)
	000's	**000's**
Weighted average number of ordinary shares used in calculating earnings per share	573,267	573,267
Basic loss per share (cents)	(0.06)	(0.03)
Diluted loss per share (cents)	(0.06)	(0.03)
Headline loss per share (cents)	(0.06)	(0.03)

Headline loss consist of losses attributable to shareholders of the Group adjusted for profits, losses, and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects.

5 Capital expenditure

	USD	USD
Computer equipment	4,573	2,121
Plant and Machinery, Motor Vehicles, Furniture, fittings and leasehold improvements	746,170	104,342
Total	**750,743**	**106,463**

Capital expenditure during the half year was channelled towards Carousel Plant and machinery additions of US$400k and MV additions of $350k.

6 Future Capital Expenditure

	USD	USD
Authorised but not yet contracted for	3,019,166	1,080,077

All expenditure is to be financed from existing cash resources and utilisation of authorised borrowing facilities.

7 Future lease commitments

Future minimum rentals under non-cancellable operating leases are as follows:

	USD	USD
Within one year	575,077	704,156
After one year but not more than five years	2,371,464	1,971,553
	2,946,541	**2,675,709**

8 Borrowings

	USD	USD
Non current interest bearing loans and borrowings-3rd parties	51,438	67,759
Non current interest bearing loans and borrowings-Related parties	2,638,222	1,454,175
Current interest bearing loans and borrowings-3rd parties	4,501,870	3,652,838
Current interest bearing loans and borrowings-Related parties	1,759,288	1,965,698
Total	**8,950,818**	**7,140,470**

Borrowings increased as a result of increased working capital requirements.

Terms and security

(i) Secured with a Notarial General Covering Bond over moveable assets, cession of fire policies, debtors book, an unlimited guarantee from shareholders and Edgars Industrial Park deeds.
(ii) The weighted average effective interest rate on ZWG borrowings is 28.6% (2023: 89.35%) per annum and 14.48% (2023: 11.53%) for all USD borrowings.
(iii) Tenures range between 90 days and 3 years.

9 Inventories

	USD	USD
Merchandise	6,434,819	6,995,120
Raw material, work in progress and consumables	1,421,270	1,557,885
	7,856,089	**8,553,005**
Inventory obsolescence	(612,349)	(50,680)
	7,243,740	**8,502,325**
The amount of write-down on inventories recognised in cost of sales is:	(29,179)	(340,239)
Amount of reversal of inventory to net realisable value (NRV) is:	(601,078)	(36,460)
Amount of stock losses recognised in cost of sales is:	(42,502)	-

EDGARS STORES LIMITED

Abridged Unaudited Results for the 26 weeks ended 07 July 2024 (continued)

10 Property, plant and equipment

Cost / Valuation	Land & Buildings USD	Leasehold Improvements USD	Furniture, fittings & equipment USD	Computer equipment USD	Motor Vehicles USD	Plant & Machinery USD	Work in progress USD	Total USD
Balance at 08 January 2023	**416,098**	**147,843**	**1,072,179**	**308,232**	**335,642**	**203,098**	**31,059**	**2,514,151**
Additions	-	131,477	275,429	136,405	286,035	62,651	-	891,997
Disposals	-	-	-	-	-	31,059	(31,059)	-
Revaluation adjustment	-	-	-	-	(99,744)	-	-	(99,744)
Transfer on revaluation and asset clearing	1,044,065	38,537	175,612	95,056	6,776	59,891	-	1,419,937
Balance at 07 January 2024	**1,460,163**	**317,857**	**1,523,220**	**539,693**	**528,709**	**356,699**	**-**	**4,726,341**
Additions	-	2,527	1,169	4,573	348,991	393,483	-	750,743
Balance at 07 July 2024	**1,460,163**	**320,384**	**1,524,389**	**544,266**	**877,700**	**750,182**	**-**	**5,477,084**
Accumulated Depreciation								
Balance at 08 January 2023	**(12,240)**	**(19,739)**	**(208,643)**	**(225,960)**	**(193,136)**	**(45,795)**	**-**	**(705,513)**
Current year expense	(12,240)	(34,196)	(295,111)	(84,827)	(148,605)	(53,648)	-	(628,627)
Eliminated on disposals of assets	-	-	-	-	71,009	-	-	71,009
Transfer on revaluation	24,480	53,935	503,754	310,787	270,732	99,443	-	1,263,131
Balance at 07 January 2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Current year expense	(8,345)	(22,901)	(205,724)	(66,641)	(86,501)	(90,212)	-	(480,324)
Balance at 07 July 2024	**(8,345)**	**(22,901)**	**(205,724)**	**(66,641)**	**(86,501)**	**(90,212)**	**-**	**(480,324)**
Net carrying amount at 07 July 2024	**1,451,818**	**297,483**	**1,318,665**	**477,625**	**791,199**	**659,970**	**-**	**4,996,760**
Net carrying amount at 07 January 2024	**1,460,163**	**317,857**	**1,523,220**	**539,693**	**528,709**	**356,699**	**-**	**4,726,341**

The Group revalued its property, plant and equipment as at 07 January 2024 through independent professional valuers. In addition, in prior year, the Group's depreciation policy was updated to include residual values on items of property, plant and equipment.

11 Segment reporting

	Edgars Stores Retail USD	Jet Stores Retail USD	Manufacturing Carousel USD	Micro Finance Club Plus USD	Corporate Head Office USD	Financial services USD	Segment Totals USD	Adjustments Eliminations USD	Consolidated Total USD
26 weeks to 07 July 2024									
Revenue									
Segment Revenue	8,287,444	6,284,108	-	-	-	-	14,571,552	(1,137,517)	13,434,035
Inter-segments	-	-	1,694,997	-	-	-	1,694,997	(1,694,997)	-
External Revenue	**8,287,444**	**6,284,108**	**1,694,997**	**-**	**-**	**-**	**16,266,549**	**(2,832,514)**	**13,434,035**
Depreciation and armotisation	122,151	123,008	88,727	40,967	99,957	5,517	480,327	(3,520)	476,807
Operating segment profit/(loss)	290,459	(12,660)	(65,118)	68,230	330,736	1,694,972	2,306,619	(1,354,208)	952,411
Finance income	-	-	-	-	-	-	-	-	-
Finance costs	48,577	14,332	-	40,651	1,616	752,369	857,545	(33,489)	824,056
Segment profit/(loss) before tax	241,881	(26,992)	(65,118)	27,579	329,120	942,603	1,449,073	(1,320,719)	128,354
Income tax charge (credit)	-	-	(21,926)	(28,490)	549,951	-	499,535	-	499,535
Segment assets	13,647,569	10,084,292	2,020,917	1,152,980	3,014,799	31,581	29,952,138	2,834,081	32,786,219
Segment liabilities	(2,554,659)	(9,092,863)	(1,017,129)	(55,225)	(3,818,128)	(10,855,573)	(27,393,577)	11,277,452	(16,116,125)
Capital expenditure	-	2,527	-	1,169	353,564	-	357,260	393,483	750,743
26 weeks to 09 July 2023									
Revenue									
Segment Revenue	9,297,292	7,013,585	-	-	-	-	16,310,877	(1,273,295)	15,037,582
Inter-segments	-	-	46,997	-	-	-	46,997	(46,997)	-
Total revenue	**9,297,292**	**7,013,585**	**46,997**	**-**	**-**	**-**	**16,357,874**	**(1,320,292)**	**15,037,582**
Depreciation and armotisation	87,776	40,207	1,604	17,092	34,911	726	182,316	232,128	414,444
Operating segment profit/(loss)	969,464	(17,210)	300,652	335,596	(582,210)	1,448,491	2,454,783	(955,653)	1,499,130
Finance income	-	-	-	-	-	-	-	-	-
Finance costs	126,392	136,594	4,207	32,674	58,603	944,232	1,302,702	427,978	1,730,680
Segment profit/(loss) before tax	843,072	(153,804)	296,445	302,922	(640,813)	504,259	1,152,081	(1,383,631)	(231,550)
Income tax	667,788	493,636	(79,107)	(80,381)	(2,247,730)	-	(1,245,794)	1,303,032	57,238
Segment assets	10,455,510	8,232,799	1,147,019	992,993	3,229,698	9,611,806	33,669,825	1,230,791	34,900,616
Segment liabilities	(7,131,018)	(6,540,976)	(102,224)	(282,319)	(3,061,169)	(4,081,089)	(21,198,795)	2,702,590	(18,496,205)
Capital expenditure	-	-	-	-	37,479	-	37,479	68,984	106,463

* The disclosure has been expanded to include depreciation and armotisation, finance costs, finance income, segment profit/(loss) before tax, income tax, segment liabilities and capital expenditure

12 Going Concern

Merchandise assortments and our credit book remain healthy despite the challenging environment. The prospective period ahead will remain challenging due to the ongoing El Nino induced drought and depressed PGM metal prices which have induced labour lay-offs at some mining companies. The ability of the Group to continue as a going concern is subject to continued generation of positive cashflows. To evaluate the health of the cashflows, management has prepared cashflow forecasts for the next twelve months and reviewed significant inputs such as profitability, cash generation capacity and the ability to obtain financing. Forecasting is updated regularly in response to ongoing uncertainty. The Directors have assessed that key to continued profitability and positive cashflows is stability of exchange rates and availability of foreign currency from trading.

13 Dividend

No dividend was declared for the half year to 07 July 2024. The entity did not declare any dividend in prior year.

14 Events after the reporting period

Subsequent to the reporting date, the Reserve bank of Zimbabwe on 27 September 2024 devalued the gold backed currency, Zimbabwe gold by 44% against the USD. The new official rate was 25 ZiG per USD, a sharp increase from the previous rate of 14 ZiG per dollar.

EDGARS STORES LIMITED

Abridged Unaudited Results for the 26 weeks ended 07 July 2024 (continued)

Chairman's Statement

The Directors of Edgars Stores Limited are responsible for the preparation and fair presentation of the Group's consolidated financial statements. The audited financial statements incorporate full disclosure in line with IFRS Accounting Standards and best practice.

Edgars migrated its listing from the Zimbabwe Stock Exchange (ZSE) to the Victoria Falls Stock Exchange (VFEX) effective 5th of April 2024.

Stakeholders should take note that these abridged financial statements are presented in USD which is both the functional and reporting currency of the Group, and in line with the Reporting requirements of Victoria Falls Stock Exchange (VFEX).

The principal accounting policies of the Group are consistent with those applied in prior years.

Cautionary – reliance on restated prior period USD financial statements

The Directors would like to advise users to exercise caution on the use of these financial statements due to the material and pervasive impact of the technicalities brought about by the change in functional currency in Zimbabwe and its consequent impact on the usefulness of the financial statements for subsequent reporting periods. The country continues to operate in a hyperinflationary economic environment, which exerts unique reporting challenges.

Whilst the Directors have exercised reasonable due care in applying judgements deemed appropriate in the preparation of these financial statements, certain distortions may arise due to the various economic factors that may affect the relevance and reliability of the financial information presented in economies such as Zimbabwe, that are experiencing hyperinflation.

Operating environment and overview

The operating environment remained challenging, characterised by exchange rate volatility in the first quarter. Interventions by the Monetary Authorities on the currency front resulted in improved exchange rate stability in the market and a slowdown in the rate of inflation in the second quarter. However liquidity challenges in both the local and foreign currencies continue to persist coupled with elevated interest rates.

Economic output has remained constrained due to the El Nino induced drought which negatively impacted agricultural output and led to reduced power generation. Cost of power supply is set to remain elevated for the rest of the financial year.

Operating costs in real terms were maintained at a level comparable to the prior year. Occupancy, employment, and fuel costs remained dominant drivers to the Group's operating expenses. During the period, management focused on realigning the business model to the realities of trading in a pre-dominantly USD environment, with a specific focus on dealing with pricing volatilities to preserve the business' balance sheet.

Financial performance

Significant pressures on disposable incomes, resulted in reduced retail volumes. Under the circumstances, food security issues generally take precedence over clothing. As a result, total Group units sold declined by 22.4% from 1.09 million to 0.85 million compared to the same period last year. Revenue decline was contained at 15.4% over the prior half year at USD16.1 million against USD19.0 million in 2023.

The business pursued aggressive margin enhancements through better procurement, increasing internal manufacturing volumes at Carousel, enhanced cost containment efforts as well as complementary initiatives which saw our stores get fresher and high-quality stock availability, notwithstanding a challenging supply chain environment. Profit before tax increased 169.6% over the half year to USD0.16 million compared to a loss of USD0.23million. The group makes most of its profit in the last half of the year during the festive season. Finance costs for the period were USD$0.82million, a 52.4% reduction from prior year, reflecting a reduction in the lending rates as well as the switch to USD borrowings which attracted a lower cost. The Group achieved basic earnings per share of 0.06 cents (2023: 0.35 cents).

Gearing has been maintained at 0.40. Funding raised was channelled towards growing the debtors' book as well as store expansion initiatives.

Retail performance

Total retail merchandise revenue amounted to USD13.2 million representing a 12.8% decline over the prior half year. ZWL credit sales contributed 93.1% (2023: 51.2%) to ZWL sales, while the USD credit sales contributed 73% (2023: 71%) of total USD sales.

The Edgars chain recorded turnover of USD8.3 million, down 5.3% from the prior half year. Units sold were down 15.37% from 0.44 million. ZWL credit sales contributed 73% (2023: 66%) of ZWL sales, while USD credit sales contributed 71% (2023: 73%) of USD sales.

Total sales for the Jet chain were USD6. 2 million, down 17.0% from USD 7.0 million achieved in the prior half year. Units sold decreased by 18.69% from 0.58m. ZWL credit sales contribute 95.2% (2023: 56.9 %) to total ZWL sales, while the USD credit sales contributed 73% (2023: 70.3%) of total USD sales.

Edgars Stores Limited won the Best Zimbabwean exhibition for clothing, footwear, textiles and accessories at the recent ZITF. The Company sponsored the Annual ZAPF Conference. The Group gave back to the community through the "Be a Hero" campaign where school shoes and various sports kits valued at US$3,500 were donated to Gumindoga Primary School in Gutu.

Financial services

The USD retail debtors' book closed the half year at USD$10.4 million, representing a 25.3% growth on the prior half year, whilst the ZWL retail debtors' book closed the half year at ZIG$7.5 million, a 1154.3% increase on the prior half year. The skew reflects the growing dollarisation in the market and the impact of high ZWL interest rates, discouraging borrowings in local currency. Active USD accounts increased to 82k, up from 77K in prior half year. The increase came on the back of new account opening initiatives as well as account conversion initiatives. The asset quality remained strong at 77.0% for the USD book and at 78.4% for the ZWL book. Expected credit losses (ECLs) as at 7 June 2024 were 3.2% of the book compared to 4.0% as at 8 January 2023, which is well within the acceptable industry benchmark of 5.0%.

Club Plus Microfinance

The business closed the first half of the year with a healthy asset quality of 91% loan book in current status and Par > 30 of 4.7% which was below the international benchmark. The focus for the period was to grow the USD loan book focusing on less risky loan products. Despite the liquidity challenges in the market, the business accessed funding which aided its growth. The business closed the loan book at USD822k at half year. Significant growth is expected in the last half of the year following additional funding injected and business development initiatives being pursued.

Carousel Manufacturing

In keeping with the strategy to increase supply chain control, and improve margins, input volumes from the Manufacturing Division attributing to Group sales increased by 95%, from 67.9 thousand units in prior half year to 132.6 thousand units. Manufacturing turnover increased from USD852 thousand to USD US$1.49 million. Production efficiencies continue to improve on the back of an increased order book and the recruitment of experienced, qualified machinists. The Group invested US$1 million in expanding production capacity during the period, mostly towards semi-automated machines, automated pocket machines, surface printers, boiler replacement, embroidery machines, fuser machine, and an enhanced cutting room solution.

Directorate changes

Mr C.F Dube retired from the Board after serving as a Non-Executive Director since 2004. On behalf of the shareholders, Board of Directors, management and staff, I wish to convey the Group's sincere appreciation for his valuable contribution over years of dedicated service to the Group.

Outlook

The Group's segmented retail propositions cater broadly for the entire local consumer spectrum. These propositions are continually reviewed to ensure that the respective offerings, effectively meets the needs and desires of our customers. Opportunities have been identified where merchandise execution can be improved, or new emerging ones be pursued. In addition, management will continue to right-align the business overheads to attained volumes in the context of depressed demand. The flexible credit offering will be maintained to encourage increased spend. Management will further retool Carousel to underpin increased production and improve operational efficiencies to better support the Retail chains.

The Group seeks to expand its geographic footprint through the opening of new stores in strategic locations. In fulfilment of this drive, we opened a new Edgars store at Ascot Shopping Centre in Bulawayo in March 2024 and a new Jet Store in Harare, at Hogerty Hill Mall. To date, three Express Stores aimed at servicing the low-income segment of the market have been opened, selling only for cash. A further five are in the pipeline before close of year. The business will strengthen its store power back-up capabilities to safeguard customer experiences and contain generator costs in the light of projected reduced electricity availability in the outlook period.

Smart merchandise procurement and optimal inventory planning remain key focus areas to ensure an optimal merchandise cycle that yields targeted margins, without compromising the merchandise quality.

The increased dollarisation in the economy is projected to assist the business via improved access to foreign currency through domestic sales to cover import requirements, which we believe will assist with improved stock availability in the stores.

The drought headwind will remain a factor through to April 2025, suppressing consumer demand. Food imports are likely to further strain and impact USD liquidity in the local financial market. A normal to above normal rainfall season for 2024-2025 is being projected, and this should assist the recovery of the economy in the outlook period.

Dividend

Regrettably, the Company will not declare a dividend for the 52 weeks to 9 July 2024. The position will be reviewed at year end.

Appreciation

I wish to record my appreciation to Management and staff for their continued efforts in sustaining the business in a difficult operating environment. I also thank my fellow directors for their wise counsel and our customers, suppliers, and stakeholders for their ongoing support.

T N SIBANDA
CHAIRMAN

05 November 2024

EDGARS | Jet | CAROUSEL A Division of Edgars Stores Limited | clubplus A DIVISION OF EDGARS | EDGARS Financial Services | Express Stores

Directorate: Non Executive Chairman: **T.N Sibanda,** Group CEO: **S. Mushosho*, C. F Dube, C. Mutevhe*, C Claassen, M Robb , P Mnyama* and M. Hosack** *Executive