



Abridged Reviewed Results for the 26 weeks ended 11 July 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 26 weeks to 11 July 2021

	2021	2020	2021	2020
	ZW\$	ZW\$	ZW\$	ZW\$
	26 weeks to	26 weeks to	26 weeks to	26 weeks to
	11.07.2021	05.07.2020	11.07.2021	05.07.2020
Notes	Inflation adjusted		* Historical cost	
Revenue	1,336,911,372	806,307,277	1,271,380,599	230,584,063
Sale of merchandise	1,282,418,986	788,468,722	1,219,647,945	225,592,771
Cost of sales	(691,837,250)	(460,218,092)	(608,940,479)	(79,600,361)
Gross profit	590,581,736	328,250,630	610,707,466	145,992,410
Income from microfinance institution	49,952,365	16,149,161	47,475,147	4,522,741
Other income	12,149,041	69,096,919	9,031,872	33,250,445
Credit management and debt collection costs	(82,124,768)	(20,336,515)	(75,003,017)	(5,772,809)
Store expenses	(325,218,144)	(205,980,628)	(297,015,656)	(58,470,532)
Depreciation and amortisation	(118,529,070)	(80,823,080)	(58,667,939)	(8,500,672)
Other operating income and expenses	(174,535,476)	(110,312,379)	(199,800,347)	(45,755,848)
Finance income	326,212,047	187,622,868	296,025,375	55,601,020
Finance costs	(227,751,876)	(81,607,280)	(157,569,798)	(24,448,273)
Net monetary gain	47,953,385	77,052,454	-	-
Profit before tax	98,689,240	179,112,150	175,183,103	96,418,482
Income tax expense	(33,538,871)	(104,718,343)	(26,888,835)	(21,791,661)
Profit for the period	65,150,369	74,393,807	148,294,268	74,626,821
Other comprehensive income				
Gain on revaluation of property, plant and equipment	-	-	559,226	-
Deferred tax liability arising on revaluation	-	-	(138,241)	-
Other comprehensive income for the year (net of tax)	-	-	420,985	-
Total comprehensive income for the period	65,150,369	74,393,807	148,715,253	74,626,821
Earnings per share (cents)				
Basic	11.36	28.47	25.87	25.65
Diluted	11.30	26.08	25.73	25.20
Headline	511.36	28.47	25.87	25.62

*Historical cost amounts are shown as supplementary information. The information does not comply with IAS 29: Financial Reporting in hyperinflationary economies

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 26 weeks to 11 July 2021

	2021	2020	2021	2020
	ZW\$	ZW\$	ZW\$	ZW\$
	26 weeks to	26 weeks to	26 weeks to	26 weeks to
	11.07.2021	05.07.2020	11.07.2021	05.07.2020
Notes	Inflation adjusted		Historical cost	
Cash flows from operating activities				
Profit before tax	98,689,240	179,112,150	175,183,103	96,418,482
Finance income	(326,212,047)	(187,622,868)	(296,025,375)	(55,601,020)
Finance costs	227,751,876	81,607,280	157,569,798	24,448,273
Non cash items	5,747,217	(179,686,485)	131,656,130	65,604,374
Movements in working capital	(704,988,974)	(3,309,610)	(733,570,441)	(76,299,723)
Cash (utilised in) / generated from operations	(699,012,688)	(109,899,533)	(565,186,785)	54,570,386
Finance costs paid	(183,445,992)	(81,607,280)	(153,834,951)	(20,284,113)
Lease interest paid	(49,806,368)	(7,750,347)	(46,421,735)	(2,216,409)
Finance income received	309,201,259	187,622,868	269,993,300	40,519,934
Taxation paid	(34,781,371)	(36,849,158)	(31,874,750)	(13,815,325)
Cash (outflow) / inflow from operating activities	(657,845,160)	(48,483,450)	(527,324,921)	58,774,473
Cash flows from investing activities				
Purchase of property, plant and equipment	6(25,517,120)	(17,964,151)	(24,871,692)	(3,435,553)
Net cash used in investing activities	(25,517,120)	(17,964,151)	(24,871,692)	(3,435,553)
Cash flows from financing activities				
Proceeds from borrowings	664,647,130	920,103,532	651,728,460	173,733,691
Repayment of borrowings	(233,517,781)	(597,791,828)	(217,648,887)	(113,808,545)
Payments of principal portion of lease liabilities	(31,419,489)	(20,195,412)	(29,284,352)	(5,775,391)
Net cash generated from financing activities	399,709,860	302,116,292	404,795,221	54,149,755
Net (decrease) / increase in cash and cash equivalents	(283,652,420)	235,668,691	(147,401,392)	109,488,675
Cash and cash equivalents at the beginning of the period	338,760,166	(15,442,215)	202,509,139	(2,915,795)
Cash and cash equivalents at the end of the period	55,107,746	220,226,476	55,107,747	106,572,880
Being:				
Cash and bank balances	242,566,728	267,591,161	242,566,729	109,488,675
Bank overdrafts	(187,458,982)	(47,364,685)	(187,458,982)	(2,915,795)
	55,107,746	220,226,476	55,107,747	106,572,880

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 11 July 2021

	2021	2020	2021	2020
	ZW\$	ZW\$	ZW\$	ZW\$
	as at	as at	as at	as at
	11.07.2021	10.01.2021	11.07.2021	10.01.2021
Notes	Inflation adjusted		Historical cost	
Assets				
Non-current assets				
Property, plant and equipment	12710,449,191	717,181,114	537,665,203	531,433,028
Intangible assets	51,023,482	63,824,973	2,227,007	1,936,728
Right of use asset	391,395,038	400,281,472	215,563,984	193,579,574
Total non-current assets	1,152,867,711	1,181,287,559	755,456,194	726,949,330
Current assets				
Inventories	101,057,143,776	663,409,599	833,525,927	386,034,459
Trade and other receivables	1,008,452,935	545,151,930	1,001,041,928	451,702,682
Loans and advances to customers	74,849,408	36,653,077	74,849,408	30,370,053
Cash and cash equivalents	242,566,728	338,760,166	242,566,728	280,690,330
Total current assets	2,383,012,847	1,583,974,772	2,151,983,991	1,148,797,524
Total assets	3,535,880,558	2,765,262,331	2,907,440,185	1,875,746,854
Equity and liabilities				
Equity				
Issued capital	199,070,210	199,070,210	73,411,672	73,411,672
Other reserves	272,035,686	272,035,686	371,384,522	371,141,102
Retained earnings	1,104,364,725	1,039,214,356	633,442,321	478,525,678
Total capital and reserves	1,575,470,621	1,510,320,252	1,078,238,515	923,078,452
Non-current liabilities				
Deferred tax liability	275,444,281	300,017,281	134,297,012	163,964,825
Interest bearing loans and borrowings	9168,246,936	108,496,352	168,246,936	89,898,046
Lease liabilities	893,565,084	182,139,574	93,565,084	150,917,440
Total non-current liabilities	537,256,301	590,653,207	396,109,032	404,780,311
Current liabilities				
Trade and other payables	586,965,043	361,260,610	586,965,043	299,333,776
Dividend payable	370,059	446,618	370,059	370,059
Current tax payable	61,776,713	42,892,101	61,776,713	35,539,592
Contract liabilities	1,682,879	6,247,030	11,621,880	2,646,945
Interest bearing loans and borrowings	9619,727,199	186,727,277	619,727,199	154,718,724
Lease liabilities	8152,631,743	66,715,236	152,631,744	55,278,995
Total current liabilities	1,423,153,636	664,288,872	1,433,092,638	547,888,091
Total liabilities	1,960,409,937	1,254,942,079	1,829,201,670	952,668,402
Total equity and liabilities	3,535,880,558	2,765,262,331	2,907,440,185	1,875,746,854

*Historical cost amounts are shown as supplementary information. The information does not comply with IAS 29: Financial Reporting in hyperinflationary economies.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 26 weeks to 11 July 2021

	Issued capital	Equity-settled employee benefits reserve	Revaluation reserve	Credit reserve	Retained earnings	Total
Notes	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Balance at 5 January 2020	100,119,358	48,067,416	188,189,792	9,775,814	1,253,020,072	1,599,172,452
Issue of ordinary shares under employee share option plan	497,023	(497,023)	-	-	-	-
Total comprehensive income for the period	-	-	-	-	74,393,807	74,393,807
Profit for the year	-	-	-	-	74,393,807	74,393,807
Transfer to credit reserve	-	-	-	1,284,145	(1,284,145)	-
Balance at 5 July 2020	100,616,381	47,570,393	188,189,792	11,059,959	1,326,129,734	1,673,566,259
Balance at 10 January 2021	199,070,210	48,067,416	213,442,465	10,525,805	1,039,214,356	1,510,320,252
Total comprehensive income for the period	-	-	-	-	65,150,369	65,150,369
Profit for the year	-	-	-	-	65,150,369	65,150,369
Balance at 11 July 2021	199,070,210	48,067,416	213,442,465	10,525,805	1,104,364,725	1,575,470,621



Abridged Reviewed Results for the 26 weeks ended 11 July 2021 (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the 53 weeks to 10 January 2021

1 Directors responsibility statement
The Board of Directors is responsible for the preparation of the Inflation Adjusted Interim Condensed Consolidated Financial Statements for the 26 weeks ended 11 July 2021 of which these abridged results are an extract of. For the full Financial Statements the reader can refer to the Zimbabwe Stock Exchange (ZSE) website www.zse.co.zw or the Edgars Stores Limited website www.edgars.co.zw. The Directors would like to emphasise the cautionary use of the press release and financial statements.

2 Basis of preparation
The Inflation adjusted consolidated financial statements for the 26 weeks ended 11 July 2021 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange (ZSE). 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.

The financial statements do not comply with the International Financial Reporting Standards (IFRS) as detailed below:

IFRS 13: Fair value measurement and IAS 29: Financial Reporting in Hyperinflationary Economies

IAS 21: The Effects of Changes in Foreign Exchange Rates

IFRS 16: Leases

IAS 29: Financial Reporting in Hyperinflationary Economies

In the prior period, the method of determining the value of Property, Plant and Equipment was not an accurate reflection of market dynamics and the risk associated with ZW\$ transactions on a willing buyer, willing seller basis. Furthermore, in the prior year, leasehold improvements were not stated at fair value as required by IAS16. IAS 29 par 19 further requires non-monetary assets restated from the date of revaluation (Property, plant and equipment), to thereafter be reduced to their recoverable amount. The ZW\$ recoverable amount could not be accurately determined in the current year and prior periods.

The interbank and RBZ auction rates used by the Company and Group during the current and comparative period to translate transactions and balances do not meet the IAS 21 definition of a spot and closing exchange rate as they were not available for immediate delivery and not always accessible.

Exchange rate variations in United States dollar leases were incorrectly accounted for as lease modifications in the year to 10 January 2021.

The effect of applying IAS 29 based on financial information in the prior and current periods that did not comply with IAS 21, IAS 16 and IFRS 13 as detailed above led to a cumulative misstatement in the hyperinflation adjusted numbers.

3 Application of IAS 29: Financial Reporting in Hyperinflationary Economies
The Group continued to apply IAS 29 during the 26 weeks to 11 July 2021 based on the guidance issued by the PAAB in August 2019. The financial statements have been prepared in accordance with IAS 29 and IFRIC 7 (Applying the Restatement Approach under IAS 29) as if the economy had been hyperinflationary since 1 July 2018. In applying the standard the Group has used the Consumer Price Index (CPI) as issued by the Zimbabwe National Statistic Agency and published by the Reserve Bank of Zimbabwe (RBZ). The following table summarises the inflation adjusted indices used:

Month	CPI	Conversion Factor
June 2021	2,986	1.00
Average 2021	2,789	1.07
December 2020	2,475	1.21
June 2020	1,445	2.07
Average 2020	918	3.59

4 Auditor's Statement
The inflation adjusted condensed consolidated interim financial results for the 26 weeks ended 11 July 2021 have been reviewed by Deloitte & Touche and a modified review conclusion issued there-on. This conclusion carries an adverse conclusion with respect to:

- Non-compliance with International Financial Reporting Standard 13 "Fair Value Measurements" and IAS 29 "Financial Reporting in Hyperinflationary Economies" in the determination of the value of Property, Plant and Equipment for the current and comparable periods. In the prior period, the method of determining the value of Property, Plant and Equipment was not an accurate reflection of market dynamics and the risk associated with ZW\$ transactions on a willing buyer, willing seller basis. Furthermore, in the prior year, leasehold improvements were not stated at fair value as required by IAS16. IAS 29 par 19 further requires non-monetary assets restated from the date of revaluation (Property, plant and equipment), to thereafter be reduced to their recoverable amount. The ZW\$ recoverable amount could not be accurately determined in the current year and prior periods.
- Non-compliance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" on prior year comparatives, and inability to determine the appropriate spot exchange rates to apply to the foreign currency transactions and balances, in the prior and current period.
- Non-compliance with International Financial Reporting Standard 16 "Leases" due to exchange rate variations incorrectly treated as Lease modifications in prior year; and
- Application of International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies". The effect of applying IAS 29 based on financial information in the prior and current periods that did not comply with IAS 21, IAS 16 and IFRS 13.

The financial statements of the Group for the fifty-three weeks ended 10 January 2021 were audited by another auditor who expressed an adverse opinion on those statements on 31 May 2021.

The review conclusion has been made available to management and those charged with the governance of Edgars Stores Limited, and is available for inspection at their registered offices. The engagement partner responsible for this review was Tapiwa Chizana. (PAAB Practicing Certificate Number 0444).

	Inflation adjusted		Historical cost	
	ZW\$	ZW\$	ZW\$	ZW\$
Earnings attributable to shareholders	65,150,369	74,393,809	148,294,268	74,626,821
Adjusted for non-recurring items:				
(Profit) / loss on disposal of property, plant and equipment	(8,067)	9,465	(8,067)	(84,030)
Headline earnings	65,142,302	74,403,274	148,286,201	74,542,791
	000's	000's	000's	000's
Issued ordinary shares at the beginning of the period	609,741	294,529	609,741	326,991
Effect of treasury shares	(36,475)	(36,475)	(36,475)	(36,475)
Share options exercised	-	3,241	-	443
Weighted average number of ordinary shares used in calculating earnings per share	573,266	261,295	573,266	290,959

Headline earnings consist of basic earnings 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.

	Inflation adjusted		Historical cost	
	ZW\$	ZW\$	ZW\$	ZW\$
Computer equipment	464,522	-	443,359	-
Furniture, fittings and leasehold improvements	25,052,598	17,964,151	24,428,333	3,435,553
Total	25,517,120	17,964,151	24,871,692	3,435,553

Capital expenditure during the half year was channelled towards new stores, namely Jet - (Kwame Krumah - Harare, Mutoko, Hwange) and Edgars Avondale.

	Inflation adjusted		Historical cost	
	ZW\$	ZW\$	ZW\$	ZW\$
Authorised but not yet contracted for	322,744,955	389,515,145	322,744,955	322,744,955

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

8 Lease commitments	Inflation adjusted		Historical cost	
	ZW\$	ZW\$	ZW\$	ZW\$
Future minimum rentals under non-cancellable operating leases are as follows:				
Within one year	155,151,584	14,232,294	155,151,584	6,887,349
After one year but not more than five years	354,964,976	24,879,183	354,964,976	12,039,634
More than 5 years	5,514,561	555,583	5,514,561	268,860
	515,631,121	39,667,060	515,631,121	19,195,843

9 Borrowings	Inflation adjusted		Historical cost	
	ZW\$	ZW\$	ZW\$	ZW\$
Non current interest bearing loans and borrowings	168,246,936	108,496,352	168,246,936	89,898,046
Current interest bearing loans and borrowings	619,727,199	186,727,277	619,727,199	154,718,724
	787,974,135	295,223,629	787,974,135	244,616,770

Borrowings increased as a result of increased working capital investment. This with a view to growing revenue accordingly.

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 all the borrowings is 44.4% (2020: 43.0%) per annum.
- (iii) Tenures range between 90 days and 3 years.

10 Inventories	Inflation adjusted		Historical	
	ZW\$	ZW\$	ZW\$	ZW\$
Merchandise	869,676,732	588,930,398	780,726,727	361,536,713
Raw material, work in progress and consumables	187,467,044	74,479,201	52,799,200	24,497,746
	1,057,143,776	663,409,599	833,525,927	386,034,459

The amount of write-down on inventories recognised in cost of sales is:	(4,146,486)	(9,341,211)	654,732	673,961
Amount of reversal of inventory to net realisable value (NRV) is:	(882,550)	(519,774)	(49,681)	(49,681)
Amount of stock losses recognised in cost of sales is:	14,904,749	31,382,974	13,118,844	6,574,274

12 Revaluation of property, plant and equipment
The Group did not revalue property, plant and equipment as at 11 July 2021. The last valuation was carried out at 10 January 2021 through a directors valuation involving external and independent professional valuers.

13 Impact of Covid 19 and Going Concern
The business resumed normal trading hours up to 7pm in September. Sales are slowly recovering off the low base experienced over July and August. Despite losses in the January, February and June trading months the business is profitable overall with inflation adjusted and historic profits of ZW\$65m and ZW\$148m respectively. Merchandise assortments and our credit book remain healthy despite the challenging environment. Management looks forward to better trading conditions in October to December which is traditionally our busiest and most profitable period.

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, ability to obtain financing and the impact of Covid-19 on the business. Forecasting is now updated regularly in response to ongoing uncertainty

The directors have assessed that key to continued profitability and positive cashflows is stability of exchange rates, availability of foreign currency from trading and minimal disruptions from Covid-19 related lockdowns. Based on the assessment undertaken the directors consider it appropriate to adopt the going concern basis for these financial results.

14 Segment reporting	Edgars Stores	Jet Stores	Manufacturing	Micro Finance	Corporate	Financial	Segment	Adjustments	Consolidated
	Retail	Retail	Carousel	Club Plus	Head Office	services	Totals	Eliminations	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Inflation adjusted									
26 weeks to 11 July 2021									
Revenue									
External customers	790,345,885	611,031,806	8,324,748	49,952,365	-	4,540,022	1,464,194,826	(127,283,454)	1,336,911,372
Inter-segments	-	-	73,611,792	-	174,979,033	-	248,590,825	(248,590,825)	-
Finance income	-	-	-	-	-	326,212,047	326,212,047	-	326,212,047
Total revenue	790,345,885	611,031,806	81,936,540	49,952,365	174,979,033	330,752,069	2,038,997,698	(375,874,279)	1,663,123,419
							-		
Segment profit / (loss)	957,379	(1,660,672)	3,179,823	4,018,644	9,950,508	50,140,200	66,585,882	(1,435,513)	65,150,369
Total assets	1,293,536,698	871,082,567	210,044,708	130,320,021	455,649,182	797,174,281	3,757,807,457	(221,926,899)	3,535,880,558

26 weeks to 5 July 2020									
Revenue									
External customers	401,448,220	344,419,789	14,683,634	16,896,006	2,082,484	-	779,530,133	26,777,144	806,307,277
Inter-segments	-	-	26,426,575	-	120,262,127	18,815,165	165,503,867	(165,503,867)	-
Finance income	-	-	-	-	-	187,622,868	187,622,868	-	187,622,868
Total revenue	401,448,220	344,419,789	41,110,209	16,896,006	122,344,611	206,438,033	1,132,656,868	(138,726,723)	993,930,145
							-		
Segment profit	65,058,059	75,496,489	15,833,323	1,697,874	644,783	89,004,149	247,734,678	3,713,389	179,112,150
Total assets	506,079,610	300,416,229	72,789,241	32,336,741	321,240,980	307,965,245	1,540,828,046	(558,112,833)	2,625,916,084

	Edgars Stores	Jet Stores	Manufacturing	Micro Finance	Corporate	Financial	Segment	Adjustments	Consolidated
	Retail	Retail	Carousel	Club Plus	Head Office	services	Totals	Eliminations	Total
	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$	ZW\$
Historical cost									
26 weeks to 11 July 2021									
Revenue									
External customers	751,793,328	581,226,072	7,703,194	47,475,147	-	4,257,507	1,392,455,248	(121,074,649)	1,271,380,599
Inter-segments	-	-	84,267,461	-	200,308,110	-	284,575,571	(284,575,571)	-
Finance income	-	-	-	-	-	296,025,375	296,025,375	-	296,025,375
Total revenue	751,793,328	581,226,072	91,970,655	47,475,147	200,308,110	300,282,882	1,973,056,194	(405,650,220)	1,567,405,974
Segment profit	2,179,171	(3,779,996)	7,237,866	9,147,177	22,649,193	114,128,355	151,561,766	(3,267,498)	148,294,268
Total assets	1,063,633,376	716,263,012	172,712,968	107,157,937	374,665,580	655,490,620	3,089,923,494	(182,483,311)	2,907,440,183

26 weeks to 5 July 2020									
Revenue									
External customers	175,220,987	98,118,650	4,123,923	4,522,741	-	-	281,986,300	(51,402,237)	230,584,063
Inter-segments	-	-	7,557,351	-	30,801,192	-	38,358,543	(38,358,543)	-
Finance income	-	-	-	-	-	55,601,020	55,601,020	-	55,601,020
Total revenue	175,220,987	98,118,650	11,681,274	4,522,741	30,801,192	55,601,020	375,945,863	(89,760,780)	286,185,083
Segment profit	42,244,527	19,252,325	5,659,048	711,162	-	22,567	67,889,630	6,737,192	74,626,821
Total assets	82,633,077	81,483,797	36,258,995	11,262,895	32,883,603	94,300,669	338,823,035	98,933,961	437,756,997

15 Dividend
No dividend was declared for the half year to 11 July 2021.



Abridged Reviewed Results for the 26 weeks ended 11 July 2021 (continued)

16 Chairman's Statement

The statement is prepared on the basis of inflation adjusted numbers.

CAUTIONARY- RELIANCE ON THE INFLATION ADJUSTED REVIEWED FINANCIAL STATEMENTS

The Directors have exercised due care in applying judgements in the preparation of these financial statements. However there are material and pervasive impacts from the change in functional currency in Zimbabwe on February 2019 that resulted in non-compliance with IAS 21: Effects of Changes in Foreign Exchange Rates and initial application of IAS 29: Financial Reporting in Hyperinflationary Economies. Other impacts have been highlighted in the "basis of preparation" paragraph of this press release as read in conjunction with the full half-year review opinion. This resulted in related qualifications in the half-year review opinion, which limits the usefulness of the financial statements.

TRADING ENVIRONMENT

The trading environment for the first six months was significantly impacted by the Covid-19 lockdowns in January, February and the last two weeks of June. The Company is not designated as an essential service provider and as a result lost close to seven trading weeks due to store closures and reduced trading hours. Limited social, educational and economic activity during the period also meant that demand for clothing over this period was lower than normal. As at the end of June turnover was significantly behind target.

Notwithstanding the challenging environment, positive business sentiment, stable interest and exchange rates, and a lag in inflation ensured that our financial services business units continued to perform and remain profitable over the period, ably sustaining operations.

GROUP PERFORMANCE

Unit sales – cumulative units sold were 945 000 as at end of Quarter 2, which was 2% below last year (2020: 963,000 units). Gross margins - gross profit margin improved from 42% to 46% in inflation adjusted terms compared to the same period last year. This was driven by fresh inventory assortments and increased imports.

The impact of lockdowns on trading was such that it necessitated the increase in borrowings in order for the business to service ongoing commitments such as occupancy and utility costs, as well as ensuring that our employees were remunerated on time. The increased borrowings were at an average interest rate of 44.4% per annum (2020: 43% per annum).

At the end of June the company had US\$190,000 in foreign liabilities which it is able to service from existing resources.

New stores - Jet Nkwame Nkrumah (Harare) and Jet Mutoko opened in April and August 2021 respectively. In October we are looking forward to the opening of Edgars Avondale, and Jet Hwange stores.

Edgars Chain - unit sales of 344,249 were down 6% (2020: 366,720). Credit sales constituted 68.1% of total sales compared to 64.7% for Quarter 1. Stocks closed at 13.7 weeks cover (2020: 17.2 weeks).

Jet Chain - unit sales of 526,691 were up 1% (2020: 523,034). Credit sales made up 46.5% of the total sales up from 40.9% at the end of Quarter 1. Stocks closed at 15.7 weeks cover (2020: 18.3 weeks cover).

Financial Services

Finance income was up 249% year-on-year and 6.6% up in Quarter 2 relative to Quarter 1. This was despite the fact that interest rates were reviewed downwards over the period.

The debtors' book increased from ZW\$519m in June 2020 to ZW\$639m in June 2021. The book performance remains healthy, with 86.3% (2020: 67.4%) of book being current, compared to 84.9% in Quarter 1. Active accounts at 37.4%, while stable throughout the year, declined relative to prior year (June 2020: 44.6%). Collections were good at 36.7% of the book, compared to 39.8% in Quarter 1.

Carousel Manufacturing

Unit sales declined to 74,021 from 121,093 units in 2020 resulting in lower efficiencies relative to last year. The factory secured its first export sales to the region in this quarter and management continues exploring export markets for more opportunities.

Club Plus - Micro Finance

The loan book increased by 150.4% to ZW\$76m compared to ZW\$30.5m last year. Interest income was up 85% from Quarter 1 and 209% year on year in inflation adjusted terms. The quality of the book remains good with over 80% of the book current.

COVID 19

The business has continued to learn from and adjust to the effects of the Covid-19 pandemic which present an ongoing risk. We joined the Ministry of Health's efforts to encourage vaccination through the rollout of a staff vaccination drive and vaccination discounts for staff and customers respectively. We are proud to note that as of end of August 2021 over 66% of our staff have been fully vaccinated.

DIRECTORATE

Happiness Vundla was appointed Chief Finance Officer effective 1 September 2021 after Bright Ndlovu retired from the Board and as Chief Finance Officer (CFO) effective 31 August 2021. The Board, management and staff would like to welcome Ms Vundla on her new role, and to thank Mr Ndlovu for his contributions over the years.

OUTLOOK

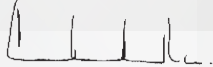
The effects of Covid-19 are difficult to predict in the outlook period. It is hoped that the ongoing COVID-19 vaccination programme being spearheaded by The Government of Zimbabwe will result in the achievement of herd immunity thereby making it unnecessary for Government to resort to lockdowns in the future.

Since the relaxing of lockdowns, trading in the chains has seen significant improvement with an increase in customer footfall. We hope that this momentum will be maintained going forward. Traditionally the last quarter of the year contributes 35%-40% of annual turnover. Management is confident that the profit forecast will be met.

We are looking to increase our geographic footprint through the opening of new stores as and when the opportunity presents itself.

APPRECIATION

On behalf of the Board of Directors I would like to thank our stakeholders – customers, suppliers and employees for their commitment and support through the first half of the year.



T N SIBANDA
CHAIRMAN
19 October 2021

