EDGARS STORES LIMITED

ANNUAL REPORT 2021

EDGARS

Jet

CAROUSEL
A Division of Edgars Stores Limited

clubplus
A DIVISION OF EDGARS

Contents

About this Report

Reporting Scope and Boundaries

Statutory instrument 134 of 2019 requires us to disclose the relevance of sustainability to our business, disclose our sustainability policy inter alia mitigation of risks, sustainability performance data and other information that provide our stakeholders with a deep understanding of performance – financial, environmental, societal and our overall contribution to sustainable development.

Reporting Frameworks

Sustainability Report	Zimbabwe Stock Exchange rules (S.I 134/2019) Global Reporting Initiative Sustainability Reporting Standards Companies and Other Business Entities Act (COBE)
Annual Financial Statements	International Financial Reporting Standards (IFRS) Companies and Other Business Entities Act (COBE)

This is our second integrated report in compliance with S.I 134 and covers information related to our business model, strategy, material issues and risks, governance and financial performance of the Edgars Stores Limited Group for the 53 weeks to 9 January 2022. The report is composed of the Sustainability Report and the Audited Financial Statements. All reports included here-in are available for download on our website (www.edgars.co.zw) and the Zimbabwe Stock Exchange website (www.zse.co.zw)

We developed this report through a peer review of the integrated reports from similar companies locally and regionally. In time we aim to continually improve on this report to achieve full compliance with the Global Reporting Initiatives (GRI) Sustainability Reporting Standards.

Materiality

Management's judgement has been used in determining the content and disclosure included here-in.

Assurance

The sustainability report has been approved by the Board of Directors. It is not subject to a process of audit by our external auditors or other third parties. The annual consolidated financial statements have been audited by Deloitte & Touche (Zimbabwe) and their report appears on page 24.

Responsibility Statement

The Board of Directors is responsible for overseeing the integrity of the integrated report. The Board acknowledges this responsibility and confirm that they have reviewed the contents of this report and believe that it is a fair representation in accordance with integrated reporting general frameworks.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these control procedures and systems has occurred during the period under review.

The annual consolidated financial statements are prepared on the going concern basis. The directors have reviewed the operations of the Company and assess this to be an appropriate basis.

The financial statements set out on pages 30 to 89 were approved by the directors on 25 July 2022 and are signed on its behalf by:

T. N Sibanda
Group Chairman

T. Ndlovu
Group Chief Executive Officer

Group Chairman's Report

Directors responsibility for the Integrated Annual Report

The Directors of Edgars Stores Limited are responsible for the preparation and fair presentation of the Group's consolidated financial statements. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements.

The principal accounting policies of the Group are consistent with those applied in the previous annual financial statements.

Cautionary – reliance on these hyperinflation adjusted financial statements

The Directors would like to advise users to exercise caution on their 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 at the beginning of 2019 and its consequent impact on the usefulness of the financial statements for subsequent reporting periods. This was further compounded by the adoption of International Accounting Standard (IAS) 29 'Financial Reporting in Hyperinflationary Economies'.

Whilst the Directors have exercised reasonable due care in applying judgements that were deemed to be 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

Throughout the financial reporting period of 2021, the operating environment remained volatile. The Group continued to trade under challenging socio-economic conditions and effects of various regulatory pronouncements. Although relatively stable over the reporting period under review, inflation and exchange rate movements continue to have a significant impact on the Group's operations.

Operating costs are increasing, with occupancy, employment, intermediated transaction tax and fuel costs being some of the significant costs that continue to rise. Management remains focused on recalibrating the business models in response to these price corrections to preserve value and build a strong balance sheet for the business.

Financial performance (based on inflation-adjusted results)

Notwithstanding the challenges in the operating environment, the Group managed to close 2021 with an improved performance over the year. The Group reported Revenue of ZWL6.9billion which is 82.5% up from that achieved in 2020 of ZWL3.7billion. Profit before tax of ZWL590million was a significant improvement from the prior period loss of ZWL290million. This is a demonstration of the various initiatives implemented by Management to ensure fresher stock was available in our stores. The Group achieved a basic earnings per share of 97.49 cents 2020: (78.89 cents).

Total Group units sold increased by 4.1% from 2.4million to 2.5million compared to the same period last year. 2021 saw our Manufacturing concern, Carousel, recording its first export sale to Botswana, bearing testament of Management's initiatives to continuously explore alternative markets.

Trading in foreign currency since April 2020 has allowed our retail chains to improve stock assortments, which in turn has increased traffic in our stores. While a sizable portion of our cash sales are in foreign currency, we believe that this proportion can be increased through favourable and consistent application of regulatory policies around trading in foreign currency.

Gearing increased to 0.5 in the current year from a prior year of 0.3. Funding was channelled towards growing the debtors' book as well as store expansion initiatives. At the end of the reporting period, the company had USD241k foreign liabilities which it will be able to service from existing resources.

Retail performance

Total retail merchandise revenue amounted to ZWL5.56billion representing a 70.1% increase from prior year. The split between credit and cash sales was 61.2% (2020: 43.5 %) and 38.8 %(2020: 56.5 %).

The Edgars chain recorded turnover of ZWL3billion up 73.7% from the prior year of ZW1.7billion, at 956k, units sold were up 8.2% from 887.7k in the comparative period. The split between credit and cash sales was 69.1% (2020: 53 %) and 31.2% (2020: 47 .1%). We opened a new store in Avondale in October 2021. Stock covers closed at 20.5 weeks (2020:19.2weeks).

Total sales for the Jet chain were ZWL2.5billion up 78.6% from ZWL1.4billion achieved in the comparative period. The split between credit and cash sales was 45.5% (2020: 28.1 %) and 54.5 %(2020: 71.9 %). Total Units sold for the period were up 13% from 1.28m to 1.48m. The Chain increased its store count to 31 stores from 27 stores in the comparative period. Stock covers closed at 16.2 weeks (2020:16.9 weeks).

Financial services

The gross retail debtors' book closed the period at ZWL1.54 billion up 257.2% from ZWL431million in the comparative period. Active account growth increased to 128k from 120k, this 6.5% growth is attributed to various account drive initiatives. The asset quality remains solid with 84.6 %(2020: 83.3%) of our retail debtors' book in current status. Expected credit losses (ECLs) as at end of December 2021 were 2.3% of the book compared to 1.1% as at end of December 2020, although this shows Management's prudent application of the related credit loss accounting standards, the 'deterioration' is below the industry benchmark of 5.0%.

Club Plus Microfinance

The loan book closed at ZWL151 million (2020: ZWL30.3m) representing a 399% increase from prior year. Asset quality remains positive with over 80% of the book being in current. Improved efficiencies in loan approval and disbursement processes have resulted in increased turnaround. We have seen an increase on the uptake of loan applications through our online platforms i.e. the mobile app, this has provided our customers with added convenience.

Carousel Manufacturing

The Manufacturing Division recorded turnover of ZWL334million up 127.2% over prior year. However total units sold were down 42.1% to 165k (2020:286k). Demand in prior period was largely driven by Covid - 19 PPE such as the manufacturing of masks. Management has been actively seeking alternative markets, which has seen the division securing and delivering on its first export sales order in the period. Investment in various re-tooling and machinists training is ongoing which will see the division expanding on its product offering as well as improved efficiencies.

Effect of COVID-19

Material disruptions stemming from Covid-19 lockdown restrictions had a significant impact on the Group's performance, most significantly in January and February 2021 where the business lost over 7 trading weeks of sales. In the other limited lockdown months from March to August 2021 (which includes our peak winter season) we effectively traded at 60% of our normal trading hours.

Covid -19 brought about supply chain challenges such as shortages of shipping containers and port space. This had a resultant negative effect of delaying shipment and arrival of imported merchandise and an increase in shipping costs. There was also an impact on production and delivery of local merchandise due to delays in receiving imported fabrics and trims.

The effect of Covid-19 brought about new ways of doing business which has become the 'new norm'. This is characterised by improved engagement with customers across social media platforms and has seen the setting up of online stores and convenient payment platforms.

The Group continues to implement and observe WHO approved Covid-19 guidelines throughout its operations to safeguard all stakeholders. Implementation of an effective staff vaccination program has seen over 97% of our staff being vaccinated. This, along with the various vaccination programs implemented by the Government will go a long way in ensuring the safety of our staff and our customers.

Board membership

Ms Happiness Vundla was appointed Group Chief Finance Officer effective 01 September 2021 after Mr Bright Ndlovu left the Group.

Mr Vusumuzi Mpofu took early retirement at the end of January 2022 after serving the Group for 21 years.

Mr Christo Claassen, a seasoned retail specialist, joined the Board with effect from 1 March 2022.

Outlook

Management continues to remodel the business to capitalise on opportunities that arise in the very uncertain operating environment. Cost containment remains a focus area so as to ensure long term viability of the business.

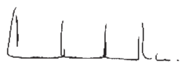
The Group seeks to expand its geographic footprint through the opening of new stores in strategic locations. Smart merchandise procurement remains a key focus area to ensure that target margins are achieved without compromising the merchandise quality. We will continue to transform our customer experience through updating our stores to world class standards, offering widened merchandise ranges at affordable prices and flexible credit terms.

Dividend

Regrettably, your Group will not declare a dividend for the 52 weeks to 09 January 2022. The position will be reviewed having assessed the performance in the current year.

Appreciation

I wish to commend fellow Board members, shareholders, management and staff for resilience and commitment in the face of the challenging environment. I look forward to continued effort from all during the coming year.



T N SIBANDA
CHAIRMAN

25 July 2022

Group Financial Highlights-Inflation Adjusted

	9 January 2022 53 weeks ZWL'000	10 January 2021 52 weeks ZWL'000	Change %
Group Summary			
Retail sales revenue	6,887,297	3,771,795	83
Earnings attributable to ordinary shareholders	558,854	(322,122)	(273)
Net cash inflow from operating activities	(1,175,443)	(83,721)	(1304)
Total assets	5,623,428	3,637,228	55
Market capitalisation	317,065,370	56,705,922	459
Ordinary share performance (cents per share)			
Earnings			
Basic	97.49	(78.89)	(224)
Diluted	96.97	(78.05)	(224)
Net equity	2,439,978	1,973,136	24
Market price	520.00	93.00	459
Financial statistics			
Return on ordinary shareholders equity	80.84	(18.37)	(333)
Liquidity ratios			
Current ratio	1.59	2.38	(0.33)
Gearing-gross	1.30	0.84	0.55
Gearing-net	0.18	0.39	(0.53)
Borrowing times covered by stock and debtors	1.22	1.00	(0.23)

Sustainability Report

Who we are

1946

FIRST STORE

First Edgars store in Rhodesia is built by Sydney Arnold Press.

1948

COMPANY REGISTRATION

Registration as a company with the inaugural Board meeting held on 18 January

1974

LISTING

Listing on the Rhodesian Stock Exchange. Acquisition of Carousel Clothing Company.

1984

EXPRESS

Introduction of Express Mart.

1993

ACQUISITION: JEANS COMPANY

Acquisition of the Jeans Company (dormant).

2011

REBRANDING

Rebranding of Express Mart into Jet.

2016

CLUB PLUS

Launch of Club Plus (Private) Limited, a microfinance company

2019

TRADEMARKS

Acquisition of Edgars and Jet trademarks from Edcon Limited (SA).

2020

BEAUREU DE CHANGE

Launch of CCS Bureau de Change (BdC) – a money remittance agency.

Our brands

EDGARS

26 stores across the country

Jet

31 stores across the country

ONLINE

shop.edgarsstores.co.zw

shop.jetstores.co.zw

WhatsApp trading

CAROUSEL

A Division of Edgars Stores Limited

Manufacturing Division with a factory in Bulawayo

clubplus

A DIVISION OF EDGARS

Microfinance Company

AFRIQUE | CHARTER CLUB | donatella | EDGARS BEAUTY | EDGARS CLUB | ENZO | faithwear

Jet baby | Class Act Schoolwear | Kelso CAREER | MAGNIFIQUE | Massimo | NETWORK | QUOTE

QUOTE | RED HANGER | SHELLEY | SIGNATURE | STONE HARBOUR | TEMPTATIONS | thank U

Vision and Mission Statement

Vision

We aim to be Zimbabwe's undisputed market leader in the clothing and footwear retail business offering quality merchandise, value and superior customer service in world class shopping environments.

Mission

Our mission is to create and enhance stakeholder value. We do this as follows:

Customers

To be the retailer of choice providing a memorable shopping experience.

Our customers drive the business through the purchase of merchandise and financial services. It is imperative to provide them with the latest fashion. We aim to provide them with convenient store locations, quality merchandise and flexible credit offerings. We engage with our customers across several platforms:
In-store, call centre, SMS, WhatsApp groups, Facebook and Instagram.

Investors

To deliver economic value through sustained real earnings growth as reflected through growth in the balance sheet, share price and distributions.

After adoption of the Zimbabwe Stock Exchange (ZSE) regulations, shareholders have up to date information on developments within the company through:
- Quarterly trading updates
- Reviewed half year financial statements

Employees

We want to be regarded as the preferred equal opportunity employer. To offer working conditions that are competitive and help us attract, develop and retain creative, skilled and motivated people.

We are proud to have a female representation of 51% (2021: 51%) which reflects our good employment equity.
The twin metrics of training spend and training time suffered in the current year due to Covid-19 induced budget cuts and lock-downs. Notwithstanding the challenges the business was able to retain most of its employees.

Suppliers

We aim to achieve synergies through win-win partnerships based on honesty and integrity.

The Group embarked on a merchandise import substitution programme in 2019 primarily as a response to foreign currency shortages at the time. We continue to capacitate local suppliers through this initiative which has helped smoothen supply challenges over the pandemic. We have in place a policy and quality assurance department that ensures that suppliers incorporate appropriate processes in their production processes.

Community

To be a socially responsible and caring corporate citizen committed to the highest standard of professionalism and ethical behaviour.

In 2021 the Group focused on revamping CSR offering. We managed to contribute towards 2 of the Sustainable Development Goals namely SDG #17: Partnership for goals and SDG #3: Good health and well-being.
Partnership for goals activities that took place included donation of linen and plumbing materials to Gungwe Clinic in rural Gwanda, monetary donation towards Mpilo Doctors after a fire outbreak and mask donations to the vulnerable in Chimanimani. Health and well being activities included pads donations and donations towards the Bulawayo water project.

Group Strategy

Providing value to our Shareholders sits as a primary focus of the Group's strategy. Key to achieving this is a strict adherence to our vision and values, driven by our disruptive Culture Change initiative; an all-encompassing approach that speaks to the customer, supplier, employee and all our various stakeholders.

Anchored on real growth, the strategic framework is premised on increasing our retail footprint by opening new stores in prime locations, revamping existing stores, and growing our digital reach – all in a drive to provide a world class-leading shopping experience. Albeit spurred by the Covid-19 pandemic, the Group continues to grow its digital endpoints including the online stores, online loan application App and Whatsapp shopping, in line with afore-mentioned strategy.

Upstream, the group has set its sights on growing capacity at factory level. Essential to success is local supplier integration & development as well as continuous exploration of opportunities for strategic partnerships with global suppliers.

Put together, the above levers have been complemented by an attractive credit facility that is underpinned by long-term capital and sound management of micro and macro-economic factors.

Successful implementation of the Group's strategy is regularly monitored in line with profitability, inventory holding and overall growth in real, unitary terms.

How we create value

Type of capital	Description	Key metrics and measures
Financial	Being financial resources available to the business from contributions by shareholders and accumulated profits from trading.	Profitability
Manufactured	The infrastructure that the business controls for acquiring, distributing and selling merchandise. This includes retail stores, distribution centres, online stores and online applications. For our business this also includes local suppliers that we have developed to cater for our needs.	Number of stores (physical, online and applications)
Intellectual	The know how within the business – both intangible and otherwise embodied in data, systems, processes, brands and trademarks that differentiate the business from its competitors.	Brands and trademarks
Human	Our employees create value by meeting the needs of our customers, having relevant fashion, of the right quality and providing the necessary support functions to enable business operations.	Number of employees
Social and relationship	The business operates in a community that encompasses the government, suppliers and the general public. Responsible corporate social responsibility requires that we carry our share of community obligations and responsibilities	Corporate Social Responsibility (CSR) spend and reach.

Performance for the year

Financial capital

Group Financial Highlights - Historical

	9 January 2022 53 weeks ZWL'000	10 January 2021 52 weeks ZWL'000	Change %
Group Summary			
Retail sales revenue	5,731,273	1,705,036	236
Earnings attributable to ordinary shareholders	710,851	389,611	82
Cash inflow from operating activities	(924,626)	78,371	(1280)
Total assets	4,786,453	1,872,469	156
Market capitalisation	317,065,370	56,705,922	459
Ordinary share performance (cents per share)			
Earnings			
Basic	96.64	18.37	426
Diluted	95.61	18.09	429
Net equity	151.39	31.57	380
Market price	93.00	25.90	259
Financial statistics			
Return on ordinary shareholders equity	100.92	56.59	78
Liquidity ratios			
Current ratio	1.39	2.09	(33)
Gearing-gross	1.67	1.04	60
Gearing-net	0.15	0.44	(66)
Borrowing times covered by stock and debtors	1.11	0.91	22

Commentary

- Notwithstanding the challenges in the operating environment, the Group managed to close 2021 with an improved performance over prior year.
- Effective hedging strategies were put in place to manage inflationary risk

Manufactured capital

	9 Jan 22	10 Jan 21
Underperforming stores closed	1	1
New store branches opened:	5	2
» Physical		
» Online applications	0	2
Stores renovated	0	1
Factory CAPEX (ZWL)	12,160,562	10,397,189
Number of local suppliers	332	332
Number of stores	57	53
Rentals paid to landlords (ZWL)	285.3m	49.8m

- The Group was able to conclude lease renegotiations for all properties. Rentals secured were significantly higher.
- Despite the downturn in business only one store (Cameron Street, Harare) was closed down due to sustained lack of profitability. The business is already in the process of replacing the closed store at another location.
- Low uptake on the online Jet and Edgars online stores – strategies are in place to growing this platform.
- New machinery to expand the capacity of the factory in denim was received in January 2021.
- Plans are in place to expand the retail footprint through the addition of at least 4 more shops in the first half of 2022.

Intellectual capital

	9 Jan 22	10 Jan 21
Total trading brands	6	6
Brands acquired or developed	0	3
Units output from the factory	156,914	280,488
Number of customer accounts:		
» Absolute	310,782	299,693
» Active	39.6%	40%
Intangible assets and goodwill (ZW$)	71.9m	52.8m

- The factory managed to secure and deliver an export order to Botswana in the year.
- Total number of accounts grew marginally. The stability of the exchange rates towards year end allowed the business to relax credit limits which in turn improved the number of active accounts.

Human capital

	9 Jan 22	10 Jan 21
Total number of employees	1 124	1 000
Training spend (ZW$)	3,624,850	218 547
Number of employees trained	539	191
Employment equity: > Female representation	51%	51%

- There was a focused and calculative headcount growth in line with business performance and increased trading hours that characterized the business for the larger part of the year.
- We scaled up digital training in light of Covid 19 and the demand for tech skills.

Social and relationship capital

	9 Jan 22	10 Jan 21
CSR spend (US$)	>US$90 k	<US$5k
Followers on Facebook and Instagram	113,437	104,497
Significant corporate tax paid (ZWL$)	103m	64.2m
Local procurement %	>50%	>50%
Number of days lost to strike action	Nil	Nil

- The revamping efforts made toward CSR yielded positive results.
- Made a donation of clothes and blankets to orphanages and old peoples home to a value of US$2,000.
- Made a donation of masks to Chimanimani worth US$9,000.
- Procured plumbing fixures and and supplies for Gungwe Clinic phase 1 revamp valued at US $5,000 and also donated linen items valued at US $2,000.
- The Edgars Helping Hands Helping Her pads campaign kicked off with a donation worth US $500 to Unlimited Hope Alliance with 1,000 pads donated. The 2nd phase for reusable pads will kick off in Q1 2022.
- The Edgars Bursary Program kicked off with 2 beneficiaries to be selected for 2022. The bursary will cover the beneficiaries school fees requirements for the next 4 years.
- The business continues to support local suppliers thus providing jobs to the local economy.
- Despite the very hostile employee relations environment the business navigated the year without significant industrial action.
- Online customer engagement platforms continue to grow and provide a mechanism to tap into and evaluate our brand equity in the market.

Our material issues

Material issues are a combination of issues and risks that impact the ability of the company to create value for its stakeholders and affect its strategy. These issues are monitored and addressed by the Board and management through several platforms (Board meetings, Excom meetings and other fora). We have included in this report what we consider the most material issues affecting the business in the current year and their related outlook.

Instability of the Zimbabwean Economic Environment

Hyperinflation	» We put in place a system of monitoring inflation and adjusting pricing accordingly. » Adopted a strategy of hedging the debtors' book » Adopted mechanisms of maximising value preserving assets over those subject to inflation devaluation.
Availability and high cost of borrowings	» We utilised value preserving assets as collateral to negotiate lower cost of borrowing. The cost of borrowing in the fourth quarter remained high despite a stable exchange rate and slowing inflation.
Increasing cost of doing business	» Management continues to monitor and negotiate increases proposed by suppliers. Extensive effort and moderate success has been achieved in rentals and borrowing costs. » Employee costs increased to catch up to the market and minimise loss of key staff.
Risk of political riots, looting and property destruction	» We are looking at obtaining insurance cover specific to damage from outlined risks. » Generally the business assets are adequately covered by existing insurance cover. There is enough security presence in place in all our trading locations. » We have also endeavoured to develop good working relations with the police to provide additional security cover where required.
Covid-19 associated mitigatory measures	» Online channels (online stores and WhatsApp trading) have allowed us to generate revenue as an option to customers visiting our trading stores. » We continue to use online banking, Ecocash and One Wallet platforms in accounts collection. » We have used our online customer engagement platforms and SMS to communicate with our customers on available promotions and online trading channels. » Non-essential staff have been set up to work from home and rotation was also implemented. » Necessary arrangements for testing and hospitalisation of staff was procured from third parties. » The business continues to provide masks and sanitizers for use by employees

Reliance on Information Technology

Cyber security incidents	» We have acquired relevant intrusion detection and stopping software on the internet gateways. » Other solutions such as artificial intelligence and machine learning are being investigated for implementation.
Lost sales due to system downtime	» Manual systems have been put in place in all physical stores in case of downtime.
Unreliable electricity supply from ZETDC	» Generators and battery systems have been installed for all stores and servers.
IT personnel up-skilling and retention	» Funds have been availed for IT personnel to attend courses to up-skill. Our main training courses on merchandising, stores management and project management ran on schedule in the current year.
Availability of key support IT systems	» An IT roadmap and budget have been drawn up to bring up to date old and obsolete infrastructure. This includes: -Upgrades to the ERP and Payroll systems. -HR system upgrade on course for completion in June 2022
Cost of Information Technology (IT)	» In the current year we were able to successfully negotiate reductions in ERP costs. » The legalisation of trading in foreign currencies (FOREX) have bought relief as most of our IT licenses are payable in FOREX. » Management is looking at how the increasing cost of IT can be offset by increased scale (growth) and efficiencies.

Managing retail presence

Store profitability	» We continue to monitor profitability of the business on a store by store basis. Staffing and rentals – being the main cost drivers are negotiated on this basis. » The number of stores closed due to poor performance have been reported in the Manufactured Capital section of this report.
Trading disruptions from Covid-19 lockdowns	» As reported under 'Instability of the Zimbabwe Economy' the group has been working hard at pushing sales through our online stores platforms.
Changing retail trends	» The Group has had the benefit of being able to tap on developments in the retail space regionally and internationally. » The last decade has seen the movement from single channel retail (physical stores) to multichannel (online magazines, online stores, websites and social media). » Developments noted are being evaluated and implemented across the group where practicable for Zimbabwean circumstances.
Relevant store look	» In all the cities and towns that we trade in we position our stores in prime and accessible locations. » Management are committed to modern stores. This is reflected in an on-going programme of store renovations and revamps. Progress made in this regard in the current year is reported under manufactured capital.
Managing leases	» Leases were an area of focus in F2022 due to the instability of our local currency– management successfully negotiated rentals for the 2022 year. > Leases were agreed on terms that aimed at long term tenures.

Managing credit risk

Drive account growth	» The ratio of active accounts hit a low of 32% by the end of Q3 but saw 30% growth in Q4. » Account utilisation remained low due to the hostile credit environment obtaining. There was no meaningful increase in new accounts in the current year. » Going forward management is looking at improving the ratio of active accounts by a combination of opening up credit and improving customer engagement.
Improved engagement with account holders	» Covid-19 pandemic has forced the group to innovate on platforms used to communicate with customers. » The year to date saw increased use of existing platforms (SMS and websites), the launch of the new platforms (online stores and WhatsApp trading) and an increased uptake in online microfinance loan applications. » Subscribers in our Facebook and Instagram pages grew as disclosed under social and relationship capital. » The Thank U Loyalty program was initiated in 2021 with very few customers taking advantage of the program to buy merchandise using their loyalty points.Management has scaled up advertisement of the program to create customer awareness.
Leverage existing information base	» The ability to synthesize information from existing data on payment history, purchasing patterns and fashion preferences as well as cross referencing against other databases e.g. the credit bureau, social media remain one of the underdeveloped areas of the business. » Bringing this information together could be key in predicting customer behaviour and in launching new products.
Adjust offering to match changes in the environment	» Management studied the market closely during the year and were able to revise credit offerings as circumstances changed e.g. customising credit limits offered to individual earning power, limiting credit period to levels that could be safely supported by available liquidity. » The experience and skills gained in this challenging period will prove invaluable in the future.

Managing the risk of fashion

Changing fashion and retail trends	» The group has internal training programmes for its merchandisers and retail management developed from our long association with Edcon (SA).
Merchandise staff retention and up skilling	» We have developed relationships with designers, merchandisers and suppliers from South Africa and other parts of the world that we can tap in for fashion direction. We continue to leverage these relationships through group procurement amongst other ways. » As a market leader we actively continue to expand our brands either internally or through partnerships with external parties. In the current year we added, under license, the Faith Wear brand and launched Afrique line in-house. Both have been well received.
Inventory aging and cover	» The group merchandise team constantly monitor stock aging and cover within pre-set parameters. Corrective action is taken as soon as is possible but not longer than a month where needed.
Merchandise supply strategy	» We continued capacitating suppliers in the current year through local procurement and financing. » Local suppliers have proved important during the disruptions in supply chain brought by the Covid-19 pandemic. » As part of the IT roadmap the group is looking into investing in data warehouses and analytical tools that quickly and accurately allow insight into historical and current selling trends which impact forward planning and procurement.

Our people

Edgars Stores Limited Board of Directors

Executive Directors

Tjeludo Ndlovu (37)
Group Chief Executive Officer
Chartered Accountant (Zimbabwe)
Joined the Group in 2013
Appointed to the Board in June 2018

Happiness Vundla (38)
Group Chief Finance Officer
Chartered Accountant (Zimbabwe)
Appointed Group Chief Finance Officer September 2021

Vusumuzi Mpofu (53)
Chartered Secretary (FCIS), ACMA, RPA (Z)
Edgars Chain Director
Joined the Group in 2000
Appointed to the Board in 2008
Resigned from the Board in January 2022

Non-Executive Directors

Themba N. Sibanda (68)
Chairman of the Board of Directors
Chartered Accountant (Zimbabwe)
Appointed to the Board in 2003

Canaan F. Dube (66)
Chairman of the Audit Committee
LLB (Honours) and MBA (MSU)
Appointed to the Board in 2004

Raymond Mlotshwa (72)
Former Group CEO (March 2010)
BA (UZ)
Joined the Group in 1981
Appointed non-executive in 2010

Matthew Hosack (40)
Member of the Remuneration Committee
B.Bus. Science (UCT)
Appointed to the Board in December 2019

C Claasen(52)
CA(SA), B Com Accounting and Finance
Member of the Audit Committee
Appointed to the Board in 2022

Corporate Governance Report

Statement of responsibility for the Financial Statements

The Board of Directors is responsible for leadership, strategy formulation and implementation, governance and performance of Edgars Stores Limited. The Board discharges this obligation directly in meetings and through delegation to its sub-committees and management.

The Board's responsibilities are well defined and adhered to. These are based on a predetermined assessment of materiality and include amongst others:

» Compliance with corporate governance principles (National Code of Governance in Zimbabwe)
» Evaluating and reviewing the group's strategic direction
» Reviewing the Group's risk universe and placing risk management responses
» Reviewing the performance of executive management against business plans, budgets and industry standards
» Ensuring that an effective and efficient internal control system through a comprehensive system of policies and procedures.
» Setting the correct tone on ethical behaviour and ensuring compliance with relevant laws and regulations
» Evaluating on a regular basis material economic political, social and legal matters in the environment that impact the business and its various stakeholders, and directing appropriate responses
» Taking external expert advice in the discharge of its duties
» Relevant and reliable financial reporting

Size and experience of the Board

This is dictated by the articles of association of the Company which permit a maximum of 12 directors. The Board currently has 7 members and is chaired by an Independent non-executive Chairman

.

Attendance at Board meetings

Main Board

Board Attendance	Apr 2021	Jun 2021	Sep 2021	Dec 2021
T N Sibanda*	√	√	√	√
C F Dube*	√	√	√	×
R Mlotshwa*	√	√	√	√
H. Vundla*	√	√	√	√
M Hosack*	√	√	√	√
T N Ndlovu	√	√	√	√
V Mpofu	√	√	√	√
B Ndlovu	√	√	n/a	n/a

Key:

*Non-Executive Director
√ - attended
× – did not attend
n/a - not applicable (left the Group September 2021)

In the year to date the Board deliberations included the following:

Approved

» Strategy adjustments – adopting a variable basis for business costs, interventions on aged stock and balance sheet value preservation.
» Adoption of sustainability reporting and corporate governance best practice in compliance with the new Zimbabwe Stock Exchange (ZSE) regulations. This included initiating the process of bringing the Board charters to date
» Financial budgets for the F2022 financial year
» The General Enabling Resolution providing for general signing and authorisation matrices for the Company
» The retirement of V Mpofu as a Director and member of the Board.
» New performance based remuneration policy for the group that covered inter alia executive remuneration, bonuses and motor vehicle scheme

Board Expertise

	T.N Sibanda	C. F Dube	R. Mlotshwa	M. Hosack	H. Vundla	T. J. Ndlovu	V. Mpofu
Strategic planning and risk management	•	•	•	•	•	•	•
Retail			•	•		•	•
Corporate law		•	•			•	•
Corporate governance	•	•	•	•	•	•	•
Reporting, finance and taxation	•				•	•	•
Corporate affairs and communication	•	•				•	•
Financial services and markets				•	•		
Information technology*							
Human resources*							
Marketing*							

* Information technology, human resources and marketing expertise are housed within the management team (Excom) being the Group IT Executive, Group Human Resources Executive and Group Marketing Executive. The Remuneration Committee is currently looking at strengthening the Board experience in these areas.

Noted and led

- » Management to continuously seek to improve internal controls and keep the company growing under difficult trading conditions
- » The collective experience of the Board including their knowledge of other company operations was critical in guiding management in business strategy in a hyper inflationary environment.

Audit and Risk Committee

The Audit Committee continuously evaluates the Group's exposure and response to significant risk, reviews the appropriateness and adequacy of the systems of internal financial and operational control; reviews and evaluates accounting policies and financial information issued to the public, ensures effective communication between directors, management, internal and external auditors, reviews the performance of the internal and external auditors, recommends the appointment of the external auditors and determines their fees.

The Audit Committee normally comprises three non-executive directors. Mr. C. Dube chairs the Committee and the other member is Mr M Hosack . Ms H Vundla stepped down as Non Executive Director after her appointment as Group Chief Financial Officer. The Group Chief Executive Officer and Group Chief Finance Officer are invited to attend all meetings of the Committee as invitees. The External Auditors and Head of Group Internal Audit also attend the meetings by invitation. The committee occasionally invites external experts to sit in the meeting.

Audit	March 2021	Sep 2021	Dec 2021
C F Dube*	√	√	√
M Hosack*		√	√
H. Vundla*	√	n/a	n/a

Key:

* - Non-Executive Director
√ - attended
× - did not attend
n/a - not applicable (appointed Group Chief Finance Officer)
• - No meeting

The year to date was a particularly busy one due to the myriad of changes in legislative and reporting requirements. The main issues deliberated on by the committee included:

Reviewed and recommended to the Board

- » Approval of the internal audit plan for F2022
- » Interrogation of internal audit procedure outcomes for F2021
- » Review and update of the risk matrix especially the emergent areas of governance, compliance with laws and regulations, IT and Cyber risk. This exercise is on-going and will continue into F2022
- » Application of IAS 29 : Financial reporting in hyperinflationary economics
- » Initial application of sustainability reporting
- » On-going assessment of the independence of internal and external auditors
- » Review and ratification of significant transactions with related parties
- » External Auditor performance
- » Evaluation of Internal Audit department performance

Remuneration and Nominations Committee

This Committee's function is to approve a broad remuneration strategy for the Group and to ensure that directors and senior executives are adequately remunerated for their contribution to operating and financial performance, in terms of base pay as well as short and long-term incentives.

Attendance at Remuneration Committee Meetings

Remuneration	Mar 2021	Sep 2021	Dec 2021
T N Sibanda*	√	√	√
C F Dube*	√	√	√
M Hosack*	√	√	√

Key:

* - Non-Executive Director
√ - attended

Key activities for the committee in the year to date incorporated:

Reviewed and recommended to the Board

- » Assessment of existing skills gap in the Board of Directors
- » Adoption of new Non-Executive Board fees
- » Approval of the Real Growth Incentive Scheme and Motor Vehicle Loan schemes
- » The launch of the culture change program for F2020/1
- » Approval of the 2021 Succession Plan for Group Executive roles

The People Report

	F2021	F2020
Total number of employees	1 124	1 000
Female employees	51%	51%
Employees with disability	5	5
Retail employees	530	511
Corporate employees	116	171
Days lost to industrial action	Nil	Nil

Our Response to COVID19

The business continued to battle the Covid19 pandemic risks to both life and business continuity. The following Covid19 protocols continued to be implemented across the group:

» Social distancing; masking up and sanitizing at all times; decongesting the workplace through working from home and alternative attendance at work; Ensuring that all sick staff do not report for duty (paid sick leave) etc.

» The special arrangement with other group companies to pool resources for the purpose of timely testing of suspected Covid19 cases; Maintaining a Covid-19 hospital and a team of specialised medical staff to man it;

» In line with international practice and recommendations of the Ministry of Health and Childcare, we encouraged all eligible staff to take the two doses of Covid19 vaccination. We are proud to have attained 100% vaccination resulting in a significant reduction in severe cases of illness from the virus.

Development of Critical Skills

We continued our efforts to develop our own mission-critical skills such as Merchandise Planning, Merchandise Procurement and specialized Apparel Retailing which are not readily available on the Zimbabwean employment market. Trainee numbers were increased substantially, and doubled in some instances.

We continued the development of Project Management Skills designed to bring efficiency in implementation of projects which are critical in the successful implementation of our growth business strategy.

Along with the foregoing, online learning through Microsoft Teams was promoted in response to both technological developments and Covid19 restrictions.

Building our Employee Relations Strategy

Our efforts at building collaborative and transparent employer-employee relationships continued and enabled the business to find its way through the very difficult covid19 environment. All scheduled Works Council meetings were held and communication between Management and leaders of organized labour were scaled up with a view to bring common appreciation of environmental factors affecting the operations of the business.

Developing a Culture of Peak Performance Through Sound Team Leadership

The Corporate Culture change initiative TSLAR (Targets, Strategy, Leadership, Achievement and Rewards) moved a gear up. It was devolved to the rest of the business. 147 Team leaders came together in online meetings and adopted five leadership traits (Edgars Success Leadership Traits - ESLTs) to be practiced by all team leaders with a view to developing motivating team leadership skills: Focus On Results; Integrity; Decisiveness; Passion/Positive Energy and Accountability. All Team Leaders received anonymous feedback from subordinates on their performance on these traits with a view to inspire improvement..

T. N Sibanda	**T. Ndlovu**
Group Chairman	**Group Chief Executive Officer**

25 July 2022

Directors' Responsibilities and Approval

The Directors are required in terms of the Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The Group prepares financial statements with the aim to fully comply with International Financial Reporting Standards (IFRS) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC).

The inflation adjusted consolidated and separate financial statements of the group have not been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC) as a result of non-compliance with IAS 21 Effects of Changes in Exchange Rates on accounting for change in functional currency in prior year and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" for non-correction of the prior year non- compliance with IAS 21. This is because it has been impracticable to fully comply with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument created inconsistencies with International Accounting Standard 21: The effects of changes foreign exchange rates. This has resulted in the accounting treatment adopted in the prior year and current year Financial Statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS. The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group's cash flow forecast for the year from the date of signing this report and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's financial statements. The financial statements have been examined by the Group's external auditors and their report is presented on pages 24-28.

The financial statements set out on pages 30-89, which have been prepared on the going concern basis, were approved by the Board of Directors on 25 July 2022 and were signed on their behalf by:

Approval of financial statements

Director **Director**

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Bulawayo
Zimbabwe

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EDGARS GROUP LIMITED

Introduction

We have audited the accompanying inflation adjusted consolidated and separate financial statements of Edgars Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 30 to 89 which comprise the inflation adjusted consolidated and separate statement of financial position for the 52 weeks ending 9 January 2022, the inflation adjusted consolidated and separate statement of comprehensive income, the inflation adjusted consolidated and separate statement of changes in equity, and the inflation adjusted consolidated and separate statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated and separate financial statements do not present fairly, the financial position of the Group for the 52 weeks ending 9 January 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with IFRS 13 "Fair Value Measurements" (IFRS 13) in the determination of the value of Property, Plant and Equipment for the current and comparable years

As set out in note 1.5 and note 2 to the inflation adjusted consolidated and separate financial statements, the Group performed a revaluation of Property, Plant and Equipment for the 52 weeks ending 9 January 2022. The Group engaged professional valuers to determine fair values in USDs, and management subsequently determined the ZWL equivalent fair values by translating those USD valuations using an estimated exchange rate for the 52 weeks ending 9 January 2022. In addition, the Group's Leasehold Improvements were not revalued in prior year in accordance with the group's accounting policy.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. In the current and prior period, we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable. However, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZW$/USD blended exchange rate in the determination of the final ZW$ fair valuations presented for the prior and current years. Consequently, the Group did not disclose the unobservable significant inputs applied in the determination of fair value as is required by IFRS 13.

IFRS 13 further requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique

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A full list of partners and directors is available on request

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Non-compliance with IFRS 13 "Fair Value Measurements" (IFRS 13) in the determination of the value of Property, Plant and Equipment for the current and comparable periods (continued)

We were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZW$/USD blended exchange rate in determining the ZW$ fair value of Property, Plant and Equipment, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of Property, Plant and Equipment in ZW$. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZW$ valuations of Property, Plant and Equipment to the blended exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of Property, Plant and Equipment reflects the implications on market dynamics of the blended exchange rate.

The method of determining the value of the Property, Plant and Equipment in the current and prior year is reasonable, in US dollars but is not an accurate reflection of market dynamics and the risk associated with ZW$ transactions on a willing buyer, willing seller basis.

Impact of incorrect date of application of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS 21) on comparative financial information and inability to determine the appropriate spot exchange rates to apply to the foreign currency transactions and balances, in the prior and current years.

The Group did not comply with IAS 21 in the prior financial years, as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). Had the assessment required by IAS 21 occurred in the correct period from 1 October 2018, the adjustments that were recognised in the 2019 period would have been materially different. Therefore, the departure from the requirements of IAS 21 were pervasive in the prior years.

Furthermore, the Group applied exchange rates that did not meet the definition of spot exchange rates in accordance with IAS 21, as they were not available for immediate delivery during the comparative and current years. The financial effects on the inflation adjusted consolidated and separate financial statements, of this departure on retained income in the prior year, was not determined. Our opinion on the current year's financial information is modified because of the possible effects of the matter in the current year and the comparability of the current years' financial information with that of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the inflation adjusted Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of inflation adjusted consolidated financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of Property, Plant and Property and Equipment</td></tr>
<tr><td>
As detailed in note 2, the valuation of Property, Plant and Equipment, comprises 13% (2021:26%) of the Group's total assets amounting to approximately ZWL 744 million and ZWL 955 million respectively. This has been considered to be an area where significant judgements were applied.
In determining the value of Property, Plant and Equipment the directors make use of independent external valuers who in turn involve the use of judgements.
The determination of the value of Property, Plant and Equipment was considered to be a matter of most significance during the current year audit due to the following

Use of unobservable information such as:

Replacement costs
Comparable market information
Estimated exchange rates

The current economic environment is extremely volatile given the valuation intricacies impacting property in the Zimbabwean market. Valuations undertaken in US dollars have corroborative sales evidence.

</td><td>
We performed the following audit procedures

We assessed the competence, capabilities, objectivity, and independence of the directors' independent valuers, and assessed their qualifications.
We made enquiries of the directors' independent external valuers to obtain an understanding of the valuation techniques and judgements adopted.
We assessed the work performed by the independent external valuers in valuing Property, Plant and Equipment by performing the following:

Reviewed the valuation methods used and assessed whether they are appropriate and consistent with the reporting requirements
Evaluated the principles and integrity of the models used, in accordance with generally accepted valuation methodology within the economic environment, in consultation with the auditor's property valuation expert.
Assessed the competence and qualifications of management's expert; and
Challenged the assumptions and methodology applied by management's expert through the use of the auditor's property expert.
Assessed the inputs in the valuation model for accuracy and completeness;
Evaluated the consolidation and separate financial statement disclosures for appropriateness and adequacy.

Based on the audit procedures performed the Property, Plant and Equipment values were determined not to be in compliance with IFRS 13 "Fair value measurements".
</td></tr>
</table>

Other Matter

The inflation adjusted consolidated and separate financial statements of the Group for the 53 weeks ended 10 January 2021 were audited by another auditor who expressed an adverse opinion on those statements on 31 May 2021. The reasons for the modification related to non-compliance with International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates", IAS 8 "Accounting Polices, Changes in Accounting Estimates and Errors", IFRS 13 "Fair Value Measurement" and IAS 29 "Financial Reporting in Hyperinflationary Economies".

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies and Other Business Entities Act (Chapter 24:31), the historic cost financial information and related notes, which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, we have concluded that the other information is materially misstated for the same reasons with respect to the amounts or disclosures items in the Directors' Report and historical financial information, at the reporting date.

Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31) and relevant statutory instruments and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the inflation adjusted consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated and separate financial statements.

Auditor's responsibilities for the audit of the inflation adjusted consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)

PER: TAPIWA CHIZANA
PARTNER
REGISTERED AUDITOR
PAAB PRACTICE CERTIFICATE NUMBER: 0444

25 JULY 2022


NEW WAVE

Inflation Adjusted Consolidated Statement of Financial Position at 9 January 2022

		Group		Company	
		2022	2021	2022	2021
Figures in Zimbabwe dollar	**Note(s)**	**For the 52 weeks to 9 January**	**For the 53 weeks to 10 January (Restated)***	**For the 52 weeks to 9 January**	**For the 53 weeks to 10 January (Restated)***
Assets					
Non-Current Assets					
Property, plant and equipment	2	744,156,192	955,169,198	722,613,457	913,594,008
Right-of-use assets	3	466,333,994	487,456,641	466,333,994	487,456,641
Intangible assets	4	71,963,830	85,004,537	71,651,330	84,416,788
Investments in subsidiary	5	-	-	62,739,337	62,739,337
		1,282,454,016	1,527,630,376	1,323,338,118	1,548,206,774
Current Assets					
Inventories	8	1,826,887,739	883,554,240	1,825,942,477	883,324,660
Loans and advances to customers	9	151,581,581	48,815,968	-	-
Trade and other receivables	10	1,908,458,141	726,054,161	1,902,470,615	724,188,325
Current tax receivable	35	5,207,704	-	21,196,543	-
Intercompany loan	7	-	-	58,111,654	46,445,596
Cash and cash equivalents	11	448,839,177	451,173,727	402,891,248	445,816,895
		4,340,974,342	2,109,598,096	4,210,612,537	2,099,775,476
Total Assets		5,623,428,358	3,637,228,472	5,533,950,655	3,647,982,250
Equity and Liabilities					
Equity					
Share capital	12	265,129,308	265,129,308	265,129,308	265,129,308
Reserves		269,727,743	362,307,519	257,922,791	341,397,716
Retained income		1,905,121,196	1,345,699,142	1,921,247,905	1,392,721,514
		2,439,978,247	1,973,135,969	2,444,370,004	1,999,248,538
Liabilities					
Non-Current Liabilities					
Borrowings	16	-	144,499,585	-	144,499,585
Lease liabilities	3&17	175,905,577	242,580,440	175,905,577	242,580,440
Deferred tax	6	271,958,850	389,081,398	267,440,825	378,535,519
		447,864,427	776,161,423	443,346,402	765,615,544
Current Liabilities					
Trade and other payables	18	1,009,115,600	481,140,677	1,003,100,106	478,938,185
Borrowings	16	1,512,602,715	248,690,519	1,429,266,774	248,584,872
Lease liabilities	3&17	170,250,460	92,059,691	170,250,460	92,059,691
Current tax payable	35	-	57,125,338	-	54,620,565
Dividend payable	20	594,822	594,822	594,822	594,822
Contract liabilities	19	43,022,087	8,320,033	43,022,087	8,320,033
		2,735,585,684	887,931,080	2,646,234,249	883,118,168
Total Liabilities		3,183,450,111	1,664,092,503	3,089,580,651	1,648,733,712
Total Equity and Liabilities		5,623,428,358	3,637,228,472	5,533,950,655	3,647,982,250

*The above restatement relates to an error that arose in the treatment of US$ leases and impacted the right of use asset, lease liability, retained earnings and deferred tax liability refer to note 3 for further details.

The financial statements and the notes on pages 30-89, were approved by the board of directors on the25th July 2022 and were signed on its behalf by:

Director **Director**

Inflation Adjusted Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 9 January 2022

		Group		Company	
Figures in Zimbabwe dollar	**Note(s)**	**2022**	**2021**	**2022**	**2021**
		For the 52 weeks to 9 January	**For the 53 weeks to 10 January (Restated)***	**For the 52 weeks to 9 January**	**For the 53 weeks to 10 January (Restated)***
Revenue	21	**6,887,296,692**	**3,771,794,989**	**6,682,468,122**	**3,720,816,057**
Sale of merchandise	21	5,562,485,729	3,266,907,014	5,562,485,729	3,266,907,014
Cost of sales		(2,667,384,566)	(2,213,488,075)	(2,668,100,249)	(2,213,304,345)
Gross profit		**2,895,101,163**	**1,053,418,939**	**2,894,385,480**	**1,053,602,669**
Revenue from Microfinance Institutions and debtors accounts	21	1,309,864,170	497,209,664	1,105,035,600	446,230,732
Other revenue	21	14,946,793	7,678,311	14,946,793	7,678,311
Other operating income	22	37,978,770	-	33,700,168	-
Other operating expenses	24	(1,096,143,160)	(773,155,676)	(1,053,067,984)	(749,059,601)
Movement in credit losses	24	(33,440,422)	(7,683,832)	(28,920,924)	(7,754,513)
Store expenses	27	(1,155,762,632)	(1,166,442,930)	(1,155,762,632)	(1,164,245,442)
Trading profit/ (loss)		**1,972,544,682**	**(388,975,524)**	**1,810,316,501**	**(413,547,844)**
Other operating gains/ losses	23	(512,638,611)	89,552,784	(512,890,348)	89,009,006
Financial services expenses	28	(264,561,398)	(96,197,926)	(195,881,107)	(90,027,636)
Finance income	30	19,594,012	228,485	37,199,015	14,693,626
Operating profit /(loss)		**1,214,938,685**	**(395,392,181)**	**1,138,744,061**	**(399,872,848)**
Finance costs	31	(578,509,069)	(293,251,892)	(565,962,860)	(297,267,207)
Net monetary gain/ (loss)		(46,357,889)	398,186,728	(29,874,172)	404,757,508
Profit (loss) before taxation		**590,071,727**	**(290,457,345)**	**542,907,029**	**(292,382,547)**
Taxation	32	(31,217,953)	(31,665,018)	(14,380,638)	(23,341,063)
Profit (loss) for the year		**558,853,774**	**(322,122,363)**	**528,526,391**	**(315,723,610)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment		(122,225,686)	44,676,506	(110,792,941)	25,067,146
Deferred tax liability arising on revaluation		30,214,190	(11,044,032)	27,388,016	(6,196,599)
Total items that will not be reclassified to profit or loss		(92,011,496)	33,632,474	(83,404,925)	18,870,547
Other comprehensive income for the year net of taxation		(92,011,496)	33,632,474	(83,404,925)	18,870,547
Total comprehensive income (loss) for the year		466,842,278	(288,489,889)	445,121,467	(296,853,063)
Earnings/ (loss) per share (cents)					
Basic	36	97.49	(78.89)	92.20	(77.33)
Diluted	36	96.97	(78.89)	91.71	(77.33)

*The above restatement relates to the incorrect classification of revenue in the prior year and the mixed presentation of expenses as function and nature instead of a single presentation of function, the IFRS 16 restatement and the change in the loss per share. Refer to note 1.24 ,3 and 36 for further details.

The accounting policies on pages 36-53 and the notes on pages 54-89 form an integral part of the financial statements.

Inflation Adjusted Consolidated Statement of Changes in Equity for the year ended 9 January 2022

Figures in Zimbabwe dollar	Share capital	Revaluation reserve	Credit reserve	Equity settled employee benefits reserve	Total reserves	Retained income	Total equity
GROUP							
Balance at 5 January 2020	**133,342,783**	**250,638,353**	**13,019,804**	**64,018,021**	**327,676,178**	**1,668,819,973**	**2,129,838,934**
Loss for the year	-	-	-	-	-	(283,755,738)	(283,755,738)
Other comprehensive income	-	33,632,474	-	-	33,632,474	-	33,632,474
Total comprehensive Loss for the year	**-**	**33,632,474**	**-**	**-**	**33,632,474**	**(283,755,738)**	**(250,123,264)**
Issue of ordinary shares under employee share option plan	732,754	-	-	-	-	-	732,754
Issue of shares under share option plan	131,053,771	-	-	-	-	-	131,053,771
Transfer to credit reserve	-	-	998,867	-	998,867	(998,867)	-
Total contributions by and distributions to owners of company recognised directly in equity	**131,786,525**	**-**	**998,867**	**-**	**998,867**	**(998,867)**	**131,786,525**
Opening balance as previously reported	265,129,308	284,270,827	14,018,671	64,018,021	362,307,519	1,384,065,368	2,011,502,195
Adjustments							
Prior year adjustments*	-	-	-	-	-	(38,366,226)	(38,366,226)
Balance at 10 January 2021	**265,129,308**	**284,270,827**	**14,018,671**	**64,018,021**	**362,307,519**	**1,345,699,142**	**1,973,135,969**
Profit for the year	-	-	-	-	-	558,853,774	558,853,774
Other comprehensive loss	-	(92,011,496)	-	-	(92,011,496)	-	(92,011,496)
Total comprehensive income for the year	**-**	**(92,011,496)**	**-**	**-**	**(92,011,496)**	**558,853,774**	**466,842,278**
Transfer from credit reserve	-	-	(568,280)	-	(568,280)	568,280	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(568,280)**	**-**	**(568,280)**	**568,280**	**-**
Balance at 09 January 2022	**265,129,308**	**192,259,331**	**13,450,391**	**64,018,021**	**269,727,743**	**1,905,121,196**	**2,439,978,247**
Note (s)	12	13	14	15			

Inflation Adjusted Consolidated Statement of Changes in Equity for the year ended 9 January 2022

Figures in Zimbabwe dollar	Share capital	Revaluation reserve	Credit reserve	Equity settled employee benefits reserve	Total reserves	Retained income	Total equity
COMPANY							
Balance at 5 January 2020	**133,342,783**	**258,509,148**	**-**	**64,018,021**	**322,527,169**	**1,708,445,127**	**2,164,315,079**
Loss for the year	-	-	-	-	-	(277,357,387)	(277,357,387)
Other comprehensive income	-	18,870,547	-	-	18,870,547	-	18,870,547
Total comprehensive Loss for the year	**-**	**18,870,547**	**-**	**-**	**18,870,547**	**(277,357,387)**	**(258,486,840)**
Issue of ordinary shares under employee share option plan	732,754	-	-	-	-	-	732,754
Issue of shares under rights issue	131,053,771	-	-	-	-	-	131,053,771
Total contributions by and distributions to owners of company recognised directly in equity	**131,786,525**	**-**	**-**	**-**	**-**	**-**	**131,786,525**
Opening balance as previously reported	265,129,308	277,379,695	-	64,018,021	341,397,716	1,431,087,740	2,037,614,764
Adjustments							
Prior year adjustments*	-	-	-	-	-	(38,366,226)	(38,366,226)
Balance at 10 January 2021	**265,129,308**	**277,379,695**	**-**	**64,018,021**	**341,397,716**	**1,392,721,514**	**1,999,248,538**
Profit for the year	-	-	-	-	-	528,526,391	528,526,391
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,921,247,905**	**1,921,247,905**
Other comprehensive loss	-	(83,404,925)	-	-	(83,404,925)	-	(83,404,925)
Total comprehensive income for the period	**-**	**(83,404,925)**	**-**	**-**	**(83,404,925)**	**-**	**(83,404,925)**
Balance at 09 January 2022	**265,129,308**	**193,974,770**	**-**	**64,018,021**	**257,992,791**	**1,921,247,905**	**2,444,370,004**
Note (s)	12	13	14	15			

*The above restatement relates to an error that arose in the treatment of US$ leases and impacted the right of use asset, lease liability, retained earnings and deferred tax liability. Refer to note 1.22 and 3 for further details.

Inflation Adjusted Consolidated Statement of Cashflows for the 52 weeks to 9 January 2022

		Group		Company	
		2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January (Restated)*	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January (Restated)*
Figures in Zimbabwe dollar	**Note(s)**				
Cash flows from operating activities					
Profit (loss) before taxation		590,071,727	(290,457,345)	542,907,029	(292,382,547)
Adjustments for:					
Finance income		(1,329,458,182)	(448,494,527)	(1,142,234,615)	(460,924,338)
Finance costs		578,509,069	293,251,892	565,962,860	297,267,207
Non-cash items	33	204,516,465	162,911,563	118,363,471	212,236,723
Changes in working capital:					
Inventories		(978,327,664)	733,891,337	(977,611,982)	733,707,608
Trade and other receivables		(1,218,105,511)	128,391,140	(1,203,084,865)	131,200,506
Loans and advances to customers		(107,285,111)	(2,269,697)	-	-
Trade and other payables		527,974,923	(652,181,358)	524,161,921	(651,863,183)
Contract liabilities		34,702,054	3,716,934	34,702,054	3,716,934
Cash used in operations		**(1,697,402,230)**	**(71,240,061)**	**(1,536,834,127)**	**(27,041,090)**
Tax paid	34	(161,845,200)	(140,516,884)	(153,270,967)	(117,698,311)
Finance income received		1,142,259,141	421,288,287	1,129,541,007	433,718,117
Finance costs paid		(320,576,631)	(177,052,702)	(427,701,702)	(181,068,017)
Lease interest paid	31	(137,877,597)	(116,199,190)	(137,877,597)	(116,199,190)
Net cash from operating activities		**(1,175,442,517)**	**(83,720,550)**	**(1,126,143,386)**	**(8,288,491)**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(120,583,775)	(64,767,325)	(117,606,679)	(64,758,806)
Proceeds from disposal of property, plant and equipment		1,609,577	539,351	1,609,577	539,351
Loans advanced to subsidiaries		-	-	(11,666,058)	(75,661,431)
Net cash from investing activities		**(118,974,198)**	**(64,227,974)**	**(127,663,160)**	**(139,880,886)**
Cash flows from financing activities					
Proceeds from rights issue	12	-	131,053,771	-	131,053,771
Proceeds from exercise of share options	12	-	732,754	-	732,754
Proceeds from borrowings	16	3,486,854,686	1,309,866,167	3,326,824,927	1,309,866,167
Repayment of borrowings	16	(2,203,643,346)	(863,035,707)	(2,124,396,638)	(863,035,707)
Payment on lease liabilities	3	(94,854,308)	(84,136,999)	(94,854,308)	(84,136,999)
Net cash from financing activities		**1,188,357,032**	**494,479,986**	**1,107,573,981**	**494,479,986**
Total cash movement for the year		**(106,059,683)**	**346,531,462**	**(146,232,565)**	**346,310,609**
Cash and cash equivalents at the beginning of the year		325,507,485	(21,023,978)	320,256,298	(26,054,311)
Cash and cash equivalents at the end of the year	11	**219,447,802**	**325,507,484**	**174,023,733**	**320,256,298**
Comprised of:					
Bank and cash balances		448,839,177	451,173,727	402,891,248	445,816,895
Bank overdraft	16	(229,391,375)	(125,666,243)	(228,867,515)	(125,560,597)
		219,447,802	325,507,484	174,023,733	320,256,298

*The above restatement relates to an error that arose in the treatment of US$ leases and impacted the right of use asset, lease liability, retained earnings and deferred tax liability. Refer to note 1.22 and 3 for further details.

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below.

1.1 Basis of Preparation

The consolidated financial statements have been prepared on the going concern basis and but not in compliance with the International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements. This is due to non- compliance with IAS 21 Effects of Changes in Exchange Rates on accounting for change in functional currency in prior year and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" for non-correction of the prior year non- compliance with IAS 21. This is because it has been impracticable to fully comply with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The directors are of the view that the requirement to comply with the Statutory Instrument created inconsistencies with International Accounting Standard 21: The effects of changes foreign exchange rates. This has resulted in the accounting treatment adopted in the prior year and current year Financial Statements being different from that which the directors would have adopted if the group had been able to fully comply with IFRS. The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The financial statements are in compliance with the Companies and Other Business Entities Act (Chapter 24:31).

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zimbabwe dollars ("ZW$"), which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

These results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 7 January 2019 as confirmed by the Public Accountants and Auditors Board (PAAB) pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

In order to account for the rapid loss in purchasing power of the local currency, hyperinflation accounting principles require transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period. The group adopted the Zimbabwe consumer price index (CPI) as the general price index to restate transactions and balances as appropriate. Non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from 10 January 2021 to the end of the reporting period. Monetary assets and liabilities and non- monetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period.

Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially incurred, unless they relate to items already accounted for at fair value, with the corresponding adjustment presented in the income statement. A net monetary gain or loss is recognised in the statement of profit or loss. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Comparative amounts in these consolidated financial statements have been restated to reflect the change in the general price index from 10 January 2021 to the end of the reporting period. The financial statements were restated using the indices below:

Date	Indices	Conversion Factor
9 January 2022	3,977.46	1.0000
10 January 2021	2,474.51	1.6074
5 January 2020	551.63	7.2104
6 January 2019	88.81	44.7876

1.3 Consolidation Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or

1.3 Consolidation Basis of consolidation (continued)

Business combinations (continued)

assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease classification

The group is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Revenue recognition

In making their judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the group had transferred control of the goods to the customer.

Allocation of transaction price to customer loyalty programme

The points allocated in the customer loyalty programme provide a material right to customers that they would not receive without purchasing the sports goods. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis.

Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

1.4 Significant judgements and sources of estimation uncertainty (continued)

Key sources of estimation uncertainty Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Forward-looking information used for impairment assessments as required by IFRS 9 Financial Instruments in the application of the Expected Credit Loss method incorporate significant judgements and assumptions. These judgements and assumptions are detailed further in note 1.8.1.5. Forward-looking information used for impairment assessments as required by IAS 36 Impairment of Assets incorporate significant judgements and assumptions. These judgements and assumptions are detailed further in note 4.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values. Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs. Information about the specific techniques and inputs of the various assets is disclosed in note

Impairment testing

Annually, the group reviews and tests the carrying value of assets due to the brands having an indefinite useful life to determine if the carrying amount may not be recoverable. Management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions which have been documented in note 4. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs. Refer to note 4 for the detailed note.

Useful lives of property, plant and equipment

Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence, and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Estimation uncertainty arising from variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment with the exception of leasehold improvements, is stated at revalued amounts less subsequent accumulated depreciation and accumulated allowance for impairment. The revalued amount is based on periodic, but at least annual, valuations by external valuers, less subsequent accumulated depreciation, and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and net amount is restated to the revalued amount of the asset. Revaluations are performed once a year such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Increases in the carrying amount arising on the revaluation of property and equipment is credited to a revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same asset are charged against its revaluation reserve directly in equity to the extent of any credit balance existing in the revaluation surplus in respect of that

1.5 Property, plant and equipment (continued)

particular asset. Any decreases that exceed the previously recognised revaluation surplus of a particular asset should be recognised as any expense in profit and loss. Increase in the carrying amount arising from revaluation shall be recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss.

The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognised. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Subsequent costs are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and Company cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognised so as to write off the inflation adjusted cost of assets or revalued amounts (other than land) less their residual values over their useful lives using the straight-line method.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	40 years
Plant and machinery	Straight line	5-10 years
Furniture, fittings, and equipment	Straight line	5-10 years
Motor vehicles	Straight line	5-7 years
Computer equipment	Straight line	5-10 years
Leasehold improvements	Straight line	2-10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant, and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant, and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets (operating software and brands) are initially recognised at cost.

Intangible assets are carried at revalued amount, being fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in the carrying amount of an intangible asset, as a result of a revaluation, is credited in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in the carrying amount of an intangible asset, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is debited to other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

1.6 Intangible assets (continued)

Item	Depreciation	Average useful life
Operating software		5-10 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

1.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of the entity and a financial liability or an equity instrument of another entity.

1.8.1. Financial assets

Financial assets are classified and measured, initially and subsequently at amortised cost or fair value through profit and loss. The classification depends on their contractual cash flows (SPPI test) and the group's business model for managing them. The group's financial assets are made up of cash and cash equivalents, trade receivables and loans to customers.

1.8.1.1 Business model assessment

The group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

1. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
2. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
3. How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
4. The expected frequency, value and timing of sales are also important aspects of the group's assessment. The group's model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

1.8.1.2 The SPPI test

As a second step of its classification process the group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

1.8.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised:

- The rights to receive cash flows from the asset have expired; or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either

(a) the group has transferred substantially all the risks and rewards of the asset; or
(b) the group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

1.8.1.4. Impairment of financial assets

Impairment in terms of IFRS 9 is determined based on an ECL model. The ECL model applies to all financial assets measured at amortised cost.

1.8.1.4. Impairment of financial assets (continued)

The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the best forward-looking information available to the Group at reporting date.

The group's financial assets are assessed for impairment based on the forward-looking ECL approach. The Group measures ECL by projecting the probability of write-off, exposure at write-off, timing of when write-off is likely to occur, and loss given write-off. The ECL is calculated by multiplying these components together. For variable rate financial instruments, the ECL is discounted using the current effective interest rate applicable to the portfolio of financial assets. For fixed rate financial instruments, the ECL is discounted using the original effective interest rate applicable to the portfolio of financial assets. The ECL model was recalibrated at 9 January 2020 to take into account the changed economic environment in the country due to hyperinflation and Covid-19 pandemic.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined below. The Group's policies for determining if there has been a significant increase in credit risk are set out in note 40.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The group's policy for grouping financial assets measured on a collective basis is explained in note 1.8.1.5. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in note 40.

1.8.1.5. The calculation of ECLs

The Group has adopted the simplified approach which recognises lifetime ECL regardless of stage classification. A financial asset can move in both directions through the stages of the impairment model. The group calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. PD is an estimate of the likelihood of write-off over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, a best case and a worst case). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans and advances to customers and trade receivables are expected to be recovered, including the probability that the financial assets will cure or the amount that might be received from recovery efforts.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the group has the legal right to call it earlier.

The group groups its loans and advances and trade receivables into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans and advances and trade receivables are first recognised, the group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

  The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, and also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3. The Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. For trade and other receivables the Group considers that there is a significant increase in credit risk when a customer's account is in arrears for more than 30 days based on contractual payment requirements.
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1.8.1.5. The calculation of ECLs (continued)

- Stage 3: When a loan is considered as credit-impaired and there has been a default of credit terms as specified above. For trade receivables The Group's definition of credit-impaired is aligned to its internal definition of default which occurs when a customer's account is in arrears for more than 90 days based on contractual payment requirements. The group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis (internal and external), based on the Group's historical experience and internally generated credit assessment and including forward-looking information.

The Group also takes into account the 30 day past due backstop indicator and credit risk grades. A loan is considered to be in default when the borrower is 90 days past due on any material credit obligation to the Group.

1.8.1.6. Forward looking information

In its ECL models, the group relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates
- Reserve Bank of Zimbabwe minimum lending rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Refer to note 10 for further disclosures.

Write-offs

Financial assets are written off either partially or in their entirety only when the group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

1.8.1.7. Financial liabilities
Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings and bank overdrafts. Subsequent measurement. The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. For more information, refer to note 16.

Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into ZW$ using the exchange rate at the reporting date. Foreign exchange gains or losses are included in profit or loss.

1.8.1.8. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. Bank overdrafts that are payable on demand also comprise cash and cash equivalents as defined. For the purpose of the consolidated statement of financial position and cashflows bank overdrafts are shown under short term / current borrowings. This is because there is no automatic right to offset bank overdrafts against positive balances in separate banks – reporting cash and cash equivalents on a net basis would thus be grossly misleading.

1.9. Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.10. Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less. For these leases, the group recognises the lease payments as an operating expense (note 24) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the group is a lessee are presented in note 3 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives.
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- the amount expected to be payable by the group under residual value guarantees.
- the exercise price of purchase options if the group is reasonably certain to exercise the option.
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and

1.10. Leases (continued)

Lease liability (continued)

- penalties for early termination of a lease if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of- use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 3).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the incremental borrowing rate) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 31).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- there has been a change in the assessment of whether the group will exercise a purchase, termination, or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- there has been a change to the lease payments due to a change in a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right- of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability.
- any lease payments made at or before the commencement date.
- any initial direct costs incurred.
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Buildings	Straight line	2-5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 22).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are

1.10. Leases (continued)

Operating leases (continued)

expensed over the lease term on the same basis as the lease income. Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.11. Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are measured at the lower of cost and net realisable value. Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the number of inventories recognised as an expense in the period in which the reversal occurs.

1.12. Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.
Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.13. Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.13.1 Credit reserve

Differences between the allowance for credit losses calculated using the Reserve Bank of Zimbabwe requirements and the expected credit loss allowance calculated using IFRS 9 specifications are recognised directly in equity. The Group has chosen to reclassify the difference in the credit loss allowance from Retained Earnings to the credit reserve.

1.14. Share based payments

Equity settled transactions

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 15.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income expense or credit for a period

1.14. Share based payments (continued)

Equity settled transactions (continued)

represents the movement in cumulative expense recognised as at the beginning and end of that period. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash settled transactions

The cost of cash settled transactions with employees for awards granted is measured at the fair value of the liability. Until the liability is settled, the Group re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in value recognised in profit or loss for the period.

1.15. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Pension and other post-employment benefits

The group pension scheme is a defined contribution scheme. The cost of retirement benefit is determined by the level of contribution made in terms of the rules. Employer contributions are recognised in profit or loss as they fall due. The group also participates in the National Social Security Authority pension scheme as required by legislation.

The cost of retirement benefit applicable to the National Social Security Authority Scheme is determined by the systematic recognition of legislated contributions and is recognised in profit or loss.

1.16. Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sale of clothing, footwear, textiles and accessories.
- Loyalty points programme.
- Commission income.
- Subscriptions.
- Fee income
- Interest income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Sale of clothing, footwear, textiles and accessories

Revenue from sale of clothing, footwear, textiles and accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on when the customer has taken delivery of the merchandise and the consideration has either been charged into their account or payment has been received in cash. Credit customers enjoy credit terms of up to 12 months. Interest income is charged on credit accounts on a month-by-month basis.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of clothing, footwear, textiles and accessories, the group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

Loyalty points programme

The group has a loyalty points programme within Edgars and Jet Thank U, which allows customers to accumulate points that can be redeemed for monetary discount, subject to a minimum number (1,000) of points being obtained. The points do not expire, and no breakages were determined due to the nature of the programme. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

The stand-alone selling price of the loyalty points of the Group are fixed – each one thousand points is equivalent to one ZW$ discount on the customer's next purchase i.e., 1,000 points are equivalent to a ZW$ 1 discount. Outstanding loyalty point liabilities are therefore fixed and recorded under contract liabilities. Refer to note 19.

Commission income

Funeral and hospital insurance providers are charged a commission for collection of premiums on their behalf. Commission income is recognised as revenue when it is receivable from the underwriter i.e., in arrears.

Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer. The Group's returns are immaterial and have been accounted for net of sales.

Subscriptions

Revenue from subscriptions is recognised when a customer has accepted the terms and conditions applicable to the benefits of membership as offered by the group. The group runs the Edgars Club

1.16. Revenue from contracts with customers (continued)

Subscriptions (continued)

which members contribute monthly subscriptions.

Fee income

Fee income, including administration fees, is recognised as the related services are performed. Administration fee relates to account management activities such as customer request of instalment changes. Interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

Interest and similar income

The group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit- impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the group reverts to calculating interest income on a gross basis.

1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the group right to recover products from customers where customers exercise their right of return under the group returns policy.

1.18 Gross profit

Gross profit is from the sale of merchandise only (sales of merchandise minus cost of inventory)

1.19 Trading profit

Trading profit is gross profit from the sale of merchandise as well as revenue earned in the form of interest on financing provided, other operating income and other revenue which is attributable to the ordinary revenue producing activities. Also included are expenses that are attributable to the ordinary revenue producing activities such as other operating expenses, store expenses and movement in credit losses.

1.20 Operating profit

Operating profit is the profit before tax and finance costs. Finance income relates to income unrelated to financing provided to customers.

1.21 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in ZW$ which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in ZW$, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate.
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

1.21 Translation of foreign currencies (continued)

Foreign currency transactions (continued)

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in ZWL by applying to the foreign currency amount the exchange rate between the ZWL and the foreign currency at the date of the cash flow.

1.22 Cash Value Plan

The cash value plan (CVP) is an executive incentive scheme introduced in 2018. This scheme (CVP) retrospectively cancels and replaces the 2014 Cash Settled Share Based Incentive Scheme. Under this scheme an employee is given a provisional allocation (PA) which is a provisional promise of a cash award which does not give the participant any right to receive cash or any interest in cash until such time as the Board decides to release payment or part thereof as an "award". The PA is the maximum amount that can be paid and will be subject to all the performance criteria provisions thereto being fulfilled, at which time, and after due consideration, an award will be made, and payment effected for the amount awarded. The awards are intended as an incentive to Employees to promote the continued growth of the company and/or its subsidiaries by granting them cash awards in a manner and on terms and conditions set out in this award scheme. Each award granted will remain in force for a period not exceeding 5 (five) years after the award date. The Performance Criteria (PC) upon the achievement of which will depend on the eligibility and quantum for an Award consequent to the PA. PC may include, but shall not be limited to:

- individual performance as specified in the Key Performance Areas (KPAs) agreed to.
- growth in group and/or divisional profitability.
- growth as measured by EBITDA.
- volumes and/or real growth after inflation; and return on investment.

The amount that the group expects to pay for the awarded provisional allocations is recognized as a liability in the group's financial statements. Refer to note 18.

1.23 Restatement

Statement of profit or loss comprehensive income

The statement of profit and loss and other comprehensive income presented for the 53 weeks ending 10 January 2021 erroneously presented items of income and expense as a hybrid of function and nature. The statement of comprehensive income has been restated to present items of income and expense by their nature as IAS 1 Presentation of Financial Statements requires that these items be presented by either their function or by their nature. In addition, the entity reclassified its revenue, in the prior year the interest on the debtors' account was erroneously presented as part of finance income instead of revenue. The interest on debtors' accounts is recognised separately from the sale of merchandise is identified as a separate performance obligation therefore it has been classified as revenue. Revenue has therefore been split between revenue from the sale of merchandise, Revenue from microfinance institutions and debtors accounts and other revenue (refer to note 21). The comparatives have accordingly been restated to reflect such disclosure. The above restatement has had no impact on the net loss before tax reported in the comparative year. The above restatement has had no impact on the net loss before tax reported in the comparative year with the exception of the IFRS 16 restatement changes. In addition, the previously reported loss per share has also been restated as a result of the effect of the IFRS 16 changes on the loss.Impact of the restatement and representation on the prior year statement of comprehensive income - The table below presents the impact of the restatement on prior years statement of comprehensive income detailed above.

	53 weeks ending 10 Jan 2021	Group Adjustments	53 weeks ending 10 Jan 2021 Restated
Revenue	3,323,528,946	448,266,042	3,771,795,069
Revenue from sale of merchandise	3,266,907,014	-	3,266,907,014
Revenue from microfinance institutions and Debtors accounts	48,943,622	448,266,042	497,209,664
Other revenue	-	7,678,311	7,678,311
Other gains and losses	137,531,168	(47,978,384)	89,552,784
Credit management and debt collection costs	(96,197,926)	(96,197,926)	-
Other operating income and expenses*	(773,957,930)	802,254	(773,155,676)
Expected credit losses	-	(7,683,832)	(7,683,832)
Store expenses	(1,166,442,930)	-	(1,166,442,930)
Financial services expenses	-	96,197,926	(96,197,926)
Finance Income	448,494,527	(448,266,042)	228,485
Finance costs	(291,574,201)	1,677,691	(293,251,892)
Monetary gain	398,186,727	1	398,186,728
Profit before taxation	**1,971,890,071**	**48,859,341**	**1,923,030,730**
Tax impact	(42,158,093)	(10,493,075)	(31,665,018)
	1,929,731,978	**38,366,266***	**1,893,365,712**

*The differences between the amounts stated in the note above and the amounts as per the statement of profit and loss and other comprehensive are as a result of IFRS 16 prior period error which had an effect on the depreciation, exchange gains and losses as well as finance income.

1.24 New and effective standards

Amendment	Nature of impact
1. Definition of a Business (Amendments to IFRS 3) Effective 1 January 2022	The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They: • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.
2. Definition of Material (Amendments to IAS 1 and IAS 8)	The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.
3. Property, Plant and Equipment Proceeds before Intended Use (Amendments to IAS 16) Effective 1 January 2022	The amendments prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
4. Onerous Contracts- Cost of Fulfilling a Contract (Amendments to IAS 37) Effective 1 January 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract examples would be direct labour, materials or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of PPE used in fulfilling the contract)
5. Annual improvements to IFRS Standards 2018-2020 Effective 1 January 2022	**IFRS 1** - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. **IFRS 9** - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. **IFRS 16** -The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example
6. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) Effective 1 January 2022	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, The Board has also developed guidance and examples to explain and demonstrate the application of the 'four step materiality process' described in IFRS Practice Statement 2.

The directors anticipate that the adoption of these standards and interpretations in future years will have no material impact on the financial statements of the group and company.

1.25 Segment information

Reportable segments

For management purposes, the group is organised into business units based on their products and services and has six operating reportable segments as follows:

Retailing

Products are retailed through the following established brands:

Edgars: providing quality, fashion and convenient shopping at competitive prices to the whole family in the middle to upper- income groups. The brand offers fashion merchandise, with no compromise on quality, at competitive prices for the whole family. Edgars offers competitive credit to the customers. The pleasant, convenient stores offer our customers a superior shopping experience.

Jet: this brand provides quality, value and commercial fashion with compelling opening price points at very competitive prices to the whole family in the lower to middle income group. Our stores offer pleasant, economical shopping environments, laid out for self-service; with assisted service available if needed.

Manufacturing

Carousel (Private) Limited is our manufacturing business unit. Situated in Bulawayo, it produces a wide range of denim, ladies', children's and gents' casual wear that it supplies to our retail divisions as well as to other retailers.

Micro Finance

Club Plus (Private) Limited is the Group's micro finance business unit. Club Plus offers micro finance loans to the lower to middle income customer group at competitive interest rates.

Financial Services

The unit manages sales extended to customers on credit. This includes activities that ensure the quality of the loan book is good such as collections, setting interest rates and establishing credit limits.

Corporate head office

Provides centralised services to operational business units. These include treasury management, group reporting, information systems, human resources, distribution of retailing merchandise and performing centralised administration functions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. All items that are not allocated to reporting segments are disclosed under Corporate.

Segment information by geographical area is not relevant as stores are spread throughout Zimbabwe. The entity does not have a customer that makes up more than 10% of revenue.

1.25.1. Segment Reporting

Revenue	Edgars Stores Retail	Jet Stores Retail	Manufacturing Carousel	Micro Finance Club Plus	Corporate Head Office	Financial Services	Segments Total	Adjustments/ (eliminations)	Consolidated Total
Retail sales	3,013,243,660	2,510,162,030	-	-	-	-	5,523,405,690	-	5,523,405,690
Manufacturing sales to third parties-local sales	-	-	33,377,342	-	-	-	33,377,342	-	33,377,342
Manufacturing sales to third parties-local sales	-	-	5,702,697	-	-	-	5,702,697	-	5,702,697
Edgars club subscriptions	-	-	-	-	-	5,303,800	5,303,800	-	5,303,800
Hospital cash plan and insurance commission	-	-	-	-	-	9,642,993	9,642,993	-	9,642,993
Inter-segments	-	-	311,099,239	-	630,126,049	-	941,225,288	(941,225,288)	-
Finance income	15,496,075	38,027,467	-	228,787,382	9,162,176	1,018,391,070	1,309,864,170	-	1,309,864,170
Total revenue	**3,028,739,735**	**2,548,189,497**	**350,179,278**	**228,787,382**	**639,288,225**	**1,033,337,863**	**7,828,521,980**	**(941,225,288)**	**6,887,296,692**
Segment profit	**199,473,499**	**151,308,260**	**38,672,112**	**55,029,361**	**2,352,572**	**462,931,466**	**909,767,270**	**305,171,415**	**1,214,938,685**
Total assets	**2,090,576,787**	**1,408,868,341**	**263,000,396**	**227,834,590**	**1,192,285,489**	**530,737,130**	**5,713,302,733**	**(89,874,375)**	**5,623,428,358**
10-Jan-21									
Revenue									
Retail sales	1,785,337,850	1,440,196,124	-	-	-	-	3,225,533,974	-	3,225,533,974
Manufacturing sales to third parties-local sales	-	-	41,373,041	-	-	-	41,373,041	-	41,373,041
Edgars club subscriptions	-	-	-	-	-	3,469,909	3,469,909	-	3,469,909
Hospital cash plan and insurance commission	-	-	-	-	-	4,208,402	4,208,402	-	4,208,402
Inter-segments	-	-	108,690,501	-	247,122,339	-	355,812,840	(355,812,840)	-
Finance income	-	-	-	34,801,404	-	462,408,339	497,209,743	-	497,209,743
Total revenue	**1,785,337,850**	**1,440,196,124**	**150,063,542**	**34,801,404**	**247,122,339**	**470,086,650**	**4,127,607,909**	**(355,812,840)**	**3,771,795,069**
Segment profit/ (loss)	**(170,324,445)**	**(93,666,642)**	**(15,416,799)**	**(2,555,693)**	**-**	**(83,213,149)**	**(365,176,728)**	**(30,215,453)**	**(395,392,181)**
Total assets	**1,868,175,386**	**682,784,721**	**223,955,861**	**85,027,965**	**672,906,810**	**709,509,063**	**4,242,359,806**	**(605,131,332)**	**3,637,228,473**

Notes to the Financial Statements

2. Property, plant and equipment

Reconciliation of property, plant and equipment - Group

	Land & buildings	Leasehold improvements	Furniture, fittings & equipment	Computer equipment	Motor vehicles	Plant & machinery	Work in progress	Balance
Cost or valuation at 5 January 2020	247,801,095	240,451,626	286,532,186	69,321,627	73,058,556	75,088,546	-	992,253,636
Additions	-	1,062,286	6,081,207	7,235,811	24,521,711	45,810	25,820,500	64,767,325
Disposals	(111,518)	(287,455)	(2,961,467)	(1,298,533)	(1,889,755)	(570,215)	-	(7,118,943)
Revaluation adjustment	(51,501,810)	5,837,732	56,551,587	27,427,969	(11,069,176)	17,430,204	-	44,676,506
Balance at 10 January 2021	196,187,767	247,064,189	346,203,513	102,686,874	84,621,336	91,994,345	25,820,500	1,094,578,524
Additions	-	13,693,740	45,146,081	35,288,473	7,122,416	7,218,594	12,114,471	120,583,775
Disposals	-	-	-	(36,385)	(3,365,142)	-	-	(3,401,527)
Revaluation adjustment	(33,890,750)	(227,038,312)	(97,797,757)	(40,859,103)	(15,178,775)	(26,624,083)	(25,820,500)	(467,209,280)
Cost or valuation at 9 January 2022	162,297,017	33,719,617	293,551,837	97,079,859	73,199,835	72,588,856	12,114,471	744,551,492
Accumulated depreciation at 5 January 2020	(1,556,983)	(125,898,543)	(30,142,143)	(13,236,209)	(14,982,591)	(8,375,607)	-	(194,192,076)
Current year expense	(1,550,640)	(13,531,822)	(22,784,582)	(11,092,465)	(20,459,738)	(7,780,915)	-	(77,200,162)
Eliminated on disposal of assets	-	-	6,431	-	161,902	-	-	168,333
Transfer on revaluation	3,107,623	21,039	52,920,294	24,328,674	35,280,427	16,156,522	-	131,814,579
Balance at 10 January 2021	-	(139,409,326)	-	-	-	-	-	(139,409,326)
Current year expense	(4,639,026)	(18,394,035)	(71,365,432)	(51,130,392)	(41,914,347)	(18,141,556)	-	(205,584,788)
Transfer on revaluation	4,639,026	157,803,361	71,365,432	51,130,392	41,914,347	17,746,256	-	344,598,814
Balance at 9 January 2022	-	-	-	-	-	(395,300)	-	(395,300)
Net carrying amount at 9 January 2022	162,297,017	33,719,617	293,551,837	97,079,859	73,199,835	72,193,556	12,114,471	744,156,192
Net carrying amount at 10 January 2021	196,187,767	107,654,863	346,203,513	102,686,874	84,621,336	91,994,345	25,820,500	955,169,198

Reconciliation of property, plant and equipment - Group

	Land & buildings	Leasehold improvements	Furniture fittings & equipment	Motor vehicles	Computer equipment	Plant & machinery	Work in progress	Balance
Cost or valuation at 5 January 2020	247,801,095	225,252,617	282,824,621	66,468,442	70,539,056	75,088,509	-	967,974,340
Additions	-	1,053,767	6,081,207	7,235,811	24,521,711	45,810	25,820,500	64,758,806
Disposals	(111,518)	(279,990)	(2,919,236)	(1,213,291)	(1,851,978)	(570,214)	-	(6,946,227)
Revaluation adjustment	(51,501,810)	-	50,813,768	19,474,878	(11,149,929)	17,430,240	-	25,067,147
Balance at 10 January 2021	196,187,767	226,026,394	336,800,360	91,965,840	82,058,860	91,994,345	25,820,500	1,050,854,066
Additions	-	13,693,740	43,721,563	33,735,894	7,122,416	7,218,594	12,114,472	117,606,679
Disposals	-	-	-	(36,385)	(3,365,142)	-	-	(3,401,527)
Revaluation adjustment	(33,890,750)	(210,453,649)	(94,055,592)	(36,666,202)	(14,539,687)	(26,624,083)	(25,820,500)	(442,050,463)
Cost or valuation at 9 January 2022	162,297,017	29,266,485	286,466,331	88,999,149	71,276,447	72,588,856	12,114,472	723,008,757
Accumulated depreciation at 5 January 2020	(1,556,982)	(124,277,064)	(26,558,184)	(12,469,230)	(15,001,049)	(9,108,443)	-	(188,970,952)
Current year expense	(1,550,614)	(12,982,994)	(19,895,004)	(10,032,532)	(20,576,630)	(8,475,620)	-	(73,513,394)
Eliminated on disposal of assets	-	-	6,431	-	161,902	-	-	168,333
Transfer on revaluation	3,107,596	-	46,446,757	22,501,762	35,415,777	17,584,063	-	125,055,955
Balance at 10 January 2021	-	(137,260,058)	-	-	-	-	-	(137,260,058)
Current year expense	(4,639,026)	(15,224,820)	(69,393,811)	(45,950,089)	(40,648,161)	(18,141,556)	-	(193,997,463)
Transfer on revaluation	4,639,026	152,484,878	69,393,811	45,950,089	40,049,161	17,746,256	-	330,862,221
Balance at 9 January 2022	-	-	-	-	-	(395,300)	-	(395,300)
Net carrying amount at 9 January 2022	162,297,017	29,266,485	286,466,331	88,999,149	71,276,447	72,193,556	12,114,472	722,613,457
Net carrying amount at 10 January 2021	196,187,767	88,766,336	336,800,360	91,965,840	82,058,860	91,994,345	25,820,500	913,594,008

2 Property, plant and equipment (continued)

Property, plant and equipment carried at fair value

The fair value of property, plant and equipment was determined by a director's valuation. The exercise was carried out with the use of independent valuers and experts as detailed below.

- Land and buildings

As at 9 January 2022, fair values of the properties was determined by using the Direct Capitalization of Net Income Method for commercial properties, and whilst the Direct Comparison Method was used for residential buildings.

- Plant and machinery, furniture, fixtures, equipment and vehicles

An independent professional valuation of the group's plant and machinery, furniture, fixtures, office and computer equipment and vehicles was performed on 9 January 2022 to determine the fair value. The valuation was done on a depreciated replacement cost basis.

3 Leases (group as lessee)

The group leases all of its trading premises, office space and distribution centres under operating leases of between 2 to 5 years. These typically have renewal options of between 3 to 5 years and it is reasonably certain that the renewal options will be exercised. The following factors were considered in determining whether it is reasonably certain the renewal option will be exercised.

- The market share in the respective areas.
- The proximity of the leased premises to core customers.
- Customer loyalty to the brands.

Over 90% of the leases on trading space have turnover clauses of between 3 and 6% which are treated as contingent rentals. Sublease arrangements are operating lease arrangements where space which is excess to requirements has been sublet to third parties.

The discount rate applied to discount lease obligations is the incremental cost of borrowing for the group which varied between 2.3% to 3.75% per month. Lease modifications consisted of increases in fixed monthly rentals and in the increases in the lease term.

	Group		Company	
Figures in Zimbabwe dollar	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January (Restated)**	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January (Restated)**

3 Leases (group as lessee) (continued)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:				
Buildings	466,333,994	487,456,641	466,333,994	487,456,641
Additions to right-of-use assets				
Buildings	58,677,565	25,592,351	58,677,565	25,592,351

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 24).

Buildings	230,301,715	102,477,663	230,301,715	102,477,663
Other disclosures				
Interest expense on lease liabilities	137,877,597	116,199,190	137,877,597	116,199,190
Right of use assets reconciliation				
Balance at the beginning of the reporting period	487,456,642	146,868,556	487,456,642	146,868,556
Additions	58,677,565	25,592,351	58,677,565	25,592,351
Modifications and remeasurements	150,501,502	417,473,397	150,501,502	417,473,397
Depreciation for the year	(230,301,715)	(102,477,663)	(230,301,715)	(102,477,663)
Reconciliation as at period end	**466,333,994**	**487,456,641**	**466,333,994**	**487,456,641**

Gross carrying amount	853,462,323	644,283,256	853,462,323	644,283,256
Accumulated depreciation	(387,128,329)	(156,826,615)	(387,128,329)	(156,826,615)
	466,333,994	**487,456,641**	**466,333,994**	**487,456,641**

Restatement of right of use asset and lease liability

During the current year, the group treated USD lease rental changes (as a result of variations in the exchange rate between ZW$ and USD) as lease modifications contrary to the provisions of IFRS 16 and IAS 21. The closing balance of the lease liability was not determined in accordance with IAS 21, which requires monetary items denominated in a foreign currency to be translated at year-end using the closing rate. Instead of determining the closing balance of the lease liability in USD and translating the balance to ZWL at the reporting date, Edgars calculated the closing balance by discounting the lease payments, assumed to be equal to the last ZWL lease payment made, over the remaining lease term. This resulted in the restatement of the right of use asset which decreased by ZW$45,653,510 and the resulting depreciation charge for the right of use asset decreased by ZW$797,133. The lease liability balance increased by ZW$3,205,790, the finance costs increased by ZW$ 1,677,692, net monetary loss decreased by ZW$47,172,712. These restatements have been affected in the current year comparative numbers and are disclosed as prior period errors as shown below:

3. Leases (group as lessee) (continued)

	53 weeks ending 10 January 2021	Reclassification of line items on the statement of financial position	53 weeks ending 10 January 2021 Restated*
Group			
Current assets			
Right of use assets	533,110,151	(45,653,510)	487,456,642
	533,110,151	(45,653,510)	487,456,642
Liabilities			
Lease liabilities-short term	88,853,899	(3,205,792)	92,059,691
Deferred tax	399,574,474	10,493,076	389,081,398
	488,428,373	7,287,284	481,141,089
Equity			
Retained earnings	1,384,065,369	(38,366,226)	1,344,800,625
	1,384,065,369	(38,366,226)	1,344,800,625

Lease liabilities

	Group		Company	
	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January (Restated)	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January (Restated)
Balance at the beginning of the reporting period	334,640,131	154,145,288	334,640,131	154,145,288
Additions	58,677,565	25,592,350	58,677,565	25,592,350
Lease modifications	150,501,502	417,473,397	150,501,502	417,473,397
Finance costs	137,877,597	116,199,190	137,877,597	116,199,190
Net exchange gain	(102,808,853)	(178,433,905)	(102,808,853)	(178,433,905)
Lease interest paid	(137,877,597)	(116,199,190)	(137,877,597)	(116,199,190)
Lease liability instalments paid	(94,854,308)	(84,136,999)	(94,854,308)	(84,136,999)
	346,156,037	**334,640,131**	**346,156,037**	**334,640,131**
Non-current liabilities	175,905,577	242,580,440	175,905,577	242,580,440
Current liabilities	170,250,460	92,059,691	170,250,460	92,059,691
	346,156,037	**334,640,131**	**346,156,037**	**334,640,131**

3. Leases (group as lessee) (continued)

	Group		Company	
Figures in Zimbabwe dollar	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January (Restated)**	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January (Restated)**
Future minimum rentals payable				
Within one year	188,549,791	207,344,948	188,549,791	207,344,948
Two to five years	536,876,277	389,918,391	536,876,277	389,918,391
Over 5 years	6,704,312	-	6,704,312	-
	732,130,380	**597,263,339**	**732,130,380**	**597,263,339**

Future cash outflows not reflected in lease liabilities

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost. The breakdown of lease payments for these stores is as follows:

	9 January 2022	**10 January 2021**
Fixed payments	94,854,308	84,136,998
Variable payments	65,406,985	79,707,151
	160,261,293	**163,844,149**

Overall, the variable payments constitute up to 69% of the group's entire lease payments. The group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years.

Group as a lessor

Rental income is derived from sub-leasing of the company's retail and office space to related and unrelated parties. These include microfinance space to Club Plus, residential space to employees and communications equipment installed on buildings by cellular mobile operators. The communication equipment is integral to the buildings and the income from such arrangements is incidental to the group's operations.

Future minimum rentals receivable under operating leases are as follows:

Future minimum rentals receivable under operating leases as follows		
Within one year	1,323,431	4,822
Two to five years	5,293,727	4,049,034
More than five years	-	20,012
	6,617,158	**4,073,868**

4. Intangible assets

Reconciliation of intangible assets - Group

	Operating software	Brands	Balance
Cost or valuation at 5 January 2020	185,190,376	57,157,993	242,348,369
Cost at 10 January 2021	185,190,376	57,157,993	242,348,369
Acquired during the year	-	-	-
Cost or valuation at 9 January 2022	185,190,376	57,157,993	242,348,369
Accumulated amortisation and impairment at 5 January 2020	(138,447,670)	-	(138,447,670)
Amortisation for the year	(18,896,162)	-	(18,896,162)
Accumulated amortisation and impairment at 10 January 2021	(157,343,832)	-	(157,343,832)
Amortisation for the year	(13,040,707)	-	(13,040,707)
Accumulated amortisation and impairment at 9 January 2022	(170,384,539)	-	(170,384,539)
Carrying amount at 9 January 2022	14,805,837	57,157,993	71,963,830
Carrying amount at 10 January 2021	27,846,544	57,157,993	85,004,537

Reconciliation of intangible assets - Company

	Operating software	Brands	Balance
Cost or valuation at 5 January 2020	184,525,427	57,157,993	241,683,420
Cost or valuation at 10 January 2021	184,525,427	57,157,993	241,683,420
Additions	-	-	-
Cost or valuation at 9 January 2022	184,525,427	57,157,993	241,683,420
Accumulated amortisation and impairment at 5 January 2020	(138,447,670)	-	(138,447,670)
Amortisation for the year	(18,818,962)	-	(18,818,962)
Accumulated amortisation and impairment at 10 January 2021	(157,266,632)	-	(157,266,632)
Amortisation for the year	(12,765,458)	-	(12,765,458)
Accumulated amortisation and impairment at 9 January 2022	(170,032,090)	-	(170,032,090)
Carrying amount at 9 January 2022	14,493,337	57,157,993	71,651,330
Carrying amount at 10 January 2021	27,258,795	57,157,993	84,416,788

Intangibles are composed of operating system software and the Edgars and Jet retail trading names and associated intellectual property which the company has exclusive use of in Zimbabwe. The carrying amount of the Orion (ERP) system is ZWL 14,493,337 and the remaining useful life is 2.14 years.

Brands

Edgars	34,763,835	34,763,835	34,763,835	34,763,835
Jet	22,394,158	22,394,158	22,394,158	22,394,158
	57,157,993	57,157,993	57,157,993	57,157,993

The group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment.

Edgars Chain

4. Intangible assets (continued)

Brands (continued)

The recoverable amount of the Edgars Chain of ZWL5,805,799,326 as at 9 January 2022 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five- year period. The pre-tax discount rate applied to cash flow projections is 38% (2021: 29%). The fair value less costs of disposal could not be determined as there is no active market. As a result of this analysis, management concluded that the brands are not impaired.

Jet Chain

The recoverable amount of the Edgars Chain of ZWL3,129,713,560 as at 9 January 2022 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 38% (2021: 29%). The fair value less costs of disposal could not be determined as there is no active market. As a result of this analysis, management concluded that the brands are not impaired.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for both Edgars and Jet Chains is most sensitive to the following assumptions:

- Gross margins and discount rates
- Raw materials price inflation
- Market share and growth rates during the forecast period

Gross margins - Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. The gross margins for the Edgars Chain and the Jet Chain were 57.9% and 53.1%, respectively. These were held constant over the forecast period because they are generally stable. Decreased demand can lead to a decline in the gross margin. A decrease in the gross margin by 5.0% would not result in an impairment.

Discount rates - Discount rates represent management's assessment of current market risks specific to each business unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate used is the WACC - this was determined by using the pre-tax cost of debt (60.46%) and an expected return by the shareholder of 25%. A rise in the pre-tax discount rate to 280% (i.e. +242%) would result in impairment due to a decrease of 85.82% in the recoverable amount.

Raw materials price inflation - the company bases the inflation of current prices, exchange rate fluctuations and official inflation forecasts. Growth in cashflows is assumed at the growth in the economy as reflected in the GDP. This on government and other economic forecasts that forecast inflation to close at single digit levels by end of 2022.

Market share assumptions - Management expects the Group's share of the Edgars market to be stable while Jet's position is expected to grow. Although management expects stability, a decline in the cashflows reflected by a market share decline of 35% would result in an impairment in the Edgars and Jet Chains as there would be a decline of 20% in the recoverable amount.

Growth rate estimates - growth rates are based on published research. Management used Zimbabwean GDP as published by the World Bank of 2 and 3% over the period as the basis of growth in sales.

5. Investment in Subsidiary Company

Edgars Stores holds 100% of Club Plus Shares

	Carrying amount 2022	Carrying amount 2021
Investment in Club Plus (Private) Limited	62,739,337	62,739,337

6. Deferred tax

Deferred tax liability

	2022 For the 52 weeks to 9 January 2021	2021 For the 53 weeks to 10 January	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January
Property plant and equipment, right of use assets and intangibles	(268,469,442)	(334,311,479)	(263,066,828)	(323,888,800)
Inventory	(124,835,711)	(64,758,990)	(124,783,124)	(64,729,993)
Unrealised exchange gains/(losses)	10,063,699	(17,312,312)	10,588,038	(17,290,236)
Credit loss allowance	9,926,343	(78,351,205)	8,825,418	(78,451,248)
Accruals	15,786,489	13,228,943	15,425,899	13,401,113
Lease liabilities	85,569,772	81,930,569	85,569,772	81,930,569
IFRS 16 prior period error	-	10,493,076	-	10,493,076
Total deferred tax liability	**(271,958,850)**	**(389,081,398)**	**(267,440,825)**	**(378,535,519)**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(271,958,850)	(389,081,398)	(267,440,825)	(378,535,519)

7. Intercompany loan

Loan	-	-	58,111,654	46,445,596

The loan is receivable from the subsidiary and the Group expects to recover the amounts as Club Plus has sufficient liquid assets to settle its debt as and when its due. No interest is charged on the outstanding balance. Further information has been included in note 39.

8. Inventories

	Group		Company	
Figures in Zimbabwe dollar	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**
Raw materials	162,714,076	79,951,941	162,714,076	79,951,941
Work in progress	2,724,292	840,404	2,724,292	840,414
Merchandise	1,614,939,647	722,123,479	1,614,939,647	722,123,479
Consumables stores	16,449,122	18,401,900	15,503,860	18,172,310
Goods in transit	65,054,767	62,236,516	65,054,767	62,236,516
	1,861,881,904	883,554,240	1,860,936,642	883,324,660
Inventory obsolescence	(34,994,165)	-	(34,994,165)	-
	1,826,887,739	**883,554,240**	**1,825,942,477**	**883,324,660**

Figures in Zimbabwe dollar	Group 2022 For the 52 weeks to 9 January	Group 2021 For the 53 weeks to 10 January	Company 2022 For the 52 weeks to 9 January	Company 2021 For the 53 weeks to 10 January

9. Loans and advances to customers

Loans and advances to customers are presented at amortised cost, which is net of loss allowance, as follows:

Loans and advances	156,352,859	49,220,672	-	-
Credit loss allowance	(4,771,278)	(404,704)	-	-
	151,581,581	48,815,968	-	-

The table shows the credit quality and the maximum exposure to credit risk based on the group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. The increase in the current year gross amount in comparison to prior year is due to the inflationary effects in the economy. The reduction in ECL in the current year in comparison to prior year is due to the favourable forward-looking information in the current year due to the reduced effect of COVID on lockdowns and consumer disposal income and spending patterns. An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 10 January 2021	47,241,821	1,420,676	558,176	49,220,673
New assets originated or purchased	380,990,744	1,390,697	2,343,440	384,724,881
Assets derecognised or repaid (excluding write offs)	(244,985,437)	(8,184,638)	(4,227,849)	(257,397,924)
Transfers to Stage 1	10,222,089	(9,918,899)	(303,190)	-
Transfers to Stage 2	(34,343,224)	35,237,000	(893,776)	-
Transfers to Stage 3	-	(10,552,938)	10,552,938	-
Amounts written off	-	-	(1,595,932)	(1,595,932)
Net monetary loss	(17,635,808)	(536,642)	(426,388)	(18,598,838)
Gross carrying amount as at 9 January 2022	**141,490,185**	**8,855,256**	**6,007,419**	**156,352,860**

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowances as at 10 January 2021	117,082	42,668	244,955	404,705
New assets originated or purchased	169,402	153,032	8,276,049	8,598,483
Assets derecognised or repaid (excluding write offs)	(490,169)	(749,521)	(961,095)	(2,200,785)
Transfers to Stage 1	334,392	(79,486)	(254,906)	-
Transfers to Stage 2	(33,926)	798,383	(764,457)	-
Transfers to Stage 3	-	(102,487)	102,487	-
Amounts written off	-	-	(1,878,199)	(1,878,199)
Net monetary loss	(44,243)	(16,123)	(92,560)	(152,926)
ECL allowance as at 9 January 2022	**52,538**	**46,466**	**4,672,274**	**4,771,278**

Figures in Zimbabwe dollar	Group 2022 For the 52 weeks to 9 January	Group 2021 For the 53 weeks to 10 January	Company 2022 For the 52 weeks to 9 January	Company 2021 For the 53 weeks to 10 January

9. Loans and advances to customers (continued)

2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 5 January 2020	44,387,697	1,939,572	623,707	46,950,976
New assets purchased or originated	182,053,631	965,485	324,943	183,344,059
Assets derecognised or repaid (excluding write offs)	(123,509,108)	(1,644,452)	(216,407)	(125,369,967)
Transfers to Stage 1	949,042	(729,411)	(219,631)	-
Transfers to Stage 2	(2,878,364)	2,889,322	(10,958)	-
Transfers to Stage 3	(515,043)	(439)	515,482	-
Amounts written off	-	(9,131)	(285,090)	(294,221)
Net monetary loss	(53,246,033)	(1,990,270)	(173,871)	(55,410,174)
Gross carrying amount as at 10 January 2021	**47,241,822**	**1,420,676**	**558,175**	**49,220,673**

2021	Stage 1	Stage 2	Stage 3	Total
ECL allowances as at 5 January 2020	42,625	15,613	342,839	401,077
New assets originated or purchased	670,075	13,648	8,355	692,078
Assets derecognised or repaid (excluding write offs)	(12,461)	(5,086)	(120,937)	(138,484)
Transfers to Stage 1	14,010	(13,621)	(389)	-
Transfers to Stage 2	(68,704)	69,482	(778)	-
Transfers to Stage 3	(442,805)	(379)	443,184	-
Amounts written off	-	(5,720)	(78,604)	(84,324)
Net monetary gain	(85,659)	(31,270)	(348,713)	(465,642)
ECL allowance as at 10 January 2021	**117,081**	**42,667**	**244,957**	**404,705**

Opening balance	404,705	401,077	-	-
Increase in allowance for credit losses	5,328,909	469,270	-	-
Net monetary gain	(962,336)	(465,642)	-	-
	4,771,278	404,705	-	-


Phenomenon..

	Group		Company	
Figures in Zimbabwe dollar	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January
10. Trade and other receivables				
Financial instruments:				
Trade receivables	1,930,559,507	701,659,390	1,930,559,507	701,659,390
Loss allowance	(35,159,811)	(10,028,211)	(35,159,811)	(10,028,211)
Trade receivables at amortised cost	1,895,399,696	691,631,179	1,895,399,696	691,631,179
Other receivables	13,600,165	35,293,727	7,612,639	33,427,891
General allowance for credit losses	(541,720)	(870,745)	(541,720)	(870,745)
Total trade and other receivables	**1,908,458,141**	**726,054,161**	**1,902,470,615**	**724,188,325**

The general allowance for credit losses pertains to Carousel receivables. The factory sells to a few organisations on credit and thus does not require a complex model for determining lifetime credit losses from amounts due. At 9 January 2022 Carousel had outstanding trade debtors of ZWL122m. The specific allowance for credit losses is based on a complex IFRS 9 model applied to individual account holders with the Edgars and Jet retail divisions.

The table below shows the credit quality and the maximum exposure to credit risk based on the group's internal credit rating system and year-end stage classification. The trade and receivables amounts presented are gross of impairment allowances. The increase in the current year gross amount in comparison to prior year is due to the inflationary effects in the economy. The reduction in ECL in the current year in comparison to prior year is due to the favourable forward-looking information in the current year due to the reduced effect of COVID on lockdowns and consumer disposal income and spending patterns. An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 10 January 2021	614,844,127	84,015,993	2,799,270	701,659,390
New assets originated and purchased	2,417,886,426	251,534,561	26,923,163	2,696,344,150
Assets derecognised or repaid (excluding write offs)	(1,148,453,672)	(29,900,129)	(6,668,792)	(1,185,022,593)
Transfers to Stage 1	805,594,805	(790,355,059)	(15,239,746)	-
Transfers to Stage 2	(735,456,160)	767,578,868	(32,122,708)	-
Transfer to Stage 3	(5,788)	(74,558,979)	74,564,767	-
Amounts written off	(54,439)	(349,788)	11,807,876)	(12,212,103)
Net monetary gain reversal	(237,404,761)	(31,746,823)	(1,057,753)	(270,209,337)
	1,716,950,538	**176,218,644**	**37,390,325**	**1,930,559,507**

2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 5 January 2020	660,420,971	26,179,374	1,623,630	688,223,975
New assets originated and purchased	810,023,696	14,838,517	777,804	825,640,017
Assets derecognised or repaid (excluding write offs)	(84,112,423)	(4,359,492)	(388,893)	(88,860,808)
Transfers to Stage 1	12,868,669	(12,563,307)	(305,362)	-
Transfers to Stage 2	(110,929,005)	110,964,850	(35,845)	-
Transfers to Stage 3	(3,099,598)	(680,392)	3,779,990	-
Amounts written off	(199,233)	(2,348,054)	(527,670)	(3,074,957)
Net monetary gain reversal	(670,128,950)	(48,015,503)	(2,124,384)	(720,268,837)
	614,844,127	**84,015,993**	**2,799,270**	**701,659,390**

The ECL allowance excludes Carousel receivables.

	Group		Company	
Figures in Zimbabwe dollar	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January

10. Trade and other receivables (continued)

Contractual amounts outstanding in relation to loans and advances that were still subject to enforcement activity, but otherwise had already been written off, were nil both at 9 January 2022 and at 10 January 2021. The increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages.

Credit terms offered to retail customers vary but do not exceed 12 months. The maximum credit period on sales of goods at the factory, is 390 days. Interest is charged on 3-month accounts at 5% per month, 8% per month on 6 months accounts and at 15% per month on 12-month accounts. Additional late payment interest is charged at 10% per month on the outstanding balance for customers who default on their repayments. The group has recognised an allowance for credit losses against all trade receivables based on the arrear's records at the end of the period.

2022	Stage 1	Stage 2	Stage 3	Total
ECL allowances as at 10 January 2021	2,875,973	3,008,500	1,904,814	7,789,287
New assets originated or purchased	2,774,528	14,710,662	59,522,533	77,007,723
Assets derecognised or repaid	(21,213,248)	(17,692,093)	564,331	(38,341,010)
Transfers to Stage 1	24,252,919	(13,805,964)	(10,446,955)	-
Transfers to Stage 2	(4,407,994)	26,637,660	(22,229,666)	-
Transfers to Stage 3	-	(6,255,272)	6,255,272	-
Amounts written off	(128)	(22,493)	(7,963,598)	(7,986,219)
Net monetary gain	(1,252,262)	(1,295,928)	(762,781)	(3,310,971)
	3,029,788	**5,285,072**	**26,843,950**	**35,158,810**

2021	Stage 1	Stage 2	Stage 3	Total
ECL allowances as at 5 January 2020	8,805,102	4,583,834	814,386	14,203,322
New assets originated or purchased	8,393,852	318,815	88,834	8,801,501
Assets derecognised or repaid (excluding write offs)	(1,240,774)	(656,056)	(408,611)	(2,305,441)
Transfer to Stage 1	109,198	(105,832)	(3,366)	-
Transfer to Stage 2	(3,800,088)	3,801,805	(1,717)	-
Transfer to Stage 3	(2,216,267)	(481,065)	2,697,332	-
Amounts written off	(9,630)	(187,836)	(39,247)	(236,713)
Net monetary gain	(7,165,419)	(4,265,166)	(1,242,797)	(12,673,382)
	2,875,974	**3,008,499**	**1,904,814**	**7,789,287**

11. Cash and cash equivalents

Cash and cash equivalents consist of:				
Bank balances	448,839,177	451,173,727	402,891,248	445,816,895
Bank overdraft	(229,391,375)	(125,666,243)	(228,867,515)	(125,560,597)
	219,447,802	325,507,484	174,023,733	320,256,298
Current assets	448,839,177	451,173,727	402,891,248	445,816,895
Current liabilities	(229,391,375)	(125,666,243)	(228,867,515)	(125,560,597)
	219,447,802	**325,507,484**	**174,023,733**	**320,256,298**

		Group		Company	
	Figures in Zimbabwe dollar	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January
12.	**Share capital**				
	Authorised ordinary share capital	19,265,347	19,265,347	19,265,347	19,265,347
	700,000,000 ordinary share capital (2020: 700,000,000 shares of $0.01 each)				
	Issued				
	Ordinary	265,129,308	265,129,308	265,129,308	265,129,308

Issued ordinary shares and premium	No. of shares 000s	Share capital	Share premium	Issued capital total
Balance at 5 January 2020	326,990	1,980,107	131,362,676	133,342,783
Issue of shares under employee share option plan	2,599	71,515	661,239	732,754
Issue of shares under rights issue	280,151	11,477,486	119,576,285	131,053,771
Balance at 10 January 2021	609,740	13,529,108	251,600,200	265,129,308
Balance at 9 January 2022	609,740	13,529,108	251,600,200	265,129,308

Included in shares are shares held by special purpose entities – Zimed Group Employee Trust (35 950 445 shares) and Edgars Employee Share Trust Company (524 150 shares) which have been consolidated as treasury shares in the group financial statements. In relation to the remaining 90 260 000 unissued shares, 84 788 401 are under the control of the Directors for an unlimited period, subject to the limitations contained in section 183 of the Companies and Other Business Entities Act (Chapter 24:31) and the balance of 5 471 599 are under the control of the shareholders in a general meeting.

13.	**Revaluation reserve**				
	Revaluation reserve	192,259,331	284,270,827	193,974,770	277,379,695

The revaluation reserve is used to record increases in the fair value of property, plant and equipment and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity. The revaluation reserve is realised to retained earnings when the concerned assets have been fully utilised / depreciated.

14.	**Credit reserve**				
	Credit reserve	13,450,391	14,018,671	-	-
15.	**Equity settled employee benefits reserve**				
	Equity settled employee benefits reserve	64,018,021	64,018,021	64,018,021	64,018,021

The equity-settled employee benefits reserve is used to record the value of equity settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration.

		Group		Company	
	Figures in Zimbabwe dollar	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**
16.	**Borrowings**				
	Loans	1,283,211,340	267,523,861	1,200,399,259	267,523,860
	Bank overdrafts	229,391,375	125,666,243	228,867,515	125,560,597
		1,512,602,715	**393,190,104**	**1,429,266,774**	**393,084,457**
	Split between non-current and current portions				
	Non-current liabilities	-	144,499,585	-	144,499,585
	Current liabilities	1,512,602,715	248,690,519	1,429,266,774	248,584,872
		1,512,602,715	**393,190,104**	**1,429,266,774**	**393,084,457**

(i) Secured with a Notarial General Covering Bond over moveable assets, cession of fire policies, debtors' book of ZW$1,9 billion (2021: ZW$631 million) and ZW$ 581 million shareholder's guarantees.

(ii) The weighted average effective interest rate on all the borrowings is 41.28% (2021: 57.67%) per annum.

(iii) Tenures range between 90 days and 365 days (2022) and 90 days and 365 months (2021).

	Reconciliation of loan movements				
	Opening balance	393,190,104	431,569,427	393,084,457	431,475,325
	Increase in net overdraft position	103,725,132	218,182,130	103,306,918	218,182,129
	Repayment of borrowings	(2,203,643,346)	(863,035,707)	(2,124,396,638)	(863,035,707)
	Net monetary gain	(267,523,861)	(703,391,913)	(269,552,890)	(703,403,457)
	Proceeds from borrowings	3,486,854,686	1,309,866,167	3,326,824,927	1,309,866,167
		1,512,602,715	**393,190,104**	**1,429,266,774**	**393,084,457**
17.	**Lease liabilities**				
	Non-current liabilities	175,905,577	242,580,440	175,905,577	242,580,440
	Current liabilities	170,250,460	88,853,900	170,250,460	88,853,900
		346,156,037	**331,434,340**	**346,156,037**	**331,434,340**
18.	**Trade and other payables**				
	Financial instruments:				
	Trade payables	759,471,593	341,011,315	759,470,219	340,765,773
	Sundry accounts payable and accrued expenses*	249,644,007	140,129,362	243,629,887	138,172,412
		1,009,115,600	**481,140,677**	**1,003,100,106**	**478,938,185**

*Included in sundry accounts payable is the cash value plan liability of ZWL7,468,738 (2021: ZWL 7,468,738)

	Group		Company	
Figures in Zimbabwe dollar	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**

19. Contract liabilities

Lay bye deposits relate to deposits paid by customers for the purchase of products in the group's retail stores.

Deferred income relates to the value of loyalty points accumulated by customers when the purchase products in the group's retail stores.

Included in the current year balance are 91% of the points that were accrued for in the current year due to the Thank U Programme.

Lay bye deposits	3,426,069	946,122	3,426,069	946,122
Deferred income	39,596,018	7,373,911	39,596,018	7,373,911
	43,022,087	**8,320,033**	**43,022,087**	**8,320,033**

Reconciliation

Opening balance of contract liabilities	8,320,033	4,603,100	8,320,033	4,603,100
Hyper inflationary effects	-	488 454	-	488 454
Receipts for which performance obligations will be performed in the future.	34,702,054	3,228,479	34,702,054	3,228,479
Closing balance	**43,022,087**	**8,320,033**	**43,022,087**	**8,320,033**

20. Dividend Payable

Balance at the beginning of the year	594,822	594,822	594,822	594,822
Dividend paid	-	-	-	-
Balance at the end of the year	**594,822**	**594,822**	**594,822**	**594,822**

Dividend payable are unclaimed amounts from 2018.

21. Revenue

Sale of merchandise				
Retail sales - Edgars	3,013,243,660	1,785,337,850	3,013,243,660	1,785,337,850
Retail sales - Jet	2,510,162,030	1,440,196,124	2,510,162,030	1,440,196,124
Manufacturing sales to third parties – local sales	33,377,342	41,373,040	33,377,342	41,373,040
Manufacturing sales to third parties – export sales	5,702,697	-	5,702,697	-
	5,562,485,729	**3,266,907,014**	**5,562,485,729**	**3,266,907,014**
Revenue from Micro Finance Institution and Debtors accounts	1,309,864,170	497,209,664	1,105,035,600	446,230,732
Other revenue	14,946,793	7,678,311	14,946,793	7,678,311
Hospital Cash Plan and Insurance	9,642,993	4,208,402	9,642,993	4,208,402
Commission Edgars Club Subscriptions	5,303,800	3,469,909	5,303,800	3,469,909
	1,324,810,963	504,887,975	1,119,982,393	453,909,043
Total revenue	**6,887,296,692**	**3,771,794,989**	**6,682,468,122**	**3,720,816,057**

		Group		Company	
	Figures in Zimbabwe dollar	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**
22.	**Other operating income**				
	Recoveries*	9,803,690	-	9,803,690	-
	Sundry income**	22,385,596	-	16,696,622	-
	Rent receivable	5,789,484	-	7,199,856	-
		37,978,770	**-**	**33,700,168**	**-**

* Recoveries are stationery recoveries whereby Edgars sell its labels to the suppliers. Also included are bad debt recoveries.

** Sundry income is comprised of commission on funeral policy payments received from employees and unallocated bank deposits.

23.	**Other operating gains (losses)**				
	Gains on disposals of property, plant and equipment				
	Property, plant and equipment	(1,791,950)	382,299	(1,791,950)	382,299
	Exchange (losses)/ gains				
	Net exchange (losses)/ gains	(510,846,661)	89,170,485	(511,098,398)	88,626,707
	Total other operating (losses)/ gains	**(512,638,611)**	**89,552,784**	**(512,890,348)**	**89,009,006**

24. Operating profit (loss)

Operating profit /(loss) for the year is stated after charging (crediting) the following, amongst others:

Movement in credit loss allowances				
Trade and other receivables	28,920,924	7,754,513	28,920,924	7,754,513
Loans receivables at amortised cost	4,519,498	(70,681)	-	-
	33,440,422	**7,683,832**	**28,920,924**	**7,754,513**
Expenses by nature				
Purchase of inventory, electricity and labour costs	2,667,384,566	2,213,488,075	2,668,100,249	2,213,304,345
Employee costs	1,199,040,202	636,491,478	1,158,076,371	619,739,910
Lease expenses	167,401,769	83,780,613	167,401,769	83,780,613
Depreciation, amortisation and impairment*	430,785,655	198,573,986	418,923,081	194,810,018
Other expenses	719,239,564	343,794,779	660,310,502	355,942,537
	5,183,851,756	**3,476,128,931**	**5,072,811,972**	**3,467,577,423**

*Depreciation of ZW$ 18,141,556 on plant and machinery was reclassified to cost of sales. There was no reclassification in prior year

25. Employee costs

Employee costs				
Salaries	1,114,884,770	595,223,093	1,075,826,067	579,208,375
Medical aid - Company contributions	42,491,542	15,246,993	41,834,379	15,141,961
Pension contributions	40,631,482	21,991,327	39,423,927	21,447,462
National Employment Council ("NEC") contributions	1,032,408	4,030,065	991,998	3,942,112
	1,199,040,202	**636,491,478**	**1,158,076,371**	**619,739,910**

Pension Funds

The group's operating companies and all employees contribute to the Edgars Pension Fund and National Social Security Authority scheme.

Edgars Pension Fund

The Edgars Pension Fund is a defined contribution fund and provides pensions and other associated benefits for all employees on the permanent staff of the Group, their spouses, and dependents. Member contributions to the fund are set at 5% whilst the employer rate is set at 12% of monthly pensionable salaries. Employer contributions are recognised in profit or loss. The Fund is governed by legislation in the form Pension and Provident Funds Act, Chapter 24:09.

26. Share based payments

The group has an ownership-based compensation scheme for executives and senior employees. The following shares have been set aside for this plan, as approved by shareholders at previous annual general meetings.

Resolution date	Shares set aside
29 May 2007	15,000,000
10 June 2010	16,000,000
	31,000,000

Directors were authorised to grant options from shares set aside at their discretion.

Each employee share option converts into one ordinary share of Edgars Stores Limited on exercise. The options carry neither rights to dividends nor voting rights. Options must be exercised within 10 years of grant date but can only be exercised from the 2nd anniversary upon which a third can be exercised every year thereafter. Share options vest in full during the fourth year after grant date. The exercise price is determined as the mid-market price on the date the options were granted. The option is exercisable provided that the participant has remained in the Group's employ until the option vests. An exception is made where termination of employment is as a result of death or retirement. In such an event, options may be taken up and must be paid for within twelve months of such an event. In the event of a resignation, options which have vested may be taken up and paid for before expiration of notice period being served. Share options granted and forfeited can be granted at the directors' discretion in subsequent periods.

The following share-based payments arrangements were in existence during the current and prior years.

Issue date	Number of shares
29 June 2007	4,300,000
10 June 2008	5,350,000
9 July 2009	4,300,000
20 March 2010	1,050,000
11 June 2010	4,150,000
29 March 2011	4,233,333
14 March 2012	4,655,500
15 March 2013	4,550,000

There were no share options forfeited this year (2021: 501,667). There have been no cancellations or modifications to any of the plans during 2022 and 2021. Cancelled and forfeited options are issued to other employees and are included in the share options granted above.

The fair value at grant date is determined by applying the Black Scholes Option Pricing Model. Options granted prior to the change in functional currency were treated as if the grant date was the change in functional currency date. The vesting period was determined as being that period remaining until vesting conditions have been met.

Movements in the year

The following table illustrates the movements in the number of share options during the year:

	52 weeks to 9 January 2022 No.	52 weeks to 9 January 2022 WAEP ZWc	53 weeks to 10 January 2022 No.	53 weeks to 10 January 2022 WAEP ZWc
Outstanding at the end of the period	3,460,832	9.78	6,560,999	9.41
Granted during the year	-	-	-	-
Forfeited during the year	-	-	(501,667)	-
Exercised during the year		-	(2,598,500)	8.26
Outstanding at the end of the period	3,460,832	-	3,460,832	9.78
Exercisable at the end of the period	**3,460,832**	**-**	**3,460,832**	**-**

		Group		Company	
	Figures in Zimbabwe dollar	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**	**2022 For the 52 weeks to 9 January**	**2021 For the 53 weeks to 10 January**
27.	**Store expenses**				
	Store expenses are expenses incurred by Edgars and Jet Stores. It covers employee costs, rent and occupancy and other operating expenses.				
	Employee expenses	695,213,766	701,634,136	695,213,766	699,436,648
	Rent and occupancy	179,306,728	180,965,257	179,306,728	180,965,257
	Other operating expenses	281,242,138	283,843,537	281,242,138	283,843,537
		1,155,762,632	**1,166,442,930**	**1,155,762,632**	**1,164,245,442**
28.	**Financial services expenses**				
	Financial services expenses are expenses incurred by Club Plus and Finserve Divisions. It covers employee costs, rent and occupancy and other operating expenses.				
	Employee expenses	97,416,840	35,592,602	62,418,630	33,309,636
	Rent and occupancy	1,691,683	96,199	457,066	90,029
	Other operating expenses	165,452,875	60,509,125	133,005,411	56,627,971
		264,561,398	**96,197,926**	**195,881,107**	**90,027,636**
29.	**Depreciation, amortisation and impairment losses**				
	Depreciation				
	Property, plant and equipment*	187,443,232	77,200,162	175,855,908	73,513,394
	Depreciation reclassified to cost of sales	18,141,556	-	18,141,556	-
	Right-of-use assets	230,301,715	102,477,663	230,301,715	102,477,663
		435,886,503	**179,677,825**	**424,299,179**	**175,991,057**
	Amortisation				
	Intangible assets	13,040,707	18,896,162	12,765,458	18,818,962
	Total depreciation, amortisation and impairment				
	Depreciation	417,744,948	179,677,825	406,157,623	175,991,057
	Amortisation	13,040,707	18,896,162	12,765,458	18,818,962
		430,785,655	**198,573,987**	**418,923,081**	**194,810,019**
30.	**Finance income**				
	Interest income				
	Interest received	19,594,012	228,485	37,199,015	14,693,626
31.	**Finance costs**				
	Lease interest paid	137,877,597	116,199,190	137,877,597	116,199,190
	Interest paid	440,631,472	177,052,702	428,085,263	181,068,017
	Total finance costs	**578,509,069**	**293,251,892**	**565,962,860**	**297,267,207**

		Group		Company	
	Figures in Zimbabwe dollar	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January
32.	**Taxation**				
	Major components of the tax income				
	Current				
	Local income tax - current period	121,097,899	152,183,265	98,087,315	149,548,367
	Withholding tax	885	690	885	690
		121,098,784	**152,183,955**	**98,088,200**	**149,549,057**
	Deferred				
	Originating and reversing temporary differences	(89,880,831)	(120,518,937)	(83,707,562)	(126,207,994)
		31,217,953	**31,665,018**	**14,380,638**	**23,341,063**
	Reconciliation of the tax expense				
	Reconciliation between accounting profit and tax expense.				
	Accounting profit/ (loss)	590,071,727	(290,457,345)	542,907,029	(292,382,547)
	Tax at the applicable tax rate of 24.72% (2021: 24.72%)	145,865,731	(71,801,056)	134,206,618	(72,276,966)
	Tax effect of adjustments on taxable income				
	Expenses which are not tax deductible	(32,546,881)	(3,246,078)	(41,231,178)	6,226,169
	Permanent differences relating to passenger motor vehicles	1,152,427	(203,194)	1,152,427	(203,194)
	Net monetary gain	(83,253,324)	43,585,310	(79,747,229)	42,912,928
		31,217,953	**31,665,018**	**14,380,638**	**23,341,063**

Expenses which are not tax deductible include donations, fines and penalties, excess pension fund contributions and disallowed interest.

33.	**Cashflow**				
	Non-cash items				
	Share based payment expense	-	26,621,038	-	26,621,036
	Depreciation of property, plant and equipment and right of use assets	435,886,503	179,677,825	429,299,178	175,991,057
	Effect of transfers	-	6,665,973	-	6,493,257
	Inventory write down	-	551,684,776	-	551,684,776
	Inventory obsolescence	34,994,165	-	34,994,165	-
	Amortisation of intangible assets	13,040,707	18,896,162	12,765,458	18,818,962
	Amortisation of computer software charges	-	31,292,450	-	30,348,920
	Unwinding of lease liabilities	-	114,521,497	-	114,521,497
	Loss / (profit) on disposal of property, plant and equipment	1,791,950	(382,229)	1,791,950	(382,229)
	Allowance for credit losses - trade and other receivables	35,701,531	10,898,956	35,701,531	10,898,956
	Allowance for credit losses - loans and advances to customers	4,771,278	404,704	-	-
	Unrealised exchange loss	38,196,646	70,033,626	40,317,756	69,944,322
	Monetary gain	(359,866,315)	(847,403,215)	(436,506,567)	(792,703,831)
		204,516,465	**162,911,563**	**118,363,471**	**212,236,723**

Figures in Zimbabwe dollar	Group		Company	
	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January
34. Tax paid				
Balance at beginning of the year	(57,125,338)	(32,049,443)	(54,620,565)	(33,395,718)
Current tax for the year recognised in profit or loss	(121,097,899)	(152,183,955)	(98,087,315)	(149,548,367)
Inflation adjustment	21,585,746	(13,408,824)	(20,633,456)	10,625,209
Balance at end of the year	(5,207,709)	57,125,338	(21,196,543)	54,620,565
	(161,845,200)	**(140,516,884)**	**(153,270,967)**	**(117,698,311)**
35. Current tax receivable / (payable)				
Normal tax	5,207,704	(57,125,338)	21,196,543	(54,620,565)
36. Earnings per share				
Weighted average number of ordinary shares (basic)	**000's**	**000's**	**000's**	**000's**
Issued ordinary shares at the beginning of the period	609,741	326,991	609,741	326,991
Effect of treasury shares	(36,475)	(36,475)	(36,475)	(36,475)
Share options exercised	-	1,516	-	1,516
Rights issued	-	116,272	-	116,272
Weighted average number of ordinary shares used in earnings per share	**573,266**	**408,304**	**573,266**	**408,304**
Weighted average number of ordinary shares (diluted)				
Weighted average of ordinary shares (basic)	573,267	408,304	573,267	408,304
Effect of share options on issue	3,036	4,394	3,036	4,394
Weighted average number of ordinary shares (diluted)	**576,303**	**412,698**	**576,303**	**412,698**
Attributable basis				
Profit / (loss) attributable to ordinary shareholders	558,853,774	(322,122,363)	528,526,391	(315,723,610)
Adjustments to basic earnings	-	-	-	-
Profit / loss adjusted for cost of dilutive instruments	**558,853,774**	**(322,122,363)**	**528,526,391**	**(315,723,610)**

*The loss for the prior year was impacted by the IFRS 16 restatement (refer to note 3) hence the resulting EPS restatement. There was no dilutive impact in the loss per share.

37. Commitments				
Authorised capital expenditure				
Authorised and contracted	-	-	-	-
Authorised but not yet contracted for	584,040,860	518,771,146	567,119,391	518,771,146
	584,040,860	**518,771,146**	**567,119,391**	**518,771,146**

38. Interest of directors in share capital

The interests, direct and indirect of the directors in office, aggregated as to beneficial interest and non-beneficial interest are as follows:

Director's name	53 weeks to 9 January 2022 Beneficial	53 weeks to 9 January 2022 Non beneficial	53 weeks to 10 January 2021 Beneficial	53 weeks to 10 January 2021 Non beneficial
R Mlotshwa	4,000	100	4,000	100
C F Dube	-	100	-	100
V Mpofu	5,000	100	5,000	100
T N Sibanda	-	100	-	100
L L Tsumba	-	100	-	100
T N Ndlovu	-	-	-	-
H Vundla	-	-	-	-
Nominees	-	300	-	300
	9,000	**800**	**9,000**	**800**

No changes in Directors' shareholdings have occurred between the financial year end and the date of publishing of this annual report.

During the course of the period, no director of the company had any material interest in any contract of significance with the company or any of its subsidiaries which would have given rise to a related conflict of interest.

39 Related parties

Relationships

Parent company	SSCG Africa LLP
Subsidiary	Club Plus (Private) Limited - 100% owned by Edgars Stores Limited
Shareholder	Annunaki (Private) Limited
Common ownership	Shearwater (Private) Limited
Former parent company	Edcon Holdings (Proprietary) Limited
Members of key management	Senior management in the group included in the Executive.

Related party relationships exist between the group, fellow subsidiaries and the holding company. All purchasing and selling transactions were concluded at market rate. All intra-group balances, income and expenses, unrealised gains and losses resulting from intra-group transactions are eliminated in full Intercompany balances have no fixed repayment terms. Interest is charged on the Club Plus (Private) Limited loan at 20% (2021: 50% per annum.)

Related party balances

Balances between Edgars Stores Limited and Club Plus Limited and Club Plus Limited	**9 January 2022**	**10 January 2021**
Intercompany loan	58,111,654	46,445,596
Investment in subsidiary	62,739,337	62,739,337
Balances between Edgars Stores Limited and Edcon Holdings (Proprietary) Limited		
Dividend payable	594,822	594,822
Balances between Edgars Stores Limited and Annunaki Investments (Proprietary) Limited		
Principal	546,915,295	-
Interest	101,358,527	-

The intercompany balances are used to fund the subsidiary's debtor's book. The group expects to recover the amounts when the customers settle their dues as the company has sufficient liquid assets to settle its debt. Resultantly no allowance has been made for this balance.

Figures in Zimbabwe dollar		Group 2022 For the 52 weeks to 9 January	Group 2021 For the 53 weeks to 10 January	Company 2022 For the 52 weeks to 9 January	Company 2021 For the 53 weeks to 10 January

39. Related parties (continued)

Related party transactions

Transactions between Edgars Stores Limited and Club Plus (Private) Limited

Rental of premises				1,156,491	273,428
Interest on intercompany loan				65,767,459	14,465,141

Transactions between Edgars Stores Limited and Annunaki Investment (Private) Limited

Consultation fees				-	4,508,276
Interest on loan				130,793,933	-

The Group expects to recover the intercompany loan amounts as Club Plus has sufficient liquid assets to settle its debt as and when it falls due. Resultantly no allowance has been made for this balance since it is a performing loan.

Transactions between the group and other fellow subsidiary companies

Shearwater (Private) Limited – Merchandise purchase		-	-	8,000,535	36,415,009

Compensation to directors and other key management

Short-term employee benefits		124,322,434	34,802,905	118,215,562	29,153,328
Pension and medical aid benefits		7,806,856	3,221,171	7,387,028	2,689,227
Cash value plan and profit share plans		14,569,418	29,530,400	14,346,822	29,530,400
		146,698,708	**67,554,476**	**139,949,412**	**61,372,955**

40. Financial risk management, objectives and policies

Categories of financial instruments

Capital risk management

Borrowings	16	1,512,602,715	393,190,104	1,429,266,774	393,084,457
Lease liabilities	17	346,156,037	331,434,340	346,156,037	331,434,340
Trade and other payables	18	1,009,115,600	481,140,677	1,003,100,106	478,938,185
Contract liabilities		43,022,087	8,320,033	43,022,087	8,320,033
	19				
Total borrowings		**2,910,896,439**	**1,214,085,154**	**2,821,545,004**	**1,211,777,015**
Cash and cash equivalents	11	(219,447,802)	(325,507,484)	(174,023,733)	(320,256,298)
Net borrowings		**2,691,448,637**	**888,577,670**	**2,647,521,271**	**891,520,717**
Equity		2,430,855,947	1,973,135,969	2,435,475,064	1,999,248,537
Gearing ratio		111%	45%	109%	45%

Financial risk management

Overview

Financial risk management is carried out at group level and covers risks to both the group and company. The group's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for the group's operations. The group has trade and other receivables and cash and short-term deposits that derive directly from its operations.

The group is exposed to market risk, credit risk and liquidity risk.

40. Financial risk management, objectives and policies (continued)

The group's senior management oversees the management of these risks. The Treasury, Credit and Audit Committees play a role by continuously evaluating the group's exposure and response to significant risks. Taking an acceptable level of risk is considered core to doing business. The group therefore analyses, evaluates, accepts and manages risk to achieve an appropriate balance between risk and return, at the same time minimising potential adverse effects to the business.

The Board of Directors reviews and agrees policies for each of the risks, which are summarized below.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables, loans and advances to customers and cash deposits). The Group's governance structures include the Financial Services division which mainly focuses on credit management which is led by the Financial Services Executive. The Financial Services division is responsible for approving all credit risk related policies and processes and will inform the credit risk appetite within the guidelines specified through the Board of directors under which the Financial services division operates.

- Credit risk relating to cash deposits: The group deposits cash with reputable banks. In addition, the majority of these banks loaned money to the group, with the borrowed amount exceeding our deposits. The maximum exposure to credit risk is equal to the carrying amounts disclosed in the Statement of Financial Position.

- Credit risk relating to trade receivables: The Group does not have any balances past due date which have not been adequately provided for, as the provisioning methodology applied takes the entire trade receivables – retail population into consideration. The group uses an internally developed credit assessment tool. Before accepting any new customer, the group uses a robust credit scoring system to assess the customer's credit profile. A credit facility is established for each customer, which represents the maximum possible exposure to any account holder. The facility is made available to the account holder over time depending on the quality of credit behaviour displayed by the customer. These credit facilities are reviewed monthly. The customer is allocated a credit limit above which the customer cannot make further purchases on their account. Credit assessment tools are also applied to track the customer's credit performance during the time the group is exposed to the customer. Credit concentration risk is low due to a large and unrelated customer base.

- Credit risk relating to loans and advances to customers: The group uses an internally developed credit assessment tool for each loan advanced. Before accepting any new customer, the group uses a robust credit scoring system to assess the customer's credit profile. Thereafter the customer is allocated a loan limit above which the customer cannot borrow. Credit assessment tools are also applied to track the customer's credit performance during the time the group is exposed to the customer. The credit concentration risk is low due to a large and an unrelated customer base.

Limits and behavioural scores attributed to customers are reviewed regularly. The maximum exposure to credit risk is the carrying amount of the receivables.

Trade receivables

The characteristics of trade receivables are as follows:

2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit risk has not increased significantly	1,328,483,779	-	-	1,328,483,779
Significant increase in credit risk	-	176,218,644	-	176,218,644
Credit impaired	-	-	37,390,325	37,390,325
	1,328,483,779	**176,218,644**	**37,390,325**	**1,542,092,748**

2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit risk has not increased significantly	606,685,398	-	-	606,685,398
Significant increase in credit risk	-	70,619,177	-	70,619,177
Significant increase in credit risk	-	13,396,815	-	13,396,815
Individually impaired	-	-	2,799,271	2,799,271
	606,685,398	**84,015,992**	**2,799,271**	**693,500,661**

40. Financial risk management, objectives and policies (continued)

Loans and advances to customers

The characteristics of loans and advances are as follows:

2021	Stage 1	Stage 2	Stage 3	Total
Credit risk has not increased significantly	606,685,398	-	-	606,685,398
Significant increase in credit risk	-	70,619,177	-	70,619,177
Significant increase in credit risk	-	13,396,815	-	13,396,815
Credit Impaired	-	-	2,799,271	2,799,271
	606,685,398	**84,015,992**	**2,799,271**	**693,500,661**

Loans and advances to customers

The characteristics of loans and advances are as follows:

2022	Stage 1	Stage 2	Stage 3	Total
Credit risk has not increased significantly	141,490,185	-	-	141,490,185
Significant increase in credit risk	-	8,855,256	-	8,855,256
Significant increase in credit risk	-	-	-	-
Credit impaired	-	-	6,007,419	6,007,419
	141,490,185	**8,855,256**	**6,007,419**	**156,352,860**

2021	Stage 1	Stage 2	Stage 3	Total
Credit risk has not increased significantly	41,240,659	-	-	41,240,659
Significant increase in credit risk	6,347,210	-	-	6,347,210
Significant increase in credit risk)	-	1,420,970	-	1,420,970
Credit impaired			211,834	211,834
	47,587,869	**1,420,970**	**211,834**	**49,220,673**

Intercompany loan

The Group expects to recover the intercompany loan amounts as Club Plus has sufficient liquid assets to settle its debt as and when it falls due. The credit risk specific to the loans and advances is as set out in note 1.8.1.5.

Impairment assessment

The references below show how the group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

Definition of default and cure

The group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower/ debtor becomes 90 days past due on its contractual repayment obligations.

As a part of qualitative assessment of whether a customer is in default, the group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- internal rating of the borrower indicating default or near-default
- whether the borrower is deceased
- whether the debtor is filing for bankruptcy application/protection

It is the group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

40. Financial risk management, objectives and policies (continued)

The group's internal rating and Probability of Default (PD) estimation process

The PDs applied in the ECL computation are a result of the portfolio specific regression models. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplementary information that could affect the borrower's behaviour. These information sources are first used to determine the PDs within the group's Basel framework.

PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information. The IFRS 9 Stage classification of the exposure is determined by scores from the behavioural scorecard.

Consumer lending and short-term loans

Consumer lending comprises unsecured personal loans. These products are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:

- Consumer lending products;
- use of limits and volatility thereof:
- GDP growth.
- Unemployment rates, changes in personal income/salary levels based on records of current accounts, persona indebtedness and expected interest repricing.

Exposure at Default (EAD)

Exposure at Default is defined as an estimation of the to which the Bank will be exposed to a counterparty in the event of a default. The EAD models have been built using the histoextentrical experience of debt instruments that defaulted. Credit Conversion Factors (CCF) are determined using linear regression-based approach. EAD models are used at the portfolio level to forecast the proportion of the exposure that will be outstanding at the point of default.

Loss Given Default (LGD)

The Loss Given Default is defined as an estimate of the ultimate credit loss in the event of a default. The LGD models were built using the historical experience of defaulted credit facilities and the observed recoveries from the default date to the point of model development. The linear regression approach was used to construct LGD models. The LGD models are used at the portfolio level to evaluate 12-months LGDs for financial instruments with no significant increase in credit risk since initial recognition and lifetime LGDs are applied for financial instruments for which a significant increase in credit risk has occurred.

12-months LGDs were derived from discounted cashflows while lifetime LGDs were derived using a combination of 12-months LGDs and forward-looking macroeconomic factors. GDP per Capita and Annual Inflation were the statistically significant variables considered.

Significant increase in credit risk

The group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the group assesses whether there has been a significant increase in credit risk since initial recognition. The group's independent Credit Risk Department operates its internal rating models that assigns grades to different clients. This information is combined together with other observable variables to form the IFRS 9 behavioural scorecards whose main variable is the days past due status of any given facility. The thresholds specified in the model documentations determines the transitions to stage 2 and 3 and Lifetime PDs are then determined for those that would have moved from Stage 1. This will result in facilities in Stage 1 recognizing a 12month ECL while instruments in Stage 2 and 3 recognising a Lifetime ECL. The probability weighted ECL is then determined considering the base, best and worst case scenarios.

Grouping financial assets measured on a collective basis EDTF 3

The ECLs for all instruments are calculated per individual and results consolidated at portfolio level.

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due. The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short-term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at banking institutions.

40. Financial risk management, objectives and policies (continued)

The group has access and has utilised the following:

	52 weeks to 9 January 2022	53 weeks to 10 January 2021
Total banking and loan facilities	1,981,436,543	599,856,970
Utilised interest-bearing debt	(1,512,602,715)	(393,190,104)
Unutilised banking facilities	**468,833,828**	**206,666,866**

The aggregate amount of the group's year-end interest - bearing debt is limited to an amount determined in terms of the Company's Articles of Association. This limit is calculated as the aggregate of shareholders' equity, inventories and debtors.

	52 weeks to 9 January 2022	53 weeks to 10 January 2021
Maximum permissible interest-bearing debt	6,283,529,244	2,689,316,096
Interest bearing debt	(1,512,602,715)	(431,569,425)
	4,770,926,529	2,257,746,671
Cash and cash equivalents	219,447,802	64,039,690
Utilised borrowing capacity	4,990,374,331	2,321,786,361

The table below summarises the maturity profile of the group 's financial liabilities based on contractual undiscounted payments

Group - 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Interest bearing loans and borrowings	229,391,375	794,817,000	488,394,340	-	1,512,602,715
Trade and other payables	-	1,009,115,600	-	-	1,009,115,600
Lease liabilities	-	188,549,791	543,580,590	-	732,130,381
	229,391,375	**1,992,482,391**	**1,031,974,930**	**-**	**3,253,848,696**
Group - 2021					
Interest bearing loans and borrowings	125,666,243	116,151,226	6,873,048	144,499,585	393,190,102
Trade and other payables	-	353,819,329	-	-	353,819,329
Lease liabilities	-	51,836,237	155,508,712	389,918,391	597,263,340
	125,666,243	**521,806,792**	**162,381,760**	**534,417,976**	**1,344,272,771**
Company - 2022					
Interest bearing loans and borrowings	228,867,515	794,817,000	405,582,259	-	1,429,266,774
Trade and other payables	-	-	1,003,100,106	-	1,003,100,106
Lease liabilities	-	188,549,791	543,580,590	-	732,130,381
	228,867,515	**983,366,791**	**1,952,326,286**	**-**	**3,164,560,592**
Company -2021					
Interest bearing loans and borrowings	125,560,597	116,151,226	6,873,048	144,499,585	393,084,456
Trade and other payables	-	353,456,215	-	-	353,456,215
Lease liabilities	-	51,836,237	155,508,712	389,918,391	597,263,340
	125,560,597	**521,443,678**	**162,381,760**	**534,417,976**	**1,343,804,011**

	Group		Company	
Figures in Zimbabwe dollar	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January
40. Financial risk management, objectives and policies (continued)				
Financial Instruments by category				
Financial assets at amortised cost				
Cash and bank balances	448,839,177	451,173,727	402,891,248	445,816,895
Amounts due from related parties	-	-	58,111,654	46,445,596
Financial assets at fair value through profit or loss				
Loans and advances to customers	151,581,581	48,815,968	-	-
Trade and other receivables	1,908,458,141	726,054,161	1,902,470,615	724,188,325
	2,508,878,899	**1,226,043,856**	**2,363,473,517**	**1,216,450,816**
Financial liabilities at amortised cost				
Borrowings	1,512,602,715	248,690,519	1,429,266,774	248,584,872
Trade and other payables	1,009,115,600	481,140,677	1,003,100,106	478,938,185
Other liabilities	170,250,460	92,059,691	170,250,460	92,059,691
	2,691,968,775	**821,890,887**	**2,602,617,340**	**819,582,748**

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (when revenue or expense are denominated in a different currency from the group's functional currency). The group has managed foreign currency risk by ring fencing foreign denominated bank balances as security against ZWL loan borrowings. Furthermore, we have engaged our suppliers such that all local suppliers can be paid in either foreign currency or Zimbabwean dollars translated at the exchange rate on the day of payment. In this way the group exercises some discretion depending on movements in exchange rates.

Foreign denominated balances	52 weeks to 9 January 2022 United States Dollar	53 weeks to 10 January 2021 United States Dollar	52 weeks to 9 January 2022 South African Rand	53 weeks to 10 January 2021 South African Rand
Assets				
Cash and cash equivalents	134,377,920	296,504,694	9,662,419	12,653,364
Liabilities			-	-
Trade payables	18,100,117	34,801,289		
Total net position	152,478,037	331,305,983	9,662,419	12,653,364
Impact of US$ strengthening by 10% - gain/(loss) in US$	(924,109)	(2,007,915)	(58,560)	(76,687)
Impact on profit before tax				
Impact of US$ weakening by 10% - gain/(loss) in US$	1,129,467	2,454,118	71,573	93,729
Impact on profit before tax				

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. Significant factors in managing the risk include the frequency, volatility and direction of rate of changes, the size of the interest-sensitive position and the basis for re-pricing at rollover dates. The group's exposure to the risk of changes in market interest rates relates primarily to its medium to long-term debt obligations.

40. Financial risk management, objectives and policies (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on interest bearing debt with variable interest rates.

09 January 2022	Adjusted Interest	Current year interest	Impact on profit or loss Gain/(loss)	Tax effect	Impact
All figures in ZW$					
Increase of 200 basis points in interest rates	449,444,101	440,631,472	8,812,629	2,178,482	6,634,147
Decrease of 200 basis points in interest rates	431,818,843	440,631,472	(8,812,629)	(2,178,482)	(6,634,147)
10 January 2021					
All figures in ZW$					
Increase of 200 basis points in interest rates	180,593,756	177,052,702	3,541,054	(911,821)	2,629,233
Decrease of 200 basis points in interest rates	173,511,648	177,502,702	(3,541,054)	(911,821)	(2,626,233)

Capital risk

Capital risk refers to the risk of the Group's own capital resources being adversely affected by unfavourable external developments. The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the Group;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its businesses.

Overall, the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have always complied with all externally imposed capital requirements throughout the period

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Governing board as implemented by the Reserve Bank of Zimbabwe (the "RBZ"), for supervisory purposes for the micro lending subsidiary. The required information is filed with the RBZ on a quarterly basis. The capital requirements for Micro lending Institutions was the ZWL equivalent of USD 25,000 (ZWL 2 716 650) which was adequately covered by the Group's subsidiary which had equity of ZWL 4 619 117. Where risk of such non-compliance is identified, the Group supports the subsidiary with the required capital, so as to avoid penalties by the regulatory authorities.

These regulatory requirements are incorporated into the Group's management of capital by ensuring that the equity position of the subsidiary exceeds the capital requirements on a monthly basis. The Group is managing its capital in a satisfactory manner by ensuring that the business is appropriately leveraged insofar as enabling it to obtain reasonable returns. The Group primarily monitors capital using the gearing ratio, despite the inherent challenges of determining annual financial targets in a hyperinflationary environment. The Group ensures that following any share repurchases or payments to shareholders, on a fair value basis, the consolidated assets of the Group exceeds its consolidated liabilities, and that the Group is able to pay its debts when they fall due.

Despite the Group's debt being higher than equity (refer to note 40) the Group benefited from the hyper inflationary environment during which a higher debt position was more favourable, as the inflation rate increased quicker than the borrowing rates adjustments from lenders.

41. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

41. Fair value information (continued)

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 3

		52 weeks to 9 January 2022	53 weeks to 10 January 2021	52 weeks to 9 January 2022	53 weeks to 10 January 2021
Property, plant and equipment					
Land & buildings	2	162,297,018	196,187,768	162,297,018	196,187,767
Leasehold improvements		33,719,617	107,654,863	29,266,485	88,766,336
Furniture, fittings & equipment		293,551,837	346,203,513	286,466,331	336,800,360
Computer equipment		97,079,858	102,686,873	88,999,149	91,965,842
Motor vehicles		73,199,835	84,621,336	71,276,447	82,058,860
Plant and machinery		72,193,556	91,994,344	72,193,556	91,994,345
		732,041,721	**929,348,697**	**710,498,986**	**887,773,510**

Included in the plant and machinery is ZW$4,704,723 that was not revalued. The plant and machinery were depreciated. The work in progress (ZW$12,114,472) is comprised of machinery that is not yet commissioned and therefore not being used. The plant was not revalued and was not depreciated.

42. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The director directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

43. Events after the reporting period

On the 7th of May 2022, the President of Zimbabwe announced various measures to restore confidence, preserve value and restore macro-economic stability in Zimbabwe. Amongst the various measures announced, the major highlight was on exchange rate management which was subsequently clarified through an Exchange Control Circular No. 3 of 22 to authorised dealers issued on the 9th of May 2022.

On exchange rate management, the government reviewed the willing buyer-buyer-willing-seller (interbank market rate) foreign exchange system put in place on 1 April 2022 by:

- Increasing the amount that an individual is permitted to purchase on this system to US$5 000 per day with a limited of US$10 000 per week
- Permitting the pricing of goods and services in the market to be at the prevailing willing-buyer-willing-seller rate (interbank market rate) plus a margin of up to 10%.

44. Dividend declaration

No dividend was declared for the year ended 9 January 2022 (2021: Nil).


QUOTE
urbanwear
CAROUSEL
A Division of Edgars Stores Limited


QUOTE
CAROUSEL
A Division of Edgars Stores Limited


POISE
CAROUSEL
A Division of Edgars Stores Limited

Historical Consolidated Statement of Financial Position at 9 January 2022

		Group		Company	
Figures in Zimbabwe dollar	Note(s)	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January Restated	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January Restated
Assets					
Non-Current Assets					
Property, plant and equipment		739,661,982	531,433,029	718,119,248	513,617,877
Right-of-use assets		259,406,142	190,301,662	259,406,142	190,301,662
Intangible assets		1,732,648	1,936,727	1,730,780	1,933,219
Investments in subsidiary		-	-	1,000,000	1,000,000
		1,000,800,772	**723,671,418**	**980,256,170**	**706,852,758**
Current Assets					
Inventories		1,271,883,112	386,034,460	1,271,150,582	385,964,607
Loans and advances to customers		151,581,581	30,370,053	-	-
Trade and other receivables		1,908,140,441	451,702,682	1,902,470,615	450,541,883
Current tax receivable		5,207,682	-	21,196,521	-
Intercompany loan		-	-	58,111,654	28,895,365
Cash and cash equivalents		448,839,177	280,690,330	402,891,248	277,357,665
		3,785,651,993	**1,148,797,525**	**3,655,820,620**	**1,142,759,520**
Total Assets		**4,786,452,765**	**1,872,468,943**	**4,636,076,790**	**1,849,612,278**
Equity and Liabilities					
Equity					
Share capital		73,411,672	73,411,672	73,411,672	73,411,672
Reserves		551,200,508	371,141,103	519,039,881	356,910,674
Retained income		1,171,420,044	473,570,611	1,146,866,241	472,153,955
		1,796,032,224	**918,123,386**	**1,739,317,794**	**902,476,301**
Liabilities					
Non-Current Liabilities					
Borrowings		-	89,898,046	-	89,898,046
Lease liabilities		175,905,577	150,917,440	175,905,577	150,917,440
Deferred tax		90,685,040	163,647,548	86,374,930	159,432,242
		266,590,617	**404,463,034**	**262,280,507**	**400,247,728**
Current Liabilities					
Trade and other payables		1,009,115,600	299,333,777	1,003,100,106	297,963,532
Borrowings		1,512,602,715	154,718,725	1,429,266,774	154,652,999
Lease liabilities		170,250,460	57,273,426	170,250,460	57,273,426
Current tax payable		-	35,539,592	-	33,981,288
Dividend payable		370,059	370,059	370,059	370,059
Contract liabilities		31,491,090	2,646,944	31,491,090	2,646,945
		2,723,829,924	**549,882,523**	**2,634,478,489**	**546,888,249**
Total Liabilities		**2,990,420,541**	**954,345,557**	**2,896,758,996**	**947,135,977**
Total Equity and Liabilities		**4,786,452,765**	**1,872,468,943**	**4,636,076,790**	**1,849,612,278**

Historical Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 9 January 2022

		Group		Company	
Figures in Zimbabwe dollar	Note(s)	2022	2021	2022	2021
		For the 52 weeks to 9 January	For the 53 weeks to 10 January (Restated)*	For the 52 weeks to 9 January	For the 53 weeks to 10 January (Restated)*
Revenue		**5,731,273,425**	**1,705,035,879**	**5,566,495,082**	**1,683,894,845**
Sale of merchandise		4,647,929,630	1,503,110,782	4,647,929,630	1,503,110,782
Cost of sales		(2,209,600,469)	(547,583,572)	(2,209,600,469)	(547,575,800)
Gross profit		**2,438,329,161**	**955,527,210**	**2,438,329,161**	**955,534,982**
Revenue from Micro Finance Institutions and other debtors accounts		1,070,955,091	198,353,924	906,176,748	177,212,890
Other revenue		12,388,704	3,571,173	12,388,704	3,571,173
Other operating income		31,669,269	-	28,347,575	-
Other operating expenses		(925,408,814)	(289,835,068)	(895,452,208)	(279,141,704)
Movement in credit loss allowances		(33,440,422)	(4,465,197)	(28,920,924)	(4,269,042)
Store expenses		(781,973,969)	(292,676,109)	(781,973,969)	(292,676,109)
Trading profit /(loss)		**1,812,519,020**	**570,475,933**	**1,678,895,087**	**560,232,190**
Other operating gains / (losses)		(436,397,335)	51,206,829	(437,421,633)	51,012,220
Financial services expenses		(217,021,621)	(45,798,229)	(159,745,303)	(43,014,414)
Finance income		5,119,103	83,547	13,713,104	3,440,979
Operating profit		**1,164,219,167**	**575,968,080**	**1,095,441,255**	**571,670,975**
Finance costs		(460,279,215)	(53,840,600)	(449,941,214)	(52,524,457)
Profit before taxation		**703,939,952**	**522,127,480**	**645,500,041**	**519,146,518**
Taxation		6,911,460	(132,516,410)	29,736,423	(131,101,886)
Profit for the year		**710,851,412**	**389,611,070**	**675,236,464**	**388,044,632**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Revaluation of property, plant and equipment		223,218,023	472,085,951	215,973,072	454,570,122
Deferred tax liability arising on revaluation		(55,178,970)	(116,699,647)	(53,388,543)	(112,369,734)
Total items that will not be reclassified to profit or loss		**168,039,053**	**355,386,304**	**162,584,529**	**342,200,388**
Other comprehensive income for the year net of taxation		**168,039,053**	**355,386,304**	**162,584,529**	**342,200,388**
Total comprehensive income for the year		**878,890,465**	**744,997,374**	**837,820,993**	**730,245,020**

Historical Consolidated Statement of Changes in Equity for the year ended 9 January 2022

Figures in Zimbabwe dollar	Share capital	Revaluation reserve	Credit reserve	Equity settled employee benefits reserve	Total reserves	Retained income	Total equity
GROUP							
Balance at 5 January 2020	**3,523,164**	**13,773,245**	**351,161**	**1,008,964**	**15,133,370**	**84,580,970**	**103,237,504**
Profit for the year	-	-	-	-	-	394,566,136	394,566,136
Other comprehensive income	-	355,386,304	-	-	355,386,304	-	355,386,304
Total comprehensive income for the year	**-**	**355,386,304**	**-**	**-**	**355,386,304**	**394,566,136**	**749,952,440**
Issue of ordinary shares under employee share option plan	266,247	-	-	-	-	-	266,247
Issue of shares under share option plan	69,622,261	-	-	-	-	-	69,622,261
Transfer to credit reserve	-	-	621,429	-	621,429	(621,429)	-
Total contributions by and distributions to owners of company recognised directly in equity	**69,888,508**	**-**	**621,429**	**-**	**621,429**	**(621,429)**	**69,888,508**
Opening balance as previously reported	73,411,672	369,159,549	972,590	1,008,964	371,141,103	478,525,677	923,078,452
Adjustments							
Prior year adjustments	-	-	-	-	-	(5,479,244)	(5,479,244)
Restated balance at 10 January 2021	**73,411,672**	**369,159,549**	**972,590**	**1,008,964**	**371,141,103**	**473,046,433**	**917,599,208**
Profit for the year	-	-	-	-	-	710,851,412	710,851,412
Other comprehensive income	-	167,581,604	-	-	167,581,604	-	167,581,604
Total comprehensive income for the year	**-**	**167,581,604**	**-**	**-**	**167,581,604**	**710,851,412**	**878,433,016**
Transfer to credit reserve	-	-	12,477,801	-	12,477,801	(12,477,801)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**12,477,801**	**-**	**12,477,801**	**(12,477,801)**	**-**
Balance at 09 January 2022	**73,411,672**	**536,741,153**	**13,450,391**	**1,008,964**	**551,200,508**	**1,171,420,044**	**1,796,032,224**

Historical Consolidated Statement of Changes in Equity for the year ended 9 January 2022

Figures in Zimbabwe dollar	Share capital	Revaluation reserve	Credit reserve	Equity settled employee benefits reserve	Total reserves	Retained income	Total equity
COMPANY							
Balance at 5 January 2020	**3,523,164**	**13,701,322**	**-**	**1,008,964**	**14,710,286**	**84,109,324**	**102,342,774**
Profit for the year	-	-	-	-	-	392,999,697	392,999,697
Other comprehensive income	-	342,200,388	-	-	342,200,388	-	342,200,388
Total comprehensive income for the year	**-**	**342,200,388**	**-**	**-**	**342,200,388**	**392,999,697**	**735,200,085**
Issue of ordinary shares under employee share option plan	266,247	-	-	-	-	-	266,247
Issue of shares under rights issue	69,622,261	-	-	-	-	-	69,622,261
Total contributions by and distributions to owners of company recognised directly in equity	**69,888,508**	**-**	**-**	**-**	**-**	**-**	**69,888,508**
Opening balance as previously reported Adjustments	73,411,672	355,901,710	-	1,008,964	356,910,674	477,109,021	907,431,367
Prior year adjustments	-	-	-	-	-	(5,479,244)	(5,479,244)
Restated balance at 10 January 2021	**73,411,672**	**355,901,710**	**-**	**1,008,964**	**356,910,674**	**471,629,777**	**901,952,123**
Profit for the year	-	-	-	-	-	675,236,464	675,236,464
Other comprehensive income	-	162,129,207	-	-	162,129,207	-	162,129,207
Total comprehensive income for the year	**-**	**162,129,207**	**-**	**-**	**162,129,207**	**675,236,464**	**837,365,671**
Balance at 09 January 2022	**73,411,672**	**518,030,917**	**-**	**1,008,964**	**519,039,881**	**1,146,866,241**	**1,739,317,794**

Historical Consolidated Statement of Cashflows for the 52 weeks to 9 January 2022

		Group		Company	
Figures in Zimbabwe dollar	Note(s)	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January Restated	2022 For the 52 weeks to 9 January	2021 For the 53 weeks to 10 January Restated
Cash flows from operating activities					
Profit before taxation		703,939,952	522,127,480	645,500,041	519,146,518
Adjustments for:					
Finance income		(1,076,074,194)	(177,978,986)	(919,889,852)	(180,653,869)
Finance costs		460,279,215	53,840,600	449,941,214	52,524,457
Non-cash items		(49,102,121)	159,552,941	(40,413,177)	158,373,356
Changes in working capital:					
Inventories		(885,848,652)	(246,900,121)	(885,185,975)	(246,847,738)
Trade and other receivables		(1,456,437,759)	(315,851,554)	(1,451,928,732)	(314,323,913)
Loans and advances to customers		(121,211,528)	(24,110,247)	-	-
Trade and other payables		709,781,823	118,787,264	705,136,574	117,675,218
Contract liabilities		28,844,146	2,008,545	28,844,145	2,008,545
Cash (used in) generated from operations		**(1,685,829,118)**	**91,475,922**	**(1,467,995,762)**	**107,902,574**
Tax paid		(161,846,022)	(63,266,360)	(153,265,973)	(63,372,550)
Finance income received		1,263,273,235	140,320,709	1,094,395,285	142,995,592
Finance costs paid		(228,949,604)	(55,315,371)	(218,995,165)	(53,864,666)
Lease rentals paid		(111,274,770)	(34,844,152)	(111,274,770)	(34,844,152)
Net cash from operating activities		**(924,626,279)**	**78,370,748**	**(857,136,385)**	**98,816,798**
Cash flows from investing activities					
Purchase of property, plant and equipment		(106,523,428)	(36,190,005)	(104,142,082)	(36,184,705)
Proceeds from disposal of property, plant and equipment		1,606,900	335,548	1,606,900	335,548
Loans advanced to subsidiaries		-	-	(29,216,289)	(23,020,636)
Net cash from investing activities		**(104,916,528)**	**(35,854,457)**	**(131,751,471)**	**(58,869,793)**
Cash flows from financing activities					
Proceeds from rights issue		-	69,888,507	-	69,888,507
Proceeds from exercise of share options		-	240,522	-	240,522
Proceeds from borrowings		3,486,854,686	401,695,886	3,326,824,927	401,695,886
Repayment of borrowings		(2,370,015,595)	(283,316,865)	(2,292,797,917)	(283,316,866)
Payment on lease liabilities		(70,357,621)	(25,599,407)	(70,357,621)	(25,599,407)
Net cash from financing activities		**1,046,481,470**	**162,908,643**	**963,669,389**	**162,908,642**
Total cash movement for the year		**16,938,663**	**205,424,934**	**(25,218,467)**	**202,855,647**
Cash and cash equivalents at the beginning of the year		202,509,139	(2,915,795)	199,242,200	(3,613,447)
Cash and cash equivalents at the end of the year		**219,447,802**	**202,509,139**	**174,023,733**	**199,242,200**

Analysis of Issued Ordinary Shares

Edgars Stores Limited : Analysis by Volume as at: 31 December 2021

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	1,213,084	0.20	1,041	71.89
5001-10000	693,796	0.11	97	6.70
10001-25000	1,821,382	0.30	114	7.87
25001-50000	1,366,744	0.22	38	2.62
50001-100000	1,685,601	0.28	24	1.66
100001-200000	4,302,386	0.71	31	2.14
200001-500000	11,249,859	1.85	36	2.49
500001-1000000	13,070,739	2.14	18	1.24
1000001andAbove	574,337,352	94.19	49	3.38
Totals	**609,740,943**	**100.00**	**1,448**	**100.00**

Edgars Stores Limited: Analysis by Industry as at: 31 December 2021

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	251,601,496	41.26	106	7.32
FOREIGN COMPANIES	132,921,982	21.80	04	0.28
PENSION FUNDS	117,083,720	19.20	97	6.70
TRUSTS	36,517,136	5.99	15	1.04
INSURANCE COMPANIES	23,717,414	3.89	02	0.14
LOCAL NOMINEE	19,422,229	3.19	41	2.83
LOCAL INDIVIDUAL RESIDENT	16,028,181	2.63	1,096	75.69
FOREIGN NOMINEE	11,131,188	1.83	06	0.41
CHARITABLE	578,545	0.09	02	0.14
FOREIGN INDIVIDUAL RESIDENT	364,905	0.06	05	0.35
NEW NON RESIDENT	237,995	0.04	34	2.35
DECEASED ESTATES	79,335	0.01	14	0.97
OTHER INVESTMENTS & TRUST	37,549	0.01	13	0.90
FUND MANAGERS	17,219	0.00	03	0.21
BANKS	1,066	0.00	02	0.14
DIRECTOR	783	0.00	07	0.48
EMPLOYEES	200	0.00	01	0.07
Totals	**609,740,943**	**100.00**	**1,448**	**100.00**

Shareholders Financial Calendar

Financial Year Ended 9 January 2022

Interim Results for the Half Year Ended	Published	8 October 2021
Analysts Briefing and Announcement of Results		27 July 2022
Notice to Shareholders		02 August 2022
Annual Report including Annual Financial Statements	Publishing	02 August 2022
Annual General Meeting		25 August 2022

Financial Year Ending 9 January 2023

Interim Results for the Half Year ending 9 July 2022	Publishing	16 September 2022
Analysts Briefing and Announcement of Interim Results		16 September 2022
Analysts Briefing and Announcement of Results for Financial Year 2022		25 March 2023
Annual Report including Annual Financial Statements	Publishing	25 March 2023
Annual General Meeting		May 2023

Annual General Meeting Notice

Notice is hereby given that the 73rd Annual General Meeting of members will be held virtually at https://escrowagm.com/eagmZim/Login.aspx on Thursday 25 August 2022 at 08:30 hours. Following is the Agenda for the meeting:-

Ordinary Business

1. To approve minutes of the 72nd Annual General Meeting held on 30th June 2021.

2. To receive and adopt the annual financial statements and reports of the directors and auditors for the financial year ending 09 January 2022. NB: The full annual report can be viewed online at www.edgars.co.zw

3. To appoint directors in accordance with the provisions of the Company's Articles of Association.

   3.1 Mr. C. Claasen, having been appointed after the 2021 AGM, retires by rotation at this Annual General Meeting and being eligible offers himself for re-election

   3.2 Mr. S. Mushosho, having been appointed after the 2021 AGM, retires by rotation at this Annual General Meeting and being eligible offers himself for re-election.

   3.3 Mr. R. Mlotshwa retires by rotation and being eligible, offers himself for re-election.

   3.4 Mr. V. Mpofu retired from the Company and the Board on 31 January 2022 and therefore does not seek re-election.

4. To approve the remuneration of the directors for the year ended 09 January 2022.

5. To approve the remuneration of the auditors for the year ended 09 January 2022.

6. To re-appoint auditors for the ensuing year. Messrs Deloitte and Touche have indicated their willingness to be appointed as independent auditors of the company for the second year

Voting Proxies

NOTE: In terms of section 171 of the Companies and Other Business Entities Act (Chapter 24:31), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Proxy forms should be forwarded to reach the office of the Company Secretary at least 48(forty-eight) hours before the commencement of the meeting.

Please complete the Proxy form available on the website to appoint a proxy. Visit www.edgars.co.zw

Duly completed Proxy forms must be lodged with or posted to the Group Company Secretary, Edgars Stores Limited, 9th Avenue/Herbert Chitepo, Bulawayo or the Transfer Secretary, Corpserve Registrars (Pty) Ltd at Corner Kwame Nkrumah/1st Street P.O Box 2208, Harare and to be received by not later than 0900hrs on 23 August 2022.

Meeting details:

Members are hereby advised to use the dedicated Corpserve helpline on +263 242 750599-61, +263 772 289 768 or +263 779 145 849 for assistance with online AGM processes.

By Order of the Board
S. Mate
Company Secretary

01 August 2022

EDGARS STORES LIMITED

("the company")

FORM OF PROXY

For use by members at the Annual General Meeting of the Group to be held on 25 August 2022 at 08:30 hours

I/We ____

being the holder/s of ordinary shares in the company, appoint (see Note 1)

1 ______________________________________ or failing him/her

2 ______________________________________ or failing him/her

3 the chairman of the Annual General Meeting:

as my/our proxy to attend, speak and vote for me/us on and on my/our behalf at the Annual General Meeting of the Company, which will be held at the Edgars **Training Auditorium, 1st Floor LAPF House, 8th Avenue/ Jason Moyo Street, Bulawayo** on Thursday, 25th of August 2022 at 08:30 hours for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, to vote for or against the resolutions with or without modification, and/or to abstain from voting thereon in respect of the ordinary shares in the issued share capital of the Group registered in my/our name/s in accordance with the following instruction (see Note 2).

Each member is entitled to appoint one or more proxies (whether a member/s of the Group or not) to attend, speak and to vote at the meeting in his/her stead.

	For *No of votes Poll*	**Against No of votes Poll**	**Abstain** *No of votes Poll*
Ordinary Resolution No 1 (Approval of minutes of the AGM of 30th June 2021)			
Ordinary Resolution No 2 *(Receipt and adoption of the annual financial statements for the year ending 10 January 2021)*			
Ordinary Resolution No 3 .1 *(Election of Mr. S. Mushosho as a Director)*			
Ordinary Resolution No 3.2 *(Election of Mr. C. Claasen as a Director)*			
Ordinary Resolution No 3.3 *(Mr. R. Mlotshwa retires by rotation, being eligible ,offers himself for re-election)*			
Ordinary Resolution No 4 *(Approval of the remuneration of directors)*			
Ordinary Resolution No 5 *(Approval of auditors remuneration)*			
Ordinary Resolution No 6 *(Appointment of auditors for the year to 7 January 2023)*			

(NOTE: ON A POLL, A MEMBER IS ENTITLED TO ONE VOTE FOR EACH SHARE HELD)

Signed at ______________________ on ______________________________ 2022

Signature ______________________

(ASSISTED BY ME WHERE APPLICABLE)

Instructions overleaf

Instructions for Signing and Lodging this Proxy

Notes:

1. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the Group) to attend, speak and vote (either on a poll or by show of hands) in place of that member at the Annual General Meeting.

2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting the words "the chairman of the Annual General Meeting". All deletions must be individually initialled by the member, failing which they will not have been validly effected. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.

3. Voting instructions for each of the resolutions must be completed by filling the number of votes (one per ordinary share) under the "For", "Against" or "Abstain" headings on the Proxy Form. If no instructions are filled in on the Proxy Form, the chairman of the Annual General Meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.

4. A member or his/her proxy is entitled but not obliged to vote in respect of the ordinary shares held by the member. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the member.

5. If this form has been signed by a person in a representative capacity, the document authorising that person to sign must be attached, unless previously recorded by the Group's transfer secretaries or waived by the chairman of the Annual General Meeting.

6. The chairman of the Annual General Meeting may accept or reject any form of proxy that is completed and/or received other than in accordance with these instructions and notes.

7. Any alterations or corrections to this form of proxy have to be initialed by the signatory (/ies).

8. The completion and lodging of this form of proxy does not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed by the member.

9. Forms of proxy have to be lodged with or posted to the Group Secretary, Edgars Stores Limited, Cnr 9th Avenue/ Herbert Chitepo Street, Bulawayo, or the Transfer Secretaries, Corpserve (Private) Limited, at Cnr Kwame Nkrumah Avenue/1st Street, P O Box 2208, Harare and to be received by not later than **09.00 hours** on **23rd of August 2022**.

10. This proxy form is to be completed only by those members who either still hold shares in a certificated form, or whose shares are recorded in their own name in electronic form in the sub register.

Corporate Information

Edgars Stores Limited
Incorporated in the Republic of Zimbabwe
Group registration number 379/1948

Registered office
Edgars Head Office
Cnr Ninth Avenue / Herbert Chitepo Street/ Bulawayo
Telephone: 263-9-881626/35
Fax: 263-9-68443
E-mail: info@edgars.co.zw
Website: http://www.edgars.co.zw

Postal address
P O Box 894, Bulawayo, Zimbabwe

Group Secretary
Vuyo Nxumalo (Resigned 31 January 2022)

Transfer Secretaries
Corpserve (Private) Ltd
4th Floor ZB Centre
Cnr Kwame Nkrumah Avenue/ 1st Street
P O Box 2208, Harare, Zimbabwe
Telephone: 263-4-750711/2

Auditors
Deloitte & Touche
Deloitte House
Cnr Josiah Tongogara/ 9th Avenue P O Box 125
BULAWAYO

Legal Advisors
Coghlan & Welsh Legal Practitioners
Barclays Bank Building
8th Avenue, P O Box 22, Bulawayo, Zimbabwe
Telephone: 263-292-888371/8

Bankers
First Capital Bank Zimbabwe Limited
Cnr Main Street/8th Avenue
P O Box 702, Bulawayo, Zimbabwe
Telephone: 263-292-881121/7

Design and production
Charisma
These results can be viewed on the internet at:
http://www.edgars.co.zw/investor-relations/ir-dashboard