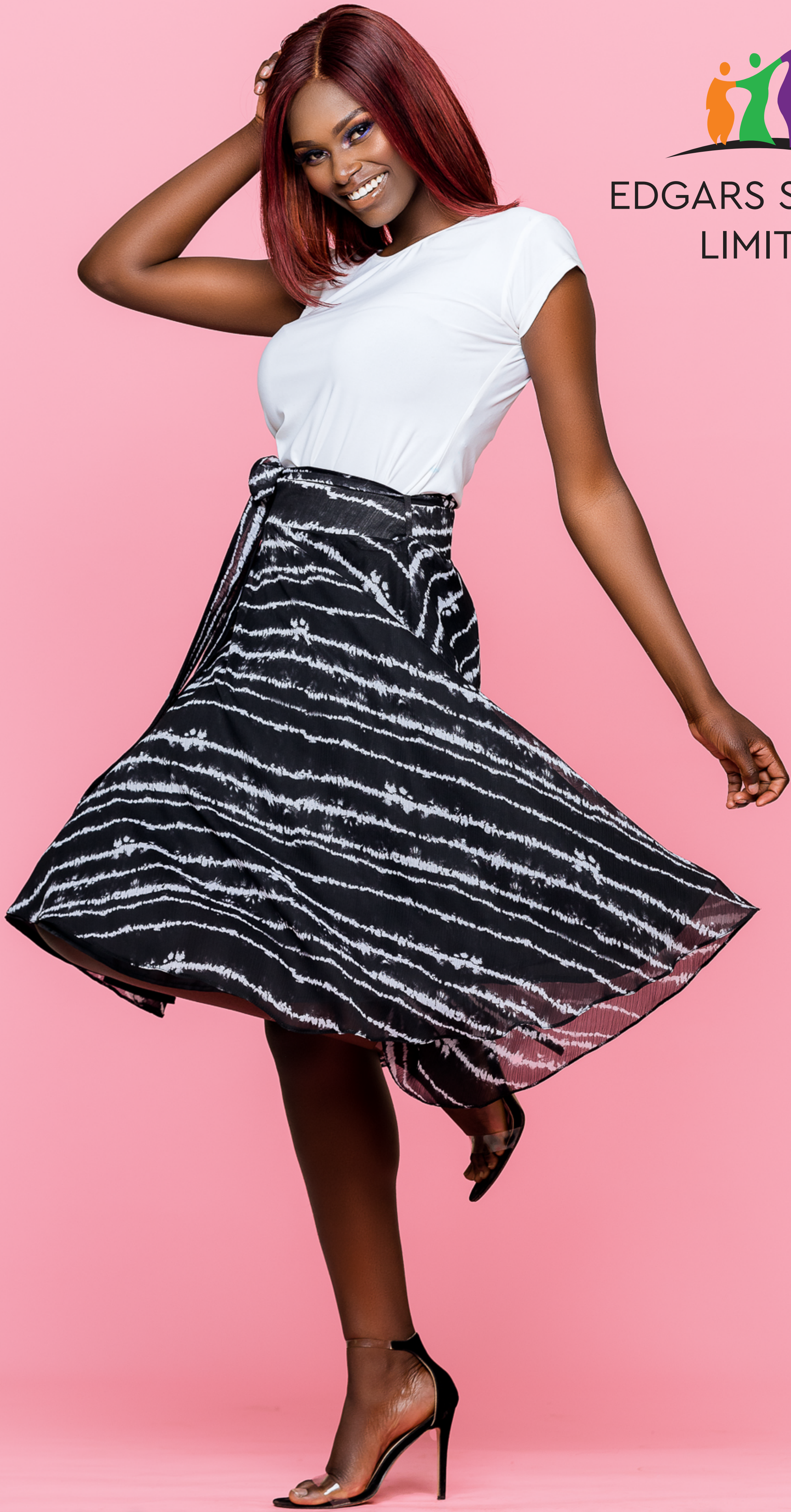
EDGARS STORES LIMITED



Reviewed inflation adjusted interim condensed financial statements for the 26 weeks ended 11 July 2021

Edgars Stores Limited
(Incorporated in Zimbabwe)

Nature of Activities
Retailing of clothing, footwear, tetiles and accessories and provision of short term customer loans.

Directors
T.N. Sibanda (Chairman)
R. Mlotshwa
C. Dube
T.N. Ndlovu
V. Mpofu
H. Vundla
M. Hosack

Secretary
V. Nxumalo

Principal Bankers
First Capital Bank of Zimbabwe Limited
Stanbic Bank Zimbabwe Limited

Auditors
Deloitte & Touche Chartered Accountants (Zimbabwe)
Registered Public Auditors
91 Corner Ninth Avenue/Josiah Tongogara
PO Box 125
Bulawayo
Zimbabwe

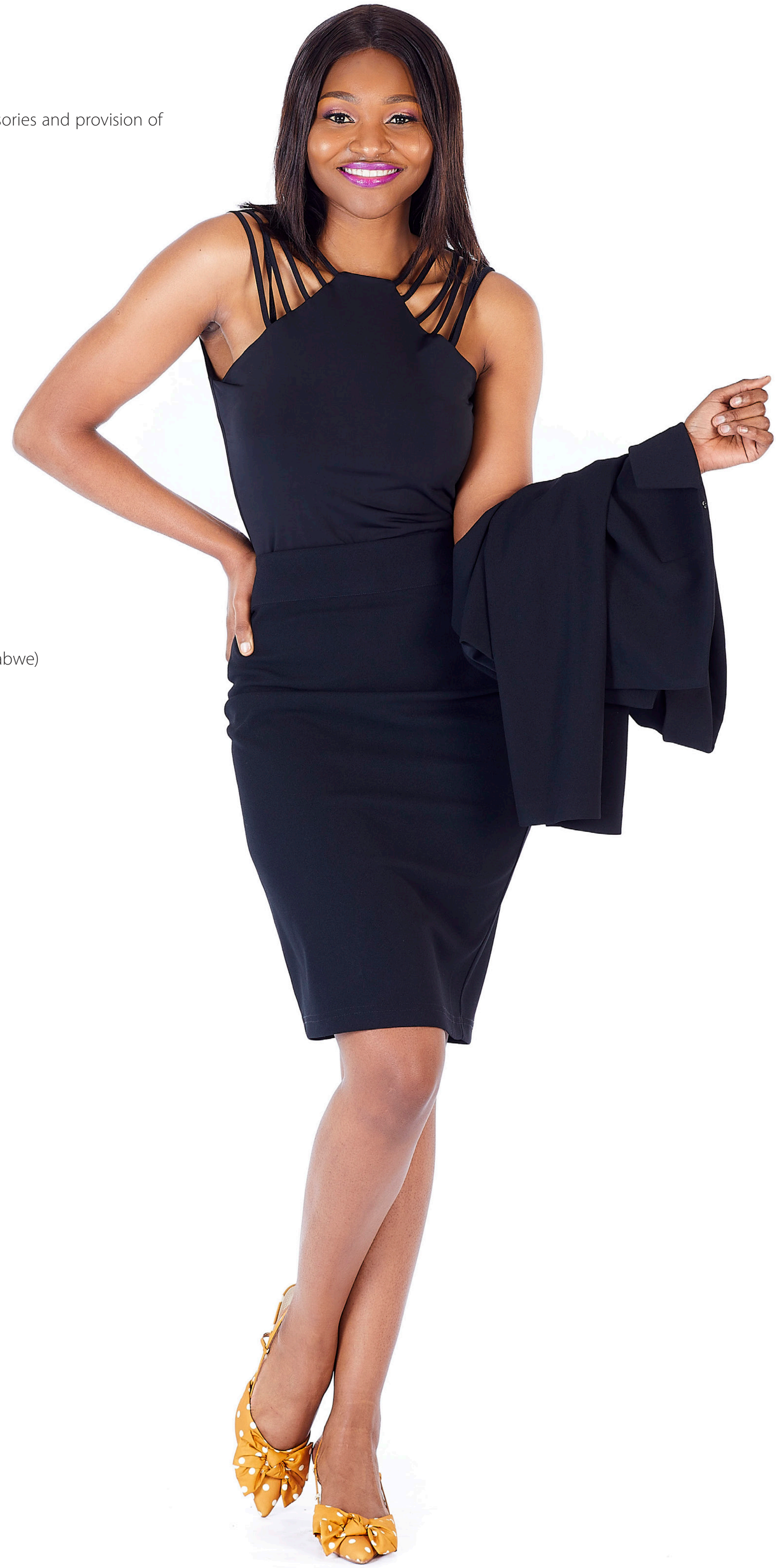
Registered Office
Edgars Head Office
Cnr Ninth Avenue/Herbet Chitepo Street
P.O. Box 894
Bulawayo
Zimbabwe

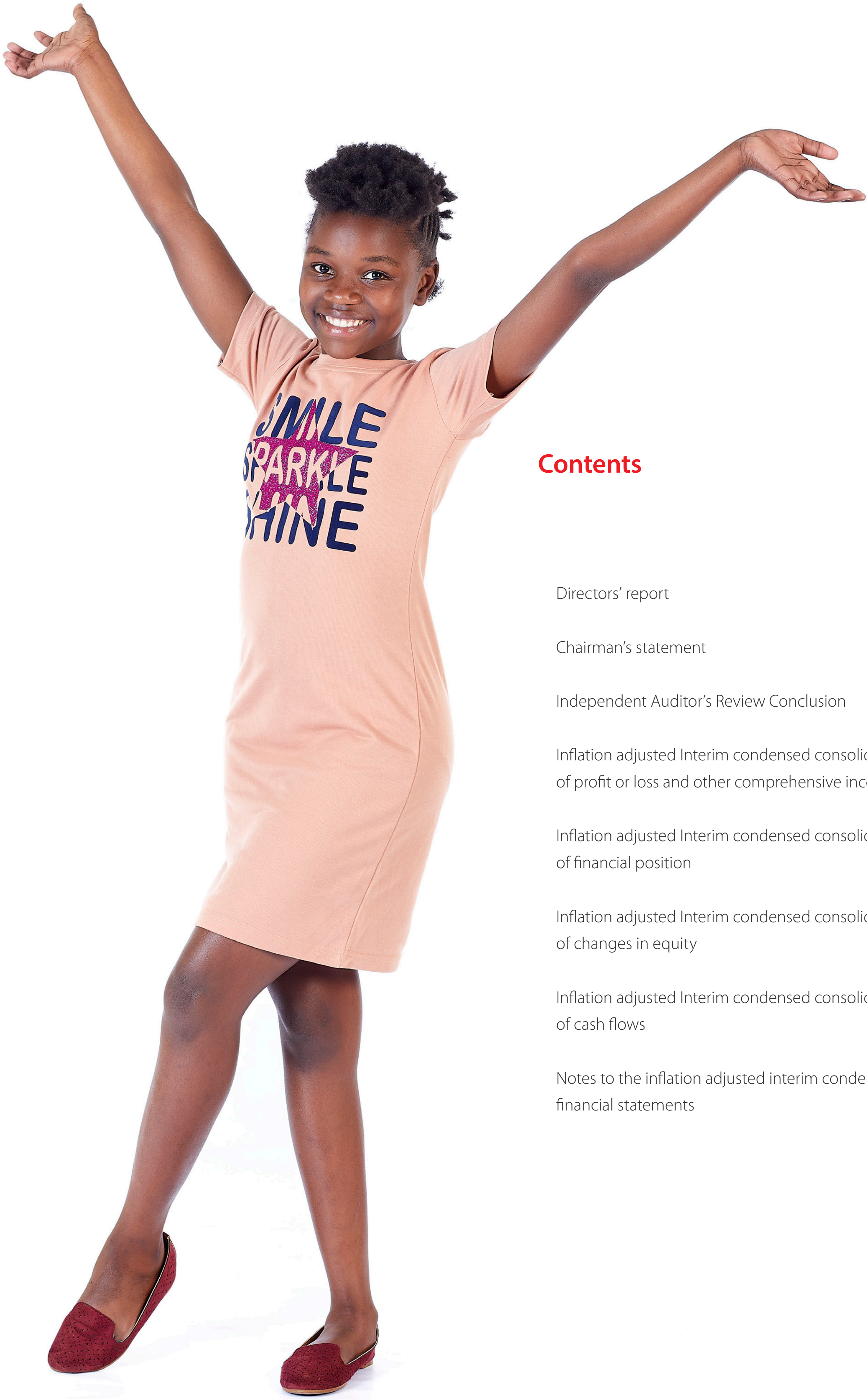
Attorneys
Coghlan and Welsh Legal Practitioners

Currency of financial statements
Zimbabwe Dollars (ZW$)

Transfer Secretaries
Corpserve (Private) Limited

Period of financial statements
26 weeks ended 11 July 2021





Contents

Director's Report

Your Directors submit their report and the Inflation adjusted interim condensed consolidated financial statements for the 26 weeks ended 11 July 2021.

Share capital

The authorised share capital consists of 700 000 000 ordinary shares of ZW$0.01 each. The issued share capital consists of 609,740,943 ordinary shares of ZW$0.01 each.

Inflation adjusted interim condensed consolidated financial statements

The profit for the period (after taxation) amounts to ZW$65.2 million (2020: $74.4 million) for the Group, and a profit of ZW$65.4 million (2020: $83.2 million) for the Company. No interim dividend has been declared (2020: Nil).

Directors' responsibility for financial reporting

As required by the Companies and Other Business Entities Act [chapter 24:31], the directors of Edgars Stores Limited are responsible for the maintenance of adequate accounting records, the preparation, integrity and fair representation of the Inflation adjusted interim condensed consolidated financial statements and related information for each financial year. Edgars Stores Limited's independent external auditor, Deloitte & Touche, has reviewed the inflation adjusted interim condensed consolidated financial statements and their review report is shown on pages 6 of these inflation adjusted interim condensed consolidated group and company financial statements.

The Directors are also responsible for the systems of internal control. The systems are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to safeguard, verify and maintain accountability over the assets, and to prevent and detect material misstatements and losses. Qualified personnel within the Group and Company's staff implement and monitor the systems. Nothing has been brought to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the course of the year.

The Directors have reviewed the performance and financial position of the Group and Company to the date of signing of these financials and confirm that the financial statements are not fully compliant with IFRS as highlighted in the basis of preparation paragraph Note 2 as at 11 July 2021. They further confirm that they are satisfied that the Group and Company have adequate financial resources to continue as a going concern.

BY ORDER OF THE BOARD

T. Ndlovu
Managing Director
19 October 2021

Group Chairman's Statement

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

CAUTIONARY- RELIANCE ON THE INFLATION ADJUSTED REVIEWED FINANCIAL STATEMENTS

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

TRADING ENVIRONMENT

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

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

GROUP PERFORMANCE

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

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

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

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

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

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

Financial Services

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

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

Carousel Manufacturing

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

Club Plus - Micro Finance

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

COVID 19

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

DIRECTORATE

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

OUTLOOK

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

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

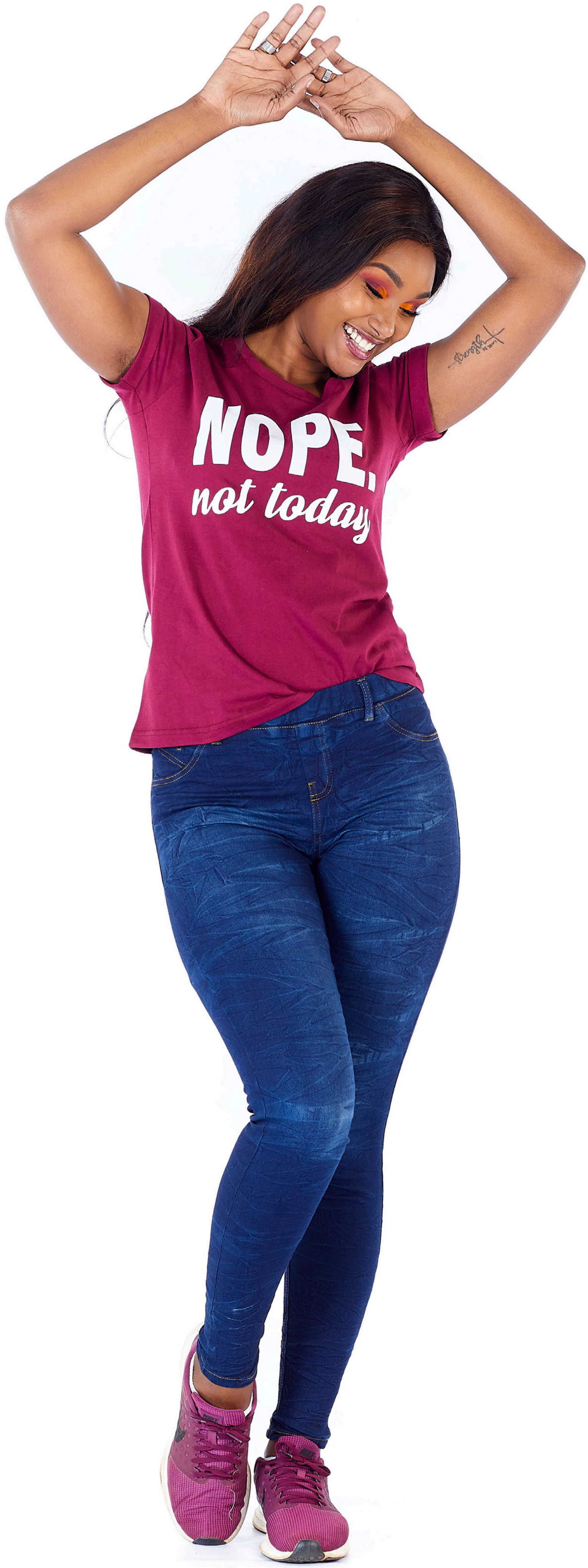
We are looking to increase our geographic footprint through the opening of new stores as and when the opportunity presents itself.

APPRECIATION

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

T N SIBANDA
CHAIRMAN

19 October 2021



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Report on Review of Interim Financial Information
To the Shareholders of Edgars Stores Limited

Introduction

We have reviewed the accompanying inflation adjusted interim condensed consolidated and company statement of financial position of Edgars Stores Limited and its subsidiaries ("the Group") as of 11 July 2021 and the inflation adjusted interim condensed consolidated and company statement of comprehensive income, inflation adjusted interim condensed consolidated and company statement of changes in equity and inflation adjusted interim condensed consolidated and company statement of cash flows for the twenty six weeks then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the interim financial information

The directors are responsible for the preparation and presentation of this inflation adjusted interim condensed consolidated and company financial information in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent reviewer's responsibility

Our responsibility is to express a conclusion on this inflation adjusted interim condensed consolidated and company financial information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRES2410). ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the inflation adjusted interim condensed consolidated and company financial information, taken as a whole, are not prepared in accordance with the applicable financial framework. This Standard also requires us to comply with relevant ethical requirements.

A review of inflation adjusted interim condensed consolidated and company financial information in accordance with ISRE 2410 is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and other within the entity, as appropriate, and applying analytical and other review procedures, and evaluates the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this inflation adjusted interim condensed consolidated and company financial information.

Basis for adverse conclusion

1. Non-compliance with IFRS 13 "Fair Value Measurements" (IFRS 13) and IAS 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) in the determination of the value of Property, Plant and Equipment for the current and comparable periods

   In the prior period, the Group engaged professional valuers to perform a fair valuation of Property, Plant and Equipment. The fair values were determined in USD, and subsequently translated to the ZW$ equivalent fair values using the closing USD/ZW$ auction exchange rate as at 10 January 2021. The Group's Leasehold Improvements were however 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 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$/USD auction exchange rate in the determination of the final ZW$ fair valuations presented for the prior and current periods.

MAKING AN IMPACT THAT MATTERS since 1845

1. <u>Non-compliance with IFRS 13 "Fair Value Measurements" (IFRS 13) and IAS 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) in the determination of the value of Property, Plant and Equipment for the current and comparable periods</u> (continued)

IFRS 13 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.

In the prior period, the auditors were therefore unable to obtain sufficient appropriate audit evidence to support the appropriateness of simply applying the closing ZW$/USD auction exchange rate in determining the ZW$ 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 auction 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 auction exchange rate.

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

In the current period, as set out in note 12, the Group did not perform a valuation of its Property, Plant and Equipment as at 11 July 2021. These assets have been restated in accordance with the mathematical principles of IAS 29 "Financial Reporting in Hyperinflationary Economies". However IAS 29 par 19 requires non-monetary assets restated from the date of revaluation to, thereafter, be reduced to their recoverable amount. The ZW$ recoverable amount could not be accurately determined in the current year and prior periods.

We were therefore unable to accurately determine the value of depreciation, deferred taxation, Property, Plant and Equipment as well as revaluation gain in the current and prior periods.

2. <u>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 periods.</u>

The Group did not comply with IAS 21 in the prior financial periods, 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 periods. The misstatement in the historic comparative financial information impacted the determination of the inflation adjusted amount as is required in the application of IAS 29 in prior years. The financial effects on the inflation adjusted interim condensed consolidated financial statements of this departure was not determined. Our conclusion on the current period's financial results is modified because of the possible effects of the matter on the retained income of the current period's financial results.

Furthermore, the Group was unable to determine the appropriate spot exchange rates to apply to the foreign currency transactions and balances. The lack of exchangeability is a departure from IAS 21 and is pervasive in the prior and current periods. The misstatement in the historic current and comparative information impacted the determination the inflation adjusted amounts as required by IAS 29. The financial effects on the inflation adjusted interim condensed consolidated and company financial statements, of this departure, was not determined. Our conclusion on the current period's financial results is modified because of the possible effects of the matter on the current period financial results and the comparability of the current period's financial results with that of the prior period.

3. <u>Non -compliance with International Financial Reporting Standard 16 "Leases" (IFRS 16) due to exchange rate variations incorrectly treated as Lease modifications in prior year</u>

In the prior period, the Group's lessors revised their lease agreements to US dollars instead of ZW$ due to the instability in the local currency (ZW$) and its continuous loss in value when compared to most foreign currencies. As a result, rentals in the new agreements were pegged in USD but payable in ZW$ at the ruling RBZ auction rate between ZW$: USD when these rentals fell due. The entity incorrectly treated all changes in rentals prompted by exchange rate variations as lease modifications as per IFRS 16. This then resulted in the remeasurement of the lease liabilities and consequently a change in the valuation of the Right of Use Assets on a monthly basis. The Group should have computed the lease liability and Right of Use Asset in USD and thereafter translated these to ZW$ applying the requirements of IAS 21 resulting in the recognition of exchange differences in profit and loss. The treatment of the USD leases by the Group in prior period was therefore not in compliance with the requirements of IFRS 16.

4. <u>Application of IAS 29 – "Financial Reporting in Hyperinflationary Economies". the effect of applying IAS 29 based on financial information in the prior and current periods that did not comply with IAS 21, IAS 16, and IFRS 13.</u>

Furthermore, notwithstanding that the mathematical principles of IAS 29 were applied correctly, it was noted that its application was based on current and prior periods' financial information which was not in compliance with IAS 21 / IAS 16/ IFRS 13 as described above. Had the correct base numbers been used, most elements of the inflation adjusted financial information would have been materially misstated.

Other Matter

The inflation adjusted interim condensed consolidated and company 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 the Non-compliance with International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors, Exchange rates used in prior year, Valuation of Property, plant and equipment (Non-compliance with IFRS 13 – Fair Value Measurement and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors) and Application of IAS 29 - Financial Reporting in Hyperinflationary Economies. It was not practicable to quantify the financial effects on the financial statements

Adverse Conclusion

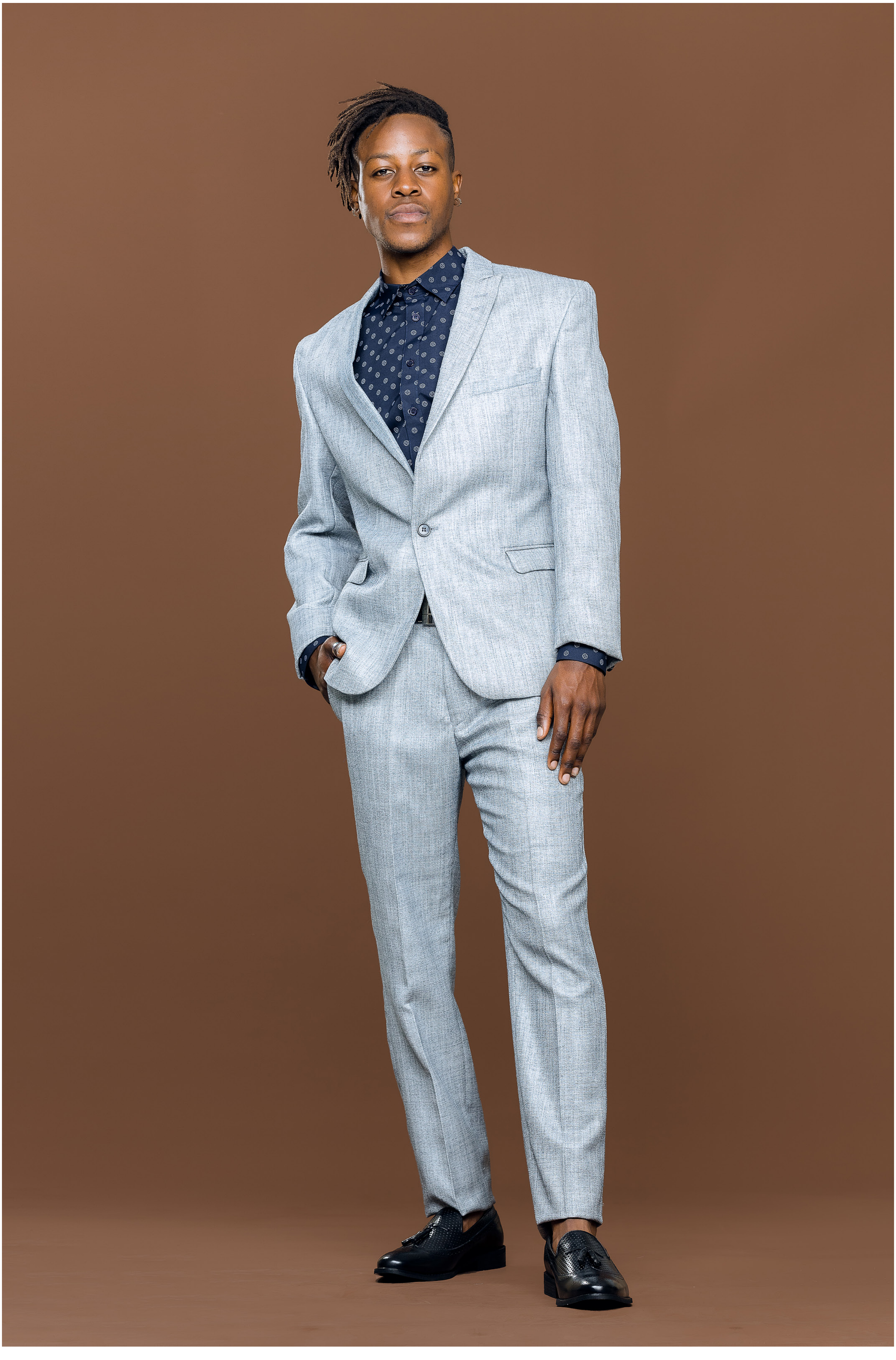
Due to the significance of the matters described in the Basis for Adverse Conclusion paragraph, we conclude that the accompanying inflation adjusted interim condensed Consolidated and Company financial information is not prepared, in all material respects, in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Deloitte & Touche

DELOITTE & TOUCHE
REGISTERED AUDITOR

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

19 OCTOBER 2021



Inflation Adjusted Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

for the 26 weeks ended 11 July 2021

	Notes	Group		Company	
		26 weeks to 11 July 2021 ZW$ (Reviewed)	26 weeks to 5 July 2020 ZW$ (Reviewed)	26 weeks to 11 July 2021 ZW$ (Reviewed)	26 weeks 5 July 2020 ZW$ (Reviewed)
Revenue	4	1 336 911 372	806 307 276	1 286 959 007	790 158 115
Sales of Merchandise		1 282 418 986	788 468 722	1 282 418 986	788 468 722
Cost of sales		(691 837 250)	(460 218 092)	(692 022 987)	(460 008 321)
Gross profit		590 581 736	328 250 630	590 395 999	328 460 401
Income from Micro-finance institution		49 952 365	16 149 161	-	-
Other gains		12 149 041	69 096 919	13 696 386	68 725 730
Credit management and debt collection costs		(82 124 768)	(20 336 515)	(63 028 718)	(17 911 645)
Store expenses		(325 218 144)	(205 980 628)	(325 218 144)	(204 631 943)
Depreciation and amortisation		(118 529 070)	(80 823 080)	(105 268 222)	(76 116 860)
Other operating income expenses		(174 535 476)	(110 312 379)	(169 725 012)	(105 549 205)
Net monetary gain		47 953 385	77 052 454	50 105 044	83 631 658
Profit / (loss) before interest and taxation		229 069	73 096 562	(9 042 667)	76 608 136
Finance income		326 212 047	187 622 868	324 847 634	188 103 145
Finance costs		(227 751 876)	(81 607 280)	(217 216 851)	(79 766 781)
Profit before taxation		98 689 240	179 112 150	98 588 116	184 944 500
Taxation	6	(33 538 871)	(104 718 343)	(33 143 917)	(101 776 413)
Profit for the period		65 150 369	74 393 807	65 444 199	83 168 087
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods :					
Revaluation gain on revaluation of land and buildings		-	-	-	-
Deferred tax charge		-	-	-	-
Total other comprehensive income		-	-	-	-
Total comprehensive income		65 150 369	74 393 807	65 444 199	83 168 087
Earnings per ordinary share (cents)					
Basic	5	11.36	28.47	11.42	31.83
Diluted	5	11.30	26.08	11.36	29.15
Headline	5	11.36	28.47	11.41	31.83

Inflation Adjusted Interim Condensed Consolidated Statement of Financial Position

as at 11 July 2021

	Notes	Group 11 July 2021 ZW$ (Reviewed)	Group 10 January 2021 ZW$ (Reviewed)	Company 11 July 2020 ZW$ (Reviewed)	Company 10 January 2021 ZW$ (Reviewed)
ASSETS					
Non-current assets					
Property, plant and equipment	9	710 449 191	717 181 114	686 521 020	685 964 717
Right of use asset		391 395 038	400 281 472	391 395 038	400 281 472
Intangible assets		51 023 482	63 824 973	56 318 633	63 383 667
Investment in a subsidiary		-	-	47 107 327	47 107 327
Total non-current liabilities		1 152 867 711	1 181 287 559	1 181 342 018	1 196 737 183
Current assets					
Inventories	10	1 057 143 776	663 409 599	1 056 785 661	663 237 220
Trade and other receivables	11	1 008 452 935	545 151 930	1 007 312 415	543 750 983
Loans and advances to customers	12	74 849 408	36 653 077	-	-
Intercompany loan		-	-	50 938 584	34 873 302
Cash and cash equivalents	15	242 566 728	338 760 166	229 276 456	334 738 032
Total current assets		2 383 012 847	1 583 974 772	2 344 313 116	1 576 599 537
TOTAL ASSETS		3 535 880 558	2 765 262 331	3 525 655 134	2 773 336 720
EQUITY AND LIABILITIES					
Share capital and reserves					
Issued share capital		199 070 210	199 070 210	199 070 210	199 070 210
Other reserves		272 035 686	272 035 686	256 335 730	256 335 731
Retained earnings		1 104 364 725	1 039 214 356	1 139 964 924	1 074 520 725
		1 575 470 621	1 510 320 252	1 595 370 864	1 529 926 666
Non-current liabilities					
Deferred tax liabilities		275 444 281	300 017 281	270 952 969	292 098 994
Long term portion of loans and borrowings	17	168 246 936	108 496 352	149 754 155	108 496 352
Lease liabilities		93 565 084	182 139 574	93 565 084	182 139 574
Total non-current liabilities		537 256 301	590 653 207	514 272 208	582 734 920
Current liabilities					
Trade and other payables		586 965 043	361 260 610	584 339 487	359 606 886
Dividend payable	16	370 059	446 618	370 059	446 617
Current tax liabilities		61 776 713	42 892 101	57 709 464	41 011 412
Contract liabilities		1 682 879	6 247 030	1 682 879	6 247 030
Interest bearing loans and borrowings	17	619 727 199	186 727 277	619 278 430	186 647 953
Lease liabilities		152 631 743	66 715 236	152 631 743	66 715 236
Total current liabilities		1 423 153 636	664 288 872	1 416 012 062	660 675 134
Total liabilities		1 960 409 937	1 254 942 079	1 930 284 270	1 243 410 054
TOTAL EQUITY AND LIABILITIES		3 535 880 558	2 765 262 331	3 525 655 134	2 773 336 720

T.N Sibanda
Group Chairman
19 October 2021

T. Ndlovu
Group Chief ExecutiveOfficer
19 October 2021

Inflation Adjusted Interim Condensed Consolidated Statement of Changes in Equity

for the 26 weeks ended 11 July 2021

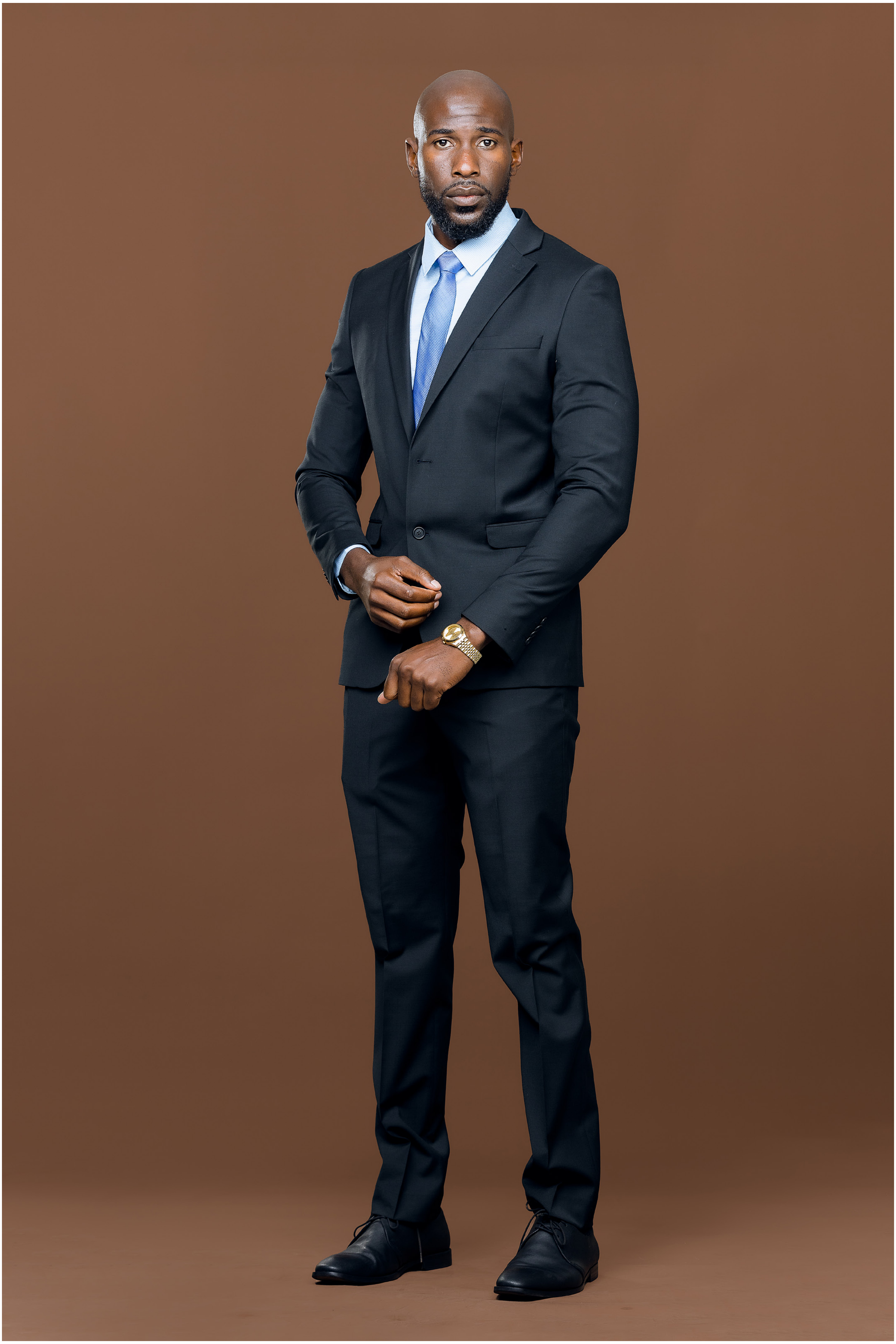
GROUP	Issued capital	Equity-settled employee benefits reserve ZW$	Revaluation reserve ZW$	Credit reserve ZW$	Retained earnings	Total ZW$
Balance as at 5 January 2020	100 119 358	48 067 416	188 189 792	9 775 814	1 253 020 072	1 599 172 452
Issue of shares under employee share option plan	497 023	(497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

COMPANY	Issued capital	Equity-settled employee benefits reserve ZW$	Revaluation reserve ZW$	Credit reserve ZW$	Retained earnings	Total ZW$
Balance as at 5 January 2020	100 119 358	48 067 416	194 099 515	-	1 282 772 293	1 625 058 582
Issue of ordinary shares under employee share option plan	497 023	(497 023)	-	-	-	-
Total comprehensive income for the period	-	-	-	-	83 168 087	83 168 087
Profit for the period	-	-	-	-	83 168 087	83 168 087
Balance at 5 July 2020	100 616 381	47 570 393	194 099 515	-	1 365 940 380	1 708 226 669
Balance at 10 January 2021	199 070 210	48 067 416	208 268 314	-	1 074 520 725	1 529 926 665
Total comprehensive income for the period	-	-	-	-	65 444 199	65 444 199
Profit for the period	-	-	-	-	65 444 199	65 444 199
Balance as at 11 July 2021	199 070 210	48 067 416	208 268 314	-	1 139 964 924	1 595 370 864

Inflation Adjusted Interim Condensed Consolidated Statement of Cashflows

as at 11 July 2021

	Notes	Group		Company	
		11 July 2021 ZW$ (Reviewed)	10 January 2021 ZW$ (Reviewed)	11 July 2020 ZW$ (Reviewed)	10 January 2021 ZW$ (Reviewed)
OPERATING ACTIVITIES					
Profit before tax		98 689 240	179 112 150	98 588 116	184 944 500
Adjusted for:					
Finance income		(326 212 047)	(187 622 868)	(324 847 634)	(188 103 145)
Finance costs		227 751 876	81 607 280	217 216 851	79 766 781
Non-cash items	7	5 747 217	(179 686 485)	(18 620 179)	(174 036 861)
Movements in working capital		(704 988 974)	(3 309 610)	(666 400 493)	(22 257 788)
Cash utilised in operations		(699 012 688)	(109 899 533)	(694 063 339)	(119 686 513)
Finance income received		309 201 259	187 622 868	307 836 845	188 103 145
Finance costs paid		(183 445 992)	(81 607 280)	(172 748 564)	(79 766 781)
Lease interest paid		(49 806 368)	(7 750 347)	(49 806 368)	(7 750 347)
Taxation paid		(34 781 371)	(36 849 158)	(34 781 369)	(37 421 721)
Net cash outflow from operating activities		(657 845 160)	(48 483 450)	(643 562 795)	(56 522 217)
INVESTING ACTIVITIES					
Payments for property, plant and equipment	9	(25 517 120)	(17 964 151)	(24 968 452)	(17 964 151)
Loans advanced to subsidiaries		-	-	(23 650 402)	(10 336 477)
Loans paid back by subsidiaries		-	-	-	15 233 342
Net cash outflow from investing activities		(25 517 120)	(17 964 151)	(48 618 854)	(13 067 286)
FINANCING ACTIVITIES					
Proceeds from borrowings	17	664 647 130	920 103 532	664 647 130	920 103 532
Repayment of borrowings		(233 517 781)	(597 791 828)	(233 517 781)	(597 791 828)
Payment of principal portion of lease liabilities		(31 419 489)	(20 195 412)	(31 419 489)	(20 195 412)
Net cash generated from financing activities		399 709 860	302 116 292	399 709 860	302 116 292
Net (decrease) / increase in cash and cash equivalents		(283 652 420)	235 668 691	(292 471 789)	232 526 789
Cash and cash equivalents at the beginning of the period		338 760 166	(15 442 215)	334 738 032	(19 137 023)
Cash and cash equivalents at the end of the period	15	55 107 746	220 226 476	42 266 243	213 389 766
Disclosed as follows:					
Cash and cash equivalents		242 566 728	267 591 161	229 276 456	260 587 644
Bank overdrafts		(187 458 982)	(47 364 685)	(187 010 213)	(47 197 878)
		55 107 746	220 226 476	42 266 243	213 389 766



Notes to the inflation adjusted interim condensed consolidated financial statements for the 26 weeks ended 11 July 2021

1. CORPORATE INFORMATION

Edgars Stores Limited (the Group) is a limited Group incorporated and domiciled in Zimbabwe and whose shares are publicly traded. The Group manufactures clothing, which it distributes and sells together with footwear, textiles and accessories through a network of stores in Zimbabwe. The Group also offers micro finance loans.

The inflation adjusted interim condensed consolidated and company financial statements of Edgars Stores Limited and its subsidiaries (collectively, the Group) for the 26 weeks ended 11 July 2021 were authorised for issue in accordance with a resolution of the directors on 19 October 2021.

2. FINANCIAL REPORTING

2.1 Basis of Preparation

The inflation adjusted interim condensed consolidated and company financial statements for the 26 weeks ended 11 July 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The inflation adjusted interim condensed consolidated and company financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 10 January 2021.

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 Directors financial statements do not comply with IFRS as detailed below:

2.2 Presentation currency

The financial statements are presented in Zimbabwean Dollars and all values are rounded to the nearest dollar.

Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

The financial results have been restated to the current cost basis to comply with IAS 29. Judgements have been used where it was not possible to obtain exact historical data. The Group adopted the Consumer Price Index (CPI) compiled by the Zimbabwe National Statistics Agency (ZIMSTAT) for purposes of determining inflation indices.

The indices and factors used to restate the financial results are given below:

Date	CPI Index	Conversion factor
July 2021	2,986	1.00
Average 2021	2,789	1.07
December 2020	2,475	1.21
June 2020	1,445	2.07

Determination of the functional currency

The Directors have assessed in terms of IAS 21 that the Zimbabwean Dollar was the functional and presentation currency for the 26 weeks ended 11 July 2021.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the inflation adjusted interim condensed consolidated and company financial

IFRS 13: Fair value measurement and IAS 29: Financial Reporting in Hyperinflationary Economies	In the prior period, the method of determining the value of Property, Plant and Equipment was not an accurate reflection of market dynamics and the risk associated with ZW$ transactions on a willing buyer, willing seller basis. Furthermore, in the prior year, leasehold improvements were not stated at fair value as required by IAS16. IAS 29 par 19 further requires non-monetary assets restated from the date of revaluation (Property, plant and equipment), to thereafter be reduced to their recoverable amount. The ZW$ recoverable amount could not be accurately determined in the current year and prior periods.
IAS 21: The Effects of Changes in Foreign Exchange Rates	The interbank and RBZ auction rates used by the Company and Group during the current and comparative period to translate transactions and balances do not meet the IAS 21 definition of a spot and closing exchange rate as they were not available for immediate delivery and not always accessible.
IFRS 16: Leases	Exchange rate variations in United States dollar leases were incorrectly accounted for as lease modifications in the year to 10 January 2021.
IAS 29: Financial Reporting in Hyperinflationary Economies	The effect of applying IAS 29 based on financial information in the prior and current periods that did not comply with IAS 21, IAS 16 and IFRS 13 as detailed above led to a cumulative mistatement in the hyperinflation adjusted numbers.

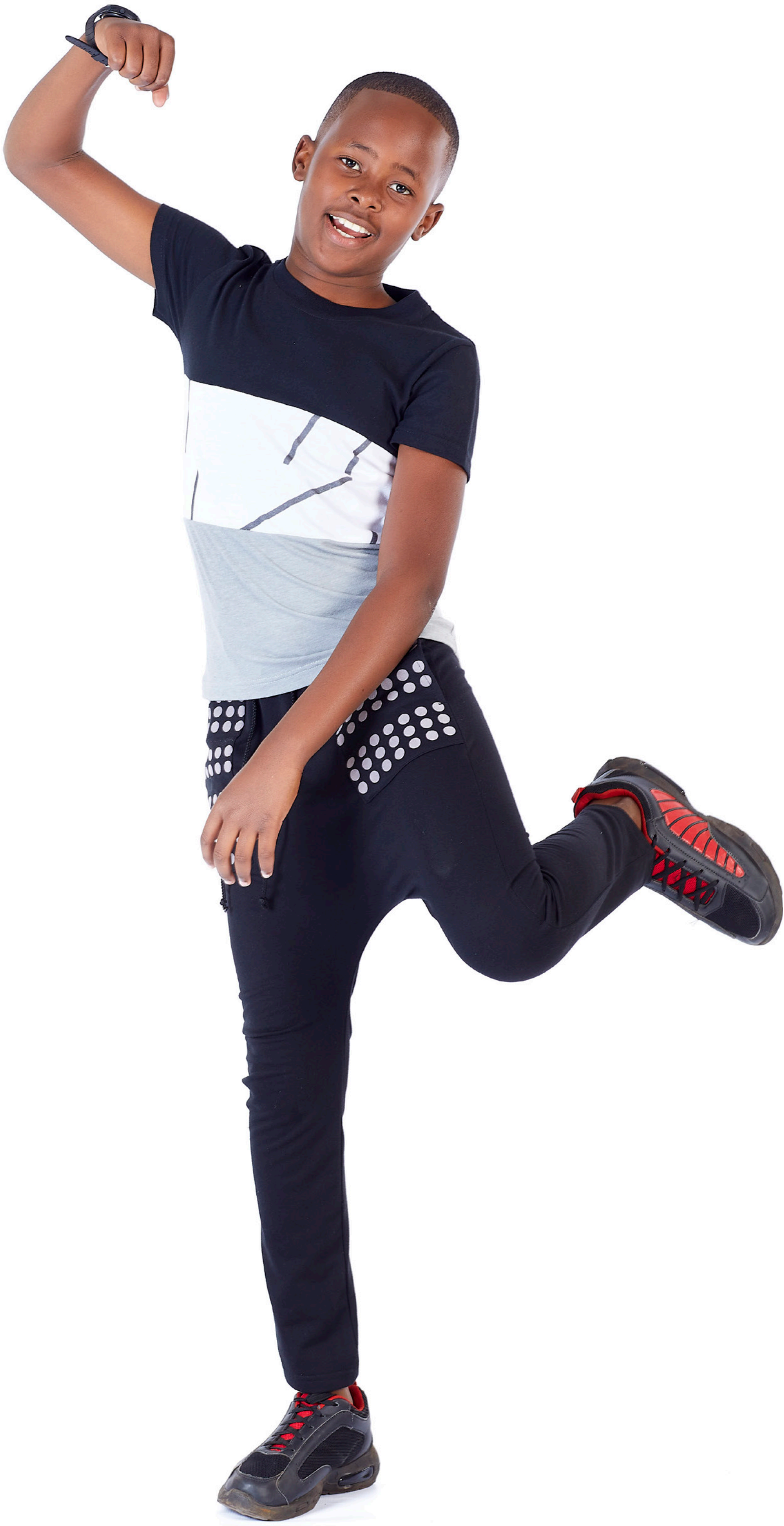
statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 11 January 2021, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021 but do not have an impact on the inflation adjusted interim condensed consolidated and company financial statements of the Group.

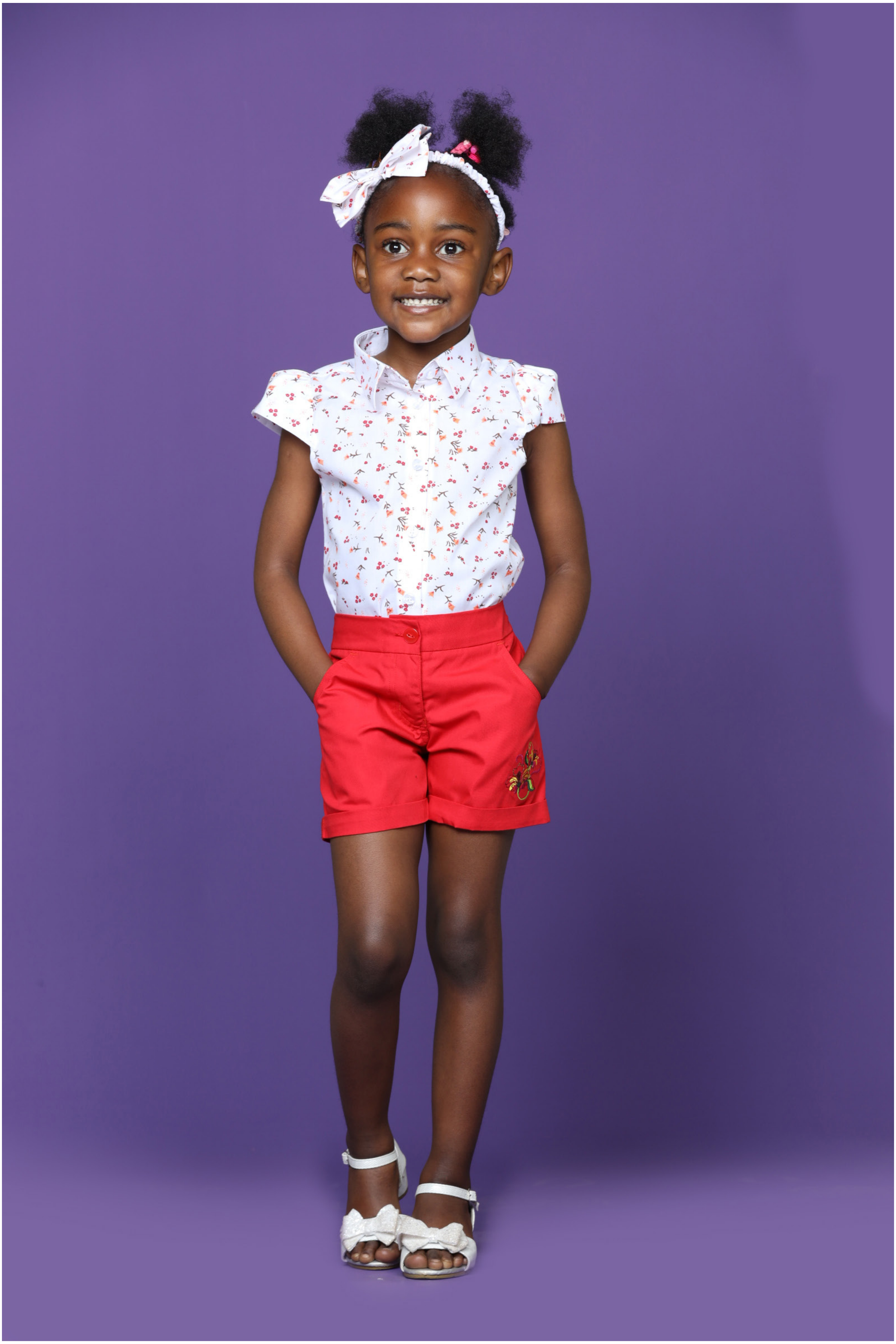
3.1 Covid-19 Rent concessions beyond 30 June 2021 (Amendment to IFRS 16)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

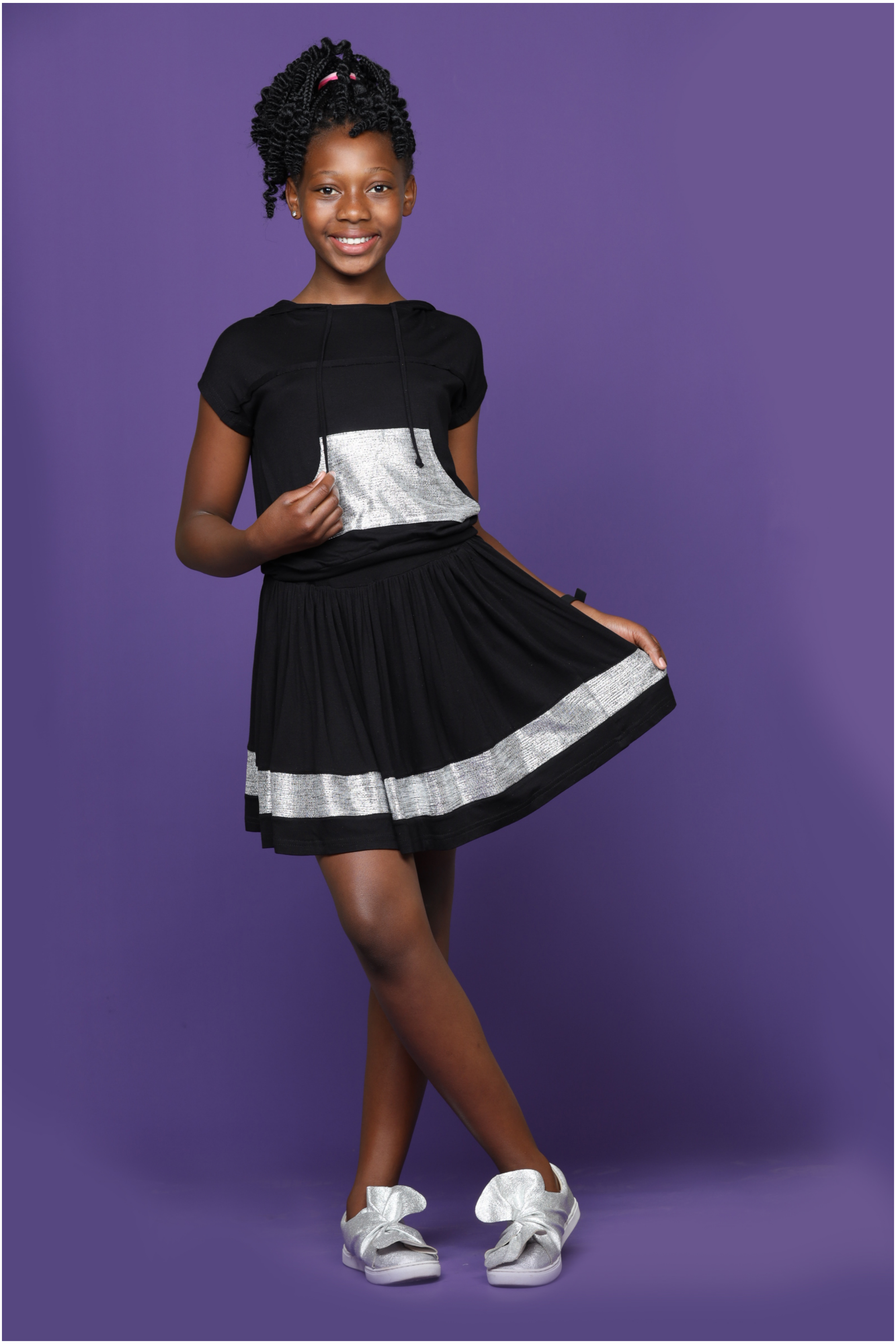
3.2 Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.





	Group		Company	
	2021	2020	2021	2020
	ZW$	ZW$	ZW$	ZW$
4 Revenue				
Set out below is the disaggregation of the Group/ Group's revenue from trading:				
Revenue from contracts with customers				
Sale of merchandise	1 282 418 986	788 468 722	1 282 418 986	788 468 722
Retail sales	1 274 094 238	775 821 749	1 274 094 238	775 821 749
Manufacturing sales to third parties - local sales	8 324 748	12 646 973	8 324 748	12 646 973
- export sales	-	-	-	-
Edgars Club subscriptions	1 465 698	931 188	1 465 698	931 188
Hospital Cash Plan and funeral insurance commission	3 074 323	758 205	3 074 323	758 205
Interest income from Micro Finance Institution	49 952 365	16 149 161	-	-
	1 336 911 372	806 307 276	1 286 959 007	790 158 115
5 Earnings per share				
	000's	000's	000's	000's
Weighted average number of shares (basic)	573 266	261 295	573 266	261 295
Weighted average number of shares (diluted)	576 302	285 266	576 302	285 266
Profit attributable to ordinary shares	65 150 369	74 393 807	65 444 199	83 168 087
Profit adjusted for cost of dilutive instruments	65 150 369	74 393 807	65 444 199	83 168 087
(Profit) / loss on disposal of property, plant and equipment	(8 067)	9 465	(8 067)	9 465
Headline earnings	65 142 302	74 403 272	65 436 132	83 177 552
Earnings per share (cents)				
Basic	11.36	28.47	11.42	31.83
Diluted	11.30	26.08	11.36	29.15
Headline	11.36	28.47	11.41	31.83
5 Taxation				
Withholding tax	23	887	23	887
Current income tax	58 111 848	59 882 145	54 289 919	59 315 299
Deferred tax	(24 573 000)	44 835 311	(21 146 025)	42 460 227
Income tax expense	33 538 871	104 718 343	33 143 917	101 776 413
Taxes recognised in other comprehensive income				
Deferred tax recognised on revaluation of property, plant and equipment	-	-	-	-
6 Non-cash items				
Included in non-cash items are the following:				
Depreciation and amortisation	118 529 070	80 823 080	105 268 222	76 116 860
Cashflow monetary gains	(168 861 636)	(384 507 325)	(191 034 183)	(375 209 025)
Unrealised exchange (gains) / losses	(4 978 933)	81 368 232	(5 157 934)	81 368 232
Inventory write down	4 146 486	8 192 085	4 146 486	8 192 085
Unwinding of lease liabilities	49 806 368	7 750 347	49 806 368	7 750 347
Allowance for credit losses on receivables	5 169 670	10 034 838	4 351 481	10 034 838



8. Segment Reporting

	Retail- Edgars	Retail- Jet	Manufacturing	Financial Services	Micro Finance	Corporate	Total Segments	Adjustments and Eliminations	Consolidated
	ZW$	ZW$	ZW$	ZW$					
26 weeks to 11 July 2021									
Revenue									
External customers	790 345 885	611 031 806	8 324 748	4 540 022	49 952 365	-	1 464 194 826	(127 283 454)	1 336 911 372
Inter-segments	-	-	73 611 792	-	-	174 979 033	248 590 825	(248 590 825)	-
Finance income	-	-	-	326 212 047	-	-	326 212 047	-	326 212 047
Total revenue	790 345 885	611 031 806	81 936 540	330 752 069	49 952 365	174 979 033	2 038 997 698	(375 874 279)	1 663 123 419
Segment profit	957 379	(1 660 672)	3 179 823	50 140 200	4 018 644	9 950 508	66 585 882	(1 435 513)	65 150 369
Total assets	1 293 536 698	871 082 567	210 044 708	797 174 281	130 320 021	455 649 182	3 757 807 457	(221 926 899)	3 535 880 558
Total assets*	879,727,301	480,715,408	176,471,813	53,260,902	435,163,324	441,409,420	2,466,748,168	(175,503,580)	2,291,244,588
26 weeks to 5 July 2020									
Revenue									
External customers	401 448 220	344 419 789	14 683 634	-	16 896 006	2 082 484	779 530 133	26 777 144	806 307 277
Inter-segments	-	-	26 426 575	18 815 165	-	120 262 127	165 503 867	(165 503 867)	-
Finance income	-	-	-	187 622 868	-	-	187 622 868	-	187 622 868
Total revenue	401 448 220	344 419 789	41 110 209	206 438 033	16 896 006	122 344 611	1 132 656 868	(138 726 723)	993 930 145
Segment profit	65 058 059	75 496 489	15 833 323	89 004 149	1 697 874	644 783	247 734 678	3 713 389	179 112 150
Total assets	506 079 610	300 416 229	72 789 241	307 965 245	32 336 741	321 240 980	1 540 828 046	(558 112 833)	2 625 916 084

Seasonality of operations

The Edgars and Jet Chain segments supply clothing, footwear, textiles and accessories through a network of stores in Zimbabwe. Due to the seasonal nature of these segments, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period October to December are mainly attributed to the increased demand for clothing during the peak summer season, as well as in December, due to increased demand for clothing from account customers. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not 'highly seasonal' in accordance with IAS 34.

Eliminations pertain to interdivisional transactions and balances - primarily shared services, unrealized profit in inventories sold between divisions and netting discounts against revenue.

9. Property, plant and equipment

Acquisitions and disposals

During the 26 weeks ended 11 July 2021, the Group spent ZW$25.5m (2020: ZW$17.9m) on opening new stores and on store revamps. The acquisition were funded out of general resources and thus did not have qualifying borrowing costs.

Revaluation of property, plant and equipment

The Company has not revalued the historical carrying amount of property, plant and equipment as at 11 July 2021. Revaluations were last done at 10 January 2021 for all assets other than leasehold improvements. The hyperinflation adjusted carrying amount of property, plant and equipment is unlikely to be materially misstated as the ZW$ to US$ exchange rate tracked inflation over the period. A full revaluation of property, plant and equipment will be carried out for the full year ending 9 January 2022.

10. Inventories

Included in trade and other receivables at 11 July 2021 are prepayments worth ZW$268m of imported merchandise and fabric. The company will take delivery of the merchandise in time for the summer peak season.

		Group		Company	
		11 July 2021	10 January 2021	11 July 2021	10 January 2021
		ZW$	ZW$	ZW$	ZW$
11	**Trade and other receivables**				
	Trade accounts receivable	649 452 520	526 835 313	649 452 520	526 835 313
	Less: - Expected credit losses allowance	(10 590 368)	(7 529 601)	(10 590 368)	(7 529 601)
	Other accounts receivable	370 132 503	26 500 010	368 991 983	25 099 063
	Less: - General credit losses allowance	(541 720)	(653 792)	(541 720)	(653 792)
		1 008 452 935	545 151 930	1 007 312 415	543 750 983
	The movement in the expected credit losses allowance is as follows:	229,217,772	147,715,845	229,217,772	147,715,845
	Opening balance	(8 183 393)	(3 196 273)	(8 183 393)	(3 196 273)
	Increase in the expected credit losses allowance	(4 351 481)	(4 987 120)	(4 351 481)	(4 987 120)
	Net monetary gain	1 402 786	-	1 402 786	-
	Closing balance	(11 132 088)	(8 183 393)	(11 132 088)	(8 183 393)
12	**Loans and advance to customers**				
	Loans and advances to customers	75 919 377	36 956 946	-	-
	Less: - Expected credit losses allowance	(1 069 969)	(303 869)	-	-
		74 849 408	36 653 077	-	-
	The movement in the expected credit losses allowance is as follows:				
	Opening balance	(303 869)	(67 133)	-	-
	Increase charged to profit or loss	(818 189)	(236 736)	-	-
	Net monetary gain	52 089	-	-	-
	Closing balance	(1 069 969)	(303 869)	-	-
13	**Directors emoluments**				
	Non-executive directors:				
	- Fees	6 804 721	4 988 191	6 662 941	4 988 191
	Executive directors				
	- Remuneration	23 921 252	31 604 230	21 266 469	30 142 653
	- Retirement and medical aid benefits	976 919	1 480 267	938 924	1 306 766
		31 702 892	38 072 688	28 868 334	36 437 610

14 Future capital expenditure

Commitments for capital expenditure not provided for in the financial statements are as follows:

	Group 11 July 2021 ZW$	Group 10 January 2021 ZW$	Company 11 July 2021 ZW$	Company 10 January 2021 ZW$
Authorised but not yet contracted for	322 744 955	389 515 145	322 744 955	389 515 145

	Group		Company	
	11 July 2021	10 January 2021	11 July 2021	10 January 2021
	ZW$	ZW$	ZW$	ZW$
15 Cash and cash equivalents				
The Group's cash and bank balances are split as follows:				
United States dollars	158 404 874	222 264 745	152 506 371	221 938 921
South African Rand	4 533 959	9 485 167	4 533 959	9 485 167
Zimbabwe dollars	79 627 895	107 010 254	72 236 126	103 313 944
	242 566 728	338 760 166	229 276 456	334 738 032

Foreign denominated balances have been translated at the following rates:

United States dollars 1US$: ZWL 85.51 (2020: 63.74)

South African Rand 1ZAR: ZWL 5.97 (2020: 3.39)

16 Dividend

The company has not declared a dividend for the 26 weeks ended 11 July 2021. Outstanding payable balances are from prior periods and are held in trust by the Group's Transfer Secretaries.

17 Borrowings

	Group 11 July 2021 ZW$	Group 10 January 2021 ZW$	Company 11 July 2021 ZW$	Company 10 January 2021 ZW$
Bank overdrafts	187 458 982	94 355 489	187 010 213	94 276 165
Loans	600 515 153	200 868 140	582 022 372	200 868 140
	787 974 135	295 223 629	769 032 585	295 144 305
Less: Non-current portion	(168 246 936)	(108 496 352)	(149 754 155)	(108 496 352)
Current portion	619 727 199	186 727 277	619 278 430	186 647 953

Summary of borrowing arrangements

(i) Secured with a Notarial General Covering Bond over moveable assets, cession of fire policies, debtors book, an unlimited guarantee from shareholders and Edgars Industrial Park title deeds.

(ii) The weighted average effective interest rate on all the borrowings is 44.4% (2020: 43.0%) per annum.

(iii) Tenures range between 90 days and 3 years.

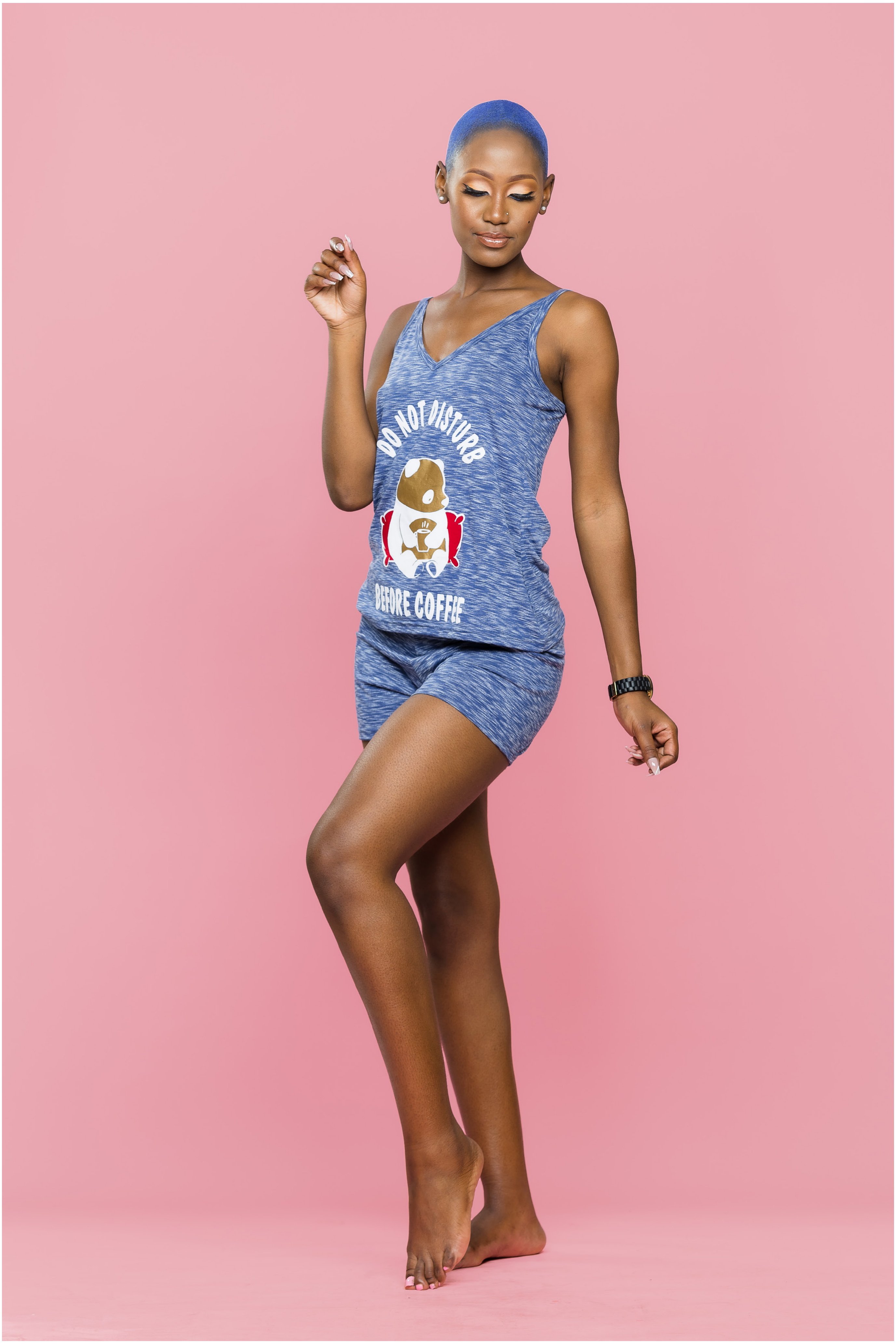
18 Going concern

The group earned a profit of ZW$65.1m (2020: ZW$74.3m) for the period. For the year ended 10 January 2021 the group was not profitable. As at 11 July 2021 the group was solvent with current assets of ZW$2.4billion exceeding current liabilities of ZW$1.4billion.

Notwithstanding this, the ability of the group to continue as a going concern is subject to continued generation of positive cash flows. To evaluate the health of the cash flows management has prepared a cash flow forecast for the next twelve months and reviewed significant inputs such as profitability, cash generating capacity, ability to obtain financing and the impact of Covid-19 on the business. Forecasting is now updated regularly in response to ongoing uncertainty.

The directors have assessed that key to continued profitability and positive cashflows is stability of exchange rates, availability of foreign currency from trading and minimal disruptions from Covid-19 related lockdowns.

Based on the assessment undertaken the directors consider it appropriate to adopt the going concern basis for these financial results.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19 Related party disclosures

The listing below provides the transactions and balances that were owing to/from related parties at the end of the reporting period.

TRANSACTIONS WITH RELATED PARTIES

	Group		Company	
	11 July 2021 ZW$	5 July 2020 ZW$	11 July 2021 ZW$	5 July 2020 ZW$
Club Plus (Private) Limited				
Rental of premises	-	-	127 949	205 302
Interest on intercompany loan	-	-	8 260 852	10 861 034
	-	-	8 388 801	11 066 336
Annunaki (Private) Limited				
Consultancy fees	1 107 497	3 385 003	1 107 497	3 385 003
	1 107 497	3 385 003	1 107 497	3 385 003

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

BALANCES DUE TO RELATED PARTIES

	11 July 2021 ZW$	10 January 2021 ZW$	11 July 2021 ZW$	10 January 2021 ZW$
Club Plus (Private) Limited				
Intercompany loan	-	-	50 938 584	34 873 302
Investment in subsidiary	-	-	47 107 327	47 107 327
	-	-	98 045 911	81 980 629
Annunaki (Private) Limited				
Shareholder loans	246 196 827	-	246 196 827	-
	246 196 827	-	246 196 827	-

20 Impact of COVID19

The following is a line by line assessment on the current uncertainty from Covid-19 and possible impacts on the amounts presented at 11 July 2021.

Property, plant and equipment

Our stores resumed trading normally in September 2021 which has resulted in improving sales. New machinery purchased in November 2020 has been installed in the factory, expanding the product offering available. Going into the busy fourth quarter we expect that normal demand will align. Value in use of property, plant and equipment is thus expected to improve to year end.

Inventory

The business commenced restocking from March 2021 while simultaneously clearing out aged stock through discounts and promotions. The stock in the stores is fresh compared to the same period last year and is therefore easier to sell without markdowns. We are well positioned to take full advantage of opportunities to sell in Quarter 4.

20 Impact of COVID19 (continued)

Prepayments to suppliers

Material orders have been placed in line with the restocking exercise (See Note 10). Suppliers have commenced delivery post 11 July 2021 and we are on track to receive all inputs before year end.

Brands and intangibles

The Edgars and Jet Chains made losses in a number of months during this half year while Financial Services was profitable. With a return to normal trading we anticipate a return to normal profitability and meeting forecast. Volumes to date are tracking and likely to exceed prior year.

Accounts receivables

Accounts receivable declined in January and February due to lost sales. The health of the debtor's book remained good with over 85% of amounts outstanding being current. ECL credit losses remained in the normal range of 1-2%.

Trade and other payables

There were no rent concessions offered by landlords this year despite more severe Covid-19 lockdowns. The group therefore continued to incur occupancy and employee costs which were settled under normal trading terms and have since fallen away.

Loans

We had to negotiate certain roll overs of some of our loan obligations during the worst periods of lockdown. The renegotiations resulted in the nominal cost of borrowings declining to 40-43% per annum. Short term paper and interest has been largely settled as and when due.

Lease obligations

Lease negotiations commenced last year were largely concluded between September 2020 and January 2021. This has seen an increasing number of leases benchmarked in United States dollars – with attendant increasing rentals. Rentals will continue increasing to year end resulting in higher right of use assets and lease liabilities but will be softened by the declining cost of borrowing.

Cash and cash equivalents

Trading in forex has increased the Group's foreign currency holdings. This in turn increased exchange gains as the US$ to ZW$ rate declined.

The impact of Covid-19 on the business will be subject to ongoing assessment. We are happy to have over 66% of our staff vaccinated and hope the national average will grow from the current 29% to herd immunity.

21 Lease commitments

	Group and Company	
	11 July 2021	5 July 2020
	ZW$	ZW$
Future minimum rentals under non-cancellable operating leases:		
Within one year	155 151 584	14 232 294
After one year but not more than five years	354 964 976	24 879 183
More than five years	5 514 561	555 583
	515 631 121	39 667 060