

PRESENTATION OF FINANCIAL RESULTS

For the half year ended 10 July 2022

TJELUDO NDLOVU

GROUP CHIEF EXECUTIVE OFFICER

12 October 2022



EDGARS STORES LIMITED EXECUTIVE MANAGEMENT



Tjeludo Ndlovu – Group CEO



Happiness Vundla
Chief Finance Officer



Peter Mnyama – Edgars MD



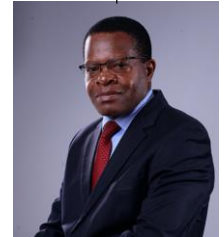
Mbengeni Mabidi – Jet MD



Pathiso Ncube – ClubPlus MD



Menfree Tanyanyiwa
Carousel MD



Alex Timburwa
Group Financial Services Executive



Rumbie Dzimba
Group Corporate Affairs Executive



Victor Nkomo
Chief Human Resources Officer



Mbuso Ndlovu
Chief IT Officer

EXECUTIVE SUMMARY

KEY HIGHLIGHTS

- Functional currency: RTGS\$.
- Sales growth: Group 38.6% (Edgars 55%, Jet 28%)
- Group PAT increased by 540% to \$ 1.2billion.
- 84.1% of the debtors book in current status.
- Negative operating cash flow: \$ 596m.
- Stockholding increased by 35% on prior year. Weeks cover 21.8 weeks for Edgars Chain and 18.68 weeks for Jet Chain.
- Manufacturing : Turnover of \$309.8m up 237% on prior year. Unit sales decreased by 7% on prior year due to declining demand for PPE.
- Microfinance update: Revenue \$295m, Profit \$ 171m and loans to customers \$253m.
- Gearing of 0.14 from 0.21 last year.
- Foreign liabilities of USD262k to be serviced from existing resources.
- Three new stores (Jet First Street, Gutu, Avondale) in the reporting period . Edgars Borrowdale relocated to a bigger store.

STRATEGIC INITIATIVES

One of the main strategic goals for ESL is **creation of shareholder value** through increased profits and market share growth. We can attain this through innovation, swift execution and targeting real year on year growth.

The cornerstone of our business is the **customer**. In 2022 we have been actively pursuing to grow and retain our **customer** base by promoting customer loyalty initiatives, increasing customer convenience, offering competitively priced merchandise and providing a world class shopping experience

We also seek to broaden and secure our supply chain through

- Smart sourcing,
 - Strategic partnerships,
 - Capacitating our in-house factory
 - Developing local suppliers.
-

The Group seeks to enhance business performance through **stakeholder management** by improving the communities that we operate in.

We continuously work on building a **peak performance team** that can achieve targets through our culture change program by:

- Performance based rewards
- Staff training and development
- Succession planning

KEY FEATURES



SALES



RESULTS

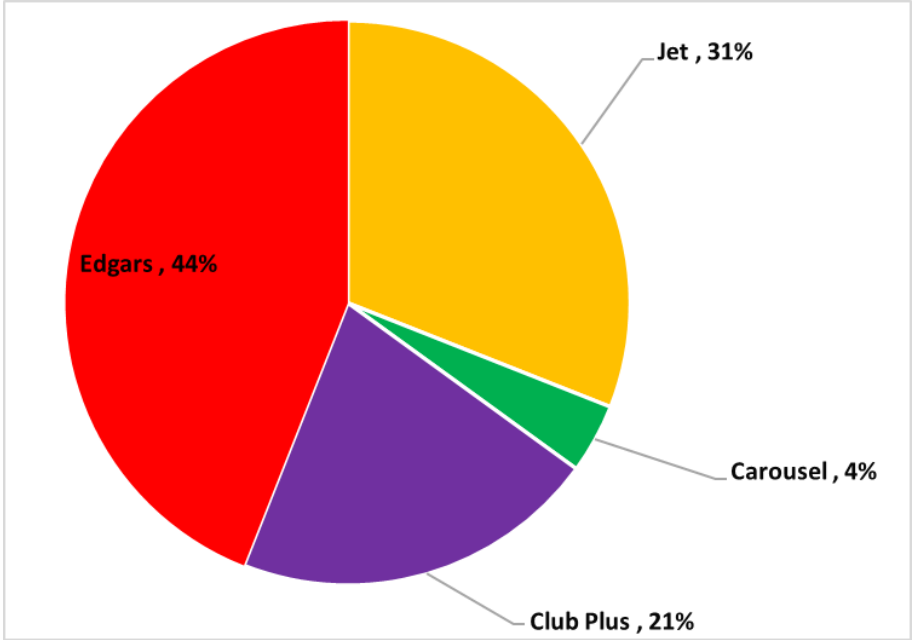
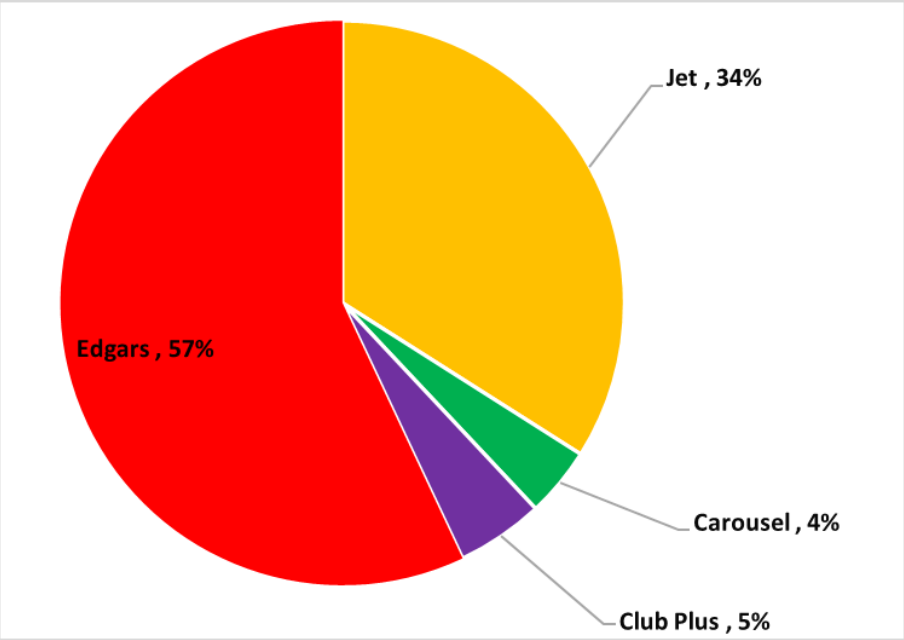
	2022	2021
	% change on 2021	% change on 2020
Retail sales	↑ 113%	↑ 66%
Cash sales	↑ 47%	↑ 43%
Credit sales	↑ 53%	↑ 57%
Units sales	↑ 39%	↓ 2%
Gross profit	↑ 247%	↑ 80%
Net Profit	↑ 540%	↑ 29%
PAT \$	\$ 1.22b	\$189.95m
EPS	212.07	33.14

- Negative operating cashflows \$595.5m

SEGMENT ANALYSIS – TURNOVER CONTRIBUTION

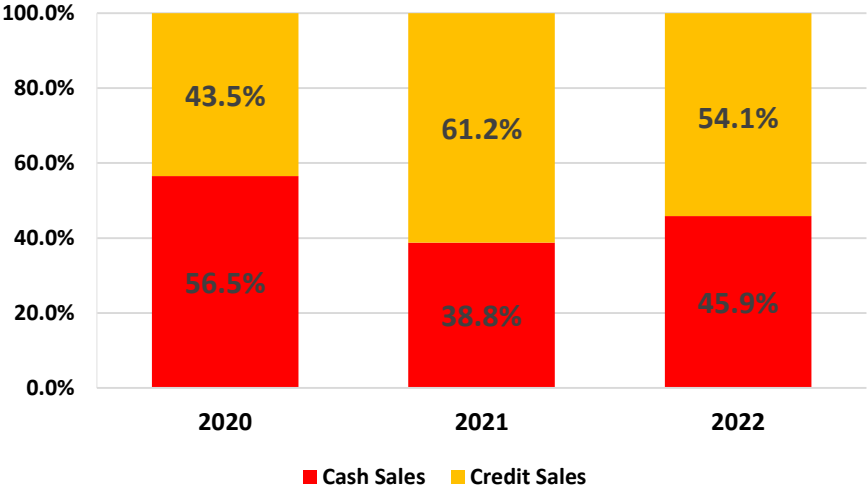
Unconsolidated

Consolidated



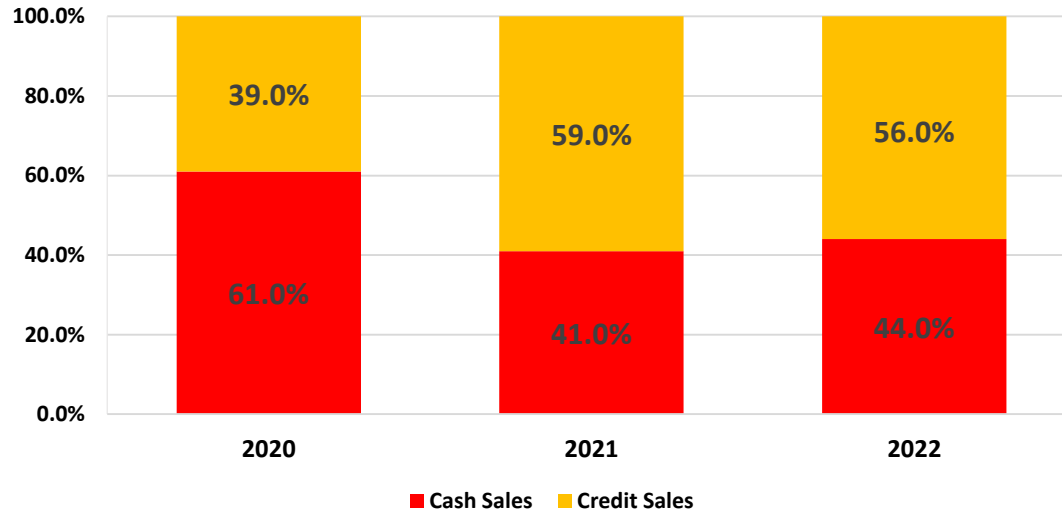
TURNOVER SPLIT

CASH vs CREDIT



TURNOVER SPLIT-EDGARS

CASH vs CREDIT



- **Retail sales growth of 334% to F2022.**

- Cash sales increased by 356%
- Credit sales grew by 318%.
- Unit Sales increased by 55%.
- Chain profitability up by 40335%.
- Stock cover at 21.8 weeks

- **Key performance drivers:**

- **Moved to a bigger Borrowdale store**
- **Improved merchandise assortments.**
- **Availability of all payment options.**
- Supply chain difficulties.
- Fabric shortages
- Low risk appetite for credit sales.

	F2022	F2021
Retail sales growth (%)	334	436
Comparable sales growth (%)	334	436
Gross profit (%)	61.3	44.0
Total number of stores @ yearend	26	26
Space (sqm)	21882	21479
Credit Sales (%)	56	58
Turnover per Sqm (\$)	149 220	35 001
Unit Sales	532 589	344 264



40335
%
Chain Profit Growth

Productivity:

- Turnover per Employee up by 264%
- Units sold per Sqm up by 52%.

Expenses:

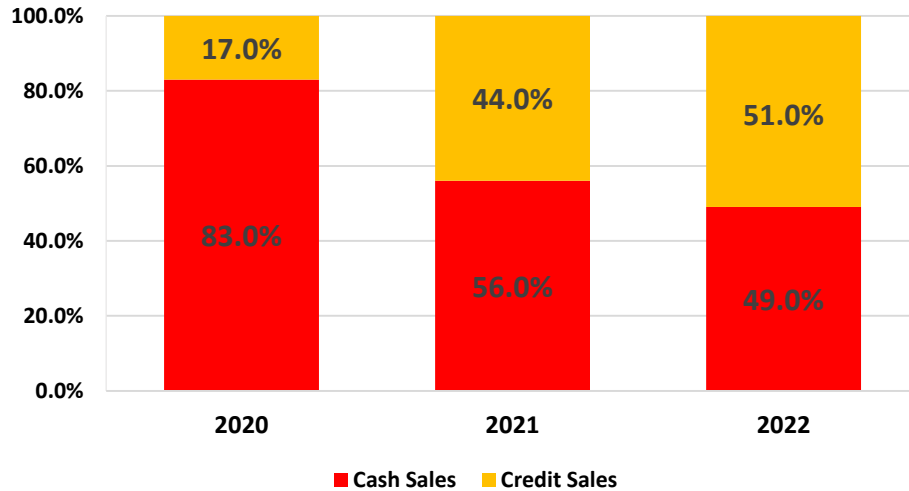
- Store expenses increase by 395%.

Other:

- Ave Active Accounts = 49.4% (55.4% LY).
- Collections grew by 333% in \$s.

TURNOVER SPLIT-JET

CASH vs CREDIT



- **Sales growth of 304% to prior year.**

- Cash sales increased by 72%
- Credit sales increased by 52%
- Unit sales increased by 16% over last year.
- Chain profitability up 8488% (2021: -1%).
- Stock cover at 18.68 weeks

- **Key performance drivers:**

- Profit focused merchandise procurement.
- Cost consciousness.
- New stores

	F2022	F2021
Retail sales growth (%)	304.0	369
Comparable sales growth (%)	288.0	369
Gross profit (%)	59.8	44.0
Total number of stores	34	30
Space (sqm)	11,244	10,510
Credit Sales (%)	51.0	45.0
Turnover per Sqm (\$000)	209	555
Unit Sales	608,851	526,691



8488%

Chain Profit Growth

Expenses:

- Store expenses up 355.3%.

Productivity:

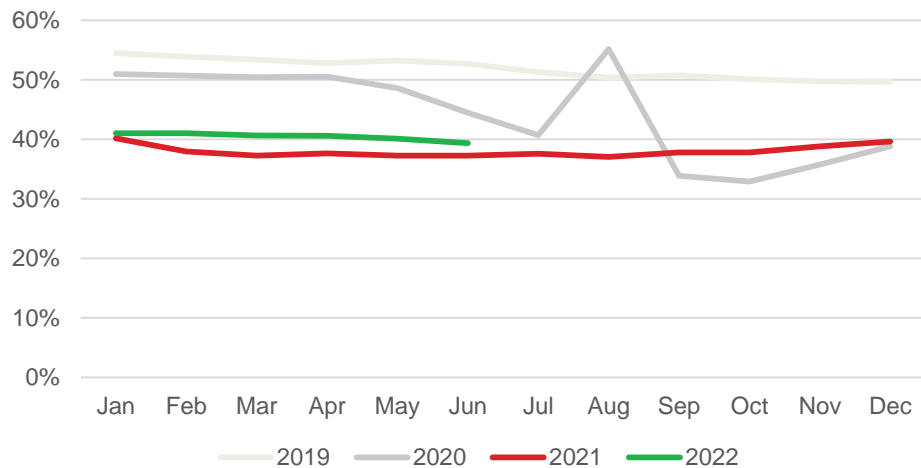
- Units sold per Sqm up by 7%
- Turnover per employee increased by 68%

Other:

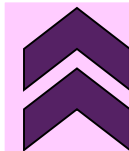
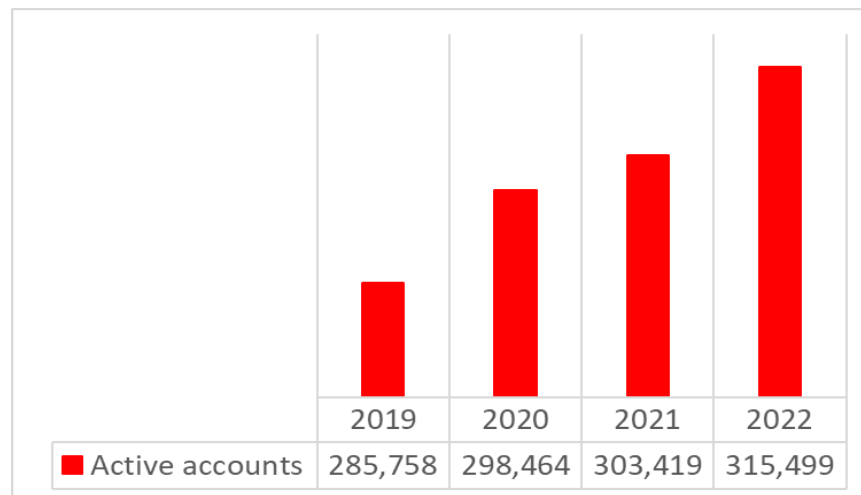
- Ave Active accounts = 52% (45% LY)
- Collections grew by 365 % in \$s.

ACCOUNTS PERFORMANCE

% of total accounts active



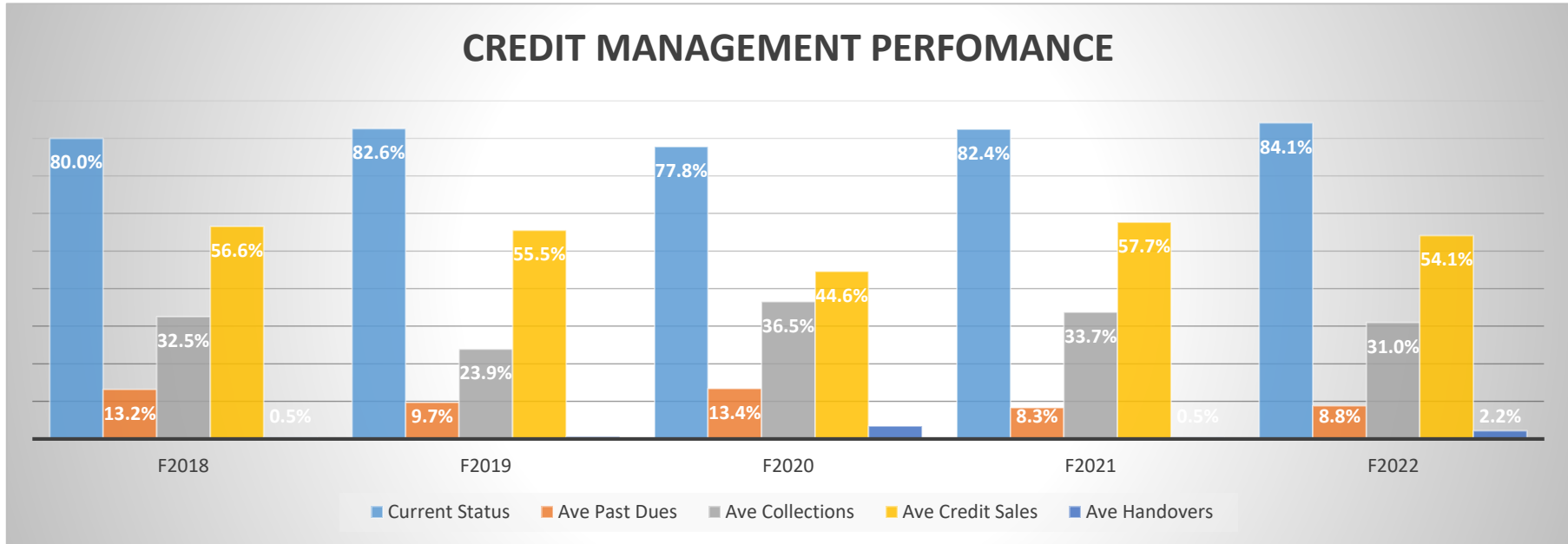
TOTAL ACCOUNTS (000s)



13.2%

New
Accounts

CREDIT MANAGEMENT PERFORMANCE



- Collections remained solid above the 30% monthly target and asset quality of the book was better than last year with 84.1% of the book in current status.
- Debtors book grew by 347% over last year.
- Debtors were well managed in the first half of the year. ECLs were 1.7% against a 5% projection.
- Recoveries were lower @ 41.2% versus last year @ 42.7% of Handovers.

CAROUSEL – F2022

	F2022	F2021
Production Growth (Units) - %	17,0	(61,7)
Sales growth (Value) - %	26,3	223,2
Sales growth (Units) - %	(6,9)	(38,9)

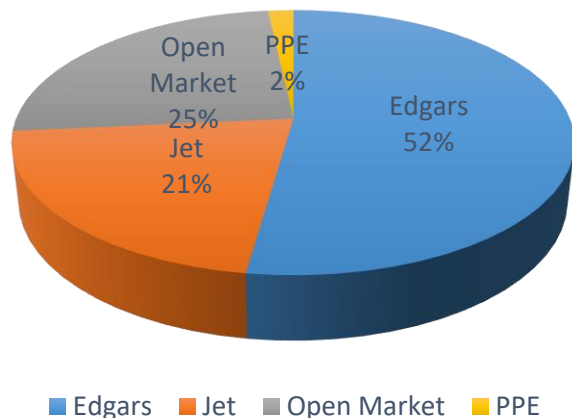
- Open Market contribution grew to 25% of sales (LY – 6.5%).
- The factory continues its search for a consistent export market in the region and beyond.
- Machinery being upgraded to ensure we give impetus to the strategy to broaden product offering, improve efficiency and enhance quality.

C A R O U S E L

Division of Edgars Stores Limited



SALES VALUE BY CUSTOMER YTD 2022



CLUB PLUS –F2022

FINANCIAL HIGHLIGHTS

	F2022	F2021
Revenue	295,005,223	48,756,427
Net Profit/ (Loss)	171,000,615	9,223,714
Net Profit Margin - %	57.97%	18.92%
Loans and advances to customers	253,222,523	151,581,581
Provision for Credit Loss	8,058,984	818,189
Current Ratio	5.88	1.45

Commentary

- Debtor book increased by 67%
- Non-Performing Loans over 90 days as at June is 12.9%
- Cost to Income = 49%



KEY FINANCIALS



FINANCIAL HIGHLIGHTS

	F2022	F2021	% change
Retail Sales	7,972,892,239	3,739,053,974	113
Net Profit Margin %	35.75	7.70	365
Earnings per Share (cents)	212.07	33.14	540
Trade and Other Receivables \$	4,570,732,896	4,177,947,416	9.4
No. of Active Accounts	318,476	310,788	2.47
Gearing (net)	0.31	0.69	(55.20)
Net Equity per Share (cents)	11 378 174.61	9 268 642.98	22.8
Borrowings @ period end \$	2,034,782,066	3,311,350,911	(38.55)
EBITDA	3,265,162,973	633,327,327	415.6
Net Leverage (Net Debt/EBITDA)	0.62	1.24	(50)
Interest Cover (times)	5.90	1.22	382.89
Debt Service Cover	1.60	0.17	836.6
Current Ratio	1.90	1.59	19.7



STATEMENT OF COMPREHENSIVE INCOME

	F2022	F2021	% change
	\$000	\$000	
Retail Sales	7,972,892.24	3,739,053.97	113%
Income from microfinance institution	2,324,246.50	1,066,377.59	118%
Gross profit	5,974,588.39	1,721,915.39	247%
Other Revenue	34,698.36	13,237.00	162%
Other operating income	45,965.37	20,652.49	123%
Other operating expenses	(1,471,947.32)	(196,662.07)	648%
Movement in credit loss allowance	(40,095.20)	(2,720.51)	1374%
Store expenses	(2,910,470.52)	(1,542,052.81)	89%
Other operating gains/losses	724,967.50	35,422.06	1947%
Financial Services expenses	(361,846.71)	(334,580.21)	8%
Finance income	-	30,377.11	-100%
Finance costs	(731,653.37)	(664,039.26)	10%
Net monetary gain / (loss)	(738,152.53)	139,814.13	-628%
Profit before tax	2,850,300.49	287,740.90	891%
Income tax expense	(1,634,573.17)	(97,786.80)	1572%
Profit / (loss) for the period	1,215,727.31	189,954.10	540%



STATEMENT OF FINANCIAL POSITION

	11 July 2022 ZWL\$ audited	09 January 2022% change ZWL\$ audited	
Non-current assets			
Property, plant and equipment	1,563,979,512	1,629,087,572	-4%
Right of use asset	925,749,728	1,020,886,371	-9%
Intangible assets	137,848,693	157,541,363	-13%
Total non-current assets	2,627,577,934	2,807,515,306	-6%
Current assets			
Inventories	5,415,418,516	3,999,375,592	35%
Trade and other receivables	4,570,732,896	4,177,947,416	9%
Loans and advances to customers	253,222,523	331,838,494	-24%
Income tax receivable	-	11,400,571	-100%
Cash and cash equivalents	984,444,915	982,587,168	0%
Total current assets	11,223,818,849	9,503,149,241	18%
Total assets	13,851,396,783	12,310,664,547	13%
Capital and reserves			
Issued capital	580,414,253	580,414,253	0%
Other reserves	590,481,029	590,481,029	0%
Retained earnings	5,386,369,573	4,170,642,262	29%
Total capital and reserves	6,557,264,855	5,341,537,544	23%
Non-current liabilities			
Deferred tax liabilities	1,384,578,516	595,365,311	133%
Lease liabilities	-	385,087,959	-100%
Total non-current liabilities	1,384,578,516	980,453,270	41%
Current liabilities			
Trade and other payables	2,764,114,822	2,209,129,885	25%
Dividend payable	1,302,169	1,302,169	0%
Current tax liabilities	697,345,632	-	0%
Contract liabilities	117,979,542	94,182,845	25%
Short term loans and borrowings	2,034,782,066	3,311,350,911	-39%
Lease liabilities	294,029,181	372,707,923	-21%
Total current liabilities	5,909,553,412	5,988,673,733	-1%
Total liabilities	7,294,131,928	6,969,127,003	5%
Total equity and liabilities	13,851,396,783	12,310,664,547	13%



STATEMENT OF CASHFLOWS

	26 weeks to 09 July 2022 ZWL\$	26 weeks to 11 July 2021% change ZWL\$	
Cash flows from operating activities			
Profit before tax	2,850,300,485	287,740,898	891%
Adjusted for:			
Finance income	-	(30,377,105)	-100%
Finance costs	731,653,367	664,039,262	10%
Non cash items	(1,446,456,239)	(903,978,448)	60%
Movements in working capital	(1,995,271,207)	(2,055,484,092)	-3%
Cash generated from / (utilised in) operations	140,226,407	(2,038,059,485)	-107%
Finance income received	181,917,040	901,515,190	-80%
Finance costs paid	(588,177,799)	(534,859,881)	10%
Lease interest paid	(58,197,533)	(145,216,735)	-60%
Taxation paid	(271,367,343)	(101,409,464)	168%
Cash generated from / (used in) operating activities	(595,599,229)	(1,918,030,375)	-69%
Cash flows from investing activities			
Payments for property, plant and equipment	(227,149,825)	(74,398,372)	205%
Net cash used in investing activities	(227,149,825)	(74,398,372)	205%
Cash flows from financing activities			
Proceeds from borrowings	2,529,905,290	1,937,862,368	31%
Repayment of borrowings	(2,217,476,239)	(680,850,483)	226%
Payments of principal portion of lease liabilities	(46,841,560)	(91,607,475)	-49%
Net (cash utilised in) / generated from financing activities	265,587,491	1,165,404,410	-77%
Net increase / (decrease) in cash and cash equivalents	(557,161,563)	(827,024,337)	-33%
Cash and cash equivalents at the beginning of the period	982,587,168	987,697,905	-1%
Cash and cash equivalents at the end of the period	425,425,605	160,673,568	165%



FOCUS AREAS FOR REMAINDER OF FY2022

Sustaining Top Line Growth by :

- Agile response to policy environment.
- Exploiting opportunities to grow sales volume and revenue.
- Optimisation of stockholding.
- Drive to increase USD credit
- Smarter merchandise procurement.



THANK YOU

For more information

Our website: www.edgars.co.zw

