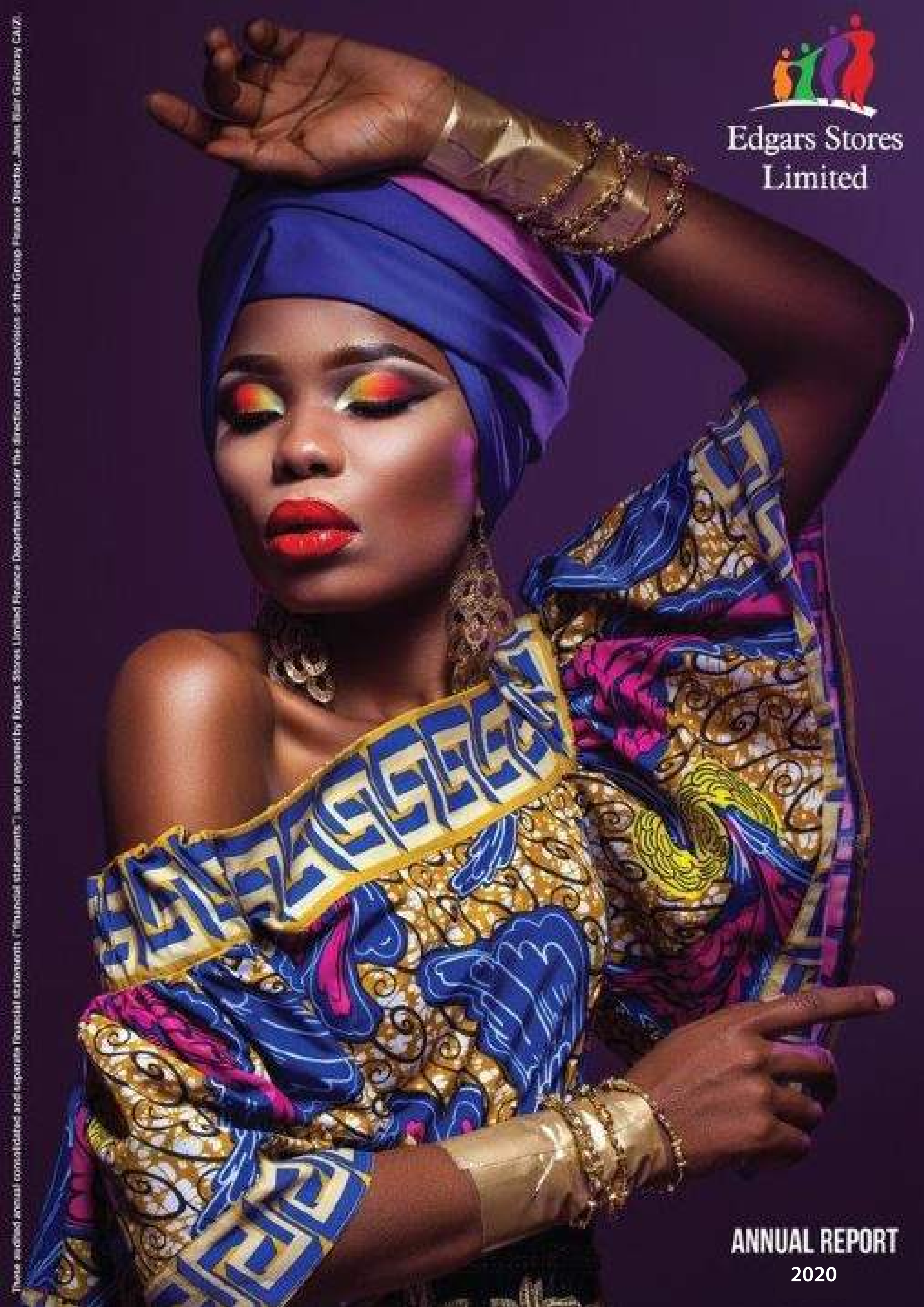
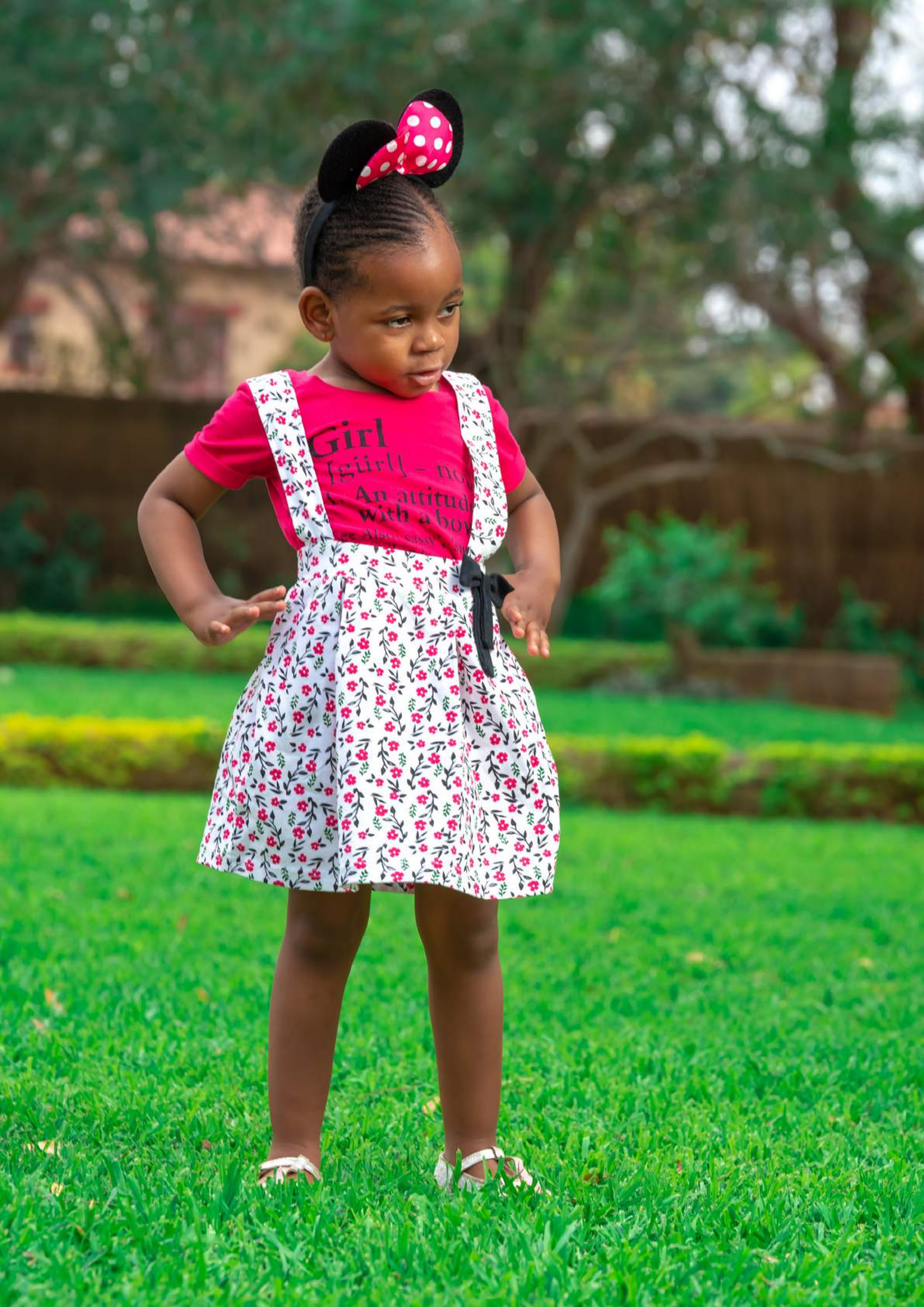
Edgars Stores Limited



These audited annual consolidated and separate financial statements ("financial statements") were prepared by Edgars Stores Limited Finance Department under the direction and supervision of the Group Finance Director, James Blair Galloway CA(Z).

ANNUAL REPORT

2020


Girl

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 first 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 10 January 2021. 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 Financial Statements have been audited by Ernst & Young (Zimbabwe) and their report appears on page 29.

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 year under review.

The annual 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 33 to 108 were approved by the directors on 31 May 2021 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 the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and sustainability report in accordance with the Zimbabwe Stock Exchange (ZSE) requirements, International Financial Reporting Standards (IFRS) and the Companies and Other Business Entities Act (COBE).

Cautionary – reliance on the inflation adjusted financial statements

The directors have applied 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: Effect of Changes in Foreign Exchange Rates and initial application of IAS 29: Financial Reporting in Hyperinflationary Economies. Other impacts have been highlighted in the basis of preparation paragraph of the financial statements and the full audit opinion. This resulted in related qualifications in the audit opinion, which limits the usefulness of the financial statements.

Business overview

Notwithstanding the favourable fiscal and monetary policies maintained during the period, the economic environment remains challenging though it is improving. The improvement is mainly attributable to the introduction of the foreign currency auction system. Operating costs are increasing with occupancy, employment and fuel costs being some of the significant costs that are rising. Management remain focused on recalibrating the business models in response to these price corrections to preserve value and build a strong balance sheet for the business.

Material disruptions stemming from COVID-19 lockdown restrictions had a significant impact on the Group's performance, most significantly in April to May 2020 and in the last week of the 2020 trading period. The business consequently lost 1 million units in sales compared to the 2019 year. This demonstrates the significant impact on business continuity that lockdowns may have in the future.

The company continues to implement and observe WHO approved COVID-19 guidelines throughout its operations to safeguard all stakeholders. With the ongoing roll out of government vaccination programmes we look forward to an easing of business disruptions caused by the pandemic.

Financial performance

Revenue was down 23% to ZWL2.1 billion and profitability down 320% to a loss of ZWL176.5 million in inflation adjusted terms. The decline in performance was due to a combination of two factors;

(a) The business lost sales during the lockdowns as retail of clothing was not classified as an essential service. Units sold declined from 3.4million to 2.4million compared to the same period last year.

(b) As reported last year the business closed the 2019 financial year with a lot of aged stock which when indexed had the unfortunate effect of distorting the value of cost of sales by significantly reducing the gross profit margin. In historic terms revenue and profit were up 472% and 665% to ZWL1.5 billion and ZWL394 million respectively.

Trading in foreign currency since April 2020 has allowed retail chains to improve stock assortments, which in turn has improved the number of feet in our stores. The business introduced an in-store remittance agency, where diaspora remittance beneficiaries collect their money from selected branches. The selected stores have recorded improved foreign currency sales.

Gearing increased to 0.20 in the current year (2019: 0.19). The business did not have any significant foreign liabilities as at 10 January 2021.

Retail performance

The Edgars chain recorded turnover of ZWL1.1 billion (2019: ZWL1.75 billion) out of 26 stores (2019:26). Units sold for the year were 887.7k (2019:1.39m). Total sales for the Jet chain were ZWL896 million (2019: ZWL981 million) out of 27 stores (2019:25). Units sold for the year were 1.28m (2019: 1.80m).

Manufacturing

The factory recorded turnover of ZWL285m (2019: ZWL204m). The sale of face masks and other personal protective equipment contributed significantly to this performance.

Credit management

The gross retail debtors' book closed the period at ZWL431m compared to ZWL423m as at the end of 2019 trading period. The credit environment remained challenged by high inflation, making value preservation very difficult. As expected credit losses increased during lockdown period to 2.2% from 1.1% of the debtors' book at 10 January 2021.

The microfinance loan book, like the retail book, faced similar challenges in value preservation. The loan book closed at ZWL30.3m (2019: ZWL28.9m).

Board membership

Ms. Tjeludo Ndlovu was appointed Group Chief Executive Officer effective 1 July 2020. Tjeludo joined the group in 2013 and had served in various senior management positions in finance and operations prior to her appointment.

Bright Ndlovu was appointed Group Chief Finance Officer effective 1 June 2020. Bright joined the group in 2011 and had previously served as Financial Services Managing Director.

Ms. Happiness Vundla was appointed to the Board effective 3 December 2020. Happiness was previously with EY Chartered Accountants for over 10 years.

Mrs Linda Masterson retired from the board at the end of June 2020, after serving the Group for 32 years. Dr LL Tsumba also retired in December 2020 after 14 years in the Board of Directors. We remain grateful for their wise counsel over the years.

Outlook

Management continues to remodel the business to capitalise on opportunities that arise in the very uncertain operating environment. Available foreign currency will be used to improve on merchandise ranges and assortments to grow turnover whilst at the same time escalating efforts to manage operational costs. We are retooling our manufacturing unit to enhance its capacity to supply our retail chains and cater for external customers and export sales.

We will be opening two new stores in the first half of 2021 and are looking for compelling locations to grow our footprint. Our online stores are fully operational for both Edgars and Jet, whilst Club Plus microfinance online loans uptake is growing underpinned by robust promotional activities to boost awareness.

Dividend

Regrettably, your company will not declare a dividend for the 53 weeks to 10 January 2021. Cashflows will be channelled to growing the business.

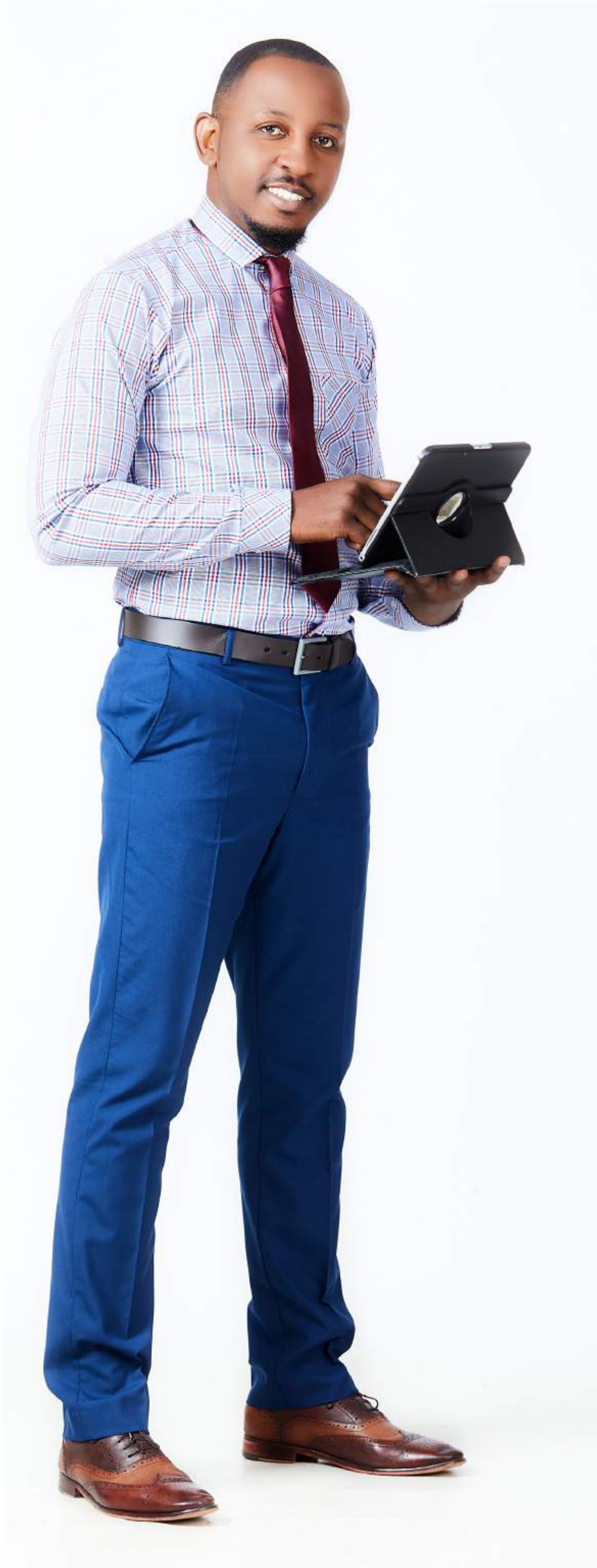
Appreciation

I want 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.

The business extends its deepest condolences to the bereaved family of one of our staff members who succumbed to Covid -19.

T N SIBANDA
CHAIRMAN

31 May 2021



Group Financial Highlights

	10 January 2021 53 weeks ZWL'000	5 January 2020 52 weeks ZWL'000	Change %
Group Summary			
Retail sales revenue	2,032,453	2,601,991	(22)
Earnings attributable to ordinary shareholders	(176,534)	80,249	(320)
Net cash outflow from operating activities	(52,085)	(393,628)	87
Total assets	2,291,245	2,600,663	(12)
Market capitalisation	567,058	30,042	1,788
Ordinary share performance (cents per share)			
Earnings			
Basic	(43.24)	28.57	(251)
Diluted	(42.78)	28.13	(252)
Net equity	205.24	405.22	(49)
Market price	93.00	25.90	259
Financial statistics			
Return on ordinary shareholders equity	(14.1)	6.1	(333)
Liquidity ratios			
Current ratio	2.4	2.4	(1)
Gearing-gross	0.20	0.20	3
Gearing-net	(0.03)	0.17	(117)
Borrowing times covered by stock and debtors	4.1	5.0	(18)

Who we are

1946

FIRST STORE

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

1948

COMPANY REGISTRATION

Company registration with the inaugural Board meeting held on 18 January 1949.

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).

Our brands

EDGARS

26 stores across the country

Jet

27 stores across the country

ONLINE

shop.edgarsstores.co.zw

shop.jetstores.co.zw

CAROUSEL

A Division of Edgars Stores Limited

Manufacturing Division with a factory in Bulawayo

clubplus

A DIVISION OF EDGARS

Microfinance Company

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 in the current year the shareholders have up to date information on developments within the company through;
- Quarterly trading updates
- Reviewed half year financial statements

In the current year the shareholder injected ZWL70m through a renounceable rights offer. This enabled the business to restructure its balance sheet for growth through reduced debt, increased working capital and capital expenditure.

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% (2019: 50%) 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 the production processes.

Community

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

Over the years we have reached out to many schools and learners through the Edgars Club to assist with school fee bursaries, text and exercise books, building of classrooms and other infrastructure. For F2021/2 we are looking at revamping our CSR offering and have set a budget of US$200,000 to be targeted at the following four pillars taken from the United Nations Millennium Development Goals:
- Good health and well being
- Responsible consumption and production
- Quality Education
- Partnerships for the UNMDG goals

Group Strategy

Fashion

Have the latest and most relevant fashion trends being retailed out of world class stores.

Suppliers

We have a wide range of local and international merchandise suppliers. Our current area of focus is capacitating local suppliers and our own factory for improved performance.

Credit

It is imperative to grow our customer book and keep active accounts high. Key to underwriting the book is the sourcing of long term capital at attractive rates.

We manage our credit risk by:

» Offering customers credit that is specific to their individual risk profile
» Maintaining a dedicated in-house team to manage risk and credit management
» Constantly scanning macroeconomic factors such as inflation, interest rates and disposable incomes with a view to making adjustments as the conditions change.
» Constantly innovating on strategies to spread credit risk even outside the organisation

Footprint

We want to open our stores in prime and convenient locations for access by current and prospective customers. We are working very hard on growing our digital offering through online stores, WhatsApp trading and web based loan solutions to broaden our market penetration and serve our customers better.

Supply chain

To partner with reliable logistics and transport companies, maintain good working relations with the Customs Authority and run efficient distributions centres to move merchandise quickly and cost effectively between suppliers and our stores.

Inventory

We aim to constantly manage and optimise our inventory holding to maximise full margin sales, minimise stock over-aging and maintain an appropriate stock turn which supports cash-flow requirements.

Growth

Whilst we are the current leader in this sector in the country we are not satisfied with resting on the current level of operation. We are constantly looking to grow organically by:

» Growing our credit and loan book
» expanding our store footprint in new viable sites
» seeking opportunities for strategic acquisitions and partnerships

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 Equity Borrowings Cash and cash equivalents
Manufactured	The infrastructure that the business controls for acquiring, distributing and selling merchandise and financial services. 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 / branches (physical, online and applications) Number of factories Distribution centres Number of Local suppliers Capital expenditure Rentals paid to property owners
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 Manufacturing capacity Growth in customer accounts Customer feedback and engagement Licenses acquired
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 Training interventions and spend Employment equity Employee turnover
Social and relationship	The business operates in a community that encompasses 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 Total tax and duty contribution Number of suppliers and spend Local supplier development spend

Performance for the year

Financial capital

Historical Group Financial Highlights

	10 January 2021 53 weeks ZWL'000	5 January 2020 52 weeks ZWL'000	Change %
Group Summary			
Retail sales revenue	1,503,111	261,907	474
Earnings attributable to ordinary shareholders	394,566	51,601	665
Cash inflow / (outflow) from operating activities	78,371	(37,965)	(306)
Total assets	1,875,747	327,471	473
Market capitalisation	567,058	84,690	570
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	42.7	50.0	(14)
Liquidity ratios			
Current ratio	2.1	1.5	36
Gearing-gross	0.27	0.58	(54)
Gearing-net	(0.04)	0.49	(108)
Borrowing times covered by stock and debtors	3.4	4.4	(22)

Commentary

» Financial performance for the past year was overshadowed by the effect of the Covid-19 pandemic. Trading time lost (April to May 2020, 4 to 10 January 2021) to lockdowns was not recovered.

» Effective hedging strategies were put in place to manage inflationary risk

Manufactured capital

	10-Jan-21	5-Jan-20
Underperforming stores closed	1	Nil
New store branches opened:	2	1
» Physical		
» Online applications	2	1
Stores renovated	1	Nil
Factory CAPEX (ZWL)	10 397 189	Nil
Number of local suppliers	332	332
Number of stores	53	54
Rentals paid to landlords (ZWL)	49.8m	8.7m

» The group was able to conclude lease renegotiations between September and November after Covid-19 disruptions. 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.

» September marked the full roll out of the Jet and Edgars online stores – we are looking forward to growing this platform.

» New machinery to expand the capacity of the factory in denim and t-shirts was received in December 2020 and January 2021.

» Plans are in place to expand the retail footprint through the addition of at least 2 more shops in the first half of 2021.

Intellectual capital

	10 Jan 21	5 Jan 20
Total trading brands	6	5
Brands acquired or developed	3	Nil
Units output from the factory	280 488	213 858
Number of customer accounts:	1	Nil
» Absolute	299 693	213 858
» Active	40%	51%
	296 004	332
Intangible assets and goodwill (ZWL)	52.8m	64.6m

- » Investment in our brands and renewal thereof is critical to our business. In the year to date the group concluded a 10 year licensing agreement with Faithwear (Private) Limited bringing trading brands to six.
- » The factory introduced Afrique and Magnifique product lines, which were well received.
- » 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

	10 Jan 21	5 Jan 20
Total number of employees	1 000	1 353
Training spend (ZWL)	218 547	289 208
Number of employees trained	191	953
Employment equity: > Female representation	51%	50%

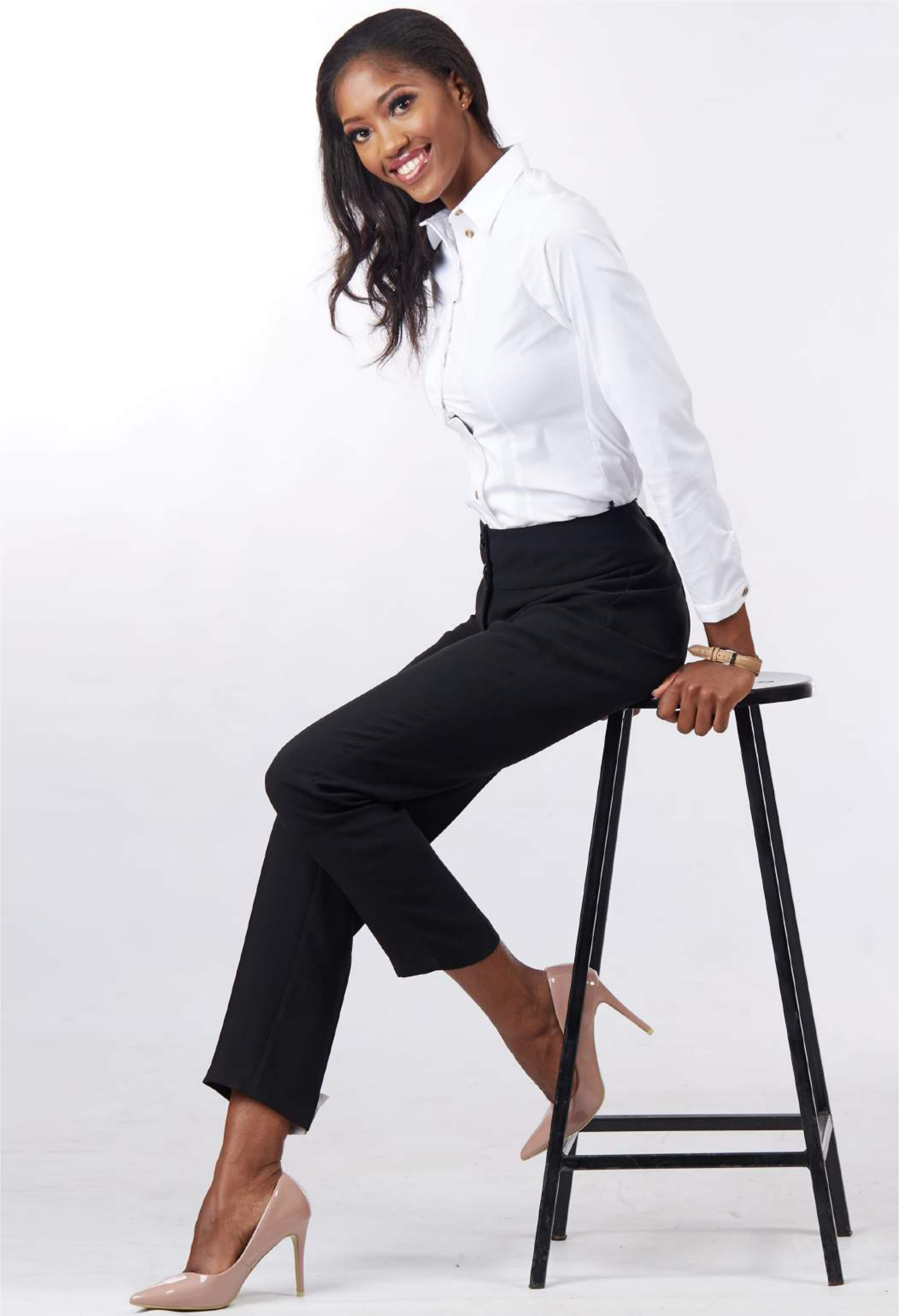
- » A reduction in temporary employment positions was effected to manage

  reduced business. There was marked reduction in all training activities due to travel and gathering restrictions – this has prompted HR to look at revamping our training model to leverage more on online tools.
- » Roll out of culture change program to produce peak performance teams is in progress.
- » Partnerships with medial service providers to ensure wellbeing of staff from Covid-19 related illnesses.
- » A Covid-19 taskforce comprising managers across the business was set-up to spearhead the business' response as appropriate.

Social and relationship capital

	10 Jan 21	5 Jan 20
CSR spend (ZWL)	367 380	-
Followers on Facebook and Instagram	104 497	-
Significant corporate tax paid (ZWL)	64.2m	11.2m
Local procurement %	>50%	>50%
Number of days lost to strike action	Nil	Nil

- » Made a donation of ZWL100,000 in t-shirts to KidsCan
- » Contributed the paint requirements for the rehabilitation of Chiredzi Police Station
- » 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.
- » CSR program is being revamped



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 strategy. These issues are monitored and addressed by the Board and management through several platforms (Board meetings, Exco 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. » Raised capital through a renounceable rights offer to reduce gearing. » Management continue to monitor and negotiate increases proposed by suppliers. Extensive effort and moderate success has been achieved in rentals and borrowing costs.
Increasing cost of doing business	» 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 lockdown	» Online channels (online stores and WhatsApp trading) have allowed us to generate revenue while physical stores are closed. » Online banking, Ecocash and One Wallet platforms allowed collection on accounts while stores were closed. » We have used our online customer engagement platforms and SMS to communicate with our customers on available promotions and online trading channels. » Staff that could work from home 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 provided simple masks 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 are 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 was 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 2021
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) has 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

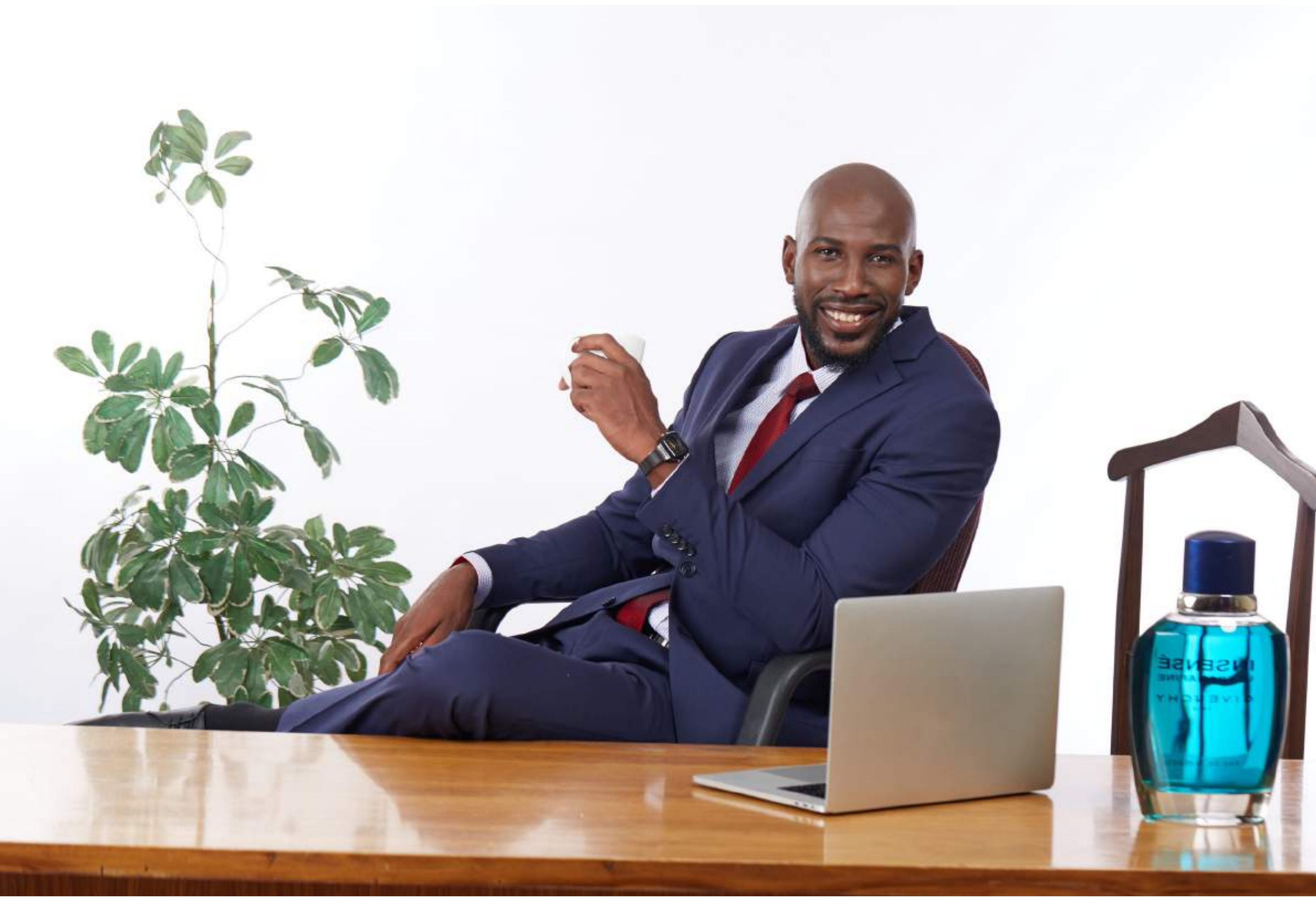
Store profitability	» We continue to monitor business profitability on a store by store basis. Staffing and rentals – being the main cost drivers are negotiated on this basis. » The number of stores closed due to poor performance have been reported in the Manufactured Capital section of this report.
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 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 practical 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 F2020 due to the Covid-19 pandemic – management successfully negotiated rent holidays in April and May. » Leases were agreed on 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 as the economy shed jobs. » Going forward management is looking at improving the ratio of active accounts by a combination of increasing credit limits 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 on our Facebook and Instagram pages grew as disclosed under social and relationship capital. » Both Edgars and Jet chains have initiated the revamp of the Thank U loyalty program.
Leverage existing information base	» The ability to analyse 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). » 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.
Merchandise staff retention and up skilling	» 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.
Merchandise supply strategy	» We continue to capacitate local 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 (36)
Group Chief Executive Officer
Chartered Accountant (Zimbabwe)
Joined the Group in 2013
Appointed to the Board in June 2018

Bright Ndlovu (48)
Group Chief Finance Officer
CA (Z), ACMA, MBL (UNISA)
Joined the Group in 2011
Appointed to the Board in June 2020

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

Non-Executive Directors

Themba N. Sibanda (66)
Chairman of the Board of Directors
Chartered Accountant (Zimbabwe)
Appointed to the Board in 2003

Canaan F. Dube (64)
Chairman of the Audit Committee
LLB (Honours) and MBA (MSU)
Appointed to the Board in 2004

Raymond Mlotshwa (70)
Former Group CEO (March 2010)
BA (UZ)
Joined the Group in 1981
Appointed non-executive in 2010

Matthew Hosack (39)
Member of the Remuneration Committee
B.Bus. Science (UCT)
Appointed to the Board in December 2019

Happiness Vundla (37)
Member of the Audit Committee
Chartered Accountant (Zimbabwe)
Appointed to the Board in December 2020

Leonard Tsumba (77)
Chairman of the Remuneration Committee
Member of the Audit Committee
PhD in Economics (Virginia State University)
Appointed to the Board in 2006
Retired in December 2020

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 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

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 8 members and is chaired by an Independent non-executive Chairman as Dr. Tsumba retired during the year.

Attendance at Board meetings

Main Board

Board Attendance	Mar 2020	Jun 2020	Sep 2020	Dec 2020
T N Sibanda*	√	√	√	√
C F Dube*	√	√	√	√
L L Tsumba*	√	√	√	√
R Mlotshwa*	√	√	√	√
H. Vundla*	n/a	n/a	n/a	√
M Hosack*	√	√	√	√
T N Ndlovu	√	×	√	√
V Mpofu	√	√	√	√
B Ndlovu	n/a	√	√	√

Key:

*Non-Executive Director
√ - attended
× – did not attend
n/a - not applicable

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

Authorised

» Issue of the hyperinflation adjusted financial statements for the full year ended 10 January 2021 and the half year ended 5 July 2020
» Deferred the payment of a dividend for the year ended 10 January 2021 in favour of committing funds to shore up the business
» The appointment of H. Vundla into the Board to shore up reporting capabilities of especially the audit committee
» Write off of bad debts on long outstanding supplier prepayments

Board Expertise

	T.N Sibanda	C. F Dube	L. L Tsumba	R. Mlotshwa	M. Hosack	H. Vundla	T. J. Ndlovu	B. 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.

Approved

- Putting the external audit to tender for F2021 to comply with ZSE regulations
- Renounceable rights offer to raise ZWL70m successfully closed in August
- Strategy adjustments – adopting a variable cost business model, 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 F2020 financial year
- The General Enabling Resolution providing for general signing and authorisation matrices for the Company
- The appointment of T. Ndlovu as Group CEO and B. Ndlovu as Group CFO following the retirement of L. Masterson and resignation of B. Mpofu.
- New performance based remuneration policy for the group that covered inter alia executive remuneration, bonuses and motor vehicle scheme.

Noted and led

- The need to bring additional independent non-executive directors to improve the collective board expertise.
- Management effort in keeping the company going under very difficult trading conditions
- The need to up skill on the new Companies and Other Business Entities Act (COBE)
- The collective experience of the Board including their knowledge of other company operations was critical in guiding the relatively new executive to navigate the challenges brought about by hyperinflation and the Covid-19 pandemic.

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 members are Dr. L.L. Tsumba and Ms. H. Vundla. 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.

Audit	March 2020	June 2020	Sep 2020	Dec 2020
C F Dube*	√	•	√	√
L L Tsumba*	√	•	√	√
H. Vundla*	n/a	n/a	n/a	√

Key:

* - Non-Executive Director
√ - attended
× - did not attend
n/a - not applicable
• - No meeting

The year to date was a particularly busy one due to 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 F2020 and F2021
- 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 and IT and Cyber risk. This exercise is on-going and will continue into F2021
- Application of IAS 29 : Financial reporting in hyperinflationary economics
- Initial application of sustainability reporting
- Meeting the external auditors to discuss audit plans and budgets, reports to management and audit opinions issued on the year to 10 January 2021 and the half year to 5 July 2020.
- On-going assessment of the independence of internal and external auditors
- Recruitment of an additional skill to the committee
- Review and ratification of significant transactions with related parties
- Appointment of external auditors for the year ending 31 December 2021 and beyond

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	March 2020	June 2020	Sep 2020	Dec 2020
T N Sibanda*	√	•	√	•
C F Dube*	√	•	√	•
L L Tsumba*	√	•	√	•

Key:

* - Non-Executive Director
√ - attended
× - did not attend
n/a - not applicable
• - No meeting

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 Cash Value Plan and Motor Vehicle Loan schemes
» The launch of the culture change program for F2020/1

The People Report

	F2020	F2019
Total number of employees	1 000	1 323
Female employees	51%	50%
Employees with disability	5	5
Retail employees	511	561
Corporate employees	171	312
Days lost to industrial action	Nil	Nil

Our Response to COVID19

Realising the gravity and dangers of the pandemic to lives and business continuity, we took and continue to take the following steps to mitigate its impact:

> Formed an Edgars Stores Limited Covid-19 Response Committee composed of all Executive Management and a few key members of Senior Management with important roles in employee wellness and welfare;

> Evaluated the entire value chain and developed an Edgars specific Risk Profile and mitigatory interventions designed to minimize the chances of infection at work, and specific treatment options should infection occur. Specifically, we came together with other group companies to pool resources for the purpose of urgently putting up a Covid-19 hospital and a team of specialised medical staff to man it. The hospital benefited staff requiring emergency treatment.

Development of Critical Skills

Short of importation, critical skills such as Merchandise Planning, Merchandise Procurement and specialized Apparel Retailing are not readily available in Zimbabwe. The Edgars Stores Limited (ESL) Training School incorporated two-year development programmes for these specific occupations. The class of 2018 graduated and the 2021 classes are ready to commence.

We also started 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, efforts to promote a self-managed online learner experience were scaled up. Utilisation of online learning platforms began, as the business explores setting up its own online learning platform.

We continued our practice of offering paid internships to local university students as our contribution towards national skills development and in the process creating for ourselves a pool of future skills recruitment.

Contributing to Employee Wellness

In 2018 we introduced an Employee Wellness Programme. In 2020, the initiative came in handy as the business battled the effects of Covid-19 and the continuing silent growth of lifestyle non-communicable diseases. With a heightened focus on preventative healthy living, quarterly Wellness Events were held across the business with employees benefiting from free examinations and advice by leading medical personnel. We started a process of growing the number of skilled personnel within this function with a view to bring the service closer to our staff who are located countrywide.

Building our Employee Relations Strategy

We continued to invest time and other resources in building a stable industrial relations climate across the group – conducive to high productivity. Employee relations management skills were further developed within the Human Resources function as an internal resource to our line managers. All scheduled meetings of the Joint Works Council and the Manufacturing Works Council were held and action tracking logs maintained and implemented to grow goodwill with organised labour.

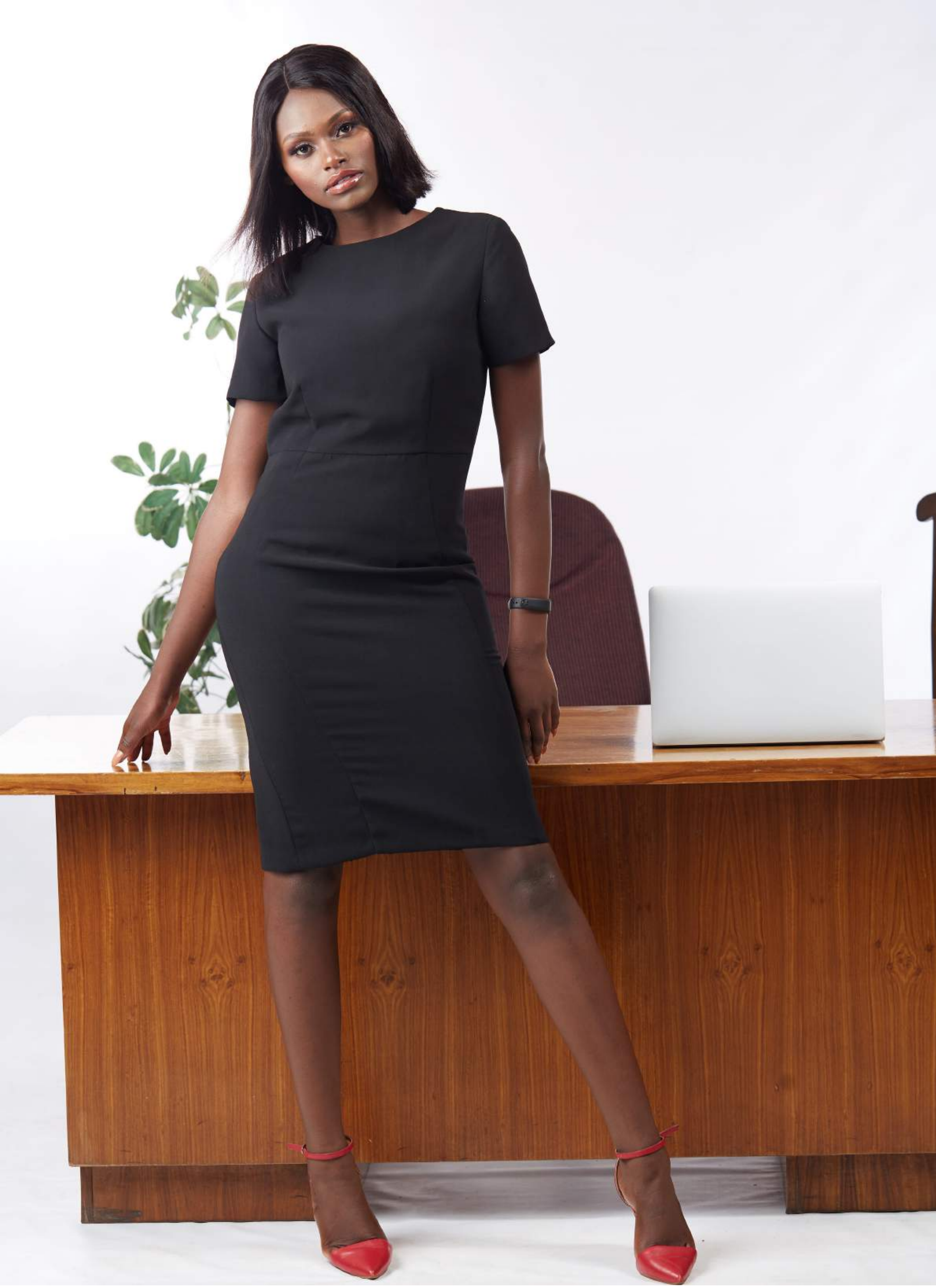
Developing a Culture of Peak Performance

A major pillar of our Growth Strategy is Peak Performance Teams which aims at achieving Stretch Targets. We initiated a deliberate effort to build Peak Performing Teams starting with the Executive Committee. The Culture Change Initiative, termed TSLAR (Targets, Strategy, Leadership, Achievement and Rewards) was launched and is designed to run formally for two years with a view to building strong teams.

T. N Sibanda
Group Chairman

T. Ndlovu
Group Chief Executive Officer

31 May 2021



EY
Building a better working world

Chartered Accountants (Zimbabwe)
Derry House
Cnr 6th Avenue/ Fife Street
PO Box 437
Bulawayo
Zimbabwe

Tel: +263 29 276111
Fax: +263 29 272359
Email: admin@zw.ey.com
www.ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EDGARS STORES LIMITED

Report on the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated and separate financial statements of Edgars Stores Limited and its subsidiaries ("the Company and Group"), as set out on pages 34 to 108 , which comprise the inflation adjusted consolidated and separate statements of financial position as at 10 January 2021, and the inflation adjusted consolidated and separate statements of profit or loss and other comprehensive income, the inflation adjusted consolidated and separate statements of changes in equity and the inflation adjusted consolidated and separate statements of cash flows for the 53 weeks then ended, and notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and separate financial statements do not present fairly the financial position of the Group and Company as at 10 January 2021, and their financial performance and cash flows for the 53 weeks then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with IFRSs: International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors

The Group and Company changed their functional and reporting currency from United States Dollars (US$) to Real Time Gross Settlement Dollars (RTGS$) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

We however believe that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

Our audit opinion for the 52 weeks ended 05 January 2020 was therefore modified as management prospectively applied the change in functional currency from US$ to RTGS$ from 23 February 2019, which we disagreed with. The correct approach would have been a retrospective restatement as a prior period error in terms of IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors. The matter continues to impact Retained earnings of ZWL861 073 556 (Company: Retained earnings of ZWL890 327 752) on the inflation adjusted consolidated and separate statements of financial position which still comprise of material amounts from opening balances, as well as cost of sales and income tax expenses on the consolidated and separate statements of profit or loss and other comprehensive income.

Exchange rates used in current year

In the current year, the Group and Company translated foreign denominated transactions and balances to ZWL using the interbank exchange rates for the period 05 January 2020 to 22 June 2020. (This includes the period between March and June 2020 when the exchange rate was fixed at US$1: ZWL25). Subsequent to 23 June 2020, management translated foreign denominated transactions and balances to ZWL using the weighted average auction exchange rates for the period 23 June 2020 to 10 January 2021. The exchange rates used for the translation do not meet the definition of spot exchange rates as per IAS 21, as they were not available for immediate delivery for the first half of the year and not always accessible for the remainder of the year. As a result, all amounts in the inflation adjusted consolidated and separate statements of profit or loss and other comprehensive income are impacted except for income from microfinance institution, other operating income & expenses, finance income and finance costs.

Basis for Adverse Opinion (continued)

Exchange rates used in current year (continued)

In addition, the following elements on the inflation adjusted consolidated and separate statements of financial position are materially misstated:

Group:
- Inventories of ZWL549 688 77 2;
- ZWL205 919 684 included in Cash and cash equivalents of ZWL280 690 330;
- Deferred tax liabilities of ZWL248 588 702;
- ZWL12 922 937 included in Trade and other payables of ZWL299 333 777;
- ZWL8 692 771 included in Current tax liabilities of ZWL35 539 592.

Company:
- Inventories of ZWL549 545 942;
- ZWL205 900 955 included in Cash and cash equivalents of ZWL277 357 665;
- Deferred tax liabilities of ZWL242 027 75 6;
- ZWL12 922 937 included in Trade and other payables of ZWL297 963 53 3;
- ZWL8 692 771 included in Current tax liabilities of ZWL33 981 288.

However, owing to the lack of information on the spot exchange rates available to the Group and Company it is not possible to quantify the impact of this departure from IFRS on the amounts noted above. Our opinion was also modified in respect of this matter in the 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)

In the prior year, the Group and Company's Properties (Land and buildings) were incorrectly valued as a conversion rate was applied to US$ valuation inputs to calculate the ZWL asset values which we disagreed with. Those incorrect values were brought forward into the current year as opening balances without any adjustments being made in terms of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors . The correct approach would have been a retrospective restatement as a prior period error in terms of IAS 8 . The matter is continuing in the current year.

The Group and Company's Property, plant and equipment which are accounted for on the revaluation model under IAS16 - Property, Plant & Equipment , are carried at ZWL594 242 842 (05 January 2020: ZWL4 96 500 90 4) and ZWL568 377 520 (05 January 2020: ZWL484 644 17 6) respectively as at 10 January 2021 as described in Note 13 to the financial statements.

These assets were valued by management experts using historical US$ denominated inputs and converte d into ZWL at the auction exchange rate s both in the prior year and as at 10 January 2021. The implicit investment method was applied for commercial properties and key inputs into the calculations include rentals per square metr e and capitalisation rates. Residential properties were valued in terms of the market comparable approach. Plant and Equipment was valued in terms of the Depreciated Replacement Cost approach.

The translation process adopted by management does not meet the fair value measurement principles of the affected items as set out in IFRS 13 "Fair Value Measurement" due to the following considerations: 1) The US$ estimated rentals (used in the implicit investment method) may not be an appropriate proxy for the ZWL amounts in which rentals are settled. 2) While historical US$ amounts based on similar transactions have been used as a starting point in determining comparable values on the market comparable approach, it is noted that market participants take into account different risk factors in determining an appropriate value in ZWL terms which are not necessarily limited to the exchange rate s.

Basis for Adverse Opinion (continued)

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) (continued)

Consequently, Property, Plant and Equipment may be materially misstated, and owing to the lack of information on relevant inputs in ZWL we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our opinion on the prior and current year's consolidated and separate financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Furthermore, the Group and Company's Leasehold Improvements carried at ZWL66 975 707 (05 January 2020: ZWL71 267 320) and ZWL55 224 520 (05 January 2020: ZWL62 820 284) respectively as at 10 January 2021 were not revalued in accordance with the group's accounting policy. Due to the significant changes seen in the current economic environment since the last revaluations in 2018, another revaluation exercise should have been carried out as at period end as is required by IAS 16 – Property, Plant & Equipment which states that carrying amounts should approximate fair values. However, as at 10 January 2021, this had not been done by management. Owing to the lack of information on relevant inputs in ZWL we are unable determine the appropriate fair values and therefore cannot quantify the possible impact.

Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8/ IAS 16/ IFRS 13 as described above. Had the correct base numbers been used, the following account balances on the inflation adjusted consolidated and separate Statements of Financial Position and Statements of Profit or Loss and Other Comprehensive Income would have been materially affected:

Group:
- Inventories of ZWL549 688 772 (05 January 2020: ZWL1 349 488 852);
- Other reserves of ZWL225 403 676 (05 January 2020: ZWL203 858 356);
- Retained earnings of ZWL861 073 556 (05 January 2020: ZWL1 038 228 960);
- Deferred tax liabilities of ZWL248 588 702 (05 January 2020: ZWL310 168 622);
- Sales of merchandise of ZWL2 032 452 587 (05 January 2020: ZWL2 601 991 246);
- Cost of sales of ZWL1 377 085 281 (05 January 2020: ZWL1 642 536 581);
- Other gains and losses of ZWL85 562 982 (05 January 2020: ZWL22 273 178);
- Income tax expense of ZWL26 227 966 (05 January 2020: ZWL17 314 047);
- Gains on revaluation of Property, plant and equipment of ZWL27 794 756 (05 January 2020: ZWL109 434 289).
- Net monetary gain/(loss) of ZWL247 725 338 (05 January 2020: loss - ZWL88 583 140)

Company:
- Inventories of ZWL549 545 942 (05 January 2020: ZWL1 349 231 720);
- Other reserves of ZWL212 394 986 (05 January 2020: ZWL200 654 985);
- Retained earnings of ZWL890 327 752 (05 January 2020: ZWL1 062 881 099);
- Deferred tax liabilities of ZWL242 027 756 (05 January 2020: ZWL310 162 782);
- Sales of merchandise of ZWL2 032 452 587 (05 January 2020: ZWL2 601 991 246);
- Cost of sales of ZWL1 376 970 977 (05 January 2020: ZWL1 642 536 581);
- Other gains and losses of ZWL85 224 679 (05 January 2020: ZWL21 945 795);
- Income tax expense of ZWL21 049 355 (05 January 2020: ZWL40 881 377);
- Gains on revaluation of Property, plant and equipment of ZWL15 595 114 (05 January 2020: ZWL109 434 289).
- Net monetary gain/(loss) of ZWL251 813 241 (05 January 2020: loss - ZWL43 973 879)

Overall Consequential Impacts

As no restatements have been recorded in current year per IAS 8 to correct the above matters, our audit opinion on inflation adjusted consolidated and separate financial statements for the year ended 10 January 2021 is further modified for the following reasons:

- Virtually all corresponding numbers remain misstated on the inflation adjusted consolidated and separate Statements of Financial Position, the inflation adjusted consolidated and separate Statements of Profit or Loss and Other Comprehensive Income, the inflation adjusted consolidated and separate Statements of Cash Flows and the inflation adjusted consolidated and separate Statements of Changes in Equity. This also impacts comparability of the current period's figures.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated and separate financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the Auditor's Responsibilities for the Audit of the inflation adjusted consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and 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

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Group Chairman's Report, Group Financial Highlights, Sustainability Report, Corporate Information and all the historical cost information, which is disclosed as supplementary information, but 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 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, 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, the Company and Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates, IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, IAS 29 - Financial Reporting in Hyperinflationary Economies, IAS 16 – Property, plant and equipment and IFRS 13 – Fair Value Measurement. We have concluded that the other information is materially misstated for the same reasons.

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 and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal controls as the directors determine is necessary to enable the preparation of the 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 and company'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 and company 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.

Building a better working world

INDEPENDENT AUDITOR'S REPORT (continued)
TO THE MEMBERS OF EDGARS STORES LIMITED

Auditor's Responsibilities for the Audit of the Inflation adjusted Consolidated and Separate 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 controls 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 and company's internal controls.
- 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 company and 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 and separate 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 company and 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 inflation adjusted consolidated and separate 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 controls that we identify during our audit.

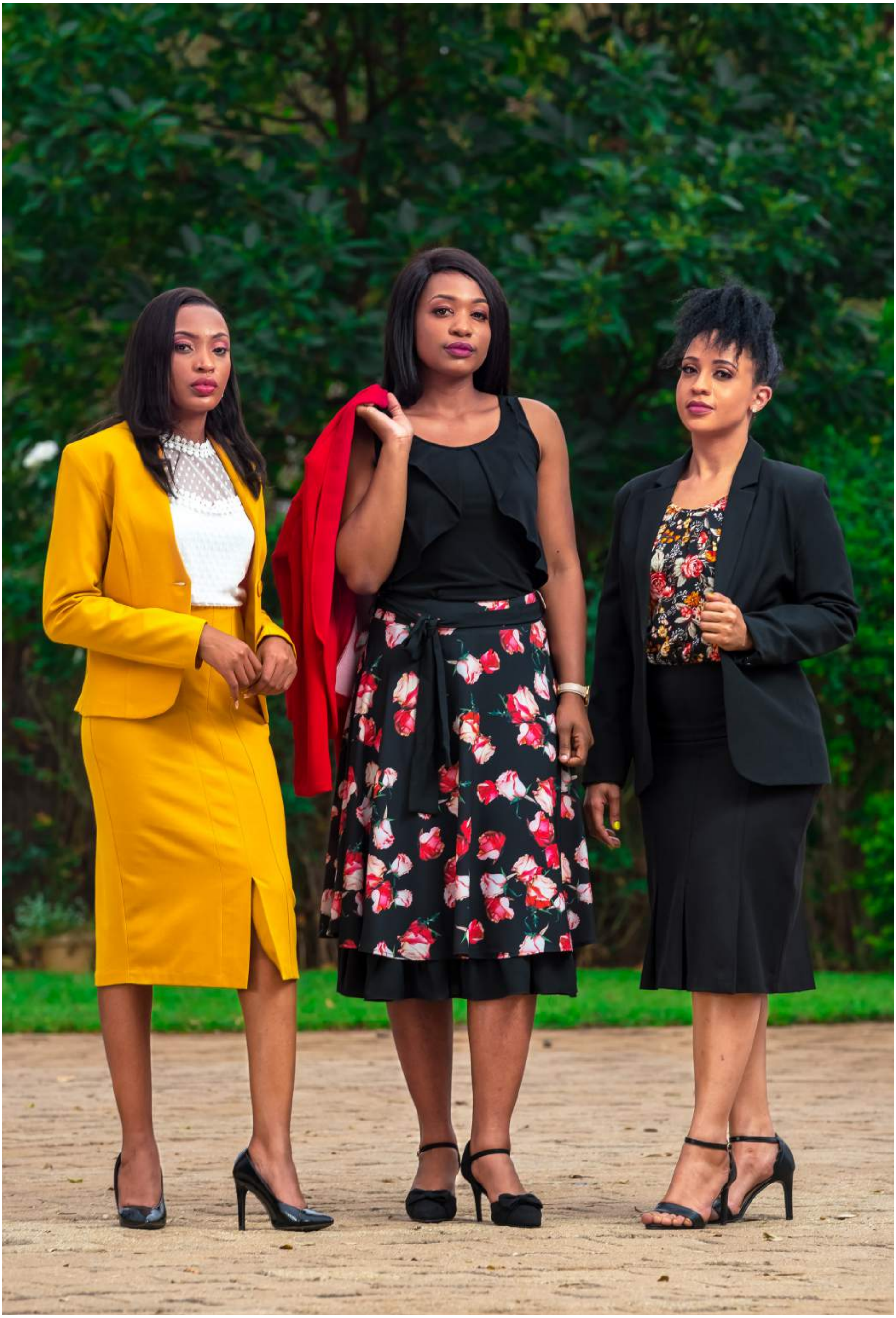
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate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

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.

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practicing Certificate Number 132).

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS
BULAWAYO

31 May 2021



Inflation Adjusted Consolidated Statement of Financial Position at 10 January 2021

Group 10 January 2021 ZWL audited	Group 05 January 2020 ZWL audited		Note	Company 10 January 2021 ZWL audited	Company 05 January 2020 ZWL audited
		Non-current assets			
594,242,842	496,500,904	Property, plant and equipment	13	568,377,520	484,644,176
331,665,732	91,371,862	Right of use asset	23.1.1	331,665,732	91,371,862
52,884,177	64,640,114	Intangible assets	15	52,518,519	64,226,427
-	-	Investment in a subsidiary	29	39,032,249	39,032,249
978,792,751	652,512,880	Total non-current assets		991,594,020	679,274,714
		Current assets			
549,688,772	1,349,488,852	Inventories	16	549,545,942	1,349,231,720
451,702,682	529,021,789	Trade and other receivables	17	450,541,882	529,021,789
30,370,053	28,960,254	Loans and advances to customers	17.1	-	-
-	-	Intercompany loan	28	28,895,365	26,352,953
-	837,563	Income tax receivable	20	-	-
280,690,330	39,841,242	Cash and cash equivalents	12.4	277,357,665	36,653,151
1,312,451,837	1,948,149,700	Total current assets		1,306,340,854	1,941,259,613
2,291,244,588	2,600,662,580	Total assets		2,297,934,874	2,620,534,327
		Capital and reserves			
164,945,848	82,957,024	Issued capital	18.1.1	164,945,848	82,957,024
225,403,676	203,858,356	Other reserves	18.2	212,394,986	200,654,985
861,073,556	1,038,228,960	Retained earnings		890,327,752	1,062,881,099
1,251,423,080	1,325,044,340	Total capital and reserves		1,267,668,586	1,346,493,108
		Non-current liabilities			
248,588,702	310,168,622	Deferred tax liabilities	14	242,027,756	310,162,782
89,898,046	108,755,266	Long term loans and borrowings	21	89,898,046	108,755,266
150,917,440	44,948,571	Lease liabilities	23.1.2	150,917,440	44,948,571
489,404,188	463,872,459	Total non-current liabilities		482,843,242	463,866,619
		Current liabilities			
299,333,777	575,756,464	Trade and other payables	19	297,963,533	574,243,828
370,059	1,660,016	Dividend payable	19.1	370,059	1,660,016
35,539,592	20,776,598	Current tax liabilities	20	33,981,288	20,776,598
5,176,172	2,863,743	Contract liabilities	19.2	5,176,172	2,863,743
154,718,725	159,738,569	Short term loans and borrowings	21	154,652,999	159,680,024
55,278,995	50,950,391	Lease liabilities	23.1.2	55,278,995	50,950,391
550,417,320	811,745,781	Total current liabilities		547,423,046	810,174,600
1,039,821,508	1,275,618,240	Total liabilities		1,030,266,288	1,274,041,219
2,291,244,588	2,600,662,580	Total equity and liabilities		2,297,934,874	2,620,534,327

T. N Sibanda
Group Chairman
31 May 2021

T. Ndlovu
Group Chief executive Officer
31 May 2021

Inflation Adjusted Consolidated Statement of Profit or Loss and other Comprehensive Income
for the 53 weeks to 10 January 2021

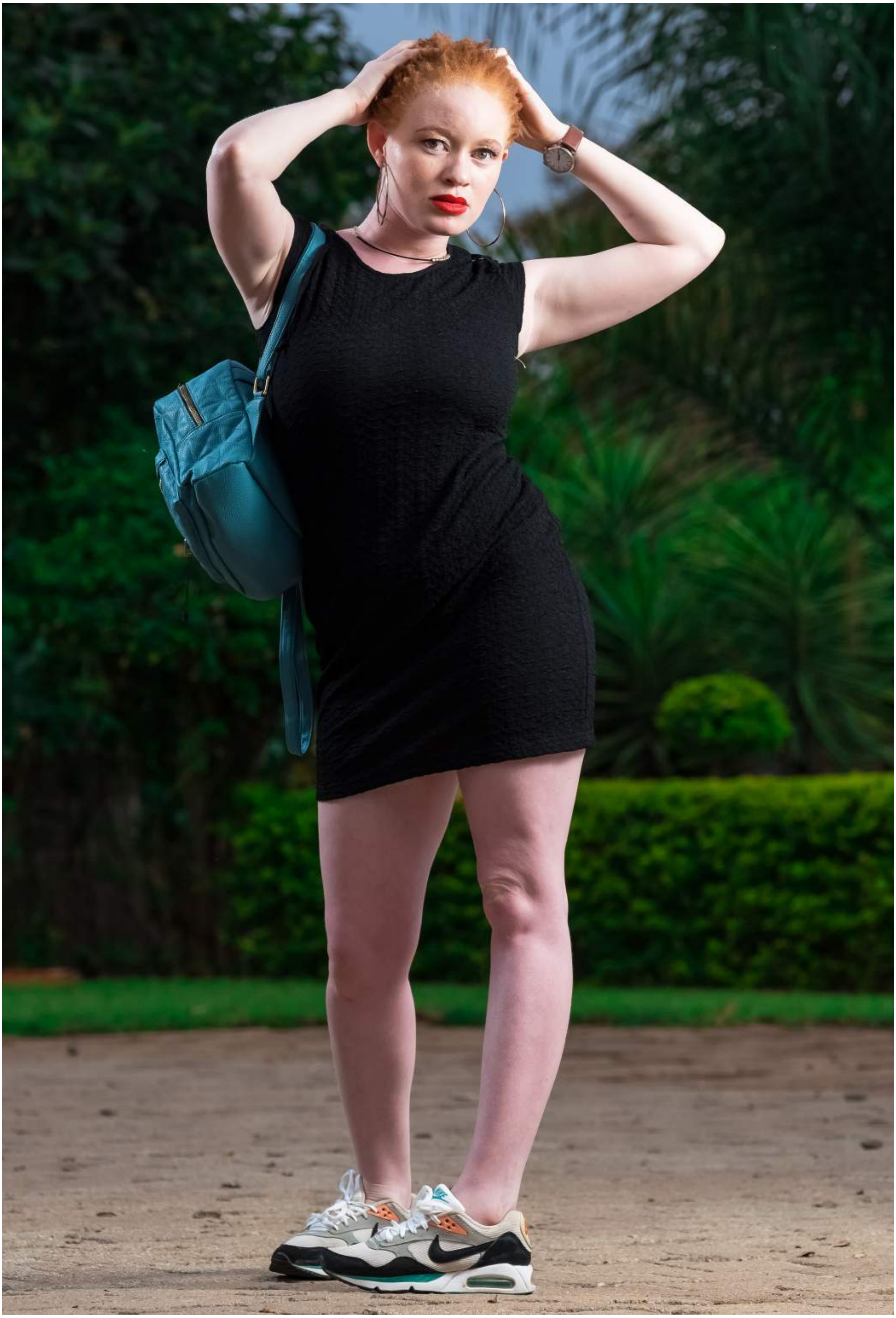
Group 53 weeks to 10 January 2021 ZWL	Group 52 weeks to 5 January 2020 ZWL		Note	Company 53 weeks to 10 January 2021 ZWL	Company 52 weeks to 5 January 2020 ZWL
		Profit or loss			
2,067,678,993	2,670,149,890	Revenue	5	2,037,229,522	2,614,364,266
2,032,452,587	2,601,991,246	Sales of merchandise	5	2,032,452,587	2,601,991,246
(1,377,085,281)	(1,642,536,581)	Cost of sales		(1,376,970,977)	(1,642,536,581)
655,367,306	959,454,665	Gross profit		655,481,610	959,454,665
30,449,471	55,785,624	Income from microfinance institution	5	-	-
85,562,982	22,273,178	Other gains and losses	6	85,224,679	21,945,795
(59,847,961)	(75,920,885)	Credit management and debt collection costs		(56,009,216)	(45,234,928)
(725,683,327)	(407,476,524)	Store expenses		(724,316,196)	(414,676,951)
(481,505,225)	(512,934,778)	Other operating income and expenses		(466,558,469)	(504,347,704)
279,023,510	202,621,536	Finance income	7.6	286,756,525	207,392,143
(181,398,104)	(57,656,927)	Finance costs	7.7	(183,896,166)	(55,790,092)
247,725,338	(88,583,140)	Net monetary gain / (loss)		251,813,241	(43,973,879)
(150,306,010)	97,562,749	Profit / (Loss) before tax		(151,503,992)	124,769,049
(26,227,966)	(17,314,047)	Income tax expense	10	(21,049,355)	(40,881,377)
(176,533,976)	80,248,702	Loss / (profit) for the period		(172,553,347)	83,887,672
		Other comprehensive income			
		Items that may not be reclassified to Profit and Loss			
27,794,756	109,434,289	Revaluation of property, plant and equipment	13	15,595,114	109,434,289
(6,870,864)	(18,037,873)	Deferred tax movement	14	(3,855,112)	(18,037,873)
20,923,892	91,396,416	Other comprehensive income for the period (net of tax)		11,740,002	91,396,416
(155,610,084)	171,645,118	Total comprehensive (loss)/ income for the period		(160,813,345)	175,284,088
		Earnings per ordinary share	11		
(43.24)	28.57	Basic (cents per share)		(42.26)	29.87
(42.78)	28.13	Diluted (cents per share)		(41.81)	29.41

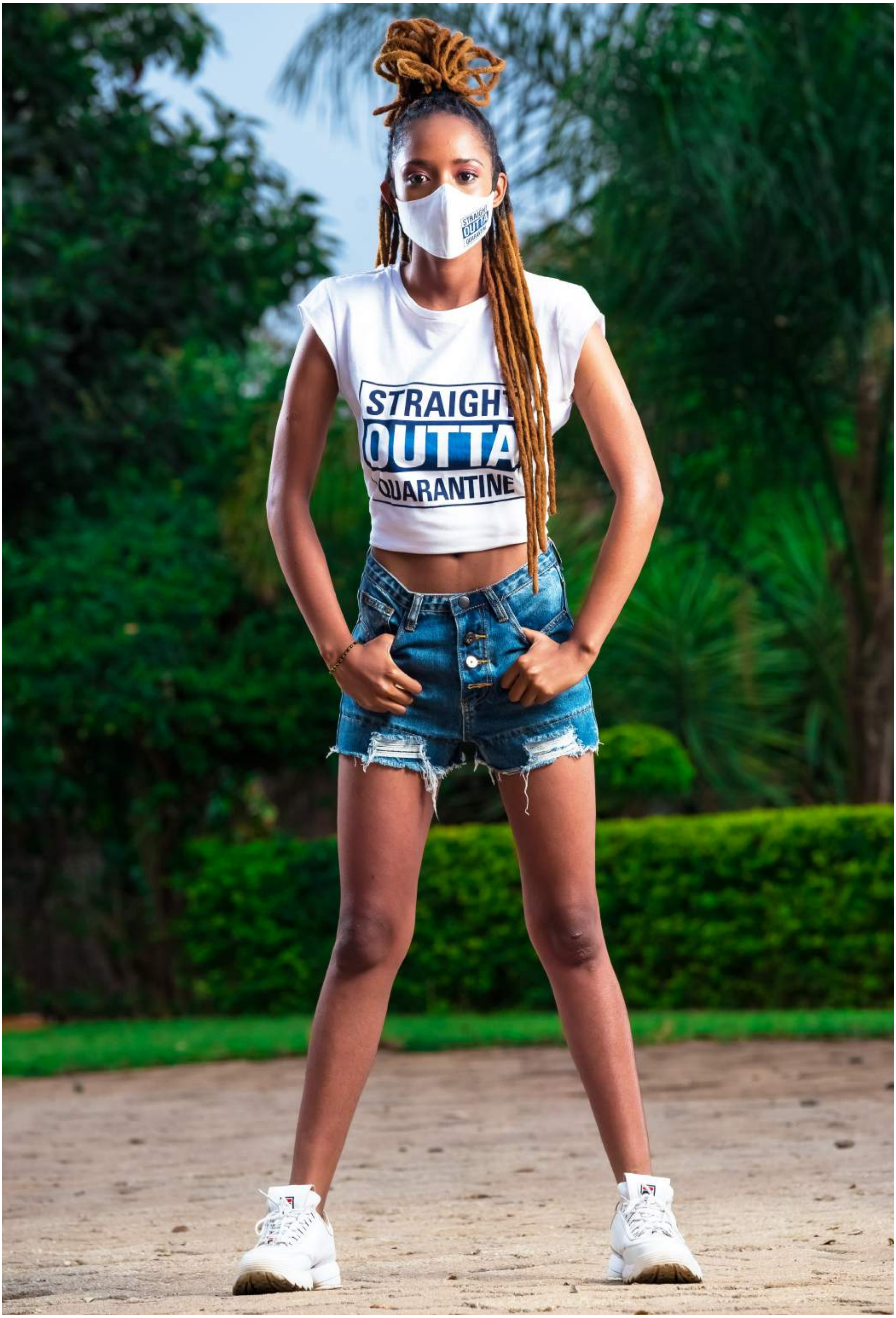
Inflation Adjusted Consolidated Statement of Cashflows for the 53 weeks to 10 January 2021

Group 53 weeks to 10 January 2021 ZWL	Group 52 weeks to 5 January 2020 ZWL		Note	Company 53 weeks to 10 January 2021 ZWL	Company 52 weeks to 5 January 2020 ZWL
		Cash flows from operating activities			
(150,306,010)	97,562,749	(Loss) / profit before tax		(151,503,992)	124,769,049
		Adjusted for:			
(279,023,510)	(202,621,536)	Finance income	7.6	(286,756,513)	(207,392,143)
181,398,104	57,656,927	Finance costs	7.7	183,896,166	55,790,092
73,014,033	(32,915,411)	Non-cash items	12.1	103,701,550	64,921,634
131,611,338	(332,983,983)	Movements in working capital	12.2	134,854,837	(417,265,265)
(43,306,045)	(413,301,254)	Cash generated utilised in operations		(15,807,952)	(379,176,633)
262,097,594	194,780,340	Finance income received		269,830,597	194,780,340
(112,208,971)	(55,471,880)	Finance costs paid		(114,707,033)	(55,471,880)
(71,247,671)	(9,657,639)	Lease interest paid	23.1	(71,247,671)	(9,657,639)
(87,420,273)	(109,977,858)	Taxation paid	12.3	(73,224,502)	(104,408,452)
(52,085,366)	(393,628,291)	Cash used in operating activities		(5,156,561)	(353,934,264)
		Cash flows from investing activities			
(40,293,928)	(30,726,042)	Payments for property, plant and equipment	13	(40,288,628)	(29,497,908)
335,548	-	Proceeds from disposal of property, plant and equipment		335,548	-
-	-	Loans advanced to subsidiaries		(47,071,506)	(67,349,928)
-	-	Loans repaid by subsidiaries		-	50,357,853
(39,958,380)	(30,726,042)	Net cash used in investing activities		(87,024,586)	(46,489,983)
		Cash flows from financing activities			
81,532,953	-	Proceeds from the rights issue	32.1	81,532,953	-
455,871	7,229,483	Proceeds from exercise of share options		455,871	7,229,483
814,911,740	548,932,466	Proceeds from borrowings	21.3	814,911,740	548,932,466
(536,923,502)	(290,760,250)	Repayment of borrowings	21.3	(536,923,502)	(290,760,252)
(52,344,453)	(29,285,209)	Payments of principal portion of lease liabilities		(52,344,453)	(29,285,209)
-	(6,394,982)	Payments of dividend		-	(6,394,975)
307,632,609	229,721,508	Net generated from financing activities		307,632,609	229,721,513
215,588,863	(194,632,825)	Net increase / (decrease) in cash and cash equivalents		215,451,462	(170,702,734)
(13,079,723)	181,553,107	Cash and cash equivalents at the beginning of the period		(16,209,262)	154,493,470
202,509,140	(13,079,718)	Cash and cash equivalents at the end of the period		199,242,200	(16,209,264)
		Comprised of:			
96,896,545	39,841,242	Bank and cash balances		93,582,374	36,653,151
183,793,786	-	Exchange differences		183,775,291	-
(78,181,191)	(52,920,960)	Bank overdraft		(78,115,465)	(52,862,415)
202,509,140	(13,079,718)			199,242,200	16,209,264

Inflation Adjusted Consolidated Statement of Changes in Equity for the 53 weeks to 10 January 2021

GROUP	Note	Issued capital ZWL	Equity-settled employee benefits reserve ZWL	Revaluation reserve ZWL	Credit reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 6 January 2019		16,014,174	39,827,761	64,534,121	7,747,016	989,229,816	1,117,352,888
Dividends declared		-	-	-	-	(30,896,516)	(30,896,516)
Issue of ordinary shares under employee share option plan		7,229,483	-	-	-	-	7,229,483
Scrip dividend		24,153,460	-	-	-	-	24,153,460
Issue of shares for brand purchase transaction		35,559,907	-	-	-	-	35,559,907
Total comprehensive income for the period		-	-	91,396,417	-	80,248,701	171,645,118
Profit for the year						80,248,701	80,248,701
Other comprehensive income for the period				91,396,417			91,396,417
Transfer to credit reserve		-	-	-	353,041	(353,041)	-
Balance at 5 January 2020		82,957,024	39,827,761	155,930,538	8,100,057	1,038,228,960	1,325,044,340
Issue of ordinary shares under employee share option plan	18.1	455,871	-	-	-	-	455,871
Issue of shares under rights issue	18.1	81,532,953	-	-	-	-	81,532,953
Total comprehensive (loss) /income for the period		-	-	20,923,892	-	(176,533,976)	(155,610,084)
Loss for the year		-	-	-	-	(176,533,976)	(176,533,976)
Other comprehensive income for the period		-	-	20,923,892	-	-	20,923,892
Transfer to credit reserve		-	-	-	621,429	(621,429)	-
Balance at 10 January 2021		164,945,848	39,827,761	176,854,430	8,721,486	861,073,555	1,251,423,080
COMPANY							
Balance at 6 January 2019		16,014,174	39,827,761	69,430,807	-	1,009,889,943	1,135,162,684
Dividends declared		-	-	-	-	(30,896,516)	(30,896,516)
Issue of ordinary shares under employee share option plan		7,229,483	-	-	-	-	7,229,483
Scrip dividend		24,153,460	-	-	-	-	24,153,460
Issue of shares for brand purchase transaction		35,559,907	-	-	-	-	35,559,907
Total comprehensive income for the period		-	-	91,396,417	-	83,887,672	175,284,088
Profit for the year						83,887,672	83,887,672
Other comprehensive income for the period				91,396,417			91,396,417
		-	-	-	-	-	
Balance at 5 January 2020		82,957,024	39,827,761	160,827,224	-	1,062,881,099	1,346,493,108
Issue of ordinary shares under employee share option plan		455,871					455,871
Issue of shares under rights issue		81,532,953					81,532,953
Total comprehensive (loss)/ income for the period		-	-	11,740,001	-	(172,553,347)	(160,813,345)
Loss for the year						(172,553,347)	(172,553,347)
Other comprehensive income for the period				11,740,001			11,740,001
Balance at 10 January 2021		164,945,848	39,827,761	172,567,225	-	890,327,752	1,267,668,586




STRAIGHT
OUTTA
QUARANTINE

Notes to the Consolidated Financial Statements

1. CORPORATE INFORMATION

Edgars Stores Limited (the Group) is a limited company 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 consolidated results of the Group for the 53 weeks to 10 January 2021 were authorised for issue in accordance with a resolution of the directors on 31 May 2021.

The Group's ultimate parent is Sub Sahara Capital Group Africa Holdings LP (Mauritius). Information on other related party relationships of the Group is provided in Note 28.

2. FINANCIAL REPORTING

2.1 Basis of Preparation

The Group's financial results have been prepared under policies consistent with the requirements of the Companies and Other Business Entities Act (Chapter 24:31). The financial results are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of property, plant and equipment stated at fair value. The Financial statements are also restated to take account of the effects of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

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) as well as with the principles embedded in the IFRS Conceptual Framework (see also guidance issued by the Public Accountants and Auditors Board on 21 March 2019). 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. These exceptions have also made full compliance with the Companies and Other Business Entities Act (Chapter 24.31) not possible.

Functional currency

In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were;

- » Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency system.
- » Promulgated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- » Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1:1 to the US dollar and would become opening RTGS dollar values from the effective date. As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency had changed to the RTGS dollar on 1 October 2018. However, the Group adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February 2019 using the interbank midrate of ZW$1: ZWL2.5 in order to comply with S.I 33.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar, and each hundredth part of a bond note unit and each hundredth part of a RTGS dollar is equivalent to a Zimbabwean cent. In this regard, these financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest ZWL except when otherwise indicated. Opening balances from 2019 are presented in ZWL which is converted from prior year USD functional currency at rate of 1:1.

On the 17th of June 2020, an RBZ Exchange Control Directive RV175/2020 was issued on the introduction of a Foreign Exchange Auction System. Foreign exchange auction trading system was operationalised with effect from 23 June 2020, foreign currency trading was conducted through the Foreign Exchange Auction Trading System (Auction) through a bidding system.

On the 24th of July 2020, Statutory Instrument 185 of 2020 the Exchange Control amended the exclusive Use of Zimbabwe Dollar for Domestic Transactions by allowing dual pricing and displaying, quoting and offering of prices for domestic goods and services. The SI also permitted any person who provides goods or services in Zimbabwe to display, quote or offer the price for such goods or services in both Zimbabwe dollar and foreign currency at the ruling exchange rate.

In this regard, these financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Company operates, and all values are rounded to the nearest ZWL except when otherwise indicated.

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. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date.

Comparative information

IAS 29 also requires that the corresponding figures for the previous period also be restated in terms of the same measuring unit. Opening balances for the year ended 6 January 2019 was converted to ZWL from USD functional currency at rate of 1:1. The resulting ZWL numbers were then inflation adjusted using the CPI indices as specified in the inflation indices paragraph below. Comparatives for the year ended 5 January 2020 were inflation adjusted using a factor of 4.49.

Inflation indices used

The Company adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below.

Date	Indices	Conversion Factor
10 January 2021	2,474.50	1
05 January 2020	551.62	4.49
06 January 2019	98.4	27.86
08 January 2018	62.7	39.47

The procedures applied in the above restatement of transactions and balances are as follows;

Revenue, operating expenses and exchange gains or losses

» The historical line items were segregated into monthly totals and then the applicable monthly conversion factor was applied.

Cost of sales

» Was computed using the formula: opening inventory plus purchases less closing inventory. All inputs were inflation adjusted. Purchases were segregated into monthly totals to which applicable monthly conversion factors were applied.

Other income

» The other income was segregated into the respective months in which the income accrued and then the applicable conversion factor utilized to adjust for inflation.

Depreciation and amortisation

» The depreciation expense was recalculated based on the restated opening balances.

Gains on revaluation of property, plant and equipment

» Fair value measurements were determined at year end. These were recalculated as the balancing fee between the hyperinflation adjusted closing and opening balances.

Property, plant and equipment and intangible assets

» Property, plant and equipment were restated at 5 January 2020 using the conversion factor at that date. Movements of additions and disposals were recalculated based on the date of the transactions. Closing balances at 10 January 2021 are stated at fair value as determined by external valuers.

» The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as the revaluation gain through other comprehensive income.

» Intangible assets were restated 5 January 2020 using the conversion factor at that date. At 10 January 2021 these are carried at opening balance less inflation adjusted depreciation and amortised.

Investment in subsidiaries

» The opening balance at 9 January 2019 was adjusted by the corresponding adjustment factor. Movements after that date were adjusted as at the date of that movement.

Deferred tax liability

» The closing balance was calculated based on the inflation adjusted closing balances for the applicable assets and liabilities and the historical tax bases.

Right of use assets and lease liabilities

» Right of use assets (non-monetary) were restated at 5 January 2020 using the conversion factor at that date. Movements of additions and remeasurements were recalculated based on the date of the transactions.

» Lease liabilities (monetary) at year end are carried at current cost because they are (1) monetary and (2) were calculated based on current rentals i.e. rentals obtaining as at year end. Monetary gains or losses recognised during the current year pertain to comparatives which were restated by the adjustment factor at 5 January 2020 and movements of additions and remeasurements which were recalculated based on the date of the transactions.

Inventory

» The amounts constitute a non-monetary asset and the balance was inflation adjusted based on the applicable adjustment factor. The inventory balance was aged from year end to approximate date of acquisition.

Loans, trade receivables, intercompany receivables and contract liabilities

» The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances at 10 January 2021. Comparatives were restated at the adjustment factor at 5 January 2020.

Prepayments

» The amounts constitute a non-monetary asset and the balance was inflation adjusted based on the applicable adjustment factor at the date of payment. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.

Cash and bank

» The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances at 10 January 2021. Comparatives were restated at the adjustment factor at 5 January 2020.

Trade payables

» The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances at 10 January 2021. Comparatives were restated at the adjustment factor at 5 January 2020.

Provisions

» The company's provisions were separated into monetary (bonus provision) and non-monetary components (leave pay). The non-monetary provisions were hyper-inflated using the applicable monthly adjustment factors. The resulting differences were accounted for as part of the net-monetary gain in profit or loss. There was no hyper-inflation adjustment on the monetary provisions at 10 January 2021.

Bank overdrafts and loans and borrowings

» The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances at 10 January 2021. Comparatives were restated at the adjustment factor at 5 January 2020.

Revaluation reserve

» The opening revaluation reserve on 6 January 2019 was eliminated against equity. The balance since then corresponded to recalculated gains on revaluation from hyperinflation adjusted PPE movements.

Other reserves (equity settled employee benefits reserves and credit reserves)

» The opening balance was restated using the adjustment factor at 8 January 2018. Movements from that date were recalculated using the adjustment factor at the date of the related movement.

Issued capital

» The opening balance was restated using the adjustment factor at 8 January 2018. Movements from that date were recalculated using the adjustment factor at the date of the related movement.

Statement of cash flow

» The amounts were segregated into the respective months in which the cash flows actually occurred and the applicable monthly adjustment factor used to hyper inflate the amount. Gain or losses on cash flows were included in non-cash items.

Net monetary gain or loss

The portion of non-monetary gains or losses that arose from hyperinflation were treated as follows:

» Those arising from hyperinflation adjustment of opening property, plant and equipment, intangible assets and deferred tax were taken directly to retained earnings as the effect of initial application of IAS 29.

» Those arising from hyperinflation adjustment of monetary assets and liabilities at 6 January 2019 were also taken to retained earnings as the effect of initial application of IAS 29.

» Non-monetary gains or losses arising from all other adjustments were taken to profit and loss in the year of that adjustment.

» Non-monetary gains or losses on cashflows are disclosed as a single line item under non-cash items (Note 12.1)

Statement of compliance

Because of the items detailed in the functional currency paragraph above, the financial statements have not been prepared in conformity with International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board (IASB).

2.2 Basis of Consolidation

The inflation adjusted consolidated financial statements comprise the financial statements of Edgars Stores Limited and its subsidiaries as at 10 January 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

» Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

» Exposure, or rights, to variable returns from its involvement with the investee, and

» The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

» The contractual arrangement with the other vote holders of the investee
» Rights arising from other contractual arrangements
» The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of Comprehensive income and statement of financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it:

» Derecognises the assets (including goodwill) and liabilities of the subsidiary.
» Derecognises the carrying amount of any non-controlling interest.
» Derecognises the cumulative translation differences, recorded in equity.
» Recognises the fair value of the consideration received.
» Recognises the fair value of any investment retained.
» Recognises any surplus or deficit in profit or loss.
» Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

2.3.1 Foreign currency translation

The Group's consolidated financial statements are presented in Zimbabwean Dollars (ZWL), which is the Group's functional currency. It is the currency of the primary economic environment in which the Group operates. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. All differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.3.2 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.3.3 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the 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, Jet Thank U, within the Jet Chain Group which allows customers to accumulate points that can be redeemed for monetary discount, subject to a minimum number of points being obtained. 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 ZWL discount on the customer's next purchase i.e. 1,000 point are equivalent to a ZWL 1 discount. Outstanding loyalty point liabilities are therefore fixed and recorded under contract liabilities.

Rights 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.

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.

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 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.

Contract balances

Trade and other receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer. Trade receivables consist of amounts due from credit customers. Other receivables are made of various types of prepayments.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities in the group pertain to amounts received from customers under lay-bye arrangements.

2.3.4 Taxes

Current income tax

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date in Zimbabwe. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit and loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except;

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit and loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT) except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.5. Pensions 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.

2.3.6. Share-based payment transactions

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 9.

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 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. Further details are given in note 11.

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. Further details are provided in note 9.

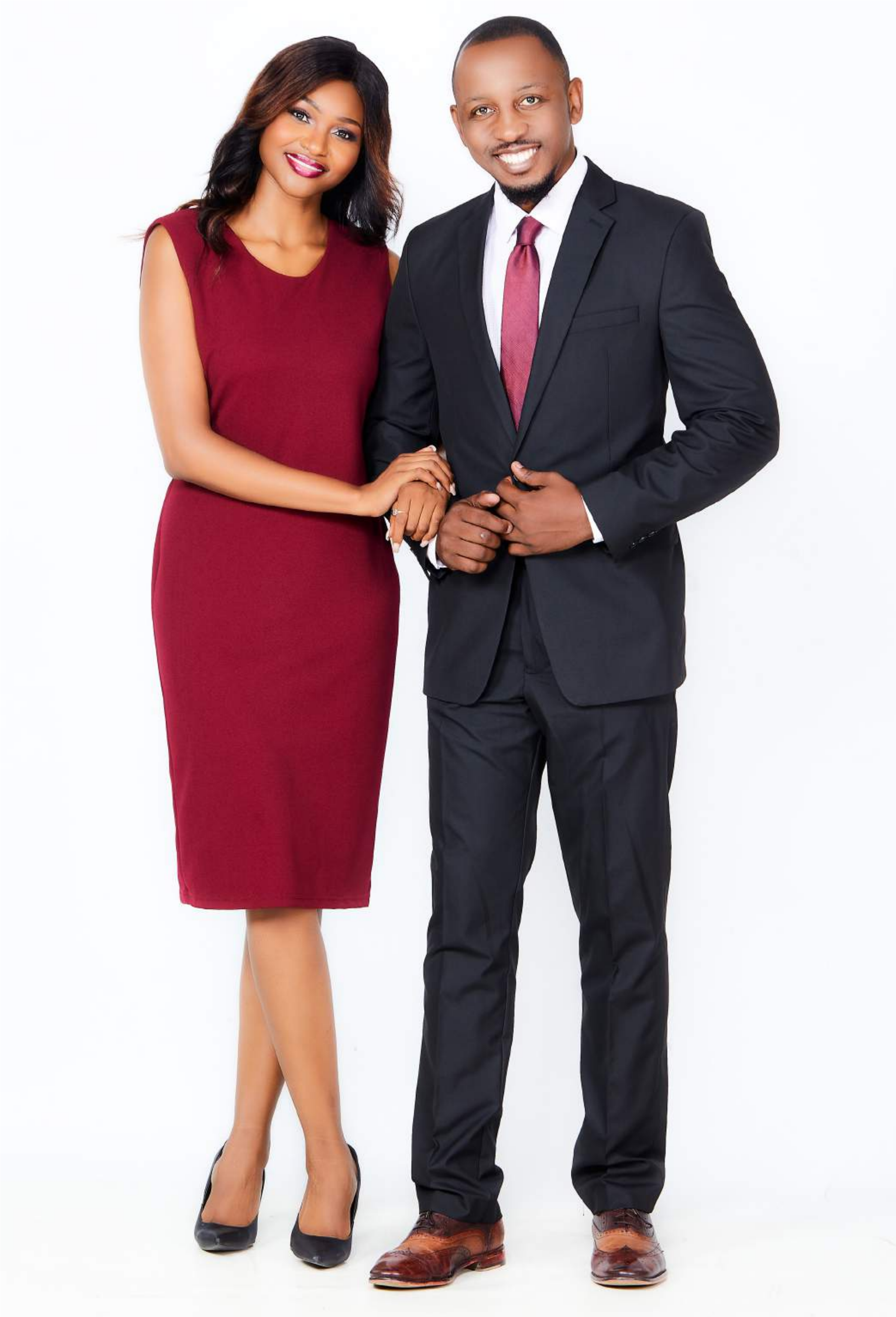
2.3.7. Recognition of interest income

2.3.7.1. The effective interest rate method

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.
Notes to the Consolidated Financial Statements
For the 53 weeks to 10 January 2021

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.

2.3.7.2 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.

2.3.8 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.

2.3.8.1 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.

2.3.8.2 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 business 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.

2.3.8.3 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.

2.3.8.4 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.

2.3.8.5 Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 2.3.8.6
- Trade receivables, including loans and advances to customers Note 2.3.8.6

The Group's financial assets are assessed for impairment based on the forward-looking ECL approach.

The ECL model was recalibrated at 10 January 2021 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 26.3.

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 2.3.8.6. 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 26.3.

Based on the above process, 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 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.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Group records an allowance for the LTECLs.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

2.3.8.6 The calculation of ECLs

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. 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 mechanics of the ECL method are summarised below:

- Stage 1: 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, 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. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired (there has been a default of credit terms as specified in note 17.1), 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%.

2.3.8.7 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.

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.

2.3.8.8 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 21.

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 Zimbabwean dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in profit or loss.

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.

2.3.8.9 Off setting 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.

2.3.9 Property, plant and equipment

Items of property, plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognized after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

All repair and maintenance costs are recognised in profit or loss as incurred.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the remaining estimated useful life of the asset. The useful lives of each category are as follows:

Buildings	40 years
Furniture, fittings and equipment	5-10 years
Computer equipment	5-10 years
Plant and machinery	5-10 years
Leasehold Improvements	2-10 years
Motor vehicles	5-7 years

An item of property, plant and equipment and any significant part initially recognized is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

2.3.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.
Intangible assets with finite lives (software and related licenses) are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit and loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives (brands and goodwill) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The useful lives of each category are as follows:

Enterprise Resource Planning costs	5-10 years
Website development	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.

2.3.11 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Retail space and offices	2 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note (2.3.15).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments, being contingent rents linked to revenue are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification – a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. Extension options embedded in the lease and the Incremental Borrowing Rate

(IBR) incorporate significant judgement – considerations around these are specified as such under Notes 3.1.6 and 3.2 respectively.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of retail and office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase or extension option. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.3.12 Inventories

Inventories are valued at the lower of cost and net realisable value on a weighted average cost basis. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw material - average purchase cost
- Finished goods and work in progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.
- Merchandise - weighted average cost

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Cost of sales is made up of the carrying amount of inventory sold in the ordinary course of business during the year and any normal stock losses, impairment and pilferage.

2.3.13 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.

2.3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The group frequents the following common provisions – employee obligations (leave pay and bonuses). Other provisions are accounted for based on the particular details of each case. In the current year, the group did not have any other provision than those documented here. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

2.3.15 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-current asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expenses categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in assumption used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.

2.3.16 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 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.

2.3.17 Investment in subsidiaries

The company's investment in subsidiary companies are carried at cost

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

Amendments to IFRS 4: Insurance contracts

Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

The Interpretation did not have an impact on the consolidated financial statements of the Group.

Definition of a Business (Amendments to IFRS 3)

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.

The amendment did not have an impact on the consolidated financial statements of the Group.

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.

The amendment did not have an impact on the consolidated financial statements of the Group.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

The amendment did not have an impact on the consolidated financial statements of the Group

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment did not have an impact on the consolidated financial statements of the Group

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

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.

The amendment did not have an impact on the consolidated financial statements of the Group

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

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 property, plant and equipment used in fulfilling the contract).

The amendment did not have an impact on the consolidated financial statements of the Group.

Annual Improvements to IFRS Standards 2018–2020

Makes amendments to the following standards:

- 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. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- 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.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The amendment did not have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 17

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of
- insurance contracts
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

The amendment did not have an impact on the consolidated financial statements of the Group.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendment did not have an impact on the consolidated financial statements of the Group.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

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 amendment did not have an impact on the consolidated financial statements of the Group.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Rent concessions from rental forgiveness in April and May were factored into the remeasurement of lease liabilities at 10 January 2021. The group and company did not have any Covid-19 rental concessions.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

3.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

3.1.1 Consolidation of structured entities

The Group has not consolidated the results of the Edgars Employee Share Trust Group and the Zimed Group Employee Trust which have a shareholding in the Group. These special purpose entities were set-up to hold shares in the company (Edgars Stores Limited and Carousel (Private) Limited for the benefit of permanent employees in the group. We have adjudged the group to not have control over the SPEs as it does not have an exposure to returns from its involvement with the SPEs.

3.1.2 Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers profitability, site, brand visibility and relationship with lessor that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances above that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements, significant customisation to the leased asset, location and performance of relevant stores).

The Group included the renewal period as part of the lease term for leases of buildings with shorter non-cancellable period (i.e. one to five years). The Group typically exercises its option to renew for these leases because there is significant investment in a retail store location, a significant negative effect would result if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

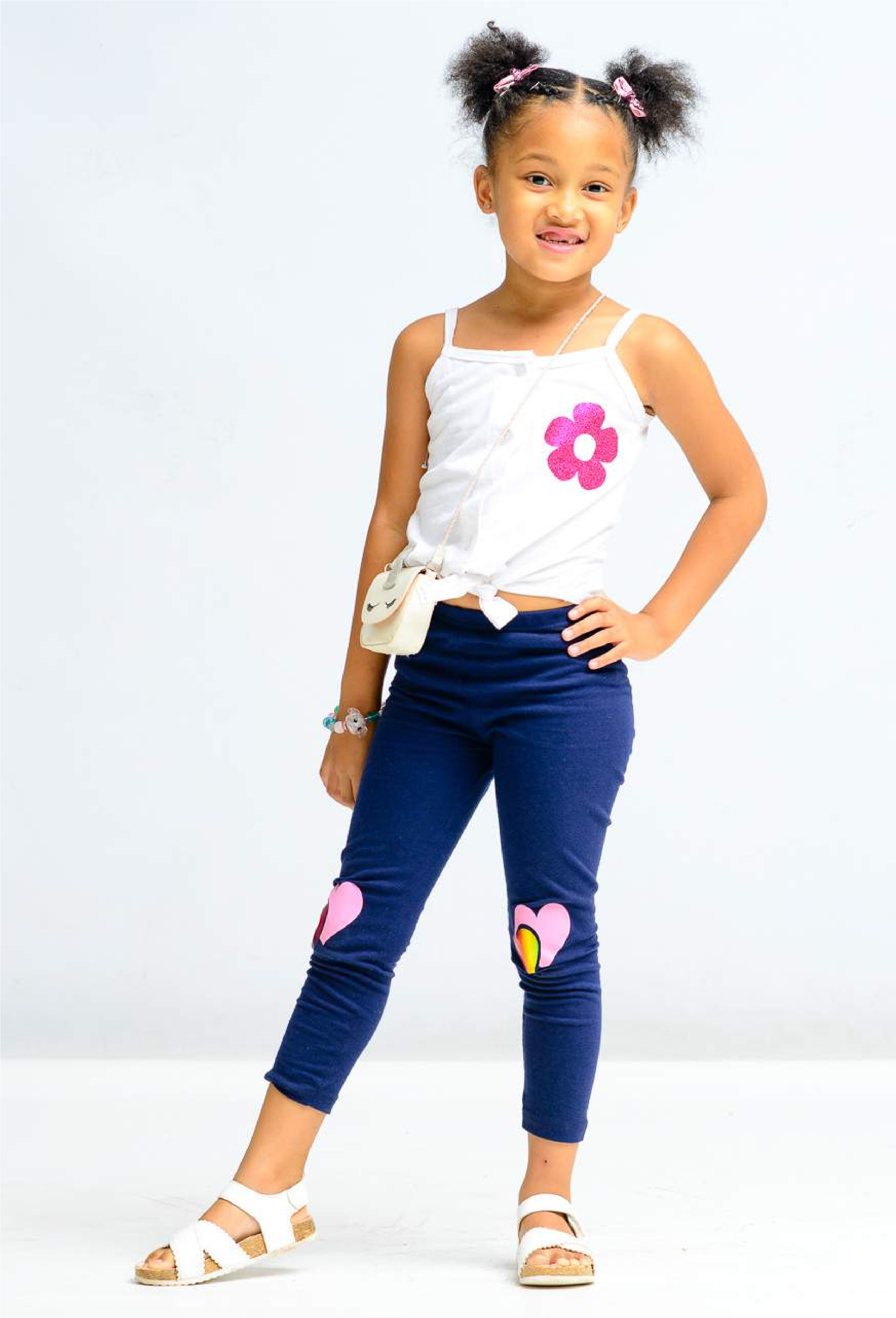
The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group.

3.2.1 Revaluation of property, plant and equipment

Immovable assets

The current economic challenges embodying hyperinflation, foreign currency shortages, high formal unemployment and cost of production has led to pressure on rental income as well as an illiquid property market. Valuations rely on historical market evidence for calculation inputs. This includes transaction prices for comparable properties, rents and capitalisation rates. The enactment of S.I 142 of June 2019 introduced the Zimbabwean dollar (ZWL) as the sole legal tender for all transactions in Zimbabwe exacerbated the price distortions of assets in the market. In as much as all assets have to be priced in the ZWL, generally the market has been quoting prices for sales and rentals in United States dollars (USD). Direct conversions of USD quoted prices to ZWL has been at the auction rate at year end. The fair value of the Group's land and buildings is based on valuations performed by Bard Real Estate, an accredited independent valuer. Valuation models in accordance with recommendations by the International Valuation Standards Committee have been applied. The key assumptions in coming up with fair values are future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Owing to the hyperinflationary environment, there were two rent reviews systems that are being used on the market, some rentals were pegged in USD with either the official rate or the parallel rate being applied to establish the ZWL rentals or three month-based rentals in ZWL. This has created some market distortions, the USD pegged rentals tend to keep up with the exchange rate movement whilst the un-pegged rentals have fallen behind by far. The property market is not only distorted but has no clear direction due the prevailing economic uncertainties.

The users of the financial statements must therefore note that whilst management has taken the necessary steps in coming up with the fair valuation, significant judgements were applied in the current year as a result of the uncertainties resulting from the hyperinflationary



economic environment, currency shifts, excessive market volatility and lack of recent transactions conducted in ZWL. The fair values of land and buildings and as well as the valuation techniques and assumptions are disclosed on Notes 13.1

Moveable assets

The fair value of the Group's moveable assets is based on valuations performed by Bard Real Estate, an accredited independent valuer. These were determined using the depreciated replacement cost method. The economic environment of Zimbabwe has affected the replacement policy of assets such that certain assets have been used beyond their initial estimated useful life. The remaining useful lives of these assets have been reassessed at valuation date accordingly.

3.2.2 Useful lives and residual values of property, plant and equipment

Property, plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed at each reporting date and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining useful life of the asset and projected disposal values. Refer accounting policy note 2.3.9 for more information on the useful lives of property, plant and equipment.

3.2.3 Share based payment transactions

The Group measures the cost of equity-based transactions with employees by reference to the fair value of the equity instruments issued. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

3.2.4 Taxes

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and interpretations of tax regulations by the responsible tax authority.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. Further details on deferred taxes are disclosed in Note 14.

3.2.5. Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

» The Group's internal credit grading model, which assigns PDs to the individual grades
» The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
» The segmentation of financial assets when their ECL is assessed on a collective basis
» Development of ECL models, including the various formulas and the choice of inputs
» Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
» Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The ECL models used by the Group were recalibrated in December 2020 to take into account changes in the macroeconomic fundamentals.

3.2.6. Leases

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group has to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. In the current year the borrowings profile of the company shortened generally to about 12 months while lease terms range between 2 to 5 years. Because the group has been able to roll over some of these borrowings for periods exceeding 12 months we have made the simplification that the term is similar to that of the lease period. In this way the IBR is assumed to reflect what the Group 'would have to pay' over the life of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available.

IBR is calculated on a portfolio basis as it does not enter into distinct financing arrangement for standalone locations.

Classification of leases

Generally leases that have a term of a year and less from the date of the financial statements without a clear renewal option have been assumed to be short term leases.

3.2.7 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Ideally, the fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. In reality there has been a very limited market for asset sales in the domestic market. The value in use calculation is based on a DCF model. The cash flows are derived from the expected cashflows for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. We have used the Weighted Cost of Capital (WACC) as the discount rate in all impairment computations. These estimates are most relevant to brands and other intangibles with indefinite useful lives recognised by the Group.

3.2.8 Exchange rates

Foreign denominated balances have been translated to Zimbabwe dollars (ZWL) using the auction rate as at the date of the financial statements or as at the date of the transaction. In the current year, the dynamics of the country were such that to satisfy its foreign currency needs the company participated in a combination of the auction market, the interbank market and internal sources. The majority of the company's foreign currency needs were generated from internal resources i.e. sales benchmarked at the Auction rate as required by Statutory Instrument 185 of 2020. We have thus assumed that the use of the auction rate is appropriate for translating foreign denominated balances as both a spot rate and closing rate as defined in IAS 21: The Effects of Changes in Foreign Exchange Rates.

4. SEGMENT INFORMATION

4.1 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

We retail our products 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. We offer competitive credit to our customers. Our 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 merchandise and performing centralised administration functions.

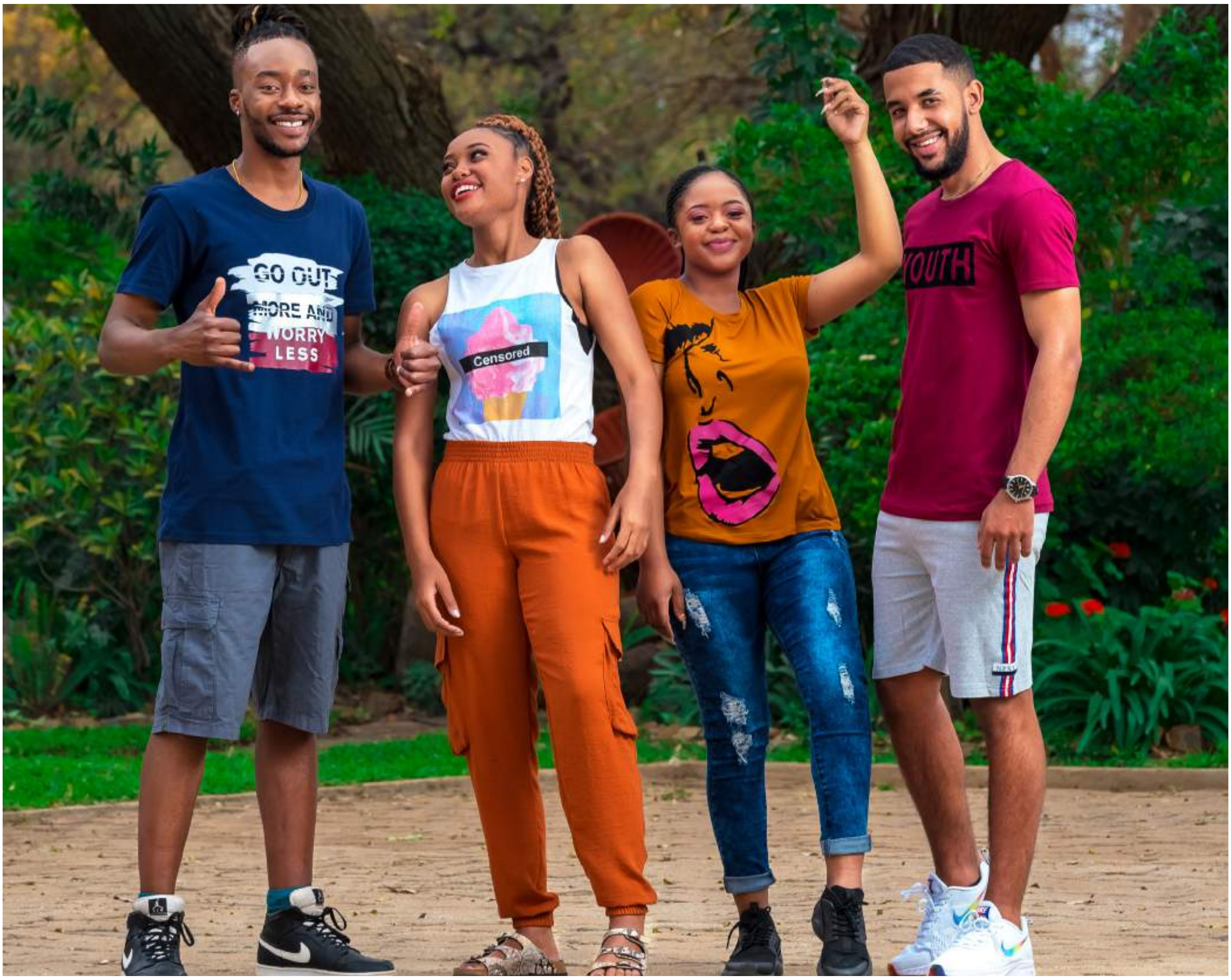
Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated 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.

Segment Reporting

	Edgars Stores Retail	Jet Stores Retail	Manufacturing Carousel	Micro Finance Club Plus	Corporate Head Office	Financial Services	Segments Total	Adjustments Eliminations	Consolidated Total
53 weeks to 10 January 2021									
Revenue									
External customers	1,110,747,654	895,965,375	25,739,558	30,449,471	-	4,776,935	2,067,678,993	-	2,067,678,993
Inter-segments	-	-	259,898,542	-	511,328,492	-	771,227,034	(771,227,034)	-
Finance income	-	-	-		-	279,023,510	279,023,510	-	279,023,510
Total revenue	1,110,747,654	895,965,375	285,638,100	30,449,471	511,328,492	283,800,445	3,117,929,537	(771,227,034)	2,346,702,503
Segment profit*	-	-	-	-	-	-	-	-	-
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
52 weeks to 5 January 2020									
Revenue									
External customers	1,752,300,741	981,237,384	11,785,956	55,785,624	-	-	2,801,109,705	(130,959,815)	2,670,149,890
Inter-segments	-	-	192,407,974	-	308,027,896	-	500,435,870	(500,435,870)	-
Finance income	-	-	-	-	-	202,621,536	202,621,536	-	202,621,536
Total revenue	1,752,300,741	981,237,384	204,193,930	55,785,624	308,027,896	202,621,536	3,504,167,111	(631,395,685)	2,872,771,426
Segment profit	422,467,178	192,533,232	56,593,412	4,146,397	-	225,686	675,965,905	(578,403,156)	97,562,749

In the current year the group consolidated full divisionalisation of its business units up to balance sheet level. *Certain required information has not been disclosed because it was not accurately tracked and recorded in current and prior years.



		Group		Company	
		53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 7 January 2018 ZWL
5	**Revenue**				
	The following is an analysis of the Group's revenue for the year (excluding investment revenue)				
	Revenue from contracts with customers				
	Sale of merchandise	2,032,452,587	2,601,991,246	2,032,452,587	2,601,991,246
	Retail sales	2,006,713,029	2,586,728,244	2,006,713,029	2,586,728,244
	Manufacturing sales to third parties - local sales	25,739,558	10,224,224	25,739,558	10,224,224
	- export sales	-	5,038,778	-	5,038,778
	Edgars Club subscriptions	2,158,774	8,193,325	2,158,774	8,193,325
	Hospital Cash Plan and funeral insurance commission	2,618,161	4,179,695	2,618,161	4,179,695
	Other revenue				
	Interest income from Micro Finance Institution	30,449,471	55,785,624	-	-
	Revenue from contracts with customers is recognised at a point in time	2,067,678,993	2,670,149,890	2,037,229,522	2,614,364,266
6	**Other gains and losses**				
	Profit / (loss) on disposal of plant & equipment	237,798	(10,698,210)	237,798	(10,957,211)
	Net foreign exchange gain	85,325,184	32,971,388	84,986,881	32,903,006
		85,562,982	22,273,178	85,224,679	21,945,795
7	**Profit before tax**				
	Profit for the period has been arrived at after charging / (crediting):				
7.1	**Auditors remuneration :**				
	Audit Fees	13,311,831	7,055,332	12,619,853	6,825,501
	Fees for consulting & other services	-	412,813	-	412,813
		13,311,831	7,468,145	12,619,853	7,238,314
7.2	**Depreciation expense**				
	Depreciation of property, plant and equipment	48,028,814	56,863,184	45,735,151	53,959,457
	Depreciation of right of use asset	63,754,796	33,812,308	63,754,796	33,812,310
		111,783,610	90,675,492	109,489,947	87,771,767
7.3	**Amortisation expense**				
	Amortisation of intangible assets	11,755,937	23,429,012	11,707,908	23,429,012
7.4	**Contingent Rental Payments :**				
	Land and buildings :				
	Short-term lease payments	11,634,872	14,271,209	11,634,872	14,271,209
	Contingent rents	40,487,862	36,879,938	40,487,862	36,879,938
	Sublease receipts	(1,843,239)	(1,378,626)	(1,972,984)	(1,790,966)
		50,279,495	49,772,521	50,149,750	49,360,181

Further disclosures on leases have been provided in Note 23.

		Group		Company	
		53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 7 January 2018 ZWL
7.5	**Fees payable**				
	Legal and consultancy fees	13,204,471	18,840,525	13,204,471	18,783,775
	Outsourcing of IT	2,404,524	994,900	2,404,524	994,900
		15,608,995	19,835,425	15,608,995	19,778,675
7.6	**Finance income**				
	Debtors interest charges	229,217,772	147,715,845	229,217,772	147,715,845
	Late payment charges	49,663,590	54,167,272	48,397,355	53,221,635
	Other interest received	142,148	738,419	142,148	738,419
	Interest receivable-intercompany	-	-	8,999,250	5,716,244
		279,023,510	202,621,536	286,756,525	207,392,143
7.7	**Finance costs**				
	Interest on debt and borrowings	110,150,433	42,894,206	112,648,495	41,027,371
	Interest on lease liabilities	71,247,671	14,762,721	71,247,671	14,762,721
		181,398,104	57,656,927	183,896,166	55,790,092
7.8	**Impairment of inter-company receivable**	-	-	-	-

The inter-company receivable was not considered impaired as at 10 January 2021.

7.9	**Rental income**				
	Rental income	1,843,239	1,378,626	1,972,984	1,790,966

Further disclosures on leases have been provided in Note 23.

.

8	**Directors and employees**				
8.1	**Employees**				
	Salaries and wages	370,308,279	387,897,238	360,344,985	387,041,533
	Pension contributions (note 8.3)	13,681,543	20,458,295	13,343,187	21,373,141
	Medical aid contributions	11,992,905	8,196,052	11,872,843	8,058,163
		395,982,727	416,551,585	385,561,015	416,472,837
8.2	**Directors' emoluments**				
	Non executive directors :				
	- Fees	9,815,829	5,412,408	9,281,160	4,500,679
	Executive directors :				
	- Remuneration	30,408,215	41,382,364	29,844,507	36,590,038
	- Retirement and medical aid benefits	1,569,208	3,036,945	1,484,651	2,556,496
		41,793,252	49,831,717	40,610,318	43,647,213

	Group		Company	
	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 7 January 2018 ZWL

8.3 Pension funds

The Group's operating companies and all employees contribute to both of the following pension funds :

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 Pension and Provident Funds Act, Chapter 24:09.

National Social Security Authority Scheme

Contributions to the above aforementioned funds charged against profit or (loss):

Edgars Pension Fund	11,174,305	18,270,656	10,890,667	17,702,940
National Social Security Authority	2,507,239	2,187,638	2,452,520	3,670,200
	13,681,544	20,458,294	13,343,187	21,373,140

9 Share based payments

The expense recognised for employee services received during the year is shown in the following table:

	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
Recognition of cash value plan	16,561,842	18,552,267	16,561,842	18,552,267
	16,561,842	18,552,267	16,561,842	18,552,267

The cash settled share option scheme was cancelled in 2019 and replaced by the Cash Value Plan. The cash value plan is an employee benefit expense and is not based on the company's share price.

Employee equity settled share option scheme

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 payment arrangements were in existence during the current and prior years:

Share options granted

	Option series	Number
1	Issued 29 June 2007	4,300,000
2	Issued 10 June 2008	5,350,000
3	Issued 9 July 2009	4,300,000
4	Issued 20 March 2010	1,050,000
5	Issued 11 June 2010	4,150,000
6	Issued 29 March 2011	4,233,333
7	Issued 14 March 2012	4,655,500
8	Issued 15 March 2013	4,550,000

There were 501 667 share options forfeited this year (2019: 2 985 334). There have been no cancellations or modifications to any of the plans during 2019 and 2020. Cancelled and forfeited options are issued to other employees and are included in the share options granted above.

The fair value at grant date was 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

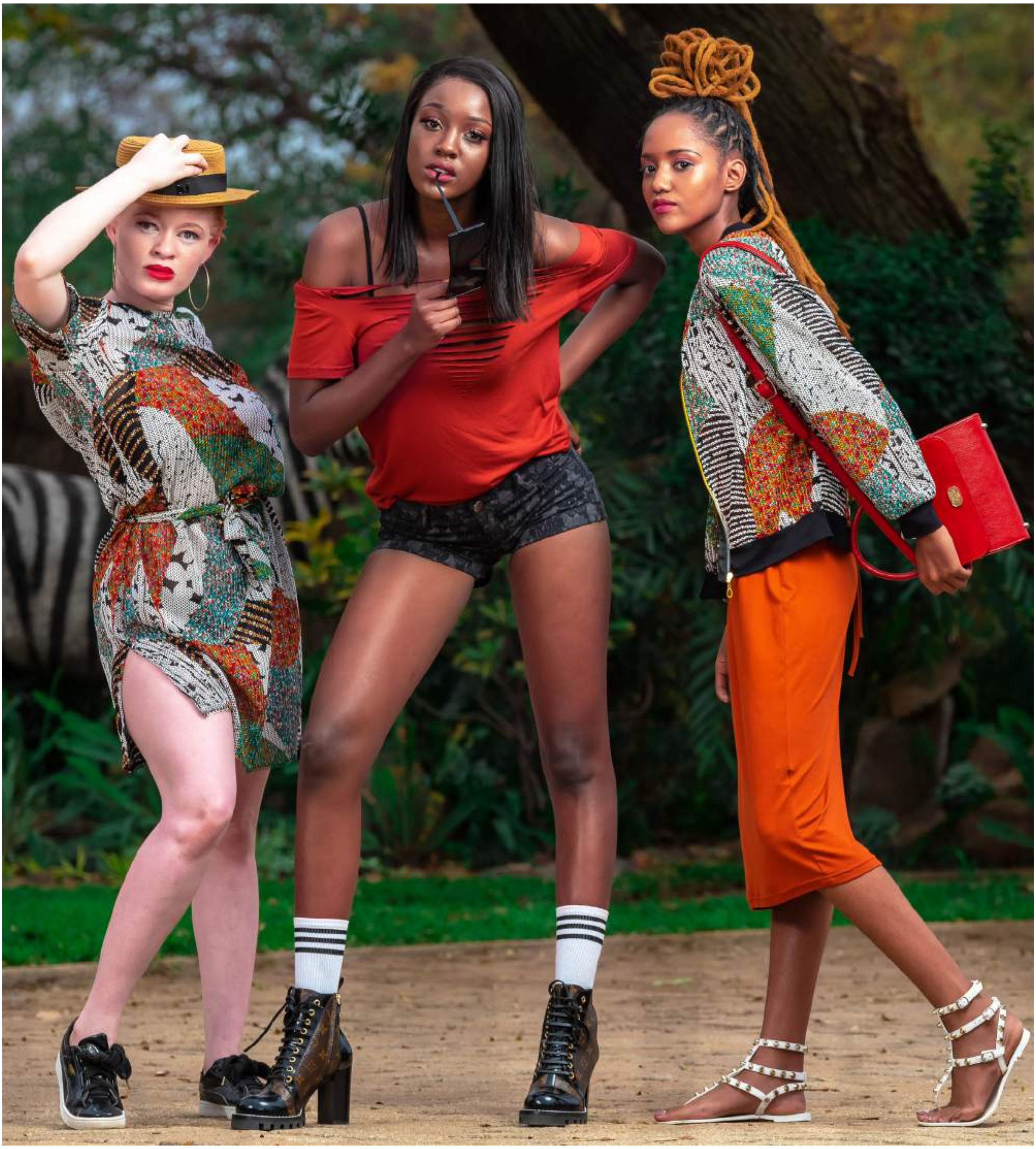
The following table illustrates movement in the number (No.) of share options during the year:

	53 weeks to 10 January 2021 No.	53 weeks to 10 January 2021 WAEP ZWc	52 weeks to 5 January 2020 No.	52 weeks to 5 January 2020 WAEP ZWc
Outstanding at the beginning of the period	6,560,999	9.41	14,909,768	8.52
Granted during the year	-		-	
Forfeited during the year	(501,667)	-	(2,985,334)	-
Exercised during the year	(2,598,500)	8.26	(5,363,435)	7.60
Outstanding at the end of the period	3,460,832	9.78	6,560,999	9.41
Exercisable at the end of the period	3,460,832		6,560,999	
Weighted average remaining contractual life (years)	1.21		2.91	

		Group		Company	
		53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 7 January 2018 ZWL
10	**Taxes**				
	Taxes recognised in profit or loss				
	Tax comprises:				
	Current tax in respect of the current year	(429)	(54)	(429)	(55)
	- witholding tax				
	- normal tax	(94,678,321)	(67,745,742)	(93,039,064)	(66,661,723)
	Deferred tax release relating to temporary differences	68,450,784	50,431,749	71,990,137	25,780,401
	Income tax expense	(26,227,966)	(17,314,047)	(21,049,355)	(40,881,377)
	Taxes recognised in other comprehensive income				
	Deferred tax recognised on revaluation of property, plant and equipment	(6,870,864)	(18,037,873)	(3,855,112)	(18,037,873)
	The charge for the year can be reconciled to the accounting profit as follows:				
	(Loss) / profit before tax for the period:	(150,306,009)	97,562,749	(151,503,992)	124,769,049
	Tax calculated at 24.72% (inclusive of AIDS levy)	37,155,645	(25,122,408)	37,451,787	(32,128,030)
	Non-monetary (gain) / loss	(61,237,703)	7,817,458	(62,248,237)	(9,184,808)
	Effect of expenses which are not tax deductible	(2,019,494)	(1,124,022)	3,873,509	(683,460)
	Effect of permanent differences relating to passenger motor vehicles	(126,414)	(406,783)	(126,414)	(406,783)
	Change in tax rate	-	1,521,705	-	1,521,705
	Tax charge recognised in profit or loss	(26,227,966)	(17,314,050)	(21,049,355)	(40,881,376)
11	**Earnings per share**				
11.1	**Weighted average number of ordinary shares (basic)**	**000's**	**000's**	**000's**	**000's**
	Issued ordinary shares at the beginning of the period	326,991	294,529	326,991	294,529
	Effect of treasury shares (note 18.1.1)	(36,475)	(36,475)	(36,475)	(36,475)
	Share options exercised	1,516	3,241	1,516	3,241
	Rights issued	116,272	-	116,272	-
	Scrip dividend	-	7,058	-	7,058
	Brand purchase	-	12,500	-	12,500
	Weighted average number of ordinary shares used in earnings per share	408,304	280,853	408,304	280,853
11.2	**Weighted average number of ordinary shares (diluted)**				
	Weighted average number of ordinary shares (basic)	408,304	280,853	408,304	280,853
	Effect of share options on issue	4,394	4,414	4,394	4,414
	Weighted average number of ordinary shares (diluted)	412,698	285,267	412,699	285,267

		Group		Company	
		53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 7 January 2018 ZWL
11.3	**Attributable basis**				
	Profit attributable to ordinary shareholders	(176,533,976)	80,248,701	(172,533,347)	83,887,672
	Adjustments to basic earnings	-	-	-	-
	Profit adjusted for cost of dilutive instruments	(176,533,976)	80,248,701	(172,533,347)	83,887,672
	Basic earnings per share (cents)	(43.24)	28.57	(42.26)	29.87
	Diluted earnings per share (cents)	(42.78)	28.13	(41.81)	29.41
12	**Cash flow**				
12.1	**Non-cash items**				
	Share based payment expense	16,561,842	18,552,267	16,561,842	18,552,267
	Depreciation	111,783,610	90,675,493	109,489,947	87,771,767
	Effect of transfers	4,147,126	5,874,376	4,039,673	9,377,100
	Inventory write-down	343,221,630	31,382,974	343,221,630	31,382,974
	Amortisation of intangible assets	11,755,937	23,429,012	11,707,908	23,429,012
	Amortisation of computer software charges	19,468,084	36,353,886	18,881,082	35,872,486
	Unwinding of lease liabilities	71,247,671	14,762,721	71,247,671	14,762,721
	Loss / (profit) on disposal of property, plant and equipment (note 6)	(237,798)	10,698,211	(237,798)	10,957,212
	Allowance for credit losses - trade and other receivables	4,506,244	7,789,068	4,824,343	5,291,603
	Allowance for credit losses - loans and advances to customers	274,126	(5,111,935)	-	-
	Unrealised exchange (gain)/loss	43,570,271	9,213,022	43,514,712	9,144,641
	Other non-cash items	-	(14,591)*	-	(1,110)*
	Monetary gain	(553,284,709)	(276,519,915)	(519,549,460)	(181,619,039)
		73,014,033	(32,915,411)	103,701,550	64,921,634
12.2	**Working capital requirements**				
	Decrease / (increase) in inventories	456,578,452	(833,599,027)	456,464,148	(833,341,893)
	Decrease in accounts receivable	79,876,441	186,559,402	81,624,242	191,811,407
	(Increase) / decrease in loans and advances to customers	(1,412,055)	92,097,071	-	-
	(Decrease) / increase in accounts payable	(405,743,929)	229,813,845	(405,545,982)	232,120,468
	Increase / (decrease) in contract payables	2,312,429	(7,855,274)	2,312,429	(7,855,247)
		131,611,338	(332,983,983)	134,854,837	(417,265,265)
12.3	**Taxation paid**				
	Taxation liability at the beginning of the year	(19,939,035)	(17,428,990)	(20,776,598)	(18,488,643)
	Current taxation provided (note 10)	(94,678,750)	(67,745,798)	(93,039,492)	(66,661,779)
	Taxation liability at the end of the year	35,539,592	20,776,598	33,981,288	20,776,598
	Taxation receivable at the end of the year	-	(837,563)	-	-
	Inflation adjustment	(8,342,080)	(44,742,105)	6,610,300	(40,034,628)
		(87,420,273)	(109,977,858)	(73,224,502)	(104,408,452)

	Group		Company	
	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 5 January 2020 ZWL	52 weeks to 7 January 2018 ZWL
12.4 Split of cash and cash equivalents				
The Group's cash and bank balances are split as follows				
USD balances	184,164,406	842,447	183,894,434	801,042
ZAR balances	7,859,232	95,249	7,859,232	95,249
RTGS balances	88,666,692	38,903,546	85,603,999	35,756,860
	280,690,330	39,841,242	277,357,665	36,653,151

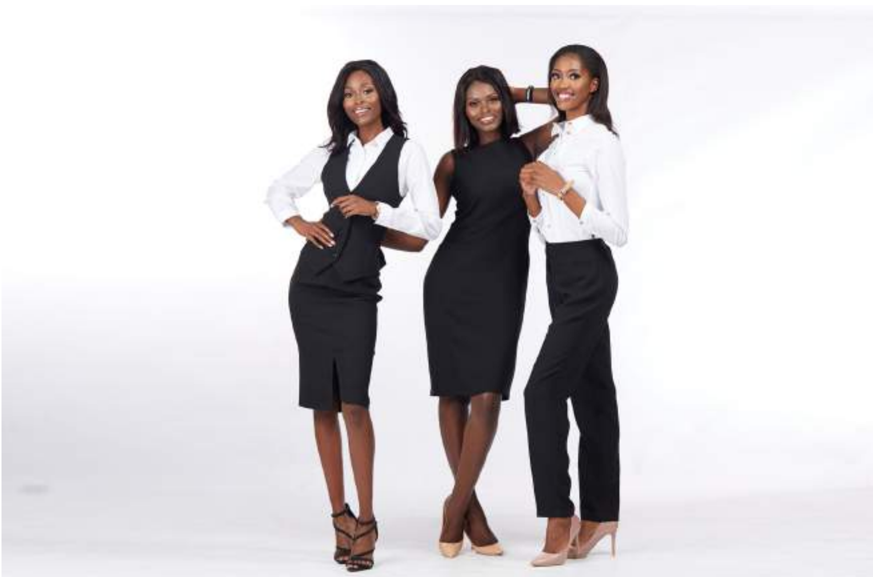


^ The USD balances have been translated at a closing rate of 1 USD : 81.75 ZWL

* Other consist of small items with a cash flow impact

13 Property, plant and equipment

	Group							
Property, plant and equipment	**Land & Buildings**	**Leasehold Improvements**	**Furniture, fittings & equipment**	**Computer equipment**	**Motor Vehicles**	**Plant & Machinery**	**Work in progress**	**Total**
	ZWL	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Cost or valuation								
Balance at 6 January 2019	45,404,232	150,451,679	159,523,230	39,222,857	54,922,636	45,576,427		495,101,061
Additions	-	5,015,731	19,122,671	4,259,484	1,189,477	1,138,680		30,726,043
Disposals	-	-	(384,604)	(355,029)	(10,659,931)	-		(11,399,564)
Revaluation adjustment	109,434,289	-	-	-	-	-		109,434,289
Transfer on revaluation and asset clearing	(673,136)	(5,874,376)	-	-	0	-		(6,547,512)
Balance at 5 January 2020	154,165,385	149,593,034	178,261,297	43,127,312	45,452,182	46,715,107	-	617,314,317
Additions	-	660,884	3,783,323	4,501,641	15,255,780	28,500	16,063,800	40,293,928
Disposals	-	-	(2,863)	-	(278,946)	-	-	(281,809)
Revaluation adjustment	(32,041,006)	3,631,849	35,182,642	17,063,861	(6,886,506)	10,843,916		27,794,756
Transfer on revaluation and asset clearing	(69,379)	(178,836)	(1,839,566)	(807,861)	(896,734)	(354,750)		(4,147,126)
Balance at 10 January 2021	122,055,000	153,706,931	215,384,833	63,884,953	52,645,776	57,232,773	16,063,800	680,974,066
Accumulated depreciation								
Balance at 6 January 2019	-	(65,324,718)	-	-	-	-		(65,324,718)
Current year expense	(1,641,787)	(13,001,284)	(18,842,950)	(8,503,999)	(9,662,417)	(5,210,747)		(56,863,184)
Eliminated on disposals of assets	-	288	90,511	269,309	341,244	-		701,352
Transfer on revaluation	673,136	-	-	-	-	-		673,136
Balance at 5 January 2020	(968,651)	(78,325,714	(18,752,439)	(8,234,690)	(9,321,173)	(5,210,747)	-	(120,813,414)
Current year expense	(964,706)	(8,418,601)	(14,175,054)	(6,900,995)	(12,728,691)	(4,840,768)		(48,028,815)
Disposal of assets	-	-	4,001	-	100,725	-		104,726
Transfer on revaluation	1,933,357	13,091	32,923,492	15,135,685	21,949,139	10,051,515		82,006,279
Balance at 10 January 2021	-	(86,731,224)	-	-	-	-	-	(86,731,224)
Net carrying amount at 10 January 2021	122,055,000	66,975,707	215,384,833	63,884,953	52,645,776	57,232,773	16,063,800	594,242,842
Net carrying amount at 5 January 2020	153,196,734	71,267,320	159,508,858	34,892,622	36,131,009	41,504,360	-	496,500,904

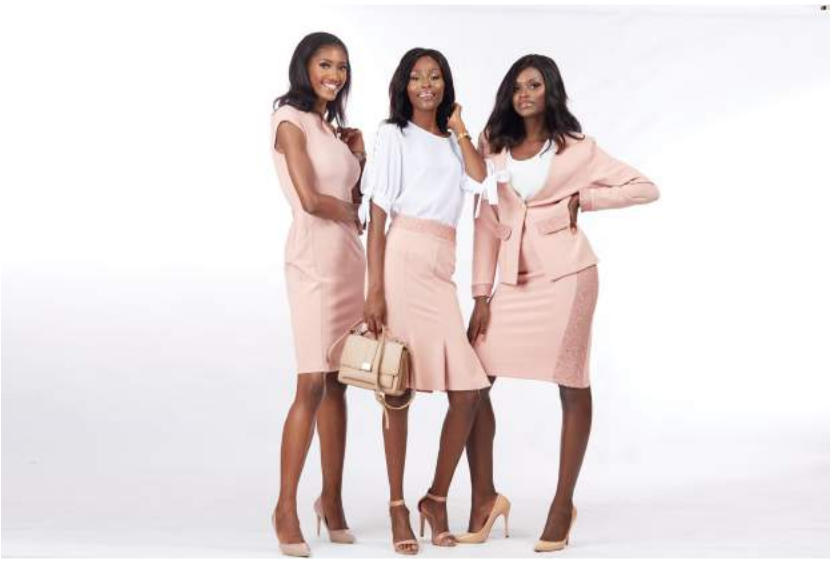


In prior year, a revaluation was performed on land and buildings for the 26 weeks ending 7 July 2019. The buildings were subsequently depreciated from the revaluation date to year-end; thus, a balance was presented for accumulated depreciation as at year end. In the current year, a revaluation was performed as at 10 January 2021, as a result the accumulated depreciation as at year end was eliminated to nil.

Company

	Land & Buildings	Leasehold Improvements	Furniture, fittings & equipment	Computer equipment	Motor Vehicles	Plant & Machinery	Work in progress	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Cost or valuation								
Balance at 6 January 2019	45,404,232	144,717,282	157,695,384	37,978,482	53,355,170	45,576,404	-	484,726,954
Additions	-	4,797,038	18,643,916	3,728,798	1,189,477	1,138,680	-	29,497,908
Carousel assets on divisionalisation	-	-	(384,604)	(355,029)	(10,659,931)	-	-	(11,399,564)
Disposals	109,434,289	-	-	-	-	-	-	109,434,289
Transfer on revaluation/from asset clearing account	(673,136)	(9,377,100)	-	-	-	-	-	(10,050,236)
Balance at 5 January 2020	154,165,385	140,137,220	175,954,696	41,352,251	43,884,716	46,715,084	-	602,209,352
Additions		655,584	3,783,323	4,501,641	15,255,780	28,500	16,063,800	40,288,628
Disposals	-	-	(2,863)	-	(278,946)	-	-	(281,509)
Revaluation adjustment	(32,041,006)	-	31,612,952	12,115,975	(6,936,745)	10,843,938	-	15,595,114
Transfer on revaluation/from asset clearing account	(69,379)	(174,191)	(1,813,293)	(754,828)	(873,232)	(354,749)	-	(4,039,672)
Balance at 10 January 2021	122,055,000	140,618,613	209,534,815	57,215,039	51,051,573	57,232,773	16,063,800	653,771,613
Accumulated depreciation								
Balance at 6 January 2019	-	(64,721,207)	-	-	-	-	-	(64,721,207)
Current year expense	(1,641,787)	(12,595,729)	(16,548,429)	(7,941,312)	(9,565,532)	(5,666,668)	-	(53,959,457)
Eliminated on disposals of assets	-	-	25,691	183,785	232,876	-	-	442,352
Transfer on revaluation and asset clearing	673,136	-	-	-	-	-	-	673,136
Balance at 5 January 2020	(968,651)	(77,316,936)	(16,522,738	(7,757,527)	(9,332,656)	(5,666,668)	-	(117,565,176)
Current year expense	(964,689)	(8,077,157)	(12,377,350)	(6,241,575)	(12,801,412)	(5,272,968)	-	(45,735,151)
Eliminated on disposal	-	-	4,001	-	100,725	-	-	104,726
Transfer on revaluation and asset clearing	1,933,340	-	28,896,087	13,999,102	22,033,343	10,939,636	-	77,801,508
Balance at 10 January 2021	-	(85,394,093)	-	-	-	-	-	(85,394,093)
Net carrying amount at 10 January 2021	122,055,000	55,224,520	209,534,815	57,215,039	51,051,573	57,232,773	16,063,800	568,377,520
Net carrying amount at 5 January 2020	153,196,734	62,820,284	159,431,958	33,594,724	34,552,060	41,048,416	-	484,644,176

In prior year, a revaluation was performed on land and buildings for the 26 weeks ending 7 July 2019. The buildings were subsequently depreciated from the revaluation date to year-end; thus, a balance was presented for accumulated depreciation as at year end. In the current year, a revaluation was performed as at 10 January 2021, as a result the accumulated depreciation as at year end was eliminated to nil.



13.1 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 10 January 2021, fair values of the properties was determined by using the market comparable method for residential properties and the income approach for commercial properties. In the market comparable method, valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The income approach involves capitalising future revenue streams to determine the price an investor would be willing to pay for the property.

	Valuation technique	Significant unobservable inputs	53 weeks to 10 January 2021	26 weeks to 7 July 2019
Residential property	Market comparable method	Price per square meter	$4 920 to $15 990	$994 to $4 144
Commercial property	Income approach	Capitalisation rate	13% to 18%	11% to 14%
		Rental value per sq.metre	$82 to $147	$7.58 to $142.08

Significant increases/ (decreases) in the price per square metre in isolation would result in a significantly higher/ (lower) fair value, whereas significant increases/ (decreases) in the capitalisation rate would result in a (lower)/ higher fair value.

The carrying value of land and buildings as at 10 January 2021 is split as follows:	2021 December	2019 June
Residential property	32,915,000	2,702,000
Commercial property	89,140,000	8,052,000
	122,055,000	10,754,000

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 10 January 2021 to determine the fair value. The valuation was done on a depreciated replacement cost basis.

Description of valuation techniques used and key inputs to valuation on plant, equipment, furniture, fittings and vehicles:

		Significant unobservable inputs		
	Valuation Technique	Gross replacement cost	Capitalisation rate	Remaining useful life
Computer equipment	Depreciated replacement cost	$221 to $1.9m	18% to 90%	0.9 to 6.3 years
Furniture and fittings		$52 to $5.5m	5% to 80%	0.35 to 6.3 years
Office equipment		$123 to $1.9m	3% to 9%	1.05 to 8 years
Motor vehicles		$32 712 to $7m	40% to 95%	1 to 6.7 years
Residual value		Nil	Nil	Nil

Fair value hierarchy disclosures for property, plant and equipment have been provided in Note 22.

Refer note 21.3 for plant and equipment pledged as security for loans and borrowings.

14 Deferred tax balances

Group

Temporary differences	**Closing balance at 6 January 2019 ZWL**	**Recognised in profit or loss ZWL**	**Recognised directly in equity ZWL**	**Recognised directly in other comprehensive income ZWL**	**Closing balance at 5 January 2020 ZWL**	**Recognised in profit or loss ZWL**	**Recognised directly in equity ZWL**	**Recognised directly in other comprehensive income ZWL**	**Closing balance at 10 January 2021 ZWL**
Property, plant and equipment, right of use and intangible assets	(106,693,768)	(16,799,161)	-	(18,037,873)	(141,530,802)	(59,584,735)		(6,870,864)	(207,986,401)
Accruals	(35,114,022)	50,390,972	-	-	15,276,950	(7,046,780)			8,230,170
Section 18 instalment allowances and allowances for bad debts	(91,100,001)	46,007,654	-	-	(45,092,347)	(5,390,976)			(50,483,323)
Unrealised profit in inventory	415,867	6,703,909	-	-	7,119,776	(7,291,903)			(172,127)
Inventory loss allowances	(118,391,922)	(52,978,937)	-	-	(171,370,859)	131,254,243			(40,116,616)
IFRS 9 allowances	(4,065,932)	4,127,614	-	-	61,682	1,676,724			1,738,406
Unrealised exchange differences	-	1,660,752	-	-	1,660,752	(12,431,323)			(10,770,571)
Lease liabilities	-	23,706,224	-	-	23,706,224	27,265,535			50,971,759
Other *	11,677,730	(11,677,730)	-	-	-	-			-
	(343,272,048)	51,141,297	-	(18,037,873)	(310,168,622)	68,450,784	-	(6,870,864)	(248,588,702)
Tax losses and credits									
Tax losses	709,548	(709,548)	-	-	-	-			-
	(342,562,500)	50,431,749	-	(18,037,873)	(310,168,622)	68,450,784	-	(6,870,864)	(248,588,702)

Company

Temporary differences	**Closing balance at 6 January 2019 ZWL**	**Recognised in profit or loss ZWL**	**Recognised directly in equity ZWL**	**Recognised directly in other comprehensive income ZWL**	**Closing balance at 5 January 2020 ZWL**	**Recognised in profit or loss ZWL**	**Recognised directly in equity ZWL**	**Recognised directly in other comprehensive income ZWL**	**Closing balance at 10 January 2021 ZWL**
Property, plant and equipment, right of use and intangible assets	(106,291,031)	(17,015,753)	-	(18,037,873)	(141,344,657)	(56,302,333)		(3,855,112)	(201,502,102)
Accruals	32,486,242	(17,372,100)	-	-	15,114,142	(6,776,859)			8,337,283
Section 18 instalment allowances and allowances for bad debts	(120,863,227)	75,770,880	-	-	(45,092,347)	(5,390,976)			(50,483,323)
Unrealised profit in inventory	1,429,600	5,690,176	-	-	7,119,777	(7,291,903)			(172,127)
Inventory loss allowances	(122,359,743)	(48,966,930)	-	-	(171,326,673)	131,228,097			(40,098,576)
Write-off of Carousel deferred tax	(458,178)	458,178	-	-	-	-			-
IFRS 9 allowances	(3,167,422)	3,167,422	-	-	-	1,676,166			1,676,166
Unrealised exchange differences	-	1,660,752	-	-	1,660,752	(12,417,589)			(10,756,837)
Lease liabilities	-	23,706,224	-	-	23,706,224	27,265,535			50,971,759
Other *	4,041,132	(4,041,132)	-	-	-	-			-
	(315,182,627)	23,057,718	-	(18,037,873)	(310,162,782)	71,990,138	-	(3,855,112)	(242,027,756)
Tax losses and credits									
Tax losses	(2,722,680)	2,722,680	-	-	-	-			-
	(317,905,307)	25,780,398	-	(18,037,873)	(310,162,782)	71,990,138	-	(3,855,112)	(242,027,756)

* "Other" comprises timing differences relating to prepayments and stationary stock.

	Group		Company	
	53 weeks to 10 January 2021	52 weeks to 5 January 2020	53 weeks to 10 January 2021	52 weeks to 5 January 2020
	ZWL	ZWL	ZWL	ZWL
14 Deferred tax balances (continued)				
Reflected in the statement of financial position as follows:				
Deferred tax asset	-	-	-	-
Deferred tax liability	(248,588,702)	(310,168,622)	(242,027,756)	(310,162,782)
	(248,588,702)	(310,168,622)	(242,027,756)	(310,162,782)

Tax losses for which no deferred tax asset has been recognised amount to $ Nil (2019: $ Nil)

15 Intangible assets

	Group			Company		
	Operating software	Brands	Total	Operating software	Brands	Total
Cost	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Cost at 6 January 2019	115,213,153	-	115,213,153	114,799,466	-	114,799,466
Acquired during the year	-	35,559,907	35,559,907	-	35,559,907	35,559,907
Cost at 5 January 2020	115,213,153	35,559,907	150,773,060	114,799,466	35,559,907	150,359,373
Acquired during the year	-	-	-	-	-	-
Cost at 10 January 2021	115,213,153	35,559,907	150,773,060	114,799,466	35,559,907	150,359,374
Accumulated amortisation and impairment						
Accumulated amortisation and impairment at 6 January 2019	(62,703,934)	-	(62,703,934)	(62,703,934)	-	(62,703,934)
Amortisation for the year	(23,429,012)	-	(23,429,012)	(23,429,012)	-	(23,429,012)
Accumulated amortisation and impairment at 5 January 2020	(86,132,946)	-	(86,132,946)	(86,132,946)	-	(86,132,946)
Amortisation for the year	(11,755,937)	-	(11,755,937)	(11,707,908)	-	(11,707,908)
Accumulated amortisation and impairment at 10 January 2021	(97,888,883)	-	(97,888,883)	(97,840,854)	-	(97,840,854)
Carrying amount at 10 January 2021	17,324,270	35,559,907	52,884,177	16,958,612	35,559,907	52,518,519
Carrying amount at 5 January 2020	29,080,207	35,559,907	64,640,114	28,666,520	35,559,907	64,226,427

Brands and 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.

15.1 Brands

Brands have an indefinite useful life and thus are not amortised. For impairment testing brands with indefinite useful lives are allocated to the Edgars and Jet Chains, which are also operating and reportable segments. Carrying amounts of brands allocated to each of the CGUs:

15.1 Brands (continued)

	Edgars 53 weeks to 10 January 2021 ZWL	Jet 53 weeks to 10 January 2021 ZWL	Total 53 weeks to 10 January 2021 ZWL
Balance at 5 January 2020	21,627,749	13,932,158	35,559,907
Additions for the year	-	-	-
Impairment loss	-	-	-
Balance at 10 January 2021	21,627,749	13,932,158	35,559,907

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 10 January 2021, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of the brands.

Edgars Chain
The recoverable amount of the Edgars Chain of ZWL574 299 968 as at 10 January 2021 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 projected cash flows have been updated to reflect the decreased demand anticipated because of Covid-19. The pre-tax discount rate applied to cash flow projections is 29% (2019: 55%). 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 ZWL555 155 665 as at 10 January 2021 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 projected cash flows have been updated to reflect the decreased demand anticipated because of Covid-19. The pre-tax discount rate applied to cash flow projections is 29% (2019: 55%). 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 in the both units.

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 after tax cost of debt (60.46%) and an expected return by the shareholder of 25%. A rise in the pre-tax discount rate to 56% (i.e. +27%) would result in impairment

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 2021

15.1 Brands (continued)

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 reflecting market share by 35% would result in a further impairment in the Edgars and Jet Chains.

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

	Group		Company	
	53 weeks to 10 January 2021	52 weeks to 5 January 2020	53 weeks to 10 January 2021	52 weeks to 5 January 2020
	ZWL	ZWL	ZWL	ZWL
16 Inventories				
Raw materials	49,740,788	61,707,618	49,740,788	61,707,618
Work in progress	522,844	1,321,752	522,844	1,321,752
Goods in transit	38,719,428	662,590	38,719,428	662,590
Merchandise	449,257,272	1,264,971,281	449,257,272	1,264,971,281
Consumable stores	11,448,440	20,825,611	11,305,610	20,568,479
	549,688,772	1,349,488,852	549,545,942	1,349,231,720
The amount of write-down of inventories recognised in cost of sales is:	8,632,402	-	8,632,402	-
Amount of reversal of inventory to net realisable value (NRV) is:	(731,264)	(519,774)	(731,264)	(519,774)
The reversal arose because the value of inventory written down to net realisable value in the current year is lower than it was prior year				
Amount of stock losses recognised in cost of sales is:	14,727,046	31,382,974	14,727,046	31,382,974
The value of inventory sold during the year, included as cost of sales is:	1,377,228,111	1,491,506,400	1,376,828,147	1,491,506,400
17 Trade and other receivables				
Trade accounts receivable	436,525,875	423,091,433	436,525,875	423,091,433
Less: - Specific allowance for credit losses	(6,238,887)	(9,533,942)	(6,238,887)	(9,533,942)
Other accounts receivable	21,957,414	117,810,464	20,796,614	117,810,464
Less: - General allowance for credit losses	(541,720)	(2,346,166)	(541,720)	(2,346,166)
	451,702,682	529,021,789	450,541,882	529,021,789
The movement in the allowance for credit losses is as follows:				
Opening balance	(11,880,109)	(43,827,270)	(11,880,109)	(43,827,270)
Increase in allowance for credit losses	(4,506,244)	(7,789,068)	(4,824,343)	(5,291,603)
Net monetary gain	9,605,746	39,736,230	9,923,845	37,238,765
Closing balance	(6,780,607)	(11,880,108)	(6,780,607)	(11,880,108)

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 10 January 2021 Carousel had outstanding trade debtors of ZWL4.8m.

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.

17 Trade and other receivables (continued)

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances:

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

	Stage 1 Individual ZWL	Stage 2 Individual ZWL	Stage 3 Individual ZWL	Stage 4 Individual ZWL
Gross carrying amount at 5 January 2020	**405,794,249**	**16,287,067**	**1,010,114**	**423,091,431**
New assets originated or purchased	503,942,949	9,231,540	483,898	513,658,387
Assets derecognised or repaid	(52,329,164)	(2,712,186)	(241,943)	(55,283,293)
Transfers to Stage 1	8,006,031	(7,816,055)	(189,976)	-
Transfers to Stage 2	(69,012,660)	69,034,960	(22,300)	-
Transfers to Stage 3	(1,928,364)	(423,295)	2,351,659	-
Amounts written off	(123,949)	(1,460,803)	(328,281)	(1,913,033
Net monetary loss	(416,909,729)	(29,872,057)	(1,321,650)	(448,103,437)
At 10 January 2021	377,439,363	52,269,171	1,741,521	431,450,055
ECL Allowances as at 5 January 2020	**5,477,949**	**2,851,757**	**506,656**	**8,836,362**
New assets originated or purchased	5,222,098	198,346	55,267	5,475,710
Assets derecognised or repaid (excluding write offs)	(771,927)	(408,154	(255,211)	(1,434,292)
Transfers to Stage 1	67,936	(65,842)	(2,094)	-
Transfers to Stage 2	(2,364,162)	2,365,231	(1,068)	-
Transfers to Stage 3	(1,378,814)	(299,287)	1,678,101	-
Amounts written off	(5,991)	(116,859)	(24,417)	(147,267)
Net monetary gain	(4,457,848)	(2,653,503)	(773,185)	(7,884,537)
At 10 January 2021	1,789,239	1,871,689	1,185,049	4,845,977

The ECL allowance excludes Carousel receivables.

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 10 January 2021 and at 5 January 2020.

The decrease in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages in the third quarter particularly in December when the company opened up credit to fully up to date customers. Further analysis of economic factors is outlined in Note 2.3.8

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 arrears records at the end of the period.

	Group		Company	
	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
17.1 Loans and advances to customers				
Loans and advances to customers	30,621,833	29,209,779	-	-
Less: - IFRS 9 credit loss allowance	(251,780)	(249,525)	-	-
	30,370,053	28,960,254	-	-
The movement in the allowance for credit losses is as follows:				
Opening balance	(249,525)	(2,172,578)		
Increase in allowance for credit losses	(196,155)	5,111,935		
Net monetary gain / (loss)	193,900	(3,188,882)		
Closing balance	(251,780)	(249,525)		

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances:

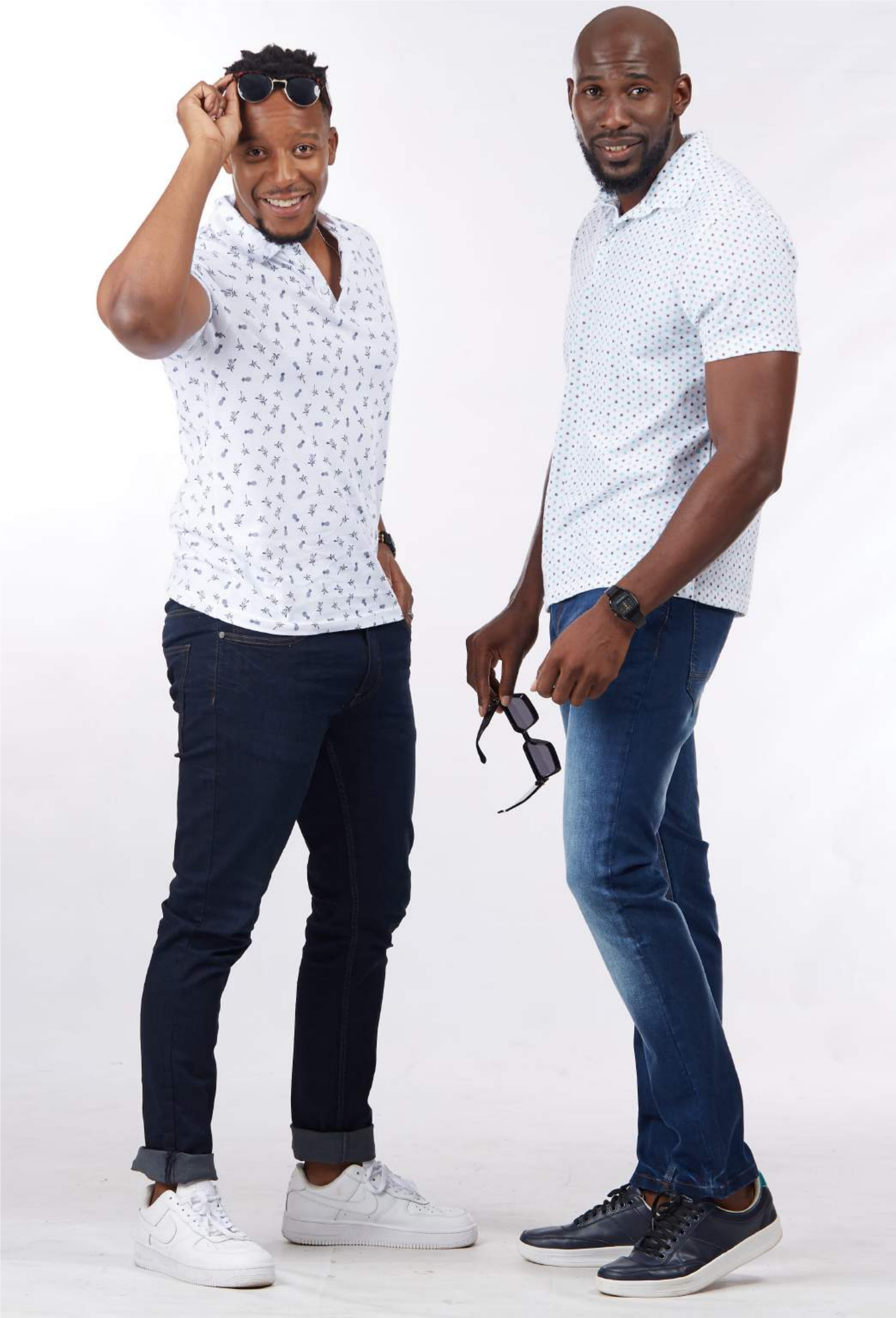
An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

Gross carrying amount	Stage 1 Individual ZWL	Stage 2 Individual ZWL	Stage 3 Individual ZWL	Stage 4 Individual ZWL
Gross carrying amount as at 5 January 2020	**27,615,077**	**1,206,673**	**388,029**	**29,209,779**
New assets originated or purchased	113,261,679	600,660	202,158	114,064,497
Assets derecognised or repaid (excluding write offs)	(76,839,164)	(1,023,069)	(134,634)	(77,996,867)
Transfers to Stage 1	590,430	(453,790)	(136,640)	-
Transfers to Stage 2	(1,790,727)	1,797,544	(6,817)	-
Transfers to Stage 3	(320,426)	(273)	320,699	-
Amounts written off	-	(5,680)	(177,363)	(183,043)
Net monetary loss	(33,126,146)	(1,238,214)	(108,173)	(34,472,533)
At 10 January 2021	**29,390,723**	**883,851**	**347,259**	**30,621,833**

	Stage 1 Individual ZWL	Stage 2 Individual ZWL	Stage 3 Individual ZWL	Stage 4 Individual ZWL
ECL Allowances as at 5 January 2020	**26,519**	**9,714**	**213,291**	**249,524**
New assets originated or purchased	416,876	8,491	5,198	430,565
Assets derecognised or repaid (excluding write offs)	(7,752)	(3,164)	(75,239)	(86,155)
Transfers to Stage 1	8,716	(8,474)	(242)	-
Transfers to Stage 2	(42,743)	43,227	(484)	-
Transfers to Stage 3	(275,484)	(236)	275,720	-
Amounts written off	-	(3,558)	(48,902)	(52,460)
Net monetary gain	(53,292)	(19,454)	(216,948)	(289,694)
At 10 January 2021	**72,840**	**26,546**	**152,394**	**251,780**

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 10 January 2021 and at 5 January 2020.

The marginal increase in ECLs of the portfolio was driven by a decline in the quality of the loan book. This is because the group wrote more credit and movements between stages as a result of increases in credit risk and a deterioration in economic conditions. Further analysis of economic factors is outlined in Note 2.3.8



		Group		Company	
		53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
18	**EQUITY**				
18.1	**SHARE CAPITAL**				
	Authorised ordinary share capital				
	700 000 000 Ordinary shares of $0.01 each (2019: 400 000 000 shares of $0.0001 each)	11,985,495	1,579,007	11,985,495	1,579,007

18.1.1	**Issued ordinary shares and premium**	Number of shares 000s	Share capital ZWL	Share premium ZWL	Issued capital Total ZWL
	Balance at 6 January 2019	294,528	1,162,665	14,851,509	16,014,174
	Issue of shares under employee share option plan	5,363	9,513	7,219,970	7,229,483
	Issue of shares for brand acquisition	15,000	35,560	35,524,347	35,559,907
	Issue of shares for scrip dividend	12,099	24,153	24,129,307	24,153,460
	Balance at 5 January 2020	326,990	1,231,891	81,725,133	82,957,024
	Issue of shares under employee share option plan	2,599	44,492	411,379	455,871
	Issue of shares under rights issue	280,151	7,103,734	74,429,219	81,532,953
	Balance at 10 January 2021	609,740	8,380,117	156,565,731	164,945,848

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). 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 24:03) and the balance of 5 471 599 are under the control of the shareholders in a general meeting.

		Group		Company	
18.2	**Other reserves**	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
	Equity-settled employee benefits reserve	(39,827,761)	(39,827,761)	(39,827,761)	(39,827,761)
	Revaluation reserve	(176,854,430)	(155,930,538)	(172,567,225)	(160,827,224)
	Credit reserve	(8,721,485)	(8,100,057)	-	-
		(225,403,676)	(203,858,356)	(212,394,986)	(200,654,985)

Nature and purpose of reserves

Revaluation reserve

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.

Equity -settled employee benefits reserve

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.

Credit reserve

The Credit reserve relates to the difference 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. The reserve is maintained for statutory purposes and adjusted each year against retained earnings.

		Group		Company	
		53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
19	**Trade and other payables**				
	Trade accounts payable	212,154,594	477,985,287	212,001,834	477,965,282
	Sundry accounts payable and accrued expenses	87,179,183	97,771,177	85,961,699	96,278,546
		299,333,777	575,756,464	297,963,533	574,243,828

Sundry accounts payable include payroll accruals, VAT and deferred revenue.

19.1	**Dividend payable**				
	Dividend payable	370,059	1,660,016	370,059	1,660,016
		370,059	1,660,016	370,059	1,660,016

The dividend remained unpaid from 20 March 2018. The amounts were remitted to our transfer secretaries but remain unclaimed.

19.2	**Contract payables**				
	Laybye deposits	588,614	141,824	588,614	141,824
	Deferred Income	4,587,558	2,721,919	4,587,558	2,721,919
		5,176,172	2,863,743	5,176,172	2,863,743

The significant increase in contract liabilities in 2020 was mainly due to the re-activation of the customers on the loyalty program in November.

Amounts included in contract liabilities at the beginning of the year	2,863,743	10,719,018	2,863,743	10,718,990
Inflation effect	1,342,576	(8,993,360)	2,228,015	(8,993,360)
Receipts for which performance obligations are to be satisfied in future	2,008,545	1,138,085	2,008,545	1,138,089

Laybye 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.

20	**Current tax liabilities**				
	Normal tax	35,539,592	19,939,033	33,981,288	20,776,600
		35,539,592	19,939,033	33,981,288	20,776,600

Disclosed in statement of financial position as follows:				
Under current assets	-	(837,563)	-	-
Under current liabilities	35,539,592	20,776,598	33,981,288	20,776,598
	35,539,592	19,939,035	33,981,288	20,776,598

21	**Interest bearing loans and borrowings**				
	Bank overdrafts	78,181,191	52,920,960	78,115,465	52,862,415
	Loans	166,435,580	215,572,875	166,435,580	215,572,875
		244,616,771	268,493,835	244,551,045	268,435,290
	Less: Long-term portion of loan disclosed under non-current liabilities	(89,898,046)	(108,755,266)	(89,898,046)	(108,755,266)
	Current portion	154,718,725	159,738,569	154,652,999	159,680,024
21.1	**Secured – at amortised cost**				
	Bank overdrafts	78,181,191	52,920,960	78,115,465	52,862,415
	Loans	166,435,580	215,572,876	166,435,580	215,572,876

	Group		Company	
	244,616,771	268,493,836	244,551,045	268,435,291
	53 weeks to 10 January 2021 ZWL	**52 weeks to 5 January 2020 ZWL**	**53 weeks to 10 January 2021 ZWL**	**52 weeks to 5 January 2020 ZWL**

21.2 Summary of borrowing arrangements

(i) Secured with a Notarial General Covering Bond over moveable assets, cession of fire policies, debtors book of ZWL392 million (2019: ZWL34.25 million) and an unlimited guarantee of from shareholders.

(ii) The weighted average effective interest rate on all the borrowings was 57.67% (2019: 20.47%) per annum.

(iii) Tenures range are at notice for overdrafts and between 90 days and 3 years for loans

21.3 Reconciliation of loan movements

Opening balance	268,493,837	231,471,575	268,435,293	231,313,610
Increase in net overdraft position	135,738,431	52,444,371	135,738,431	52,411,263
Proceeds from borrowings	814,911,740	548,932,466	814,911,740	548,932,466
Repayment of borrowings	(536,923,502)	(290,760,252)	(536,923,502)	(290,760,252)
Net monetary loss	(437,603,735)	(273,594,324)	(437,610,917)	(273,461,796)
Closing balance	244,616,771	268,493,836	244,551,045	268,435,291

22 Fair value hierarchy

	Fair value measurement using		Fair value measurement using	
	Significant unobservable inputs (Level 3) 53 weeks to 10 January 2021 ZWL	**Significant unobservable inputs (level 3) 52 weeks to 5 January 2020 ZWL**	**Significant unobservable inputs (Level 3) 53 weeks to 10 January 2021 ZWL**	**Significant unobservable inputs (Level 3 52 weeks to 5 January 2020 ZWL**
Assets measured at fair value:				
Land and buildings	122,055,000	153,196,734	122,055,000	153,196,734
Plant and machinery	57,232,773	41,504,360	57,232,773	41,048,416
Furniture, fittings and equipment	215,384,833	159,508,858	209,534,815	159,431,958
Computer equipment and software	63,884,953	34,892,622	57,215,039	33,594,724
Motor vehicles	52,645,776	36,131,009	51,051,573	34,552,060
	511,203,335	425,233,583	497,089,200	421,823,592

Disclosure on property plant and equipment carried at fair value has been provided in Note 13.1

23 Leases

23.1 Group as a 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. 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 3.9% per month. Lease modifications consisted of increases in fixed monthly rentals and in the increases in the lease term.

.

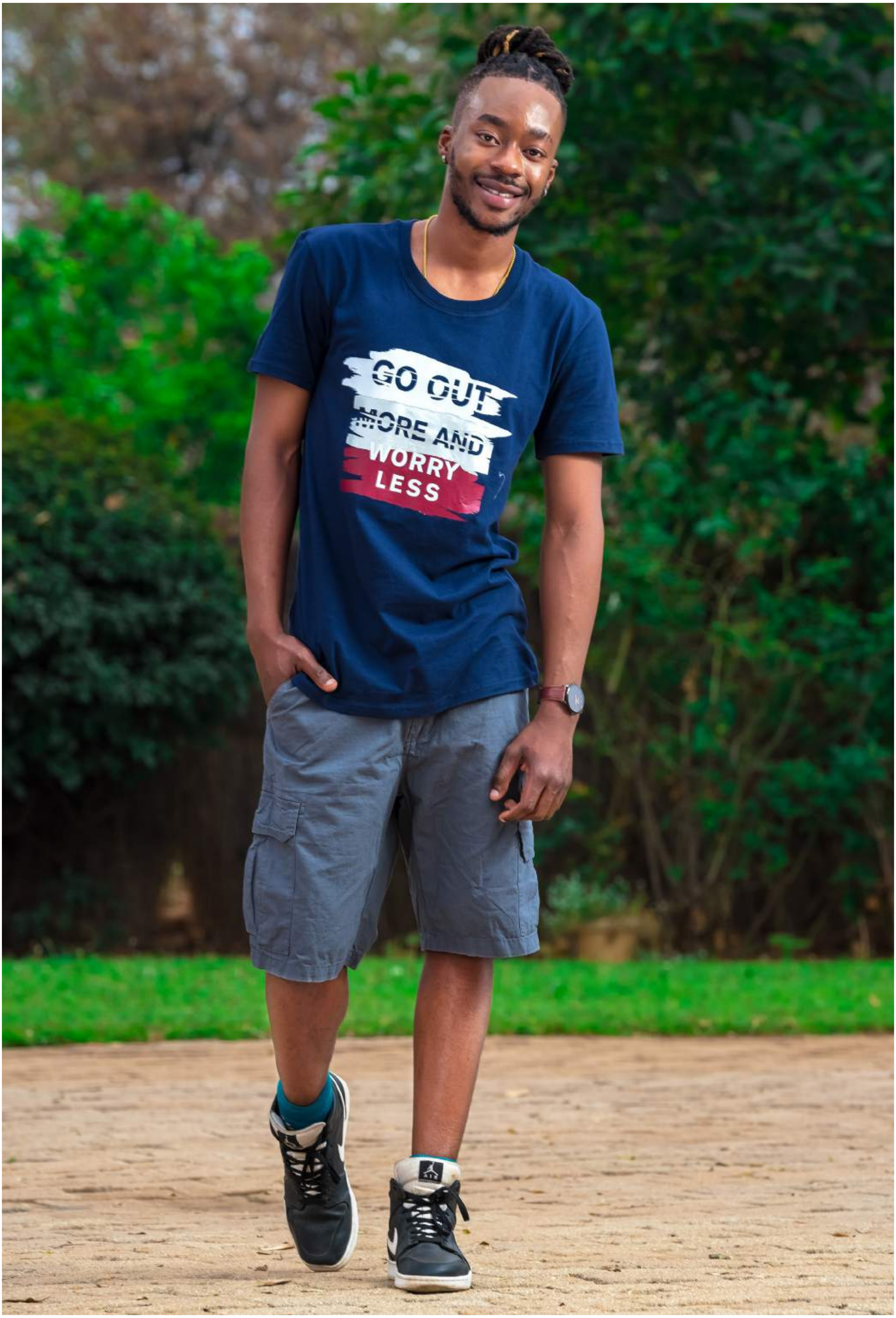
		Group and Company	
		53 weeks to 10 January 2021 ZWL	**52 weeks to 5 January 2020 ZWL**
23.1.1	**Right of use assets**		
	Balance at the beginning of the period	91,371,862	39,090,400
	Additions	15,921,861	-
	Modifications and remeasurements	288,126,804	86,093,770
	Depreciation for the year	(63,754,795)	(33,812,308)
	Balance at the end of the period	331,665,732	91,371,862
	Reconciliation as at period end		
	Gross carrying amount	429,232,836	125,184,170
	Accumulated depreciation	(97,567,104)	(33,812,308)
	Balance at 10 January 2021	331,665,732	91,371,862
23.1.2	**Lease liabilities**		
	Balance at the beginning of the period	95,898,962	39,090,400
	Additions	15,921,861	-
	Lease modifications	288,126,804	86,093,770
	Finance costs	71,247,671	9,657,640
	Lease instalments paid	(123,592,124)	(38,942,848)
	Net monetary gain loss	(141,406,739)	-
	Balance at the end of the period	206,196,435	95,898,962

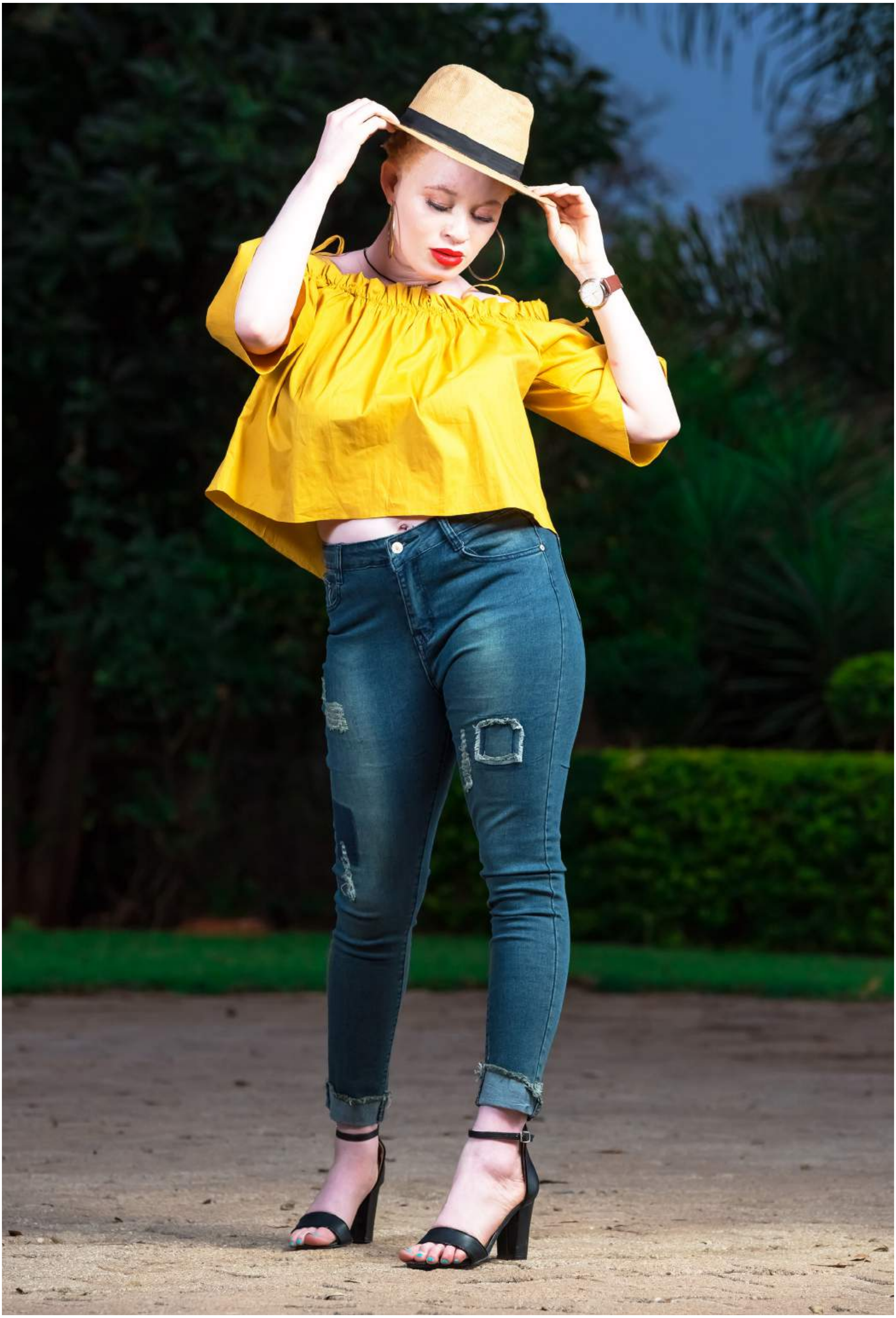
		10 January 2021	5 January 2020
	Reconciliation as at period end		
	Non-current portion of lease liabilities	150,917,440	44,948,571
	Current portion of lease liabilities	55,278,995	50,950,391
		206,196,435	95,898,962

		53 weeks to 10 January 2021 ZWL	**52 weeks to 5 January 2020 ZWL**
23.1.3	**Future minimum rentals payable under operating leases are as follows:**		
	Within one year	128,996,257	66,745,123
	After one year but not more than five years	242,581,328	54,007,581
	More than five years	-	1,206,056
		371,577,585	121,958,760

23.2 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. Income from such arrangements is incidental to the group's operations.


GO OUT
MORE AND
WORRY
LESS



		53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
23.2.1	**Future minimum rentals receivable under operating leases are as follows:**		
	Within one year	3,000	12,750
	After one year but not more than five years	150,000	700,500
	More than five years	2,369,040	10,068,420
		12,450	-
		2,534,490	10,781,670

24 Future capital expenditure

	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
Authorised and contracted for	-	-	-	-
Authorised but not yet contracted for	322,744,955	207,919,186	322,744,955	207,919,186
	322,744,955	207,919,186	322,744,955	207,919,186

25 Contingent liabilities

There are no guarantees. There is no litigation, current or pending which is likely to have a material adverse effect on the Group.

26 Financial risk management, objectives and policies

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.

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.

26.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk.

Financial instruments affected by market risk include borrowings and deposits. The objective of the treasury committee and financial services department is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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.

26.1 Market risk (continued)

Interest rate sensitivity analysis

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

10 January 2021	Adjusted interest ZWL	Current year Interest ZWL	Impact on profit or loss gain/(loss) ZWL	Tax Effect ZWL	Impact on equity gain/(loss) ZWL
Increase of 200 basis points in interest rates	112,353,442	110,150,433	2,203,009	567,275	1,635,734
Decrease of 200 basis points in interest rates	107,947,425	110,150,433	2,203,009	567,275	1,635,734

5 January 2020	Adjusted interest ZWL	Current year Interest ZWL	Impact on profit or loss gain/(loss) ZWL	Tax Effect ZWL	Impact on equity gain/(loss) ZWL
Increase of 200 basis points in interest rates	43,752,090	42,894,206	857,884	220,905	636,979
Decrease of 200 basis points in interest rates	42,036,322	42,894,206	(857,884)	(220,905)	(636,979)

26.2 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.

The carrying amount of foreign currency denominated monetary assets and liabilities at the reporting date for Group and Company were:

		53 weeks to 10 January 2021 United States Dollar	52 weeks to 5 January 2020 United States Dollar	53 weeks to 10 January 2021 South African Rand	52 weeks to 5 January 2020 South African Rand
Foreign denominated balances					
Assets					
		184,164,406	824,916,575	7,859,232	35,255,068
Cash and cash equivalents	4.49				
Liabilities					
		21,615,708	35,845,724	-	363,432
Total net position		205,780,114	860,762,299	7,859,232	35,618,500
Impact of US$ strengthening by 10% -gain/(loss) in US$					
Impact on profit before tax		(1,247,152)	(5,216,741)	(47,632)	(215,870)
Impact of US$ weakening by 10% -gain/(loss) in US$					
Impact on profit before tax		1,524,297	6,376,017	58,217	263,841

26.3 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).

• 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 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. There after 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 as shown in note 17 and 17.1

Trade receivables

The ageing analysis of trade receivables are as follows:

	Stage 1 ZWL	Stage 2 ZWL	Stage 3 ZWL	Total ZWL
Internal ageing scale				
Performing				
Neither past due nor impaired	377,439,363	-	-	377,439,363
Past due but not impaired (<30 days)	-	43,934,562	-	43,934,562
Past due but not impaired (>30 days)	-	8,334,609	-	8,334,609
Non-Performing				
Individually impaired	-	-	1,741,521	1,741,521
Total	**377,439,363**	**52,269,171**	**1,741,521**	**431,450,055**

Management has reviewed the credit quality of the balances in the "neither past due nor impaired" category and is satisfied that none of the debtors are likely to default. This view is supported by the trends and continuous assessment of key debtor's ratios.

Loans and advances to customers

The ageing analysis of loans and advances are as follows:

Loans and advances to customers	Stage 1 ZWL	Stage 2 ZWL	Stage 3 ZWL	Total ZWL
Internal ageing scale				
Performing				
Neither past due nor impaired	25,657,199	-	-	25,657,199
Past due but not impaired (<30 days)	3,948,813	-	-	3,948,813
Past due but not impaired (>30 days)	-	884,033	-	884,033
Non-Performing				-
Individually impaired	-		131,788	131,788
Total	**29,606,012**	**884,033**	**131,788**	**30,621,833**

Management has reviewed the credit quality of the balances in the "neither past due nor impaired" category and is satisfied of the relatively low probabilities that debtors are likely to default. This view is supported by the trends and continuous assessment of key debtor's ratios.

Intercompany loan

The loan to the subsidiary is used to fund the debtor's book. The Group expects to recover the amounts when the customers settle their dues. The Group is exposed to the extent that the subsidiary's debtors fail to honour their commitments. The credit risk specific to the loans and advances is as set out above.

26.3.1 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.

26.3.2 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.

26.3.3 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, personal indebtedness and expected interest repricing

26.3.4 Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. The Credit Conversion Factor (CCF) approach was used to determine EADs for each instrument.

26.3.5 Loss given default

The Group segments its retail lending products and loans and advances to customers into portfolios, based on product type and key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics. The discounted cash flow recoveries are compared to the default balances of defaulted accounts to determine the recovery rate and hence the LGD.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each portfolio of financial instruments. When assessing forward-looking information to assess the interaction of the recovery rates and LGDs to the macroeconomic variables, the key inputs involve changes in consumer price index, inflation, GDP and other factors that are indicative of losses in the group.

26.3.6 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 Company 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 recognizing a Lifetime ECL. The probability-weighted ECL is then determined considering the base, best and worst case scenarios.

26.3.7 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.

26.4 Liquidity risk

The Group manages the liquidity risk by ensuring that there is adequate capacity in the form of facilities.

	Historical		Inflation adjusted
	53 weeks to 10 January 2021	52 weeks to 5 January 2020	52 weeks to 5 January 2020
	ZWL	ZWL	ZWl
Unutilised banking facilities:			
Total banking and loan facilities	373,191,170	119,453,058	535,844,423
Actual interest bearing debt (note 21)	(244,616,771)	(59,853,958)	(268,493,836)
Unutilised banking facilities	128,574,399	59,599,100	267,350,587

Borrowing capacity:

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.

Maximum permissible interest bearing debt	1,788,603,491	372,978,722	1,673,113,876
Actual interest bearing debt (note 21)	(244,616,771)	(59,853,958)	(268,493,836)
	1,543,986,720	313,124,764	1,404,620,040
Cash and cash equivalents	280,690,330	8,881,604	39,841,242
Unutilised borrowing capacity	1,824,677,050	322,006,368	1,444,461,283

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

Group	**On demand**	**less than 3mths**	**3-12mths**	**1-5years**	**Total**
10 January 2021	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Interest bearing loans and borrowings	78,181,191	72,261,579	4,275,954	89,898,046	244,616,770
Trade and other payables	-	220,122,889	-	-	220,122,889
Lease liabilities	-	32,249,064	96,747,193	242,581,328	371,577,585
	78,181,191	324,633,532	101,023,147	332,479,374	836,317,244
5 January 2020					
Interest bearing loans and borrowings	52,920,960	-	-	-	52,920,960
Trade and other payables	-	575,756,461	-	-	575,756,461
Lease liabilities	-	20,506,754	46,238,369	55,213,638	121,958,761
	52,920,960	596,263,215	46,238,369	55,213,638	750,636,182

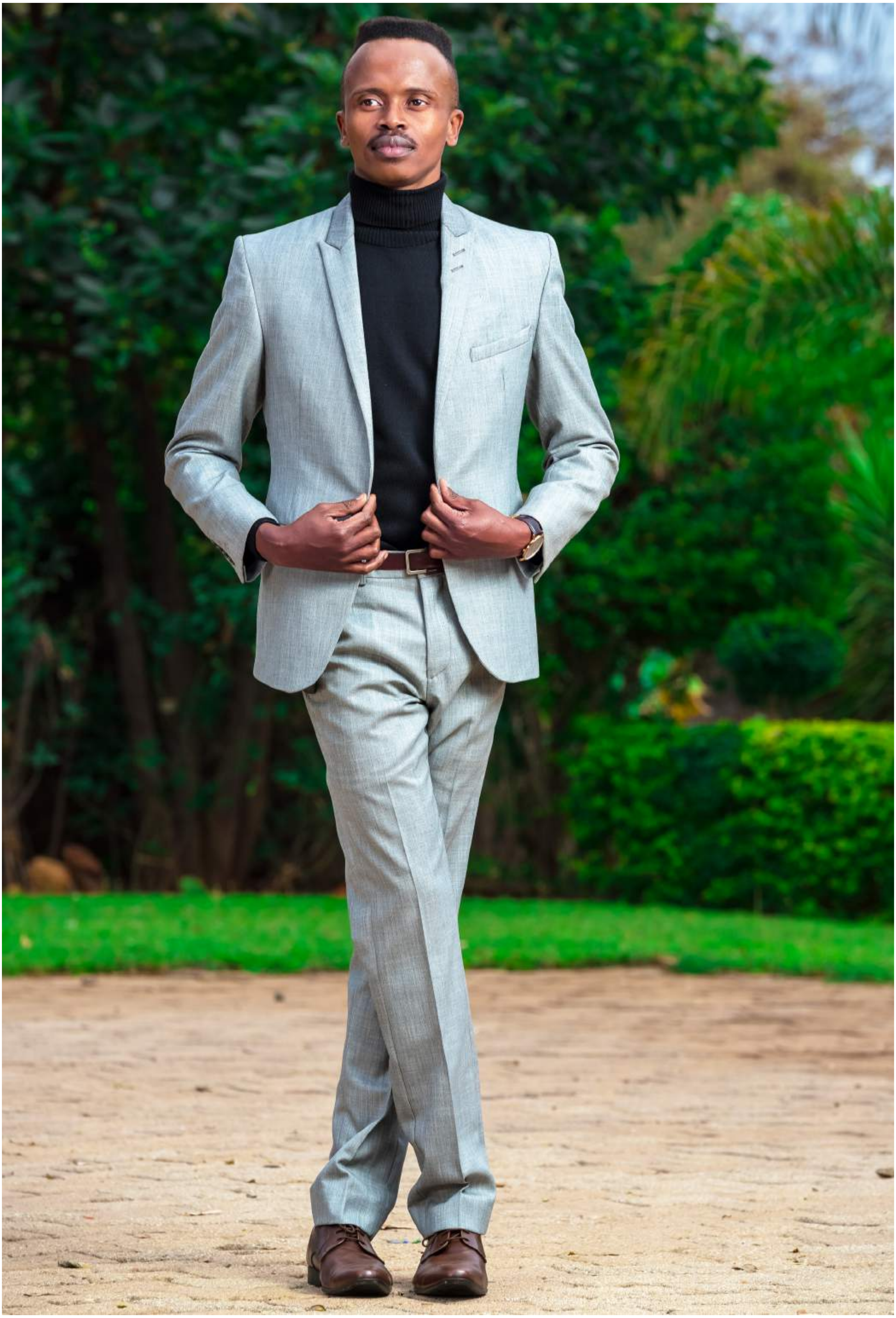
Company	**On demand**	**less than 3mths**	**3-12mths**	**1-5years**	**Total**
10 January 2021	**ZWL**	**ZWL**	**ZWL**	**ZWL**	**ZWL**
Interest bearing loans and borrowings	78,115,465	72,261,579	4,275,954	89,898,046	244,551,044
Trade and other payables	-	219,896,984	-	-	219,896,984
Lease liabilities	-	32,249,064	96,747,193	242,581,328	371,577,585
	78,115,465	324,407,627	101,023,147	332,479,374	836,025,613
5 January 2020					
Interest bearing loans and borrowings	52,862,415	-	-	-	52,862,415
Trade and other payables	-	574,243,828	-	-	574,243,828
Lease liabilities	-	20,506,754	46,238,369	55,213,638	121,958,761
	52,862,415	594,750,582	46,238,369	55,213,638	749,065,004

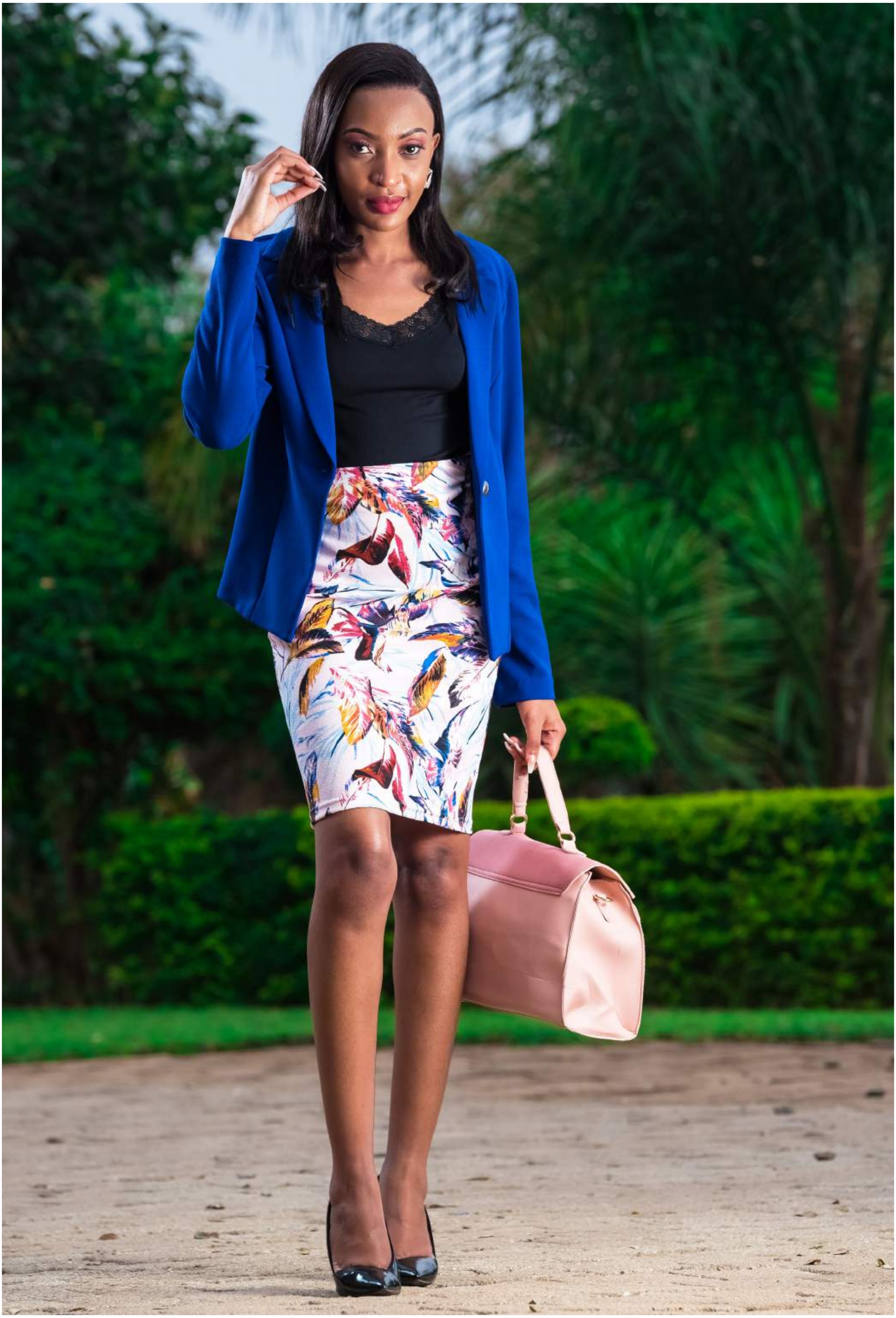
26.5 Management of Capital

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders or issue new shares.

The Group manages equity and borrowings as capital. The amount of capital as at 10 January 2021 was ZWL1 392 106 724 (2019: ZWL355 239 318).

The Group monitors capital on the basis of the gearing ratio and level of borrowings and this is calculated as interest-bearing debt, divided by shareholder's equity. During the period, the Group's strategy was to maintain a healthy gearing ratio. As at 10 January 2021 the gearing was 0.21 (2020: 0.20)





27 Interests 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:

Directors Name	53 weeks to 10 January 2021 Beneficial	53 weeks to 10 January 2021 Non-beneficial	52 weeks to 5 January 2020 Beneficial	52 weeks to 5 January 2020 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	-	-	-	100
Nominees	-	300	-	300
	9,000	800	9,000	900

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.

	Group		Company	
	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
28 Related party disclosures				
Compensation of key management personnel of the Group				
Short-term employee benefits	16,054,457	34,072,795	13,448,327	31,134,763
Pension and medical benefits	1,485,915	2,570,462	1,240,531	2,308,267
Cash value and profit share plans	13,622,269	18,552,267	13,622,269	18,552,267
Total compensation paid to key management	31,162,641	55,195,524	28,311,127	51,995,297

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 50% (2019: 11% per annum.)

Transactions and balances between Edgars Stores Limited and Club Plus (Private) Limited	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
Transactions		
Rental of premises	170,109	241,806
Interest on intercompany loan	8,999,250	5,721,576
	9,169,359	5,963,382

Balances			
Intercompany loan		28,895,365	26,352,953
Investment in subsidiary		39,032,249	39,032,249
		67,927,614	65,385,202
Transactions and balances between the Group and Edcon Holdings (Pty) Ltd			
Transactions			
Franchise fees		-	1,361,914
		-	1,361,914
Balances			
Accrual for franchise fees		-	10,585,378
Dividend payable		370,059	1,662,260
		370,059	12,247,638
Transactions and balances between the Group and Annunaki (Pvt) Ltd			
Transactions			
Commission paid for loan guarantees		-	3,431,649
Consultation fees		2,804,750	-
Transactions between the Group and other fellow subsidiary companies			
Shearwater (Private) Limited	Merchandise purchases	22,655,000	-
Providence Medical	Covid-19 services	2,709,068	-
Gain Cash and Carry	Grocery purchases	1,911,305	-
Dallaglio	Merchandise sales	512,159	-
		27,787,532	-
Balances			
Shearwater (Private) Limited		6,799,272	-
Providence Medical		586,845	-
Gain Cash and Carry		230,319	-
Dallaglio		17,519	-
		7,613,955	-

Transactions and balances between the Group and SSCG Africa

The group received a loan of ZWL30 million from SSCG Africa LP in January 2020 at 35% interest per annum. The loan was repaid in full in August 2020.

The nature of the relationships between the company and group are summarised in the table below:

Name of related party	Nature of relationship
Key management personnel	Senior management in the group included in the Executive
Club Plus (Private) Limited	100% owned subsidiary of Edgars Stores Limited
Edcon Holdings (Pty) Limited	Former parent company
Annunaki (Private) Limited	Shareholder
Shearwater (Private) Limited	Common ownership
Providence Medical	Common ownership
Gain Cash and Carry	Common ownership
Dallaglio	Common ownership
SSCG Africa LLP	Parent company

29 Investment in Subsidiary

	Company	
	ZWL	**ZWL**
Investment in Club Plus (Private) Limited	39,032,249	39,032,249

30 Report of the directors

This is contained in the Chairman's Report and Corporate Governance Report.

31 Going Concern assumption

The Directors have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

32 Events after the reporting period

32.1 Covid-19 Pandemic

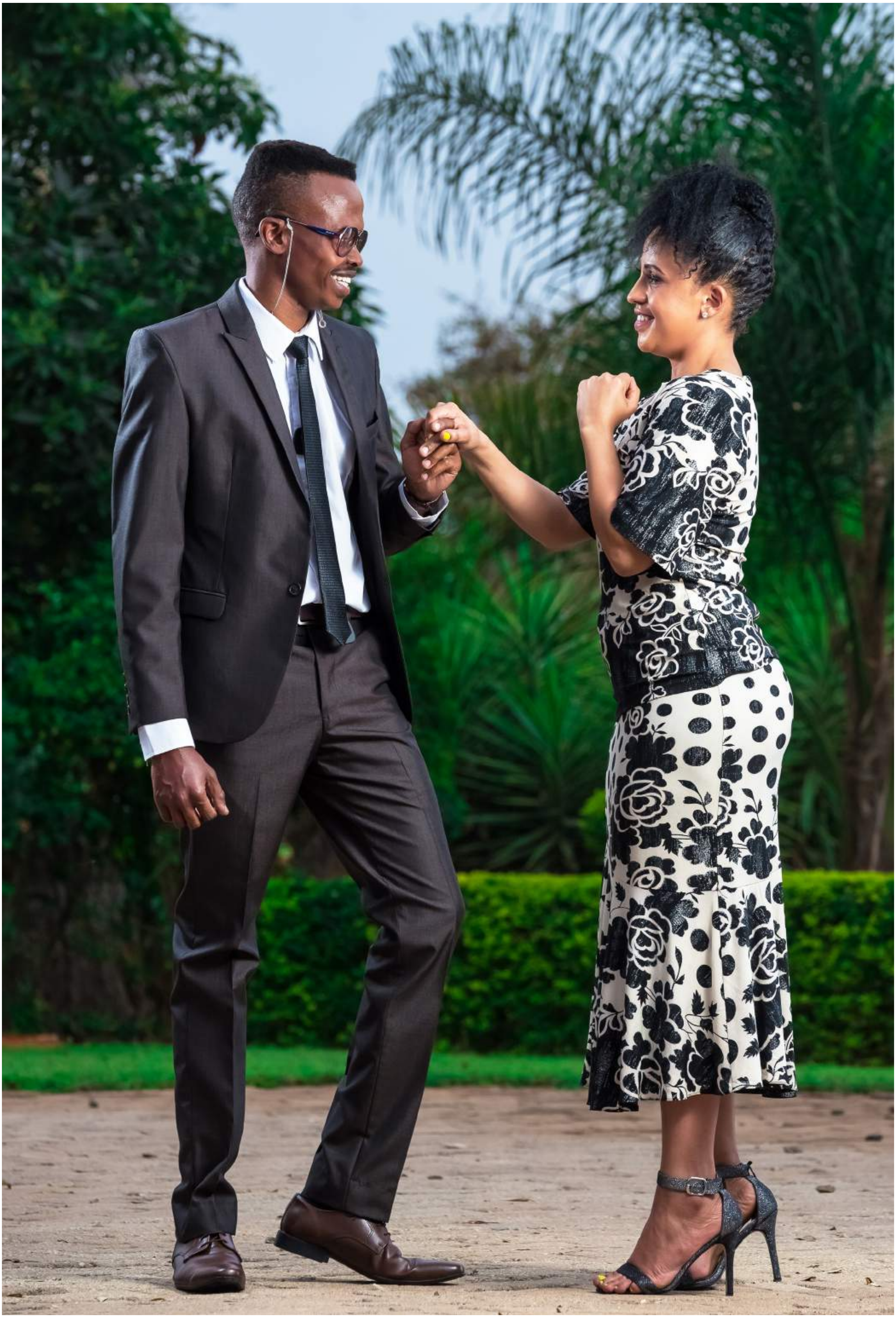
On 3 March 2021 the business re-opened all its stores after the latest lockdown which started on the 5th of January 2021. The resumption of normal business is already having a positive on the Group's cashflows although still low. Management is banking on the positive cropping season for both Tobacco and Maize to spur a return to normalcy in the next two months. A line by line assessment of the impact of Covid-19 on the statement of financial position is below.

Proceeds from the Rights issue concluded in August 2020 have been helpful in maintaining working capital as well as expanding the factory's capabilities during the year. The ability of the group to continue as a going concern will be subject to ongoing assessment as the economy gradually re-opens.

Line Description	**Potential Impact**
Property, plant & equipment	No impact. In terms of impairment assessments done the group assets are not impaired
Accounts receivables	No impact. Over the two lockdowns the credit book has performed well above expectations. Minimal to moderate impact. Collections remained at or above normal levels. Our biggest customer group (Civil servants) have been received wage adjustments as the year progresses.
Inventories	Moderate impact. The stock at year end is two (2) months older because of the lockdown in January and February. This stock will likely be marked down to sell but because it is still fresh it will not be impaired
Prepayments to suppliers	No impact. Suppliers have resumed normal supplies to the business in March
Cash & cash equivalents	No impact
Investment in subsidiaries	Club Plus continued to be profitable and underwrote a growing book before and after year end. The investment is therefore not impaired
Trade and other payables	No impact. The company continued to pay its suppliers as and when the amounts were due.
Borrowings	No impact. The company has successfully paid maturities as when due or alternatively rollover or refinance as appropriate
Lease obligations	Lease obligations have been paid largely when due. No extensions or deferments have been experienced

32.2 Dividend Declaration

No dividend was declared for the year to 10 January 2021.



Historical Consolidated Statement of Financial Position at 10 January 2021

Group 10 January 2021 ZWL audited	Group 05 January 2020 ZWL audited		Note	Company 10 January 2021 ZWL audited	Company 05 January 2020 ZWL audited
		Non-current assets			
531,433,029	25,676,220	Property, plant and equipment	13	513,617,877	25,325,271
193,579,574	20,369,062	Right of use asset	23.1.1	193,579,574	20,369,062
1,936,727	2,234,801	Intangible assets	15	1,933,219	2,229,386
-	-	Investment in a subsidiary	29	1,000,000	1,000,000
726,949,330	48,280,083	Total non-current assets		710,130,670	48,923,719
		Current assets			
386,034,460	146,382,574	Inventories	16	385,964,607	146,365,103
451,702,682	117,284,451	Trade and other receivables	17	450,541,883	116,880,924
30,370,053	6,455,962	Loans and advances to custom-ers	17.1	-	-
-	-	Intercompany loan	28	28,895,365	5,874,729
-	186,714	Income tax receivable	20	-	-
280,690,330	8,881,604	Cash and cash equivalents	12.4	277,357,665	8,170,901
1,148,797,525	279,191,305	Total current assets		1,142,759,520	277,291,657
1,875,746,855	327,471,388	Total assets		1,852,890,190	326,215,376
		Capital and reserves			
73,411,672	3,523,164	Issued capital	18.1.1	73,411,672	3,523,164
371,141,103	15,133,370	Other reserves	18.2	356,910,674	14,710,286
478,525,677	84,580,970	Retained earnings		477,109,021	84,109,324
923,078,452	103,237,504	Total capital and reserves		907,431,367	102,342,774
		Non-current liabilities			
163,964,825	9,011,138	Deferred tax liabilities	14	159,749,519	9,000,112
89,898,046	24,244,255	Long term portion of interest bearing loans and borrowings	21	89,898,046	24,244,255
150,917,440	10,020,155	Lease liabilities	23.1.2	150,917,440	10,020,155
404,780,311	43,275,548	Total non-current liabilities		400,565,005	43,264,522
		Current liabilities			
299,333,777	128,350,444	Trade and other payables	19	297,963,532	128,013,240
370,059	370,059	Dividend payable	19.1	370,059	370,059
35,539,592	4,631,621	Current tax liabilities	20	33,981,288	4,631,621
2,646,944	638,400	Contract liabilities	19.2	2,646,945	638,399
154,718,725	35,609,702	Interest bearing loans and bor-rowings	21	154,652,999	35,596,651
55,278,995	11,358,110	Lease liabilities	23.1.2	55,278,995	11,358,110
547,888,092	180,958,336	Total current liabilities		544,893,818	180,608,080
952,668,403	224,233,884	Total liabilities		945,458,823	223,872,602
1,875,746,855	327,471,388	Total equity and liabilities		1,852,890,190	326,215,376

T. N Sibanda
Group Chairman
31 May 2021

T. Ndlovu
Group Chief executive Officer
31 May 2021

Historical Consolidated Statement of Profit or Loss and other Comprehensive Income

for the 53 weeks to 10 January 2021

Group 53 weeks to 10 January 2021 ZWL	Group 52 weeks to 5 January 2020 ZWL		Note	Company 53 weeks to 10 January 2021 ZWL	Company 52 weeks to 5 January 2020 ZWL
		Profit or loss			
1,527,140,440	267,001,142	Revenue from contracts with cus-tomers	5	1,506,681,955	262,750,255
1,503,110,782	261,906,999	Sales of merchandise	5	1,503,110,782	261,906,999
(547,583,572)	(114,764,838)	Cost of sales		(547,575,800)	(114,764,838)
955,527,210	147,142,161	Gross profit		955,534,982	147,142,161
20,458,485	4,250,887	Income from microfinance institution	5	-	-
55,659,027	37,483	Other gains and losses	6	55,464,418	28,790
(45,798,229)	(10,040,121)	Credit management and debt collec-tion costs		(43,014,414)	(7,474,469)
(292,676,109)	(35,626,636)	Store expenses		(292,676,109)	(35,626,636)
(290,062,148)	(50,020,442)	Other operating income and expens-es		(279,172,630)	(49,642,423)
177,978,986	21,065,492	Finance income	7.6	180,653,869	21,660,304
(53,687,399)	(7,418,730)	Finance costs	7.7	(52,371,256)	(7,365,461)
527,399,823	69,390,094	Profit before tax	7	524,418,860	68,722,266
(132,833,687)	(17,788,895)	Income tax expense	10	(131,419,163)	(17,535,692)
394,566,136	51,601,199	Profit for the period		392,999,697	51,186,574
		Other comprehensive income			
		Items that may not be reclassified to Profit and Loss:			
472,085,951	9,148,651	Revaluation of property, plant and equipment	13	454,570,122	9,148,651
(116,699,647)	(1,861,749)	Deferred tax liability arising on reval-uation	14	(112,369,734)	(1,861,749)
355,386,304	7,286,902	Other comprehensive income for the period (net of tax)		342,200,388	7,286,902
749,952,440	58,888,101	Total comprehensive income for the period		735,200,085	58,473,475
		Earnings per ordinary share	11		
96.64	18.37	Basic (cents per share)		96.25	18.23
95.61	18.09	Diluted (cents per share)		95.23	17.94

Historical Consolidated Statement of Cashflows for the 53 weeks to 10 January 2021

Group				Company	
53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL		Note	53 weeks to 10 January 2021 ZWL	52 weeks to 5 January 2020 ZWL
		Cash flows from operating activities			
527,399,823	69,390,094	Profit before tax		524,418,860	68,722,266
		Adjusted for:			
(177,978,986)	(21,065,492)	Finance income	7.6	(180,653,869)	(21,660,304)
53,687,399	7,418,730	Finance costs	7.7	52,371,256	7,365,461
154,598,308	20,019,189	Non-cash items	12.1	153,418,290	19,851,693
(466,066,112)	(109,285,967)	Movements in working capital	12.2	(441,487,888)	(106,830,638)
91,640,432	(33,523,446)	Cash generated from/ (utilised in) operations		108,066,649	(32,551,522)
140,320,709	15,794,127	Finance income received		142,995,592	16,388,939
(55,162,172)	(6,799,927)	Finance costs paid		(53,711,465)	(6,746,658)
(34,844,152)	(2,152,928)	Lease rentals paid	23.1	(34,844,152)	(2,152,928)
(63,584,068)	(11,282,822)	Taxation paid	12.3	(63,689,827)	(10,892,486)
78,370,749	(37,964,996)	Cash inflow / (outflow) from operat-ing activities		98,816,797	(35,954,655)
		Cash flows from investing activities			
(36,190,005)	(4,880,951)	Payments for property, plant and equipment	13	(36,184,705)	(4,679,146)
335,548		Proceeds from disposal of property, plant and equipment		335,548	
-	-	Loans advanced to subsidiaries		(23,020,636)	(1,938,662)
(35,854,457)	(4,880,951)	Net cash used in investing activities		(58,869,793)	(6,617,808)
		Cash flows from financing activities			
69,888,507	-	**Proceeds from the rights issue**		69,888,507	-
240,522	407,596	Proceeds from exercise of share options	32.1	240,522	407,596
401,695,886	52,750,000	Proceeds from borrowings		401,695,886	52,750,000
(283,316,865)	(12,894,422)	Repayment of borrowings	21.3	(283,316,865)	(12,894,423)
(25,599,407)	(6,528,402)	Payments of principal portion of lease liabilities	21.3	(25,599,407)	(6,528,402)
-	(320,333)	Payments of dividends		-	(320,333)
162,908,643	33,414,439	Net cash generated from financing activities		162,908,643	33,414,438
205,424,934	(9,431,508)	Net increase in cash and cash equivalents		202,855,647	(9,158,025)
(2,915,795)	6,515,713	Cash and cash equivalents at the beginning of the period		(3,613,447)	5,544,578
202,509,140	(2,915,795)	Cash and cash equivalents at the end of the period		199,242,200	(3,613,447)
-				-	
		Comprised of:			
96,896,545	8,881,604	Bank and cash balances		93,582,374	8,170,901
183,793,786	-	Exchange differences		183,775,291	-
(78,181,191)	(11,797,399)	Bank overdraft		(78,115,465)	(11,784,348)
202,509,140	(2,915,795)			199,242,200	(3,613,447)

Historical Consolidated Statement of Changes in Equity for the 53 weeks to 10 January 2021

	Note	Issued capital	Equity-settled employee benefits reserve	Revaluation reserve	Credit reserve	Retained earnings	Total
GROUP		ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Balance at 6 January 2019		405,690	1,008,964	6,486,343	272,459	34,606,120	42,779,576
Dividends declared		-	-	-	-	(1,547,647)	(1,547,647)
Issue of ordinary shares under employee share option plan		407,596	-	-	-	-	407,596
Scrip dividend		1,209,878	-	-	-	-	1,209,878
Issue of shares for brand purchase transaction		1,500,000	-	-	-	-	1,500,000
Total comprehensive income for the period		-	-	7,286,902	-	51,601,199	58,888,101
Profit for the year		-	-	-	-	51,601,199	51,601,199
Other comprehensive income for the period		-	-	7,286,902	-	-	7,286,902
Transfer to credit reserve		-	-	-	78,702	(78,702)	-
Balance at 5 January 2020		3,523,164	1,008,964	13,773,245	351,161	84,580,970	103,237,504
Dividends declared							-
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 comprehensive income for the period		-	-	355,386,304	-	394,566,136	749,952,440
Profit for the year						394,566,136	394,566,136
Other comprehensive income for the period				355,386,304			355,386,304
Transfer to credit reserve					621,429	(621,429)	-
Balance at 10 January 2021		73,411,672	1,008,964	369,159,549	972,590	478,525,677	923,078,452
COMPANY							
Balance at 6 January 2019		405,690	1,008,964	6,414,420	-	34,470,397	42,299,471
Dividends declared		-	-	-	-	(1,547,647)	(1,547,647)
Issue of ordinary shares under employee share option plan		407,596	-	-	-	-	407,596
Scrip dividend		1,209,878	-	-	-	-	1,209,878
Issue of shares for brand purchase transac-tion	9.4	1,500,000	-	-	-	-	1,500,000
Total comprehensive income for the period	18.2	-	-	7,286,902	-	51,186,574	58,473,476
Profit for the year		-	-	-	-	51,186,574	51,186,574
Other comprehensive income for the period		-	-	7,286,902	-	-	7,286,902
Balance at 5 January 2020		3,523,164	1,008,964	13,701,322	-	84,109,324	102,342,774
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 comprehensive income for the period		-	-	342,200,388	-	392,999,697	735,200,085
Profit for the year						392,999,697	392,999,697
Other comprehensive income for the period				342,200,388			342,200,388
Balance at 10 January 2021		73,411,672	1,008,964	355,901,710	-	477,109,021	907,431,367

Analysis of Issued Ordinary Shares

Edgars Stores Limited : Analysis by Volume

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	1,124,929	0.18	900	69.12
5001-10000	629,819	0.10	90	6.91
10001-25000	1,819,189	0.30	113	8.68
25001-50000	1,550,081	0.25	43	3.30
50001-100000	1,496,069	0.25	22	1.69
100001-200000	4,550,274	0.75	32	2.46
200001-500000	11,548,324	1.89	36	2.76
500001-1000000	12,286,673	2.02	17	1.31
1000001andAbove	574,735,585	94.26	49	3.76
Totals	**609,740,943**	**100.00**	**1,302**	**100.00**

Edgars Stores Limited: Analysis by Industry

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	233,727,336	38.33	103	7.91
FOREIGN COMPANIES	132,903,006	21.80	03	0.23
PENSION FUNDS	119,349,366	19.57	99	7.60
INSURANCE COMPANIES	39,524,414	6.48	02	0.15
TRUSTS	36,473,051	5.98	12	0.92
LOCAL NOMINEE	18,895,510	3.10	41	3.15
LOCAL INDIVIDUAL RESIDENT	15,241,672	2.50	959	73.66
FOREIGN NOMINEE	12,331,188	2.02	06	0.46
CHARITABLE	578,545	0.09	02	0.15
FOREIGN INDIVIDUAL RESIDENT	355,205	0.06	04	0.31
NEW NON RESIDENT	256,971	0.04	35	2.69
OTHER INVESTMENTS & TRUST	59,849	0.01	13	1.00
DECEASED ESTATES	25,762	0.00	11	0.84
FUND MANAGERS	17,219	0.00	03	0.23
BANKS	1,066	0.00	02	0.15
DIRECTOR	783	0.00	07	0.54
Totals	**609,740,943**	**100.00**	**1,302**	**100.00**

Shareholders Financial Calendar

Financial Year Ended 10 January 2021

Interim Results for the Half Year Ended	Published	8 October 2020
Analysts Briefing and Announcement of Results		June 2021
Notice to Shareholders		June 2021
Annual Report including Annual Financial Statements	Publishing	31 May 2021
Annual General Meeting		30 June 2021

Financial Year Ending 9 January 2022

Interim Results for the Half Year ending 11 July 2021	Publishing	September 2021
Analysts Briefing and Announcement of Interim Results		October 2021
Analysts Briefing and Announcement of Results for Financial Year 2021		March 2022
Annual Report including Annual Financial Statements	Publishing	March 2022
Annual General Meeting		May 2022

EDGARS STORES LIMITED

(Incorporated in Zimbabwe in 1948, under Company Registration Number 379/1948)

Directors: T.N. Sibanda (Chairman), C. Dube, H. Vundla, R. Mlotshwa, T.N. Ndlovu (CEO), B. Ndlovu (CFO), V. Mpofu, M. Hosack.

Registered Address: 9th Avenue and Herbert Chitepo, Bulawayo, Zimbabwe.

ANNUAL GENERAL MEETING NOTICE

For the 53 weeks to 10 January 2021

Notice is hereby given that the 72nd Annual General Meeting of members will be held virtually at https://escrowagm.com/eagmZim/Login.aspx on Wednesday 30 June 2021 at 08:45 hours. Following is the Agenda for the meeting:-

Ordinary Business

1. To approve minutes of the 71st Annual General Meeting held on 16th June 2020.

2. To receive and adopt the annual financial statements and reports of the directors and auditors for the financial year ending 10 January 2021.
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 Ms. H. Vundla, having been appointed after the 2020 AGM, retires from the Board on 29 June 2021. Being eligible offers herself for election.

3.2 Mr. V. Mpofu retires by rotation and being eligible, offers himself for re-election.

4. To approve the remuneration of the directors for the year ended 10 January 2021.

5. To approve auditors remuneration for the year ended 10 January 2021.

6. To appoint Deloitte & Touche (Zimbabwe) as auditors for the year to 9 January 2022.
Ernst and Young Chartered Accountants (Zimbabwe) have been auditors of the company for more than 10 years and rotate out in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Voting Proxies

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

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 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 28 June 2021.

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
V. K. Nxumalo
Company Secretary

10 June 2021

EDGARS STORES LIMITED

("the company")

FORM OF PROXY

For use by members at the Annual General Meeting of the Group to be held on 30 June 2021 at 09.00 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 act for me/us at the Annual General Meeting, which will be held at the Edgars Training Auditorium, 1st Floor LAPF House, 8th Avenue/ Jason Moyo Street, Bulawayo on Wednesday, 30th of June 2021 at 09.00 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 company 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 16th June 2020)			
Ordinary Resolution No 2 *(Receipt and adoption of the annual financial statements for the year ending 10 January 2021)*			
Ordinary Resolution No 3 *(Election of Ms. H. Vundla as a Director)*			
Ordinary Resolution No 4 *(Election of Mr. V. Mpofu as a Director)*			
Ordinary Resolution No 5 *(Approval of the remuneration of directors)*			
Ordinary Resolution No 6 *(Approval of auditors remuneration)*			
Ordinary Resolution No 7 *(Appointment of auditors for the year to 9 January 2022)*			

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

Signed at ____________________ on ______________________________ 2021

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.

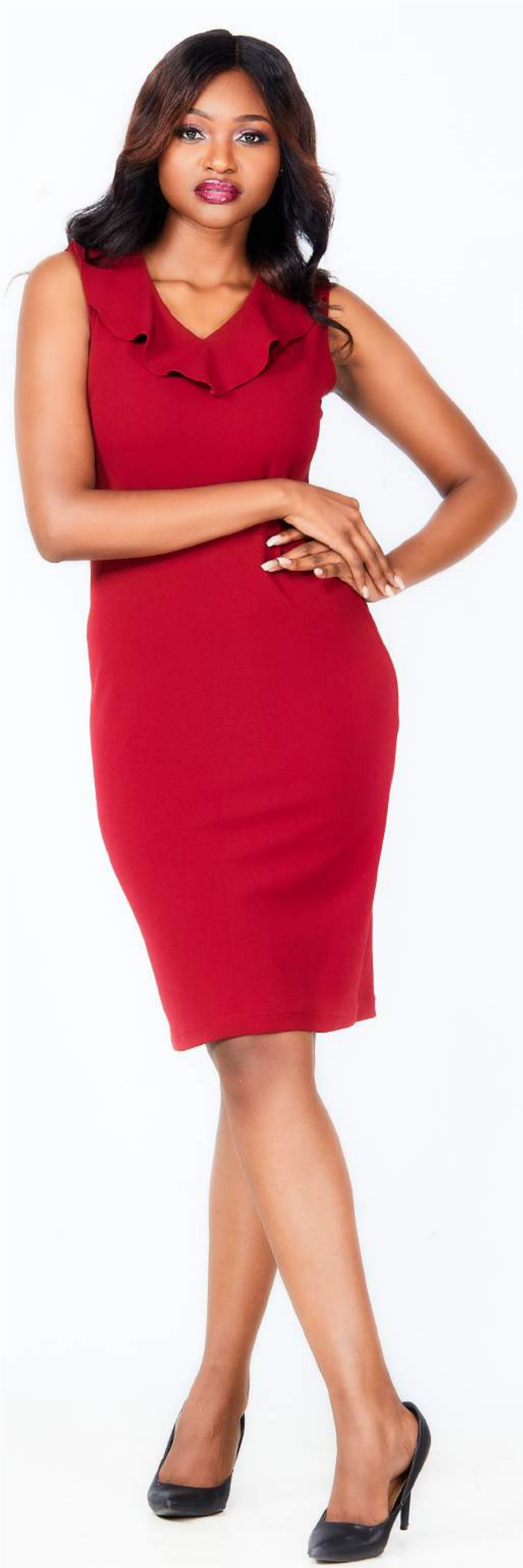
6. The chairman of the Annual General Meeting may accept or reject any form of proxy that is completed and/or received other than in accordance with these instructions and notes.

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 30th of June 2021.

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

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
Ernst & Young Chartered Accountants (Zimbabwe)
Derry House
Cnr Fife Street/6th Avenue
P O Box 437, Bulawayo, Zimbabwe
Telephone: 263-292-76111

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