EDGARS STORES LIMITED

Preliminary Unaudited Financial Information for the 52 weeks ended 07 January 2024

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the 52 weeks to 07 January 2024

		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
		52 weeks to	53 weeks to	52 weeks to	53 weeks to
		07.01.2024	08.01.2023	07.01.2024	08.01.2023
	Notes	Inflation adjusted		* Historical cost	
Revenue	6	**294,001,864,239**	**172,628,577,373**	**183,330,087,062**	**24,046,227,856**
Sale of merchandise		244,869,336,006	125,726,219,037	156,556,453,402	17,739,993,527
Cost of sales		(185,316,875,380)	(66,718,467,810)	(48,639,343,464)	(6,406,338,726)
Gross profit		**59,552,460,626**	**59,007,751,227**	**107,917,109,938**	**11,333,654,801**
Revenue from microfinance and other debtor accounts		48,584,548,156	46,424,650,015	26,480,489,921	6,243,010,355
Other revenue		547,980,076	477,708,320	293,143,739	63,223,974
Other operating (losses)/income		(51,701,363)	370,932,688	(87,662,996)	59,396,045
Other operating expenses		(61,587,514,975)	(22,649,459,233)	(12,173,346,087)	(468,805,094)
Movement in credit loss allowance		(2,887,626,656)	(2,700,681,016)	(2,082,396,793)	(441,263,186)
Selling expenses		(72,960,876,412)	(28,679,484,209)	(43,521,544,966)	(6,579,589,426)
Financial services expenses		(17,471,326,549)	(15,312,264,620)	(10,752,209,196)	(2,150,358,402)
Trading (loss) / profit		**(46,274,057,097)**	**36,939,153,172**	**66,073,583,560**	**8,059,269,067**
Net foreign exchange (losses)/gains		(34,916,195,746)	1,111,008,291	(12,324,731,239)	(547,944,870)
Operating (loss) / profit		**(81,190,252,843)**	**38,050,161,463**	**53,748,852,321**	**7,511,324,197**
Finance costs		(20,285,308,975)	(20,768,161,582)	(11,171,315,242)	(3,410,371,948)
Net monetary gain/(loss)		142,819,016,337	(8,089,364,504)	-	-
Profit before tax		**41,343,454,519**	**9,192,635,377**	**42,577,537,079**	**4,100,952,249**
Income tax expense		(8,595,281,414)	(8,258,238,652)	(8,489,124,411)	(759,575,045)
Profit for the period		**32,748,173,105**	**934,396,725**	**34,088,412,668**	**3,341,377,203**
Other comprehensive income					
Gain on revaluation of property, plant and equipment		17,287,358,314	-	24,476,172,104	-
Deferred tax liability arising on revaluation		(4,273,434,975)	-	(6,050,509,744)	-
Other comprehensive income for the year net of tax		13,013,923,339	-	18,425,662,360	-
Total comprehensive income for the period		45,762,096,444	934,396,725	52,514,075,028	3,341,377,203
Earnings per share (cents)					
Basic	7	5,713	163	5,946	583
Diluted	7	5,682	162	5,915	580

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

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS For the 52 weeks ended 07 January 2024

		2023	2022	2023	2022
			**Restated		**Restated
		ZWL	ZWL	ZWL	ZWL
		52 weeks to	53 weeks to	52 weeks to	53 weeks to
		07.01.2024	08.01.2023	07.01.2024	08.01.2023
	Notes	Inflation adjusted		* Historical cost	
Cash flows from operating activities					
Profit before tax		41,343,454,519	9,192,635,377	42,577,537,079	4,100,952,249
Finance income		(48,584,548,156)	(46,424,650,015)	(26,480,489,921)	(6,243,010,355)
Finance costs		20,285,308,975	20,768,161,582	11,171,315,242	3,410,371,948
Non-cash items		(54,797,488,796)	(10,954,264,634)	38,891,216,416	5,336,398,308
Movements in working capital		(3,170,149,846)	(15,269,904)	(87,228,832,062)	(6,131,382,604)
Cash (utilised in) / generated from operations		**(44,923,423,304)**	**(27,433,387,594)**	**(21,069,253,246)**	**473,329,546**
Finance costs paid		(17,257,507,112)	(17,602,814,563)	(11,018,785,132)	(3,333,312,091)
Lease interest paid		(2,796,984,201)	(3,370,972,999)	(1,975,799,120)	(596,051,381)
Finance income received		51,069,858,873	43,571,581,261	25,308,242,886	5,357,134,251
Taxation paid		(5,018,343,106)	(4,743,960,216)	(2,708,730,436)	(873,839,843)
Net cash (outflows) / inflows from operating activities		**(18,926,398,850)**	**(9,579,554,111)**	**(11,464,325,048)**	**1,027,260,482**
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(5,747,262,258)	(3,899,799,419)	(5,440,402,321)	(598,012,718)
Proceeds from disposal of property, plant and equipment		530,372,824	-	530,372,824	-
Net cash utilised in investing activities		**(5,216,889,434)**	**(3,899,799,419)**	**(4,910,029,497)**	**(598,012,718)**
Cash flows from financing activities					
Proceeds from borrowings		68,363,439,245	92,681,979,736	68,363,439,245	11,216,125,041
Repayment of borrowings		(47,961,745,532)	(68,131,108,386)	(47,961,745,532)	(7,806,918,611)
Payments of principal portion of lease liabilities		(12,130,870,145)	(3,752,334,958)	(11,176,908,907)	(698,005,626)
Net cash generated from financing activities		**8,270,823,568**	**20,798,536,392**	**9,224,784,806**	**2,711,200,804**
Net (decrease) / increase in cash and cash equivalents		(15,872,464,715)	7,319,182,862	(7,149,569,739)	3,140,448,568
Effect of exchange rate fluctuations on cash held		12,961,711,079	(3,718,382,496)	12,961,711,079	(1,067,639,604)
Cash and cash equivalents at the beginning of the period		11,015,151,743	7,414,351,377	2,292,256,766	219,447,802
Cash and cash equivalents at the end of the period		8,104,398,106	11,015,151,743	8,104,398,106	2,292,256,766
Being:					
Cash and bank balances		8,104,398,106	11,015,151,743	8,104,398,106	2,292,256,766

** Refer to note 5 for detail on the restatement.

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 07 January 2024

		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
		as at	as at	as at	as at
		07.01.2024	08.01.2023	07.01.2024	08.01.2023
	Notes	Inflation adjusted		* Historical cost	
Assets					
Non-current assets					
Property, plant and equipment	14	30,452,441,420	11,653,296,389	30,452,441,420	1,049,886,231
Intangible assets		944,189,959	1,127,622,606	1,500,000	1,731,080
Right of use assets		10,965,071,794	11,749,481,342	3,626,354,779	884,926,748
Deferred tax asset		-	250,679,165	-	276,935,761
Total non-current assets		**42,361,703,173**	**24,781,079,502**	**34,080,296,199**	**2,213,479,820**
Current assets					
Inventories	12	56,830,176,073	19,507,738,031	37,025,045,475	2,555,239,917
Trade and other receivables		101,472,476,014	41,843,564,661	93,995,407,347	8,707,659,817
Income Tax receivable		12,428,012,670		12,428,012,670	
Loans and advances to customers		7,813,659,098	3,354,044,916	7,813,659,098	697,977,870
Bank and cash balances		8,104,398,106	11,015,151,743	8,104,398,106	2,292,256,766
Total current assets		**186,648,721,961**	**75,720,499,351**	**159,366,522,696**	**14,253,134,370**
Total assets		**229,010,425,134**	**100,501,578,853**	**193,446,818,895**	**16,466,614,190**
Equity and liabilities					
Equity					
Issued capital		4,379,657,459	4,379,657,459	73,411,672	73,411,672
Other reserves		20,726,619,125	4,455,618,771	19,469,150,532	551,200,508
Retained earnings		61,896,092,270	32,404,996,180	38,108,922,252	4,512,797,247
Total capital and reserves		87,002,368,854	41,240,272,410	57,651,484,456	5,137,409,427
Non-current liabilities					
Deferred tax liability		23,219,019,919	3,953,659,291	17,007,112,674	-
Interest bearing loans and borrowings	11	436,581,229	329,412,697	436,581,227	68,550,893
Borrowings-Related Parties	11	9,369,438,525	-	9,369,438,525	506,812,143
Lease liabilities	10	4,305,732,544	-	4,305,732,544	-
Total non-current liabilities		**37,330,772,217**	**4,283,071,988**	**31,118,864,972**	**575,363,036**
Current liabilities					
Trade and other payables		45,956,148,392	16,967,591,480	45,956,148,391	3,530,961,468
Dividend payable		370,059	9,825,834	370,059	370,059
Current tax payable		-	1,610,623,408	-	335,171,271
Contract liabilities		2,046,296	894,739,145	1,231,700	7,535,087
Interest bearing loans and borrowings	11	27,353,603,135	23,321,722,461	27,353,603,135	4,346,446,110
Borrowings-Related Parties	11	12,665,249,413	-	12,665,249,413	-
Lease liabilities	10	18,699,866,769	12,173,732,127	18,699,866,769	2,533,357,732
Total current liabilities		**104,677,284,063**	**54,978,234,455**	**104,676,469,467**	**10,753,841,727**
Total liabilities		**142,008,056,281**	**59,261,306,443**	**135,795,334,439**	**11,329,204,763**
Total equity and liabilities		**229,010,425,134**	**100,501,578,853**	**193,446,818,895**	**16,466,614,190**

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

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the 52 weeks to 07 January 2024

	Issued capital	Equity-settled employee benefits reserve	Revaluation reserve	Credit reserve	Retained earnings	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
INFLATION ADJUSTED						
Balance at 09 January 2022	4,379,657,459	1,057,510,410	3,175,922,041	222,186,320	31,470,599,455	40,305,875,685
Profit for the year	-	-	-	-	934,396,725	934,396,725
Balance at 08 January 2023	**4,379,657,459**	**1,057,510,410**	**3,175,922,041**	**222,186,320**	**32,404,996,180**	**41,240,272,410**
Total comprehensive income for the period	-	-	13,013,923,339	-	32,748,173,105	45,762,096,444
Profit for the year	-	-	-	-	32,748,173,105	32,748,173,105
Other comprehensive income for the period			13,013,923,339			13,013,923,339
Transfer to credit reserve			-	3,257,077,015	(3,257,077,015)	-
Balance at 07 January 2024	**4,379,657,459**	**1,057,510,410**	**16,189,845,380**	**3,479,263,335**	**61,896,092,270**	**87,002,368,854**

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EDGARS STORES LIMITED

Preliminary Unaudited Financial Information for the 52 weeks ended 07 January 2024 (continued)

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS
For the 52 weeks to 07 January 2024

1 Directors responsibility statement

The Board of Directors are responsible for the preparation of the Abridged Inflation Adjusted Consolidated Financial Statements for the 52 weeks ended 07 January 2024 of which these abridged results are an extract of. For the full Financial Statements the reader can refer to the Victoria Falls Exchange (VFEX) website www.vfex.co.zw or the Edgars Stores Limited website www.edgars.co.zw. The Directors would like to emphasise the cautionary use of the press release and financial statements due to the level of inflation prevailing in the country.

2 Basis of preparation

These abridged Inflation adjusted consolidated financial statements for the 52 weeks ended 07 January 2024 have been compiled adopting principles from IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) except for International Accounting Standard 21 and IFRS 13, and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange regulations. They are presented in Zimbabwe dollars ("ZWL"), which is the group's reporting currency. The Group functional currency is the United States Dollar (*USD*). The principal accounting policies used in the preparation of the financial statements are consistent with those used in prior years. No material new standards were applied in the current year.

The financial statements do not comply with the IFRS Accounting Standards in the following regard:

IFRS 13: Fair value measurement Determination of the value of Property, Plant and Equipment in the comparative and current periods	For purposes of determining the fair value of property, plant and equipment as at 9 January 2022 and 2024, management determined the ZWL equivalent fair values by translating the USD valuations using estimated closing exchange rates. The values so determined were processed as directors' valuations. IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. The application of the ZWL/USD blended exchange rate in the determination of the final ZWL fair valuations and the impracticality of disclosing the unobservable inputs applied in the determination of fair value as is required by IFRS 13 poses challenges with compliance to this standard. IFRS 13 views this as an inaccurate reflection of market dynamics and the risk associated with transactions on a willing buyer, willing seller basis.
IAS 21: The Effects of Changes in Foreign Exchange Rates Change in functional currency and use of exchange rates	The Group essentially traded in an economic environment where effective from the beginning of the current 52 week period ended 7 January 2024, the entity's functional currency was United States Dollars (USD). However, the Board elected to maintain the Zimbabwe Dollar (ZWL) as the entity's reporting currency given the translation complexities that would have ensued in the period. This election does not comply with the requirements of IAS 21, which requires that when there is a change in an entity's functional currency, the entity needs to apply the translation procedures applicable to the new functional currency prospectively from the date of the change. Consistent with the broader market pervasive limitations, during the comparative and current periods, the Group could not apply exchange rates that meet the definition of spot exchange rates in accordance with IAS 21, as publicly quotes rates available could not consistently guarantee immediate delivery of currency at the quoted rates during the comparative and current periods. This departure from IAS 21 is difficult to quantify, as the effects are considered material and pervasive to the inflation adjusted consolidated and separate financial information as a whole.

Edgars migrated its listing from Zimbabwe Stock Exchange (ZSE) to the Victoria Falls Stock Exchange (VFEX) effective the 5th of April 2024.

Stakeholders should take note that these abridged financial statements for 2023 will be the last set published in ZWL. Starting from the 2024 financial year, the group will be publishing its financials in USD in line with the migration to the VFEX and adoption of the USD as functional currency and reporting currency.

2.1 Determination of functional currency

The Government of Zimbabwe issued statutory instrument "SI" 85 of 2020 which permitted use of free funds for domestic transactions . As a result, the Directors noted a mix of USD and ZWL sales affecting the determination of the functional currency of the Group. Although the Group assessed that the functional currency had changed to USD, the Group opted to maintain the ZWL as the functional and presentation currency for reporting purposes with the migration to VFEX, post year end, the Group is adopting the USD as functional currency in F2024.

3 Application of IAS 29: Financial Reporting in Hyperinflationary Economies

The Group continued to apply IAS 29 during the 52 weeks to 07 January 2024 based on the guidance issued by the PAAB in August 2019. The financial statements have been prepared in accordance with IAS 29 and IFRIC 7 (Applying the Restatement Approach under IAS 29) as if the economy had been hyperinflationary since 1 July 2018. In applying the standard the Group has used the Consumer Price Index (CPI) as issued by the Zimbabwe National Statistic Agency and published by the Reserve Bank of Zimbabwe (RBZ). The following table summarises the inflation adjusted indices used:

On the 3rd of March 2023, the Government issued SI 27 of 2023, which defined the term "rate of inflation" and introduced a new inflation rate measurement method. Consequently, ZIMSTAT stopped reporting ZWL inflation and CPI figures and only released blended CPI figures. There were further changes that introduced a geometric method of calculating inflation in September 2023.

In May 2023, the Institute of Chartered Accountants of Zimbabwe (ICAZ) issued a guidance on IAS 29 - Financial Reporting in Hyperinflationary Economies which proposed the use of official publicly available information in determining the CPI estimates. ZIMSTAT publishes monthly statistics on the Total Consumption Poverty Line (TCPL) in ZWL, which measures the amount required to purchase both non-food and food items. By analysing the correlation between the movement in TCPL and the officially published CPI from January 2019 to January 2022, a very strong relationship with a coefficient correlation of 0.99 was observed and ICAZ consequently determined that from February 2023 going forward CPI can be estimated by adjusting the last published CPI based on the monthly movement of the TCPL. The Group adopted this guidance.

Month	CPI	Conversion Factor
December 2023	65,703	1.00
June 2023	42,711	1.54
Average 2023	35,185	2.60
December 2022	13,673	4.81
June 2022	8,707	7.55
Average 2022	9,199	8.73

3.1 Reporting Currency

The Group operates in Zimbabwe, and effective from beginning of year, the United States Dollar(USD) became the Group's functional currency.

The Group retained the Zimbabwe Dollar (ZWL) as its presentation currency up to end of the financial year (7 January 2024). In line with the change in the functional currency and the migration to the VFEX, the Group will report its financials in USD in future periods.

4 Regulatory Approvals

The audited financial statements will be issued post Zimbabwe Stock Exchange regulatory approvals once the ongoing audit is concluded. This is expected to be completed no later than 21 May 2024.

5 Prior Period Restatement

5.1 Bank overdrafts

In accordance with International Accounting Standards (IAS) 7 paragraph 8, bank overdrafts are generally considered to be financing activities unless they are repayable on demand and form an integral part of an entity's cash management for which they are included as a component of cash and cash equivalents. In the prior year, the Group incorrectly disclosed bank overdrafts as part of cash and cash equivalents in the Statement of Cash Flows instead of being disclosed as financing activities. Despite the bank overdrafts forming an integral part of the Group's cash management, the bank overdrafts were not repayable on demand but repayable at the end of facility tenure. More so, the bank overdraft balances rarely fluctuated between positive and negative during the prior period further confirming the position that the bank overdrafts were borrowings. Therefore, this presentation in the statement of cash flows was inconsistent with the requirements of IAS 7 paragraph 8. This change in presentation aligns with the Group's objective to comply with IAS 7. The following table summarises the impact of correction of the error on the 2022 financial statements.

The following table summarises the impact of correction of the error on the 2022 financial statements.

	As Reported	Restatement	Restated
Cash flows from financing activities			
Proceeds from borrowings	92,288,036,552	393,943,184	92,681,979,736
Total cash movements for the year	**20,404,593,208**	**393,943,184**	**8,731,208,286**
Cash and cash equivalents at the beginning of the year	3,625,047,003	3,789,304,374	7,414,351,377
Cash and cash equivalents at the end of the year	**6,831,904,184**	**4,183,247,558**	**11,015,151,742**
Net impact on total cash flows		-	

5.2 Cash and cash equivalents note

The Group presented the cash and equivalents note inclusive of bank overdrafts. As discussed in 5.1 above, this was not in line with the requirements of IAS 7 paragraph 8.

IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" requires that if an error occurred before the earliest prior period presented, the Group should restate the opening statement of financial position for the earliest prior period presented. A third statement of financial position has not been presented for the Group as none of the prior period restatements affect the Group's statement of financial position as at 9 January 2022.

6 Revenue

	2023 Inflation adjusted ZWL	2022 Inflation adjusted ZWL	2023 * Historical cost ZWL	2022 * Historical cost ZWL
Sale of merchandise				
Retail sales	244,761,348,395	119,177,798,419	156,458,372,601	17,539,193,643
Manufacturing sales to third parties - local sales	107,987,611	6,548,420,618	98,080,801	200,799,884
	244,869,336,006	**125,726,219,037**	**156,556,453,402**	**17,739,993,527**
Other revenue				
Revenue from Micro Finance and other debtor accounts	48,584,548,156	46,424,650,015	26,480,489,921	6,243,010,355
Commission	509,061,691	272,267,853	279,240,124	40,375,829
Edgars Club subscriptions	38,918,385	205,440,468	13,903,615	22,848,145
	49,132,528,232	**46,902,358,336**	**26,773,633,660**	**6,306,234,329**
Total Revenue	**294,001,864,239**	**172,628,577,373**	**183,330,087,062**	**24,046,227,856**

7 Headline earnings per share

	Inflation adjusted ZWL	Inflation adjusted ZWL	* Historical cost ZWL	* Historical cost ZWL
Earnings attributable to shareholders	32,748,173,105	934,396,725	34,088,412,668	3,341,377,203
Adjusted for non-recurring items:				
Profit on disposal of property, plant and equipment	(345,227,334)	-	(518,933,950)	-
Headline earnings	32,402,945,771	934,396,725	33,569,478,718	3,341,377,203
	000's	**000's**	**000's**	**000's**
Issued ordinary shares at the beginning of the period	573,267	573,267	573,267	573,267
Weighted average number of ordinary shares used in calculating earnings per share	573,267	573,267	573,267	573,267
Basic earnings per share (cents)	5,713	163	5,946	583
Diluted earnings per share (cents)	5,682	162	5,915	580
Headline earnings per share (cents)	5,652	163	6,037	583

Headline earnings consist of basic earnings attributable to shareholders of the Group adjusted for profits, losses, and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects.

8 Capital expenditure

	Inflation adjusted ZWL	Inflation adjusted ZWL	* Historical cost ZWL	* Historical cost ZWL
Computer equipment	878,877,833	382,323,649	866,351,643	50,831,623
Furniture, fittings and leasehold improvements	4,868,384,425	3,517,475,770	4,574,050,678	547,181,095
Total	5,747,262,258	3,899,799,419	5,440,402,321	598,012,718

Capital expenditure during the full year was channelled towards new stores, namely Jet Chipinge store, Edgars Ascot store, Head Office at ZB Life Towers, Service Offices at Robert Mugabe Store, and IT Server Battery.

9 Future Capital Expenditure

	Inflation adjusted ZWL	Inflation adjusted ZWL	* Historical cost ZWL	* Historical cost ZWL
Authorised but not yet contracted for	28,575,609,472	27,253,945,129	28,575,609,472	5,671,555,106

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

10 Future lease commitments

	Inflation adjusted ZWL	Inflation adjusted ZWL	* Historical cost ZWL	* Historical cost ZWL
Future minimum rentals under non-cancellable operating leases are as follows:				
Within one year	18,699,866,769	12,173,732,127	18,699,866,769	2,533,357,732
After one year but not more than five years	4,305,732,544	-	4,305,732,544	-
	23,005,599,313	12,173,732,127	23,005,599,313	2,533,357,732

11 Borrowings

	Inflation adjusted ZWL	Inflation adjusted ZWL	* Historical cost ZWL	* Historical cost ZWL
Non current interest bearing loans and borrowings-3rd parties	436,581,229	329,412,697	436,581,229	68,550,893
Non current interest bearing loans and borrowings-Related parties	9,369,438,525	-	9,369,438,525	506,812,143
Current interest bearing loans and borrowings-3rd parties	27,353,603,135	23,321,722,461	27,353,603,135	4,346,446,109
Current interest bearing loans and borrowings-Related parties	12,665,249,413	-	12,665,249,413	-
	49,824,872,302	23,651,135,158	49,824,872,302	4,921,809,146

Incremental borrowings were accessed in order to underpin increased working capital requirements

Terms and security

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

(ii) The weighted average effective interest rate on all the borrowings is 102.87% (2023: 105.85%) per annum and 14% for all USD borrowings.

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

EDGARS STORES LIMITED

Preliminary Unaudited Financial Information for the 52 weeks ended 07 January 2024 (continued)

12. Inventories

	Inflation adjusted		* Historical cost	
	ZWL	ZWL	ZWL	ZWL
Merchandise	47,253,674,593	86,649,554,600	35,388,910,997	2,443,585,814
Raw material, work in progress and consumables	11,768,707,255	6,551,577,606	1,815,896,962	253,793,060
	59,022,381,848	93,201,132,206	37,204,807,959	2,697,378,874
Inventory obsolescence	(2,192,205,775)	(73,693,394,175)	(179,762,484)	(142,138,957)
	56,830,176,073	19,507,738,031	37,025,045,475	2,555,239,917
The amount of write-down on inventories recognised in cost of sales is:	(2,192,205,775)	(73,693,394,175)	(179,762,484)	(142,138,957)
Amount of reversal of inventory to net realisable value (NRV) is:	(58,607,991,978)	(53,712,983,390)	(149,960,770)	(137,435,870)
Amount of stock losses recognised in cost of sales is:	(1,285,136,964)	(656,573,685)	(494,360,800)	(75,234,609)

13. Going concern

Merchandise assortments and our credit book remain healthy despite the challenging environment. The year ahead will be challenging due to an induced El Nino drought and depressed Platinum Group Metal (PGM) metal prices which have induced labour lay-offs at some mining companies.

The ability of the group to continue as a going concern is subject to continued generation of positive cashflows. After evaluating the business forecasts for FY2024 and H1-FY2025, incorporating review of the health of the cashflows, profitability, cash generation capacity and the ability to obtain financing; the directors are confident that it is appropriate to adopt to the going concern assumption in the preparation of these abridged financial results.

14. Property, plant and equipment

Revaluation	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
Balance at 09 January 2022	2,680,976,110	557,012,626	4,849,167,760	1,603,657,218	1,209,184,325	1,199,091,594	200,118,326	12,299,207,959
Additions	-	395,561,779	2,059,022,528	382,323,649	953,398,036	109,493,428	-	3,899,799,420
Balance at 08 January 2023	**2,680,976,110**	**952,574,405**	**6,908,190,288**	**1,985,980,867**	**2,162,582,361**	**1,308,585,022**	**200,118,326**	**16,199,007,379**
Additions	-	847,124,570	1,774,627,331	878,877,833	1,842,961,405	403,671,119	-	5,747,262,258
Disposals	-	-	-	-	(642,663,116)	-	-	(642,663,116)
Revaluation	6,727,049,624	248,300,339	1,131,488,344	612,455,254	43,658,385	385,882,953	-	9,148,834,899
Balance at 07 January 2024	**9,408,025,734**	**2,047,999,314**	**9,814,305,963**	**3,477,313,954**	**3,406,539,035**	**2,098,139,094**	**200,118,326**	**30,452,441,420**
Accumulated Depreciation								
Balance at 09 January 2022	-	-	-	-	-	(6,529,940)	-	(6,529,940)
Current year expense	(78,864,948)	(127,180,825)	(1,344,316,895)	(1,455,889,147)	(1,244,398,643)	(288,530,592)	-	(4,539,181,050)
Balance at 08 January 2023	**(78,864,948)**	**(127,180,825)**	**(1,344,316,895)**	**(1,455,889,147)**	**(1,244,398,643)**	**(295,060,533)**	**-**	**(4,545,710,990)**
Current period expense	(78,864,948)	(220,332,125)	(1,901,438,593)	(546,553,065)	(957,480,804)	(345,660,516)	-	(4,050,330,051)
Eliminated on disposals of assets	-	-	-	-	457,517,627	-	-	457,517,627
Revaluation adjustment	157,729,896	347,512,950	3,245,755,488	2,002,442,212	1,744,361,820	640,721,048	-	8,138,523,414
Balance at 07 January 2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net carrying amount at 07 January 2024	**9,408,025,734**	**2,047,999,314**	**9,814,305,963**	**3,477,313,954**	**3,406,539,035**	**2,098,139,094**	**200,118,326**	**30,452,441,420**
Net carrying amount at 08 January 2023	**2,602,111,162**	**825,393,579**	**5,563,873,393**	**530,091,720**	**918,183,718**	**1,013,524,490**	**200,118,326**	**11,653,296,389**

The Group revalued property, plant and equipment as at 07 January 2024 through a directors valuation involving certain inputs provided by external and independent professional valuers. The PPE policy was updated to include residual values on items of property, plant and equipment.

Management assessed the appropriateness of the residual values and the useful lives of the property, plant and equipment at the end of the reporting period and deemed that these had changed. The residual values were then adjusted. The change in the residual values has been applied prospectively.

15. Segment reporting

Inflation adjusted	Edgars Stores Retail	Jet Stores Retail	Manufacturing Carousel	Micro Finance Club Plus	Corporate Head Office	Financial services	Segment Totals	Adjustments Eliminations	Consolidated Totals
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
52 weeks to 07 January 2024									
Revenue									
External customers	139,263,293,616	116,462,132,281	-	-	-	-	255,725,425,897	(10,964,077,502)	244,761,348,395
Manufacturing sales to 3rd parties-local sales	-	-	17,678,082,794	-	-	-	17,678,082,794	-	17,678,082,794
Other revenue-Hospital cash plan and insurance	-	-	-	-	-	509,061,691	509,061,691	-	509,061,691
Other revenue-Commission Club Subscriptions	-	-	-	-	-	38,918,385	38,918,385	-	38,918,385
Inter-segments	-	-	-	-	-	-	-	(17,570,095,183)	(17,570,095,183)
Revenue from Micro Finance and debtors accounts	-	-	-	10,387,137,031	-	38,197,411,125	48,584,548,156	-	48,584,548,156
Total revenue	**139,263,293,616**	**116,462,132,281**	**17,678,082,794**	**10,387,137,031**	**-**	**38,745,391,201**	**322,536,036,924**	**(28,534,172,685)**	**294,001,864,239**
Depreciation and armotisation	7,149,501,812	6,075,049,447	167,185,324	140,212,956	1,318,929,807	145,766,181	14,996,645,528	0	14,996,645,528
Operating segment profit/(loss)	25,146,345,639	16,891,629,642	5,455,532,418	10,241,137,018	(160,739,038,820)	21,814,141,261	(81,190,252,842)	0	(81,190,252,842)
Finance costs	2,491,358,433	1,870,259,400	47,200,496	648,118,308	917,184,967	14,311,187,370	20,285,308,975	0	20,285,308,975
Segment profit/(loss) before tax	22,654,987,206	15,021,370,241	5,408,331,923	9,593,018,710	(2,854,296,051)	7,214,351,104	57,037,763,133	(15,694,308,613)	41,343,454,520
Income tax	(837,568,037)	(249,568,300)	1,191,798,798	2,295,229,014	(10,965,686,170)	3,838,900,437	(4,726,894,257)	(3,868,387,158)	(8,595,281,414)
Segment assets	39,767,226,737	26,022,020,460	19,619,045,437	10,266,332,966	10,705,775,362	81,154,207,006	187,534,607,967	41,475,817,167	229,010,425,134
Segment liabilities	(18,815,380,060)	(12,149,589,754)	(5,747,272,064)	(582,798,376)	(160,892,921)	(9,494,376,052)	(46,950,309,228)	(49,803,669,136)	(96,753,978,364)
Capital expenditure	1,874,057,472	1,389,713,336	155,207,655	580,127,329	1,609,626,008	138,530,458	5,747,262,258	-	5,747,262,258
53 weeks to 08 January 2023 (Restated)									
Revenue									
External customers	70,176,623,428	56,169,679,313	-	-	-	-	126,346,302,741	(7,168,504,322)	119,177,798,419
Manufacturing sales to 3rd parties-local sales	-	-	6,548,420,618	-	-	-	6,548,420,618	-	6,548,420,618
Other revenue-Hospital cash plan and insurance	-	-	-	-	-	272,267,852	272,267,852	-	272,267,852
Other revenue-Commission Club Subscriptions	-	-	-	-	-	205,440,468	205,440,468	-	205,440,468
Inter-segments	-	-	5,156,383,535	-	-	-	5,156,383,535	(5,156,383,535)	-
Revenue from Micro Finance and debtors accounts	-	-	-	10,560,259,674	-	35,864,390,341	46,424,650,015	-	46,424,650,015
Total revenue	**70,176,623,428**	**56,169,679,313**	**11,704,804,154**	**10,560,259,674**	**-**	**36,342,098,662**	**184,953,465,230**	**(12,324,887,857)**	**172,628,577,373**
Depreciation and armotisation	2,052,203,478	1,211,158,748	52,082,125	75,585,091	1,452,646,531	124,829,127	4,968,505,100	1,735,155,076	6,703,660,176
Operating segment profit/(loss)	18,952,823,784	14,031,584,740	1,956,043,040	5,584,324,438	689,922,009	27,980,694,090	69,195,392,101	(30,835,201,742)	38,050,161,462
Finance costs	3,770,304,607	3,462,511,164	4,526,857	600,846,788	1,544,384,435	19,134,937,141	28,517,510,990	(7,749,349,408)	20,768,161,582
Segment profit/(loss) before tax	14,206,997,242	9,557,174,751	1,951,516,184	4,983,477,650	(4,224,256,567)	10,868,536,643	37,343,445,902	(28,150,810,526)	9,192,635,376
Income tax	3,357,637,885	2,238,381,910	702,325,482	1,010,492,623	(3,394,808,810)	2,846,508,419	6,760,537,510	(15,018,776,161)	(8,258,238,651)
Segment assets	47,600,960,127	38,163,744,079	3,634,571,883	4,947,996,595	1,021,753,476	63,106,198,519	158,475,224,679	(57,973,645,824)	100,501,578,853
Segment liabilities	(11,190,110,061)	(8,547,478,964)	(536,783,067)	(1,482,476,422)	(1,508,942,466)	(21,430,061,261)	(44,695,852,241)	(14,565,454,202)	(59,261,306,443)
Capital expenditure	2,016,716,182	762,058,436	175,375,206	325,225,261	549,102,151	71,322,184	3,899,799,419	-	3,899,799,419

* The disclosure has been expanded to include depreciation and armotisation, finance costs, finance income, segment profit/(loss) before tax, income tax, segment liabilities and capital expenditure

16. Dividend

No dividend was declared for the full year to 07 January 2024, as well as the prior period.

EDGARS STORES LIMITED

Preliminary Unaudited Financial Information for the 52 weeks ended 07 January 2024 (continued)

17. Chairman's report

Directors responsibility for the Integrated Annual Report

The Directors of Edgars Stores Limited are responsible for the preparation and fair presentation of the Group's consolidated financial statements. The preliminary unaudited financial information incorporate full disclosure in line with IFRS Accounting Standards and best practice.

Edgars migrated its listing from the Zimbabwe Stock Exchange (ZSE) to the Victoria Falls Stock Exchange (VFEX) effective 5th of April 2024.

Stakeholders should take note that these abridged financial statements for the financial year 2023 will be the last set published in ZWL. The 2024 financial statements going forward will be presented in United States Dollars (USD), which is the functional currency of the Group, and also in line with the reporting requirements of Victoria Falls Stock Exchange (VFEX).

The principal accounting policies of the Group are consistent with those applied in prior years.

Cautionary – reliance on hyperinflation adjusted financial statements

The Directors would like to advise users to exercise caution on their use of these financial statements due to the material and pervasive impact of the technicalities brought about by the change in functional currency in Zimbabwe at the beginning of 2019 and its consequent impact on the usefulness of the financial statements for subsequent reporting periods. This was further compounded by the adoption of International Accounting Standard (IAS) 29 'Financial Reporting in Hyperinflationary Economies'.

Whilst the Directors have exercised reasonable due care in applying judgements deemed appropriate in the preparation of these financial statements, certain distortions may arise due to the various economic factors that may affect the relevance and reliability of the financial information presented in economies such as Zimbabwe, that are experiencing hyperinflation.

Operating environment and overview

Throughout the financial reporting period ended 7 January 2024, the operating environment was characterised by exchange rate volatility and incessant inflationary pressures. Liquidity challenges in both the local and foreign currencies persisted throughout the year coupled with elevated interest rates, although the cost of borrowing in ZWL declined marginally towards the end of the period. Sustained inflationary pressures impacted negatively on disposable incomes resulting in subdued volume sales during the period, compared to prior year.

The period witnessed an increased level of dollarisation in the economy. This, further buttressed by a formal confirmation by the Government that the multi-currency regime will be maintained to December 2030, has improved the ease of restocking the Group's manufacturing entity and Retail chains. The business responded by rolling out USD credit to assist customers in better planning their financial commitments.

Operating costs in real terms were maintained at a level comparable to the prior year. Occupancy, employment, and fuel costs remained key drivers to the Group's operating expenses. During the period, management focused on realigning the business model to the realities of trading in a pre-dominantly USD environment, with a specific focus on dealing with pricing volatilities in order to preserve the business' balance sheet.

Financial performance (based on inflation-adjusted results)

Notwithstanding the challenges in the operating environment, the Group managed to close the period with an improved performance over the year. The Group reported Revenue of ZWL294.0 billion which is 70.3% up from that achieved in 2023 of ZWL172.6 billion. The growth in real terms is attributed to margin improvements due to better procurement, ongoing cost management as well as other initiatives implemented by management to ensure fresher and high-quality stock availability in our stores, regardless of the supply chain challenges. Profit before tax of ZWL41.3 billion was an increase of 349.8% from the prior period of ZWL9.2billion. Increase in profit for the year was indicative of correct pricing and focussed cost management. Finance costs for the period were ZWL$20.3billion, a 2.3% reduction from prior year, reflecting reduction in the lending rates to 100% as well as the switch to USD borrowing which attracted a lower cost. This interest rate benefit was passed onto our customers as reflected in lower price points of merchandise. The Group achieved basic earnings per share of 5 713 cents (2023: 163 cents).

Total Group units sold declined by 10.8% from 2.85 million to 2.55 million compared to the same period last year.

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

Gearing has been maintained at 0.57 to prior year. Funding raised was channelled towards growing the debtors' book as well as store expansion initiatives.

Retail performance

Total retail merchandise revenue amounted to ZWL244.8billion representing a 94.8% increase from prior year. The split between credit and cash sales for the ZWL was 6.9% (2023: 48.8%) and 93.1% (2023: 51.2%) while the USD sales had credit sales contribution of 73% (2023: 71%) and cash sales of 27% (2023: 29.0%).

The Edgars chain recorded turnover of ZWL139.3billion, up 98.5% from prior year of ZWL70.2billion, and the 1.36m units sold were down 12.99% from 1.58m in the comparative period. The split between credit and cash sales for ZWL was 8.7% (2023: 54.5%) and 91.3% (2023: 45.5%) while the USD sales had credit sales of 73% (2023: 71.6%) and cash sales of 27% (2023: 28.4%).

Total sales for the Jet chain were ZWL116.5 billion, up 107.34% from ZWL56.2billion achieved in the comparative period. The split between credit and cash sales for ZWL was 4.8% (2023: 43.1 %) and 95.2% (2023: 56.9 %) while the USD sales had credit sales of 73% (2023: 70.3%) and cash sales of 27% (2023: 29.7%). Total units sold for the period were down 13.03% from 1.16m to 1.01m. The Chain increased its store count to 36 stores from 31 stores in the comparative period.

Edgars Stores Limited won the Superbrand 2023 award in the Clothing and Fashion Sector categories in the annual competition run by the Marketers Association of Zimbabwe, whilst Jet Stores won the 1st Runner up position. The Group gave back to the community through various CSR initiatives through its different divisions. This included Cancer Association of Zimbabwe, Breast cancer Awareness campaign, Jairos Jiri shoes donation and Kidzcan clothing donations for children living with cancer.

Financial services

The USD retail debtors' book closed the period at USD$12.6 million, representing a 100 % growth on prior year balance of USD$6.3 million, whilst the ZWL retail debtors' book closed the period at ZWL$1.4 billion, a 43.8% decline on the prior year of ZWL$2.4 billion. The skew reflects the growing dollarisation in the market and the impact of high ZWL interest rates in discouraging borrowings in local currency. Active USD accounts increased to 91K, up from 64K in prior year. The increase came on the back of new accounts opening initiatives as well as account conversion initiatives employed in the last quarter of 2023. The asset quality remained strong at 80.1% for the USD book and at 76.8% for the ZWL book. Expected credit losses (ECLs) as at 7 January 2024 were 3.2% of the book compared to 4.0% as at 8 January 2023, which is within the acceptable industry benchmark of 5.0%.

Club Plus Microfinance

The USD loan book closed the year at USD 1,1 million, a growth by 17% compared to the prior year's USD0.95 million. The business focus for the period was to grow the USD loan book focusing on less risky loan products. Asset quality remains positive with 83.6% of the USD book being in current. Improved efficiencies in loan approval and disbursement processes have resulted in improved turnaround time for customers.

Carousel Manufacturing

The Manufacturing Division recorded a turnover of ZWL17.7bn, up 169.9% on prior year (98.6% of revenue was in USD). Total units sold were up 37% to 193.5k (2023: 141.2k). The unit during the period was refocussed to become a wholly in-house supplier for the Group's Retail chains, in the process improving the Group's control of its supply chain. Revenue was boosted by the improved order book from the chains. Recruitment of skilled machinists led to increased production efficiencies. The manufacturing entity plans to increase its production capacity and output in 2024 on the back of better fabric restocking, and expansion capital expenditure in cutting room solutions and the general retooling of the factory.

Outlook

Management will continue to remodel the business to capitalise on opportunities that arise in the operating environment. In particular, management will focus on retooling Carousel to underpin increased production and improve operational efficiencies in order to better support the Retail chains. In addition, cost containment efforts will be an area of key focus in order to underpin the long-term viability of the business.

The Group seeks to expand its geographic footprint through the opening of new stores in strategic locations. In fulfilment of our strategic thrust, we opened a new store at Ascot Shopping Centre in Bulawayo in March 2024.
Smart merchandise procurement and optimal inventory planning remain key focus areas to ensure that targeted margins are achieved without compromising the merchandise quality. Management aims to continue improving customer experiences through updating our stores to world class standards and offering broader merchandise ranges at affordable prices and flexible credit terms.

The increased dollarisation in the economy is projected to assist the business through improved access to foreign currency through domestic sales to cover import requirements, which we believe will assist with improved stock availability in the shops.

In view of the subdued agricultural output in current year, the country will increase food imports and will be impacted by food inflation. This headwind will bring disposable incomes under additional strain and reduce USD liquidity in the local financial market. In order to mitigate against the impact of sales volume declines on profitability, the Group will focus on enhancing cost-competitiveness through improving value chain efficiencies. The Group will also re-launch its Express shops, targeting the low-income segment of the economy, where it will sell for cash.

Dividend

Regrettably, the Company will not declare a dividend for the 52 weeks to 7 January 2024. The position will be reviewed in future.

Appreciation

I wish to record my appreciation to Management and staff for their continued efforts in sustaining the business in a difficult operating environment. I also thank my fellow directors for their wise counsel and our customers, suppliers, and stakeholders for their ongoing support.

T N SIBANDA
CHAIRMAN
10 May 2024