

CHOPPIES ENTERPRISES LIMITED

Registration number BW00001142508

ISIN:BW0000001072

BSE SHARE CODE: CHOPPIES

JSE SHARE CODE: CHP

Tax Reference Number: C08710401018

("Choppies" or the "Company" or "the Group")

**ABRIDGED AUDITED GROUP FINANCIAL RESULTS FOR THE TWELVE MONTHS ENDED 30 JUNE 2022**

The board of directors of Choppies ("the Board") announces the results of the Group for the 12 months ended 30 June 2022 ("FY2022"). These results have been audited by the external auditors who have expressed an unmodified audit opinion thereon.

Continuing operations (audited)	2022	2021	Change
	Pula Millions	Pula Millions	
Revenue	6,097	5,376	13%
Retail sales	6,042	5,331	13%
Gross Profit	1,307	1,189	10%
Operating Profit	279	226	23%
Operating margin	4.6%	4.2%	38 bps
Profit for the period	145	82	77%
Basic earnings per share	10.7 Thebe	5.2 Thebe	106%
Headline earnings per share	12.4 Thebe	6.5 Thebe	91%
Net cash flows generated from operating activities	463	378	85
Cash and cash equivalents at end of the period	17	6	11
Total operations including continuing and discontinued operations			
Basic earnings per share	10.7 Thebe	5.2 Thebe	105%
Headline earnings per share	12.4 Thebe	6.5 Thebe	91%

Financial highlights

The Group's sales increased by 13.3% to BWP 6 042 million (2021: BWP 5 331 million), driven by seven new stores coupled with strong volume and price growth in the Rest of Africa. The Group's like-for-like sales growth was 10.2%.

In spite of the challenging trading conditions, Botswana continued to show a modest sales growth. In Pula terms, gross profit grew by 9.9% to BWP 1 307 million (2021: BWP 1 189 million) despite the challenging economic environment. The Gross Profit margin decline was related to higher-than-expected supply chain costs, including fuel and managing prices due to higher cost Inflation.

Total operating costs increased by 7.4%, mainly driven by new stores and hyperinflation in Zimbabwe.

Group EBITDA increased by 7.2% and adjusted EBITDA, which excludes foreign exchange gains and losses on lease liabilities from the Zambian operation, movements in credit loss allowances and Zimbabwean legacy debt receipts, increased by 3.7%.

Operating profit increased by 23.5% from BWP 226 million to BWP 279 million as costs grew at a slower rate than gross profit. EBIT margins improved from 4.2% to 4.6%.

The effective tax rate reduced from 29.3% to 19.4% due to unrecognised tax losses in Zambia.

The Group's negative equity reduced by BWP 107m from BWP 448 million to BWP 341 million mainly due to trading profits.

The Group's inventory grew 35.2% reflecting higher costs of goods due to inflation and increased inventory buys over the past quarter to address global supply chain constraints.

The Group continues to manage its cash resources and liquidity prudently with a reduction of BWP 62 million in net debt over the past 12 months. Net cash generated was P458 million, up 23.8% from last year's P378 million. Free cash flow of BWP 19 million (2021: BWP 85 million) was generated during the year. Capital expenditure increased to BWP P115 million (2021 BWP60 million) as we invested in new stores and maintained our distribution fleet. The Group settled gross debt of BWP 103 million.

The board decided that it is prudent at this period not to declare a dividend (2021: Nil).

This short-form announcement is the responsibility of the Board. It is only a summary of the information contained in the Group's full FY2022 annual results announcement, which is available on the Botswana Stock Exchange's ("BSE") X-News and on the JSE Limited ("JSE") SENS at: <https://senspdf.jse.co.za/documents/2022/JSE/ISSE/CHP/CHP22.pdf> and on the Group's website: <https://choppiesgroup.com/investor-relations/>.

This short-form announcement does not contain full or complete details and should not be used as a basis for any investment decision in relation to the Company's shares. The Group's full annual results announcement is also available for inspection, at no charge, at the Company's registered office (Plot 50371, Fairgrounds office park, Gaborone, Botswana) and the offices of the Company's BSE and JSE Sponsors during standard office hours.

Audit Opinion

The Group's annual financial statements have been audited by Mazars who issued an unmodified audit opinion.

Mazars' audit report is published on X-News & SENS simultaneously with this abridged release of results. This abridged financial information, has not been reviewed by the Group's external auditor, and has been extracted from the audited annual financial statements

The Company has a primary listing on the BSE and a secondary listing on the JSE.

21 September 2022

BSE Sponsoring Broker
Stockbrokers Botswana Limited



JSE Sponsor
PSG Capital

