

CHOPPIES ENTERPRISES LIMITED
 Registration number BW00001142508
 ISIN:BW0000001072
 BSE SHARE CODE: CHOP-EQO
 JSE SHARE CODE: CHP
 Tax Reference Number: C08710401018
 ("Choppies" or "Company" or "Group")



UNAUDITED GROUP FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

The board of directors of Choppies ("Board") announces the results of the Group for the six months ended 31 December 2023 ("HY2023"). These results have not been audited nor reviewed by the Company's auditors.

Continuing operations (Unaudited)	6 months ended 31 Dec 2023 Pula Millions	6 months ended 31 Dec 2022 Pula Millions	Change
Revenue	4,288	3,535	21%
Retail sales	4,258	3,511	21%
Gross Profit	893	736	21%
Operating Profit (EBIT)	181	141	28%
Operating margin	4.3%	4.0%	0.3 bps
Profit for the period	100	71	41%
Basic earnings per share*	5.4 Thebe	5.3 Thebe	1%
Headline earnings per share*	5.3 Thebe	5.2 Thebe	2%
Net cash flows generated from operating activities	338	290	48
Cash and cash equivalents at end of the period	116	36	80

* The previous year's basic and diluted earnings per share have been restated to account for the adjusted weighted average number of shares as a result of the rights offer completed during June 2023.

Financial highlights

The Group results for the six-month period were positively impacted by the Kamoso acquisition while the economic situation facing the Choppies Zimbabwe segment negatively impacted results. The growths in the key performance indicators are set out below, excluding both Kamoso and Zimbabwe.

BWP millions	As reported			As reported - excluding Kamoso			As reported - excluding Zimbabwe		
	Dec-23	Dec-22	% Growth	Dec-23	Dec-22	% Growth	Dec-23	Dec-22	% Growth
Sales	4,258	3,511	21%	3,709	3,511	6%	3,982	3,083	29%
EBIT	181	141	28%	162	141	15%	175	114	54%
Profit before tax	123	86	43%	111	86	29%	122	62	97%
Profit after tax - continuing operations	100	71	41%	91	71	28%	100	46	117%
Profit after tax - discontinued operations	(10)	-		-	-		(10)	-	
Profit after tax - total operations	90	71	27%	91	71	28%	89	46	93%
EBITDA	322	267	21%	277	267	4%	307	236	30%
Adjusted EBITDA	316	254	24%	271	254	7%	326	237	38%

Notwithstanding the weak performance from the Zimbabwe segment, as well as excluding the Kamoso acquisition, the Group's performance was strong. The commentary below further explains the performance of the Group and its segments.

The Kamoso general merchandise business was sold and discontinued during the reporting period.

The Group's retail sales increased by 21.3% to BWP 4 258 million (2022: BWP 3 511 million), driven by 10 new Choppies stores and the acquisition of 100 liquor and hardware stores from Kamoso and the other Kamoso divisions. Choppies segments saw volume growth of 8.0% with only Zimbabwe experiencing negative volume growth. Price growth of 0.6% mainly due to weaker translation exchange rates. Sales volume for like-for-like stores increased by 1.6%.

The gross profit margin remained flat at 21.0% from last year, despite the dilutionary impact of the Kamoso acquisition. Botswana, Namibia, and Zimbabwe improved gross profit margins while Zambia gross profit margins declined due to competitor discounting. Overall, the Choppies segments improved gross profit margins offsetting the dilutionary impact of the Kamoso gross profit margins. Kamoso's gross profit margin of 17% is driven by liquor and the medical distribution business.

In Pula terms, gross profit increased by 21.3% to BWP 893 million (2022: BWP 736 million) despite the challenging economic environment.

Expenses increased by 19.9% due to new stores and as well as high inflation. Excluding foreign exchange losses on lease liabilities of BWP23 million (2022: BWP9 million) and foreign exchange gains on Zimbabwean legacy debt receipts of BWP28 million (2022: BWP9 million), expenses increased 18.8%.

Operating profit (EBIT) increased by 28.4% from BWP 141 million to BWP 181 million while Adjusted EBIT, which excludes foreign exchange gains and losses on lease liabilities, movements in credit loss allowances and Zimbabwean legacy debt receipts increased by 37.9%.

Net finance costs were higher than last period due to the inclusion of finance costs relating to Kamoso. Choppies segments net finance costs reduced by BWP 4 million due to lower borrowings which was offset by higher interest on leases due to new stores.

The effective tax rate is lower than the standard rate mainly due to the legacy debt receipts from Zimbabwe that are exempt from income tax and the raising of deferred tax on carried forward tax losses. We raised a deferred tax asset of BWP 8 million for Zambia as we are now confident that this country will generate taxable profits in the foreseeable future.

The Board has declared an interim dividend of 1.6 thebe (2022: Nil thebe) per ordinary share, payable to shareholders on or before Tuesday, 16 April 2024. This is in accordance with the dividend policy adopted at the time of the BSE listing that a dividend cover of three will be maintained. A separate announcement will be made providing shareholders with further information relating to the interim dividend.

Short-form announcement

This short-form announcement is the responsibility of the Board. It is only a summary of the information contained in the Group's full HY2023 results announcement, which is available on the BSE's X-News and on the JSE Limited ("JSE") SENS at: <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/CHP/HY2023.pdf> and on the Group's website: <https://choppiesgroup.com/investor-relations/>.

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

29 February 2024

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