

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")



AUDITED GROUP FINANCIAL RESULTS FOR THE TWELVE MONTHS ENDED 30 JUNE 2024

The board of directors of Choppies ("Board") announces the results of the Group for the 12 months ended 30 June 2024 ("FY2024").

Continuing operations (audited)	2024	2023	Change
	Pula Millions	Pula Millions	
Revenue	8,541	6,486	31.7%
Retail sales	8,477	6,433	31.8%
Gross Profit	1,745	1,359	28.4%
Operating Profit	321	274	17.2%
Operating margin	3.79%	4.26%	(47 bps)
Profit for the period	164	150	9.3%
Profit for the period excluding Zimbabwe segment	195	158	23.4%
Basic earnings per share	8.8 Thebe	10.9 Thebe	(19.3%)
Headline earnings per share	8.8 Thebe	11.1 Thebe	(20.7%)
Net cash flows generated from operating activities	663	484	179
Cash and cash equivalents at end of the period	125	143	(18)
Total operations including continuing and discontinued operations			
Basic earnings per share	7.6 Thebe	10.9 Thebe	(30.3%)
Headline earnings per share	7.6 Thebe	11.1 Thebe	(31.5%)

FY2023 per share information is based on a lower weighted average number of shares than in FY2024 due to the June 2023 rights issue. As a result, per share earnings shows a significant reduction. The profit after tax from continuing operations expected range is reflective of our true performance.

The Kamoso general merchandise business, Kamoso South African liquor business and Kamoso Mediland business were discontinued during the reporting period.

Financial highlights

The Group results for the 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 as follows: excluding Kamoso, excluding Zimbabwe and excluding both Kamoso and Zimbabwe.

	As reported			As reported - excluding Kamoso			As reported - excluding Zimbabwe			As reported - excluding Kamoso & Zimbabwe		
	Jun-24	Jun-23	% Growth	Jun-24	Jun-23	% Growth	Jun-24	Jun-23	% Growth	Jun-24	Jun-23	% Growth
BWP millions												
Revenue	8,541	6,486	32%	7,252	6,486	12%	8,000	6,083	32%	6,711	6,083	10%
Sales	8,477	6,433	32%	7,192	6,433	12%	7,939	6,032	32%	6,654	6,032	10%
EBIT	321	274	17%	294	274	7%	335	290	16%	308	290	6%
Adjusted EBIT	280	245	14%	269	245	10%	334	252	33%	323	252	28%
Profit before tax	207	165	25%	194	165	18%	229	182	26%	215	182	18%
Profit after tax - continuing operations	164	150	9%	153	150	2%	195	158	23%	184	158	16%
Profit after tax - discounted operations	(28)	0	0%	0	0	0%	(28)	0	0%	0	0	0%
Profit after tax - total operations	136	150	(9%)	153	150	2%	167	158	6%	184	158	16%
EBITDA	622	467	33%	544	467	16%	597	479	25%	519	479	8%
Adjusted EBITDA	566	489	16%	504	489	3%	596	492	21%	534	492	9%

Notwithstanding the weak performance from the Zimbabwe segment as well as excluding the Kamoso acquisition, the Group's performance was strong. The discontinued operations relate to businesses acquired as part of the Kamoso acquisition and discontinued in the current financial year.

The commentary below further explains the performance of the Group.

The Group's retail sales increased by 31.8% to BWP 8 477 million (2023: BWP 6 433 million), driven by 1 new Choppies stores, the acquisition of 108 liquor and hardware stores from Kamoso, the other segments in Kamoso and inflation and volume growth. Choppies segments saw combined volume growth of 17% despite Zimbabwe experiencing negative volume growth. Choppies segments achieved price growth of 0.2% mainly due to weaker translation exchange rates. Choppies segments sales volume for like-for-like stores increased by 21.0%.

The gross profit margin declined by 50 basis points to 20.6% (2023: 21.1%), due to lower margins in the Choppies segments due to competitor discounting and the dilutionary impact of the Kamoso acquisition which has lower margins. Choppies Botswana, Choppies Zambia and Choppies Zimbabwe experienced lower gross profit rates while Choppies Namibia's gross profit rate improved.

In Pula terms, gross profit increased by 28.4% to BWP 1 745 million (2023: BWP 1 359 million) despite the competitive and challenging economic environment.

Expenses increased by 30.8% due to new stores, inflation, and the acquisition of Kamoso. Expenses excluding the following items increased 37.3%: foreign exchange losses on lease liabilities of BWP 17 million (2023: BWP 31 million) and foreign exchange gains on Zimbabwean legacy debt receipts of BWP 55 million (2023: BWP 11 million), the profit on sale of the Mediland business of BWP 16 million and impairment of goodwill in the Zimbabwe segment of BWP 15 million.

Operating profit (EBIT) increased by 17.2% from BWP 274 million to BWP 321 million. In contrast, Adjusted EBIT, which excludes foreign exchange gains and losses on lease liabilities, movements in credit loss allowances and Zimbabwean

legacy debt receipts, the profit on sale of the Mediland business of BWP 16 million and impairment of goodwill in the Zimbabwe segment of BWP 15 million increased by 26.6%.

Net finance costs were higher than last year due to the inclusion of finance costs relating to Kamoso. Choppies segments net finance costs reduced by BWP 11 million due to lower borrowings offset by higher interest on leases due to new stores.

The effective tax rate of 20.8% (2023: 9.1%) is higher than last year due to the impairment of Choppies Zimbabwe's deferred tax asset of BWP 9m (2023: raised P9m deferred tax asset) and Botswana becoming more profitable. The rate of 20.8% 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 in the Choppies Zambia segment. We raised a further deferred tax asset of BWP 12 million (2023: BWP 15 million) for Zambia as we are confident that this segment will generate taxable profits in the foreseeable future.

The Board has declared a final dividend (number 08) of 1.4 thebe per share (2023: Nil). A separate announcement relating to the salient dates and the tax treatment of the ordinary dividend will be released on the BSE's X-News and on the JSE's SENS.

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 FY2024 annual financial statements which are available on the X-News and on the JSE cloudlink at: <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/CHP/CHPJUNE24.pdf> and on the Group's website: <https://choppiesgroup.com/investor-relations/>.

Audit Opinion

The Group's full FY2024 annual financial statements have been audited by Forvis Mazars who issued an unmodified audit opinion. Forvis Mazars' audit report is available along with the FY2024 annual financial statements, on the abovementioned websites. The financial information in this short form announcement has not been reviewed or audited by the Group's external auditor, however it has been extracted from the FY2024 audited annual financial statements.

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

25 September 2024

BSE Sponsoring Broker
Motswedi Securities (Pty) Ltd



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