

GROUP UNAUDITED RESULTS

FOR SIX MONTHS ENDED 31ST JANUARY 2023

FURNMART LIMITED

HOME CORP
MEGA STORE • MEGA SAVINGS

Furnmart

(ALL AMOUNTS IN PULA '000)

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 6 Months | 6 Months |
|---|----------------|-----------------|
| | 31/01/2023 | 31/01/2022 |
| | Unaudited | Unaudited |
| Revenue | 787 531 | 699 855 |
| Operating income | 124 246 | 139 695 |
| Depreciation | (60 050) | (58 508) |
| Exchange loss | (10 567) | (2 185) |
| Net finance cost | (23 629) | (22 844) |
| Profit before tax | 30 000 | 56 158 |
| Income tax expense | (5 919) | (10 862) |
| Profit after tax | 24 081 | 45 296 |
| Other Comprehensive Income | | |
| Currency translation differences | (3 702) | (889) |
| Total comprehensive income for the period | 20 379 | 44 407 |
| Dividend proposed (gross) | | |
| Gross dividend declared - Interim per share (thebe) | 3.00 | 3.01 |
| Weighted average number of shares in issue | 501 222 174 | 501 222 174 |
| Basic earnings per share (thebe) | 4.80 | 9.04 |

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at | As at |
|--|------------------|------------------|
| | 31/01/2023 | 31/01/2022 |
| | Unaudited | Unaudited |
| Assets | | |
| Right of use assets | 395 574 | 464 034 |
| Property, plant & equipment | 78 514 | 78 730 |
| Intangible assets - software | 3 835 | 5 100 |
| Investment in Cell Captives | 32 255 | 34 623 |
| Deferred income tax | 26 432 | 16 862 |
| Investment in associate | 91 | 101 |
| Inventories | 294 317 | 255 178 |
| Trade receivables | 615 515 | 548 791 |
| Other current assets | 61 611 | 81 353 |
| Cash and Bank balances | 8 760 | 38 241 |
| Total Assets | 1 516 904 | 1 523 013 |
| Equity and Liabilities | | |
| Share capital & reserves | 668 226 | 642 233 |
| Non - Current Liabilities | | |
| Lease liabilities | 430 962 | 472 167 |
| Borrowings | 157 962 | 161 764 |
| Deferred income tax | 741 | 143 |
| Current Liabilities | | |
| Lease liabilities | 86 603 | 94 883 |
| Borrowings (including bank overdrafts) | 83 251 | 64 570 |
| Trade and other payables | 88 817 | 82 626 |
| Other current liabilities | 342 | 4 627 |
| Total Equity and Liabilities | 1 516 904 | 1 523 013 |

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 6 Months | 6 Months |
|--|-----------------|------------------|
| | 31/01/2023 | 31/01/2022 |
| | Unaudited | Unaudited |
| Operating Activities | | |
| Cash (utilised in) / generated from operations | (2 349) | 52 713 |
| Income Tax paid | (11 754) | (14 885) |
| Investing Activities | | |
| Purchase of property, plant & equipment (net) | (15 227) | (14 694) |
| Investments in Cell captives (net of dividends) | (277) | (5 531) |
| Interest received | 2 817 | 2 643 |
| Financing Activities | | |
| Net movement in borrowings | (2 930) | (3 954) |
| Lease payments | (58 750) | (51 750) |
| Interest paid | (9 065) | (7 751) |
| Dividends paid (Gross) | - | (110 944) |
| Net decrease in cash and cash equivalents | (97 535) | (154 153) |
| Exchange loss on cash & cash equivalents | (16 380) | (3 502) |
| Cash and cash equivalents at the beginning of period | 44 686 | 138 250 |
| Cash and cash equivalents at the end of the period (including Overdrafts) | (69 229) | (19 405) |

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Stated capital | Currency translation reserve | Retained earnings | Total |
|---|----------------|------------------------------|-------------------|----------------|
| Current Year | | | | |
| Balance as at 31 st July 2022 | 128 474 | (36 276) | 555,649 | 647 847 |
| Total comprehensive income | | (3 702) | 24 081 | 20 379 |
| Balance as at 31st January 2023 | 128 474 | (39 978) | 579 730 | 668 226 |
| Prior year | | | | |
| Balance as at 31 st July 2021 | 128 474 | (36 779) | 506 131 | 597 826 |
| Total comprehensive income | | (889) | 45 296 | 44 407 |
| Balance as at 31st January 2022 | 128 474 | (37 668) | 551 427 | 642 233 |

RESULTS

Revenue of P787.5m for the six months ended January 2023, was P87.7m (12.5%) higher than the prior year. Growth in credit sales contributed to higher finance and ancillary services income compared to the prior year.

Although gross profit margins are in line with the prior period, they remain below the pre-Covid levels.

Operating income of P124.2m is P15.4m (11.1%) lower than the corresponding period. This reduction in operating income resulted from higher operating expenses and higher trade receivable impairment costs.

Total trade receivable impairment costs have more than doubled during the period under review, mainly due to an increase in the trade receivable book of P98.5m (13.2%). Management believes that the level of the impairment provision on the trade receivable book is adequate, and viewed as a percentage to the book, is at a similar level compared to last year.

The exchange loss on intercompany receivables was P8.4m higher than the prior period, due to the strengthening of the Pula against the South African Rand and Namibian Dollar.

Profit after tax of P24.1m is P21.2m (46.8%) lower than the previous year.

OPERATIONS

The Group opened six (6) new Furnmart stores during the period under review and will continue with a programme of refurbishing older stores.

Pressure on cash resources has been intense, as the working capital demands of increased stock levels (to counter supply chain uncertainty) and a growing trade receivable book, have peaked during this period.

PROSPECTS

The Group believes that trading conditions will remain uncertain due to high inflationary pressures and the rising interest rate environment. Management expects the growth in credit sales to continue into the second half of the year and is confident that the overall quality of the trade receivable book will be maintained.

DIVIDEND DECLARATION

In line with the Group's dividend policy, a gross interim dividend of 3.0t per share was declared on 21st April 2023 and is payable to shareholders registered on 28th April 2023, payable 12th May 2023.

For Furnmart Limited

T. L. J. Mynhardt
Deputy Chairman

D. S. le Roux
Managing Director
Date: 21st April 2023

Transfer Secretary
DPS Consulting Services (Pty) Limited
Plot 28892, Twin Towers, West Wing
Fairgrounds Office Park, Gaborone
P. O. Box 1453, Gaborone, Botswana

Auditor
Ernst and Young
2nd Floor, Plot 22
Khama Crescent, Gaborone
P.O.Box 41015, Gaborone, Botswana

NOTES

- The accounting policies and methods of computation used in preparing these financial statements have been consistent with those used in the annual financial statements to 31st July 2022.
- Figures are regrouped wherever necessary to ensure comparability.

DIRECTORS

J. T. Mynhardt (Chairman), T. L. J. Mynhardt (Deputy Chairman), D. S. le Roux* (Managing Director), F. B. Lebalala, S. Venkataramani+, E. Odendaal*, L. G. Waldeck*, J. P. McLoughlin*

*South African, +Indian