

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 2023

The board of directors of Choppies ("Board") announces the results of the Group for the 12 months ended 30 June 2023 ("FY2023"). These results have been audited by the external auditors who have expressed an unmodified audit opinion thereon.

The Group is no longer in a negative equity position and the auditors have dispensed with the reference to a Material Uncertainty with regard to the Group's Going Concern status.

Continuing operations (audited)	2023	2022	Change
	Pula Millions	Pula Millions	
Revenue	6,486	6,097	6.4%
Retail sales	6,433	6,042	6.5%
Gross Profit	1,359	1,307	4.0%
Operating Profit	274	279	(1.8%)
Operating margin	4.26%	4.62%	(36 bps)
Profit for the period	150	145	3.4%
Basic earnings per share	10.9 Thebe	10.4 Thebe	4.8%
Headline earnings per share	11.1 Thebe	12.0 Thebe	(7.5%)
Net cash flows generated from operating activities	484	463	21
Cash and cash equivalents at end of the period	143	17	126

Financial highlights

The Group's retail sales increased by 6.5% to BWP 6 433 million (2022: BWP 6 042 million), driven by sixteen new stores coupled with price growth of 6.8%. Sales volumes increased by 1.6% and excluding the new stores declined by 4.6% on a comparable basis.

In Pula terms, gross profit grew by 4.0% to BWP 1 359 million (2022: BWP 1 307 million) despite the challenging economic environment. Botswana and Namibia marginally grew gross profit rates while rates in Zambia and Zimbabwe declined.

The Group faced a demanding economic environment characterised by stubbornly high inflation, higher interest rates and unemployment, all of which continue to constrain consumer spending and the consumer's ability to digest higher prices. Sales volumes were lower in many categories, exacerbated by competitor discounting, with cost pressures only partly recovered through price increases.

The gross profit margin accordingly reduced to 21.1% from last year's 21.6% due to higher supply chain costs, including fuel and managing prices in response to higher cost inflation and competitor discounting.

While expenses increased 5.1% excluding the depreciation restatement, expenses grew 9.8% partly due to new stores and inflation. Foreign exchange losses on lease liabilities of BWP31 million (against a gain of BWP28 million last year) were partly offset by foreign exchange gains on Zimbabwean legacy debt receipts of BWP18 million (2022: BWP15 million).

Operating profit (EBIT) reduced by 1.8% from BWP 279 million to BWP 274 million whilst Adjusted EBIT, which excludes foreign exchange gains and losses on lease liabilities, movements in credit loss allowances, Zimbabwean legacy debt receipts and the reassessment of depreciation, reduced by 7.5% as costs grew faster than gross profit.

Net finance costs were higher than last year due to higher interest rates and interest on new stores lease liabilities.

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 P15m for Zambia as we are now confident that this country will generate taxable profits in the foreseeable future.

The Board has resolved not to declare a dividend given the uncertain economic environment as well as the rebuilding phase of the Group's capital structure (2022: 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 FY2023 annual 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/2023/JSE/ISSE/CHP/CHPJUNE2023.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 financial information in this announcement, has not been audited 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 2023

BSE Sponsoring Broker
Stockbrokers Botswana Limited



JSE Sponsor
PSG Capital

