

GROUP AUDITED RESULTS

FOR THE YEAR ENDED 31ST JULY 2022

FURNMART LIMITED

HOME CORP
MEGA STORE • MEGA SAVINGS

Furnmart

(ALL AMOUNTS IN PULA '000)

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended	Year ended
	31/07/2022	31/07/2021
	Audited	Audited
Revenue	1 361 161	1 341 688
Operating income	242 891	345 368
Depreciation	(111 999)	(113 519)
Exchange gain	2 904	31 718
Net finance cost	(51 552)	(49 763)
Share of loss from associate	(10)	(20)
Profit before tax	82 234	213 784
Tax expense:		
- Levied as income tax	(17 616)	(42 184)
- Levied as withholding tax on dividend from subsidiaries	-	(40 697)
Profit after tax	64 618	130 903
Other Comprehensive Income		
Currency translation differences	503	17 654
Total comprehensive income for the period	65 121	148 557
Dividend proposed (gross)		
Gross dividend - Interim per share (t) - ex 2022 (No final dividend proposed)	3.01	-
- Final per share (t) - ex 2021	-	23.94
- Final per share (t) - ex 2020	-	25.94
Weighted average number of shares in issue	501 222 174	501 222 174
Basic earnings per share (thebe)	12.89	26.12

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	As at
	31/07/2022	31/07/2021
	Audited	Audited
Assets		
Right of use assets	448 726	510 675
Property, plant & equipment	76 013	77 007
Intangible assets - software	4 507	5 853
Investment in Cell Captive	31 978	29 092
Deferred income tax	26 751	16 902
Investment in associate	91	101
Inventories	272 576	253 383
Trade receivables	535 645	488 028
Other current assets	99 267	83,476
Cash and Bank balances	74 212	164 057
Total Assets	1 569 766	1 628 574
Equity and Liabilities		
Share capital & reserves	647 847	597 826
Non - Current Liabilities		
Borrowings	160 726	165 718
Lease liabilities	453 632	502 391
Deferred income tax	741	143
Current Liabilities		
Borrowings (including bank overdrafts)	34 954	32 731
Lease liabilities	111 491	100 956
Trade and other payables	137 413	91 116
Dividend payable (Gross)	-	110 944
Other current liabilities	22 962	26 749
Total Equity and Liabilities	1 569 766	1 628 574

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended	Year ended
	31/07/2022	31/07/2021
	Audited	Audited
Operating Activities		
Cash generated from operations	204 676	206 620
Income Tax paid	(28 141)	(39 047)
Investing Activities		
Purchase of property, plant & equipment (net)	(23 344)	(22 458)
Investments (in)/dividends from Cell Captive (net)	(2 886)	18 231
Interest received	5 195	8 333
Financing Activities		
Net movement in borrowings	(6 487)	(5 731)
Lease payments	(99 696)	(94 219)
Interest paid	(15 931)	(14 382)
Dividends paid (Gross)	(126 044)	(139 073)
Net decrease in cash and cash equivalents	(92 658)	(81 726)
Exchange (loss)/gain on cash & bank balances	(906)	20 375
Cash and cash equivalents at the beginning of year	138 250	199 601
Cash and cash equivalents at the end of the year	44 686	138 250

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital	Currency translation reserve	Retained earnings	Total
Balance as at 01 August 2020	128 474	(54 433)	625 245	699 286
Total comprehensive income	-	17 654	130 903	148 557
Dividends paid - final 2020	-	-	(130 017)	(130 017)
Dividends paid - final 2021	-	-	(120 000)	(120 000)
Balance as at 31 July 2021	128 474	(36 779)	506 131	597 826
Balance as at 01 August 2021	128 474	(36 779)	506 131	597 826
Total comprehensive income	-	503	64 618	65 121
Dividends declared and paid - interim (gross)	-	-	(15 100)	(15 100)
Balance as at 31 July 2022	128 474	(36 276)	555 649	647 847

RESULTS

Revenue of P1.4 bn for the 12 months ended July 2022, was P19.5m (1.5%) higher than the prior year. Sales growth, measured against the high comparable base of the prior year, has been sluggish. Sales growth recorded in the prior year was strong, after the lifting of the hard lockdown periods.

Gross profit margins remain under pressure and have declined compared to the prior period. Some reprieve from the higher shipping costs and supply chain disruptions have started to filter through, but compared to the prior year, the inflationary impact of these disruptions is still prevalent.

Operating income of P242.9m is P102.5m (29.7%) lower than the corresponding period. This significant decline in operating income resulted from lower margins, increase in expenses and higher trade receivable impairment costs.

Total trade receivable impairment costs have increased significantly during the period under review, albeit off a low prior year base. As highlighted at the interim stage, the increase in impairment cost must be seen in relation to the release of excess impairment provisions in the prior year, that was increased after the hard lockdown periods. Management believes that the impairment provision is at an adequate level.

Profit after tax of P64.6m, is P66.3m (50.6%) lower than the previous year.

OPERATIONS

The Group opened two (2) new Furnmart stores during the period under review and is continuing with a programme of revamping old but profitable stores. The Group has been wary to expand the store-base during the last two years but will continue, albeit it cautiously, to open new stores as opportunities arise. Several new stores have been earmarked for opening in the new financial year.

PROSPECTS

Management expects trading conditions to remain uncertain due to ongoing supply chain disruptions, high inflationary environment, and a slowing world economy.

DIVIDEND PAID

In line with the Group's dividend policy, a gross interim dividend of 3.01t per share was declared in April 2022 and paid to shareholders in May 2022.

For Furnmart Limited

T. L. J. Mynhardt
Deputy Chairman

D. S. le Roux
Managing Director
Date: 31st October 2022

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

Auditors
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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 2021.
- Figures are regrouped wherever necessary to ensure comparability.
- These abridged financial statements are extracts from the audited annual financial statements, which were issued with an unqualified audit report on 31st October 2022.

DIRECTORS

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