

# GROUP AUDITED RESULTS

FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2023

FURNMART LIMITED

**HOME CORP**  
MEGA STORE • MEGA SAVINGS

**Furnmart**

(ALL AMOUNTS IN PULA '000)

## ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended	Year ended
	31/07/2023	31/07/2022
	Audited	Audited
<b>Revenue</b>	<b>1 475 628</b>	<b>1 361 161</b>
<b>Operating income</b>	<b>248 998</b>	<b>242 891</b>
Depreciation	(113 295)	(111 999)
Exchange (loss)/gain	(9 591)	2 904
Net finance cost	(51 472)	(51 552)
Share of loss from associate	(30)	(10)
<b>Profit before tax</b>	<b>74 610</b>	<b>82 234</b>
<b>Tax expense:</b>		
Income tax	(16 135)	(17 616)
<b>Profit after tax</b>	<b>58 475</b>	<b>64 618</b>
Other Comprehensive Income:		
Currency translation differences	(3 303)	503
<b>Total comprehensive income for the year</b>	<b>55 172</b>	<b>65 121</b>
<b>Dividend (gross)</b>		
Gross dividend - Interim per share (thebe)	3.00	3.01
- Final per share (thebe)	11.50	-
Gross dividend - Interim amount (paid)	15 037	15 100
- Final amount (proposed)	57 641	-
Weighted average number of shares in issue	501 222 174	501 222 174
Basic earnings per share (thebe)	11.67	12.89

## ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	As at
	31/07/2023	31/07/2022
	Audited	Audited
<b>Assets</b>		
Right of use assets	417 100	448 726
Property, plant and equipment	82 176	76 013
Intangible assets - developed software	3 162	4 507
Investment in Cell Captives	39 251	31 978
Deferred income tax	32 775	26 751
Investment in associate	61	91
Inventories	268 938	272 576
Trade receivables	584 571	535 645
Other current assets	72 651	99 267
Cash and bank balances	74 196	74 212
<b>Total</b>	<b>1 574 881</b>	<b>1 569 766</b>
<b>Equity and Liabilities</b>		
Stated capital & reserves	687 982	647 847
<b>Non - Current Liabilities</b>		
Lease liabilities	424 073	453 632
Borrowings	155 403	160 726
Deferred income tax	507	741
<b>Current Liabilities</b>		
Lease liabilities	125 449	111 491
Borrowings (including bank overdrafts)	48 624	34 954
Trade and other payables	105 513	137 413
Other current liabilities	27 330	22 962
<b>Total Equity and Liabilities</b>	<b>1 574 881</b>	<b>1 569 766</b>

## ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended	Year ended
	31/07/2023	31/07/2022
	Audited	Audited
<b>Operating activities</b>		
Cash generated from operations	199 997	204 676
Income tax paid	(24 095)	(28 141)
<b>Investing Activities</b>		
Purchase of property, plant and equipment (net)	(31 476)	(23 343)
Investments in Cell Captive (net of dividends)	(7 273)	(2 886)
Interest received	5 217	5 195
<b>Financing activities</b>		
Net movement in borrowings	(5 212)	(6 487)
Lease payments	(107 448)	(99 696)
Interest paid	(18 288)	(15 932)
Dividends paid	(14 997)	(126 044)
<b>Net decrease in cash and cash equivalents</b>	<b>(3 575)</b>	<b>(92 658)</b>
Exchange loss on cash & bank balances	(10 000)	(906)
Cash and cash equivalents at the beginning of the year	44 686	138 250
<b>Cash and cash equivalents at the end of the year</b>	<b>31 111</b>	<b>44 686</b>

## ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital	Currency translation reserve	Retained earnings	Total
<b>Balance as at 01 August 2021</b>	<b>128 474</b>	<b>(36 779)</b>	<b>506 131</b>	<b>597 826</b>
Total comprehensive income	-	503	64 618	<b>65 121</b>
Dividends paid - interim 2022	-	-	(15 100)	<b>(15 100)</b>
<b>Balance as at 31 July 2022</b>	<b>128 474</b>	<b>(36 276)</b>	<b>555 649</b>	<b>647 847</b>
<b>Balance as at 01 August 2022</b>	<b>128 474</b>	<b>(36 276)</b>	<b>555 649</b>	<b>647 847</b>
Total comprehensive income	-	(3 303)	58 475	<b>55 172</b>
Dividends paid - interim 2023	-	-	(15 037)	<b>(15 037)</b>
<b>Balance as at 31 July 2023</b>	<b>128 474</b>	<b>(39 579)</b>	<b>599 087</b>	<b>687 982</b>

## RESULTS

Revenue of P1.5bn for the 12 months ended July 2023, was P114.5m (8.4%) higher than the prior year. Sales growth was primarily driven by inflation. The weak economic environment, high inflation and high interest rates have put pressure on the consumer's ability to spend on non-essential durables.

Gross profit margins declined, compared to the prior period. Lower shipping costs and lower supply chain inflation have started to filter through as anticipated, and as a result, during the second half of the financial year, gross profit margins improved.

Operating income of P249.0m is P6.1m (2.5%) better than the corresponding period. The higher gross profit, achieved through an increase in sales, was partially offset by increases in expenses and higher debtors' impairment costs.

An increase in total debtors' costs was primarily due to an increase in the impairment provision, mainly attributed to the growth in trade receivables. Management believes that the impairment provision is at an adequate level.

The Pula remained strong and gained against the Rand during the financial year. As a result, the Group realised an exchange loss of P9.6m compared to an exchange gain of P2.9m in the prior year.

Profit after tax of P58.5m, is P6.1m (9.5%) lower than the previous year.

## OPERATIONS

The Group opened nine (9) new Furnmart stores during the period under review and is continuing with a programme of revamping old stores. The Group will continue with its cautious approach to opening new stores, as opportunities arise.

## PROSPECTS

Management expects the current difficult trading conditions to continue, even deteriorating, as consumers' disposable income is eroded by higher food, transport and energy prices.

Trading in the first couple of months of the new financial year has been tough.

## DIVIDEND DECLARATION

In line with the Group's dividend policy, a gross final dividend of 11.50t per share was declared on 20<sup>th</sup> October 2023, and is payable to shareholders registered on 17<sup>th</sup> November 2023, for payment on 28<sup>th</sup> November 2023.

The key dates for this payment are:

Record date to participate in dividend	17 November 2023
Payment	28 November 2023

In terms of the Botswana Income Tax Act, a withholding tax at the applicable rate will be deducted.

## For Furnmart Limited

**T. L. J. Mynhardt**  
Deputy Chairman

**D. S. le Roux**  
Managing Director  
Date: 20<sup>th</sup> October 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**  
2<sup>nd</sup> 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 31<sup>st</sup> July 2022.
- Figures are regrouped wherever necessary to ensure comparability.
- These abridged financial statements are extracts from the audited annual financial statements, which comply with IFRS requirements, and were issued with an unqualified audit report on 30<sup>th</sup> October 2023.

## 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