EDGARS STORES
LIMITED

Group Chief Executive Officer's Trading Update
39 Weeks Ended 6 September 2019

The Group's YTD turnover to September 2019 increased by 154% on last year while units sold were down 23%. The Group has not been spared from the impact of diminishing consumer purchasing power.

EBITDA at $ 52.5million was 604% up from last year.

Inventory: The business is adequately stocked to meet the festive season demand. Retail inventory at $56million was up 454% from last year.

New stores
We opened a new Jet Store in Banket and secured premises for another Jet store in Chegutu which will open for Christmas trading. Edgars chain is returning to the Kadoma market and a new store will open there on Black Friday, 29 November 2019.

Edgars Chain
Unit sales were down 25% compared to 2018
Dollar Sales as at end September trading were 151% above last year.

Jet Chain
Unit sales were down 23% compared to 2018
Dollar Sales as at end September trading were 146% above last year.

Financial Services
Debtors book: Total debtors (net of allowance for credit losses) were at $45million, a 113% increase from last year.
Debtors Book Quality: 3.9% of the debtors book were over 30days due and 83% was current. The book is clean.
Total active accounts at the end of September were 145 737 (2018: 154 045).
The Group has a hedging policy in place to preserve its debtors book against inflationary effects.
Interest rates have been increased on all credit products.

Carousel
Unit sales were down 9% over 2018
Dollar sales as at end of September trading were 240% above last year
Exports: 2% of total sales were exports.

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Club Plus

Loan book size was at $5.8million being 58% growth over last year.
Interest Income for the period was $2.9million being 189% increase from last year.
EBITDA: at $1.6million increased 102% from last year.
The book is clean with 86% loans on current and non-performing loans (NPLs) at 4.1% as at the end of September 2019.

Borrowings: Total borrowings have increased to $23million from $7.5million last year. $10.1million is payable within 12 months and the balance is payable over the next 2years.

We expect our borrowings to continue to grow due to increasing working capital requirements in the face of rising inflation, and the need to grow foot print and give stores a facelift in critical locations.

Finance costs increased by 240% compared to last year. This cost line continues to increase in line with increasing minimum lending rates.

Liabilities: Trade and other liabilities of $31million are 264% up on last year. The Group's foreign liabilities at the end of September stood at Euro 280k.
Included in other payables is an accrual of $2.3million for franchise fees. The Group has applied to the Reserve Bank of Zimbabwe to register this as a legacy debt.

IAS 29, Financial Reporting in Hyper Inflationary Economies

The current trading period has been characterised by rapid price increases. Resultantly, on 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued an announcement indicating that the condition for a hyperinflationary economy had been met in Zimbabwe and that entities should commence hyper inflationary reporting in compliance with IAS 29 for the period beginning 1 July 2019. The Institute of Chartered Accountants Zimbabwe (ICAZ) issued guidance on the application of IAS 29 on the 20th of November. The Group has reported this trading update on the basis of historical cost.

Outlook: We are planning for positive unit growth in the last quarter to December 2019. The business is committed to delivering growth to shareholders and good products at the best prices to our customers. We are geared to take advantage of any opportunities that arise.

Linda Masterson

GROUP CHIEF EXECUTIVE OFFICER
22 November 2019