



**CHOPPIES**

*Great value for your money!*

Unaudited  
Interim Group  
Financial Results  
for the six months ended  
**31 December 2024**

And cash dividend declaration

Our shared value journey

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The Company's primary listing is on the BSE, and its secondary listing is on the JSE.

## Corporate information

(Registration number:  
BW00001142508)

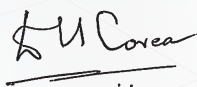
## BSE

ISIN: BW0000001072  
Share code: CHOP-EQO  
Bloomberg code: CHOPPIES BG  
EQUITY  
Reuters code: CHOPP.BT  
Listing date: January 2012  
Total shares in issue: 1 824 461 674

## JSE

ISIN: BW0000001072  
Share code: CHP  
Listing date: May 2015

## For and on behalf of the Board



### DKU Corea

Chairman

20 March 2025



### R Ottapathu

Chief Executive Officer

## Registered office

Plot 28892,  
Twin Towers, Fairground,  
Gaborone, Botswana

## Sponsors

BSE: Motswedi  
Securities (Pty) Ltd  
JSE: PSG Capital

## Company Secretary

BP Consulting Services  
(Pty) Ltd  
Plot 28892  
Twin Towers, Fairground  
Gaborone, Botswana

## Auditors

Forvis Mazars  
Plot 139  
Finance Park  
Gaborone, Botswana.

# SALIENT FEATURES



\* Comparative numbers have been re-presented in accordance with the application of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Group sold the assets of the Zimbabwean segment in December 2024. The Kamoso general merchandise business, the Kamoso South African liquor business and the Kamoso Mediland business were discontinued during the June 2024 financial year.

# OTHER HIGHLIGHTS

- ▶ All Choppies segments – Botswana, Namibia and Zambia turned into EBITDA profitable.
- ▶ The strategy of exiting loss-making segments continues with the latest exit from Zimbabwe.
- ▶ **Footfall up 15.5%.**
- ▶ **Strong momentum as customers respond to value and convenience offering.**
- ▶ **Group funding covenants complied with.**
- ▶ Kamoso segments – turnaround of all segments in progress, but slower than expected and plans are in place to improve the performance.
- ▶ Living wage implemented in Botswana will be a small drag on profitability in the short term.
- ▶ **Interim dividend of 1.6 thebe declared (subject to withholding tax), (2023: 1.6 thebe) per ordinary share.**
- ▶ Store footprint improved due to the Zambia and Namibia segments accelerated expansion while in the Botswana segment only a few stores opened in a mature market to avoid cannibalisation.

## Statistics

	<b>December 2024</b>	December 2023	Change	June 2024	Change
<b>Number of stores</b>	<b>277</b>	251	26	257	20
<b>Choppies</b>	<b>168</b>	151	17	155	13
Botswana	<b>107</b>	101	6	103	4
Namibia	<b>23</b>	18	5	20	3
Zambia	<b>38</b>	32	6	32	6
<b>Kamoso</b>	<b>109</b>	100	9	102	7
Liquorama	<b>82</b>	73	9	75	7
Builders Mart	<b>27</b>	27	-	27	-
<b>Number of employees</b>	<b>12 274</b>	11 041	1 233	11 388	886
Choppies	<b>11 091</b>	9 885	1 206	10 289	802
Kamoso	<b>1 183</b>	1 156	27	1 099	84

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<b>Unaudited six months ended 31 December 2024 BWPm</b>	Unaudited* six months ended 31 December 2023 BWPm	Audited* 12 months ended 30 June 2024 BWPm
<i>Figures in Pula millions</i>			
<b>Continuing operations</b>			
Revenue	4 717	3 950	8 001
<b>Retail sales</b>	4 677	3 921	7 940
Cost of sales	(3 712)	(3 108)	(6 319)
<b>Gross profit</b>	965	813	1 621
Other operating income	40	29	61
<b>Expenditure</b>	(815)	(663)	(1 347)
Profit on disposal of plant and equipment	-	2	3
Net impairment losses	(9)	-	-
(Loss)/profit on sale of business	(14)	-	16
Administrative expenses	(677)	(559)	(1 172)
Selling and distribution expenses	(27)	(20)	(37)
Foreign exchange losses on lease liability	(6)	(21)	(17)
Expected credit loss movement	(4)	-	(1)
Other operating expenses	(78)	(65)	(139)
<b>Operating profit before interest</b>	190	179	335
Finance income	1	-	4
Finance costs	(52)	(51)	(109)
<b>Profit before taxation</b>	139	128	230
Taxation	(24)	(23)	(34)
<b>Profit from continuing operations</b>	115	105	196
Loss from discontinued operations	(30)	(15)	(60)
<b>Total profit for the period</b>	85	90	136
<b>Other comprehensive (loss)/income - Items that may be reclassified to profit or loss</b>	(38)	(14)	(35)
Exchange differences on translating foreign operations	1	(14)	(35)
Hyper-inflationary reserve reclassified	312	-	-
Foreign currency translation reserve reclassified	(351)	-	-
<b>Total comprehensive income for the year</b>	47	76	161
<b>Profit/(loss) for the period attributable to:</b>	85	90	136
Owners of the parent	83	90	138
Non-controlling interest	2	-	(2)
<b>Profit/(loss) for the period attributable to: Owners of the Company</b>	83	90	138
From continuing operations	112	101	190
From discontinued operations	(29)	(11)	(52)
<b>Non-controlling interests</b>	2	-	(2)
From continuing operations	2	4	5
From discontinued operations	-	(4)	(7)
<b>Total comprehensive income/(loss) attributable to:</b>	47	76	102
Owners of the parent	45	78	106
Non-controlling interest	2	(2)	(4)
<b>Basic earnings/(loss) per share - Thebe</b>	4.5	4.9	7.6
Continuing operations	6.1	5.5	10.5
Discontinuing operations	(1.6)	(0.6)	(2.9)
<b>Diluted earnings/(loss) per share - Thebe</b>	4.5	4.9	7.5
Continuing operations	6.0	5.5	10.3
Discontinuing operations	(1.5)	(0.6)	(2.8)

\* Comparative numbers have been represented in accordance with the application of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Group sold the assets of the Zimbabwean segment in December 2024. The Kamoso general merchandise business, the Kamoso South African liquor business and the Kamoso Mediland business were discontinued during the June 2024 financial year.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in Pula millions

	<b>Unaudited 31 December 2024 BWPm</b>	Unaudited 31 December 2023 BWPm	Audited 30 June 2024 BWPm
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>1 690</b>	1 694	1 704
Property plant and equipment	<b>833</b>	744	763
Right of use assets	<b>661</b>	773	754
Goodwill	<b>108</b>	140	108
Intangible assets	<b>7</b>	8	7
Loans to related entities	<b>41</b>	-	40
Deferred tax	<b>40</b>	29	32
<b>Current assets</b>	<b>1 251</b>	1 117	1 123
Inventories	<b>741</b>	678	664
Trade and other receivables	<b>346</b>	229	239
Taxation refundable	<b>13</b>	13	14
Cash and cash equivalents	<b>151</b>	197	206
Assets held for sale	-	4	-
<b>Total assets</b>	<b>2 941</b>	2 815	2 827
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>199</b>	122	136
Stated capital	<b>1 207</b>	1 207	1 207
Treasury shares	<b>(32)</b>	(32)	(32)
Hyperinflationary reserve	-	312	312
Foreign currency translation reserve	<b>(362)</b>	(692)	(714)
Retained loss	<b>(491)</b>	(572)	(512)
Non-controlling interests	<b>(123)</b>	(101)	(125)
<b>Non-current liabilities</b>	<b>837</b>	1 048	1 012
Long-term borrowings	<b>166</b>	280	243
Lease liabilities	<b>633</b>	749	736
Deferred taxation liabilities	<b>38</b>	19	33
<b>Current liabilities</b>	<b>1 905</b>	1 629	1 679
Trade and other payables	<b>1 405</b>	1 152	1 225
Current portion of long-term borrowings	<b>139</b>	109	104
Current portion of lease liabilities	<b>248</b>	258	241
Taxation payable	<b>34</b>	29	28
Bank overdraft	<b>79</b>	81	81
<b>Total liabilities</b>	<b>2 742</b>	2 677	2 691
Liabilities held for sale	-	16	-
<b>Total equity and liabilities</b>	<b>2 941</b>	2 815	2 827

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Figures in Pula millions</i>	Stated capital BWPm	Treasury shares BWPm	Foreign currency translation reserve BWPm	Hyper-inflationary reserve BWPm	Retained earnings (loss) BWPm	Attributable to equity holders BWPm	Non-controlling interest BWPm	Total BWPm
<b>Balance as at 1 July 2023 (Audited)</b>	1 207	(32)	(682)	312	(664)	141	(99)	42
Total comprehensive (loss) income for the period	-	-	(10)	-	90	80	(3)	77
Profit for the year	-	-	-	-	90	90	1	91
Other comprehensive (loss)/income	-	-	(10)	-	-	(10)	(4)	(14)
Acquisition of Kamoso Africa (Pty) Ltd	-	-	-	-	2	2	1	3
<b>Balance as at 31 December 2023 - unaudited</b>	1 207	(32)	(692)	312	(572)	223	(101)	122
Total comprehensive (loss)/income for the period	-	-	(22)	-	48	26	(2)	24
Profit for the year	-	-	-	-	48	48	(3)	45
Other comprehensive (loss)/income	-	-	(22)	-	-	(22)	1	(21)
Acquisition of Kamoso Africa (Pty) Ltd	-	-	-	-	20	20	(27)	(7)
Sale of business	-	-	-	-	15	15	5	20
Share-based payments	-	-	-	-	6	6	-	6
Total distributions to owners of company recognised directly to equity	-	-	-	-	(29)	(29)	-	(29)
<b>Balance as at 30 June 2024 audited</b>	<b>1 207</b>	<b>(32)</b>	<b>(714)</b>	<b>312</b>	<b>(512)</b>	<b>261</b>	<b>(125)</b>	<b>136</b>
Total comprehensive (loss)/income for the period	-	-	352	(312)	44	85	2	86
Profit for the year	-	-	-	-	83	83	2	85
Other comprehensive (loss)/income	-	-	352	(312)	(39)	2	-	1
Share-based payments	-	-	-	-	3	3	-	3
Total distributions to owners of company recognised directly to equity	-	-	-	-	(26)	(26)	-	(26)
<b>Balance as at 31 December 2024 unaudited</b>	<b>1 207</b>	<b>(32)</b>	<b>(362)</b>	<b>-</b>	<b>(491)</b>	<b>323</b>	<b>(123)</b>	<b>199</b>

The Choppies Zimbabwe segment foreign currency translation reserve and Choppies Zimbabwe segment hyper-inflationary reserve were reclassified to retained earnings on disposal of the Choppies Zimbabwe segment.

# NOTE: HEADLINE EARNINGS PER SHARE COMPUTATION

	<b>Unaudited six months ended 31 December 2024 BWPm</b>	Unaudited* six months ended 31 December 2023 BWPm	Audited* 12 months ended 30 June 2024 BWPm
<i>Figures in Pula millions</i>			
<b>Basic earnings</b>	<b>112</b>	101	190
Profit on disposal of property, plant and equipment	-	(2)	(3)
Impairment losses	9	-	-
Loss/(profit) on sale of business	14	-	(16)
Non-controlling interest	-	-	4
Tax impact	(1)	-	1
<b>Headline earnings</b>	<b>134</b>	99	176
Number of shares for basic earnings	<b>1 824 461 674</b>	1 824 461 674	1 824 461 674
Weighted average number of shares	<b>1 824 461 674</b>	1 824 461 674	1 824 461 674
Diluted weighted average number of shares	<b>1 852 580 135</b>	1 829 585 764	1 852 580 135
Headline earnings per share - Thebe	<b>7.3</b>	5.5	9.6
Diluted headline earnings per share - Thebe	<b>7.2</b>	5.5	9.5

\* Comparative numbers have been re-presented in accordance with the application of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Group sold the assets of the Zimbabwean segment in December 2024. The Kamoso general merchandise business, the Kamoso South African liquor business and the Kamoso Mediland business were discontinued during the June 2024 financial year.



# CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>Unaudited six months ended 31 December 2024 BWPm</b>	Unaudited* six months ended 31 December 2023 BWPm	Audited* 12 months ended 30 June 2024 BWPm
<i>Figures in Pula millions</i>			
<b>Cash flows from operating activities</b>			
Profit/(loss) before taxation	139	128	230
<b>Adjustments for:</b>	<b>217</b>	207	386
Depreciation, write-off and amortisation	135	130	263
(Loss)/profit on disposals of plant and equipment	8	(6)	(5)
Loss on disposals of business	14	-	-
Finance income	(1)	-	(4)
Finance costs	52	51	1 09
Foreign exchange losses on leases	6	23	17
Share-based payments	3	3	6
<b>Changes in working capital:</b>	<b>(6)</b>	3	88
Movement in inventories	(77)	(58)	(87)
Movement in trade and other receivables	(108)	(9)	5
Movement in trade and other payables	179	70	170
<b>Cash generated from operations</b>	<b>350</b>	332	704
Interest income	-	-	4
Dividends paid	(26)	-	(29)
Taxation paid	(20)	(22)	(45)
<b>Net cash generated from operating activities</b>	<b>304</b>	310	634
<b>Cash flows from investing activities</b>			
<b>Net cash (used in)/generated from investing activities</b>	<b>(156)</b>	(102)	(267)
Purchase of property, plant and equipment	(142)	(82)	(159)
Proceeds on disposal of property, plant and equipment	2	6	12
Purchase of intangible assets	(1)	(1)	(2)
Discontinued operations	(15)	18	1
Acquisition of Kamoso Africa Group	-	(43)	(119)
<b>Cash flows from financing activities</b>			
<b>Net cash used in financing activities</b>	<b>(211)</b>	(253)	(379)
Financing obtained from third parties	21	31	121
Capital payments of long-term liabilities	(45)	(109)	(153)
Lease payments	(138)	(120)	(235)
Interest paid on borrowings	(49)	(55)	(112)
<b>Net movement in cash and cash equivalents</b>	<b>(63)</b>	(45)	(12)
Cash and cash equivalents at the beginning of the year	125	143	143
Effect of foreign currency translation on foreign currency balances	10	18	(6)
<b>Cash and cash equivalents at the end of the year</b>	<b>72</b>	116	125

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# OPERATING SEGMENTAL INFORMATION

December 2024 - unaudited - BWP millions	Choppies Botswana	Choppies Namibia	Choppies Zambia	Choppies Zimbabwe	Kamoso Liquorama Botswana	Rest of Kamoso Botswana	Inter- segment or unallocated	Total Group
<b>Statement of profit or loss and other comprehensive income</b>								
Revenue	2 948	442	715	-	554	268	(210)	4 717
Retail sales	2 905	441	715	-	551	268	(203)	4 677
Gross profit	631	78	121	-	68	58	9	965
<b>Adjusted EBITDA</b>	<b>263</b>	<b>18</b>	<b>34</b>	<b>-</b>	<b>17</b>	<b>25</b>	<b>-</b>	<b>357</b>
Profit on disposal of plant and equipment	-	-	-	-	-	-	-	-
Movement in credit loss allowance	(4)	-	-	-	-	-	-	(4)
Foreign exchange losses on lease liability	-	-	(6)	-	-	-	-	(6)
Profit on sale of business	-	-	-	(14)	-	-	-	(14)
<b>EBITDA</b>	<b>259</b>	<b>18</b>	<b>28</b>	<b>(14)</b>	<b>17</b>	<b>25</b>	<b>-</b>	<b>333</b>
Depreciation and amortisation	(86)	(12)	(11)	-	(15)	(11)	1	(134)
Impairment losses	(9)	-	-	-	-	-	-	(9)
Credit loss on inter-company loan	(328)	-	-	328	-	-	-	-
<b>Operating profit/(loss) (EBIT)</b>	<b>(164)</b>	<b>6</b>	<b>17</b>	<b>314</b>	<b>2</b>	<b>14</b>	<b>1</b>	<b>190</b>
Adjustments as above	341	-	6	(314)	-	-	-	33
<b>Adjusted EBIT</b>	<b>177</b>	<b>6</b>	<b>23</b>	<b>-</b>	<b>2</b>	<b>14</b>	<b>1</b>	<b>223</b>
<b>Statement of financial position</b>								
Assets	1 614	308	382	12	307	318	-	2 941
Liabilities	1 610	241	284	45	185	377	-	2 742

# OPERATING SEGMENTAL INFORMATION

December 2023* - unaudited - BWP millions	Choppies Botswana	Choppies Namibia	Choppies Zambia	Choppies Zimbabwe	Kamoso Liquorama Botswana	Rest of Kamoso Botswana	Inter- segment or unallocated	Total Group
<b>Statement of profit or loss and other comprehensive income</b>								
Revenue	2 537	293	636	-	482	208	(207)	3 949
Retail sales	2 505	292	636	-	480	208	(199)	3 922
Gross profit	563	47	100	-	67	16	21	814
<b>Adjusted EBITDA</b>	237	5	39	-	30	12	4	327
Loss on disposal of plant and equipment	2	-	-	-	-	-	-	2
Movement in credit loss allowance	(1)	-	-	-	-	-	-	(1)
Foreign exchange losses on lease liability	-	-	(21)	-	-	-	-	(21)
<b>EBITDA</b>	238	5	18	-	30	12	4	307
Depreciation and amortisation	(83)	(9)	(13)	-	(15)	(11)	3	(128)
<b>Operating profit/(loss) (EBIT)</b>	155	(4)	5	-	15	1	7	179
Adjustments as above	(1)	-	21	-	-	-	-	20
<b>Adjusted EBIT</b>	154	(4)	25	-	15	1	7	198
<b>Statement of financial position</b>								
Assets	1 526	240	284	162	270	226	107	2 815
Liabilities	1 597	176	230	115	159	190	226	2 693

\* Comparative numbers have been represented in accordance with the application of IFRS 5: Assets Held for Sale and Discontinued Operations. The Group sold the assets of the Zimbabwean segment during December 2024. The Kamoso general merchandise business, the Kamoso South African liquor business and the Kamoso Mediland business were discontinued during the June 2024 financial year.

# OPERATING SEGMENTAL INFORMATION

June 2024 - audited - BWP millions	Choppies Botswana	Choppies Namibia	Choppies Zambia	Choppies Zimbabwe	Kamoso Liquorama	Rest of Kamoso Botswana	Inter- segment or unallocated	Total Group
<b>Statement of profit or loss and other comprehensive income</b>								
Revenue	5 141	613	1 303	-	855	434	(346)	8 000
Retail sales	5 078	612	1 302	-	854	431	(338)	7 939
Gross profit	1 122	100	205	-	119	76	-	1 622
<b>Adjusted EBITDA</b>	461	5	70	-	41	21	(2)	596
Loss on disposal of plant and equipment	3	-	-	-	-	-	-	3
Movement in credit loss allowance	(1)	-	-	-	-	-	-	(1)
Foreign exchange losses on lease liability	-	-	-	(17)	-	-	-	(17)
Profit on sale of business	-	-	-	-	-	16	-	16
<b>EBITDA</b>	463	5	53	-	41	37	(2)	597
Depreciation and amortisation	(170)	(19)	(26)	-	(27)	(24)	3	(263)
<b>Operating profit/(loss) (EBIT)</b>	293	(14)	27	-	14	13	1	334
Adjustments as above	(2)	-	17	-	-	(16)	-	(1)
<b>Adjusted EBIT</b>	291	(14)	44	-	14	(3)	1	333
<b>Statement of financial position</b>								
Assets	1 578	271	295	128	274	250	-	2 827
Liabilities	1 613	220	210	122	141	354	-	2 691

# COMMENTARY

## 1. NATURE OF BUSINESS

Choppies Enterprises Limited (“Choppies” or “the Company” or “the Group”) is a Botswana-based investment holding company operating in the retail sector in Southern Africa. Dual-listed on the Botswana Stock Exchange (“BSE”) and Johannesburg Stock Exchange (“JSE”), its operations include food, liquor and general merchandise retailing as well as milling and manufacturing and financial services transactions supported by centralised distribution channels through distribution and logistical support centres. Each week, approximately 2.5 million customers visit 277 stores across seven formats in three countries. With annual revenue of more than BWP 8 billion, Choppies employs over 12 000 people and is the largest grocery retailer in Southern Africa, outside of South Africa.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated interim financial statements for the six months ended 31 December 2024 have been prepared and presented in accordance with the requirements of the BSE Limited (“BSE Listing Requirements”) and JSE Limited (“JSE Listings Requirements”) as well as the requirements of the Botswana Companies Act, as amended.

The interim reports have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards (“IFRS”) and contain the information required by IAS 34: Interim Financial Reporting.

The accounting policies used in the preparation of the consolidated interim financial statements are in terms of IFRS Accounting Standards and are consistent with those applied in the previous year and the methods of computation are consistent with those of the previous annual financial statements.

Comparative numbers have been re-presented in accordance with the application of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Group sold the assets of the Zimbabwean segment in December 2024. The Kamoso general merchandise business, the Kamoso South African liquor business and the Kamoso Mediland business were discontinued during the June 2024 financial year.

## Use of adjusted measures

Adjusted EBITDA and Adjusted EBIT in the operating segmental information are EBITDA or EBIT excluding foreign exchange rate differences on IFRS 16 lease liabilities, profit or loss on sale of assets, profit or loss on sale of business, and income or expenditure of a capital nature.

The adjusted measures are shown as management believes them to be relevant to the understanding of the Group’s financial performance. This measure is used for internal performance analysis and provides additional useful information on underlying trends to equity holders. This measure is not a defined term under IFRS Accounting Standards and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS Accounting Standards.

## 3. DIRECTOR’S RESPONSIBILITY FOR THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation of the unaudited interim Group financial results and financial position of the Company in accordance with BSE and JSE Listings Requirements and the Companies Act of Botswana.

## 4. GOING CONCERN

The Board evaluated the going concern assumption up to the date of signing of the Group interim financial statements, considering the current financial position and their best estimate of the cash flow forecasts and deemed it to be appropriate in the presentation of the consolidated annual financial statements.

The Board has reviewed the cash flow forecast for the next 12 months and is of the opinion that the Group has more than sufficient liquidity to support its working capital requirements adequately and consequently, is satisfied with the Group’s ability to continue as a going concern for the foreseeable future.

The Board is satisfied that the Group is a going concern and therefore continues to apply the going concern assumption in the preparation of the financial statements.

## 5. GROUP RESULTS

### Statement of profit or loss and segmental report

Revenue has been disaggregated as follows:

*Figures in Pula millions*

	<b>December 2024</b>	December 2023	June 2024
<b>Revenue</b>	<b>4 717</b>	3 950	8 001
Sales of merchandise and liquor	<b>4 612</b>	3 851	7 846
Milling and manufacturing	<b>268</b>	252	431
Commission received on financial services	<b>22</b>	17	37
Rental income	<b>2</b>	4	4
Transportation income	<b>2</b>	11	14
Miscellaneous income	<b>13</b>	4	5
Inter-segmental sales	<b>(202)</b>	(189)	(279)
Kamoso preacquisition	<b>-</b>	-	(57)

The Group sold the assets of the Zimbabwean segment in December 2024. The Kamoso general merchandise business, the Kamoso South African liquor business and the Kamoso Mediland business were discontinued during the June 2024 financial year.

The commentary below further explains the performance of the Group and its segments.

The Group's retail sales increased by 19.3% to BWP 4 677 million (2023: BWP 3 921 million), driven by 26 new stores, inflation and volume growth. Choppies segments saw volume growth of 14.5% and achieved price growth of 3.7%. Choppies segments sales for like-for-like stores increased by 15.1%.

The gross profit margin declined by 10 basis points to 20.6% (2023: 20.7%), due to lower margins resulting from competitor discounting in the Choppies Botswana segment and the Liquorama segment, which were offset by stronger margins in the Choppies Namibia and Zambia segments and the Rest of Kamoso segment.

In Pula terms, gross profit increased by 18.7% to BWP 965 million (2023: BWP 813 million) despite the competitive and challenging economic environment.

Expenses increased by 22.9% due to new stores, inflation, the loss on the sale of the Zimbabwe segment and impairments losses. Expenses excluding the following items increased 21.8%: foreign exchange losses on lease liabilities, the loss on sale of business and impairment losses and expected credit losses.

Operating profit (EBIT) increased by 6.1% from BWP 179 million to BWP 190 million. In contrast, Adjusted EBIT increased by 12.6% from BWP 198 million to BWP 223 million.

Net finance costs last year included a credit of BWP 6.5 million relating to the Kamoso acquisition and excluding this, net interest reduced from BWP 58 million in the prior year to this year's BWP 52 million. The reduction was due to lower debt offset by higher interest on leases as a result of new stores.

The effective tax rate of 17.3% (2023: 18.0%) is lower than the standard rate mainly due to the raising of deferred tax on carried forward tax losses in the Builders Mart and Zambia segments. We raised deferred tax assets of BWP 6 million (2023: BWP 8 million) as we are confident that these segments will generate taxable profits in the foreseeable future.

### Statement of financial position and cash flows

The Group continues to manage its cash resources and liquidity prudently with a net reduction of BWP 39 million in non-IFRS 16 debt from June 2024. We raised non-IFRS 16 debt of BWP 21 million to fund new stores and motor vehicles.

Capital expenditure of BWP 142 million (2023: BWP 86 million) was allocated to investing in new stores and maintaining the distribution fleet.

Group funding covenants were complied with, and the Group has sufficient headroom in the covenants to cushion any shocks.

We are being thoughtful and balanced about inventory levels by category and expenditure as we work and position ourselves for the next year. Year-end payables are higher than last year due to growth in sales and new stores.

The Choppies segments have successfully increased negative working capital from BWP 244 million to BWP 317 million.

## Living wage

Choppies Botswana had planned to increase the living wage over the last five years. The CEO has spoken before about achieving this dream, long before it became an election promise.

Over the last two years alone, we have achieved a salary of BWP 3 000 for many skilled employees and in January 2025, we increased the salary of 4100 employees to BWP 4 000 per month total cost to company.

Earnings will dip in Choppies Botswana for the first year, but our growth trajectory is expected to normalise thereafter. Margins over the next two years are also expected to normalise to current levels.

We will also benefit from the remaining segments in the Group, which are all performing or in a strong turnaround stage. We have disposed of all loss-making businesses, like Choppies Zimbabwe and the medical distribution business.

In addition, from a Group perspective, we will maintain our current dividend policy and CSI spending levels.

Further, because of our strategies, our staff (and customers) have access to a grocery retailer with a large footprint, a wide range of products at affordable prices, and one-stop shopping. This enhances the value of their take-home pay, giving them great value for their money.

## 6. OPERATIONAL OVERVIEW

### Choppies Botswana

Sales from Botswana increased by 16.0% with like-for-like sales growth of 11.5%, as the business continued to show strong resilience in an increasingly challenging economic environment. Sales increased to BWP 2 905 million (2023: BWP 2 505 million) supported by volume growth of 13.0%, price inflation of 3.7% and six new stores.

EBITDA and Adjusted EBITDA increased by 8.8% and 11.0% respectively as gross profit increased much slower than costs. The gross profit rate reduced compared to last year due to competitive pressures. Costs were driven by new stores and inflation. The new stores opened over the last 12 months need time to reach full potential.

Overall, we are pleased with the strong performance resulting from good in-store execution, improved customer engagement, and enhanced availability due to the inventory optimisation. We are continuing to manage pricing aligned to competitive price gaps.

Our 20th Big Birthday Bonanza was an incredible success helping drive customers into the stores and improving engagement. Although the segment is still very young it has achieved dominance in the market in only 20 years.

### Choppies Namibia

Namibia experienced sales growth of 51.0% and like-for-like sales growth of 21.6%.

EBITDA grew by 260.0% and EBIT moved from a loss last year of BWP 4 million to a profit this year of BWP 6 million.

As the new stores reach full potential, profitability has improved. There has been a marked improvement in the gross profit rate as we are more precise in our promotional activity, and we completed the implementation of our inventory optimisation system during the last quarter and will start seeing the benefits of better managed availability in the balance of the six months of financial year 2025.

### Choppies Zambia

Zambia continues to perform very well with sales growth of 12.4% in Pula value equating to growth of 37.8% in Kwacha value and like-for-like sales growth of 31.5% in Kwacha value. Six new stores were opened during the year.

The Kwacha has experienced a 21% decline against the Pula since the end of December 2023, primarily due to a drop in metal prices and production in this copper-producing nation. The recent droughts are a challenge for power generation. Additionally, the slow progress in debt-restructuring talks with creditors have further strained the currency.

In Kwacha terms, Adjusted EBITDA grew by 4.9% and Adjusted EBIT grew by 9.3%. In Pula terms, EBITDA increased by 55.6% due to the reduction of the foreign exchange loss on the lease liability. In Pula terms Adjusted EBITDA decreased by 12.8% and Adjusted EBIT decreased by 8.0% despite the severe weakening of the Kwacha. We are confident that this segment will generate taxable profits soon.

# COMMENTARY continued

## Choppies Zimbabwe

In December 2024, the segment's net assets were sold, and the Group no longer trades in Zimbabwe. The buyer is a leading supermarket retailer in the southern region of Zimbabwe.

<i>Figures in Pula millions</i>	<b>Six months ended 31 December 2024</b>	Six months ended 31 December 23	12 months ended 30 June 2024
<b>Profit or loss</b>			
Revenue	<b>260</b>	278	541
Gross profit	<b>54</b>	72	124
Other income	<b>2</b>	2	3
Expenses	<b>(91)</b>	(96)	(180)
Foreign exchange gains on Zimbabwean legacy debt receipts	<b>16</b>	28	55
Loss on sale of business	<b>(14)</b>	-	-
Loss on lease modifications and terminations	<b>(8)</b>	-	-
Net impairment losses	<b>(3)</b>	-	(15)
Net interest	<b>-</b>	(5)	(9)
Tax	<b>-</b>	-	(9)
Net (loss)/profit after tax	<b>(44)</b>	1	(31)
<b>Assets and liabilities</b>			
Property, plant and equipment	<b>29</b>	37	31
Inventories	<b>37</b>	45	46
Trade and other receivables	<b>4</b>	4	5
Trade and other payables	<b>89</b>	79	83
<b>Net cash inflows/(outflows) attributable to discontinued operations</b>			
Operating activities	<b>9</b>	25	44
Investing activities	<b>-</b>	(4)	(3)
Financing activities	<b>(12)</b>	(10)	(27)
Net increase/(decrease) in cash generated	<b>(3)</b>	11	14
<b>At the date of disposal, the segment net assets were follows:</b>			
Property, plant and equipment	<b>28</b>		
Inventories	<b>20</b>		
Trade and other payables	<b>(34)</b>		
Proceeds	<b>-</b>		
Loss on sale of business	<b>14</b>		

## Choppies Kamoso Botswana - Liquorama segment

Sales increased 14.8% driven by 9 new stores and volume growth. Like for like sales grew by 13.1%. The gross profit rate reduced from 14.0% last year to 12.3% this year as we faced increased competition from both liquor retailers and liquor wholesalers. During December 2024, we also experienced stockouts in beer due to supplier constraints. We invested in promotions to improve footfall and reduce slow moving inventory. The current antiquated systems hamper effective inventory management and promotional activities and these are in the process of being upgraded.

EBITDA reduced by 43.3% and EBIT reduced by 86.7% due to the lower gross profit rate and higher costs due to inflation and new store costs.

We anticipate stronger results in the second half of the financial year as we are more precise in our promotional activity and inventory availability and new stores will be closer to full potential.



## Choppies Kamoso Botswana – Rest of Kamoso segment

The Rest of Kamoso segments include the milling, manufacturing, and hardware businesses. The milling and manufacturing businesses are profitable. The hardware business suffered a loss before tax of BWP 4 million, much lower than the loss before tax suffered in the prior year of BWP 8 million.

The hardware business experienced poor inventory availability and loss of customers in the three years leading to the acquisition. Lack of cash flow and credit lines hampered procurement of the right inventory during these three years. It will take another six to 12 months to fully turnaround this business, including opening new stores and expanding into the other countries in which Choppies currently operates.

Overall, the Rest of Kamoso segment grew EBIT from BWP 1 million last year to BWP 14 million this year.

## 7. RELATED PARTY TRANSACTIONS

Related party purchases amounted to BWP 303 million (2023: BWP 230 million).

## 8. EVENTS AFTER THE REPORTING DATE

The corporate tax rate in Botswana will increase from 22.0% to 23.5% with effect from the June 2026 financial year. The effect on deferred tax will be adjusted for those deferred tax benefits or deductions expected to be obtained or incurred during the June 2026 financial year. The impact on the June 2026 opening balance will be an approximate BWP 2 million increase in net liabilities.

We expect continued uncertainty in our business and the Southern African economy due to the duration and intensity of global credit conditions, military conflicts in the Middle East and Ukraine, slower economic growth, surging prices for energy and commodities, renewed supply-chain disruption, financial market volatility, volatility in employment trends and consumer confidence, all of which may impact our results.

## 9. CHANGES TO BOARD MEMBERS

Mr Andrew Dondo Mogajane resigned as a Non-executive Director of the Company with effect from 4 November 2024, for personal reasons.

Ms Natalie Graaff has been appointed as a Non-executive Director of the Company with effect from 20 January 2025.

## 10. DISTRIBUTION TO SHAREHOLDERS – ORDINARY DIVIDEND NUMBER 09

The Board has declared an interim dividend (number 09) of 1.6 thebe per share (2023: 1.6 thebe), payable on Thursday, 8 May 2025.

In accordance with the Company's dividend policy, a dividend cover of three will be maintained. The dividend has been declared out of income reserves.

The last day to trade cum dividend will be Tuesday, 22 April 2025. As from Wednesday, 23 April 2025, all trading of Choppies' shares will take place ex dividend. The record date is Friday, 25 April 2025.

In terms of the Dividends Tax, the following additional information is disclosed:

- The local Dividend Tax rate is 10%.
- The net local dividend amount is 1.6 thebe per share for shareholders exempt from paying Dividends Tax and 1.44 thebe per share for shareholders liable to pay Dividends Tax.
- The issued ordinary share capital of the Company as at the date of this declaration is 1 824 461 674 ordinary shares.

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