



# Simbisa Brands LIMITED

## SIMBISA BRANDS LIMITED TRADING UPDATE FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022

Simbisa Brands Limited ('Simbisa' or the 'Group') issues the following trading update for the first quarter ended 30 September 2022.

### TRADING ENVIRONMENT

- The quarter under review marked an emergence from the Covid-19 pandemic, with most of the restrictive operating conditions experienced in the prior year falling away across all our markets.
- Global inflationary pressures and supply chain disruptions stemming from the war in Ukraine have catalysed record-high inflation levels and currency volatility in our trading markets, which impacted operations in Q1 FY 2023.
- Simbisa performed remarkably well in the quarter under review, despite the economic headwinds and continues to ride the wave of economic recovery from the effects of the pandemic. To ensure the business remains resilient to the new challenges faced, the Group initiated a pricing strategy that resulted in menu price increments executed in a minimal and phased approach to mitigate the impact on our customers. The strategy aimed to increase prices as much as necessary to hedge against the effects of inflationary pressures whilst ensuring the business remains price-competitive in a price-sensitive environment.

### GROUP PERFORMANCE UPDATE FOR THE QUARTER

Total customer count for the Group increased by 36.2% from 10.56mn in 1Q FY 2022 to 14.38mn in 1Q FY 2023, driven by new store growth as well as increased footfall in existing stores as a result of promotional activity and value offerings in the period. The store count for the Group increased from 541 on 30 September 2021 to 611 on 30 September 2022.

### ZIMBABWE

A relaxation in trading restrictions versus prior year, during which Zimbabwe's counter trading hours were still 52% below capacity, enabled Zimbabwe's operations to grow customer counts by 46.3% in Q1 FY 2023 versus prior year. Growth in customer counts was supported by successful promotional activities and value offerings implemented during the period under review.

The delivery segment was a key focus area in Q1 FY2023 to increase delivery capacity by scaling operations across the country by acquiring bikes and increasing the number of call centre agents. The total number of deliveries increased by 64.3% in Q1 FY 2023 versus the prior year comparable period. Revenue per delivery grew 59% year-on-year.

The Zimbabwe operations opened 26 counters between 30 September 2021 and 30 September 2022, with 3 new counters opened in the quarter under review to close the period with 263 counters.

### REGION

Currency devaluation plagued all Regional operations except for Zambia, where the Kwacha has strengthened against the US Dollar. Most severely impacted was Ghana, where the Cedi depreciated 78% against the US Dollar between 30 September 2021 and 30 September 2022.

Customer counts in the regional business increased 15.9% in Q1 FY 2023 versus prior year, on the back of promotional activity and the resumption of trading at full capacity in Kenya, versus the prior year period in which the market's trading hours were 20% below capacity.

Despite local currency devaluation against the US Dollar, the Group's pricing strategy resulted in firmer real average spend across all Regional markets, except for Ghana where real average spend fell year-on-year due to the sharp depreciation in the local currency. Regional deliveries dropped by 3% in Q1 FY2023 versus the prior year period, mainly weighed down by Ghana, which continues to be impacted by reduced consumer disposable income due to the economic challenges being faced in the market.

In the Region, a net of 37 new company-operated counters and 8 franchised counters were opened between 30 September 2021 and 30 September 2022, with growth primarily in Kenya where 39 new counters were opened. In Mauritius 6 counters were closed as part of the consolidation and restructuring exercise, which was completed in Q1 FY 2023. In the quarter under review, 15 new counters were opened in the Region to close the period with 285 company-operated outlets and 348 outlets, including franchised Regional operations.

## OUTLOOK


Despite economic headwinds with significant currency devaluations and record-high inflation levels in our operating markets, the Group has managed to grow the business to record levels. We expect sustained improvement in customer counts in the financial year ahead as we leave the worst impact of the Covid-19 pandemic behind us.

A substantial investment pipeline, with 180 potential projects identified over the next two financial years, will drive growth and unlock shareholder value. The primary growth markets in the short to medium term will be Kenya and Zimbabwe. However, the Group remains vigilant of new growth opportunities in existing and potential new markets and continues exploring business development options.

In the short to medium term, the focus will remain on growing revenue streams from the delivery segment through scaling operations and improving the customer experience. We are pleased to announce that we have developed a dedicated Pizza Inn Application. This Application has been rolled out in Kenya, Mauritius and Zambia to date, and a strategic decision was made to transition our Pizza Inn experience to deliver exclusively on the Pizza Inn and Dial-a-Delivery Platform in Kenya, effective 1 September 2022, with the service being made available in Mauritius and Zambia from November 2022. Establishing this premier Pizza delivery service will bolster delivery revenue streams to Simbisa operations through the growth of Pizza Inn delivery volumes and enable improvements to be made on service and product quality to our customers.

The Group's loyalty platform, InnBucks, was successfully restructured and relaunched in August 2022 and now operates under a Deposit-taking Microfinance Bank license. The arrangement will bring additional services and benefits to InnBucks customers.

Subject to shareholder approvals on 18 November 2022, Simbisa is on track to list on the Victoria Falls Stock Exchange on 2 December 2022. In line with this, the Group has made a decision to change its reporting currency effective the current financial year from ZWL to USD. This is expected to make Simbisa shares more attractive to investors and elevate the Group's international profile and commercial standing.



B Dionisio  
**Group Chief Executive Officer**  
14 November 2022