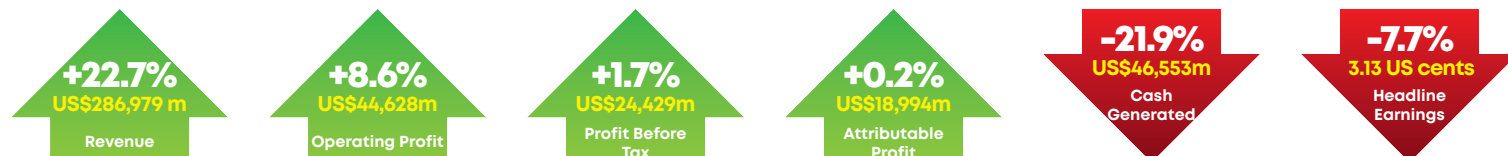


SHORT-FORM FINANCIAL ANNOUNCEMENT

FOR THE YEAR ENDED 30 JUNE 2023



Salient Features



Issued in terms of Victoria Falls Stock Exchange requirements

This short-form financial announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement.

A copy of the full announcement has been shared with Shareholders using the latest email addresses supplied by the Shareholder, and is available upon request, and for inspection at the Company's registered office or via email to corpserve@escrowgroup.org. The full announcement is also available on the Victoria Falls Stock Exchange website: www.vfex.exchange and the Company website www.simbisabrands.com.

	Year ended 30 June 2023 Audited USD'000	Year ended 30 June 2022 Restated USD'000	% Change 2023 vs 2022
Revenue	286 979	233 941	▲ 22.7%
Operating profit before impairment, depreciation and amortisation	44 628	41 095	▲ 8.6%
Profit before tax	24 429	24 027	▲ 1.7%
Profit for the year attributable to equity holders of the parent	18 994	18 964	▲ 0.2%
Cash generated from operating activities	46 553	59 628	▼ (21.9%)
Cash generated from operating activities as a percentage of operating profit	104%	145%	▼
Total assets	173 899	148 257	▲ 17.3%
Total equity	74 742	65 121	▲ 14.8%
Total liabilities	99 157	83 136	▲ 19.3%
Basic earnings per share (US cents)	3.38	3.37	▲ 0.3%
Headline earnings per share (US cents)	3.13	3.39	▼ (7.7%)
Dividend per share			
Final dividend (US cents)	0.433	0.580	▼ (25.3%)
Total dividend for the year (US cents)	1.313	1.250	▲ 5.0%

Dividend Announcement

The Board resolved to declare a final dividend of 0.433 US cents per share. Furthermore, the Board approved a dividend of US\$121,713 to the Simbisa Employee Share Trust.

The dividend will be payable in United States dollars on or about 16 November 2023 to shareholders registered in the books of the Company at the close of business on 10 November 2023. The last day to trade cum-dividend is 07 November 2023, and the ex-dividend date is 08 November 2023.

Description	Date
Last Date to trade Cum-Dividend	07 November 2023
Date to trade Ex-Dividend	08 November 2023
Record Date	10 November 2023
Payment Date (on/about)	16 November 2023
Dividend Declared (US cents)	0.433

Auditor's Statement

These financial results should be read in conjunction with the full set of financial statements for the year ended 30 June 2023, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe). A qualified audit opinion ("except for") has been issued in respect of non-compliance with the requirements of International Financial Reporting Standards, International Accounting Standard 21 ("IAS 21"), 'The Effects of Foreign Exchange Rates' with regards to the Zimbabwean operations' inappropriate accounting for change in functional and presentation currency and inappropriate exchange rates used in current year, and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. There were no key audit matters. The auditor's report on these financial statements is available for inspection at the Company's registered office. The Engagement Partner on the audit resulting in the independent auditor's report is Mr Walter Mupanguri, PAAB Practice Certificate Number 367.

A B C Chinake
Independent Non-Executive Chairman
Harare
27 October 2023

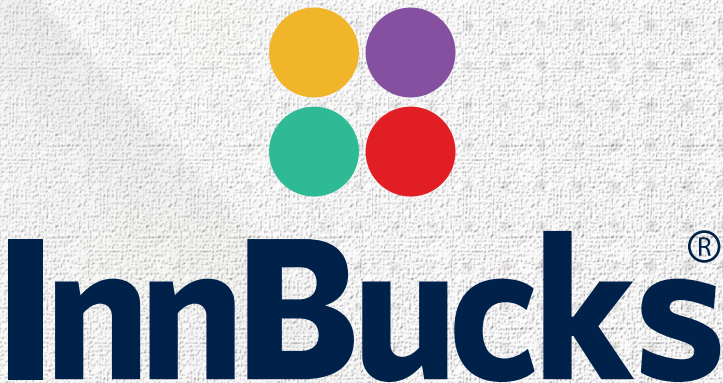
This short-form announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement which has been prepared under the supervision of the Group Finance Director, Baldwin Guchu CA (Z).

A copy of the full announcement has been shared with Shareholders using the latest email addresses supplied by the Shareholders, and is available upon request and for inspection at the Company's registered office or via email to enquiries@corpserve.co.zw. The full announcement is also available on the Victoria Falls Stock Exchange website: www.vfex.exchange and the Company website www.simbisabrands.com.

Audited Abridged
> **Financial Results**

FOR THE YEAR ENDED 30 JUNE 2023

Revenue	Operating profit before impairment, depreciation and amortisation	Profit Before Tax	Profit for the period attributable to equity holders of the parent
↑ 22.7% US\$ 286,978,843 (FY2022: US\$ 233,940,797)	↑ 8.6% US\$ 44,628,233 (FY2022: US\$ 41,095,434)	↑ 1.7% US\$ 24,428,772 (FY2022: US\$ 24,027,128)	↑ 0.2% US\$ 18,993,512 (FY2022: US\$ 18,963,749)



Salient Features

FOR THE YEAR ENDED 30 JUNE 2023

	Twelve months ended 30-Jun-23 USD Audited	Twelve months ended 30-Jun-22 USD Restated		Change
Revenue	286,978,843	233,940,797	▲	22.7%
Operating profit before impairment, depreciation and amortisation	44,628,233	41,095,434	▲	8.6%
Profit before tax	24,428,772	24,027,128	▲	1.7%
Profit for the period attributable to equity holders of the parent	18,993,512	18,963,749	▲	0.2%
Cash generated from operations to operating profit percentage	104%	145%	▼	

Chairman’s Statement

Simbisa Brands Limited - A Year of Growth despite the Challenges

OVERVIEW
Simbisa Brands Limited has had a strong year, recording good overall revenue and EBITDA growth of 23% and 9%, respectively. This success can be attributed to various factors, including the expansion of our store footprint and the continued development of the Group’s digital channels.

The Company has seen a significant increase in the total number of stores, with a net growth of 7% since the beginning of the financial year under review. The Group closed the financial year with 646 stores (30 June 2022: 605).

While the results for the year are commendable, the Board acknowledges the challenges that need to be addressed to achieve the Group’s long-term objectives.

Kenya
During the period under review, Kenya experienced economic headwinds, resulting in depressed customer count growth and cost volatility. Consequently, revenue growth in this market was significantly constrained during the financial year, weighing down the operating profit in the Region segment. Initiatives to overcome these challenges and achieve sustainable growth in the future are being implemented.

Zimbabwe
The Board is proactively addressing the multifaceted economic risks stemming from the persistent challenges faced in Zimbabwe, such as soaring inflation, volatile exchange rates, uncertain economic policies, and energy deficiencies. Simbisa is implementing effective strategies to navigate these hurdles and sustain the growth of its business operations within the Zimbabwean market. Despite these and other challenges, the Zimbabwe business recorded impressive growth in Revenue and Operating Profit.

Sustainability
The Group is dedicated to ensuring the sustainable management of its business, placing a strong emphasis on minimising its environmental footprint and enhancing its social influence. Simbisa has proactively introduced a range of initiatives to accomplish these objectives, encompassing energy conservation measures and comprehensive employee welfare schemes. Moreover, the Group is determined to make a positive difference in the communities it serves, actively contributing to their development and well-being.

In the past year, we expanded our offerings to include additional staff health services. We understand that these are difficult times and that we need to look after our most important asset, our staff. That’s why we now offer a 24-hour mental health support line to all our staff.

On the education front, in collaboration with like-minded organisations, we sponsored two marathons in the financial year to raise funds for the USAP Community School, which educates high-achieving, low-income Zimbabwean students to excel at the world’s top universities and return home to build the nation.

FINANCIAL REPORTING MATTERS

i) **Change in functional and presentation currency from the ZWL to the USD**
Effective 1 July 2022, Simbisa Brands Limited changed its functional currency from ZWL to USD. This decision was made to reflect the Group’s financial performance better and provide greater transparency to investors. The presentation currency was also changed to USD on the same date.

The Group exercised careful judgment in the conversion of comparative financial statements that were originally denominated in ZWL. This process entailed differentiating between USD and ZWL transactions and balances. Previous years’ transactions and balances in USD were retained in their original currency, with only the ZWL transactions and balances converted into USD at the transaction-based rate, as further explained below. For property, plant and equipment, an independent valuation was performed. The valuation was performed as of 1 July 2022. This same value was then employed in the statement of financial position dated 30 June 2022 to enhance comparability. This methodology, however, deviates from IAS 21, which specifies that inflation-adjusted financials should be converted at a spot exchange rate into the new functional and reporting currency. Applying IAS 21 would have led to significant distortions in the financial statements, given that CPI indices do not mirror the actual foreign currency exchange rate trends in the economy. Also, adherence to IAS 21 would have resulted in a different value for a transaction or balance originated in USD. The Group strongly believes that its chosen methodology provides a fair and accurate depiction of the financial performance of business. These deviations from IAS 21 have led the independent auditors to issue a qualified opinion on the consolidated financial statements.

ii) **Use of estimated foreign exchange rates.**
Despite the anticipated improvement in the financial statements due to the transition to reporting in USD, the distortion in exchange rates persists. This distortion results from the significant gap between the official exchange rate and the implied real exchange rate, which is determined by comparing local and foreign currency prices. Although there has been some stability in the exchange rate after the end of the financial year, it is essential to note that the relevant authorities are yet to fully address this issue.

The Chairman’s previous reports accompanying the Group’s financial statements for the financial years ended 30 June 2021 and 30 June 2022 respectively, emphasised that the exchange rate derived from the Reserve Bank of Zimbabwe’s weekly Foreign Currency Auction System (known as the “Auction Rate”) is deemed inappropriate. To accurately represent the Group’s financial performance and position, Simbisa has continued to use an estimated exchange rate based on market transaction rates, which are then used to translate monetary foreign currency balances. This approach was deemed fair and accurate by the Board. However, the Group’s Independent Auditors have a different opinion. They consider the Auction Rate to be compliant with IAS 21 and have issued a qualified opinion, for the same reason as the adverse audit opinion for the previous financial year.

On 15 August 2023, the International Accounting Standards Board (the IASB or Board) issued Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates) (the amendments). The amendments specify how an entity should assess whether a currency is exchangeable and how to determine a spot exchange rate when exchangeability is lacking. Simbisa is still assessing the impact of this standard on the Group’s financial statements. However, the Group believes that this amendment is relevant to the current Zimbabwe economic environment and that the Group’s method of estimating the transaction-based rate used in the current financial statements is aligned with the principles in the amendment. The Group intends to adopt this amendment in the financial year beginning 01 July 2023.

iii) **Change in accounting policy for property, plant and equipment**
Effective 1 July 2022, the Group has changed its accounting policy for property, plant, and equipment from the cost model to the revaluation model in accordance with International Financial Reporting Standards (IFRS). The revaluation model provides a more accurate representation of the fair value of property, plant, and equipment. The fair value of the assets has been determined based on independent valuations conducted by qualified professionals. Revaluation gains or losses are recognised in other comprehensive income, in accordance with IAS 16. The revaluation of Zimbabwean operations was however applied to the 30 June 2022 carrying amount as part of the take-on balances, to cater for the change in functional currency and restatement of the comparative statement of financial position.

FINANCIAL PERFORMANCE HIGHLIGHTS

Simbisa Brands Limited achieved significant financial milestones during the year:
a) Revenue increased by an impressive 23% overall, with Zimbabwe contributing with a growth rate of 34% and the Region growing 5%. This revenue growth in Zimbabwe was primarily driven by a considerable increase in customer counts of 24%. In the Region, customer counts grew by 2.5%.
b) Adjusted operating profit measure - This measure is after adjusting attributable profit for the impact of IFRS 16, ‘Leases’. IFRS 16 treats leases previously classified as operating leases under the previous standard, IAS 17, as financing arrangements. The Directors believe that considering the nature of the Group’s lease arrangements, an adjusted profit measure excluding the impact of IFRS 16 is valuable to users of the financial statements. The adjusted measures are as follows:

	2023 USD millions	2022 USD millions	Growth %
Operating profit as reported	44,6	41,1	9%
Less Actual Rent paid (allocated to lease liability for IFRS 16)	(7,8)	(7,3)	
Adjusted Operating profit	36,8	33,8	9%

In Zimbabwe, the adjusted operating profit witnessed a commendable growth of 9%. However, the Region’s operating profit experienced a decline of 13%, primarily due to the challenging economic conditions in Kenya. These conditions were largely influenced by the uncertainty surrounding the elections, high inflation, and business disruptions due to cost-of-living protests, which significantly impacted customers. This overall growth in adjusted operating profit was 9%.
c) Depreciation, amortisation, and impairment witnessed an increase of 10%, driven by the upward revaluation of fixed assets conducted by the Group at the start of the financial year.
d) The profit from associates represents the share of profit from the Group’s non-controlling stake in InnBucks MicroBank.
e) The adjusted profit attributable to shareholders was down marginally as reflected below.

	2023 USD millions	2022 USD millions	Growth %
Profit attributable to shareholders as reported	19,0	19,0	0%
Less Actual Rent paid	(7,8)	(7,3)	
Add back IFRS 16 depreciation	5,5	5,3	
Add back IFRS 16 interest charge	3,8	3,8	
Adjusted Profit attributable to shareholders	20,5	20,8	(2%)
Adjusted Basic Earnings per share (US Cents per share)	3.64	3.70	(2%)

f) The financial position of Simbisa Brands Limited as of 30 June 2023 demonstrates its sustained growth trajectory. The total assets have experienced a significant increase, primarily driven by strategic investments in capital expenditure. These investments have been financed through a combination of current-year profits and increased debt and working capital funding.
g) Excluding the IFRS 16 liabilities, the net debt position of the Group stood at -USD1.4 million (compared to USD1.9 million in the previous period). The additional debt was utilised to support various capital expenditure projects to expand and maintain the Group’s operations.
h) The cash generated from operations remained robust and exceeded 100% of the operating profit, indicating a healthy cash flow generation potential for the Group.
i) A substantial portion of the cash generated, amounting to USD27.1 million (equivalent to 60%), was spent on investing activities, mainly towards capital expansion and maintenance initiatives. This demonstrates the Group’s commitment to investing in its infrastructure and ensuring the long-term sustainability of its operations.

FINAL DIVIDEND

The Board resolved to declare a final dividend of 0.433 US cents per share. This takes the full year dividend to 1.313 US cents per share. Furthermore, the Board approved a dividend of USD121,713 to the Simbisa Employee Share Trust. The dividend will be payable in United States dollars on or about 16 November 2023 to shareholders registered in the books of the Company at the close of business on 10 November 2023. The last day to trade cum-dividend is 7 November 2023, and the ex-dividend date is 8 November 2023.

OUTLOOK

Simbisa Brands Limited sees significant growth opportunities in its largest markets for its flagship brands. The Group has invested in talented leaders to lead these brands and has recruited skilled personnel to ensure quality, consistency, and innovation within its franchising division.

For the year ending 30 June 2024, Simbisa plans to open 92 new stores at a total cost of more than USD22 million. Additionally, the Company is exploring value-creating initiatives with partners throughout its value chain. These strategic moves aim to fuel further growth and expansion for Simbisa Brands Limited. There will be a continuous strategic review of operations in all the smaller markets.

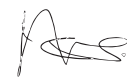
APPRECIATION

On behalf of the Board, I commend our Executive and Management teams for their contribution to Simbisa Brands Limited’s performance for the year ended 30 June 2023. The company achieved substantial revenue and Operating profit growth, positioning it well for continued success in the future.

The Company is also grateful to its loyal Customers who continue to support our brands. In the year under review the Group served more than 62 million customers.

We thank the various suppliers, partners, and stakeholders in all our markets without whom this performance would not be possible.

Given the pipeline of stores planned for financial year ending June 2024 and the planned optimisation of our business operations, we are optimistic that our Company will continue to deliver improved results.



ABC CHINAKE
Independent Non-executive Chairman
Harare

27 October 2023

Dividend Announcement

The Board resolved to declare a final dividend of 0.433 US cents per share. Furthermore, the Board approved a dividend of USD121,713 to the Simbisa Employee Share Trust.

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Last Date to trade Cum-Dividend	07 November 2023
Date to trade Ex- Dividend	08 November 2023
Record Date	10 November 2023
Payment Date (on/about)	16 November 2023
Dividend Declared (US cents)	0.433



Group Secretary
27 October 2023

Audited Abridged > Financial Results

FOR THE YEAR ENDED 30 JUNE 2023



Chief Executive Officer's Report

TRADING ENVIRONMENT

Global financial pressures, largely stemming from the Russia-Ukraine crisis and the resultant high commodity prices and supply chain disruptions, continue to pervade the global economy. Persistent high inflation rates, tightening monetary policies resulting in rising interest rates and decelerated global GDP growth, estimated at 2.8% for 2023, continue to impact the consumer sector and consumer spending levels remain subdued. Global headline inflation is set to fall from 8.7% in 2022 to 7.0% in 2023 due to lower commodity prices. However, indications are that global inflation levels will remain above target until 2025, after which the IMF hypothesise that deeper structural drivers will likely reduce interest rates toward their pre-pandemic levels.

Sub-Saharan Africa's (SSA) GDP is expected to register slightly higher growth rates of 3.6% in 2023 and 4.2% in 2024, with the latter forecast hinging on improvements in the aforementioned global economic conditions. The IMF forecast SSA inflation with a median of 5.0% year-on-year for 2024, half of the 2022 inflation rate of 10.0%, although still above pre-pandemic levels. An exit of capital from emerging markets, primarily due to external factors which caused portfolio reversals and reduced foreign direct investments, has put significant pressure on local currencies versus the US Dollar.

GROUP PERFORMANCE OVERVIEW

Simbisa continued to focus on organic growth, rolling out 69 new counters between 30 June 2022 and 30 June 2023. During the financial year under review, following the successes of the re-modelling exercise undertaken in Mauritius, Simbisa embarked on an exercise to re-organise the regional business (excluding Kenya) to streamline the brand portfolio in each market to operate only the most successful core brands (hereafter referred to as 'core brands') to give complete focus and attention to these brands, optimise the customer experience and maximise shareholder returns. This resulted in the closure of 28 counters in the non-core brand category, closing the period with 646 counters (578 company-operated and 68 franchised) as at 30 June 2023.

Simbisa implemented a pricing strategy during the year under review that resulted in menu price increments, executed in a minimal and phased approach to minimise the impact on the price-sensitive customer. This enabled the Group to keep pace with inflation and exchange rate devaluation to grow real average spend in all markets, with the exception of Ghana. The Group US Dollar Average spend grew 4.3% year-on-year in FY 2023.

The re-modelling efforts to achieve a brand-focused approach to operations have already shown success. Organic growth in the core brands in the year under review resulted in a 17.6% year-on-year increase in Group customer counts. This, together with growth in real average spend, resulted in a 22.7% increase in Group revenue in FY 2023 versus the prior year. Inflationary escalation in operating costs outpaced revenue growth, resulting in softer operating margins compared to the prior year period, the Group achieved an 8.6% increase in operating profitability versus prior year.

ZIMBABWE

Persistent economic headwinds continue to dampen consumer activity in Zimbabwe. These include slowing global, regional and national GDP growth, rampant inflation, economic policy uncertainty, and an opaque and unstable exchange rate. Whilst the government anticipates real GDP growth of 3.8% for 2023, the IMF recently reduced its 2023 growth rate for Zimbabwe to 2.5%, citing power cuts, high ZWL inflation, weak local currency and high ZWL borrowing costs as critical reasons for the revision.

On the upside, the operating environment benefited from relative stability in the local currency during the period under review, with considered money supply control resulting in rates holding steady ahead of the August 2023 elections. Following the normal to above normal rainfall experienced in Zimbabwe during the 2022/23 summer cropping season, a high agricultural outturn is expected to buoy consumer spending. This will be further supported by the increasing contribution to gold production by small-scale miners, resulting in overall growth in the sector.

Customer counts increased by 24.2% in the FY 2023 period, versus the comparable prior year period, buoyed by promotional activity, value offerings and continued organic expansion with a net of 18 new counters opened over the period under review. The drive to increase delivery capacity through the scaling of operations has been successful, with the total number of deliveries increasing 53% in FY 2023 versus prior year, despite generally depressed consumer income levels in the market. The increased contribution from deliveries has supported real average spend growth, which increased 7.9% year-on-year, resulting in top-line growth of 34.1% against prior year.

The InnBucks restructure has been a great success. The platform continues to be widely used, which shows that people have accepted and trusted it. Our growing footprint across the country provides an acceptable and easily accessible alternative form of banking in a country with a largely unbanked population.

REGIONAL OPERATIONS

The regional operations continue to be affected by high inflation levels, currency devaluation and supply chain disruptions. The operating environment remains challenging, and the Group has responded by streamlining the operations to focus on the highest-return brands, as aforementioned. As such, 21 counters were closed in the region during the FY 2023 financial year. However, the Group remains committed to growing its footprint in the region, particularly in Kenya, where growth opportunities remain abundant. As such, 44 new counters were rolled out between 30 June 2022 and 30 June 2023, of which 34 were opened in Kenya.

Customer counts in the regional business increased 2.5% in FY 2023, weighed down by lower customer counts in Ghana, which remains under significant economic strain. Despite local currency devaluation against the US Dollar, the Group maintained real average spend in the region, which was up 1.7% versus prior year, through nominal menu price increases necessitated to keep pace with inflation. Resultantly, top-line growth of 4.2% was achieved in the regional division.

KENYA

GDP expanded by 4.8% in 2022, and the World Bank expects Kenya's economy to expand by 5.0% in 2023 on recovery in agricultural output due to favourable weather conditions and the post-pandemic environment boosting recovery in tourism, education, and transport sectors.

The year under review has been marred with economic pressures stemming from tightening monetary policy with record-high interest rates, a slowdown in public investment, higher electricity and fuel prices and persistently high inflation, which is projected to average 7.8% in 2023, up from 7.6% in 2022. After losing an average of 9.2% of its value against the Dollar year-on-year in 1H FY 2023, the Kenyan Shilling's depreciation quickened in 2H FY 2023 to an average of 15.2% year-on-year.

The Finance Act assented to by the President on 26th June 2023 and which came into force on 1st July 2023, has tax and cost of living implications, including a doubling of the fuel tax, which will put consumer spending under further pressure and impact the operational cost base from 1H FY 2024.

These economic headwinds have significantly increased the cost of living, and consumers are feeling the pressure. Social unrest and protests, led by opposition politicians in response to the rising cost of living and alleged fraud during the August 2022 election, resulted in trading disruptions in 2H FY 2023.

Despite the economic headwinds, there is significant room for growth in the market, and Simbisa Kenya continued to grow its market share in FY 2023 through the rollout of 34 new counters in the 12 months from 30 June 2022 to 30 June 2023, to close the year with a total store count of 240 outlets. On the back of the new store openings, customer counts grew 3.7% in FY 2023 versus prior year. Menu price increments effected over the financial period were kept in line with inflation, resulting in real average spend increasing 2.7% versus prior year. Resultantly, top-line growth of 6.5% was achieved in FY 2023 versus the prior year. Constrained growth in the market weighed down on overall regional growth.

The transition to deliver Pizza Inn exclusively through the Dial-a-Delivery and Pizza Inn delivery platforms in Kenya has been successful, with in-house deliveries and average revenue per delivery increasing 27% and 7%, respectively, year-on-year. At the beginning of the financial period under review, under one-third of orders were made through mobile applications, with customers favouring call-centre dial-ins; by the close of the period, more than half of orders were made through mobile applications, and we have seen this trend continue into Q1 FY 2024. The move has enhanced Simbisa's ability to control the overall customer experience through more extensive value and promotional offerings, improved delivery times and availing customer feedback channels. On the downside, deliveries through third-party aggregators fell 55% year-on-year due to the aforementioned transition to Pizza Inn delivery exclusivity on Simbisa's in-house platforms, as well as the third-party aggregators not being as aggressive with marketing and promotions as they were in the prior year, when precipitating a recovery from the Covid pandemic. Overall deliveries in the market fell 18% year-on-year, and the focus in FY 2024 will be on recovering these sales volumes through marketing initiatives and application-exclusive promotions.

ZAMBIA

The Zambian Kwacha remained volatile against the US Dollar, depreciating 26% from 1 July 2022 to 31 March 2023 (Q3 FY 2023) before appreciating 17% between 31 March 2023 to 30 June 2023 (in Q4 FY 2023), ahead of the conclusion of the debt restructuring plan with the International Monetary Fund (IMF). The Zambian Government has projected economic growth at just 2.7% in 2023, from 4.7% in 2022, as contractions in mining and energy drag on growth. GDP growth is expected to accelerate to 4.8% in 2024, based on improvements in macroeconomic conditions and the implementation of reforms.

Following the re-organisation exercise, 8 outlets were closed in Zambia during the period under review. Despite this, the customer count increased 2.9% year-on-year and real average spend increased 6.9%, resulting in a 9.6% increase in revenue in US Dollar terms. However, the market is still facing some challenges with operating margins due to inflationary pressures on operating costs, exacerbated by increased load shedding during the period under review and higher fuel prices.

Pizza Inn Delivery was launched in January 2023 and was embraced by the market, contributing 13% to Pizza Inn's revenue in 2H FY 2023. The target is to grow the revenue from delivery channels to contribute 20% to Pizza Inn's revenue in FY 2024.

MAURITIUS

After reaching a peak annual inflation rate of 12.2% in December 2022, the highest level since November 2006, subsequent months have seen a cooling in inflation levels, with the annual inflation rate recorded at an over-one-year low of 7.9% in June 2023.

The market has benefited from a post-pandemic increase in tourist arrivals, with the number of tourists recorded between July 2022 and June 2023 up 120% versus the prior comparable period from July 2021 to June 2022.

Despite trading with 3 fewer counters than in the prior year period, the number of customers increased 3.9% year on year while real average spend increased 9.3% year-on-year, resulting in US Dollar top-line growth of 13.5% in FY 2023 versus prior year.

Despite inflationary pressures, significant cost savings were achieved in the period under review through enhanced efficiencies under the new operating model and strict cost management policies implemented. This resulted in significantly improved operating margins in FY 2023 versus the prior year period, with operating profit doubled in FY 2023 versus the prior year period.

GHANA

The Ghanaian Cedi came under intense pressure in the year under review, depreciating 42% between 1 July 2022 and 30 June 2023, reflecting portfolio reversals and lower FDI inflows, while demand pressures increased. Sustained high inflation rates, mainly driven by high commodity and food prices and the sharp depreciation in the local currency, persisted in the financial year under review. The annual CPI inflation rate peaked at a high of 54.1% in December 2022 and closed June 2023 at a rate of 42.5%, largely driven by rising prices for food and beverages at 54.2% in June 2023. The Ghanaian economy is forecast to expand by a weak 2.8% in 2023 after growth of 3.1% in 2022.

The re-modelling exercise has been instituted in Ghana and entailed the closing down of 9 counters whilst 7 new core brand counters were opened between 30 June 2022 and 30 June 2023. The new counters included 3 casual dining brands (2 Rocomamas and 1 Ocean Basket), 2 Chicken Inn Drive-Thrus, a Chicken Inn and a Pizza Inn. We expect significantly higher returns from the new locations.

In light of the difficult trading conditions and store closures, customer counts fell 14.9% year on year in FY 2023. While local currency Average Spend increased 54.9% over the same period, menu price increments lagged inflation due to high demand elasticity, resulting in a 9.4% decrease in real-term Average Spend.

We remain optimistic in our outlook for this market. A more optimistic GDP growth expectation of 3.9% is forecast for 2024. The re-modelling exercise will spill over into FY 2024 with a further 6 store closures and 3 new store openings in the pipeline for the financial period. We believe the model in this market will be poised to optimise efficiencies and maximise Shareholder returns as the economy recovers.

FRANCHISED MARKETS

Despite challenges in the operating environment, marked by high commodity prices, devaluation in the local currency and persistent inflation, the DRC franchise business performed very well in FY 2023. Customer counts increased by 13.5% year on year, supported by increased real Average Spend, which grew 13.4% over prior year, and translated into US Dollar top-line growth of 28.7%.

There were 3 new counters opened in the market between 30 June 2022 and 30 June 2023, of which 2 were opened in Q4 FY 2023, with the upswing in revenue expected to kick in from 1H FY 2024. There are 6 new store openings in the pipeline for FY 2024, whilst 3 counters will be closed and the assets relocated.

STRATEGIC FOCUS

During the period under review, the Group embarked on an organisational restructuring exercise with a brand-focused approach. The vision is to have a human resources operations structure that delegates responsibility to individuals to champion and drive growth in the core brands in Simbisa's portfolio. The aim is to increase staff productivity and satisfaction through career development and empowerment whilst fostering continual development and growth of our brands.

As part of the re-organisation efforts, and as aforementioned, the Group made a strategic decision to streamline the brand portfolio to focus entirely on the best-performing core brands in the region, which entailed the closure of several under-performing outlets. This exercise will continue into FY 2024, with the closure of a further 9 counters in the non-core brand category. The Group remains committed to diversifying revenue streams by growing our market share in the casual dining sector and increasing the revenue contribution from deliveries. The former is steadily being implemented by opening 17 casual dining restaurants (including Nando's and Galito's in the casual dining brand category) in FY 2023 and an additional 20 casual dining stores in the pipeline for FY 2024. The top-line benefit of increasing the casual dining segment of Simbisa's brand portfolio is two-fold: firstly, through broadening our reach of customers in the upper Living Standards Measure (LSM) segment and secondly, through attracting a higher average spend.

In line with the new organisational brand-facing structure and leveraging the existing brand equity and customer loyalty, a decision was made to launch brand-specific mobile delivery applications for the key delivery brands in conjunction with the existing Dial-a-Delivery application. This commenced with the launch of the Pizza Inn mobile application in Kenya in Q2 FY 2023 and has successfully increased mobile application orders and overall delivery volumes. This was followed by the launch of mobile delivery applications for Chicken Inn, Galito's and Grill Shack in Kenya and will be rolled out to Simbisa's remaining markets in FY 2024. In addition to higher delivery volumes, the brand-specific delivery applications are expected to improve brand visibility, customer retention and reachability and to enhance the user experience.

Simbisa remains committed to offering customers a class-leading ordering and dining experience through continuous investments in brand and product development and technological improvements. In line with global trends, Simbisa will introduce in-store customer self-service kiosks to enable customers to place orders through an interactive screen. Additionally, considering a growing segment of customers seeking an on-the-go, drive-thru experience, Simbisa will launch an inaugural Steers Drive-Thru in Zimbabwe in 4Q FY 2024.

To hedge against high inflation and exchange rate weakness, the Group will continue to carefully monitor and adjust menu prices as necessary to maintain real returns whilst remaining sensitive to customer affordability. Debt restructuring, local procurement where possible, and careful cost management policies will continue to be implemented to counter the negative impact on margins.

OUTLOOK

From the first quarter of 2023, headline inflation started showing signs of easing, supported by declining commodity prices. This notwithstanding, there are underlying inflation pressures from the pass-through effects of past input costs, rising wages and currency depreciation against the Dollar. Rising short-term inflation expectations and currency devaluation against the Dollar remain a concern going into FY 2024. Following a post-pandemic recovery, GDP Growth prospects remain favourable in our operating markets for 2024, which will translate to improved consumer activity.

We are confident that the re-organisation exercise that commenced in FY 2023 and that will be carried through into FY 2024, with a fresh brand-focused approach, will allow the Group to deliver even more value and satisfaction to its customers.

A substantial investment pipeline, with 92 net new counters set to open in FY 2024, will drive growth and unlock shareholder value. In the short to medium term, the primary growth markets will be Kenya and Zimbabwe. However, Simbisa remains vigilant of new growth opportunities in existing and potential new markets and continues exploring business development options.

The Group managed to achieve top-line growth and deliver value to all stakeholders during the financial year under review, despite the significant operating challenges faced during the period, and this success I attribute to our dedicated staff members for their considerable efforts and hard work over the period and to our loyal customers for their unwavering support. I would also like to sincerely thank the Simbisa Board of Directors for their ongoing commitment and guidance. Thanks also goes to our franchise partners, lenders, suppliers and all other stakeholders for their continued support and faith in the Group, especially in the face of the many challenges faced during the year.

B Dionisio
Chief Executive Officer

27 October 2023

Audited Abridged > Financial Results

FOR THE YEAR ENDED 30 JUNE 2023



Directors’ Responsibility

The Directors are responsible for the preparation and fair presentation of the Group’s consolidated financial statements, of which this press release represents an extract. These audited abridged financial results are presented in accordance with the disclosure requirements of the Victoria Falls Stock Exchange (VFEX) Listing Requirements for provisional financial statements (Preliminary Reports), and in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) (COBE).

External Auditor’s Statement

These financial results should be read in conjunction with the full set of financial statements for the year ended 30 June 2023, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe). A qualified audit opinion (“except for”) has been issued in respect of non-compliance with the requirements of International Financial Reporting Standards, International Accounting Standard 21 (“IAS 21”), ‘The Effects of Foreign Exchange Rates’ with regards to the Zimbabwean operations’ inappropriate accounting for change in functional and presentation currency and inappropriate exchange rates used in current year, and IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’. There were no key audit matters. The auditor’s report on these financial statements is available for inspection at the Company’s registered office. The Engagement Partner on the audit resulting in the independent auditor’s report is Mr Walter Mupanguri, PAAB Practice Certificate Number 367.

ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Twelve months ended 30-Jun-23 Audited USD	Twelve months ended 30-Jun-22 Restated USD
Revenue		286,978,843	233,940,797
Operating profit before depreciation, amortisation and impairment		44,628,233	41,095,434
Foreign exchange and other gains		1,191,718	4,069,117
Depreciation and amortisation	5	(16,068,252)	(14,657,466)
Profit before interest and tax		29,751,699	30,507,085
Interest income		995,149	379,405
Interest expense	6	(6,734,875)	(6,859,362)
Profit after interest		24,011,973	24,027,128
Profit from associate companies		416,799	-
Profit before tax		24,428,772	24,027,128
Income tax expense		(5,026,785)	(4,963,185)
Profit for the year		19,401,987	19,063,943
Other comprehensive (loss)/ income			
To be recycled to profit or loss:			
Exchange differences arising on the translation of foreign operations, net of tax		(3,640,503)	(1,544,016)
Not to be recycled to profit or loss:			
Revaluation surplus on property, plant and equipment, net of tax		2,367,673	-
Other comprehensive loss for the year, net of tax		(1,272,830)	(1,544,016)
Total comprehensive income for the year		18,129,157	17,519,927
Profit for the year attributable to:			
Equity holders of the parent		18,993,512	18,963,749
Non-controlling interests		408,475	100,194
		19,401,987	19,063,943
Total comprehensive income for the year attributable to:			
Equity holders of the parent		17,729,842	17,425,215
Non-controlling interests		399,315	94,712
		18,129,157	17,519,927
Earnings per share (US cents):	14		
Basic earnings per share		3.38	3.37
Headline earnings per share		3.13	3.39
Diluted earnings per share		3.38	3.37
Diluted headline earnings per share		3.13	3.39

Note: The prior year abridged group statement of profit or loss and other comprehensive income was previously reported in ZWL. This was restated by converting to the Group’s new presentation currency, USD. Refer to note 3.1 for details of the change in presentation currency.

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	30-Jun-23 Audited USD	30-Jun-22 Restated USD	30-Jun-21 Restated USD
ASSETS				
Non-current assets				
Property, plant and equipment		103,200,342	85,437,687	73,181,313
Investment properties		650,000	1,732,121	-
Investments in associates		2,177,069	-	-
Right-of-use assets	8	24,644,626	26,699,382	28,515,177
Intangible assets		301,518	336,838	373,417
Deferred tax assets		1,678,169	1,702,170	1,102,892
		132,651,724	115,908,198	103,172,799
Current assets				
Financial assets	9	7,000,022	9,559,661	4,232,875
Inventories		12,362,721	7,285,338	6,755,914
Trade and other receivables		7,091,509	6,035,633	8,381,544
Cash and cash equivalents		14,792,899	9,467,673	11,040,288
		41,247,151	32,348,305	30,410,621
Total assets		173,898,875	148,256,503	133,583,420
EQUITY AND LIABILITIES				
Equity				
Share capital and share premium		18,178,323	18,178,323	18,178,323
Distributable reserves		63,225,301	52,799,229	41,519,709
Other reserves		(7,589,103)	(6,325,433)	(4,807,370)
		73,814,521	64,652,119	54,890,662
Non-controlling interests		927,493	468,879	664,289
Total equity		74,742,014	65,120,998	55,554,951
Non-current liabilities				
Deferred tax liabilities		9,240,636	9,586,379	9,793,291
Borrowings - non-current		2,674,849	1,900,507	3,546,119
Lease liability - non-current	8	24,563,982	25,016,817	25,469,804
		36,479,467	36,503,703	38,809,214
Current liabilities				
Borrowings - current		13,552,809	5,664,728	12,185,410
Lease liability - current	8	4,447,190	5,082,781	4,458,900
Trade and other payables		39,848,654	32,463,330	20,740,680
Current tax liabilities		4,828,741	3,420,963	1,834,265
		62,677,394	46,631,802	39,219,255
Total liabilities		99,156,861	83,135,505	78,028,469
Total equity and liabilities		173,898,875	148,256,503	133,583,420

Note: The comparative abridged group statements of financial position (30 June 2021 and 30 June 2022) were previously reported in ZWL. These were restated by converting to the Group’s new presentation currency, USD. Refer to note 3.1 for details of the change in presentation currency.

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Share capital and share premium USD	Distributable Reserves USD	Other Reserves USD	Total USD	Non-Controlling Interests USD	Total USD
Balance at 1 July 2021	18,178,323	41,519,709	(4,807,370)	54,890,662	664,289	55,554,951
Profit for the year	-	18,963,749	-	18,963,749	100,193	19,063,942
Other comprehensive income for the year	-	-	(1,538,534)	(1,538,534)	(5,481)	(1,544,015)
Total comprehensive income for the year	-	18,963,749	(1,538,534)	17,425,215	94,712	17,519,927
Establishment of subsidiary	-	-	-	-	68,026	68,026
FCTR loss recycled to profit or loss - Simbisa Brands Namibia	-	-	20,471	20,471	-	20,471
Transactions with owners	-	(256,262)	-	(256,262)	517	(255,745)
Change in presentation currency	-	(1,843,090)	-	(1,843,090)	-	(1,843,090)
Dividends	-	(5,584,877)	-	(5,584,877)	(358,665)	(5,943,542)
Balance at 30 June 2022	18,178,323	52,799,229	(6,325,433)	64,652,119	468,879	65,120,998
Profit for the year	-	18,993,512	-	18,993,512	408,475	19,401,987
Other comprehensive income for the year	-	-	(1,263,670)	(1,263,670)	(9,159)	(1,272,829)
Total comprehensive income for the year	-	18,993,512	(1,263,670)	17,729,842	399,316	18,129,158
Transactions with owners	-	-	-	-	322,747	322,747
Dividends	-	(8,567,440)	-	(8,567,440)	(263,449)	(8,830,889)
Balance at 30 June 2023	18,178,323	63,225,301	(7,589,103)	73,814,521	927,493	74,742,014

Note: The prior year abridged group statement of changes in equity was previously reported in ZWL. This was restated by converting to the Group’s new presentation currency, USD. Refer to note 3.1 for details of the change in presentation currency.

ABRIDGED GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Twelve months ended 30-Jun-23 Audited USD	Twelve months ended 30-Jun-22 Restated USD
Cash generated from operations	46,553,069	59,628,483
Net interest paid	(5,739,726)	(6,479,957)
Tax paid	(4,880,946)	(4,148,423)
Net cash flow from operating activities	35,932,397	49,000,103
Investing activities	(27,060,484)	(30,679,969)
Net cash inflow before financing activities	8,871,913	18,320,134
Financing activities	(2,524,871)	(18,514,272)
Net increase in cash and cash equivalents	6,347,042	(194,138)
Effects on currency translation on cash and cash equivalents	(1,021,816)	(1,378,477)
Cash and cash equivalents at the beginning of the year	9,467,673	11,040,288
Cash and cash equivalents at the end of the year	14,792,899	9,467,673

Note: The prior year abridged group statement of cash flows was previously reported in ZWL. This was recalculated based on the restated group statements of financial position as at 30 June 2021 and 30 June 2022, as well as the restated group statement of profit or loss and other comprehensive income for the year ended 30 June 2022, which were converted to the Group’s new presentation currency, USD. Refer to note 3.1 for details of the change in presentation currency.

NOTES TO THE AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2023

1 General information
Simbisa Brands Limited (Simbisa or the Group) is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Victoria Falls Stock Exchange (“VFEX”). Simbisa Brands Limited, and its subsidiaries own and operate quick service restaurants (QSR) across Africa.

2 Accounting policies
The Group reports in terms of International Financial Reporting Standards (IFRS). The principal accounting policies of the Group have been applied consistently in all material respects with those of the previous year.

The abridged consolidated financial results do not include all of the information and disclosures required to fully comply with IFRS and should be read in conjunction with the Group’s consolidated financial statements for the year ended 30 June 2023 which are available for inspection at the Company’s registered office.

3 Basis of preparation

3.1 Change in functional and presentation currency

Change in functional currency for Zimbabwean Operations
On the 27th of June 2022, the Reserve Bank of Zimbabwe (“RBZ”) announced an increase in minimum lending rates for corporates from 80% to 200% effective 1 July 2022, for all local currency borrowings. Additionally, RBZ directed that 25% of the unutilised export proceeds would now be liquidated at the willing-buyer willing-seller exchange rate after 120 days from the date of receipt. This was followed by an introduction of gold coins by the central bank on 25 July 2022. The gold coins were going to be sold in both local currency and United States dollars. According to media reports, a significant proportion (more than 90%) of the coins were sold in ZWL, which mopped up the excess local currency liquidity in the market. The resultant lack of ZWL liquidity resulted in most transactions within the economy being done in USD. During the 2023 Monetary Policy Statement presentation, the RBZ Governor reported that 70% of the economy’s transactions were being completed in USD, whilst 65% of customer deposits for the banking sector are in USD. This was also evident in Simbisa’s revenue and expenditure within the year under review.

As a result of these events the Group reassessed its functional currency determination in compliance with the requirements of IAS 21, The Effects of Changes in Foreign Exchange Rates and concluded that, effective from 1 July 2022, the functional currency of Simbisa Brands Limited changed from the ZWL to the US dollar.

Change in presentation currency for the Group
Simbisa Brands Limited listed on the Victoria Falls Exchange (VFEX) during December 2022. Pursuant to this, the Group adopted the US dollar as the appropriate presentation currency as this would lead to more relevant financial statements given that VFEX is a USD Stock Exchange.

For the comparative consolidated financial statements for the year ended 30 June 2022, Simbisa has performed a restatement to cater for this voluntary presentational change in line with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The same restatement was performed on the prior year opening statement of financial position as at 1 July 2021 (presented herein as 30 June 2021).

3.2 Basis of preparation

The Group’s consolidated financial statements for the year ended 30 June 2023 have been prepared in accordance with the requirements of the Victoria Falls Stock Exchange Listing Requirements and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The consolidated financial statements are presented in United States of America dollar (USD) and all values are rounded to the nearest dollar, except where otherwise indicated. The principal accounting policies applied in the preparation of the consolidated financial statements are in terms of IFRS except for the non-compliance with IAS 21, ‘The Effects of Change in Foreign Exchange Rates’ and have been applied consistently in all material respects with those of the previous consolidated annual financial statements.

NOTES TO THE AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2023 - (continued)

4 Summarised segment information

	Zimbabwe USD	Region USD	Net eliminations USD	Total USD
Twelve months ended 30 June 2023 - Audited				
Revenue	194,145,829	92,833,014	-	286,978,843
Operating profit before depreciation and amortisation	26,838,434	17,789,799	-	44,628,233
Depreciation and amortisation	(7,065,346)	(9,002,906)	-	(16,068,252)
Profit before tax	17,110,905	7,317,867	-	24,428,772
Capital expenditure	19,333,931	10,603,975	-	29,937,906
Segment assets	113,244,848	64,314,485	(3,660,458)	173,898,875
Segment liabilities	58,804,823	40,299,791	52,247	99,156,861
Twelve months ended 30 June 2022 - Restated				
Revenue	144,847,492	89,093,305	-	233,940,797
Operating profit before depreciation and amortisation	21,684,055	19,411,379	-	41,095,434
Depreciation and amortisation	(6,605,299)	(8,052,167)	-	(14,657,466)
Profit before tax	11,086,651	12,940,477	-	24,027,128
Capital expenditure	9,982,037	13,682,302	-	23,664,339
Segment assets	89,567,544	65,073,007	(6,384,049)	148,256,502
Segment liabilities	40,377,644	45,441,940	(2,684,087)	83,135,497

5 Depreciation and amortisation

Depreciation and amortisation for the year is broken down as follows

	30-Jun-23 Audited USD	30-Jun-22 Restated USD
Depreciation on property, plant and equipment	10 090 778	9 292 093
Depreciation on right of use assets	5 448 749	5 337 495
Amortisation on intangible assets	528 725	27 878
	16 068 252	14 657 466
Interest expense		
Interest expense for the year is broken down as follows		
Interest expense on borrowings	2 901 090	3 063 599
Interest expense on lease liabilities	3 833 785	3 795 763
	6 734 875	6 859 362

7 Property, plant and equipment

Change in accounting policy
With effect from 01 July 2022, the Group changed its accounting policy for Property, plant and equipment from Cost to Revaluation. The revaluation was performed as at the beginning of the financial year for Regional operations, and applied to the 30 June 2022 balances for Zimbabwe operations.

The revalued amounts were based on a valuation exercise performed by Integrated Properties, an independent accredited valuer. Integrated Properties has experience in valuing assets of the Group's nature. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The revaluation surplus, net of deferred tax, has been included under Other Reserves, with the movement for the current year shown under Other Comprehensive Income.

Acquisitions and disposals

During the year ended 30 June 2023, the Group acquired assets with a cost of USD 29,943,186 (2022: USD 23,716,327).

The Group transferred property, plant and equipment with a net book value of USD 62,497 as consideration for an investment in associate, InnBucks Micro Bank (Private) Limited (then Ndoro Microfinance Bank (Private) Limited).

Assets with a net book value of USD 653,043 were disposed by the Group during the year ended 30 June 2023 (2022: USD 87,589), resulting in a net loss on disposal of USD 107,156 (2022: USD11,334).

8 Leases

The lease liability and right of use asset were remeasured as at 30 June 2023 to take account of changes in the lease payments. During the year ended 30 June 2023, all changes to the Group's leases were properly accounted for as modifications.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Reviewed USD
Right of Use Asset	
As at 1 July 2021	28,515,177
Non-cash additions	5,186,728
Depreciation expense	(5,337,495)
Remeasurement	(553,370)
Exchange differences on translation of foreign subsidiaries	(1,111,658)
As at 30 June 2022	26,699,382
Non-cash additions	6,697,447
Depreciation expense	(5,448,749)
Remeasurement	(54,774)
Exchange differences on translation of foreign subsidiaries	(3,248,680)
As at 30 June 2023	24,644,626
Set out below are the carrying amounts of lease liabilities and the movements during the period:	
Lease liability	
As at 1 July 2021	29,928,704
Non-cash additions	5,186,727
Accretion of interest	3,795,763
Payments	(7,324,711)
Remeasurement	553,370
Exchange differences on translation of foreign subsidiaries	(2,040,255)
As at 30 June 2022	30,099,598
Non-cash additions	6,697,447
Accretion of interest	3,833,785
Payments	(7,813,750)
Remeasurement	(54,774)
Exchange differences on translation of foreign subsidiaries	(3,751,134)
As at 30 June 2023	29,011,172
As at 30 June 2022	
Non-current	25,016,817
Current	5,082,781
As at 30 June 2023	
Non-current	24,563,982
Current	4,447,190

9 Financial assets

	Denomination	Rate of interest Per annum	Year Repayable	30-Jun-23 Audited USD	30-Jun-22 Restated USD
Financial assets held at amortised cost					
Short term receivable (secured)	USD / ZWL	5%-12%; 5%-45%	FY 2024	7,000,022	9,559,661
- current				7,000,022	9,559,661

NOTES TO THE AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2023 - (continued)

10 Impact of change in functional and reporting currency

Conversion of Zimbabwe comparative financial statements from ZWL to USD

The Statement of Profit or loss and other comprehensive income for the year ended 30 June 2022 was converted from ZWL to USD as follows:

- Transactions were initially split by currency of origin between USD and ZWL
- ZWL transactions were converted to USD using transactions-based rate.
- In place of the USD exchange movements, ZWL exchange movements were calculated.
- Gain on monetary position and exchange gains/losses on USD transactions and balances were eliminated.
- Exchange gains/losses on ZWL transactions and balances were calculated.
- The income tax charge was determined as follows:
 - The current tax charge was calculated from the current tax liability movement analysis. Opening and closing balances were recalculated from the USD results using the latest guidance from the Zimbabwe Revenue Authority (ZIMRA). Income tax payments were converted to USD at the spot transactions based rate on date of payment.
 - The deferred tax charge was determined from the USD deferred tax movement analysis. The opening and closing USD deferred tax balances were recalculated from the USD net carrying amounts and tax bases.

30 June 2022 and 30 June 2021 Statements of financial position have been translated from ZWL to US Dollar using the following procedures:

Financial statements line item	Conversion from ZWL to USD
Financial assets, Trade and other receivables, Intercompany receivables and Cash and Cash Equivalents	ZWL components converted at the transactions-based rate. USD components taken as is.
Trade and other payables, Lease liabilities, Intercompany payables, Provisions and Borrowings "	ZWL components converted at the transactions-based rate. USD components taken as is.
Deferred tax assets/ liabilities	Recalculated from the USD net carrying amounts and tax bases of the non-monetary assets and liabilities.
Property, plant and equipment	A USD valuation exercise was performed as at 1 July 2022. The same carrying amounts were used as at 30 June 2022. Balances as at 30 June 2021 were derived from the Group's running USD fixed assets register, wherein all PPE acquired in USD was carried as is and items purchased in ZWL were converted to USD at the applicable transactions-based exchange rate.
Right of use assets	USD based models were used to recalculate the ROUA.
Current tax liability	Recalculated from the USD results using the latest guidance from ZIMRA for current tax.
Share capital and premium	Converted at the transactions-based rate on the date capital and premium was contributed.
Treasury shares	Converted at the transactions-based rate on the date shares were bought.

11 Borrowings

Non-current borrowings

The Group's non-current borrowings are repayable from July 2024 to January 2025. The facilities are secured with a Corporate guarantee and bear interest at an average rate of 8.5% in the Region segment.

Current borrowings

Short-term borrowings form part of the Group's core borrowings and are renewed on maturity in terms of on-going facilities negotiated with the relevant financial institutions. The average interest rate for short-term borrowings is 8.5% and 7% per annum for the Region and Zimbabwe (USD facilities) respectively.

12 Commitments for capital expenditure

	30-Jun-23 Audited USD	30-Jun-22 Restated USD
Authorised by Directors and contracted	15,277,442	14,721,639
Authorised by Directors but not contracted	7,042,878	6,235,377
	22,320,320	20,957,016

The capital expenditure is to be financed out of the Group's own resources and existing borrowing facilities.

13 Changes in interests in subsidiaries and associates

Current year

Purchase of investment in associate - Ndoro Microfinance Bank (Private) Limited

Effective 1 July 2022, the Group acquired 35% interest in InnBucks Micro Bank (Private) Limited (then Ndoro Microfinance Bank (Private) Limited), through its subsidiary, InnBucks (Private) Limited. The transaction resulted in a gain on bargain purchase of USD 1,929,099.

The interest qualifies as significant influence in accordance with IAS 28, 'Investments in Associates'. The Group accounted for the associate using the equity method.

Prior year

Disposal of Simbisa Brands Namibia Limited

Effective 1 July 2021, the Group disposed of its 100% shareholding in Simbisa Brands (Namibia) Limited. This market will now be run as a franchised operation.

The transaction resulted in a profit on disposal of subsidiary of USD3,292 which was recognised in the income statement.

InnBucks (Private) Limited

The Group established a new business, InnBucks, in partnership with a local fintech investor. InnBucks is a mobile application which allows customers to send, receive money and buy food at Simbisa outlets. The Group owned 50% of the business on inception.

Effective 1 June 2022, the Group acquired an additional 50% in InnBucks (Private) Limited for USD 255,745, increasing the Group's shareholding in the subsidiary to 100%.

The transaction did not result in a change in control and has been treated as a transaction among owners, with a difference of USD 256,262 recognised in the prior year equity.

Acquisition of Avondale Property Company (Private) Limited

The Group acquired a property holding company, Avondale Property Company (Private) Limited with effect from 1 October 2021, at a cost of USD 1,035,000. The cost is included under investing activities on the prior year statement of cash flows, while the property has been included under investment properties on the comparative Statement of Financial Position.

As at the date of acquisition, the company had net assets of USD 1,035,000.

14 Earnings per share

	30-Jun-23 Audited USD	30-Jun-22 Restated USD
Basic and Diluted earnings		
Profit attributable to equity holders of the parent (basic and diluted earnings)	18,993,512	18,963,749
Number of shares in issue for Basic and Diluted earnings per share		
Number of ordinary shares in issue	562,184,788	562,184,788
Weighted average number of ordinary shares in issue	562,184,788	562,184,788
Basic earnings per share (US cents)	3.38	3.37
Diluted basic earnings per share (US cents)	3.38	3.37
Reconciliation of basic earnings to headline earnings		
Profit for the period attributable to equity holders of the parent	18 993 512	18 963 749
Adjustment for capital items (gross of tax):		
Loss on disposal of property, plant and equipment	107,156	11,334
Loss on disposal of subsidiary	-	23,762
Derecognition of plant and equipment	655,454	57,350
Fair value adjustments to investment properties	15,967	-
Gain on bargain purchase of associate and subsidiary	(2,139,846)	-
Tax effect on adjustments	(26,489)	(2,802)
Headline earnings attributable to ordinary shareholders	17,605,754	19,053,393
Headline earnings per share (US cents)	3.13	3.39
Diluted headline earnings per share (US cents)	3.13	3.39

15 Events after reporting date

The Group is engaged in negotiations that will result in the conversion of the small markets in the region from operating subsidiaries to third party franchised markets. Further, the Group is at an advanced stage of acquiring it's second largest 3rd party franchised operation, Eswatini. More details of these transactions will be available at the next trading update once they have been concluded.

Independent Auditor's Report

To The Shareholders of Simbisa Brands Limited

Report on the Audit of the Consolidated financial statements

Introduction

We have audited the consolidated financial statements of Simbisa Brands Limited and its subsidiaries (the Group) as set out on pages 15 to 80, which comprise the Consolidated Statement of Financial Position as at 30 June 2023, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section, the accompanying consolidated annual financial statements present fairly, in all material respects the financial positions of the Group as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and the manner required by the Companies and Business Entities Act (Chapter 24:31).

Basis for qualified opinion

Matter 1- Inappropriate accounting for change in presentation currency (non-compliance with IAS 21) (Zimbabwe operations)

The group changed the functional currency for Simbisa Brands Limited and all Zimbabwean operations from ZWL to the USD effective 1 July 2022. This change resulted in a change in presentation currency for the consolidated financial statements for the year ended 30 June 2023 from ZWL to the USD. The change in presentation currency required that the comparative consolidated financial statements be translated to USD in accordance with IAS 21, which requires that the previously stated comparatives, that is, the 30 June 2022 inflation adjusted consolidated financial statements be translated to USD at the appropriate exchange rates.

Management has not complied with IAS 21 as they have separated the USD and ZWL elements of the financial statements for the comparatives and maintained the USD elements as if the USD has always been the functional currency, then translated the ZWL historical elements to USD using the transaction-based exchange rates. We disagree with both the method of change in presentation currency and the use of the transaction-based exchange rate, for reasons stated on Matter 2 below. The opening balances are therefore misstated. As opening balances are misstated, the following amounts on the consolidated statement of financial position are impacted due to closing balances containing material amounts from opening balances.

Consolidated Statement of financial position (Zimbabwean operations only):

- USD 41 722 402 included in distributable reserves USD 63 225 301) (2022: USD 52 799 229)
- USD 4 429 450 included in other reserves stated as USD 7 589 103 (2022: USD 6 325 433)
- USD 6 687 660 included in lease liability stated as USD 29 011 172 (2022: USD 30 099 598)

As opening balances enter into the determination of financial performance and cashflows, the entire comparative statement of cashflows for Zimbabwe operations and the elements listed below are misstated due to this matter.

Independent Auditor's Report (Continued)

Simbisa Brands Limited

Consolidated Statement of profit or loss (Zimbabwean operations only):

- USD87 730 887 included in Operating expenses stated as USD 248 529 759 (2022: USD195 259 161)
- USD234 000 included in Foreign exchange and other gains stated as USD276 700 (2022: USD4 126 544)
- USD3 176 115 included in Income tax expense stated as USD5 026 785) (2022: USD 4 963 185)

Furthermore, our audit report is modified due to the impact of the matter on the corresponding amounts for Inventories, Borrowings- short term portion and Trade & Other payables on the Consolidated Statement of Financial Position and Revenue, Other Income, Loss on monetary position on the Consolidated Statement of profit or loss. Consequently, the comparative Consolidated statements of cashflows and Consolidated Statement of changes in equity are materially misstated as incorrect base numbers were used in preparing these financial statements. Our audit opinion is thus also modified on comparability of the current period's figures with the prior period figures.

Matter 2: Exchange rates used in current year (Zimbabwean operations) (non-compliance with IAS 21)

In the current year, management translated all foreign denominated transactions and balances at a transaction- based rate from ZWL to USD functional currency. We disagree with the use of the transaction-based rate for translating transactions and balances from ZWL to USD during the year and at year end, as we believe that the transaction-based exchange rate does not meet the definition of a spot exchange rate as per International Financial Reporting Standards - IAS 21 - *The Effects of Changes in Foreign Exchange Rates*.

Had the correct exchange rate been used, the following elements of the consolidated statement of financial position and statement of profit of loss and other comprehensive income would be materially different:

Financial Statement Line Item	Amount in ZWL	USD Equivalent as per Simbisa	USD Equivalent (EY recomputed using the auction rate)	Misstatement (USD)
Statement of Financial				
Revenue	(41 916 062 005.30)	(35 269 081.35)	(44 924 533.71)	9 655 452.36
Operating expenses	24 106 079 584.54	19 127 075.19	25 453 993.57	-6 326 918.38
Statement of Financial Position				
Distributable reserves	-4 920 265 480.57	3 760 528.11	8 335 980.71	-4 575 452.60

Matter 3 - Non-compliance with International Accounting Standard 8 (IAS 8) Accounting Policies, Changes in Accounting Estimates and errors: Initial application of a change in accounting policy ("Adoption of the revaluation model for property, plant and equipment")

The group changed its accounting policy on property, plant and equipment (PPE) from the Cost Model to Revaluation Model during the year. The Group has not accounted for this change in accounting policy from the date of change onwards but has accounted for the change retrospectively with effect from 30 June 2022, which constitutes a departure from the requirements of International Accounting Standard 8 (IAS 8). Had the Group followed the requirements of IAS8, the value of PPE presented in the comparative consolidated statement of financial position would have been materially different by USD22 608 319. The deferred tax liability presented on the consolidated statement of financial position is therefore consequently impacted. Our audit opinion is thus modified on comparability of the current period's figures with the prior period figures.

Additionally, revaluation surplus arising on revaluation should have been recorded in equity as a separate non distributable reserve, however it has been classified as part of distributable reserves (retained earnings). We could not quantify the misstatement due to reasons discussed on Matter 1 above.

The effects of the above departures from IFRS are material but not pervasive to the financial statements. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe.

Independent Auditor's Report (Continued)

Simbisa Brands Limited

We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Except for the matters described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The Directors are responsible for the other information. Other information consists of the Chairman's statement, CEO's Report and the Directors responsibility statement but does not include the consolidated financial statements and our auditor's report thereon. The Sustainability report, Corporate Governance, Report of the directors and GRI Context and Index "core" are expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. As described in the Basis for Qualified Opinion section above, the Group did not comply with the requirements of IAS 21 - Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting policies, Changes in accounting estimates and errors. We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the Consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report (Continued)

Simbisa Brands Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).



ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

Harare

1 November 2023