



Simbisa Brands Limited ('Simbisa' 'the Company' or 'the Group') issues the following trading update for the First Quarter ended 30 September 2024.

TRADING ENVIRONMENT

Despite facing operational challenges, the Group successfully expanded its market share through the opening of new stores and achieved top-line growth during the period under review. In Zimbabwe, operations were impacted by currency devaluation and power outages due to insufficient national power generation. In Kenya, after recovering in February 2024, the Kenyan Shilling remained stable against the US Dollar, benefiting Simbisa Kenya's operations. However, trade in Kenya was affected by protests, reflecting ongoing socio-political instability.

The Group has prioritised a customer-centric approach, using insights from customer feedback to enhance service delivery and improve the overall customer experience. Key strategic areas in the quarter included growing revenue from delivery channels, introducing new product offerings, and ramping up marketing efforts to drive top-line performance.

GROUP PERFORMANCE UPDATE FOR THE QUARTER

The Group's revenue grew by 6% year-on-year, with customer counts rising 7% versus prior year whilst real Average Spend fell 1%. In Zimbabwe, revenue increased by 4% year-on-year, supported by higher customer counts driven by new store openings. Regional operations saw a 12% year-on-year Revenue increase.

Between 30 September 2023 and 30 September 2024, the Group opened a net total of 57 new company-operated counters, including 5 in the quarter under review. Additionally, one new counter was added in franchised markets over the same period. As of 30 September 2024, the Group's total store count stands at 720, comprising 606 company-operated counters and 114 franchised outlets.

ZIMBABWE

Revenue grew by 4% in Q1 FY 2024 versus prior year, driven by a 12% year-on-year increase in customer counts, with 12.1 million customers served in Q1 FY 2025. Simbisa Zimbabwe expanded its market share through new store openings, adding a net total of 47 new counters between 30 September 2023 and 30 September 2024, bringing the total to 330 counters trading at the end of the quarter.

Inflationary cost increases put margins under pressure in the quarter under review. Simbisa Zimbabwe's energy costs more than doubled year-on-year in Q1 FY 2025, driven by a 54% increase in electricity tariffs and worsening power outages. The company is intensifying cost-containment measures to protect margins and improve profitability.



KENYA

Simbisa Kenya's operations achieved a 13% year-on-year increase in US Dollar revenue in Q1 FY 2025, driven by a 25% increase in real Average Spend. The socio-economic unrest in the market led to trade disruptions and shop damage, resulting in a 10% decline in customer footfall, to 3 million in Q1 FY 2025.

Between 30 September 2023 and 30 September 2024, a net total of 5 new counters were opened, bringing the total to 254 operating counters operating in Kenya at the end of the quarter. Moving forward, the focus will be on modernising the existing store network through refurbishments and upgrades of older sites, resulting in a slower pace of new store openings in the short to medium term.

ESWATINI

Turnover in Eswatini fell 3% year-on-year in US Dollar terms, with customer counts down 10% versus prior year and real Average Spend increasing 8% year-on-year. A counter refurbishment programme will be rolled out over the course of the financial year under review, to upgrade and refresh the infrastructure in this market.

OUTLOOK

As outlined at the close of the FY 2024 financial year, Simbisa will focus on four key pillars to achieve organic growth and deliver value to all stakeholders during the current financial year:

- **Enhancing Customer Experience:** To elevate the dining experience, the Group conducted extensive training during the quarter under review, aligning staff with the objective of delivering exceptional customer service. During the quarter, a total of 11,598 staff members received training across all brands. Customer feedback is strongly encouraged as it remains a crucial element to our success, in Q1 FY 2025, 12,410 reviews were collected and acted upon, up from 2,085 in the previous quarter, allowing the Group to make significant improvements in service delivery and food quality.
- **Strengthening Brand Presence:** In Q1 FY 2025, investments were made to refresh the Pizza Inn brand and develop new products across all of our key brands. The introduction of exciting new value offerings and intensified promotional activities have been instrumental in solidifying brand presence and driving increased customer footfall.
- **Expanding Our Reach:** A net of 5 new company-operated counters were opened during the quarter, with 31 additional store openings planned for the remainder of the financial year, primarily in Zimbabwe. The Group also has plans to refurbish and refresh 44 counters throughout the year to further enhance the customer experience.
- **Driving Organic Growth:** Marketing and promotional efforts have been intensified, with a particular focus on boosting the contribution from the delivery segment to drive top-line growth in FY 2025. Additionally, supply chain optimisation and cost-containment strategies will be implemented to preserve margins, ensuring that revenue gains translate into improved profitability and value creation for stakeholders.

B DIONISIO
GROUP CHIEF EXECUTIVE OFFICER
15 NOVEMBER 2024