Reviewed Abridged Financial Results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Simbisa Brands
LIMITED

Salient Features

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Six months ended 31-Dec-21 ZWL Reviewed	Six months ended 31-Dec-20 ZWL Restated		Change
INFLATION ADJUSTED				
Revenue (ZWL millions)	16,979.5	11,051.1	▲	54%
Operating profit before impairment, depreciation and amortisation (ZWL millions)	1,899.2	1,756.7	▲	8%
Profit before tax (ZWL millions)	3,023.3	1,878.1	▲	61%
Profit for the period attributable to equity holders of the parent (ZWL millions)	2,253.7	1,288.8	▲	75%
Cash generated from operating activities (ZWL millions)	4,128.0	3,219.2	▲	28%
Headline earnings per share (ZWL cents)	384.25	229.15	▲	68%
Interim dividend declared per share (ZWL cents)	134.00	85.19	▲	57%
HISTORICAL COST - UNAUDITED				
Revenue (ZWL millions)	15,949.2	7,624.5	▲	109%
Operating profit before impairment, depreciation and amortisation (ZWL millions)	2,117.5	1,440.4	▲	47%
Profit before tax (ZWL millions)	2,965.3	1,245.7	▲	138%
Profit for the period attributable to equity holders of the parent (ZWL millions)	2,252.7	891.3	▲	153%
Cash generated from operating activities (ZWL millions)	3,799.9	2,340.5	▲	62%
Headline earnings per share (ZWL cents)	382.96	158.46	▲	142%
Interim dividend declared per share (ZWL cents)	134.00	53.00	▲	153%

Chairman's Statement

OVERVIEW

Throughout the six months under review, the Group continued to trade under challenging conditions due to the socio-economic and regulatory effects of the Covid-19 pandemic across all the markets. Despite this, Simbisa delivered an excellent performance. The key highlights for the period include:

- Simbisa recorded a strong rebound in customer counts despite limitations in trading hours and other restrictions;
- The Group opened 47 stores during the six-month period, including 5 drive-thru restaurants;
- A 53% increase in delivery sales against the same period last year contributed significantly to Simbisa' s financial performance;
- Simbisa continued to invest in technology and digital initiatives encompassing digital menu boards, digital ordering and manufacturing process automation. These investments complement the business' efforts to improve the customer experience.

The Board continues to strategically navigate the short-term challenges brought about by the Covid-19 pandemic with its stated ambition of driving growth into the future.

In the period under review the following matters received critical attention:

i. **Covid-19 induced trading restrictions**

Although successful vaccination efforts have raised optimism across the globe, recurrent waves and new variants of SARS-coV-2 virus will continue to impact business operations.

Therefore, keeping our staff and customers safe remained the number one priority.

In our leading markets, (Zimbabwe and Kenya), Simbisa restaurants traded -44% and -13% respectively, below the regular trading hours.

Limits on sit-down services, international travel restrictions and limitations on gatherings and the resultant decrease in customer movement also impacted trading results. Conversely, however, the pandemic has also brought about new opportunities, accelerating customer adoption, of omni-channels such as drive-thru service, curb-side collection, and online delivery ordering. Simbisa continues to improve its service offerings and delivery models across these channels.

ii. **Strategic focus areas**

Strategically, the Board focused on three key areas: new store roll-out, store remodelling initiatives, and customer experience enhancement. The Board approved a significant pipeline of new stores, stretching into the next financial year. The Board also approved store-remodelling initiatives including smaller footprint stores in markets such as Mauritius, which have been highly successful. To enhance customer experience, quality of service and brand consistency, the Board has increased the focus and resources allocated to training, talent retention and compliance with brand standards. The Board is also closely overseeing the implementation of various initiatives covering food processing, customer engagement and financial systems and controls to enhance customer service optimisation and improve operational efficiencies and real time financial reporting.

FINANCIAL REPORTING MATTERS

i. **Foreign Exchange rate disparities in Zimbabwe and impact on financial reporting**

In the Company's Financial Year Ended June 2021 Report, I set out the Board's considered view that the exchange rate derived from the Reserve Bank of Zimbabwe weekly Foreign Currency Auction System ("Auction Rate") is not appropriate as a "Spot Rate" compliant with the requirements of International Accounting Standard (IAS) 21, "The Effects of Changes in Foreign Exchange Rates" and therefore International Financial Reporting Standards (IFRS). Since that report, there have not been any significant changes in the Zimbabwean market, and the Board maintains the view previously expressed to shareholders. The Group's Zimbabwean Operation continues to generate all its foreign currency from the sale of products in the local market in line with the multi-currency framework and does not have access to the foreign currency auction system. Furthermore, the disparity between the Auction rate and the rate reflected by comparing market prices in local currency against foreign currencies has sadly continued to widen.

The Group, therefore, estimated an exchange rate based on the transaction rates and applied this rate to translate monetary foreign currency balances on the statement of financial position. The Group used the same estimated exchange rates to translate the results of its foreign subsidiaries.

The Independent Auditors believe the Auction Rate to be a "Spot Rate" compliant with the requirements of IAS 21. As a result, they have issued an adverse review conclusion, on the same basis as indicated in the audit opinion on the Group's financial statements for the year ended 30 June 2021. Varying views on the matter remain across the professional accounting sector in Zimbabwe. Simbisa will continue to lobby, through the relevant bodies, including the Public Accountants and Auditors Board, for guidance to be established that better reflects the peculiar economic environment prevailing in Zimbabwe.

The impact of the use of the transactions-based exchange rate on the accompanying financial statements is as follows:

	Inflation adjusted (ZWL Millions)		
	At transactions -based rate	At auction rate	Impact (decrease) /increase
Income Statement			
Operating Profit	1,899.2	1,254.9	(644.3)
Net profit attributable to shareholders	2,253.7	1,603.7	(650.0)
Basic Earnings per share – ZWL Cents	400.88	285.26	(115.62)
Balance Sheet			
Total assets	21,795.3	14,766.4	(7,028.9)
Total liabilities	13,641.5	9,946.6	(3,694.9)
Net debt	4,576.6	3,698.3	(878.3)
Total equity	8,153.8	6,382.8	(1,771.0)

ii) ***Impact of International Financial Reporting Standard (IFRS) 16: Leases***

As highlighted in our Group Annual report for the year ended 30 June 2021, the application of IFRS 16 has had a material impact on the Group's results as it operates most of its stores under operating lease agreements. IFRS 16 applies a single lease accounting model, like that of finance leases under the previous lease standard, IAS 17. Operating lease arrangements are therefore treated as financing arrangements under the new standard. The accounting impact of the standard is a significant dilutive effect on the Group's earnings in the early years of the lease and the opposite in the last years.

The Directors believe that considering the nature of the Group's lease arrangements, it is neither appropriate nor useful to treat the Group's operating leases as financing arrangements, particularly from an income statement perspective. The Board continues to assess the relevance of this standard and usefulness to shareholders and users of the Group's financial statements.

The impact of the standard on the Group's financial statements for the half-year ended 31 December 2021 is as follows:

	Inflation-adjusted (ZWL Millions)		
	Pre-IFRS 16	Change	Post-IFRS 16
Income Statement			
Operating Profit	1,392.5	506.7	1,899.2
Net profit attributable to shareholders	2,350.1	(96.4)	2,253.7
Basic Earnings per share - ZWL Cents	418.02	(17.14)	400.88
Balance sheet			
Total assets	16,576.0	5,219.3	21,795.3
Total liabilities	8,422.2	5,219.3	13,641.5
Net (cash)/debt	(642.7)	5,219.3	4,576.6

FINANCIAL PERFORMANCE HIGHLIGHTS

Key highlights (in inflation-adjusted terms) are as follows:

- Revenue increased by 54% (+26% in Zimbabwe and +129% in the Region). The main driver of growth in Zimbabwe was an increase in customer counts of 18%. In the Region, (excluding the impact of the Zimbabwe dollar exchange rate depreciation). Revenue increased by 36% in USD terms, mainly from a 28% increase in customer counts.
- The Group recorded a net monetary gain of ZWL267 million (2020: ZWL239 million), reflecting robust inflation hedging strategies in Zimbabwe.
- Foreign currency translations favourably impacted profit by ZWL 2billion (2020: ZWL 828million).
- Profit attributable to shareholders and headline earnings increased by 75% and 68%, respectively.
- Cash generated from operations was very strong at 173% of Operating profit.
- ZWL1.23 billion was spent on investing activities.
- Total debt (excluding IFRS 16 liabilities) was ZWL1.9 billion (30 June 2021 restated: ZWL2.7 billion). Total debt remains below x1 annualised operating profit.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of ZWL 134 cents per share (FY21: 53 ZWL cents per share). Furthermore, the Board approved a dividend of ZWL37,666,381 to the Simbisa Employee Share Trust. The dividend will be payable in Zimbabwe dollars on or about 6 April 2022 to shareholders registered in the books of the Company close of business on 1 April 2022. The last day to trade cum-divided is 29 March 2022, and the ex-dividend date is 30 March 2022.

CORPORATE GOVERNANCE

There have been no changes to the Board composition since our last report.

SUSTAINABILITY

As a multi-national company, Simbisa Brands has an obligation to exercise responsible business practices that uphold environmental stewardship and positively impact the community. The Board recently approved a 3-year corporate responsibility strategy focusing on three key United Nations Sustainable Development Goals: Zero Hunger, Quality Education and Clean Water and Sanitation.

Simbisa continues to strengthen and align its policies and procedures to minimise any negative impacts on the environment and society.

Simbisa Brands supported less privileged children by donating meals and drinks during the half-year to 16 institutions and this positively impacted 1,600 children. Simbisa together with the National Blood Services of Zimbabwe (NBSZ) hosted a blood donation drive hosted at our various food courts. Simbisa Brands continues to focus its CSR activities on children's education, public health, and other public institutions in a sustainable manner.

OUTLOOK

The Board is confident of the growth prospects of the Group and the economic environments in the different countries of operation. The key objective in the short term would be to maintain the strong rebound in trading despite continued Covid-19 induced trading conditions. Simbisa is on course to meet a target of 92 new store openings by the end of the financial year as communicated in the Group's last report. The Group has approved plans to open 69 new stores by 30 June 2022 (19 in Zimbabwe, 29 in Kenya, 9 in Ghana, 1 in Zambia, 1 in Mauritius and 10 in the Democratic Republic of Congo (franchise stores)) at a cost of about US$14 million. By the end of calendar year 2022, the Group should be operating 623 counters.

Although Covid-19 remains endemic and will continue to influence business operations and decisions, the Board will pursue the expansion of the Simbisa Brands footprint.

The ever-evolving economic environment in Simbisa's largest market, Zimbabwe, and changes in economic policies in Zambia will require managements' close attention, coupled with nimble and adaptable business strategies. The Group also expects cost pressures across our markets to continue against the background of weakening emerging market currencies and heightened inflation. The Board is confident in the management team's strategies to keep growing customer counts and maintaining operating profit margins in the face of these challenges.

The Board recognises that Simbisa' s success hinges on offering an excellent customer experience. The Group will continue to invest in improving the digital sales experience and the efficiency of our drive-thru, delivery, and collect sales channels to enhance the customer experience further. The Board is confident that the recent optimisation of the operational and franchising organisational structure will enhance the focus on quality customer experience.

Simbisa remains committed to ensuring that the business operates to the highest possible health and safety standards to protect the health of its employees, customers, and other stakeholders. The Group will also continue to support the authorities in efforts to reduce Covid-19 infection rates, encourage vaccination and mitigate the impact of the pandemic in the community.

APPRECIATION

In closing, I would like to express on behalf of the Board, our sincere appreciation of the continued efforts and resilience of our employees and managers across the Group whose hard work and dedication is evident from the outstanding results achieved over this difficult trading period. I also want to express our continued gratitude to our loyal customers and business associates for their continued support.

ABC CHINAKE
Independent Non-executive Chairman
Harare
18 March 2022

Interim Dividend Announcement

Notice is hereby given that on 18 March 2022 the Board of Directors declared an interim dividend of ZWL 134 cents per share payable out of the profits of the Group for the half year ended 31 December 2021.

Dividend No	13
Announcement date	18 March 2022
Dividend per share	ZWL 134 cents
Record date	01 April 2022
Last date to trade cum-dividend	29 March 2022
Ex-dividend date	30 March 2022
Payment date	On or about 06 April 2022

Group Secretary
18 March 2022

Chief Executive Officer's Report

TRADING ENVIRONMENT

With the easing of trading restrictions in our operating markets, trading capacity has scaled up and with that, customer counts have shown a recovery in 1H FY2022 versus prior year. Increased delivery contribution, which has also translated to firmer average spend, has further supported the increase in turnover versus prior year. In 1H FY2022, Simbisa continued to navigate the health risks associated with Covid-19 without having to completely shut down any shops and without losing any of our associates to the disease.

Challenges prevailed in the Zimbabwe operating environment, both from Covid-19 related restrictions as well as inflationary pressures borne from continued exchange rate volatility. Despite the resultant depressed economic activity and cost-pricing volatility, Simbisa Zimbabwe managed to achieve organic growth in revenue and profitability and continued to expand its footprint.

The Regional operating environment benefited from fewer trading restrictions, improved trading hours and exchange rate stability during the six-month financial period under review. The Region also managed to achieve top-line growth through increased customer counts and improved real average spend in 1H FY2022 versus the prior year period. Growth in market share remains a priority in the region, with 40 new counters opened in the period under review.

GROUP PERFORMANCE OVERVIEW

Improved operating hours and organic growth in the six month period under review resulted in a recovery in customer counts, which increased 21% in 1H FY2022 versus prior year. Increased delivery contribution, with total deliveries up 53% year-on-year, together with currency stabilisation in our Regional operating markets, translated to firmer average spend. Resultantly, the Group achieved top line growth of 54% in inflation-adjusted terms in 1H FY2022 versus prior year. Continued cost management and currency stability have supported real operating margins and translated top-line growth into improved profitability and Shareholder returns.

With the strategic focus shifting to accelerated growth initiatives, the Group opened 47 stores during the six-month period, including 5 drive-thru restaurants.

ZIMBABWE

Simbisa's operations in Zimbabwe continued to be significantly impacted by ongoing Covid-19 trading restrictions, with the country operating at Alert Level 2 throughout most of the period under review. In 2Q FY2022 counter trading hours were 37% below normal counter trading hours, although these restrictions have been gradually easing with an improvement on the trading hours in 1Q FY2022, which were 52% below capacity. Seating restrictions and curfews also remained in place throughout the period under review.

Despite reduced trading hours, 1H FY2022 customer counts in Zimbabwe grew 18% year on year on the back of ongoing promotions and value meal offerings as well as steady growth in footprint, deliveries, and collect orders. Increased focus on the delivery segment continued to bear fruit, with the total number of deliveries increasing 62% in 1H FY2022 versus prior year. Real term average spend increased, resulting in top line growth of 26% year-on-year, driven primarily by the growth in customer counts.

In the period under review, an upgrade to storage space and installation of new, state-of-the-art chip production equipment at the Central Kitchen resulted in a significant improvement in storage capacity, product quality and production efficiencies, thereby supporting Operating Margins.

The Group continued to expand its footprint in Zimbabwe with the opening of 7 new counters between 30 June and 31 December 2021. As at 31 December 2021 there were 239 operational counters in Zimbabwe.

REGIONAL OPERATIONS

An easing in Covid-19 restrictions in the period under review resulted in a significant improvement in trading hours and a rebound in customer footfall to Simbisa's outlets. Whilst Kenya's trading hours were still 13% below full capacity in 1H FY2022, other markets including Mauritius, Ghana and Zambia resumed operations at full capacity. Covid-19 continues to impact Simbisa's Regional business however, through increased shipping and import prices, which put pressure on margins and necessitated moderate menu price increases in our operating markets during 1H FY2022.

Currencies in Simbisa's regional operating markets remained relatively stable in the 1H FY2022 operating period. In the closing period 31 December 2021 versus 31 December 2020, the Mauritian Rupee and Ghanaian Cedi depreciated 11% and 5% against the US Dollar respectively, the Kenyan Shilling devalued 4% against the US Dollar whilst the Zambian Kwacha appreciated 21% against the US Dollar, on the back of positive post-election sentiment.

Customer counts in the regional business increased 28% from prior year, while average spend increased 5% in USD-terms on the back of menu price increases, currency stabilisation and increased contribution from delivery channels. Revenue generated by our regional operations increased 36% year-on-year in USD-terms and by 129% in ZWL terms from ZWL 2.98b in prior year to ZWL 6.85b in 1H FY2022. Regional EBITDA margins improved on the back of enhanced operating efficiencies and aggressive cost management strategies.

Growing the Simbisa brand footprint was a key focus area in the period under review and 40 new counters were opened during this period.

Reviewed Abridged Financial Results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Simbisa Brands
LIMITED

Chief Executive Officer's Report - continued

KENYA
Trading restrictions in Kenya eased considerably in the six-month period under review, with Simbisa Kenya trading at 13% below capacity in 1H FY2022 and just 6% below normal counter trading hours in Q2 FY2022, a marked improvement compared to the FY 2021 financial year. As a result of improved trading hours and the success of the market's customer recovery strategies, customer counts increased by 35% in 1H FY2022 versus prior year.

Local currency average spend increased 4% in 1H FY2022 versus prior year, supported by increased delivery contributions. As a result, revenue grew a healthy 40% year-on-year in FY2021 in local currency terms and 37% in USD-terms.

In the period under review, Kutuma Kenya Limited achieved an 8% increase in deliveries in 1H FY2022 versus prior year. An increased focus on operations led to significantly improved delivery times. The delivery pricing model was strategically restructured which resulted in a saving to the customer, with the objective of attracting more customers to use the Simbisa delivery channel in the short to medium term with the full impact expected to come through in 2H FY2022.

Expansion of Simbisa's footprint in Kenya remains a priority and in the six months to 31 December 2021, 26 new counters were opened in the market to close the period with 190 counters. The business is on track to achieve the pipeline target of 55 new store openings in FY2022.

ZAMBIA
Positive post-election sentiment in this market has resulted in an appreciation of the Kwacha against the US Dollar; the Kwacha moved from a closing rate of 21.1 in December 2020 to a closing rate of 16.7 in December 2021. This has improved margins in the Zambian business through a reduction in major imported raw material costs as well as US Dollar-denominated rentals. Covid-19 restrictions eased considerably in the period and Simbisa Zambia traded at full capacity in 1H FY2022.

Aggressive marketing and brand specific promotions to improve customers counts have been successful and Simbisa Zambia achieved a 19% year-on-year increase in customer counts against the prior year period. Local currency average spend increased 12% resulting in a 33% increase in Local Currency revenue and a significant 50% increase in US Dollar revenue versus prior year.

The introduction of the bread and confectionaries factory improved revenue for the Bakers Inn Brand by 52% in 1H FY2022 versus prior year. Simbisa Zambia opened a second Rocomama's restaurant in the Kitwe region in Q2 FY2022 and closed one under-performing Pizza Inn outlet, closing 31 December 2021 with a total store count of 32.

MAURITIUS
The Mauritius business has finalised the first phase and commenced the second phase of the three-phased recovery plan. The first phase entailed consolidating the brands to focus on the Pizza Inn and Vida e Caffe brands in this market and restructuring the format of the Pizza Inn brand from table service to a counter service QSR model. The second phase entails growing the Simbisa footprint through the roll-out of new counters under the re-modelled business format and the third phase is the development into new, high-density regions.

This resulted in the closure of 3 Galito's and 3 Creamy Inn counters and the addition of 2 new QSR-format Pizza Inns and 1 Vida e caffe counter between 31 December 2020 and 31 December 2021 to close the period with 13 operating counters.

While trading hours remained at full capacity in 1H FY2022, Covid-19 restrictions, including the partial closure of the airport in December, seating restrictions and only vaccinated persons being allowed into the shops, had an impact on the business. Despite this and the loss of 3 net counters in the period under review, customer counts remained flat on the prior year period and an increase in average spend resulted in Local Currency turnover increasing 13% year-on-year in 1H FY2022.

Although increased procurement costs put gross profit margins under pressure during the period under review, significant cost savings were achieved through enhanced efficiencies under the new operating model as well as strict cost management policies implemented in the period. This resulted in improved operating margins in 1H FY2022 versus the prior year period.

GHANA
In 1H FY2022 counter trading hours resumed at full capacity in Ghana, although seating capacity remained restricted to 50%. A significant improvement in trading hours as well as growth in the store footprint enabled the market to significantly improve customer counts which grew 54% in 1H FY2022 versus the prior year period. An 8% improvement in average spend in 1H FY2022 versus prior year resulted in this market achieving a 67% year-on-year increase in revenue in local currency terms and a 64% increase in real terms.

A sharp increase in the cost of key raw materials has put Gross Profit Margins under pressure. However effective cost management policies allowed the business to realise cost efficiencies and achieve operating profit margin improvements in 1H FY2022 versus prior year. Thus, operating profit in local currency terms doubled between 1H FY2021 and 1H FY2022.

2 new counters were opened in 1H FY2022, including a Chicken Inn Drive Thru counter, bringing the total number of counters to 25 as at 31 December 2021.

FRANCHISED MARKETS
Curfew and trading restrictions remain in place in the Group's largest franchised business, the DRC, resulting in the market trading at 9% below capacity in 1H FY2022. Despite this, the market achieved top line growth of 41% year-on-year in 1H FY2022, buoyed by a 26% increase in customer counts and a 12% increase in US Dollar average spend in 1H FY2022 versus prior year.

In Lubumbashi, 3 counters were closed for relocation to a more lucrative site, where 4 new counters were opened. In Kinshasa, 4 new counters were opened in 1H FY2022. The market closed with 22 counters operating as at 31 December 2021.

STRATEGIC FOCUS
With an easing of Covid-19 operating restrictions, the Group has improved trading capacity in most markets and as a result customer footfall into the shops has made a marked recovery. The Group has now shifted from a defensive operating strategy to focus on growth. This is evidenced in the marked acceleration in profitable, new store openings.

Although there has been a recovery in customers visiting the shops, the Group is still placing much focus on the delivery business to grow delivery and collect order revenue channels. In Zimbabwe, this has been achieved through the implementation of a new system to reduce delivery times through improved order and bike tracking as well as upscaling and capacitating the operation by acquiring more bikes and increasing the number of call centre agents. The Zimbabwe market also implemented an improved mobile application and expanded the delivery coverage in the period under review. The focus in the region has been on the continued development and refinement of the Dial-a-Delivery mobile application in order to enhance the user experience and with the target of growing application-related customers and orders. This objective has shown considerable success in Kenya, where the share of orders on the mobile application grew from 8% as at 30 June 2021 to 24% as at 31 December 2021.

In Simbisa's largest market, Zimbabwe, significant capital investment is being made in upgrading the operations' Central Stores to increase and make more efficient the storage capacity as well as further automating and streamlining the production process at the Central Kitchen. The first phase of the project has been completed through the installation of the aforementioned chip processing plant which has been very successful in increasing processing times through further automation as well as enhancing efficiencies for improved product quality and minimised wastage.

Another key focus area in the short to medium term is the optimisation of the operational and franchising organisational structures across Simbisa's markets to focus on a more brand-oriented structure with the view of improving operational focus and enhancing human resource efficiencies.

OUTLOOK
With the gradual easing of trading restrictions in our operating markets and resultant improvement in trading activity, there has been a recovery in customer counts which is expected to boost top line growth in the short to medium term. Considerable effort has been put into managing our cost base which has seen an improvement in Group operating margins in real terms. Thus, a recovery in revenue will translate to growth in profitability and improved Shareholder returns and value delivery.

A strong investment pipeline, as the focus moves from navigating the Covid-19 induced challenges to continuing to grow the Group's footprint, will also deliver growth and create value for stakeholders. There are a further 69 new store openings in the pipeline for the remaining six months of the current financial year.

Between 2022 and 2024, Simbisa Brands intends to make significant progress in firmly establishing itself as a corporate that bridges the gap for people in various communities. This will be done by focusing the Simbisa Brands Corporate Social Responsibility Strategy on three key United Nations Sustainable Development Goals: zero hunger, quality education and clean water and sanitation. The Group is also embarking on a project to build a community school in Zimbabwe for underprivileged learners.

Simbisa has been able to successfully navigate the operating challenges created by the Covid-19 pandemic and I have every confidence that the Group will continue to ride the rebound as the worst of the global pandemic is left behind us. This I attribute to a strong and determined management and support team to whom I would like to extend my sincere appreciation for their efforts. I would also like to thank the Simbisa Board of Directors, our loyal customers, suppliers and other stakeholders for their continued support.

B Dionisio
Chief Executive Officer
18 March 2022

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 abridged Group financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) 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).

Cautionary Statement - Reliance On All Financial Statements Prepared In Zimbabwe For 2021/2022

The Directors would like to advise users to exercise caution in their use of these financial statements due to the material and pervasive impact of the technicalities brought about by the change in functional currency in Zimbabwe around February 2019, its consequent impact on the usefulness of the financial statements for 2021/2022 financial periods and the adoption of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), effective 1 July 2019.

Whilst the Directors have exercised reasonable due care, and applied judgements that they felt were appropriate in the preparation and presentation of these financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

The review conclusion on these financial statements has been modified by the independent auditors, Ernst & Young Chartered Accountants (Zimbabwe) as indicated in the auditor's statement below.

External Auditor's Review Conclusion

These Group's abridged inflation adjusted interim financial statements have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse review conclusion in respect of non-compliance with the requirements of International Financial Reporting Standards, International Accounting Standards 21 ("IAS 21"), 'The Effects of Foreign Exchange Rates' and its consequent impact on the adoption of International Accounting Standard (IAS 29), 'Financial Reporting in Hyperinflationary Economies,' effective 1 July 2019 and non-compliance with International Accounting Standard 8 ("IAS 8"), 'Accounting Policies, Changes in Accounting Estimates and Errors.' The auditor's review conclusion on the Group's abridged inflation adjusted interim financial statements is available for inspection at the Company's registered office.

ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Inflation Adjusted		Historical Cost	
	Six months ended 31-Dec-21 Reviewed ZWL	Six months ended 31-Dec-20 Restated ZWL	Six months ended 31-Dec-21 Unaudited ZWL	Six months ended 31-Dec-20 Unaudited ZWL
Revenue	**16,979,454,195**	**11,051,143,873**	**15,949,193,339**	**7,624,460,137**
Operating profit before depreciation, amortisation and impairment	**1,899,174,454**	**1,756,747,634**	**2,117,464,058**	**1,440,352,169**
Gain on monetary position	267,454,298	238,591,603	-	-
Fair value gain on investment properties	95,629,212	-	101,813,968	
Foreign exchange and other gains	2,025,469,565	827,848,338	1,878,117,273	498,180,179
Depreciation and amortisation	(767,296,625)	(569,291,816)	(646,745,289)	(407,370,367)
Profit before interest and tax	**3,520,430,904**	**2,253,895,759**	**3,450,650,010**	**1,531,161,981**
Interest income	40,206,577	124,931,687	38,624,127	73,595,604
Interest expense	(537,291,448)	(500,688,621)	(524,006,605)	(359,043,795)
Profit before tax	**3,023,346,033**	**1,878,138,825**	**2,965,267,532**	**1,245,713,790**
Income tax expense	(783,992,377)	(580,268,226)	(726,616,584)	(347,844,814)
Profit for the period	**2,239,353,656**	**1,297,870,599**	**2,238,650,948**	**897,868,976**
Other comprehensive income - to be recycled to profit or loss				
Exchange differences arising on the translation of foreign operations	845,647,750	116,561,548	845,647,750	116,561,548
Other comprehensive income for the period, net of tax	**845,647,750**	**116,561,548**	**845,647,750**	**116,561,548**
Total comprehensive income for the period	**3,085,001,406**	**1,414,432,147**	**3,084,298,698**	**1,014,430,524**
Profit for the period attributable to:				
Equity holders of the parent	2,253,697,114	1,288,755,987	2,252,691,996	891,279,547
Non-controlling interests	(14,343,458)	9,114,612	(14,041,048)	6,589,429
	2,239,353,656	**1,297,870,599**	**2,238,650,948**	**897,868,976**
Total comprehensive income for the period attributable to:				
Equity holders of the parent	3,093,633,667	1,402,793,857	3,092,628,549	1,005,317,417
Non-controlling interests	(8,632,261)	11,638,290	(8,329,851)	9,113,107
	3,085,001,406	**1,414,432,147**	**3,084,298,698**	**1,014,430,524**
Earnings per share (ZWL cents):				
Basic earnings per share	400.88	229.24	400.70	158.54
Headline earnings per share	384.25	229.15	382.96	158.46
Diluted basic earnings per share	400.88	229.24	400.70	158.54
Diluted headline earnings per share	384.25	229.15	382.96	158.46

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Inflation Adjusted		Historical Cost	
	31-Dec-21 Reviewed ZWL	30-Jun-21 Restated ZWL	31-Dec-21 Unaudited ZWL	30-Jun-21 Unaudited ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	9,570,218,105	6,427,550,412	7,041,569,923	3,823,249,049
Investment properties	207,149,250	-	207,149,250	-
Right-of-use assets	5,173,970,275	3,415,623,929	4,767,362,802	3,006,164,738
Intangible assets	71,278,793	47,076,686	71,278,793	47,076,686
Deferred tax assets	362,482,462	224,215,186	924,708,998	771,223,024
	15,385,098,885	**10,114,466,213**	**13,012,069,766**	**7,647,713,497**
Current assets				
Financial assets	173,867,964	759,621,126	173,867,964	534,106,392
Inventories	1,609,826,749	992,817,498	1,609,710,145	851,718,055
Trade and other receivables	2,050,235,879	1,303,312,134	2,053,162,691	1,056,524,645
Cash and cash equivalents	2,576,242,808	1,740,612,416	2,576,242,808	1,391,849,079
	6,410,173,400	**4,796,363,174**	**6,412,983,608**	**3,834,198,171**
Total assets	**21,795,272,285**	**14,910,829,387**	**19,425,053,374**	**11,481,911,668**
EQUITY AND LIABILITIES				
Equity				
Share capital and share premium	723,035,278	723,035,278	18,178,323	18,178,323
Distributable reserves	5,690,985,186	4,166,992,958	4,011,703,051	2,244,017,040
Other reserves	1,706,501,677	863,351,901	1,741,373,059	898,223,283
	8,120,522,141	**5,753,380,137**	**5,771,254,433**	**3,160,418,646**
Non-controlling interests	33,292,698	50,235,061	12,648,600	29,014,125
Total equity	**8,153,814,839**	**5,803,615,198**	**5,783,903,033**	**3,189,432,771**
Non-current liabilities				
Deferred tax liabilities	453,185	15,990,433	147,958	3,497,553
Borrowings - non-current	462,487,954	410,755,682	462,487,954	207,336,385
Lease liability - non-current	4,532,975,963	2,751,403,830	4,532,975,963	2,725,090,376
	4,995,917,102	**3,178,149,945**	**4,995,611,875**	**2,935,924,314**
Current liabilities				
Borrowings - current	1,471,106,277	2,315,819,828	1,471,106,277	1,773,780,032
Lease liability - current	686,287,051	502,464,092	686,287,051	482,126,174
Trade and other payables	5,687,936,768	2,769,276,041	5,687,934,890	2,844,754,696
Current tax liabilities	800,210,248	341,504,283	800,210,248	255,893,681
	8,645,540,344	**5,929,064,244**	**8,645,538,466**	**5,356,554,583**
Total liabilities	**13,641,457,446**	**9,107,214,189**	**13,641,150,341**	**8,292,478,897**
Total equity and liabilities	**21,795,272,285**	**14,910,829,387**	**19,425,053,374**	**11,481,911,668**

ABRIDGED GROUP STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Inflation Adjusted		Historical Cost	
	Six months ended 31-Dec-21 Reviewed ZWL	Six months ended 31-Dec-20 Restated ZWL	Six months ended 31-Dec-21 Unaudited ZWL	Six months ended 31-Dec-20 Unaudited ZWL
Cash generated from operations	**4,127,952,305**	**3,219,152,595**	**3,799,915,315**	**2,340,452,694**
Net interest paid	(509,596,107)	(435,539,674)	(485,385,187)	(305,684,666)
Tax paid	(330,053,802)	(260,278,126)	(303,294,816)	(165,608,044)
Net cash flow from operating activities	**3,288,302,396**	**2,523,334,795**	**3,011,235,312**	**1,869,159,984**
Investing activities	**(1,230,926,201)**	**(1,857,188,203)**	**(1,224,537,208)**	**(1,157,236,918)**
Net cash inflow before financing activities	**2,057,376,195**	**666,146,592**	**1,786,698,104**	**711,923,066**
Financing activities	**(1,233,323,819)**	**704,443,881**	**(802,182,705)**	**307,192,363**
Net increase in cash and cash equivalents	**824,052,376**	**1,370,590,473**	**984,515,399**	**1,019,115,429**
Effects of IAS 29 inflation adjustment on cash flow items	**(188,300,314)**	**(617,056,281)**	**-**	**-**
Effects of currency translation on cash and cash equivalents	**199,878,330**	**27,428,254**	**199,878,330**	**27,428,254**
Cash and cash equivalents at the beginning of the period	**1,740,612,416**	**1,981,372,515**	**1,391,849,079**	**814,467,350**
Cash and cash equivalents at the end of the period	**2,576,242,808**	**2,762,334,961**	**2,576,242,808**	**1,861,011,033**

Reviewed Abridged Financial Results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Simbisa Brands LIMITED

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

INFLATION ADJUSTED

	Attributable To Equity Holders Of The Parent					
	Share capital and share premium ZWL	Distributable Reserves ZWL	Other Reserves ZWL	Total ZWL	Non-Controlling Interests ZWL	Total ZWL
Balance at 1 July 2020	**723,035,278**	**1,963,831,567**	**658,539,909**	**3,345,406,754**	**24,882,052**	**3,370,288,806**
Profit for the period	-	1,288,755,987	-	1,288,755,987	9,114,612	1,297,870,599
Other comprehensive income for the period	-	-	114,037,870	114,037,870	2,523,678	116,561,548
Total comprehensive income for the period	-	1,288,755,987	114,037,870	1,402,793,857	11,638,290	1,414,432,147
Acquisition of subsidiary	-	-	-	-	13,319,098	13,319,098
Change in tax rate - Simbisa Kenya Limited	-	-	(29,951,096)	(29,951,096)	-	(29,951,096)
Dividends	-	(188,567,428)	-	(188,567,428)	-	(188,567,428)
Balance at 31 December 2020	**723,035,278**	**3,064,020,126**	**742,626,683**	**4,529,682,087**	**49,839,440**	**4,579,521,527**
Profit for the period	-	1,455,629,824	-	1,455,629,824	6,672,250	1,462,302,074
Other comprehensive income for the period	-	-	162,300,718	162,300,718	4,917,871	167,218,589
Total comprehensive income for the period	-	1,455,629,824	162,300,718	1,617,930,542	11,590,121	1,629,520,663
Share options lapsed during the period	-	41,575,500	(41,575,500)	-	-	-
Change in tax rate - Simbisa Kenya Limited	-	1,366,854	-	1,366,854	-	1,366,854
Dividends	-	(395,599,346)	-	(395,599,346)	(11,194,500)	(406,793,846)
Balance at 30 June 2021	**723,035,278**	**4,166,992,958**	**863,351,901**	**5,753,380,137**	**50,235,061**	**5,803,615,198**
Profit for the period	-	2,253,697,114	-	2,253,697,114	(14,343,458)	2,239,353,656
Other comprehensive income for the period	-	-	839,936,554	839,936,554	5,711,197	845,647,751
Total comprehensive income for the period	-	2,253,697,114	839,936,554	3,093,633,668	(8,632,261)	3,085,001,407
Disposal of subsidiary						
- Simbisa Brands Namibia Limited	-	-	3,213,222	3,213,222	-	3,213,222
Impact of IAS 29	-	(219,282,884)	-	(219,282,884)	-	(219,282,884)
Dividends	-	(510,422,002)	-	(510,422,002)	(8,310,102)	(518,732,104)
Balance at 31 December 2021	**723,035,278**	**5,690,985,186**	**1,706,501,677**	**8,120,522,141**	**33,292,698**	**8,153,814,839**

HISTORICAL COST

	Attributable To Equity Holders Of The Parent					
	Share capital and share premium ZWL	Distributable Reserves ZWL	Other Reserves ZWL	Total ZWL	Non-Controlling Interests ZWL	Total ZWL
Balance at 1 July 2020	**18,178,323**	**403,453,013**	**641,181,385**	**1,062,812,721**	**5,167,116**	**1,067,979,837**
Profit for the period	-	891,279,547	-	891,279,547	6,589,429	897,868,976
Other comprehensive income for the period	-	-	114,037,870	114,037,870	2,523,678	116,561,548
Total comprehensive income for the period	-	891,279,547	114,037,870	1,005,317,417	9,113,107	1,014,430,524
Acquisition of subsidiary	-	-	-	-	13,319,098	13,319,098
Purchase of treasury shares	-	-	(18,222,495)	(18,222,495)	-	(18,222,495)
Dividends	-	(106,138,882)	-	(106,138,882)	-	(106,138,882)
Balance at 31 December 2020	**18,178,323**	**1,188,593,678**	**736,996,760**	**1,943,768,761**	**27,599,321**	**1,971,368,082**
Profit for the period	-	1,343,918,110	-	1,343,918,110	6,603,553	1,350,521,663
Other comprehensive income for the period	-	-	162,300,718	162,300,718	4,917,871	167,218,589
Total comprehensive income for the period	-	1,343,918,110	162,300,718	1,506,218,828	11,521,424	1,517,740,252
Share options lapsed during the period	-	1,074,195	(1,074,195)	-	-	-
Change in tax rate - Simbisa Kenya Limited	-	1,366,854	-	1,366,854	-	1,366,854
Dividends	-	(290,935,797)	-	(290,935,797)	(10,106,620)	(301,042,417)
Balance at 30 June 2021	**18,178,323**	**2,244,017,040**	**898,223,283**	**3,160,418,646**	**29,014,125**	**3,189,432,771**
Profit for the period	-	2,252,691,996	-	2,252,691,996	(14,041,048)	2,238,650,948
Other comprehensive income for the period	-	-	839,936,554	839,936,554	5,711,197	845,647,751
Total comprehensive income for the period	-	2,252,691,996	839,936,554	3,092,628,550	(8,329,851)	3,084,298,699
Disposal of subsidiary						
- Simbisa Brands Namibia Limited	-	-	3,213,222	3,213,222	-	3,213,222
Dividends	-	(485,005,985)	-	(485,005,985)	(8,035,674)	(493,041,659)
Balance at 31 December 2021	**18,178,323**	**4,011,703,051**	**1,741,373,059**	**5,771,254,433**	**12,648,600**	**5,783,903,033**

NOTES TO THE REVIEWED ABRIDGED CONSOLIDATED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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 Zimbabwe Stock Exchange ("ZSE"). 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, except for International Accounting Standard 40 (IAS 40), 'Investment Porperties'.

During the current financial period, the Group applied the fair value model with regards to investment property that Simbisa did not have in prior periods, in accordance with IAS 40.

The abridged inflation adjusted 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 annual financial statements as at 30 June 2021 which are available for inspection at the Company's registered office.

3 Basis of preparation

The Group's interim inflation adjusted condensed financial statements for the half year ended 31 December 2021 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The Listing Requirements require interim financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as a minimum, contain the information required by IAS 34, 'Interim Financial Reporting.' The interim inflation adjusted condensed financial statements have been prepared based on the statutory records that are maintained under the historical cost basis. The interim inflation adjusted condensed financial statements are presented in Zimbabwean Dollars (ZWL) and all values are rounded to the nearest dollar, except where otherwise indicated. The principal accounting policies applied in the preparation of the interim inflation adjusted condensed financial statements are in terms of IFRS 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 its consequential impact on the inflation adjusted amounts determined in terms of IAS 29, 'Financial Reporting in Hyperinflationary Economies' as well as non-compliance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and have been applied consistently in all material respects with those of the previous consolidated annual financial statements.

4 Summarised segment information

INFLATION ADJUSTED

Six months ended 31 December 2021 - Reviewed	Zimbabwe ZWL	Region ZWL	Net eliminations ZWL	Total ZWL
Revenue	10,133,711,764	6,845,742,431	-	16,979,454,195
Operating profit before depreciation and amortisation	332,200,070	1,566,974,384	-	1,899,174,454
Depreciation and amortisation	(166,040,625)	(601,256,000)	-	(767,296,625)
Profit before tax	2,003,212,397	1,020,133,636	-	3,023,346,033
Capital expenditure	988,260,288	542,086,269	-	1,530,346,557
Segment assets	9,667,763,730	12,800,281,399	(672,772,844)	21,795,272,285
Segment liabilities	4,516,574,667	9,802,237,569	(677,354,790)	13,641,457,446

Six months ended 31 December 2020 - Restated	Zimbabwe ZWL	Region ZWL	Net eliminations ZWL	Total ZWL
Revenue	8,066,239,143	2,984,904,730	-	11,051,143,873
Operating profit before depreciation and amortisation	1,079,242,436	677,505,198	-	1,756,747,634
Depreciation and amortisation	(194,705,560)	(374,586,256)	-	(569,291,816)
Profit before tax	1,705,223,126	172,915,699	-	1,878,138,825
Capital expenditure	401,443,009	394,605,060	-	796,048,069
As at 30 June 2021 - Restated				
Segment assets	8,381,175,469	7,198,503,698	(668,849,780)	14,910,829,387
Segment liabilities	3,910,756,112	5,871,410,268	(674,952,191)	9,107,214,189

NOTES TO THE REVIEWED ABRIDGED CONSOLIDATED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 - *(continued)*

4 Summarised segment information - *(continued)*

HISTORICAL COST

Six months ended 31 December 2021 - Unaudited	Zimbabwe ZWL	Region ZWL	Net eliminations ZWL	Total ZWL
Revenue	9,103,450,908	6,845,742,431	-	15,949,193,339
Operating profit before depreciation and amortisation	550,489,674	1,566,974,384	-	2,117,464,058
Depreciation and amortisation	(45,489,289)	(601,256,000)	-	(646,745,289)
Profit before tax	1,945,133,896	1,020,133,636	-	2,965,267,532
Capital expenditure	496,320,172	988,260,288	-	1,484,580,460
Segment assets	7,297,544,819	12,800,281,399	(672,772,844)	19,425,053,374
Segment liabilities	4,516,269,439	9,802,237,569	(677,356,667)	13,641,150,341

Six months ended 31 December 2020 - Unaudited	Zimbabwe ZWL	Region ZWL	Net eliminations ZWL	Total ZWL
Revenue	4,639,555,407	2,984,904,730	-	7,624,460,137
Operating profit before depreciation and amortisation	762,846,972	677,505,197	-	1,440,352,169
Depreciation and amortisation	(32,784,111)	(374,586,256)	-	(407,370,367)
Profit before tax	1,072,798,091	172,915,699	-	1,245,713,790
Capital expenditure	232,795,204	331,500,697	-	564,295,901
As at 30 June 2021 - Unaudited				
Segment assets	4,785,608,450	7,198,503,698	(502,200,480)	11,481,911,668
Segment liabilities	2,927,852,929	5,871,408,392	(506,782,424)	8,292,478,897

5 Leases

The Group has applied IFRS 16 using the modified retrospective approach with effect from 1 July 2019. As at that date, comparative information was not restated.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises a right of use asset and lease liabilities for its leases.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. Right of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The lease liability and right of use asset were remeasured as at 30 June 2021 to take account of changes in the lease payments. During the 6 months ended 31 December 2021, all changes to the Group's leases were properly accounted for as modifications.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

i. Applied a single discount rate to a portfolio of leases with similar characteristics;
ii. Applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of remaining lease term.

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

	Inflation adjusted Reviewed ZWL	Historical cost Unaudited ZWL
Right of Use Asset		
As at 1 July 2020	**1,819,835,799**	**1,370,208,593**
Additions	1,687,481,342	1,687,481,342
Depreciation expense	(495,071,721)	(490,059,655)
Remeasurement	(201,737,990)	(166,582,041)
Exchange differences on translation of foreign subsidiaries	605,116,499	605,116,499
As at 30 June 2021	**3,415,623,929**	**3,006,164,738**
Additions	586,947,970	586,948,006
Depreciation expense	(349,108,489)	(346,256,807)
Remeasurement	(87,496,400)	(87,496,400)
Exchange differences on translation of foreign subsidiaries	1,608,003,265	1,608,003,265
As at 31 December 2021	**5,173,970,275**	**4,767,362,802**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Inflation adjusted Reviewed ZWL	Historical cost Unaudited ZWL
Lease liability		
As at 1 July 2020	**1,910,661,653**	**1,456,939,683**
Additions	1,626,249,955	1,626,249,955
Accretion of interest	267,079,844	258,697,164
Payments	(671,264,798)	(655,811,719)
Remeasurement	(185,147,111)	(120,298,048)
Effect of IAS 29	(335,151,136)	-
Exchange differences on translation of foreign subsidiaries	641,439,515	641,439,515
As at 30 June 2021	**3,253,867,922**	**3,207,216,550**
Additions	586,947,970	586,947,970
Accretion of interest	285,636,055	282,588,347
Payments	(506,714,504)	(501,598,339)
Remeasurement	(87,496,400)	(87,496,400)
Effect of IAS 29	(44,582,914)	-
Exchange differences on translation of foreign subsidiaries	1,731,604,886	1,731,604,886
As at 31 December 2021	**5,219,263,015**	**5,219,263,015**
As at 30 June 2021		
Non-current	2,751,403,830	2,725,090,376
Current	502,464,092	482,126,174
As at 31 December 2021		
Non-current	4,532,975,964	4,532,975,963
Current	686,287,051	686,287,051

6 Financial assets

INFLATION ADJUSTED	Rate of interest Per annum	Year Repayable	31-Dec-21 Reviewed ZWL	30-Jun-21 Restated ZWL
Financial assets held at amortised cost				
Short term receivable (secured)				
- current	5%-12%; 5%-45%	2022	173,867,964	759,621,126
			173,867,964	**759,621,126**

HISTORICAL COST	Rate of interest Per annum	Year Repayable	31-Dec-21 Unaudited ZWL	30-Jun-21 Unaudited ZWL
Financial assets held at amortised cost				
Short term receivable (secured)				
- current	5%-12%; 5%-45%	2022	173,867,964	534,106,392
			173,867,964	**534,106,392**

7 Hyper inflation

The Public Accountants and Auditors Board through its pronouncement 01/2019 provided guidance to all entities that report based on the International Financial Reporting Standards (IFRSs) on the application of Financial Reporting in Hyperinflationary Economies Standard (IAS 29) in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial periods ended on or after 1 July 2019 apply the requirements of IAS 29 "Financial Reporting in Hyperinflationary economies.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current as at the balance sheet date, and that corresponding figures for previous periods be restated on the same basis. The restatement of Zimbabwean operations' financial statements was performed using conversion factors based on changes in the Consumer Price Index (CPI). The CPI is issued by the Zimbabwe National Statistical Agency (Zimstat). The indices and conversion factors used to restate the accompanying financial statements are as follows:

	Indices	Conversion Factor
As at 31 December 2021	3,977.5	1.00
As at 30 June 2021	2,986.4	1.33
As at 31 December 2020	2,474.5	1.61
Average CPI - 6 months to 31 December 2021	3,481.7	1.15
Average CPI - 6 months to 31 December 2020	2,239.7	1.79

Reviewed Abridged Financial Results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Simbisa Brands
LIMITED

NOTES TO THE REVIEWED ABRIDGED CONSOLIDATED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 - *(continued)*

8 Borrowings

Non-current borrowings

The Group's non-current borrowings are repayable from January 2023 to January 2024. The facilities are secured with a Corporate guarantee and bear interest at an average rate of 7% 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 7% and 32% per annum for the Region and Zimbabwe respectively.

9 Commitments for capital expenditure

	Inflation Adjusted		Historical Cost	
	31-Dec-21 Reviewed ZWL	31-Dec-20 Restated ZWL	31-Dec-21 Unaudited ZWL	31-Dec-20 Unaudited ZWL
Authorised by Directors and contracted	2,500,365,981	935,344,207	2,500,365,981	581,909,049
Authorised by Directors but not contracted	642,514,080	695,399,392	642,514,080	432,631,320
	3,142,880,061	**1,630,743,599**	**3,142,880,061**	**1,014,540,369**

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

10 Changes in interests in subsidiaries

Current period

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 ZWL 3,213,223, which was recognised directly in the distributable reserves.

Inn Bucks (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. Currently the service is available in the Group's largest market, Zimbabwe. The service has been well received in the market.

Acquisition of Property Company

The Group acquired a property holding company, with effect from 1 December 2021, at a cost of ZWL 105,335,282. The cost is included under investing activities on the statement of cash flows, while the property has been included under investment properties.

NOTES TO THE REVIEWED ABRIDGED CONSOLIDATED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021 - *(continued)*

10 Changes in interests in subsidiaries - (continued)

Prior period

Acquisition of Kutuma Kenya Limited

Effective 1 July 2020, the Group acquired 75% interest in Kutuma Kenya Limited through it's subsidiary Simbisa International Franchising Limited. The transaction gave the Group control with effect from 1 July 2020. Kutuma Kenya Limited is a food delivery company, whose clients comprise Simbisa Kenya Limited's Dial-A-Delivery and other third party restaurants.

As at the date of acquisition, this transaction gave rise to goodwill of ZWL 6,040,373 and non-controlling interests of ZWL 13,319,098.

11 Earnings per share

	Inflation Adjusted		Historical Cost	
	31-Dec-21 Reviewed ZWL	31-Dec-20 Restated ZWL	31-Dec-21 Unaudited ZWL	31-Dec-20 Unaudited ZWL
Basic and Diluted earnings				
Profit attributable to equity holders of the parent (basic and diluted earnings)	2,253,697,114	1,288,755,987	2,252,691,996	891,279,547
Number of shares in issue for Basic and Diluted earnings per share				
Number of ordinary shares in issue	562,184,788	562,184,788	562,184,788	562,184,788
Weighted average number of ordinary shares in issue	**562,184,788**	**562,184,788**	**562,184,788**	**562,184,788**
Basic earnings per share (ZWL cents)	400.88	229.24	400.70	158.54
Diluted basic earnings per share (ZWL cents)	400.88	229.24	400.70	158.54
Reconciliation of basic earnings to headline earnings				
Profit for the period attributable to equity holders of the parent	2,253,697,114	1,288,755,987	2,252,691,996	891,279,547
Adjustment for capital items (gross of tax):				
Fair value adjustments on investment properties	(95,629,212)	-	(101,813,968)	-
Loss/(Profit) on disposal of property, plant and equipment	2,794,045	(705,639)	2,758,013	(609,923)
Tax effect on adjustments	(690,688)	174,434	(681,781)	150,773
Headline earnings attributable to ordinary shareholders	**2,160,171,259**	**1,288,224,782**	**2,152,954,260**	**890,820,397**
Headline earnings per share (ZWL cents)	384.25	229.15	382.96	158.46
Diluted headline earnings per share (ZWL cents)	384.25	229.15	382.96	158.46

12 Subsequent events

There were no significant events after the reporting period.