

CHOPPIES

Great value for your money!

ANNUAL RESULTS PRESENTATION for the year ended June 2024 – 11th October 2024



AGENDA

**Overview &
operational review**



Ram Ottapathu
Chief Executive Officer

Financial results



Minnesh Rajcoomar
Chief Financial Officer

Strategy update



Vinod Madhavan
Deputy CEO & CEO Designate

Q&A



01

OPERATIONAL OVERVIEW

Ram Ottapathu – CEO

CHOPPIES

Great value for your money!

FINANCIAL HIGHLIGHTS

Group
Retail Sales
▲31.8%

Earnings
before Interest
and Tax
▲17.2%

Profit after tax
continuing
operations
▲9.3%

EBITDA
▲33.2%

Adjusted
EBITDA
▲15.8%

Earnings
before interest
and tax
excluding
Zimbabwe
▲15.5%

Profit after tax
excluding
Zimbabwe
▲23.4%

Adjusted
EBITDA
excluding
Zimbabwe
▲21.1%

WE HAVE BECOME A MORE DIVERSIFIED GROUP WITH SIGNIFICANT POTENTIAL TO EXPAND INTO URBAN AND RURAL AFRICA

The Group's vision is to create and accelerate shareholder value through responsible growth, acquisitions and investments

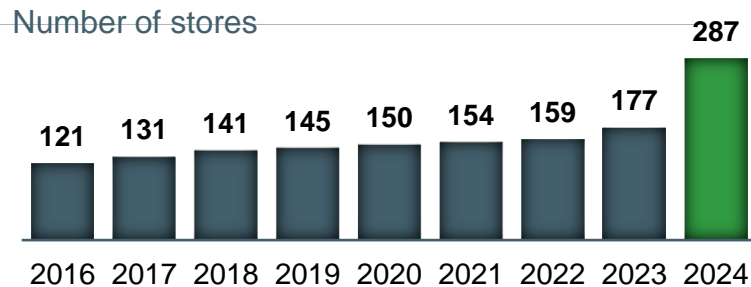
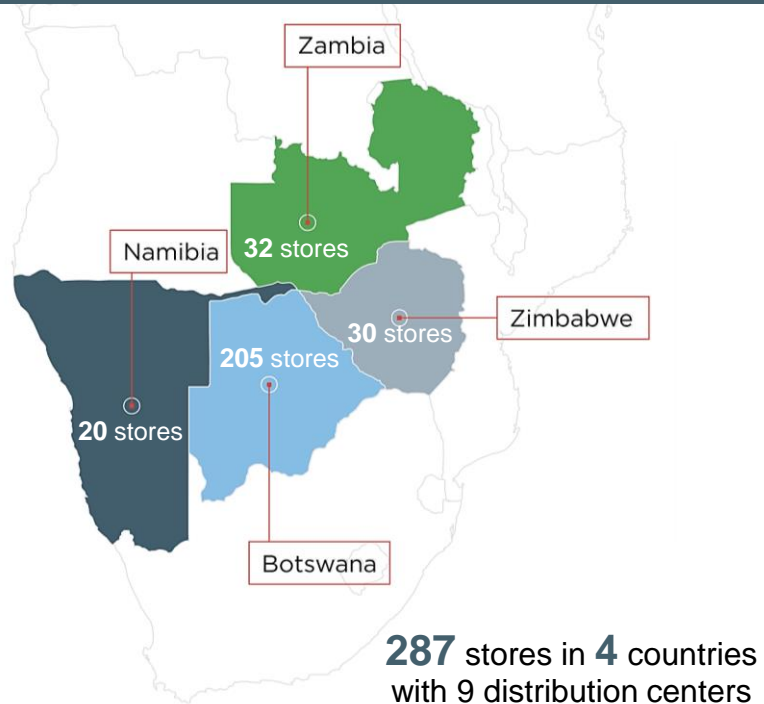
Kamoso benefits

- Further diversification of the Group
- Limited backward integration by acquiring the milling, tissue and water bottling businesses
- Potential to expand these businesses into the rest of Africa over time

Increased retail diversity with acquisition of liquor and hardware stores in Botswana and additional acquisition of wholesale liquor business; On grocery side – we have plans to open a cash & carry wholesale store

- Liquorama allows Choppies Botswana to provide liquor as a product in stand-alone-stores. Liquor wholesale will be ramped up over the medium-term
- Builders Mart now adds hardware to our portfolio in Botswana and we plan to expand this segment into Namibia in FY2025 and the rest of Africa in the future
- While we have store-in-store liquor shops in Namibia we will expand into stand-alone liquor stores under the “Chill” brand
- We will open our first cash & carry wholesale store in Lobatse in the first half of FY25

CONTINUED FOCUS ON GROWTH WITH OVER 287 STORES ACROSS SOUTHERN AFRICA



Leveraging our existing base is an efficient way to deliver value...

Customer attractiveness

Each week, ~**2.5** million customers visit **287** stores under **eight** formats in **four** countries

Significant retailer in southern Africa

We are a retail community player across urban and rural Africa. With annual revenue of **BWP 8.5 billion**, Choppies employs **11 388** people and is the largest grocery retailer in Southern Africa, outside of South Africa

Unrivalled story of growth since 1986

Choppies was established in the small town of Lobatse in Botswana in 1986 and a massive expansion effort began in 2003, with new stores opening throughout the outskirts of Gaborone

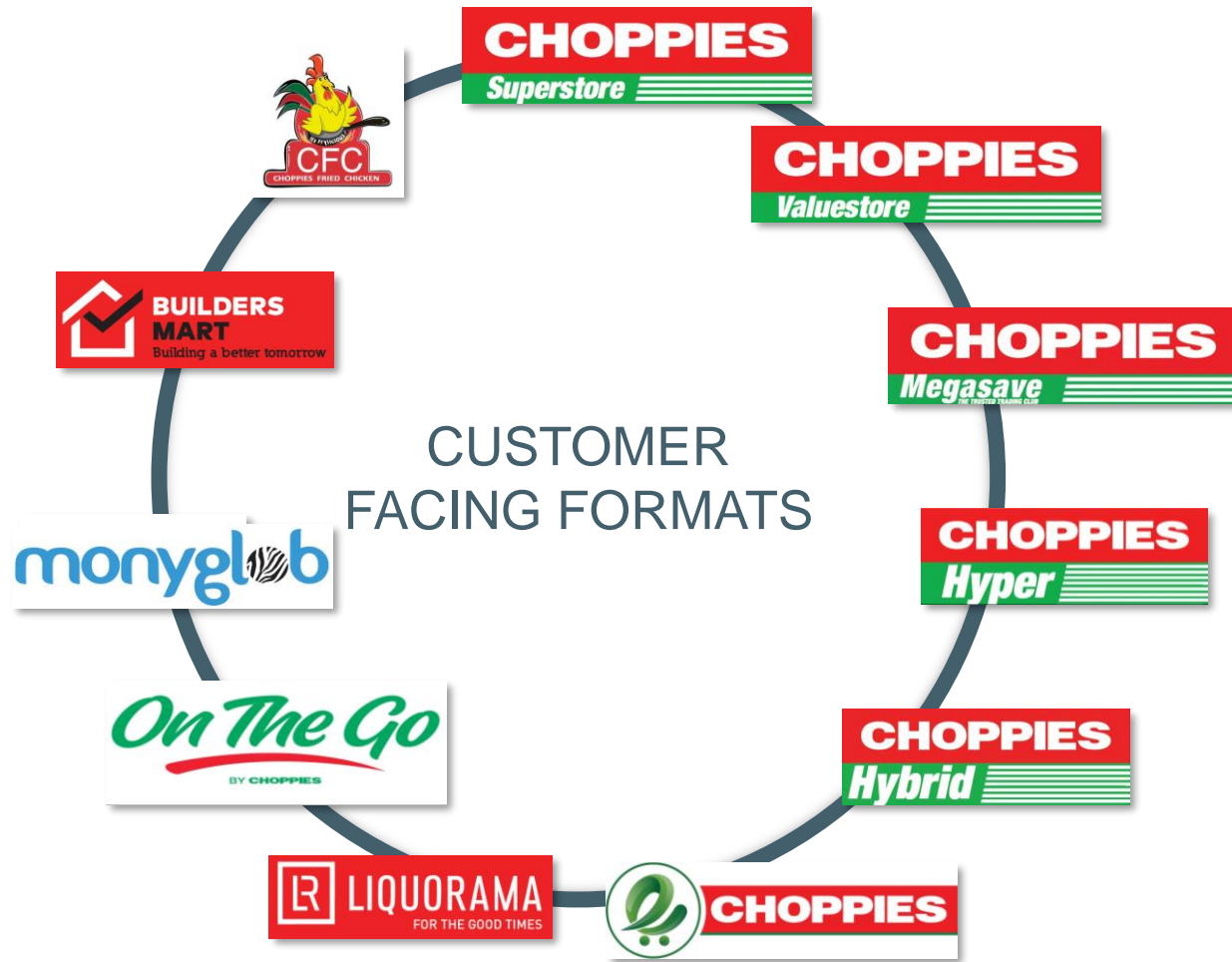
Growth prospects despite a challenging environment

The Group's past is one of incredible growth, boding well for the future, evidenced in our foray into Namibia, Zambia and beyond Botswana. There is significant opportunity to grow all segments in Africa e.g. hardware & milling

...and this continues to provide an effective way to grow

The Group remains positive due to its footprint and experience in the urban and rural African markets

WE SERVE A WIDE RANGE OF CUSTOMERS FROM LOW TO HIGH INCOME FAMILIES IN URBAN AND RURAL AREAS



- We take pleasure in offering customers and communities in urban and rural southern Africa great value for money and a pleasant shopping experience
- Food, groceries, tobacco, beauty, liquor, hardware and other general commodities, as well as value-added financial services, are all part of our product offering
- Since many of our locations are in small rural towns, we have a wide choice of private label Choppies items as well as well-known brand products to suit any budget
- On The Go is a 24-hour convenience store at various filling stations
- Choppies is dedicated to addressing the socio-economic difficulties that our communities confront by providing high quality, affordable food to all customers while also creating major employment and economic possibilities along the value chain
- We implemented online ordering, allowing customers to have products delivered to their homes
- We are in the process of rolling out stand alone CFC stores. CFC is our store in store fried chicken takeaway

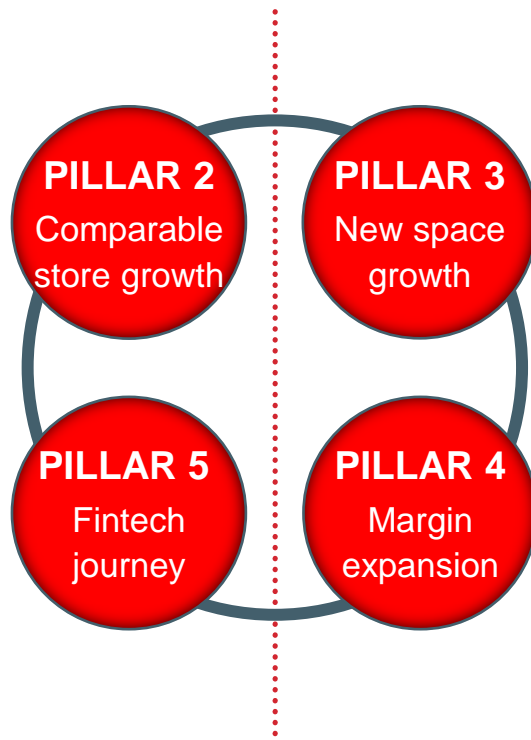
OUR REFRESHED STRATEGY

BASED ON SIX PILLARS – DESIGNED TO ENSURE SUSTAINABLE GROWTH IN THE LONG TERM AND VALUE CREATION FOR SHAREHOLDERS

Growth pillars

PILLAR 1
Cash flow management and optimising debt

General merchandise	Revamp stores and services
CFC (Choppies Fried Chicken)	Improve products and assortment
Marketing and promotions	Leverage data and loyalty programme
IT as an enabler	Motshelo (Consumer buying groups similar to stokvels)
Online	
MonyGlob	Financial services



Grow existing format footprint	
Introduce new formats including On The Go & CFC	
Expand into rest of Africa	
Retail price management	Sourcing and input price management
Store optimisation – put customer first	Support function efficiencies
Supply chain management	Inventory optimisation

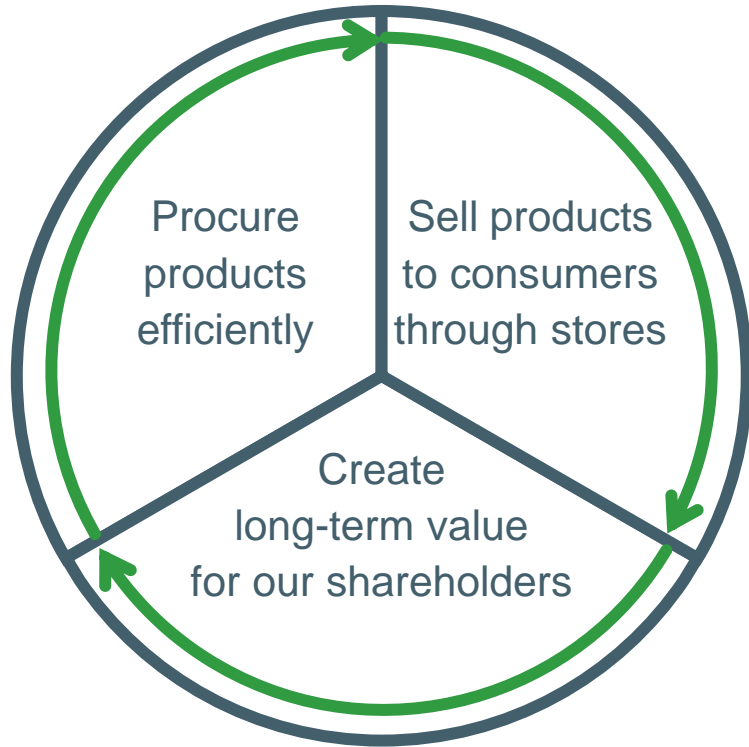
PILLAR 6
Return on equity and distributions to shareholders

Critical foundation

Leadership, staff engagement and customer engagement

WHY INVEST IN CHOPPIES

Our business model is geared to deliver value



Our investment case is robust, backed by a solid strategic framework



With the acquisition of the hardware, milling and manufacturing segments, we can further grow the group into the rest of Africa over the next five years

CHOPPIES' ROBUST LOGISTICS AND SUPPLY CHAIN NETWORK DRIVES UNBEATABLE VALUE AND RELIABILITY

Farm-factory to shelf



- In-house **logistics excellence**: Our key competitive edge offers value for money and a diverse product range, backed by a consistent supply of fresh, quality products
- Unified **control on supply chain**: Encompassing logistics, supply, and maintenance chains to ensure consistently well-stocked shelves and an uninterrupted supply to stores with fresh produce
- **Ownership of core assets**: Complete ownership of distribution center's and vehicle fleets, fostering maximum operational efficiencies

Vehicle fleet



- Enhances brand awareness. Acts as a mobile billboard, enhancing brand visibility and reach in various regions
- Choppies' has a total of 682 commercial trucks, owned by the Group
- Key infrastructure in the sector – a large fleet ensures swift supply chain response and sector leadership in distribution

Distribution center's



- Seven specialised distribution centers: including grocery, fruit, vegetable, and meat hubs in Gaborone and Francistown
- Expanded reach with additional centers: two in Zimbabwe and one in Zambia
- Central depot serves as the nucleus for retail stores
- Region-specific negotiated supplier agreements
- Backed by unified Group services and logistics functions



02

FINANCIAL RESULTS Minnesch Rajcoomar – CFO

CHOPPIES RESULTS REFLECT OUR CHALLENGING OPERATING ENVIRONMENT – SEGMENTAL VIEW

BWP millions	2024	2023	% growth
Sales	8,477	6,433	32%
Gross profit	1,745	1,359	28%
Other income	64	53	21%
Total income	1,809	1,412	28%
Expenses	(1,243)	(923)	35%
Adjusted EBITDA	566	489	16%
Foreign exchange (losses)/gains on lease liability	(17)	(31)	
Profit on sale of subsidiary	16	0	
Profit/(loss) on disposal of plant and equipment	3	4	
Movement in credit loss allowances	(1)	(6)	
Zimbabwean legacy debt receipts net	55	11	
EBITDA	622	467	33%
Depreciation	(286)	(193)	
Impairment of goodwill	(15)	-	
EBIT as reported	321	274	17%

CHOPPIES' RESULTS REFLECT OUR CHALLENGING OPERATING ENVIRONMENT – IMPACT OF KAMOSO & ZIMBABWE

FY 2024	As reported			As reported – excluding Kamoso			As reported – excluding Zimbabwe			As reported – excluding Kamoso & Zimbabwe		
	Jun 24	Jun 2023	% growth	Jun 24	Jun 2023	% growth	Jun 24	Jun 2023	% growth	Jun 24	Jun 2023	% growth
BWP millions												
Revenue	8,541	6,486	32%	7,252	6,486	12%	8,000	6,083	32%	6,711	6,083	10%
Sales	8,477	6,433	32%	7,192	6,433	12%	7,939	6,032	32%	6,654	6,032	10%
EBIT	321	274	17%	294	274	7%	335	290	16%	308	290	6%
Profit before tax	207	165	25%	194	165	18%	229	182	26%	215	182	18%
Profit after tax - continuing operations	164	150	9%	153	150	2%	195	158	23%	184	158	16%
Profit after tax - discounted operations	(28)	-	0%	-	-	-%	(28)	-	0%	-	-	0%
Profit after tax - total operations	136	150	(9%)	153	150	2%	167	158	6%	184	158	16%
Adjusted EBIT	280	245	14%	269	245	10%	334	252	33%	323	252	28%
EBITDA	622	467	33%	544	467	16%	597	479	25%	519	479	8%
Adjusted EBITDA	566	489	16%	504	489	3%	596	492	21%	534	492	9%
EPS thebe – continuing	8.8	10.9	(19%)									
HEP thebe - continuing	8.8	11.1	(21%)									
Net cash generated from operating activities	679	484	40%									
Free cash flow	220	94	134%									

CHOPPIES RESULTS REFLECT OUR CHALLENGING OPERATING ENVIRONMENT – SEGMENTAL VIEW

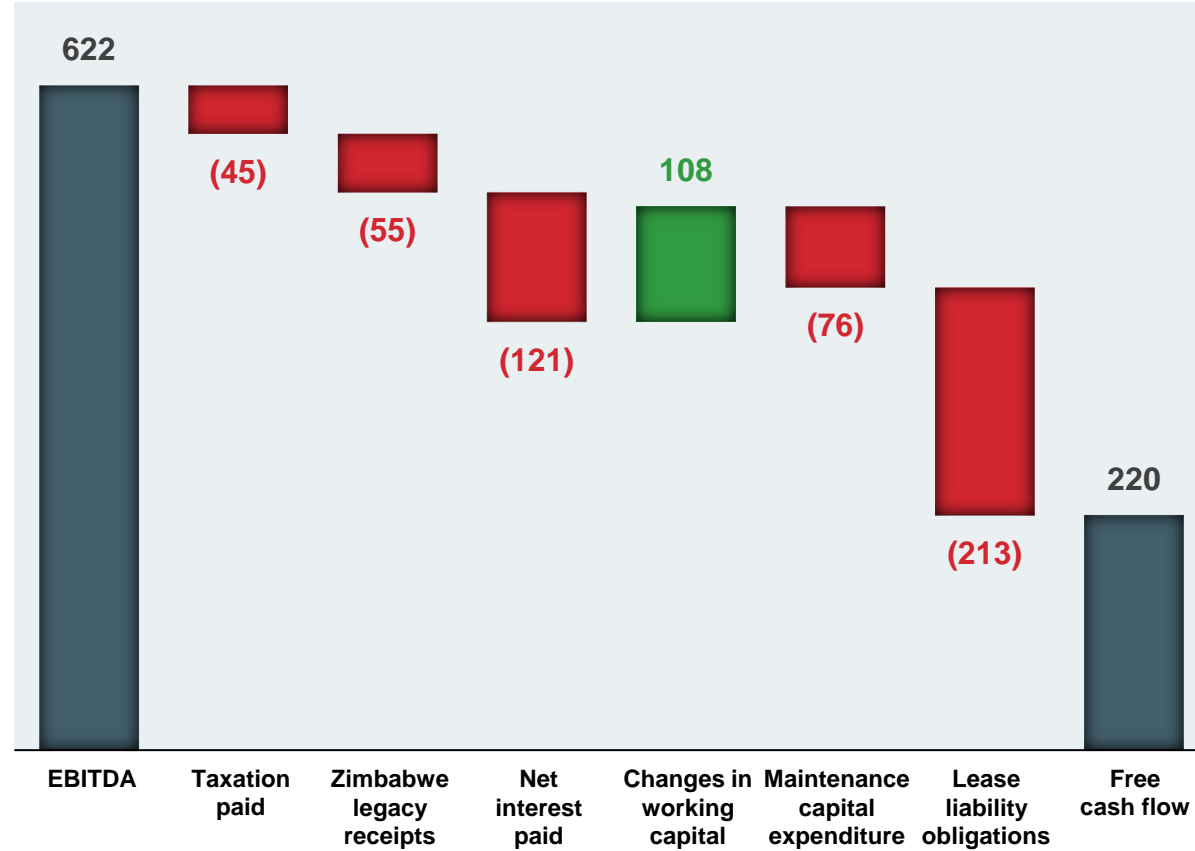
BWP millions	EBIT				Profit after tax			
	2024	2023	% growth	Change	2024	2023	% growth	Change
Group	321	274	17%	47	164	150	9%	14
Botswana	293	258	14%	35	174	126	38%	48
Namibia	(14)	(2)		(12)	(24)	(8)		(16)
Zambia	27	34	(21%)	(7)	35	40	(13%)	(5)
Zimbabwe	(14)	(16)		2	(31)	(8)		(23)
Liquorama	14	-		14	6	-		6
Kamoso Builders Mart	(24)	-		(24)	(27)	-		(27)
Rest of Kamoso	39	-		39	31	-		31

FREE CASH FLOW

Free cash flow is cash generated after accounting for cash outflows to support operations and maintain capital assets

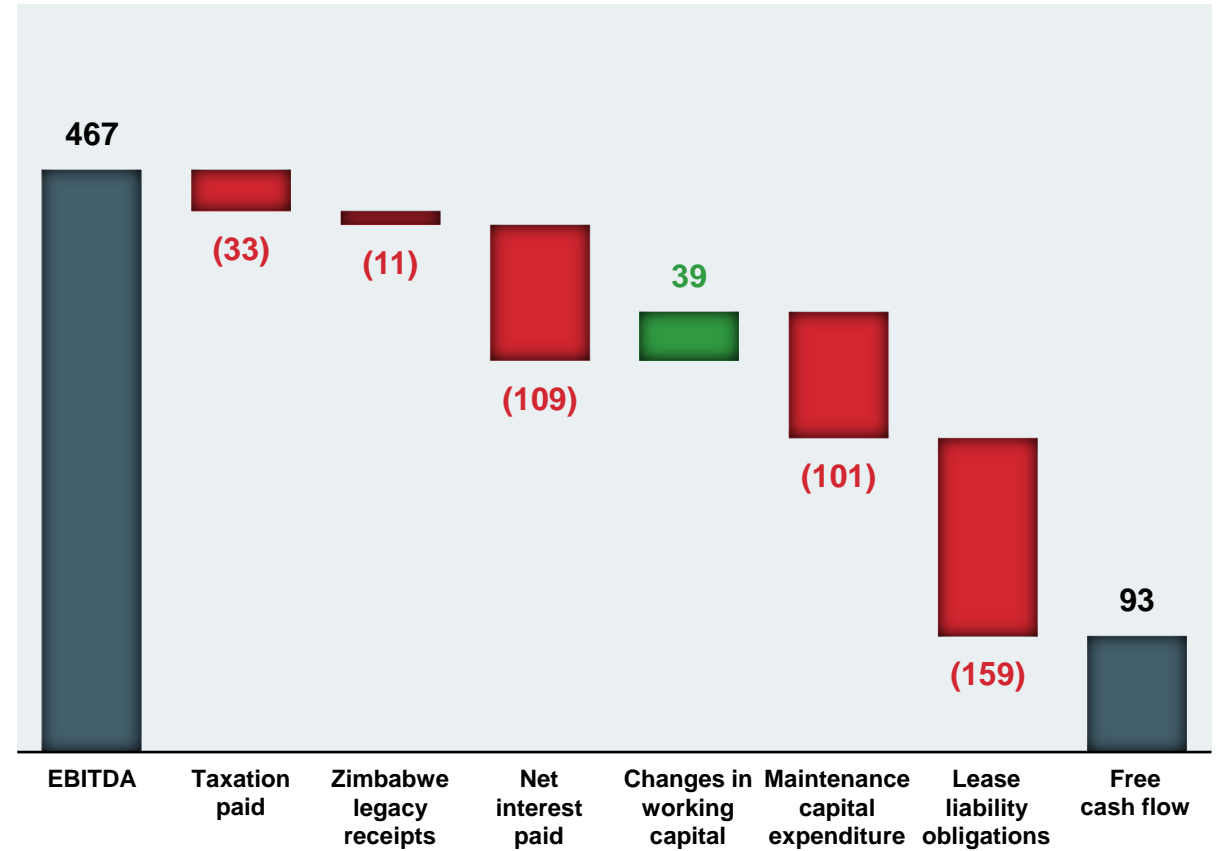
Free cash flow FY2024

BWP millions



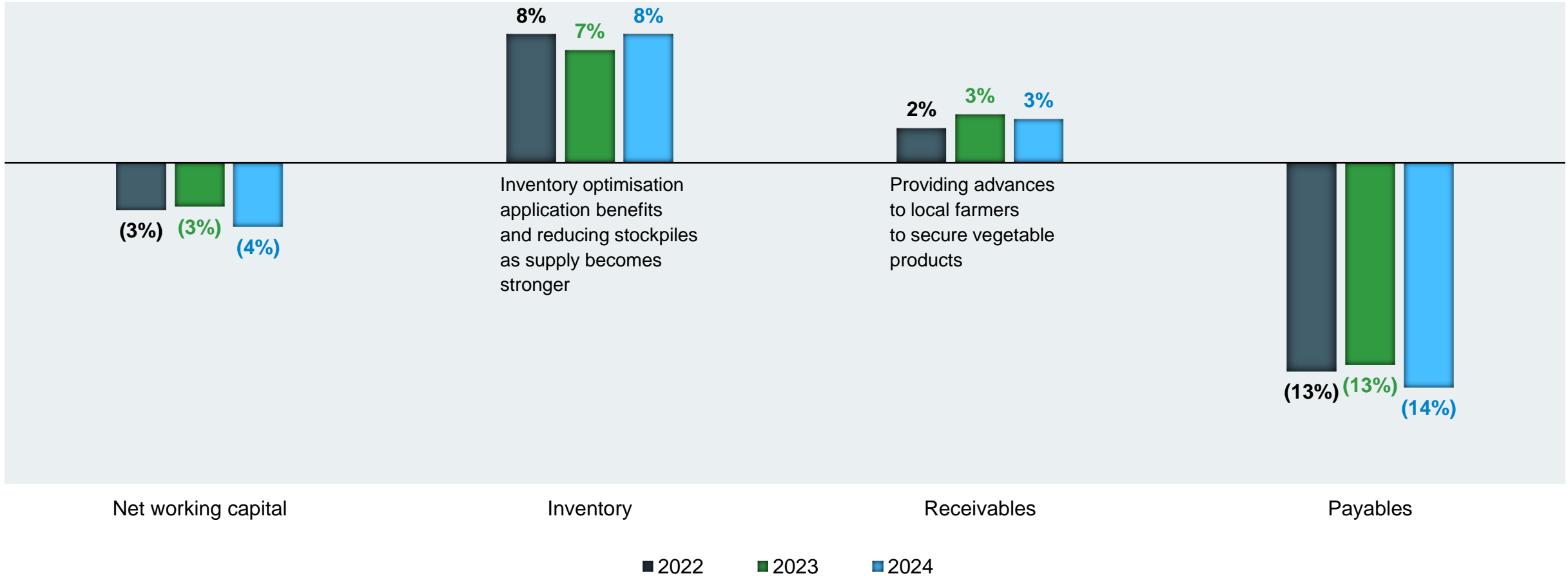
Free cash flow FY2023

BWP millions



OUR MANAGEMENT OF WORKING CAPITAL IS ARGUABLY THE BEST AMONGST OUR PEERS!

Working capital % to sales



DEBT PROFILE

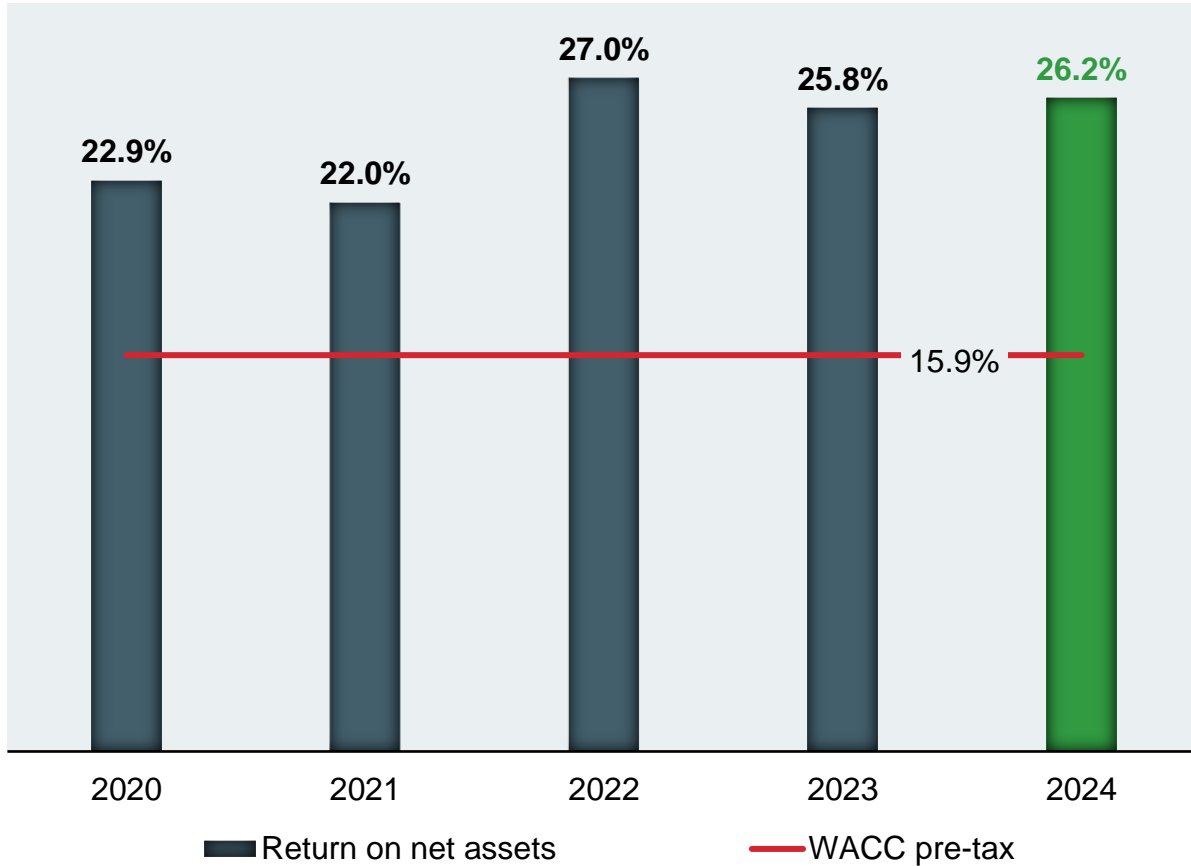
The Group's total net non-IFRS 16 debt reduced from last year's BWP 289 million to BWP 287 million this year, despite taking on the Kamoso net non-IFRS 16 debt of BWP 190 million

	Choppies	Kamoso	Group	Group
	Jun 24	Jun 24	Jun 24	Jun 23
BWP millions				
Net debt analysis				
Non-IFRS 16 debt				
Borrowings	216	80	296	369
Shareholders loans (in Kamoso)	–	51	51	–
Instalment sale leases	65	–	65	63
Bank overdrafts	54	27	81	79
Gross debt	335	158	493	511
Cash on hand	(181)	(25)	(206)	(222)
Net non-IFRS 16 debt	154	133	287	289
IFRS 16 debt	797	115	912	765
Total debt	952	247	1,199	1 054
EBITDA	546	76	622	469
Adjusted EBITDA	506	60	566	490
Net non-IFRS 16 debt to EBITDA	0.3	1.8	0.5	0.6
Net non-IFRS 16 debt to adjusted EBITDA	0.3	2.2	0.5	0.6
Total Debt to EBITDA	1.7	3.3	1.9	2.2
Total Debt to adjusted EBITDA	1.9	4.1	2.1	2.2

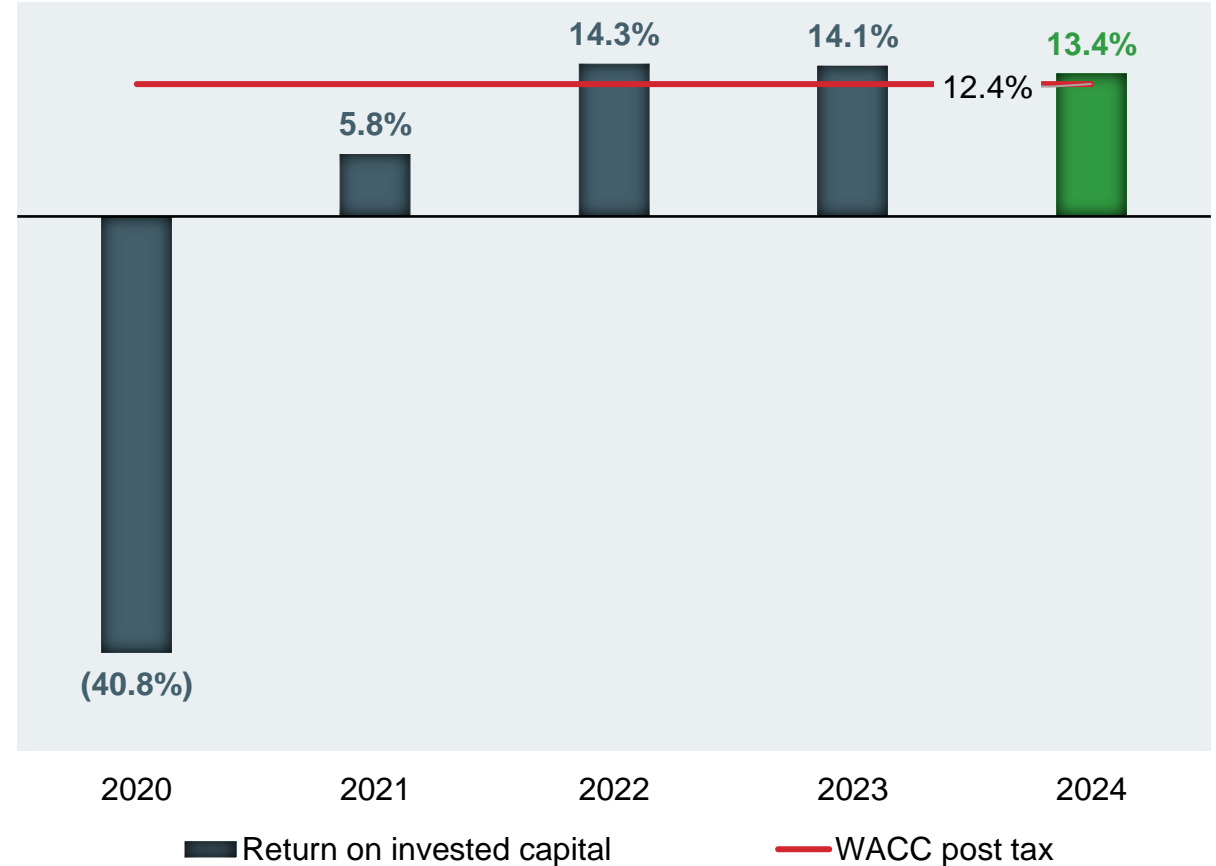
The shareholders' loans in Kamoso are from the Botswana Development Corporation (BWP 43 million) and the Choppies CEO (BWP 8 million). These loans were made to Kamoso before the acquisition and are entirely subordinated in favour of the Kamoso debt.

MANAGEMENT IS FOCUSED ON ENSURING SUSTAINABLE RETURN ON NET ASSETS AND INVESTED CAPITAL

Return on net assets (%)



Return on invested capital (%)



BOTSWANA - OUR LARGEST COUNTRY OF OPERATION - HAS SOME OF THE MOST ATTRACTIVE FUNDAMENTALS ON THE AFRICAN CONTINENT

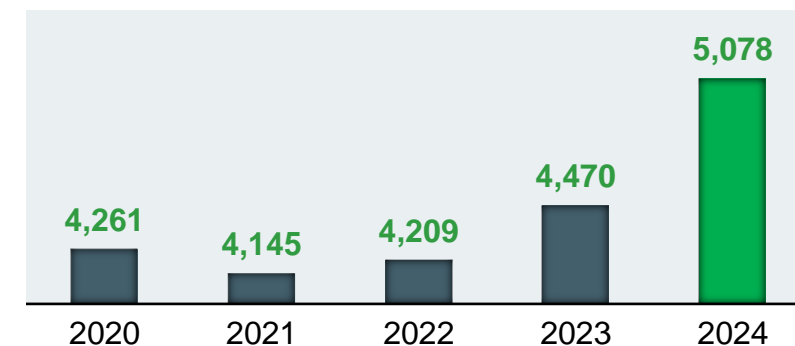
Population
2.6 million

GDP per
capita \$7 737.0

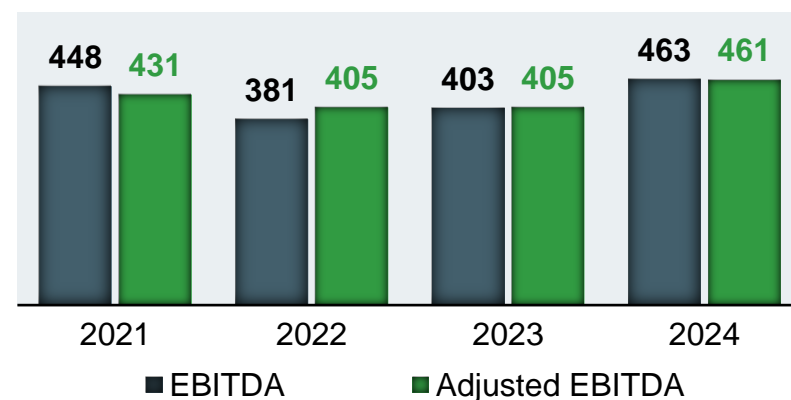


	2021	2022	2023	2024
GDP growth (%)	11.8	5.9	3.7	4.2
Inflation (yearly average, %)	6.7	12.2	5.8	5.2
Budget balance (% GDP)	(2.4)		(2.0)	(1.0)
Current account balance (% GDP)	(1.3)	3.0	1.0	1.0
Public debt (% GDP)	18.7	18.0	19.0	18.0

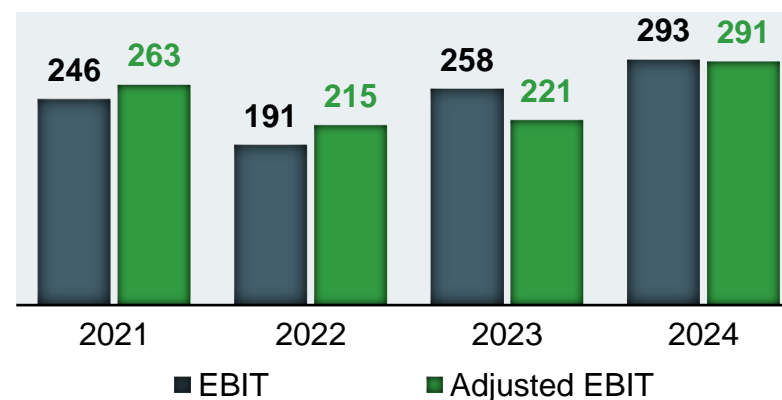
Sales BWP millions



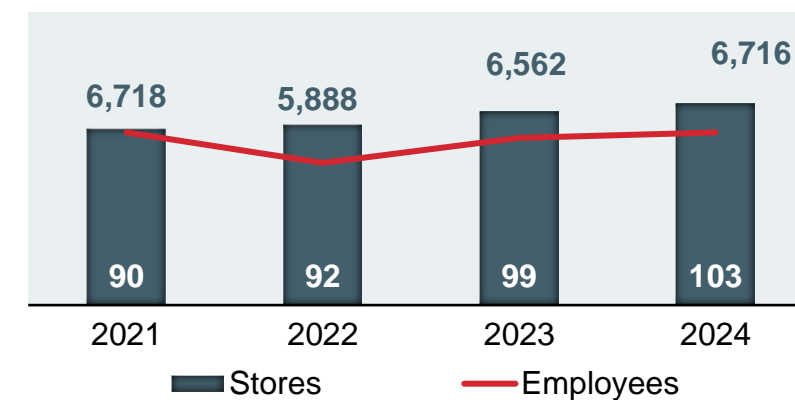
EBITDA BWP millions



EBIT BWP millions



Stores and employees



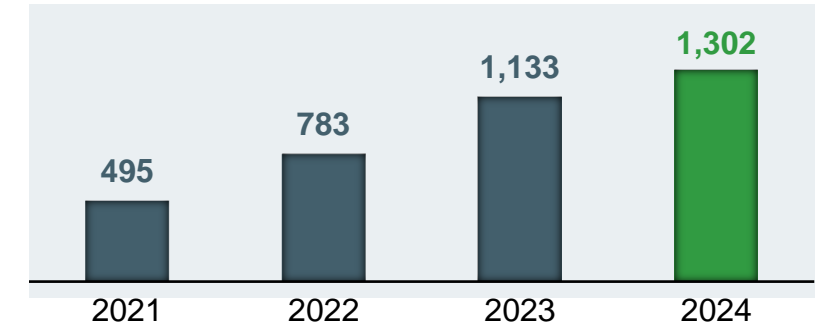
REFORMS IN ZAMBIA WILL PROVIDE A BASE FOR GROWTH INTO THE FUTURE

Population
20 million
GDP per
capita \$1 485.8

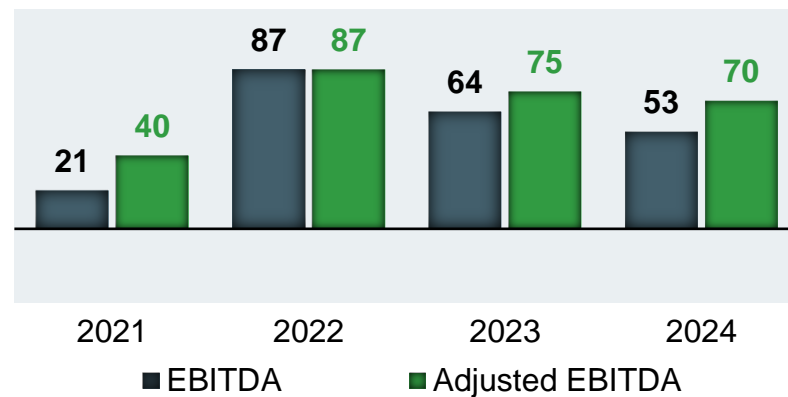


	2021	2022	2023	2024
GDP growth (%)	4.6	5.0	4.0	4.5
Inflation (yearly average, %)	22.0	11.0	11.0	11.5
Budget balance (% GDP)	(8.1)	(7.8)	(7.0)	(6.0)
Current account balance (% GDP)	11.7	3.7	(2.0)	n/a
Public debt (% GDP)	112.0	111.0	119.5	n/a

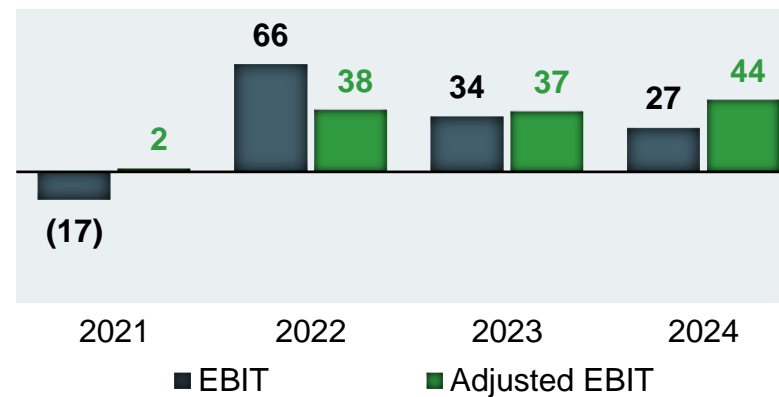
Sales BWP millions



EBITDA BWP millions



EBIT BWP millions



Stores and employees



NAMIBIA IS A JURISDICTION WITH OPPORTUNITY FOR GROWTH IN THE LONG-TERM

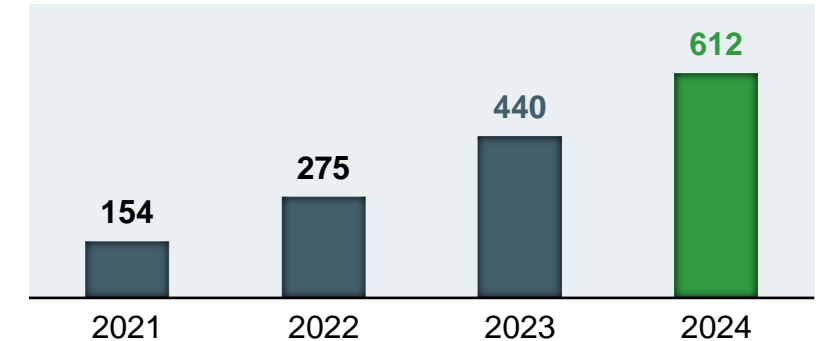
Population
2.6 million

GDP per
capita \$4 854.4

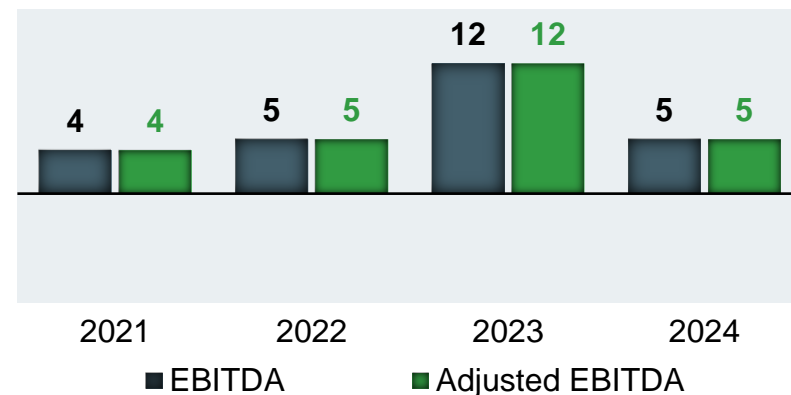


	2021	2022	2023	2024
GDP growth (%)	3.5	4.6	3.0	3.0
Inflation (yearly average, %)	3.6	6.1	5.5	5.0
Budget balance (% GDP)	(8.7)	(5.2)	(4.0)	(4.0)
Current account balance (% GDP)	(9.6)	(12.3)	(7.0)	(6.0)
Public debt (% GDP)	71.9	69.8	69.0	68.0

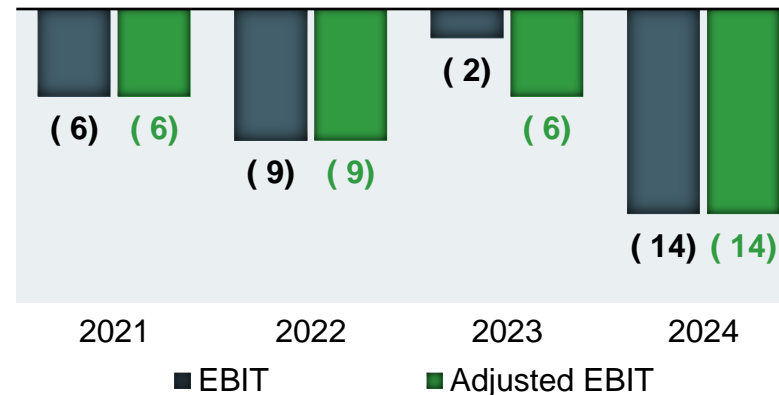
Sales BWP millions



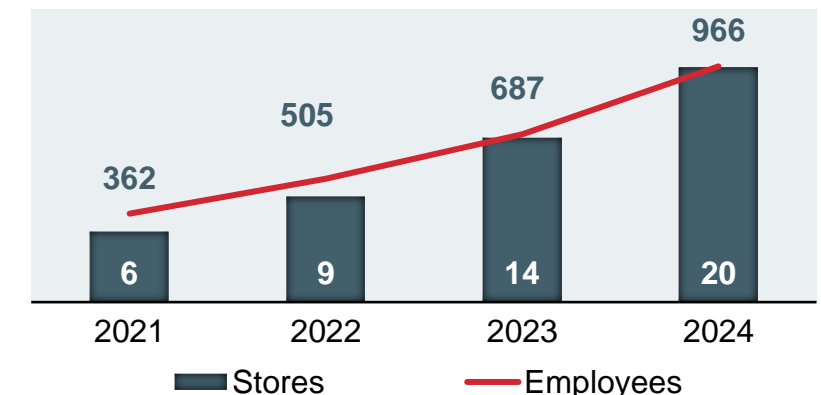
EBITDA BWP millions



EBIT BWP millions



Stores and employees



ZIMBABWE – THE GROUP IS WEIGHING VARIOUS OPTIONS IN ZIMBABWE GIVEN THE STRESS IT IS PLACING ON OUR OVERALL PERFORMANCE



BWP millions	2023	2024
Sales	403	541
EBITDA	(12)	25
Adjusted EBITDA	(3)	(30)
EBIT	(16)	(14)
Adjusted EBIT	(7)	(54)
Number of stores	35	30
Number of employees	1 389	1 051

The economic situation in Zimbabwe continues to be a threat to the Choppies Zimbabwe segment. The Group is weighing various options in Zimbabwe given the stress it is placing on our overall performance. There are sufficient cash reserves to settle all liabilities for which Choppies Enterprises has provided guarantees. We do not expect to provide any material cash support to the Zimbabwean segment from Botswana or any other segment

After the year end, the Government of Zimbabwe ended the obligated payment of blocked funds with a lump sum payment of US\$ 1.8 million

KAMOSO LIQUORAMA BOTSWANA

A year of consolidation – we have strengthened the middle and senior management teams



BWP millions	2023	2024
Sales	776	854
EBITDA	48	41
Adjusted EBITDA	48	41
EBIT	24	9
Adjusted EBIT	24	9
Number of stores	71	75
Number of employees	468	498

The Kamoso Liquor Botswana segment performance was hampered by stockouts and stiff competition. Over the last six months to September, we have managed availability better and are more precise in our promotional activity. In addition, we have strengthened the middle and senior management teams

- In Botswana, we believe we can expand the brand from 74 to 100 stores in the medium term, essentially matching with the number of Choppies grocery stores
- In Botswana we can also expand the liquor wholesale business from 1 to 5 stores in the medium term

KAMOSO BUILDERS MART BOTSWANA

Due to poor availability and loss of customers in the three years leading to the acquisition
Lack of cashflow and credit lines hampered procurement of the right inventory over the last three years



BWP millions	2023	2024
Sales	140	177
EBITDA	(27)	(11)
Adjusted EBITDA	(27)	(11)
EBIT	(30)	(24)
Adjusted EBIT	(30)	(24)
Number of stores	27	27
Number of employees	340	345

The hardware business suffered a loss due to poor stock availability and loss of customers in the three years leading to the acquisition. Lack of cash flow and credit lines hampered procurement of the right inventory over the last three years. In the last six months to September, sales have grown more than 40% while gross profit has grown more than 30%. Footfall was up 8.9% for the financial year and 12.7% for the last six months to September 2024

- In Botswana, we believe we can expand the brand from 27 to 50 stores in the medium term
- We plan to open hardware stores under the Builders Mart brand in Namibia

03

STRATEGY UPDATE

Vinod Madhavan – Deputy CEO & CEO Designate

CHOPPIES

Great value for your money!

OUR STRATEGY IS FOCUSSED ON DELIVERING VALUE IN THE LONG-TERM

The Group's new strategy is established around **five strategic pillars** which are designed to ensure sustainable growth in the long-term and value creation for shareholders



Balance sheet strengthened / debt reduction



Profitable growth strategy underpinned by:



Creating shared value



Operational excellence



Enhance performance culture

- Responsible, slow and managed expansion of our diversified portfolio of grocery stores, liquor stores, hardware stores, milling and manufacturing segments
- Expand the store footprint in profitable regions in which the group operates
- Grow the existing traditional business of mainly groceries
- Expand the in-store offering by focusing on higher margin fresh and value-added products
- Continue to expand the quasi banking/financial and other services (the last three strategies will form the cornerstone of the group's intention to make the Choppies business a one-stop-shop for customers)

WE HAVE SIGNIFICANT GROWTH POTENTIAL THROUGH OUR NEW FORMAT STORES

There is significant opportunity to grow Choppies in the existing four countries and beyond by introducing new formats including specialty stores:-

On The Go
BY CHOPPIES



- Homeware
- CFC
- Hardware
- Pet store (excluding live pets)
- Cash & Carry – wholesale
- Convenience store at filling stations - On The Go
- Baby
- Liquor – Chill or Liquorama
- Technology
- Premium food store
- Outdoor/DIY/Automotive
- Gardening

WHY EXTEND CHOPPIES BRAND INTO SPECIALITY STORES & OTHER FORMATS?

Increased reach

To reach a wider customer base by offering new products, more services and store formats – in both urban and rural Africa

Lower cost base

Opportunity for smaller stores with less operational cost and higher operating profit

Differentiation

Enables bigger scale for improved purchasing power, and brings new customers that previously did not shop within the group

We strive to become a financial supermarket for African urban and rural communities, offering more products and services to these communities.

HEADWINDS

Headwinds

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

The economic situation in Zimbabwe continues to be a threat to the Choppies Zimbabwe segment. The Group is weighing various options in Zimbabwe given the stress it is placing on our overall performance. There are sufficient cash reserves to settle all liabilities for which Choppies Enterprises has provided guarantees. We do not expect to provide any material cash support to the Zimbabwean segment from Botswana or any other segment

After the year end, the Government of Zimbabwe ended the obligated payment of blocked funds with a lump sum payment of US\$ 1.8 million.

Despite the headwinds the group remains optimistic due to its footprint and experience in the urban and rural African market

OUR DIGITAL TRANSFORMATION JOURNEY

- Our digital transformation journey will be delivered under the Quantum Retail programme, aimed at positioning technology as the fifth factor of production
- Our vision is to transition into a paperless retail organisation, fully leveraging data, offering an omnichannel customer experience, digitised financial services using ABCDI technologies and fostering a culture change amongst our employees
- Slimstock, our inventory optimisation application, is now fully functional in Botswana and will be operational in Namibia and Zambia during this year

Scaling apps

- Motopi-Farmers' app – aimed at helping SMME farmers to discover buyers for their produce
- Suppliers' portal – offering greater flexibility and improving efficiency for our suppliers
- Commercialising Payzana – our mobile wallet in Botswana allowing money transfers, airtime, electricity & DSTV and payments at Choppies stores, all at zero friction to the customer





04 Q&A