



## OPERATING ENVIRONMENT

The trading environment for the quarter under review was challenging due to significant depreciation of the Zimbabwean currency. High inflation resulting from exchange rate movements exerted pressure on pricing. The temporary suspension of lending facilities during the quarter constrained access to working capital funding by businesses resulting in companies suspending credit in preference of prepayments.

The Company continues to leverage on foreign currency generated from trading to ensure continuous supply of imported inputs. The relaxation of COVID-19 restrictions improved business activities across the economy.

## VOLUME PERFORMANCE

The Company registered a volume growth of 18% for the quarter compared to the same prior year period, benefitting from improved product supply into the market and increased outdoor activities as the COVID-19 restrictions were relaxed. Wine volume grew by 30% over prior year mainly driven by 4th Street wine due to improved availability and affordability following the commissioning of the brand's local production. Spirits and Ready to Drink ("RTD") volumes grew 23% and 12% respectively as a result of strong demand and increased market penetration.

## FINANCIAL PERFORMANCE

Revenue for the quarter grew by 57% in inflation adjusted terms over last year, whilst in historic terms grew by 285%. Revenue growth in both financial reporting sets was due to improved demand and inflation related adjustments.

## OUTLOOK

The operating environment is set to remain challenging, with inflation and power shortages impacting business. Use of the multi-currency regime has been legislated and this will aid businesses with their planning.

Management continues to implement various initiatives focusing on revenue and profitability growth. Product innovation, market share protection and cost containment will enhance shareholder value.

The health and safety of our employees and stakeholders remain of paramount importance. The company continues to implement COVID-19 control protocols.

By Order of the Board.

**L Mutamuko**  
**Company Secretary**

**Date: 20 July 2022**

