



African Distillers Limited



Trading Update

For the first quarter ended 30 June 2023

OPERATING ENVIRONMENT

The period under review was characterised by significant local currency volatility, high interest rates and power supply outages which constrained business operations. The gap between the official exchange rate and the parallel market rate widened during the quarter and that affected general pricing of goods and services in the economy. In response, the Government introduced measures to stabilise the economy which included liberalisation of the foreign currency exchange market and directing taxpayers to pay taxes in local currency. The measures resulted in tightened liquidity and recovery of the Zimbabwean dollar towards the tail end of the quarter. The quarter also witnessed a considerable shift of business from formal retail chain stores to smaller traders as the use of USD currency continued to increase.

Trading in a multi-currency environment enabled the Company to meet its foreign currency working capital requirements.

VOLUME PERFORMANCE

The Company registered a volume growth of 11% above prior year mainly driven by Ready-to-Drink ("RTD") segment which grew by 26%, owing to improved product availability. Spirits volume grew by 1% while wine category volume declined by 13% due to competition from cheaper imported brands and reduced consumer traffic in key account retail chain stores which impacted negatively on demand.

FINANCIAL PERFORMANCE

Revenue for the quarter grew by 143% in inflation adjusted terms over last year, whilst in historic cost terms grew by 808%. In USD, turnover grew by 15% to 12.5 million. Revenue growth was due to increased volume and inflation related price adjustments.

OUTLOOK

The economic environment still presents opportunity for business growth despite uncertainties around exchange rates and utilities availability. Management continues to put measures in place to exploit the available opportunities to sustain market share, revenue, and profitability growth. Focus will also be on product innovation, production efficiencies and cost containment measures.

By Order of the Board.

L Mutamuko

Company Secretary

19 July 2023

