

CHAIRMAN'S MESSAGE



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Dear Shareholder,

Early in July 2022, PhoenixBev unveiled La Statue de la RenaiSenses, a 10-metre high sculpture, on the Pont-Fer roundabout opposite our head office. Built from scrap metals collected from our assembly line and other scrap yards in Mauritius, the statue signifies the re-awakening of the Nation's senses following the challenges of the last few years. It also exemplifies PhoenixBev's commitment to recycling and upcycling.

Sustainability and profitability are a fundamental pillar of our strategy, linked to the global aspirations set in our five priority Sustainable Development Goals (SDGs). We officially launched PhoenixEarth in December 2021 as the sustainability pole of the Group. Many of the platform's programmes involve collaborating with authorities, NGOs and other stakeholders to address the challenge of plastic waste and to build the circular economy.

World-class execution is another pillar and we continually invest in our manufacturing, warehousing and distribution facilities and equipment, as well as the skills of our team members, to ensure we achieve this aspiration and continue to grow.

The final pillar is our brands, which aim to meet the broad range of consumer preferences. We research new and innovative products and package sizes to further extend the portfolio to meet consumer demands as it evolves.

We are actively seeking new opportunities locally and abroad to broaden our product range, extend our reach and diversify into new geographies. During the year, we conducted extensive due diligence on a company based in the United Kingdom, but following a non-binding offer, we ultimately decided not to proceed. We continue to investigate other opportunities for acquisitional growth to supplement robust organic growth in the region.

Challenging conditions persist

With the immediate impact of Covid-19 lessening, the world faced new headwinds in 2022, including the conflicts in Ukraine, rising inflation and further supply chain constraints. Mauritius fully reopened to international tourists in October 2021 and tourism numbers started to recover.

Inflation rose to the highest level in over a decade, reducing disposable income for local consumers and increasing production costs. The weakening of the rupee further contributed to a material increase in the cost of our raw materials and packaging inputs.

Good growth in Mauritius and Réunion Island

PhoenixBev has a strong and diversified portfolio of partner and own brands, a robust balance sheet, low debt and good cash flows. This, together with our experienced management team and skilled workforce, allowed us to take the steps necessary to manage the supply chain challenges and support customers and team members where necessary.

Group revenue increased by 14.6% to MUR 9.0 billion (2021: MUR 7.9 billion), with revenue in Mauritius increasing by 14.8% and by 10.6% in Réunion Island.

Profit growth was held back by the combined effect of exceptional expenses relating to legal and due diligence exercises, the increased cost of our major raw and packaging materials, and lower profit from our subsidiary, Phoenix Beverages Overseas Limited, as a result of exchange rate fluctuations. Group profit before tax for the year stood at MUR 548.0 million (2021: MUR 595.4 million).

It is worth noting that PhoenixBev has this year paid MUR 2.65 billion as excise duties, up by 7.6% when compared to 2021. This represents 35.3% of our turnover at company level.

During the year under review, 18.0% and 23.9% of the group turnover and operating profit respectively were derived from our foreign operations.

The Financial Capital section on page 72 provides a comprehensive overview of the Group's financial performance and position.

The Board declared a total dividend of MUR 13.30 per share (2021: MUR 12.80). The Group's resilience is demonstrated by the annualised total shareholder return (TSR) of 7.82% and 13.20% over the last five and 10 years respectively.

Ethics and good governance

Good governance and ethical practices are the foundation of value creation and sustainability, supporting improved corporate performance, strengthening reputation and deepening relationships. PhoenixBev's Code of Ethics, which aligns with international principles of human rights and the relevant local

regulations, guides our actions and sets the required standards of behaviour. These principles underlying the Code are embedded and evident in the Group's policies, procedures and practices. The Code was updated and training rolled out across the Company.

During the year, Messrs Yvan Mainix-Chirio and Mr. Reshan Rambocus resigned as Directors, and Messrs. Jean-Pierre Dalais and Roger Espitalier Noël resigned as Alternate Directors of Messrs François Dalais and Guillaume Hugnin respectively. The Board thanks them for their service to the Company over the years and is pleased to welcome Mrs. Catherine McIlraith as a new Independent Non-executive Director.

The Group has fully applied the principles contained in the National Code of Corporate Governance for Mauritius (2016). Diversity is an important consideration at Board, executive and operational levels, bringing new perspectives to deliberations, balancing decision-making and deepening our understanding of the needs of our market and our stakeholders.

Outlook

It is not yet clear when we will see the resolution of the Russia/Ukraine conflict, supply chain disruptions, rising interest rates and exchange rate volatility. However, the trend in tourism arrivals is rising and our customers, while still cautious, are starting to benefit from the improved conditions.

The Group's strong financial position and focus on positive ESG impact support our sustainability and we are both positive for the future and well-placed to prosper when markets recover.

Acknowledgements

I thank my fellow Directors for their support and contribution in leading the Company. On behalf of the Board, I thank PhoenixBev's executives, the management team and all team members under the leadership of our CEO, Bernard Theys. Without their dedication and diligence the excellent progress made during the year would not have been possible. We would also like to thank the regulators, shareholders, business partners, customers and other stakeholders for their positive engagements and support.

Arnaud Lagesse**Chairman**

27 September 2022