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Dear Shareholder,

Our focus in the 2022 financial year was primarily on operating profitably and sustainably in the challenging economic conditions. The cost of many of our key raw materials and packaging components, the majority of which are imported, increased significantly as a result of both rising inflation and the devaluation of the MUR against the US Dollar and Euro. Availability of foreign currency to pay suppliers also became an issue. With the consumers currently under severe pressure, we limited product price increases.

We had to plan further ahead, given supply chain disruptions and long lead times in many of our inputs, resulting in increased stockholdings, increased investment in inventories and additional costs incurred to rent extra storage space.

Brand and product performance

Challenging times test the resilience of our brands and this year showed how loyal our consumers are, validating our continuous investment in building brands over the years. We saw progress in sales performance both in Mauritius (+6.2%) and Réunion Island (+2.5%) despite price increases and supply chain challenges.

We furthered our innovation drive by launching a state of the art craft brewery, and our first three craft beers inspired by Mauritius's most renowned wave, Manawa. This new range is already showing enthusiasm and engagement from craft beer and beach lifestyle lovers. The popular Phoenix Panaché in Reunion island was also placed on our shelves in Mauritius. In the non-alcoholic range, we maintained our objective to grow our non-sparkling and lower sugar beverages portfolio with two new Fuze Tea flavours (baobab and blueberry) and an amazing new variant of "No Sugar" Coca-Cola.

PhoenixBev believes that brands have a bigger role to play on the island, beyond fun and refreshment. This mission of making a better Mauritius through brands has further been reinforced this year through platforms that are showing growing engagement: Kafé Kiltir Moris and Renyon, Lespri Zil, Awanam and Nu Diferens. These concepts have been active both on social media and in gatherings to give depth and create unique experiences.

Improving efficiencies and reducing environmental impacts

We continue to invest in upgrading and modernising our production, warehousing and distribution facilities. These enhancements improve efficiencies, ensure exceptional product quality, reduce our environmental impact and increase capacity for future demand. We installed overall equipment effectiveness (OEE) analysers in the brewery to improve production monitoring, trialled washable labels and upgraded measurement of dissolved oxygen in brewery process water and finished product.

We added another rainwater harvesting system at Nouvelle France to reduce water withdrawal from aquifers and are installing water chillers in the brewery to improve sealing during filling, which will also reduce water use. We installed solar system to preheat water feeding the chillers bringing down grid electrical energy use at the Limonaderie, reducing our reliance on fossil fuels and our carbon footprint. The data we are gathering from this installation will guide the roll-out of other installations at our facilities.

We are running a pilot with two electric delivery vehicles to assess the feasibility of replacing our current fleet with electric vehicles over the coming years. We have also engaged experts to assess our water and energy use to inform an energy audit, carbon footprint calculation and improve wastewater management.

We continue to improve waste management and our partnerships with various organisations promote recycling, reuse and valorisation of our waste streams.

Investing in our team members

The skill and experience of PhoenixBev's team members are essential to our success. Although development programmes were hindered by Covid-19, we rolled out training to inculcate behaviour-based values, introduced service excellence training and launched a sales academy to align, upskill and inspire our internal talent. The talent development programme was reinforced and cascaded down into the entire workforce.

The safety and health of our team members, visitors and customers is of prime concern and strict Covid-19 sanitary protocols remain in place at all operations to ensure their health and well-being. Sadly, two of our team members passed away from Covid-19 during the year. At year-end, more than 90% of our team members were fully vaccinated.

We are fully aware of the increasing pressure on many of our team members from rising food costs and fuel prices. Where required, we provided assistance through gift packages and food coupons.

Supporting national and global priorities

PhoenixBev has a long history as a proudly Mauritian company committed to responsible business practices. PhoenixEarth combines and coordinates our sustainability programmes and best practices, promotes internal alignment with the SDGs and represents the Group in our engagements with stakeholders that promote environmental responsibility and socio-economic development.

Reducing plastic pollution is a particular focus to ensure the natural beauty of our islands, which is a significant attraction for the tourists that contribute to our economy. Many of our partnerships with business partners and NGOs promote collection and recycling of plastic packaging, and we continue to investigate ways to extend the benefits of these initiatives.

Focus for 2022

We will continue to optimise efficiencies, reduce costs and minimise environment impacts in line with our commitment to achieving world-class execution.

Bernard Theys
Chief Executive Officer
27 September 2022