



TAKAMAKA

• DISTILLED AND BOTTLED •
LA PLAINE ST ANDRE

CHAIRMAN'S REPORT

FOR 2022

CHAIRMANS REPORT

Esteemed shareholders, distinguished guests, and honorable attendees, Welcome to the second Annual General Meeting of Trois Freres Distillery. It fills me with great pleasure to have you here today as we gather to discuss and present the financial statements and reports for the recently concluded fiscal year, which ended on December 31st, 2022.

Before delving into the details of our outstanding performance, let us take a moment to reflect on our grand vision and aspirations for our business. It is truly gratifying to witness the remarkable accomplishments we achieved in 2022, considering the path we have set out to tread.

At Trois Freres Distilleries, we hold two fundamental ambitions close to our hearts.

Firstly, we strive to establish a sustainable and increasingly profitable domestic enterprise, firmly rooted in our prowess as manufacturers of exceptional Rum, Vodka, and Water. This robust local operation serves as the bedrock, providing us with the resources and capabilities to venture into the realm of exports. Through this expansion, we anticipate substantial revenue growth opportunities beyond the shores of Seychelles, fueled by our unwavering exports vision for the world-renowned Takamaka rum.

This leads us to our second core ambition, where we envision Takamaka becoming an emblematic Seychellois brand, cherished and sought after in rum markets worldwide. Its unparalleled Seychelles heritage and the meticulous craftsmanship employed in the production of our unique style of rum will undoubtedly captivate the rum trade with its vibrant allure.

As we gather today, let us celebrate the strides we have made towards realizing our visionary goals. Together, we will forge a path of excellence, innovation, and international acclaim, firmly establishing Trois Freres Distillery and the Takamaka brand as paragons of success and distinction.

Thank you for your unwavering support on this extraordinary journey.



CHAIRMAN'S REPORT

OPERATING ENVIRONMENT

2022 has been a remarkable year. The world witnessed a gradual emergence from the shadows of the Covid-19 pandemic, with varying degrees of recovery. Here in Seychelles, we commend the Government for their approach to managing the crisis. Through their diligent efforts, Seychelles swiftly vaccinated a significant portion of the population, enabling us to reopen for tourism ahead of many competing destinations.

The recovery gained momentum throughout 2022, instilling a newfound stability that allowed businesses to regain their footing after the adversities of Covid-19.

In 2022, a total of 332,068 tourists arrived compared to 182,849 in 2021, an increase of 81% year on year. This resurgence, driven by the sustained growth of tourism towards the historical trend, contributed to the remarkable stability of the Seychellois rupee and a resumption of confidence in the local economy and discretionary spending.

Despite this recovery and stability, it must be noted however that the Seychelles economy is exposed to external events, especially given its high exposure to and reliance on tourism incomes.

And just as the Seychelles government embraces economic diversification, sustainability, and resilience, to offset this inherent exposure in the economy, so does Trois Freres Distillery stand committed to diversifying its business across segments and to offset the inbound tourism risk with a high growth export strategy.

In 2022, Trois Freres Distillery delivered excellent results, and I am delighted to report this achievement. Our commitment to our strategy and to emerging stronger after the pandemic served as the cornerstone for our success, allowing us to grow the business across many fronts. By focusing on expanding our market share, nurturing talent, investing in our brands and capabilities, and building our connections with our consumers, we have been able to deliver excellent growth.



I am also immensely proud to announce that our flagship brand, Takamaka, garnered significant recognition. It was awarded 63 prestigious medals over the past 18 months clearly cementing our place as the leader in the spirits industry in the Seychelles, embodying the spirit and potential of our nation. As we move forward, we remain committed to our vision, propelled by the collective pride and determination that unites us all as Seychellois.

CHAIRMAN'S REPORT

REVENUE

Overall revenue for the year reached SCR 214 million, representing an outstanding increase of 88% compared to the previous year's figure of SCR 114 million. This growth is a testament to the economic recovery and the swift and adaptive response of our business and brands to the improving conditions.

The impressive revenue growth was broad based and observed across our Rum, Beer Water portfolios, indicating a widespread recovery in consumer demand and market performance and in response to our innovation in selling and product strategies. Also of particular satisfaction is the remarkable growth in Takamaka rum exports, which experienced a significant surge. The success in export growth being attributed to our ongoing expansion into new export markets across Europe. Simultaneously, our significant investments in product enhancements, improved packaging, range expansion and sales capability have garnered increased interest and attention.



The Val Riche water business, which was acquired at the beginning of 2022 also performed exceptionally well ahead of expectations as has Takamaka's retailing operations at the La Plaine St Andre visitor's center and in the Seychelles airport Airport departure lounge.

The notable increase in revenue, the successful expansion of export markets, and the positive reception of our new rum ranges exemplify the continued growth and strengthening of the Takamaka brand. We take pride in our ability to adapt to changing circumstances, delivering exceptional products, and engaging with both domestic and international consumers.

CHAIRMANS REPORT

RESILIENCE AND GROWTH

In 2022, we executed several initiatives aimed at enhancing the sustainability of our business. These initiatives not only improve sales and profits but also strengthen our capabilities and diversify risks across multiple income streams, resulting in synergistic benefits.

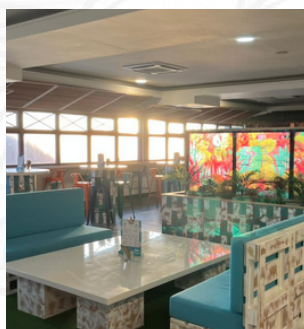
One of the key initiatives of this resilience and growth strategy was the 2021 launch of our new Takamaka rum portfolio range into export markets. I am pleased to update you with the news that the response from our export trade customers has been outstanding. Takamaka has seen a significant increase in orders and shipments throughout 2022 in response to the new portfolio.

A second initiative which we have spent the year bedding down has been the acquisition of the assets of H2 Eau Pty Ltd and Quench Distribution Pty Ltd, enabling us to integrate the Val Riche water brand into our portfolio and enhance our distribution activities in the Hotels channel. Since January 1st, 2022, Val Riche water has been successfully incorporated into our beverage range and enjoyed by consumers across the market.

In another exciting development, we also secured the rights to operate a new airside Takamaka Duty-Free store and bar at the Seychelles airport. This opportunity allows departing passengers and tourists to savor and purchase Takamaka, creating a memorable experience and serving as a final memento of their time in Seychelles. The bar and store continues to grow and is an outstanding marketing opportunity for our brands.

We also bedded down a capital expansion program initiated in 2021 which involved the installation of a new continuous molasses still and two new Agricole Pot Stills into our distillery at La Plaine St Andre. These state-of-the-art stills reduce operational costs, increase output capacity, and enhance the production of components for our premium rum aging initiatives.

These strategic initiatives, ranging from brand to distribution to operational initiatives, position us for continued growth, profitability, and resilience in the dynamic market landscape. We are confident that these efforts will yield fruitful results in the years to come.



CHAIRMAN'S REPORT

PROFIT

I am pleased to report that Operating Gross Profit has more than doubled over the prior year to SCR 97m, up from SCR 45m delivered in 2021, while our operating expenses ratio increased by just 2% pts to 31% of sales compared to 29% in 2021 as the business integrated its H2 Eau acquisition and increased exports marketing activities.

Our final net Profit before Tax of SCR 25.1m increased 65% on last year's SCR15.2 m and resulted in a Net Profit after tax of SCR18.3m up by 45% over the prior year.



2023 OUTLOOK:

The outlook for Trois Freres Distillery in 2023 remains very positive, with exciting developments on the horizon. Sales going into the year have been very strong, with a robust first quarter.

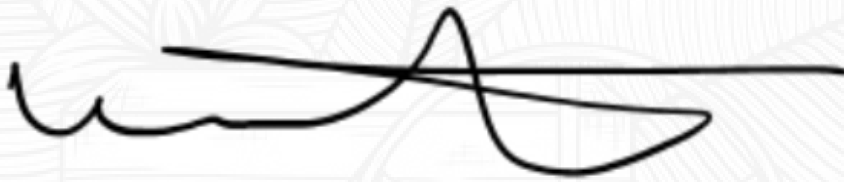
In the exports markets, Takamaka rum is gaining greater recognition for its revamped look and expanded range of products and we are actively opening new markets and developing relationships with new importers and sales channels creating further avenues for growth and market expansion.



CHAIRMAN'S REPORT

DIVIDENDS

In light of the strong performance of the business, the directors have made the decision to declare a final dividend of SCR 0.67 per share. This dividend distribution reflects the company's commitment to delivering growth to our shareholders through a combination of dividends and share price growth thus driving total shareholder returns, while enabling the business to continue its investment in exports growth.



Mark Prechelt
Chairman