

MAY 2024



TROIS FRERES DISTILLERY

2023 MARKET UPDATE

**FULL AFS RESULTS CAN BE FOUND ON
OUR CORPORATE WEBSITE**

<https://www.troisfreresdistillery.com>

TAKAMAKA

**. DISTILLED AND BOTTLED .
LA PLAINE ST ANDRE**



Dear valued shareholders.

2023 has been another watershed year for Trois Freres Distillery and I am delighted to share this Market update with each of you. It is my hope that the information in this report gives you an insight into the notable achievements that we had through the year.

I am especially proud of our team across our various sites, they have given their all and showed admirable dedication, commitment and accountability to our customers and each other. The achievements we made this year could not have happened without them.

An important driver of our success in 2023 continues to be our brand home at La Plaine St Andre. Welcoming visitors from all over the world is a key way we engage with our partners across our industry, sharing our story from humble beginnings and witnessing the connection first hand that our customers have with Takamaka Rum is a thrill I will never get tired of nor take for granted.

Our commitment to each of you, our shareholders, is to continue to work as hard and smart as we can, to share our success' and never lose sight of our mission to continue to grow Takamaka Rum around the world.

Thank you for your continued support

Warm Regards

A handwritten signature in black ink that reads "Richard d'Offay". The signature is written in a cursive, flowing style with large, connected letters.

Richard d'Offay
Managing Director.

HEADLINE GROSS PROFIT:



The wider business continues to show fantastic progress in regards to driving profitability. This is indicative of the future potential of the enterprise, with revenue close to doubling, taking the business from a [20M to 35M SCR EBTD](#) it in 3 years.

HEADLINE SNAPSHOT:

	2023	2022	2021
Revenue	232,447,939	214,363,650	114,282,660
Gross Profit	119,418,932	96,920,183	45,039,977
Overheads	83,469,301	62,909,194	30,778,243
EBTD	35,748,702	32,989,018	20,467,579

in SCR

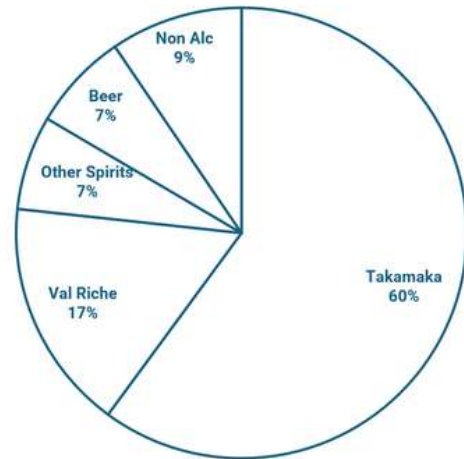
Starting in 2021, our investment in regards to staffing, operational capability and marketing has seen significant increases but we have continued to see [year on year growth](#).

BRAND CONTRIBUTION 2023

Takamaka continues to be the major contributor to our GP line. Combined with Val Riche and Non-Alc revenue, they account for 86% of total gross margin. This reflects our strategic aims.

Within Takamaka, the growth of Premium and Luxury releases are a major factor in overall contribution.

CONTRIBUTION OF BRANDS TO TOTAL BUSINESS GROSS MARGIN



INVENTORY & DEPRECIATION

Part of our Int. Export strategy was to supply the majority of customers on a just-in-time model with a low MOQ. With only FCL shipping available direct from Seychelles, the establishment of a hub based in Amsterdam has been key to our export footprint. Alongside a KPI of zero domestic out-of-stock, we have seen our overall inventory level increase 45% to 33M from 23M SCR.

The implementation of our stock MRP on the SAGE X3 systems will look to rationalise and manage these costs.

Our depreciation schedule has also seen a 25% increase from 7.9M to 9.8M SCR. This is reflective of the growing business, with investments in our direct to consumer channel being seen for the first time FY.

Work started in 2023 to look to reschedule certain CAPEX investments to reduce their depreciation burden.

HEADLINE COMMERCIAL STRATEGY:

The business had strategic areas of focus for 2023. These channels have seen exceptional performance which was key to delivering the overall GP% growth.

- **Int. Export - Takamaka**
- **Direct to Consumer - Takamaka**
- **Val Riche Domestic**

	2023	2022	2021	2020
Gross Margin %	51%	45%	39%	38%

INT. EXPORT BUSINESS

2023 has been an exceptional year for the Int. Export business with 35% yr on yr growth in revenue against a 20% increase in volume, with Extra Noir from our St Andre Series becoming the 3rd best performing SKU overall.

This premiumisation is a key part of our wider strategy delivering both improved gross profit and cash margin results.

+12% increase NSV/9LC

Equally notable is our global footprint. We have pursued a strategy to open markets supporting with stock on a just-in-time basis with low MOQs supplied out of our EU hub.

Alongside a highly visible marketing strategy we have accelerated our plan, doubling our global distribution footprint.

+100% increase distribution footprint

DIRECT TO CONSUMER

We have seen stand out success generating incremental revenues and high margins from our DTC channels.

167% revenue increase vs 2022 overall
channel

50.4% increase in revenue from non-alc
products at LPSA

70.2% Gross Profit achieved at LPSA
from non-alc products

VAL RICHE

The role of Val Riche was further cemented in 2023 with fantastic overall results.

17% contribution to 2023
Total Gross Margin

14% revenue increase vs 2022

19% increase in gross margin vs 2022

74% Gross Profit achieved

MARKETING



2023 SAW THE FOLLOWING ACHIEVEMENTS.

- Headline sponsor for the islands' biggest event - Regatta
- Activated in 5 major trade events in Berlin, Paris and Singapore
- Participation in 25+ regional events across Europe
- Recognised with 38 medals across our portfolio
- 79 immersion guests hosted in the Seychelles
- Creation of 2 special editions: Koko Rum - our first Valentines edition & a Regatta 50
- Extended our merchandise catalogue
- Created & executed retail visibility in multiple channels and markets
- Extended our printed, social and digital footprints with focus on premiumisation

The impact has been seen across every channel supporting our strategic aims.





AWARDS IN 2023

Our focus in 2023 was to raise awareness around our St Andre Series. We also saw significant accolades for La Plaine St Andre and our consumer experience.

LPSA MEDALS



ST ANDRE SERIES MEDALS



SEYCHELLES SERIES MEDALS



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