



STARAFRICA CORPORATION LIMITED
TRADING UPDATE FOR THE QUARTER ENDED 30 JUNE 2021

ECONOMIC ENVIRONMENT

The quarter under review was characterized by continuous improvement of the macro-economic environment due to stability of the local currency, improved foreign currency availability on the Reserve Bank of Zimbabwe (RBZ) auction trading system and the success of the 2020/2021 agricultural season. Inflationary pressures significantly reduced during the quarter under review leading to relative price stability in the consumer markets. However, there were some adverse economic effects witnessed on promulgation of Statutory Instrument 127 in May 2021 when some industry players increased prices of United States Dollar denominated products and services to comply with the regulations without affecting enterprise profitability.

Government's roll-out of the National Covid-19 Vaccination Programme intensified during the quarter under review, which saw businesses continuing to operate under various degrees of national lockdown notwithstanding various disruptions to supply chain and distribution operations.

BUSINESS PERFORMANCE

The comprehensive capital investment strategy and equipment maintenance plan put in place is credited for the improved productivity at Gold Star Sugars Harare which saw production increasing by 24% from the prior year comparative quarter. Buoyed by the improved throughput, revenue for the refinery grew by 14% as the unit also made commendable inroads in market share growth and broad expansion of the brand's footprint in the domestic market. During the quarter under review, significant investment was made in re-tooling the unit through acceleration of replacement of critical machinery such as centrifugal machines, an effluent treatment plant and rehabilitation of the raw sugar warehouse. This is expected to result in significant increase in plant throughput and cost containment as the refinery continues to move towards highly efficient production.

Country Choice Foods production, bolstered by the increased productivity at Gold Star Sugars and the new products development strategy in place, also took a positive trajectory as volumes produced exponentially increased by 69% from the prior year comparative quarter. Volumes sold by the unit increased by 23% with strategies in place to ensure market penetration and success of the new products such as flavored icing and premixes. The unit



has made significant traction in improving its production capacity with investments being made to purchase critical machinery such as an automated syrup filling machine and castor sugar packing machine in line with the Group's re-tooling strategy for enhanced productivity across its operations.

COVID-19 IMPACT AND RISK MANAGEMENT

The Group has continued operating during the quarter under review without much interruption caused by the COVID-19 pandemic due to it being in the essential services sector and effective risk mitigation measures adopted through direction from the Group's Crisis Management Task Force chaired by the Chief Executive Officer. The Task Force has instituted a staff vaccination program aimed at ensuring that the entire work force is expeditiously inoculated not just for business continuity, but also steered at safeguarding the health and welfare of all employees, their families and communities.

OUTLOOK

The Group applauds and fully supports Government's efforts in the National Vaccination Programme and macro-economic policy initiatives it continues to implement under the National Development Strategy 1. The Group forecasts sustained improvement of major macro-economic fundamentals into the next quarter and beyond as the trading environment becomes more favorable to both industry and consumers alike. The business will leverage greatly on the improved trading conditions to increase both production and sales volumes. With the Group having expunged its legacy liabilities, focus will continue intensifying the capital expansion strategy bolstered by the foreign currency receipts obtained on the RBZ Foreign Currency Auction Trading System.

By Order of the Board

A.J. Musemburi

Company Secretary
11 August 2021