



TRADING UPDATE FOR THE QUARTER ENDED 31 DECEMBER 2022

ECONOMIC OVERVIEW

Inflation was on a downward trend during the quarter ended 31 December 2022, driven by a tight monetary policy by the Reserve Bank of Zimbabwe (“RBZ”). According to Zimbabwe National Statistics Agency, both annual headline and month-on-month inflation continued to slow down and closed the quarter at 243.80% and 2.4%, respectively. From October to December 2022, the local currency depreciated by 10% against the United States Dollar (US\$) on the RBZ Foreign Exchange Auction Trading System. Currency volatility has resulted in increased operational costs for businesses and reduced consumer spending.

BUSINESS PERFORMANCE

For the third quarter of the 2022/23 financial year, Goldstar Sugars’ production volumes of granulated white sugar were 0.4% lower than those attained during the prior year comparative period. Power and steam supply constraints were the main causes of the marginally reduced throughput, as they negatively impacted plant uptime. Consequently, the reduced production led to a 0.2% decrease in sales volumes, compared to prior year. Notably, the unit completed an overhaul programme of two of its five boilers. In addition, the business installed an 11kVA dedicated electricity line, procured a 1,000kVA generator (for controlled plant stoppages, following power cuts) and electrical cables to mitigate power supply challenges.

Country Choice Foods commissioned an automatic syrup filling machine, deployed a more robust competitive pricing strategy, and introduced new product lines, including caramel popcorn, baking and cocoa powders. The aforementioned initiatives positioned the unit’s products among the most affordable in the market, resulting in notable increases in production and sales volumes of 16% and 8%, respectively, compared to prior year.

OUTLOOK

Post the reporting period, the sole supplier of raw sugar increased its prices significantly, resulting in the company’s products being uncompetitive. The business was already operating under untenable trading conditions that this supplier had imposed. The company has engaged the supplier and the Ministry of Industry and Commerce, with a view to agreeing to a price, as well as trading conditions that are viable and sustainable.

If Government maintains a tight fiscal and monetary policy, inflation during the fourth quarter of the 2022/23 financial year should be lower. The threat of COVID-19 on operations is anticipated to remain minimal, following relaxation of most restrictions.

It is hoped that Government will continue with its efforts to sustain price stability and achieve economic growth. The company will continue to tighten its cost-mitigation measures to improve productivity and operating profitability of both the refinery and the sugar specialties unit.

By Order Of The Board



A.J. Musemburi

Company Secretary
15 February 2023

Directors: R.J. Mbire (PhD) (Chairman), R. Nyabadza (Eng)* (Chief Executive Officer), C. Matorera, R. Magundani
G.T. Nyamayi, M. Sibanda (PhD), M.E. Chiremba, A.J. Musemburi*, F.M. Myambuki* (*Executive Director)