



## STARAFRICA CORPORATION LIMITED

### TRADING UPDATE FOR THE QUARTER ENDED 30 JUNE 2022

#### ECONOMIC OVERVIEW

Inflation was on an upward trend during the quarter ended 30 June 2022, driven by the continued devaluation of the local currency and economic pressures emanating from the Russia-Ukraine conflict. The local currency depreciated by 157% from March 2022 to June 2022 against the United States Dollar on the Reserve Bank of Zimbabwe Foreign Currency Auction Trading System. This heightened currency volatility has resulted in increased operational costs for the business and reduced consumer spending in the market. The business applauds efforts by the authorities to tame inflation and stabilize the local currency.

Covid-19 cases continued to decline during the period under review and this has seen the easing of lockdown restrictions as well as extension of business trading hours by Government. This move has supported economic recovery.

#### BUSINESS PERFORMANCE

For the first quarter of the 2022/23 financial year, production volumes of granulated white sugar at Goldstar Sugars were 14% lower than those attained during the prior year comparative period. Power and steam supply constraints were the main causes of the reduced throughput at the refinery, as they negatively impacted plant uptime. Consequently, the reduced production led to a 3% decrease in sales volumes when compared with the prior year. The business has since installed a 11kV dedicated power supply line, procured a 1,000kVA generator and electrical cables to augment power supply. An overhaul programme on two of the five boilers is nearing completion. These initiatives are expected to result in a significant improvement in production.

Production and sales volumes for Country Choice Foods have improved significantly due to the commissioning of an automatic syrup filling machine, a more robust competitive pricing strategy, as well as the introduction of new product lines namely baking powder, raisins and cocoa powder. This resulted in notable increases in sales and production volumes by 81% and 68%, respectively, from the prior year comparative period.

#### OUTLOOK

Government's recently introduced tight monetary policy and its focus on fiscal sustainability, if maintained, should lead to lower inflation levels. The threat of Covid-19 on business continuity is expected to be greatly reduced in future as vaccination efforts continue, which should lead to minimal economic



disruption. The Company will continue focusing on refurbishing critical items of plant and machinery, new product development and the opening of new markets for its sugar specialties.

#### **PUBLICATION OF THE AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022**

The audit for the year ended 31 March 2022, which was targeted for completion in the first half of July 2022, is still in progress. The delay in publishing the audited financial results is mainly due to the change of auditors that happened in the second half of 2021. The Zimbabwe Stock Exchange (ZSE) granted the company another month's extension to publish the audited financial statements by no later than 31 August 2022. The audit finalisation is progressing well and the abridged audited financial statements will be published in the press and on our website on or before 31 August 2022.

By Order of the Board

**A.J. Musemburi**

Company Secretary  
15 August 2022