

Chief Executive Officer's message

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Philippe Espitalier-Noël
Chief Executive Officer of the Rogers Group



Meaningful Change: emerging stronger from the crisis

‘Building on legacy and making headroom to craft the future.’

As the pandemic storm withers, the implications of the war between Ukraine and Russia unfold, creating a series of international and domestic challenges. Standing at a new crossroads, the current world order faces an array of disruptions. The main ones are, amongst others: climate change effects, supply chain disruptions, higher energy costs with new production imperatives, declining purchasing power with an era of high inflation, and changes in employee behaviour on the job market. I can say very humbly that in my 35 years of working, I have never witnessed so many moving parts fluctuating with such velocity simultaneously. These imperatives place a heavy weight on companies to make informed and speedy decisions. 2022 is a particular year for me as it marks my 25 years in this wonderful and dynamic Group. It has been a privilege to lead it to the best of my abilities for 15 rewarding years.

As we progress with agility, I am proud to present Rogers' new corporate identity, the result of a recent reflection on who we are and where we come from. More than a rebranding exercise, it is a refining of our Group's mission and values in line with its vision and a new classification of our activities, evolving from four Served Markets to five Segments. This new nomenclature aligns with how we manage our resources to have a meaningful impact.

While many challenges persist, I am confident that the **Meaningful Changes** made by each company within the Group over the last two years will continue to impact our financial performance positively. At the Group's level, we have focused on making a difference at the micro level leaving no stones unturned. I am, therefore, gratified to announce that our resilience has allowed Rogers to post record results for the financial year ending June 2022 (“FY22”), with a revenue of MUR 10,713m (FY21 - MUR 7,518m) and a PAT excluding other gains and losses of MUR 1,761m (FY21 - MUR 681m loss). Supported by the Mauritian borders' reopening and healthier numbers in tourism, these results were achieved thanks to the enormous efforts deployed by all our team members across all sectors.

This report starts by providing a high-level status of our strategy implementation and business results. We will then focus on our Sustainability thrust and how we are making it an integral part of our strategy as we advance. Finally, we will portray the outlook for the financial year 2023.

A strong finish

Our 3-Year Strategic Plan 2023 was developed and launched in March 2020 during very uncertain times. The first year's focus, the ‘**Vivacis**’ year, was on building safety, resilience, and solidarity. We successfully achieved those results, but as expected, our financial results were weak on the back of the Covid crisis and closed borders. As we entered our second year of the Strategic Plan 2023, we expected a gradual comeback towards a new normal. In tune with these prospects, we launched the ‘**Challenging the status quo and Collaborating Forward**’ (C&C) Programme (refer to “Strategy” section, on page 48) in June 2021 to sharpen the leadership and accountability attributes for enhanced revenue and bottom-line growth. A team of 160 business leaders, made up of our senior-most manager population, were entrusted to drive growth in their respective business units. Priority was given to some 60 key strategic projects laid out during the 3-Year Strategic Plan 2023 that were completed to a large extent. We focused relentlessly on turning around underperforming activities, driving key transactions, and trimming the effective cost of debt.

These efforts, along with the quick recovery of tourism and the resilience of other critical sectors of the Mauritian economy, have allowed the Group to post a strong performance for this financial year across all its business lines. Indeed, Group revenue increased by 43%, driven principally by the successful implementation of our plans and the commendable performance of our businesses. Our investments, Swan, Bioculture, and MCAS (Mauritius Commodities & Applied Solutions Co Ltd) also performed well. We believe that this trend will persist.

We can say that these motivating results have rewarded our efforts.

Let me present a high-level Served Market overview:

Property

Ascencia was the most significant contributor to the Group's profits. Over the past 12 months, it continued to build a solid platform for sustainable growth and value creation. Results for the year were in line with expectations, with Ascencia's profitability reaching MUR 961m. A commendable achievement when competition is shaping the future, particularly on the Port Louis/Curepipe corridor. It is also a testimony of our tenants' trust and confidence in the value addition that Ascencia offers to their businesses. Key milestones were completed during the year, namely the listing of Ascencia on the Stock Exchange of Mauritius, its inclusion in the **SEM-10** and **SEMSI**, the successful refinancing of its existing debt, and the assignment of the CARE **MAU AA-Stable** on all its financial obligations.

In FY22, the Property development and agribusiness sectors incurred a loss of MUR 53m, drawn downwards by the poor performance of the agricultural operations and the interests from the existing debt. Performance was pulled upwards by the positive contribution from the sale of real estate assets in Heritage Villas Valriche. Case Noyale Ltd renewed with profitability as it benefited from the reopening of borders with a rekindled performance of its leisure operations. Agria continued to manage its transition from an agricultural operator, moving away from cane cultivation and consolidating its deer farming, real estate development, and leisure offering. As it navigates this delicate transition, Agria has to finance the restructuring costs of this transition before reaping the anticipated benefits. While this will take some time, the company will ultimately benefit from improved returns on its land ownership and agritourism activities.

2022 marked the advent of the new territorial brand "**Bel Ombre. Lamer. Later. Lavi.**" to position Bel Ombre as a sought-after destination globally and the reference for **Sustainable Tropical 'Art de Vivre'**. With the announcement of the new Sustainable Smart City Scheme in the June 2022 National Budget speech, we plan to make Bel Ombre an early adopter. I am confident that, on the back of past transformation efforts and our new vision for Bel Ombre, we have the potential to unlock significant value from this estate over the next 20 years.

Logistics

Velogic's listing on the Development Enterprise Market ("DEM") in December 2021 came within a context of multiple strategic readjustments in its corporate structure. After eight years in Velogic, Amethis Africa Fund ("AAF") successfully exited the company as the Fund came close to its end. As such, the timing of Velogic's listing was well inspired amidst challenging supply chain dynamics, allowing it to broaden its shareholder base and access finance to seize growth opportunities. The company posted very healthy results with a material improvement in the performance of its international operations and a PAT of MUR 194m. Velogic continues to be the most international of all our businesses, with more than 50% of its profitability derived from its foreign subsidiaries. It strategically strengthened its presence in East Africa by becoming the sole owner of its Kenyan entity, and I am pleased to share that, at the time of writing this report, Velogic Kenya is well advanced to complete another acquisition in the country as soon as the conditions precedent are finalised in the next few months. We strategically partnered with an established local French operator, which acquired 70% of Velogic France's stake. Thanks to this partner's active presence in Europe and the US, the company is now better positioned to be part of a broader network. It will continue to provide us with new business opportunities and cost synergies.

Velogic's first results since its market introduction are above expectations, laying a solid foundation for implementing clear plans to further fuel international expansion.

Hospitality

During the pandemic, VLH and Island Living merged to create a single '**Rogers Hospitality**' brand to provide customers with a seamless hospitality and leisure offering. We simplified our internal structures to enhance accountability, allowing for speedier and more focused decision-making. In addition, the new consolidated structure provides our colleagues in Rogers Hospitality with an augmented working experience. Rogers Hospitality took full advantage of the borders reopening and its sharper commercial focus to drive a PAT of MUR 384m which also includes the improved performance of our associate NMH.

During the financial year, we expanded our leadership on sustainable tourism in Mauritius as we launched the first zero carbon footprint stay, i.e. the '**Now for Tomorrow**' programme in Bel Ombre, with a launch date coinciding with the reopening of the Mauritian borders. With strong forward bookings for FY23, we expect Rogers Hospitality to deliver substantial growth in its results and cash flow. The benefits of the investments made to refurbish Veranda Grand Baie into a boutique hotel and the launch of the new La Reserve Golf course in Bel Ombre will only be felt from FY24.

Rogers Aviation renewed with profitability by streamlining its business operations and rekindling some key international partnerships along its value chain. It also continued its path of digitalisation, with 60% of leisure requests and booking now going through its website and its booking Apps. The travel complexity that emerged with the advent of Covid significantly increased the workload per booking. To adjust its services in tune with amended consumer needs, Rogers Aviation worked with its customers and adapted its service fees to the new circumstances. Rogers Aviation delivered a PAT of MUR 22m, and we expect the business to turn around fully in FY23.

FinTech

Rogers Capital recorded much progress across all its business units and its associate Swan with a reported PAT of MUR 332m. During the year, our Technology and Global Business activities continued their growth strategy. Our Global Business activity continued securing new incorporations, stepping up its performance potential and further expanding its tax network to 15 countries in Sub-Saharan Africa. Our Credit activities stabilised their operations, improved their operating processes and are shaping the future for enhanced performance. Technology Services continued the expansion of its fibre optic footprint in strategic locations, becoming a key provider of telecommunications services on the Island while expanding its array of services with a significant focus on cybersecurity and digital innovation. Rogers Capital welcomed Swan Life as a new partner with a stake of 15.63% of its capital. The equity injection from Swan was mainly utilised for the growth of our Credit activities.

Sustainability

While financial results are essential to us, we have and will always continue to focus on our social and environmental impact, which is critical to the development of our nation and the longevity of our activities.

In 2021, we benefitted from the Boston Consulting Group ("BCG") collaboration to help define our most important sustainability objectives and further align our strategy with these objectives. We want to make sustainability sustainable by making it part of our day-to-day value-creating activities. While this is easier said than done, we have managed to kick-start this journey well. In addition to our collaborations with other private businesses within Business Mauritius and our continued support to various NGOs via the Rogers Foundation and through our businesses, some of the new initiatives launched include (see "Sustainability" section on page 56):

- ▶ The launch of the Bel Ombre's territorial brand "**Bel Ombre. Lamer. Later. Lavi.**" and its ambition to be the reference in **Sustainable Tropical 'Art de Vivre'**.
- ▶ The launch of the '**Now for Tomorrow**' programme by Rogers Hospitality paving the way for a new standard in sustainable tourism.
- ▶ The measurement of our carbon footprint as per our commitment to Net-Zero emissions by 2050.
- ▶ The support to the Ministry of Environment towards greening and beautifying the island's main highways.

Sustainability and Inclusiveness are critical to us, and we will continue to develop our businesses towards a more sustainable future with the triple lenses of **Prosperity, People, and Planet**.

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Looking ahead with excitement

As turmoil and volatility raged around Rogers, we managed to create an environment where people felt safe and empowered, despite some difficult decisions to protect our businesses. This faith of our team members are Rogers' first line of defence against future challenges. Through those difficult times, I have witnessed the resilience and agility of the people of Rogers, and I must say that I was moved by how the Rogers team cared for each other and our stakeholders. Our team's ability to find resources to keep thriving while fixing challenges impresses me daily. Our people remain the catalysts for our achievements and growth. Our diversity, and our attitude, make our Group stronger.

While I look back at our achievements, I know there is always room for growth and improvement. Our focus on constantly striving for 'Meaningful Change', our new brand identity, and long-term strategic thinking have consolidated the potential of Rogers within the new normal.

We are confident that the last year of our 3-Year Strategic Plan 2023 will continue to deliver promising results. These past months, we have extensively worked on our operating model and seized opportunities with the necessary expertise. With this deeper understanding, optimised resources, stronger brand, and energised teams, we will carefully dedicate our attention to crafting a robust plan for the next five years.

I want to express my appreciation to the Board members for their trust, insights, and support. I extend my special gratitude to all the Group's team members who were mobilised during another challenging year, and I thank everyone for honouring the values of Rogers and demonstrating consistent Agility, Engagement and Excellence in their work. I am genuinely grateful to be part of a large team driven by shared values and committed to making a visible difference in the world. I also want to thank the shareholders for their trust in Rogers, for standing by us in difficult times, and for believing in our ability to protect our businesses during uncertain times. Last but certainly not least, I want to extend my heartfelt thanks to all those clients that continue to place their confidence in the services that we offer and in the products that we sell.

We will remain engaged to honour the trust you all place in our organisations to deliver on our promises.



Philippe Espitalier-Noël
Chief Executive Officer of the Rogers Group