



NATIONAL TYRE SERVICES LIMITED

TRADING UPDATE TO 31 JUNE 2021

1. Trading environment

The increasing number of Covid-19 pandemic cases resulted in the Government pronouncing another lockdown during the quarter. Cross-border and inter-city buses movement remains banned, a key market segment for tyre business. Business operating hours were also reduced. The introduction of S1127/2021 in May 2021 slowed down trading as the market adjusted to the new monetary measures.

Notwithstanding the challenges of the Covid-19 pandemic there were notable improvements in the economy, which included good grain harvests and a drop in the consumer price index, for the fifth straight month to 106.6% in June 2021. These positive developments spurred demand for tyres.

The increasing uptake of Government's vaccine programme could result in herd immunity achievement sooner and possibly a return to normalcy for business operations.

2. Volume Performance

The table below shows volume performance for the quarter under review as well as comparisons with prior year's corresponding period.

Group	Q1-2021/22	Q1-2020/21
New tyres	11,952	4,550
Retreading	3,267	1,869
Tubes	1,923	741
Services	22,527	7,132
Repairs	2,526	1,446
Accessories	9,660	3,971
TOTAL	51,855	19,709

Notes:

- (a) Q1 2021-22 New tyre volumes increased significantly by 162% when compared to the same period last year, driven by stock availability and focused marketing initiatives.
- (b) Overall unit performance grew by 163% during the period under review as the Company employed survival strategies under this coronavirus operating environment.
- (c) Q1 2021-22 retreading volumes grew by 75% compared to the same period last year due to increasing demand from retreading customers. Trucking operations improved during the period under review when compared to the same period last year as Government imposed less restrictive measures to allow trucks to operate during the Covid-19 hit trading environment.

(d) A 160% growth in tubes volumes was recorded in the period under review when compared to the prior period due to the high demand of tubes from the agriculture sector.

3. Outlook

Availability of foreign currency to import stock is key for sustainable business growth. Effective containment of the COVID pandemic will provide a conducive operating environment to promote volume growth, going forward. The company remains optimistic that the budget will be achieved by the end of the trading year.

By Order of the Board



S. N. Mandimika
Company Secretary
19 August 2021

**Directors: R. J. Moyo # (Chairman), B.P.H. Samudzimu, A. Ushe, S.N. Mandimika, B.V. Mancama #,
M.T. Chingwena #, S. Shonhiwa #, D. Mashingaidze #, V. Masunda #**

Non-Executive