

TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 DECEMBER 2022

The Company is pleased to present its trading update for the first quarter ended 31 December 2022.

TRADING ENVIRONMENT

The operating environment was characterized by periods of high annual inflation and the pass-through effects of the war in Ukraine affecting global supply chains and the prices of key commodities. The trading environment also witnessed the resurgence of acute power supply shortages affecting the Country's productivity levels and increasing the costs of doing business.

During the period, exchange rates relatively stabilized and monthly inflation rates slowed down following policy measures introduced in prior year. This, however, resulted in liquidity constraints on the local currency as the use of the foreign currency increased.

OVERVIEW OF BUSINESS PERFORMANCE

During the period, sales volumes for the Retail division's key revenue drivers, other than fertilizer, increased by 9% relative to prior year. However, fertilizer sales were constrained by the commodity's significant real price increases following the war in Ukraine which disrupted global supply chains. This was further exacerbated by the depressed producer prices for tobacco and maize coming into the current season.

Agrifoods' sales volumes performance was flat at prior period levels as demand for stockfeeds remained stagnant in the face of general economic challenges.

Victoria Foods enjoyed stable wheat supplies during the quarter following the Country's successful winter wheat season. Notwithstanding, sales volumes contracted by 19.8% compared to prior year. This was a result of the flour mill operating under subdued capacity following power supply shortages, whilst maize supply constraints subdued the maize mill operations.

Compared to the same period in prior year, Glenara potato harvest decreased by 5% as planting was constrained by seed supply shortages. However, the Estate increased its area planted under commercial maize and soya bean by 11% and 19% respectively compared to prior year. This should assist in underpinning raw material supplies to Victoria Foods and Agrifoods.

FINANCIAL PERFORMANCE

Overall, Group inflation adjusted revenues for the quarter were 9.9% higher than the comparative prior year period.

OUTLOOK

Despite the challenging operating environment, the Group projects that aggregate demand will be high on the back of an anticipated good agricultural season, which ordinarily boosts consumer spending on basic food stuffs, farming, construction and mining activities. The Group will therefore remain focused on exploiting any opportunities to contribute to the overall business performance, whilst monitoring its operating costs in light of hardening costs and periods of stagnated growth.

P. Hare

**COMPANY SECRETARY
BY ORDER OF THE BOARD
16 February 2023**

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