



## TRADING UPDATE FOR THE THREE MONTHS ENDED 31 MARCH 2023

### BUSINESS ENVIRONMENT

The trading environment for the three months ended 31 March 2023 was characterised by rising inflation and the continued devaluation of the local currency, as well as the Value Added Tax (VAT) increased from 14.5% to 15% effective 1 January 2023. The challenging economic environment resulted in a continued decline in consumer spending.

Notwithstanding the challenging environment, the Company remains optimistic about the future and will continue reviewing its business model to ensure long-term sustainability and value creation to its stakeholders.

### BUSINESS PERFORMANCE

For the three months ended 31 March 2023, the Company experienced an 18% decline in volumes, compared to the same period in the prior year. This was due to a decrease in demand, owing to a decline in disposable incomes for our consumers.

Export volumes of tobacco leaf and cut rug tobacco declined by 26% in the three months period under review compared to the same period in the prior year, due to subdued demand in our export markets.

Pricing reviews made during the period, resulted in the Company recording a growth in net turnover in historical terms, of 391% compared to the same period in the prior year.

### OUTLOOK

While the trading conditions are expected to remain challenging for the rest of 2023, mainly driven by macro-economic variables, the Company believes that its current business strategy will deliver sustained value for its shareholders.

**By Order of the Board**

A handwritten signature in black ink, appearing to read 'Lovemore T. Manatsa', written over a white background.

**Lovemore T. Manatsa**  
**Chairman**

15 May 2023