



NATIONAL TYRE SERVICES LIMITED

TRADING UPDATE TO 30 JUNE 2023

1. Trading Environment

Rapid movement in the foreign currency exchange rate particularly towards the end of Q1 2023/2024 impacted industry operations. Currency stability is premised on several measures being implemented by the Government to strengthen and promote the use of the Zimbabwe Dollar. Despite the above challenges, NTS recorded growth in overall unit performance during the period under review, driven by improved stock supply.

2. Volume Performance

The table below shows volume performance for the quarter under review as well as comparisons with the preceding quarter.

| Group | Q1-2023/24 | Q1-2022/23 |
|--------------|---------------|---------------|
| New tyres | 9,584 | 8,786 |
| Retreading | 2,554 | 3,479 |
| Tubes | 970 | 484 |
| Services | 35,243 | 19,409 |
| Repairs | 1,840 | 2,062 |
| Accessories | 7,119 | 7,156 |
| TOTAL | 57,310 | 41,376 |

Notes:

- Q1 2022-2023 sales volumes for new tyres grew by 9% when compared to the same period last year, driven by high demand for Truck and Bus tyres from our fleet customers.
- Volumes of tubes increased by 100% from April 2023 to June 2023 due to improved stocking during the quarter and high demand from the agriculture sector.
- Services sales in units rose by 82% during the first quarter of 2023/2024 when compared to first quarter of 2022/2023, due to improved electricity supply in the country during the period under review.
- Budget brands volumes in Q1 2023/2024 increased by 21% when compared to the same period last year, mainly due to high demand from drive-in customers.
- Overall volumes grew by 39% during the period under review, when compared to Q1 2022/2023 driven by various marketing initiatives.
- However, retreading volumes in Q1 2023/2024 fell by 27% when compared to the same period last year due to shortages of rubber.

3. Outlook

We are cautiously optimistic of continued stability in exchange rates driven by several monetary measures being implemented by the Government. National Tyre Services Limited will capitalise on hot-season tyre demand for growth in retreading and new tyre sales.

By Order of the Board

A handwritten signature in black ink, appearing to read 'S. N. Mandimika'.

S. N. Mandimika
Company Secretary