

TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 JANUARY 2024

OPERATING ENVIRONMENT

Inflationary pressures, incessant power outages and liquidity challenges continued in the quarter. The El Nino weather phenomenon caused delayed onset of the rainy season coupled with severe heat and long dry spells which negatively impacted production in the agriculture sector. There will be a need to import grains in the current year to balance the production deficit.

The Tobacco Industry Marketing Board announced 13 March 2024 as the commencement date of the 2024 tobacco marketing season. Expectations are that the national tobacco crop volumes will be lower than in prior year.

BUSINESS PERFORMANCE

The Group changed its functional currency to US\$ from ZWL with effect from 1 November 2023 which is the beginning of the 2024 financial year. Group revenue for the quarter was 2% ahead of the comparative period driven by volume growth, particularly in the Logistics business.

AGRICULTURE OPERATIONS

Propak hessian volumes were 21% below prior year at 724,322 from 912,259, a gap that is expected to narrow in the second quarter as the tobacco season commences. The effect of the El Nino weather phenomenon on the national tobacco crop size is, however, anticipated to reduce hessian volumes. Tobacco paper volumes were 116% ahead of prior year as the market continued to respond positively to the locally coated paper. The company started exporting tobacco paper into Zambia in the quarter.

Agricura's volumes, during the quarter, were depressed compared to prior year reflecting the impact of the El Nino induced dry spell.

In the farming operations, the late start of the rainy season affected land preparations and planting, however, the target hectares have been achieved. Yields are expected to be satisfactory as most of the crop is under irrigation.

MARKETPLACE OPERATIONS

Tobacco Sales Floor undertook extensive preparations for the tobacco marketing season. The business increased the capacity of its decentralized floors in Marondera and Karoi to cater for increased contracted volumes.

Zimbabwe Mercantile Exchange (ZMX) operations are anticipated to grow in the year.

LOGISTICS OPERATIONS

The Logistics business recorded improved volume growth in the quarter due to the new business model, which supports the customer throughout the value chain. The rail service from both Maputo and Beira continued to operate and performance to date was satisfactory. Clearing and forwarding volumes remained strong due to improved volumes from existing customers. General cargo handling volumes were buoyed by fertilizer received via the Beira corridor and handled at the Mutare facility. General cargo storage volumes were depressed as most commodities are received by customers on a just-in-time basis. Tobacco handling volumes at 154,708 cartons were 28% ahead of comparative period of 120,543 cartons due to improved volumes from merchants. FMCG distribution volumes were 53% ahead of prior year at 23,828 tonnes from 15,590 tonnes, due to increased business from existing customers.

Premier Forklift hours at 124,112 were 10% ahead of the prior year of 112,991 hours as the business continues to grow its volumes from both new and existing clients. Forklift sales were significantly ahead of the prior year.

Avis' rental days of 2,284 were 4% below prior year (2,374 days). Additions to the fleet are planned in the second quarter of the financial year.

REAL ESTATE OPERATIONS

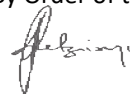
Voids improved to 15% from 21% in the comparative quarter due to improved demand for warehousing space. The construction of the new, world class 15,000 square meter warehouse at a prime location is expected to be completed and occupied in time for the start of the tobacco marketing season.

OUTLOOK

The Group will continue to pursue key strategic initiatives in line with its "moving agriculture" strategy.

The afore-mentioned challenges in the operating environment and the impact of the lower-than-normal rainfall on some business units will be proactively managed to ensure shareholder value is continuously created and preserved.

By Order of the Board



Fadzayi Pedzisayi
Company Secretary
15 March 2024

Directors: A S Mandiwanza (Chairman), D Odoteye* (Chief Executive Officer), P Shah, B Ndebele, H Rudland, W Matsaira, M Nzwere, J Gracie, D Garwe, E Muvingi, B Zamchiya, P Mujaya*, P Shiri*. (* Executive)