



## TRADING UPDATE

### FOR THE THIRD QUARTER ENDED 30 JUNE 2024

#### Operating environment overview

The operating environment for the period under review was underpinned by exchange rate stability following the introduction of the Zimbabwe Gold (ZiG) currency on 5 April 2024. The tight liquidity in the market also reduced the occurrence of speculative transactions that would likely cause fluctuations in the exchange rates.

The effects of the El Nino impacted the agricultural sector and this comes at a time when international commodity prices are subdued. Persistent power cuts due to low water levels at Kariba continued to be experienced. To mitigate power challenges, the Company generates a portion of its power requirements through the installed solar systems at three of the five estates. Grid tie and net metering will be pursued to leverage on excess power generated from solar plants.

#### Business performance

Bulk tea production yield of 7 293 tonnes, affected by the late onset of the rains in the first quarter of the year, recovered and was in line with prior year production. Export volumes declined by 9% to 4 504 tonnes from 4 959 tonnes achieved prior year due to timing of sales as production was more concentrated in the third quarter.

Packed tea volumes of 1 303 tonnes were 11% below 1 459 tonnes achieved in the previous year. Cumulative variance against prior year narrowed in the third quarter due to a combination of packaging supply constraints and working capital management. Sustained market diversification to increase exports registered 50% growth on packed tea export volumes into the region.

Macadamia production volumes grew by 61% to 1 487 tonnes from prior year volume of 921 tonnes as yield per hectare improves with plantations maturity profile. The 33% decline in nut in shell exports from 735 tonnes achieved prior year to 494 tonnes is due to delayed start of the marketing season.

#### Financial performance

Company revenue for the quarter under review of USD3.4 million was in line with prior year while revenue for the nine months ended 30 June 2024 of US\$14.5 million registered a 5% decline against US\$15.3 million achieved prior year. Profit after tax declined by 8% to USD1.2 million from USD1.3 million achieved in the previous year.

#### Outlook

The operating environment is expected to remain complex due to both policy changes and the effects of the El Nino induced drought. The impact of the introduced ZiG currency and fiscal and monetary measures are expected to sustain macro-economic stability in the short term and the medium to long term impact can be ascertained after policy refinements.

The Company is optimistic that it has put in place mitigatory strategies to enhance process efficiencies and manage costs in order to improve performance. Yields of avocado and macadamia continue to increase with enhanced plantation maturity profile. The demand for our packed tea products remains firm both on the local and regional markets and focus is on sustained diversification of the market.

By Order of the Board

S N Kodzanai  
Company Secretary  
15 August 2024