

Hippo Valley Estates Limited

TRADING UPDATE FOR THE THIRD QUARTER ENDED 31 DECEMBER 2025

Operating Environment Overview

Third quarter performance was underpinned by a period of relative macroeconomic stability, reflected in steady exchange rates and contained inflation. The global environment remained volatile, with slowing international trade, ongoing policy uncertainty and heightened geopolitical tensions. The use of both the Zimbabwean Dollar (ZWG) and the United States Dollar (USD) currencies continued, with official exchange rates hovering around 25-26 ZWG per 1 USD. The business benefited from normal to above normal rainfall patterns, which are key to support improved yields and sugar cane quality. Our supplying dams hold sufficient irrigation water for both the current season and, based on current forecasts, up to the next two seasons.

Business Performance

Agriculture

	Area under cane (hectares)			Sugar cane yield per hectare (tons)		Cane Supply (tons)				
	Change		2% ↑	3% ↑	3% ↑	1% ↓	4% ↑	5% ↓	8% ↑	0.3% ↑
	Dec 25	Dec 24	10 533	12 369	22 902	94.79	69.44	969 186	801 864	1 771 050
			Company	Private Farmers	Total	Company	Private Farmers	Company	Private Farmers	Total
			10 342	11 977	22 319	95.40	66.70	1 020 986	744 815	1 765 801



Cane supply from the Company's plantations dropped by 5%, mainly attributable to a 4% reduction in area available for harvesting and a 1% decrease in yield per hectare. Prior year cane supply benefited from harvesting plant cane (cane planted for the first time generates higher yields per hectare than ratooned cane) originally earmarked for seed.

Deliveries from private farmers increased by 8%, supported by a 4% improvement in yield and the continued expansion of the area under cane.



Manufacturing



	Sugar production (tons)		Cane to Sugar ratio		
	Change		1% ↑	1% ↑	0.6% ↑
	Dec 25	Dec 24	221 017	443 501	8.01
			Company	Industry	8.06
			219 112	439 542	

Our manufacturing business achieved a 1% increase in sugar production (1 905 tonnes above the prior year), reflecting modest growth in cane supply and improved milling efficiencies. The cane to sugar ratio improved to 8.01, a 0.6% enhancement year on year.



Sales and Marketing Performance

Industry Sugar Sales (tons)				
	Local	Export	Total	Company's share
Dec-25	306 402	48 945	355 347	49.75%
Dec-24	279 112	32 003	311 115	50.14%
Change	10% ↑	53% ↑	14% ↑	



Local Market

- 10% increase in local sales added 27 290 tonnes year on year.
- Demand remained strong, supported by steady disposable incomes and the competitiveness of the Hulett's Sunsweet brand.
- Raw sugar volumes softened marginally as certain industrial customers adopted sweeteners following the introduction of the sugar tax.

Export Market

- The business had good production performances in the last two seasons, resulting in excess sugar above domestic market demand. In light of this, more sugar was being availed to the export market.
- Export sales grew by 53%, with increased volumes supplied into Burundi, Rwanda, Botswana, and the USA. A 36 000-tonne industry shipment to the European market departed shortly after the quarter end.

Safety, Health and Environment (SHE)

One Lost Time Injury (LTI) was recorded in the third quarter (2024:0), resulting in a Lost Time Injury Frequency Rate (LTIFR) of 0.029 (2024:0.025). No significant environmental incidents were recorded during the reporting period (2024:0).

Governance and Principal Risks

The Board continued to monitor key risks, including cane procurement costs, labour cost inflation, supply chain constraints, and the ongoing Division of Proceeds (DoP) litigation. Management is progressing mitigation through cost efficiency measures, operational optimisation, and active stakeholder engagement.

The DoP hearing scheduled for 12 November 2025 was postponed to 9 December 2025, where judgment was reserved. Further updates will follow.

Financial Results

Revenue for the nine-month period increased by 10% to US\$174 million (2024: US\$157 million), supported by a 14% uplift in total sales volumes. However, higher exposure to COMESA markets, where 22 016 tonnes were sold versus 3 001 tonnes last year at 7% lower pricing, moderated the impact of the volume growth.

The growth in revenues remains underpinned by positive production performances, good product quality and excellence in our sales and marketing efforts which guaranteed product availability.

Cost pressures persisted in manpower, private farmer cane purchases, and imported spares, all predominantly USD settled and continuing to constrain margins. Resultantly, adjusted EBITDA was eroded and only registered a 4% increment from prior year. In the same vein, the business is experiencing free cashflow pressures compounded by the timing in sales.

Efforts are progressing through project 'Zambuko' to enhance revenues and maximise operational efficiencies and cost optimisation opportunities.

The Company remains cautiously optimistic that monetary stability will continue, supported by fiscal discipline and policy consistency.

Operational focus has now shifted to the annual off crop maintenance programme ahead of the 2026 crushing season commencing late April.

We expect current production and stocks to be sufficient to meet both domestic and export requirements ahead of the next season. The Company continues to discourage the importation of unfortified and non-compliant sugar.

The Company is pleased with good rains received to date after severe droughts in the recent prior seasons and our supplying dams have adequate irrigation water. Favourable rainfall to date, together with strong dam levels, underpin a positive agricultural outlook.

The business will continue to walk the talk on Safety, Environment, Sustainability and Governance practices to strengthen our responsibilities in fostering sustainable business performances.

By Order of the Board

CF Dube
Chairman

RT Masawi
Chief Executive Officer

13 February 2026



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