



TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 DECEMBER 2024

The Company is pleased to present its trading update for the first quarter of the 2025 Financial Year, that ended 31 December 2024.

TRADING ENVIRONMENT

The operating environment during the period was characterized by relatively stable exchange rates and low inflation, following a 43% official devaluation of the Zimbabwe Gold (ZWG) currency during the last week of September 2024. The stability also witnessed a narrowing of the gap between the official and unofficial exchange rates over the period though pricing disparities between the formal and informal sectors remained prevalent. Despite relative stability, liquidity constraints were prevalent, impacting retailers' ability to achieve acceptable stocking levels and constrained consumer spending.

The period also witnessed a mixed start to the 2024/2025 summer cropping season, with delayed rainfall at the beginning of the season and dry spells in December 2024, though a general improvement from the drought of prior year. Nevertheless, following the resumption of good rainfall patterns, weather experts still predict average to above-average rainfall from January to March 2025.

OVERVIEW OF BUSINESS PERFORMANCE

Farm & City Centre (FCC)

During the period sales volumes for FCC increased by 31% against comparative prior year quarter. This was on the back of periods of good rainfall, which improved demand for agricultural inputs during the period. However, margins on key product lines were tight following recurring pricing distortions in the formal retail space. Management remains focused on its product diversification strategies in the face of shifting market dynamics.

Agrifoods

Agrifoods' sales volumes increased by 23% against same period prior year following improved demand for the products. However, margins were impacted by the increase in the prices of major raw materials as a result of supply shortages throughout 2024 following the 2023-2024 El Nino-induced drought. Notwithstanding, Management remains focused on growing business volumes and the entity's market share on the back of sharper procurement strategies.

Victoria Foods

During the quarter, Victoria Foods' sales and production volumes dropped by 61% against same period prior year, heavily constrained by prolonged power outages and as a result of grain shortages resulting from the El-Nino induced drought. Management is hopeful that the power supply will regularize in the coming period and beyond. Management also remains focused on sharpening its procurement strategies to remain competitive in a highly challenging operating environment.

Glenara Estates

Glenara Estates yields were 8% higher than prior year, attributable to improved agronomic practices. However, average selling prices achieved for the crop were 10% lower due to higher supply of the crop on the market, resulting from an increase in the number of farmers migrating from summer crops to potato farming following the 2023/2024 El-Nino drought. The Estate's cattle breeding and pen fattening activities also continued during the period with reasonable success.

FINANCIAL PERFORMANCE

Overall, the Group's revenue for the quarter improved by 18% to ZWG724.62 million from ZWG 613.70 million achieved in the comparative prior year period.

OUTLOOK

Overall, the Group anticipates the FY2025 economic outturn to remain challenging, and ongoing cost containment measures will continue to be implemented.

P. Hare
COMPANY SECRETARY
BY ORDER OF THE BOARD
12 February 2025

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