TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 JANUARY 2025

Operating environment

The difficult operating environment persisted. The 2024/25 summer cropping season, which was forecast to have normal to above normal rainfall, had a dry first half. Farmers were naturally cautious given the previous year's El Nino induced drought which had been the worst on record in 42 years. Weather conditions, however, improved significantly towards the end of Q1. The Reserve Bank's Monetary Policy Statement on 6 February 2025 increased the export proceeds retention threshold from 25% to 30% and announced the ZWG as the reporting currency for financial statements from the year 2024.

The 2025 tobacco selling season commenced on 5 March, compared with 13 March in the previous year. The national tobacco crop is projected to be between 15% and 20% higher than the 231 million kilograms achieved in 2024. As of 14 March, 11 million kgs had been sold compared to 15 million for the same number of selling days in the 2023/24 season.

Business performance

Group revenue for Q1 was 9% below the comparative period in prior year. The delayed onset of the summer rains adversely affected the Group's agriculture-based operations. Group profit was, however, significantly ahead of the previous year as a result of cost containment measures implemented towards the end of the 2024 financial year.

Agriculture Operations

In preparation for the start of the tobacco selling season in Q2, Tobacco Sales Floor maintained its decentralized floors in Karoi, Mvurwi and Marondera in addition to its Harare Floor and increased the level of automation to meet the targeted volume throughput. Tobacco volumes are expected to surpass prior year.

Propak's Q1 volumes were in line with budget and adequate hessian and paper stocks are available to meet market requirements for an increased tobacco crop.

Agricura's Q1 revenue was 8% below prior year. Crop chemical volumes were negatively affected by the slow uptake by farmers owing to the delayed start to the 2024/25 rainy season.

The improved rainfall patterns in January and February 2025 are expected to positively impact Agricura's Q2 performance. Revenue from animal remedies, on the other hand, was more than treble the same period in the previous year as a result of the commissioning of the new animal health plant in November 2024.

Logistics Operations

Tobacco handling volumes in Q1 were 34% below prior period and forklifts hire hours were 11% below prior year as most tobacco merchants closed operations earlier due to the reduced 2024 tobacco crop.

General cargo storage volumes were 66% ahead of prior year as a result of the delay in the onset of the summer rains, resulting in agricultural inputs being kept for longer than anticipated. The handling volumes were resultantly depressed as most of the fertilizer received will be distributed to customers in Q2.

FMCG handling and distribution volumes closed the quarter ahead of prior year due to increased business from existing customers.

Volumes in the ports business were depressed due to unrest in Mozambique, affecting the Maputo and Beira ports. Full container lifts were 66% below prior year and empty container lifts were 10% below prior year. This is largely a timing difference that is expected to reverse in Q2 and Q3. Volumes in the bonded warehouse facility have also increased following renewal of the license in Q4 2024.

Real estate operations

Occupancies increased by 7% in the quarter and returns remain satisfactory.

Discontinued Operations

As part of the Group's evaluation of its investments, the Board decided to exit two non-core businesses, to create capacity to pursue more strategic operations.

The farming operations were wound up on 31 October 2024 and the Group will be winding down its car rental business on 31 March 2025.

Outlook

The Group's acquisition of a 51.43% stake in Nampak Zimbabwe is on track for completion in Q3 2025. The Board is currently engaged in obtaining the requisite approvals for the acquisition.

Notwithstanding the challenging operating environment, the Group will continue to pursue key strategic initiatives that are expected to enhance shareholder value.

By Order of the Board

Fadzayi Pedzisayi
Company Secretary
18 March 2025