



TRADING UPDATE

FOR THE FIRST QUARTER ENDED 31 DECEMBER 2022

TRADING ENVIRONMENT OVERVIEW

The operating environment was characterised by currency volatility, erratic power supplies, reduced agricultural output, the adverse impact of the pass-through effect of rising global inflation and continued geo-political and COVID-related supply disruptions. This coupled with high inflation (243.8% as at December 2022) resulted in a continuation of subdued economic performance. Resultantly, the Country's economic growth was downgraded from earlier projections of 5.5% to 4.6% in 2022. The volatile exchange rate also saw a 10% depreciation of the local currency to 684.33 against the United States Dollar which put further pressure on costs.

Positive trends included rainfall for the quarter at levels of an average 49% above prior year.

The Company continues to strengthen its climate resilience through reservoir construction and building efficient irrigation systems for improved productivity. In addition to this, business interruption caused by ongoing power outages has been significantly reduced by the solar plants at three of our five estates.

FINANCIAL PERFORMANCE

Company revenue for the quarter grew by 48% over prior year comparative period in inflation adjusted terms. Performance remained satisfactory in spite of inflation induced increase in operating costs.

Despite the late onset of the rainy season, bulk tea production volumes were in line with comparable prior year period. Bulk tea export volumes however, were 33% below prior year as 52% of the total volume was produced in the month of December and would be exported in subsequent months.

Packed tea sales volumes grew by 13% for the quarter with export volumes into the region growing by 37% over prior year.

In the quarter under review, 325 tonnes of macadamia nuts were exported as nut in shell.

OUTLOOK

The operating environment is expected to remain difficult on the backdrop of the envisaged macro-economic instability due to inflationary pressures, currency instability, fast rising operational costs and external exogenous shocks such as imported global inflation.

The Company is focused on exploring value addition options and cost management to mitigate against reduced profit margins and is optimistic about its prospects during the financial year as all crops are looking good and there is a firm demand for its products.

By Order of the Board

S. N. Kodzanai
Company Secretary
10 February 2023