



TRADING UPDATE

FOR THE THREE MONTHS ENDED 31 MARCH 2022

BUSINESS ENVIRONMENT

The trading environment for the three months ended 31 March 2022 was characterised by significant increase in inflation and exchange rate volatility. Additionally, the cigarette excise ad valorem regime was changed from 20% to 25% with effect from 1 January 2022. The challenging economic environment resulted in a decline in consumer spending.

In response to the aforementioned challenges, the Company continues to review its business model to ensure long-term sustainability of the business and value creation for its shareholders.

BUSINESS PERFORMANCE

For the three months ended 31 March 2022, the Company delivered overall volume growth versus same period last year mainly attributable to increased export of cut rag tobacco and leaf.

The Company's volumes from sale of cigarettes were relatively flat as compared to the same period last year on the backdrop of shrinkage of consumer disposable income. The value-for-money brands, Lucky Strike and Madison, contributed 52% and 38% of the volume performance respectively.

Export volumes of leaf and cut rag tobacco were up by 163% in the three months period under review compared to prior year due to increased demand of leaf from our export markets.

Volume growth coupled with the pricing review done during the period, resulted in the Company recording a growth in net turnover of 147% in historical terms, compared to the same period prior year.

OUTLOOK

The Company remains hopeful that fiscal and monetary policy reforms will be employed to eliminate the market challenges currently impacting the economic environment. The Company continues to be proactive in its response to the economic challenges and is confident that our business strategies will deliver value growth for our shareholders.

We continue to monitor the conflict in Ukraine and the potential impact on the Zimbabwean business. In the short term, the business anticipates an increase in the cost of production.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Lovemore T. Manatsa', with a large, stylized flourish at the end.

Lovemore T. Manatsa
Chairman
27 April 2022