



ANNOUNCEMENT AND CAUTIONARY STATEMENT TO SHAREHOLDERS

BACKGROUND INFORMATION

Cottco Holdings Limited ("Cottco" or "the Company") applied for the voluntary suspension of trading in its shares from the Zimbabwe Stock Exchange ("ZSE") in November 2014 following the Company's application for provisional judicial management on 5th November 2014. The application for provisional judicial management was necessitated by the Company's failure to settle debts amounting to circa US\$56 million following its failure to recover the costs of inputs supplied to contracted cotton farmers due to massive side marketing.

Following the Company's aforesaid application for provisional judicial management, the Government of Zimbabwe ("GoZ") intervened through the introduction of the Presidential Inputs Scheme ("PIS") in 2015 in consideration of the withdrawal of the application for provisional judicial management by the Company. In 2016, the GoZ facilitated the restructuring of Cottco's debt through the Zimbabwe Asset Management Company ("ZAMCO"). In support of the PIS and in order to buttress viability, the GoZ introduced a cotton subsidy scheme in terms of which ZWL\$1.5 billion and ZWL\$2.5 billion were committed in 2020 and 2021 respectively.

ACQUISITION OF CONTROLLING STAKE

In view of the foregoing and in recognition of the GoZ's socio-economic objectives in the cotton industry which have been key to the Company's sustainability over the years, Shareholders are advised that the GoZ is in discussion with specific shareholders as well as the Zimbabwe Stock Exchange to explore the possibility of the GoZ's acquisition of a controlling stake in the Company. The Company shall provide more information in due course once the aforesaid discussions have been concluded.

By Order of the Board

J. Dube
Acting Company Secretary

11 July 2022

Directors: Mr S. Jabangwe (Chairperson), Mr P. Manamike (Managing Director)*, Dr O. Muvingi, Dr M. T. Mushunje, Ms M. Marongwe, Mrs M. Magwenzi, Ms C. Tapera. (*Executive Director)