



ARISTON

HOLDINGS LIMITED

(A public company incorporated in the Republic of Zimbabwe under company registration number 254B 104/1947)

Trading update for the 3rd quarter ended 30 June 2022



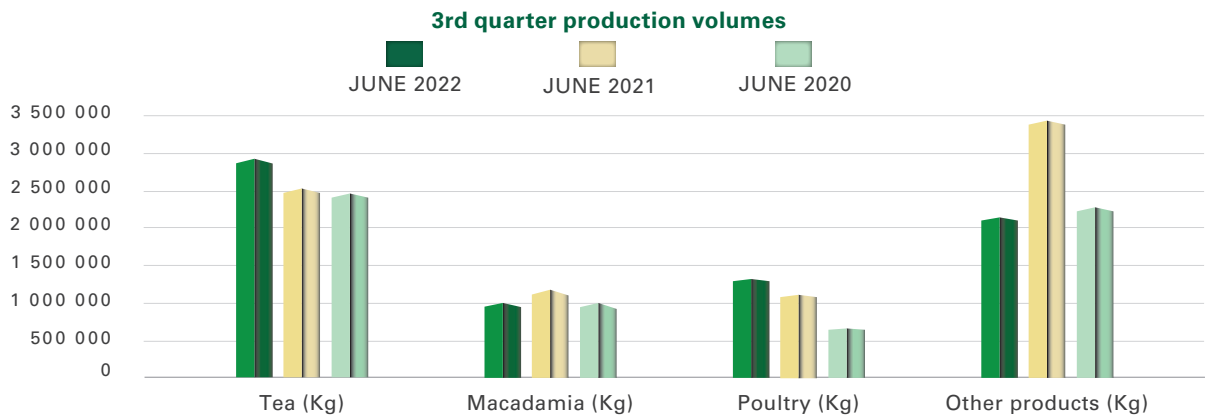
ENVIRONMENT

The trading environment for the quarter remained challenging. Depreciation of the Zimbabwe dollar on the Interbank market, the official Auction market and the parallel market continued at an accelerated pace. Inflationary pressure continued to mount, and closed the quarter at a year-on-year inflation of 191.6%, up from 131.7% in May 2022.

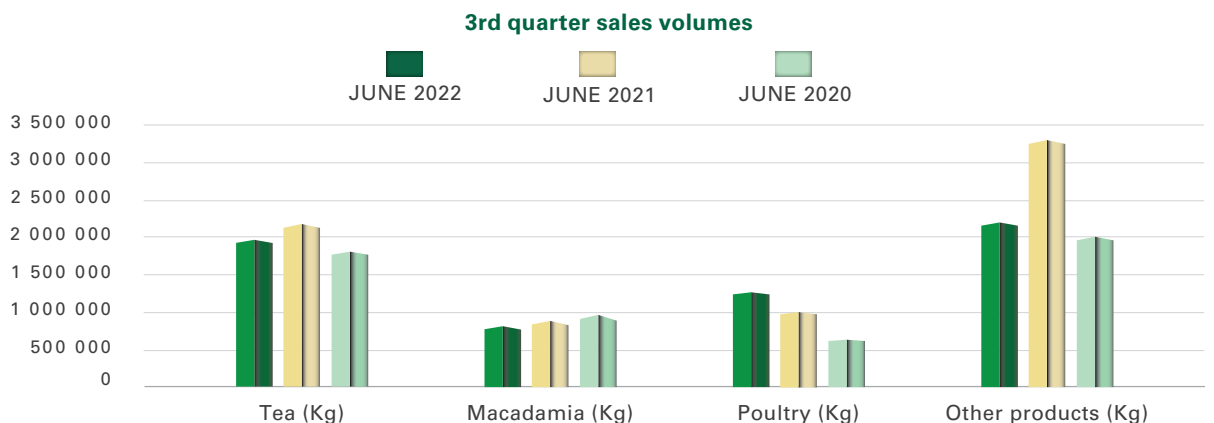
Power-cuts increased substantially during the period.

BUSINESS PERFORMANCE

Volume performance



- Tea production was 14% ahead of prior comparative period due to improvements in harvesting labour availability.
- Macadamia nuts suffered a 14% production volumes decline. Nut count was in line with prior year but there was a larger proportion of smaller nuts which resulted in a reduction in tonnage. Quality of macadamia was maintained.
- Poultry is produced on an out-grower model for the largest poultry producer in Zimbabwe. The production volume increased by 11% as a result of more placements in current period.
- Other products consist of potatoes, commercial maize, soya beans, sugar beans and bananas. The decline in production volume on the graph above is arising from the effects of commercial maize, sugar beans and sunflower which are currently being harvested. These products will be included in the fourth quarter production statistics. The late harvesting is due to the late start to the current year summer rains which resulted in delayed planting.



- Export tea sales volumes decreased by 15% and selling prices improved by an average of 6% compared to the prior comparative period. Local tea volumes declined by 9% whilst average selling prices increased by 14% in real terms.
- Macadamia export volumes declined by 2% compared to the prior comparative period. The total lockdown in China resulted in a global slowdown of macadamia sales as China is the largest consumer of macadamia in the world.
- Poultry sales were in line with production volumes.
- Sales of other products were higher than production due to the sale of seed maize and seed sugar beans which were going through quality processes at year end of 2021.

FINANCIAL PERFORMANCE

Historical revenue for the 9 months ended 30 June 2022 improved by 69% from the prior comparative period. Inflation adjusted revenue declined by 19% when compared with the prior year comparative period.

IMPACT OF COVID-19 PANDEMIC AND THE RUSSIA-UKRAINE WAR ON THE GROUP

The war between Russia and Ukraine as well as the COVID-19 pandemic have continued to have a negative impact on the Group's operations. Input costs, primarily fertiliser, have continued to soar, at the same time the selling prices of agricultural products have not increased at the same level as input costs, thus putting pressure on margins. Disruptions caused by COVID-19 shutdowns globally continue to have an effect on the business. Despite this, the Group is still resilient as cost containment remains an area of key focus.

OUTLOOK

The Group expects that the operating environment will continue to be challenging for the last quarter of the year. In the final quarter, factories go into shutdown for repairs and maintenance while lands and orchards are prepared for the next agricultural season. Sales of tea, macadamia, poultry and the other products' category continue as the Group has a large holding of stock.

The Group continues to hope that progressive and consistent policies will be employed to eliminate the current market disparities affecting businesses.

By Order of the Board


R.A. Chinamo
Company Secretary

21 July 2022