



The Company issues the following business update for the third quarter ended 31 December 2025.

OVERVIEW OF OPERATING ENVIRONMENT

The trading environment during the third quarter to 31 December 2025 was largely conducive as reflected by a stable ZIG exchange rate and low inflation. Consumer spending was firm, buoyed by firm mineral prices, increased mining activity, and improved agricultural performance. Diaspora remittances also increased, benefiting from stronger cross exchange rates in key source markets such as South Africa (Rand) and the United Kingdom (Pound Sterling). While the prevailing currency dynamics provided some protection against informal imports, they also exerted cost pressures on imported materials and capital projects.

The stability of trading currencies enabled the business to fully reinstate customary festive season trade, consumer promotions, and marketing activities, leveraging the prevailing stable pricing. Market conditions also facilitated the staging of musical, sporting, and cultural events that typically stimulate beverage consumption. During the quarter, our leading brands activated successful events including Castle Lager Braai Day, Chibuku Road to Fame Finals, the Chibuku Super Cup, and the Coca Cola Food Fest, among others.

Growth in the informal sector persisted, reflecting continued operational pressures in formal retail and FMCG channels, as well as route to market disruptions arising from new tax and liquor licensing regulations. Encouragingly, the ongoing clampdown on illicit trade and smuggling contributed to increased uptake of some of the Group's product categories.

Retail transactions remained predominantly in foreign currency cash as players sought to minimise high transaction costs associated with electronic payment platforms.

South Africa reflects modest but meaningful growth, with discernible spending on fast moving consumer goods, value goods and online channels supported by lower fuel prices and interest rate cuts. The Rand has stabilised below 17 to the US Dollar driven by the firmer gold prices, and softer US Dollar. However, structural constraints such as high unemployment, fiscal pressures, broader global economic factors and geopolitical dynamics continue to weigh on consumer sentiment.

The Zambian economy benefited from subdued inflation, a strengthening exchange rate, rising mining activity supported by higher copper prices, improved agricultural performance, and increased electricity generation, all of which supported household spending. Nevertheless, overall consumer spending remained constrained due to uneven income distribution.

TRADING PERFORMANCE

Lager Beer

Lager beer volume grew by 16% for the quarter and 19% for the nine months compared to the prior year. Demand remained strong, supported by increased consumer incomes and stable pricing, with the business exceeding historical sales levels. We are investing behind demand to afford customers their preferred choice of the brands.

Our brands maintained strong market presence through continued sponsorship of sports, music, and arts initiatives, including the Castle Lager Premier Soccer League, Carling Black Label DJ Clashes, and the 10th anniversary Castle Lager Braai Day celebrated in October 2025.

Sorghum Beer

The sorghum beer volume for Zimbabwe, grew by 21% for the quarter and 18% for the nine months compared to prior year. This growth, including the record breaking daily sales rates achieved during the quarter, occurred despite the competitiveness in this category.

Trading Update

FOR THE THIRD QUARTER
ENDED 31 DECEMBER 2025

The Chibuku brand sustained its flagship consumer engagement initiatives and sponsorships in sports and arts. Notable events included the fully subscribed Chibuku Road to Fame National Finals held at Gwanzura Stadium in October 2025, and the Neshamwari Traditional Dance Festival 2025 finals in Mutare, supported by award winning radio jingles and video commercials. The Chibuku brand continues to be recognised for its quality and strong cultural credentials.

The product range has also been expanded with the recent launch of Leopard Extra, an aspirational, mass appeal brand introduced as part of efforts to harmonise the Group's offerings across regional markets.

United National Breweries (South Africa) registered a volume growth of 10% for the quarter under review and 4% for the nine months, compared to prior year, reflecting the promising market penetration of the Chibuku Super offerings into the formal trade channels. Our operations experienced some disruptions during the year arising from labour unions and pressure groups over some contentious shopfloor and national issues which have since subsided. There is an ongoing program to re-establish our production footprint of Traditional African Beer (TAB), with the scheduled resuscitation of the KwaZulu Natal brewery in the fourth quarter. This initiative is expected to extend our market coverage and reduce logistical costs.

The Zambia business remains under pressure due to ongoing production and market access challenges, including inconsistent power supply. Volumes are 32% down for the year to date compared to prior year, although a gradual improvement in absolute volumes has been recorded with each passing quarter. The anticipated stabilisation in grid power availability, together with improved reliability of diesel generators, is expected to support the recovery trajectory. This improvement should be complemented by better operating margins driven by lower cereals costs and reduced import costs.

Sparkling Beverages

The Sparkling Beverages volume grew by 18% for the quarter and 14% for the nine months compared to prior year, reflecting market share gains supported by strong brand equity. The category performance was underpinned by moderated pricing, which was achieved through the business absorbing a significant portion of the sugar tax. Volumes were also boosted by the highly popular Share A Coke promotion during the period. Price adjustments may be required in response to the ongoing sugar tax burden and the increase in the VAT rate.

The soft drinks sector, however, continued to lose volume to cheaper imports and other emerging alternative product offerings. The business continues to promote its expanded portfolio of low and zero sugar offerings, while availing packs at more accessible price points. The Group remains hopeful that the sugar tax regime will be reviewed to ensure a more equitable balance between producer value share and fiscal contribution.

The Maheu category delivered exceptional growth, with volumes up 99% for the quarter and 172% for the nine months compared to the prior year, driven by the successful relaunch of the Shumba Maheu brand in November 2024. The refreshed brand now features an expanded flavour range and more accessible pricing. The focus remains on expanding production capacity and strengthening packaging material supplies to enable full rollout of the flavour range.

Wines and Spirits

African Distillers (Afdis) delivered a robust performance as volume grew by 64% for the quarter and 51% for the nine months compared to the same period in the prior year. The outturn was driven by strong consumer demand during the festive season. The Ready to Drink (RTD) segment recorded an exceptional growth of 92%, supported by firm demand for cider packs. The Wine category grew by 49%, driven by the affordable range, while the Spirits category grew by 30%, anchored by brown spirits.



The business continues to leverage brand equity and targeted portfolio expansion to sustain momentum across these categories.

Schweppes Holdings Africa

Schweppes recorded a volume growth of 31% for the quarter and 16% for the nine months compared to the prior year. The performance was supported by price moderation on the cordials range and improved product supply of Minute Maid Juice Drinks and water following the restoration of the packaging lines. The business continues to face pressure from imported variants originating from markets benefiting from preferential duty protocols under agreements such as COMESA, which are affecting competitiveness in certain categories.

The entity has been consolidated as a subsidiary effective 1st of April 2025.

Nampak Zimbabwe Limited

At Nampak Zimbabwe, overall volumes are trending below prior year mainly due to the frequent production stoppages arising from power cuts and increased competition in some key segments. Tobacco packaging volumes remained stable and are expected to benefit from the record leaf output in the 2025 season. The entity has advised that anticipated sale of the Nampak International shareholding to TSL Limited has fallen through. The focus is now on business recovery supported by strategic capex to restore competitiveness and improve efficiency.

FINANCIAL PERFORMANCE

Group revenue grew by 37% for the quarter and 31% year to date, compared to prior year. The growth reflects the volume growth across the Zimbabwe business units and the inclusion of Schweppes as a subsidiary. The proportion of domestic sales undertaken in foreign currency was above 85% for the quarter under review and the year to date.

US dollar weakness presents both opportunities and risks, reflected in higher import costs from Rand and Euro-denominated markets, firmer commodity prices impacting certain packaging materials, and improved foreign-currency inflows supported by stronger mineral prices.

An equivalent of US\$20.3 million was paid in sugar tax by Delta Beverages and Schweppes Zimbabwe during the year to date, compared to US\$25.7 million in the prior period. The reduction relative to the prior year partly benefited the Schweppes business following the review of the sugar tax on cordials in January 2025. Notwithstanding this improvement, the sugar tax burden remains disproportionately high relative to earnings performance.

OUTLOOK

The Group is experiencing growth in volumes and revenues across its Zimbabwe operations, supported by currency stability, declining inflation, and improved availability of key raw materials. The positive economic outlook presents an opportunity for Group entities to invest ahead of demand. Notwithstanding this, geopolitical developments may place upward pressure on certain input and logistics costs and could disrupt the current momentum. In response, the Group has initiated key capacity expansion projects to support the elevated sales rates achieved during the year. While commissioning lead times remain extended, the business remains focused on capitalising on improved consumer spending and supporting initiatives that stimulate aggregate demand.

In Zambia, the operating environment remains challenging, with performance influenced by utilities-related constraints and execution factors. Encouragingly, improvements are emerging in these areas, which are expected to support a gradual recovery over the medium term.

In South Africa, operating conditions are showing signs of improvement, supported by ongoing operational streamlining, enhanced route-to-market execution, and a more stable trading environment. These actions are expected to support improved performance over the medium term.

UPDATE ON TAX MATTERS

The Zimbabwe Revenue Authority (ZIMRA) has assessed additional foreign currency denominated income tax, value added tax, interest and penalties for the periods 2019 to 2022 of US\$73 million which they consider were payable exclusively in foreign currency. These issues primarily stem from ZIMRA's apportionment of assessed tax liabilities to the currency of payment. The courts have upheld the validity of these assessments, affirming that tax payments cannot be set off across different currencies. Therefore, our focus is on reconciling the methodology and computational basis used to determine the foreign currency-denominated portions, including the allocation mechanics and disputes relating to certain disallowed deductions. The matters are still pending in the fiscal courts. We are currently engaging with ZIMRA to reconcile computations and determine the appropriate way forward. Additionally, related matters for subsequent periods and other tax heads are still under review to determine the full potential liability.

The Group had paid US\$14.6 million as of 31 December 2025 in line with the "pay now, argue later" principle and existing payment plans. We expect that any revisions to the payment plan will be rational and guided by the national interest, recognising that the principal amounts were settled at the relevant times based on management's best reasonable interpretation of the legislation at the time. It is also noted that the Group holds US Dollar-denominated government treasury bills which we hope will be accepted in settlement of any portion of the liability that may become finally payable to give relief to the company.

The company remains an exemplary taxpayer, always meeting its tax obligations in full and timely across the various tax heads.

The company continues to engage with ZIMRA and the fiscal authorities in pursuit of an amicable resolution to the matters, while appealing key legal and factual aspects of the assessments with guidance from tax experts and legal counsel. These assessments have a material impact on the Group's operations, if upheld in their current form. Ambiguities in the tax legislation remain pervasive, increasing the risk of further interpretation disputes under the existing tax framework.

At this stage, the Board cannot estimate the likely outcome or timing of the resolution of these matters. The current accounting treatment and disclosures of the assessments and the amounts paid so far are considered to be appropriate.

ADVANCING OUR SUSTAINABILITY PRIORITIES

We believe that our sustainability agenda is not a compliance initiative but an inherent fact of doing business. The Group remains focused on increasing our activities in the areas of responsible alcohol consumption, reduction in waste and pollution, community involvement and optimising resource utilisation. There are rising concerns about the abuse of drugs and substances including alcohol. Our commitment to meeting tax obligations also demonstrates our support for Government's broader social development objectives. It is therefore imperative for us to amplify responsible consumption campaigns on underage drinking under the Pledge 18 campaign and the Designated Driver. Our Make A Difference-Recycle executions are ongoing whilst maintaining the brand activations supporting sports and culture.

By order of the Board

Ms F Musinga
Company Secretary
4 February 2026