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➤ Commercial Farmers

Commercial Contract Crops – FCV Irrigated - Field and Farm Activities

- Commercial sales are drawing to a close as we move swiftly towards the end of the sales phase. Farmers are wrapping up their final grading, with end of season clean-up sales, this being done juxtaposed to the new growing season, which started as of the 1st of June 2025.
- Commercial quality to date has been fair to an exceptionally high standard, with most farmers achieving positive results.
- Commercial purchases for this season are 98% complete, with clean up (mop-up) sales expected to be finalized in mid-September, as we near our anticipated target volume of twenty-one point two million kilograms. Final closeout sales are expected to be finalized in early September.
- Farmers principal focus at this stage of the season is primarily geared towards the establishment of the new 2026 crop, land preparation work and the formation of nurseries, sowing seedbeds, resetting, and seedling health care, which is paramount at this vital developmental stage, in relation to the solid establishment of the new growing season that is currently evolving.
- Seedlings planted in June for the early irrigated crop have germinated well throughout the country, due to a mild winter, developing into healthy strong seedlings, with good plant population and low mortality rates, with well-developed root systems.
- An earlier than expected end to the winter with warm spells and less wind have seen seedling flourish.
- Transplanting for the early (irrigated crop) is currently taking place from the 1st of September on commercial farms throughout the country.
- Dryland seedbed sites and nurseries have been established for the early “dryland crop,” which is expected to be planted in the latter part of October.
- Farmers receive substantial support and thorough hands-on training, relating to Good Agricultural Practices according to the principle agricultural practices set out in the tobacco information folder, a very comprehensive farmers A to Z Tobacco bible. Farmers work hand in hand with experienced extension staff and agronomy personnel, who use an evolving web-based program application on their mobile phones, to capture farmer data and monitor GAP and other important sustainability programs, to produce desirable tobacco quality at economically viable prices.
- Approved CPA list for the season has been shared with registered growers.
- Reports and feedback from our agronomy and field technicians, regarding Seedbed germination, resetting, transplanting and the overall health of the Seedlings are very encouraging for the start of the new growing season.
- A good number of Commercial farms have substantial water reserves for seedbeds, and an adequate supply for planting and maintaining the early irrigated crop. Current indications and targets for the early irrigated crop remain favourable.

Commercial early Irrigated Crop Central Region CY26



Small-scale Project Crops - Dryland

- Small-scale sales floors are closed for the season.
- A fair percentage of Small-scale growers have had a very good and productive season, with most growers achieving quality and financial targets, thus debt recovery will meet expectation and facilitate the start of the new growing season.
- Grower registration and contracting for CY26 is being finalized. Seedbed pack distribution for contracted growers has commenced with sowing of seedbeds on track for early August.

➤ 2025 Sales Markets, Commercial, Small scale, and Factory Operations.

- TAZ main sales floor situated in Lusaka will close for tobacco sales in early September.
- Small-scale sales floors have wrapped up sales.
- Factory operations are in full swing, with twenty-four-hour shifts. Processing and stripping operation are expected to continue through January 2026.

➤ Zambian Tobacco Leaf Crop Cycle

PROVINCE	Topped %	Reaped %	Purchased total % Commercial & Small-scale
Northern Region	100 %	100 %	99 %
Western Region	100 %	100 %	99 %
Central Region	100 %	100 %	99 %
Eastern Region	100 %	100 %	99 %
Southern Region	100 %	100 %	99 %

➤ Tobacco Varieties and Proportion CY25

- 30% = Seed varieties KRK66, KRK26, KRK29—from Zimbabwe Tobacco Seed Association and Kutsaga.
- 70% = Seed varieties CC35, CC13, K326—from Cross Creek Seed Suppliers in United States of America.

➤ Crop Forecast - CY25

- Zambia's National crop size for this year is anticipated to be between 50 & 55 million kilograms.
- Zambian Burley volume estimated availability this season 700 tons green.

➤ Tobacco Buying / Purchases to date

- National "Sold" FCV Volume to date: 57,830,522.15 million kilograms (National Tobacco Sales Statistics as of 1st of August 2025)

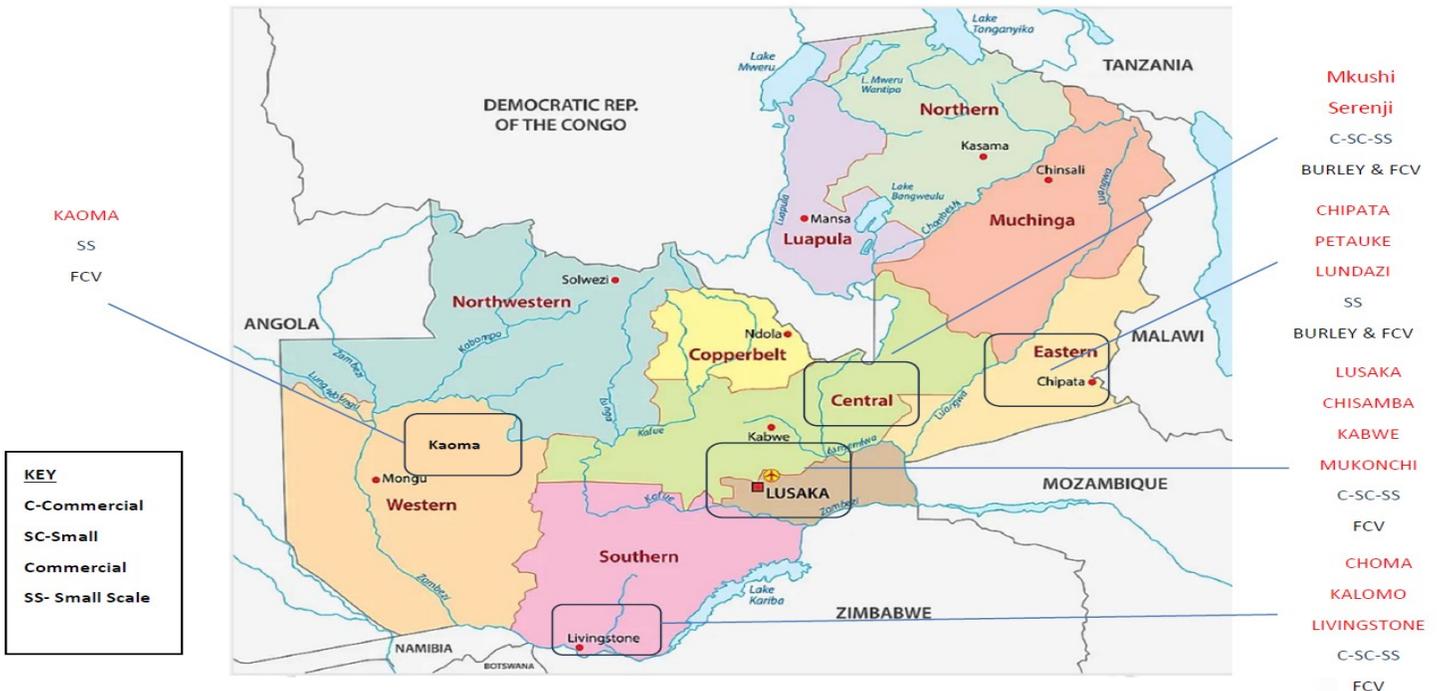
➤ Weather Conditions - August 2025

- Temperatures generally ranged from lows around 5 degrees Celsius to 11 degrees Celsius to daytime highs between 20 degrees Celsius and 28 degrees Celsius across the month.
- Rainfall: Almost zero – ranging from 0 – 2mm for the entire month. Rainy days: Sparse, typically 0 – 2 days at most.
- Humidity: Moderate, around 58-62% relative humidity.
- Sunshine & Daylight: Sunshine hours: roughly 8-10 hours per day.

➤ Crop Development 2025

Crop Status	Seedbeds	Transplanting	Topping	Harvesting	Curing	Buying	Processing
January							
February							
March							
April						Start 22-April 2025	
May							Start 17- May 2025
June	Start 1 June 2024						
July							
August							
September		Start 1 Sep 2024					
October							
November			Start 1 Nov 2024				
December				Start 1 Dec 2024	Start 1 Dec 2024		

➤ Zambian FCV & Burley tobacco growing map, Commercial and Small Scale.



➤ Economic Update

Economic Overview

Growth & Output

- **GDP Expansion:** Zambia's economy grew by 4.5% in Q1 2025, a notable improvement from 2.2% in the same quarter of 2024, driven chiefly by surging performance in agriculture (+74.4%), mining (+16.5%), ICT, and accommodation services.
- **Outlook:** The government forecasts around 5.8% GDP growth for 2025, with stronger momentum expected in 2026 (around 6.4%) as mining and agriculture continue to recover.

➤ Economic Update.....Cont.

Fiscal and Monetary Policy

- **Inflation Trends:** January–March 2025: headline inflation hovered near 16.5–16.7%, including food inflation peaking above 19%.
- By **June**, annual inflation eased to 14.1%, with food prices falling to 16.7% and non-food to 10.3%.
- **GDP Central Bank Responses:** The Bank of Zambia held its policy rate steady at 14.5% in May, after earlier hikes. The average inflation forecast for 2025 was revised down to ~13.5–13.8%, aiming to reach the 6–8% target by early 2027.

Exchange Rate & External Stability

- **Kwacha Strengthening:** The Zambian kwacha appreciated significantly—From the 28th of May it is now trading at ~K23–24 per USD by mid-2025—boosted by a weaker dollar, improved tax revenues, agricultural performance, and mining inflows.
- **Foreign Reserves:** Gross International Reserves rose to approximately USD 4.5 billion by March 2025, equivalent to about 4.6 months of import cover—a buffer contributing to macroeconomic stability.

Energy & Infrastructure

- **Solar Investment:** In June 2025, Zambia commissioned a 100 MW Chisamba Solar Power Plant, aimed at reducing hydropower dependence, supplying electricity to mining and households, and supporting energy diversification.
- **Road Upgrades:** The rehabilitation of the M4 road between Ndola and Mufulira is underway, with a 17-km section already completed as of August 2025.
- Currently there is approximately 12 hours of load shedding in urban and rural areas, which has had an impact on tobacco irrigation and curing to date.

External Support & Debt

- **IMF Programme:** Zambia is requesting an extension of its IMF Extended Credit Facility to secure an additional \$145 million, reinforcing fiscal discipline and donor confidence amid ongoing debt challenges.
- **Debt Context:** Still grappling with post-default debt burdens (exceeding 100% of GDP) from the 2020 restructuring, Zambia’s economic recovery remains tied to fiscal reforms and investor confidence.

Environmental & Societal Challenges

- In **February–March 2025**, a tailings dam collapsed at a copper mine, releasing toxic waste into the Kafue River, jeopardizing water supply for communities and agriculture. Cleanup efforts, including river lime neutralization and suspension of mining operations, have been underway.
- The **2024–2025 drought**, Zambia’s worst in decades, had previously triggered severe food and power crises; though some recovery is underway, vulnerabilities remain.

➤ Exchange Rate – As of 1st September 2025

U.S. Dollar	Chinese	Zambian	British	Euro	Zimbabwe
USD 1.00	RMB 7.14	ZK 23.75	GBP 0.74	EUR 0.86	ZIG 26.69

End of Report

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