



TRADING UPDATE FOR THE THREE MONTHS ENDED 31 MARCH 2024

Operating Environment

The operating environment remained unstable as the hyperinflationary environment persisted throughout the quarter. The annual inflation rate went up from 26.5% in December 2023 to close the quarter at 55.3%. The domestic currency depreciated by more than 234% against the United States Dollar (USD) since the beginning of the year. The exchange rate disparities between the official and alternative markets continued to cause price distortions within the economy and there was a growing dominance of the United States Dollar (USD) as the currency of choice.

The Government introduced new measures through the promulgation of the Finance Act 13 which was gazetted on 30 December 2023 and came into effect with effect from 1 January 2024 and this created a lot of uncertainties in the market.

The business environment was also characterised by low liquidity and high costs of borrowing. There was a lot of speculative behaviour in the market which affected consumer decisions in anticipation of the announcement of the new monetary policy.

Performance Review

Sales volumes went up by 21% compared to the same period last year, largely driven by improved sales of concrete tiles. Building product shortages that bedevilled the Group last year, are now a thing of the past, and the Group was well stocked on all fast-moving lines throughout the quarter.

Revenue for the 1st quarter increased by 13% compared to the same quarter last year. This was mainly due to the improved product availability in the current year and the relatively high demand experienced on the concrete products.

Significant strides were made during the quarter towards the setting up of a new sheeting plant in Harare with the civil works having commenced. The new plant is expected to be installed in the latter part of the 2024 financial year with plans to commission it in Quarter 1 2025.

The Board also decided to change the functional currency of the Group to USD in response to the increased usage of this currency in the Group's underlying transactions, events and conditions.

Outlook

The economic performance is expected to remain depressed particularly due to the El-Nino induced drought. However, the new Monetary Policy announced on 5 April 2024, saw the introduction of a new currency, Zimbabwe Gold (ZiG), a reduction in the interest rates and the re-introduction of the Willing Buyer Willing Seller auction which might see an improvement in the trading environment. The numerous construction projects in the country have created opportunities for the Group which the latter will tap into.

Appreciation

I would like to express my profound gratitude to all our stakeholders, Board, management, and staff for your continued support.

By Order of the Board

Grenville Hampshire
Board Chairman
14 May 2024

