



SALIENT FEATURES

	INFLATION ADJUSTED			HISTORICAL*			Inflation Adjusted Movement %
	Unaudited 9 Months to 31 Mar 2022 ZW\$	Unaudited 9 Months to 31 Mar 2021 ZW\$	Audited 12 Months to 30 June 2021 ZW\$	Unaudited 9 Months to 31 Mar 2022 ZW\$	Unaudited 9 Months to 31 Mar 2021 ZW\$	Audited 12 Months to 30 June 2021 ZW\$	
Revenue ZW\$ 000'	1 822 743	1 734 050	1 480 469	1 444 103	882 147	1 236 149	▲ 5%
(Loss)/Profit before tax ZW\$ 000'	(1 296 149)	116 604	(1 195 746)	32 702	51 489	883 717	▼ 1212%
Cash generated from operations ZW\$ 000'	122 122	475 516	315 397	122 122	275 350	293 183	▼ 74%
Volume sold: Poles	8 360	7 165	9 464	8 360	7 165	9 464	▲ 17%
Volume sold: RST	33 748	36 155	49 047	33 748	36 155	49 047	▼ 7%

VOLUME PERFORMANCE AND PROFITABILITY

for Third Quarter Ended March 2022

	INFLATION ADJUSTED				HISTORICAL*			
	Unaudited 9 Months to 31 March 2022	Unaudited 9 Months to 31 March 2021	Unaudited 6 Months to 31 Dec 2021	Unaudited 6 Months to 31 Dec 2020	Unaudited 9 Months to 31 March 2022	Unaudited 9 Months to 31 March 2021	Unaudited 6 Months to 31 Dec 2021	Unaudited 6 Months to 31 Dec 2020
Production Volume (m³)								
Poles-Transmission	7 108	6 195	6 154	4 443	7 108	6 195	6 154	4 443
Lumber	32 847	33 041	23 007	24 076	32 847	33 041	23 007	24 076
Total	39 955	39 236	29 161	28 519	39 955	39 236	29 161	28 519
Sales Volume (m³)								
Poles-Transmission	8 360	7 165	7 509	4 253	8 360	7 165	7 509	4 253
Lumber	33 748	36 155	24 209	26 000	33 748	36 155	24 209	26 000
Total	42 108	43 320	31 718	30 253	42 108	43 320	31 718	30 253
Financial Performance (ZW\$ 000')								
Revenue	1 822 743	1 734 050	1 061 422	1 011 405	1 444 103	882 147	923 434	560 115
Net (loss)/ profit before tax	(1 296 149)	116 604	(935 990)	93 411	32 702	51 489	(229 336)	73 044
Cash Generated from Operating Activities	122 122	475 516	184 374	171 082	122 122	275 350	184 374	106 436

*The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic information.

FINANCIAL OVERVIEW

Inflation adjusted revenue for the nine months ending March 2022 grew by 5% compared to the same period the previous year. This positive performance was driven by consistent quality of our Kiln Dried Timber which resulted in better average selling prices and improved customer demand.

The Inflation adjusted loss is mainly as a result of differential accounting treatment of Biological Asset gain by International Accounting Standards 29-Financial Reporting for Hyperinflationary Economies which uses the Balance Sheet approach to account for biological gain as compared to Historical Accounting. The differential accounting results in a biological loss of ZW\$2.2bn under IAS 29 as compared to ZW\$0.3bn biological gain under Historical Accounting.

OPERATIONAL OVERVIEW

Despite the challenging market conditions during the nine-month period under review, the business continued to generate positive cash. The environment presented both challenges and opportunities for the Company. However, our business model continues to be resilient. The challenges faced were addressed and the prevailing opportunities were pursued.

SILVICULTURE

For the furtherance of its forestry sustainability goals, the Company managed to secure the FSC (Forest Steward Council) Certification for Imbeza Estate. This initiative ensures best forestry management practices under FSC, which gives the company access to European markets, that demand FSC certified products.

The Company's major risk remains the loss of forestry to fire. The company is continuously reviewing and strengthening its fire patrol teams as well as upgrading the firefighting equipment. The focus going forward is on intensifying our replanting activities, capitalizing on the rains, and advancing the winter planting plan.

SALES

Lumber sales volume was 7% down compared to the comparative period in the prior year. The reduction in sales volume was mainly driven by low production volume as a result of power outages as well as the extended rainy season that affected harvesting operations. The demand for Lumber remains high both in the local and export market.

Treated poles sales volume was 17% higher than the same period in the previous year, this was as a result of marketing initiatives which has seen an increase in the market share within the region.

OUTLOOK

The business is forecasting a positive trajectory and growth following its exit from Judicial Management in March 2022. With Imbeza Estate being FSC Certified, it is expected that new markets will be opened, and plans are underway to get the other Estates certified. During FY2023, old sawmilling equipment will be replaced with latest technology in order to increase production efficiency.



LYSIUS KARIMANZIRA
Finance Director

30 June 2022