



TRADING UPDATE FOR THE QUARTER ENDED 31 MARCH 2023

OPERATING ENVIRONMENT

The first quarter of 2023 commenced on a good note with month-on-month inflation slowing down to 0.99% in January. However, the gains realised were reversed towards end of the quarter due to an upward trend in inflation which resulted in year-on-year inflation closing at 87.6% (2022: 72.7%). The use of multiple and 'uncontrollable' alternative market exchange rates in the economy has contributed to the deterioration of inflation levels which continued status quo has the potential of threatening the viability of long-term infrastructure developments.

PERFORMANCE REVIEW

The Group's revenue volumes were ahead of the comparable period by 18%, driven by a strong and firm order book in the Roads & Earthworks, Mining and Energy sectors. Profitability in the period remained stable owing to cost containment strategies being implemented by the Group.

Capital expenditure incurred in the period under review amounted to USD2,783,773 (2022: USD3,571,713). The Group's liquidity position was satisfactory.

The Zimbabwe National Statistical Agency will, in the current year, only issue blended Consumer Price Index (CPI) statistics. The adoption of the blended CPI statistics for purposes of presentation of financial statements may not be appropriate, the full impact of which will be assessed at the Group's half year reporting ending 30 June 2023.

The Group's Safety, Health, Environmental and Quality Management systems performed satisfactorily in the period under review.

OUTLOOK

The macro-economic environment is forecast to remain constrained on the back of a contractionary fiscal policy and continued pricing distortions emanating from exchange rate disparities in the market. We implore the authorities to urgently implement corrective measures to restore economic stability in the market.

The Group has a firm order book with tenures of between six to eighteen months. The order book is spread over the Roads & Earthworks, Mining and Energy sectors. However, execution of the order book may be negatively impacted by the prevailing volatility in the current macro environment.

By Order of the Board

P. Mutiti
Company Secretary

12 May 2023