

Zimplow Holdings Limited hereby issues the following trading update for the First Quarter ended 31 March 2023.

### TRADING UPDATE

The trading environment remains challenging for the productive sector related businesses constrained by the liquidity gaps emanating in the market. Major off-takers of agricultural products suffered liquidity & cash flow gaps resulting in the delays in the payments to farmers, which in turn affected scheduled equipment replacement programs. The Government of Zimbabwe, during the period under review continued to undertake several measures with a view to curtailing the devaluation of the local currency and to curb rising inflation levels, therefore the restricted lending space. The La Nina rainfall pattern received for the 2022/23 season provided hope for the agricultural sector with a bumper harvest expected during the harvesting season. More positively the opening of tobacco auction floors towards the end of the first quarter of 2023, is expected to boost the Group's performance in the second quarter of the year.

The continued firm mineral pricing and measures by the government to encourage retention of foreign currency by the mining sector offered a boost to increased economic activity driven by this sector. In addition, the pace of infrastructure development projects has provided the Group an incentive to adequately position itself with major earth moving fleet owners through Tractive Power Solutions.

The continued adaptation of our key suppliers, customers and stakeholders to the after Covid-19 effects and the geo political conflict in Eastern Europe has been important for the Group to respond to the needs of our customers as well as increasing activity for the logistics and automotive segment.

### FINANCIAL PERFORMANCE

Due to the delays in receipts for most of our key customers in both agriculture and the logistics sectors, emanating from the constrained liquidity environment, the Group has been behind prior year Q1 by 8%. The Group has a strong order book to support the recovery of performance in Q2 and Q3 given the projected trading environment.

### OPERATIONAL REVIEW

#### AGRICULTURAL EQUIPMENT AND SERVICE

##### Mealie Brand

The sales volumes of local implements improved by 72% in comparison to the prior year same period. Preparations for the tobacco season boosted local sales as distributors were preparing themselves for the tobacco season. The sales volumes for the export market reduced by 48% in comparison to the same period in 2022. Management will continue to take measures to consolidate the volume of local sales and improve the revenue on exports.

The capacitation program continues to offer improved efficiency and product diversification opportunities the Group is pursuing. The immediate focus however remains to eliminate bottlenecks in the production process as we prepare for the projected growth given the La Nina season in Q2 and Q3.

##### Farmec

The efforts to create resilience in Farmec's business model are yielding positive results. Aftersales service hours increased by 16% when compared to same period in the year 2022 and implements sales grew by 20% against prior year for the period under review. Given the delayed receipt of wheat proceeds, tractor volumes declined by 23% for the same period under review. Farmec is currently implementing aggressive marketing efforts in order to push the current stock on the ground which in turn will boost revenue levels thereof.

##### Valmec

The new business unit is starting to receive new stock and establishing its own identity in the market. Management expects better resource allocation and efficiency in market penetration as the year progresses.

### LOGISTICS & AUTOMOTIVE PRODUCTS AND SERVICE

#### Scanlink

Scanlink experienced delays in deliveries of key orders that were expected in Q1. As a result, trucks and bus sales were 50% behind prior year Q1. Service hours were at par when compared with prior year performance. The strength of the business unit's order book is expected to drive Group's performance as we approach Q2 and Q3.

#### Trentyre

Volumes in retreads for commercial and consumer tyres recorded a 23% increase in the first quarter of 2023 in comparison to prior year same period. A third chamber was installed in mid-March 2023. This development has further propelled production levels with respect to retreads.

New tire volumes were level against prior year. The opening of the 153 Robert Mugabe branch in Q2 current year and the re-opening of the Gweru branch in Q4 prior year is expected to give new tire sales performance a lease of life.

### MINING & INFRASTRUCTURE EQUIPMENT AND SERVICE

#### Barzem

Zimplow is at an advanced stage in concluding the acquisition of the 49% in Barzem, in line with the provisions of the Shareholders Agreement. This development is set to propel the performance of the Group's new business Tractive Power Solutions (TPS), which entity was set up in order to provide earthmoving and heavy equipment solutions to its clientele.

#### Tractive Power Solutions (TPS)

The launch of TPS in an already contested market was well received by our customers who the Group has served through Barzem. Although the Group is yet to secure exclusive distribution via an internationally acclaimed Original Equipment Manufacturer (OEM), the expertise and technical competence in running an earth moving dealership has provided TPS and Zimplow the much-needed depth in providing a one stop shop for earth moving equipment fleet owners. To date, the Group has secured service level agreement, repair and maintenance contracts amongst various onsite solutions with major fleet operators in country. Whilst the transition from CAT distributorship has not been easy, the Group expects to have well repositioned itself in the earth moving equipment sector by year end.

#### CT Bolts

The Company's tonnage was ahead of budget, compared to the same period in the prior year. The Company attributed this positive performance to participation in the ongoing national infrastructure projects as well as inroads made into the mining sector. The Company will continue to undertake robust penetration strategies with respect to new market segments in order to boost profitability thereof.

#### Powermec

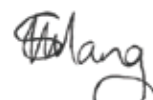
Part Sales and service increased by 27% and 9% respectively in comparison to the same period in the prior year. The business unit's generator sales and solar installations however slightly declined by 4% during the period under review when compared to prior year performance

The Company will continue to undertake aggressive marketing of its alternative power solutions namely solar power and generators in view of the continued interruptions in electricity supply being experienced at a corporate and household level.

### OUTLOOK

The Group expects the trading environment to continue to be challenging given the constraints on liquidity. Consequently, the Group will follow through on its strategy and operational tactics to Group to achieve business stability and value preservation as we navigate the rest of the year.

### By order of the Board



Sharon Manangazira (Mrs)  
Group Company Secretary  
02 May 2023



**DIRECTORS:** G.T. Manhambara (Chairman), V. Nyakudya\*, L. Kennedy, B.N. Kumalo, K. Patel, G. Pio (\*Executive)