

TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 MARCH 2024

OPERATING ENVIRONMENT

The operating environment for the first quarter ended 31 March 2024 remained constrained and challenging. This was mainly on the back of hyperinflationary pressures driven by the continued volatility and disparities of the foreign exchange rates between the official and alternative market. The Consumer All Price Index closed March 2024 at 133.39 resulting in a year-on-year inflation of 55.3%. These challenges were exacerbated by the Zimbabwe Dollar liquidity challenges and hence negatively impacting on the cost of doing business.

PERFORMANCE REVIEW

Notwithstanding the disruptions attributable to the continued unstable economic environment, the Group's turnover was ahead of the comparable period by 25% to USD 14.3 million (2023:USD 11.4 million), driven by a strong and firm order book in the Roads & Earthworks, Mining and Energy sectors. The business remained profitable under the review period with a profit after tax of 18% (USD 2.6 million) from the comparative period of 9% (USD 1.0 million). The improvement is attributable to cost containment and productivity strategies being implemented across the Group.

The Group was sufficiently liquid with a current ratio of 1:1.09 (2023: 1:1.01) due to improved profitability coupled with reduction in the Group's liabilities for the quarter.

Both the quarry mining business unit, Stemrich Investments (Private) Limited, and Properties segment, contributed positively towards the Group profitability. The Properties segment is scheduled to commence the selling of its developed land bank before close of the first half.

The Group's Safety, Health, Environment and Quality Management systems performed satisfactorily in the period under review. Lost Time Injury Frequency Rate in the period was at Nil (2023: Nil).

OUTLOOK

In a bid to curb inflation and bring stability to the local currency, the Central bank introduced the Zimbabwe Gold (ZiG) structured currency as a replacement for the Zimbabwe Dollar. The full impact of this new currency is yet to be assessed.

The Group boasts of a firm order book with tenures ranging from three to thirty months. However, the execution of this order book may face challenges due to liquidity issues in the market, declining mineral prices, and the impact of El Nino. As a result, the Group's primary focus area will continue to be on cost containment and

unlocking value from its strong and firm resource base.

By Order of the Board



P. Mutiti **Company Secretary**

> **Directors:** G Sebborn (Chairman), F Matahwa*, S Bwanya, C C Chitiyo, M M Di Nicola, A Makamure*, C Malunga*, H S Mashanyare, C C Chitiyo, M W McCulloch (*Executive) Registered Office: 44 Tilbury Road, Willowvale, Harare, Zimbabwe