

Trading Update for Quarter ended 30 June 2025

Trading Environment

Inflation and exchange rates remained stable during the quarter under review as government's tight monetary policy continued. However, low production affected revenue and cash flow generation. Demand for bricks remained high, spurred on by rising housing projects in urban and peri-urban areas. New manufacturers entered the industry during the period under review, further increasing competition and its effect on prices and margins.

Volume Performance

The shortage of working capital derailed the achievement of production and sales targets. Year-to-date extrusion was 52% below prior year while fired production declined by 41% for the comparative period. Sales volumes dropped by 34% in line with the decrease in production. Management is pursuing various options to raise working capital and ramp up production while the peak production season lasts.

Financial Performance

Low production led to a year-to-date revenue drop of 45% compared to the previous year. Average prices for the period rose 10% above the prior year, supported by our strategic focus on high-value product lines. While the common brick segment continues to face competitive pressures, the company's targeted approach in premium categories has cushioned performance and positions us for stronger returns going forward.

Business Continuity

We are entering a transformative phase, in the next quarter with production, sales, and liquidity expected to strengthen significantly as volumes are increased to optimum levels. Key to unlocking this growth is the strategic injection of capital for both operational requirements and investment in a modern, high-efficiency production plant. Our capital-raising programme is progressing well, anchored by real estate and land development initiatives. Notably, one of the identified land parcels was issued with a development permit in May 2025. The ongoing removal of illegal occupants will allow for the full servicing of this land, enabling the sale of high-demand residential and commercial stands. In addition, our Smartsuburb investment in Mt Hampden—situated within the boundary of the New City—is scheduled to commence servicing and sales in September 2025.

These property projects are positioned to generate strong returns, with proceeds directed towards strengthening working capital and funding the acquisition of a new, all-weather common brick plant.

Outlook

The business outlook remains highly positive. We expect our property investment strategy to begin yielding material returns in the next quarter, with land sales and stand development providing a substantial boost to cash flow. This will allow us to modernise production technology, enhance efficiency, and expand market share.

Zimbabwe's sustained growth in housing and commercial infrastructure—driven by both government and private sector initiatives—presents compelling opportunities for revenue expansion in the short to medium term.

By combining sustainable production capacity with the strategic reinvestment of real estate proceeds, the company is well positioned to capture these opportunities and deliver strong shareholder value.

We are confident that government initiatives to formalise business operations will level the competitive playing field, creating a fair and predictable environment for all market participants.



By Order of the Board
M Munginga
Company Secretary
8 August 2025

