

Zimplow Holdings Limited hereby issues the following trading update as at 30 September 2023.

TRADING UPDATE

The quarter under review saw a continuation of the implementation of a plethora of measures by Central Government as well as the Central Bank with a view to taming the depreciation of the local currency and inflation. Zimbabwe's annual inflation has fallen from 175,8 percent recorded in June 2023 to 18,4 percent recorded as at 30 September 2023. Liquidity continued to be a strain especially in the third quarter of 2023 as banks and major businesses had to delay on major capital funding transactions.

FINANCIAL PERFORMANCE

The Group recorded revenue amounting to US\$23.6 million, resulting in a 7% reduction from comparative period last year. The decline is mainly attributable to the challenging operating environment currently obtaining.

OPERATIONAL REVIEW

AGRICULTURAL EQUIPMENT & SERVICE

Mealie Brand

The sales volumes for local implements at 14,220 were level against prior year same period. The sales volumes for the export market which were 10,276 gave rise to a 13% positive growth in comparison to the same period in 2022. Mealiebrand aims to consolidate its positive performance on the local market through continued customer visits and further strengthening of relationships with wholesalers and non-governmental organisations. During this year's Zimbabwe Agricultural Show, the business unit launched the two-wheel tractor and related implements. This move has had a significant impact on business volumes as evidenced by increased sales with respect to trailers. In addition, the business unit is progressing well with its capacitation project as the majority of the equipment was procured in the period under review and delivery is expected towards the end of this year. The refinement of products to achieve a competitive edge is currently underway in order to boost business volumes, as it relates to the export market.

Farmec

Implements sales stood at 156 units which is a decrease of 11% in comparison to same period last year. Tractor units sold were 85 which is a decline amounting to 11% when compared to September 2022. Farmec is intensifying efforts to secure funding in conjunction with local financial institutions for the benefit of its existing and prospective customers. Farmec is therefore focused on matching the demand pipeline given the change in market dynamics.

Valmec

This newly established business unit is creating its unique footprint on the local market and expanding its market share. Three tractor units and ninety implements were sold in the period under review. The business unit was officially launched on 29 September 2023. Management is very optimistic that the business unit's efforts towards brand visibility and brand awareness will result in a positive performance for the unit come end of year.

LOGISTICS & AUTOMOTIVE PRODUCTS & SERVICE

Scanlink

Scanlink recorded an impressive performance in the period under review. In this respect, 12 trucks and 19 buses were sold by the business unit. Thus, trucks and bus sales were 33% and 850% ahead of prior year performance and budget respectively. Service hours totalling 9,298 resulted in the business unit recording a positive variance of 14% in comparison to prior year performance. The parts business is expected to improve on the back of a new consignment of fast moving stock that was received during the month of September 2023.

Trentyre

The business unit recorded 6,751 units of retreads for commercial and consumer tyres resulting in a negative variance of 12% in comparison to prior year same period. New tyre sales volumes of 11,786 were 5% below prior year performance. Management is modelling the business to the operating conditions in a bid to reclaim market share.

MINING & INFRASTRUCTURE EQUIPMENT & SERVICE

Barzem

Zimplow is at the tail end of acquiring the shares in Barzem currently belonging to Barloworld Equipment UK with respect to Barzem. The Group is utilising capacity created through Tractive Power Solutions to service the earthmoving and heavy equipment customer segment. The Group is also set to finalise on the OEM acquisition and announcements once the Barzem transaction is finalised.

Tractive Power Solutions (TPS)

The business unit continues to concentrate on broadening its client database and continuous engagement of its existing clients. The company is making inroads in establishing itself in key locations such as Bulawayo, Mutare, Hwange and Chiredzi. Maintenance of the right stock holding levels remains a key priority in order to ensure seamless service delivery to clients. Performance for the business unit has been growing as evidenced by a growth of 53% from the first quarter to the second quarter of the year. In the third quarter, the company registered a growth in performance of 82% compared to the second quarter of 2023. This was driven mainly by service level agreements with key fleet owners.

CT Bolts

CT Bolts is level in terms of tonnage volumes overall having sold 219 tonnes. The mining and construction sectors were the notable revenue contributors for the business unit in the period under review. The Company will continue to implement various business development and growth initiatives targeted at the mining sector. The company recorded a 2% positive variance in the sale of mild steel bolts in comparison to same period last year.

Powermec

The business unit sold sixty-seven generator units and recorded 6 417 service hours in the period under review thus registering increases of 40% and 2% respectively, in comparison to the same period in the prior year. This positive performance continues to be derived from the interruptions in electricity supply that resurfaced during the quarter under review at both a household and industrial level. The Company continues to implement an aggressive customer retention and expansion thrust in order to ensure business growth and sustainability.

OUTLOOK

The Group continues to channel notable efforts towards the refinement of the current product offering as well as improving the customer experience in the provision of after sales products. To this end, the Group's Research and Development Unit is currently actively working on the development of new products that meet the needs of our customers, thereby enhancing the Group's market visibility and presence.

By order of the Board



Sharon Manangazira (Mrs)
Group Company Secretary
17 November 2023