



## TRADING UPDATE FOR THIRD QUARTER TO 30 JUNE 2024

### TRADING ENVIRONMENT

The operating environment continued to be plagued by a variety of challenges among them foreign currency instability, inflation, and unreliable power supply. The currency reforms during the period brought about relative stability in the market resulting in increased use and acceptance of the local currency. In Zambia, the economic environment remained stable with marginal devaluation of the Kwacha and an increase in inflation.

### BUSINESS PERFORMANCE

The restructuring of the Group is on-going with focus on de-leveraging, reducing currency risk and improving cash generation. During the period under review the Group managed to restore profitability, successfully disposed some of its underutilized properties and applied the proceeds towards reducing debt.

Revenue for the period ended June 2024 was US\$ 24,9million. Volumes recovered in the batteries division by 5%. The Group's overall volumes for the year declined by 8% mostly due to the scaling down of the paper business.

Export volumes for the quarter declined by 28% with regional sales performance impacted by foreign currency challenges.

### ENERGY STORAGE

Volumes increased by 5% to 93 523 units on the back of improved product availability and reduced currency fluctuations. There was increased pressure on pricing from imports as the market adjusted to the currency reforms and the reduced liquidity in the market. The demand for maintenance free and larger batteries grew as the market responded to our wider sales support and quality compared to the prevalent sub-standard imports.

### STATIONERY AND PAPER

Business was affected by the delays in completing currency conversion processes across the market. Pen volumes at 10.2m declined by 26% from prior year. The on-going restructuring of the businesses has necessitated the growth of trading stationery and paper lines from India and South Africa. Trading revenue has grown to 10% in line with initiatives to overcome raw material and power supply shortages.

### MUTARE ESTATES

Timber sales volumes increased by 21% to 1 614m3 driven by increased demand for structural timber. Margins remained firm despite competition from contractors with toll milling arrangements. Customized pallet production resumed during the period.

### OUTLOOK

The economic environment is expected to remain difficult with inflation, currency instability and erratic power supplies to continue weighing down growth opportunities. The Group will continue to take the tough decisions necessary to protect the business and its sustainability beyond the current situation. The reduced debt levels will provide us with the necessary headroom to navigate any market headwinds and provide us with the flexibility to accelerate investment in higher margin businesses whilst reducing our exposure to declining market segments.

By Order Of The Board

M. MACHEKA

CHIEF EXECUTIVE OFFICER

14 AUGUST 2024

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