



Art Corporation Limited

CHLORIDE CA



NWCO  
National Waste Collections

SOFTEX

EVERSHARP

MUTARE  
ESTATES



## TRADING UPDATE FOR FIRST QUARTER TO DECEMBER 2024

### TRADING ENVIRONMENT

The first quarter was marked by constrained liquidity with moderate movements in exchange rates and inflation. The authorities remain seized with efforts to level the playing field and bring more predictability to the operating environment. The complexity of the informal markets in providing a sustainable channel was evident during the period under review as trade volumes were susceptible to changes in the policy framework.

### BUSINESS PERFORMANCE

The Group's overall sales volumes declined by 13% compared to prior year. Revenue was 11% below the prior year as the business sought to adapt to the changing operating environment. The relative exchange rate stability and improved power availability towards the end of the period enabled stocking and improvement in product availability in the battery segment. The tissue and stationery businesses were particularly affected by liquidity challenges in the formal sector compounding the difficult working capital situation.

Export market presence was maintained though margins remain constrained and the policy framework remains unfavourable.

Capital allocation during the period prioritized servicing of debt, payables, cost optimization initiatives and sustaining capex in the energy, stationery and timber businesses.

### ENERGY STORAGE

Battery volumes were 12% below prior year as the division faced supply chain and power disruptions. Product availability improved towards the end of the quarter however pricing disparities and liquidity constraints impacted sales volumes. The distribution model continues to be reviewed in line with changes in the operating environment.

### STATIONERY AND PAPER

The Group's paper milling operations remain mothballed as conditions remain unfavourable. The tissue trading opportunities initiated in the prior year showed promise and will be scaled up while opportunities in the hygiene space will be pursued to derisk and improve the segment contribution.

Eversharp volumes were 17% below the prior year as pricing disparities affected trade in the formal sector whilst counterfeit low-quality imports continue to disrupt the market. The division faced significant logistical delays on traded products though the situation has improved with multiple sourcing.

### MUTARE ESTATES

The Mutare Estates division continued to trade favourably with a volume growth of 16% against prior year. The firm demand in structural timber has enabled the business to maintain strong margins during the period. The delayed rain season affected planting although there was a significant recovery in January 2025. The business continues to work on the vast gum resource and has invested in additional equipment to overcome extraction challenges.

### OUTLOOK

The economic environment is expected to remain complex and challenging with constrained liquidity. The proposed regulatory interventions are expected to improve trading in the formal sector. The measures taken to reduce risk and improve cash generation will see the Group through the difficulties that have come with scaling back and restructuring of operations.

The support extended by our financiers and the expected disposal of underutilized assets will enable the business to meet its obligations and fund key sustaining capex and trading initiatives.

By Order Of The Board

**M MACHEKA**  
**CHIEF EXECUTIVE OFFICER**

14 February 2025

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