

TRADING UPDATE

for Quarter ended 30 June 2021



Trading Environment

The inflation rate continued its downward trend, declining from 240.6% in April 2021 to 106.6% at the end of June 2021. The exchange rate remained relatively stable to close at ZW\$85.37 to the United States dollar as at 30 June 2021 (31 March 2021: ZW\$84.40). The favourable economic factors facilitated a better operating environment. However, the COVID-19 pandemic and electricity load shedding continued to impact on operations.

Volume performance

Sales volumes grew by 33% compared to the same period in the prior year despite the strict COVID-19 induced lockdown conditions. Year to date volumes were 30% above prior year. Demand for bricks remains relatively high driven by housing development and infrastructure projects.

Financial performance

Year to date revenue grew by 34% compared to the same period in the prior year in hyperinflation terms driven by volume growth and effective pricing. Revenue growth is expected to remain positive to year end.

Business continuity

The COVID-19 pandemic continued to determine the way of doing business in the quarter under review. Appropriate measures prescribed by the Ministry of Health and Child Care and the World Health Organisation were followed to minimize the impact of the pandemic on operations. Targeted plant utilization levels will be achieved provided electricity load shedding is kept at reasonable levels.

Solvency

The business is solvent and has sufficient resources to continue operating as a going concern in the foreseeable future. Working capital is being generated from available inventory and credit facilities.

Outlook

Ongoing construction of housing units in the market will continue to drive volumes towards a profitable year. We are encouraged by the declining inflation rate and a stable exchange rate which should improve the operating environment. The drive to reach herd immunity in nationwide COVID-19 vaccinations should eventually lead to less business and social restrictions and to a better operating environment.

By Order of the Board

Mavuto Munginga
Company Secretary
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27 July 2021

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