asimba
HOLDINGS LIMITED

TRADING UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2023

Operating Environment

The operating environment remained constrained due to liquidity challenges. These challenges were mainly driven by a tight monetary fiscal policy implemented by the Central bank. The economy continued on a dollarization trend, with foreign currency denominated transactions constituting 80% of transactions. This was reported by Zimbabwe National Statistics Agency. Inflationary pressures were on a downward trend, mainly driven by the stability of the foreign exchange rate market. The Zimbabwe dollar appreciated value on the foreign exchange auction market, which closed the quarter at ZWL5,466.75: USD1 from an opening position of ZWL5,769.13. Resultantly, the year-on-year blended inflation rate closed the quarter at 18.4% (2022: 280.4%).

Performance Review (Inflation Adjusted)

The Group's revenue improved by 116% to ZWL 203.6 billion from the comparative period (2022: ZWL 94.1 billion). The growth was on the back of an improved order book in the Roads & Earthworks, Mining and Housing Infrastructure. Profitability in the period remained satisfactory, due to improved productivity efficiencies across the projects.

The business maintained favourable liquidity and gearing ratios through implementation of robust and stringent working capital strategies, notwithstanding the liquidity constraints that prevailed in the market.

Capital and investment property expenditure incurred at USD3.5 million (December 2022: USD6.7 million), was mainly to support the order book as well as a value preservation strategy. This was funded from a combination of internal resources and vendor supply credit facilities. Borrowings at the end of the quarter were equivalent to USD827,000 (December 2022: USD456,160), of which USD322,000 is denominated in foreign currency.

The Group's Safety, Health, Environment and Quality Systems performed satisfactorily with nil accidents in the quarter and year to date.

Outlook

We welcome the extension of the multi-currency regime to 31 December 2030. This will enable the unlocking of opportunities in infrastructure development. However, in the short term, the operating environment is expected to remain volatile on the back of tight liquidity and foreign currency challenges.

Despite the difficult environment, the Group is forecast to remain profitable for the financial year ending 31 December 2023.

By Order of the Board

P. Mutiti
Company Secretary

15 November 2023