



TRADING UPDATE FOR THE FIRST QUARTER ENDED 31 MARCH 2025

OPERATING ENVIRONMENT

The operating environment for the quarter ended 31 March 2025 remained broadly stable, with inflation under control attributable to the implementation of a tight monetary stance by Monetary authorities. However, liquidity constraints remained a challenge in the period under review.

PERFORMANCE REVIEW

Revenue for the quarter at USD8.1 million (2024: USD14.3 million) was 43% below comparable period. The decline in revenue was attributable to strategic initiatives to manage exposure to public works and focus on growing private work, and as at reporting date contributed 92% of revenues (2024: 40%). Despite the Group maintaining a strong order book, the prevailing liquidity challenges also negatively impacted the execution of these orders, particularly in the public sectors where we had to suspend works in order to manage credit risk. Further, the above normal rainfall that was received in the period under review, resulted in slow execution and in some instances complete suspension of works in the private sector. Despite the low turnout of revenue, the Group remained profitable with a profit after tax of 5% (2024: 18%).

The liquidity position of the Group improved to 1: 1.25 (2024: 1:1.23). Group borrowings at the end of the quarter stood at USD1.7 million (2024: USD2 million). The Group did not acquire any new loans during the quarter.

The Group's Safety, Health, Environmental and Quality Management systems performed satisfactorily in the period under review. Lost Time Injury Frequency Rate in the period was at Nil (2024: Nil).

OUTLOOK

The outlook for the operating environment remains uncertain due to policy inconsistencies and ongoing liquidity constraints. Pricing distortions attributable to exchange rate disparities persist, negatively impacting the execution of long-term projects.

Despite maintaining a strong order pipeline, the Group continues to face operational headwinds from liquidity constraints and limited access to long-term financing, which restrict the Group's ability to fully capitalise on existing opportunities.

However, the Group is optimistic about an improvement in the macro-economic environment, supported by an improved agricultural season and upward trend in mineral prices. Therefore, in the short term, value preservation and a cost containment strategy remain key.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Pearl Mutiti'.

Pearl Mutiti
Company Secretary

15 May 2025