ZIMPLOW
ENGINEERING PERFORMANCE

TRADING UPDATE FIRST QUARTER (Q1) 2025

Zimplow Holdings Limited hereby issues the following Trading Update as at 31 March 2025

OPERATING ENVIRONMENT

Despite good rainfall over the season 2024/25, the delayed onset of the season has pushed back tobacco and cereal production by up to six weeks. The Group expects liquidity to ease after deliveries of most of the tobacco and cereal crop in the second quarter, leading to increased opportunity for the Group's agriculture-based business units. GMB has commenced payments to farmers for wheat deliveries from October 2024,which will contribute to increased liquidity amongst the Group's primary target market.

Record gold prices have done little to buoy the Group's Mining and Infrastructure Division sales as the Group only has limited capacity to extend short term finance to small and medium mining operators in the absence of support from major financial institutions. Management is actively pursuing avenues to acquire finance for this lucrative sector.

From an economic perspective, factors such as tight liquidity, the integration of informal market participants into the formal economy, and intensified competition among formal businesses have led to reduced gross profit margins

FINANCIAL PERFORMANCE

In the period under review, the Group recorded year-to-date (YTD) revenue of USD7.06 million, reflecting a 14% increase over prior year and 2% above budget. However, despite revenue growth, the Group reported a net loss before tax of USD513 000.

OPERATIONAL REVIEW

Agricultural Equipment and Service Sector

Mealie Brand
Year to date revenue was 11% below the budget with local sales down 27% on a year to date basis, impacted by market liquidity and grey imports of competing products. Exports grew 20% in comparison to prior year performance.

Management implemented cost-saving measures that included the following:
- NEC application for 3-day work week
- Non-critical staff reductions and energy-saving initiatives.
- The re-engineering of product manufacturing processes aims to reduce the cost of production with the expectation of increasing sales volumes as the Business unit works towards eliminating the price differential between its products and grey imports.
- The result of these initiatives are expected to become evident in the second quarter and the second half of 2025.

The outcomes of these initiatives are expected to become apparent in the second quarter and the latter half of 2025.

Farmec
The business unit achieved a turnover of 6% above budget for the quarter under review driven primarily by increased tractor sales with the MF200 series being the major contributor. The gross margin was steady at 23%. Liquidity is improving and is expected to further improve in the second quarter, leveraging on the tobacco sales season.

LOGISTICS AND AUTOMOTIVE SECTOR

Scanlink
The business unit recorded a year to date increase in revenue of 44% in comparison to the prior year performance and 40% above budget. Strong growth in parts and service hours drove performance. Buses and trucks sales contributed significantly to this growth. Liquidity is stable, and growth is expected to continue through expanded aftermarket focus, service efficiencies and part sales through workshops.

Trentyre
The Business unit recorded a 39% decline in sales in comparison to prior year and a 32% underperformance against budget. Retread volumes were 43% up on previous year. Management is actively undertaking debt restructuring and enhancing customer engagement efforts to boost recovery in the second quarter.

MINING AND INFRASTRUCTURE EQUIPMENT AND SERVICE SECTOR

Tractive Power Solutions (TPS)
Q1 revenue increased by 174% against the same period prior year but was below budget by 37%. Despite the revenue growth, margins were severely depressed. Renewed focus on workshops as a profit centre will pull service hours and the associated revenue back into line. Management is working towards financial solutions for its medium scale-mining clients for heavy equipment.

CT Bolts
Whilst volume sales were 14% up on same period prior year, profitability was impacted by more expensive filler stock from South Africa as lead times from Asia were impacted during the quarter. The Business Unit is pursuing cost efficiency and the adoption of the wholesale model to regain volumes.

Powermec
Q1 revenue increased by 26% over the previous year and was 1% above budget. Performance was driven by solar installations and engine overhaul projects, though generator set sales lagged due to stock constraints. Operating expenses were contained within 4% of budget, with savings on overtime, efficient technician routing and associated operating costs.

OUTLOOK

1. **Inventory Liquidation:**
   Management is focusing on liquidating high-value and aging stock (tractors, implements, parts) across Farmec and Mealiebrand.

2. **Debt Recovery:**
   Management is implementing stronger enforcement of payment terms.

3. **Cost Efficiency:**
   Administration and operating cost-saving initiatives successfully instituted at Farmec and Mealie Brand are being extended to other Business Units.

By Order of the Board

Sharon Manangazira (Mrs)
Group Company Secretary

19 May 2025

FARMEC MEALIEBRAND C.T. BOLTS TPS POWERMEC SCANLINK TrenTyre ZIMBABWE