



HWANGE COLLIERY COMPANY LIMITED

TRADING UPDATE FOR THE QUARTER ENDED 30 SEPTEMBER 2023

The Administrator of the Company wishes to advise that the Company remains under administration in terms of the Reconstruction of State-Indebted Insolvent Companies Act [Chapter 24:27] of Zimbabwe. The Company's listing on the Zimbabwe Stock Exchange also remains suspended.

Trading Environment

The trading environment has ZWL inflationary pressures largely emanating from adverse ZWL movements, particularly in the parallel market, where the ZWL lost about 8% of its value against the US dollar in the third quarter. Despite the Reserve Bank of Zimbabwe (RBZ) exchange regulations allowing economic agents to charge a 10% margin above the interbank rates when settling ZWL prices, many formal businesses are still benchmarking their local prices above parallel rates. However, in response to this the company's sales prices are a hybrid of the United States Dollar and the Zimbabwean Dollars with the United States Dollars comprising of at least 50% of the selling price.

Economic Performance

The sales prices for coal dropped slightly for the quarter ended 30 September 2023. The input costs remained relatively constant thereby affecting the profits for the company. However, the company performed fairly well during this quarter as unaudited profit before tax amounted to US\$10.2m better than the previous years.

Financial Performance

The company's performance during this quarter was fairly better as both production of 989 503 tonnes and sales of 911 245 tonnes were almost double from last years' performance mainly due to efficient and effective machinery which was acquired during the first quarter of 2023. The company realized 911 245 tonnes in sales in the third quarter with Hwange Power Station coal ("HPS") accounting for 48%, raw coal 39%, Hwange

Coking Coal (“HCC”) 1% and Hwange Industrial Coal (“HIC”) 12% of the total sales. During the same period last year, the company sold 388 487 tonnes comprising of HPS 7%, raw coal 55%, HCC 6% and HIC 32%. The contaminated coal sales accounted for 8 143 tonnes (2022:25 309 tonnes) in the same period.

For the 9 months to 30 September 2023 the company realized 2 795 303 tonnes (2022:1 060 976 tonnes) in sales with HPS accounting for 43%, raw coal 39%, HIC 17%, HCC 1% (2022: HPS 9%, Raw coal 48%, HCC 8% and H IC 35% of 1 060 976 tonnes), contaminated coal also amounted to 30 229 tonnes (2022: 71 933 tonnes). The sales improved from 1 060 976 tonnes for the same period last year to 2 795 303 tonnes achieving a positive change of 163 %. The positive change is attributed to doubling of production as well increase in marketing effort to sell off the mined coal.

Segmental information

The company’s mining division is the most performing segment out of the three segments, Estate division, and Medical Division. The mining division contributed 96% of the company’s revenues improving from the last year of 91%, Estates Division has 3% dropping down from 8% during that same period and the Medical division remained stagnant at 1%. An improvement of the mining division could be due to new mechanization of the segment in the first quarter of the year 2023.

Outlook

The company aims to stop underground mine production for the next 6 months to stop losing mined coal through spontaneous combustion as production is way more than sales. The quantity of mined coal is deemed sufficient to meet the operating needs of the company.

By Administrator



Munashe Shava

29 February 2024