



QUARTERLY REPORT

30 JUNE, 2025



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2x Masvingo

Security



OUR MISSION &



To reduce the environmental footprint of post-consumer polyethylene terephthalate (PC PET) bottles by engaging with other stakeholders to ensure the recycling of PC PET bottles on sustainable basis in Zimbabwe. This will be done in a manner that balances planet and people issues without compromising a fair return to the shareholders.

OUR VISION



To provide a world class model for sustainable extended producer responsibility focusing on post-consumer PET recycling.



OUR **VALUES**



- Responsibility
- Accountability
- Integrity
- Innovation
- Commitment



PET bottles are not trash. A PET plastic bottle has many potentials after life uses due to its performance qualities and its highly recyclable nature, PET can be heated and molded into a variety of shapes, but the most recognizable is the plastic water and beverage bottles that provide clean, safe and convenient ways of packaging drinks. PET's properties make it easy, sustainable to turn it into more PET packaging and other applications in a closed loop.

COLLECTION

PET bottles are collected and taken to a recycling plant along with other recyclable materials. Collection is key as the industry has more recycling capacity than is currently used.

SEPARATION

The PET bottles are separated into their colour streams and then converted into flakes and pallets. Colour is important in downstream processing.

TRANSPORTATION

PET has advantages over other recyclable packaging materials in that it is extremely light weight and offers a favorable distribution economics and emission statistics. However, it presents huge challenges in the transportation of post-consumer especially in loose form.

PROCESSING

PET bottles are converted into various products mostly fibre (pillows, duvets), textile (t-shirts), geo textile and new bottles (B2B).





OUR FACTORY

With the state-of-art, 200 tonnes per month PET bottle recycling plant in Ardbennie, Harare and baling machines in various provinces with a collective capacity of more than 1,060 tonnes per month, Petrecozim is diverting significant tonnage of post-consumer PET bottles from the streets and landfills. With installed baling and flaking capacity to process over 1,300 tonnes per month, the entity has the potential to save approximately 7,400 cubic meters of landfill space every month. Yet the major highlight is that the plant offers entry level waste beneficiation, as the waste material is exposed to processes that add value to the waste material.



Through working with various companies, communities, waste pickers, other recyclers, government departments and NGOs, our plan is to progressively increase the recycling rate of PET bottles and create awareness about PET recycling in the country. We realize that this is a big challenge and therefore it requires that every stakeholder in this matrix plays his or her part.

WINNING WITH COMMUNITIES

Our business model is built on inclusivity and community participation, creating opportunities for low-income earners, often referred to as the bottom of the pyramid, to engage in mainstream economic activities. By sourcing raw materials from individual and organized groups of waste pickers, we establish a vital link between industries generating waste and those who collect and supply it to us. This approach not only fosters economic empowerment but also promotes sustainable waste management practices.





- Over 12,000 tonnes of PET bottles recycled
- Approximately 360 million PET bottles saved from harming the environment
- Approximately 68,000m3 of landfill space saved
- Over 2,000 indirect jobs created to waste pickers
- Creating jobs and opportunities for women and youths
- Six functioning bailing centers established nationwide with combined capacity of more than 1,000 tonnes per month as well as state of the art plant with flaking capacity of above 200 tonnes per month.











Our National Depots

CITY	CONTACT	PHONE NUMBER
MABVUKU	PETRECOZIM	0777 997 023
BUDIRIRO	GOLDEN GIRLS	0714 177 082
GRANITESIDE	TISUNUNGUREIWO COOPERATIVE	0772 585 349
MARONDERA	CLEAN MARONDERA	0773 424 220
MASVINGO	PETRECOZIM	0777 997 019
BULAWAYO	PETRECOZIM	0777 997 648
BINDURA	MR NYASHA	0773 408 864
ZVISHAVANE	PETRECOZIM	0777 997 019
KAROI	JOHSEM WASTE SOLUTIONS	0774 051 964
MUTARE	YELLOW PORTION/TEJIK	0772 112 438
KWEKWE	PETRECOZIM	0777 997 083
MUREHWA	MS KADIRI	0787 343 933
MHANGURA	T MLAUZI	0787 343 933
MHONDORO	MR CHIRWA	0775 803 682
VICTORIA FALLS	GREENLINE AFRICA TRUST	0712 408 864

OUR ARTNERS





1. Executive summary

1.1. Notwithstanding the adverse impact of the winter season, the entity exhibited commendable resilience and adaptability, yielding growth across all performance indicators. This is mirrored in the successful upswing growth in collection volume by 11% from last year and 6% prior quarter to 393t. Although the Harare market faced intense competition, necessitating focused environmental cleaning efforts, the entity strategically expanded into untapped areas outside Harare. However, sluggish reverse logistics support from members hindered the efforts, resulting in 25tons of uncollected materials from outstations. To address this, the entity has taken direct control of Masvingo and Bulawayo, which possessed considerable untapped potential, and the results are currently encouraging. To further drive growth in areas with limited efforts, investing in baling machines bolstered by reverse logistics support is crucial to attain this strategic desire.

1.2. To mitigate cash flow challenges, the entity launched an aggressive sales drive, yielding a 48% revenue growth to US105k from last year although a 1% drop from US106k in the prior quarter. Sales volume surged 58% from last year yet dropped by 14% from last quarter despite revenue growth. This underscores the entity's dependence on export price negotiations, capitalizing on price premiums offered by new entrants. Notwithstanding attractive pricing premiums from new customers, the unit will prioritize balancing its customer portfolio with existing customers to ensure long-term sustainability.

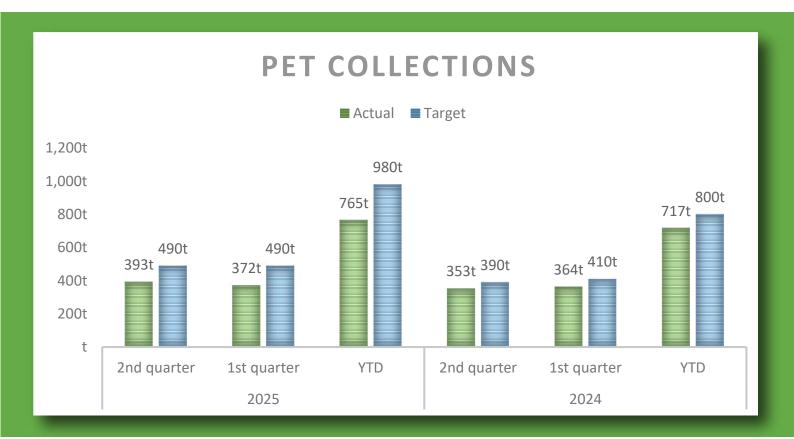
1.3. Nevertheless, the unit achieved a 19% GP margin, amounting to US20k, which exceeded the target of US12k and outperformed prior quarter and year figures of US9k and US19k, respectively. The local market continues to face challenges due to the tough economic environment, despite signs of a potential rebound. A notable concern is the reduced demand for post-consumer PET (Polyethylene Terephthalate) in favour of preforms, which are typically scarce due to their factory origin but are being deposited into the unit's local market by members. This is disruptive of the downstream market and consequently, the recycling efforts. Meanwhile, the export market is providing a welcome boost, with orders outpacing capacity, representing a strong outlook.

1.4. A market tour in Bulawayo aimed at revitalizing the upstream market, yielded valuable insights, revealing Ingwebu's strong presence in PET packaging for sorghum beer. Engagements with Arenel Zimbabwe also took place, and both organizations expressed appreciation for the waste management project, although they are still exploring potential financial collaborations. On another front, the unit actively participated in World Environment Day celebrations in June, with events hosted both on-site and in Victoria Falls, bringing together diverse stakeholders including the Ministry of Environment, Climate and Wildlife. This was followed by a high-level visit from the EMA board members, who were keen to familiarize themselves with the entity's operations, recognizing it as an exemplary model of a circular economy project. Operational stability was maintained through marginal power improvements, enabling a steady production flow. Housekeeping standards have significantly improved, prioritizing employee safety and aligning with the unit's mission to foster for a clean environment.



2. Recycling metrics

- 2.1. The unit registered growth in collection volume notwithstanding multiple headwinds including slow subsidy payments, gradual decline of the members' reverse logistics initiative and the seasonal slowdown during winter.
- 2.2. A notable 11% uptrend growth from 353t achieved last year to 393t and 6% from last quarter's 372t despite underperformance against the target largely due to capital deficit. However, due to out-of-town centers being a distant away from Harare Head Office, the entity relies on members' reverse logistics, which could not be availed leaving 25t of PET waste uncollected at quarter end, indicating untapped potential in areas including Chegutu, Kadoma, Chinhoyi, Karoi, and Beitbridge.
- 2.3. The chart below summarizes the collection efforts during quarter under review.



2.4. Nonetheless, collections remained in favour of clear at 322t representing 82% of total volumes while brown closed at 71t at 18% above 14% and 16% achieved prior quarter and prior year respectively. The post-consumer channel maintained at 331t but with an 84% share which was down from 89% posted in the last quarter. The pre-consumer channel posted a 16% share against 11% of the previous quarter signifying an increase in members' PET factory waste

Parameter	National Quarterly	Beverage	Membership
	Consumption	Consumption (70%)	Consumption (60%)
Consumption (tones)	5,500t	4,450t	3,800
Recovered (tones)	393t	393t	393t
Recovery rates (%)	7.10%	8.80%	10.30%

2.5. Estimated recovery rates for the quarter were 7.1% national, 8.8% beverage industry and 9.8% members recovery compared to 6.7% national, 8.4% beverage industry and 10.3% members achieved in the last quarter. This is largely due to volume growth.

Area	Q2:2025	Q1:2025	Contribution	Q2:2024	Contribution
	tonnes	Tonnes	(%)	tonnes	(%)
Harare	216	216	55%	204	58%
Bulawayo	33	31	8%	23	6%
Mutare	-	_	-	2	_
Kwekwe/Gweru	34	59	9%	50	14%
Masvingo	62	28	16%	38	11%
Zvishavane	5	-	1%	-	-
Karoi	7	7	2%	2	0%
Chirundu	1	_	0%	3	0%
Chinhoyi	2	7	0%	6	1%
Chegutu	4	16	1%	-	-
Murehwa	5	4	1%	-	-
Kadoma	13	4	3%	-	-
Marondera	1	-	0%	17	5%
Bindura	5	-	1%	9	2%
Beitbridge	3	-	0%	-	-
Vic-falls	2	-	0%	-	-
Total	393	372	100%	353	100%

2.6. The entity views coverage expansion into untapped zones as an outstanding opportunity amid stiff competition in Harare compounded by winter season

^{2.7.} Consequently, total outstation volumes closed at 177t (45%) compared to 157t (42%) in the previous quarter which is reflective of direct control of Bulawayo and Masvingo. Had the reverse logistics been effective, the outstations would have generated significant volumes, underscoring the importance of a well-functioning logistic system.



3. Operational highlights

- 3.1. The production flow was cordial due to electricity modest stability despite notable concerns of future continuity underscoring the importance of capex funding to secure an alternative power source. Additionally, efficient plant and baling machines are crucial to driving output and achieving optimal yields. Regrettably, shortage of funding constrained machine maintenance, preventing the realization of desired expectations. Consequently, flakes registered a 92% yield while bales stood at 93% against the target of 93% and 96% respectively. Gradual efforts on machine maintenance revealed a marked improvement against last year with 85% flakes' yield and 88% bales' yield.
- 3.2. The local market's demand for post-consumer material has slowed down due to a huge appetite in ex-factory preforms whose availability is limited. As a result, only 48t were produced as flakes from preforms against a target of 173t and 174t prior year. Members are therefore implored to send their ex-factory waste through the entity to ensure sustainability in circular economy mission.
- 3.3. However, as the market pendulum is shifting towards export bales, the volume for bales grew by 15% from last year to 302t and also ahead of the target by 3%. Consequently, plant utilization posted only 6% against 22% for both target and prior year. Baling capacity utilization marginally grew from prior quarter to 9% but well ahead of 8% reported last year. The baling utilization can achieve optimum capacity if volume is driven by competitive upstream market prices to increase feedstock.
- 3.4. Harare posted top performance in baling at 18% against all outstations despite below 20% achieved last quarter due to the impact of winter and competitive pressures. Bulawayo posted 5% while Kwekwe led all outstations at 7%. Masvingo posted 4% but the upcoming quarter is staged for significant growth. Victoria Falls maintained its momentum from the previous quarter. The center contributed 1.4t during the quarter after challenges with logistical support. The overall capacity utilization of balers maintained a 10% share against last quarter. The baling utilization can achieve optimum capacity if volume is driven by competitive upstream market prices to increase feedstock.

Parameter		Q2 2025	Target	Prior Year	Variance (%)	Growth (%)
als		393t	490t	353t	-20%	11.30%
(flakes)		52t	186t	204t	-72%	-75%
Bales Flake		302t	292t	262t	3.42%	15%
		48t	173t	174t	-72%	-72%
4.No of bales		1510	1460	1139	3.42%	32.50%
(kgs)		25t	25t	47t	-	-47%
6.Utilization		9.40%	9%	8.20%	4.40%	15%
	Flakes	6%	22%	21.96%	-73%	-73%
7.Effluent (litres)		35,000	300,000	280,000	-88%	-87.50%
8.Yield		92%	93%	85%	-1.07%	8.20%
	bales	93%	96%	88%	-3.10%	-5.68%
, ((flakes) ales ake (kgs)	(flakes) ales ake (kgs) Baling Flakes es) Flakes	Second S	Sample S	Year Als 393t 490t 353t (flakes) 52t 186t 204t ales 302t 292t 262t ake 48t 173t 174t 1510 1460 1139 (kgs) 25t 25t 47t Baling 9.40% 9% 8.20% Flakes 6% 22% 21.96% es) 35,000 300,000 280,000 Flakes 92% 93% 85%	Year (%) Als 393t 490t 353t -20% (flakes) 52t 186t 204t -72% Ales 302t 292t 262t 3.42% Aske 48t 173t 174t -72% 1510 1460 1139 3.42% (kgs) 25t 25t 47t - Baling 9.40% 9% 8.20% 4.40% Flakes 6% 22% 21.96% -73% es) 35,000 300,000 280,000 -88% Flakes 92% 93% 85% -1.07%



4. Financial performance

	2025				2024				Growth
Details	2nd quarter	2nd quarter	1st quarter	YTD	2nd quarter	2nd quarter	1st quarter	YTD	Yr 25/24
	Target	Actual	Actual	Actual	Target	Actual	Actual	Actual	%
Collection volume	490t	393t	372t	883t	410t	353t	364t	763t	11%
Sales volume (Tons)	489t	325t	377t	814t	234t	205t	174t	439t	59%
,									
Revenue (USD)	USD146k	USD105k	USD106k	USD251k	USD76k	USD72k	USD54k	USD148k	46%
Gross profit (USD)	USD12k	USD20k	USD9k	USD32k	USD2k	USD19k	USD7k	USD21k	5%
Net loss (USD)	USD111k	USD54k	USD62k	USD165k	USD122k	USD54k	USD49k	USD176k	0%
Total cost of raw materials (USD	USD70k	USD68k	USD63k	USD138k	USD58k	USD52k	USD39k	USD110k	31%
Administration and operating									
costs (USD)	USD89k	USD62k	USD56k	USD151k	USD94k	USD58k	USD62k	USD152k	7%
Subsidies paid (USD)	USD86k	USD54k	USD58k	USD140k	USD73k	USD32k	USD44k	USD105k	69%
Outstanding creditors (USD)	-	USD43k	USD68k	-	-	USD66k	USD62k	-	-35%

- 4.1. The entity achieved a notable milestone, posting growth in gross profit and a reduction in net loss, marking a record performance after a prolonged period. Additionally, the balance sheet also reflected a stable financial position.
- 4.2. The entity posted a 19% GP margin at an amount of US20k against a target of US12k and prior quarter and prior year of US9k and US19k respectively. This strong performance at GP level is driven by aggressive price negotiations. This culminated in GP growth further bolstered by economies of scale driven by growth in collection volumes. The collection volume growth was facilitated by direct control of depots with previously untapped potential. Nonetheless, the full potential of this growth was somewhat mitigated by upstream price distortions arising from competitive pressures following growth in South Africa PET market.
- 4.3. The upward trend in gross profit led to a reduction in net loss, with a negative margin of 51% against a target of -76% and prior quarter and year figures of -58% and -75%, respectively. In absolute terms, the net loss narrowed to US\$54k, compared to a target of US\$111k and prior quarter and year losses of US\$62k and US\$54k, respectively. Although there was a notable 44% cost saving against the target, the entity did not fully exhaust the potential due to limited subsidy funding leading to exposure in key services such as insurance, plant maintenance and adequate protective clothing for employees. However, the growth in expenses was primarily driven by rental expense increase following the takeover of Bulawayo and Masvingo depots and bank charges rising due to substantial Q2 payments after a dry Q1.

- 4.4. The balance sheet attained a firm position with a current asset ratio representing a stable position. The lethargic and delay in subsidy payment was substantial undermining the entity's full potential and posing a legal risk due to unpaid creditors including statutory obligations at US36k.
- 4.5. To date, the entity's sponsors have invested over USD1 million in plant and equipment, complemented by over USD 3.5 million in working capital funding.



5. Market update

Sales performance

- 5.1. The entity's end products are flakes and bales although there are some customers who specifically request bottles in their raw form.
- 5.2. The target market is both local and export market. The local market further value adds into food packaging trays and strapping used to tie together heavy materials like bricks. The export, now South Africa, value add into clothing textile, geo-textile, construction and bottle production.
- 5.3. With the above background, the local market revenue share increased to 31% from 26% in the prior quarter but fell short of the 92% achieved last year same quarter. However, the local market continues to face headwinds from the tough economic environment, but there are indications of a potential rebound. A notable concern is a reduced appetite of post-consumer PET relative to preforms which are typically scarce given their ex-factory origin. Although some local customers are impacted by the economic doldrums, they are accessing the much needed preforms within our membership network, limiting the unit's local market growth and progress in the post-consumer channel. For strategic reasons, it's imperative for members to direct their PET ex-factory sales through PetrecoZim to support the project's stability and market balance.
- 5.4. Nevertheless, the export stake has provided a welcome boost despite the imposed export surrender scheme. Although, the unit is suffering from the weight of elevated upstream prices, growth in end customer prices have provided a welcome respite. Consequently, revenue surged by 46% to USD105k from USD71k achieved last year notwithstanding a 1% marginal decline from last quarter. Sales volume jumped 58% to 328t from 207t last year, despite a 14% decline from the previous quarter's 377t. Notably, revenue growth remained strong despite the volume drop from last quarter, highlighting the impact of effective price negotiations. The transition from an agent model to direct depot control for outstation operations caused some disruptions, resulting in lower sales volume as stock was not readily converted into sales

SALES BY CUSTOMER	VC	DLUME (to	ons)	REVENUE (USD)			
	Q2:2025	Q1:2025	Prior Year	Q2:2025	Q1:2025	Prior Year	
Extrupet SA	223t	320t	29t	\$71,445	\$79,213	\$5,595	
Royal Packaging SA	50t	-	-	\$9,960	-	-	
Sunstart	31t	25t	-	\$13,974	\$10,989	-	
Planas	_	-	144t	-	-	\$57,670	
Flytserve Renewable	_	-	23t	-	-	\$3,919	
Other	21t	32t	9t	\$9,534	\$16,216	\$4,361	
Total	325t	377t	205t	\$104,913	\$106,417	\$71,545	

Sales by product	_	_	Prior Year Q2: 2024	Revenue USD Q2:2025	Revenue USD Q1:2025	Revenue USD Q2:2024
Bales	272t	320t	52t	\$80,405	\$79,213	\$9,514
Flakes	47t	43t	100t	\$20,127	\$18,820	\$39,619
Bottles	4t	14t	54t	\$4,341	\$8,384	\$22,412
Total	323t	377t	205t	\$104,913	\$106,417	\$71,545

Competitor analysis

- 5.5. To mitigate the growing competition in Harare, driven by South Africa's increasing PET demand and Extrupet's capacity expansion to 60,000tons per annum, the entity is proactively exploring new upstream markets. While this trend presents opportunities in the cleaning mandate, efforts have been concentrated in Harare only. To address this, the entity is expanding into untapped zones such as Gokwe, Gwanda, Chinhoyi, Karoi, Kariba, and Chipinge.
- 5.6. The regulator's concern with PET waste management extends beyond Harare, prompting the entity to broaden its coverage. The expansion efforts have yielded satisfactory results, as outlined in clause 2.7. This model's success hinges on procurement of new balers and members' effective reverse logistics support to feed materials back to our Harare head office, particularly in areas not near South Africa.
- 5.7. Notwithstanding intense competition from new Chinese entrants, the unit successfully reclaimed its market share, leveraging its long-standing loyalty and established relationships within the supply chain. Consequently, the unit saw a notable increase in collection volumes versus last quarter and previous year, underscoring the effectiveness of its marketing strategies in capturing strategic plastic hubs like Masvingo and Bulawayo. The Bulawayo market experienced temporary disruptions following intense competition. A dedicated marketing budget was allocated to address the issue, and volumes began to recover by quarter-end, setting the stage for meaningful growth in the upcoming quarter. Nevertheless, a market tour in Bulawayo yielded valuable insights,

revealing that Ingwebu launched a PET sorghum beer plant in February. Notably, the business is experiencing decanting losses, presenting an opportunity for the unit to collect pre-consumer waste. Additionally, efforts were initiated to engage Arenel Zimbabwe, a Bulawayo PET consumer, to explore opportunities for accessing pre-consumer waste.

5.8. The market headwinds were further complicated by Geo-Pomona aggressive entrance. This development is a focal topic in the recycling industry, sparking concerns about market distortions. The initiative aims to manage city council waste, convert it into energy, and an establishment of a plastic recycling project on the Pomona dumpsite. However, benchmarking against similar projects in other jurisdictions suggests that it may not be self-sustaining due to high operating costs versus revenue. Therefore, such projects require subsidies for them to be going concern entities. Meanwhile, it continues to invest in collection vehicles to smoothly manage the waste collection network. In response, PetrecoZim is exploring strategic partnerships, albeit slowly and hence the need for provincial expansion supported by procurement of baling machines as effective countermeasures to stay relevant.

5.9. Notwithstanding, the aforementioned market doldrums, the downstream market is stepping up significantly driven by the increasing demand from the long-standing customer, Extrupet South Africa. Of notable interest is the continued ties with a recent new customer, Royal Packaging SA, who has shown commitment in PET orders above the market premium rates. Consequently, a modest reduction in losses has been witnessed and such a trend is welcome for the future growth. Despite the existing orders, the unit is concluding a commitment with a new customer in SA, APLA Recycling South Africa, with an annual demand of 1,200t. Importantly, the customer offers pricing margins 5% higher than Extrupet, which is expected to enhance profitability by mitigating upstream price competition. Nonetheless, the unit will prioritize maintaining a balanced customer portfolio, ensuring a prolonged strategic relationship with Extrupet despite potential margin pressures from new entrants.

Environmental scan

5.10. The industry is eagerly anticipating the upcoming mid-term budget review, slated for the end of July, with high hopes for meaningful interventions. Stakeholders across all sectors are optimistic that the Treasury will address pressing macroeconomic challenges, including regulatory overreach, high energy costs, currency volatility, and unfair competition from the informal sector. Furthermore, the industry is seeking relief from the Intermediated Money Transfer Tax (IMTT), in light of the current economic strain.

5.11. Despite a 9% increase in Zimbabwe's exports to USD727.3m in May, industry stakeholders are urging the Treasury to introduce incentives for exporters to further boost the country's foreign earnings. This call is reinforced by the International Monetary Fund (IMF), which has advocated for the abolition of the export surrender scheme and improvements to the willing-buyer, willing-seller foreign exchange system to enhance its functionality. Despite these recommendations, concerns are emerging that the authorities intend to retain and potentially increase the proportion of foreign currency earnings that must be surrendered. Experts warn that this approach could lead to short-term consequences, including reduced export competitiveness and working capital constraints, as well as medium-term repercussions such as deterring investment and disrupting supply chains. Notably, the long-term effects are expected to include export contraction and increased economic informalization. The RBZ's appetite for foreign currency has increased at the backdrop of mining firms reducing output across lithium, platinum, coal and diamond projection.

5.12. Global economic uncertainty persists, fueled by trade tensions and reduced development aid. The Middle East conflict is driving oil price volatility, which could further strain Zimbabwe's fragile economy. Rising fuel and energy costs may increase manufacturing expenses, threatening local industry stability as cheaper imports gain traction. Meanwhile, South Africa's resilient economy is defying expectations, with the Rand strengthening against the US dollar presenting a profit opportunity for the entity's export sales.



6. Regulatory and membership drive

- 6.1. While the regulator is committed to level the playing field for waste management efforts, the EPR legislation remains the most ultimate solution to deal with the free riders. Consultations are being currently undertaken with UNEP funding an extensive research on microplastic effects and the mitigation strategies. The unit's prominence in recycling has allowed it to maintain close ties with the regulator, utilizing this relationship to inform decision making and drive membership growth. Following the resubmission of a database of non-compliant firms, EMA issued a March notice requiring plastic value chain manufacturers to submit comprehensive waste management plans which will be detrimental to the non-participating members.
- 6.2. During a market tour in Bulawayo, the entity capitalized on its ties with the regulator to explore a potential strategic alliance with both Ingwebu and Arenel Zimbabwe to tackle plastic pollution in the post-consumer space. Although the proposal was welcomed, financial collaboration details remain under discussion.
- 6.3. To bring the potential stakeholder attention, the entity hosted a World Environment Day field visit on the 5th of June, showcasing a circular economy model, which has been acknowledged as one of the best in Zimbabwe. The event welcomed Business Council of Sustainable Development in Zimbabwe (BCSDZ) members and industry professionals for an informative site tour.

Additionally, the Acting General Manager represented recyclers at the belated Victoria Falls World Environment Day celebration on June 12th, delivering a speech on their behalf. The event, funded by UNICEF, brought together key stakeholders, including the Ministry of Environment, Climate, and Wildlife. A notable highlight was the visit by the EMA board to appreciate the entity's operations. Management seized the opportunity to discuss challenges, including free riders and limited operating space. The EMA board chairman responded positively, promising to provide land for the entity's noble cause and exploring ways to engage non-participating members, such as Nyati Breweries.



7. Challenges & opportunities

Challenges

- **7.1. Free riders** lack of participation by other industry players creates a funding gap & uneven playing field resulting in undermining the commitment of existing players
- **7.2. Ignorance -** lack of awareness across the value chain even at producer level resulting in many drawbacks to the recycling efforts.
- **7.3. Market access -** Lack of sustainable domestic market resulting in overreliance on export markets which put the industry at the mercy of policies and events in other countries.
- **7.4. Design problems** which make recycling expensive or renders certain containers non-recyclable.
- 7.5. Lack of standards that govern the packaging designs hence create problems for recycling
- **7.6. Inadequate government support/** Lack of incentives for those involved or that support recycling and lack of penalties for free riders.
- **7.7. Highly volatile** markets that are prone to global shocks and linked to pricing of commodities.
- **7.8. High cost** structure and country specific problems, some related to geographical location as they impact export competitiveness.
- 7.9. Poor quality of raw material- Impacting on the cost of recycling
- **7.10. Transportation challenges** due to lightweight nature of the material.

Opportunities

- **7.11. Waste Beneficiation /** Value Addition / upscale into the PET to fibre / textile / B2B value chains
- **7.12. Industry wide participation** resulting in critical mass and adequate funding to support growth of the recycling sector resulting in higher recovery / recycling rates
- **7.13. EPR** Fertile ground for corporates to implement visible CSR/ EPR/Sustainability programmes
- **7.14. Inclusive Business –** Opportunity to alleviate poverty through employment and income opportunities especially for vulnerable groups. Waste management sector is typically labour intensive.
- **7.15. Opportunity to create** a fully-fledged industry with multiplier effects out of the waste problem by investing in downstream industries that feed on the waste material.
- **7.16. Plenty of raw materials** remains uncollected in various untapped provinces.
- **7.17. Partnerships** and collaboration





8. Looking Ahead

- **8.1. Strong Demand:** The entity's order book remains robust, driven by increased PET demand in the South African market.
- **8.2. Expanding Reach:** Collection and sales performance are expected to improve further, fueled by strategic expansion into untapped zones, including Gokwe, Chivhu, Gwanda, and Mvuma.
- **8.3. Profitability Boost:** Rand strengthening against the US dollar, combined with volume increases, will drive economies of scale and enhance profitability.
- **8.4. Capex Priority:** Securing subsidies for baler procurement is crucial to capitalize on expansion opportunities.
- **8.5. Competitive Landscape:** Intensifying competition in Harare will necessitate coverage growth, presenting opportunities for price segmentation in less crowded areas.
- **8.6. Regulatory Environment:** Crackdown on free riders will drive membership growth, potentially reducing subsidies for existing members.
- **8.7. Market Trends:** The local PET market is expected to remain sluggish due to decreased demand for post-consumer PET and market challenges. However, export market to provide a welcome respite.
- **8.8. Subsidy Challenges:** Limited subsidy inflows may hinder growth opportunities, contrary to regulatory expectations.
- **8.9. Operational Risks:** Power stability concerns may disrupt production flows, requiring proactive mitigation.



Conclusion

- 9.1. In conclusion, Petrecozim demonstrated resilience and growth amidst challenging market conditions. Despite headwinds, the entity achieved notable milestones in collection volumes, sales performance, and financial stability. The entity's strategic expansion into untapped zones and export market growth positioned it for future success.
- 9.2. However, ongoing challenges are acknowledged, including free riders, market competition, and regulatory complexities. To address these, the entity will prioritize securing capex subsidies, enhancing operational efficiency, and fostering strategic partnerships.
- 9.3. A look ahead glance presents a stage for potential growth, driven by increasing PET demand in South Africa and the entity's commitment to sustainability. With careful planning and execution, management is confident that Petrecozim will continue to thrive and contribute to a more circular economy.



CONTACT US

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