ZIMPLOW

ENGINEERING PERFORMANCE

Annual Report 2022

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

Introduction

This annual report covers the financial year from 1 January 2022 to 31 December 2022 and is prepared for Zimplow Holdings Limited (Zimplow) and its subsidiaries, together the 'Group'. Its prepared in accordance with ZSE guidelines. The ZSE reporting cycle is bi-annual with the Half Year reporting ending 30 June 2022 (Reviewed) and final Year-end report published in June 2023.

OUR VISION
What we aspire to do:

To be the supplier of choice for quality and innovative equipment solutions.

OUR MISSION
What we believe:

To provide agricultural, logistics and automotive,mining and infrastructural engineering solutions through internationally acclaimed brands.

OUR VALUES
How we do it:

Respect
We respect people for who they are.

Excellence
We deliver quality in our service, react quickly and positively in our interaction with our stakeholders.

Integrity
We act honestly and ethically.

Teamwork
We trust, support and motivate each other.

Contents

FOR FURTHER DETAILS ON THIS REPORT

ONLINE

You can find this report, previous reports and more information about Zimplow Holdings Limited online at www.zimplow.co.zw.

Our Annual Report along with other relevant documents can be downloaded at http://www.zimplow.co.zw/investor.

NAVIGATION

For easy navigation and cross-referencing, we have included the following icons within this report: Our Capitals and Strategic Objectives to make referencing between our report suite easier. With this report we also include additional information relating to online topics.

Information available elsewhere in this report.
Information available on our website.

01

COMPANY OVERVIEW

Scope of the Report

We are pleased to present the annual report of Zimplow Holdings Limited, a company listed on the Zimbabwe Stock Exchange (ZSE) for the year ended 31 December 2022. The report is targeted at the company's stakeholders and is presented in line with the recommendations of the best practice on Corporate Governance. This report aims to integrate sustainability matters with financial information and has been prepared following guidelines from the Global Reporting Initiatives (GRI) G4 guidelines. In addition, Zimplow also complied with International Financial Reporting Standards (IFRS). An independent auditor's report on the financial statements is contained on page 43 to 46.

This report is the responsibility of the company's directors. The report outlines the goal of the Group towards sustainable business values, therefore covers those material aspects of the company's environmental, social and governance activities with the operational and financial performance of the business. The report also covers the approach taken to address those social, economic, environmental and governance issues which not only have a material impact on the long-term success of the business but are also important to key stakeholders.

Forward-Looking Statements

Certain statements in this report constitute 'forward looking statements' and readers should not place undue reliance on forward looking information. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievements of Zimplow Holdings Limited to be materially different from future results, performance, objectives or achievements expressed or implied in forward looking statements.

The performance of Zimplow Holdings Limited is subject to effects of changes in the operating environment and other factors. Zimplow Holdings Limited undertakes no obligation to update publicly or to release any revision of these forward-looking statements to reflect the events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

This annual report is also available on the company's website at www.zimplow.co.zw. We would welcome your feedback on our reporting and any suggestions you have in terms of what you would like to see incorporated in our report. To do so, please contact: Gino Malapela-Vela gmalapela@zimplow.co.zw or call +263 (0) 8677007184.

Business Profile

Zimplow is now one of the largest distributors of agricultural, infrastructure, mining, transportation and automative equipment in the country, which has been contributing to productivity of the Zimbabwean economy. For more than three quarters of a century Zimbabwe's farmers have been tilling the soil with Zimplow's products. We have been contributing to the national agricultural output, infrastructure development and mineral wealth extraction. Our machinery and equipment can be seen in action at most of Zimbabwe's mines, construction sites fields, plantations and estates.

Zimplow serves a whole range of customers – from large-scale agricultural corporations through to the smallest subsistence farmer requiring tillage equipment. From the most impressive earthmoving equipment for mines, construction and engineering firms, through to the tiniest bolt that keeps it all together we supply. At Zimplow we offer premium quality agricultural, infrastructure, mining, transportation and automative products, but most importantly, support and backup to all those we do business with. The Group is now firmly rooted in the key sectors of the economy serving agriculture, mining and infrastructural development. Zimplow Holdings is continually developing in ways which will best exploit potential synergies and enhance value for all stakeholders.

Zimplow is committed to honour the vision to offer our customers with premium quality equipment and power generation solutions. With our footprint stamped firmly in major cities and towns around the country, Zimplow is well-positioned to serve and supply its customers. We are action oriented and offer cutting edge technology to our customers, providing convenience and value. We aim to service equipment well, in such a way that aids the success of our customers. We provide innovative production solutions that maximize output, at the same time setting our customers apart from their competitors. We are here for our customers today, tomorrow and the future. Zimplow is serious about quality service.

Our Journey

1939

FOUNDED
The Company is founded.

1951

STOCK EXCHANGE
The Company is listed on the Stock Exchange.

2006-2008

CT BOLTS & TASSBURG
The Company enters the fasteners market through the acquisition of CT BOLTS and Tassburg.

2011-2012

AFRITRAC & TRACTIVE POWER HOLDINGS
Acquisition of African Traction and Associated Technologies. (AFRITRAC) and Tractive Power Holdings Acquisition of Tractive Power Holdings Ltd which comprised of:

- Farmec
- Barzem
- Manica Road Investments
- Northmec
- Puzey and Payne.

2013-2015

RESTRUCTURING & OPTIMISATION

- Exit from CASE franchise (Northmec).
- Disposal of Puzey and Payne.
- Disposal of Tassburg.
- Delisting of Tractive Power Holdings.
- New corporate identity.

2018

RESTRUCTURING
Disposal of Afritrac.

2021

ACQUISITION
Scanlink, Trentyre and Birmingham Properties.

2022

TPS
Introduction of Tractive Power Holdings now trading as Tractive Power Solutions (TPS) and exit from CAT franchise

Our Corporate Structure

ZIMPLOW
ENGINEERING PERFORMANCE

OUR MARKETS

AGRICULTURAL CLUSTER

Mechanised equipment – 100% – FARMEC
- Tractors
- Combine Harvesters
- Implements
- Parts

Farming equipment – 100% – MEALIEBRAND
- Ploughs
- Implements
- Small scale Tractors

MINING AND INFRASTRUCTURE CLUSTER

Industrial and Domestic – 100% – POWERMEC
- Generators
- Engines
- Solar
- Parts

Heavy Mobile Earthmoving Equipment – 51% BARZEM, 100% TPS
- Mining
- Construction
- Parts
- Consignment stock
- Special projects

Fasteners – 100% – C.T. BOLTS
- Nuts and Bolts
- Specialized Fasteners

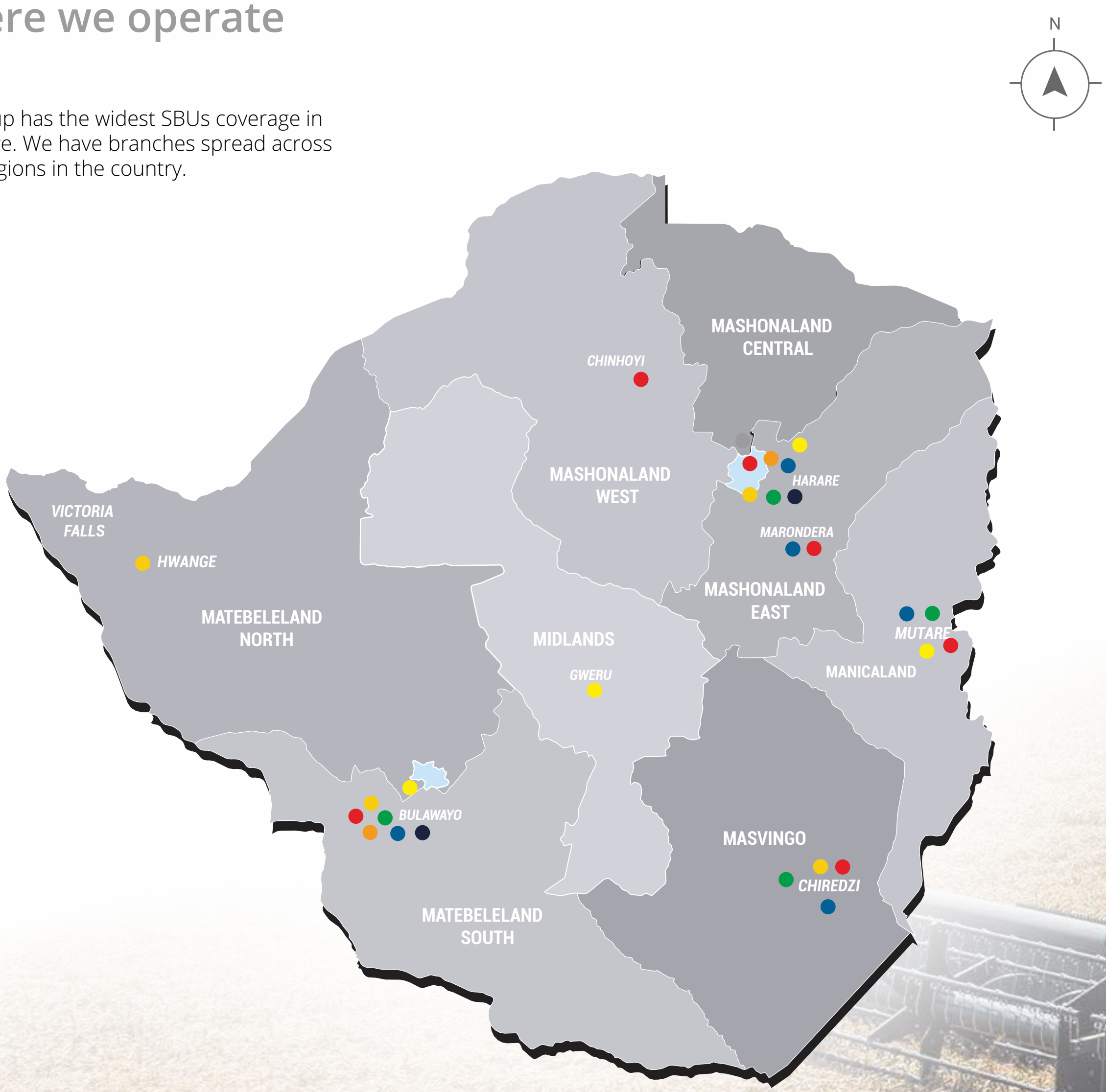
LOGISTICS AND AUTOMATIVE CLUSTER

Tyres – 100% – TrenTyre ZIMBABWE
- TBR
- PCR
- RETREADS
- OTR

Industrial & Commercial Vehicles – 100% – SCANLINK
- Trucks
- Buses & coaches
- Parts
- Generators
- Engines

Where we operate

The Group has the widest SBUs coverage in Zimbabwe. We have branches spread across all the regions in the country.



- FARMEC
- MEALIE BRAND
- C.T. BOLTS
- POWERMEC
- BARZEM TPS
- VALMEC
- SCANLINK
- TrenTyre ZIMBABWE
- MANICA ROAD Investments


IDEAL
9T

02

Our Business Units

Agricultural Equipment Segment

MEALIE BRAND

A 100% owned Division of Zimplow Holdings Limited, Mealie Brand is the largest manufacturer and distributor of animal drawn ploughs, harrows, rippers and planters in Zimbabwe. It offers a wide range of land preparation, cultivation and planting implements in Sub-Saharan Africa. Through its ISO 9001: 2015 Certification, the quality of Mealie Brand products is guaranteed to meet the requirements of even the most discerning and export customer. As a 100% owned division, Mealie Brand is focused on empowering the African subsistence farmer. Mealie Brand works closely with conservation and extension departments in Zimbabwe to ensure value is delivered to the grassroots level farmer in Zimbabwe and in the region.

"Mealie Brand", now tried and tested, is a household name and recognised regional brand. It started in 1939, when the first plough was produced. With a wide distribution network, their products can be found at the best-known wholesalers down to some of the most remote hardware stores. Mealie Brand continues to empower and resource the African farmer through its products.

For more information, contact or visit us at:

Bulawayo
39 Steelworks Road, Heavy industrial sites.
Tel: +263 029 2880667/71363-4, 08677 007184.
Email: sales@zimplow.co.zw.
Website: www.mealiebrand.co.zw.

Harare
36 Birmingham Road, Southerton.
Tel: +263 024 2754612-9, 08677 007184.
Email: sales@zimplow.co.zw.

FARMEC

A 100% owned Division of Zimplow Holdings Limited, Farmec is the flagship for mechanised agriculture equipment in the Group, holding franchise agreements for Massey Ferguson, Valtra, Challenger tractors, combine harvesters as well as distributorships for Monosem, Vicon and Falcon implement ranges. The business is a one stop shop for the small to the most advanced farmer.

Farmec has branches in the main agricultural regions of the country and provides support to our valued customers and agriculture sector at large as follows:

Harare
36 Birmingham Road, Southerton.
Tel: +263 024 2754612/9, 08677 007184.
Email: farmec@farmec.co.zw.
Website: www.farmec.co.zw.

Chiredzi
54 Chironga Road
Tel: + 263 772 720 759, 08677 007184.
Email: dulanip@farmec.co.zw.

Mutare
12 Aerodrome Road
Tel: +263 712 978 789, 08677 007184.
Email: horsefieldm@farmec.co.zw.

Marondera
19 Smithfield way
Tel: +263 772 609 357, 08677 007184.
Email: mutambue@farmec.co.zw.

Bulawayo
Corner Falcon and Wanderer Street.
Tel: + 263 772 720 759, 08677 007184.
Email: dulanip@farmec.co.zw.

Mining and Infrastructure Segment

BARZEM

Barzem (Currently 51% owned by Zimplow) is earmarked to continue setting the benchmark in the mining equipment space by providing a comprehensive range of machinery and construction equipment.

The company is a former dealer representative for the Caterpillar and Hyster brands. Barzem is currently at an advanced stage of shareholder changes which will result in an 100% ownership by Zimplow with the subsequent on-boarding of a new OEM.

Barzem once the new OEM has been acquired, will utilize the existing branch network to provide new equipment sales, service and parts in the following areas:

- Harare
- Bulawayo
- Hwange

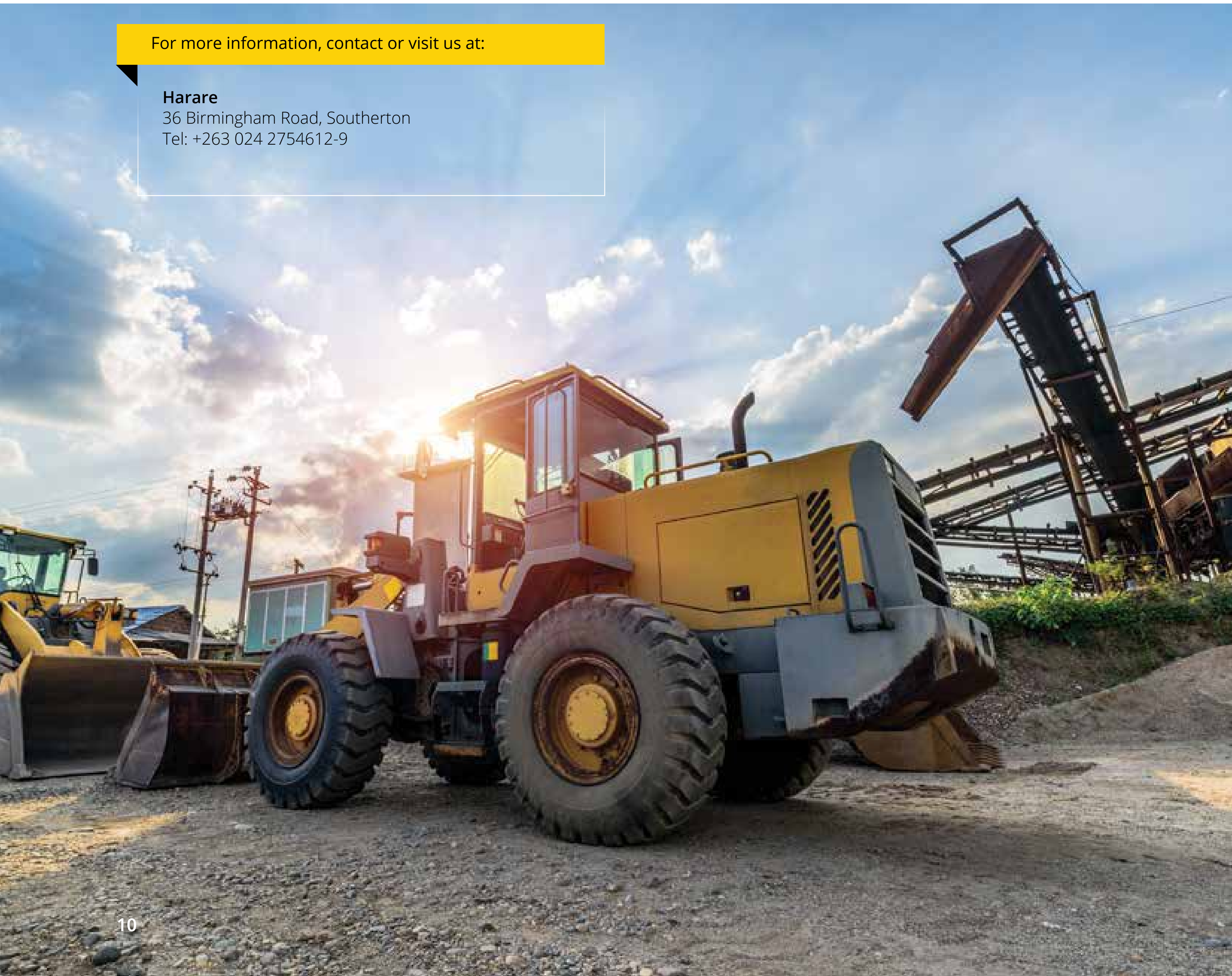
TPS

Tractive Power Holding, T/A Tractive Power Solution, is a wholly-owned subsidiary of Zimplow Holdings Ltd. The business unit is an expanding member of the Zimplow Holdings Mining and Infrastructure Cluster. TPS offers many services and solutions; including but not limited to filtration, lubricants, GET, and replacement parts, industrial filtration, engine replacement components, and servicing and repairs of earthmoving equipment. TPS is an accredited Donaldson Filtration, Icermax, and Weichai engine parts supplier.

The division's objective is to supply clients with high-quality equipment, spares, and service that enables them to carry out their operations at fair prices. TPS strives to acquire a thorough understanding of its customers' needs to be able to provide operational excellence, enabling clients to extract natural resources and make infrastructural developments in a profitable and environmentally responsible manner.

For more information, contact or visit us at:

Harare
36 Birmingham Road, Southerton
Tel: +263 024 2754612-9



Powermec, a 100% owned Division of Zimplow Holdings Limited. Powermec supplies Perkins engines, spare parts and the related services of Perkins engines in the country. Powermec is the authorised supplier of Perkins engines, spare parts and related services in the country. Powermec also offers solar packages from domestic up to industrial solutions such as installations, solar panels, inverters and batteries.

A 100% owned Division of Zimplow Holdings Limited. It was established in 1954 and incorporated into Zimplow since 2006, CT Bolts is a distributor of mild steel bolts, nuts, nails and a wide range of fasteners including specialised mining, construction, agriculture and infrastructure fasteners. It is a key barometer of the economy as its products are required in the most basic to the most advanced sectors of the economy.

For more information, contact or visit us at:

Harare
36 Birmingham Road, Southerton.
Tel: +263 024 2754612/9, 08677 007184.
Email: farmec@farmec.co.zw.
Website: www.zimplow.co.zw.

For more information, contact or visit us at:

Bulawayo
Corner Falcon Street and Wanderer Avenue, Belmont.
Tel: +263 9 471591-4/467746, 08677 007184
Email: sales@ctbolts.co.zw or buyer@ctbolts.co.zw.

Harare
36 Birmingham Road, Southerton
Tel: +263 4 755261-2 / 755258-9, 08677 007184.
Email: sales@ctbolts.co.zw or
buyer@ctbolts.co.zw.
Website: www.ctbolts.co.zw.

Logistic and Automative Segment

SCANLINK

A 100% owned subsidiary of Zimplow Holdings Limited, established in 2004 and incorporated into Zimplow in 2021. Scanlink (Pvt.) Ltd is the sole distributor of Scania products in Zimbabwe. The Company offers vehicle sales and after sales support for Scania vehicles in the country. Scania also offers a wide range of generators.

For more information, contact or visit us at:

Bulawayo
15 Plumtree Road, Belmont, Bulawayo, Zimbabwe.
Tel: +263 766 655656 / +263 767 676956.
Email: info@scanlink.co.zw.

Harare
3001 Dagenham Road, Willowvale, Harare, Zimbabwe.

TrenTyre ZIMBABWE

A 100% owned subsidiary of Zimplow Holdings Limited, established in 1996 and incorporated into Zimplow in 2021. Tredcor Zimbabwe (Private) Limited trading as Trentyre Zimbabwe is the exclusive distributor for the Goodyear brand of tyres in Zimbabwe. The Company is involved in tyre re-treading, fleet tyre management, tyre fitting services and distribution of various brands of new vehicle tyres. Trentyre Zimbabwe was established as a partnership between the multi-national tyre distribution and re-treading subsidiary of the world-renowned tyre manufacture, Goodyear Tire and Rubber Company and a local Company Clan Services (Private) Limited.

For more information, contact or visit us at:

Bulawayo
Factory: 15 Plumtree Road, Belmont, Bulawayo.

Gweru
1848 Coventry Road, L.I.S, Gweru.

Harare
Head Office and Accounts.
30001 Dagenham Road, Willowvale,
Willowvale Branch and Retread Factory:
177 Erith Road, Willowvale.

Mutare
2 Simon Mazorodze Road, Mutare.
Tel: (024) 660536/8 | +263 776 740 731
Email: wvsales@trentyre.co.zw

Property Holding Companies

MANICA ROAD
Investments

Manica Road Investments is a 100% owned subsidiary of Zimplow Holdings Limited. The Company is a property holding investment Company which owns the property that is used by Zimplow as office accommodation, showrooms and workshops.

Birmingham Investments (Private) Limited

A 100% owned subsidiary of Zimplow Holdings Limited, incorporated into the Group in 2021. Birmingham Investments (Private) Limited is the owner of an immovable property known as 63/65 Birmingham Road, Southerton, Harare.

For more information, contact or visit us at:

Harare
36 Birmingham Road, Southerton.
Tel: +263 024 2754612/9.

03

Corporate Governance

Chairman's Statement

DEAR STAKEHOLDERS

The financial year 2022 was a challenging year for Zimplow given the difficult trading environment and termination of the caterpillar dealership in September 2022. The discontinuance of Barzem operations resulted in Group profitability swinging from an operating profit position to a loss before tax of ZWL$1 billion, attributable to once-off provisions to the tune of ZWL$7.4 billion as listed below:

▸ Stock Write Downs	ZWL6.4 billion
▸ Exchange losses	ZWL0.5 billion
▸ Retrenchment costs	ZWL0.5 billion

These provisions arose from the termination by the Franchise Holder of the Caterpillar (CAT) Distributorship Agreement. The Group is currently actively pursuing a new Original Equipment Manufacturer (OEM) to replace the CAT Distributorship Agreement, in order to ensure that the needs of our earth moving equipment customers are continually met. This objective bodes well with the Group's thrust to provide one stop shop services to our clients who operate across the varied sectors of the country's economy.

Godfrey T. Manhambara
Chairman

Chairman's Statement (cont.)

DEAR STAKEHOLDERS

The financial year 2022 was a challenging year for Zimplow given the difficult trading environment and termination of the caterpillar dealership in September 2022. The discontinuance of Barzem operations resulted in Group profitability swinging from an operating profit position to a loss before tax of ZWL$1 billion, attributable to once-off provisions to the tune of ZWL$7.4 billion as listed below:

▸ Stock Write Downs	ZWL6.4 billion
▸ Exchange losses	ZWL0.5 billion
▸ Retrenchment costs	ZWL0.5 billion

These provisions arose from the termination by the Franchise Holder of the Caterpillar (CAT) Distributorship Agreement. The Group is currently actively pursuing a new Original Equipment Manufacturer (OEM) to replace the CAT Distributorship Agreement, in order to ensure that the needs of our earth moving equipment customers are continually met. This objective bodes well with the Group's thrust to provide one stop shop services to our clients who operate across the varied sectors of the country's economy.
Following the loss of the CAT Distributorship Agreement, the Board focused on balance sheet preservation so as to protect shareholder value. This included the pursuit of arbitration proceedings which were concluded in favour of Zimplow. Given this positive development, the Board is following through on protecting shareholder value by acquiring Barloworld's 49% shareholding in Barzem at a discount in line with the remedies provided in Barzem's shareholder agreement.

Overall, the continuing operations recorded a resilient performance which we are currently now building on going into FY2023.

TRADING ENVIRONMENT

The Group started the year on a positive note, with strong demand being experienced across all three (3) Clusters. However, the impact of the drought experienced in the second half of the FY2020/21 season significantly slowed down demand for agriculture equipment products. The monetary measures and the general reduction in liquidity to tame the import inflationary pressures, caused demand for capital equipment, especially the agricultural segment, to recede significantly.

In the previous years, in instances where the agricultural segment did not perform, the Group took advantage of its diversified structure to close the gap. The mining and construction equipment driven business units would perform thus ensuring Group profitability remains intact. In view of the strong metal and mineral prices, FY2022 had been projected to be a strong year but was regrettably adversely affected by the termination of the Caterpillar Distributorship Agreement by the Franchise Holder.

Whilst there was growth in the segment, the Logistics and Automotive segment did not quickly stabilise to fully ameliorate the projected gap that arose as a result of the termination of the CAT dealership.

REVIEW OF OPERATIONS

AGRICULTURAL EQUIPMENT CLUSTER

Mealie Brand
Export sales performance anchored the business unit's FY2022 volumes growth. Implements sold in the export market were 36% ahead of prior year with the local market performing at 16% below prior year. The same trend was also observed on hoes and implements spares whereby sales volumes grew by 23% and 34%, respectively against prior year.

Retooling and capacity expansion continues in earnest, as the business unit seeks to expand its product range to cater for small to medium holder farmer mechanisation.

Farmec
Following the peak performance of FY2021, tractor volumes reduced by 15% with a shift towards the higher horsepower range. Tractor implements volumes continued to grow with a 4% increase from prior year. Engagement with key suppliers has been a priority in order to position Farmec's offering to suit the expectations of our customer in a more pronounced manner. In addition, the efforts to have a better response rate and customer experience has seen the service hours growing during the period under review by 32%.

LOGISTICS AND AUTOMOTIVE CLUSTER

Scanlink
Truck and bus volumes grew by 88% and 300% compared to prior year. This was mostly driven by the improved supply chain as the business unit finally delivered on long outstanding orders. As a result of the fleet replacement, there was reduced fleet maintenance business compared to prior year, with parts and hours sold dropping by 11% and 5% respectively. Given that an internal reorganisation process was completed in the period under review, as well as improvements in supply chain, the business unit is poised to grow.

Trentyre
Good Year new tyre sales improved by 2% during the year despite the supply chain gaps. The business unit is expected to complete the facelifts and branding of its branches towards the end of H1 FY2023 to set Trentyre onto a new trajectory. The optimisation of the retreading factory has started to bear the intended fruits with a 40% growth in retreads produced in the period under review. Management will continue to follow through on progress with Logistics and Automotive Cluster to ensure stability in performance in order to reach Group targets, with respect to people, sales volumes and working capital allocation.

Chairman's Statement (cont.)

MINING AND INFRASTRUCTURE EQUIPMENT

Barzem/ Tractive Power Solutions (TPS)

The Group has evolved from ZEMCO, Barzem and now Tractive Power Solutions (TPS) to cater for Zimbabwe's earth moving requirements. We have the capacity in terms of infrastructure, people and access to capital. Given the experience with respect to the CAT product, the Group is committed to provide a superior service from single unit owner to large fleet operators.

During the transition from Barzem to TPS, the Group secured affiliations and accreditations with key suppliers to be able to continue looking after our major customers' huge fleet from an earth moving equipment perspective. This has assisted the business unit to secure service level agreements, repair and maintenance contracts with some of the huge fleet operators-amassing the scale in short space of time, required to provide effective supply chain solutions and costs effective maintenance strategies.

Powermec

As a result of the instability of the national electricity grid, demand for alternative power, generators from Powermec in particular, grew by 16% and service hours grew by 44% against prior year. The business unit continues to provide solar power installations to complement the alternative power business for selected customers. During the year, solar power plants installed by the company were 116% more in comparison to the prior year.

CT Bolts

During the year, the business matched prior year performance in terms of volumes. However due to pressure on margins, operating profit was down 14% compared to prior year.

DIVIDEND

The Group has consistently paid dividends over the past 5 years. Given the plans to execute the call option on BWE shares in Barzem utilising internal resources, the Board made a decision not to declare a dividend for the period under review.

OUTLOOK AND STRATEGY

The Group will follow through on its strategy to position itself as a one stop shop for equipment, parts and service. The following initiatives anchored the follow through on strategy during the year:

- A new organogram with a refreshed senior management structure was put in place to deliver more sustainable results and the Group undertook retrenchments in order to realign to current operating levels. 17% costs savings after full implementation of the restructuring are expected as the Group seeks to restore business to peak levels.
- Launched Tractive Power Solutions (TPS) to cater for Earth moving equipment and Parts procurement for our customers. TPS is also providing service and technical solutions such as repair and maintenance contract (or onsite solutions) for huge fleet owners as well as workshop solutions given Zimplow's expansive back infrastructure.
- Separated the 2 leading tractor brands under Zimplow, that is, Massey Ferguson and Valtra to operate as two separate product offerings. In addition, there has been a deliberate follow through on the expansion of the product range at Mealie Brand to include small scale mechanisation implement for 20Hp to 50Hp Tractors including 2WT range.

The Group is committed to follow through in executing its strategy to stabilise the Logistics and Automotive Cluster, building resilience in the Agriculture Cluster and transform the Mining and Infrastructure Cluster.

The operating environment remains unpredictable. However, with the growth being experienced in the mining and agricultural sectors, our anchor segments, augmented by the dynamic nature of the Group's new operating structure, the Group is confident off delivering a strong performances which it has become accustomed to.

ACKNOWLEDGMENTS AND DIRECTORSHIP

I would like to thank Tim Johnson for his immense contribution during his ten years as a director within the Group. Tim was a non-executive director of Tractive Power Holdings Limited and Zimplow Holdings. Tim played an instrumental role in the acquisition of Tractive Power Holdings Limited by Zimplow in 2012. Tim retired from the Zimplow Board on 30 September 2022. The Board remains indebted to him for his dedication, expertise and commitment to the Zimplow brand.

I would like to extend my gratitude to my fellow board members and to the Group Management and staff for their continued support and commitment to the Zimplow Group.

Godfrey T Manhambara
Chairman

2 May 2023

Corporate Governance Statement

Board Structure

The board of directors consists of a non-executive chairman, one executive director and five non-executive directors. The chairman of the various committees are all non-executive directors. The board meets regularly to review results, dictate policy, formulate overall strategy and approve the budgets. They have introduced structures of corporate governance. Certain functions and responsibilities have been delegated to the following committees. Their terms of reference and composition are regularly reviewed. Short biographies of each of the directors are disclosed on pages 31 to 33.

Audit and Risk Committee

The Group has an audit and risk committee that assists the Board in the fulfilment of its duties. The audit and risk committee deals, inter alia with compliance, internal control and risk management. The committee currently comprises of 3 (three) non-executive directors. A non-executive director chairs the audit committee. The committee meets at least 3 (three) times a year with the Group's internal and external auditors to consider compliance with financial reporting requirements, monitor the appropriateness of accounting policies and the effectiveness of systems of Internal control and consider the findings of the internal and external auditors. Both the internal and external auditors have unrestricted access to the audit committee to ensure their independence and the objectivity of their reports.

Human Resources and Nominations Committee

The Human Resources and Nominations Committee comprises 3 (three) non-executive directors. The Group's remuneration policy is to provide packages that attract, retain and motivate high quality individuals who will contribute substantially to the growth and success of the Group. This committee sets the remuneration of the executive directors and approves guidelines for the Group's pay reviews. Remuneration packages include a guaranteed salary as well as a performance related incentive linked to the achievement of present profit targets. The Committee is also responsible for developing criteria for filling vacant Board positions taking into consideration such factors as it deems appropriate. Relevant considerations include education and background, leadership and ability to exercise sound judgement, general business experience and familiarity with the Group's businesses. The Committee will seek to promote through the nominations process diversity on the board of professional background, experience, expertise, perspective, age, gender and ethnicity.

Investments Committee

The Investments Committee consists of three (3) non-executive directors. This Committee assists the Board in the identification of new business opportunities and undertaking the appraisal of the said identified opportunities, in order to ensure they are aligned to the Group's strategic thrust, vision and mission. Its scope also entails monitoring the execution and/or implementation of any Board approved investments, divestments and disposals. The Committee's mandate includes the review of recommendations regarding loans, borrowings and capital expenditure. In addition, this Committee sets, approves and monitors overall borrowing limits for the Group and for the individual companies within the Group. This Committee reviews the Group's annual budgets and business plans as well as the implementation of half-year reviews thereof. The formulation, implementation and review of capital and liquidity planning for the Group vests in this Committee. The Investments Committee seeks to provide guidelines for currency management, Group financing and internal Group capital management, as well as establishing and overseeing the requisite Group-wide risk management and monitoring system thereof.

Executive Committee

The executive committee sits regularly to deliberate and consider detailed operational issues of the Group which includes strategy implementation.

Business Unit governance

Each individual business unit in the Group has an executive with clearly defined responsibilities and objectives, which is responsible for the day to day running of its operations. A comprehensive financial reporting system ensures that each business unit is brought to account monthly.

Board of Directors

1

2

3

4

5

6

7

8

Board of Directors (cont.)

1

GODFREY T. MANHAMBARA
Chairman

Godfrey holds a Bachelor of Science in Economics (Hons) degree from the University of London and an MBA from the University of Zimbabwe. He is a member of the Chartered Institute of Transport & Logistics (UK), the Institute of Directors (UK) and the Zimbabwe Institute of Management. He began his career in 1982 as a Graduate Trainee with British Rail (United Kingdom), before joining Afretair as Marketing Executive, a position he held until 1986 when he was promoted to Commercial Director and subsequently to Chief Executive Officer in 1991. In 1999, Godfrey joined the Civil Aviation Authority as its Chief Executive Officer. He joined Reacon Services in 2001 as Managing Director and in July 2003, Godfrey joined the BETA Group as Group Chief Operating Officer, before assuming the position of Group Chief Executive Officer in November 2004. Godfrey is currently Group Chief Executive of BETA Holdings and United BETA (Zambia) and sits on the boards of BETA International (Mauritius), Zimplow Holdings (Zimbabwe), James North Zimbabwe and Premier African Minerals (UK). He is also the Non-Executive Chairman of Zimnat Asset Management, and TCT Limatada (Mozambique).

3

GRANT C. PIO
Non-Executive Director

Grant is an industrialist with over twenty (20) years' experience in agriculture, business management, engineering, project management and project development.

He is currently the Managing Director of Warapp Engineering, Zimbabwe.

5

LANCE KENNEDY
Non-Executive Director

Lance is a holder of a Master of Science Degree in Business Management in the Agriculture and Food Industries from the Royal Agricultural College in Cirencester in the United Kingdom. He has a wealth of experience in the agriculture and farming sector including hands- on experience in managing farming operations. His career in the agricultural sector spans over 25 years.

7

DR. KALPESH PATEL
Non-Executive Director

Kalpesh is a seasoned executive in the Steel industry and is currently the Chief Executive Officer & Vice Chairman of Steelmakers Group and is in charge of its Sub- Saharan operations. He possesses a BSc in Economics and a BA in Political Science including a MSc in Economics from the London School of Economics. He sits on boards of various institutions including but not limited to companies carrying on business in the Banking, Insurance and Healthcare sectors.

2

VIMBAYI NYAKUDYA
Group Chief Executive Officer

Vimbayi is a Chartered Accountant and a holder of a Master of Business Leadership. He trained at KPMG. Prior to his appointment as the Group Chief Executive Officer, he was the Group Chief Finance Officer.

4

BENJAMIN N. KUMALO
Non-Executive Director

Ben is retired and is a former General Manager and Executive Director of the Industrial Development Corporation of Zimbabwe Limited (IDC). He is also former chairman of Chemplex Corporation Limited, Willowvale Motor Industries, FBC Building Society and ZimRe Holdings Limited. Ben has extensive experience in the manufacturing, tourism and automotive industries. He is a holder of a Bachelor of Accountancy (Hons) degree and is a Chartered Accountant.

6

MATTHEW DAVIS
Non-Executive Director

Matthew is currently the Chief Executive Officer for a Group of Mining and Construction companies that operate in the Southern African Region, that is, Tayanna Mozambique (SA) and R. Davis & Company . He has thirteen (13) years' experience in the aforesaid industries. His areas of expertise include but are not limited to tendering, contract negotiation, resource and asset planning, production strategy, budget implementation and control, human resources and recruitment, marketing, governance, legal as well as health and safety matters.

8

TIMOTHY M. JOHNSON
Non-Executive Director (Retired 30 September 2022)

Tim is a holder of a B. Com Degree from Rhodes University and a Post-Graduate qualification in Marketing. He is the Past Chief Executive of Cairns Holdings and Astra Corporation. He is presently a Non- Executive Director of Emeritus Reinsurance Company, The Diagnostic Imaging Centre and Arundel School.

Group Executive Committee

VIMBAYI NYAKUDYA
Group Chief Executive Officer

CHARLES L. CHAIBVA
Group Chief Finance Officer

SHARON MANANGAZIRA
Group Corporate Services Executive

HATSON CHIMUTASHA
Executive Head | Logistics and Automotive

RANDY POTE
Executive Head | Agriculture

WILLEM SWAN
Executive Head | Mining and Infrastructure

BLESSING SCOTT
Executive Head | Operations

GLADYS MACHAWIRA
Group Risk Audit and Compliance Executive

WALTER CHIGWADA
Strategy and Business Development Executive

Group Executive Committee (cont.)

The Directors recognise the need to conduct the affairs of the Group with principles of transparency, integrity, and accountability, in accordance with generally accepted corporate practices, in the interests of its stakeholders. This process enables the Group's stakeholders to derive the assurance that, in protecting and creating value to Zimplow Holdings Limited's financial and human resources, the Group is being managed ethically, according to domestic and international best practices. The proactive implemention of best practice sustainability principles is therefore pivotal to the Group's drive of value addition to its stakeholders.

Zimplow's Board of Directors continue to provide effective leadership based on sound, ethical business foundations. The Board considers the Group's appropriate application of best practice including King IV as an essential feature of the way the Group behaves as a responsible corporate citizen and an integral part of the Group's drive to remain a leading business.

The Directors are ultimately responsible for the internal controls of the Group. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Ensuring that the proper monitoring of systems and controls is in place throughout the Group, is essential to providing assurance to the Board regarding their effectiveness.

Board Mandate

The Board is responsible for approving the strategic direction of the Group and assisting Management in achieving its strategic goals. The Board is governed by a Charter that sets out the framework of its accountability, responsibility and duties to the Group.

The Board conducts its business in the best interest of the Group and fulfils its fiduciary duty to act in good faith, with due care and diligence. The Board exercises its duties in a manner that ensures the Group performs in the interests of its broader stakeholder group, including present and future investors in the Group, its customers and clients, its business partners, employees and the societies in which it operates.

Brands:

ZIMPLOW
ENGINEERING PERFORMANCE

MEALIE BRAND
BARZEM
POWERMEC
SCANLINK
MANICA ROAD Investments
FARMEC
TPS
C.T. BOLTS
TrenTyre ZIMBABWE

MASSEY FERGUSON
VALTRA
SCANIA
Perkins
GOODYEAR
MONOSEM
agromaster
FALCON
BALDAN
Kverneland
MEALIE BRAND
CanadianSolar
Agate
victron energy
Master Farmer
JinKO Solar

Board Committee Membership

Board Structure

Committee	Members	Mandate
Human Resources and Nominations Committee	**Godfrey T. Manhambara** Chairman **Kalpesh Patel** **Timothy M. Johnson** (Retired 30 September 2022)	The Human Resources and Nominations Committee comprises 3 (three) non-executive directors. The Group's remuneration policy is to provide packages that attract, retain and motivate high quality individuals who will contribute substantially to the growth and success of the Group. This committee sets the remuneration of the executive directors and approves guidelines for the Group's pay reviews. Remuneration packages include a guaranteed salary as well as a performance related incentive linked to the achievement of present profit targets. The Committee is also responsible for developing criteria for filling vacant Board positions taking into consideration such factors as it deems appropriate. Relevant considerations include education and background, leadership and ability to exercise sound judgement, general business experience and familiarity with the Group's businesses. The Committee will seek to promote through the nominations process diversity on the board of professional background, experience, expertise, perspective, age, gender and ethnicity.
Audit and Risk Committee	**Lance Kennedy** Chairman **Matthew Davis** **Benjamin N. Kumalo**	The Group has an Audit and Risk Committee that assists the Board in the fulfilment of its duties. The Audit Committee deals, inter alia with compliance, internal control and risk management. The Committee currently comprises of 3 (three) Non-Executive Directors. A Non-Executive Director chairs the Audit Committee. The Committee meets at least 3 (three) times a year with the Group's internal and external Auditors to consider compliance with financial reporting requirements, monitor the appropriateness of accounting policies and the effectiveness of systems of Internal control and consider the findings of the internal and external Auditors. Both the internal and external Auditors have unrestricted access to the Audit Committee to ensure their independence and the objectivity of their reports.
Investments Committee	**Benjamin N. Kumalo** Chairman **Grant C. Pio** **Kalpesh Patel**	The Investments Committee consists of three (3) non- executive directors. This Committee assists the Board in the identification of new business opportunities and undertaking the appraisal of the said identified opportunities, in order to ensure they are aligned to the Group's strategic thrust, vision and mission. Its scope also entails monitoring the execution and/or implementation of any Board approved investments, divestments and disposals. The Committee's mandate includes the review of recommendations regarding loans, borrowings and capital expenditure. In addition, this Committee sets, approves and monitors overall borrowing limits for the Group and for the individual companies within the Group. This Committee reviews the Group's annual budgets and business plans as well as the implementation of half-year reviews thereof. The formulation, implementation and review of capital and liquidity planning for the Group vests in this Committee. The Investments Committee seeks to provide guidelines for currency management, Group financing and internal Group capital management, as well as establishing and overseeing the requisite Group-wide risk management and monitoring system thereof.

Subsidiary Board Committee Membership

Subsidiary	Board Members
Barzem Enterprises (Private) Limited	**Benjamin Nkosentya Kumalo** Non-Executive Chairman **Sean Walsh** Non-Executive Director **Lance Kennedy** Non-Executive Director **Fritz Pistorius** Non-Executive Director **Vimbayi Nyakudya** Non-Executive Director **Mbali Tshitenge** Non-Executive Director
Manica Road Investments (Private) Limited	**Vimbayi Nyakudya** **Charles Chaibva**
Scanlink (Private) Limited	**Vimbayi Nyakudya** **Charles Chaibva**
Tredcor Zimbabwe (Private) Limited	**Vimbayi Nyakudya** **Charles Chaibva**
Birmingham Investments (Private) Limited	**Vimbayi Nyakudya** **Charles Chaibva**

04

SUSTAINABILITY REPORTING

Sustainability Reporting (cont.)

Zimplow is on a mission to provide value creation by concentrating on the needs of our stakeholders. Our goal is to fulfil our present day requirements without compromising our potential to meet future needs. Being a major player in Zimbabwe's agricultural, mining, and construction industries, the Group prioritises optimising the social and environmental effect of its operations without jeopardising their economic sustainability. Our primary objective is to foster growth in the agricultural, mining, and construction industries while also enhancing the lives of our neighbours.

Our sustainability plan was developed and bolstered through the process of completing a materiality assessment, in which Zimplow identified stakeholder and business-relevant challenges. The process began with the identification of a wide range of issues pertinent to our industry and company, such as climate change, water conservation, food security, energy conservation and use of renewable energy, suppliers, waste management, employee health and safety, community relations, and environmental stewardship. This we have done by ensuring we bring about sustainable change in the communities around us.

Supply chain management

Zimplow's strategy is to ensure that our supply chain and resource procurement is conducted in a professional and transparent manner, meeting prescribed standards and quality. Our objective is to ensure that the Group procures raw materials in a sustainable way that minimises business risk. The Group places responsibility on management to ensure sustainable supply chain management in all our businesses.

The Group expects suppliers to cooperate with our value system, regulations, adhering to national laws, health and safety standards and ethics in the supply chain business relationships. We engage suppliers on our sustainability values through supplier briefings, supplier satisfaction surveys, workshops and meetings. In managing risk, our suppliers are introduced to global standards so as to sustain our brands and reputation.

Managing what matters and Reporting Practices

What matters

The Group's strategy is to dedicate attention to material impacts and where they take place within the business value chain. The Group considers material issues to be those that reflect the Company 's economic, environmental and social impacts, and stakeholder influence on the matters.

Materiality process and management

The Group's materiality process is managed through a structured process where business units identify material topics within their operations. These matters are presented to the Management Committee for discussion and evaluation. The meetings determine and recommend appropriate actions. Where a matter requires strategic guidance, it is elevated to the Board of Directors for a decision. Senior Management have the ultimate responsibility of approving material topics to be included in the Annual Report.

Material topics

Material topics for the Group are determined by evaluating their collective significant impact on the business and influence on stakeholders. Engaging with our stakeholders helps us to identify the following topics as material to our businessess, on an on going basis:

01 ENVIRONMENTAL
- Energy consumption and preservation and employee benefits.
- Water consumption and preservation.
- Environmental compliance.
- Climate change.

02 SOCIAL
- Employment policies and relations.
- Employee health and safety.
- Social responsibility.

03 ECONOMIC
- Profitability.
- Foreign currency availability and management.
- Supply chain relationships.
- Indirect economic impacts.

Sustainability Reporting (cont.)

Reporting practice
The Group's reporting practice is to integrate economic, environmental and social performance in our reporting for transparency to our broad stakeholders, this approach requires that we disclose both financial and sustainability information in a single annual report.

Report boundary
In defining the reporting boundaries, we focused on Group specific material impacts and on those impacts that are material to our businesses. While sustainability reporting continued to be fully embedded across our business, we opted to define reporting boundaries by considering key Group companies with high and material impacts on economic, environmental and social aspects.

Reporting period
The Group's reporting period spans from 1 January to 31 December each year. This report covers the 12 months for the period ending 31 December 2022.

Economic impact
Zimplow is committed to contributing to economic growth by adapting to the rapid change in innovation and technology in a responsible manner. Through its selection of original equipment manufacturers (OEMs) and its own production capacity in Bulawayo, the Company is actively working to supply its markets with cutting-edge technology and solutions that increase productivity and competitiveness. Zimplow aims to provide innovative solutions to enhance engineering performance in various economic sectors from mining, agriculture, energy, logistics, and infrastructure.

Our innovations, such as the two-wheeled tractor, are aimed at improving farm mechanisation and increasing agricultural output for the smallholder community. Our primary objective is to empower African subsistence farmers by providing them with affordable farm mechanised tools to ensure that value is transmitted to the grassroots level, thereby enhancing food security.

Due to the ever-increasing population and limited natural resources in the mining industry, more efficient methods for cultivating and conserving land are required, and this is the focus of the Group.

Rural economies development
The Group has pro-actively sought to improve agricultural productivity through the development of sustainable farm mechanisation programmes targeting and empowering the smallholder farmer's access to agricultural equipment and implements. Through our Mealie Brand business unit, the group is providing farming in a bid to sustainably intensify production, Mealie Brand has recently successfully introduced higher-spec farm mechanisation solutions such as the 2-wheel tractors and their implements, as well as other tractor-drawn implements. Innovation regulated by engineering performance. With these farming technologies that increase productivity farming can become a sustainable business for the small-scale farmer.

Environmental impact
Zimplow is cognisant of the impact its operations have on the environment and communities and has taken a commitment to minimise the impact. The Group is committed to protecting the environment and preservation of natural resources. The impact of environmental damage and climate change are critical to the viability of our business. Potential consequences on the environment and natural resources can be financial, physical and intangible. This necessitates the Group to take appropriate measures to minimize impact on the environment, climate and natural resources, which are considered as capital for the business.

Our approach

Management ensures resource preservation for today and future generations, as a priority by protecting the health of the community and the environment that the Group depends on. Our strategic intent is premised on:
- Clean environment;
- Conservation agriculture;
- Environmental stewardship by our principals; and
- Efficiency in water and energy consumptions.




Sustainability Reporting (cont.)

RAW MATERIALS

Our management
Our key products are manufactured and prepared for sale from steel and oil. These require high quality standards to be met. For the reporting year, our consumption of key materials was as follows:

Materials used	Unit	2022	2021
Steel	Tons	2,085	2,763
Oils	Litres	127,136	88,210

Percentage of materials used that are recycled input materials
The Group's approach to recycling is to ensure that all materials that can be recycled as inputs into other products are screened for negative impacts, and that they meet the quality and standards for re-use. This mainly applies to Mealie Brand were scrap material is accumulated and recycled for use. For the reporting year, the percentage of materials recycled were as follows:

Materials	Unit	2022	2021
Overall material recycled	%	8	14

Environmental stewardship
Environmental stewardship is one of the criteria for supplier selection and anchors of our environmental sustainability approaches. We represent the leading original equipment manufacturers (OEMs) such as Massey Ferguson, Challenger, Monosem, Perkins and we are of course the pioneers of the green plough, Mealie Brand and Master Farmer. These principals and brands are synonymous with international best practice in green supply chains, in the way they support their value chains right through to the disposal of their products.

Our strategy
In upholding our responsibility on the environment as a natural capital, the Group ensures that operations are in compliance with environmental laws, voluntary and international best practices and standards. We identify waste and effluent from our factories and workshops, evaluate potential risks and take appropriate measures to control or ensure appropriate disposals are undertaken with minimum impacts. We observe environmental standards procedures within the Group to minimise impacts on the ecosystem, biodiversity and climate.

WASTE AND EFFLUENT

Our management
The Group ensures that disposal of waste and effluent meet environmental laws, statutory obligations and international best practices and standards. Our Safety, Health, Environmental and Quality (SHEQ) Officers evaluate disposal methods and ensure that approved disposal methods are in line with our environmental stewardship values, statutory and international best practices and standards. The table below analyses our waste type, disposal method and volume during the reporting year.

Waste type	Disposal method	Unit	2022	2021
Used oil	Sold for recycling	Litres	9,540	12,076
Scrap metal	Sold for recycling	Tons	431	315

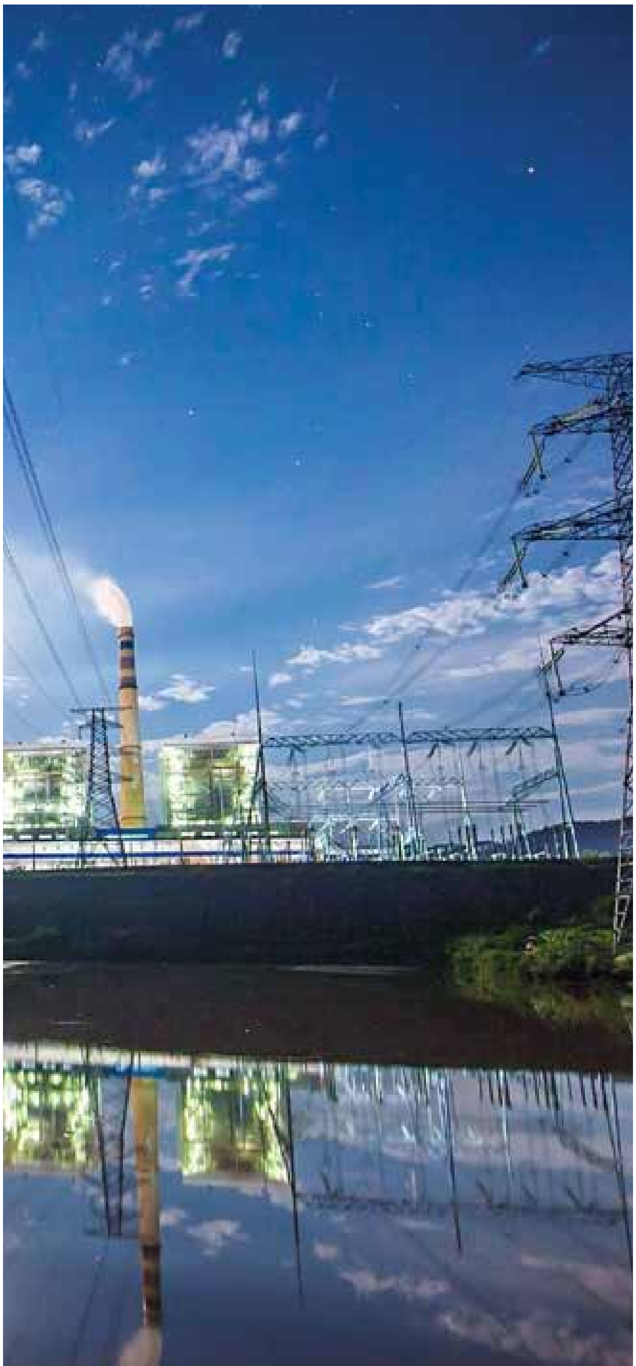
The Group continues to ensure that waste is disposed appropriately and in a responsible manner. We will continue to put in place measures to ensure that all waste is separated and quantified appropriately.

Sustainability Reporting (cont.)

ENERGY, WATER AND CLIMATE CHANGE

Although our operations as a Group do not consume much energy, Zimplow recognises the importance of reducing consumptions of energy particularly non-renewable energy sources. Considering global warming, achieving energy efficiency is an important objective of our business.

Our strategy
The Group remains committed to principles of energy and water efficiency in the business value chain. We recognise climate change as a strong emerging business challenge which has financial implications. Our strategy is to monitor our own carbon footprint and water usage with the goal of ensuring that we play our part in minimising negative impacts from our business operations.



Energy

Our management
The Group ensures that manufacturing operations and workshops are energy efficient and achieve low energy intensity. We continue to explore alternative clean energy sources to invest in. All our employees are encouraged to conserve energy in all non-core manufacturing areas. The table below presents energy consumption (within and outside the Group) during the reporting period.

Energy consumption – within the organisation:

Energy type	Unit	2022	2021
Electricity	MWH	324	358
Heating (Gas)	Tons	8	20
Heating (Coal)	Tons	609	547
Fuel for generators	Litres	6,586	28,775

Energy consumption – outside the organisation:

Energy type	Unit	2022	2021
Diesel	Litres	309,266	416,894
Petrol	Litres	44,561	69,698
Total		**353,827**	**484,592**

Water Resource

Our management
Our approach is that we minimise water leakages and wastage within our business premises. Below are the sources and quantities withdrawn from each source:

Source	Unit	2022	2021
Ground water (borehole)	m^3	24,935	16,080
Municipal water supply	m^3	28,567	17,605
Total		**53,502**	**33,685**

Sustainability Reporting (cont.)

Climate Change

Our management
As a Group, we support climate protection by recognising that we have a part to play. Climate change impacts some of our businesses that support the agricultural sector.

Zimplow has joined the Global Conservation Agricultural Community in introducing Conservation Agriculture (CA) in the remote parts of Zimbabwe. There is a range of equipment that Zimplow is distributing to different areas as well as the region which are complementary to the above theme.

Conservation Agriculture aims to achieve sustainable and profitable agriculture and subsequently aims at improved livelihoods of farmers through the application of the three conservation agricultural principles namely minimal soil disturbance, permanent soil cover and crop rotations. Our Mealie Brand division has managed to introduce a no till planter and a special type of a hoe for the Pfumvudza program which supports the conservation agriculture objectives.

SOCIAL IMPACT

Zimplow recognises the value of investing in our workforce and continuously engaging with the community. We acknowledge our workforce, the strength behind our brand as Zimplow, therefore it is the Group's intention to continuously build teams within the divisions that are motivated, inspired, self-driven and action oriented in delivering value to our stakeholders.

Strategic intent
- Employer of choice,
- Talent management,
- Leadership development,
- Health and safety,
- Social and community engagement,
- Legal, regulatory, compliance and ethics.

Employer of choice
Zimplow considers employees as a critical capital for the business. The Group offers equal opportunities to all and avoid discrimination based on race and gender, through adhering to standards set out in the code of practice and establishing a culture of fairness, transparency and reward for effort.

The Group allows employees to join a trade union of their choice in our sector, participate in collective bargaining through their structures and belong to the National Employment Council (NEC) Engineering Iron & Steel and National Employment Council (NEC) Motor Industry.

Initiatives to establish a position of employer of choice include continuous upgrading of Company and employee facilities (*"the face lift initiative"*) and training and development schemes. This is in addition to providing competitive remuneration for staff.

Talent management
The Group recognizes that the expertise of its staff is central to the achievement of its regional growth strategy. Zimplow is committed to ensuring that all employees are given the opportunity to develop to their full potential to meet their own aspirations and enhance the Group's value. To this end, we have implemented a talent management system that aims to ensure that we attract and retain the best talent and skills available, that mission-critical positions and roles are staffed with key people and that a pipeline of talent and skills is provided for the future.

Our approach

We strive to ensure that our businesses maintain the highest standard and skill by providing opportunities to our employees to attend relevant training courses and programmes which advance their knowledge and skills that benefit our business value chain. Our learning and development opportunities are available through internal and external training activities in an equitable manner.

Leadership development
Together with our workforce, our human capital capability bundle includes leadership. Therefore, our human resources sustainability policy focus on developing and equipping our leaders at all levels with tools and skills to ensure that they cascade the company vision and strategy with insight and inspiration in a way that continuously transforms the Group. Every leader in our business is held accountable for ensuring that his or her team has clear direction and understanding of their role to create sustainable value for all our stakeholders.

Sustainability Reporting (cont.)

Our approach

Management tries by all means to ensure the work environment is conducive for all employees whether full time, contract or short term causal. Management engages with employees through the Workers Committee and Works Council structures in place. These platforms allow our employees to bring matters of concern to management. Managements approach is to ensure relations are good at all times. Where there are grievances, procedures in the policy are expected to be followed.

Statistics on our employees and human capital impact are presented below:

Employee base:

	Unit	2022	2021
Male	Count	252	241
Female	Count	147	115
Total Employees		**399**	**356**

	Unit	2022	2021
Permanent	Count	331	290
Contract	Count	68	66
Total Employees		**399**	**356**

Employee skills base

Our employees and Senior Management are members of the following professional bodies:

- Institute of Chartered Accountants Zimbabwe (ICAZ),
- Association of Certified Chartered Accountants (ACCA),
- Institute of Charted Secretaries and Administrators Zimbabwe (ICSAZ),
- Institute of People Management in Zimbabwe (IPMZ),
- Institute of Internal Auditors (IIA),
- Institute of Administration and Commerce (IAC),
- Zimbabwe Institute of Engineers (ZIE),
- Zimbabwe Institute of Occupational Safety and Health (ZIOSH),
- Institute of Marketing Management (IMM),
- Chartered Institute of Management Accountants (CIMA),
- Law Society of Zimbabwe (LSZ),
- Institute of Directors of Zimbabwe (IoDZ).

Health and safety

We are committed to creating a caring, equitable workplace and the safety and well-being of all Zimplow's employees is paramount. The focus for the year under review was on continued wellness support and learning for our employees and wellness personnel. Our Wellness Programmes continue to provide employees and their dependants with many opportunities to foster a lifestyle sensitive and responsive to all the dimensions of the total well-being.

Work related accidents/injuries

The Group considers health and safety in our work place as critical to all our business'. Any incidences are treated seriously and receive the necessary attention. Regular audits are conducted to ensure safety measures are in place at all times and appropriate training conducted to ensure that all employees are aware of health and safety issues. The Group's policy is to ensure incidences are kept as low as possible.

	Unit	2022	2021
Number of Injuries	FAC/MTC/LTI	1	9
Number of work related fatalities	Incidents	1	0
Safety Training (days)	Days	73	41

Social and community engagement

The Group is committed to empowering communities through provision of employment opportunities. Community engagement has been initiated through donations to various charitable Groups, social clubs and organisations.

Farmec and Mealie Brand periodically holds equipment field days around the country which educate the emerging farmer on current and upcoming farming technologies. CT Bolts and Mealie Brand through their various distribution channels in Zimbabwe have sought out small indigenous businesses and provided them with distributorship and support of their products.

Legal, regulatory compliance and ethics

The Group strives to comply with the various legislative and regulatory frameworks in which it operates and is committed to abide with all applicable laws and regulations in carrying out its mandate.

We value honesty, integrity and fair dealings and this is embedded in all our business practices and we continue to place great emphasis on this. The Group endeavours to uphold core business values and actively works to prevent the prevalence of unethical behaviour such as bribery and corruption. The company has guidelines within its Human Resources policy, Procurement policy and other operational polices that seek to highlight and enforce such matters.

We also have an in-house team of internal auditors who regularly assess financial, business and compliance risks that the business is facing and conduct their operations independent of management.

Sustainability Reporting (cont.)

The Group also has an audit and risk committee that takes responsibility for setting out appropriate ethical reviews. The key roles and responsibilities for risk management in our organisation are summarised below:

Fig 1: key roles and responsibilities

LEVELS

KEY RISK MANAGEMENT ROLES AND RESPONSIBILITIES

Board of directors (Board)

- Corporate governance oversight of risk management performed by the executive management.
- Reviews the performance of the board committees (Remco and audit and risk committees).

Executive management Committee

- Reviews risks, views the progress and effectiveness of mitigation actions.
- Formulates and deploys risk management policies.
- Deploys practices for the identification, assessment, monitoring, mitigation and reporting of risks.

Business Unit management

- Responsible for managing their functions as per the Group risk management policy.
- Responsible for managing risks relating to the business decisions in their units, span of control or area of operations.
- Manage risks that may arise from time to time at the unit level.

Employees

- Adhering to risk management policies and procedures.
- Implementation of prescribed risk mitigation actions.
- Reporting risk events and incidents in a timely manner.

Board Audit and risk Committee

- Assists the Board in fulfilling its corporate governance oversight responsibilities with regard to identification, evaluation and mitigation of operational, strategic and external environment risks.
- Monitoring and reviewing risk management practices of the Company.
- Reviewing and approving risk-related disclosures.

Human Resources Committee

- Monitors trends in the Group industry's salary and bonus structures, policies and practices.
- Monitors the incentive programs to ensure that they promote people effectiveness, retention of critical skills as well as on-going long-term shareholder value.

Board remuneration committee (REMCO)

- Monitors trends in the Group industry's salary and bonus structures, policies and practices.
- Monitors the incentive programs to ensure that they promote people effectiveness, retention of critical skills as well as on-going long-term shareholder value.

The entity's risks have been categorized as strategic, operational, compliance and financial. The diagram below summarizes some of the main risks under each category.

Fig 2: Zimplow Sustainability Review Framework

Stakeholders Engagement

Stakeholder	Mode of Engagement	Material Issues Raised	Responses/Action Taken
Customer Communities	▪ Customer surveys. ▪ Product road shows. ▪ Customer network events.	▪ Delivery of value and competitive pricing ▪ Product range and promotions.	▪ Understanding customer needs. ▪ Loyalty. ▪ Continuous customer engagement.
Shareholders	▪ Annual General Meetings. ▪ Investor and shareholder briefings. ▪ Trading updates.	▪ Business growth. ▪ Value creation. ▪ Business risk. ▪ Long term targets.	▪ Growth and value creation. ▪ Strategy implementation. ▪ Monitoring and long-term investments.
Finance Institutions	▪ Formal meetings. ▪ Briefings.	▪ Lending terms and interest. ▪ Investment opportunities. ▪ Financial risk.	▪ Negotiations and engagements. ▪ Improved facilities and new options.
Governance and Regulations	▪ Policy briefings. ▪ Compliance inspections. ▪ Formal meetings.	▪ Legal and regulatory compliance. ▪ Business development compliance.	▪ Achieving compliance with applicable statutory and regulatory requirements. ▪ Business regulatory and legislative compliance.
Employees	▪ Works council. ▪ Trade unions. ▪ Employee surveys.	▪ Income and benefits. ▪ Working conditions. ▪ Careers and opportunities.	▪ Review and improvements ▪ Enhance shared values
Suppliers	▪ Supplier briefings. ▪ Supplier satisfaction surveys. ▪ Workshops and meetings.	▪ Procurement opportunities ▪ Sustainable sourcing and pricing. ▪ Supply chain efficiencies.	▪ Continued engagements on options. ▪ Review terms.

The building of stakeholder trust and confidence, which underpins the profitability and sustainability of our businesses, guides Zimplow's approach to corporate social responsibility. Having adopted a transformational business philosophy, we seek opportunities to add sustainable value for all our stakeholders and contribute to the betterment of society and the well-being of communities within our spheres of influence through responsible corporate citizenship.

While we focus on increasing value to our shareholders, we have also identified other stakeholder groups that are crucial to the success of our business due to their capacity to affect the businesses in our Group and all our stakeholders. These specifically include customers, principals and suppliers, employees, the public sector, communities in the context of broader society and the natural environment, as well as the media. Zimplow's Board and management give due regard to the legitimate expectations and interests of these stakeholders when taking decision in the best interests of the company.

Management of our relationships with key stakeholders' in a proactive, open and mutually beneficial manner is at the core of our business model. Insights obtained in engagements with stakeholders assist in identifying emerging business opportunities and managing risk, and contribute to the formulation of our value propositions, strategic decisions and actions, performance and communications.

While responsibility for stakeholder engagement and management is decentralised to operations, appropriate stakeholder engagement policies, practices and reporting procedures are formulated at group level to establish clear lines of accountability and ensure compliance with the relevant laws, group standards and codes of conduct governing relationships with our stakeholders. A group executive has responsibility for stakeholder management and bringing to the board's attention potential gaps that may exist.

There is need to facilitate customer sharing across Zimplow's diverse operating divisions: This involves offering customers a single point of contact for the Group to identify customer needs which could be met by other parts of the Group, either as related or emerging new business opportunities, or which could be consolidated into existing integrated customer solutions.

The entity's risks have been categorized as strategic, operational, compliance and financial. The diagram below summarizes some of the main risks under each category.

Our Value Creation Business Model

INPUTS → BUSINESS ACTIVITY

Capital	Component of Capital	Activities that add value
Financial	**FINANCE** • Appropriate debt/equity funding. • Optimal divisional capital structures. • Access to capital.	**SOURCE** Plant and equipment from OEMs and own products. **PLACE** Our products and sales (of plant and equipment), services maintainance and repair, storage and solutions (supply chain optimization) in to customer base. **SOURCE** Plant and equipment from OEMs and own products. **GROW** Our customer base and demand for our products.
Manufactured	**INFRASTRUCTURE AND FACILITIES** • Geographic footprint. • Workshop and storage facilities. • Training facilities.	
Intellectual	**OEM AND INTELLECT** • Captive brands. • State of art operating systems. • Premium customer solutions.	
Human	**PEOPLE** • Talent. • Skilled workforce.	
Social and relationship	**BUILDING LONG TERM RELATIONSHIPS** • Stakeholder engagement.	
Natural	**NATURAL RESOURCES** • Land. • Water. • Fossil fuels.	

OUTCOMES

Impact on stakeholders

SHARED VALUE
Long-term value creation for all our stakeholders including the communities in which we operate.

IMPACT ON CAPITAL
- Optimized intellectual capital.
- Improved social and relationship capital.
- Developed human capital.
- Consumed natural capital.

OUTPUTS

Key products, solutions and impact

FLEXIBLE, VALUE ADDING, INNOVATIVE CUSTOMER SOLUTIONS IN:
- Earthmoving; mining and infrastructure.
- Power systems; electric power.
- Material handling; lift trucks.
- Agricultural equipment.
- Solar.

TRAINING AND DEVELOPMENT
- Skills development.
- Required talent pool.
- Increase performance and productivity.


SCANIA

Value Added Statement

Our value-added statement below shows the value created by the Group for its stakeholders;

Employees

15%

Retained for Growth

-5%

Number of employees

399

Percentage increase

12%

Revenue per employee

ZWL$60,4m

Percentage increase

5%

Government

4.5%

Capital Providers

0.3%

Value created per employee

ZWL$8.9m

Percentage increase

98%

Total value created

2022 ZWL3.5bn

2021 ZWL$1,8bn

05

FINANCIAL REVIEW

Directors' Responsibility Statement

Accounting Records and Financial Statements
The Directors are responsible for the maintenance of adequate accounting records as well as the preparation and integrity of the Group and company financial statements and related information contained in the annual report in a manner that fairly presents the results of the Group's operations.

External Auditors' Role
The external auditors are responsible for carrying out an independent examination of the Group and Company financial statements in accordance with International Standards on Auditing and reporting their findings thereon.

Systems of Internal Control
The Directors are also responsible for the Group's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to safeguard, verify and maintain accountability of assets and to prevent and detect misstatement and loss.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Going Concern
After reviewing the Group's budgets and related financial projections, the Directors have no reason, in all material respects, to believe that the Group will not continue to operate in the foreseeable future. Accordingly, these Group and company financial statements have been prepared on a going concern basis. Further information is provided under note 29, in relation to events after the reporting period.

Accounting Policies
In preparing the Group and Company financial statements set out on pages 47 to 95 appropriate accounting policies have been applied, as have the relevant International Financial Reporting Standards, unless otherwise stated, and are supported, where necessary, by reasonable and prudent judgments and estimates. The Directors are of the view that the requirement to comply with the Statutory Instrument 29 of 2019 has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework, resulted in the accounting treatment adopted in the 2022 and 2021 Group and company financial statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS. Consequently, the Group and company financial statements did not comply with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors for non-correction of the prior year non-compliance with IAS 21. These exceptions have also made full compliance with the Companies and Other Business Entities Act (Chapter 24.31) not possible since it requires the entities to prepare the financial statements in accordance with the General Accepted Accounting practice applicable to that entity which is IFRS.

Approval of Group and Company financial statements
The Group and company financial statements for the year ended 31 December 2022 have been approved by the Board of Directors and are signed on its behalf by the Board Chair and a member Director.

These Group and Company financial statements were prepared by the finance department of Zimplow Holdings Limited under the direction and supervision of the Group Chief Finance Officer, Charles Chaibva (PAAB No: 198683).

G. T. Manhambara
Chairman
2 May 2023

V. Nyakudya
Chief Executive Officer
2 May 2023

Report of the Directors

Your Directors present their report together with the audited financial statements of Zimplow Holdings Limited (Zimplow) and its subsidiaries (together being "the Group") for the year ended 31 December 2022.

Principal activities

The Group is a diversified mining, construction, infrastructure and agricultural equipment manufacturer and distributor, listed on the Zimbabwe Stock exchange.

Share Capital

Authorised share capital

The authorised share capital of the company remains unchanged at 400 000 000 (Four hundred million) shares at a nominal value of ZWL$0.0004 each.

Issued share capital

The issued share capital of the Company was 344,580,486 shares.

Unissued share capital

Unissued ordinary shares amounting to 55,419,514 in number remain placed under the control of Directors in terms of resolutions passed in Extra-Ordinary General Meetings by members.

Financial affairs

The Group and Company financial statements set out on pages 47 to 95 have been audited by Ernst & Young and depict the resilience of the business even with the constrained economic environment under which the company operates.

The Directors have determined and are implementing strategies that should see the company maintain value and ride out the tough economic wave in which it is operating. While the economic outlook remains difficult and uncertain, the directors believe that the company will continue to operate as a going concern in the foreseeable future.

Dividend

Zimplow Holdings intends to exercise a call option on Barloworld's 49% stake in Barzem Enterprises and subsequently acquire a new OEM. Therefore, due to the potentially onerous financing requirements of these transactions, the board has exercised prudence in its decision to not declare a dividend in respect to the year ended 31 December 2022.

Directorate

The names of Directors and secretary are those in office at the time of printing this notice.

Auditors

Messrs Ernst & Young remain in office until conclusion of the Annual General Meeting on 29 June 2023, at which members will be asked to appoint new auditors for the ensuing year. Ernst & Young will be retiring at the conclusion of the AGM.

For and on behalf of the Board of Directors

G .T. Manhambara
Chairman
2 May 2023

V. Nyakudya
Chief Executive Officer
2 May 2023

Building a better working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of Zimplow Holdings Limited

Report on the Audit of the Inflation adjusted Consolidated and Separate Financial Statements

We have audited the inflation adjusted consolidated and separate financial statements of Zimplow Holdings Limited and its subsidiaries (the Group) and company set out on pages 47 to 95, which comprise the inflation adjusted consolidated and separate Statements of Financial position as at 31 December 2022, and the inflation adjusted consolidated and separate Statements of Profit or Loss and other Comprehensive income, the inflation adjusted consolidated and separate Statements of Changes in Equity and the inflation adjusted consolidated and separate Statements of Cash flows for the year then ended, and notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects the inflation adjusted consolidated and separate financial position of the group and company as at 31 December 2022, and their inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

Non-compliance with International Financial Reporting Standards (IAS) 21- The Effects of Changes in Foreign Exchange Rates, IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors and IFRS 13 Fair Value Measurement

Impact of prior year modification on current period

Exchange rates used in prior year
The Group used an interbank exchange rate to translate foreign denominated transactions and balances to ZWL functional currency for the period 22 February 2019 to 22 June 2020. However, the rate was not available for immediate delivery therefore not a spot rate in terms of IAS 21. The misstatements could however not be quantified as an appropriate exchange rate had not been identified.
Management has not made retrospective adjustments in terms of IAS 8 to correct the following corresponding financial statement line items which were impacted in prior year: Group and company Retained Earnings and Group Non-Controlling Interests on the consolidated and separate inflation adjusted statement of financial position-, Group and company Income tax Expense on the consolidated and separate inflation adjusted statement of profit or loss, as well as cash generated from operations on the consolidated and separate inflation adjusted Statement of Cashflows.

Our audit opinion on the current year consolidated and separate inflation adjusted financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures with the prior year figures inflation adjusted figures.

Valuation of Investment Properties, Land and Buildings
In the prior year the Group performed a revaluation of investment properties. The valuation was performed based on USD denominated inputs and converted to ZWL as the presentation currency using a rental yield as determined by management. We had concerns over the appropriateness of using a foreign currency for the valuation inputs and then applying a conversion rate to a US$ valuation to calculate ZWL Investment Property values as in our opinion this may not be an accurate reflection of the current dynamics. This matter has not been corrected in terms of IAS 8 therefore opening balances remain impacted.

As opening balances enter into the determination of financial performance, Income Tax Expense stated at Group ZWL1 090 000 448 (2021: ZWL1 807 284 220), Company ZWL1 495 338 077 (2021: ZWL762 171 179),

Monetary Gain/(Loss) stated at Group ZWL 4085 368 352 (2021: ZWL87 087 450), Company ZWL1 602 051 230 (2021: ZWL86 154 802), Revaluation of Plant, Land and Buildings stated at Group ZWL5 940 275 704 (2021: ZWL1 422 967 157) Company ZWL1 723 570 776, on the consolidated and separate inflation adjusted statement of profit or loss and other comprehensive income, and Revaluation Reserve stated at Group ZWL6 959 343 592 (2021: ZWL1 524 879 211), Company ZWL2 535 952 055 (2021 ZWL812 381 279) and Retained Earnings stated at Group ZWL4 065 737 127 (2021: ZWL4 394 704 264) , Company ZWL4 854 543 064 (2021: ZWL3 107 529 276)
on the consolidated and separate inflation adjusted statement of changes in equity remain misstated. Further, corresponding amounts for Investment property and land and buildings included in PPE on the consolidated and separate inflation adjusted statement of financial position remain impacted.

Our audit opinion on the current year consolidated and separate inflation adjusted financial statements is therefore also modified because of the possible effect of this matter on the comparability of the current period's figures with the prior year figures inflation adjusted figures.

Valuation of Plant Machinery and Equipment (Group and Company) (Non-compliance with IFRS 13 – Fair Value Measurement and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors)

Plant, Machinery & Equipment is carried at Group ZWL2 578 738 071 (2021: ZWL1 243 110 679) Company ZWL2 372 998 317 (2021: ZWL1 138 251 494). We have concerns over the appropriateness of using a foreign currency for the valuation and then applying a conversion rate to a US$ valuation to calculate a ZWL value. We believe that this may not be an accurate reflection of the current dynamics. Our prior year audit opinion was modified due to this matter, and it has not been corrected in the current year.

Consequently, plant machinery and equipment may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts.

Group Inflation Adjusted Statement of Financial Position

Revaluation Reserve ZWL6 959 343 592 (2021: ZWL1 524 879 211).

Deferred Tax Liability ZWL3 178 963 488 (2021: ZWL2 323 080 711).

Property, Plant Machinery and Equipment (which includes Plant Machinery and Equipment balance) ZWL: 12 631 748 218 (2021: ZWL6 292 428 835).

Retained Earnings ZWL4 038 284 710 (2021: ZWL 4 394 704 264).

Company Inflation Adjusted Statement of Financial Position

Revaluation Reserve ZWL2 535 952 055 (2021: ZWL812 381 279).

Deferred Tax Liability ZWL1 962 741 926 (2021: ZWL1 006 411 599).

Property, Plant Machinery and Equipment (which includes Plant Machinery and Equipment balance) ZWL 3 912 941 991 (2021 ZWL 2 017 552 047).

Retained Earnings ZWL4 854 543 064 (2021 ZWL3 107 529 276).

Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information, which was not in compliance with IAS 21, IAS 8 and IFRS 13 as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, the monetary gains or losses of on the consolidated and separate inflation adjusted Statement of profit or loss and other comprehensive income stated at Group ZWL4 085 368 352 (2021 ZWL87 087 450) Company ZWL1 602 051 230 (2021 ZWL 86 154 802) are impacted. Our prior year audit report was also modified due to this matter, and it has not been corrected in the current year.

The effects of the above departures from IFRS while material are confined to specific accounts and are not pervasive to the consolidated and separate inflation adjusted financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the Auditor's Responsibilities for the Audit of the consolidated and separate Inflation adjusted annual financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional
Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Goodwill Impairment	
The Group is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit as the Group has goodwill of ZWL2 437 203 437 (2021: ZWL2 751 993 172). The goodwill has been tested for impairment and impairment has been recognised for Birmingham Investments as disclosed in Note 14 Goodwill amount is a key audit matter for the following reasons: - It is a material balance on the Statement of Financial Position - Management's assessment process to determine the carrying value involves complex calculations and involves estimation in determining future cashflows and growth rates of the entity. - The determination of the carrying value in such a volatile market such as the one in Zimbabwe at the time of reporting requires management to apply significant judgments and assumptions. - The verification of the determined carrying value required the involvement of experts with the requisite experience to challenge assumptions and judgements made by management. - It involves determining of the cashflow forecasts and the discount rates.	We performed the following procedures in response to the key audit matter identified: • Completed a walkthrough of the impairment process and assessed the design and implementation of the key controls addressing the risk. • We consulted our internal experts who critically challenged the key underlying assumptions and judgements used in the forecasts that formed the basis of the management's impairment review. • We challenged the judgements made by management including cash flow projections and the discounting factor used, by making reference to collated relevant information available in the market. • Verified the calculation of impairment to check the arithmetic accuracy. • Reviewed the disclosures in the financial statements, including the disclosure of the events and circumstances that led to the recognition of the impairment charge.

Other Information

Other information consists of the Directors' report, Chairman's Statement and the Statement of Director's Responsibility which we obtained prior to the date of this report. Other information does not include the inflation adjusted consolidated and separate financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the

Group did not comply with the requirements of IAS 8, IAS 21 – Effects of Changes in Foreign Exchange Rates, IFRS 13 – Fair Value Measurement, consequently the application of IAS 29 – Financial Reporting in Hyperinflationary Economies was on an incorrect base. We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the Inflation adjusted Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of the inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

Building a better
working world

Auditor's Responsibilities for the Audit of the Inflation adjusted Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our audit opinion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Harare

2 May 2023

Consolidated Group and Company Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December 2022

		Group Inflation adjusted		Company Inflation adjusted	
	Notes	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Sales of goods		21,454,248,003	21,654,474,286	14,153,394,753	11,326,873,732
Rendering of services		2,599,479,631	1,069,072,507	993,973,141	546,022,091
Investment property rental income		53,910,506	32,582,139	75,278,034	26,484,459
Revenue	4	**24,107,638,140**	**22,756,128,932**	**15,222,645,928**	**11,899,380,282**
Cost of sales		(13,508,082,520)	(14,310,098,398)	(9,941,081,176)	(7,640,575,531)
Gross Profit		**10,599,555,620**	**8,446,030,534**	**5,281,564,752**	**4,258,804,751**
Other operating income	9	1,728,469,356	518,250,428	1,675,179,592	149,760,981
Selling and distribution expenses		(328,136,254)	(312,399,815)	(236,203,633)	(213,537,187)
Administrative expenses	5.1	(7,906,964,949)	(3,925,200,404)	(4,096,726,106)	(2,167,518,057)
Other operating expenses	5.2	(7,756,167,281)	(1,443,504,122)	(674,110,171)	(1,186,382,706)
Allowance for expected credit losses	16	(500,908,412)	(33,164,901)	(117,409,726)	(25,236,200)
Monetary gain		4,085,368,352	87,087,450	1,602,051,230	86,154,802
Operating (loss)/ profit		**(78,783,568)**	**3,337,099,170**	**3,434,345,938**	**902,046,384**
Finance costs	19.4	(89,362,379)	(39,991,993)	(41,006,516)	(29,875,693)
Finance income	19.3	2,908,292	3,989,409	365,869	2,842,801
(Loss)/Profit before tax		**(165,237,655)**	**3,301,096,586**	**3,393,705,291**	**875,013,492**
Income tax expense	8	(1,090,000,448)	(1,807,284,220)	(1,495,338,077)	(762,171,179)
(Loss)/Profit for the year		**(1,255,238,103)**	**1,493,812,366**	**1,898,367,214**	**112,842,313**
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
Revaluation of Plant, Land and Buildings net of tax		5,940,275,704	(1,422,967,157)	1,723,570,776	(211,763,262)
Total other comprehensive income for the year, net of tax		**5,940,275,704**	**(1,422,967,157)**	**1,723,570,776**	**(211,763,262)**
Total comprehensive income for the year		**4,685,037,601**	**70,845,209**	**3,621,937,990**	**(98,920,949)**
(Loss)/Profit for the year attributed to:					
Owners of the parent		(177,613,711)	916,601,186	1,898,367,214	112,842,313
Non controlling interests		(1,077,624,392)	577,211,180	-	-
		(1,255,238,103)	**1,493,812,366**	**1,898,367,214**	**112,842,313**
Total comprehensive profit/(loss) for the year attributable to:					
Owners of the parent		5,256,850,671	(385,560,260)	3,621,937,990	(98,920,947)
Non controlling interests		(571,813,070)	456,405,468	-	-
		4,685,037,601	**70,845,209**	**3,621,937,990**	**(98,920,949)**
Earnings per share	27				
Basic earnings per share		(0.52)	3.85	5.51	0.47
Diluted earnings per share		(0.52)	3.85	5.51	0.47
Headline Earnings per Share		(0.55)	3.90	5.49	0.52
Diluted Headline Earnings per Share		(0.55)	3.90	5.49	0.52

Consolidated Group and Company Statement of Financial Position

as at 31 December 2022

		Group Inflation adjusted		Company Inflation adjusted	
	Notes	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
ASSETS					
Non-current Assets					
Property, plant and equipment	10	12,631,748,218	6,292,428,835	3,912,941,991	2,017,552,047
Intangible assets	10.3	8,561,219	10,363,563	8,561,219	10,363,563
Investment property	11	717,000,000	484,070,641	1,480,000,000	559,744,208
Investment in subsidiaries	13	-	-	4,945,988,187	5,130,451,602
Right of use assets	25.1	-	-	1,444,924	16,702,918
Long term receivables	22	406,133,376	707,184,710	406,133,376	613,797,183
Goodwill	14	2,437,203,437	2,751,993,172	-	-
Total non-current assets		**16,200,646,250**	**10,246,040,921**	**10,755,069,697**	**8,348,611,521**
Current assets					
Inventories	15	9,132,036,537	8,284,443,615	5,632,423,219	4,085,070,023
Inter company receivables	24.2	-	-	149,660,076	131,430,690
Trade and other receivables	16	1,816,654,633	2,574,660,085	1,163,885,313	451,658,210
Prepayments	17.2	3,272,017,898	1,696,536,396	1,702,921,482	1,126,059,970
Investment in financial assets	17.1	79,913	274,709	79,913	274,709
Cash and bank balances	20	1,644,255,222	4,882,681,659	849,952,580	1,062,663,021
Total current assets		**15,865,044,203**	**17,438,596,464**	**9,498,922,583**	**6,857,156,623**
Total Assets		**32,065,690,453**	**27,684,637,385**	**20,253,992,280**	**15,205,768,144**
EQUITY AND LIABILITIES					
Equity					
Issued share capital	7	13,444,421	13,444,421	13,444,421	13,444,421
Share premium		7,552,945,490	7,552,945,490	7,552,945,490	7,552,945,490
Revaluation reserve	21.1	6,959,343,592	1,524,879,211	2,535,952,055	812,381,279
Capital reserve		(27,019,547)	(27,019,547)	(27,019,547)	(27,019,547)
Change in ownership reserve	21.3	(125,642,922)	(125,642,922)	-	-
Accumulated profit		4,065,737,127	4,394,704,264	4,854,543,064	3,107,529,276
Attributable to holders of the parent		**18,438,808,161**	**13,333,310,917**	**14,929,865,483**	**11,459,280,919**
Non-controlling interests	23	1,520,451,361	2,092,264,431	-	-
Total equity		**19,959,259,522**	**15,425,575,348**	**14,929,865,483**	**11,459,280,919**
Non-current liabilities					
Deferred tax liabilities	8.3	3,178,963,488	2,323,080,711	1,962,741,926	1,006,411,599
Total non-current liabilities		**3,178,963,488**	**2,323,080,711**	**1,962,741,926**	**1,006,411,599**
Current liabilities					
Trade and other payables	18.1	3,753,903,994	6,716,554,591	1,267,054,226	484,016,066
Provisions	18.2	653,134,508	75,126,342	80,602,283	33,113,763
Short term borrowings	19.1	793,203,542	529,899,553	435,875,569	296,307,023
Customer deposits	17.3	2,530,983,320	1,624,758,598	372,117,900	1,159,355,817
Lease liabilities	25.2	-	-	1,464,388	5,216,419
Current tax liabilities		1,196,242,079	989,642,242	1,204,270,505	762,066,538
Total current liabilities		**8,927,467,443**	**9,935,981,326**	**3,361,384,871**	**2,740,075,626**
Total equity and liabilities		**32,065,690,453**	**27,684,637,385**	**20,253,992,280**	**15,205,768,144**

G. Manhambara
Chairman
2 May 2022

V. Nyakudya
Chief Executive Officer
2 May 2022

Consolidated Group and Company Statement of Cash Flows

for the year ended 31 December 2022

		Group Inflation adjusted		Company Inflation adjusted	
	Notes	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Operating (loss)/profit before tax		(165,237,655)	3,301,096,586	3,393,705,291	875,013,492
Adjusted for:					
Depreciation of property plant and equipment and amortisation of intangible assets	5.2	468,464,392	412,930,050	416,371,593	351,985,361
Net fair value adjustments		(232,415,820)	-	(920,255,791)	-
Net unrealised foreign exchange differences		265,744,156	(331,730,158)	(224,591,586)	36,759,292
Interest income		(2,908,292)	(3,989,409)	(365,869)	(2,842,801)
Interest payable		89,362,379	39,991,993	41,006,516	29,875,693
Movement in provisions		578,008,166	(12,513,052)	164,898,246	2,237,543
(Profit)/loss on disposal of property, plant & equipment		(13,726,208)	16,196,260	(8,965,611)	16,126,082
		987,291,118	**3,421,982,270**	**2,861,802,789**	**1,309,154,662**
Working capital changes					
(Increase)/Decrease in Inventories		(847,592,922)	(3,782,162,635)	(1,547,353,196)	(1,168,478,966)
Decrease/(Increase) in trade and other receivables		758,005,452	(1,493,878,233)	(712,227,103)	(100,707,529)
(Increase)/Decrease in prepayments		(1,575,481,502)	154,035,356	(576,861,512)	637,311,166
Increase/(Decrease) in customer deposits		906,224,722	1,170,114,507	(787,237,917)	759,308,566
Increase in intergroup receivables		-	-	(18,229,386)	(32,827,982)
Increase/ (Decrease) in trade and other payables		(2,962,650,597)	5,371,795,770	783,038,160	(7,323,588)
		(2,734,203,729)	**4,841,887,035**	**2,931,835**	**1,396,436,329**
Interest received		2,908,292	3,989,409	365,869	2,842,801
Interest paid		(89,362,379)	(39,991,993)	(41,006,516)	(29,875,693)
Income tax paid		(128,214,396)	(736,709,582)	(68,890,661)	(344,315,515)
Dividend paid		(151,353,426)	(260,591,087)	(151,353,426)	(260,591,087)
Net cash flow from/(used) in operating activities		**(3,100,225,638)**	**3,808,583,782**	**(257,952,899)**	**764,496,835**
Investing activities					
Acquisition of subsidiaries-cash acquired		-	218,788,391	-	-
Proceeds from release of long term receivable	22	29,217,454	-	-	-
Proceeds from sale of property, plant and equipment		55,231,670	2,166,107	1,932,880	2,166,107
Purchase of property, plant and equipment	10	(217,653,173)	(521,834,802)	(171,716,965)	(275,295,216)
Proceeds from sale of financial assets		-	244,155		244,155
Net cash flows from investing activities		**(133,204,049)**	**(300,636,149)**	**(169,784,085)**	**(272,884,954)**
Financing activities					
Lease liability principal repaid			-	(3,306,068)	(8,440,058)
Repayments of borrowings	19.2	(121,520,245)	(97,413,581)	(121,520,245)	(120,058,381)
Proceeds from borrowings	19.2	471,199,884	650,309,085	471,199,884	417,919,783
Net cash flows from financing activities		**349,679,639**	**552,895,504**	**346,373,571**	**289,421,344**
Net increase/(decrease) in cash and cash equivalents		**(2,883,750,048)**	**4,060,843,137**	**(81,363,413)**	**781,033,225**
Effects of exchange rate changes on cash and cash equivalents		287,595,680	80,447,928	264,610,712	75,637,486
Effects of IAS29		(642,272,069)	(114,767,595)	(395,957,740)	(229,136,952)
Cash and cash equivalents at 1 January		**4,882,681,659**	**856,158,189**	**1,062,663,021**	**435,129,259**
Cash and cash equivalents at 31 December	20	**1,644,255,222**	**4,882,681,659**	**849,952,580**	**1,062,663,021**
Comprising of:					
Cash and cash balances		1,644,255,222	4,882,681,659	849,952,580	1,062,663,021

Consolidated Group Statement of Changes in Equity

for the year ended 31 December 2022

Inflation Adjusted ZWL$	Share Capital	Capital Reserve	Share Premium	Revaluation Reserve	Change in Ownership reserve	Retained earnings	Attributable to Owners of the parent	Non-Controlling Interest	Total
Group									
Balance at 1 January 2021	**13,249,441**	**(27,019,547)**	**2,743,094,872**	**2,827,040,656**	**(125,642,922)**	**3,738,694,162**	**9,169,416,662**	**1,635,858,962**	**10,805,275,624**
Share Issue	194,980	-	4,809,850,618	-	-	-	4,810,045,598	-	4,810,045,598
Dividend Paid	-	-	-	-	-	(260,591,083)	(260,591,083)	-	(260,591,083)
Profit for the year	-	-	-	-	-	916,601,185	916,601,185	577,211,180	1,493,812,365
Other comprehensive income/(loss) net of tax	-	-	-	(1,302,161,445)	-	-	(1,302,161,445)	(120,805,712)	(1,422,967,157)
Balance at 31 December 2021	**13,444,421**	**(27,019,547)**	**7,552,945,490**	**1,524,879,211**	**(125,642,922)**	**4,394,704,264**	**13,333,310,917**	**2,092,264,430**	**15,425,575,347**
Dividend paid	-	-	-	-	-	(151,353,426)	(151,353,426)	-	(151,353,426)
Loss for the year	-	-	-	-	-	(177,613,712)	(177,613,712)	(1,077,624,392)	(1,255,238,104)
Other comprehensive income net of tax	-	-	-	5,434,464,381	-	-	5,434,464,381	505,811,323	5,940,275,704
Balance at 31 December 2022	**13,444,421**	**(27,019,547)**	**7,552,945,490**	**6,959,343,592**	**(125,642,922)**	**4,065,737,126**	**18,438,808,160**	**1,520,451,361**	**19,959,259,521**

Company Statement of Changes in Equity

for the year ended 31 December 2022

Inflation Adjusted ZWL$	Share Capital	Capital Reserve	Share Premium	Revaluation Reserve	Retained earnings	Attributable to Owners of the parent
Company						
Balance at 1 January 2021	**13,249,441**	**(27,019,547)**	**2,743,094,872**	**1,024,144,538**	**3,255,278,048**	**7,008,747,352**
Dividend Paid	-	-	-	-	(260,591,087)	(260,591,087)
Share issue	194,980	-	4,809,850,618	-	-	4,810,045,598
Profit for the year	-	-	-	-	112,842,315	112,842,315
Other comprehensive income/ (loss) net of tax	-	-	-	(211,763,259)	-	(211,763,259)
Balance at 31 December 2021	**13,444,421**	**(27,019,547)**	**7,552,945,490**	**812,381,279**	**3,107,529,276**	**11,459,280,919**
Dividend paid	-	-	-	-	(151,353,426)	(151,353,426)
Profit for the year	-	-	-	-	1,898,367,214	1,898,367,214
Other comprehensive income net of tax	-	-	-	1,723,570,776	-	1,723,570,776
Balance at 31 December 2022	**13,444,421**	**(27,019,547)**	**7,552,945,490**	**2,535,952,055**	**4,854,543,064**	**14,929,865,483**

Notes to the Inflation Adjusted Financial Statements
for the year ended 31 December 2022

1. CORPORATE INFORMATION

The consolidated financial statements of Zimplow Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2022 were authorized for issue by the Board of Directors on 30 April 2022. Zimplow Holdings Limited, the Company, is a limited company incorporated and domiciled in Zimbabwe and whose shares trade on Zimbabwe Stock Exchange. The registered office is located at 39 Steelworks Road, Heavy Industrial Sites in Bulawayo, Zimbabwe.

The principal activities of the Group are manufacture and distribution of animal drawn implements, manufacture and distribution of metal fasteners for mining, construction and agricultural industries, distribution of tractors, generators and mechanized implements as well as the distribution of earthmoving and mining equipment.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Group's financial results have been prepared under policies consistent with the requirements of the Companies and Other Business Entities Act (Chapter 24.31). The financial results have been prepared under the current cost convention in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

The consolidated inflation adjusted financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC) with the exception to IAS 21 Effects of Changes in Exchange Rates on accounting for change in functional currency in prior year and IAS 29 -" Financial Reporting in Hyperinflationary Economies" and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors for non-correction of the prior year non-compliance with IAS 21. This is because it has been impracticable to fully comply with IFRS in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the prior year and current period financial Statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS. These exceptions have also made full compliance with the Companies and Other Business Entities Act (Chapter 24.31) not possible.

The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in Zimbabwean dollars (ZWL) and all values are rounded to the nearest dollar except where otherwise stated. The consolidated inflation adjusted financial statements are initially prepared under the historical cost convention and restated for the changes in the general purchasing power of the functional currency for the purposes of fair presentation in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). This historical cost information has been restated for changes in the general purchasing power of the Zimbabwe dollar and as a result, is stated in terms of the measuring unit current at the end of the reporting period. Accordingly, the inflation adjusted consolidated financial statements represent the primary financial statements of the Group.

Change in functional currency

In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:

- Denomination of real time gross settlement (ZWL$) balances, bond notes and coins collectively as ZWL$ dollars. ZWL$ dollars became part of the multi-currency system.
- Promulgated that ZWL$ dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the ZWL$ dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be ZWL$ dollars at a rate of 1:1 to the US dollar and would become opening ZWL$ dollar values from the effective date. As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency had changed to the ZWL$ dollar.

Notes to the Inflation Adjusted Financial Statements (cont.)
for the year ended 31 December 2022

The Group adopted the ZWL$ dollar as the new functional and reporting currency with effect from 22 February 2019 using the interbank midrate of US$1: ZWL$2.5.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL) which is at par with the bond notes and ZWL$ dollars, that is to say each bond note unit and each ZWL$ dollar is equivalent to a Zimbabwe Dollar, and each hundredth part of a bond note unit and each hundredth part of a ZWL$ dollar is equivalent to a Zimbabwean cent.

On the 17th of June 2020, an RBZ Exchange Control Directive RV175/2020 was issued on the introduction of a Foreign Exchange Auction System. Foreign exchange auction trading system was operationalised with effect from 23 June 2020, foreign currency trading was conducted through the Foreign Exchange Auction Trading System (Auction) through a bidding system.

On the 24th of July 2020, Statutory Instrument 185 of 2020 the Exchange Control amended the exclusive Use of Zimbabwe Dollar for Domestic Transactions by allowing dual pricing and displaying, quoting and offering of prices for domestic goods and services. The SI all permitted any person who provides goods or services in Zimbabwe to display, quote or offer the price for such goods or services in both Zimbabwe dollar and foreign currency at the ruling exchange rate.

In this regard, these financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Company operates, and all values are rounded to the nearest ZWL except when otherwise indicated.

Rebasing of Capital Allowances
In 2022 an amendment to the Income Tax Act was promulgated which allows for the re-basing of unredeemed capital allowances as at 1 January 2023 to local currency equivalent of unredeemed capital allowances.

The impact of this amendment is that the tax base of an asset which is used to make taxable income, are the unclaimed capital allowances which will be claimed in future (reducing the taxable income in future). Therefore ZIMRA will allow the amount equal to the balance of unclaimed allowances in USD multiplied by the exchange rate as at 1 January 2023.

The resultant impact on Deferred Tax is there will be a reduction of the deferred tax liability generated by qualifying assets as the taxable temporary difference between the carrying amount of the asset in the financial statements and the outstanding capital allowances will be reduced.

In this regard all qualifying assets were rebased as at 31 December 2022.

Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)
In 2019, the high year-on-year inflation amongst other indicators outlined in IAS 29 resulted in a broad market consensus within the accounting and auditing profession that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. The PAAB confirmed this market consensus and issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

These results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 January 2019 being the commencement date of the prior financial year, however given that change in functional currency, 22 February 2019 has been treated as the last revaluation date for non-monetary items. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit.

The Company adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below.

Dates	Indices	Conversion Factors
31 December 2022	13,672.91	1.00
31 December 2021	3,977.46	3.4376
31 December 2020	2,474.51	5.5255

Comparative financial information
Comparative financial information as per IAS 29 was restated using relevant adjusting factor 1.61 based on the Consumer Price Index (CPI).

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Hyper-inflation adjustment approach- Statement of profit and loss and other comprehensive income

Revenue and cost of sales

- The revenue line items were segregated into monthly totals and then the applicable monthly adjustment factor was factored to hyper-inflate these amounts.
- For Cost of Sales, these were disaggregated on the basis of the Cost of Goods Sold formula, isolating Opening Inventory, Purchases and Closing Inventory. These are hyper-inflated separately with Opening Inventory restated using December 2021 factor, Purchases segregated into monthly totals then the applicable monthly adjustment factor applied to hyper-inflate these amounts and Closing Inventory hyper inflated using the factor applicable for the payment date. The Cost of Sales is then re-computed using hyper-inflated elements.

Other operating income including exchange gain/loss

- The other income that was realised was segregated into the respective month in which the income accrued and then the applicable adjustment factor utilised to hyper-inflate the amounts, but unrealised income was not restated.

Depreciation

- The depreciation expense was recalculated based on the restated opening balances.

Fair value adjustments to investment property

- The fair valuation of investment property was determined at year end by professional valuators. The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as the fair value movement through the Statement of profit or loss.

Income tax expense

- There was no hyper-inflation of the current tax expense, but deferred tax expense was re-computed on the restated carrying amounts.

Other comprehensive income

- The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as the revaluation gain through other comprehensive income.

Hyper-inflation adjustment approach- Statement of financial position

Property, plant and equipment

- There was no hyper-inflation of the PPE classes fair valued at year end i.e., land and buildings, plant and machinery. The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as the revaluation gain/loss through other comprehensive income.
- Motor vehicles, computers and furniture and fittings and all the disposals and additions were hyper inflated at the applicable rates.
- The carrying amounts of the PPE classes not fair valued at year end were assessed for impairment.

Investment property

- The investment property was fair valued at 31 December 2022 and thus no inflation adjustment on the closing fair values. The difference between the inflation adjusted opening balance and the closing fair value was accounted for as the fair value adjustment.

Deferred tax liability

- The closing balance was calculated based on the inflation adjusted closing balances for the applicable assets and liabilities.

Inventory

- For whole goods, the amounts constitute a non-monetary asset, and the balance was inflation adjusted based on the applicable adjustment factor of the month in which the payment was done.
- For parts and spares, the amounts were classified as per inventory age analysis and the applicable monthly adjustment factor was factored to hyper-inflate these amounts.

Trade receivables

- The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Prepayments

- The amounts constitute a non-monetary asset and the balance was inflation adjusted based on the applicable adjustment factor relating to when the payment was done. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.

Cash and bank

- The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances.

Trade payables

- The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances.

Contract liabilities (revenue received in advance)

- The amount constitutes a non-monetary liability and it was hyper-inflated at the applicable adjustment factor. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.

Provisions

- All provisions were monetary.
- There was no hyper-inflation adjustment on the monetary provisions.

Bank loans and borrowings

- The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances.

Hyper-inflation adjustment approach- Statement of changes in equity

Revaluation reserve

- The prior year opening revaluation reserve was eliminated against retained earnings. The current year opening balance was hyperinflated and difference between the hyper-inflated carrying amount of the PPE items and their closing fair values were accounted for in the revaluation reserve.

Hyper-inflation adjustment approach- Statement of cash flow

- The amounts were segregated into the respective months in which the cash flows actually occurred, and the applicable monthly adjustment factor used to hyper-inflate the amount.
- The monetary gain or loss on cash and cash equivalents and the effect of inflation on operating, investing and financing have been presented as one number.

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These consolidated financial statements have been prepared with the aim of complying with International Financial Reporting Standards and presented in ZWL$ (Zimbabwe Dollars, rounded to the dollar), which is the Group's functional and presentation currency. Full compliance with IFRS has not been possible in both 2021 and 2022, as only partial compliance has been achieved because it has not been possible to comply with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS21) and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors for non-correction of the prior year non-compliance with IAS 21. These exceptions have also made full compliance with the Companies and Other Business Entities Act (Chapter 24.31) impracticable.

3.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are always recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share - based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date and;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree' s identifiable net assets. The choice of measurement basis is made on a transaction by-transaction basis.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses (if any). For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss.

An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.4 Revenue recognition

The Group is in the business of distributing mining and agricultural equipment and the related service for the same equipment. The equipment and services are sold both on their own in separate identified contracts with customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group recognises revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Sale of agriculture and mining equipment and spares.

Revenue from sale of agriculture and mining equipment and spares is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The normal credit term is 30 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of agriculture and mining equipment and spares, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved Some contracts with customers provide a right of return. The group allows returns of spare parts for cash within a period of 10 days. The portion of sales at year end has been assessed as insignificant. Therefore, there is no impact on the group's reported revenue for the period.

Rights of return

The Group uses the expected value method to estimate the goods that will be returned because this method better predicts the amount of variable consideration to which the Group will be entitled. The Group then applies the requirements on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. The group policy allows returns of products within 10 days. At year end, any such goods that would have been returned had their terms expired, Therefore, there is no impact on financial statements.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Warranty obligations

The Group generally provides for warranties for general repairs and does not provide extended warranties in its contracts with customers. These assurance-type warranties are accounted for as warranty provisions, which are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Rendering of services

The Group's mining and mechanical agricultural equipment segments provides after sales service for equipment sold. These services are sold on their own in contracts with the customers. The Group accounts for the equipment and service as separate deliverables of bundled sales and allocates consideration between these deliverables based on relative stand-alone selling prices. Service revenue qualifies for overtime recognition, but given the short period of a service, no significant judgement is required in determining the pattern of revenue recognition.

Advances received from customers

Generally, the Group receives only short-term advances from its customers. They are presented as part of current liabilities and described as Customer deposits. The Group does not receive long-term advances from customers. The Group determines whether there is a significant financing component in its contracts. The Group uses the practical expediency and will not adjust the promised amount of the consideration for the effects of a significant financing components in the contracts, where the Group expects, at contract inception, that the period between the Group transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Therefore, for short term advances, the Group does not account for a financing component even if it is significant.

Based on the nature of the goods and services offered and the purpose of payment terms, the Group determined that for the vast majority of the contracts that require customers to pay in advance, the payment terms were structured primarily for reason other than the provision of finance to the Group, that is. advances are generally required from new customers, as well as customers with a history of late payments, they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer pays for the goods and the Group transfers goods to the customer is relatively short. Therefore, the Group has concluded that there is not a significant financing component in these contracts.

Presentation in financial statements

Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. A contract liability is presented in the statement of financial position where a customer has paid an amount of consideration prior to the entity performing by transferring the related good or service to the customer.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established. This generally happens when a provision has been made. Interest income from a financial asset is recognised when it is probable that the economic benefits will follow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Group's policy for recognition of revenue from operating leases is described in Note 3.5 below.

3.5 Leasing

IFRS 16

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

I) Right of use assets

The group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and Buildings 5 – 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as covered under Note 3.13.

II) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments including in substance fixed lease payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual values guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in lease payments or a change in the option to purchase the underlying asset.

The Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.6 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to Zimbabwean Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.7 Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement plans are recognised in profit or loss in the year of contribution. A liability for termination benefits recognised at the earlier of when the entity can no longer withdraw the offer of termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.8 Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share - based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counter-party renders the service.

3.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that a re-recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.10 Property, plant and equipment

Items of Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses, if any. Land and buildings and plant and equipment are however measured at fair value, less accumulated depreciation and impairment losses, if any, recognised after the date of revaluation. Valuations, performed by the Group's Directors or independent external valuators, are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

When items of property, plant and equipment are revalued, any accumulated depreciation at the date of a revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount after revaluation equals its market value.

Notes to the Inflation Adjusted Financial Statements (cont.)
for the year ended 31 December 2022

Any revaluation surplus (increase in the carrying amount of an asset as a result of a revaluation) is recognised in other comprehensive income and accumulated in equity (revaluation reserve) in the statement of changes in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. The decrease, however, is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity as a revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will follow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss in the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on a basis over the estimated useful lives of the asset as follows:
- Buildings: 50 years;
- Plant and machinery: 5 to 50 years;
- Motor vehicles: 5 years;
- Office furniture and computer equipment: 4 to 10 years.
- Freehold land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The depreciation methods, useful lives and residual values of assets are reviewed and adjusted, if appropriate, at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, depreciation will cease to be charged on the asset until its residual value subsequently decreases to an amount below its carrying amount.

3.11 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Transfers to and from investment property under the fair value model are accounted for as follows:
- Transfers from inventory: any difference between the fair value of the property at date of change in use and its previous carrying amount must be recognised in profit or loss. This treatment is consistent with the treatment of sales of inventories.
- Transfers to inventory or owner–occupation: the cost for subsequent accounting for inventories under IAS 2, or for owner–occupied property under IAS 16 or IFRS 16, must be the property's fair value at the date of change in use. [IAS 40.60].
- Transfers from owner–occupation: IAS 16 will be applied for owned property and IFRS 16 for property held by a lessee as a right–of–use asset up to the date of change in use. At that date, any difference between the carrying amount under IAS 16 or IFRS 16 and the fair value must be treated in the same way as a revaluation under IAS 16. [IAS 40.61]".

Notes to the Inflation Adjusted Financial Statements (cont.)
for the year ended 31 December 2022

3.12 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially recognized at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The impairment assessment of these intangible assets with indefinite useful lives is done annually.

For intangible assets acquired in a business combination, the cost on initial recognition will be its fair value at the acquisition date. It will subsequently carried at that cost less amortization and accumulated impairment loss if it has a finite useful life and at cost less accumulated impairment losses if it has an infinite useful life.

De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.13 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:
Raw materials - Purchase costs on weighted average cost.
Consumable stores - Purchase costs on weighted average cost.

Whole goods, parts and work in progress - Direct material and labour cost, appropriate share of production expenses and where applicable, customs duty paid. Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to the Inflation Adjusted Financial Statements (cont.)
for the year ended 31 December 2022

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties
Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation. The warrant is of short term in nature since it covers the sold products for a maximum period of twelve months.

3.16 Financial assets

Classification
Financial assets are classified into the following specified categories: amortized cost and fair value through profit or loss (FVPL. The classification is based on the measurement criteria. Under amortized cost, the asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified the financial assets and is determined at the time of initial recognition.

Trade and other financial assets are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified as financial assets at amortized cost

Measurement
Trade receivables, treasury bills and other receivables are measured at amortised cost. The assets mainly represent solely future contractual cash payments of principal and interest. These financial assets are short term in nature.

Impairment

Trade receivables
The group uses the simplified approach in calculating the ECL for trade receivables. The Group establishes a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The debt is written off when all reasonable steps to recover the debt have failed.

Other financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all other financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The debt is written off when all reasonable steps to recover the debt have failed.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

A debt is considered to be uncollectible when it meets one of the following criteria:
- All reasonable collection efforts have been exhausted.
- The cost of further collection action will exceed the amount recovered.
- The debt is legally without merit or cannot be substantiated by evidence.
- The debtor cannot be located.
- The available assets or income (current or anticipated) are insufficient.
- The debt was discharged in bankruptcy.
- The applicable statute of limitations for collection of the debt has expired.
- It is not in the public interest to pursue collection of the debt.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt hence the Credit Controller must continue with the efforts to recover without spending too much time and costs on the initiative.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.17 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.18 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Critical judgements in applying accounting policies

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Inventory Valuation

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. An assessment is done by management regularly to assess the appropriateness of the assigned values of inventory.

Cost of sales

In order to arrive at the hyper-inflated cost of sales management exercised judgement on the restatement of historical cost values of inventories sold by using the moving average method that closely tracked weighted inventory method used to manage inventories. This approach has been consistently applied from prior periods when the group adopted IAS 29 in 2019. The cost of sales comprises of raw materials, purchases and consumables used, other direct production and handling costs incurred and the cost of rendering services.

Determining the lease term of contracts with renewal options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of Land and buildings with shorter non-cancellable period (i.e., 3-5 years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of Land and buildings with longer non-cancellable periods (i.e., 5 to 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

The Group also applies judgement in determining the incremental borrowing rate used to discount the lease payments in determining the lease liability and right of use asset at commencement of the lease .

Functional Currency

Zimbabwe adopted the multi-currency system in February 2009 which resulted in the USD being adopted as the functional currency. The currency shortage which hit the economy in 2016 resulted in the use of plastic money as an alternative to cash. The market forces of demand and supply for cash led to surfacing of an exchange rate between ZWL$ money and USD hard cash on the parallel market. The rates continued to fluctuate through the years 2017 and 2018 as the foreign currency shortage continued. The bond notes and coins were introduced by Reserve Bank of Zimbabwe (RBZ) in May 2016 as a way to reduce the cash flow shortage. These were being exchanged at rate of one as to one with USD. However, they also resulted in surfacing of three exchange rates to the USD which are:

- USD to electronic money (ZWL$)
- USD to bond notes and bond coins
- USD to ecocash

The manner in which the USD exchange is to be paid for would determine the rate to be used that is whether ZWL$, Ecocash OR Cash in the form of bond notes and coins. The commencement of the trading year 2018 in January was a continuation of the conditions that characterised the end of the year 2017.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Shortage of foreign currency
The unofficial USD to Electronic money exchange rate
The use of the bond notes and coins as legal tender

These conditions resulted in most of the entity's transactions being done either in ZWL$ or Bond notes and coins during the year 2018 except for exports. Meanwhile, the official rate for USD to bond notes and coins remained at 1:1, meaning all the exports/ foreign currency transactions were recorded in the ledger at the same rate. (NB-IAS 21 requires transactions in foreign currency to be recorded at a rate ruling on the day the transactions took place).

In October 2018, RBZ introduced the separation of bank accounts between ZWL$ balance accounts and foreign currency balance accounts. Foreign currency accounts were denoted by the term "Nostro". The ZWL$ balances were still exchangeable to the USD balances at a rate of one as to one. The system continued through to the end of the year 2018. However, this signalled a change in policy towards introduction of another currency. Parallel forex market rates moved sharply to ZWL$4:1 USD.

The year 2019 began on the same footing as the year end 2018 until February 22 2019 when the RBZ through the statutory instrument (SI33), introduced ZWL$ dollars (ZWL$) which represents ZWL$ balances in the banking system. These balances were to be official exchanged to USD at a floating rate to be determined in by the banks based on the law of supply and demand. The initial rate was pegged at USD1: ZWL$2.5. The SI 33 prescribed that all balances as at 22 February 2019 were to be translated to ZWL$ at a rate of one as to one. The Government further promulgated SI 142 of 2019 on June 24, which banned the use of the multi-currency system and made the Zimbabwe dollar the only legal tender to be used for all local transactions. The Group followed the legal instruments and changed the functional currency on the 22nd of February 2019.

Key sources of estimation and uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of trade and other receivables
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group applies the simplified approach and record lifetime expected losses on all trade receivables and other financial assets. Zimplow incorporates forward looking information in the determination of expected credit losses. Management also regards GDP as a measure of wealth that best reflect the quality of the company's customers, who are mainly into capital goods investment, which we sell. Management has also considered the impact of Inflation (CPI) and Purchasing Power Parity (International dollars) as other measures, that reflects the quality of the Group customers.
Management uses a period of 5 years to forecast the impact of forward-looking information on the expected credit loss allowance. The 5-year period is aligned to the company's business plan forecasting process for strategic planning purposes.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 26.

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise (refer to note 14 for additional information).

The carrying amount of goodwill on 31 December 2022 was ZWL $ 2,437,203,437 (31 December 2021: ZWL $ 2,751,993,172.

Useful lives of property, plant and equipment
The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The following factors are considered in estimating the useful life of an asset.

- Expected usage of the asset
- Expected physical wear and tear which depends on how the asset is going to be used.
- Management also uses experience with the usage of the asset.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Fair value measurements and valuation processes
Some of the Group's assets are measured at fair value for financial reporting purposes. The directors determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuators to perform the valuation. The directors work closely with the qualified external valuators to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed under the following notes:

- Investment Property (note 11)
- Property, Plant and equipment (note 10)

3.20 Investment in subsidiaries

The company carries its investment in subsidiaries at cost less impairment. An assessment is done by management regularly to assess the appropriateness of the assigned values. Dividends from subsidiaries are recognised when the Company's right to receive is established, normally when the subsidiary declares the dividend. The dividends are recognised in the profit and loss section of the financial statements.

4. REVENUE

Analysis of Group revenue and results for the year
Set out below is the disaggregation of the Group's revenue from contracts with customers

	Group		Company	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
Sale of goods: Domestic	19,921,478,420	20,915,679,411	12,620,625,170	11,163,783,195
Sale of goods: Export	1,532,769,583	738,794,875	1,532,769,583	163,090,537
Sale of services: Domestic	2,599,479,631	1,069,072,507	993,973,141	546,022,091
Investment property rental income	53,910,506	32,582,139	75,278,034	26,484,459
Total revenue from contracts with customers	**24,107,638,140**	**22,756,128,932**	**15,222,645,928**	**11,899,380,282**

All revenue is recognised at a point in time, and all was generated in Zimbabwe.

Refer to note 6 for further analysis of revenue disaggregation according to segments. All the export proceeds fall into the farming segment. In the prior year financial statements "Sale of goods and services Domestic" was presented as one line item. In this year's financial statements it was split into two separate line items "Sale of goods: Domestic" and "Sale of services" Domestic"

5. PROFIT FOR THE YEAR

Profit/ (Loss) for the year has been arrived after charging:

5.1 Administrative Expenses

	Group		Company	
	31-Dec-22 ZWL	31-Dec-21 ZWL	31-Dec-22 ZWL	31-Dec-21 ZWL
Salaries and employment costs	3,666,155,466	2,213,167,808	1,621,283,039	1,347,755,621
Motor, travel & accommodation	593,386,431	373,128,662	298,843,190	160,297,393
Rental and occupancy	434,358,803	257,634,088	82,117,497	70,269,239
Other administrative	3,213,064,249	1,081,269,846	2,094,482,380	589,195,804
	7,906,964,949	**3,925,200,404**	**4,096,726,106**	**2,167,518,057**
5.2 Included in other operating expenses				
Depreciation and Amortization	468,464,392	412,930,050	416,371,593	351,985,361
Inventory obsolescence provision	6,041,382,445	652,281,280	257,738,578	(1,972,779)
Fair value loss on investment properties	-	27,101,090	-	-

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

6. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the sector of the economy serviced and the type of goods or services delivered or provided. The directors of the Company have chosen to organize the Group around the differences in sectors of the economy and products or services. Specifically, the Group's reportable segments under IFRS 8: Operating segments are therefore as follows;

Mining and infrastructure

- Mining equipment, parts and related services.

Agriculture

- Animal drawn equipment, parts and related services.
- Tractors, tractor drawn equipment, parts and related services.

Property

- Property rental and property management.

Logistics and Automotive

- Trucks, buses, Tyres

The disclosed results are an analysis of the Group's revenue and results from operations by reportable segment. Segment revenue reported below represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit/ (loss) represents the profit/ (loss) earned by each segment without allocation of central administration costs and directors' salaries. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Internal transactions are appropriately eliminated on consolidation and data aggregation.

The "Farming" segment comprises the following business units: Mealiebrand and Farmec. The "Mining and Infrastructure" segment comprises of the following business units: Barzem, Powermec, CT Bolts and Tractive Power Solutions. The properties segment comprises Manica Road investments and Birmingham properties investments. Other segments include the head office and shared services division. The Logistics and automotive segment consist of Scanlink and Trentyre. The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

6.1 Segment information

31 December 2022

	Agriculture	Mining and Infrastructure	Logistics and Automotive	Property	Non reportable Segments	Total Segments	Adjustments	Consolidated
Revenue	11,957,244,135	6,580,629,084	5,659,534,895	53,910,506	75,278,034	24,326,596,654	(218,958,514)	24,107,638,140
Segment operating profit	1,558,849,105	(1,820,968,009)	401,484,898	2,336,132,462	(878,534,516)	1,596,963,940	(1,675,747,508)	(78,783,568)
Other items								
Finance income	166,574	327,678	-	-	218,155	712,407	2,195,885	2,908,292
Finance costs	(38,458,872)	-	(49,740,409)	-	-	(88,199,281)	(1,163,098)	(89,362,379)
Income taxes	(1,081,433,463)	(242,614,958)	(349,380,083)	(152,839,982)	(218,231,063)	(2,044,499,549)	954,499,101	(1,090,000,448)
GROUP PROFIT AFTER TAX	**439,123,344**	**(2,063,255,289)**	**2,364,406**	**2,183,292,480**	**(1,096,547,424)**	**(535,022,483)**	**(720,215,620)**	**(1,255,238,103)**
Segment assets	12,302,825,797	5,755,399,041	6,069,044,881	5,941,000,000	7,925,069,217	37,993,338,936	(5,927,648,483)	32,065,690,453
Segment liabilities	(3,339,436,622)	(1,400,831,464)	(5,003,403,637)	(243,952,812)	(810,057,384)	(10,797,681,919)	(1,308,749,012)	(12,106,430,931)
Other segment information						-		-
Depreciation and amortisation	354,546,281	77,552,115	8,450,740	34,853,195	26,112,903	501,515,234	(33,050,842)	468,464,392
Additions to non-current assets	148,293,798	33,450,793	27,373,096	-	8,535,486	217,653,173	-	217,653,173
Inventory provision	352,766,670	6,423,584,547	50,185,368	-	-	6,826,536,585	-	6,826,536,585
Impairment loss recognized on receivables	127,301,281	280,922,869	92,684,262	-	-	500,908,412	-	500,908,412
Impairment of goodwill	-	-	-	314,789,735	-	-	-	314,789,735

31 December 2021

	Agriculture	Mining and Infrastructure	Logistics and Automotive	Property	Non reportable Segments	Total Segments	Adjustments	Consolidated
Revenue	10,088,125,991	10,386,544,435	2,298,813,704	185,322,689	26,484,459	22,985,291,278	(229,162,346)	22,756,128,932
Segment operating profit	2,036,271,461	1,660,322,978	324,198,211	(582,663,143)	(228,473,746)	3,209,655,761	127,443,409	3,337,099,170
Other items								
Finance income	2,283,549	1,705,860	-	-	-	3,989,409	-	3,989,409
Finance costs	(22,727,488)	-	(15,472,763)	-	-	(38,200,251)	(1,791,742)	(39,991,993)
Income taxes	(585,892,637)	(777,700,957)	(194,033,310)	(96,126,932)	(83,812,690)	(1,737,566,526)	(69,717,694)	(1,807,284,220)
GROUP PROFIT AFTER TAX	**1,429,934,885**	**884,327,881**	**114,692,138**	**(678,790,075)**	**(312,286,436)**	**1,437,878,393**	**55,933,973**	**1,493,812,366**
Segment assets	9,131,040,428	9,530,512,241	4,438,248,759	1,795,495,652	6,825,342,361	31,720,639,441	(4,081,400,718)	27,639,238,723
Segment liabilities	(3,302,445,764)	(4,285,952,508)	(2,906,200,965)	8,803,914	(780,544,563)	(11,266,339,886)	(992,722,151)	(12,259,062,037)
Other segment information								
Depreciation	292,288,879	29,335,925	19,102,252	38,212,719	21,273,955	400,213,730	12,716,320	412,930,050
Additions to non-current assets	148,370,757	73,141,497	21,614,287	193,060,057	85,648,204	521,834,802	-	521,834,802
Impairment loss recognized on receivables	128,770,284	617,702,704	49,704,117	-	-	796,177,105	-	796,177,105
Impairment of goodwill	-	-	-	29,780,131	-	-	-	29,780,131

The inter company assets and liabilities are eliminated on consolidation.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

6.1.2 Segment reconciliation

	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Segment profit	(535,022,483)	1,437,878,391
Depreciation of owner occupied at consolidation	(34,853,195)	(38,212,719)
Taxation	(685,362,425)	94,146,693
Profit after tax	**(1,255,238,103)**	**1,493,812,365**
Segment Assets	**37,993,338,936**	**31,720,639,442**
Investment in subsidiaries	(4,945,988,187)	(17,002,322,917)
Accumulated Depreciation owner occupied at consolidation	(674,328,640)	(38,212,719)
Goodwill	(2,437,203,437)	(8,378,127,542)
Intercompany eliminations	-	131,430,690
Reclassification adjustments	2,129,871,781	3,753,224,746
Total assets	**32,065,690,453**	**10,186,631,700**
Segment Liabilities	**10,797,681,919**	**11,266,339,886**
Reclassifications	(1,906,509,859)	(1,330,358,560)
Deferred taxation	3,178,963,488	10,928,000,982
Intercompany eliminations	36,295,383	-
Total Liabilities	**12,106,430,931**	**20,863,982,308**

6.1.3 Geographic information

Group revenue was all generated from Zimbabwe.

6.2 Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Mining and Construction equipment	3,062,196,818	8,211,642,327
Animal drawn equipment	4,374,244,872	3,381,784,443
Tractors and tractor drawn equipment	7,064,511,024	6,417,399,576
Service of equipment	2,599,479,631	1,069,072,507
Fasteners	904,855,197	657,486,715
Property rentals	2,148,929,366	30,866,657
Power systems	1,338,816,933	1,209,372,892
Logistics and Automative	2,833,562,814	1,854,925,613
Adjustments for intercompany transactions	(218,958,514)	(76,421,798)
Total revenue	**24,107,638,140**	**22,756,128,932**

Notes to the Inflation Adjusted Financial Statements (cont.)
for the year ended 31 December 2022

7. Share capital

Subject to Section 183 of the Companies and Other Business Entities Act (Chapter 24.31), and to the limitations of the Zimbabwe Stock Exchange, the unissued shares are under the control of the Directors.

7.1 Reconciliation of authorised and issued share capital

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Authorized share capital				
Number of ordinary shares at the beginning of the year	300,000,000	300,000,000	300,000,000	300,000,000
Number of ordinary shares at the end of the year	400,000,000	400,000,000	400,000,000	400,000,000
Nominal value per share (ZWL$)	0.0004	0.0004	0.0004	0.0004
Total nominal value of shares (ZWL$)	**160,000**	**160,000**	**160,000**	**160,000**
Unissued shares under the control of the directors	55,419,514	55,419,514	55,419,514	55,419,514
Reconciliation of the number of shares in issue				
Issued number of shares at the beginning of the year	344,580,486	344,580,486	344,580,486	238,380,780
Number of shares in issue at the end of the year	344,580,486	344,580,486	344,580,486	344,580,486
Issued and fully paid number of shares				
Number of ordinary shares	344,580,486	344,580,486	344,580,486	344,580,486
Nominal value per share (ZWL$)	0.0004	0.0004	0.0004	0.0004
Total nominal value of shares (ZWL$)	**137,832**	**137,832**	**137,832**	**137,832**

At 31 December 2022, the Directors of the Group held directly and indirectly, the following number of shares:

Name	Year Ended 31-Dec-22	Year Ended 31-Dec-21
T Johnson	375	375
G Manhambara	375	375
L Kennedy	24,936,122	24,936,122
K Patel	13,089,629	13,089,629
Total	**38,026,501**	**38,026,501**

8. TAXATION

		Group		Company	
		31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
8.1	**Charge based on income for the year**				
	Zimbabwe Income tax	923,675,719	998,415,489	946,907,676	654,000,251
	Deferred Tax relating to the origination and reversal of temporary differences	166,324,729	808,868,731	548,430,401	108,170,928
	Taxation	**1,090,000,448**	**1,807,284,220**	**1,495,338,077**	**762,171,179**
8.2	**Reconciliation of tax charge**				
	Tax on profit before tax for the year at 24.72% (incl. Aids Levy)	(47,632,986)	816,031,077	838,923,948	216,303,337
	Tax effects on expenses that are not deductible in determining taxable profit	414,939,959	632,488,593	44,647,837	452,302,220
	Non taxable income**	(169,462,228)	(23,789,507)	(333,936,989)	(1,360,904)
	Rebasing of tax bases impact	918,705,786	-	112,454,333	-
	Impact of IAS 29	(26,550,083)	382,554,057	833,248,948	94,926,526
		1,090,000,448	**1,807,284,220**	**1,495,338,077**	**762,171,179**

** This is mainly made up of RBZ export incentive and interest received.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

		Group		Company	
		31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
8.3	**Deferred tax**				
	Key components of deferred tax				
	Property, plant and equipment	2,214,304,177	1,308,778,541	927,547,008	485,718,788
	Investment property	35,850,000	21,933,599	296,000,000	111,948,842
	Prepayments	83,024,659	65,504,204	14,308,647	59,099,604
	Provisions	(206,038,571)	(212,968,642)	(130,834,333)	(50,852,687)
	Inventory	1,255,751,381	1,194,552,287	862,049,777	414,472,807
	Net exchange gains / (losses)	47,647,806	(16,206,804)	47,647,806	13,030,052
	Deferred income	(248,756,987)	(38,512,474)	(53,976,979)	(27,005,807)
	Assesed losses	(2,818,977)	-	-	-
	Net deferred tax liability/ (asset)	**3,178,963,488**	**2,323,080,711**	**1,962,741,926**	**1,006,411,599**

The assessed losses relate to ring fenced Income Tax Losses for Tractive Power Holdings T/A Tractive Power Solutions (ZWL1,482,424) and Birmingham Investments (ZWL1,336,553). The assessed losses have been accrued in the current year and are available to be claimed by the specified entities for the 6 years to December 2028.

***Included in Property, Plant and Equipment are right of use assets classified as such under The Company financials.

		Group		Company	
	Reflected in the statement of financial position as follows:	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
	Deferred tax liability	3,178,963,488	2,323,080,711	1,962,741,926	1,006,411,599
	Net deferred tax liability	**3,178,963,488**	**2,323,080,711**	**1,962,741,926**	**1,006,411,599**
8.4	**Reconciliation of deferred tax (net)**				
	Opening balance	2,323,080,711	1,916,813,442	1,006,411,599	952,774,176
	Deferred taxes acquired in business combinations	-	(24,618,267)	-	-
	Expense/ for the year	166,324,729	808,868,730	548,430,401	108,170,927
	Other comprehensive income	689,558,048	(377,983,194)	407,899,926	(54,533,504)
	Closing balance	**3,178,963,488**	**2,323,080,711**	**1,962,741,926**	**1,006,411,599**

9. OTHER OPERATING INCOME

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Commissions	905,264,008	55,966,116	94,258,988	55,966,116
Bad debts recovered	-	175,658	-	175,658
Scrap sales	-	107,407,248	-	33,888,659
Profit/loss on sale of PPE items	13,726,208	8,532,643	8,965,611	8,532,643
Exchange difference realised	65,930,831	93,078,607	-	36,759,292
Exchange difference unrealised	260,625,648	238,651,551	-	-
Fair value gain on investment property	232,415,820	-	920,255,791	-
Other recoveries	250,506,841	14,438,605	651,699,202	14,438,613
Total	**1,728,469,356**	**518,250,428**	**1,675,179,592**	**149,760,981**

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

10. PROPERTY, PLANT AND EQUIPMENT

10.1 Group

	Land and Buildings ZWL$	Plant and Machinery ZWL$	Motor Vehicles ZWL$	Office Furniture and Computer Equipment ZWL$	Total ZWL$
At cost/valuation					
At 01 January 2021	**4,978,071,996**	**1,722,869,743**	**527,253,190**	**283,492,676**	**7,511,687,605**
Additions	1,273,479,548	41,788,606	360,126,766	118,734,435	1,794,129,355
Acquisition of subsidiary	1,448,999	84,544,920	154,314,957	24,237,574	264,546,450
Disposals	-	(1,831,965)	(40,527,911)	(5,737,596)	(48,097,472)
Revaluation	(1,746,774,248)	(311,220,488)	-	-	(2,057,994,736)
At 31 December 2021	**4,506,226,295**	**1,536,150,816**	**1,001,167,002**	**420,727,089**	**7,464,271,202**
Additions	-	101,158,473	70,014,116	46,480,584	217,653,173
Disposals	(31,301,133)	(1,069)	(27,728,535)	(3,885,881)	(62,916,618)
Revaluation	5,095,411,792	1,244,226,320	-	-	6,339,638,112
At 31 December 2022	**9,570,336,954**	**2,881,534,540**	**1,043,452,583**	**463,321,792**	**13,958,645,869**
Accumulated depreciation					
At 01 January 2021	**(248,447,615)**	**(289,373,527)**	**(373,498,534)**	**(133,915,988)**	**(1,045,235,664)**
Charge for the year	(59,692,428)	(240,580,897)	(75,361,306)	(35,493,077)	(411,127,708)
Disposals	-	1,347,071	22,137,232	3,992,314	27,476,617
Revaluation	21,477,172	235,567,217	-	-	257,044,389
At 31 December 2021	**(286,662,871)**	**(293,040,137)**	**(426,722,608)**	**(165,416,751)**	**(1,171,842,367)**
Charge for the year	(11,680,426)	(253,420,462)	(123,417,748)	(78,143,412)	(466,662,048)
Disposals	208,673	1,069	19,873,921	1,327,492	21,411,155
Revaluation	46,532,548	243,663,061	-	-	290,195,609
At 31 December 2022	**(251,602,076)**	**(302,796,469)**	**(530,266,435)**	**(242,232,671)**	**(1,326,897,651)**
Carrying amount					
At 31 December 2022	**9,318,734,878**	**2,578,738,071**	**513,186,148**	**221,089,121**	**12,631,748,218**
At 31 December 2021	**4,219,563,424**	**1,243,110,679**	**574,444,394**	**255,310,338**	**6,292,428,835**

10.2 Company

	Land and Buildings ZWL$	Plant and Machinery ZWL$	Motor Vehicles ZWL$	Office Furniture and Computer Equipment ZWL$	Total ZWL$
At cost/valuation					
At 01 January 2021	**682,329,785**	**1,475,750,998**	**362,248,356**	**211,704,943**	**2,732,034,082**
Additions	1,184,995	39,573,438	176,780,153	57,756,630	275,295,216
Disposals	-	(1,831,965)	(39,574,424)	(1,616,135)	(43,022,524)
Revaluation	(194,231,233)	(316,047,606)	-	-	(510,278,839)
At 31 December 2021	**489,283,547**	**1,197,444,865**	**499,454,085**	**267,845,438**	**2,454,027,935**
Additions	-	84,580,359	59,757,296	27,379,310	171,716,965
Disposals	-	(1,069)	(27,728,535)	(3,885,881)	(31,615,485)
Revaluation	720,657,792	1,155,470,465	-	-	1,876,128,257
At 31 December 2022	**1,209,941,339**	**2,437,494,620**	**531,482,846**	**291,338,867**	**4,470,257,672**
Accumulated depreciation					
At 01 January 2021	**(205,283)**	**(55,998,212)**	**(245,549,695)**	**(84,835,266)**	**(386,588,456)**
Charge for the year	(8,980,991)	(239,543,292)	(45,240,948)	(23,011,950)	(316,777,181)
Disposals	-	1,347,071	21,183,744	376,881	22,907,696
Revaluation	8,980,991	235,001,062	-	-	243,982,053
At 31 December 2021	**(205,283)**	**(59,193,371)**	**(269,606,899)**	**(107,470,335)**	**(436,475,888)**
Charge for the year	(11,679,352)	(248,967,061)	(82,891,961)	(53,846,315)	(397,384,689)
Disposals	-	1,069	19,873,923	1,327,492	21,202,484
Revaluation	11,679,352	243,663,060	-	-	255,342,412
At 31 December 2022	**(205,283)**	**(64,496,303)**	**(332,624,937)**	**(159,989,158)**	**(557,315,681)**
Carrying amount					
At 31 December 2022	**1,209,736,056**	**2,372,998,317**	**198,857,909**	**131,349,709**	**3,912,941,991**
At 31 December 2021	**489,078,264**	**1,138,251,494**	**229,847,186**	**160,375,103**	**2,017,552,047**

The income tax related to the revaluation gains on property, plant and equipment amounted to: Group (ZWL$689,558,048) (2021: 377,983,194), Company (ZWL$407,899,926) (2021: 54,533,504).

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Fair value measurements of Group's property, plant and machinery measured using the revalued model
The Group's property and plant and machinery are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. All Land and Buildings, and Plant and Machinery fall under level 3 in the fair value hierarchy.

*Revaluation of property, plant and machinery was performed by a qualified, registered and independent valuator in the current year. Property, plant and machinery were revalued at their depreciated replacement costs. The valuators relied on United states dollar denominated key inputs (construction costs, financial costs, professional fees, etc.). Due to the impact of COVID-19 valuation is reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to on the valuation than would normally be the case.

Level 3 Valuation Assumptions
Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuator and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. The property consists of land and buildings located in various urban areas in Zimbabwe. As at the date of revaluation on 31 December 2022, the properties' fair values are based on valuations performed by Dawn properties consultancy Private Limited and Knight Frank Zimbabwe, accredited independent valuators who have valuation experience for similar properties and plant in Zimbabwe.

Other notes on Group and company property plant and equipment
Had the cost model been applied, the inflation adjusted carrying amount of revalued plant and machinery would have been ZWL$1,000,973,166 (2021: ZWL$1,182,276,674) for the Group and ZWL$912,217,274 (2021: ZWL$1,102,961,032) for the Company. Management also believes that the Group and Company's property, plant and equipment is not impaired. An assessment has been done in conjunction with goodwill impairment test (refer to note 14).

*Within the Group and Company plant and machinery there is plant and machinery held at inflation adjusted cost amounting to ZWL$133,623,705 (2021: ZWL$ 117,076,677) for the Group and ZWL$70,309,515 (2021: ZWL$35,290,462) for the Company.

The company acquired a short term facility amounting to ZWL$984,000,000 of which ZWL$471,199,884 was drawn down during the year. The facility was secured by buildings valued at ZWL$2,590,000,000 as disclosed in note 19.2

Sensitivity analysis on revaluation of Property, plant & equipment
An increase in the depreciated replacement cost of plant and machinery by 10% in isolation would result in an increase in the value of the plant & equipment on a linear basis by ZWL$244,511,436. This results in an increase in the profit for the year by ZWL$184,068,209 and an increase in deferred tax liabilities by ZWL$60,443,227. The reverse applies on a 10% drop in revaluation on plant and equipment.

In the case of land and buildings an increase in average market price per square metre of 10% in isolation would result in an increase in the value of land and buildings on a linear basis by ZWL$928,012,094. This results in an increase in the profit for the year by ZWL$ 689,607,504 and an increase in deferred tax liabilities by ZWL$229,404,589.

10.3 Intangible assets

	Group	Company
	Software License ZWL$	Software License ZWL$
Cost		
At 01 January 2021	**18,023,444**	**18,023,444**
Additions	-	-
At 31 December 2021	**18,023,444**	**18,023,444**
Additions	-	-
At 31 December 2022	**18,023,444**	**18,023,444**
Amortisation and Impairment		
At 01 January 2021	**(5,857,538)**	**(5,857,538)**
Amortisation	(1,802,343)	(1,802,343)
At 31 December 2021	**(7,659,881)**	**(7,659,881)**
At 31 December 2022	**(9,462,225)**	**(9,462,225)**
Carrying Amount at 31 December 2022	**8,561,219**	**8,561,219**
Carrying Amount at 31 December 2021	**10,363,563**	**10,363,563**

The Group's amortisation period for intangible assets is 5 -10 years.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

11. INVESTMENT PROPERTY

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Balance at 1 January	**484,070,641**	**122,014,079**	**559,744,208**	**-**
Fair value adjustments	232,929,359	(27,101,090)	920,255,792	(712,550,344)
Additions	-	389,157,652	-	1,272,294,552
Balance at 31 December	**717,000,000**	**484,070,641**	**1,480,000,000**	**559,744,208**

The Company holds an investment property located at 3001 Dagenham Road which is occupied by two of the Group's subsidiaries namely Tredcor and Scanlink and is therefore reclassified as Land and Buildings at Group level.

11.1 Fair value measurement of the Group's investment properties

The Group's 2022 investment properties consist of vacant residential stands in Harare and land and buildings situated at number 65 Birmingham Road. As at 31 December 2022 and 31 December 2021, the fair values of the properties are based on valuations performed by independent valuators using historical US$ denominated inputs and converted into ZWL at the auction exchange rate. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The company's investment property consists of land and buildings situated in Harare at number 3001 Dagenham Road. The land and buildings have been subsequently measured at fair value based on valuations performed by independent valuators using historical US$ denominated inputs and converted into ZWL at the auction exchange rate. A valuation model in accordance with that recommended by the International Valuation Standards Committee has also been applied.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2022.

Fair value hierarchy

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-22 ZWL$
Vacant residential stands	-	-	187,000,000	187,000,000
Birmingham property	-	-	530,000,000	530,000,000

Fair value hierarchy

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-21 ZWL$
Vacant residential stands	-	-	94,912,102	94,912,102
Birmingham property	-	-	343,759,877	343,759,877

Details of the Company's investment properties and information about the fair value hierarchy as at 31 December 2021.

Fair value hierarchy

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-22 ZWL$
Dagenham property	-	-	162,830,000	162,830,000

Fair value hierarchy

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-21 ZWL$
Dagenham property	-	-	559,744,208	559,744,208

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Group valuation techniques used to determine Level 3 values 2022

Class of Property	Valuation Technique	Key Inputs	Range ZWL$	Property size
Vacant residential stands	Market comparable approach	Price per sq meter	11,220-14,025	1,000 sq meters each.
Birmingham property	Market comparable approach	Price per sq meter	71,478-79,002	7,044 sq meters each

Group valuation techniques used to determine Level 3 values 2021

Class of Property	Valuation Technique	Key Inputs	Range ZWL$	Property size
Vacant residential stands	Market comparable approach	Price per sq meter	4,469-10643	1,000 sq meters each.
Birmingham property	Market comparable approach	Price per sq meter	46,363-51,241	7,044 sq meters each

Company valuation techniques used to determine Level 3 values 2022

Class of Property	Valuation Technique	Key Inputs	Range ZWL$	Property size
Dagenham property	Market comparable approach	Price per sq meter	71,478-79,002	7,044 sq meters each.

Company valuation techniques used to determine Level 3 values 2021

Class of Property	Valuation Technique	Key Inputs	Range ZWL$	Property size
Dagenham property	Market comparable approach	Price per sq meter	46,363-51,241	7,044 sq meters each.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Sensitivity analysis

The value of investment properties is subject to material changes to key valuation inputs such as the property value per square meter. An increase or decrease in the value per square meter in the Group and Company's investment property would result in a positive or negative movement in the value of the Group and Company's investment property.

Group: description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			31-Dec-22 ZWL$	31-Dec-21 ZWL$
Vacant residential stands (Crowhill)	Market comparison approach	Comparable market value per square metre	8,333-12,466	4,125-4,857
Vacant residential stands (Ruwa)	Market comparison approach	Comparable market value per square metre	11,220-14,025	17,102-18680
Birmingham property	Market comparison approach	Comparable market value per square metre	71,478-79,002	46,363-51,241

Company: description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			31-Dec-22 ZWL$	31-Dec-21 ZWL$
Dagenham property	Market comparison approach	Comparable market value per square metre	71,478-79,002	46,363-51,241

In the case of the Crowhill stands, a decrease in estimated market price per square metre of ZWL$1,000 in isolation would result in the fair value adjustment of the investment properties being lower on a linear basis by ZWL$1,200,000. This results in a decrease in the profit for the year by ZWL$903,360 and a decrease in deferred tax liabilities by ZWL$296,640.

In the case of the Ruwa stands, a decrease in estimated market price per square metre of ZWL$1,000 in isolation would result in the fair value adjustment of the investment properties being lower on a linear basis by ZWL$494,000. This results in a decrease in the profit for the year by ZWL$371,883 and a decrease in deferred tax liabilities by ZWL$122,117.

In the case of the Birmingham property, a decrease in estimated market price per square metre of ZWL$10,000 in isolation would result in the fair value adjustment of the investment properties being lower on a linear basis by ZWL$70,440,000. This results in a decrease in the profit for the year by ZWL$53,027,232 and a decrease in deferred tax liabilities by ZWL$17,412,768.

12. CAPITAL COMMITMENTS

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Authorised but not yet contracted	1,266,139,154	279,335,517	899,680,439	279,335,517
Total	**1,266,139,154**	**279,335,517**	**899,680,439**	**279,335,517**

13. INVESTMENTS HELD IN SUBSIDIARIES

	%	%	ZWL$	ZWL$
Investment in Barzem Enterprises (Private) Limited	51%	51%	995,578,911	995,578,911
Investment in Manica Road Investments	100%	100%	597,121,642	597,121,642
Investment in Scanlink	100%	100%	1,189,245,534	1,189,245,534
Investment in Tredcor	100%	100%	1,634,042,099	1,634,042,099
Investment in Birmingham Investments	100%	100%	714,463,415	714,463,415
Impairment in Investment in Birmingham Investments			(184,463,415)	-
Total			**4,945,988,186**	**5,130,451,601**

Birmingham Investments was tested for impairment in the separate financial statements, and the fair value less cost to sell was lower than the initial investment recognized at acquisition hence no impairment has been recognized.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

14. GOODWILL

	Group	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Balance at the beginning of the year	**2,751,993,172**	**128,517,982**
Acquisition of Scanlink	-	793,068,960
Acquisition of Tredcor	-	1,515,616,495
Acquisition of Birmingham investments	-	344,569,866
Impairment of Birmingham investments	(314,789,735)	(29,780,131)
Balance at year end	**2,437,203,437**	**2,751,993,172**

Goodwill arose from the acquisition of Farmec through Tractive Power Holding Limited and from the acquisition of Scanlink, Tredcor and Birmingham investments in 2021. Farmec is a division which falls under farming segment, Scanlink and Tredcor are subsidiaries falling under the logistics and automotive segment and Birmingham a subsidiary falling under properties segment in applying IAS 36. The goodwill on acquisition for each of the above has been tested for impairment and impairment has been recognised for Birmingham Investments.

The impairment has been recognized on the account of the underlying investment property in Birmingham Investments being unoccupied for the majority of 2022. This hampered the CGU's revenue generation capabilities in the short term and hence the recognition of impairment on the Goodwill attributable to it. Renovations on the said property subsequently commenced in January 2023 where new businesses will operate from.

Budgeted operating cash flows for the related business unit were projected and discounted at the Group's average pre-tax cost of capital. The calculations performed on each acquisition indicated that goodwill was not impaired.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions:

i The forecast horizon of 5 years was used. The forecast horizon comprises of the approved budget for 2023 drafted in the last quarter of 2022.

ii. The values assigned to the 5-year forecast; that is revenue, cost and growth assumptions reflect current trends, anticipated market developments and management's experience.

iii. The key assumptions for the recoverable amount calculation are the long-term growth rate and the discounting rate. The long-term growth rate of 16-18% per annum was used purely for impairment testing of goodwill under IAS 36 and does not reflect the long-term planning assumptions used by the Group for investment proposals or for any other assessments.

iv. A discount rate of 200% per annum, being the Group's pre-tax weighted average cost of debt, was used.

The calculation of value in use is most sensitive to the gross margins, discount rates and growth rates.

Gross margins

The gross margins used in the calculation is based on the forecasts of the CGU for the next 5 years (2021: 5 years).
The gross margins lie between 20%-38% (2021: 20%-38%).

Discount rates

The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of debt of 200% per annum (2021: 40% per annum). The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Growth rate estimates

The growth rate is based on the financial forecast of between 14-18% (2021: 14-18%) per annum.
A reasonable possible change in the above key assumptions would not result in impairment of the goodwill.

Goodwill attributable to:

	Group	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Manica Road Investments	128,517,982	128,517,982
Scanlink	793,068,960	793,068,960
Tredcor	1,515,616,495	1,515,616,495
Birmingham Investments	-	314,789,735
Balance at year end	**2,437,203,437**	**2,751,993,172**

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

15. INVENTORIES

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Raw materials	755,014,148	579,337,918	512,296,654	534,106,163
Finished goods	6,485,888,545	2,756,369,088	3,792,973,508	2,016,680,998
Spare and components	8,426,501,349	5,216,307,605	1,489,510,511	1,470,444,648
Other	291,169,081	517,583,145	226,281,209	194,738,299
Provision for obsolescence	(6,826,536,586)	(785,154,141)	(388,638,663)	(130,900,085)
Total Inventories at lower cost and net realisable value	**9,132,036,537**	**8,284,443,615**	**5,632,423,219**	**4,085,070,023**

The Provision for Obsolescence has increased drastically due to the recognition of a 100% provision for Barzem Enterprises Inventory worth ZWL$6,387,712,554. This was necessitated by the withdrawal of the distributorship agreement with Barloworld (UK) which incumbers Barzem Enterprises from disposing of the Caterpillar specific inventory as territorial rights are required to sell to third parties. Management has therefore found it prudent to recognize a 100% provision up and until the shareholder transactions have been concluded and a suitable liquidation plan for the inventory items has been implemented.

The inventory obsolescence expensed during the current period is disclosed in note 5.2.

Inventory balances that have been provided for and included in total inventory are ZWL$6,826,536,586 for the Group (2021 – ZWL$785,154,142) and ZWL$388,638,663 for the Company (2021 - ZWL$130,900,086). At the year-end there was no inventory used as collateral on borrowings.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Local trade receivables	1,927,650,700	1,267,678,363	1,238,133,640	371,979,816
Foreign trade receivables	50,062,641	46,412,602	50,062,641	46,412,602
Other receivables	354,382,845	1,316,883,285	13,692,580	72,457,187
Allowance for credit losses (trade and other receivables)	(515,441,553)	(56,314,166)	(138,003,548)	(39,179,341)
Total	**1,816,654,633**	**2,574,660,085**	**1,163,885,313**	**451,658,210**
Ageing of receivables that are past due but not impaired				
30-60 Days	620,375,004	113,849,507	542,495,538	29,437,887
61-90 Days	150,113,163	507,502,903	114,396,263	149,270,319
91-120 Days	101,830,974	88,564,181	21,692,686	16,689,635
Over 120 Days	83,381,578	76,505,504	83,381,578	6,607,928
Total	**955,700,719**	**786,422,095**	**761,966,065**	**202,005,769**

** The effects of IFRS 9 were considered by a re-computation of expected credit losses using an IFRS 9 compliant statistical model. The resultant Expected credit losses have been analysed on the table below.

The allowance for credit losses has increased significantly to 15% of gross for Group Trade and Other Receivables from a prior year proportion of 2% due to a 97% impairment provision amounting to ZWL$269m recognized on the residual Barzem Enterprises Trade and Other Receivables whose recoverability could potentially be incumbered due to the withdrawal of the Barloworld (UK) agreement for the Caterpillar Distributorship.

See Note 26 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired. Other receivables include staff debtors and outstanding balances receivable from disposal of investments in subsidiaries in 2013 and 2018.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

17. MOVEMENT IN THE ALLOWANCE FOR CREDIT LOSSES

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Balance at the beginning of the year	**56,314,166**	**26,994,535**	**39,179,341**	**22,900,138**
Adjustment for effects of IAS29	(41,781,025)	(3,845,270)	(18,585,519)	(8,956,997)
Impairment losses recognized on receivables	500,908,412	33,164,901	117,409,726	25,236,200
Balance at end of the year	**515,441,553**	**56,314,166**	**138,003,548**	**39,179,341**

The credit period on sale of goods and services is 30 days. Interest is charged on outstanding trade receivables. Before accepting any new customer, members of the Group's executive team and sales administrators deliberate the prospective customer's credit worthiness. Members of the Group's executive team, its sales administrators and marketing managers often meet prospective customers in order to conduct background and screening checks and attach a credit quality rating before accepting credit trading customers. Credit limits are defined for each customer and set by the executive team. Credit limits and customer quality are constantly reviewed.

17.1 Investment in financial assets

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Investment in PUPs	79,913	274,709	79,913	274,709
Balance at end of the year	**79,913**	**274,709**	**79,913**	**274,709**
17.2 Prepayments				
Prepayment to suppliers	3,272,017,898	1,696,536,396	1,702,921,482	1,126,059,970
17.3 Contract liabilities (customer deposits)				
Short term advances for goods	2,530,983,320	1,624,758,598	372,117,900	1,159,355,817

The Group received customer deposits which were paid to the respective suppliers for the goods in transit at year end. The balances of deposits are short term in nature as at the end of the year and are shown in the table above.

17.4 Revenue from contracts with customers

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Amounts included in contract liabilities at the beginning of the year	(1,624,758,598)	(454,644,101)	(1,159,355,817)	(400,047,240)
Performance obligations satisfied in current year	1,624,758,598	454,644,101	1,159,355,817	400,047,240
Performance obligations added during the year	(2,530,983,320)	(1,624,758,598)	(372,117,900)	(1,159,355,817)
Performance obligations outstanding at year end	**(2,530,983,320)**	**(1,624,758,598)**	**(372,117,900)**	**(1,159,355,817)**

18. TRADE, OTHER PAYABLES AND PROVISIONS

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
18.1 Trade and other payables				
Local trade payables	2,616,510,810	1,214,529,212	220,080,244	288,180,485
Foreign trade payables	1,001,983,166	2,633,841,510	966,730,105	103,697,082
Other payables and accrued expenses	135,410,018	2,868,183,869	80,243,877	92,138,499
Balance at end of the year	**3,753,903,994**	**6,716,554,591**	**1,267,054,226**	**484,016,066**

Local trade payables

The average credit period on local purchases of key manufacturing inputs ranges between 7-60 days (from date of invoice).

Notes to the Inflation Adjusted Financial Statements (cont.)
for the year ended 31 December 2022

Foreign trade payables
The average credit period on foreign purchases of key manufacturing inputs is 30 days (from date of invoice). No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that trade payables are paid within the pre-agreed credit terms. However it is noticeable that the proportion of Foreign Trade Payables has decreased at Group Level due the some OEMs insisting on prepayments or substantial up-front deposits in order to hedge against the prevailing risks of international. At Company level the increase in trade payables is due to a new trade facility with existing suppliers allowing a 60 day credit term which is interest free.

18.2 Provisions

	Emp Benefits ZWL$	Warranty ZWL$	Other ZWL$	Total ZWL$
Group				
Opening balance 1 Jan 2021	**34,091,984**	**53,547,411**	**-**	**87,639,394**
Charge to profit and loss	33,766,361	15,743,126	-	49,509,487
Payments	(14,623,648)	(14,282,907)	-	(28,906,555)
Effect of IAS29 re-statement of Opening Balance	(12,882,216)	(20,233,768)	-	(33,115,984)
Closing balance 31 Dec 2021	**40,352,481**	**34,773,862**	**-**	**75,126,343**
Effect of IAS29 re-statements	(24,866,469)	(25,082,899)	-	(49,949,368)
Charge to profit and loss	451,754,060	9,208,835	192,187,918	653,150,813
Payments	(14,204,640)	(10,988,640)	-	(25,193,280)
Closing balance 31 Dec 2022	**453,035,432**	**7,911,158**	**192,187,918**	**653,134,508**

	Emp Benefits ZWL$	Warranty ZWL$	Total ZWL$
Company			
Opening balance 1 Jan 2021	**26,591,246**	**4,284,977**	**30,876,223**
Charge to profit and loss	27,068,055	15,743,126	42,811,181
Payments	(14,623,648)	(14,282,907)	(28,906,555)
Effect of IAS29 re-statement of Opening Balance	(10,047,940)	(1,619,147)	(11,667,087)
Closing balance 31 Dec 2021	**28,987,713**	**4,126,049**	**33,113,762**
Effect of IAS29 re-statements	(20,555,166)	(2,925,779)	(23,480,945)
Charge to profit and loss	86,246,438	9,208,835	95,455,273
Payments	(13,497,167)	(10,988,640)	(24,485,807)
Closing balance 31 Dec 2022	**81,181,818**	**(579,535)**	**80,602,283**

Employee benefit provisions relate to provisions for bonus, leave pay and gratuity. Warranty provision is for new equipment sales such as tractors, generators, handling and earth-moving equipment. These provisions fall due for settlement within the next 12 months.

Within Employee Benefits, the Group made a provision for retrenchment as termination benefits for 80 Barzem permanent employees. The sole reason for the retrenchment was that Barzem ceased trading on 30 September 2022 arising from the termination of the CAT Distributorship Agreement with Barloworld Equipment UK with effect from the above mentioned date. This circumstance was of notable significance which left Barzem with no business to undertake post 30 September 2022. The amount of the provision for retrenchment amounted to ZWL$361,963,472. The provision calculation was based on the minimum severance package in line with Section 12C (2) of the Labour Act [Chapter 28:01]. As at the reporting period, discussions were on-going between employees and Barzem giving rise to the provision.

Included in Other Provisions are current provisions put through that relate to Barloworld (UK) management fees amounting to ZWL$12,917,763 and SAP licencing fees amounting to ZWL$154,426,576.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

19. FINANCIAL LIABILITIES: INTEREST BEARING LOANS AND BORROWINGS

19.1 Borrowings

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Short term borrowings				
Bank loan	793,203,542	529,899,553	435,875,569	296,307,023
Total short term borrowings	**793,203,542**	**529,899,553**	**435,875,569**	**296,307,023**
Maturity profile of borrowings				
Due within one year				
0-3 months	231,014,052	353,483,978	231,014,052	353,483,978
3-6 months	231,014,052	234,691,334	231,014,052	58,275,759
6-12 months	357,327,973	-	-	-
Total due within one year	**819,356,077**	**588,175,312**	**462,028,104**	**411,759,737**

19.2 Movement in borrowings

	Group	Company
	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Opening Balance: 1 Jan 2021	**31,639,641**	**31,639,641**
Paid during the year	(97,413,581)	(120,058,381)
Acquired during the year	650,309,085	417,919,783
Monetary gain	(54,635,592)	(33,194,020)
Closing Balance: 31 Dec 2021	**529,899,553**	**296,307,023**
Paid during the year	(121,520,245)	(121,520,245)
Acquired during the year	471,199,884	471,199,884
Monetary gain	(86,375,650)	(210,111,093)
Closing Balance: 31 Dec 2022	**793,203,542**	**435,875,569**

The Group acquired a short-term loan of ZWl$471,199,884 from facility of ZWL$ 984,000,000 secured against buildings valued at ZWL$2,590,000,000. The average cost of the borrowings was at 12%.

		Group		Company	
		31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
19.3	**Finance income**				
	Bank deposits and Investments	2,908,292	3,989,409	365,869	2,842,801
	Total	**2,908,292**	**3,989,409**	**365,869**	**2,842,801**
19.4	**Finance costs**				
	Finance costs arising from				
	Short term facilities with financial institutions	89,362,379	39,991,993	39,189,765	25,802,996
	Lease liabilities	-	-	1,816,751	4,072,697
	Total	**89,362,379**	**39,991,993**	**41,006,516**	**29,875,693**
20.	CASH AND BANK BALANCES				
	Cash at bank and on hand(ZWL$)	656,519,524	4,821,910,804	833,173,317	1,004,982,647
	Foreign cash at bank (other than US$)	13,140,487	9,698,559	1,922,295	6,608,079
	Cash at bank and on hand(Nostro)	974,595,211	51,072,296	14,856,968	51,072,295
	Total cash and cash equivalents	**1,644,255,222**	**4,882,681,659**	**849,952,580**	**1,062,663,021**

As a result of foreign currency shortages there have been delays in remitting the foreign payments. The Group has therefore participated on the foreign currency auction market, utilised exports remittances and LCs to lessen the burden of the shortages.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

21. RESERVES

21.1 Revaluation reserve

The Revaluation reserve arises on the revaluation of land and buildings and items of plant and machinery. When revalued assets are sold, the portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in revaluation reserve will not be reclassified subsequently to profit or loss.

Distributions from the revaluation reserve can be made where they are in accordance with the requirements of the Company's memorandum and articles of association, the Companies and Other Business Entities Act (Chapter 24.31) of Zimbabwe and relevant case law. Amounts may also be effectively distributed out of the revaluation reserve as part of a share buy-back or financing of bonus shares.

However, the payment of cash distributions out of the reserve is restricted by the terms of the Company's memorandum and articles of association. These restrictions do not apply to any amounts transferred to retained earnings. The directors do not currently intend to make any distribution from the revaluation reserve.

21.2 Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies into the Group's presentation currency (ZWL$) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency reserve are reclassified to profit or loss on disposal of the foreign operation.

21.3 Change in ownership reserve

The Change in ownership reserve arose from changes in the company's interest in subsidiaries without change in degree of control. It represents the difference between the amount by which the carrying amount of the non-controlling interest was adjusted and the fair value of the consideration paid. According to IFRS 10.B 96 such changes on ownership interest must be recognized directly in equity.

22. LONG TERM RECEIVABLES

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Opening balance	707,184,710	707,184,710	613,797,183	613,797,183
Utilized deposit	(271,833,880)	-	(207,663,807)	-
Release of Barloworld (UK) receivable	(29,217,454)	-	-	-
Total long term receivables	**406,133,376**	**707,184,710**	**406,133,376**	**613,797,183**

The long-term receivables relate to deposits tied up with distributorship agreements with key principal suppliers in AGCO and Total Zimbabwe. Due to the termination of CAT distributorship agreement deposits held with Barloworld UK have been refunded.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

23. GROUP INFORMATION

Information about subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and business	Proportion of ownership interests and voting rights held by the Group	
			31-Dec-22	31-Dec-22
Barzem Enterprises (Private) Limited	Sale, distribution and maintenance of mining and earthmoving equipment	Zimbabwe	51%	51%
Manica Road Investments (Private) Limited	Property rental and management	Zimbabwe	100%	100%
Scanlink (private) Limited	Sales, distribution and maintenance of trucks, buses and engines	Zimbabwe	100%	100%
Tredcor Zimbabwe (Private) Limited	Sales, distribution and maintenance of tyres	Zimbabwe	100%	100%
Birmingham Investments (Private) Limited	Property rental and management	Zimbabwe	100%	100%
Tractive Power Holdings	Sales, distribution of mining equipment	Zimbabwe	100%	100%

An analysis of Group subsidiaries with material non-controlling interests is as follows:

Name of subsidiary	Place of incorporation and business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Barzem Enterprises (Private) Limited*	Zimbabwe	49%	49%	(1,077,624,392)	577,211,043	1,520,451,361	2,092,264,431
Total				**(1,077,624,392)**	**577,211,043**	**1,520,451,361**	**2,092,264,431**

*There has been no change in the Group's ownership in Barzem since 2016.

Notes to the Inflation Adjusted Financial Statements (cont.)
for the year ended 31 December 2022

Details of non-wholly owned subsidiaries with material non-controlling interests
The summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations is as follows:

Barzem Enterprises (Private) Limited	Group 31-Dec-22 ZWL$	Company 31-Dec-21 ZWL$
Summarized statement of financial position		
Current assets	1,230,140,631	6,972,114,846
Non-current assets	2,660,358,850	1,455,368,481
Current liabilities	(900,397,776)	(3,341,451,379)
Non-current liabilities	(382,762,319)	(816,104,539)
Total equity	**2,607,339,386**	**4,269,927,409**
Non-controlling interests	1,520,451,361	2,092,264,431
Summarised statement of profit or loss		
Revenue	3,256,522,808	8,519,684,827
Expenses and taxation	5,455,756,261	2,275,587,125
Profit for the year	(2,199,233,453)	481,539,176
Other comprehensive	1,032,268,004	(246,542,267)
Summarized statement of cash flows		
Net cash inflow from operating activities	(1,105,489,408)	1,029,621,186
Net cash outflow from investing activities	14,400,784	(224,925,298)
Net cash inflow from financing activities	-	-
Net cash inflow/(outflow)	**(1,091,088,624)**	**804,695,888**

Subsequent to year end a call option on the NCI's shareholding of 49% has been triggered and Zimplow will be exercising the option with the aim of Barzem Enterprises becoming a wholly owned subsidiary.

24. RELATED PARTY DISCLOSURES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company , have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below;

24.1 Balances and transactions with companies controlled by Non-Executive Directors

24.1.1 Balances with companies controlled by Non-Executive Directors

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Company Name				
Amount owed to Steelmakers	(26,202,741)	(369,787)	(26,202,741)	(790,844)
Amount receivable from Kencor Management Services	15,216,489	462,923	15,216,489	990,028

Balances payable or receivable from entities controlled by Non-Executive Directors above are disclosed under trade and other receivables and payables in the statement of financial position.

24.1.2 Transactions with companies controlled by Directors

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Company and transactions				
Steel Makers: Purchase of raw materials	999,385,823	478,698,114	999,385,823	478,698,114
Kencor Management Services: Rental Income	-	-	-	-
Kencor Management Services: Sale of goods	112,259,206	23,061,324	112,259,206	23,061,324
Steel Makers: Sale of goods	134,961,630	34,827,032	134,961,630	34,827,032

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

24.2 Transactions with companies controlled by Zimplow Holdings Limited

	Barzem		Manica		Total	
Company Name	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Transaction: Shared service fees	48,246,455	9,559,426	-	22,871,620	48,246,455	32,431,046
Balance receivables/(payable)	**29,783,573**	**223,227**	**16,589,198**	**14,100,594**	**46,372,771**	**14,323,821**

	Scanlink		Tredcor		Total	
Transaction: Shared service fees	156,924,049	46,414,871	142,968,547	24,637,092	299,892,596	71,051,963
Balance receivables/(payable)	81,841,125	37,689,097	21,446,180	79,417,772	103,287,305	117,106,869
Total balance (payable)/receivable	-	-	-	-	**149,660,076**	**131,430,690**

Sales of goods to related parties were made at the Group's usual list prices with purchases being made at market prices. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

24.3 Compensation to key management personnel

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Short term employee benefits		581,609,464		496,597,659
Total		**581,609,464**		**496,597,659**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Group's Remuneration Committee having regard to the performance of individuals and market trends determines the remuneration of Directors and key executives.

24.4 Directors Fees and Emoluments

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Directors fees	99,515,309	95,573,229	99,515,309	95,573,229
Total	**99,515,309**	**95,573,229**	**99,515,309**	**95,573,229**

The remuneration of the sole Executive Director is included in the note 24.3, compensation to key management.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

25. LEASE ASSETS AND LIABILITIES

The Company leases property from Manica Road Investments (Private) Limited. The property is mainly used as office space, showrooms and to house workshops where repairs are undertaken. The entity has elected to present right-of-use assets and lease liabilities separately in the statement of financial position.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

		Group	Company
		31-Dec-22 ZWL$	31-Dec-21 ZWL$
25.1	**Right of use assets**		
	Opening net carrying amount at 1 January	**16,702,918**	**50,108,753**
	Remeasurement	1,926,565	-
	Depreciation	(17,184,559)	(33,405,835)
	Closing net carrying amount at 31 December	**1,444,924**	**16,702,918**
	Set out below are the carrying amounts of lease liabilities and the movements during the period:		
25.2	**Lease liabilities**		
	As at 1 January	**5,216,419**	**19,027,511**
	Accretion of interest	1,816,751	4,072,699
	Payments	(3,306,068)	(12,512,756)
	Remeasurement	1,540,477	-
	IAS 29 Restatement effects	(3,803,191)	(5,371,035)
	As at 31 December	**1,464,388**	**5,216,419**
	Current	1,464,388	5,216,419
	Maturity analysis - contractual undiscounted cash flows		
	Less than one year	2,585,722	5,656,431
	One to five years	1,645,460	-
25.3	**The following are the amounts recognised in profit or loss:**		
	Depreciation expense of right-of-use assets	(17,184,560)	(33,405,835)
	Interest expense on lease liabilities	(1,816,751)	(4,072,699)
	Total amount recognised in profit or loss	**(19,001,311)**	**(37,478,534)**

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing return to stakeholders through the optimization of the debt and equity balance. The Group's strategy remains unchanged from 2016. The capital structure of the Group consists of net debt (borrowings as detailed in note 19) offset by cash and bank balances and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests). The Group is not subject to any externally imposed capital requirements. The Group's risk management committee reviews the capital structure of the Group bi-annually. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group aims to maintain a gearing ratio ceiling of 15% - 35% determined as the proportion of net debt to equity.

Group	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Debt (1)	(793,203,542)	(529,899,553)
Cash and Bank balances net of bank overdraft	1,644,255,222	4,882,681,659
Net cash/(debt)	851,051,680	4,352,782,106
Equity (2)	24,567,916,891	11,453,734,732
Net cash/debt to equity ratio (gearing)	**3%**	**38%**

(1) Debt is defined as long- and short-term borrowings.
(2) Equity includes all capital and reserves of the Group that are managed as capital.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

26.1 Financial Risk Management Objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporate Treasury function reports quarterly to the Group's risk executive committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

Foreign exchange risk

From the beginning of 2016, banks became reluctant to commit in foreign currency transactions. The Group made a decision to engage foreign suppliers and customers on a prepayment basis to reduce or avoid foreign exchange risk. The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

Group	31-Dec-22 US$	31-Dec-21 US$
Assets		
Trade and other receivables	75,927	124,247
Cash and cash equivalents	1,040,769	1,165,305
Total assets	**1,116,696**	**1,289,553**
Liabilities		
Trade and other payables	(1,911,209)	(6,775,627)
Total net position	**(794,513)**	**(5,486,075)**
Company		
Assets		
Trade and other receivables	75,927	124,247
Cash and cash equivalents	957,590	1,095,625
Total assets	**1,033,517**	**1,219,872**
Liabilities		
Trade and other payables	(1,858,706)	(259,460)
Total net position	**(825,189)**	**960,413**

The tables below demonstrate the sensitivity to a reasonably possible change in the ZWL and USD exchange rates with all other components held constant.

Group	31-Dec-22 ZWL$ +/-5%	31-Dec-21 ZWL$ +/-5%
Profit before taxation	(36,257,826)	(29,460,093)
Effect on equity	(27,294,891)	(22,177,558)
Company		
Profit before taxation	(35,220,579)	(598,879)
Effect on equity	(26,514,052)	(450,836)

Positive changes relates to increase in profit or increase in equity and negative changes to decrease in profit or equity.

Exchange rates applied at 31 December:	2022		2021	
	Statement of profit or loss	Statement of financial position	Statement of profit or loss	Statement of financial position
Average rate to the ZWL				
United States Dollars	395.12	671.45	88.58	108.67

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings are settled as promptly as possible if interest rates are unfavourable and the Group always strives to negotiate the most favourable rates and tenures to avoid interest rate risk. The Group endeavours to maximize interest rates on investments and minimize interest rates on borrowings. The Group policy is to adopt anon – speculative policy on managing interest rate risk. In the current and presented prior period, Group borrowings were at fixed terms and interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Change in interest rate	Effect on profit before tax	
2022	15%	118,980,531
	(15%)	**(118,980,531)**
2021	15%	79,484,933
	(15%)	**(79,484,933)**

Credit risk

Credit risk relates to the risk that trade counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss being incurred. Potential concentrations of credit risk consist principally of short-term cash and cash equivalents, investments and trade receivables. Credit risk related to cash deposits was attributed to Group deposits and short-term cash surpluses held with major banks and financial institutions of high credit standing and within investment limits assigned to each counter party. Investment limits with banks and financial institutions are assigned by the Group's Executive Committee to minimize the concentration of risk and therefore mitigate financial loss through potential counter party failure. The Group's Board of Directors reviews the limits and investment placements on a periodic basis and approves the Committee's proposals accordingly, or alternatively rejects related proposals and effects changes to Group policy.

Trade receivables and other receivables

Trade receivables comprise a relatively large and widespread customer base. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal credit rating assessments after extensive prospective customer background and credit reference checks are performed.

Outstanding customer receivables are regularly monitored, and a full-time credit control department exists to independently perform this function. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group's maximum exposure to credit risk at 31 December 2022 and further specific credit risk mitigating activities adopted by the entity are as shown in Notes 17, 20 and 22. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). This ensures that any increase in the gross balance of trade and other receivables is covered by an increase in the provisioning amounts.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 16. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its credit customers are thoroughly screened.

The Group considers both qualitative and quantitative information that is reasonable and supportable when making this assessment on expected credit losses, including historical experience and forward-looking information that is available without undue costs or effort. Based on historical experience, and expert credit assessment including forward looking information. Management has opted to apply regression analysis as a statistical method. The forward-looking information considered includes inflation (CPI), purchasing power parity and gross domestic product (GDP). In the current year the group has also considered the potential impact of COVID-19 on its customers and instituted measures that helps it better manage its receivables. All this information was taken into consideration in arriving at the expected credit loss figures.

Notes to the Inflation Adjusted Financial Statements (cont.)
for the year ended 31 December 2022

Set out below is the information about the credit risk exposure on the Group and Company 's trade receivables using a provision matrix:

		Trade Receivables Days past due							
Group	**Other receivables**	**Current**	**30 -60 days**	**61-90 days**	**91-120 days**	**121-150 days**	**151-180 days**	**>180 days**	**Total**
2022									
Expected credit loss rate	100%	0%	7%	16%	77%	63%	92%	100%	
Estimated Total gross carrying amount at default	2,269,138	766,787,896	304,247,500	302,881,004	346,993,679	232,858,304	13,715,480	10,229,477	1,979,982,479
Expected credit loss	2,269,138	2,788,684	22,794,164	49,672,077	267,240,250	147,827,425	12,620,339	10,229,477	515,441,553
2021									
Expected credit loss rate	100%	1%	1%	1%	2%	2%	23%	80%	
Estimated Total gross carrying amount at default	7,800,386	449,445,702	382,221,936	143,822,782	140,990,802	141,584,433	20,008,516	36,016,794	1,314,090,965
Expected credit loss	7,800,386	2,677,680	5,442,023	2,076,756	2,811,828	2,222,445	4,581,929	28,701,119	56,314,166
Company									
2022									
Expected credit loss rate	100%	0%	1%	3%	52%	84%	92%	100%	
Estimated Total gross carrying amount at default	2,269,138	542,479,987	420,625,864	168,228,770	27,476,621	105,440,082	13,715,480	10,229,477	1,290,465,419
Expected credit loss	2,269,138	801,511	4,700,113	4,241,009	14,206,221	88,935,741	12,620,339	10,229,477	138,003,548
2021									
Expected credit loss rate	100%	1%	2%	4%	24%	100%	100%	100%	
Estimated Total gross carrying amount at default	7,800,386	211,808,325	147,619,416	26,461,662	10,238,730	1,954,816	4,527,614	15,793,910	426,204,859
Expected credit loss	7,800,386	1,968,568	3,660,960	1,039,089	2,457,295	1,954,816	4,527,614	15,793,910	39,202,638

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Other receivables
Other receivables comprise of fully provided for balances which emanated from group restructuring which was done in prior years. Therefore, there is no risk expected to arise from these balances.

Liquidity risk
Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group maintains flexibility in funding by maintaining funding availability under committed credit lines. The Group's objective is to maintain a beneficial balance between continuity of funding and flexibility using bank overdrafts and bank loans, whilst always considering the need for potential funding source diversification through the introduction of Finance lease or hire purchase arrangements, or the issuance of preference shares. As at the reporting period end date, the Group's external funding sources were limited to customer deposits, and borrowings. The Group has access to financing facilities, which were fully utilized in the current period. The Group expects to meet its core trading-based obligations from operating cash flows and proceeds from the realization of its financial assets. The table below summarizes the maturity profile of the Group's financial liabilities (excluding borrowings, whose maturity profile is disclosed under note 19) at 31 December 2022 based on contractual undiscounted payments:

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Maturity profile of trade and other payables				
Due within 1 year	-	-	-	-
On demand	-	-	-	-
Less than 3 months	3,625,077,612	6,716,554,591	1,267,054,226	484,016,066
Total	**3,625,077,612**	**6,716,554,591**	**1,267,054,226**	**484,016,066**

Refer to Note 19 for disclosure of the maturity profile of interest-bearing borrowings.

27. EARNINGS PER SHARE

	Group		Company	
	31-Dec-22 ZWL$	31-Dec-21 ZWL$	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Basic earnings per share (ZWL$)				
Basic earnings per share	(0.52)	3.85	5.51	0.47
Diluted earnings per share (ZWL$)				
Diluted earnings per share	(0.52)	3.85	5.51	0.47
Headline earnings per Share				
Headline Earnings per Share	(0.55)	3.90	5.49	0.52
Diluted headline earnings per share				
Diluted Headline Earnings per Share	(0.55)	3.90	5.49	0.52
The information below was used to calculate earnings per share				
Weighted average number of ordinary shares in issues				
For the purpose of basic loss per share	344,580,486	238,380,780	344,580,486	238,380,780
For the purposes of diluted earnings per share	344,580,486	238,380,780	344,580,486	238,380,780
Profit for the year used in the calculation of basic and diluted earnings per share	(177,613,711)	916,601,185	1,898,367,214	112,842,313
Profit for the year used in the calculation of basic and diluted Headline earnings per share	(187,946,800)	928,846,560	1,891,710,248	124,815,929

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Reconciliation of Basic earnings to Headline earnings

	31-Dec-22 ZWL$	31-Dec-21 ZWL$
Profit for the year attributable to equity holders	(177,613,711)	916,601,185
Adjustment for capital items (gross of tax):		
Profit on disposal of equipment	(13,726,208)	16,196,260
Total tax effects of adjustments	3,393,119	(4,003,715)
Total non-controlling interests' share of adjustments	-	52,830
Headline earnings	(187,946,800)	928,846,560
For the purposes of headline earnings per share	344,580,486	238,380,780
Headline earnings per share	(0.55)	3.90

The Company had no potential shares as at last year end and hence no dilutive effect on the year-end EPS of the Company .

28. EVENTS AFTER THE REPORTING PERIOD

Following the notice issued to Barzem Enterprises on 30 March 2022 by Barloworld Equipment UK the distributors of the Caterpillar (CAT) franchise globally, to terminate the distribution agreement entered into between Barloworld and Barzem Enterprises on 30 September 2022, an arbitration process was triggered as Zimplow Holdings was of the opinion that this was a pervasive breach of the Barzem Enterprises' shareholder agreement. On January 2023 an arbitral award was given in favour of Zimplow Holdings, therefore giving Zimplow Holdings the right to exercise a call option on Barloworld UK's 49% stake in Barzem Enterprises and as per the shareholders' agreement the arbitral award is binding and not subject to appeal. Valuations for the transaction are underway and the transaction is expected to be concluded during the first half of the year.

Management commenced renovations of the property at 65 Birmingham Road, Southerton, Harare in January 2023 which are projected to be worth US$195,000 with the intention of changing use of the property from an investment property to be owner occupied where the new businesses, Tractive Power Solutions and Valmec, will operate from. The renovations are expected to be completed by end of Quarter 2 of FY2023. This is a non adjusting event.

29. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

29.1 Standards issued and effective in the current year

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments have no material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment has no material impact on the Group.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments have no material impact on the Group.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments have no material impact on the Group.

29.2 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

Notes to the Inflation Adjusted Financial Statements (cont.)

for the year ended 31 December 2022

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Group is currently assessing the impact of the amendments.

06

CORPORATE AND SHAREHOLDER'S INFORMATION


39

Shareholder Analysis

ZIMPLOW LIMITED: ANALYSIS BY VOLUME AS AT : 31 December 2022

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	1,154,905	0.34	1,349	79.63
5001-10000	691,740	0.20	95	5.61
10001-25000	1,605,214	0.47	99	5.84
25001-50000	1,307,067	0.38	37	2.18
50001-100000	3,145,746	0.91	42	2.48
100001-200000	3,824,804	1.11	26	1.53
200001-500000	4,418,172	1.28	13	0.77
500001-1000000	5,009,409	1.45	07	0.41
1000001 and Above	323,423,429	93.86	26	1.53
Totals	**344,580,486**	**100.00**	**1,694**	**100.00**

ZIMPLOW LIMITED: ANALYSIS BY INDUSTRY AS AT: 31 December 2022

Range	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	161,991,574	47.01	192	11.33
FOREIGN COMPANIES	106,504,574	30.91	04	0.24
PENSION FUNDS	29,239,218	8.49	42	2.48
LOCAL NOMINEE	26,293,237	7.63	77	4.55
BANKS	9,347,738	2.71	02	0.12
LOCAL INDIVIDUAL RESIDENT	6,869,035	1.99	1,200	70.84
NEW NON RESIDENT	1,742,095	0.51	54	3.19
FOREIGN INDIVIDUAL RESIDENT	631,373	0.18	05	0.30
INSURANCE COMPANIES	627,627	0.18	16	0.94
FOREIGN NOMINEE	506,294	0.15	03	0.18
TRUSTS	386,855	0.11	17	1.00
OTHER INVESTMENTS & TRUST	213,311	0.06	42	2.48
FUND MANAGERS	122,409	0.04	09	0.53
DECEASED ESTATES	76,924	0.02	21	1.24
CHARITABLE	18,293	0.01	08	0.47
GOVERNMENT / QUASI	9,829	0.00	01	0.06
EMPLOYEES	100	0.00	01	0.06
Totals	**344,580,486**	**100.00**	**1,694**	**100.00**

ZIMPLOW LIMITED TOP 20 : SCHEDULE AS AT : 31 December 2022

Rank	Names	Shares	Percentage
1	SINO PROPERTIES (PROPRIETARY) LIMITED	84,215,334	24.44
2	STANBIC NOMINEES (PRIVATE) LIMITED	37,887,451	11.00
3	ESSENTIAL PROPOSITION PROPERTIES (PRIVATE) LIMITED	28,090,650	8.15
4	PIONEER DEVELOPMENT COMPANY (PRIVATE) LIMITED	26,257,033	7.62
5	KENCOR HOLDINGS (PRIVATE) LIMITED	24,936,122	7.24
6	CHARTER MINING (PRIVATE) LIMITED	19,745,346	5.73
7	CLAN SERVICES (PRIVATE) LIMITED	18,399,564	5.34
8	UNIFREIGHT AFRICA LIMITED	15,774,446	4.58
9	MAGISTER INVESTMENTS LIMITED	14,791,807	4.29
10	YUMIKO INVESTMENTS (PRIVATE) LIMITED	13,089,629	3.80
11	TETRAD INVESTMENT BANK	8,427,738	2.45
12	COMM AND ALLIED INDUSTRIES PF	7,569,608	2.20
13	BARLOWORLD EQUIPMENT UK LIMITED	7,340,933	2.13
14	FLAME LILY VENTURE CAPITAL GROUP	4,054,625	1.18
15	TRACTIVE POWER HOLDINGS WORKERS TRUST (PRIVATE) LIMITED	3,683,201	1.07
16	HOLDSWORTH HOLDINGS (PRIVATE) LIMITED	2,886,206	0.84
17	PUBLIC SERVICE PFUND-SMARTVEST	2,684,581	0.78
18	MEGA MARKET (PRIVATE) LIMITED	2,458,376	0.71
19	MINING INDUSTRY PENSION FUND	1,720,016	0.50
20	BERNARD NORMAN CHITEPO	1,587,620	0.46
	Selected Shares	**325,600,286**	**94.49**
	Non - Selected Shares	**18,980,200**	**5.51**
	Issued Shares	**344,580,486**	**100.00**

Notice to Annual General Meeting (AGM)

NOTICE IS HEREBY GIVEN THAT the Seventy Third Annual General Meeting of Shareholders is to be held at the Zimplow Holdings Limited Head Office 36 Birmingham Road, Southerton Harare at 1000hrs on 29 June 2023 as well as virtually via the link https://escroagm.com/eagmZim/Login.aspx for the purpose of transacting the following business below:

As Ordinary Resolutions

1. To approve the minutes of the Annual General Meeting held on 21 July 2022.

2. To receive, approve and adopt the audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2022.

3. To re-elect the following Director, Mr L. Kennedy, who retires from the Board by rotation in terms of the Articles of Association of the Company and being eligible, offers himself for re-election. Mr Kennedy has extensive experience in agribusiness and agriculture, including hands - on experience in managing farming operations. His career in the agricultural sector spans over 25 years.

4. To re-elect the following Director, Mr G. Pio, who retires from the Board by rotation in terms of the Articles of Association of the Company and being eligible, offers himself for re-election. Mr Pio is an industrialist with over twenty (20) years' experience in agriculture, business management, engineering, project management and project development. He is currently the Managing Director of Warapp Engineering, Zimbabwe.

5. To elect the following Director, Mrs Vere is a registered legal practitioner with a wealth of working experience in the areas of corporate governance, compliance, legal risk management and business management, attained over twenty (20) years working for the Ministry of Justice, insurance and the telecommunications industry. She holds a Masters in Laws (LLM), Bachelor of Law Honours Degree (LLB), a Diploma in Finance and Accounting and an Executive Diploma in Business Administration.

6. To approve the Directors' remuneration for the financial year ended 31 December 2022.

7. (a) To approve the remuneration of the outgoing Auditors, Messrs Ernst & Young Chartered Accountants (Zimbabwe) for the year ended 31 December 2022.
   (b) To appoint new Auditors of the Company, Messrs Grant Thornton Zimbabwe until the conclusion of the next Annual General Meeting.

Special Business

8. Approval of Share Buy- Back

To consider and if deemed fit, to pass with or without modification, the following special resolution: "That the Company authorises in advance, in terms of the Companies and Other Business Entities Act [Chapter 24:31] and the ZSE Listing Requirements, the purchase by the Company of its own shares upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine and such authority hereby specifies that:

i. The authority in terms of this resolution shall expire on the date of the Company's next Annual General Meeting; and
ii. Acquisitions shall be of ordinary shares which, in the aggregate in any one financial year, shall not exceed 10% (ten per centum) of the Company's issued ordinary share capital; and
iii. The maximum and minimum prices, respectively, at which such ordinary shares may be acquired will not be more that 5% (five per centum) above and 5% (five per centum) below the weighted average of the market price at which such ordinary shares are traded on the ZSE as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company; and
iv. A press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between annual general meetings, 3% (three per centum) of the number of ordinary shares in issue prior to the acquisition; and
v. If during the subsistence of this resolution the Company is unable to declare and pay a cash dividend, then this resolution shall be of no force and effect.

NOTE: In terms of this resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies and Other Business Entities Act [Chapter 24:31] and the ZSE Listing Requirements. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities and for the Company, the adequacy of ordinary capital and reserves as well as working capital.

Notice to Annual General Meeting (AGM) (cont)

Any other Business

8. To transact any other business competent to be dealt with at an Annual General Meeting.

Proxies
In terms of the Companies and Other Business Entities Act [Chapter 24:31], a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Proxy forms should be forwarded to reach the office of the Company Secretary at least 48 (forty-eight) hours before the commencement of the meeting.

Members who may not physically be able to attend the meeting shall be able to do so via the eAGM platform and such members are requested to register using the link above, at least 48 (forty-eight) hours before the commencement of the meeting or to inform the Share Transfer Secretaries to make appropriate arrangements.

By order of the Board

SHARON MANANGAZIRA (MRS)
COMPANY SECRETARY

8 June 2023

Zimplow Holdings Limited
Head Office
36 Birmingham Road,
Southerton,
Harare

Proxy Form

I/ We ....Of...

Being member/members of the above Company , hereby appoint:

Mr. / Mrs. / Ms. / Dr ....Or failing

him... Of...

....as my/our proxy to vote for me/us on my/our behalf at the Annual General

Meeting of the Company and any adjournment thereof.

Signature...Signed this...Of..2023

Note

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, and speak in his stead. The person appointed need not be a member.
2. Proxy forms should be lodged at the registered office of the Company by no later than 48 hours before the time of holding the meeting.
3. Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initialled by the signatory/ signatories.
4. Shareholders are requested to submit key questions in writing at least five days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.

Physical and Postal Delivery

Zimplow Holdings Limited
36 Birmingham Rd,
Southerton,
Harare,
Zimbabwe

Email: headoffice@zimplow.co.zw

Notes

Design and Layout by: STUDIOS

ZIMPLOW

ENGINEERING PERFORMANCE

36 Birmingham Road, Southerton, Harare
P. O. Box HG 298, Highlands
Tel. : +263 (0242) 754 613/6/7/8/9
Tel: 08677007182 | 08677007183