

GB Holdings Limited

Abridged Audited Financial Results



For the year ended 31 December 2023

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

I hereby present to you the results for the year ended 31 December 2023. Commentary is on inflation adjusted figures. As the negative effects of the post COVID tapered off, the non-cessation of the Russia Ukraine conflict together with the eruption of the Israel and Palestinian war destabilised commodities markets. These developments blighted further the local operating environment already bedevilled with foreign currency shortages and the attendant hyperinflation.

The local economy endured the depressed mineral prices at the global markets as the protagonists over supplied the mineral commodities markets to fund the war crowding out source markets like Zimbabwe. Consequently, foreign currency inflows declined while the shortages of grain, fertilizer chemicals and energy drove USD imported inflation in an increasingly dollarized economy. Disposable incomes were eroded due to increased local costs and unsustainable high interest rates which discouraged borrowings.

The above notwithstanding, the company pursued its growth path of delivering a commensurate value proposition to its customers through continuous product quality improvement, price competitiveness and timely delivery. The rubber division commissioned its refurbished boiler and brought on stream two presses that improved internal process efficiencies and overhead recovery. Cernol Chemicals continued with its forays into new market niches while defending its traditional markets.

Group Performance

Despite the depressed demand in the economy, total volumes at 921 metric tonnes were 2.5 % shy of the prior year's 944 due to improved throughput at General Beltings Division. Cernol Chemicals market recovery efforts yielded a lower than expected outcome with volumes marginally lower than the prior year. Although price competition intensified in the year, total turnover at ZWL 29 billion increased by 99 % when compared with prior year's ZWL 15 billion due to sustained volumes from prior year at General Beltings and a favourable market mix at Cernol Chemicals.

Owing to the USD imported inflation and a deteriorating exchange rate in an increasingly dollarized environment, the gross profit at ZWL 11 billion was 38 % higher than the prior year's ZWL 8 billion. The company benefited from improved internal process efficiencies which arose from scheduled plant maintenance and refurbishment. Operating costs at ZWL 15 billion were 150 % up on prior year's ZWL5 billion due to the effects of inflation and dollarized quasi institution costs.

A resultant operating profit of ZWL2 billion was 150 % decline on prior year's profit of ZWL 3 billion on the back of increased dollarization and inflationary pressure.

DIVISIONAL PERFORMANCE

General Beltings

Total volumes at the rubber division at 378 metric tonnes were in line with the prior year's 379 metric tonnes as the division defended its market positioning through improved process efficiencies and timely deliveries. Although volumes were in line with prior year, turnover at ZWL 21 billion was 100 % higher than the prior year's ZWL 10 billion due to the effects of inflation.

Cernol Chemicals

Cernol Chemicals volumes at 543 metric tonnes were 36 % higher than the prior year's 397 metric tonnes as its traditional markets were yet to recover from the COVID 19 effects which lingered on. Turnover at ZWL 8 billion was 98% higher than the prior year's ZWL 4 billion due to a shift in the marketing mix and inflation when compared with the prior year.

Environmental Social Sustainability & Governance

The company regularly reviews its comprehensive waste water treatment procedures which are aimed at ensuring that discharges are not harmful to the downstream ecosystem and aquatic life. The company collaborates and cooperates with the Environmental agency (EMA) and complies with all regulations in this regard. Raw materials for both divisions are sourced from environmentally conscious partners. Formulations strive to eliminate any substances that have been shown to harm the environment.

Dividend

At their meeting on 27 March 2024, the Board considered the need to continually enhance operating capacity and resolved not to declare a dividend.

Outlook

The geopolitical conflicts in Europe and the Middle East will continue to impact on demand patterns of mineral commodities in the short to medium term as there are no signs of cessation to the conflicts. Due to geopolitical tensions, mineral reserves will flood the markets and depress demand for minerals that Zimbabwe would ordinarily supply thereby forcing local mines to curtail production or mothball operations. The El-Nino induced droughts in the Southern African Region will reduce aggregate demand in the economy as national resources will be directed towards alleviation of hunger and diseases. These developments would in turn negatively affect the company's downstream demand of its products.

In response to the above, the company expects to consolidate its market positioning in the energy and cement manufacturing sectors in addition to the other non-Platinum Group Minerals as envisaged in the National Development Strategy 1 which is underpinned by the growth in the mining sector.

Cernol Chemicals is expected to consolidate its efforts in traditional market recovery as new models of hospitality offerings evolve. Existing and new strategic partners being pursued are expected to strengthen market positioning in new market niches.

Directorate

The Group Managing Director Mr Wilbrod Tsuruh retired on 31 December 2023 having served the company sterlingly well for 19 years. During his tenure, the company survived the turbulent times and mapped a sustainable growth strategy which continues to deliver a commensurate value proposition to customers and other stakeholders. We sincerely thank him for the service and wish him well in his new endeavours.

Appreciation

The year was a difficult one and I remain grateful to all stakeholders for their contribution in the survival of the company. We are emboldened by the resilience of our employees, management and the Board as we navigate another challenging year. I look forward to your continued support.

G. G. NHEMACHENA
Chairman
28 April 2024

Auditor's Statement

These abridged financial statements derived from the audited financial statements of GB Holdings Limited, "The Company" for the financial year ended 31 December 2023, should be read together with the complete set of audited financial statements of the Company, for the year ended 31 December 2023, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe), and the auditor's report signed by Trevor Mungwazi, Registered Public Auditor 0622. An unmodified audit opinion has been issued on the audited financial statements, for the year then ended.

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the financial statements. The key audit matters were with respect to revenue recognition and adequacy of allowance for credit losses on trade receivables.

The auditor's report on the financial statements and the full set of the audited financial statements is available for inspection at the Company's registered office and the auditor's report has been lodged with the Zimbabwe Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies and other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Company's full year abridged financial statements and related financial information included in this report. It is their responsibility to ensure that the Company's full year abridged financial statements fairly present the state of affairs of the Company as at the end of the year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards.

		Inflation Adjusted		Historical cost	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment	7	22 215 497 892	22 828 167 062	4 534 325 833	4 750 549 209
Current assets					
Inventories	8	3 778 412 151	1 954 795 019	3 427 820 391	400 698 083
Trade and other receivables	9	5 101 309 793	2 869 846 858	5 101 309 793	597 216 092
Cash and cash equivalents	10	450 254 925	238 197 132	450 254 925	49 568 903
		<u>9 329 976 869</u>	<u>5 062 839 009</u>	<u>8 979 385 109</u>	<u>1 047 483 078</u>
Total assets		31 545 474 761	27 891 006 071	13 513 710 942	5 798 032 287
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		473 411 843	473 411 843	536 588	536 588
Share options reserve		16 939 454	16 939 454	19 200	19 200
Revaluation reserve		11 854 212 970	11 854 212 970	3 552 679 230	3 552 679 230
Retained earnings		5 922 078 646	6 030 950 610	787 626 484	220 023 651
		<u>18 266 642 913</u>	<u>18 375 514 877</u>	<u>4 340 861 502</u>	<u>3 773 258 669</u>
Non-current liabilities					
Deferred tax liability		4 699 972 682	5 241 294 200	593 990 274	1 135 311 792
		<u>4 699 972 682</u>	<u>5 241 294 200</u>	<u>593 990 274</u>	<u>1 135 311 792</u>
Current liabilities					
Trade and other payables	11	7 614 651 366	3 815 671 257	7 614 651 366	794 042 466
Corporate tax payable		964 207 800	458 525 737	964 207 800	95 419 360
		<u>8 578 859 166</u>	<u>4 274 196 994</u>	<u>8 578 859 166</u>	<u>889 461 826</u>
Total liabilities		13 278 831 848	9 515 491 194	9 172 849 440	2 024 773 618
Total equity and liabilities		31 545 474 761	27 891 006 071	13 513 710 942	5 798 032 287

G. G. Nhemachena
Director

J. Gunda
Managing Director (Acting)

		Inflation Adjusted		Historical cost	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Revenue		28 824 830 044	14 467 569 328	16 657 459 959	2 292 917 615
Cost of sales		(17 135 307 409)	(6 491 765 754)	(10 400 943 054)	(1 075 732 353)
Gross profit		11 689 522 635	7 975 803 574	6 256 516 905	1 217 185 262
Other income	13	5 583 428 705	418 580 465	4 431 233 685	80 064 303
Operating expenses		(15 474 873 998)	(5 686 391 260)	(9 754 837 383)	(1 042 023 845)
Profit from operations		1 798 077 342	2 707 992 779	932 913 207	255 225 720
Finance costs	14	(2 027 283)	(156 227 918)	(1 196 758)	(22 604 635)
Profit before tax and monetary loss		1 796 050 059	2 551 764 861	931 716 449	232 621 085
Monetary loss		(1 990 795 464)	(1 309 966 002)	-	-
(Loss)/Profit before tax		(194 745 405)	1 241 798 859	931 716 449	232 621 085
Income tax credit/ (expense)	15	85 873 441	(736 967 552)	(364 113 616)	(60 717 162)
(Loss)/ profit for the year		(108 871 964)	504 831 307	567 602 833	171 903 923
Other comprehensive income:					
Revaluation of property, plant and equipment; net of tax		-	11 854 212 970	-	3 552 679 230
Total comprehensive (loss) / income for the year		(108 871 964)	12 359 044 277	567 602 833	3 724 583 153
Number of shares in issue		536 588 624	536 588 624	536 588 624	536 588 624
Basic earnings / (loss) per share (cents)		(0.203)	0.941	1.058	0.320
Diluted earnings / (loss) per share (cents)		(0.201)	0.930	1.045	0.317
Headline earnings / (loss) per share (cents)		(0.201)	(0.033)	1.045	0.041

		Inflation Adjusted			
		Share capital ZWL	Share option reserve ZWL	Revaluation reserve ZWL	Retained earnings ZWL
Balance at 1 January 2022		473 411 843	16 939 454	-	5 526 119 303
Total comprehensive income for the year		-	-	11 854 212 970	504 831 307
Balance at 31 December 2022		473 411 843	16 939 454	11 854 212 970	6 030 950 610
Total comprehensive loss for the year		-	-	-	(108 871 964)
Balance at 31 December 2023		473 411 843	16 939 454	11 854 212 970	5 922 078 646
Historical cost		Share capital	Share options reserve	Revaluation reserve	Retained earnings
Balance at 1 January 2022		536 588	19 200	-	48 119 728
Total comprehensive income for the year		-	-	3 552 679 230	171 903 923
Balance at 31 December 2022		536 588	19 200	3 552 679 230	220 023 651
Total comprehensive income for the year		-	-	-	567 602 833
Balance at 31 December 2023		536 588	19 200	3 552 679 230	787 626 484

		Inflation Adjusted		Historical Cost	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss) / profit before tax		(194 745 405)	1 241 798 859	931 716 449	232 621 085
Adjusted for:					
Depreciation charge for the year	7	477 406 638	27 782 464	181 899 726	3 183 501
Interest expense	14	2 027 283	156 227 918	1 196 758	22 604 635
Profit on disposal of assets		(278 516 891)	-	(315 437 048)	-
Deferred revenue		-	(30 525 977)	-	(29 965)
Monetary loss		1 990 795 464	1 309 966 002	-	-
Operating cash inflows before working capital changes		1 996 967 089	2 705 249 266	799 375 885	258 379 256
Changes in working capital					
Increase in inventories		(1 823 617 132)	(744 513 012)	(3 027 122 308)	(329 695 705)
Increase in trade and other receivables		(2 231 462 935)	(503 295 443)	(4 504 093 701)	(453 953 258)
Increase in trade payables		3 798 980 109	1 601 010 846	6 820 608 900	659 974 588
Cash generated from operating activities		1 740 867 132	3 058 451 657	88 768 776	134 704 881
Income tax paid		(36 646 694)	(95 878 116)	(36 646 694)	(19 952 268)
Net cash generated from operating activities		1 704 220 438	2 962 573 541	52 122 082	114 752 613
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of vehicles		493 347 930	-	383 570 355	-
Purchase of equipment	7	(79 568 507)	(79 988 876)	(33 809 657)	(15 920 546)
Cash generated from/(utilised in) investing activities.		413 779 423	(79 988 876)	349 760 698	(15 920 546)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid	14	(2 027 283)	(156 227 918)	(1 196 758)	(22 604 635)
Repayment on borrowings		-	(219 917 489)	-	(45 764 903)

	Notes	Inflation Adjusted		Historical cost	
		2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
Net cash generated/(utilised) from financing activities		(2 027 283)	(376 145 407)	(1 196 758)	(68 369 538)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2 115 972 578	2 506 439 258	400 686 022	30 462 529
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		238 197 132	315 617 215	49 568 903	19 106 374
Effects of inflation		(1 903 914 784)	(2 583 859 341)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	450 254 925	238 197 132	450 254 925	49 568 903

Notes to the Abridged Financial Statements For the year ended 31 December 2023

1 Nature of operations
The main business of the company, which is incorporated in Zimbabwe (Registration Number 510/68), is that of producing rubber and chemical products.

2 General information, basis of preparation and statement of compliance with IFRS

The abridged financial statements are for the year ended 31 December 2023 and are presented in Zimbabwe dollar (ZWL), which is the functional currency of the Company and all values are rounded to the nearest dollar. They are based on historical cost approach and restated to take account of inflation in accordance with International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies) - IAS 29. Accordingly the inflation adjusted abridged financial statements represent the principal abridged financial statements of the Company.

In accordance with IAS 29, the abridged financial results and the corresponding figures for the previous period have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar and as a result are stated in terms of the measuring unit current at balance sheet date - 31 December 2023. The restatement is based on conversion factors derived from the Total Consumer Poverty Line (TCPL) compiled by the Zimbabwe Central Statistical Office.

3 Inflation adjustment

IAS 29 requires that the financial results prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for the previous period be restated on the same terms. The standard requires the use of a general Price Index of the hyperinflationary currency as the basis for restatement. However, the lack of accessibility to the ZWL inflation data poses a reporting challenge. The inflation rate was therefore estimated using monthly the Total Consumer Poverty Line (TCPL) which is published by ZIMSTAT in ZWL. The following factors were applied in the preparation of the inflation adjusted figures:

	Index	Conversion factor
CPI on 31 December 2023	65703.44	1.00
CPI on 31 December 2022	13672.91	4.81

4 New standards adopted at 1 January 2023

There are no accounting pronouncements which have become effective from 1 January 2023 that have a significant impact on the Company's abridged interim financial results.

5 Significant accounting policies

The abridged financial statements results have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial results for the year ended 31 December 2023.

6 Estimates and judgements

When preparing the abridged financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the abridged financial results, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial results for the year ended 31 December 2023. The only exceptions are the estimate of income tax liabilities which is determined in the abridged financial results using the estimated average annual effective income tax rate applied to the pre-tax income of the period.

	Inflation Adjusted		Historical Cost	
	2023 ZWL	2022 ZWL	2023 ZWL	2022 ZWL
7 Property, plant and equipment				
Opening carrying amount	22 828 167 062	7 029 131 520	4 750 549 209	18 525 195
Additions to property and equipment	79 568 507	79 988 876	33 809 657	15 920 546
Revaluation	-	15 746 829 130	-	4 719 286 969
Disposals	(218 941 801)	-	(70 192 000)	-
Disposals depreciation	4 110 762	-	2 058 693	-
Depreciation Charge	(477 406 638)	(27 782 464)	(181 899 726)	(3 183 501)
Closing carrying amount	22 215 497 892	22 828 167 062	4 534 325 833	4 750 549 209
8 Inventories				
Raw materials	2 781 046 441	767 650 255	2 522 998 370	323 452 346
Finished goods	992 958 337	358 054 512	900 823 600	71 183 747
Consumables	-	39 044	-	4 534
Work in progress	4 407 373	829 051 208	3 998 421	6 057 456
	<u>3 778 412 151</u>	<u>1 954 795 019</u>	<u>3 427 820 391</u>	<u>400 698 083</u>
9 Trade and other receivables				
Trade receivables	6 312 705 820	2 730 731 335	6 312 705 820	566 266 105
Less: Allowance for credit losses	(1 332 319 898)	(39		

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

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To the members of GB Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GB Holdings Limited set out on pages **8 to 39** which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of GB Holdings Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements:

Areas of focus	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>There is a presumed fraud risk with regards to revenue recognition as guided by International Standard on Auditing (ISA) 240 - <i>"The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements" Revised</i>. There is a risk that revenues are presented at amounts higher than what has been generated by the Company. This is a significant risk and accordingly a key audit matter.</p>	<p>Our audit procedures incorporated a combination of tests of the Company's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewed that the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15 - <i>'Revenue from contracts with customers'</i>. • Performed cut-off tests on year-end balances to ensure revenue is recognised in the correct period. • Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation). • Analytical procedures and assessed the reasonableness of explanations provided by management.

Areas of focus	How our audit addressed the key audit matter
<p>Adequacy of allowance for credit losses on trade receivables</p> <p>As at 31 December 2023, the Company had trade receivables amounting to ZWL 6 312 705 820. This was considered to be an area of focus as IFRS 9 - <i>Financial Instruments</i> requires management to exercise significant judgement using subjective assumptions when determining both timing and amounts of the impairment provision for trade and other receivables.</p> <p>Key areas of judgement included:</p> <ul style="list-style-type: none"> • The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Company's expected credit loss model; and • Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows. 	<p>We satisfied ourselves that the revenue recognition is appropriate.</p> <p>Assessed management's allowance for credit losses, which included the following:</p> <ul style="list-style-type: none"> • We performed an assessment of the modelling techniques and methodology used against the requirements of IFRS 9; • We assessed and tested the modelling assumptions with a focus on the: <ul style="list-style-type: none"> i. Key modelling assumptions adopted by the Company. ii. Reliability of the historical data collected; and iii. Appropriateness of macroeconomic factors used. • We examined a sample of exposures and performed procedures to evaluate the: <ul style="list-style-type: none"> i. Timely identification of exposures with a significant deterioration in credit quality; and ii. Expected loss calculation for exposures assessed on an individual basis. • We assessed the adequacy of the disclosures in the financial statements. <p>Based on our audit work performed, the assumptions used by management were appropriate.</p>

Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' responsibility for financial reporting', 'historical cost information' and 'Company statements', which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we

do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 that we 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. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Directors are responsible for assessing the 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Company'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the accounting policies and comply with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this independent auditor's report is Trevor Mungwazi.

Grant Thornton

Trevor Mungwazi

Partner

Registered Public Auditor (PAAB No: 0622)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

HARARE

30 April 2024