













REVIEWED GROUP RESULTS FOR THE HALF YEAR ENDED **30 JUNE 2021**

The Directors report the following abridged reviewed results in respect of the Group and Company's operations for the Half Year Ended 30 June 2021.



(MEALIE BRAND)









POWERMEC

ENGINEERING PERFORMANCE

Chairman's statement

Dear Stakeholders

Introduction

I am pleased to report that the Group managed to deliver a solid performance to achieve business will continue to focus on realigning its distribution growth. Volumes across all units were up against channels and supply chain management. prior year driving revenue growth by 67% to ZWL\$1.66 billion in inflation-adjusted terms ahead of last year.

The Group took deliberate steps towards staff retention and capacity maintenance expenditures to drive the top line and access new markets, which drove operating expenses to be ahead of prior year. Whilst our profitability has grown in real terms, the impact of currency distortions on revenue influenced the inflation adjusted profit to decline by 5% compared to prior year.

environment has generally been stable during the agricultural sector, firm global mineral pricing, drive announcement was done on 29 July 2021. towards infrastructure projects and a fair access to foreign currency.

The Group is encouraged by the growth in revenue and profitability in real terms as well as volumes, to which the Board and management based the interpretation of the financial performance for the period ended 30 June 2021.

Operational performance

Farmec

The unit continued its growth trajectory with the The Group takes note of the impact of the COVID-19 revenue growing by 119% in real terms ahead of prior year being driven by tractor and implements volumes which went up by 133% and 77% against prior year respectively. Aftersales performance grew by 35% against prior year. The business continues to put effort to meet the growing demand of agricultural products following the 2020/21 agricultural season, Dividend which has been very positive. The business unit achieved profitability growth of 92% in real terms.

Mealie Brand

The Business Unit recorded volumes growth in both local and export sales during the period under review compared to the same period last year. Local and export implements volumes were 147% and 69% growth by 161% in real terms against prior year. In terms of profitability, the unit witnessed a growth of 748% in real terms.

The unit managed to double volumes of earth moving equipment units sold to 14 compared to prior year. Parts revenue grew by 80% in real terms and service hours were 28% ahead of prior year. Overall, the business units' revenues went up by 116% in real terms because of the drive towards performance by the Barzem team supported by renewed customer belief in the CAT product solutions. The BU achieved a profitability growth of 88% in real terms.

CT Bolts

CT Bolts recorded a 61% growth in revenue in real terms ahead of prior year. The key driver came from volume growth which went up by 58%. The unit

Powermec

Powermec recorded a 7% drop in revenue performance as generator units sold were 24% behind prior year. Improvement in after sales performance by 11% against prior year provided stability to the overall performance for the unit despite the impact of COVID-19. Management is seized with the repositioning of the business unit to reach new markets and customers.

Corporate matters

Despite the lockdowns exacerbated by the third wave I am happy to welcome Scanlink (Private) Limited of COVID-19 pandemic, the economic and trading and Tredcor Zimbabwe (Private) Limited as 100% subsidiaries of Zimplow following the fulfilment of all period under review driven by a good season in the conditions precedent in July 2021. A separate public

> The Group is constantly evaluating its positioning in the markets in order to maximise and deliver value to our stakeholders.

Prospects

Our outlook is positive supported by a firm order book and good leads in the construction and mining industries as well as a positive rainfall forecast for the 2021/22 agricultural season.

pandemic on the supply chain, which is expected to persist in the foreseeable future, and is therefore putting in place the risk management strategies to reduce the impact on our staff, customers and communities.

The Board at its meeting dated 16 September 2021 declared an interim dividend of ZWL10.73 cents per share. A separate announcement will be made in respect to the dividend payment.

Appreciation

respectively ahead of prior year pushing revenue. I would like to express my gratitude to the staff, management and fellow Board members of the Zimplow Group for a resilient performance coming from what has become the new normal following the third wave of COVID-19 pandemic.

Company

G. T. MANHAMBARA CHAIRMAN

23 SEPTEMBER 2021

Group

Auditor's Statement

The Group condensed inflation adjusted interim financial statements from which these abridged results have been extracted, should be read in conjunction with the complete set of inflation adjusted consolidated financial statements for the half year ended 30 June 2021 which have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe).

The auditors have issued an adverse review conclusion with respect to non-compliance with International Accounting Standard 21: "The Effects of Changes in Foreign Exchange Rates", including historical errors not adjusted in terms of International Accounting Standard 8: "Accounting Policies, Changes in Accounting Estimates and Errors", the application of International Accounting Standard 29: "Financial Reporting in Hyperinflationary Economies" and IFRS 13: "Fair Value Measurement" on the valuation of investment property, freehold land and buildings, manufacturing plant and equipment.

There are no key audit matters and the independent review conclusion on the Group condensed inflation adjusted interim financial statements is available for inspection at the registered office of the Group. The engagement partner responsible for this review is Mr. Walter Mupanguri (PAAB Practicing Certificate Number

Consolidated Group and Company Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 30 June 2021

| | | Gro Inflation | | Company Inflation adjusted | | |
|--|-------|------------------|---------------|-------------------------------|---------------|--|
| | | Reviewed | Reviewed | Reviewed | Reviewed | |
| | Notes | 30-June-21 | 30-June-20 | 30-June-21 | 30-June-20 | |
| | | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | |
| | | | | | | |
| Sales of goods | | 1,636,600,020 | 923,877,901 | 918,212,860 | 495,817,257 | |
| Rendering of services | | 19,222,864 | 61,821,256 | 11,297,797 | 36,251,491 | |
| Investment property rental income | | 4,016,280 | 5,562,665 | - | - | |
| Revenue | 4 | 1,659,839,164 | 991,261,822 | 929,510,657 | 532,068,748 | |
| Cost of sales | | (1,021,958,948) | (611,602,277) | (586,171,344) | (228,737,697) | |
| Gross Profit | | 637,880,216 | 379,659,545 | 343,339,313 | 303,331,051 | |
| Other operating income | | 42,060,711 | 126,799,649 | 28,403,377 | 42,694,143 | |
| Selling and distribution expenses | | (22,913,954) | (14,874,025) | (18,359,516) | (14,874,025) | |
| Administrative expenses | 5 | (367,456,758) | (203,481,685) | (235,697,686) | (112,928,499) | |
| Other operating expenses | | (61,781,387) | (26,684,043) | (50,999,013) | (17,153,096) | |
| Allowance for expected credit losses | | 9,593 | (332,091) | - | - | |
| Monetary gain | | 43,793,209 | 61,721,866 | 18,213,918 | 9,686,339 | |
| Operating profit | | 271,591,630 | 322,809,216 | 84,900,393 | 210,755,913 | |
| Finance costs | | (182,888) | (1,112,687) | (1,280,119) | (1,297,501) | |
| Finance income | | 166,358 | 73,365 | 109,074 | 73,365 | |
| Profit before tax | | 271,575,100 | 321,769,894 | 83,729,348 | 209,531,777 | |
| Income tax expense | | (43,175,209) | (32,261,801) | (39,001,484) | (44,628,649) | |
| Profit for the year | | 228,399,891 | 289,508,093 | 44,727,864 | 164,903,128 | |
| Other comprehensive income Other comprehensive income that will not be reclassified to profit or loss Revaluation of plant, land and buildings net of tax Total other comprehensive income | | - | 280,075,518 | - | 59,879,143 | |
| for the year, net of tax | | _ | 280,075,518 | _ | 59,879,143 | |
| Total comprehensive income for the year | | 228,399,891 | 569,583,611 | 44,727,864 | 224,782,271 | |
| Profit for the year attributed to: | | | | | | |
| Owners of the parent | | 198,474,466 | 252,408,491 | 44,727,864 | 164,903,128 | |
| Non controlling interests | | 29,925,425 | 37,099,602 | | 104,303,120 | |
| Non controlling interests | | 228,399,891 | 289,508,093 | 44,727,864 | 164,903,128 | |
| Total comprehensive profit for the | | 220,399,091 | 209,300,093 | 44,727,004 | 104,903,120 | |
| year attributable to: | | | | | | |
| Owners of the parent | | 198,474,466 | 442,015,173 | 44,727,864 | 224,782,271 | |
| | | 29,925,425 | 127,568,438 | 44,727,004 | 224,702,271 | |
| Non controlling interests | | | | 44 727 964 | 224 702 271 | |
| Farnings nor charo | | 228,399,891 | 569,583,611 | 44,727,864 | 224,782,271 | |
| Earnings per share | | 0.02 | 1.00 | 0.10 | 0.00 | |
| Basic earnings per share | | 0.83 | 1.06 | 0.19 | 0.69 | |
| Diluted earnings per share | | 0.83 | 1.06 | 0.19 | 0.69 | |
| Headline earnings per share | | 1.10 | 1.81 | 0.20 | 0.69 | |
| Diluted headline earnings per share | | 1.10 | 1.81 | 0.20 | 0.69 | |
| | | | | | | |

Consolidated Group and Company Statement of Financial Position

as at 30 June 2021

ASSETS Non-current assets Property, plant and equipment Intangible assets Investment property Investment in subsidiaries Right of use assets Long term receivables Goodwill Total non-current assets **Current assets** Inventories Trade and other receivables Prepayments Investment in financial assets

Cash and bank balances **Total current assets**

Total assets EQUITY AND LIABILITIES Equity Issued share capital Share premium Revaluation reserve Capital reserve Change in ownership reserve Accumulated profit Attributable to holders of the parent Non-controlling interests **Total equity**

Non-current liabilities Inter-company payables Deferred tax liabilities Total non-current liabilities

Current liabilities Trade and other payables Provisions Short term borrowings Customer deposits Lease liabilities Current tax liabilities Total current liabilities Total equity and liabilities

| Inflation a | adjusted | Inflation | adjusted |
|-------------------------------|-----------------------------|--------------------------|--------------------------------------|
| Reviewed | Audited | Reviewed | Audited |
| 30-June-21 | 31-Dec-20 | 30-June-21 | 31-Dec-20 |
| ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| | | | |
| 1,439,485,754 | 1,412,405,514 | 523,830,155 | 512,293,351 |
| 2,263,614 | 2,657,283 | 2,263,614 | 2,657,283 |
| 26,650,373 | 26,650,373 | - | - |
| - | - | 347,878,414 | 347,878,414 |
| - | - | 7,296,519 | 10,944,778 |
| 51,496,463 | 59,745,312 | 30,154,863 | 34,860,005 |
| 28,070,959 | 28,070,959 | - | - |
| 1,547,967,163 | 1,529,529,441 | 911,423,565 | 908,633,831 |
| | | | |
| 1,222,218,404 | 983,390,356 | 838,753,203 | 637,043,208 |
| 252,287,303 | 236,064,887 | 92,372,186 | 76,654,815 |
| 320,368,943 | 404,202,763 | 304,587,453 | 385,156,364 |
| 200,919 | 182,164 | 200,919 | 182,164 |
| 290,020,018 | 187,002,480 | 136,230,392 | 95,041,140 |
| 2,085,095,587 | 1,810,842,650 | 1,372,144,153 | 1,194,077,691 |
| 3,633,062,750 | 3,340,372,091 | 2,283,567,718 | 2,102,711,522 |
| | | | |
| 2,893,949 | 2,893,949 | 2,893,949 | 2,893,949 |
| 599,148,089 | 599,148,089 | 599,148,089 | 599,148,089 |
| 617,483,550 | 617,483,550 | 223,692,975 | 223,692,975 |
| (5,901,623) | (5,901,623) | (5,901,623) | (5,901,623) |
| (27,442,987) 1,105,303,192 | (27,442,987) 931,811,032 | 819,010,567 | 799,265,009 |
| 2,291,484,170 | 2,117,992,010 | 1,638,843,957 | 1,619,098,399 |
| 413,131,557 | 383,206,132 | - | - |
| 2,704,615,727 | 2,501,198,142 | 1,638,843,957 | 1,619,098,399 |
| | | | |
| _ | _ | 7,213,928 | 7,170,303 |
| 266,625,903 | 287,560,175 | 122,857,524 | 131,906,061 |
| 266,625,903 | 287,560,175 | 130,071,452 | 139,076,364 |
| | | | |
| 211 /02 005 | 202 722 865 | 155 004 295 | 107 218 640 |
| 211,482,895 | 293,722,865 | 155,004,285 | 107,318,640 6,744,002 |
| | 19 142 238 | | |
| 80,050,185 | 19,142,238 6,910,745 | 7,746,389 | |
| - | 6,910,745 | - | 6,910,745 |
| 173,013,102 | | 173,013,102 | |
| - | 6,910,745 | - | 6,910,745 87,378,509 |
| 173,013,102 - | 6,910,745 99,303,580 | 173,013,102 2,561,566 | 6,910,745 87,378,509 4,155,998 |

Consolidated Group and Company Statement of Cash Flows

for the Half Year Ended 30 June 2021

| | Gro Inflation | | | pany adjusted |
|---|----------------------------|----------------------------|---------------------------|---------------------------|
| | Reviewed | Reviewed | Reviewed | Reviewed |
| | 30-June-21 | 30-June-20 | 30-June-21 | 30-June-20 |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ |
| Operating activities | | | | |
| Operating profit before tax | 271,575,100 | 321,769,894 | 83,729,348 | 209,531,777 |
| Adjusted to reconcile profit before tax to net cash flows: | | | | |
| Depreciation of property plant and equipment | | | | |
| and amortisation of intangible assets | 44,482,210 | 11,555,180 | 39,298,420 | 13,670,131 |
| Net fair value adjustments | - | (16,507,759) | - | - |
| Net unrealised foreign exchange differences | (13,202,389) | - | (13,196,068) | - |
| Interest received | (166,358) | (73,365) | (109,074) | (73,365) |
| Interest paid | 182,888 | 1,112,687 | 1,280,119 | 1,297,501 |
| Movement in provisions | 60,907,947 | 4,467,567 | 1,002,387 | (3,141,202) |
| Profit on disposal of property, plant & equipment | 3,605,103 | (398,575) | 3,605,103 | (398,575) |
| Non cash adjustment IAS 29 | | (355,156,108) | | (363,122,042) |
| | 367,384,501 | (33,230,479) | 115,610,235 | (142,235,775) |
| Working capital changes | | | | |
| (Increase)/Decrease in inventories | (238,828,048) | 84,078,422 | (201,709,995) | 130,429,812 |
| Increase in trade and other receivables | (16,222,416) | (100,283,344) | (15,717,371) | (4,133,744) |
| Decrease in prepayments | 83,833,820 | 55,724,435 | 80,568,911 | 2,896,542 |
| Increase/ (Decrease) in customer deposits | 73,709,522 | (10,856,897) | 85,634,593 | 22,218,501 |
| Increase/ (Decrease) in intergroup balances | - | - | 43,625 | (15,983,171) |
| (Decrease)/Increase in trade and other payables | (82,239,970) | 51,367,654 | 47,685,645 | 15,411,544 |
| | 187,637,409 | 46,799,791 | 112,115,643 | 8,603,709 |
| Interest received | 166,358 | 73,365 | 109,074 | 73,365 |
| Interest paid | (182,888) | (1,112,687) | (1,280,119) | (1,297,501) |
| Income tax paid | (19,550,929) | (23,170,958) | (6,362,206) | (20,358,920) |
| Dividend paid | (24,982,306) | (28,192,763) | (24,982,306) | (28,192,763) |
| Net cash flow from/(used) in operating activities | 143,087,644 | (5,603,252) | 79,600,086 | (41,172,110) |
| Investing activities | | | | |
| Proceeds from sale of property, plant and equipment | 377,025 | 382,750 | 377,025 | 382,750 |
| Purchase of property, plant and equipment | (43,535,807) | (20,682,129) | (19,160,319) | (18,042,531) |
| Purchase of financial assets | (49,981) | (18,278) | (49,981) | (18,278) |
| Net cash flows used in investing activities | (43,208,763) | (20,317,657) | (18,833,275) | (17,678,059) |
| | | | | |
| Financing activities | | | | |
| Lease liability principal repaid | 15 10= 51.11 | 10 = 50 0 101 | (944,374) | (198,980) |
| Repayments of borrowings | (6,435,611) | (2,563,240) | (6,435,611) | (2,563,240) |
| Proceeds from borrowings | - (5.405.544) | 30,996,602 | (7.070.005) | 30,996,602 |
| Net cash flows (used)/from financing activities | (6,435,611) | 28,433,362 | (7,379,985) | 28,234,382 |
| Net increase/(decrease) in cash and cash equivalents | 93,443,270 | 2,512,453 | 53,386,826 | (30,615,787) |
| Effects of exchange rate changes on cash and cash equivalents | 1,635,169 | - | 1,635,169 | - |
| Effects of IAS29 | 7,939,099 | 117 222 700 | (13,832,743) | 100 144 626 |
| Cash and cash equivalents at 1 January Cash and cash equivalents at 30 June | 187,002,480 290,020,018 | 117,333,789 119,846,242 | 95,041,140 136,230,392 | 108,144,626 77,528,839 |
| Cash and Cash equivalents at 30 June | 230,020,018 | 113,040,242 | 130,230,392 | 11,320,039 |
| Comprising of: | | | | |

290,020,018

119,846,242

136.230.392

77.528.839

Cash and cash balances















REVIEWED GROUP RESULTS FOR THE HALF YEAR ENDED **30 JUNE 2021**

The Directors report the following abridged reviewed results in respect of the Group and Company's operations for the Half Year Ended 30 June 2021.

Foreign



(MEALIE BRAND)

(C.T. BOLTS)

Barzem CAT

SCANIA 🗐

POWERMEC

ENGINEERING PERFORMANCE

Attributable to

Group Statement of Changes in Equity

for the Half Year Ended 30 June 2021

| Inflation Adjusted | Share Capital ZWL\$ | Capital Reserve ZWL\$ | Share Premium ZWL\$ | Revaluation Reserve ZWL\$ | Ownership Reserve ZWL\$ | Translation Reserve ZWL\$ | Retained Earnings ZWL\$ | Owners of the Parent ZWL\$ | Controlling Interest ZWL\$ | Total ZWL\$ |
|---------------------------------------|---------------------------|-----------------------------|---------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|----------------------------------|----------------------------------|----------------|
| Balance on 1 January 2020 | 2,893,962 | (5,901,648) | 599,150,658 | 501,570,462 | (27,443,103) | 915,793 | 726,474,169 | 1,797,660,293 | 325,564,723 | 2,123,225,016 |
| Dividend paid | - | - | - | - | - | - | (28,192,763) | (28,192,763) | - | (28,192,763) |
| Profit for the year | - | - | - | - | - | - | 252,408,491 | 252,408,491 | 37,099,602 | 289,508,093 |
| Other comprehensive income net of tax | | - | - | 189,606,682 | - | - | - | 189,606,682 | 90,468,836 | 280,075,518 |
| Balance at 30 June 2020 | 2,893,962 | (5,901,648) | 599,150,658 | 691,177,144 | (27,443,103) | 915,793 | 950,689,897 | 2,211,482,703 | 453,133,161 | 2,664,615,864 |
| | | | | | | | | | | |
| Balance on 1 January 2021 | 2,893,949 | (5,901,623) | 599,148,089 | 617,483,550 | (27,442,987) | - | 931,811,032 | 2,117,992,010 | 383,206,132 | 2,501,198,142 |
| Dividend paid | - | - | - | - | - | - | (24,982,306) | (24,982,306) | - | (24,982,306) |
| Profit for the year | | - | - | - | - | - | 198,474,466 | 198,474,466 | 29,925,425 | 228,399,891 |
| Balance at 30 June 2021 | 2,893,949 | (5,901,623) | 599,148,089 | 617,483,550 | (27,442,987) | = | 1,105,303,192 | 2,291,484,170 | 413,131,557 | 2,704,615,727 |

Company Statement of Changes in Equity

for the Half Year Ended 30 June 2021

| Inflation Adjusted | Share Capital ZWL\$ | Capital Reserve ZWL\$ | Share Premium ZWL\$ | Revaluation Reserve ZWL\$ | Currency Translation Reserve ZWL\$ | Retained Earnings ZWL\$ | to Owners of the Parent ZWL\$ |
|---------------------------------------|---------------------------|-----------------------------|---------------------------|---------------------------------|---|-------------------------------|--|
| Balance on 1 January 2020 | 2,893,961 | (5,901,648) | 599,150,659 | 164,939,284 | 915,793 | 760,023,525 | 1,522,021,574 |
| Dividend paid | - | - | - | - | - | (28,192,763) | (28,192,763) |
| Profit for the year | - | - | - | - | - | 164,903,128 | 164,903,128 |
| Other comprehensive income net of tax | - | - | - | 59,879,143 | - | - | 59,879,143 |
| Balance at 30 June 2020 | 2,893,961 | (5,901,648) | 599,150,659 | 224,818,427 | 915,793 | 896,733,890 | 1,718,611,082 |
| | | | | | | | |
| Balance on 1 January 2021 | 2,893,949 | (5,901,623) | 599,148,089 | 223,692,975 | - | 799,265,009 | 1,619,098,399 |
| Dividend paid | - | - | - | - | - | (24,982,306) | (24,982,306) |
| Profit for the year | - | - | - | - | - | 44,727,864 | 44,727,864 |
| Balance at 30 June 2021 | 2,893,949 | (5,901,623) | 599,148,089 | 223,692,975 | - | 819,010,567 | 1,638,843,957 |

Supplementary Information

| | Gro Inflation | | Company Inflation Adjusted | | |
|---|-----------------------------|--------------|-------------------------------|---------------|--|
| | Reviewed Reviewed | | Reviewed | Reviewed | |
| | 30-June-21 30-June-20 | | 30-June-21 | 30-June-20 | |
| | No. of shares No. of shares | | No. of shares | No. of shares | |
| Shares in issue | 238,380,780 | 238,380,780 | 238,380,780 | 238,380,780 | |
| For the purpose of basic EPS | 238,380,780 | 238,380,780 | 238,380,780 | 238,380,780 | |
| For the purpose of diluted EPS | 238,380,780 | 238,380,780 | 238,380,780 | 238,380,780 | |
| | ZWL\$ | ZWL\$ | ZWL\$ | ZWL\$ | |
| Headline earnings Profit for the year Basic earnings per share Headline earnings per share Diluted basic earnings per share Property Plant and Equipment Additions Disposals Depreciation | 238,380,780 | 238,380,780 | 238,380,780 | 238,380,780 | |
| | 198,474,466 | 252,408,491 | 44,727,864 | 164,903,127 | |
| | 1.10 | 1.81 | 0.20 | 0.69 | |
| | 0.83 | 1.06 | 0.19 | 0.69 | |
| | 0.83 | 1.06 | 0.19 | 0.69 | |
| | 43,535,807 | 20,682,129 | 19,160,319 | 18,042,531 | |
| | (377,025) | (382,750) | (377,025) | (382,750) | |
| | 44,482,210 | 11,555,180 | 39,298,420 | 13,670,131 | |
| Taxation: Current tax expense Deferred tax movement | 72,536,696 | 62,874,448 | 50,651,756 | 42,130,968 | |
| | (29,361,487) | (30,612,647) | (11,650,272) | 2,497,681 | |

Notes to the financial statements

1. Corporate information

The interim condensed consolidated financial statements of Zimplow Holdings Limited and its Subsidiaries (collectively, the Group) for the half year ended 30 June 2021 were authorized for issue by the Board of Directors on 16 September 2021. 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

Basis of preparation

The Group's interim condensed consolidated financial statements for the six months ended 30 June 2021 have not been prepared under policies consistent with the requirements of the Companies and Other Business Entities Act (Chapter 24.31). The Interim condensed financial statements have been prepared under the current cost convention in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies and IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

Functional currency

These interim condensed financial statements are presented in Zimbabwe dollars (ZWL\$) which is the parent Company's functional currency, and all values are rounded to the nearest ZWL \$1. The Group regularly assesses its functional currency each time there are events that cast doubts as to the functional currency in operation. Such past events as the following have necessitated this review. On the 22nd of February 2019, Statutory Instrument (S.I.) 33 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS dollar and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1:1 to the US dollar and would become opening RTGS dollar values from the effective date. Another Exchange Control Directive RU 28 of 2020 was issued at the same time and it introduced an interbank market for the RTGS dollar and the LISD as well as other currencies in the multi-currency re 24, the government gazetted Statutory Instrument 142 of 2020 which outlawed the use of multi- currencies and compelled that all transactions be done in local currency (ZWL\$). 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 also 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.

Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI).

These results have been prepared in accordance with IAS 29, which requires that interim condensed 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 Group 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 |
|------------------|---------|--------------------|
| 30 June 2021 | 2986.44 | 1.00 |
| 31 December 2020 | 2474.51 | 1.21 |
| 30 June 2020 | 1445.21 | 2.07 |

The procedures applied in the above restatement of transactions and balances are as follows:

Comparative information

All comparative figures were restated by applying the change in the index to 30 June 2021 using the relevant factor of 2.07, for the statement of Profit or Loss and Other Comprehensive Income, statement of Cash Flows and statement of Changes in Equity. The statement of Financial position comparatives were restated by applying a factor of 1.21.

Current period information

Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at balance sheet date.

Non-monetary assets and liabilities that are not carried at amounts current at balance sheet and components of shareholders' equity were restated by applying the change in the index from the more recent of the date of the transaction and the date of their most recent revaluation to 30 June 2021

 $Items\ recognised\ in\ the\ income\ statement\ have\ been\ restated\ by\ applying\ the\ change\ in\ the\ general\ price\ index\ from\ the\ dates\ when\ in\ the\ dates\ when\ in\ data$ the transactions were initially earned or incurred by applying the monthly index for the half year ended 30 June 2021. Depreciation and amortisation amounts are based on the restated amounts

Gains and losses arising from the net monetary position are included in the income statement;

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Statement of compliance

These consolidated Group interim condensed financial statements have been prepared with the aim of complying with International Accounting Standard (IAS) 34 and presented in ZWL\$ (Zimbabwe Dollars, rounded to the dollar), which is the functional and presentation currency. Compliance with IFRS has not been possible in both the previous and current periods, 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. 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 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 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 according to IFRS 16 (Leases).

Revenue

An analysis of Group revenue and results for the year Group Company Inflation adjusted Inflation adjusted Reviewed Reviewed Reviewed Reviewed 30-lune-20 30-lune-21 30-June-20 ZWL\$ ZWL\$ ZWL\$ ZWL\$ 1,586,588,951 Sale of goods: Domestic 923,877,901 868,201,791 469,364,653 Sale of goods: Export 26,452,604 50,011,069 50,011,069 Sale of services: Domestic 61,821,256 36,251,491 Total revenue from contracts with customers 1,655,822,884 985,699,157 929,510,657 532,068,748 Investment property rental income

1,659,839,164

991,261,822

929,510,657

532,068,748

5. Segment report

Total revenue

| Segment report | | | | | | | |
|---------------------------------|----------------------|---------------------------------------|-------------------|--------------------------------|----------------------------|----------------------|-----------------------|
| Inflation Adjusted | Agriculture ZWL\$ | Mining and Infrastructure ZWL\$ | Property ZWL\$ | All Other Segments ZWL\$ | Total Segments ZWL\$ | Adjustments ZWL\$ | Consolidated ZWL\$ |
| 30 June, 2021 | | | | | | | |
| Revenue | 773,017,853 | 882,805,031 | 4,016,280 | - | 1,659,839,164 | | 1,659,839,164 |
| Segment operating profit | 114,660,054 | 89,919,573 | 1,851,944 | (20,917,626) | 185,513,945 | 86,077,685 | 271,591,630 |
| Other items | | | | | - | | - |
| Finance income | 22,047 | - | - | 3,001 | 25,048 | 141,310 | 166,358 |
| Finance costs | 2,830 | (13,066) | - | - | (10,236) | (172,652) | (182,888) |
| Income taxes | (30,520,141) | (21,696,214) | 12,591 | (6,369,751) | (58,573,515) | 15,398,306 | (43,175,209) |
| Group profit after tax | 84,164,790 | 68,210,293 | 1,864,535 | (27,284,376) | 126,955,242 | 101,444,649 | 228,399,891 |
| Segment assets | 1,726,399,493 | 1,378,884,199 | 494,095,344 | 565,657,461 | 4,165,036,497 | (531,973,747) | 3,633,062,750 |
| Segment liabilities | (533,049,567) | (537,070,388) | 2,041,272 | (116,130,983) | (1,184,209,666) | 255,762,643 | (928,447,023) |
| | | | | | | | |
| Other segment information | | | | | | | |
| Depreciation and amortisation | 33,490,167 | 5,333,457 | 4,173,220 | 1,485,366 | 44,482,210 | - | 44,482,210 |
| Additions to non-current assets | 30,698,931 | 7,397,069 | - | 5,439,807 | 43,535,807 | - | 43,535,807 |
| Inventory provision | 27,909,399 | 45,031,245 | - | - | 72,940,644 | - | 72,940,644 |
| Impairment loss recognized | | | | | | | |
| on receivables | 777,776 | 1,605,523 | - | 3,191,104 | 5,574,403 | - | 5,574,403 |
| 30 June, 2020 | | | | | | | |
| Revenue | 280,348,955 | 610,125,373 | 5,562,665 | - | 896,036,993 | 95,224,829 | 991,261,822 |
| Segment operating profit | 150,543,024 | 240,439,353 | 178,317,112 | 102,998 | 569,402,487 | (246,593,271) | 322,809,216 |
| Other items | | | | | | | |
| Finance income | 17,447 | 7,941 | - | 47,977 | 73,365 | - | 73,365 |
| Finance costs | (1,112,687) | - | - | - | (1,112,687) | - | (1,112,687) |
| Income taxes | (38,713,601) | (899,329) | 8,830,320 | (1,666,450) | (32,449,060) | 187,259 | (32,261,801) |
| Group profit after tax | 110,734,183 | 239,547,965 | 187,147,432 | (1,515,475) | 535,914,105 | (246,406,012) | 289,508,093 |
| Segment assets | 1,558,440,876 | 1,189,016,163 | 554,853,892 | 545,457,631 | 3,847,768,562 | (575,781,653) | 3,271,986,909 |
| Segment liabilities | (381,098,170) | (409,163,979) | (125,861) | (77,556,732) | (867,944,742) | 260,573,698 | (607,371,044) |
| Other segment information | | | | | | | |
| Depreciation | 7,962,252 | 1,233,960 | 1,496,109 | 862,859 | 11,555,180 | _ | 11,555,180 |
| Additions to non-current assets | | | - | 3,146,446 | 20,682,129 | _ | 20,682,129 |
| Impairment loss recognized | | | | | | | |
| on receivables | 1,149,867 | 1,073,745 | - | 3,191,104 | 5,414,716 | | 5,414,716 |
| | | | | | | | |



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To the Shareholders of Zimplow Holdings Limited

Report on the Review of the Interim condensed Inflation adjusted Consolidated and Separate Financial Statements

Introductions

We have reviewed the accompanying interim condensed inflation adjusted consolidated and separate financial statements of Zimplow Holdings Limited and its subsidiaries ("the Group"), as set out on pages 12 to 26, which comprise the interim condensed inflation adjusted consolidated and separate statement of financial position as at 30 June 2021 and the related interim condensed inflation adjusted consolidated and separate statement of profit or loss and other comprehensive income, the interim condensed inflation adjusted statement of changes in equity and the interim condensed inflation adjusted consolidated and separate statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated and separate financial information in accordance with the Internal Financial Reporting Standards. Our responsibility is to express a review conclusion on this interim condensed inflation adjusted consolidated and separate financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for adverse review conclusion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates, IFRS 13 - Fair Value Measurement on Valuation of Property and Manufacturing Plant and Equipment and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors.

Impact of prior year modification on current period

As explained in note 2 to the interim condensed consolidated and separate inflation adjusted financial statements, the Group and Company changed their functional and reporting currency from United States Dollar (US\$) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

Our most recent year end audit report was modified due to the impact of an incorrect date of change in functional currency. We believed that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

Further contributing to the adverse opinion was the use of inappropriate exchange rates which did not meet IAS21 requirements for a spot rate from 22 February 2019 to 22 June 2020.

Lastly, the valuation of property and manufacturing plant and equipment and investment properties as at 31 December 2020 was not appropriate given the use of USD inputs to determine fair value and resultant translation to ZWL. This caused non-compliance with the requirements of IFRS 13 - Fair Value Measurements. We were not able to quantify the impact as the appropriate inputs could not be determined.

Management has not made retrospective adjustments in terms of *IAS 8 - Accounting Polices, Changes in Accounting Estimates and* Errors to correct the above matters. Consequently, many corresponding amounts on the interim condensed consolidated and separate inflation adjusted financial statements are misstated, impacting comparability of the current period numbers.



Zimplow Holdings Limited

Therefore, the matter continues to impact the following amounts on the interim condensed consolidated and separate inflation adjusted statement of financial position which still comprise of material amounts from opening balances: Property Plant and Equipment (Group: ZWL\$8 833 912 and Company: ZWL\$5 938 212); Inventory (Group: ZWL\$814 818 835 and Company: ZWL\$527 842 073); Revaluation Reserve (Group: ZWL\$511 635 307 and Company: ZWL\$185 347 810); Retained Earnings (Group: ZWL\$772 081 173 and Company: ZWL\$662 256 020); Non-Controlling Interest (Group: ZWL\$317 517 425); Deferred Tax Liability (Group: ZWL\$238 266 976 and Company: ZWL\$109 294 892); Investment Property (Group: ZWL\$22 082 000) and Investment in Subsidiaries (Company: ZWL\$288 245 540);

As opening balances enter into the determination of financial performance, our half year conclusion is modified in respect of the impact of these matters on cost of sales stated at (Group: ZWL\$932 567 552 and Company: ZWL\$470 899 505);income tax expense (Group: ZWL\$44 731 646 and Company: ZWL\$40 557 922) and Monetary Gains or Losses (Group: ZWL\$13 378 670 and Company: (ZWL\$12 200 623)) in the interim condensed consolidated and separate inflation adjusted Statement of Profit or Loss and other comprehensive income. Consequently, the interim condensed consolidated and separate inflation adjusted Statement of Changes in equity and interim condensed consolidated and separate inflation adjusted Statement of Cashflows are impacted.

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 as described above. Had the correct base numbers been used, Inventory (Group: ZWL\$1 194 736 200 and Company: ZWL811 270 999); Retained Earnings (Group: ZWL\$1 073 257 754 and Company: ZWL786 965 127); Non-Controlling Interest (Group: ZWL\$ 413 131 557); Investment Property (Group: ZWL\$26 650 373); Property, Plant and Equipment (Group: ZWL\$1 439 485 754 and Company: ZWL\$523 830 155); Revaluation Reserve (Group: ZWL\$617 483 550 and Company: ZWL\$223 692 975); Cost of Sales (Group: ZWL\$1 021 958 948 and Company: ZWL\$586 171 344); and Income Tax Expense (Group: ZWL\$44 731 646 and Company: ZWL\$40 557 922) would have been materially different. Consequently, the monetary gains or losses of Group: ZWL\$13 378 670 and Company: (ZWL\$12 200 623) on the interim condensed consolidated and separate inflation adjusted Statement of profit or loss and other comprehensive income are impacted.

The effects of the above departures from IFRS are material and pervasive to the interim condensed consolidated and separate financial information.

Adverse review conclusion

In view of the matters described in the preceding paragraphs, the interim condensed consolidated and separate inflation-adjusted financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards.

The engagement partner on the review audit resulting in this review conclusion report on the interim condensed inflation adjusted consolidated and separate financial information is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

Chartered Accountants (Zimbabwe)

Registered Public Auditors

Ernet & Towng.

Harare

23 September 2021