

SALIENT
FEATURES

FOR THE YEAR ENDED 31 DECEMBER 2021

REVENUE

ZWL '000

2,109,533

31%

PROFIT FROM
OPERATIONS

ZWL '000

404,966

145%

PROFIT BEFORE
TAXATION

ZWL '000

493,164

44%

PROFIT FOR
THE YEAR

ZWL '000

422,288

60%



Chairman’s Statement

Review of the Operating Environment

The macroeconomic environment continued to pose a number of challenges for the business which included foreign currency shortages, pricing distortions, high levels of inflation, policy-related macroeconomic instability, high costs of borrowing particularly on local currency and the Covid-19 pandemic. The Government introduced SI 127 of 2021 which compelled companies and individuals to trade in both foreign currency and local currency using the official exchange rates. This resulted in most organisations reviewing their trading terms, with credit policies being substantially revamped resulting in a significant skew towards a cash economy. All these factors continued to constrain economic activity.

The Covid-19 pandemic also gave rise to global supply chain disruptions which resulted in significant delays which were very costly for business. The country was also put under a Covid-19 induced lockdown in the first two months of the year and there was very little activity in the construction sector. The Government has since embarked on a national vaccination programme which has started bearing fruit with reduced infections and Covid-19 related deaths.

Performance Overview

The company achieved a turnover of \$2.1 billion which was a 31% increase compared to the preceding year in inflation adjusted terms. Sales volumes grew by 2% compared to the same period last year. The business performed well in spite of the impact of the Covid-19 lockdown measures implemented by the government, liquidity constraints, subdued aggregate demand and pricing challenges due to the exchange rate disparities which were in place throughout the year.

The company priced its products in both United States Dollar (USD) and Zimbabwe Dollars (ZWL) and was able to generate its own foreign currency to fund its working capital requirements. These funds were used to import raw materials and spares for use in production.

The gross profit margin for the year increased to 41% against the same period last year of 33% as a result of cost containment strategies and the business restructuring exercise implemented during the year. Pricing issues have been a major challenge particularly on the export market owing to the depreciation of the currencies within the region against the USD. The business switched to pricing exports in USD in order to eliminate this exchange risk.

Financing costs, at \$1.6 million, declined by 72% compared to the prior year. The profit before tax was \$422.3 million compared to \$264.4 million achieved in the preceding year.

The business paid off all its loans during the course of the year and funded its operations from internally generated cash flows which improved significantly compared to the same period last year. The company generated \$651.5 million from operating activities before working capital changes. This was a 27% increase from the previous year.

The company invested \$402.7 million in working capital, up from \$261.1 million in the previous year in order to boost volume growth. This investment was mainly in respect of the purchase of raw materials. The net capital expenditure for the period declined from \$189.5 million to \$16.9 million in 2021 pending significant capital expenditure on major new plants in 2022 and 2023.

Sustainability Performance

We continue to apply an integrated approach in managing our sustainability impacts and opportunities. The company adopted the Global Reporting Initiatives (GRI) Sustainability Reporting Framework as a business model in addressing and managing economic, environmental, social and governance aspects of our operations.

Legislative Environment

Turnall Holdings Limited has continued to uphold its ISO14001 and ISO9001 certification. We continue to comply with the relevant legislative requirements of the Environmental Management Act, Labour Act, Companies Act and other related legislations.

Future Prospects

Management is extremely optimistic that the business will continue to grow and maximize shareholder wealth. Innovation, production of affordable quality products and superior customer service will remain top priorities. There will be an increased focus going forward on re-capitalizing the plants, improving production efficiencies and reducing production costs. Plans are underway to invest in a new plant and resume production of roofing sheets in Harare. This will augment the Bulawayo plant in line with the increasing demand for the company's products, while improving customer service further and reducing Turnall's costs of shipping finished products to its largest market.

The Company is also commissioning a Glass Reinforced Plastic (GRP) pipe plant which will bring diversity to its range of pipes. This new large diameter pipe plant should play a critical part in the Government's plans to both create manufacturing jobs and bring improved water supplies to the country. The new plant will also reduce the country's requirement for scarce foreign currency by replacing imported pipes with local production and provide a solid base for new export opportunities into the region.

Dividend

The Board is pleased to declare a final dividend of ZWL0.04 per share for the financial year ended 31 December 2021 which amounts to ZWL19,721,612.32 and will be paid on the 26th of April 2022. This, together with the interim dividend paid of ZWL0.03 per share, brings the total dividend in respect of the 2021 financial year to ZWL0.07 per share (ZWL34,512,821.56).

Appreciation

I would like to take this opportunity to thank all the stakeholders: shareholders, the Board, customers, suppliers, employees, and other business partners for their continued support.

Bothwell Patrick Nyajeka

Chairman

28 March 2022

DIVIDEND DECLARATION NOTICE

Notice is hereby given that the Board declared a final dividend of ZWL 19,721,612.32 (ZWL0.04 (4 CENTS) per share) for the financial year ended 31 December 2021 payable in respect of all the ordinary shares of the Company. This dividend will be payable in full to all Shareholders of the Company registered as at the close of business on 14 April 2022.

The payment of the dividend will take place on or about 26 April 2022. The applicable shareholders' tax will be deducted from the Gross Dividends. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 11 April 2022 and ex-dividend as from 12 April 2022.

Shareholders are requested to submit their updated mailing and banking details to:

First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Eastlea
HARARE
Email:- info@fts-net.com and ftsgen@fts-net.com
Telephone:- +263 242 782869/7 or +263 242 776628/49/59/69.

BY ORDER OF THE BOARD

Mrs. C. Mahari
COMPANY SECRETARY

28 March 2022

Consolidated Statement of Profit and Loss and other comprehensive income
for the year ended 31 December 2021

	Inflation Adjusted		*Historical Cost	
	Audited year ended 31.12.2021 ZWL	Audited year ended 31.12.2020 ZWL	Audited year ended 31.12.2021 ZWL	Audited year ended 31.12.2020 ZWL
Revenue	2 109 533 045	1 606 697 277	1 716 246 503	718 334 536
Cost of sales	(1 240 637 608)	(1 075 941 153)	(1 049 715 116)	(437 528 438)
Gross profit	868 895 437	530 756 124	666 531 387	280 806 098
Other income	23 977 209	57 309 560	17 325 997	19 327 278
Selling and distribution expenses	(190 376 493)	(185 488 638)	(154 834 972)	(83 178 122)
Administrative expenses	(297 530 146)	(236 966 456)	(226 697 472)	(102 585 083)
Profit from operating activities	404 966 007	165 610 590	302 324 940	114 370 171
Finance costs	(1 612 074)	(5 679 691)	(1 306 582)	(2 441 506)
Gain on net monetary position	89 810 512	183 561 861	-	-
Profit before taxation	493 164 445	343 492 760	301 018 358	111 928 665
Income tax expense	(70 876 111)	(79 051 754)	(94 877 106)	(33 050 202)
Profit for the year	422 288 334	264 441 006	206 141 252	78 878 463
Other comprehensive income				
- net of income tax	-	-	-	-
Foreign currency translation differences	-	5 080 817	-	704 611
Total comprehensive income for the year	422 288 334	269 521 823	206 141 252	79 583 074
Earnings per share				
Number of shares in issue	493 040 308	493 040 308	493 040 308	493 040 308
Basic and diluted (cents per share)	86	54	42	16

*The historical cost amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting for Hyperinflationary Economies.

Consolidated Statement of Financial Position as at 31 December 2021

	Inflation Adjusted		*Historical Cost	
	Audited as at 31.12.2021 ZWL	Audited as at 31.12.2020 ZWL	Audited as at 31.12.2021 ZWL	Audited as at 31.12.2020 ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	2 790 475 309	2 927 961 647	386,480,211	396 250 456
Investment property	19 297 898	19 371 405	250,812	255 802
Investments in financial assets	454 018	696 332	454,018	433 207
Deferred taxation	10 237 049	10 569 855	10,237,049	6 575 794
Total non-current assets	2 820 464 274	2 958 599 239	397,422,090	403 515 259
Current assets				
Inventories	956 354 969	639 518 997	242 688 503	158 782 338
Trade and other receivables	267 438 543	201 491 645	258 349 970	124 162 902
Cash and cash equivalents	165 703 658	32 157 179	165,703,658	20 005 853
Total current assets	1 389 497 170	873 167 821	666,742,131	302 951 093
Total assets	4 209 961 444	3 831 767 060	1,064,164,221	706 466 352
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	305 937 501	305 937 501	4,930,403	4 930 403
Share premium	11 287 613	11 287 613	181,908	181 908
Non-distributable reserve	475 016 887	475 016 887	7,655,239	7 655 239
Revaluation reserve	1 278 300 616	1 278 300 616	290,970,875	290 970 873
Retained Earnings	1 055 873 883	651 540 972	277,823,793	86 769 160
Total equity	3 126 416 500	2 722 083 589	581,562,218	390 507 583
Non-current liabilities				
Deferred taxation	691 863 183	723 764 110	91,514,156	95 420 026
Trade and other payables	-	5 407 538	-	3 364 176
Total non-current liabilities	691 863 183	729 171 648	91,514,156	98 784 202
Current liabilities				
Loans and borrowings	-	5 046 944	-	3 139 841
Trade and other payables	290 779 556	305 298 684	290,185,642	170 382 433
Current tax liabilities	100 902 205	67 337 365	100,902,205	41 892 401
Bank overdraft	-	2 828 830	-	1 759 892
Total current liabilities	391 681 761	380 511 823	391,087,847	217 174 567
Total equity and liabilities	4 209 961 444	3 831 767 060	1,064,164,221	706 466 352

*The historical cost - amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting for Hyperinflationary Economies.

Consolidated Statement of Cash Flows for the year ended 31 December 2021

	Inflation adjusted		*Historical Cost	
	Audited year ended 31.12.2021 ZWL	Audited year ended 31.12.2020 ZWL	Audited year ended 31.12.2021 ZWL	Audited year ended 31.12.2020 ZWL
Profit before income tax	493 164 445	343 492 760	301 018 358	111 928 665
Adjustment for:				
Depreciation of property, plant and equipment	154 594 933	153 855 535	21 178 316	19 587 724
Depreciation of investment property	73 506	90 381	4 995	6 637
Amortisation of financial assets	(20 811)	(123 572)	(20 811)	(16 465)
Finance costs	1 612 074	5 679 691	1 306 582	2 441 506
Currency translation differences	-	5 080 817	-	704 611
Profit from disposal of property, plant and equipment	(534 520)	(97 871)	(384 365)	(35 561)
Adjustment of movement in non monetary items	2 588 605	6 341 742	-	-
Operating cash flows before reinvestment in working capital changes	651 478 232	514 319 483	323 103 075	134 617 117
(Increase)/decrease in trade and other receivables	(65 946 898)	3 208 186	(134 187 067)	(108 966 966)
Increase in inventories	(316 835 972)	(250 321 160)	(83 906 166)	(128 207 677)
(Decrease)/increase in trade and other payables	(19 926 666)	(14 024 034)	116 439 033	139 529 071
Net cash generated from operating activities	248 768 696	253 182 475	221 448 875	36 971 545
Tax paid	(70 876 111)	(13 738 761)	(43 434 426)	(1 945 003)
Interest paid	(1 612 074)	(5 679 691)	(1 306 582)	(2 441 506)
Net cash flows generated from operating activities	176 280 511	233 764 023	176 707 867	32 585 036
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant & equipment	(17 507 725)	(189 689 002)	(11 460 911)	(14 784 593)
Proceeds from the sale of property, plant & equipment	604 890	225 565	437 201	81 952
Net cash flows used in investing activities	(16 902 835)	(189 463 437)	(11 023 710)	(14 702 641)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in loans and borrowings	(5 046 944)	(32 376 943)	(3 139 841)	(2 050 129)
Dividend paid	(17 955 423)	-	(15 086 619)	-
Net cash flows used in financing activities	(23 002 367)	(32 376 943)	(18 226 460)	(2 050 129)
INCREASE IN CASH AND CASH EQUIVALENTS	136 375 309	11 923 643	147 457 697	15 832 266
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	29 328 349	17 404 706	18 245 961	2 413 695
CASH AND CASH EQUIVALENTS AT END OF YEAR	165 703 658	29 328 349	165 703 658	18 245 961

*The historical cost amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies.

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

Inflation adjusted

	Share capital ZWL	Share premium ZWL	Non-Distributable reserve ZWL	Revaluation reserve ZWL	Foreign currency translation reserve ZWL	Retained Earnings ZWL	Total ZWL
Balance at 1 January 2020	305 937 501	11 287 613	475 016 887	1 278 300 616	(5 080 817)	387 099 966	2 452 561 766
Total comprehensive income for the year	-	-	-	-	5 080 817	264 441 006	269 521 823
Balance at 31 December 2020	305 937 501	11 287 613	475 016 887	1 278 300 616	-	651 540 972	2 722 083 589
Total comprehensive income for the year	-	-	-	-	-	422 288 334	422 288 334
Dividend paid	-	-	-	-	-	(17 955 423)	(17 955 423)
Balance at 31 December 2021	305 937 501	11 287 613	475 016 887	1 278 300 616	-	1 055 873 883	3 126 416 500

*Historical Cost

	Share capital ZWL	Share premium ZWL	Non-Distributable reserve ZWL	Revaluation reserve ZWL	Foreign currency translation reserve ZWL	Retained Earnings ZWL	Total ZWL
Balance at 1 January 2020	4 930 403	181 908	7 655 239	290 970 873	(704 611)	7 890 697	310 924 509
Total comprehensive income for the year	-	-	-	-	704 611	78 878 463	79 583 074
Balance at 31 December 2020	4 930 403	181 908	7 655 239	290 970 873	-	86 769 160	390 507 583
Total comprehensive income for the year	-	-	-	2	-	206 141 252	206 141 254
Dividend Paid	-	-	-	-	-	(15 086 619)	(15 086 619)
Balance at 31 December 2021	4 930 403	181 908	7 655 239	290 970 875	-	277 823 793	581 562 218

*The historical cost amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies.



INDEPENDENT EXTERNAL AUDITOR'S STATEMENT

These abridged consolidated financial statements should be read in conjunction with the full set of the audited consolidated financial statements of Turnall Holdings Limited and its subsidiaries for the year ended 31 December 2021, which have been audited by Independent Auditors, Messrs Grant Thornton Chartered Accountants (Zimbabwe). The audit opinion on the consolidated financial statements is an adverse opinion because of non-compliance with International Accounting Standard (IAS) 21 – The Effects of Changes in Foreign Exchange Rates, International Accounting Standard (IAS) 29 – Financial Reporting in Hyper-inflationary Economies and non-compliance with IFRS13 on the valuation of Property, Plant and Equipment. The Independent External Auditors' report on the consolidated financial statements is available for inspection at the company's registered office.

The engagement partner on the audit resulting in this independent auditor's report is Edmore Chimhwa. (PAAB No: 0470)

Supplementary Information

1. Basis of Preparation

The abridged consolidated financial statements are presented in Zimbabwe dollars. They are based on the historical cost approach and are restated to take account of effects of inflation in accordance with International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies) – IAS 29. Accordingly, the inflation adjusted financial statements represent the principal financial statements of the Group. The historical financial statements have been provided by way of supplementary information and the auditors have not expressed an opinion on them.

The Zimbabwe economy was under hyperinflationary environment effective 1 July 2009. IAS 29 requires that financial statements 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 also be restated in terms of the same measuring unit. Although IAS 29 discourages the presentation of historical financial statements when inflation adjusted financial statements are presented, historical financial statements are included to allow comparability.

	Index	Conversion factor
Dec-21	3,977.50	1.00
Dec-20	2,474.51	1.61
Dec-19	551.60	7.21
Dec-18	88.80	44.79

2. Accounting policies and reporting currency

There have been no material changes in the Group's accounting policies since the date of the last consolidated financial statements. The abridged consolidated financial statements are presented in ZWL for the current year which is the functional currency of the Group and are rounded to the nearest dollar (\$) unless otherwise indicated.

3. Contingent Liabilities

As at the end of the reporting period, the Group is engaged in some legal cases involving former employees, whose values most of which could not be estimated with certainty.

4. Report on Compliance

The Group did not comply with International Accounting Standard (IAS) 21 – The Effects of Changes in Foreign Exchange Rates, International Accounting Standard (IAS) 29 – Financial Reporting in Hyper-inflationary Economies and non-compliance with IFRS13 on the valuation of Property, Plant and Equipment. This was due to the use of interbank exchange rates as spot rates in contravention with the requirements of the international accounting standards.

5. Approval of financial statements

The audited consolidated financial statements for the year ended 31 December 2021 were approved by the Board of Directors on 24 March 2022.

FOR MORE INFO
+263 8677004874/5

RELIABILITY STARTS FROM THE TOP!!!

NEED A NEW ROOF?

WHY CHOOSE HONEYCOMB?

The Honeycomb Slate is classic and unique. Inspired by the bee honeycomb, this Slate is fully blended for beautiful natural slate color and cuts and nails with ease – you can walk on the roof with no breakage issues.

Our Technical Product support team is available to give on-site demonstrations to all our valued customers of Turnall Holdings products before and during fixing.

TURNALL HOLDINGS LIMITED

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Independent Auditor's Report

To the members of Turnall Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Turnall Holdings Limited ("the Group") set out on pages 9 to 54, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant group accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the inflation adjusted consolidated financial statements do not present fairly, in all material respects, the financial position of Turnall Holdings Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates

During the prior and current financial years, the foreign currency denominated transactions and balances of the group were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as

required by IAS 21. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated financial statements for the year ended 31 December 2021.

Had the consolidated financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the consolidated financial statements as a whole.

Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2021. However, its application was based on prior and current year's financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the consolidated financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements.

Valuation of property and equipment

The determination of fair values for property and equipment presented in the consolidated financial statements is affected by the prevailing economic environment. These consolidated financial statements include property and equipment that was last revalued by independent professional valuers as at 31 December 2019. The property and equipment valuations were determined in USD and then translated to ZWL at the interbank foreign exchange rate as at 31 December 2019.

Although the determined USD values as at 31 December 2019 reflected the fair value of the property and equipment in USD as at that date, the converted ZWL fair values were not in compliance with IFRS 13 as they did not reflect the assumptions that market participants would apply in valuing similar items of property and equipment in ZWL. The opinions for the years ended 31 December 2019 and 2020 were modified with regards to this matter and no subsequent revaluations were done in the consolidated financial statements.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements.

Areas of focus	How our audit addressed the key audit matter
<p>Revenue recognition</p> <ul style="list-style-type: none"> • There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240: Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Group. This is a significant risk and accordingly a key audit matter. 	<p>Our audit procedures incorporated a combination of tests of the Group'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 revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • 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

Areas of focus	How our audit addressed the key audit matter
	<p>mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation).</p> <ul style="list-style-type: none"> Analytical procedures and assessed the reasonableness of explanations provided by management. <p>We satisfied ourselves that the revenue recognition is 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Directors for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Directors are responsible for assessing the

Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Directors are also responsible for overseeing the Group'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 Group'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 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 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 Group 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 group to express an opinion on the 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 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, except for the effects of the matters described in the *Basis for Adverse Opinion*, the consolidated financial statements have been properly prepared, in all material respects in accordance with the 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 Edmore Chimhowa.

Grant Thornton

Edmore Chimhowa

Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

HARARE

29 March
.....2022