



ZSE Direct

ZSE Direct is the official online trading platform of the Zimbabwe Stock Exchange

ZSE Direct provides retail investors with a smart way to manage their ZSE investments online.

ZSE Direct makes it easy to buy and sell securities listed on the ZSE and has the following key features:

- User friendly interface
- Your portfolio indicating securities in your securities account
- Latest market statistics
- The market depth feature showing up to 10 best orders on both the buy and sell side
- Price range on Buy and Sell tabs
- Crediting of sell proceeds to your ZSE Direct wallet on the same trading day after a successful matched and confirmed sell order
- Placing of bids or offers for volumes from 1 up to 99

REGISTER TODAY >



Available on:
AppStore and Google Playstore



44 Ridgeway North
Highlands, Harare

Email: zsedirect@zse.co.zw

Tel: +263 (24) 2886830-5, 0719 225 779

Facebook: Zimbabwe Stock Exchange

Twitter: @ZSE_ZW

LinkedIn: Zimbabwe Stock Exchange

Instagram: Zim Stock Exchange

Website: www.zsedirect.co.zw

INDEX TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

CORPORATE INFORMATION	4
OUR VISION, MISSION STATEMENT AND VALUES	5
THE ZSE'S BACKGROUND AND TRANSFORMATIONAL JOURNEY	6
OUR STAKEHOLDERS	9
ZSE's SUSTAINABILITY STRATEGY	10
2021 IN PICTURES	11
CHAIRMAN'S STATEMENT	16
CHIEF EXECUTIVE OFFICER'S STATEMENT	18
STATEMENT OF CORPORATE GOVERNANCE	22
RISK MANAGEMENT REPORT	30
OPERATIONS REPORT	32
STATEMENT OF DIRECTORS' RESPONSIBILITY	36
INDEPENDENT AUDITOR'S REPORT	37
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	41
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	42
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	43
CONSOLIDATED STATEMENT OF CASH FLOWS	44
GROUP STATEMENT OF ACCOUNTING POLICIES	45
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	52
TOP TEN SHAREHOLDERS	63
ANNUAL GENERAL MEETING NOTICE TO SHAREHOLDERS	64
PROXY FORM	65

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs Caroline Sandura
Mr Barthlomoew Mswaka
Mr Benson Gasura
Mrs Maureen Rudo Svova
Mr Masimba Mudzungairi
Mrs Lindiwe Tirivanhu
Mr Markus de Klerk
Mr Justin Bgoni
*Mrs Prisca Guchu
**Mr Obert Ngwenya

Chairman
Deputy Chairman
Member
Member
Member
Member
Chief Executive Officer
Chief Finance Officer
Finance Director

*Mrs Prisca Guchu joined the organisation on the 1st of August 2021 to assume the role of Chief Finance Officer. We are glad to have her on-board.

** Mr Obert Ngwenya, resigned from his position as Finance Director effective the 30 June 2021. The Board wishes him well in his future endeavours.

SECRETARY

Mr Lyndon Tuyani Nkomo

REGISTERED OFFICE

Number 44 Ridgeway North
Highlands
Harare
Zimbabwe

AUDITORS

Grant Thornton
Camelsa Business Park
135 Enterprise Road
Highlands
Harare
Zimbabwe

ATTORNEYS

Kantor and Immerman
Legal Practitioners
MacDonald House
10 Selous Avenue
Harare
Zimbabwe

PRINCIPAL BANKERS

FBC Bank
Stanbic Bank Zimbabwe Limited

OUR VISION, MISSION STATEMENT AND VALUES

WHO WE ARE

The Zimbabwe Stock Exchange Limited ('ZSE') is a licensed securities exchange in terms of the Securities and Exchange Act (24:25). Its core mandate is to facilitate long term capital raising through listing of securities as well as offering secondary market securities trading and issuer regulation services. Dating back to 1894, the ZSE has evolved to be one of the longest established capital raising platforms in Africa.



MISSION STATEMENT

To be the best in providing long term capital and risk management solutions to businesses and Governments whilst allowing the public to enjoy diversified, safe and easy investments.



VISION

To be the preferred securities exchange in Africa



VALUES

COMMITMENT

We are committed to realising our vision and mission.

DILIGENCE

We are diligent in performing our tasks and duties.

INNOVATION

We are innovative, in developing solutions to our challenges and opportunities.

INTEGRITY

We adhere to strong moral and ethical standards.



THE ZSE'S BACKGROUND AND TRANSFORMATIONAL JOURNEY

The Zimbabwe Stock Exchange Limited ('ZSE') is a licensed securities exchange in terms of the Securities and Exchange Act (24:25) with a core mandate of facilitating long term capital raising through listing of securities as well as offering secondary market securities trading and issuer regulation services. The ZSE currently provides a listing and trading platform for Equity, Debt, Depository Receipts, Unit Trusts, Exchange Traded Funds and Real Estate Investment Trusts.

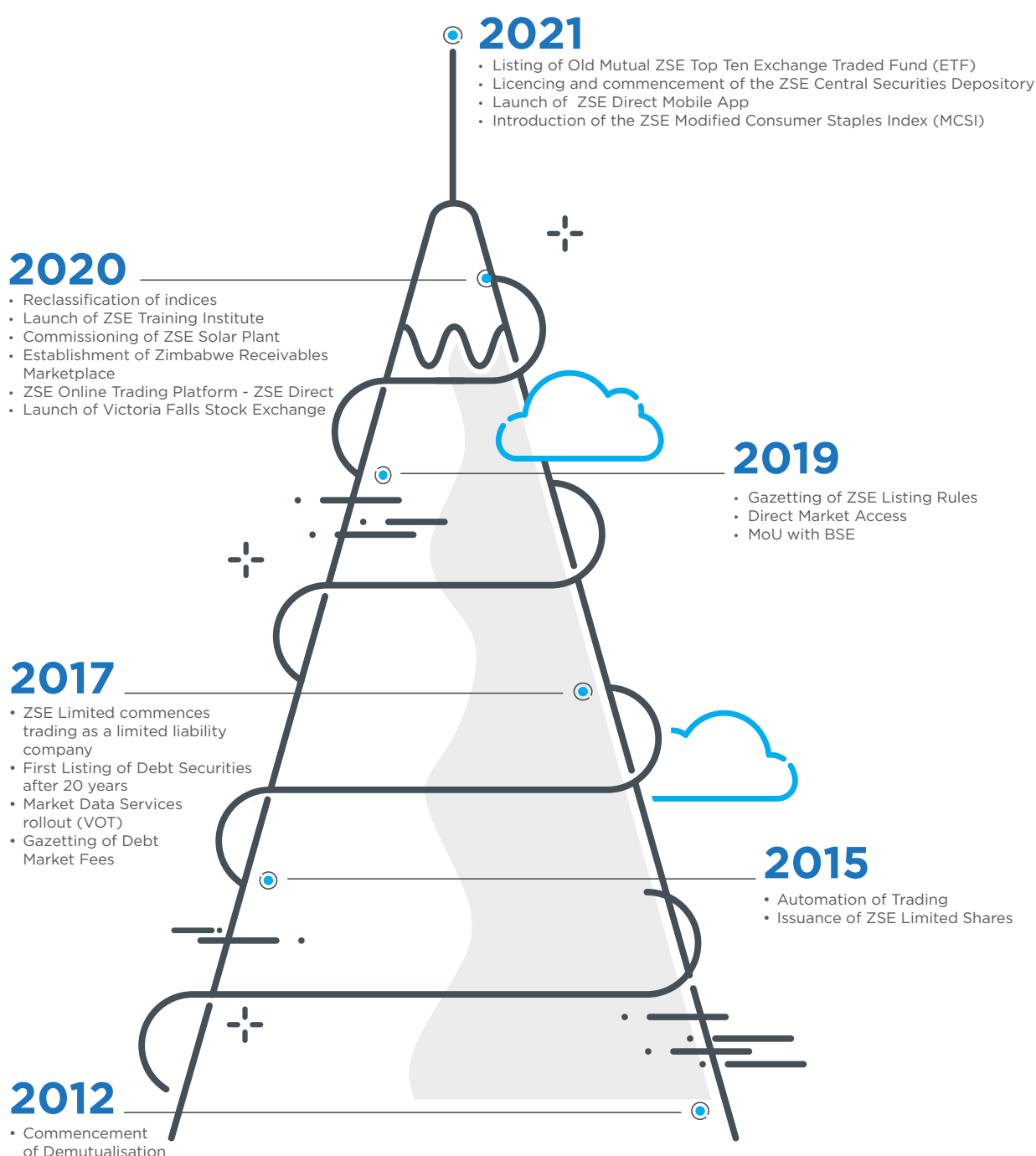
Roles of the ZSE

The ZSE;

- Facilitates raising of long term capital for companies, Government and semi-government institutions;
- Provides a regulated platform for secondary market buying and selling of securities;
- Provides information such as historical financials, securities prices and market reports; and
- Regulates stockbrokers, market makers and security issuers (listed entities).

Evolution

Dating back to 1894, the ZSE has evolved to be one of the advanced and diversified securities exchanges in Sub Saharan Africa. In recent years the exchange has taken a transformational journey with key milestones as follows:



OUR DIGITAL JOURNEY



OUR DIGITAL JOURNEY (continued)

The ZSE embarked on a digital transformation journey in 2020. The aim of the digital transformation was to align ICT with the business goals, streamline ZSE processes and create value from data, facilitate ease of doing business and revenue creation in the process. Our Journey has been focused on innovation, automation and digitalisation through in-house development, partnerships, data analytics, data mining and digital presence.

The digital transformation was initiated through the following projects;

- Electronic Depository System
- ZSE Direct Mobile App
- ZSE Direct add Ons (ETFs, Money Coming Back, Odd Lots, EDS counters)
- File Management System
- Remote Working Solution
- Helpdesk System
- VFEX DATA Center
- VFEX 15 KVa Solar plant

Training

The training institute was launched in 2022 and delivers specialized training on various capital markets topics. The mode of delivery for the ZSE Training Institute includes virtual and physical workshops, seminars, and masterclasses. The courses on offer are designed to equip participants with knowledge and skills that improve their understanding on various aspects of the capital markets.

ZSE Direct

ZSE launched an in-house developed web based application system called ZSE Direct in September 2020. The Mobile version of ZSE Direct was then launched on 04 October 2021. ZSE Direct is an extension of the current Automated Trading System (ATS), targeting the retail investor. The platform provides investors with a smart way to manage their investments, view their CSD holdings and enables the investors to view their portfolio gain on loss in a simplified manner.

Electronic Depository System

The ZSE was granted a license to operate a Central Securities Depository by the Securities and Exchange Commission of Zimbabwe in July 2021 and commenced operations in October 2021. The Electronic Depository System was launched in order to improve operational efficiencies in the market, reduce market costs to all participants, make it easier for retail investors to access the market, and facilitate the introduction of new products.



OUR STAKEHOLDERS

ZSE STAKEHOLDER ENGAGEMENT

Stakeholder engagement is crucial to the ZSE and during the past year the ZSE engaged with all key stakeholders to ensure that its business and strategy are in line with stakeholder input. Over the past year the ZSE's engagement with key stakeholders was as follows;

STAKEHOLDER	NATURE OF ENGAGEMENT	MATTERS COVERED
Stakeholder engagement is crucial to the ZSE and during the past year the ZSE engaged with all key stakeholders to ensure that its business and strategy are in line with stakeholder input. Over the past year the ZSE's engagement with key stakeholders was as follows;	<ul style="list-style-type: none"> AGM/EGM 	<ul style="list-style-type: none"> Sustainable growth from new revenue streams
Ministry of Finance and Economic Development (MoFED)	<ul style="list-style-type: none"> National budget input Government Debt Securities Market performance State enterprises reform Taxation on REITs Fungibility of Shares Victoria Falls Stock Exchange 	<ul style="list-style-type: none"> Removal of capital gains withholding tax on sale of securities Listing and trading of Government securities Growth in turnover and market capitalization Listing of State enterprises on the ZSE Lobbying for tax incentives for REITs Relaxation of suspension of fungibility Set up of the Victoria Falls Stock Exchange(VFEX) Tax Incentives on the Victoria Falls Stock Exchange (VFEX)
Ministry of Mines and Mining Development	<ul style="list-style-type: none"> VFEX Junior mining board 	<ul style="list-style-type: none"> Funding of mining companies Comments on the junior mining board
Reserve Bank of Zimbabwe (RBZ)	<ul style="list-style-type: none"> Government Debt Securities Financial inclusion VFEX Fungibility 	<ul style="list-style-type: none"> Listing and trading of Government securities Participation in financial inclusion thematic working groups Exchange control regulations on dual listed companies
Securities and Exchange Commission of Zimbabwe (SECZ)	<ul style="list-style-type: none"> Securities and Exchange Act Market performance Investor education 	<ul style="list-style-type: none"> Amendments to the Securities and Exchange Act Growth in turnover and market capitalization Investor education initiatives
Investors	<ul style="list-style-type: none"> Due diligence New products 	<ul style="list-style-type: none"> Market developments Listings requirements Trainings and webinars
Market Participants	<ul style="list-style-type: none"> New products and services Trading Inspection 	<ul style="list-style-type: none"> Market developments Trainings
Issuers	<ul style="list-style-type: none"> Corporate actions Compliance Meetings 	<ul style="list-style-type: none"> Practice notes Training Transactions
Insurance and Pensions Commission (IPEC)	<ul style="list-style-type: none"> New products 	<ul style="list-style-type: none"> Proposal for REITs
Zimbabwe Association of Pension Funds (ZAPF)	<ul style="list-style-type: none"> New products 	<ul style="list-style-type: none"> Proposal for REITs
Chengetedzai Depository Company (CDC)	<ul style="list-style-type: none"> Trading and settlement New products 	<ul style="list-style-type: none"> System efficiencies ETFs Security lending and borrowing
African Exchanges	<ul style="list-style-type: none"> CoSSE ASEA BSE 	<ul style="list-style-type: none"> Regional integration and subcommittee meetings Statistics, meetings and quarterly magazine Collaboration and promoting cross listings Operationalisation of the MOU
Media	<ul style="list-style-type: none"> Market statistics Capital market developments 	<ul style="list-style-type: none"> Reporting of market performance Capital market development
Community	<ul style="list-style-type: none"> Responsible behaviour and governance 	<ul style="list-style-type: none"> Adherence to corporate governance and corporate social investment policy
Employees	<ul style="list-style-type: none"> Opportunities for career development and growth Training 	<ul style="list-style-type: none"> Review of organisational structure and staffing levels Training and development

SUSTAINABILITY STRATEGY

The ZSE strives to operate its business in a sustainable manner that recognises environmental and social impacts. The organization has a Corporate Social Investment Policy which encompasses strategies for improving the social, environmental and economic well-being of the communities and societies we operate in. In 2021 the ZSE rolled out scholarships targeted at female students in local universities and also continued with investment in solar energy by installing a 15KV solar system at its subsidiary's office in Victoria Falls.

The ZSE, through its listing requirements also encourages listed companies to adopt internationally accepted reporting frameworks such as the Global Reporting Initiatives (GRI's) Sustainability Reporting Standards when reporting on sustainability performance.



ZSE Scholarship Recipients in the front row

01

VFEX OFFICIAL OPENING

2021

IN PICTURES



Official Opening of the Victoria Falls Stock Exchange by President of the Republic of Zimbabwe, His Excellency Dr Emmerson Dambudzo Mnangagwa

Tour of the Victoria Falls Stock Exchange Offices led by the VFEX CEO Justin Bgoni



02

OLD MUTUAL ZSE TOP TEN ETF PRODUCT LAUNCH



03 STOCKBROKERS SUMMER SCHOOL



Market participants following proceedings at the ZSE Stockbroker Summer School

04 SPORTS DAY WITH THE SECURITIES AND EXCHANGE COMMISSION OF ZIMBABWE



Netball team comprising of ZSE employees playing against SECZ



05

ZITF IN PICTURES



06

PADENGA LISTING ON VFEX - 09 JULY 2021



Bill Ringing by the Minister of Finance and Economic Development, Honourable Professor Mthuli Ncube during the Padenga Listing

Delegates present at the Padenga Listing Ceremony



07

CALEDONIA LISTING CEREMONY ON VFEX - 2 DECEMBER 2022



Guest of Honour, The President of the Republic of Zimbabwe, His Excellency Dr Emmerson Dambudzo Mnangagwa giving his Keynote speech



VFEX Board Chairperson, Mrs Caroline Sandura giving a token of appreciation to The President of the Republic of Zimbabwe, His Excellency Dr Emmerson Dambudzo Mnangagwa

08

BINDURA NICKEL CORPORATION LISTING CEREMONY ON VFEX 17 DECEMBER 2022

Bill Ringing by the Minister of Finance and Economic Development, Honourable Professor Mthuli Ncube during the BNC Listing Ceremony



Delegates present at the BNC Listing Ceremony



VFEX

Victoria Falls Stock Exchange is a sustainable capital raising and trading platform that facilitates capital and risk management solutions to businesses and Government whilst allowing the public to enjoy diversified safe and easy investment.

Victoria Falls Stock Exchange facilitates the listing and trading of the following security types:

- Ordinary Shares
- Preference Shares
- Depository Receipts
- Real Estate Investment Trusts
- Debt Securities such as debentures, notes & bonds; and
- Exchange Traded Funds



**VICTORIA
FALLS
STOCK
EXCHANGE**

Shop 1, Stand 305
Victoria Falls

Email: info@vfex.exchange

Tel: +263 832840630/1

Facebook: Victoria Falls Stock Exchange

Twitter: @VFEX_ZW

LinkedIn: Victoria Falls Stock Exchange

Website: www.vfex.exchange



MRS CAROLINE SANDURA
Chairman

CHAIRMAN'S STATEMENT

INTRODUCTION

It is with great pleasure that I present to you the financial and operational performance of the Zimbabwe Stock Exchange Limited for the financial year ended 31 December 2021.

OPERATING ENVIRONMENT REVIEW

The year 2021 began on a promising note on the back of improved agriculture output from the 2020/2021 season. This was however negated by an unstable exchange rate that saw a widening gap between the official exchange rate and the parallel market rate, high inflation, which closed the year at 60.7%, and disruptions from new strains of the Covid-19 virus. Erratic supply of important economic enablers such as electricity and water also slowed down the pace of economic recovery. Despite these challenges the economy registered an estimated growth of 7.8% in 2021.

The runaway inflation and depreciating local currency put a strain on the ZSE operations as foreign obligations required more and more local currency to be met. The dutch auction system for foreign currency however assisted in meeting some of the ZSE foreign currency requirements. Covid-19 also meant that face to face interactions were minimal and ZSE continued to balance working from home and office occupation for its staff.

ORGANISATIONAL TRANSFORMATION

The year 2021 marked the second anniversary of the ZSE 5 year transformational strategy that was launched in 2020. During the year, the ZSE continued in pursuit of product and service diversification and managed to achieve the following:

- Licensing of the ZSE Central Securities Depository (ZSE EDS) in July and its launch in October. The ZSE EDS was launched with Cafca Limited being the first client to be onboarded and by the end of 2021 nine more issuers had been onboarded.

- Listing of the first Exchange Traded Fund being the Old Mutual ZSE Top 10 ETF. This marked a huge step towards diversification of the ZSE securities;
- Roll out of the ZSE Direct android and ios applications to broaden accessibility to the ZSE Direct platform;
- Roll out of Zimbabwe Receivables Marketplace operations with the onboarding of two Buyers and three financiers. Trades worth \$101.million were executed from launch at the end of June to the end of the financial year.

HUMAN CAPITAL DEVELOPMENT

There was a positive move towards gender balance with the total number of female employees accounting for 39% of the total staff complement in 2021 compared to 31% in 2020.

CORPORATE SOCIAL DEVELOPMENT

The ZSE played its part in terms of corporate social responsibility by initiating a scholarship program for underprivileged female students embarking on their first undergraduate degree. Five female students from various backgrounds were identified and will have their tuition, stationary, accommodation and sustenance expenses catered for in full by the ZSE until they complete their first degrees. The students also received a new laptop each as part of the package.

FINANCIAL RESULTS

Commentary on the financial performance is based on inflation adjusted figures.

CHAIRMAN'S STATEMENT (*continued*)

During the year, the business reported an increase in profit after tax of ZWL\$9,3 Million for the year ended 31 December 2021, up 117% from ZWL\$4,3 Million for the year ended 31 December 2020. Revenue increased by 80% from ZWL\$198,3 million in 2020 to ZWL\$358 Million in 2021. This was mainly driven by increased equity trading turnover which significantly rose by 277% from ZWL\$ 17.3 Billion for the year ended 31 December 2020 to ZWL\$65.27 Billion for the year ended 31 December 2021. Greater detail on our financial performance will be provided further in the report.

DIVIDEND

In consideration of the improved performance of the business and in line with shareholder expectations, at a meeting held on the 03 of June 2022, the Board recommended a dividend payment of ZWL\$ 48.88 per share in relation to the Financial Year 2021.

DIRECTORATE

Mrs Caroline Sandura	Chairman
Mr Barthlomoew Mswaka	Deputy Chairman
Mr Benson Gasura	Member
Mrs Maureen Rudo Svova	Member
Mr Masimba Mudzungairi	Member
Mrs Lindiwe Tirivanhu	Member
Mr Markus de Klerk	Member
Mr Justin Bgoni	Chief Executive Officer
*Mrs Prisca Guchu	Chief Finance Officer
*Mr Obert Ngwenya	Finance Director

*I would like to convey the Board's heartfelt appreciation to Mr Ngwenya for his dedication, professionalism, hard work and invaluable contribution to the Zimbabwe Stock Exchange. On behalf of the Board, I would like to welcome Prisca Guchu in her new role and wish her all the success.

OUTLOOK

With the continued COVID-19 pandemic after effects as well as the continued devaluation of the Zimbabwean dollar the economic depression brought by debt distress and arrears the Zimbabwe's economic situation is projected to remain challenged in the coming future. This in turn affects the stock market performance as clients will have less disposable income.

However as the government continues with the reforms as well as effective measures being taken to stabilize foreign exchange and avoid excessive money creation we are looking forward to a positive economic growth in the near future. The strategy is to continue nurturing the initiatives that were launched in 2021. Significant efforts continue to be channelled towards growing listings on VFEX, partnerships on ZSE Direct and strengthening ZRM operations as well as the Depository.

APPRECIATION

My sincere gratitude goes to our Issuers and Investors who remained resolute in 2021 despite the environmental pressure and the period during the trading suspension. I would also like to thank our shareholders, fellow Board members, management and all staff for their continued support.

Our regulator, the Securities and Exchange Commission and the Ministry of Finance have also been very supportive in our transformational journey. We hope the developmental relationship will continue, going forward.



Mrs C. Sandura
Chairman
29 June 2022



MR JUSTIN BGONI
Chief Executive Officer

CEO'S STATEMENT

INTRODUCTION

The year 2022 turned out positively in terms of listings for both the Zimbabwe Stock Exchange and the Victoria Falls Stock Exchange. For the first time in the history of the ZSE, an Exchange Traded Fund, purely home grown, was listed. This significantly transformed the market as it came with the addition of market makers to the market and also exposed investors to the concept of basic derivatives. The Victoria Falls Stock Exchange on the other hand had 3 new listings including a Depositary Receipt.

ENVIRONMENTAL ANALYSIS

The macroeconomy continued to be dominated by the depreciation of the local currency both in the formal and parallel market. Given shortages of foreign currency in the formal market, inflation soared as prices tracked the parallel market exchange rates. High inflation meant financial reports continued to be presented in inflation adjusted formats which led to significant delays in the publication of financial reports by listed companies. Almost all the financial reports, save for those reporting in foreign currencies, were qualified as a result of the lack of an agreeable foreign exchange rate to translate foreign currency revenue/costs to local currency and vice versa.

The depreciating local currency however meant that investors preferred inflation hedging assets such as foreign currency and listed securities. The heightened demand for listed securities and the use of dual currencies however heightened regulatory risk for the ZSE. Capital Gains Withholding Tax (CGWT) was increased from 1% to 2% for investors selling their securities within 6 months of purchase. Investors selling their shares after six months faced a higher CGWT of 1.5%. These rates have since been revised in the second quarter of 2022 to 4% for investors selling their securities within 270 days and to 1.5% for investors selling their securities after 270 days.

Wage pressure remained high as inflation eroded purchasing power. Operating costs were however pushed up with foreign denominated obligations continuing to be affected by the foreign currency shortages.

OPERATIONS AND TRADING REVIEW

Reflecting the high inflation environment, the ZSE All Share Index closed the year at 10,822.36 points, a 311% gain from the year 2020. Compared to the annual inflation of 60.7%, this mean the ZSE offered positive real return in 2022 which were also ahead of the exchange rate depreciation of 45%.

Turnover amounted to \$65.27 billion for the year 2021, a 277% increase from the 2020 turnover of \$17.32 billion. The sole ETF listed in January 2021 contributed \$179.58 million to the total turnover. Overall market liquidity slightly declined to 4.95% in 2021 from 5.45% in 2020. Meikles Limited led the top liquid counters with a year end liquidity of 40.92%. This was largely contributed by the demerger transaction with Tanganda Tea Company Limited which took place in December 2022. Other top performers in terms of liquidity were as in the table below:

CHIEF EXECUTIVE OFFICER'S STATEMENT *(continued)*

OPERATIONS AND TRADING REVIEW *(continued)*

RANK	COMPANY	LIQUIDITY RATIO	MARKET CAPITALISATION	TURNOVER
1	Meikles Limited	40.92%	31,606,125,666.43	12,933,505,760.00
2	StarAfrica Corporation Limited	22.42%	5,475,155,605.83	1,227,759,880.30
3	NMBZ Holdings Limited	20.70%	3,254,835,028.69	673,616,926.00
4	Rainbow Tourism Group Limited	17.76%	19,464,865,235.40	3,457,748,078.00
5	FBC Holdings Limited	16.97%	22,747,856,853.69	3,860,632,405.00
6	Medtech Holdings Limited	14.22%	420,000,000.00	59,737,697.40
7	First Mutual Holdings Limited	13.68%	13,802,861,200.00	1,888,762,600.00
8	CBZ Holdings Limited	12.15%	39,287,469,267.27	4,774,872,170.00
9	Masimba Holdings Limited	10.91%	13,290,953,885.00	1,449,889,230.00
10	ZB Financial Holdings Limited	10.50%	13,489,679,434.00	1,416,101,915.00

FOREIGN INVESTOR PARTICIPATION

ZSE recorded a net foreign seller's position of \$9.73 billion in the year 2021 compared to a net sell position of \$5.42 billion in 2020. Foreign investor participation declined to 11.74% in 2021 compared to 22.81% in 2020.

YEAR	2017	2018	2019	2020	2021
Local Investors	70%	69%	66%	77%	88%
Foreign Investors	30%	31%	34%	23%	12%

MARKET CAPITALISATION

The ZSE closed the year 2021 at a valuation of \$1.3 trillion, a 314% increase from \$0.32 trillion in 2020. The top ten counters by market capitalization were as follows:

TOP 10 By Market Capitalisation - RTGS Billion

COMPANY	MARKET CAP
Econet Wireless Zimbabwe Limited	220,199,030,720.00
Delta Corporation Limited	211,969,227,716.69
Cassava SmarTech Zimbabwe Limited	105,314,736,578.37
National Foods Holdings Limited	94,021,981,335.53
Innsco Africa Limited	92,545,883,924.78
British American Tobacco Zimbabwe Limited	66,047,887,917.00
Hippo Valley Estates Limited	54,045,757,920.00
Simbisa Brands Limited	50,596,630,920.00
CBZ Holdings Limited	39,287,469,267.27
OK Zimbabwe Limited	35,292,767,635.41

PROJECTS REVIEW

Major highlights for the various ZSE projects are detailed below:

1. Victoria Falls Stock Exchange (VFEX)

The VFEX had a good year as it had 3 new listings in 2021 as follows:

- Padenga Holdings Limited - listed on 9 July 2021;
- Caledonia Mining Corporation ZDR - listed on 2 December 2021
- Bindura Nickel Corporation Limited - listed on 17 December 2021;

2. Zimbabwe Receivables Marketplace (ZRM)

ZRM commenced operations in June 2021 and ended the year as follows:

- Signed two corporate buyers, Edgars Stores Limited and Ok Zimbabwe Limited;
- Signed three financiers (one corporate and two asset managers);
- Secured credit insurance of up to 90% of the amount exposed by financiers;
- Traded receivables worth \$101.3 million at an average monthly discount rate of 6.69% and average tenor of 37 days.

CHIEF EXECUTIVE OFFICER'S STATEMENT *(continued)*

PROJECTS REVIEW *(continued)*

3. ZSE Direct

Active users on ZSE Direct grew fivefold to 5,000 in 2021 from 1,000 in 2020. The value of trades also increased to \$248.5 million in 2021 from \$14.4 million in 2020. A mobile application version of ZSE Direct was also introduced for both ios and android users in 2021.

Financial Performance Review

Commentary on the financial performance is based on inflation adjusted figures.

Revenue

Revenue was up 80% to ZWL\$358.0 million from the prior year of \$198.4 million. Group revenue was spurred by increased market outturn and new products launched during the year. The ZSE Direct added functionality in July 2021, whilst the ZSE Depository platform was launched in October 2021. Furthermore, three new counters were added on the Victoria Falls Stock Exchange during the course of the year.

Profitability

The business achieved profit for the year of ZWL\$9.4 million, 117% up from prior year profit of ZWL\$4.3 million. Profit for the year was, however, weighed down by an increase in staff and other operating costs. Staff costs increased by 195% driven by an increase in headcount to support the strategic growth through new product lines. Other operating costs rose on the back of increased software licensing costs, marketing and business development initiatives to attract new listings on the Victoria Falls Stock Exchange ("VFEX"). The Group posted a total comprehensive income for the year of ZWL\$55.6 million, despite the obtaining environment. The strategy to focus on new revenue lines whilst enhancing existing lines, cost containment and cost reduction contributed to achieving profitability in a challenging business environment.

Statement of Financial Position

The Group's total assets grew by 36% to ZWL\$480.6 million as at 31 December 2021 from ZWL\$353.7 million as at 31 December 2020. The growth was driven by investment in the upgraded ZSE Direct mobile application, infrastructure & software for the ZSE Depository and a revaluation of assets. The new ZSE Direct application is designed to provide investors with convenient, real-time access to the Exchange's activities. It features market snapshots, stock prices, and market analytics. Further, the mobile app enables users to create personalized watch lists to keep track of chosen securities, eliminating the need to access multiple information sources.

Working Capital

Net cash flows generated from operating activities during the period were largely unchanged at ZWL\$45.7 million (hist: ZWL\$ 28.4 million) down by 3% from the prior year ZWL\$47.5 million (hist: ZWL\$ 9.1 million). Cash generated from operating activities benefited from the increased business profitability combined with the offsetting increases in both trade creditors and debtors.

The business invested an additional ZWL\$ 72.8 million in capital equipment and software for the ZSE Direct platform and the ZSE Depository. This was funded by a combination of cash flows from operations, disposal of financial instruments and new borrowings of ZWL\$20.0 million. Cash balances at the close of the period were at ZWL\$8.6 million down from \$44.1 million. The decline in cash and equivalents during the year was in line with the Group's strategy of prioritising investments over cash reserves in an inflationary environment.

Human Capital

A skilled human capital base remains a critical pillar in achieving our strategy. To that end, a number of interventions were implemented to enhance the skills base with a number of key staff retention policies at various stages of implementation.

Covid-19 Management

In response to the emergence of Covid-19 pandemic, the company implemented mitigation measures to reduce the risk of infection at the workplace. The measures sought to decongest the workplace and provide timely Covid-19 screening and testing. Further, the company extended medical support to infected staff members and their families.

Outlook

The year 2022 began on a positive note with three listings in the first quarter (2 ETFs and one equity). We expected an additional three listings on the ETF front and possible new listings from REITs as well. Prospects for VFEX are also good with the possibility of up to three more listings during the year. We expect to expand ZSE Direct through partnerships with banks and mobile money operators, which should result in increased usage of the platform. ZRM has been negatively affected by the steep rise in inflation which makes lending unviable and as such its performance is likely to be subdued in 2022. Regulatory risk remains high and ZSE will be pushing to implement a surveillance system to help monitor the activities by trading participants. The currency depreciation and high inflation will still favour investment in the equities market going forward but will dampen capital raising in local currency.

CHIEF EXECUTIVE OFFICER'S STATEMENT *(continued)*

VFEX UPDATE

The Victoria Falls Stock Exchange ("VFEX") operated for the first time as a licenced USD Exchange from 2020. Since its inception in October 2020 there has been growing interest from the market to understand how the market works.

Focus by investors and issuers is always on the exchange's value proposition and we are pleased to report that the 100% retention of export proceeds on additional output after being listed on VFEX remains the main attraction for issuers. Investors continued to enjoy the lower transaction costs on the trading side.

Foreign investor appetite across all emerging markets economies remains low and this has not spared the VFEX. However, the local demand for USD assets is very high and has resulted in lower activity level

Product Offering

The products offered include Equities, Fixed Income, Exchange Traded Funds and Real Estate Investments Trusts. The team continues to work on more products to increase our offerings.

Activity

The bourse was buoyed by the growth in the listings. Seedco International migrated to VFEX in October 2020 and was followed by the listing of Pagenga Holdings Limited, Caledonia Limited and Bindura Corporation Limited in 2021.

Despite the growth on the listings, trading activity was subdued and this was on the back of institutional investors tightly holding on the USD assets. Investors prefer holding stock in dividend paying companies therefore this also contributed significantly in the lower trading levels.

We continue focusing on our strategic priorities whilst undertaking initiatives to enhance liquidity and efficiency. To drive our growth, we focused our attention on increasing new listings, new products and retail participation.

Retail participation on the exchange remains very low and various initiatives have been made and we are happy that those measures are bearing fruit. VFEX agreed with two registered custodian banks to streamline the account opening process and reduced the custodian cost is now based transaction as opposed to the

VFEX Outlook

We remain focused on increasing liquidity and deepening the market. As we approach 2022, VFEX Direct will remain a target product to increase access for retail investors to the market.

We continue to see a rising appetite for listing on VFEX and this is evidenced by a strong pipeline which is represented from different sectors of the economy. As demand for fixed income instruments grows, we have seen a particular interest from the mining sector regarding these instruments

Commodities Exchange

Initiatives to establish a mineral commodities exchange gathered pace than initially anticipated. Following the signing of Memorandum of Understanding between the VFEX and Dubai Gold and Commodities Exchange ("DGCX") in September 2021 the Zimbabwe stakeholders held a subsequent meeting in October 2021 to define the road map.

Design of the Exchange has been finalized and we are looking forward and plans are at an advanced stage to finalize the model and legal framework for the Exchange.



Mr J. Bgoni
Chief Executive Officer
29 June 2022

STATEMENT OF CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

The Board of Directors is chaired by a non-executive director and comprises six other non-executive and two executive directors. The Board enjoys a strong mix of skills and experience which include finance, business, legal, economic and accountancy. The Board is the primary governance organ whose role is to determine overall policies, plans and strategies of the ZSE and to ensure that these are implemented ethically and professionally.

The Board meets regularly, at least four times a year, and guides corporate strategy, risk management practices, annual budgets and business plans. Special Board meetings may be convened on an ad-hoc basis when necessary, to consider issues requiring urgent attention or decision. The Company Secretary maintains an attendance register of Directors to all scheduled meetings during the year.



Mrs Caroline Sandura
Chairman and Non Executive Director

Caroline Sandura is a Barrister at Law of England and Wales and is a registered Legal Practitioner in Zimbabwe. She holds a Joint Honours Degree in Law and Politics from Keele University (UK).

She joined the then Posts and Telecommunication Corporation until its transformation to TelOne (Private) Limited. During this period she held several positions which include being Manager Legal and Regulatory Affairs, Manager Legal and International Affairs and Manager Legal and Public Relations.

She is currently the Company Secretary and Legal Advisor for TelOne and is also responsible for the Corporate Communications portfolio. Caroline Sandura has been and is currently a member of several Boards. Caroline was appointed to the ZSE Board in 2016.



Mr Bartholomew Mswaka
Non Executive Deputy Chairman

Bartholomew Mswaka graduated in Economics in 1980 from the University of Zimbabwe. In 1981 Bart joined the staff of the Reserve Bank of Zimbabwe where he worked until 1989 when he left to join the Bank of Botswana as an expatriate manager. He left Botswana in 1996 and joined Fleming Martin Edwards (Edwards) as one of its managers.

He left Edwards in 1999 to become the Managing Director of HSBC Securities (later to become ReNaissance Securities). Bart is a registered Stockbroker and is a former Chairman of the Zimbabwe Stock Exchange. He is currently the Chief Executive Officer of St Giles Medical Rehabilitation Centre.

He is a pension fund trustee and Chairman of Fintrust Pension Fund, Comarton Preservation Fund and the Comarton Managed Pension Funds Consortium. He also sits on the Boards of Untu Holdings Limited, CIMAS and Makera Cattle Company. Bart is the Patron for Pathway Primary School, a private school in Zegeza, Chitungwiza.

He was recently appointed Board Member and Chairman of Zimbabwe Asset Management Company (ZAMCO), a wholly owned subsidiary of the Reserve Bank of Zimbabwe.



Mrs Maureen Svova
Non-Executive Director

Mrs Svova has more than 25 years' experience in finance and accountancy gained both in the profession and in industry. She is a results and, detail oriented leader who is able to relate and interface easily at top executive levels having worked at senior executive level for the greater part of her working life.

She is an enthusiastic proponent of women and youth empowerment. She has previously been a director at Zimbabwe Power Company P/L, NMB Bank Limited, Destiny Electronics P/L (former Phillips Zimbabwe), Ambassador Insurance Brokers P/L and Trinidad Industries P/L.

She currently sits on the board for the following companies: Genius Advisory Services, Zimbabwe Stock Exchange Limited, START Africa and Export Credit Guarantee Corporation.

STATEMENT OF CORPORATE GOVERNANCE (continued)

THE BOARD OF DIRECTORS (continued)



Mr Masimba Mudzungairi
Non-Executive Director

Masimba is the Director Audit Assurance and Advisory Services in the Ministry of Finance and Economic Development. Masimba has over 30 years' experience as an Accountant in various sectors of industry in Zimbabwe.

He holds a MSc Professional Accountancy Degree from the University of London and a BSc (Honors) Applied Accounting from Oxford Brookes University. Masimba is a member of ACCA and the Institute of Internal Auditors of Zimbabwe.



Mr Benson Gasura
Non-Executive Director

Benson is the Managing Director of FBC Securities (Private) Limited a brokerage subsidiary of a financial services group FBC Holdings.

He sits on several Board and Executive management committees within the FBC group. Ben is a registered stockbroker, Chairman of the Stockbrokers Association of Zimbabwe, Chairman of TIB Insurance, Chairman of Corporate Governance and Risk Committee of the IODZ and a full member of the South African Institute of Financial Markets.

He holds a Master of Science in Strategic Management and a Masters in Business Administration. Additionally he holds qualifications in Management, Risk, Banking and Business Leadership. He has been involved in financial services for over 10 years.



Mr Markus de Klerk
Non-Executive Director

Markus is a registered legal practitioner in Zimbabwe and has over 20 years' experience in commercial legal matters, corporate administration and the financial services sector in SADC.

His areas of expertise include Legal Counsel, Advisory Services, Debt and Equity Capital Financing, Structured Trade and Commodity Finance, Corporate Restructuring, Collateral Structuring and Credit Process Management, Mergers, Acquisitions and Securities.

He is currently the Managing Director of Imara Fiduciary (Private) Limited, a collateral and debenture trustee business. Before joining Imara he was legal counsel for Ecobank Zimbabwe whose parent company, Ecobank Transnational Incorporated, is listed in both Ghana and Nigeria. Prior to this he was Group Legal Counsel and Company Secretary for BancABC Limited, listed on both the BSE and ZSE.

THE BOARD OF DIRECTORS (*continued*)



Mrs Lindiwe Tirivanhu
Non-Executive Director

Lindiwe Tirivanhu is currently the Director of Debt, Recording and Settlement in the Ministry of Finance and Economic Development. As director she provides leadership and day-to-day management of the debt management functions, ensuring that these functions meet full legal requirements in each of the offices of the organization and strives for bottom-line results. Before becoming Director in 2016,

Lindiwe Tirivanhu was the Chief Accountant, a position she held for 8 years. Lindiwe has over 35 years' experience in Government Sector finance and debt management. She holds a Masters in Business Administration and Bachelor of Commerce Accounting from Midlands State University.

Lindiwe also has a Certificate in International Public Sector Accounting and Higher National Diploma in Accounting.



Mr Justin Bgoni
Chief Executive Officer

Justin is a Chartered Accountant with over 19 years of international experience in the financial and public sector. Justin holds amongst other qualifications a Bachelor of Accounting Science from the University of South Africa and a Master in Applied Finance from Victoria University of Wellington in New Zealand.

Some notable previous appointments include being a Management Consultant McKinsey Incorporated and Chief Financial Officer at New Zealand Stock Exchange.



Mrs Prisca Guchu
Chief Finance Officer

Prisca is the Chief Finance Officer. Prisca is a Master's in Business Administration (MBA) graduate from the University of Bradford School of Management. Her professional career began with Deloitte (Zimbabwe) where she trained and qualified as a Chartered Accountant (CA) (Z) and became a member of the Institute of Chartered Accountants of Zimbabwe (ICAZ).

Prisca holds, amongst other qualifications, an Honours Bachelor of Accounting Science degree from the University of South Africa (UNISA) and a Bachelor of Commerce Honours degree in Accounting from the National University of Science and Technology (NUST). Prior to joining the Zimbabwe Stock Exchange (ZSE), Prisca held a senior position in a capital market organisation and accumulated over eight years' experience.

During her tenure, she played a key role in the automation of the Zimbabwean capital markets. Previous appointments include a senior role at an insurance group where she spearheaded the establishment of an Internal Audit department.

STATEMENT OF CORPORATE GOVERNANCE (continued)

COMMITTEES OF THE BOARD

The Board of Directors of the Company has five (5) Board Committees which provide support to the work of the main Board namely;

1. Audit and Risk Committee
2. Listings Committee
3. Human Resources and Nominations Committee
4. Business Development and ICT Committee
5. Membership Committee

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is chaired by a Non-Executive Director and three other Non-Executive Directors. The Chief Executive Officer and Finance Director also sit on the committee as ex-officio members. The Committee meets quarterly and as and when there are urgent matters for its attention.

The Committee's brief includes reviewing the annual financial statements, financial control, the effectiveness of systems of governance, risk management and the adequacy and effectiveness of internal control systems.

The Committee formulates the organisation's investment strategy and policy and reviews the investment opportunities available to the company as well financing and capital structure of the company.

The Committee reviews the principles, policies and practices adopted in the preparation of the financial statements of the ZSE and assesses whether the financial statements of the ZSE and any formal announcement relating to the organization comply with statutory requirements. In addition, the Committee oversees the external audit process and is responsible for recommending the appointment of the external auditors as well as the remuneration of the external audit engagement. The external auditors are invited to attend the Committee's meetings.

The members of the Committee as at 31 December 2021 were:-

- Mrs M. R. Svova (Chairman)
- Mr B. Gasura
- Mr M. de Klerk
- Mrs L. Tirivanhu

LISTINGS COMMITTEE

The Listings Committee is chaired by an Independent Non-Executive Director and comprises Non-Executive Directors and external technical experts with experience in financial advisory services.

The Chief Executive Officer, Executive in charge of Issuer Regulation and representatives of the Securities and Exchange Commission of Zimbabwe attend the meetings by invitation.

The Listings Committee meets monthly and on an ad-hoc basis as necessary to make determinations pursuant to the ZSE Listing Requirements.

The members of the Committee as at 31 December 2021 were:-

- Mr B. Mswaka (Chairman)
- Mrs M.R. Svova
- Mr M. de Klerk
- Mr S. Shumba
- Mr R. Ndamba
- Mr M. Van Blerk

HUMAN RESOURCES AND NOMINATION COMMITTEE

The Human Resources and Nomination Committee determine the remuneration for the Executive Directors and other executive management. It also considers the composites of the Board and its committees and makes appropriate recommendations to the Board regarding the retirement, appointment and replacement of Directors.

The Committee's brief includes reviewing human capital policies, performance measurement, reviewing and approval of staff remuneration and conditions of service.

The members of the Committee as at 31 December 2021 were:-

- Mrs C. Sandura (Chairman)
- Mr B. Mswaka
- Mr B. Gasura

BUSINESS DEVELOPMENT AND ICT COMMITTEE

The Committee's role is to assess and oversee the organisation's capacity to operate an efficient ICT infrastructure that supports business objectives and operate an efficient Business Development Unit that is assessing new business opportunities to develop income streams outside the traditional markets.

The Committee also provides oversight of ZSE's business development activities, annually review ZSE's business development performance to ensure that business development activities are aligned to the ZSE's mission and vision, strategic priorities and meet key performance metrics established for the business.

The members of the Committee as at 31 December 2021 were:-

- Mr M. Mudzungayiri (Chairman)
- Mr B. Gasura
- Mr M. de Klerk

MEMBERSHIP COMMITTEE

The Committee's broad role is to regulate Membership issues; determine the fees, levies, penalties and subscriptions for ZSE Members and Non-Member Institutions.

The Committee prescribes the general conduct of the ZSE Members and also establishes members' complaints and grievance handling procedures.

The members of the Committee as at 31 December 2021 were:-

- Mr B. Gasura (Chairman)
- Mrs C. Sandura
- Mr M. Mudzungairi

STATEMENT OF CORPORATE GOVERNANCE (continued)

COMMITTEES OF THE BOARD (continued)

BOARD ATTENDANCE DURING 2021

NAME OF DIRECTOR	BOARD POSITION	NUMBER OF BOARD MEETINGS HELD	NUMBER OF BOARD MEETINGS ATTENDED
Mrs C. Sandura	Chairman	7	7
Mr B. Mswaka	Deputy Chairman	7	7
Mr B. Gasura	Member	7	7
Mr M. de Klerk	Member	7	6
Mrs M. R. Svova	Member	7	7
Mrs L. Tirivanhu	Member	7	7
Mr M. Mudzungayiri	Member	7	7

AUDIT AND RISK COMMITTEE

NAME OF DIRECTOR	COMMITTEE POSITION	NUMBER OF BOARD MEETINGS HELD	NUMBER OF BOARD MEETINGS ATTENDED
Mrs M. R. Svova	Chairman	5	5
Mr B. Gasura	Member	5	5
Mr M. de Klerk	Member	5	4
Mrs L. Tirivanhu	Member	5	5

HUMAN RESOURCES AND NOMINATIONS COMMITTEE

NAME OF DIRECTOR	COMMITTEE POSITION	NUMBER OF BOARD MEETINGS HELD	NUMBER OF BOARD MEETINGS ATTENDED
Mrs C. Sandura	Chairman	7	7
Mr B. Mswaka	Member	7	7
Mr B. Gasura	Member	7	6

MEMBERSHIP COMMITTEE

NAME OF DIRECTOR	COMMITTEE POSITION	NUMBER OF BOARD MEETINGS HELD	NUMBER OF BOARD MEETINGS ATTENDED
Mr B. Gasura	Chairman	1	1
Mrs C. Sandura	Member	1	1
Mr M. Mudzungayiri	Member	1	1

LISTINGS COMMITTEE

NAME OF DIRECTOR	COMMITTEE POSITION	NUMBER OF BOARD MEETINGS HELD	NUMBER OF BOARD MEETINGS ATTENDED
Mr B. Mswaka	Chairman	7	7
Mrs M. R. Svova	Member	7	7
Mr M. de Klerk	Member	7	6
Mr S. Shumba	Expert Member	7	6
Mr R. Ndama	Expert Member	7	6
Mr M. Van Blerk	Expert Member	7	1

STATEMENT OF CORPORATE GOVERNANCE *(continued)*

COMMITTEES OF THE BOARD *(continued)*

BUSINESS DEVELOPMENT AND ICT COMMITTEE

NAME OF DIRECTOR	COMMITTEE POSITION	NUMBER OF BOARD MEETINGS HELD	NUMBER OF BOARD MEETINGS ATTENDED
Mr M. Mudzungayiri	Chairman	4	4
Mr B. Gasura	Member	4	4
Mr M. de Klerk	Member	4	4

EXECUTIVE COMMITTEE (EXCO)

This committee is made up of ZSE senior management and its role is to implement the ZSE strategy and also oversee day to day operations of the Exchange. It recommends strategic initiatives and changes of the strategy to the Board in line with developments in the business environment.

The Committee meets on a weekly basis and its members as at 31 December 2021 were:-

- Mr Justin Bgoni (Chairman)
- Mr Prisca Guchu
- Mr Lyndon Nkomo
- Mr Robert Mubaiwa
- Mr Anymore Taruvinga
- Mr Irvine Sithole
- Mr Tinashe Mapara



EXECUTIVE COMMITTEE (EXCO)



Mr Justin Bgoni
Chief Executive Officer

Justin is a Chartered Accountant with over 19 years of international experience in the financial and public sector. Justin holds amongst other qualifications a Bachelor of Accounting Science from the University of South Africa and a Master in Applied Finance from Victoria University of Wellington in New Zealand.

Some notable previous appointments include being a Management Consultant McKinsey Incorporated and Chief Financial Officer at New Zealand Stock Exchange.



Mrs Prisca Guchu
Chief Finance Officer

Prisca is the Chief Finance Officer. Prisca is a Master's in Business Administration (MBA) graduate from the University of Bradford School of Management. Her professional career began with Deloitte (Zimbabwe) where she trained and qualified as a Chartered Accountant (CA) (Z) and became a member of the Institute of Chartered Accountants of Zimbabwe (ICAZ).

Prisca holds, amongst other qualifications, an Honours Bachelor of Accounting Science degree from the University of South Africa (UNISA) and a Bachelor of Commerce Honours degree in Accounting from the National University of Science and Technology (NUST). Prior to joining the Zimbabwe Stock Exchange (ZSE), Prisca held a senior position in a capital market organisation and accumulated over eight years' experience.

During her tenure, she played a key role in the automation of the Zimbabwean capital markets. Previous appointments include a senior role at an insurance group where she spearheaded the establishment of an Internal Audit department.



Mr Lyndon Nkomo
Company Secretary and Head of Legal, Compliance and Issuer Regulation

Lyndon holds a Bachelor of Laws (Honours) (LLB) (Hons)) degree from the University of Zimbabwe, a Master of Laws (LLM) (Communications Laws) degree from the University of the Witwatersrand, Johannesburg, South Africa and a Master of Business Administration (MBA) degree from the University of Zimbabwe.

He is a registered Legal Practitioner, Notary Public and Conveyancer. Lyndon has over two decades of legal experience in both private practice and the corporate sector. He also chairs and sits on a number of Boards including those of Not for Profit Organisations like Deaf Zimbabwe Trust and the Marketers Association of Zimbabwe.

STATEMENT OF CORPORATE GOVERNANCE (continued)

EXECUTIVE COMMITTEE (EXCO) (continued)



Mr Anymore Taruvinga
ZSE Markets

Anymore is a CFA Charter holder with over ten years' experience in the Zimbabwean financial services sector. He joined the ZSE in 2014 and has been instrumental in spearheading product diversification (debt, market data services and specialist securities).

Before joining the ZSE, Anymore worked in various capacities in the banking and capital markets including Treasury Dealing (Afrasia Bank Zimbabwe), Group Equities Analyst (Kingdom Financial Holdings) and Investment Analyst and Trainee Equities Dealer (MMC Capital).



Mr Robert Mubaiwa
VFEX Markets

Robert holds a BSc in Applied Accounting from Oxford Brookes University, UK and is a Fellow of the Association of Chartered Certified Accountants and Public Accountants and member of Auditors Board of Zimbabwe and has over 15 years in Capital Markets and insurance. Robert joined ZSE as Trading Manager in May 2008.

Robert was instrumental in the automation of the ZSE in 2015 and implementation of the debt market framework. Prior to joining ZSE he was Account Executive at Marsh Insurance Brokers Zimbabwe and Capitol Insurance Brokers. He was responsible for underwriting short term insurance business and claims management and accounting.



Mr Irvine Sithole
Head of Information
Communication & Technology

Irvine holds a MSc Information Systems Management and a BSc Information Systems (Hons) from Midlands State University. Irvine holds numerous certifications and accreditation from internationally recognised ICT institutions namely Cisco, CompTIA, EXIN, Axelos, ICSI and Microsoft which includes security certifications.

Irvine was instrumental on the Automated Trading project as well as the Debt Market project. Prior to joining ZSE, Irvine worked as a Senior Systems Administrator with National Blood Service Zimbabwe as well as a consultant with Digitron Business Systems.



Mr. Tinashe Mapara
Head of Depository

Tinashe is a CFA Charter holder and has a B.Com Finance (NUST) degree with over 10 years of experience in the Zimbabwean financial services sector.

Tinashe joined the ZSE in 2020 in the business development department and prior to that he worked in various capacities within the capital markets including equities trading, asset management and business development.

Tinashe was appointed the Head of Depository Services in January 2022.

RISK MANAGEMENT REPORT

The Zimbabwe Stock Exchange Limited has developed risk management and internal control systems whose outputs are risk mitigation activities and risk communication strategies. In response to the emerging risks from the internal and external environment, during the fourth quarter of the year 2021 ZSE appointed a Risk Consultant Coronation Solutions (Private) Limited and established an Internal Audit Function who are now responsible for risk management and oversight under policies approved by the Board of Directors.

As ZSE's risk culture, objectives, appetite, governance and operations are well established, these descriptions naturally do not significantly change from year to year. Risk has been categorised into three types which are Strategic Risk, Financial Risk and Operational Risk and has not been there in the previous years. ZSE's exposure to strategic risk has significantly increased during the year 2021 as the Group has been engaging in growth and product development strategies. Since 2020, the Group launched new products such as Victoria Falls Stock Exchange, ZSE Depository and ZSE Direct. For each principal risk, the Group has Executive leads with the Risk Consultants providing a second line of oversight and Internal Audit providing the third line of defence. Operational risk category also includes Cyber Security Risk which is new to ZSE.

The management of risk is fundamental to the successful execution of our strategy. During the year 2021, the Group successfully adapted its systems, processes and controls, to maintain its operations, supporting a high degree of remote working, during the Covid-19 pandemic.

Risks influencing the environment in which the Exchange operates are described below:

STRATEGIC RISK

Transformation

ZSE is exposed to risk of loss or failure resulting from transformation or integration as it continues to grow rapidly. The company has been launching new products which may, in some cases, be complex or necessitate change to operating models, business models, technology and people. In pursuing the growth strategy, the company has launched new products such as ZSE Direct, ZSE Depository, Victoria Falls Stock Exchange and including products such as ETFs. ZSE's exposure to transformation risk is mitigated through the application of the Group's Enterprise Risk Management Framework to deploy consistent, appropriate Risk Management across the Group. ZSE has also established a 3 line of defence during the year 2021 that is by appointing a Risk Consultant and establishing the Internal Audit Department to ensure there is adequate oversight and monitoring of controls. Oversight during transformation is provided by the Senior Management Team representing Executive Committee.

Compliance

There is a risk that one or more of the ZSE and subsidiaries may fail to comply with the laws and regulatory requirements to which it is, or becomes, subject. In this event, the entity in question may be subject to censures, fines and other regulatory or legal proceedings. The Group continues to maintain systems and controls to mitigate compliance risk. Compliance resources with specialised knowledge of each of the regulated services provided by the Company are aligned with the regulated entities operating within each business division and provide regulatory advice to the business.

Reputation Risk

Corporate governance issues can translate into loss of value

and increased risk levels owing to perceived lower market integrity. Lack of business confidence in ZSE because of governance issues (such as fraud) relating to listed companies, resulting in listings failures/irregularities and unstable environment that ZSE is currently operating in. ZSE has embarked in reputation management, stakeholder mapping and crisis communication and putting in place policies to ensure there are adequate controls such as the introduction of circuit breakers to control volatility of share price in the market.

OPERATIONAL RISK

Operational Vulnerability

It is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems. Operational risks are those risks of non-speculative nature with no potential of showing a profit. The objective of operational risk management is therefore to mitigate the downside impact of these risks as far as possible, thereby ensuring the optimal application and protection of physical assets, while ensuring the continuity of the Exchange's business. The Board accepts overall responsibility of day to day management of operational risk delegated to management of the ZSE. Risk management controls are in place to lower the probability of operational risk occurring and the impact thereof.

Legal Risk

This is the risk that a transaction or contract cannot be consummated due to a legal barrier such as regulatory prohibition on a specific counterparty and the non-enforceability of contracts and inadequate documentation. The Chief Executive Officer is responsible for addressing this risk and in conjunction with external legal counsel attends to managing this risk. Price Risk Price risk refers to a probable decline in the value of a security or a portfolio. The ZSE is currently exposed to equity price risk and this is managed through determination of an exit strategy.

Information and Cyber-Security Threat

It refers to cyber attacks resulting in ZSE digital assets being compromised and reputational damage. COVID-19 exposure increased vulnerability because of the increased opportunities and alertness of criminals as well as the geographic dispersion of remotely working employees, clients and suppliers owing to COVID-19. The Group continued improvements in technology architecture and also addressed security enhancements through training of employees on cyber security threats. ZSE ICT has a cyber security governance framework in place. One of our top priorities is to continue to invest in ensuring cyber resilience and compliance with regulations. In addition to complying with current cyber and data protection requirements, we comply with significant data and cyber operational controls and standards. We continue to monitor and engage with regulators on the development of regulatory frameworks and the appropriate harmonisation of standards across jurisdictions.

FINANCIAL RISK

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the ZSE. The Exchange's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by counterparty limits that are reviewed and approved regularly by the Audit and Risk Committee. Financial assets, which potentially subject the ZSE to concentrations of credit risk, consist principally of cash, and short-term trade. There is no significant

RISK MANAGEMENT REPORT (continued)

concentration of credit risk with respect to cash and cash equivalents as the ZSE holds cash accounts with large financial institutions with sound financial and capital cover.

Liquidity Risk

Liquidity risk is defined as the risk that the Exchange will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Exchange might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. The Exchange has developed internal processes and contingency plans for managing liquidity risk. The Exchange also maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Exchange's liquidity risk profile is disclosed in this annual report.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash inflows of financial instruments will fluctuate because of changes in market interest rates. The Exchange invests in money market instruments which are subject to changes in interest rates. Interest on floating instruments is re-priced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity. The Exchange's policy is to adopt a non-speculative approach to managing interest rate risk and to only invest in instruments that are approved by the Audit and Risk Committee of the Board of Directors. The Exchange's interest rate sensitivity is disclosed in this annual report.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

changes in foreign exchange rates as well as the availability of foreign currency in the market. ZSE's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (given the Group's foreign obligations arising from the import bill). ZSE limits exposure to exchange rate fluctuations by either pre-paying for purchases or procuring goods from the local market. ZSE's exposure to the risk of unavailability of foreign currency relates primarily to challenges in accessing the foreign currency to settle foreign currency denominated liabilities and when available, the price at which the foreign currency will be purchased at in RTGS currency which can result in significant exchange losses.

Capital Risk

The Exchange monitors its capital on the basis of the capital adequacy as stipulated in Statutory Instrument 100 of Securities (Registration, Licensing and Corporate Governance) Rules, 2010 with the objective of ensuring that the ZSE continues as a going concern in order to provide returns to proprietary holders and benefits to other stakeholders.

Fair Value Risk

The Board of Directors are of the opinion that the carrying value of financial instruments carried at cost or amortised cost approximates fair value due to the short term nature of these investments. The fair value hierarchy of all financial instruments is disclosed in this annual report.

Price Risk

Price risk refers to a probable decline in the value of a security or a portfolio. The ZSE is currently exposed to equity price risk and this is managed through determination of an exit strategy.

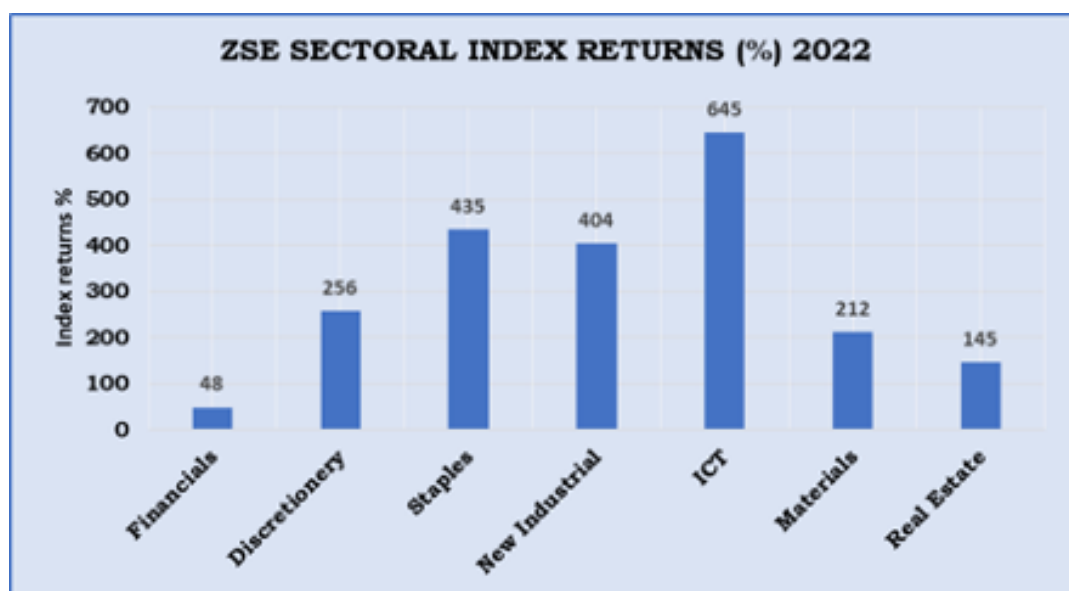
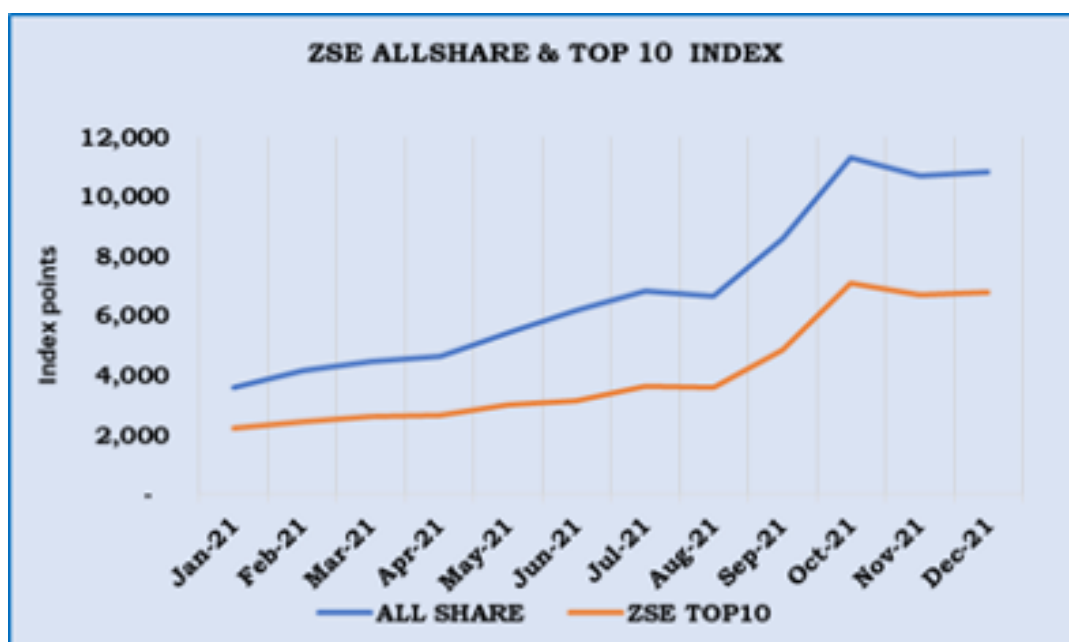
OPERATIONS REPORT

INDEX PERFORMANCE

The ZSE All Share Index went up 310.51% in 2021 propelled by gains in heavyweight counters as reflected in the 307.51% growth in the ZSE Top 10 Index during the same period.

Index	31 Dec 21	Dec 20	Change
All share	10,822.36	2,636.34	310.51%
Top 10	6,811.43	1,671.47	307.51%

The graph below shows the ZSE main indices trends during the year 2021:



On the ZSE Sectoral indices, the ZSE ICT Index realised the highest gains of 645% followed by the ZSE Consumer Staples Index which was up by 435%.

OPERATIONS REPORT *(continued)*

TURNOVER AND VOLUME FIGURES

High inflation meant there was flight to safety in 2021 and this is reflected in the surge in asset prices on the ZSE. Turnover grew by 277% in 2021 to \$65.27 billion from \$17.32 billion in 2020.



Market Capitalisation

The ZSE market capitalisation increased to \$1.3 trillion in December 2021 compared to \$317 billion in December 2020.



OPERATIONS REPORT *(continued)*

LISTINGS

The Old Mutual Top 10 ETF listed on 4 January 2021 whilst Dawn Properties Limited, Padenga Holdings Limited and Bindura Nickel Corporation Limited delisted from the ZSE in February 2021, July 2021 and December 2021 respectively.

SUSPENSIONS

RECAPITALISATION/CORPORATE ACTIONS

Name of Company	Art Corp
Transaction	Acquisition of remaining 50% of Softex from Nampak

Name of Company	Econet Wireless
Transaction	Early redemption of debentures
Record Date	16 July 2021
Opening Date:	19 July 2021
Closing Date	2 August 2021

Name of Company	MedTech Holdings
Transaction	Conversion into a private equity investment company and name change to Bridgefort Capital
Record Date	13 November 2021
Ratio; new:existing	[0.999341396428901] Class A Shares, [0.000441481514692627] Class B Shares,
Number of Shares Issued	[0.000108561028203105] Class C Shares, and [0.000108561028203105] Class D Shares for every ordinary share owned. 3,037,762,872 Class A Shares, 1,342,000 Class B Shares, 330,000 Class C Shares, and 330,000 Class D Shares

Name of Company	Meikles Limited
Transaction	Dividend in specie and demerger of Tanganda Tea Company (though finalised in 2022)
Record Date	19 November 2021
Ratio; new:existing	1:1
Number of Shares Issued	261,064,590

NEW LISTINGS, SUSPENSION AND DELISTINGS IN 2021

Counter	Date Listed	Date Delisted
Old Mutual Top Ten Exchange Traded Fund	04 Jan 2021	
Padenga Holdings	09 Jul 2021 (VFEX)	09 Jul 2021 (ZSE)
Caledonia Mining Corporation Plc ZDR	02 December 2021(VFEX)	
Bindura Nickel Corporation	17 Dec 2021 (VFEX)	17 Dec 2021 (ZSE)

ZSE Depository

Introducing the ZSE Depository

The ZSE Depository is responsible for the operation of the Central Securities Depository, (CSD).

Functions of the ZSE Depository are to:

- Facilitate the admittance of securities into the CSD
- Facilitate deposits and withdrawal of certificates
- Guard against falsification of any records or accounts required to be kept or maintained
- Facilitate the efficient process of cash payment in exchange for securities
- Facilitate the efficient transfer of securities



44 Ridgeway North
Highlands, Harare

Email: depository@zse.co.zw

Tel: +263 (24) 2886830-5

Facebook: Zimbabwe Stock Exchange

Twitter: @ZSE_ZW

LinkedIn: Zimbabwe Stock Exchange

Instagram: Zim Stock Exchange

Website: www.zse.co.zw

STATEMENT OF DIRECTOR'S RESPONSIBILITY

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements for the year ended 31 December 2021

It is the Directors' responsibility to ensure that the financial statements fairly present the state of affairs of the Group. The external auditors are responsible for independently reviewing and reporting on the consolidated financial statements.

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Group to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

The Conceptual Framework requires that in applying fair presentation of financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

The requirement to comply with Statutory Instrument (S.I) 33 of 2019 as enacted by the Finance Act No. 2 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework for Financial Reporting. This has resulted in the adoption of the accounting treatment in the current year's financial statements, which deviates from that which would have been applied if the Company had been able to fully comply with IFRS.

The Directors carried out an assessment on the effect of Covid-19 on the Group's operations and income streams and came to a conclusion that the impact is not material to affect the ability of the Group's ability to continue as a going concern for the next twelve months.

The Group's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Directors have been addressed and the Directors confirm that the system of accounting and internal control is operating in a satisfactory manner.

The group's financial statements which are set out on pages 41-62 were, in accordance with their responsibilities, approved by the Board of Directors on 3 June 2022 and are signed on its behalf by:

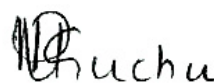


Mrs. C. Sandura
Chairman



Mr. J. Bgoni
Chief Executive Officer

These financial statements were prepared under the supervision of:



Mrs. P. Guchu
Registered Public Accountant
Chief Finance Officer

INDEPENDENT AUDITOR'S REPORT

Grant Thornton
Camelsa Business Park
135 Enterprise Road, Highlands
P O Box CY2619
Causeway, Harare
Zimbabwe

T +263 4 442511-13
F +263 4 442517/496985
E info@zw.gt.com
www.grantthornton.co.zw

To the members of Zimbabwe Stock Exchange Limited and its subsidiaries

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Zimbabwe Stock Exchange Limited and its subsidiaries set out on pages 41-62, which comprise the consolidated statement of financial position as at 31 December 2021, 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 consolidated financial statements do not present fairly, in all material respects, the financial position of Zimbabwe Stock Exchange Limited and its subsidiaries 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 (IAS) 21 - The Effect 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 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

Although IAS 29 has been applied correctly, its application was based on prior period and current 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 (including monetary gain/loss) 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 for the year ended 31 December 2021.

Valuation of property and equipment

The determination of fair values for assets presented in the financial statements is affected by the prevailing economic environment. These financial statements include property and equipment that is carried at revaluation model in accordance with IFRS 13 - Fair value measurement. The valuation of the property and equipment was performed by professional

INDEPENDENT AUDITORS' REPORT (continued)

Basis for Adverse Opinion (continued)

Valuation of property and equipment (continued)

valuers as at 31 December 2021. The property and equipment valuations were determined in USD and then translated to ZWL using the foreign currency auction rate from the foreign currency market.

Although the determined USD values reflected the fair value of the property and equipment in USD, the converted ZWL fair values were not in compliance with IFRS 13 as they may not reflect the assumptions that market participants would apply in valuing similar items of property and equipment in ZWL.

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.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition IFRS 15 was applied on revenue recognition. <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 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.We satisfied ourselves that the revenue recognition is appropriate.

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 'Group statements', which we obtained prior to the date of this auditor's report, and the other reports which are expected to be made available to us after that date. The other information does not include the consolidated 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 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 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.

INDEPENDENT AUDITORS' REPORT (*continued*)

Responsibilities of Directors for the Financial Statements

Directors are responsible for the preparation and fair presentation of the 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 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 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.

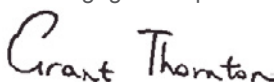
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 of Adverse Opinion* section of our audit report, the consolidated 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 Farai Chibisa.



Farai Chibisa

Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

HARARE

7 June 2022

ZSE Training Portal

The ZSE Training Portal is a user-friendly, online educational portal developed for investors to promote financial inclusion and literacy.

The training portal offers various investment resources which include:

- Free Investment Courses
- Investment 101
- Exchange Traded Funds (ETFs)
- Real Estate Investment Trusts (REITs)
- Glossary for Capital Market Terms
- Upcoming Events and Trainings
- ZSE Blog with investment articles
- Investment Tutorials



44 Ridgeway North
Highlands, Harare

Email: info@zse.co.zw

Tel: +263 (24) 2886830-5

Facebook: Zimbabwe Stock Exchange

Twitter: @ZSE_ZW

LinkedIn: Zimbabwe Stock Exchange

Instagram: Zim Stock Exchange

Website: www.zsetraining.co.zw

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

		INFLATION ADJUSTED		HISTORICAL COST	
Notes		2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Assets					
Non-current assets					
Property and equipment	4	220 387 841	160 264 203	192 755 797	90 261 537
Intangible assets	5	178 467 809	136 374 694	118 235 118	77 490 014
Unquoted investments	6	18 239 031	17 798 206	18 239 031	11 072 862
Investment in joint venture	8	4 205 764	4 207 807	745 077	817 360
		421 300 445	318 644 910	329 975 023	179 641 773
Current assets					
Financial assets at fair value through profit or loss	9	17 438 356	9 232 081	17 438 356	5 743 588
Financial assets at amortised cost	10	10 542 988	-	10 542 988	-
Trade and other receivables	11	22 705 595	5 806 787	22 705 595	3 612 597
Cash and cash equivalents	12	8 673 505	20 051 809	8 673 505	12 474 904
		59 360 444	35 090 677	59 360 444	21 831 089
Total assets		480 660 889	353 735 587	389 335 467	201 472 862
Equity and liabilities					
Capital and reserves					
Share capital	13	44 777	44 777	1 000	1 000
Share premium	13	3 167 439	3 167 439	70 739	70 739
Non-distributable reserve	14.1	3 493 349	3 493 349	77 981	77 981
Revaluation reserve	14.2	187 265 649	141 527 018	208 597 062	132 931 477
Mark to market reserve	14.3	14 224 992	13 784 167	17 833 742	10 667 573
Retained earnings		119 407 709	110 031 205	18 895 451	7 484 094
Total equity		327 603 915	272 047 955	245 475 975	151 232 864
Non-current liabilities					
Deferred tax liability	7	32 795 779	9 847 825	23 598 297	5 546 041
Current liabilities					
Trade and other payables	16	64 414 830	24 381 259	64 414 830	15 168 400
Bank overdraft	12	-	3 462	-	2 154
Short term borrowings	15	48 500 000	45 810 097	48 500 000	28 500 000
Income tax payable	21	7 346 365	1 644 989	7 346 365	1 023 403
		120 261 195	71 839 807	120 261 195	44 693 957
Total liabilities		153 056 974	81 687 632	143 859 492	50 239 998
Total equity and liabilities		480 660 889	353 735 587	389 335 467	201 472 862



Mrs. C. Sandura
Chairman



Mr. J. Bgoni
Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2021

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
INCOME					
Revenue	17	358 005 833	198 391 534	271 720 054	57 415 404
Fair value gain/(loss) on financial instruments	9	50 557 307	(29 035 200)	38 594 768	8 455 660
Interest from advances	10	3 027 774	-	2 962 397	-
Other income	18	1 424 405	3 355 438	1 179 450	1 549 485
Total income		413 015 319	172 711 772	314 456 669	67 420 549
Operating expenses					
Staff costs	19.1	190 021 077	64 375 663	152 980 630	25 915 940
Other operating costs	19.2	148 955 905	77 330 263	120 544 388	32 033 042
Depreciation and amortisation	19.2	16 259 889	18 489 550	12 767 171	2 588 261
Fair value loss on unquoted investment	6	-	11 127 797	-	-
Total expenses		355 236 871	171 323 273	286 292 189	60 537 243
Operating profit		57 778 448	1 388 499	28 164 480	6 883 306
Finance income	20.1	183 803	143 450	145 849	49 088
Finance costs	20.2	(11 152 760)	(1 688 461)	(5 412 489)	(196 528)
Share of loss from associate	8	(1 292 254)	(837 466)	(980 347)	(387 923)
Monetary (loss)/gain		(18 118 882)	10 222 917	-	-
Profit before tax		27 398 355	9 228 939	21 917 493	6 347 943
Income tax expense	21	(18 021 851)	(4 910 800)	(10 506 136)	(1 951 520)
Profit for the year		9 376 504	4 318 139	11 411 357	4 396 423
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Gain on property revaluation, net of tax	6	45 738 631	141 527 018	75 665 585	123 840 463
Fair value adjustments on unquoted investment		440 825	-	7 166 169	7 061 142
Total comprehensive income for the year		55 555 959	145 845 157	94 243 111	135 298 028
Earnings per share					
Number of shares in issue		102 704	102 704	102 704	102 704
Basic and diluted (ZWL cents per share)		9 130	4 204	11 111	4 281

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2021

INFLATION ADJUSTED

	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Non- distributable reserve ZWL	Mark to money reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 January 2020	44 777	3 167 439	-	3 493 349	13 784 167	105 713 066	126 202 798
Total comprehensive income for the year	-	-	141 527 018	-	-	4 318 139	145 845 157
Balance at 31 December 2020	44 777	3 167 439	141 527 018	3 493 349	13 784 167	110 031 205	272 047 955
Total comprehensive income for the year	-	-	45 738 631	-	440 825	9 376 504	55 555 960
Balance at 31 December 2021	44 777	3 167 439	187 265 649	3 493 349	14 224 992	119 407 709	327 603 915

HISTORICAL COST

	Share capital ZWL	Share premium ZWL	Revaluation reserve ZWL	Non- distributable reserve ZWL	Mark to money reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 January 2020	1 000	70 739	9 091 014	77 981	3 606 431	3 087 671	15 934 836
Total comprehensive income for the year	-	-	123 840 463	-	7 061 142	4 396 423	135 298 028
Balance at 31 December 2020	1 000	70 739	132 931 477	77 981	10 667 573	7 484 094	151 232 864
Total comprehensive income for the year	-	-	75 665 585	-	7 166 169	11 411 357	94 243 111
Balance at 31 December 2021	1 000	70 739	208 597 062	77 981	17 833 742	18 895 451	245 475 975

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Cash flows from operating activities					
Profit before tax		27 398 355	9 228 939	21 917 493	6 347 943
Adjustments for:					
Depreciation and amortisation	19.2	16 259 889	18 489 550	12 767 171	2 588 261
Loss/(profit) on disposal of property, plant and equipment	18	85 462	(1 368 020)	80 808	(592 875)
Finance income		(183 803)	(143 450)	(145 849)	(49 088)
Finance costs		11 152 760	1 688 461	5 412 489	196 528
Share of loss from associate		1 292 254	837 466	980 347	387 923
Monetary loss		18 118 882	(10 222 917)	-	-
Fair value gain on financial instruments	9	(50 557 307)	29 035 200	(38 594 768)	(8 455 660)
Increase in provision for expected credit losses		227 192	-	227 408	-
Net cash inflows from operations		23 793 684	47 545 229	2 645 099	423 032
Income taxes paid	21	(1 163 285)	(494 879)	(1 163 285)	(307 881)
Changes in working capital					
Increase in trade and other receivables		(16 898 808)	(825 421)	(22 282 803)	(2 921 736)
Increase in trade and other payables		40 033 571	1 341 223	49 246 430	11 972 999
Net cash flows generated from operating activities		45 765 162	47 566 152	28 445 441	9 166 414
Cash flows from investing activities					
Additions to property and equipment	4	(19 067 426)	(29 256 900)	(15 596 096)	(13 931 341)
Investment in joint ventures	8	(1 290 211)	(5 045 273)	(908 064)	(1 205 283)
Purchase of intangible assets	5	(53 756 047)	(28 353 049)	(49 793 295)	(16 510 232)
Proceeds from disposal of financial instruments		180 923 232	30 804 746	124 126 162	12 702 412
Proceeds from disposal of property and equipment		-	1 383 650	-	604 286
Purchase of financial instruments - FVTPL	9	(112 566 384)	(46 848 443)	(75 000 000)	(6 907 907)
Purchase of amortised cost financial instruments	10	(33 521 030)	-	(29 806 753)	-
Interest income received		183 803	134 905	145 849	49 088
Net cash flows utilised in investing activities		(39 094 063)	(77 180 364)	(46 832 197)	(25 198 977)
Cash flows from financing activities					
Short-term borrowings		2 689 903	45 810 097	20 000 000	28 500 000
Finance costs paid		(11 152 760)	(1 688 461)	(5 412 489)	(207 706)
Net cash flows utilised in financing activities		(8 462 857)	44 121 636	14 587 511	28 292 294
Net increase/(decrease) in cash and cash equivalents		(1 791 758)	14 507 425	(3 799 245)	12 259 731
Cash and cash equivalents at beginning of the year		20 048 347	1 535 947	12 472 750	213 019
Effects of inflation for opening balances of monetary items		(9 583 084)	4 004 976	-	-
Cash and cash equivalents at end of year	12	8 673 505	20 048 347	8 673 505	12 472 750

GROUP STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 December 2021

1. General Information

1.1. Nature of business and incorporation

The Zimbabwe Stock Exchange Limited (the "Group") was incorporated on 31 December 2014 (No. 10653/2014) and domiciled in Zimbabwe and is registered under the Companies and Other Business Entities Act (Chapter 24:31). The principal nature of business of the Group is to operate a Stock Exchange. The address of its registered office is 44 Ridgeway North, Highlands, Harare. The Companies Act and Other Business Entities Act (Chapter 24:31) provides the governance framework, capital structure and financial reporting requirements and obligations.

2. Significant Accounting Policies

2.1 Basis of preparation

Statement of compliance

"The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), except for non-compliance with International Accounting Standard ("IAS") 21 - Effects of Changes in Foreign Exchange Rates and IAS 29 - Financial Reporting in Hyperinflationary Economies."

The consolidated financial statements have been prepared under the current cost basis as per the provisions of IAS 29 "Financial Reporting in Hyper-inflationary Economies". The local accounting regulatory board, Public Accountants and Auditors Board (PAAB) proclaimed all financial periods after 1 July 2019 to be reported under the hyper-inflation accounting basis. Therefore, the primary financial statements of the Group are inflation adjusted and historical numbers have been provided as supplementary information.

The Consumer Price Indices (CPIs) were obtained from the Reserve Bank of Zimbabwe website, as supplied by the Zimbabwe Central Statistical Office. The Consumer Price Indices adopted are as follows:-

YEAR ENDED	CONVERSION FACTORS	CPI
31 December 2021	1	3,977.46
31 December 2020	1.607	2,474.51
31 December 2019	4.490	551.63

2.2 Functional and presentation currency

These financial statements are presented in Zimbabwe Dollars (ZWL), which is the Group's functional and presentation currency and all values are rounded to the nearest dollar, except when otherwise indicated.

2.3 New standards, interpretations and amendments not yet effective

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

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

2.3.1 Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

That only if an embedded derivative in a convertible liability is itself an equity instrument would in terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2.3.2 Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 37

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before intended use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

GROUP STATEMENT OF ACCOUNTING POLICIES for the year ended 31 December 2021 (*continued*)

2. Significant Accounting Policies (*continued*)

2.3 New standards, interpretations and amendments not yet effective (*continued*)

2.3.2 Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS (*continued*)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

2.3.3 Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

2.3.4 IFRS 9 Financial Instruments - Fees in the “10%” test for derecognition of financial liabilities

As part of its 2018 - 2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

The amendments are not expected to have a material impact on the Group.

2.4 Investment in associates and joint ventures

The investment in Joint Ventures and Associate are measured using equity accounting.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

2.5 Property and equipment

Recognition and measurement

All items of property and equipment are shown at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Land is carried at cost. No depreciation is provided on land or capital work-in-progress. Depreciation commences when the asset is available for use. Depreciation on Buildings and Automated Trading System (ATS) Hardware (Computer Equipment) is calculated using the straight line basis over the estimated useful lives. Other assets are depreciated using the reducing balance method to allocate the cost over the assets' estimated useful lives. The estimated useful lives are as follows:

GROUP STATEMENT OF ACCOUNTING POLICIES for the year ended 31 December 2021 (*continued*)

2. Significant Accounting Policies (*continued*)

2.5 Property and equipment (*continued*)

Recognition and measurement (*continued*)

Buildings	50 years
Furniture, fittings and equipment	10 years
Computer equipment	3 to 5 years
Motor vehicles	4 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively if appropriate. The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in full.

An item of Property and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of equipment are determined as the difference between the sales proceeds and the carrying amount of the asset at the date of disposal and taken into account in determining operating profit.

Revaluation policy

The directors also apply significant judgment, estimates and assumptions on carrying out the revaluation of property, plant and equipment and intangible assets in line with the policy on revaluation. The directors engage a professional valuer to perform an independent valuation.

In the current year, due to the distortions in the property market and lack of market trends, the valuers have provided a caveat around the use of the valuation.

2.6 Intangible assets

Intangible assets acquired separately are initially measured and recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged to profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired. The amortisation expense and impairment losses on intangible assets are recognised in profit or loss in the period in which they occurred.

Intangible assets are amortised over a period of 5 years, but are tested for impairment annually. Gains or losses arising from de-recognition or disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised or disposed.

2.7 Provisions

Provisions are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

2.8 Prepayments

Prepayments are stated at cost less amortised amounts. Prepayments are amortised to income by the straight-line method or according to performance of the underlying transaction.

2.9 Employee benefits

2.9.1 Pension obligations

The Group operates a defined contribution pension plan and it also participates in the National Social Security Authority ("NSSA") statutory defined contribution pension plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions to the pension plan are charged to the profit or loss in the period to which the contributions relate.

2.9.2 Other short-term benefits

Other short-term benefits provided include staff membership of various medical aid societies.

GROUP STATEMENT OF ACCOUNTING POLICIES for the year ended 31 December 2021 *(continued)*

2. Significant Accounting Policies *(continued)*

2.10 Income tax

Income tax recognised in profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes, unless the deferred tax liability arises from:

- Taxable temporary differences arising on initial recognition of Goodwill; or
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to affect current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is calculated based on the tax rates that are expected to apply to the temporary difference when the asset or liability is settled. The effect on deferred tax of any changes in tax rates is charged to profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

2.11 Revenue

The Group recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Transaction levy income is based on a percentage of the value of shares traded and is recognised on the dates of the transactions.

Initial listing income is recognised in the year in which the listing company makes the floatation. Additional listing income is recognised during the year in which the issuing company makes announcement of the bonus or rights issues.

Annual listing fees

Annual listing fees are chargeable in terms of Statutory Instrument 134 of 2019, and are charged on all listed securities annually. The listing fees are computed on the basis of the market capitalisation value of listed securities as at 30 November of every year.

Interest income

Interest income from a financial asset is recognised on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Market access fees

Market access fees are fees charged to members based on brokerage commission they would have earned in the preceeding month.

Administration fees

Administration fees on advances are fees charged to a supplier on advancement of funds.

Commission on advances

Commission on advances are fees charged to traders whose funds are advanced to suppliers.

Other income

Other income is recognised on the date when all risks and rewards associated with the transaction have been transferred to the buyer.

GROUP STATEMENT OF ACCOUNTING POLICIES for the year ended 31 December 2021 (continued)

2. Significant Accounting Policies (continued)

2.12 Financial Instruments

2.12.1 Classification and measurement of financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet if it becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).
- After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

2.12.2 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are classified into the following specified categories:

- Fair value through profit and loss (FVTPL);
- Fair value through other comprehensive income (FVOCI), or
- Amortised cost (AC)

2.12.3 Financial assets at FVTPL

Financial assets at:

- assets with contractual cash flows that are not Solely Payments of Principal and Interest (SPPI); or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option

Financial assets may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance evaluated on a fair value basis, in accordance with the Group's risk management or investment strategy, and information about the Group is provided initially on that basis, or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39.

Financial instruments, recognition and measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any resultant gain or loss recognised in profit or loss. Interest income from these financial assets is included in interest and related income using the effective interest rate method.

2.12.4 Financial assets at FVOCI

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and

GROUP STATEMENT OF ACCOUNTING POLICIES for the year ended 31 December 2021 (*continued*)

2. Significant Accounting Policies (*continued*)

2.12 Financial Instruments (*continued*)

2.12.4 Financial assets at FVOCI (*continued*)

- The contractual terms of the financial asset meet the solely payments of principal and interest (SPPI) test.

Gains and losses arising from changes in fair value are recognised directly in other comprehensive income in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.

The Group made an irrevocable election to measure unquoted investments at fair value through other comprehensive income on initial recognition.

2.12.5 Financial assets at amortised cost

This includes amounts due from banks, loans and other receivables, bills of exchange and debentures with fixed or determinable payments and fixed maturity debts that the Group has the positive intent and ability to hold to maturity. Investments are recorded using the effective interest method less any impairments with revenue being recognised on an effective yield basis.

2.12.6 The Group only measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

2.12.7 Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and de-recognition of financial assets.

2.12.8 Financial liabilities at FVTPL

Either financial liabilities are classified as at 'FVTPL' where the financial liability is held for trading or it is designated as at FVTPL.

2.12.9 De-recognition of financial liabilities

It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

2.12.10 Other financial liabilities

Other financial liabilities, including payables and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

GROUP STATEMENT OF ACCOUNTING POLICIES for the year ended 31 December 2021 (*continued*)

2. Significant Accounting Policies (*continued*)

2.12 Financial Instruments (*continued*)

2.12.11 De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

2.12.12 Share capital

Ordinary shares are classified as equity.

2.12.13 Foreign currency transactions

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3. Significant Judgments And Estimates

3.1 Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 2.9 and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and where there are any changes adjustments for depreciation will be done in future periods.

3.2 Provision for impairment of receivables

Provision for impairment of receivables is a specific provision made for trade and other receivables which is reviewed on a monthly basis. In determining the recoverability of a trade receivables the Group assesses whether there has been a significant evidence of financial difficulty or increase in credit risk from the debtor or issuer from the date the credit was granted up to the end of the reporting period.

3.3 Fair value and impairment of unquoted equities classified as available for sale

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable units.

The Group assesses if there has been a significant or prolonged decline in the fair value of the investment below its cost or there is information about significant changes in the operating environment with adverse effects in which the issuer operates in which may indicate that the carrying amount in the investment may not be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021

4. Property and Equipment

	Land and buildings ZWL	Automated Trading System Hardware ZWL	Equipment (including furniture & fittings) ZWL	Vehicles ZWL	Total ZWL
INFLATION ADJUSTED					
Net carrying amount at 1 January 2020	74 822 660	5 376 069	6 923 510	10 693 252	97 815 491
Gross carrying amount - cost/valuation	88 310 671	26 495 464	10 990 146	14 695 529	140 491 810
Accumulated depreciation	(13 488 011)	(21 119 395)	(4 066 636)	(4 002 277)	(42 676 319)
Additions	3 267 538	-	24 558 152	1 431 210	29 256 900
Revaluation	38 100 410	-	10 460 530	-	48 560 940
Disposals	-	-	(15 630)	-	(15 630)
Depreciation charge for the year	(2 038 509)	(5 376 069)	(3 937 053)	(4 001 867)	(15 353 498)
Net carrying amount at 31 December 2020	114 152 099	-	37 989 509	8 122 595	160 264 203
Gross carrying amount - cost/valuation	129 678 619	26 495 464	46 008 828	16 126 739	218 309 650
Accumulated depreciation	(15 526 520)	(26 495 464)	(8 019 319)	(8 004 144)	(58 045 447)
Additions	-	-	19 067 426	-	19 067 426
Revaluation	38 438 631	-	7 300 000	-	45 738 631
Disposals	-	-	(85 462)	-	(85 462)
Depreciation charge for the year	(321 527)	-	(4 083 272)	(192 158)	(4 596 957)
Net carrying amount at 31 December 2021	152 269 203	-	60 188 201	7 930 437	220 387 841
Gross carrying amount - cost/valuation	168 117 250	26 495 464	72 290 792	16 126 739	283 030 245
Accumulated depreciation	(15 848 047)	(26 495 464)	(12 102 591)	(8 196 302)	(62 642 404)

Land and buildings were revalued as at 31 December 2021 by an independent valuer (Amazon Real Estate Agents (Private) Limited using the market values to determine the fair value. The market value estimated amounts for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction. The valuation values were done in USD and translated into ZWL using the RBZ auction rate as at date of valuation.

	Land and buildings ZWL	Automated Trading System Hardware ZWL	Equipment (including furniture & fittings) ZWL	Vehicles ZWL	Total ZWL
HISTORICAL COST					
Net carrying amount at 1 January 2020	10 339 320	59 173	222 242	548 922	11 169 657
Gross carrying amount - cost/valuation	10 721 468	591 728	307 895	650 391	12 271 482
Accumulated depreciation	(382 148)	(532 555)	(85 653)	(101 469)	(1 101 825)
Additions	-	-	13 700 992	230 350	13 931 341
Revaluation	58 660 680	-	7 511 044	-	66 171 724
Disposals	-	-	(11 412)	-	(11 412)
Depreciation charge for the year	(14 990)	(59 173)	(735 059)	(190 552)	(999 774)
Net carrying amount at 31 December 2020	68 985 010	-	20 687 807	588 720	90 261 537
Gross carrying amount - cost/valuation	69 382 148	591 728	21 497 056	880 741	92 351 673
Accumulated depreciation	(397 138)	(591 728)	(809 249)	(292 021)	(2 090 136)
Additions	-	-	15 596 096	-	15 596 096
Revaluation	80 265 822	-	10 432 130	-	90 697 952
Disposals	-	-	(80 808)	-	(80 808)
Depreciation charge for the year	(249 167)	-	(3 322 633)	(147 180)	(3 718 980)
Net carrying amount at 31 December 2021	149 001 665	-	43 312 592	441 540	192 755 797
Gross carrying amount - cost/valuation	149 647 970	591 728	47 444 474	880 741	198 564 913
Accumulated depreciation	(646 305)	(591 728)	(4 131 882)	(439 201)	(5 809 116)

Land and buildings were revalued as at 31 December 2021 by an independent valuer (Amazon Real Estate Agents (Private) Limited using the market values to determine the fair value. The market value estimated amounts for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction. The valuation values were done in USD and translated into ZWL using the RBZ auction rate as at date of valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021 (*continued*)

5. Intangible Assets

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Net carrying amount at 1 January 2021	136 374 694	12 561 590	77 490 014	365 480
Gross carrying amount - Cost	180 035 730	53 086 574	80 108 919	1 152 245
Accumulated amortisation	(43 661 036)	(40 524 984)	(2 618 905)	(786 765)
Additions	53 756 047	28 353 049	49 793 295	16 510 232
Revaluation	-	98 596 107	-	62 381 643
Amortisation charge for the year	(11 662 932)	(3 136 052)	(9 048 191)	(1 588 487)
Net carrying amount at 31 December 2021	178 467 809	136 374 694	118 235 118	77 490 014
Gross carrying amount - Cost	233 791 777	180 035 730	129 902 214	80 108 919
Accumulated amortisation	(55 323 968)	(43 661 036)	(11 667 096)	(2 618 905)

Included in intangible assets internally developed online trading platform system, ZSE Direct, which provides retail investors with a smart way to manage their ZSE investments.

6. Unquoted Investments

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Balance at the beginning of the year	17 798 206	28 926 003	11 072 862	4 011 720
Fair value adjustments through other comprehensive income	440 825	(11 127 797)	7 166 169	7 061 142
Balance at the end of the year	18 239 031	17 798 206	18 239 031	11 072 862

The Group holds 111 945 shares (13.24% interest) in Chengetedzai Depository Company (CDC) an unlisted company. The fair value of the investment has been estimated at ZWL 18 239 031 as at 31 December 2021.

7. Deferred Tax

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Analysis of deferred tax:				
Property and equipment	28 769 661	9 037 425	19 572 179	5 041 863
Leave pay provision	3 969 903	810 400	3 969 903	504 178
Allowance for credit losses	56 215	-	56 215	-
	32 795 779	9 847 825	23 598 297	5 546 041
Deferred tax reconciliation				
Balance at beginning of the year	9 847 825	12 209 955	5 546 041	235 592
Recognised in statement of profit or loss	10 535 604	2 734 459	3 019 889	597 545
Recognised in other comprehensive income	12 412 350	(5 096 589)	15 032 367	4 712 904
Balance at the end of the year	32 795 779	9 847 825	23 598 297	5 546 041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021

8. Investment in Joint Venture and Associates

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Investment in Zimbabwe Receivables Marketplace (Private) Limited				
Balance at the beginning of the year	4 207 807	-	817 360	-
Share of losses	(1 292 254)	(837 466)	(980 347)	(387 923)
Additional investment	1 290 211	5 045 273	908 064	1 205 283
Balance at the end of the year	4 205 764	4 207 807	745 077	817 360

The Company has a 50% interest in Zimbabwe Receivables Marketplace (Private) Limited ("ZRM"), a joint venture involved in receivables discounting and trading. ZRM facilitates the reallocation of capital from institutional investors to corporates or entities looking for working capital.

9. Financial assets at fair value through profit or loss

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Opening balance	9 232 081	22 223 584	5 743 588	3 082 433
Purchase of financial instruments	112 566 384	46 848 443	75 000 000	6 907 907
Withdrawal or disinvestment	(154 917 416)	(30 804 746)	(101 900 000)	(12 702 412)
Fair value adjustments through profit or loss	50 557 307	(29 035 200)	38 594 768	8 455 660
Closing balance	17 438 356	9 232 081	17 438 356	5 743 588

Financial assets at fair value through profit or loss at year end is made up of equities and unit trusts.

10. Financial assets at amortized cost

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Capital advanced	33 521 030	-	29 806 753	-
Withdrawal or disinvestment	(26 005 816)	-	(22 226 162)	-
Interest accrual through profit or loss	3 027 774	-	2 962 397	-
	10 542 988	-	10 542 988	-

Financial assets at amortised cost represent advances to Zimbabwe Receivables Market Place Limited. The advances bear interest at a rate that is determined by market. The rates varies between 4% to 7% on average.

11. Trade and other receivables

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Trade receivables	11 354 596	4 243 285	11 354 596	2 639 890
Allowance for credit losses	(227 897)	-	(227 897)	-
Net trade receivables	11 126 699	4 243 285	11 126 699	2 639 890
Other receivables	11 578 896	1 563 502	11 578 896	972 707
Balance at the end of the year	22 705 595	5 806 787	22 705 595	3 612 597

Trade and other receivables are non-interest bearing and are generally settled between 30 days and 60 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021 (*continued*)

12. Share capital and premium

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
For the purposes of the statement of cash flows, cash and cash equivalents includes the following:				
Cash at bank	8 673 505	20 051 809	8 673 505	12 474 904
Bank overdraft	-	(3 462)	-	(2 154)
	8 673 505	20 048 347	8 673 505	12 472 750

Cash at bank earns interest at floating rates based on daily bank deposit rates.

13. Share capital and premium

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Authorised share capital				
6 000 000 ordinary shares of \$0.10 each	1 671 415	1 671 415	60 000	60 000
Issued share capital				
102 704 ordinary shares of \$0.10 each	44 777	44 777	1 000	1 000
Share premium	3 167 439	3 167 439	70 739	70 739
Balance at the end of the year	3 212 216	3 212 216	71 739	71 739

The total number of authorised ordinary shares is 6 million (2020: 6 million) with a par value of ZWL 0.01 per share. The issued shares are 102 704 (2019: 102 704) which are all fully paid up. Immediately on demutualisation, the ZSE proprietary rights were converted to ZSE shares. The unissued shares are under the control of Directors subject to the limitations imposed by the Companies and Other Business Entities Act (Chapter 24:31) and the Articles and Memorandum of Association of the Company.

14. Reserves

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
14.1 Non-distributable reserves				
Non-distributable reserves	3 493 349	3 493 349	77 981	77 981

This arose as a result of change in functional currency from the Zimbabwe Dollar to the United States Dollar in 2009. It represents the residual equity in existence as at the date of the change over and has been designated as Non-distributable reserve.

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
14.2 Revaluation reserve				
Opening balance	141 527 018	-	132 931 477	9 091 014
Movement during the year	45 738 631	141 527 018	75 665 585	123 840 463
Closing balance	187 265 649	141 527 018	208 597 062	132 931 477
14.3 Mark to market reserve				
Opening balance	13 784 167	24 911 964	10 667 573	3 606 431
Movement during the year	440 825	(11 127 797)	7 166 169	7 061 142
Closing balance	14 224 992	13 784 167	17 833 742	10 667 573

This relates to fair valuation of investment in Chengetedzai Depository Company ("CDC"), an unquoted entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

15. Short-term borrowings

	Balance 2021 ZWL	Balance 2020 ZWL	Balance 2021 ZWL	Balance 2020 ZWL
15.1 Short-term borrowings				
FBC Facility	48 500 000	45 810 097	48 500 000	28 500 000

The loan was classified as short term borrowings refers to a facility obtained from the Group's bankers FBC bank. The loan is for one year with interest accumulating at a rate of 50% per annum.

16. Trade and other payables

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Trade creditors	16 432 048	3 182 588	16 432 048	1 979 995
Payroll liabilities	29 016 105	4 859 971	29 016 105	3 023 551
Accruals and other payables	18 966 677	16 338 700	18 966 677	10 164 854
	64 414 830	24 381 259	64 414 830	15 168 400

Trade and other payables are non-interest bearing and normally settled between 30 and 60 days.

17. Revenue

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
ZSE levy	156 324 411	76 274 972	130 961 318	34 648 537
ZSE EDS levy	3 207 789	-	3 123 837	-
VFEX levy	196 154	-	167 840	-
VFEX EDS levy	52 308	-	44 758	-
Annual listing fees	144 432 320	94 828 154	95 321 312	13 674 560
Initial listing fees	425 655	-	425 655	-
Special trading fees	14 330 978	-	12 041 467	-
Index fees	198 828	-	198 828	-
Space advertising	439 483	509 360	304 400	78 000
Automated trading system market access fees	6 153 378	3 527 516	4 978 473	1 422 554
Corporate action and document review fees	7 533 730	7 092 687	6 274 490	3 337 718
Members subscription fees	10 483 091	6 597 479	5 456 853	1 853 189
Non-member institution subscription fees	3 783 855	3 225 468	4 189 550	495 816
Data vending	6 562 653	4 707 171	5 064 892	1 381 721
Operation fees	1 624 269	231 145	1 291 537	114 071
Training services	710 181	1 397 582	510 955	409 237
ZSE direct commissions	1 546 749	-	1 363 889	-
	358 005 833	198 391 534	271 720 054	57 415 404

18. Other income

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Reversal on allowance for credit losses	-	527 390	-	81 260
Miscellaneous income	768 595	364 377	687 041	205 490
Profit on disposal of assets	-	1 368 020	-	592 875
Dividend received	655 810	1 095 651	492 409	669 860
	1 424 405	3 355 438	1 179 450	1 549 485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021 (*continued*)

19. Operating profit

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Operating profit is stated after taking into account of the following items:				
18.1 Staff costs				
Salaries and allowances	122 064 116	27 423 030	97 050 937	17 833 404
Staff bonus	14 368 296	4 259 539	14 368 296	2 650 002
Other staff costs	10 654 102	19 112 667	7 999 547	142 630
Employer pension contribution	11 460 479	2 869 033	9 225 702	1 366 783
Leave pay expenses	21 094 155	6 510 923	16 059 480	1 977 121
Medical aid	8 124 335	3 588 853	6 485 146	1 658 808
Social security costs	1 375 954	434 098	1 079 658	205 325
Pension fund administration fees	879 640	177 520	711 865	81 867
	190 021 077	64 375 663	152 980 630	25 915 940
18.2 Other operating costs				
Computer maintenance and systems support	11 001 384	7 048 152	8 852 496	2 701 878
Annual report	189 065	826 557	149 820	490 575
Audit fees	2 431 281	1 311 755	1 822 701	293 693
Bank charges	7 594 617	4 072 124	5 944 039	1 650 866
Board sitting fees	11 746 420	5 406 045	10 757 915	2 227 995
Marketing & business development costs	21 987 842	4 663 646	17 278 006	1 484 306
Teas/cleaning and general office expenses	4 998 026	2 526 719	2 772 163	986 234
Consultancy and professional fees	4 755 142	1 667 507	3 610 226	443 985
Entertainment and gifts	2 684 902	1 777 433	2 457 169	1 162 708
Insurance	3 445 421	2 959 712	2 819 260	1 299 889
Investor education and promotion	-	273 883	-	85 196
Legal fees	1 067 688	-	1 009 547	-
Management fees	-	57 902	-	32 740
Motor vehicle - fuel and oil	2 280 400	1 347 162	1 964 964	465 764
Printing/stationery	665 173	1 460 612	566 975	348 299
Allowance for credit losses	227 192	-	227 408	-
Recruitment expenses	759 415	40 003	575 744	5 671
Premises costs	7 418 117	3 878 243	4 331 693	1 474 832
Security service	1 780 263	970 943	2 844 001	355 327
Staff training/professional development	1 782 798	1 257 875	1 383 983	465 878
Staff protective clothing	-	9 357	-	5 188
Other operating expenses	49 181 198	29 192 626	40 562 277	13 741 612
Staff welfare	1 785 241	957 032	1 380 633	55 147
Statutory levies	5 018 896	2 522 921	3 943 267	873 810
Subscription, membership/publications fees	1 164 541	755 426	983 408	254 297
Telephone and other communication expenses	4 990 882	2 346 628	4 306 692	1 127 152
	148 955 905	77 330 263	120 544 388	32 033 042
19.2 Depreciation and amortisation				
Buildings	321 527	2 038 509	249 167	14 990
Automated trading system - Hardware equipment	-	5 376 069	-	59 173
Equipment (including furniture and fittings)	4 083 272	3 937 053	3 322 633	735 059
Vehicles	192 158	4 001 867	147 180	190 552
Automated trading system - Software licence	11 662 932	3 136 052	9 048 191	1 588 487
	16 259 889	18 489 550	12 767 171	2 588 261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021

20. Finance costs and interest income

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
20.1 Finance income				
Interest on short-term fixed deposits	5 514	4 293	5 237	1 151
Interest on staff loans and advances	178 289	139 157	140 612	47 937
	183 803	143 450	145 849	49 088
20.2 Finance costs				
Interest paid - short term borrowings	11 152 760	1 688 461	5 412 489	196 528

Interest paid relates to short term borrowings from an overdraft facility and short term loan facility of ZWL\$48 500 000.

21. Income tax expense

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Current tax	7 486 247	2 176 341	7 486 247	1 353 975
Deferred tax	10 535 604	2 734 459	3 019 889	597 545
	18 021 851	4 910 800	10 506 136	1 951 520
Tax rate reconciliation				
Profit before tax	27 398 355	9 228 939	21 917 493	6 347 943
Income tax charge at 24.72%	6 772 873	2 281 394	5 418 004	1 590 709
Tax effect of:				
Non-deductible expenses	16 522 738	21 939 858	15 229 474	3 837 776
Non-taxable items	(5 273 760)	(19 310 452)	(10 141 342)	(3 476 965)
	18 021 851	4 910 800	10 506 136	1 951 520
Income tax payable/(refundable)				
Balance at beginning of year	1 644 989	6 238 300	1 023 403	(22 691)
Charge to profit or loss	7 486 247	2 176 341	7 486 247	1 353 975
Taxes paid	(1 163 285)	(494 879)	(1 163 285)	(307 881)
Effects on inflation	(621 586)	(6 274 773)	-	-
Balance at the end of the year	7 346 365	1 644 989	7 346 365	1 023 403

22. Related parties

22.1 Investment in joint venture

The company has a 50% interest in Zimbabwe Receivables Marketplace (Private) Limited, a joint venture whose principal activity is invoice discounting. The Company's interest in Zimbabwe Receivables Marketplace is accounted for using the equity method in the financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the financial statements are set out below;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021 (continued)

22. Related parties (continued)

22.1 Investment in joint venture (continued)

Summarised statement of financial position for the of Zimbabwe Receivables Marketplace as at 31 December 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Assets				
Property and equipment	1 480 170	1 789 460	802 249	1 041 178
Intangible assets	3 918 941	3 918 941	2 173 302	2 173 302
Deferred tax asset	139 817	274 737	676 306	173 927
Trade and other receivables	1 619 931	117 693	1 619 931	73 238
Cash and cash equivalents	535 809	350 455	535 809	197
Less liabilities	(3 672 935)	(2 656 686)	(3 672 935)	(1 653 196)
Equity	4 021 733	3 794 600	2 134 662	1 808 646
Company' share in equity - 50%	2 010 867	1 897 300	1 067 331	904 323
Summarised statement of profit or loss of Zimbabwe Receivables Marketplace (Private) Limited.				
Revenue	2 366 142	-	2 075 276	-
Cost of sales	(153 727)	-	(145 394)	-
Administrative expenses	(4 883 811)	(1 430 416)	(3 890 575)	(775 846)
Monetary gain/(loss)	86 888	(244 516)	-	-
(Loss)/profit before tax	(2 584 508)	(1 674 932)	(1 960 693)	(775 846)
Company's share of loss for the year	(1 292 254)	(837 466)	(980 347)	(387 923)

22.2 Balances with related parties

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Entity	Value of transactions			
Zimbabwe Receivables Marketplace (joint venturer)	2 442 063	191 467	2 442 063	191 467

23. Key management personnel compensation

	INFLATION ADJUSTED		HISTORICAL COST	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Salaries and other short term employee benefits	95 606 234	16 976 854	77 622 207	9 986 385
Pension contributions	7 449 311	1 257 858	5 996 707	739 916
	103 055 545	18 234 712	83 618 914	10 726 301

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. These include the Chief Executive Officer, Chief Finance Officer, Head of Business Development, Head of Trading, Head of Depository, Internal Audit Manager, Head of ICT and Head of Compliance and Company Secretary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

24. Financial Risk Management

24.1 Risk management framework

Fundamental to the business activities and growth of the Group is a strong risk management practice which is at the core of achieving the Group's Strategic Objectives. The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee is responsible for developing and monitoring the Group's risk management policies. The Audit and Risk Committee regularly reports to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to develop a disciplined and risk informed environment in which all employees have a good understanding of inherent risk specific to their departments.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee is assisted in its oversight role by the Finance and Compliance Department which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

The Group is exposed to the following principal risks arising from financial instruments:

- Credit Risk;
- Liquidity risk;
- Market risk;
- Price risk; and
- Interest rate risk.

24.2 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables and investment securities.

There is no significant concentration of credit risk with respect to cash and cash equivalents as the Group holds cash accounts with large financial institutions with sound financial and capital cover.

The Group limits its exposure to credit risk by ensuring its ratio of trade receivable to total revenue is kept within acceptable thresholds. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

24.3 Cash and cash equivalents

The Group held cash and cash equivalents of ZWL 8 673 505 at 31 December 2021 (2020 : ZWL 20 048 347) which represents its maximum exposure on these assets. The cash and cash equivalents with maturity profile of less than 3 months are held with local banks with solid financial and capital cover.

24.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far possible that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021 (continued)

24. Financial Risk Management (continued)

24.4 Liquidity risk (continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.
A maturity analysis of financial instruments as at 31 December 2021 is as follows:

Description	Up to 3 months ZWL	3 months to 1 year ZWL	1 year to 5 years ZWL	Total ZWL
Cash and cash equivalents	8 673 505	-	-	8 673 505
Trade and other receivables	22 705 595	-	-	22 705 595
Financial assets at fairvalue through profit or loss	-	38 594 768	-	38 594 768
Total Assets	31 379 100	38 594 768	-	69 973 868
Liabilities				
Interest bearing loans and borrowings	-	48 500 000	-	48 500 000
Trade and other payables	64 414 830	-	-	64 414 830
Total Liabilities	64 414 830	48 500 000	-	112 914 830
Liquidity gap	(33 035 730)	(9 905 232)	-	(42 940 962)
Cumulative liquidity gap	(33 035 730)	(42 940 962)	(42 940 962)	(42 940 962)

24.5 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Group uses a range of tools such as sensitivity analysis to manage its exposure to market risk.

24.6 Price risk

Price risk is the risk of a decline in the value of a security or a portfolio.

24.7 Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages the risk by maintaining an appropriate mix of fixed and variable instruments. Interest on floating instruments is repriced at intervals of less than 1 year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity. The Group's interest rate risk arises from investments in short-term placements and long-term debt obligations with floating interest rates.

24.8 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholder and benefits to other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. No changes were made to the objectives, policies or processes during the year ended 31 December 2021. The Group monitors capital on the basis of the capital adequacy directive by the regulator, the Securities and Exchange Commission of Zimbabwe.

24.9 Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities. This level includes listed equity securities traded on the Zimbabwe Stock Exchange.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non-quoted equity investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021

24. Financial Risk Management (continued)

24.9 Fair value hierarchy (continued)

The hierarchy requires the use of observable market data when available. The Exchange considers relevant and observable market prices in its valuations where possible.

25. Retirement Benefits Plans

25.1 Zimbabwe Stock Exchange Pension Fund

Pension funds are provided for employees to a separate fund to which the Group contributes. The fund is independently administered and insured by ZB Life Assurance Limited. The Group's contributions during the year amounted to ZWL11 460 479 (2020: ZWL 2 869 033).

25.2 National Social Security Authority Scheme (NSSA)

All employees are required by law to be members of the National Social Security Scheme which is a defined contribution scheme established under the National Social Security Authority Act (1989). The Group's contributions during the year amounted to ZWL1 375 954 (2020: ZWL 434 098).

26. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the 31 December 2021 reporting date and the date of authorisation.

27. Approval of financial statements

The consolidated financial statements were approved by the Board of Directors for issue on 3 June 2022.

TOP TEN SHAREHOLDERS

TOP TEN AS OF 02 JUNE 2022						
RANK	HOLDER #	ACCOUNT NAME	INDUSTRY	COUNTRY	SHARES	% OF TOTAL
1	4667636	GOVERNMENT OF ZIMBABWE,	GVT	ZIMBABWE	32,865	32.00
2	50240	FBC SECURITIES (PRIVATE) LIMITED	NOM	ZIMBABWE	10,070	9.80
3	3516341	I H SECURITIES (PVT) LTD	NOM	ZIMBABWE	9,024	8.79
4	4718209	LEGAT, JOHN RICHARD	LR	ZIMBABWE	3,835	3.73
5	4457234	TUNMER, MARK JOHN STEELE	LR	ZIMBABWE	2,321	2.26
6	4096955	BETHEL EQUITIES (PRIVATE) LIMITED	CO	WARRANT NOT PRESENTABLE	1,814	1.77
7	4877319	GLS PHOENIX LTD	EXT	BRITISH VIRGIN ISLANDS	1,814	1.77
8	253134	IMARA EDWARDS SECURITIES	NOM	ZIMBABWE	1,814	1.77
9	4577428	INVICTUS SECURITIES ZIMBABWE (PVT) LTD,	CO	ZIMBABWE	1,814	1.77
10	3503491	M LYNTON EDWARDS STOCKBROKERS (PVT) LTD	NOM	ZIMBABWE	1,814	1.77

Number of Holders	10		Shares	67,185
Total Number of Holders	48		% of Total	65.43
Total Number of Shares	102,704			



NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING OF THE ZIMBABWE STOCK EXCHANGE LIMITED

Notice is hereby given that the Eighth Annual General Meeting of the Shareholders of Zimbabwe Stock Exchange Limited will now be held virtually on Wednesday 29 June 2022 at 1100hrs for the purpose of transacting the following business;

AGENDA

To consider and if deemed fit, to pass the following resolutions with or without amendments:-

1. Audited Financial Statements

To receive, consider and adopt the Group Financial Statements, the report of the Directors and Auditors for the year ended 31 December 2021.

2. Election of Directors

In terms of Clause 99.2 of the Articles of Association of the Company one third of the directors are supposed to retire from the board but being eligible for re-election. Consequently, Mrs Caroline Sandura and Mrs Maureen Rudo Svova will be retiring and both being eligible, offer themselves for re-election. The Directors will be re- elected by separate resolutions.

3. Director's Remuneration

To confirm the directors' fees for the year ended 31 December 2021.

4. Audit Fees

To approve the remuneration of auditors for the year ended 31 December 2021.

5. Dividend

To confirm dividend payment for the financial year ended 31 December 2021 in the amount of ZWL\$5 020 997 at ZWL\$48.88 per share.

6. Appointment of Auditors

To appoint of Messrs Grant Thornton Chartered Accountants as the auditors of the Company until the conclusion of the next Annual General Meeting.

By Order of the Board

Lyndon T. Nkomo
Company Secretary
7 June 2022

NOTES

- a. A member entitled to attend and vote at the Annual General Meeting of Shareholders may appoint a proxy to attend and speak and, on poll, vote in his stead. A proxy need not to be a member of the Company. Forms of proxy must be lodged at the Registered Office of the Company not less than forty eight (48) hours before the time of holding of the meeting.
- a. The link for the virtual meeting will be sent to all the shareholders directly at least seven (7) days ahead of the scheduled date of the meeting.

PROXY FORM

For use at the 7th Annual General Meeting of the Zimbabwe Stock Exchange to be held virtually on Wednesday 29 June 2022 at 1100hrs.

I/We, the undersigned _____ of

_____ being registered holder(s) of _____ ordinary

shares, hereby appoint _____ or failing him,

_____ to act for me/us or my/our behalf as indicated

below at the Annual General Meeting of the Company to be held on Wednesday 29 June 2022 at 1100Hours and at any adjournment thereof.

Signature _____ Signed this _____ day of _____ 2022.

PROXY

- a. In terms of s171 of the Companies and Other Business Entities Act, Chapter 24:31 members are entitled to appoint one or more proxies to act in the alternative, to attend, vote and speak in their place at the meeting. A proxy need not be a member of the Company.
- b. In terms of Article 90 of the Company's Articles of Association instruments of the of the proxy must be lodged at the registered office of the Company at least forty eight hours before the time appointed for handling the meeting.
- c. Any alteration or correction made to this form of proxy (including the deletion of alternative) must be initialled by the signatory/signatories.

Physical Address:

**Lyndon Nkomo
Company Secretary
Zimbabwe Stock Exchange Limited
44 Ridgeway North
Highlands
Harare
Email: LKomo@zse.co.zw**

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

NOTES





[illegible]

[illegible]

NOTES

[illegible]



-  44 Ridgeway North, Highlands, Harare, Zimbabwe
-  +263-242-886830-5
-  info@zse.co.zw
-  www.zse.co.zw

