ZIMPLOW

ENGINEERING PERFORMANCE

2021 ANNUAL REPORT

FOR FURTHER DETAILS ON THIS REPORT

ONLINE

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

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

NAVIGATION

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

Information available elsewhere in this report.

Information available on our website.

Contents

Introduction

This Annual Report covers the financial year from 1 January 2021 to 31 December 2021 and is prepared for Zimplow Holdings Limited (Zimplow) and its subsidiaries, together the 'Group'. Its prepared in accordance with Zimbabwe Stock Exchange (ZSE) guidelines. The ZSE reporting cycle is bi-annual with the most recent Half Year reporting ending 30 June 2021 (Reviewed) and final Year-end Report published in April 2021.

OUR VISION

What we aspire to do:

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

OUR MISSION

What we believe:

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

OUR VALUES

How we do it:

Respect
We respect people for who they are.

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

Integrity
We act honestly and ethically.

Teamwork
We trust, support and motivate each other.

Scope of the Report

We are pleased to present the Annual Report of Zimplow Holdings Limited, a Company listed on the ZSE for the year ended 31 December 2021. The Report is targeted at the Company 's stakeholders and is presented in line with the recommendations of the best practice on Corporate Governance. This Report aims to integrate sustainability matters with financial information and has been prepared following guidelines from the Global Reporting Initiatives (GRI). In addition, Zimplow complied with International Financial Reporting Standards (IFRS) except for IAS 21 and IAS 8 as noted in the statement of compliance on page 47. An Independent Auditor's Report on the financial statements is contained on page 44 to 47.

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


MASSEY FERGUSON

Forward-Looking Statements

Certain statements in this report constitute 'forward looking statements'. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievements of Zimplow Holdings Limited to be materially different from future results, performance, objectives or achievements expressed or implied in forward looking statements. The performance of Zimplow Holdings Limited is subject to effects of changes in the operating environment and other factors. Zimplow Holdings Limited undertakes no obligation to update publicly or to release any revision of these forward-looking statements to reflect the events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

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

Business Profile

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

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

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

Our Journey

1939

FOUNDED
The Company is founded.

1951

STOCK EXCHANGE
The Company is listed on the Stock Exchange.

2006

CT BOLTS
The Company enters the fasteners market through the acquisition of CT BOLTS.

2008

TASSBURG
The Company acquires TASSBURG to consolidate its position in the fasteners market.

2011

AFRITRAC
Acquisition of African Traction and Associated Technologies. (AFRITRAC).

2012

TRACTIVE POWER HOLDINGS
Acquisition of Tractive Power Holdings Ltd. which comprised of:
Farmec
Barzem
Manica Road Investments
Northmec
Puzey and Payne.

2013

RESTRUCTURING
Group Restructuring
Disposal of Puzey and Payne.
Disposal of Tassburg.
Delisting of Tractive Power Holdings.
New corporate identity.

2015

STAFF RATIONALISATION
Rationalization and restructuring strategy for all business units. $5million Rights issue. Exit from CASE franchise.

2016

CONSOLIDATION
Consolidation and optimisation.

2018

RESTRUCTURING
Disposal of Afritrac.

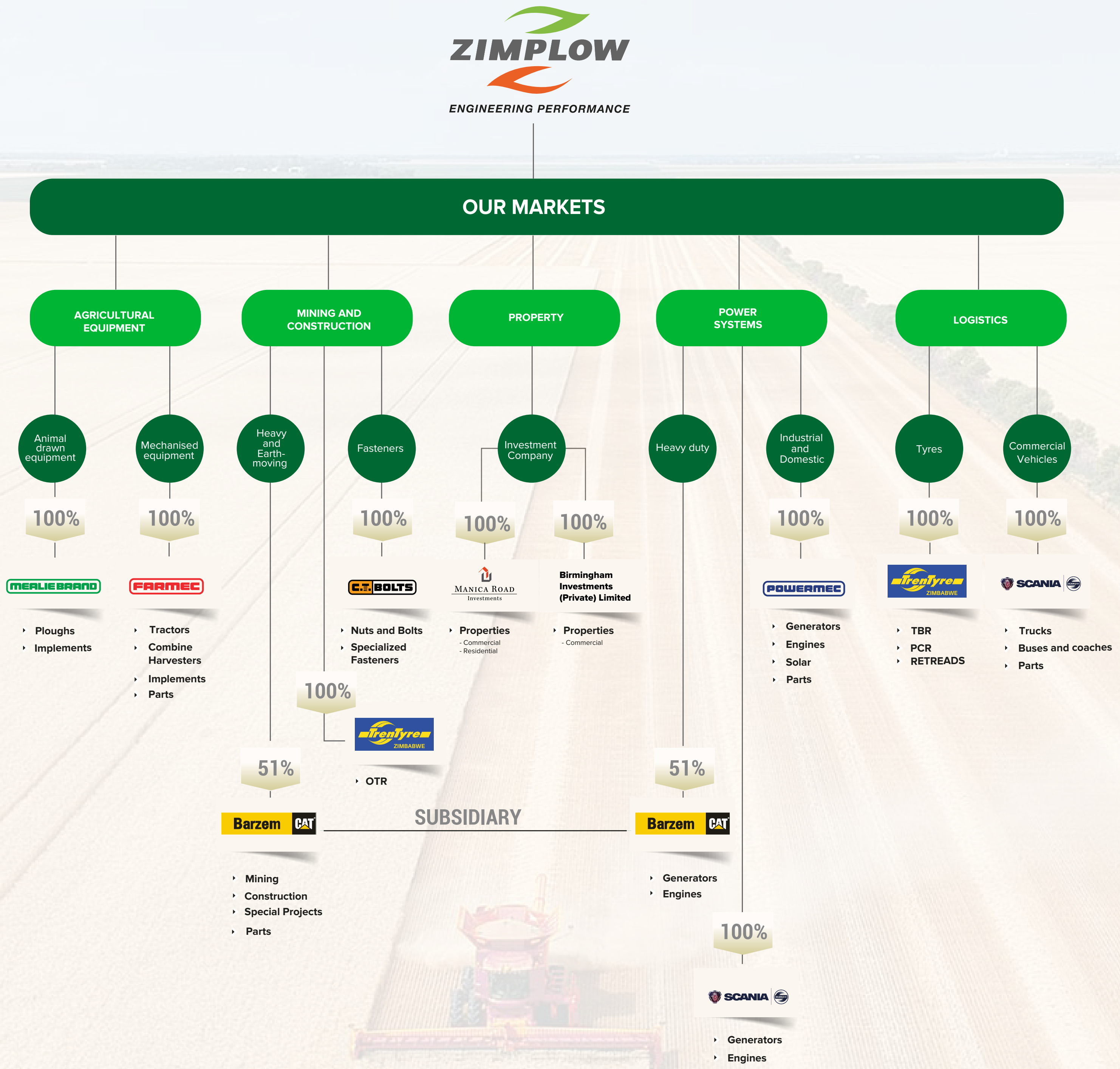
2020

SUSTAINABLE GROWTH

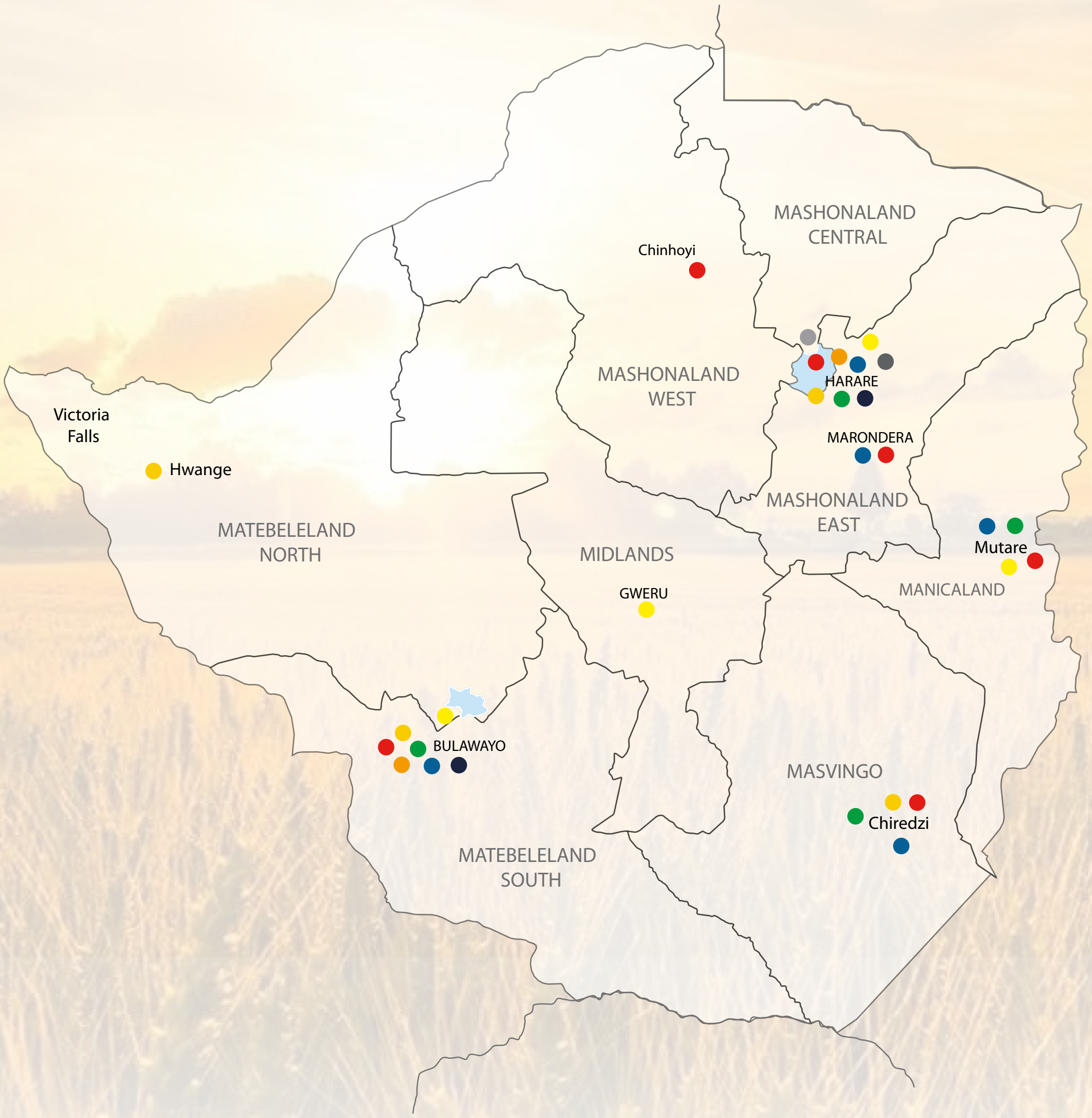
2021

ACQUISITION
Scanlink, Trentyre and Birmingham Properties.

Our Corporate Structure



Where we operate



- FARMEC
- MEALIE BRAND
- C.T. BOLTS
- POWERMEC
- Barzem CAT
- SCANIA
- TrenTyre ZIMBABWE
- Manica Road Investments
- Birmingham Investments (Private) Limited

Individual Business Awards

02 Our Business Units

Our Business Units

FARMEC

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

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

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

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

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

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

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

POWERMEC

Powermec, a 100% owned Division of Zimplow Holdings Limited. The Division is a holder of rights to distribute Perkins products in Zimbabwe. Powermec supplies Perkins engines, spare parts and the related services of Perkins engines in the country.

Powermec is the authorised supplier of Perkins engines to Zimbabwe. Powermec also offers solar packages from domestic up to industrial solutions such as installations, solar panels, inverters and batteries.

For more information, contact or visit us at:

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

MEALIE BRAND

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

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

For more information, contact or visit us at:

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

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

Our Business Units (cont.)

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

For more information, feel free to visit us or contact us at:

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

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

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

For more information, contact or visit us at:

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

Harare
3001 Dagenham Road, Willowvale, Harare, Zimbabwe.

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

For more information, contact or visit us at:

Bulawayo
Factory: 15 Plumtree Road , Belmont, Bulawayo.

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

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

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

Our Business Units (cont.)

MANICA ROAD
Investments

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

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

Birmingham Investments (Private) Limited

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

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

Barzem CAT

Barzem (51% owned by Zimplow) has and continues to set the benchmark in mining equipment and provides a comprehensive range of machinery, construction equipment and power systems to the mining, construction and infrastructure sectors of Zimbabwe. The Company is a dealer representative for the Caterpillar (CAT) and Hyster brands through its strong ties and agreements with Barloworld Equipment who owns 49% stake in the Company . Caterpillar and Hyster are synonymous with high quality dependable products that are specifically built to conquer even the toughest of environments. Our equipment can be seen in action in Zimbabwe's best-known mines, construction projects and large warehouses.

Providing new equipment sales, service and parts for CAT and Hyster equipment, Barzem has a branch network covering the following areas;

- Harare
- Bulawayo
- Hwange

Our technical team of artisans is regarded as one of the best qualified and knowledgeable in the CAT network of Southern Africa and its services are not only in demand in Zimbabwe but across the region. Our products range from Forklifts, graders, excavators, dump trucks, electrical power generators, wheel loaders and bull dozers amongst others. Barzem stocks a full range of spares for all the products it sells.

Contact us on or visit us at:

Harare
10 Harrow Road, Msasa.
Tel: + 263 024 2486600-4 / 2486609-15.
Email: catsales@barzem.co.zw.
Website: www.barzem.co.zw.

Bulawayo
5 Dunlop Road, Donnington.
Tel: + 263 029 267781.
Email: catsales@barzem.co.zw.

Hwange
Stand 30, Industrial Area.
Tel: + 263 81 20881-3/24333.
Email: catsales@barzem.co.zw.

03 Corporate **Governance**

Chairman's Statement

55%

Zimplow delivered a strong and encouraging financial performance by growing revenue by 55%...

48%

Farmec grew volumes for tractors by 48%,...

107%

Scanlink: Parts sales grew by 107% driven by strong demand after the realignment of our supply chain model....

Dear Stakeholders

Zimplow has continued to transform, making positive steps to build for the future and at the same time delivering pleasing financial performance. The strategic actions taken by the Board and Management have begun to bring the desired results in terms of positioning the Group for growth ensuring Zimplow becomes the largest capital equipment solutions provider within Zimbabwe and beyond our borders. The completion of the acquisition of Scanlink and Trentyre, together with the supporting back-up infrastructure during the year 2021 is yet another significant milestone towards bringing value both to our shareholders and customers.

As a result of the various threats and opportunities currently obtaining in the market, the Board is constantly evaluating options available for the Group to sustainably deliver tailor-made value to both internal and external stakeholders.

Zimplow delivered a strong and encouraging financial performance by growing revenue by 55% for the financial year ended 31 December 2021 in comparison to the prior year performance in inflation adjusted terms. In addition, the operating profit for the year under review grew by 88% in comparison to the prior year performance. This encouraging financial performance was achieved by volumes growth from all the group's business units, with Farmec and Barzem posting record performances.

Trading Environment

The trading environment has continued to pose both opportunities and threats. The year 2021 saw major supply chain distortions to our recently acquired businesses, that is, Trentyre and Scanlink. The supply chain distortions were caused by COVID-19 induced movement restrictions, which in turn affected supply of freight services. In addition, the Group faced challenges in the timely remittance of payments to foreign suppliers. We are however quite pleased with the manner in which the Group responded to the various challenges from the trading environment.

The year commenced on a positive trajectory. However, lower than expected rainfall patterns during the 2021 rainy season adversely affected the agriculture-based value chain. This circumstance was further exacerbated by acute foreign currency challenges, heightened inflation risk, causing exponential increases in operating costs. The above stated challenges resulted in the Group placing considerable focus on balance sheet preservation as well as constant engagement of internal and external stakeholders. Tactically, the Group has continued to prioritise its engagements with suppliers and Original Equipment Manufacturers (OEMs). The Group continues to take positions on strengthening working capital elements in order to drive growth and market positioning.

The Group has made considerable progress in various facets of the business inter alia human capital development, face lifts of branches of Group entities, improvements in general back up infrastructure and factory capacitation. Strategically, the Group is realigning itself, in order to take advantage of the Group synergies and delivery of a wide range of services entrenching the Group's ambition as a one-stop shop for its customers. To sustain this ambition, the Group has restructured its operating model. The new operating structure will give rise to a new operating model focusing on market segments and/or clusters that we operate in namely, the Agriculture, Mining and Infrastructure and Logistics and Automotive clusters.

Operations

The Group has continued to place emphasis on business performance with a particular focus on increasing business volumes, enhancing operating profit, net asset value (NAV) growth in real terms as well as effective cash flow management. In line with the Group's restructuring initiative, the operational performance of the Group shall be reported on a Cluster approach.

Agriculture Cluster

Farmec

Farmec posted an impressive performance growing volumes across all its main product lines. Farmec grew volumes for tractors by 48%, tractor drawn implements by 56%, parts sales by 30% and service hours by

Chairman's Statement (cont.)

> "The Group is confident that the capacity built over the years in terms of goodwill and trust in Zimplow's back up infrastructure, human capital skills and experience in the provision of earth moving equipment, will be vital in resetting the Mining and Infrastructure Cluster to perform in line with the Group's vision."

Godfrey T. Manhambara
Chairman

22% in comparison with prior year. This resulted in overall revenue growth of 48% and a growth in the Company 's operating profit by 69%, in real terms against prior year performance.

The business unit is steadily growing towards being the leading distributor of agricultural equipment in Zimbabwe. The focus is now on achieving convenience for our customers from an aftersales perspective through a highly engaged back up support team.

Mealie Brand
Mealie Brand recorded a growth in volumes in local implements sales of 10% against prior year performance. There was significant growth in sales of hoes of 138% against prior year, mainly driven by improved capacity at the factory. The lower-than-expected rainfall pattern during the rainy season had an adverse impact on land preparations resulting in a slowdown of demand in local spares by 22% against prior year performance. On the positive, the board is pleased with the growth in export implements and spares volumes of 44% and 75% respectively.

Overall implement sales volumes grew by 21% and spares by 3% against prior year, anchored by export performance in the year under review. Mealie Brand therefore grew its revenue by 34% and operating profit by 21% in real terms against prior year performance.

Operationally, the business unit continues to put effort towards improving factory efficiencies in resource allocation and replacement of key capital equipment. The board remains committed to providing products that meet the evolving needs of its customers through investment towards research and product development. In addition, management have sought to align the distribution network in order to deliver convenience to our customers.

Logistics and Automotive Cluster

Scanlink
The business unit recorded a strong performance despite numerous headwinds attributable to COVID-19 induced supply chain disruptions which negatively impacted the operations of Scanlink. Parts sales grew by 107% driven by strong demand after the realignment of our supply chain model, which made our business extremely competitive and convenient to our customers. Hours also grew by 4% against prior year. As a result of the positive execution of the renewed supply chain model, Scanlink increased its revenues up by 15% and operating profit by 145% in real terms against prior year.

The outlook for the financial year 2022 is promising and the business unit will follow through on the considerable backlog in truck and bus orders from the previous year.

Trentyre
The business unit recovered from a challenging first half of 2021 closing the year positively after a staffing and supply chain reorganisation. The volumes of Passenger Car Radial (PCR) tyres grew by 28% against the prior year. This growth in volumes was driven by improved distribution channels and stock availability. Improvements in stock availability also propelled growth in volumes for Truck and Bus Radial (TBR) tyres by 23% against the prior year. The goodwill and trust in the quality of the Trentyre's Off the Road (OTR) tyres in major mines sustained the performance of the range, as evidenced by a 116% growth against prior year. Resultantly, Trentyre grew its revenue by 15% and operating profit by 193% in real terms compared to prior year, capping what has been the genesis of positive financial performances for Trentyre.

Management continues to place emphasis on the re-organisation of the supply chain and team balance. As a premier supplier of tyre and tyre management solutions, we have been working hard to provide the quality and standard expected of us by our customers.

Chairman's Statement (cont.)

Mining and Infrastructure Cluster

CT Bolts
CT Bolts has been making steady progress in asserting its dominance in the fasteners industry. The business unit achieved volumes growth of 48% against prior year performance. This was driven by the drive towards establishing new market segments such as prepacked fasteners for the retail market, specialised mining bolts and various other consumables. Management at CT Bolts continues to focus on business growth and supply chain agility in order to bring convenience and significant value to the Company 's customers.

Powermec
2021 was a relatively stable year from a power supply perspective on the main grid, hence the reduced demand for alternative power products. Generator units sold remained subdued with a 16% drop from the prior year. However, the performance of Powermec's new Solar product range was encouraging as the business unit achieved a 167% growth against prior year. The strong after sales performance grew parts sales by 72% and service hours by 22% against prior year, driving both revenue and operating profit up by 30% and 7% respectively in real terms, compared to prior year performance.

The performance of the solar energy range of products continues to gather momentum and we look forward to a strong performance in financial year 2022.

Barzem
The drive by the government to support infrastructure development through the Emergency Road Rehabilitation Programme (ERRP) culminated in increased earth moving equipment sales at Barzem. Overall, volumes of earth moving equipment sales grew by 84% against prior year performance. On the other hand, the focus on production by major mining houses who use CAT surface mining and handling equipment resulted in increased fleet maintenance. Consequently, parts sales grew by 75% and hours sold by 65% against prior year performance. Revenue therefore grew by 102% whilst operating profit was 109% ahead of prior year performance.

The challenges in foreign currency remittance experienced in the fourth quarter of 2021 slowed down business volumes. Management therefore adopted balance sheet preservation tactics. In addition, robust engagements with financial institutions have however continued to help in unlocking this foreign currency bottleneck.

Barzem will exit the Caterpillar distributorship on 30 September 2022 given the changes in the strategic direction by both the supplier and Zimplow Group. Whilst this exit is expected to have an impact on the Group's revenue performance initially, we believe that the risk management protocols that have been put in place by the board and management will ensure that the group preserves value and shareholder returns. Given these risk management protocols, the board and management believe the group is in a strong position to deliver its corporate strategy in the Mining and Infrastructure segment.

Dividend Declaration
As a result of the positive performance recorded by the Group, the board declared a final dividend of ZWL35.40 cents per share for the year ended 31 December 2021. This dividend together with the interim payment brings our total dividend pay-out ratio to 26%. A separate announcement will be made with respect to the dividend payment.

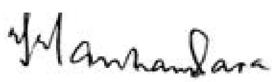
Outlook
The Group continues to strengthen its capability and capacity to respond to changes in the operating environment and undertaking stakeholder management in a holistic and robust manner with respect to suppliers and customers in order to deliver superior value to our Shareholders. Based on the performance as outlined above, the Board is confident that the Group has adequate risk management systems and a viable business strategy to withstand the fluidity and complexities of the country's operating environment.

In addition, the COVID-19 pandemic is still lingering over the operating environment and as such the Group will continue to implement the public health protocols as prescribed by COVID-19 National legislation and the World Health Organisation (WHO).

One of the key strategic matters the Group is currently seized with is the search for a new OEM of earthmoving equipment to replace the Caterpillar brand at the end of the Distributorship Agreement on 30 September 2022. In line with the Group's corporate strategy, the Board will focus on balance sheet preservation and growth of the new product line yet to be introduced, in order to deliver expected shareholder returns.

The Group is confident that the capacity built over the years in terms of goodwill and trust in Zimplow's back up infrastructure, human capital skills and experience in the provision of earth moving equipment, will be vital in resetting the Mining and Infrastructure Cluster to perform in line with the Group's vision.

Acknowledgment
I would like to thank fellow Directors, Management, and Staff for delivering such a pleasing financial performance and set of results despite the complexities obtaining in our current operating environment.



GT Manhambara
Chairman

30 May 2022

Corporate Governance Statement

Board Structure

The Board of Directors consists of a Non-Executive Chairman, one Executive Director and five Non-Executive Directors. The Chairmen of the various Committees are all Non-Executive Directors. The Board meets regularly to review results, dictate policy, formulate overall strategy and approve the budgets. They have introduced structures of Corporate Governance. Certain functions and responsibilities have been delegated to the following Committees. Their Terms of Reference and composition are regularly reviewed. Short biographies of each of the Directors are disclosed on **pages 20 to 21.**

Audit and Risk Committee

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

Human Resources Committee

The Human Resources Committee comprises 3 (three) Non-Executive Directors. The Group's Remuneration Policy is to provide packages that attract, retain and motivate high quality individuals who will contribute substantially to the growth and success of the Group. This Committee sets the remuneration of the Executive Directors and approves Guidelines for the Group's pay reviews. Remuneration packages include a guaranteed salary as well as a performance related incentive linked to the achievement of present profit targets, by the Group and its Clusters.

Investments Committee

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

Nominations Committee and Board Membership Criteria

The Nominations Committee is responsible for developing criteria for filling vacant Board positions taking into consideration such factors as it deems appropriate. Relevant considerations include education, background, leadership and ability to exercise sound judgement, general business experience and familiarity with the Group's business. Candidates should not have any personal interests that would materially impair their ability to exercise independent judgement or otherwise discharge the fiduciary duties owed as a Director to the Company and its stakeholders. All candidates must be individuals of personal integrity, ethical character and value and appreciate these qualities in others. It is expected that each Director will devote the necessary time to the fulfilment of his or her duties as a Director. In this regard, the Nominations Committee considers the number and nature of each Director's other commitments, including other Directorships. The Nominations Committee seeks to promote through the nomination process, diversity on the Board of professional background, experience, expertise, perspective, age, gender and ethnicity.

Executive Committee

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

Business Unit Governance

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

Board of Directors

GODFREY T. MANHAMBARA
Chairman

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

VIMBAYI NYAKUDYA
Group Chief Executive Officer

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

Board of Directors (cont.)

TIMOTHY M. JOHNSON
Non-Executive Director

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

GRANT C. PIO
Non-Executive Director

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

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

BENJAMIN N. KUMALO
Non-Executive Director

Ben is retired and has extensive experience in the manufacturing, tourism and automotive industries. He is the Chairman of ZimRe Holdings Limited. He is a holder of a Bachelor of Accountancy (Hons) Degree and is a qualified Chartered Accountant.

LANCE KENNEDY
Non-Executive Director

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

MATTHEW DAVIS
Non-Executive Director

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

DR. KALPESH PATEL
Non-Executive Director

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

Group Executive Committee

VIMBAYI NYAKUDYA
Group Chief Executive Officer

CHARLES L. CHAIBVA
Group Chief Finance Officer

BLESSING SCOTT
Group Operations Executive

WALTER CHIGWADA
Strategy and Business Development Executive

SHARON MANANGAZIRA
Corporate Services Executive

GLADYS MACHAWIRA
Group Risk Audit and Compliance Executive

WILLEM SWAN
Cluster Head | Mining and Infrastructure

HATSON CHIMUTASHA
Cluster Head | Logistics and Automotive

RANDY POTE
Cluster Head | Agriculture

Group Executive Committee (cont.)

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

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

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

Board Mandate

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

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

Brands:

ZIMPLOW
ENGINEERING PERFORMANCE

FARMEC
Barzem CAT
MEALIE BRAND
C.T. BOLTS
POWERMEC
TrenTyre ZIMBABWE
SCANIA
Birmingham Investments (Private) Limited

MASSEY FERGUSON
VALTRA
Challenger
Perkins
MONOSEM
agromaster
FALCON
BALDAN
Kverneland
AMAZONE
CanadianSolar
Agate
victron energy
Manica Road Investments
JinKO Solar
SCANIA
GOODYEAR
MEALIE BRAND
Master Farmer
CATERPILLAR

Board Committee Membership

Board Structure

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

Subsidiary Board Committee Membership

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

04
Sustainability Reporting

Sustainability Reporting

Sustainability development ensures that we meet our present needs without compromising our ability to meet future needs. As a significant player in the agricultural, mining and construction sectors in Zimbabwe, the Group focuses on optimizing the social and environmental impact of its operations without compromising economic viability.

Our Sustainability Strategy was developed and strengthened by the process of conducting a materiality assessment through which Zimplow defined issues of relevance to stakeholders and the business. The process began by capturing a broad scope of issues that are relevant to our industry and our Company such as climate change, water conservation, food security, energy conservation and use of renewable sources of energy, suppliers, waste management, employee health and safety, community relations and environmental stewardship.

Supply chain management

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

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

Sustainability Reporting (cont.)

Managing what matters and Reporting Practices

What matters

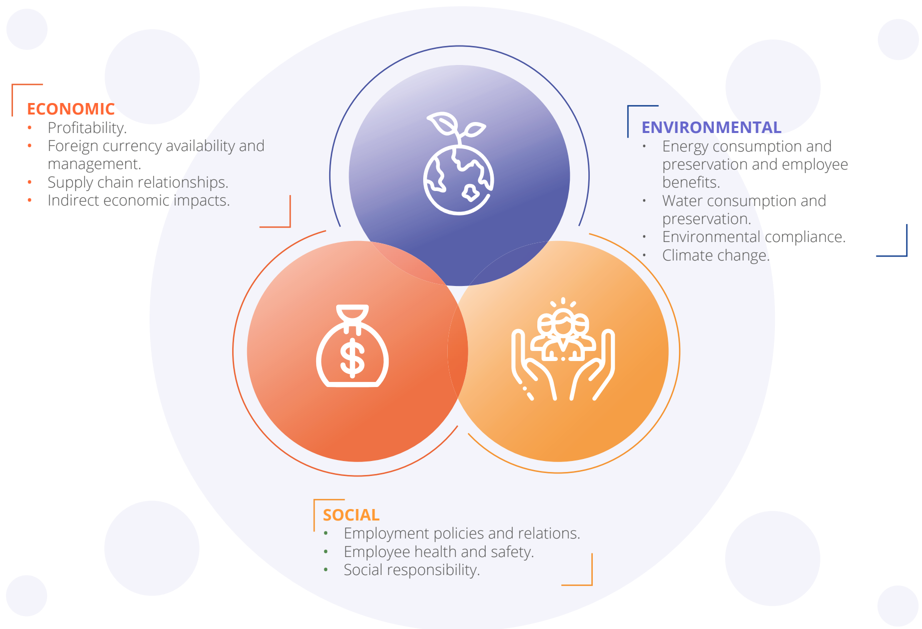
The Group's strategy is to dedicate attention to material impacts and where they take place within the business value chain. The Group considers material issues to be those that reflect the Company 's economic, environmental and social impacts, and stakeholder influence on the matters.

Materiality process and management

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

Material topics

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



Sustainability Reporting (cont.)

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

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

Reporting period
The Group's reporting period spans from 1 January to 31 December each year. This report covers the 12 months for the period ending 31 December 2021.

Economic impact
Zimplow has for the past year committed itself to the attainment of food security in the country. Management and Staff engage the customers in various ways to ensure optimum utilisation of the land as a natural resource. The Group is producing more efficient farming machinery to service from a peasant farmer, medium to a commercial farmer as a way of ensuring higher yields per piece of land. Due to the ever-increasing population against a static natural resource, more efficient ways to till and conserve the land are required and this is the thrust of the Group.

Rural economies development
The Group pro-actively supports the socio – economic transformations of the rural community by providing economic solutions to our customers, in that market space.

Our Mealie Brand Division provides a wide range of affordable and durable farming equipment meant to empower the rural farmer and ensure food security nationwide.

Customers are also empowered with technical advice from our technical staff through one-on-one farm visits and demonstrations on sustainable farming.

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

Our approach
Management ensures resource preservation for today and future generations, as a priority by protecting the health of the community and the environment the Group depends on. Our strategic intent is premised on:

- Clean environment;
- Conservation agriculture;
- Environmental stewardship by our principals; and
- Efficiency in water and energy consumptions.

Sustainability Reporting (cont.)

RAW MATERIALS

SDG Tags

Our management

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

Materials used	Unit	2021	2020
Steel	Tons	2,763	1,867
Oils	Drums	441	260

Percentage of materials used that are recycled input materials

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

Materials	Unit	2021	2020
Overall material recycled	%	14	3.2

Environmental stewardship

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

Our strategy

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

WASTE AND EFFLUENT

SDG Tags

Our management

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

Waste type	Disposal method	Unit	2021	2020
Used oil	Sold for recycling	Litres	12,076	22,155
Scrap metal	Sold for recycling	Tons	315	16

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

Sustainability Reporting (cont.)

SDG Tags

ENERGY, WATER AND CLIMATE CHANGE

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

Our strategy

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

SDG Tag

ENERGY

Our management

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

Energy consumption – within the organisation

Energy type	Unit	2021	2020
Electricity	MWH	71,739	475
Heating (Gas)	Tons	20	12
Heating (Coal)	Tons	547	395
Fuel for generators	Litres	28,775	20,402

Energy consumption – outside the organisation

Energy type	Unit	2021	2020
Diesel	Litres	416,894	317,453
Petrol	Litres	67,698	45,275
Total		**484,592**	**362,728**

SDG Tag

WATER RESOURCE

Our management

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

Source	Unit	2021	2020
Ground water (borehole)	m³	6,080	20,371
Municipal water supply	m³	7,605	10,464
Total		**13,685**	**30,835**

Sustainability Reporting (cont.)

CLIMATE CHANGE

SDG Tag

Our management

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

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

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

Pfumvudza picture courtesy of Agri-News Zimbabwe

SOCIAL IMPACT

SDG Tags

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

Strategic intent

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

Employer of choice

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

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

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

Sustainability Reporting (cont.)

Talent management

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

Our approach

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

Average training hours per employee	Unit	2021	2020
Male	Hours	386	379
Female	Hours	64	62

Leadership development

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

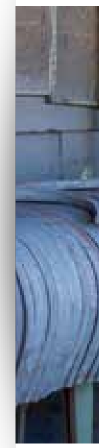
Our approach

Management continues to implement strategies in a robust manner, to ensure the work environment is conducive for all employees whether full time, contract or short term causal. Management engages with employees through the Workers Committee and Works Council structures in place. These platforms allow our employees to bring matters of concern to Management. Management's approach is to ensure relations are cordial at all times. Where there are grievances, procedures in the Policy are expected to be followed, to ensure effective resolution of any grievances brought forward by staff members.

2021

577

Total Employees
Male and Female



Sustainability Reporting (cont.)

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

Employee base

Total employees	Unit	2021	2020
Male	Count	290	364
Female	Count	66	93
Total Employees		**356**	**457**

	Unit	2021	2020
Permanent	Count	241	194
Contract	Count	115	263
Total Employees		**356**	**457**

Employee skills base

Our employees and senior management are members to the following professional bodies:

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

Health and safety

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

Work related accidents/injuries

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

Total Employees	Unit	2021	2020
Number of Injuries	FAC/MTC/LTI	9	50
Number of work related fatalities	Incidents	0	0
Safety Training (days)	Days	41	142

Social and community engagement

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

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

Legal, regulatory compliance and ethics

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

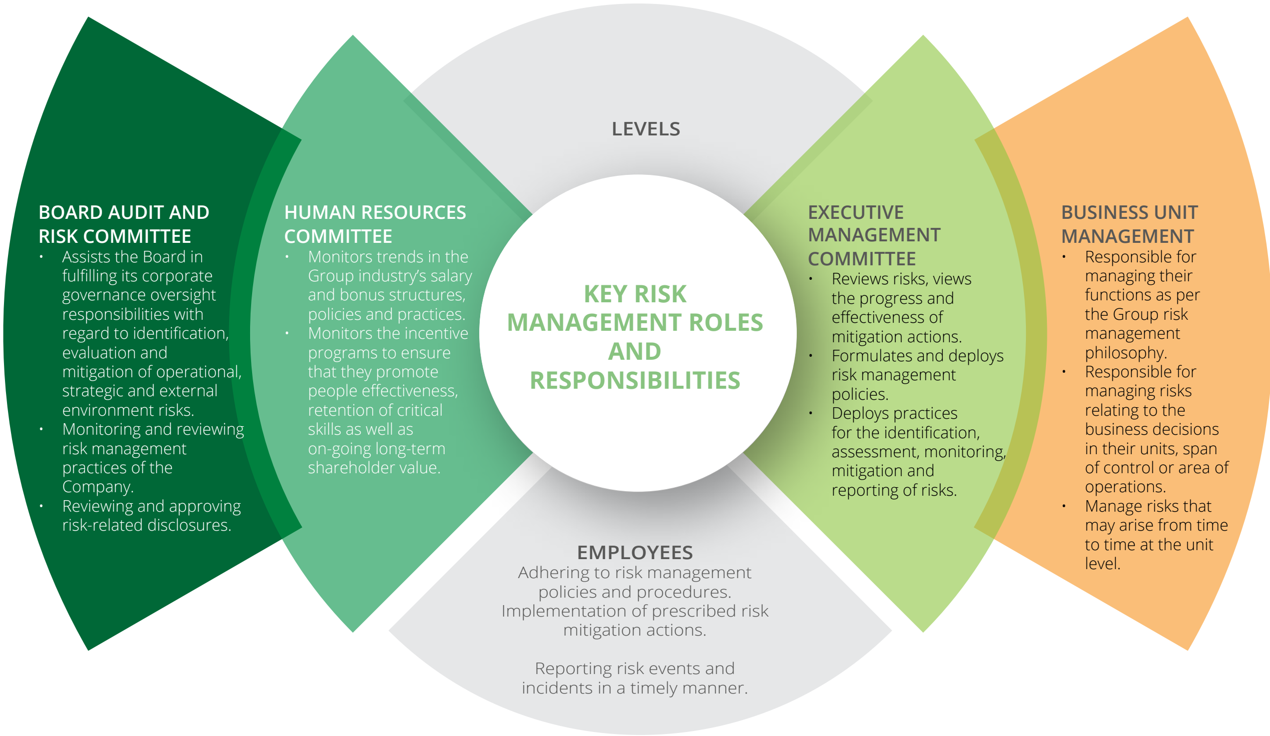
We value honesty, integrity and fair dealings and this is embedded in all our business practices. We continue to place great emphasis on these aspects. The Group endeavours to uphold core business values and actively works to prevent the prevalence of unethical behaviour such as bribery and corruption.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

We also have an in-house team of internal auditors who regularly assess financial, business and compliance risks that the business is facing and conduct their operations independent of Management. The Group also has an Audit and Risk Committee that takes responsibility for setting out appropriate ethical reviews illustrated in Fig 1.

Sustainability Reporting (cont.)

The key roles and responsibilities for risk management in our organisation are summarised below:

Fig 1: key roles and responsibilities



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

Fig 2: Zimplow Sustainability Review Framework

Stakeholders Engagement

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

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

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

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

While responsibility for stakeholder engagement and management is decentralised to operations, appropriate stakeholder engagement policies, practices and reporting procedures are formulated at Group level to establish clear lines of accountability and ensure compliance with the relevant laws and regulations, Group standards and Codes of Conduct governing relationships with our stakeholders. A Group Executive has responsibility of stakeholder management and bringing to the Board's attention potential gaps that may emerge.

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

The Group's risks have been categorized as strategic, operational, compliance and financial. The diagram (Fig 2) summarizes some of the main risks under each category.

Our Value Creation Business Model

Inputs

Capital	Component of Capital
Financial	**FINANCE** • Appropriate debt/equity funding. • Optimal divisional capital structures. • Access to capital.
Manufactured	**INFRASTRUCTURE AND FACILITIES** • Geographic footprint. • Workshop and storage facilities. • Training facilities.
Intellectual	**OEM AND INTELLECT** • Captive brands. • State of art operating systems. • Premium customer solutions.
Human	**PEOPLE** • Talent. • Skilled workforce.
Social and relationship	**BUILDING LONG TERM RELATIONSHIPS** • Stakeholder engagement.
Natural	**NATURAL RESOURCES** • Land. • Water. • Fossil fuels.

Business activity

Activities that add value

SOURCE
Plant and equipment from OEMs and own products.

PLACE
Our products and sales (of plant and equipment), services maintainance and repair, storage and solutions (supply chain optimization) in to customer base.

SOURCE
Plant and equipment from OEMs and own products.

GROW
Our customer base and demand for our products.

Our Value Creation Business Model (cont.)

Outcomes

Impact on stakeholders

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

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

Outputs

Key products, solutions and impact

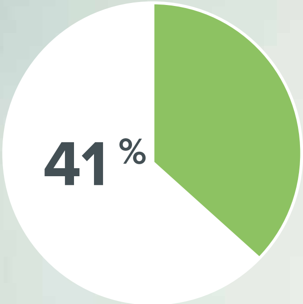
FLEXIBLE, VALUE ADDING, INNOVATIVE CUSTOMER SOLUTIONS IN:
- Earthmoving; mining and infrastructure.
- Power systems; electric power.
- Material handling; lift trucks.
- Agricultural equipment.
- Solar.

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

Value Added Statement

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

Employees



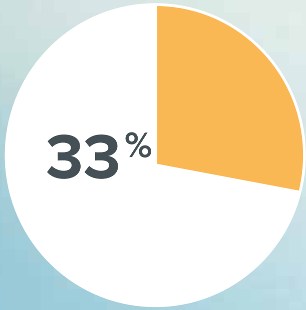
Number of employees

577

Percentage increase

26%

Retained for growth



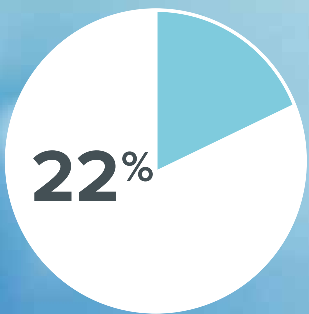
Revenue per employee

ZWL$11,5m

Percentage increase

23%

Government



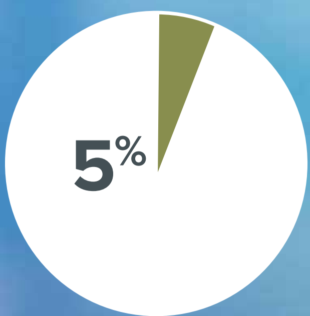
Value created per employee

ZWL$3,1m

Percentage increase

47%

Capital providers



Total value created

2021 **ZWL$1,8bn**

2020 **ZWL$969m**

05
Financial Review

Directors' Responsibility Statement

Accounting Records and Financial Statements

The Directors are responsible for the maintenance of adequate accounting records as well as the preparation and integrity of the Group and Company financial statements and related information contained in the Annual Report in a manner that fairly presents the results of the Group's operations.

External Auditors' Role

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

Systems of Internal Control

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

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

Going Concern

After reviewing the Group's budgets and related financial projections and potential effects of COVID-19, the Directors have no reason, in all material respects, to believe that the Group will not continue to operate in the foreseeable future. Accordingly, these Group and Company financial statements have been prepared on a going concern basis. Further information is provided under Note 29 and 30, in relation to events after the reporting period.

Accounting Policies

In preparing the Group and Company financial statements set out on **pages 48 to 99** appropriate accounting policies have been applied, as have the relevant International Financial Reporting Standards, unless otherwise stated, and are supported, where necessary, by reasonable and prudent judgments and estimates. The Directors are of the view that the requirement to comply with the Statutory Instrument 29 of 2019 has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework, resulted in the accounting treatment adopted in the 2021 and 2020 Group and Company financial statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS. Consequently, the Group and Company financial statements did not comply with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors for non-correction of the prior year non-compliance with IAS 21. These exceptions have also made full compliance with the Companies and Other Business Entities Act (Chapter 24.31) not possible since it requires the entities to prepare the financial statements in accordance with the General Accepted Accounting Practice applicable to that entity which is IFRS.

Approval of Group and Company financial statements

The Group and Company financial statements for the year ended 31 December 2021 have been approved by the Board of Directors and are signed on its behalf by the Board Chair and a member Director.

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

G. T. Manhambara
Chairman
30 May 2022

V. Nyakudya
Chief Executive Officer
30 May 2022

Report of the Directors

Your Directors present their report together with the Audited financial statements of Zimplow Holdings Limited (Zimplow) and its subsidiaries (together being "the Group") for the year ended 31 December 2021.

Principal activities

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

Share Capital

Authorised share capital

The authorised share capital of the Company increased from 300 000 000 to 400 000 00 (Three hundred million to Four hundred million) shares at a nominal value of ZWL$0.0004 each.

Issued share capital

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

Unissued share capital

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

Financial affairs

The Group and Company financial statements set out on **pages 48 to 99** have been Audited by Ernst and Young and depict the resilience of the business even with the constrained economic environment under which the Group operates.

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

Dividend

The Board declared final dividend for the year ended 31 December 2021 of ZWL$35.40 cents per share.

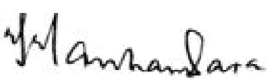
Directorate

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

Auditors

Messrs Ernst and Young remain in office until conclusion of the Annual General Meeting on 30 June 2022, at which members will be asked to fix their remuneration and appoint Auditors for the ensuing year. Ernst and Young have indicated their willingness to continue in office.

For and on behalf of the Board of Directors.



G .T. Manhambara
Chairman
30 May 2022

V. Nyakudya
Chief Executive Officer
30 May 2022

Building a better working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
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Email: admin@zw.ey.com
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Independent Auditor's Report

To the Shareholders of Zimplow Holdings Limited

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

Qualified Opinion
We have audited the inflation adjusted consolidated and separate financial statements of Zimplow Holdings Limited and its subsidiaries (the Group) and company set out on pages 48 to 99, which comprise the inflation adjusted consolidated and separate Statements of Financial position as at 31 December 2021, and the inflation adjusted consolidated and separate Statements of Profit or Loss and other Comprehensive income, the inflation adjusted consolidated and separate Statements of Changes in Equity and the inflation adjusted consolidated and separate Statements of Cash flows for the year then ended, and notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects the inflation adjusted consolidated and separate financial position of the group and company as at 31 December 2021, and their inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

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

Impact of prior year modification on current period

Date of Change of Functional Currency

Historical date of change in functional currency
As explained in note **2.1** to the consolidated and separate inflation adjusted financial statements, the Group and Company changed their functional and reporting currency from United States Dollar (US$) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

We however believe that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019. Our prior year audit report for the year ended 31 December 2020 was modified due to impact of this matter on Property Plant and Equipment on the consolidated and separate inflation adjusted Statement of Financial Position which still comprised of material amounts from opening balances, as well as movements on the consolidated and separate inflation adjusted statements of profit or loss, cashflows and changes in equity.

This matter has not been corrected through a restatement in terms of IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors. Our opinion on the current period's consolidated inflation adjusted financial statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Exchange rates used in prior year
Further contributing to the adverse opinion was the use of inappropriate exchange rates which did not meet IAS 21 requirements for a spot rate for the period 22 February 2019 to 22 June 2020. The interbank exchange rate was used to translate foreign denominated transactions and balances to ZWL functional currency; however, the rate was not available for immediate delivery therefore not a spot rate in terms of IFRS. The misstatements could however not be quantified as an appropriate exchange rate had not been identified.

Management has not made retrospective adjustments in terms of IAS 8 to correct this matter. The matter continues to impact the following amounts on the consolidated and separate inflation adjusted statement of financial position which still comprise material amounts from opening balances: Retained Earnings stated at Group ZWL1 278 422 688 (2020: ZWL1 087 588 869) Company ZWL903 982 542 (2020: ZWL946 962 768), Non-Controlling Interest Group ZWL608 641 255 (2020: ZWL475 872 570).

Zimplow Holdings Limited

As opening balances enter into the determination of financial performance, our audit report is modified in respect of the impact of these matters on Cost of Sales stated at Group ZWL4 162 818 103 (2020: ZWL2 950 348 866) Company ZWL2 222 649 017 (2020: ZWL1 698 473 038) and Tax Expense stated at Group ZWL525 740 303 (2020: ZWL165 756 800)Company ZWL221 716 154 (2020: 212 025 932)in the consolidated and separate inflation adjusted Statement of Profit or Loss. Consequently, the consolidated and separate inflation adjusted Statement of Changes in equity and consolidated and separate inflation adjusted Statement of Cashflows may also require amendments.

Further, corresponding numbers relating to Revaluation Reserve on the consolidated inflation adjusted statement of Profit or Loss remains misstated. Corresponding numbers relating to Inventories, Prepayments, Property, Plant and Equipment and Deferred Tax Liability on the consolidated and company inflation adjusted Statement of Financial Position remain misstated. Our opinion on the current period's consolidated and separate inflation adjusted financial statements is therefore also modified because of the possible effects of the above matter on the comparability of the specified current period's figures and the corresponding figures.

Valuation of Property and Manufacturing Plant and Equipment (Group and Company) (Non-compliance with IFRS 13 – Fair Value Measurement and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors)
The Group's Investment Properties and Freehold Land and Buildings are carried at Group ZWL140 816 504 (2020: ZWL35 493 985) Company ZWL162 830 000 and Group ZWL 1 830 472 156 (2020: ZWL 1 881 095 605) Company ZWL586 907 368 (2020: ZWL682 291 850) respectively as at 31 December 2021 as described in Note 10. The implicit investment method was applied for Industrial and commercial properties and key inputs into the calculations include rentals per square metre and capitalisation rates. Residential properties and vacant stands were valued in terms of the market comparable approach. In both cases, the valuation was performed based on USD denominated inputs and converted to ZWL as the presentation currency using a rental yield as determined by management as described on Note 13.

We have concerns over the appropriateness of using a foreign currency for the valuation inputs and then applying a conversion rate to a US$ valuation to calculate ZWL Property and Manufacturing Plant and Equipment values as in our opinion this may not be an accurate reflection of the current dynamics where there is a disparity between exchange rates.

With respect to the implicit investment approach, the US$ estimated rentals may not be an appropriate proxy for the ZWL amounts in which rentals are settled. While historical US$ amounts based on similar transactions have been used as a starting point in determining comparable values on the market comparable approach, it is noted that market participants take into account different risk factors in determining an appropriate value in ZWL terms which are not necessarily limited to the exchange rate.

Consequently, property and manufacturing plant and equipment may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our prior year audit report was also modified due to this matter, no restatements have been made in terms of IAS 8.

Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies
Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with *IAS 21 / IAS 8* as described above. Had the correct base numbers been used, the above stated accounts would have been materially different except for Investment Property and Property, Plant and Equipment which are held at fair value therefore for which our opinion is modified only in respect of comparability. Consequently, the monetary gains or losses of on the consolidated and separate inflation adjusted Statement of profit or loss and other comprehensive income stated at Group ZWL25 333 803 (2020: ZWL75 834 470); Company ZWL25 062 (2020: (ZWL130 031 830)), are impacted. Our prior year audit report was also modified due to this matter.

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

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

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements.

Zimplow Holdings Limited

The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Goodwill Impairment	
The Group has goodwill of ZWL800 556 829 (2020: ZWL37 385 975). The increase in goodwill from the prior year was a result of the acquisition of Scanlink, Tredcor and Birmingham Properties as disclosed in note 27. Management identified an impairment indicator related to the carrying value of goodwill in the Birmingham division on acquisition. The Group's assessment of impairment in accordance with IAS 36 Impairment of Assets is a judgemental process which requires estimating future cash flows based on management's view of future business prospects. Our key audit matter focuses on the robustness of the revenue and profit forecasts of the Group. Given the significant level of judgement involved, we identified this key audit matter as a potential fraud risk.	We performed the following procedures in response to the key audit matter identified: ➢ Completed a walkthrough of the impairment process and assessed the design and implementation of the key controls addressing the risk. ➢ We discussed with management to understand and critically challenge the key underlying assumptions used in the forecasts that form the basis of the Group's impairment review. ➢ We engaged our technical department who performed an assessment of the accuracy of the impairment done by management including cash flow projections made and the discounting factor used. ➢ Reviewed the disclosures in the financial statements, including the disclosure of the events and circumstances that led to the recognition of the impairment charge.
Application of IFRS 3 Busines Combinations on new acquisitions	
The Group acquired 100% of the share capital of Scanlink, Tredcor, and Birmingham Properties on 1 July 2021 for ZWL1 029 134 370. This transaction falls under the scope of IFRS 3 Business Combinations which requires significant management judgement in determining the fair value of assets acquired, including intangible assets which are inherently judgemental. Our key audit matter focuses on the valuation of assets acquired and the completeness of liabilities associated with the acquisition, including the valuation of the distribution agreement. Given the significant level of judgement involved, we identified this key audit matter as a potential fraud risk. The Group accounted for the transaction as at 31 December 2021 in accordance with IFRS 3. The acquisition is disclosed in note 27 of the consolidated and company inflation adjusted financial statements.	We performed the following procedures in response to the key audit matter identified: ➢ Completed a walkthrough of the acquisition process and assessed the design and implementation of the key controls addressing the risk. ➢ Evaluated management's assessment of the due diligence findings and the actions taken. ➢ Risk assessed, appropriately scoped and tested the opening balance sheet for the acquired business. ➢ Reviewed the disclosures in the financial statements.

Other Information

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the Group did not comply with the requirements of IAS 21 – *Effects of Changes in Foreign Exchange Rates*, IFRS 13 – *Fair Value Measurement, consequently the application of* IAS 29 – *Financial Reporting in Hyperinflationary Economies was on an incorrect base.* We have concluded that the other information is materially misstated for the same reasons.

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

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

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

Zimplow Holdings Limited

Auditor's Responsibilities for the Audit of the Inflation adjusted Consolidated and Separate Financial Statements

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

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

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

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

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

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

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

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

31 May 2022

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

for the year ended 31 December 2021

	Notes	Group Inflation adjusted 31-Dec-21 ZWL$	Group Inflation adjusted 31-Dec-20 ZWL$	Company Inflation adjusted 31-Dec-21 ZWL$	Company Inflation adjusted 31-Dec-20 ZWL$
Sales of goods		6,299,302,427	4,081,188,301	3,294,995,863	2,551,468,781
Rendering of services		310,993,975	169,850,729	158,838,226	107,026,530
Investment property rental income		9,478,168	9,423,672	7,704,349	-
Revenue	4	**6,619,774,570**	**4,260,462,702**	**3,461,538,438**	**2,658,495,311**
Cost of sales		(4,162,818,103)	(2,950,348,866)	(2,222,649,017)	(1,698,473,038)
Gross Profit		**2,456,956,467**	**1,310,113,836**	**1,238,889,421**	**960,022,273**
Other operating income	9	150,759,429	92,101,232	43,565,579	50,896,431
Selling and distribution expenses		(90,877,335)	(50,726,932)	(62,118,124)	(39,817,765)
Administrative expenses	5.1	(1,141,843,672)	(833,449,080)	(630,532,590)	(462,303,447)
Other operating expenses	5.2	(419,916,406)	(75,343,898)	(345,119,598)	(68,584,344)
Allowance for expected credit losses	17	(9,647,694)	(1,074,073)	(7,341,229)	(1,394,831)
Monetary gain/(loss)		25,333,803	75,834,470	25,062,495	(130,031,830)
Operating profit		**970,764,592**	**517,455,555**	**262,405,954**	**308,786,487**
Finance costs	19.4	(11,633,700)	(6,880,230)	(8,690,861)	(12,005,521)
Finance income	19.3	1,160,522	208,523	826,973	163,335
Profit before tax		**960,291,414**	**510,783,848**	**254,542,066**	**296,944,301**
Income tax expense	8	(525,740,303)	(165,756,800)	(221,716,154)	(212,025,932)
Profit for the year		**434,551,111**	**345,027,048**	**32,825,912**	**84,918,369**
Other comprehensive income					
Other comprehensive income that may be recycled through profit or loss					
Exchange difference on translation of foreign operations		-	(1,219,683)	-	(1,219,683)
Other comprehensive income that will not be reclassified to profit or loss					
Revaluation of plant, land and buildings net of tax		(413,942,188)	148,388,850	(61,602,088)	78,252,902
Total other comprehensive income for the year, net of tax		**(413,942,188)**	**147,169,167**	**(61,602,088)**	**77,033,219**
Total comprehensive income for the year		**20,608,923**	**492,196,215**	**(28,776,176)**	**161,951,588**
Profit for the year attributed to:					
Owners of the parent		266,639,956	283,758,961	32,825,912	84,918,368
Non controlling interests		167,911,155	61,268,087	-	-
		434,551,111	**345,027,048**	**32,825,912**	**84,918,369**
Total comprehensive profit for the year attributable to:					
Owners of the parent		(112,159,762)	436,919,622	(28,776,176)	161,951,587
Non controlling interests		132,768,685	55,276,593	-	-
		20,608,923	**492,196,215**	**(28,776,176)**	**161,951,588**
Earnings per share	28				
Basic earnings per share		0.77	1.19	0.10	0.36
Diluted earnings per share		0.77	1.19	0.10	0.36
Headline earnings per share		0.78	1.19	0.11	0.35
Diluted headline Earnings per share		0.78	1.19	0.11	0.35

Consolidated Group and Company Statement of Financial Position

as at 31 December 2021

	Notes	Group Inflation adjusted 31-Dec-21 ZWL$	Group Inflation adjusted 31-Dec-20 ZWL$	Company Inflation adjusted 31-Dec-21 ZWL$	Company Inflation adjusted 31-Dec-20 ZWL$
ASSETS					
Non-current Assets					
Property, plant and equipment	10	1,830,472,156	1,881,095,605	586,907,368	682,291,850
Intangible assets	10.3	3,014,768	3,539,071	3,014,768	3,539,071
Investment property	11	140,816,504	35,493,985	162,830,000	-
Investment in subsidiaries	13	-	-	1,492,452,128	463,317,758
Right of use assets	25	-	-	4,858,891	14,576,673
Long term receivables	22	205,720,550	79,571,089	178,554,050	46,427,885
Goodwill	14	800,556,829	37,385,975	-	-
Total non-current assets		**2,980,580,807**	**2,037,085,725**	**2,428,617,205**	**1,210,153,237**
Current Assets					
Inventories	15	2,409,950,714	1,309,716,834	1,188,349,861	848,438,474
Inter Company receivables	24.2	-	-	38,233,284	-
Trade and other receivables	16	748,970,504	314,400,232	131,387,704	102,091,810
Prepayments	17.2	493,523,680	538,332,678	327,571,670	512,965,955
Investment in financial assets	17.1	79,913	242,613	79,913	242,613
Cash and bank balances	20	1,420,375,670	249,057,044	309,129,451	126,579,420
Total current assets		**5,072,900,481**	**2,411,749,401**	**1,994,751,883**	**1,590,318,272**
Total Assets		**8,053,481,288**	**4,448,835,126**	**4,423,369,088**	**2,800,471,509**
EQUITY AND LIABILITIES					
Equity					
Issued share capital	7	3,910,992	3,854,272	3,910,992	3,854,272
Share premium		2,197,157,374	797,968,307	2,197,157,374	797,968,307
Revaluation reserve	21.1	443,588,479	822,388,197	236,322,309	297,924,396
Capital reserve		(7,860,006)	(7,860,006)	(7,860,006)	(7,860,006)
Change in ownership reserve	21.3	(36,549,618)	(36,549,618)	-	-
Accumulated profit		1,278,422,688	1,087,588,869	903,982,542	946,962,768
Attributable to holders of the parent		**3,878,669,909**	**2,667,390,021**	**3,333,513,211**	**2,038,849,737**
Non-controlling interests	23	608,641,255	475,872,570	-	-
Total Equity		**4,487,311,164**	**3,143,262,591**	**3,333,513,211**	**2,038,849,737**
Non-current liabilities					
Inter Company payables	24.2	-	-	-	9,549,684
Deferred tax liabilities	8.3	675,785,880	570,912,249	292,765,871	293,204,873
Total non-current liabilities		**675,785,880**	**570,912,249**	**292,765,871**	**302,754,557**
Current liabilities					
Trade and other payables	18.1	1,953,850,649	391,191,326	140,800,628	142,931,065
Provisions	18.2	21,854,308	25,494,364	9,632,818	8,981,915
Short term borrowings	19.1	154,148,168	9,203,994	86,195,930	9,203,994
Customer deposits	17.3	472,643,466	132,256,299	337,257,456	116,374,038
Lease liabilities	25.2	-	-	1,517,460	5,535,117
Current Tax liabilities		287,887,653	176,514,303	221,685,714	175,841,086
Total current liabilities		**2,890,384,244**	**734,660,286**	**797,090,006**	**458,867,215**
Total equity and liabilities		**8,053,481,288**	**4,448,835,126**	**4,423,369,088**	**2,800,471,509**

G. Manhambara
Chairman
30 May 2022

V. Nyakudya
Chief Executive Officer
30 May 2022

Consolidated Group and Company Statement of Cash Flows

for the year ended 31 December 2021

		Group Inflation adjusted		Company Inflation adjusted	
	Notes	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Cash flows from operating activities					
Operating profit before tax		960,291,414	510,783,848	254,542,066	296,944,301
Adjusted for:					
Depreciation of property, plant and equipment and amortisation of intangible assets	5.2	120,121,654	29,338,413	102,392,799	31,854,796
Net fair value adjustments		-	(7,769,969)	-	-
Net unrealised foreign exchange differences		(96,500,546)	(19,889,604)	10,693,305	(15,148,296)
Interest received		(1,160,522)	(208,523)	(826,973)	(163,335)
Interest paid		11,633,700	6,880,230	8,690,861	12,005,521
Movement in provisions		(3,640,056)	14,209,501	650,903	(1,626,607)
(Profit)/loss on disposal of property, plant and equipment		4,711,504	(428,527)	4,691,089	(428,527)
		995,457,148	**532,915,369**	**380,834,050**	**323,437,853**
Working capital changes					
(Increase)/Decrease in Inventories		(1,100,233,880)	(180,516,599)	(339,911,387)	57,680,962
(Increase)/Decrease in trade and other receivables		(434,570,272)	(149,753,464)	(29,295,894)	(45,370,789)
Increase in prepayments		44,808,998	(102,485,596)	185,394,285	(190,909,840)
(Decrease)/Increase in customer deposits		340,387,167	(61,595,104)	220,883,418	(6,233,156)
Decrease in intergroup balances		-	-	(9,549,684)	(26,239,580)
Increase/ (Decrease) in trade and other payables		1,562,659,323	219,425,789	(2,130,437)	130,962,887
		1,408,508,484	**257,990,395**	**406,224,351**	**243,328,337**
Interest received		1,160,522	208,523	826,973	163,335
Interest paid		(11,633,700)	(6,880,230)	(8,690,861)	(12,005,521)
Income tax paid		(214,309,357)	(107,846,308)	(100,161,635)	(53,807,698)
Dividend paid		(75,806,138)	(14,483,695)	(75,806,138)	(14,483,695)
Net cash flow from/(used) in operating activities		**1,107,919,811**	**128,988,685**	**222,392,690**	**163,194,758**
Investing activities					
Acquisition of subsidiaries-cash acquired		63,645,703			
Proceeds from sale of property, plant and equipment		630,122	924,679	630,122	924,679
Purchase of property, plant and equipment		(151,802,126)	(51,447,592)	(80,083,580)	(46,110,384)
Proceeds from sale of financial assets		71,025	-	71,025	-
Purchase of financial assets		-	(42,666)	-	(42,666)
Net cash flows from investing activities		**(87,455,276)**	**(50,565,579)**	**(79,382,433)**	**(45,228,371)**
Financing Activities					
Lease liability principal repaid				(2,455,219)	(3,425,890)
Repayments of borrowings	19.2	(28,337,682)	(40,397,663)	(34,925,071)	(40,397,663)
Proceeds from borrowings	19.2	189,175,389	84,334,821	121,573,171	84,334,821
Net cash flows from/(used) in financing activities		160,837,707	43,937,158	84,192,881	40,511,268
Net increase/(decrease) in cash and cash Equivalents		**1,181,302,242**	**122,360,264**	**227,203,138**	**158,477,655**
Effects of exchange rate changes on cash and cash equivalents		23,402,361	49,326,022	22,003,000	39,030,211
Effects of IAS29		(33,385,977)	(78,898,195)	(66,656,107)	(214,958,972)
Cash and cash equivalents at 1 January		**249,057,044**	**156,268,953**	**126,579,420**	**144,030,526**
Cash and cash equivalents at 31 December	20	**1,420,375,670**	**249,057,044**	**309,129,451**	**126,579,420**
Comprising of					
Cash and cash balances		1,420,375,670	249,057,044	309,129,451	126,579,420

Consolidated Group Statement of Changes in Equity

for the year ended 31 December 2021

Inflation Adjusted ZWL$	Share Capital	Capital Reserve	Share Premium	Revaluation Reserve	Change in Ownership reserve	Foreign Currency translation Reserve	Retained earnings	Attributable to Owners of the parent	Non-Controlling Interest	Total
Group										
Balance on 1 January 2020 before restatement	3,854,272	(7,860,006)	797,968,307	668,007,830	(36,549,618)	1,219,683	967,541,896	2,394,182,364	433,597,675	2,827,780,039
Restatement impact	-	-	-	-	-	-	(149,228,293)	(149,228,293)	(13,001,675)	(162,229,963)
Restated balance at 1 January 2020	3,854,272	(7,860,006)	797,968,307	668,007,830	(36,549,618)	1,219,683	818,313,603	2,244,954,071	420,596,000	2,665,550,071
Dividend paid	-	-	-	-	-	-	(14,483,695)	(14,483,695)	-	(14,483,695)
Profit for the year	-	-	-	-	-	-	283,758,961	283,758,961	61,268,087	345,027,048
Other comprehensive income/(loss) net of tax	-	-	-	154,380,367	-	(1,219,683)	-	153,160,684	(5,991,517)	147,169,167
Balance at 31 December 2020	3,854,272	(7,860,006)	797,968,307	822,388,197	(36,549,618)	-	1,087,588,869	2,667,390,021	475,872,570	3,143,262,591
Share issue	56,720	-	1,399,189,067	-	-	-	-	1,399,245,787	-	1,399,245,787
Dividend paid	-	-	-	-	-	-	(75,806,137)	(75,806,137)	-	(75,806,137)
Profit for the year	-	-	-	-	-	-	266,639,956	266,639,956	167,911,155	434,551,111
Other comprehensive income net of tax	-	-	-	(378,799,718)	-	-		(378,799,718)	(35,142,470)	(413,942,188)
Balance at 31 December 2021	3,910,992	(7,860,006)	2,197,157,374	443,588,479	(36,549,618)	-	1,278,422,688	3,878,669,909	608,641,255	4,487,311,164

Company Statement of Changes in Equity

for the year ended 31 December 2021

Inflation Adjusted ZWL$	Share Capital	Capital Reserve	Share Premium	Revaluation Reserve	Foreign Currency translation Reserve	Retained earnings	Attributable to Owners of the parent
Company							
Balance on 1 January 2020 before restatement	**3,854,272**	**(7,860,006)**	**797,968,307**	**219,671,494**	**1,219,683**	**1,012,224,008**	**2,027,077,758**
Restatement impact	-	-	-	-	-	(135,695,910)	(135,695,910)
Restated balance at 01 January 2020	**3,854,272**	**(7,860,006)**	**797,968,307**	**219,671,494**	**1,219,683**	**876,528,099**	**1,891,381,848**
Dividend paid	-	-	-	-	-	(14,483,696)	(14,483,696)
Profit for the year	-	-	-	-	-	84,918,366	84,918,366
Other comprehensive income/ (loss) net of tax	-	-	-	78,252,902	(1,219,683)	-	77,033,219
Balance at 31 December 2020	**3,854,272**	**(7,860,006)**	**797,968,307**	**297,924,396**	**-**	**946,962,768**	**2,038,849,737**
Dividend paid	-	-	-	-	-	(75,806,137)	(75,806,137)
Share issue	56,720	-	1,399,189,067	-	-	-	1,399,245,787
Profit for the year	-	-	-	-	-	32,825,912	32,825,912
Other comprehensive income net of tax	-	-	-	(61,602,087)	-	-	(61,602,087)
Balance at 31 December 2021	**3,910,992**	**(7,860,006)**	**2,197,157,374**	**236,322,309**	**-**	**903,982,542**	**3,333,513,211**

Notes to the Financial Statements
for the year ended 31 December 2021

1. Corporate information

The consolidated financial statements of Zimplow Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 30 May 2022. Zimplow Holdings Limited, the Company , is a limited Company incorporated and domiciled in Zimbabwe and whose shares trade on Zimbabwe Stock Exchange. The registered office is located at 39 Steelworks Road, Heavy Industrial Sites in Bulawayo, Zimbabwe.

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

2. Significant Accounting policies

2.1 Basis of preparation

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

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

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

Change in functional currency

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

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

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

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

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

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

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

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

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

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

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

Dates	Indices	Conversion Factors
31 December 2021	2474.5	1.00
31 December 2020	3977.5	1.61
31 December 2019	551.6	7.21

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

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

Revenue and cost of sales
- The line items were segregated into monthly totals and then the applicable monthly adjustment factor was factored to hyper-inflate these amounts.
- For Cost of Sales, the line items were segregated into monthly totals and then moving average of the applicable monthly adjustment factor was computed, that mirrors the Group and Company 's inventory holding period. The factor was then used to hyper-inflate these amounts.

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

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

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

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

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

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

Investment property
- The investment property was fair valued at 31 December 2021 and thus no inflation adjustment on the closing fair values. The difference between the inflation adjusted opening balance and the closing fair value was accounted for as the fair value adjustment.

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

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

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

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

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

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

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

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

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

Hyper-inflation adjustment approach- Statement of changes in equity

Revaluation reserve
- The prior year opening revaluation reserve was hyperinflated at the 31 December 2020 factor of 1.61. The current year opening balance was hyperinflated and difference between the hyper-inflated carrying amount of the PPE items and their closing fair values were accounted for in the revaluation reserve.

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

2.2 Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company :
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company 's voting rights in an investee are sufficient to give it power, including:
- The size of the Company 's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company , other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

3. Summary of significant accounting policies

3.1 Statement of compliance

These consolidated financial statements have been prepared with the aim of complying with International Financial Reporting Standards and presented in ZWL$ (ZIMBABWE Dollars, rounded to the dollar), which is the Group's functional and presentation currency. Full compliance with IFRS has not been possible in both 2020 and 2021, as only partial compliance has been achieved because it has not been possible to comply with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS21) and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors for non-correction of the prior year non-compliance with IAS 21. These exceptions have also made full compliance with the Companies and Other Business Entities Act (Chapter 24.31) impracticable.

3.2 Business combinations

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

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

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

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

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

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

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

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

3.3 Goodwill

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

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

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

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

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

3.4 Revenue recognition

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

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

Sale of agriculture and mining equipment and spares.

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

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

Variable consideration

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

Rights of return

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

Warranty obligations

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

Rendering of services

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

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

Advances received from customers

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

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

Presentation in financial statements

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

Dividend and interest income

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

Rental income

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

3.5 Leasing

IFRS 16

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

The Group as lessee

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

I) Right of use assets

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

- Land and Buildings 5 – 10 years

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

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

3.7 Employee benefits

Retirement benefit costs and termination benefits

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

Short-term and other long-term employee benefits

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

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

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

3.8 Share-based payment arrangements

Share-based payment transactions of the Company

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

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

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

3.9 Taxation

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

Current tax

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

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

Deferred tax

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

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

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that a re-recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.10 Property, plant and equipment

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

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

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

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

Depreciation is calculated on a basis over the estimated useful lives of the asset as follows:

- Buildings: 50 years;
- Plant and machinery: 5 to 50 years;
- Motor vehicles: 5 years;
- Office furniture and computer equipment: 4 to 10 years.
- Freehold land is not depreciated.

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

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

3.11 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.12 Intangible assets

Intangible assets acquired separately

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

De-recognition of intangible assets

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

3.13 Impairment of tangible and intangible assets other than goodwill

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

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

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

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

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

3.14 Inventories

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

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

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

Warranties

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

3.16 Financial assets

Classification

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

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

Measurement

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

Impairment

Trade receivables

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

Other financial assets

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

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

A debt is considered to be uncollectible when it meets one of the following criteria:

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

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

Derecognition of financial assets

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

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

3.17 Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

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

3.18 Cash and short-term deposits

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

3.19 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying accounting policies

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

Inventory Valuation

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

Cost of sales

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

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

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

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

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

Functional Currency

Zimbabwe adopted the multi-currency system in February 2009 which resulted in the USD being adopted as the functional currency. The currency shortage which hit the economy in 2016 resulted in the use of plastic money as an alternative to cash. The market forces of demand and supply for cash led to surfacing of an exchange rate between RTGS money and USD hard cash on the parallel market. The rates continued to fluctuate through the years 2017 and 2018 as the foreign currency shortage continued. The

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

bond notes and coins were introduced by Reserve Bank of Zimbabwe (RBZ) in May 2016 as a way to reduce the cash flow shortage. These were being exchanged at rate of one as to one with USD. However, they also resulted in surfacing of three exchange rates to the USD which are:

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

The carrying amount of goodwill on 31 December 2021 was ZWL$922,346,969 (31 December 2020: ZWL$37,385,975).
Useful lives of property, plant and equipment
The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The following factors are considered in estimating the useful life of an asset.

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

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

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

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

- Financial Instruments (note 25)
- Property, Plant and equipment (note 10)

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

4. Revenue

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

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
Sale of goods and services: Domestic	6,395,380,432	4,087,948,493	3,238,918,119	2,495,404,774
Sale of goods: Export	214,915,970	163,090,537	214,915,970	163,090,537
Total revenue from contracts with customers	**6,610,296,402**	**4,251,039,030**	**3,453,834,089**	**2,658,495,311**
Investment property rental income	9,478,168	9,423,672	7,704,349	-
Total revenue	**6,619,774,570**	**4,260,462,702**	**3,461,538,438**	**2,658,495,311**

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

Refer to Note 6 for further analysis of revenue disaggregation according to segments. All the export proceeds fall into the farming segment.

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

5. Profit for the year

Profit for the year has been arrived after charging:

5.1 Administrative Expenses

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL	31-Dec-20 ZWL	31-Dec-21 ZWL	31-Dec-20 ZWL
Salaries and employment costs	643,812,136	414,660,296	392,063,097	279,052,197
Motor, travel and accommodation	108,543,401	73,132,586	46,630,629	29,863,663
Rental and occupancy	74,945,945	32,499,776	20,441,373	15,949,692
Other administrative	314,542,190	313,156,422	171,397,491	137,437,895
	1,141,843,672	**833,449,080**	**630,532,590**	**462,303,447**
5.2 Included in other operating expenses				
Depreciation and amortization	120,121,654	29,338,413	102,392,799	31,854,795
Inventory obsolescence provision	189,749,102	(12,943,129)	(573,883)	20,361,683
Fair value loss on investment properties	(7,883,727)	-	-	-

6. Segment information

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

Mining and infrastructure
- Mining equipment, parts and related services.

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

Property
- Property rental and property management.

Logistics and Automotive
- Trucks, buses, Tyres

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

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

6.1 Segment information

31 December 2021

Inflation Adjusted	Agriculture	Mining and Infrastructure	Logistics and Automotive	Property	Non reportable Segments	Total Segments	Adjustments	Consolidated
Revenue	2,934,643,238	3,021,453,382	668,726,590	9,478,168	7,704,349	6,642,005,727	(22,231,157)	6,619,774,570
Segment operating profit	592,352,859	482,989,170	94,309,497	(169,497,135)	(66,463,180)	933,691,211	37,073,381	970,764,592
Other items								
Finance income	664,286	496,236	-	-	-	1,160,522	-	1,160,522
Finance costs	(6,611,443)	-	(4,501,038)	-	-	(11,112,481)	(521,219)	(11,633,700)
Income taxes	(170,436,597)	(226,233,778)	(56,444,432)	(27,963,395)	(24,381,173)	(505,459,375)	(20,280,928)	(525,740,303)
GROUP PROFIT AFTER TAX	**415,969,105**	**257,251,628**	**33,364,027**	**(197,460,530)**	**(90,844,353)**	**418,279,877**	**16,271,234**	**434,551,111**
Segment assets	2,656,226,347	2,772,432,990	1,291,089,814	522,311,000	1,985,497,091	9,227,557,242	(1,174,075,954)	8,053,481,288
Segment liabilities	(960,683,891)	(1,246,786,723)	(845,415,989)	2,561,065	(227,060,985)	(3,277,386,523)	(288,783,601)	(3,566,170,124)
Other segment information								
Depreciation and amortisation	85,027,049	8,533,842	5,556,859	11,116,108	6,188,609	116,422,467	3,699,187	120,121,654
Additions to non-current assets	43,161,162	21,276,915	6,287,612	56,161,312	24,915,125	151,802,126	-	151,802,126
Inventory provision	37,459,370	176,483,581	14,458,964	-	-	228,401,915	-	228,401,915
Impairment loss recognized on receivables	7,341,229	2,306,465	-	-	-	9,647,694	-	9,647,694

31 December, 2020

	Agriculture	Mining and Infrastructure	Logistics and Automotive	Property	Non reportable Segments	Total Segments	Adjustments	Consolidated
Revenue		2,230,309,786	2,030,665,575	9,423,672	-	4,270,399,033	(9,936,332)	4,260,462,702
Segment operating profit		208,991,632	350,725,932	40,932,202	(25,853,361)	574,796,406	(57,340,851)	517,455,555
Other items								
Finance income		22,357	47,491	-	(493,838)	(423,989)	632,512	208,523
Finance costs		-	(21,002)	-	-	(21,002)	(6,859,228)	(6,880,230)
Income taxes		(279,421,610)	(200,488,038)	19,183,420	(17,779)	(460,744,007)	294,987,207	(165,756,800)
GROUP PROFIT AFTER TAX		**(70,407,621)**	**150,264,383**	**60,115,622**	**(26,364,977)**	**113,607,407**	**231,419,640**	**345,027,048**
Segment assets		2,182,293,241	1,863,903,810	683,599,322	750,175,681	5,479,972,054	(1,031,136,928)	4,448,835,126
Segment liabilities		(649,865,013)	(543,498,488)	2,785,210	(111,167,433)	(1,301,745,723)	(3,826,813)	(1,305,572,536)
Other segment information								
Depreciation		17,481,157	(1,271,880)	10,568,005	2,561,130	29,338,413	-	29,338,413
Additions to non-current assets		21,581,485	18,139,283	-	11,726,824	51,447,592	-	51,447,592
Impairment loss recognized on receivables		37,170,801	1,482,013	-	-	38,652,814	-	38,652,814

The inter Company assets and liabilities are eliminated on consolidation.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

6.1.2 Segment reconciliation

	Inflation adjusted 31-Dec-21 ZWL$	Inflation adjusted 31-Dec-20 ZWL$
Segment profit	418,279,877	113,607,407
Share based payments	-	-
Depreciation of owner occupied at consolidation	(11,116,108)	(10,568,006)
Taxation	27,387,342	241,987,646
Profit after tax	**434,551,111**	**345,027,048**
Segment assets	**9,227,557,242**	**5,479,972,054**
Investment in subsidiaries	(1,492,452,128)	(463,317,758)
Accumulated Depreciation owner occupied at consolidation	(11,116,108)	(10,568,005)
Goodwill	(800,556,829)	(37,385,975)
InterCompany eliminations	38,233,284	(9,549,684)
Reclassification adjustments	(253,494,517)	(500,765,821)
Total assets	**8,053,481,288**	**4,448,835,126**
Segment liabilities	**3,277,386,523**	**1,301,745,723**
Reclassifications	(387,002,279)	(567,085,436)
Deferred taxation	675,785,880	570,912,249
Total liabilities	**3,566,170,124**	**1,305,572,536**

6.1.3 Geographic information

Group revenue was all generated from Zimbabwe.

6.2 Revenue from major products and services

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

	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Mining and Construction equipment	2,388,772,766	1,529,663,067
Animal drawn equipment	983,763,571	833,969,836
Tractors and tractor drawn equipment	1,866,826,236	1,343,271,379
Service of equipment	310,993,975	169,850,729
Fasteners	191,263,367	150,477,913
Property rentals	8,979,133	9,423,708
Power systems	351,807,460	233,742,401
Logistics and Automative	539,599,219	-
Adjustments for interCompany transactions	(22,231,157)	(9,936,331)
Total Revenue	**6,619,774,570**	**4,260,462,702**

7. Share capital

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

7.1 Reconciliation of authorised and issued share capital

	Group		Company	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Authorized share capital				
Number of ordinary shares at the beginning of the year	300,000,000	300,000,000	300,000,000	300,000,000
Number of ordinary shares at the end of the year	400,000,000	300,000,000	400,000,000	300,000,000
Nominal value per share (ZWL$)	0.0004	0.0004	0.0004	0.0004
Total value of shares (ZWL$)	**160,000**	**120,000**	**160,000**	**120,000**
Unissued shares under the control of the Directors	55,419,514	61,619,220	55,419,514	61,619,220
Reconciliation of the number of shares in issue				
Issued number of shares at the beginning of the year	238,380,780	238,380,780	238,380,780	238,380,780
Number of shares in issue at the end of the year	344,580,486	238,380,780	344,580,486	238,380,780
Issued and fully paid number of shares				
Number of ordinary shares	344,580,486	238,380,780	344,580,486	238,380,780
Nominal value per share (ZWL$)	0.0004	0.0004	0.0004	0.0004
Total value of shares (ZWL$)	**137,832**	**95,352**	**137,832**	**95,352**

At 31 December 2021, the Directors of the Group held directly and indirectly, the following number of shares:

Name	Year Ended 31-Dec-21	Year Ended 31-Dec-20
T. Chataika	-	19,668,564
T. Johnson	375	375
G. Manhambara	375	375
L. Kennedy	24,936,122	23,935,645
M. Yong	-	82,491,493
K. Patel	13,089,629	13,089,629
B. Kumalo	-	-
M. Davis	-	-
Total	**38,026,501**	**139,186,081**

7.2 Utilisation of Share Issue

	Allocated number of shares	Share Capital	Share Premium
Purchase of Scanlink (Subsidiary)	26,257,033	14,024	345,938,373
Purchase of Tredcor (Subsidiary)	36,077,577	19,269	475,324,774
Purchase of Birmingham Properties (Subsidiary)	15,774,446	8,425	207,829,505
Purchase of Dagenham Property	28,090,650	15,003	370,096,414
Total	**106,199,706**	**56,720**	**1,399,189,067**

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

8. Taxation

		Group Inflation adjusted		Company Inflation adjusted	
		31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
8.1	**Charge based on income for the year**				
	Zimbabwe income tax	290,439,797	136,272,838	190,249,152	210,793,134
	Deferred tax relating to the origination and reversal of temporary differences	235,300,506	29,483,962	31,467,002	1,232,798
	Taxation	**525,740,303**	**165,756,800**	**221,716,154**	**212,025,932**
8.2	**Reconciliation of tax charge**				
	Tax on profit before tax for the year at 24.72% (incl. Aids Levy)	237,384,038	126,265,767	62,922,799	73,404,630
	Tax effects on expenses that are not deductible in determining taxable profit	183,991,395	32,660,233	131,575,047	18,767,630
	Non taxable income	(6,920,385)	(138,274,000)	(395,888)	(1,611,265)
	Rebasing of tax bases impact	-	(25,904,235)	-	(21,392,354)
	Impact of IAS 29	111,285,255	171,009,035	27,614,196	142,857,291
		525,740,303	**165,756,800**	**221,716,154**	**212,025,932**

		Group Inflation adjusted		Company Inflation adjusted	
		31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
8.3	**Deferred tax**				
	Key components of deferred tax				
	Property, plant and equipment	380,724,636	396,397,581	141,295,951	165,144,459
	Investment property	6,380,500	1,774,686	32,566,000	-
	Deferred income	19,055,221	(5,005,147)	17,192,118	(4,930,259)
	Provisions	(61,952,734)	(35,648,654)	(14,793,084)	(13,289,200)
	Inventory	347,496,135	176,875,724	120,570,443	104,471,998
	Net exchange gains / (losses)	(4,714,572)	21,696,605	3,790,452	27,277,019
	Prepayments	(11,203,307)	14,821,453	(7,856,009)	14,530,857
	Net deferred tax liability/ (asset)	**675,785,880**	**570,912,249**	**292,765,871**	**293,204,873**
	Reflected in the statement of financial position as follows;				
	Deferred tax liability	675,785,880	570,912,249	292,765,871	293,204,873
	Net deferred tax liability/ (asset)	**675,785,880**	**570,912,249**	**292,765,871**	**293,204,873**
8.4	**Reconciliation of deferred tax (net)**				
	Opening balance	570,912,249	497,091,262	277,162,706	267,086,442
	Deferred taxes acquired in business combinations	(20,471,287)	-	-	-
	Expense/ (credit) for the year	235,300,506	29,483,963	31,467,002	1,232,798
	Other comprehensive income	(109,955,588)	44,337,025	(15,863,837)	24,885,633
	Closing balance	**675,785,880**	**570,912,249**	**292,765,871**	**293,204,873**

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

8.5 Reassessment of Deferred tax accounting under IAS29

The Group reassessed and corrected its treatment of deferred tax relating to prepayment, inventory and customer deposit balances under IAS12, "Income Tax", in the context of IAS29," Financial Reporting in Hyper-Inflationary Economies". Under IAS12 the historical carrying amounts of these balances is equal to the tax base resulting in nil deferred tax recognition. However, after restating the numbers according to IAS29 a temporary difference arises between the hyper-inflated balances and the respective tax bases, giving rise to deferred tax

The corrected approach will also be used in subsequent periods.

	Before restatement Inflation adjusted	Restatement Impact	After restatement Inflation adjusted
GROUP			
Statement of Profit or Loss - Year ended 31 December 2020			
Profit before tax	510,783,848	-	510,783,848
Income tax expense	(140,058,149)	(25,698,651)	(165,756,800)
Profit for the year	735,680,659	(25,698,651)	709,982,008
Statement of Financial Position as at 31 December 2020			
Accumulated profit	1,241,021,520	(153,432,651)	1,087,588,869
Attributable to holders of the parent	1,241,021,520	(153,432,651)	1,087,588,869
Non-controlling interests	510,368,552	(34,495,982)	475,872,570
Non-current liabilities			
Deferred tax liabilities	382,983,616	187,928,633	570,912,249
Total non-current liabilities	**382,983,616**	**187,928,633**	**570,912,249**
Company			
Statement of Profit or Loss - Year ended 31 December 2020			
Profit before tax	296,944,301	-	296,944,301
Income tax expense	(230,192,948)	18,167,016	(212,025,932
Profit for the year	66,751,353	18,167,016	84,918,369
Statement of Financial Position as at 31 December 2020			
Accumulated profit	1,064,490,112	(117,527,344)	946,962,768
Attributable to holders of the parent	1,064,490,112	(117,527,344)	946,962,768
Non-current liabilities			
Deferred tax liabilities	175,677,529	117,527,344	293,204,873
Total non-current liabilities	**175,677,529**	**117,527,344**	**293,204,873**

9. Other operating income

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Commissions	16,280,584	24,644,898	16,280,584	3,345,945
Bad debts recovered	51,099	10,138	51,099	10,138
Scrap sales	31,244,847	9,478,324	31,244,847	9,478,324
Profit/loss on sale of PPE items	2,482,152	428,527	2,482,152	428,527
Exchange difference realised	27,076,635	15,675,058	10,693,305	15,148,296
Exchange difference unrealised	69,423,911	4,214,547	-	-
Fair value gain on investment property	-	7,769,969	-	-
Other recoveries	4,200,202	29,879,771	4,200,203	22,485,200
Total	**150,759,429**	**92,101,229**	**43,565,579**	**50,896,431**

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

10. Property, plant and equipment

10.1 GROUP

Inflation adjusted	Land and Buildings ZWL$	Plant and Machinery ZWL$	Motor Vehicles ZWL$	Office Furniture and Computer Equipment ZWL$	Total ZWL$
At cost/valuation					
At 01 January 2020	**1,360,768,728**	**396,175,258**	**135,970,186**	**57,112,595**	**1,950,026,767**
Additions	-	8,379,109	17,711,273	25,357,210	51,447,592
Disposals	-	-	(303,120)	(1,578)	(304,698)
Revaluation	87,356,061	96,629,703	-	-	183,985,764
At 31 December 2020	**1,448,124,789**	**501,184,070**	**153,378,339**	**82,468,227**	**2,185,155,425**
Additions	370,456,133	12,156,336	104,761,140	34,539,934	521,913,543
Acquisition of subsidiary	421,515	24,594,179	44,890,334	7,050,728	76,956,756
Disposals	-	(532,920)	(11,789,599)	(1,669,071)	(13,991,590)
Revaluation	(508,137,908)	(90,534,268)	-	-	(598,672,176)
At 31 December 2021	**1,310,864,529**	**446,867,397**	**291,240,214**	**122,389,818**	**2,171,361,958**
Accumulated depreciation					
At 01 January 2020	**(72,273,593)**	**(82,632,751)**	**(97,809,742)**	**(31,576,953)**	**(284,293,039)**
Charge for the year	(1,319,344)	(8,966,987)	(11,144,375)	(7,383,403)	(28,814,109)
Disposals	-	-	303,120	4,097	307,217
Revaluation	1,319,344	7,420,768	-	-	8,740,112
At 31 December 2020	**(72,273,593)**	**(84,178,971)**	**(108,650,997)**	**(38,956,259)**	**(304,059,820)**
Charge for the year	(17,364,571)	(69,985,159)	(21,922,659)	(10,324,962)	(119,597,351)
Disposals	-	391,864	6,439,737	1,161,367	7,992,968
Revaluation	6,247,725	68,526,676	-	-	74,774,401
At 31 December 2021	**(83,390,439)**	**(85,245,590)**	**(124,133,919)**	**(48,119,854)**	**(340,889,802)**
Carrying amount					
At 31 December 2021	**1,227,474,090**	**361,621,807**	**167,106,295**	**74,269,964**	**1,830,472,156**
At 31 December 2020	**1,375,851,196**	**417,005,099**	**44,727,342**	**43,511,968**	**1,881,095,605**

Additions worth ZWL370,111,416 under Land and Buildings relate to a building classified according to IAS 40 - Investment Property under The Company which was acquired on 01 July 2021 through the issue of shares. The property has been occupied by other group companies and therefore re-classified to Land and Buildings at Group Level.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

10.2 Company

Inflation adjusted	Land and Buildings ZWL$	Plant and Machinery ZWL$	Motor Vehicles ZWL$	Office Furniture and Computer Equipment ZWL$	Total ZWL$
At cost/valuation					
At 01 January 2020	**200,721,514**	**325,281,468**	**87,970,159**	**40,573,464**	**654,546,605**
Additions	-	7,385,875	17,711,273	21,013,237	46,110,385
Disposals	-	-	(303,120)	(1,578)	(304,698)
Revaluation	(2,231,280)	96,629,703	-	-	94,398,423
At 31 December 2020	**198,490,234**	**429,297,046**	**105,378,312**	**61,585,123**	**794,750,715**
Additions	344,716	11,511,942	51,425,476	16,801,446	80,083,580
Disposals	-	(532,920)	(11,512,229)	(470,135)	(12,515,284)
Revaluation	(56,502,008)	(91,938,480)			(148,440,488)
At 31 December 2021	**142,332,942**	**348,337,588**	**145,291,559**	**77,916,434**	**713,878,523**
Accumulated depreciation					
At 01 January 2020	**(59,717)**	**(15,193,748)**	**(65,655,614)**	**(20,071,077)**	**(100,980,156)**
Charge for the year	(1,317,283)	(8,516,941)	(6,078,092)	(4,611,661)	(20,523,977)
Disposals	-	-	303,120	4,097	307,217
Revaluation	1,317,283	7,420,768	-	-	8,738,051
At 31 December 2020	**(59,717)**	**(16,289,921)**	**(71,430,586)**	**(24,678,641)**	**(112,458,865)**
Charge for the year	(2,612,577)	(69,683,319)	(13,160,625)	(6,694,193)	(92,150,714)
Disposals	-	391,864	6,162,367	109,635	6,663,866
Revaluation	2,612,577	68,361,981			70,974,558
At 31 December 2021	**(59,717)**	**(17,219,395)**	**(78,428,844)**	**(31,263,199)**	**(126,971,155)**
Carrying amount					
At 31 December 2021	**142,273,225**	**331,118,193**	**66,862,715**	**46,653,235**	**586,907,368**
At 31 December 2020	**198,430,517**	**413,007,125**	**33,947,726**	**36,906,482**	**682,291,850**

The income tax related to the revaluation gains on property, plant and equipment amounted to: Group ZWL$(31,185,388) (2020: 44,337,026), Company ZWL$(15,863,837) (2020: 24,885,123)

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

Fair value measurements of Group's property, plant and machinery measured using the revalued model
The Group's property and plant and machinery are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Details of the fair value hierarchy of the Group's property and items of plant and equipment as at 31 December 2021 are as follows;

Fair value hierarchy: 2021

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-21 ZWL$
Land and buildings	-	-	1,238,592,978	1,238,592,978
Plant and machinery	-	-	351,971,525	351,971,525

Fair value hierarchy: 2020

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-20 ZWL$
Land and buildings	-	-	1,375,851,196	1,375,851,196
Plant and machinery	-	-	410,581,551	410,581,551

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

Level 3 valuation assumptions
Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuator and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. The property consists of land and buildings located in various urban areas in Zimbabwe. As at the date of revaluation on 31 December 2021, the properties' fair values are based on valuations performed by Dawn properties consultancy Private Limited and Knight Frank Zimbabwe, accredited independent valuators who have valuation experience for similar properties and plant in Zimbabwe.

Other notes on Group and Company property, plant and equipment
Had the cost model been applied, the inflation adjusted carrying amount of revalued plant and machinery would have been ZWL$107,811,310 for Group and ZWL$86,142,554 for Company (2021) and ZWL$100,477,222 (2020) for both the Group and Company . Management also believes that the Group and Company 's property, plant and equipment is not impaired. An assessment has been done in conjunction with goodwill impairment test (refer to note 14.)

The Company acquired two separate term loan facilities of ZWL$42,754,950 and ZWL$58,752,895. At the end of the year, it had repaid the loan facility for ZWL$24,287,923 and the other for ZWL$28,179,602 had a remaining balance of ZWL$52,944,478 and ZWL$33,251,452 respectively secured by buildings valued at ZWL$255,351,000 as disclosed in note 19.2.

Sensitivity analysis on revaluation of property, plant and equipment
An increase in revaluation of plant and equipment by 10% in isolation would result in an increase in the value of the property, plant and equipment on a linear basis by ZWL$32,085,218. This results in an increase in the profit for the year by ZWL$24,153,752 and an increase in deferred tax liabilities by ZWL$7,931,466. The reverse applies on a 10% drop in revaluation on plant and equipment.

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

10.3 Intangible assets

	Inflation Adjusted	
	Group Software License ZWL$	Company Software License ZWL$
Cost		
At 01 January 2020	**5,243,033**	**5,243,033**
Additions	-	-
At 31 December 2020	**5,243,033**	**5,243,033**
Additions	-	-
At 31 December 2021	**5,243,033**	**5,243,033**
At 01 January 2020	**(1,179,658)**	**(1,179,658)**
Amortisation	(524,304)	(524,304)
At 31 December 2020	**(1,703,962)**	**(1,703,962)**
Amortisation	(524,303)	(524,303)
At 31 December 2021	**(2,228,265)**	**(2,228,265)**
Carrying Amount at 31 December 2021	**3,014,768**	**3,014,768**
Carrying Amount at 31 December 2020	**3,539,071**	**3,539,071**

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

11. Investment Property

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Balance at 1 January	**35,493,985**	**27,724,015**	**-**	**-**
Fair value adjustments	(7,734,338)	7,769,970	(207,281,417)	-
Additions	113,206,246	-	370,111,417	-
Balance at 31 December	**140,965,893**	**35,493,985**	**162,830,000**	**-**

The Company acquired investment property worth ZWL370,111,417 at 01 July 2021 through the issue of shares. Subsequent to the purchase it was occupied by other Group companies and therefore it has been reclassified at Group level as Land and Buildings in Note 10.1 Group Property, plant and equipment.

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

11.1 Fair value measurement of the Group's investment properties

The Group's 2021 investment properties consist of vacant residential stands in Harare. As at 31 December 2021 and 31 December 2020, the fair values of the properties are based on valuations performed by independent valuators using historical US$ denominated inputs and converted into ZWL at the auction exchange rate. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. The Company 's investment property consists of land and buildings acquired through a share issue transaction on 1 July 2021. The land and buildings have been subsequently measured at fair value based on valuations performed by independent valuators using historical US$ denominated inputs and converted into ZWL at the auction exchange rate. A valuation model in accordance with that recommended by the International Valuation Standards Committee has also been applied.

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

Fair value hierarchy: 2021

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-21 ZWL$
Vacant residential stands	-	-	40,965,892	40,965,892
Birmingham property	-	-	100,000,000	100,000,000

Fair value hierarchy: 2020

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-20 ZWL$
Vacant residential stands	-	-	35,493,984	35,493,984

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

Fair value hierarchy: 2021

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-20 ZWL$
Dagenham property	-	-	162,830,000	162,830,000

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

Valuation techniques used to determine Level 3 values 2021.

Class of Property	Valuation Technique	Key Inputs	Range	Property size
Vacant residential stands	Market comparable approach	Price per sq meter	ZWL$1,300 - 3,096	1,000 sq meters each.
Birmingham property	Market comparable approach	Price per sq meter	ZWL$13,487-14,906	7,044 sq meters each
Dagenham property	Market comparable approach	Price per sq meter	ZWL$13,487-14,906	7,044 sq meters each

Valuation techniques used to determine Level 3 values 2020.

Class of Property	Valuation Technique	Key Inputs	Range	Property size
Vacant residential stands	Market comparable approach	Price per sq meter	ZWL$1,313 - 4,282	1,000 sq meters each.

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

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			31-Dec-21 ZWL$	31-Dec-20 ZWL$
Vacant residential stands (Crowhill)	Market comparison approach	Comparable market value per square metre	1,200 - 1,413	1313 - 1334
Vacant residential stands (Ruwa)	Market comparison approach	Comparable market value per square metre	4,975 - 5,434	2,958 - 4,282
Birmingham property	Market comparison approach	Comparable market value per square metre	13,487 - 14,906	

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

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			31-Dec-21 ZWL$	31-Dec-20 ZWL$
Dagenham property	Market comparison approach	Comparable market value per square metre	7,558-8,398	-

In the case of Crowhill stands, a decrease in estimated market price per square metre of ZWL$100 in isolation would result in a decrease in the fair value adjustment of the investment properties being lower on a linear basis by ZWL$120,000. This results in a decrease in the profit for the year by ZWL$114,000 and a decrease in deferred tax liabilities by ZWL$6,000.

In the case of Ruwa stands, an increase in estimated market price per square metre of ZWL$1,000 in isolation would result in an increase in the fair value adjustment of the investment properties being higher on a linear basis by ZWL$520,000. This results in an increase in the profit for the year by ZWL$494,000 and an increase in deferred tax liabilities by ZWL$26,000.

In the case of the Birmingham property, a decrease in estimated market price per square metre of ZWL$1,000 in isolation would result in the fair value adjustment of the investment properties being lower on a linear basis by ZWL$7,044,000. This results in a decrease in the profit for the year by ZWL$5,302,723 and a decrease in deferred tax liabilities by ZWL$1,741,277.

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

12. Capital commitments

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Authorized but not yet contracted	81,258,906	8,392,437	81,258,906	8,392,437
Total	**81,258,906**	**8,392,437**	**81,258,906**	**8,392,437**

13. Investments held in subsidiaries

	%	%	ZWL$	ZWL$
Investment in Barzem Enterprises (Private) Limited	51%	51%	289,614,634	289,614,634
Investment in Manica Road Investments	100%	100%	173,703,124	173,703,124
Investment in Scanlink	100%	-	345,952,397	-
Investment in Tredcor	100%	-	475,344,043	-
Investment in Birmingham Investments	100%	-	207,837,931	-
Total			**1,492,452,128**	**463,317,758**

14. Goodwill

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Balance at the beginning of the year	**37,385,975**	**37,385,975**	**-**	**-**
Acquisition of Scanlink	230,704,341	-	-	-
Acquisition of Tredcor	440,893,948	-	-	-
Acquisition of Birmingham Investments	100,235,626	-	-	-
Impairment of Birmingham Investments	(8,663,062)	-	-	-
Balance at year end	**800,556,829**	**37,385,975**	**-**	**-**

Goodwill arose from the acquisition of Farmec through Tractive Power Holding Limited in 2012, and from the acquisition of Scanlink, Tredcor and Birmingham investments in 2021. Farmec is a division which falls under farming segment, Scanlink and Tredcor are subsidiaries falling under the logistics segment and Birmingham a subsidiary falling under properties segment in applying IAS 36. The goodwill on acquisition for each of the above has been tested for impairment and impairment has been recognised for only Birmingham Investments. Budgeted operating cash flows for the related business unit were projected and discounted at the Group's average pre-tax cost of capital. The calculations performed indicated that goodwill was not impaired except for Birmingham Investments.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions:
i. The forecast horizon of 5 years was used. The forecast horizon comprises of the approved budget for 2022 drafted in the last quarter of 2020.
ii. The values assigned to the 5-year forecast; that is revenue, cost and growth assumptions reflect current trends, anticipated market developments and management's experience.
iii. iii.The key assumptions for the recoverable amount calculation are the long-term growth rate and the discounting rate. The long-term growth rate of 16-18% per annum, was used purely for impairment testing of goodwill under IAS 36 and does not reflect the long-term planning assumptions used by the Group for investment proposals or for any other assessments.
iv. A discount rate of 40% per annum, being the Group's pre-tax weighted average cost of capital, was used.

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

Gross margins
The gross margins used in the calculation is based on the forecasts of the CGU for the next 4 years (2020: 4 years).
The gross margins lie between 20%-38% (2020: 20%-29%).

Discount rates
The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of debt of 40% per annum (2020: 30% per annum). The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Growth rate estimates
The growth rate is based on the financial forecast of between 14-18% (2020: 5%) per annum.
A reasonable possible change in the above key assumptions would not result in further impairment of the goodwill.

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

15. Inventories

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Raw materials	168,529,825	112,522,340	155,371,874	112,522,341
Finished goods	801,829,786	416,021,381	586,653,979	413,350,244
Spare and components	1,517,427,702	954,418,733	427,753,425	325,859,472
Other	150,565,316	83,569,034	56,649,514	35,359,231
Provision for obsolescence**	(228,401,915)	(256,814,654)	(38,078,931)	(38,652,814)
Total Inventories at lower cost and net realizable value	**2,409,950,714**	**1,309,716,834**	**1,188,349,861**	**848,438,474**

The borrowings disclosed in note 19 that were secured by the entity's inventory have been fully paid. The cost of inventories secured against borrowings included in cost of sales amounted to ZWL$0 for the Group (2020 - ZWL$2,663,737,762) and ZWL$0 for the Company (2020 - ZWL$1,533,475,183). The inventory obsolescence expensed during the current period is disclosed in note 5.2.

Inventory balances that have been provided for and included in total inventory are ZWL$228,401,915 for the Group (2020 – ZWL$256,814,654) and ZWL$38,078,931 for the Company (2020 - ZWL$38,652,814). At the year-end there is no inventory used as collateral on borrowings.

**December 2020 inventory balances had been netted off with a provision for obsolescence of ZWL$218,161,841 against spares and components.

16. Trade and other receivables

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Local trade receivables	368,768,564	221,542,653	108,209,201	86,551,644
Foreign trade receivables	13,501,460	4,475,751	13,501,460	4,475,751
Other receivables	383,082,312	7,390,982	21,074,342	17,726,082
Allowance for credit losses (trade and other receivables)**	(16,381,832)	(7,852,730)	(11,397,299)	(6,661,667)
Total	**748,970,504**	**314,400,232**	**131,387,704**	**102,091,810**
Ageing of receivables that are past due but not impaired				
30-60 Days	33,118,905	10,793,413	8,563,503	8,733,962
61-90 Days	147,632,966	100,747,359	43,422,845	55,804,005
91-120 Days	25,763,385	17,821,616	4,855,027	4,834,732
Over 120 Days	22,255,507	16,296,609	1,922,251	3,599,299
Total	**228,770,763**	**145,658,998**	**58,763,626**	**72,971,998**

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

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

17. Movement in the allowance for credit losses

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Balance at the beginning of the year	7,852,730	30,407,945	6,661,667	23,626,167
Adjustment for effects of IAS29	(1,118,592)	(23,629,288)	(2,605,597)	(18,359,331)
Impairment losses recognized on receivables	9,647,694	1,074,073	7,341,229	1,394,831
Amounts written off during the year as uncollectible	-	-	-	-
Amounts recovered during the year	-	-	-	-
Balance at end of the year	**16,381,832**	**7,852,730**	**11,397,299**	**6,661,667**

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

17.1 Investment in financial assets

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Investment in PUPs	79,913	242,613	79,913	242,613
Government treasury bills - short term portion	-	-	-	-
Balance at end of the year	**79,913**	**242,613**	**79,913**	**242,613**
17.2 Prepayments				
Prepayment to suppliers	493,523,680	538,332,678	327,571,670	512,965,955
17.3 Contract liabilities (customer deposits)				
Short term advances for goods	472,643,466	132,256,299	337,257,456	116,374,038

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

17.4 Revenue from contracts with customers

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Opening balance	(132,256,302)	(193,851,403)	(116,374,035)	(122,605,031)
Utilised during the year	132,256,302	193,851,403	116,374,035	122,605,031
Added during the year	(472,643,466)	(132,256,299)	(337,257,456)	(116,374,038)
Closing Balance	**(472,643,466)**	**(132,256,299)**	**(337,257,456)**	**(116,374,038)**
18. Trade, Other payables and Provisions				
18.1 Trade and other payables				
Local trade payables	353,307,437	278,813,121	83,831,914	10,160,532
Foreign trade payables	766,186,424	23,154,418	30,165,557	7,272,150
Other payables and accrued expenses	834,356,788	89,223,789	26,803,157	125,498,382
Balance at end of the year	**1,953,850,649**	**391,191,328**	**140,800,628**	**142,931,065**

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

Foreign trade payables
The average credit period on foreign purchases of key manufacturing inputs is 30 days (from date of invoice). No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that trade payables are paid within the pre-agreed credit terms.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

18.2 Provisions

Inflation adjusted ZWL$	Group Emp Benefits	Group Warranty	Group Total	Company Emp Benefits	Company Warranty	Company Total
Opening balance 1 Jan 2020	**9,756,741**	**1,528,122**	**11,284,863**	**9,789,756**	**818,769**	**10,608,525**
Charge to profit and loss	11,539,737	17,767,750	29,307,487	7,008,029	3,595,406	10,603,435
Payments	(3,797,366)	(2,531,424)	(6,328,790)	(1,454,988)	(2,531,426)	(3,986,414)
Effect of IAS29 re-statement of opening Balance	(7,581,729)	(1,187,467)	(8,769,196)	(7,607,384)	(636,246)	(8,243,630)
Closing Balance 31 Dec 2020	**9,917,383**	**15,576,981**	**25,494,364**	**7,735,413**	**1,246,503**	**8,981,915**
Effect of IAS29 re-statement	(3,747,446)	(5,886,018)	(9,633,464)	(2,922,953)	(471,011)	(3,393,964)
Charge to profit and loss	9,822,659	4,579,687	14,402,346	7,874,117	4,579,687	12,453,804
Payments	(4,254,030)	(4,154,908)	(8,408,938)	(4,254,030)	(4,154,908)	(8,408,938)
Closing Balance 31 Dec 2021	**11,738,566**	**10,115,742**	**21,854,308**	**8,432,547**	**1,200,271**	**9,632,818**

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

19. Financial Liabilities: Interest bearing loans and borrowings

19.1 Borrowings

	Group Inflation adjusted 31-Dec-21 ZWL$	Group Inflation adjusted 31-Dec-20 ZWL$	Company Inflation adjusted 31-Dec-21 ZWL$	Company Inflation adjusted 31-Dec-20 ZWL$
Short term borrowings				
Bank loan	154,148,168	9,203,994	86,195,930	9,203,994
Total short-term borrowings	**154,148,168**	**9,203,994**	**86,195,930**	**9,203,994**
Maturity profile of borrowings				
Due within one year				
0-3 months	102,828,748	9,203,994	102,828,748	9,203,994
3-6 months	68,271,881	-	16,952,461	-
6-12 months	-	-	-	-
Total due within one year	**171,100,629**	**9,203,994**	**119,781,209**	**9,203,994**

19.2 Movement in borrowings

	Inflation adjusted Group 31-Dec-21 ZWL$	Inflation adjusted Company 31-Dec-20 ZWL$
Opening Balance 1 Jan 2020	**11,836,836**	**11,836,836**
Paid during the year	(40,397,663)	(40,397,663)
Acquired during the year	84,334,821	84,334,821
Monetary gain	(46,570,000)	(46,570,000)
Closing Balance 31 Dec 2020	**9,203,994**	**9,203,994**
Paid during the year	(28,337,682)	(34,925,071)
Acquired during the year	189,175,389	121,573,171
Monetary gain	(15,893,534)	(9,656,165)
Closing Balance 31 Dec 2021	**154,148,168**	**86,195,930**

The Group acquired term loan facility of ZWL$189,175,389 secured against buildings valued at ZWL$255,351,000. The average cost of the borrowings was at 40%.

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

		Group Inflation adjusted		Company Inflation adjusted	
		31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
19.3	**Finance income**				
	Bank deposits and Investments	1,160,522	208,523	826,973	163,335
	Other loans and receivables	-	-	-	-
	Total	**1,160,522**	**208,523**	**826,973**	**163,335**
19.4	**Finance Costs**				
	Finance costs arising from				
	Short term facilities with financial institutions	11,633,700	6,880,230	7,506,110	8,780,789
	Lease liabilities		-	1,184,751	3,224,732
	Total	**11,633,700**	**6,880,230**	**8,690,861**	**12,005,521**
20.	**Cash and Bank Balances**				
	Cash at bank and on hand(bond)	1,402,697,384	166,512,840	292,350,188	45,575,030
	Foreign cash at bank (other than US$)	2,821,318	1,541,728	1,922,295	1,914
	Cash at bank and on hand (Nostro)	14,856,968	81,002,476	14,856,968	81,002,476
	Total Cash and Cash equivalents	**1,420,375,670**	**249,057,044**	**309,129,451**	**126,579,420**

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

21. Reserves

21.1 Revaluation reserve

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

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

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

21.2 Foreign Currency Translation Reserve

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

21.3 Change in ownership reserve

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

22. Long term receivables

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Long term receivables	205,720,550	79,571,089	178,554,050	46,427,885
Short term portion of long term receivables	-	-	-	-
Total long term receivables	**205,720,550**	**79,571,089**	**178,554,050**	**46,427,885**

The long-term receivables relate to deposits tied up with distributorship agreements with key principal suppliers in Barloworld UK, AGCO and Total Zimbabwe.

23. Group information

Information about subsidiaries

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

Name of subsidiary	Principal activity	Place of incorporation and business	Proportion of ownership interests and voting rights held by the Group	
			31-Dec-21	31-Dec-20
Barzem Enterprises (Private) Limited	Sale, distribution and maintenance of mining and earthmoving equipment	Zimbabwe	51%	51%
Manica Road Investments (Private) Limited	Property rental and management	Zimbabwe	100%	100%
Scanlink (private) Limited	Sales, distribution and maintenance of trucks, buses and engines	Zimbabwe	100%	-
Tredcor Zimbabwe (Private) Limited	Sales, distribution and maintenance of tyres	Zimbabwe	100%	-
Birmingham Investments (Private) Limited	Property rental and management	Zimbabwe	100%	-

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

Name of subsidiary	Place of incorporation and business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec--20	31-Dec-21	31-Dec-20
Barzem Enterprises (Private) Limited*	Zimbabwe	49%	49%	167,911,115	31,968,976	608,641,255	475,872,570
Total				**167,911,115**	**31,968,976**	**608,641,255**	**475,872,570**

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

Details of non-wholly owned subsidiaries with material non-controlling interests

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

	Inflation adjusted	
	Group	Company
Barzem Enterprises (Private) Limited	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Summarized statement of financial position		
Current assets	2,028,193,314	1,016,804,525
Non-current assets	423,367,757	476,261,645
Current liabilities	(972,030,653)	(454,528,752)
Non-current liabilities	(237,405,408)	(67,368,908)
Total Equity	**1,242,125,010**	**971,168,510**
Non-controlling interests	608,641,255	475,872,570
Summarized statement of profit or loss		
Revenue	2,478,382,555	1,592,487,524
Expenses and taxation	564,197,834	367,477,614
Profit/ (loss) for the year	237,852,226	168,876,827
Other comprehensive	(71,719,326)	(18,597,748)
Summarized statement of cash flows		
Net cash inflow from operating activities	397,289,684	(30,678,295)
Net cash outflow from investing activities	(65,430,934)	(3,320,456)
Net cash inflow from financing activities	-	-
Net cash inflow	**331,858,750**	**(33,998,751)**

24. Related Party Disclosures

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

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

24.1.1 Balances with companies controlled by Non-Executive Directors

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Company Name				
Amount owed to Steelmakers	(230,057)	(369,787)	(230,057)	(369,787)
Amount receivable from Kencor Management Services	288,000	462,923	288,000	462,923

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

24.1.2 Transactions with companies controlled by Directors

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Company and transactions				
Steel Makers: Purchase of raw materials	139,253,632	223,832,364	139,253,632	223,832,364
Kencor Management Services: Rental income	-	-	-	-
Kencor Management Services: Sale of goods	6,708,556	10,783,144	6,708,556	10,783,144
Steel Makers: Sale of goods	10,131,209	16,284,620	10,131,209	16,284,620

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

24.2 Transactions with companies controlled by Zimplow Holdings Limited

	Barzem Inflation adjusted		Manica Inflation adjusted		Total Inflation adjusted	
Company Name	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Transaction: Shared service fees	2,780,844	61,650,258	6,653,371	4,624,513	9,434,215	66,274,771
Balance receivables/(payable)	**64,939**	**104,381**	**4,101,873**	**9,445,303**	**4,166,812**	**9,549,684**
	Scanlink Inflation adjusted		**Tredcor Inflation adjusted**		**Total Inflation adjusted**	
Transaction: Shared service fees	13,502,120	-	7,166,948	-	20,669,068	-
Balance receivables/(payable)	**10,963,786**	**-**	**23,102,688**	**-**	**34,066,474**	**-**

Sales and services rendered to related parties purchases and services received from related parties.

Zimplow Company	Inflation adjusted Sales and services rendered to related parties		Purchase and services received from related parties	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Transactions				
Transactions with companies controlled by Zimplow holdings limited	13,511,381	(61,650,258)	7,152,080	6,787,187

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

24.3 Compensation to key management personnel

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Short term employee benefits	169,190,619	80,202,561	144,460,623	59,329,327
Post-employment benefits	-	359,759	-	1,313,469
Total	**169,190,619**	**80,562,319**	**144,460,623**	**60,642,795**

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

24.4 Directors Fees and Emoluments

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Directors fees	27,802,322	32,839,545	27,802,322	32,839,545
Total	**27,802,322**	**32,839,545**	**27,802,322**	**32,839,545**

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

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

25. Lease Assets and Liabilities

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

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

		Inflation adjusted	
		Group	Company
		31-Dec-21 ZWL$	31-Dec-20 ZWL$
25.1	**Right of Use Assets**		
	Opening net carrying amount at 1 January	**14,576,673**	**8,125,091**
	Remeasurement	-	17,258,097
	Depreciation	(9,717,782)	(10,806,515)
	Closing net carrying amount at 31 December	**4,858,891**	**14,576,673**
25.2	**Lease Liabilities**		
	As at 1 January	**5,535,117**	**1,574,724**
	Accretion of interest	1,184,751	3,224,732
	Payments	(3,639,970)	(6,650,623)
	Remeasurement	-	17,258,097
	IAS 29 restatement effects	(1,562,438)	(9,871,814)
	As at 31 December	**1,517,460**	**5,535,117**
	Current	1,517,460	5,535,117
	Maturity analysis - contractual undiscounted cash flows		
	Less than one year	1,517,460	4,534,055
	One to five years	-	2,267,028
	More than five years	-	-
25.3	**The following are the amounts recognised in profit or loss:**		
	Depreciation expense of right-of-use assets	(9,717,782)	(10,806,515)
	Interest expense on lease liabilities	(1,184,751)	(3,224,732)
	Total amount recognised in profit or loss	**(10,902,533)**	**(14,031,247)**

26. Capital Management

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

	Inflation adjusted	
Group	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Debt(1)	(154,148,168)	(40,389,094)
Cash and Bank balances net of bank overdraft	1,420,375,670	962,714,825
Net cash	1,266,227,502	732,375,938
Equity(2)	4,937,824,979	6,209,409,431
Net cash/debt to equity (gearing) ratio	**26%**	**12%**

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

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

26.1 Financial Risk Management Objectives

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

Market risk

Foreign exchange risk

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

	Inflation adjusted	
Group	**31-Dec-21 US$**	**31-Dec-20 US$**
Assets		
Trade and other receivables	124,247	34,046
Cash and cash equivalents	1,165,305	1,206,273
Total assets	**1,289,553**	**1,240,319**
Liabilities		
Trade and other payables	(6,775,627)	(977,696)
Total net position	**(5,486,075)**	**262,623**
Company		
Assets		
Trade and other receivables	124,247	34,046
Cash and cash equivalents	1,095,625	1,206,273
Total assets	**1,219,872**	**1,240,319**
Liabilities		
Trade and other payables	(259,460)	(55,318)
Total net position	**960,413**	**1,185,001**

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

	Inflation adjusted	
Group	**31-Dec-21 ZWL$ +/-5%**	**31-Dec-20 ZWL$ +/-5%**
Profit before taxation	(29,460,093)	(2,424,443)
Effect on equity	(22,177,558)	(1,825,121)
Company		
Profit before taxation	(598,879)	(54,651)
Effect on equity	(450,836)	(41,142)

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

Exchange rates applied at 31 December:	2021		2020	
	Statement of profit or loss	**Statement of financial position**	**Statement of profit or loss**	**Statement of financial position**
Average rate to the ZWL United States Dollars	88.58	108.67	51.38	81.79

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

Interest rate risk

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

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

Interest rate sensitivity

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

Change in interest rate	Effect on profit before tax	
2021	15%	23,122,225
	(15%)	**(23,122,225)**
2020	10%	920,399
	(10%)	**(920,399)**

Credit risk

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

Trade receivables and other receivables

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

Outstanding customer receivables are regularly monitored, and a full-time credit control department exists to independently perform this function. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group's maximum exposure to credit risk at 31 December 2021 and further specific credit risk mitigating activities adopted by the entity are shown in Notes 17 and 19. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). This ensures that any increase in the gross balance of trade and other receivables is covered by an increase in the provisioning amounts.

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

The Group considers both qualitative and quantitative information that is reasonable and supportable when making this assessment on expected credit losses, including historical experience and forward-looking information that is available without undue costs or effort. Based on historical experience, and expert credit assessment including forward looking information. Management has opted to apply regression analysis as a statistical method. The forward-looking information considered includes inflation (CPI), purchasing power parity and gross domestic product (GDP).

In the current year the group has also considered the potential impact of COVID-19 on its customers and instituted measures that helps it better manage its receivables. All this information was taken into consideration in arriving at the expected credit loss figures.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

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

	Other receivables	Trade Receivables Days past due							
		Current	30 -60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days	Total
Group 2021									
Expected credit loss rate	100%	1%	1%	1%	2%	2%	23%	62%	
Estimated total gross carrying amount at default	2,269,138	130,744,084	111,188,641	41,838,153	41,014,328	41,187,015	5,820,492	10,477,312	382,270,024
Expected credit loss	2,269,138	778,939	1,583,088	604,130	817,963	646,511	1,332,886	8,349,177	16,381,832
Group 2020									
Expected credit loss rate	100%	1%	1%	3%	4%	4%	11%	100%	
Estimated total gross carrying amount at default	4,027,310	96,078,884	68,659,783	19,108,515	17,427,800	19,999,742	486,966	229,404	226,018,404
Expected credit loss	4,027,310	634,422	747,799	643,428	680,773	834,727	54,866	229,404	7,852,730
Company 2021									
Expected credit loss rate	100%	1%	2%	4%	24%	100%	100%	100%	
Estimated total gross carrying amount at default	2,269,138	61,615,197	42,942,596	7,697,717	2,978,454	568,657	1,317,086	4,594,460	123,979,799
Expected credit loss	2,269,138	572,658	1,064,976	302,272	714,829	568,657	1,317,086	4,594,460	11,397,299
Company 2020									
Expected credit loss rate	100%	1%	2%	11%	15%	100%	100%	100%	
Estimated total gross carrying amount at default	3,647,348	51,034,594	24,833,115	6,160,241	4,751,473	364,189	7,031	229,404	91,027,395
Expected credit loss	3,647,348	521,245	527,912	675,112	689,426	364,189	7,031	229,404	6,661,667

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

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

Liquidity risk
Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group maintains flexibility in funding by maintaining funding availability under committed credit lines. The Group's objective is to maintain a beneficial balance between continuity of funding and flexibility using bank overdrafts and bank loans, whilst always considering the need for potential funding source diversification through the introduction of Finance lease or hire purchase arrangements, or the issuance of preference shares. As at the reporting period end date, the Group's external funding sources were limited to customer deposits, and borrowings. The Group has access to financing facilities, which were fully utilized in the current period. The Group expects to meet its core trading-based obligations from operating cash flows and proceeds from the realization of its financial assets. The table below summarizes the maturity profile of the Group's financial liabilities (excluding borrowings, whose maturity profile is disclosed under Note 19) at 31 December 2021 based on contractual undiscounted payments:

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Maturity profile of trade and other payables				
Due within 1 year	-	-	-	-
On demand	-	-	-	-
Less than 3 months	1,953,850,649	391,191,326	140,800,628	142,931,065
Total	**1,953,850,649**	**391,191,326**	**140,800,628**	**142,931,0645**

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

27. Acquisitions

On 1 July, the Group acquired 100% of the voting shares of Scanlink (Private) Limited, Tredcor Zimbabwe (Private) Limited and Birmingham Investments (Private) Limited, non-listed companies based in Zimbabwe, in exchange for the Company 's shares.

The Group acquired Scanlink (Private) Limited and Tredcor Zimbabwe (Private) Limited because it improves its market position by gaining strategic businesses in long-haulage trucks, buses and tyres. Birmingham investments (Private) Limited is expected to enhance the property investments business of the Group.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the companies as at the acquisition date were as follows:

	Inflation Adjusted Fair value recognised on acquisition		
	Scanlink (Private) Limited ZWL$	Tredcor Zimbabwe (Private) Limited ZWL$	Birmingham Investments (Private) Limited ZWL$
ASSETS			
Property, plant and equipment	32,415,835	44,540,921	-
Investment property	-	-	113,206,246
Deferred tax asset	36,033,229	-	-
Inventories	87,704,773	91,973,359	-
Trade and other receivables	138,917,349	105,789,462	-
Cash and cash equivalents	33,066,096	30,579,488	119
Total assets	**328,137,282**	**272,883,230**	**113,206,366**
LIABILITIES			
Long term borrowings	(30 730 455)	(47 268 093)	-
Deferred tax liabilities	-	(7 025 404)	(5 603 902)
Trade and other payables	(168 903 217)	(178 851 309)	(160)
Customer deposits			
InterCompany balances	(790 652)	-	-
Short term borrowings	-	(5 288 329)	-
Current tax liabilities	(12 464 901)	-	-
Total liabilities	**(212 889 226)**	**(238 433 135)**	**(5 604 061)**
Total identifiable net assets at fair value	**115 248 056**	**34 450 094**	**107 602 304**
Goodwill arising on acquisition	230 704 341	440 893 949	100 235 626
Purchase consideration transferred	**345,952,397**	**475,344,043**	**207,837,931**

At the acquisition date the expected credit losses on trade receivables were not material. Subsequently all material trade receivables have been collected.

27.1 Purchase Consideration

Historical	Scanlink (Private) Limited	Tredcor Zimbabwe (Private) Limited	Birmingham Investments (Private) Limited
Purchase consideration			
Shares issued	26,257,033	36,077,577	15,774,446
Historical share price (ZWL$)	9.89	9.89	9.89
Historical fair value of consideration	**259,755,576**	**356,908,254**	**156,053,439**
Inflation Adjusted			
Purchase consideration			
Historical fair value of consideration	259,755,576	356,908,254	156,053,439
Inflation adjusting factor	1.33	1.33	1.33
Inflation adjusted fair value of consideration	**345,952,397**	**475,344,043**	**207,837,931**

Transaction costs of ZWL$7,443,960 were expensed and are included in administrative expenses.

Notes to the Financial Statements (cont.)
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27.2 Summary financial information of acquired entities

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-Company eliminations.

	Inflation Adjusted		
	Scanlink (Private) Limited ZWL$	Tredcor Zimbabwe (Private) Limited ZWL$	Birmingham Investments (Private) Limited ZWL$
Revenue	351,657,289	354,518,473	493,495
Cost of sales	(190,438,365)	(164,043,799)	-
Operating expenses	(100,119,348)	(176,947,055)	(2,496,673)
Finance costs	(17,135)	(4,483,903)	-
Revaluation gain/(loss)	-	1,057,091	(13,206,246)
Monetary gain/ (loss)	(9,762,496)	(4,211,639)	149,389
Profit before tax	**51,319,945**	**5,889,168**	**(15,060,035)**
Taxation	(15,845,018)	(11,773,475)	1,062,769
Profit or (loss) for the year	**35,474,927**	**(5,884,307)**	**(13,997,267)**

28. Earnings per share

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-21 ZWL$	31-Dec-20 ZWL$	31-Dec-21 ZWL$	31-Dec-20 ZWL$
Basic earnings per share (ZWL$)				
Basic earnings per share	0.77	1.19	0.10	0.36
Diluted earnings per share (ZWL$)				
Diluted earnings per share	0.77	1.19	0.10	0.36
Headline earnings per share				
Headline earnings per share	0.78	1.19	0.11	0.35
Diluted headline earnings per share				
Diluted headline earnings per share	0.78	1.19	0.11	0.35
The information below was used to calculate earnings per share				
Weighted average number of ordinary shares in issue				
For the purpose of basic loss per share	344,580,486	238,380,780	344,580,486	238,380,780
Add dilutive impact of shares	-	-	-	-
For the purposes of diluted earnings per share	344,580,486	238,380,780	344,580,486	238,380,780
Profit for the year used in the calculation of basic and diluted earnings per share	266,639,956	283,758,961	32,825,912	84,918,368
Profit for the year used in the calculation of basic and diluted Headline earnings per share	270,153,406	283,440,780	36,309,046	84,600,187

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

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

Reconciliation of Basic earnings to Headline earnings

	Inflation adjusted	
	31-Dec-21 ZWL$	**31-Dec-20 ZWL$**
Profit for the year attributable to equity holders	266,639,956	283,758,961
Adjustment for capital items (gross of tax):		
Profit on disposal of equipment	4,711,504	(428,527)
Total tax effects of adjustments	(1,213,212)	110,346
Total non-controlling interests' share of adjustments	15,158	-
Headline earnings	270,153,406	283,440,780
For the purposes of headline earnings per share	344,580,486	238,380,780
Headline earnings per share %	0.78	1.19

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

29. Events after the reporting period

On 30 March 2022, Barloworld Equipment UK the distributors of the Caterpillar (CAT) franchise globally issued a notice to Barzem Enterprises (Private) Limited, (51% owned by Zimplow), local distributor of the Caterpillar brand, to terminate the distribution agreement entered into between Barloworld itself and Barzem Enterprises. The notice received dictates that the distribution agreement will terminate on 30 September 2022 in terms of the Distributors Agreement. Engagements are currently underway with suppliers including BWE UK for the continuation of distribution of earth moving and related equipment with brands currently operating in Zimbabwe, in the similar industry.

30. Impact of COVID-19

The Zimplow Directors have made the following assessment:

Impact of COVID-19 on Group's ability to continue as a going concern

The Directors have assessed the ability of the Group to continue operating as a going concern, in light of the COVID-19 pandemic.

- All the Group Business units qualify as essential services and are operating at various capacities and for less hours with minimal staff though.
- Operationally, we have been faced with reduced working hours, introduction of remote working, and resulted in work inefficiencies.
- This has resulted in drop of cash sales, delayed customer collection, delayed supplier payments, and limited cash flow generation. We do not anticipate our cash flows to take a huge knock since we already in the off-season period. We however, expect cash flows to increase from end April 2021 when most farmers will be harvesting and tobacco auction floors opening up.
- We have been faced with the additional overheads to fight the pandemic. Thus, there was an increase in COVID-19 related expenses and employee welfare related costs.
- On an international scale, the supply chain has since stabilised from second half of 2020 with all shipments of goods and equipment coming within the required scheduled timelines.
- We have no legal proceeding and/or projected legal issues to arise due to the COVID-19 pandemic.
- Loan obligations, the Company has been able to meet its loan repayment obligations timeously with all the loans fully settled in time.

Impact of COVID-19 on the Statement of Financial Position

Line by line assessment of how the current uncertainty (COVID-19 pandemic) may impact any of the amounts presented at 31 December 2021.

- Property, plant and equipment - no impact
- Goodwill - No impact. The Group still expects to realise profits from the CGU as initially projected.
- Account receivables -Minimal impact. We expect a slight delay in customer payments as customer cash flows are constrained by the pandemic and the lockdown. The Group has instituted a strict collection strategy and also reviewed the credit terms to 14 days.
- Inventory -No impact. Our goods are purchased based on confirmed orders from customers. We don't expect an increase in provision of obsolete stock as inventory sales might be delayed but will be confirmed.
- Trade and other payables we expect delayed payments to suppliers to manage cash flow. Our strategy is negotiating with suppliers for delayed payment arrangements.
- Loans – No impact as we expect to settle all loan obligations as they fall due timeously.
- Equity-no impact.
- Prepayments to suppliers-no impact.
- Cash and cash equivalents-no impact.

Notes to the Financial Statements (cont.)

for the year ended 31 December 2021

Below are plans being implemented by the Group to mitigate the risks:

- Since the Group companies were all classified as essential services, all businesses units will remain open
- Procuring inventory in advance, ensuring that the impact of supply chain delays is reduced.
- Cost containment through reduction in labour count numbers that match the current demand levels
- Elimination of unnecessary expenditures
- Restructuring of the Group borrowings, reducing the finance costs
- Re-engaging suppliers for COVID-19 sensitive credit terms
- The marketing team has invested in increasing online impact

Management is therefore satisfied that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future.

31. Application of new and amended standards and interpretations

31.1 Standards issued and effective in the current year

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help prepares develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to Annual Reporting periods beginning on or after 1 June 2020. Earlier application has not been adopted.

This amendment had no impact on the consolidated financial statements of the Group.

Notes to the Financial Statements (cont.)
for the year ended 31 December 2021

31.2 Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

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

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

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

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

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

Reference to the Conceptual Framework – Amendments to IFRS 3 In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for Annual Reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for Annual Reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

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

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

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for Annual Reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

Notes to the Financial Statements (cont.)

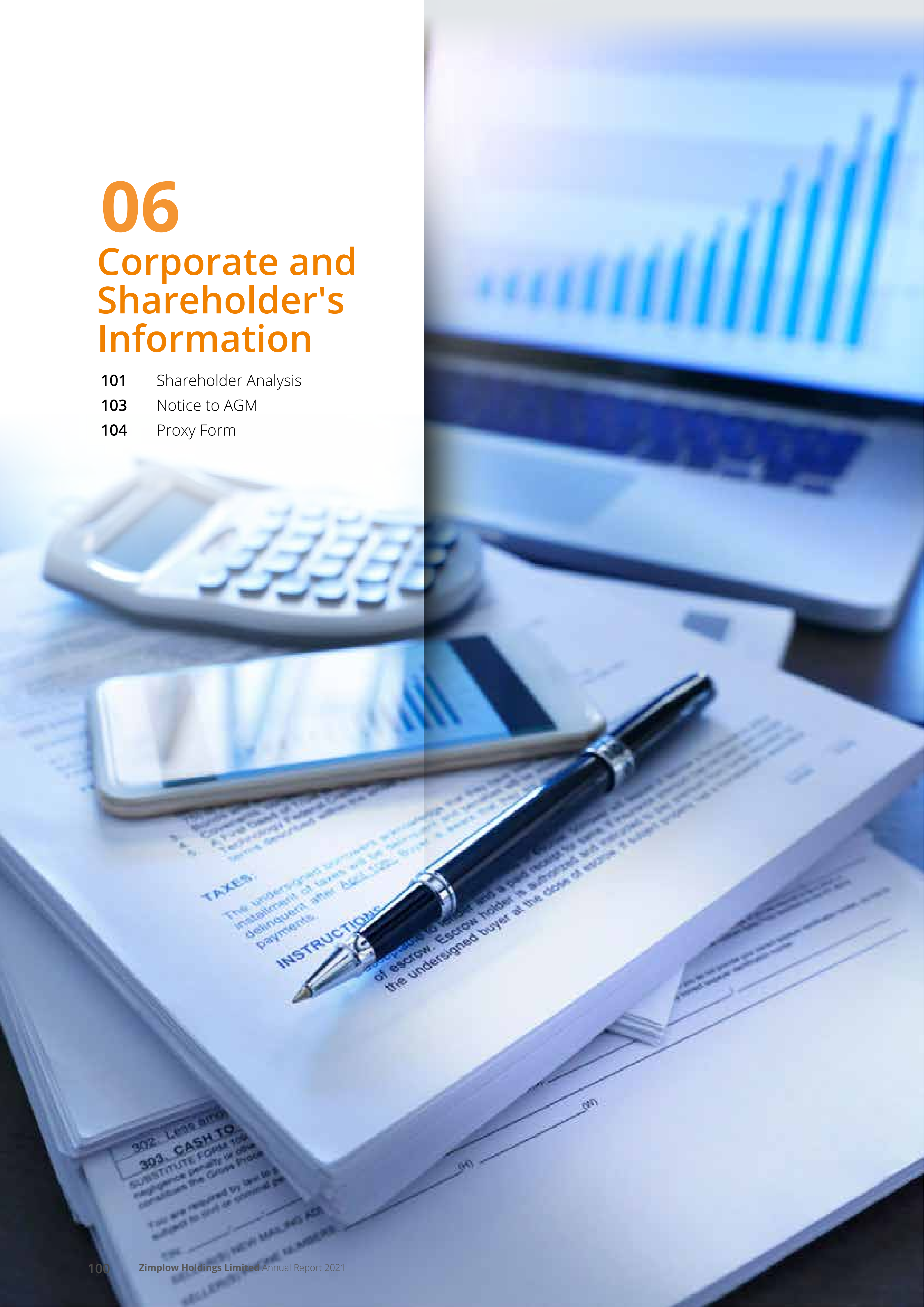
for the year ended 31 December 2021

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the Annual Reporting period in which the entity first applies the amendment. The amendment is effective for Annual Reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the Annual Reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first Annual Reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.



06 Corporate and Shareholder's Information

Shareholder Analysis

ZIMPLOW LIMITED: ANALYSIS BY VOLUME AS AT : 31 December 2021

Range	Shares	Shares %	Shareholders
1-5000	1,215,421	0.35	1,354
5001-10000	670,612	0.19	92
10001-25000	1,596,615	0.46	100
25001-50000	1,405,267	0.41	40
50001-100000	2,802,475	0.81	38
100001-200000	4,096,289	1.19	28
200001-500000	4,530,436	1.31	14
500001-1000000	5,009,409	1.45	07
1000001 and Above	323,253,962	93.81	26
Totals	**344,580,486**	**100.00**	**1,699**

ZIMPLOW LIMITED: ANALYSIS BY INDUSTRY AS AT: 31 December 2021

Industry	Shares	Shares %	Shareholders
LOCAL COMPANIES	162,181,211	47.07	180
FOREIGN COMPANIES	106,504,574	30.91	04
LOCAL NOMINEE	32,610,071	9.46	79
PENSION FUNDS	21,553,788	6.26	39
BANKS	10,347,738	3.00	02
LOCAL INDIVIDUAL RESIDENT	7,046,432	2.04	1,220
NEW NON RESIDENT	1,741,996	0.51	53
FOREIGN INDIVIDUAL RESIDENT	631,302	0.18	04
INSURANCE COMPANIES	600,276	0.17	16
FOREIGN NOMINEE	584,108	0.17	04
TRUSTS	384,755	0.11	18
OTHER INVESTMENTS & TRUST	217,111	0.06	43
FUND MANAGERS	81,178	0.02	08
DECEASED ESTATES	67,824	0.02	20
CHARITABLE	18,293	0.01	08
GOVERNMENT / QUASI	9,829	0.00	01
Totals	**344,580,486**	**100.00**	**1,699**

ZIMPLOW LIMITED TOP 20 : SCHEDULE AS AT : 31 December 2021

Rank	Names	Shares	Percentage
1	SINO PROPERTIES (PROPRIETARY) LIMITED	84,215,334	24.44
2	STANBIC NOMINEES (PRIVATE) LIMITED	33,687,463	9.78
3	ESSENTIAL PROPOSITION PROPERTIES (PRIVATE) LIMITED	28,090,650	8.15
4	PIONEER DEVELOPMENT COMPANY (PRIVATE) LIMITED	26,257,033	7.62
5	KENCOR HOLDINGS (PRIVATE) LIMITED	24,936,122	7.24
6	CHARTER MINING (PRIVATE) LIMITED	19,745,346	5.73
7	CLAN SERVICES (PRIVATE) LIMITED	18,399,564	5.34
8	UNIFREIGHT AFRICA LIMITED	15,774,446	4.58
9	MAGISTER INVESTMENTS LIMITED	14,791,807	4.29
10	YUMIKO INVESTMENTS (PRIVATE) LIMITED	10,761,166	3.12
12	TETRAD INVESTMENT BANK	9,427,738	2.74
13	BARLOWORLD EQUIPMENT UK LIMITED	7,340,933	2.13
14	FLAME LILY VENTURE CAPITAL GROUP	4,054,625	1.18
15	TRACTIVE POWER HOLDINGS WORKERS TRUST (PRIVATE) LIMITED	3,683,201	1.07
16	HOLDSWORTH HOLDINGS (PRIVATE) LIMITED	2,886,206	0.84
17	PUBLIC SERVICE PFUND-SMARTVEST	2,684,581	0.78
18	MEGA MARKET (PRIVATE) LIMITED	2,441,251	0.71
19	MINING INDUSTRY PENSION FUND	1,720,016	0.50
20	BERNARD NORMAN CHITEPO	1,587,620	0.46
	Selected Shares	**325,574,731**	**94.48**
	Non - Selected Shares	**19,005,755**	**5.52**
	Issued Shares	**344,580,486**	**100.00**

Notice of an Annual General Meeting (AGM)

NOTICE IS HEREBY GIVEN THAT the Seventy Second Annual General Meeting of Shareholders will be held at Zimplow Holdings Limited Head Office 36 Birmingham Road, Southerton, Harare at 1000hrs on 21 July 2022 to consider the following:

As Ordinary Resolutions

1. To approve the minutes of the Annual General Meeting held on 10 June 2021.
2. To receive and adopt the Audited financial statements for the year ended 31 December 2021, together with the report of the Director's and Auditors.
3. To re-elect Mr. Kalpesh Patel, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.
4. To re-elect Mr. Vimbayi Nyakudya, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.
5. To approve the remuneration of Directors for the year ended 31 December 2021.
6. To fix the Auditors' remuneration for the year ended 31 December 2021.
7. To re-appoint Messrs, Ernst and Young Chartered Accountants (Zimbabwe) as Auditors of the Company until the conclusion of the next Annual General Meeting. Ernst and Young has served the Company for the past 9 years.

By order of the Board

SHARON MANANGAZIRA (MRS) **16 June 2022**
COMPANY SECRETARY

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

Notes:

1. Voting eligibility

a) On a show of hands, every Shareholder who (being an individual) is present in person or by proxy at the AGM or which (being a Company or body corporate) is represented there at by a representative appointed as proxy, shall have one vote (irrespective of the number of shares held), and on a poll, every Shareholder who (being an individual) is present in person or by proxy at the general meeting or which (being a Company or body corporate) is represented by proxy at the general meeting, shall have one vote for every Zimplow Holdings Limited share of which it is the holder.

2. Appointment of Proxies

a) In terms of Section 129 (3) of the Companies and Other Business Entities Act (Chapter 24:03), members entitled to attend the above meeting may appoint one or more proxies, to act in the alternative, to attend, speak and vote on their behalf, including voting on a poll. A proxy need not to be a member of the Company .
b) Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the form of Proxy in a representative capacity, unless previously recorded by the Company 's transfer secretaries or waived by the chairperson of the AGM. This authority must take the form of a resolution of the Corporate body.
c) Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the form of Proxy in a representative capacity, unless previously recorded by the Company 's transfer secretaries or waived by the chairperson of the AGM. This authority must take the form of a resolution of the body.
d) Completion of a form of proxy does not preclude a person from subsequently attending the AGM and voting in person.

Form of proxy for the Annual General Meeting

I/ We ....Of..

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

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

him... Of..

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

Meeting of the Company and any adjournment thereof.

Signature..Signed this...Of..2022

01
02
03
04
05
06

Note

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

Physical and Postal Delivery

Zimplow Holdings Limited
36 Birmingham Rd,
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Harare,
Zimbabwe

Email: headoffice@zimplow.co.zw

Notes

Design and Layout by: MP STUDIOS

ZIMPLOW

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