UNIFREIGHT AFRICA LTD

Total Transport & Logistics Solutions

UNIFREIGHT SWIFT A LOCAL HERO DELIVERING NATIONWIDE BULWARK SKYNET WORLDWIDE EXPRESS

Abridged Audited Financial Results

for the year ended 31 December 2022

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Chairman's Statement

Overview

2022 was both a challenging year as well as year of change for Unifreight. While a number of macro-economic changes to the operating environment weighed down performance, there were also a number of positive developments that will see Unfreight grow from strength to strength.

The Zimbabwe Dollar depreciated substantially during the first half of 2022 which was addressed by raising the bank policy lending rate from 80% to 200% p.a. This immediately halted the currency depreciation but created a loan : deposit ratio retraction effectively lowering the liquidity in the market as industry moved to re-pay loans as quickly as possible. The resultant low loan: deposit ratio affected many businesses cash flow including Unifreight's.

Amongst the challenging macro-economic conditions Unifreight managed to secure a very attractive instalment sale agreement from a foreign creditor resulting in the re-capitalisation of 50 brand new FAW 380hp prime movers with 50 AFRIT taut-liner trailers. This substantial re-capitalisation will go a long way towards diluting the fixed cost overhead of the business.

FINANCIAL PERFORMANCE SUMMARY

The Group's financial results and the commentary have been prepared on an inflation-adjusted basis as required by IAS 29 "Financial Reporting in Hyperinflationary Economies". Financial statements prepared under the historical cost convention have only been presented as supplementary information. The Directors would like to advise users to exercise caution on their use of these audited abridged consolidated financial statements, due to the material and pervasive impact of the technical difficulties of reporting under International Accounting Standard (IAS) 29.

The group made a loss of (ZWL1.50b) at FY2022 which was largely driven by the Group's shareholding in Zimplow which declined by (ZWL 2.16b) during 2022 driven by the inflation adjusted re-valuation of historical value. Revenue from continuing operations grew by 31% to ZWL 14.4b. However EBIT reduced by (58%) on the back of a 306% increase in financial costs for 2022. Our balance sheet grew from ZWL13.1b to ZWL18.6b due to the re-capitalisation of the fleet.

DIVIDEND DECLARATION

The Directors have decided not to declare a dividend for the period under review as they continue to assess the economic environment.

OUTLOOK

The Group is optimistic about the future and will drive growth through increased capacity availability as well as improved efficiencies. The additional 50 trucks were long overdue with the market readily availing additional volume to Unfreight.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude and appreciation to our customers, business partners, and our valued shareholders for their confidence in us, which will be deservedly rewarded over time. I would also like to extend my gratitude to the Unifreight Board of Directors, employees, management, and executive team for their passion, commitment, and dedication to achieving a high-performance culture and ensuring Unifreight continues to grow.

ON BEHALF OF THE BOARD

Peter Annesley
Chairman
24 March 2023

Auditor's Statement

These abridged financial results derived from the audited consolidated inflation adjusted financial statements of Unifreight Africa Limited and its subsidiaries "the Group" for the financial year ended 31 December 2022, should be read together with the complete set of audited consolidated inflation adjusted financial statements of the Group, for the year ended 31 December 2022, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Farai Chibisa, Registered Public Auditor 0547. A qualified opinion has been issued on the audited consolidated inflation adjusted financial statements of the Group, for the year then ended. A qualified opinion was issued regarding non-compliance with the requirements of the following:

- International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates;
- International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies;
- International Accounting Standard (IAS) 2 - Inventories;
- International Financial Reporting Standard (IFRS 11) - Joint Arrangements, International Accounting Standard (IAS 28) - Investments in Associates and Joint Ventures; and
- International Financial Reporting Standard (IFRS) 13 – Fair Value Measurement with respect to fair valuation disclosures for Investment Property for the prior year.

The auditor's report includes a section on key audit matters outlining matters that, in the auditor's professional judgement, were of most significance in the audit of the consolidated inflation adjusted financial statements. The key audit matter was with respect to revenue recognition. The auditor's opinion is not modified in respect of this matter.

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

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 Dececember 2022

	2022 ZWL 000 Inflation Adj	2021 ZWL 000 Inflation Adj	2022 ZWL 000 Historical	2021 ZWL 000 Historical
ASSETS				
Non current assets	**9,329,869**	**11,305,642**	**3,018,736**	**1,148,848**
Vehicles and equipment	3,800,761	4,432,999	1,481,311	168,349
Investment properties	2,497,443	2,518,751	17,767	18,193
Investment in equity instruments	580,958	2,785,342	580,958	810,258
Right of use of asset	2,219,766	1,337,609	937,200	50,548
Intangible assets	230,941	230,941	1,500	1,500
Current assets	**9,272,102**	**1,852,298**	**6,915,918**	**528,836**
Inventories	697,116	665,759	500,303	183,669
Income tax asset	-	1,026	2,697	300
Trade and other receivables	8,369,190	1,100,471	6,207,122	320,128
Cash and cash equivalents	205,796	85,042	205,796	24,739
TOTAL ASSETS	**18,601,971**	**13,157,940**	**9,934,654**	**1,677,684**
EQUITY AND LIABILITIES				
Equity	**9,288,527**	**10,796,267**	**1,109,184**	**1,206,415**
Share capital	163,968	163,968	1,065	1,065
Share premium	317,178	317,178	2,060	2,060
Non-distributable reserve	5,577,707	5,577,707	46,356	46,356
Fair value reserve for financial assets at FVOCI	(909,062)	1,251,234	251,446	476,994
Equity component of shareholders loans	1,375,070	1,375,070	8,931	8,931
Retained earnings	2,763,666	2,111,110	803,079	671,009
Non current liabilities	**5,064,069**	**1,360,204**	**4,626,028**	**179,941**
Loans and borrowings	3,682,428	-	3,682,428	-
Lease liability	915,204	529,459	915,204	154,020
Deferred tax liabilities	466,437	830,745	28,396	25,921
Current liabilities	**4,249,375**	**1,001,469**	**4,199,442**	**291,328**
Trade and other payables	1,777,495	826,602	1,777,495	240,459
Income tax payable	49,933	-	-	-
Lease liability	52,929	24,108	52,929	7,013
Loans and borrowings	2,369,018	150,759	2,369,018	43,856
TOTAL EQUITY AND LIABILITIES	**18,601,971**	**13,157,940**	**9,934,654**	**1,677,684**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2022

	2022 ZWL 000 Inflation Adj	2021 ZWL 000 Inflation Adj	2022 ZWL 000 Historical	2021 ZWL 000 Historical
Revenue	**14,486,297**	**11,040,595**	**9,940,426**	**2,561,597**
Operating costs	(14,116,071)	(11,034,504)	(9,610,693)	(2,392,373)
Movement in expected credit losses	(35,417)	(154,933)	(167,762)	(45,070)
Dividend received	12,391	14,101	12,391	3,667
Other operating income	400,587	2,200,477	556,285	481,734
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**747,787**	**2,065,736**	**730,647**	**609,555**
Finance costs	(621,131)	(152,849)	(473,621)	(38,748)
Depreciation	(1,044,935)	(781,555)	(72,327)	(30,740)
Monetary gain/ (loss)	1,303,243	(186,710)	-	-
Profit before taxation	**384,964**	**944,622**	**184,698**	**540,067**
Income tax expense/(credit)	267,592	1,051,314	(52,628)	(23,692)
Net profit for the year	**652,556**	**1,995,936**	**132,070**	**516,375**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income	(2,160,296)	1,251,234	(225,548)	453,144
Other comprehensive (loss)/income for the year, net of tax	**(2,160,296)**	**1,251,234**	**(225,548)**	**453,144**
Total comprehensive (loss)/ income for the year, net of tax	**(1,507,740)**	**3,247,170**	**(93,477)**	**969,519**
Earnings per share				
- Basic (loss)/earnings for the year attributable to ordinary equity holders of the parent (cents)	**(1,416.06)**	**545.31**	**(124.04)**	**484.98**
- Diluted (loss)/earnings for the year attributable to ordinary equityholders of the parent (cents)	**(1,416.06)**	**545.31**	**(124.04)**	**484.98**
- Headline (loss)/earnings for the year attributable to ordinary equity holders of the parent (cents)	**(1,693.65)**	**956.02**	**(562.93)**	**539.88**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2022

	Attributable to equity shareholders of the parent						
	Share capital Inflation Adj ZWL 000	Share premium Inflation Adj ZWL 000	Non-distributable reserves Inflation Adj ZWL 000	Fairvalue reserve of financial assets at FVOCI ZWL 000	Equity portion of Shareholders loans Inflation Adj ZWL 000	Retained Earnings Inflation Adj ZWL 000	Total Equity Inflation Adj ZWL 000
Balance as at 1 January 2021	**163,968**	**317,178**	**5,577,707**	**-**	**1,375,070**	**144,105**	**7,578,028**
Profit for the year	-	-	-	-	-	1,995,936	1,995,936
Net gain on equity instruments designated at fair value through other comprehensive income	-	-	-	1,251,234	-	-	1,251,234
Dividend	-	-	-	-	-	(28,931)	(28,931)
Balance as at 31 December 2021	**163,968**	**317,178**	**5,577,707**	**1,251,234**	**1,375,070**	**2,111,110**	**10,796,267**
Balance as at 1 January 2022	**163,968**	**317,178**	**5,577,707**	**1,251,234**	**1,375,070**	**2,111,1120**	**10,796,267**
Profit for the year	-	-	-	-	-	652,556	652,556
Net loss on equity instruments designated at fair value through other comprehensive income	-	-	-	(2,160,296)	-	-	(2,160,296)
Balance as at 31 December 2022	**163,968**	**317,178**	**5,577,707**	**(909,062)**	**1,375,070**	**2,763,666**	**9,288,527**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2022

	2022 Inflation Adj ZWL 000	2021 Inflation Adj ZWL 000
Net cash (utilised)/ generated from operating activities	**(5,628,317)**	**637,573**
Cash (utilised)/ generated from operations	(5,003,803)	883,320
Dividend paid	-	(28,931)
Interest paid	(621,131)	(152,849)
Taxation paid	(3,383)	(63,967)
Net cash utilised in investing activities	**(604,762)**	**(279,350)**
Purchase of vehicles and equipment to increase operations	(1,335,314)	(321,203)
Proceeds from sale of property, vehicles and equipment	718,161	27,752
Dividend received	12,391	14,101
Net cash generated from financing activities	**6,172,101**	**21,609**
Proceeds from borrowings	6,890,110	260,958
Payment of deferred consideration	-	(773)
Principal payment of lease liabilities	(34,327)	(113,205)
Repayments of borrowings	(683,682)	(125,369)
(Decrease)/increase in cash and cash equivalents	**(60,978)**	**379,833**
Cash and cash equivalents at beginning of year	85,042	279,763
Effect of currency translation on cash and cash equivalents	15,746	23,800
Effects of inflation	165,987	(598,354)
Cash and cash equivalents at end of year	**205,796**	**85,042**

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022

General Information

Unifreight Africa Limited (formerly Pioneer Corporation Africa Limited) was incorporated in Zimbabwe in 1970. It is the holding company of a Group of companies primarily involved in the road transport industry whose main activities include inter-city freight consolidations, the distribution of general goods, and a courier service.

The Company is incorporated in Zimbabwe. Other entities in the Group are incorporated in Botswana. The company is listed on the Zimbabwe Stock Exchange.

These Group consolidated financial statements are presented in Zimbabwean Dollars and were authorised for issue by the Board of Directors on 24 March 2023.

Basis of preparation

The consolidated 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). The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in Zimbabwean dollars (ZW$) and all values are rounded to the nearest 1 000 dollars except where otherwise stated.

The consolidated financial statements are initially prepared under the historical cost convention as 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 are 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, the Historical Consolidated Statement of profit or Loss and other comprehensive income and Consolidated Statement of financial position has been included only as supplementary information.

Inflation adjustment

The Public Accountants and Auditors Board (PAAB) in their circular 01/19 communicated that the factors and characteristics to apply IAS 29, Financial Reporting in Hyper-Inflationary Economies had been met in Zimbabwe. The pronouncement require that entities reporting in Zimbabwe apply the requirements of IAS 29 with effect from 1 July 2019.

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 balance sheet date and the corresponding figures for the previous period be stated in the same terms. The restatement has been calculated by means of conversion factors derived from the consumer price index. The Group used the inflation adjustment factors derived from the monthly Consumer Price Indices as published by the Reserve Bank of Zimbabwe. The following factors were applied:

Period / Month	Factor	Period / Month	Factor
Prior year	3.4376	Jul-22	1.2506
Jan-22	3.2632	Aug-22	1.1129
Feb-22	3.0499	Sep-22	1.0755
Mar-22	2.8688	Oct-22	1.0426
Apr-22	2.4828	Nov-22	1.0242
May-22	2.0523	Dec-22	1.0000
Jun-22	1.5703		

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The policies applied are consistent with those applied in previous years.

Trade and other receivables

	Inflation Adj 2022 ZWL '000	Inflation Adj 2021 ZWL '000
Current		
Trade receivables	2,191,211	862,223
Receivables due from related parties	-	27,458
Less: provision for impairment	(255,372)	(219,955)
Trade receivables - net	**1,935,839**	**669,726**
Prepayments	6,095,060	71,578
Staff debtors	9,219	643
VAT receivable	-	2,484
Other debtors	329,072	356,040
	8,369,190	**1,100,471**

Trade and other payables

	Inflation Adj 2022 ZWL '000	Inflation Adj 2021 ZWL '000
Current		
Trade payables	1,146,685	477,689
Trade payables due to related parties	189,659	126,340
Accrued expenses	254,531	114,170
Social security and other statutory liabilities	186,620	108,403
	1,777,495	**826,602**

Borrowings

Borrowings represent facilities for capital expenditure and working capital. The interest rates are between 10% and 205%.

	2022 ZWL '000 Inflation Adj	2021 ZWL '000 Inflation Adj
Shareholder loans	1,375,070	1,375,070
Equity component of shareholders loans	(1,375,070)	(1,375,070)
	-	-
Loans and Borrowings	6,051,446	150,759
	6,051,446	**150,759**

Finance cost

Finance cost comprises the following:

	Dec 2022 ZWL '000 Inflation Adj	Dec 2021 ZWL '000 Inflation Adj
- Bank borrowings	551,098	60,712
- Consideration liability	-	13
- Leases liabilities	70,033	92,124
	621,131	152,849

	2022 ZWL '000	2021 ZWL '000
Capital expenditure		
Acquisition of vehicles and equipment	1,335,314	321,203

Contingent liabilities

The group is a defendant in various labour disputes with former employees. The cases are at various stages. The total being claimed in all these cases is ZW$ 895,800.

Subsequent events

There are no adjusting or non-adjusting events after the reporting date which have an effect on the financial position of the group as at the reporting date nor require disclosure in the financial statements.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

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To the members of Unifreight Africa Limited and its subsidiaries

Report on the Audit of the Consolidated Inflation Adjusted Financial Statements

Qualified Opinion

We have audited the consolidated inflation adjusted financial statements of Unifreight Africa Limited and its subsidiaries set out on pages **10 to 60**, which comprise the consolidated inflation adjusted statement of financial position as at 31 December 2022, and the consolidated inflation adjusted statement of profit or loss and other comprehensive income, the consolidated inflation adjusted statement of changes in equity and the consolidated inflation adjusted statement of cash flows for the year then ended, and the notes to the consolidated inflation adjusted financial statements, including a summary of the Group's significant accounting policies.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the consolidated inflation adjusted financial statements present fairly, in all material respects, the financial position of Unifreight Africa Limited and its subsidiaries as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

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

During the prior and current financial period, the foreign currency denominated transactions and balances of the Group were translated into ZWL using internally generated rates, which were not considered appropriate spot rates for the Group as required IAS 21. IAS 21 defines the spot exchange rate as the exchange rate for immediate delivery.

Had the consolidated inflation adjusted financial statements been prepared in accordance with the requirements of IAS 21, some elements would have been materially affected. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material but not pervasive to the consolidated inflation adjusted financial statements as a whole.

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

Although IAS 29 has been applied appropriately, its application was based on prior and current year's financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, some elements of the inflation adjusted financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material but not pervasive to the consolidated inflation adjusted financial statements for the year ended 31 December 2022.

Non-compliance with International Accounting Standard (IAS) 2 - Inventories

In the prior year, the Group determined the USD value of spare parts inventory on hand as at 1 January 2021 on the basis of USD open market values on that date. The USD value of the spare parts inventory was then translated into ZWL using the applicable exchange rates for purposes of financial reporting. This constitutes a departure from the requirements of IAS 2 which require that inventory should be measured at the lower of cost and net realisable value. As a result, the inventory balances as at 31 December 2022 may be overstated since some of the spare parts inventory items were still available as part of the year end balances.

The opinion on the prior year consolidated inflation adjusted financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated inflation adjusted financial statements for the year ended 31 December 2022.

Non-compliance with International Financial Reporting Standard (IFRS) 11 - Joint Arrangements and (IAS) 28 - Investments in Associates and Joint Ventures

Included in the comparative financial information for the year ended 31 December 2021 is the revenue and expenditure attributable to the contract entered into between the entity and a third party. In terms of the agreement, the two parties planned to expand and diversify their respective businesses by operating a Joint Venture, whereby SWIFT (a division of the Company) would procure, pack and redistribute food packs through its depots with the third party selling the food packs and marketing the service. The above provisions in the contract implied that the arrangement was to be accounted for as a joint venture under IFRS 11 – Joint Arrangements wherein the Group would have accounted for the investment in the joint venture as a non-current asset and subsequently recorded the profits or losses earned or incurred respectively by the joint venture as other income in inflation adjusted consolidated statement of profit or loss and other comprehensive income. The Group accounted for the revenue and cost of sales from the arrangement as part of normal trading with unrelated parties.

Sufficient and appropriate evidence was not provided to support some of the revenue and cost of sales amounts recorded in relation to this arrangement in the prior year as management were unable to provide the supporting information required to validate the amounts. As a result, we could not determine whether any adjustments might have been necessary to these consolidated inflation adjusted financial statements in respect of retained earnings, payables, receivables, and the revenue, cost of sales and the related income tax expense or credit for the comparable financial year. The joint arrangement was discontinued in April 2021.

The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated inflation adjusted financial statements for the year ended 31 December 2022.

Non-compliance with International Financial Reporting Standard (IFRS) 13 - Fair Value Measurement with respect to fair valuation disclosures for Investment Property for the prior year

The Group's investment properties, which are accounted for at cost in terms of the Group's accounting policies are subjected to fair valuation, for disclosure purposes, as required by IAS 40 - Investment Property. In the prior year, the information used to disclose the fair valuation in **Notes 7** and **10.1** of these consolidated inflation adjusted financial statements was determined using USD valuation inputs and converted to ZWL using the applicable exchange rates as at 31 December 2021. Although the determined USD values may have reflected the fair value of the investment properties at the time, the converted ZWL values were not in compliance with IFRS 13 – Fair Value Measurement as they may not have reflected the assumptions that market participants would apply in valuing similar items of property in ZWL.

While this was corrected in the current year through a valuation of the investment properties as at 31 December 2022 using ZWL valuation inputs in a manner consistent with the requirements of IFRS 13, the fair valuation disclosures in the prior year for investment properties were based on financial information that was not compliant with the IFRS 13 principles.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
IFRS 15 - Revenue from Contracts with Customers • There is a presumed fraud risk with regards revenue recognition as required by International Standard on Auditing (ISA 240 Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Group. • The Group is in the business of providing transport and logistics services. Revenue from contracts with customers is recognised when services are delivered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. • The Group also has revenue generated from prepacks and driving schools. These goods and services are paid for in advance. The Group recognises revenue when payment is received. • Revenue recognition was identified as a risk area requiring special audit consideration.	Our audit procedures included the following: • Tested the general and application controls around the revenue systems of the Group and reviewed the controls. • Performed revenue analytics to identify anomalies in the revenue and corroborated by tracing to supporting documentation on the explanations provided. • Performed gap detection and duplicates test. • Reviewed whether the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. Based on the audit work performed and the assumptions made, we satisfied ourselves that the Group's revenue recognition is in accordance with IFRS 15.

Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' report, 'Corporate governance', 'Chairman's report', and 'Chief Executive Officers' report', which we obtained prior to the date of this auditor's report. The other information does not include the consolidated inflation adjusted financial statements and our auditor's report thereon. Our opinion on the consolidated inflation adjusted financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Inflation Adjusted Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated inflation adjusted financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated inflation adjusted financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Inflation Adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated inflation adjusted 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 consolidated inflation adjusted 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 consolidated inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated inflation adjusted 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 consolidated inflation adjusted financial statements, including the disclosures, and whether the consolidated inflation adjusted 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 consolidated inflation adjusted financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated inflation adjusted 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.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion, the consolidated inflation adjusted financial statements have been properly prepared, in all material respects in accordance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this Independent Auditor's Report is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

28 March 2023

HARARE