

# ZIMBABWE NEWSPAPERS (1980) LIMITED

## AUDITED CONDENSED FINANCIAL RESULTS

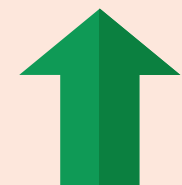
FOR THE YEAR ENDED 31 DECEMBER 2022

Market leader in Publishing, Broadcasting, Digital, Printing & Packaging

### FINANCIAL HIGHLIGHTS

For the year ended 31 December 2022

#### CONSOLIDATED



**REVENUE**  
Up by 61% to ZWL18.6 billion



**EBITDA**  
Up by 57% to ZWL3.2 billion



**NEWSPAPER**  
Topline up by 59%



**COMMERCIAL PRINTING**  
Topline up by 63%



**BROADCASTING**  
Topline up by 67%  
Radio up 74% & Television up 42%

### CHAIRMAN'S STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

#### 1. Overview

On behalf of the Board and Management, I hereby present the financial results for Zimbabwe Newspapers (1980) Limited for the year ended 31 December 2022.

#### 2. The Operating Environment

The year under review witnessed some economic recovery as the country's gross domestic product (GDP) was reported by the Government of Zimbabwe (GoZ) to have grown by 4%. During the year, the Ministry of Finance and Economic Development made some worthwhile economic interventions to curtail inflation that was threatening the existence of the local currency. Regrettably, some of these measures severely affected liquidity in the market resulting in the general slowdown in economic activity. Inflationary pressures remained onshore as year on year (YoY) inflation closed the year at 243.8% compared to 60.7% for the same period in 2021.

#### 3. The Media Environment

The media environment continued to be stable. Recovery of our printed newspapers, which had taken a knock during the Covid-19 years is on course, whilst the digital platforms are enjoying remarkable growth in audiences. Radio continues to attract huge audiences while television is still an area of potential growth. The newly licensed television stations, including our own Zimpapers Television Network (ZTN), are steadily finding their place in a market that for years had been dominated by one player.

The modest recovery of the print business is consistent with world trends as shown by the recently released WAN-IFRA World Press Trends 2022-2023 report. The report says print continues to dominate revenues. "When combined, print advertising and circulation generate more than half (53.5%) of the total income seen by our survey respondents but is down from last year's report when it was at 56.1%."

The report also notes that: "Publishers are contending with issues on multiple fronts. These considerations include high levels of inflation, rising paper and print costs, as well as ongoing changes to advertising markets."

We continue to make investments into our journalism through training and injection of new skills as we seek to remain relevant in the face of other competing sources of news and information. We, by far remain the most trusted source of credible news and information as confirmed by results of the Zimbabwe All Media Products Survey (ZAMPS), where our platforms are the most dominant.

We continue to value professional and ethical journalism, which is the mainstay of mainstream journalism in an environment where fake news continues to spread, particularly through social media. Cabinet has since approved the principles of the Media Practitioners' Bill, paving the way for the enactment of a law that will demand high standards of journalism.

#### 4. Digital Media

The company has taken steps to exploit positive benefits arising from the Artificial Intelligence (AI) revolution to provide better user experience while ensuring protection against negative digital manipulation and unpredictable digital side effects. The company has configured its digital platforms to deliver the correct content to the right audience resulting in users that are more satisfied since they can easily locate what they need.

Using AI and research on global digital media trends, the company's digital platforms continue to improve and offer more value-added services and products that can keep the users engaged longer. This allows the company to provide better value to all its stakeholder chain.

#### 5. Financial Performance

Application of International Accounting Standard (IAS) 29: Inflation Adjusted Financial Statements

The Directors of the company have applied the principles of IAS 29 to prepare the Group's inflation adjusted financial statement for the year ended 31 December 2022. In that regard, the primary set of financial statements for the company are the hyperinflated numbers, which have been the basis for this commentary.

#### 6. Financial Performance Overview

Despite the challenging operating environment, the company grew its revenue by 61% to Z\$18.6 billion from Z\$11.6 billion recorded for the same period last year. Owing to inflationary pressures and unabated increase in the cost of imported raw materials, gross profit margin declined to 63% from the 66% for same period last year.

Nevertheless, the company improved its earnings before interest and tax (EBIT) margin to 11% compared to 9% for the same period last year. This was a result of improved overheads management which were at 54% to turnover compared to 58% for last year.

Owing to tight liquidity arising from delayed payments by most of our clients and the required capital expenditure, the company had to access costly short-term funds to meet its working capital needs. This had a negative impact of increasing the cost of borrowing to Z\$610.7 million. Profitability for the company was further affected by a monetary loss adjustment of Z\$940.8 million that was recorded during the period under review. Resultantly, a net profit before tax of Z\$384.7 million was recorded compared to Z\$494.9 million for the prior year.

#### 7. Newspaper Division

The Newspapers Division increased its top line by 59% mainly as a result of the need to protect margins in a hyperinflationary environment. Cost optimisation remained critical in ensuring its survival and improving the profit margins of the division. The division recorded earnings before interest, tax, and monetary adjustments of Z\$1.9 billion.

#### 8. Commercial Printing Division

The Division recorded a 63% revenue growth driven by some volume growth in labels and general printing. In line with the revenue growth and cost optimisation interventions, the unit posted earnings before interest, tax, and monetary adjustment of Z\$443.0 million for the period under review. The division continued to face challenges in obtaining adequate foreign currency for importation of critical raw materials, resulting in a negative impact on the ability of the division to stretch its growth ambitions.

#### 9. Broadcasting Division

Top line for the division grew by 67% compared to last year. The growth in revenue was driven by both radio and television units which grew by 74% and 42% respectively. The broadcasting division's overall profitability continued to be weighed down by the newly licensed television channel that was launched on DSTV channel 294 in May 2022. The channel has however been gaining acceptance in the market and its prospects are very high.

#### 10. Corporate Governance

In compliance with good Corporate Governance, the company's Audit and Risk Committee, Business Development and Marketing Committee, Human Resources, Remuneration, Nomination and Pension Fund Committee and the Corporate Social Responsibility Committee met four times each during the year under review to assess operations and adequacy of systems and procedures that safeguard the company's assets.

#### 11. Corporate Social Investment

The company's corporate community social responsibility programs remained robust and has embarked on Sustainable Development Goals (SDGs) driven programs. Under the green up campaign, the company is leading and encouraging other organisations to green up their business premises, rooftops and road verges. Furthermore, the Zimpapers Junior Media Club mentorship program was rolled out in different schools across the country. In addition, relationships with learning institutions were strengthened as the company's bursary scheme remained in place and its advocacy for cancer and health related matters continued during the period under review. We continued to host our flagship highly subscribed annual Cancer Power Walk where all proceeds were donated for the fight against cancer.

#### 12. Dividend

Due to the difficult operating environment associated with severe liquidity challenges at the background of new capital-intensive projects that are being pursued by the company, the Board of directors recommend that there be no dividend payment for the year just ended.

#### 13. Outlook

The obtaining economic outlook is encouraging despite the first quarter of the year having started on a very difficult patch. The diversification strategy adopted by the company will continue to anchor its ability to give clients media options of their choice as the company now offers a 360-degree media solution.

The situation on the supply of imported raw materials is improving. This gives us better prospects for the future of the company as new supply chains replacing the traditional Ukraine/Russia sources are being found. The increased use of the United States Dollar in the economy may bring some relief on the availability of foreign exchange. Furthermore, the record-breaking agricultural output and encouraging growth prospects from mining, tourism and general construction is the basis for our optimism for a better year ahead.

#### 14. Appreciation

Let me extend my sincere appreciation to all the customers, readers, listeners, viewers, advertisers, shareholders and all other stakeholders who have supported the company that has been in existence for over a century. I am aware of the sacrifices and perseverance by my fellow Board members and our greatest asset, the employees to keep the company going and would like to thank and applaud them for their resilience and a job very well done under very difficult circumstances.

T.A. Ganda Sithole  
BOARD CHAIRMAN

### DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies and Other Business Entities' Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Company's abridged financial statements and related financial information included in this report. It is their responsibility to ensure that the Company's abridged financial statements fairly present the state of affairs of the Company as at the end of the period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

### INDEPENDENT AUDITOR'S OPINION STATEMENT

The audited abridged inflation adjusted financial results should be read in conjunction with the complete set of financial statements of Zimpapers for the financial year ended 31 December 2022, which have been audited by Baker Tilly Chartered Accountants, signed by Courage Matsa, PAAB Practising certificate 0607 and an unqualified opinion has been issued thereon.

The audit report also includes an emphasis of matter paragraph relating to the fact that the radio licences for Capital and Nyaminyami were awarded to Kingstons by the Broadcasting Authority of Zimbabwe and Zimpapers is operating the radio stations under a management agreement.

The auditor's report on these inflation adjusted financial statements and the full set of the inflation adjusted financial statements, is available for inspection at the Company's registered office and the same has been lodged with the ZSE.

BakerTilly  
Harare, Zimbabwe

### STATEMENT OF COMPLIANCE

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Companies and Other Business Entities Act (Chapter 24:31). The Company's financial statements are based on the statutory records maintained under the historical cost convention as restated in line with IAS29 principles. The operating environment was declared on the 1st of July 2019 to have met the conditions for hyperinflation reporting.

IAS29 requires that prior year comparatives and current year's transactions be restated to take account of the effects of the changes in the general purchasing power of the local currency. To that effect, the indices and conversion factors used were as follows:

Month	Factor
Dec-20	2,474.50
Dec-21	3,977.46
Dec-22	13,672.91

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

	Inflation Adjusted		Historical Cost	
	Audited 2022 ZWLS	Audited 2021 ZWLS	Audited 2022 ZWLS	Audited 2021 ZWLS
Revenue	18,635,387,438	11,577,760,955	13,255,053,452	2,708,274,032
Gross profit	11,775,615,471	7,639,091,805	8,148,989,894	1,770,780,218
Other operating income	313,095,754	150,280,416	205,302,449	36,016,556
Operating expenses	(10,134,358,584)	(6,734,794,411)	(7,100,644,853)	(1,593,004,955)
Selling & distribution expenses	(1,981,490,392)	(1,088,879,067)	(1,417,527,676)	(259,942,235)
Administration expenses	(8,152,868,192)	(5,645,915,344)	(5,683,117,177)	(1,333,062,720)
Profit from operations before financing cost, exchange gain and monetary adjustments	1,954,352,641	1,054,577,810	1,253,647,490	213,791,819
Net financing cost	(610,729,715)	(289,911,312)	(480,571,318)	(67,446,774)
Exchange gain/ (loss)	(18,131,462)	44,215,162	51,490,092	11,569,839
Monetary loss	(940,812,827)	(313,984,019)	-	-
Profit before tax	384,678,637	494,897,641	824,566,264	157,914,884
Tax expense	(288,152,575)	(161,784,949)	(244,771,977)	(44,137,093)
Profit after tax	96,526,062	333,112,692	579,794,287	113,777,791
Other Comprehensive income				
Gain on property revaluation net of tax	5,437,099,050	-	8,779,869,768	-
Total Other Comprehensive income	5,437,099,050	-	8,779,869,768	-
Total comprehensive income for the year	5,533,625,112	333,112,692	9,359,664,055	113,777,791
Number of shares in issue(000s)	576,000	576,000	576,000	576,000
Basic earnings per share (cents)	16.76	57.83	100.66	19.75
Diluted earnings per share (cents)	16.76	57.83	100.66	19.75
Headline earnings per share (cents)	37.79	49.72	93.63	17.21

### Condensed Statement of Financial Position as at 31 December 2022

Notes	Audited 2022 ZWLS	Audited 2021 ZWLS	Audited 2022 ZWLS	Audited 2021 ZWLS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	17,693,836,167	10,544,679,517	12,987,937,044	825,023,090
Intangible asset	4,028,105	8,157,284	26,163	61,032
Long term investment	3,231,771	11,109,532	3,231,771	3,231,771
	<b>17,701,096,043</b>	<b>10,563,946,333</b>	<b>12,991,194,978</b>	<b>828,315,893</b>
<b>Current assets</b>				
Inventories	408,965,210	303,551,866	392,246,532	83,494,861
Trade and other receivables	2,835,427,494	2,222,749,097	2,766,867,743	472,313,099
Financial assets at fair value through profit and loss	21,147,345	56,524,856	21,147,345	16,443,122
Tax refundable	-	9,432,950	-	2,744,052
Bank and cash	438,277,301	89,110,498	438,277,301	25,922,309
	<b>3,703,817,350</b>	<b>2,681,369,267</b>	<b>3,618,538,921</b>	<b>600,917,443</b>
<b>Total assets</b>	<b>21,404,913,393</b>	<b>13,245,315,600</b>	<b>16,609,733,899</b>	<b>1,429,233,336</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity and reserves</b>				
Share capital	8,868,204	8,868,204	57,600	57,600
Accumulated profit	4,405,025,529	4,343,502,712	796,060,104	238,557,017
Revaluation reserve	9,237,357,751	3,800,258,701	9,066,790,228	286,920,461
	<b>13,651,251,484</b>	<b>8,152,629,617</b>	<b>9,862,907,932</b>	<b>525,535,078</b>
<b>Non-current liabilities</b>				
Long term borrowings	7 23,853,391	369,362,893	23,853,391	107,447,936
Deferred tax	3,968,609,397	2,153,952,031	2,961,773,455	66,727,100
	<b>3,992,462,788</b>	<b>2,523,314,924</b>	<b>2,985,626,846</b>	<b>174,175,036</b>
<b>Current liabilities</b>				
Trade and other payables	8 3,098,217,948	1,938,772,884	3,098,217,948	546,081,751
Short term borrowings	131,887,962	229,090,324	131,887,962	66,642,543
Tax payable	142,028,119	-	142,028,119	-
Bank overdraft	389,065,092	401,507,851	389,065,092	116,798,928
	<b>3,761,199,121</b>	<b>2,569,371,059</b>	<b>3,761,199,121</b>	<b>729,523,222</b>
<b>Total liabilities</b>	<b>7,753,661,909</b>	<b>5,092,685,983</b>	<b>6,746,825,967</b>	<b>903,698,258</b>
<b>Total equity and liabilities</b>	<b>21,404,913,393</b>	<b>13,245,315,600</b>	<b>16,609,733,899</b>	<b>1,429,233,336</b>







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## INDEPENDENT AUDITOR'S REPORT

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### To the Shareholders of Zimbabwe Newspapers 1980 Limited ("Zimpapers")

#### Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

##### Opinion

We have audited the inflation adjusted consolidated financial statements of Zimbabwe Newspapers 1980 Limited ("Zimpapers") and its divisions which comprise the inflation adjusted consolidated statement of financial position as at 31 December 2022, the inflation adjusted consolidated statement of profit or loss and other comprehensive income, inflation adjusted consolidated statement of changes in equity, inflation adjusted consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes to the financial statements.

In our opinion, the consolidated inflation adjusted financial statements fairly presents the inflation adjusted consolidated statement of financial position as at 31 December 2022, and its financial performance and cashflows for the year ended in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by Zimbabwe Newspapers 1980 Limited ("Zimpapers") accounting policies.

##### Basis for Opinion

We conducted our audit in accordance with International Standards (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants Code of Ethics Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Baker Tilly Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

## **Emphasis of Matter**

### **Ownership of Radio Licences for Capitalk and Nyaminyami**

We draw attention to the notes of the inflation adjusted financial statements which brings to attention of users of financial statements that the radio licences for Capitalk and Nyaminyami were awarded to Kingstons by the Broadcasting Authority of Zimbabwe. Zimpapers is managing the radio stations on behalf of Kingstons under a management agreement. Our opinion is not modified in respect of this matter.

### **Other Information**

The directors are responsible for the other information. The other information comprises the Directors Report Chairman's Report, Chief Executive Officer's Report and the Corporate Governance Report. Other information does not include the inflation adjusted financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted 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 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 inflation adjusted financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement on this other information, we are required to report that fact. We have nothing to report in this regard.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 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 the auditor's report. However, future events or conditions may cause the company 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 inflation adjusted 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 audit. We remain solely responsible for the 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 complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the Directors, we determine those matters that were significant in the audit of the inflation adjusted financial statements of the current period and therefore the key audit matters. We describe those matters in our auditors' 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 the Independent Auditor's report is Courage Matsa

### **Report on Other Legal and Regulatory Requirements**

#### **Companies and Other Business Entities Act (Chapter 24:31)**

In our opinion, the accompanying inflation adjusted financial statements have in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).



**Partner: Courage Matsa**

**PAAB Practising Number: 0607**

**Baker Tilly Chartered Accountants (Zimbabwe)**

**Harare**

**Date:**