



## Chairman's Statement

### DEAR STAKEHOLDERS

The financial year 2022 was a challenging year for Zimplot given the difficult trading environment and termination of the caterpillar dealership in September 2022. The discontinuance of Barzem operations resulted in Group profitability swinging from an operating profit position to a loss before tax of ZWL\$1bn, caused by provisions recorded of ZWL\$7.4bn as listed below;

▶ Stock Write Downs	ZWL\$6.4bn
▶ Exchange losses	ZWL\$0.5bn
▶ Retrenchment costs	ZWL\$0.5bn

The board is following through on protecting shareholder value by acquiring Barloworld's 49% shareholding in Barzem at a discount in line with the remedies provided in Barzem's shareholder agreement.

Overall, the continuing operations recorded a resilient performance which we are now building on going into FY2023.

### TRADING ENVIRONMENT

The Group started the year on a positive note, with strong demand being experienced on all our 3 segments. However, as the impact of the drought experienced in the second half of the FY2020/21 season significantly slowed down demand of the agriculture equipment products. The monetary measures and the general reduction in liquidity to tame the import inflationary pressures, caused demand for capital equipment especially the agricultural segment, to dry up.

In the previous years, when the agricultural segment does not perform, the Group has taken advantage of the diversified structure. The mining and construction equipment would perform, and given the strong metal and mineral prices, FY2022 had been projected to be a strong year before the termination of the Caterpillar distributorship by Barloworld.

Whilst there was growth in the logistics and automotive segment, the performance recorded was not enough to cover the gap caused by the termination of the CAT dealership as initially projected.

### REVIEW OF OPERATIONS

#### Agricultural Equipment Cluster

##### Mealie Brand

Export sales performance anchored the business unit's FY2022 volumes growth. Implements sold in the export market were 36% ahead of prior year with the local market performing at 16% below prior year. The same trend was also observed on hoes and implements spares where sales volumes grew by 23% and 34%, respectively against prior year.

Retooling and capacity expansion continues in earnest as the business unit seeks to expand its product range to cater for small to medium holder farmer mechanisation.

##### Farmec

Following the peak performance of FY2021, tractor volumes reduced by 15% with a shift towards the higher horsepower range. Tractor implements volumes continued to grow with a 4% increase from prior year. Engagement with key suppliers has been a priority in order to position Farmec's offering to our customer better. In addition, the efforts to have a better response rate and customer experience has seen the service hours growing during the period under review by 32%.

#### LOGISTICS AND AUTOMOTIVE CLUSTER

##### Scanlink

Truck and bus volumes grew by 88% and 300% compared to prior year. This was mostly driven by the improved supply chain as the business unit finally delivered on long outstanding orders. As a result of the fleet replacement, there was reduced fleet maintenance business compared to prior year, with parts and hours sold dropping by 11% and 5% respectively. With internal reorganisation complete, as well as improvements in supply chain, the business unit is poised to grow.

##### Trentyre

Good Year new tyre sales improved by 2% during the year despite the internal reorganisation and supply chain gaps. The business unit is expected to complete the facelifts and branding of its branches towards end of H1 FY2023 to set Trentyre onto a new trajectory. The optimisation of the retreading factory started to bear fruits with a 40% growth in retreads produced. Management will continue to follow through on progress with Logistics and Automotive Cluster to ensure stability in performance in order to reach Group targets, with respect to people, sales volumes and working capital allocation.

#### MINING AND INFRASTRUCTURE EQUIPMENT

##### Barzem/ Tractive Power Solutions (TPS)

The Group has evolved from ZEMCO, Barzem and now TPS to cater for Zimbabwe's earth moving requirements. We have the capacity in terms of infrastructure, people and access to capital. Given the experience in CAT, the Group is committed to provide a superior service from single unit owner to large fleet operators.

During the transition from Barzem to TPS, the Group has secured affiliations and accreditations with key suppliers to be able to continue looking after our major customers huge fleet from an earth moving equipment perspective. This has assisted the business unit to secure service level agreements, repair and maintenance contracts with some of the huge fleet operators - amassing the scale in short space of time, required to provide effective supply chain solutions and costs effective maintenance strategies.

##### Powermec

The instability of the grid has caused demand for alternative power, gensets from Powermec in particular, grow by 16% and service hours by 44% against prior year. The business unit continue to provide solar power installations to complement the alternative power business for selected customers. During the year, solar power plants installed were 116% more than to prior year.

##### CT Bolts

During the year, the business matched prior year performance in terms of volumes. However due to pressure on margins, operating profit was down 14% compared to prior year.

##### Dividend

The Group has consistently paid dividends over the past 5 years. Given the plans to reorganise the Mining and Infrastructure Equipment cluster, the board decided not to declare a dividend for the period under review.

### OUTLOOK AND STRATEGY

The Group will follow through on its strategy to position the Group as a one stop shop for equipment, parts and service. Management will follow through on sustaining the key initiatives (as listed below) undertaken during the year under review as we go into 2023;

- Extracting the efficiencies and synergies in the new structure, to deliver more sustainable results. Significant costs savings are expected after full implementation of the restructuring process and the Group restored to peak business levels.
- Getting the newly introduced business unit, Tractive Power Solutions (TPS) to gain the targeted market share in earth moving equipment, parts and service supply to customers. TPS is establishing itself as the go to partner for technical solutions such as repair and maintenance contract (or onsite solutions) for huge fleet owners as well as workshop solutions given the Group's expansive back infrastructure.
- Driving resilience in the two leading tractor brands under Zimplot, Massey Ferguson and Valtra by running them under separate business units, Farmec and Valmec respectively. In addition, there has been a deliberate follow through on the expansion of the product range at Mealie Brand to include small scale mechanisation implement for 20Hp to 50Hp Tractors including 2WT range.

The Group's is committed to its strategy of stabilising the Logistics and Automotive cluster, building resilience in the Agriculture Equipment cluster and transform the Mining and Infrastructure Equipment cluster.

The operating environment remains unpredictable. However, with the growth being experienced in the mining and agricultural sectors, our anchor segments, augmented by the team's new look, there is belief that the Group will continue to deliver strong performances which Zimplot's stakeholders have become accustomed to.

### ACKNOWLEDGMENTS AND DIRECTORSHIP

I would like to thank Tim Johnson who served the Zimplot Board for his immense contribution during his 10 years as a director. I extend my gratitude to the Board, Management and staff for the continued support and commitment to the Zimplot Group.



**G.T. Manhambara**  
Chairman

28 April 2023

## Auditor's Statement

These abridged consolidated financial statements have been audited by Ernst & Young Chartered Accountants (Zimbabwe) and a qualified audit opinion was issued thereon due to non-compliance with International Financial Reporting Standards (IFRS): International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates, and IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

The auditor's report is available for inspection at the Group's registered office. The engagement partner for the audit is Walter Mupanguri (PAAB Practising Number 367).

## Consolidated Group and Company Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022

	Inflation adjusted			
	Group		Company	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
Sales of goods	21,454,248,003	21,654,474,286	14,153,394,753	11,326,873,732
Rendering of services	2,599,479,631	1,069,072,507	993,973,141	546,022,091
Investment property rental income	53,910,506	32,582,139	75,278,034	26,484,459
<b>Revenue</b>	<b>24,107,638,140</b>	<b>22,756,128,932</b>	<b>15,222,645,928</b>	<b>11,899,380,282</b>
Cost of sales	(13,508,082,520)	(14,310,098,398)	(9,941,081,176)	(7,640,575,531)
Gross Profit	10,599,555,620	8,446,030,534	5,281,564,752	4,258,804,751
Other operating income	1,728,469,356	518,250,428	1,675,179,592	149,760,981
Selling and distribution expenses	(328,136,254)	(312,399,815)	(236,203,633)	(213,537,187)
Administrative expenses	(7,906,964,949)	(3,925,200,404)	(4,096,726,106)	(2,167,518,057)
Other operating expenses	(7,756,167,281)	(1,443,504,122)	(674,110,171)	(1,186,382,706)
Allowance for expected credit losses	(500,908,412)	(33,164,901)	(117,409,726)	(25,236,200)
Monetary gain	4,057,915,935	87,087,450	1,602,051,230	86,154,802
<b>Operating (loss)/profit</b>	<b>(106,235,985)</b>	<b>3,337,099,170</b>	<b>3,434,345,938</b>	<b>902,046,384</b>
Finance costs	(89,362,379)	(39,991,993)	(41,006,516)	(29,875,693)
Finance income	2,908,292	3,989,409	365,869	2,842,801
<b>(Loss)/profit before tax</b>	<b>(192,690,072)</b>	<b>3,301,096,586</b>	<b>3,393,705,291</b>	<b>875,013,492</b>
Income tax expense	(1,090,000,448)	(1,807,284,220)	(1,495,338,077)	(762,171,179)
<b>(Loss)/profit for the year</b>	<b>(1,282,690,520)</b>	<b>1,493,812,366</b>	<b>1,898,367,214</b>	<b>112,842,313</b>
<b>Other comprehensive income</b>				
<b>Other comprehensive income that will not be reclassified to profit or loss</b>				
Revaluation of Plant, Land and Buildings net of tax	5,940,275,704	(1,422,967,157)	1,723,570,776	(211,763,262)
<b>Total other comprehensive income for the year, net of tax</b>	<b>5,940,275,704</b>	<b>(1,422,967,157)</b>	<b>1,723,570,776</b>	<b>(211,763,262)</b>
<b>Total comprehensive income for the year</b>	<b>4,657,585,184</b>	<b>70,845,209</b>	<b>3,621,937,990</b>	<b>(98,920,949)</b>
<b>(Loss)/profit for the year attributed to:</b>				
Owners of the parent	(205,066,128)	916,601,185	1,898,367,214	112,842,313
Non controlling interests	(1,077,624,392)	577,211,180	-	-
	<b>(1,282,690,520)</b>	<b>1,493,812,366</b>	<b>1,898,367,214</b>	<b>112,842,313</b>
<b>Total comprehensive profit/(loss) for the year attributable to:</b>				
Owners of the parent	5,229,398,254	(385,560,260)	3,621,937,990	(98,920,947)
Non controlling interests	(571,813,070)	456,405,468	-	-
	<b>4,657,585,184</b>	<b>70,845,209</b>	<b>3,621,937,990</b>	<b>(98,920,949)</b>
<b>Earnings per share</b>				
Basic earnings per share	(0.60)	3.85	5.51	0.47
Diluted earnings per share	(0.60)	3.85	5.51	0.47
Headline Earnings per Share	(0.63)	3.90	5.49	0.52
Diluted Headline Earnings per Share	(0.63)	3.90	5.49	0.52

## Consolidated Group and Company Statement of Financial Position as at 31 December 2022

	Inflation adjusted			
	Group		Company	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12,604,295,801	6,292,428,835	3,912,941,991	2,017,552,047
Intangible assets	8,561,219	10,363,563	8,561,219	10,363,563
Investment property	717,000,000	484,070,641	1,480,000,000	559,744,208
Investment in subsidiaries	-	-	4,945,988,187	5,130,451,602
Right of use assets	-	-	1,444,924	16,702,918
Long term receivables	406,133,376	707,184,710	406,133,376	613,797,183
Goodwill	2,437,203,437	2,751,993,172	-	-
<b>Total non-current assets</b>	<b>16,173,193,833</b>	<b>10,246,040,921</b>	<b>10,755,069,697</b>	<b>8,348,611,521</b>
<b>Current assets</b>				
Inventories	9,132,036,537	8,284,443,615	5,632,423,219	4,085,070,023
Inter company receivables	-	-	149,660,076	131,430,690
Trade and other receivables	1,816,654,633	2,574,660,085	1,163,885,313	451,658,210
Prepayments	3,272,017,898	1,696,536,396	1,702,921,482	1,126,059,970
Investment in financial assets	79,913	274,709	79,913	274,709
Cash and bank balances	1,644,255,222	4,882,681,659	849,952,580	1,062,663,021
Total current assets	15,865,044,203	17,438,596,464	9,498,922,583	6,857,156,623
<b>Total assets</b>	<b>32,038,238,036</b>	<b>27,684,637,385</b>	<b>20,253,992,280</b>	<b>15,205,768,144</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Issued share capital	13,444,421	13,444,421	13,444,421	13,444,421
Share premium	7,552,945,490	7,552,945,490	7,552,945,490	7,552,945,490
Revaluation reserve	6,959,343,592	1,524,879,211	2,535,952,055	812,381,279
Capital reserve	(27,019,547)	(27,019,547)	(27,019,547)	(27,019,547)
Change in ownership reserve	(125,642,922)	(125,642,922)	-	-
Accumulated profit	4,038,284,710	4,394,704,264	4,854,543,064	3,107,529,276
<b>Attributable to holders of the parent</b>	<b>18,411,355,744</b>	<b>13,333,310,917</b>	<b>14,929,865,483</b>	<b>11,459,280,919</b>
Non-controlling interests	1,520,451,361	2,092,264,431	-	-
<b>Total equity</b>	<b>19,931,807,105</b>	<b>15,425,575,348</b>	<b>14,929,865,483</b>	<b>11,459,280,919</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	3,178,963,488	2,323,080,711	1,962,741,926	1,006,411,599
<b>Total non-current liabilities</b>	<b>3,178,963,488</b>	<b>2,323,080,711</b>	<b>1,962,741,926</b>	<b>1,006,411,599</b>
<b>Current liabilities</b>				
Trade and other payables	3,753,903,994	6,716,554,591	1,267,054,226	484,016,066
Provisions	653,134,508	75,126,342	80,602,283	33,113,763
Short term borrowings	793,203,542	529,899,553	435,875,569	296,307,023
Customer deposits	2,530,983,320	1,624,758,598	372,117,900	1,159,355,817
Lease liabilities	-	-	1,464,388	5,216,419
Current tax liabilities	1,196,242,079	989,642,242	1,204,270,505	762,066,538
<b>Total current liabilities</b>	<b>8,927,467,443</b>	<b>9,935,981,326</b>	<b>3,361,384,871</b>	<b>2,740,075,626</b>
<b>Total equity and liabilities</b>	<b>32,038,238,036</b>	<b>27,684,637,385</b>	<b>20,253,992,280</b>	<b>15,205,768,144</b>





## Consolidated Group and Company Statement of Cash Flows for the year ended 31 December 2022

	Inflation adjusted			
	Group		Company	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
<b>Cash flows from operating activities</b>				
Operating (loss)/profit before tax	(192,690,072)	3,301,096,586	3,393,705,291	875,013,492
<b>Adjusted to reconcile profit before tax to net cash flows:</b>				
Depreciation of property plant and equipment and amortisation of intangible assets	468,464,392	412,930,050	416,371,593	351,985,361
Net fair value adjustments	(232,415,820)	(27,101,090)	(920,255,791)	712,550,344
Net unrealised foreign exchange differences	265,744,156	(331,730,158)	(224,591,586)	36,759,292
Interest income	(2,908,292)	(3,989,409)	(365,869)	(2,842,801)
Interest payable	89,362,379	39,991,993	41,006,516	29,875,693
Movement in provisions	578,008,166	(12,513,052)	164,898,246	2,237,543
(Profit)/loss on disposal of property, plant & equipment	(13,726,208)	16,196,260	(8,965,611)	16,126,082
	<b>959,838,701</b>	<b>3,394,881,180</b>	<b>2,861,802,789</b>	<b>2,021,705,006</b>
<b>Working capital changes</b>				
(Increase) in inventories	(847,592,922)	(3,782,162,635)	(1,547,353,196)	(1,168,478,966)
Increase/(decrease) in trade and other receivables	758,005,452	(1,493,878,233)	(712,227,103)	(100,707,529)
(Increase)/decrease in prepayments	(1,575,481,502)	154,035,356	(576,861,512)	637,311,166
Increase/(decrease) in customer deposits	906,224,722	1,170,114,507	(787,237,917)	759,308,566
(Increase) in intergroup receivables	-	-	(18,229,386)	(32,827,982)
(Decrease)/increase in trade and other payables	(2,962,650,597)	5,371,795,770	783,038,160	(7,323,588)
	<b>(2,761,656,146)</b>	<b>4,814,785,945</b>	<b>2,931,835</b>	<b>2,108,986,673</b>
Interest received	2,908,292	3,989,409	365,869	2,842,801
Interest paid	(89,362,379)	(39,991,993)	(41,006,516)	(29,875,693)
Income tax paid	(75,930,508)	(736,709,582)	(16,606,773)	(344,315,515)
Dividend paid	(151,353,426)	(260,591,087)	(151,353,426)	(260,591,087)
<b>Net cash flow (used)/from in operating activities</b>	<b>(3,075,394,167)</b>	<b>3,781,482,692</b>	<b>(205,669,011)</b>	<b>1,477,047,179</b>
<b>Investing activities</b>				
Acquisition of subsidiaries-cash acquired	-	218,788,391	-	-
Proceeds from release of long term receivable	29,217,454	-	-	-
Proceeds from sale of property, plant and equipment	55,231,670	2,166,107	1,932,880	2,166,107
Purchase of property, plant and equipment	(217,653,173)	(521,834,802)	(171,716,965)	(275,295,216)
Proceeds from sale of financial assets	-	244,155	-	244,155
<b>Net cash flows (used) in investing activities</b>	<b>(133,204,049)</b>	<b>(300,636,149)</b>	<b>(169,784,085)</b>	<b>(272,884,954)</b>
<b>Financing activities</b>				
Lease liability principal repaid	-	-	(3,306,068)	(8,440,058)
Repayments of borrowings	(121,520,245)	(97,413,581)	(121,520,245)	(120,058,381)
Proceeds from borrowings	471,199,884	650,309,085	471,199,884	417,919,783
<b>Net cash flows from in financing activities</b>	<b>349,679,639</b>	<b>552,895,504</b>	<b>346,373,571</b>	<b>289,421,344</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,858,918,577)</b>	<b>4,033,742,047</b>	<b>(29,079,525)</b>	<b>1,493,583,569</b>
Effects of exchange rate changes on cash and cash equivalents	287,595,680	80,447,928	264,610,712	75,637,486
Effects of IAS29	(667,103,540)	(87,666,505)	(448,241,628)	(229,136,952)
<b>Cash and cash equivalents at 1 January</b>	<b>4,882,681,659</b>	<b>856,158,189</b>	<b>1,062,663,021</b>	<b>435,129,259</b>
<b>Cash and cash equivalents at 31 December</b>	<b>1,644,255,222</b>	<b>4,882,681,659</b>	<b>849,952,580</b>	<b>1,062,663,021</b>
<b>Comprising of</b>				
Cash and cash balances	1,644,255,222	4,882,681,659	849,952,580	1,062,663,021

## Consolidated Group Statement of Changes in Equity for the year ended 31 December 2022

Inflation Adjusted	Share Capital ZWL\$	Capital Reserve ZWL\$	Share Premium ZWL\$	Revaluation Reserve ZWL\$	Change in Ownership reserve ZWL\$	Retained earnings ZWL\$	Attributable to Owners of the parent ZWL\$	Non-Controlling Interest ZWL\$	Total ZWL\$
<b>Balance as at 1 Jan 2021</b>	<b>13,249,441</b>	<b>(27,019,547)</b>	<b>2,743,094,872</b>	<b>2,827,040,656</b>	<b>(125,642,922)</b>	<b>3,738,694,162</b>	<b>9,169,416,662</b>	<b>1,635,858,962</b>	<b>10,805,275,624</b>
Share Issue	194,980	-	4,809,850,618	-	-	-	4,810,045,598	-	4,810,045,598
Dividend Paid	-	-	-	-	-	(260,591,083)	(260,591,083)	-	(260,591,083)
Profit for the year	-	-	-	-	-	916,601,185	916,601,185	577,211,180	1,493,812,365
Other comprehensive income/(loss) net of tax	-	-	-	(1,302,161,445)	-	-	(1,302,161,445)	(120,805,712)	(1,422,967,157)
<b>Balance as at 31 Dec 2021</b>	<b>13,444,421</b>	<b>(27,019,547)</b>	<b>7,552,945,490</b>	<b>1,524,879,211</b>	<b>(125,642,922)</b>	<b>4,394,704,264</b>	<b>13,333,310,917</b>	<b>2,092,264,430</b>	<b>15,425,575,348</b>
Dividend Paid	-	-	-	-	-	(151,353,426)	(151,353,426)	-	(151,353,426)
Loss for the year	-	-	-	-	-	(205,066,129)	(205,066,129)	(1,077,624,392)	(1,282,690,521)
Other comprehensive income net of tax	-	-	-	5,434,464,381	-	-	5,434,464,381	505,811,323	5,940,275,704
<b>Balance as at 31 Dec 2022</b>	<b>13,444,421</b>	<b>(27,019,547)</b>	<b>7,552,945,490</b>	<b>6,959,343,592</b>	<b>(125,642,922)</b>	<b>4,038,284,709</b>	<b>18,411,355,743</b>	<b>1,520,451,361</b>	<b>19,931,807,105</b>

## Company Statement of Changes in Equity for the year ended 31 December 2022

Inflation Adjusted	Share Capital ZWL\$	Capital Reserve ZWL\$	Share Premium ZWL\$	Revaluation Reserve ZWL\$	Retained earnings ZWL\$	Attributable to Owners of the parent ZWL\$
<b>Balance at 1 Jan 2021</b>	<b>13,249,441</b>	<b>(27,019,547)</b>	<b>2,743,094,872</b>	<b>1,024,144,538</b>	<b>3,255,278,048</b>	<b>7,008,747,352</b>
Dividend Paid	-	-	-	-	(260,591,087)	(260,591,087)
Share issue	194,980	-	4,809,850,618	-	-	4,810,045,598
Profit for the year	-	-	-	-	112,842,315	112,842,315
Other comprehensive income/ (loss) net of tax	-	-	-	(211,763,259)	-	(211,763,259)
<b>Balance at 31 Dec 2021</b>	<b>13,444,421</b>	<b>(27,019,547)</b>	<b>7,552,945,490</b>	<b>812,381,279</b>	<b>3,107,529,276</b>	<b>11,459,280,919</b>
Dividend Paid	-	-	-	-	(151,353,426)	(151,353,426)
Profit for the year	-	-	-	-	1,898,367,214	1,898,367,214
Other comprehensive income net of tax	-	-	-	-	1,723,570,776	1,723,570,776
<b>Balance at 31 Dec 2022</b>	<b>13,444,421</b>	<b>(27,019,547)</b>	<b>7,552,945,490</b>	<b>2,535,952,055</b>	<b>4,854,543,064</b>	<b>14,929,865,483</b>

## Supplementary Information

	Inflation Adjusted			
	Group		Company	
	2022 No. of shares	2021 No. of shares	2022 No. of shares	2021 No. of shares
Shares in issue	344,580,486	238,380,780	344,580,486	238,380,780
For the purpose of Basic EPS	344,580,486	238,380,780	344,580,486	238,380,780
For the purpose of Diluted EPS	344,580,486	238,380,780	344,580,486	238,380,780
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Headline Earnings	(215,399,217)	928,846,560	1,891,710,248	124,815,931
(Loss)/profit for the year	(1,282,690,520)	1,493,812,366	1,898,367,214	112,842,315
Headline earnings per share	(0.63)	3.90	5.49	0.52
Basic (loss)/profit per share	(0.60)	3.85	5.51	0.47
Diluted (loss)/profit per share	(0.60)	3.85	5.51	0.47
Depreciation	468,464,392	412,930,050	416,371,593	351,985,361
<b>Taxation:</b>				
Current tax expense	923,675,719	998,415,489	946,907,676	654,000,251
Deferred tax movement	166,324,729	808,868,731	548,430,401	108,170,928

## Notes to the financial statements

### 1. Presentation and statement of compliance

#### 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.

The 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, record 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. 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 is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar, and each hundredth part of a bond note unit and each hundredth part of a RTGS dollar is equivalent to a Zimbabwe 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 all 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 2022	13,672.91	1.00
31 December 2021	3,977.46	3.4376
31 December 2020	2,474.51	5.5255

The procedures applied in the above restatement of transactions and balances are as follows:

#### Comparative financial information

Comparative financial information as per IAS 29 was restated using relevant adjusting factor 3.4376 based on the Consumer Price Index (CPI).

#### Current period information

Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at balance sheet date. Non-monetary assets and liabilities that are not carried at amounts current at statement of financial position and components of shareholders' equity were restated by applying the change in the index from the more recent of the date of the transaction and the date of their most recent revaluation to 31 December 2020.

Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred by applying the monthly index for the year ended 31 December 2020. Depreciation and amortisation amounts are based on the restated amounts. Gains and losses arising from the net monetary position are included in the income statement;

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

#### Hyper Inflation

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL\$). Professional judgement was used and appropriate adjustments in preparing financial statements according to IAS 29. The indices used were obtained from the Zimbabwe National Statistics Agency for the period.

#### 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 2021 and 2022, 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.

#### 2. Leases

The Group acquired a short-term loan of ZWL\$471,199,884 from facility of ZWL\$984,000,000 secured against buildings valued at ZWL\$2,590,000,000. The average cost of the borrowings was at 12%.

#### 3. Borrowings

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%.

#### 4. Revenue

An analysis of Group revenue and results for the year:

	Inflation adjusted			
	Group		Company	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
Sale of goods: Domestic	19,921,478,420	20,915,679,411	12,620,625,170	11,163,783,195
Sale of goods: Export	1,532,769,583	738,794,875	1,532,769,583	163,090,537
Sale of services: Domestic	2,599,479,631	1,069,072,507	993,973,141	546,022,091
Investment property rental income	53,910,506	32,582,139	75,278,034	26,484,459
<b>Total revenue from contracts with customers</b>	<b>24,107,638,140</b>	<b>22,756,128,932</b>	<b>15,222,645,928</b>	



## 5. Segment information

Inflation Adjusted	Agriculture ZWLS	Mining and Infrastructure ZWLS	Logistics and Automotive ZWLS	Property ZWLS	Other Segments ZWLS	Total Segments ZWLS	Adjustments ZWLS	Consolidated ZWLS	Inflation Adjusted	Agriculture ZWLS	Mining and Infrastructure ZWLS	Logistics and Automotive ZWLS	Property ZWLS	Other Segments ZWLS	Total Segments ZWLS	Adjustments ZWLS	Consolidated ZWLS
<b>31 December 2022</b>									<b>31 December 2021</b>								
Revenue	11,957,244,135	6,580,629,084	5,659,534,895	53,910,506	75,278,034	24,326,596,654	(218,958,514)	24,107,638,140	Revenue	10,088,125,991	10,386,544,435	2,298,813,704	185,322,689	26,484,459	22,985,291,278	(229,162,346)	22,756,128,932
Segment operating profit	1,558,849,105	(1,820,968,009)	401,484,898	2,336,132,462	(878,534,516)	1,596,963,940	(1,703,199,925)	(106,235,985)	Segment operating profit	2,036,271,461	1,660,322,978	324,198,211	(582,663,143)	(228,473,746)	3,209,655,761	127,443,409	3,337,099,170
Other items									Other items								
Finance income	166,574	327,678	-	-	218,155	712,407	2,195,885	2,908,292	Finance income	2,283,549	1,705,860	-	-	-	3,989,409	-	3,989,409
Finance costs	(38,458,872)	-	(49,740,409)	-	-	(88,199,281)	(1,163,098)	(89,362,379)	Finance costs	(22,727,488)	-	(15,472,763)	-	-	(38,200,251)	(1,791,742)	(39,991,993)
Income taxes	(1,081,433,463)	(242,614,958)	(349,380,083)	(152,839,982)	(218,231,063)	(2,044,499,549)	954,499,101	(1,090,000,448)	Income taxes	(585,892,637)	(777,700,957)	(194,033,310)	(96,126,932)	(83,812,690)	(1,737,566,526)	(69,717,694)	(1,807,284,220)
<b>GROUP PROFIT AFTER TAX</b>	<b>439,123,344</b>	<b>(2,063,255,289)</b>	<b>2,364,406</b>	<b>2,183,292,480</b>	<b>(1,096,547,424)</b>	<b>(535,022,483)</b>	<b>(747,668,037)</b>	<b>(1,282,690,520)</b>	<b>GROUP PROFIT AFTER TAX</b>	<b>1,429,934,885</b>	<b>884,327,881</b>	<b>114,692,138</b>	<b>(678,790,075)</b>	<b>(312,286,436)</b>	<b>1,437,878,393</b>	<b>55,933,973</b>	<b>1,493,812,366</b>
Segment assets	12,302,825,797	5,755,399,041	6,069,044,881	5,941,000,000	7,925,069,217	37,993,338,936	(5,955,100,900)	32,038,238,036	Segment assets	9,131,040,428	9,530,512,241	4,438,248,759	1,795,495,652	6,825,342,361	31,720,639,441	(4,081,400,718)	27,684,637,385
Segment liabilities	(3,339,436,622)	(1,400,831,464)	(5,003,403,637)	(243,952,812)	(810,057,384)	(10,797,681,919)	(1,308,749,012)	(12,106,430,931)	Segment liabilities	(3,302,445,764)	(4,285,952,508)	(2,906,200,965)	8,803,914	(780,544,563)	(11,266,339,886)	(992,722,151)	(12,259,062,037)
<b>Other segment information</b>									<b>Other segment information</b>								
Depreciation and amortisation	354,546,281	77,552,115	8,450,740	34,853,195	26,112,903	501,515,234	(33,050,842)	468,464,392	Depreciation	292,288,879	29,335,925	19,102,252	38,212,719	21,273,955	400,213,730	12,716,320	412,930,050
Additions to non-current assets	148,293,798	33,450,793	27,373,096	-	8,535,486	217,653,173	-	217,653,173	Additions to non-current assets	148,370,757	73,141,497	21,614,287	193,060,057	85,648,204	521,834,802	-	521,834,802
Inventory provision	352,766,670	6,423,584,547	50,185,368	-	-	6,826,536,585	-	6,826,536,585	Impairment loss recognized on receivables	128,770,284	617,702,704	49,704,117	-	-	796,177,105	-	796,177,105
Impairment loss recognized on receivables	127,301,281	280,922,869	92,684,262	-	-	500,908,412	-	500,908,412									

## 6. Events after the reporting period

Following the notice issued to Barzem Enterprises on 30 March 2022 by Barloworld Equipment the distributors of the Caterpillar (CAT) franchise, to terminate the distribution agreement entered into between Barloworld and Barzem Enterprises on 30 September 2022, an arbitration process was triggered as Zimplow Holdings was of the opinion that this was a pervasive breach of the Barzems' shareholder agreement. An arbitral award was handed down in favour of Zimplow Holdings, therefore giving Zimplow Holdings the right to exercise a call option on Barloworld UK's 49% stake in Barzem and as per the shareholders' agreement the arbitral award is binding and not subject to appeal. Business valuation of Barzem was underway and the transaction is expected to be concluded during the first half of 2023.

Management commenced renovations of the property at 65 Birmingham Road, Southerton, Harare in January 2023 which are projected to be worth US\$195,000 with the intention of changing use of the property from an investment property to be owner occupied where the new business's, Tractive Power Solutions and Valmec, will operate from. The renovations are expected to be completed by end of Quarter 2 of FY2023. This is a non adjusting event.