



# 2022

## ANNUAL REPORT



37.71  
+3.94%

560.30  
-0.18%

35,294.76  
+1.09%

37.71  
+3.94%

560.30  
-0.18%

35,294.76  
+1.09%



# VFEX Direct

VFEX Direct is the official online trading platform of the Victoria Falls Stock Exchange

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

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

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

**REGISTER TODAY >**



44 Ridgeway North  
Highlands, Harare

**Email:** [zsedirect@zse.co.zw](mailto:zsedirect@zse.co.zw)

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

**Facebook:** Zimbabwe Stock Exchange

**Twitter:** @ZSE\_ZW

**LinkedIn:** Zimbabwe Stock Exchange

**Instagram:** Zim Stock Exchange

**Website:** [www.zsedirect.co.zw](http://www.zsedirect.co.zw)

Available on:  
AppStore and Google Playstore





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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mrs Caroline Sandura  
Mr Bartholomew Mswaka  
Mr Benson Gasura  
Mrs Maureen Rudo Svova  
Mr Masimba Mudzungayiri  
Mrs Lindiwe Tirivanhu  
Mr Markus de Klerk  
Mr Justin Bgoni

Chairman  
Deputy Chairman  
Non-executive Member  
Non-executive Member  
Non-executive Member  
Non-executive Member  
Non-executive Member  
Executive Director

\*Mrs Prisca Guchu

Executive Director

\*Mrs Prisca Guchu resigned from the organisation on 30 September 2022. We wish her well in her future endeavours.

### SECRETARY

Mr Lyndon Tuyani Nkomo

### REGISTERED OFFICE

Number 44 Ridgeway North  
Highlands  
Harare  
Zimbabwe

### AUDITORS

Grant Thornton  
Camelsa Business Park  
135 Emmerson Mnangagwa Road

### ATTORNEYS

Kantor and Immerman  
Legal Practitioners  
MacDonald House  
10 John Landa  
Harare  
Zimbabwe

### PRINCIPAL BANKERS

- FBC Bank
- Stanbic Bank Zimbabwe Limited





## OUR VISION,MISSION STATEMENT AND VALUES



### VISION

To be the preferred securities exchange in Africa



### MISSION STATEMENT

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



### VALUES

#### COMMITMENT

We are committed to realising our vision and mission.

#### DILIGENCE

We are diligent in performing our tasks and duties.

#### INNOVATION

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

#### INTEGRITY

We adhere to strong moral and ethical standards.



## THE ZSE'S BACKGROUND AND TRANSFORMATIONAL JOURNEY

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

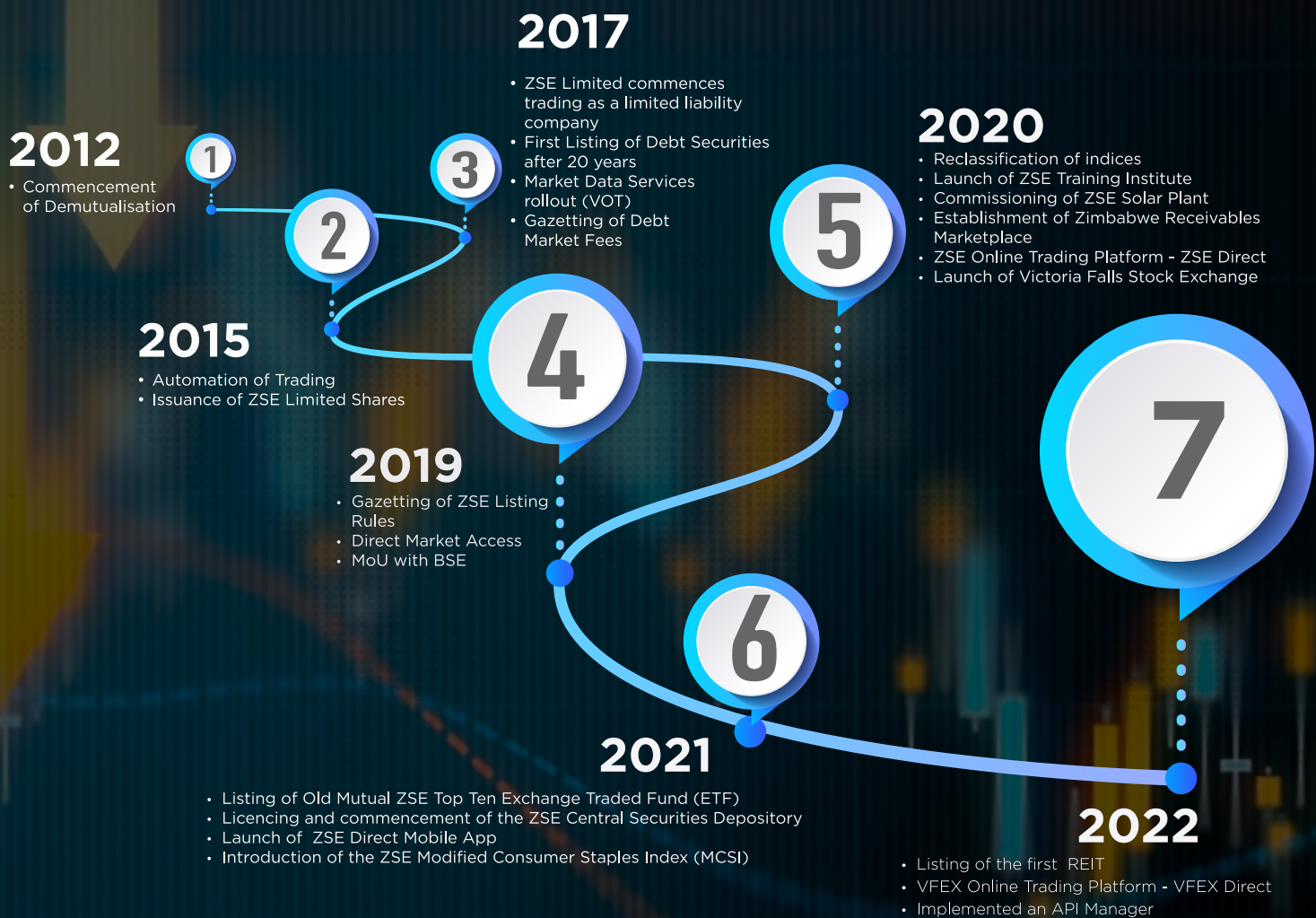
### Roles of the ZSE

The ZSE;

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

### Evolution

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





## OUR DIGITAL JOURNEY

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

The digital transformation was initiated through the following projects;

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

### Training

The training institute was launched in 2020 and delivers specialized training on various capital markets topics. The mode of delivery for the ZSE Training Institute includes virtual and physical workshops, seminars, and master classes. The courses on offer are designed to equip participants with knowledge and skills that improve their understanding on various aspects of the capital markets.

It is pleasing to note that a total of 5 master classes and 12 trainings were held by the ZSE with the aim of educating investors, participants and key stakeholders in the capital markets.

The institute has also created a customised training program for the various issuer needs. Some companies have taken advantage of this customised program to train their directors and executive teams. The team looks forward to more of these trainings.

### Corporate Social Responsibility

The Zimbabwe Stock Exchange awarded full university scholarships to five underprivileged girls and remains committed to supporting them until they complete their studies. The ZSE has also offered Industrial attachment to the ladies to help them complete their studies.

### ZSE Direct

ZSE launched an in-house developed Web based application system called ZSE Direct in September 2020. The mobile version of ZSE Direct was then launched on 04 October 2021. ZSE Direct is an extension of the current Automated Trading System (ATS), targeting the retail investor. The platform provides investors with a smart way to manage their investments, view their CSD holdings and enables the investors to view their portfolio gain on loss in a simplified manner. The platform is user friendly and assists investors to make informed decisions through the market depth feature. The platform registered exponential growth registering a record 15,400 users by 31 December 2022.

### VFEX Direct

VFEX launched an in-house developed Web based application system called VFEX Direct in September 2022. The mobile version of VFEX Direct was launched on the same day. The trading platform is specifically designed for retail investors. VFEX Direct is an extension of the Automated Trading System (ATS) which provides investors with an easy and convenient way to buy and sell securities listed on The Victoria Falls Stock Exchange. The platform is user friendly and is meant to make investing on VFEX easier and simpler for retail investors.. The platform registered considerable update and had 1,000 users by 31 December 2022

## ZSE's SUSTAINABILITY STRATEGY

### SUSTAINABILITY STRATEGY

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

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

**The first listing of 2022**  
**Morgan & Co Multi Sector ETF**



*A toast to the listing of the Morgan & Co Multi Sector ETF*



*Delegates following proceedings*



## OUR STAKEHOLDERS

### ZSE STAKEHOLDER ENGAGEMENT

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

| STAKEHOLDER   | NATURE OF ENGAGEMENT   | MATTERS COVERED  |
|---|--|--|
| Shareholders  | AGM/EGM  | <ul style="list-style-type: none"> <li>Sustainable growth from new revenue streams</li> </ul>  |
| Ministry of Finance and Economic Development (MoFED)  | <ul style="list-style-type: none"> <li>National budget input</li> <li>Government Debt Securities</li> <li>Market performance</li> <li>State enterprises reform</li> <li>Taxation on REITs</li> <li>Suspension of Fungible counters</li> <li>Commodities Exchange</li> <li>Victoria Falls Stock Exchange</li> </ul> | <ul style="list-style-type: none"> <li>Removal of capital gains</li> <li>Withholding tax on sale of Securities</li> <li>Listing and trading of Government Securities</li> <li>Growth in turnover and market Capitalization</li> <li>Listing of State enterprises on the ZSE</li> <li>Lobbying for tax incentives for REITs</li> <li>Relaxation of suspended counters</li> <li>Set up of the Commodities Exchange</li> <li>Tax Incentives on the Victoria Falls</li> <li>Stock Exchange (VFEX)</li> </ul> |
| Ministry of Mines and Mining Development              | <ul style="list-style-type: none"> <li>VFEX</li> <li>Commodities Exchange</li> </ul>   | <ul style="list-style-type: none"> <li>Engagement with Mining companies</li> </ul>   |
| Reserve Bank of Zimbabwe (RBZ)                        | <ul style="list-style-type: none"> <li>Government Debt Securities</li> <li>Financial inclusion</li> <li>VFEX Fungibility</li> </ul>  | <ul style="list-style-type: none"> <li>Listing and trading of Government securities</li> <li>Participation in financial inclusion thematic working groups</li> <li>Exchange control regulations</li> </ul>   |
| Securities and Exchange Commission of Zimbabwe (SECZ) | <ul style="list-style-type: none"> <li>Securities and Exchange Act</li> <li>Market performance</li> <li>Investor education</li> </ul>  | <ul style="list-style-type: none"> <li>Amendments to the Securities and Exchange Act</li> <li>Growth in turnover and market capitalization</li> <li>Investor education initiatives</li> </ul>  |
| Investors   | <ul style="list-style-type: none"> <li>Due diligence</li> <li>New products</li> </ul>  | <ul style="list-style-type: none"> <li>Market developments</li> <li>Listings requirements</li> <li>Trainings and webinars</li> </ul>   |
| Market Participants                                   | <ul style="list-style-type: none"> <li>New products and services</li> <li>Trading</li> <li>Inspection</li> </ul>   | <ul style="list-style-type: none"> <li>Market developments</li> <li>Trainings</li> </ul>   |
| Issuers   | <ul style="list-style-type: none"> <li>Corporate actions</li> <li>Compliance</li> <li>Meetings</li> </ul>  | <ul style="list-style-type: none"> <li>Practice notes</li> <li>Training</li> <li>Transactions</li> </ul>   |
| Insurance and Pensions Commission (IPEC)              | <ul style="list-style-type: none"> <li>New products</li> </ul>   | <ul style="list-style-type: none"> <li>Product Training</li> <li>REITs</li> </ul>  |
| Zimbabwe Association of Pension Funds (ZAPF)          | <ul style="list-style-type: none"> <li>New products</li> </ul>   | <ul style="list-style-type: none"> <li>Proposal for REITs</li> </ul>   |
| Chengetedzai Depository Company (CDC)                 | <ul style="list-style-type: none"> <li>Trading and settlement</li> <li>New products</li> </ul>   | <ul style="list-style-type: none"> <li>System efficiencies</li> <li>ETFs</li> </ul>  |
| African Exchanges                                     | <ul style="list-style-type: none"> <li>CoSSE</li> <li>ASEA</li> <li>BSE</li> </ul>   | <ul style="list-style-type: none"> <li>Regional integration and subcommittee meetings</li> <li>Market Statistics, meetings and quarterly magazine</li> <li>Operationalisation of the MOU</li> <li>Product and Market Research</li> </ul>   |
| Media   | <ul style="list-style-type: none"> <li>Market statistics</li> <li>Capital market developments</li> </ul>   | <ul style="list-style-type: none"> <li>Reporting of market performance</li> <li>Capital market development</li> </ul>  |
| Community   | <ul style="list-style-type: none"> <li>Responsible behaviour and governance</li> </ul>   | <ul style="list-style-type: none"> <li>Adherence to corporate governance and corporate social investment policy</li> </ul>   |
| Employees   | <ul style="list-style-type: none"> <li>Opportunities for career development and growth</li> <li>Training</li> </ul>  | <ul style="list-style-type: none"> <li>Review of organisational structure and staffing levels</li> <li>Training and development</li> <li>Staff welfare</li> </ul>  |



# Listing of the first Real Estate Investment Trust (REIT)

## Tigere Real Estate Investment





# CHAIRMAN'S STATEMENT



**MRS CAROLINE SANDURA**  
*Chairman*

**“During the year, the ZSE continued the pursuit of its product and service diversification.”**

## Overview

It gives me great pleasure to present to you the Zimbabwe Stock Exchange Group Financial Statements for the period ended 31 December 2022. The year 2022 proved significantly challenging for economies both regionally and internationally.

The operating environment was drastically affected by domestic and international macro-economic developments that greatly impacted the Group's performance over the review period. Notwithstanding, the Board remained committed to supporting the Company make key strides towards the achievement of its strategic priorities as set out in the group strategy.

## Operating Environment Review

The year 2022 opened on a muted note as the country faced complex fiscal and macroeconomic imbalances. These include absence of international support, high inflation, weak domestic currency, increasing poverty levels, declining living standards, widening inequality, slowing consumer disposable incomes, negative real interest rates, low savings rate, electricity shortages, policy inconsistency, climate and natural induced shocks (uneven weather patterns, Covid-19).

The runaway inflation and depreciating local currency put a strain on the ZSE operations as foreign obligations required more and more local currency to be met. The Dutch auction system for foreign currency however assisted in meeting some of the ZSE foreign currency requirements. As the Covid-19 threat watered down, the ZSE increased face to face interactions.

## Organisational Transformation

The year 2022 marked the third anniversary of the ZSE 5 year transformational strategy that was launched in 2020. During the year, the ZSE continued the pursuit of product and service diversification and managed to achieve the following:

- Listing of the first Real Estate Investment Trust (REIT), The Tigere REIT. This marked a huge step towards diversification of the ZSE securities;
- The ZSE listed an additional four ETFs during 2022 increasing the total of listed ETFs to five (5);
- Launch of ZSE Direct and the VFEX Direct android and iOS applications to broaden accessibility to the VFEX Direct platform and
- The Commodities Exchange framework which is reaching finality with the review completed by all the relevant key stakeholders

## Human Capital Development

The Company continues to take deliberate and necessary action to create a more inclusive work place by pushing to attain gender parity within the organisation. The positive move towards gender balance continues with the total number of female employees accounting for 40% of the total staff complement in 2022 compared to 39% in 2021.



## CHAIRMAN'S STATEMENT (continued)

### Corporate Social Development

The ZSE played its part in terms of corporate social responsibility by initiating a scholarship program for underprivileged female students embarking on their first undergraduate degree. Five female students from various backgrounds were identified. The ZSE is committed to catering for their tuition, stationery, accommodation, and sustenance in full until they complete their first degrees. The ZSE has also offered the students Industrial Attachment in 2023.

### Financial Performance

The performance of the business was greatly impacted by the macro-economic developments from a local and international level. Despite these challenges, the Board remained committed to ensuring the Group continues to deliver sustainable returns to its shareholders.

The business achieved profit for the year of ZWL\$352,9 million, 250% up from prior year profit of ZWL\$100,9 million.

A comprehensive review of the 2022 financial performance is highlighted in the Chief Executive's review provided in this report.

### Dividend

In consideration of the improved performance of the business and in line with shareholder expectations, at a meeting held on the 26 April 2023, the Board recommended a dividend payment of ZWL\$302.00 per share in relation to the Financial Year 2022. The dividend is subject to shareholders' approval at the Annual General Meeting.

### Directorate

Mrs Caroline Sandura  
Mr Bartholomew Mswaka  
Mr Benson Gasura  
Mrs Maureen Rudo Svova  
Mr Masimba Mudzungayiri  
Mrs Lindiwe Tirivanhu  
Mr Markus de Klerk  
Mr Justin Bgoni  
\*Mrs Prisca Guchu

Chairman  
Deputy Chairman  
Non-executive Member  
Non-executive Member  
Non-executive Member  
Non-executive Member  
Non-executive Member  
Executive Director  
Chief Finance Officer

\*I would like to announce the resignation of Mrs Prisca Guchu from the Position of Chief Finance Officer with effect from 30 September 2022. Prisca was appointed on 1 August 2021, and served the company with distinction and diligence during her stint as the Company's Chief Finance Officer. We wish her well in her future endeavours.

### Outlook

The global economic outlook remains fragile on account of increasing interest rates, heightened inflation and reduced economic activity. The resultant impact is a reduction in trading activity in global equity markets and increased capital allocation to fixed income and alternative assets.

In line with this, the ZSE and VFEX have been positioned to mitigate the impact of these economic challenges through broadening of product offerings to include Derivatives, REITs, ETFs and CFD's.

The Exchange continues to play a leading role in providing a venue for capital raising financing. The VFEX will continue to grow as a platform for Issuers both locally and internationally to raise capital in United States Dollars or other hard currencies. The Listing Requirements will continue to be reviewed to match international best practices to attract more investors.

The Company's strategic priorities and milestones have been set. I am confident that achievement of those milestones would bring shared benefits to our shareholders, staff, communities within which our business operates and other stakeholders. The year ahead would see among other strategic pursuits, the diversification of products on the ZSE, more listings and improved liquidity on the VFEX.

### Appreciation

Our resilience in 2022 would not have been possible without the expertise and strategic guidance of the Board. I want to take this opportunity to express my gratitude to my colleagues on the Board for the unwavering support accorded to me and the company during the year.

I want to also sincerely thank the ZSE and VFEX staff and Management team for their tenacity, hard work and dedication in the fulfillment of the company's objectives. We will continue to drive a culture of innovation and excellence among our employees for business growth.

Finally, on behalf of the Board, I would like to thank our issuers, trading participants, domestic and international investors for supporting the market during the year. We look forward to a great year as we continue to offer world class platform to investors looking to gain exposure to Zimbabwe's and Africa's economic growth.



Mrs. C. Sandura  
Board Chairman





## Listing of the first bond on VFEX KARO Mining Holdings





# CEO's STATEMENT



**MR JUSTIN BGONI**  
Chief Executive Officer

**“Leveraging on our innovation and business strategy, we continued to meet commitments to shareholders and advance with our strategic growth plans.”**

## Dear Shareholders,

On behalf of the Management and Staff of the Zimbabwe Stock Exchange, I am delighted to share with you highlights on the operational and financial performance of your company for the year ended 31 December 2022. In the face of strong headwinds, we were guided by ZSE's mission to be the best in providing markets to raise capital, invest, manage risk and discover prices for businesses, Government and the public. Leveraging our innovation and business strategy, we continued to meet commitments to shareholders and advance with our strategic growth plans.

## Operating Environment

After navigating unprecedented pandemic-related market impacts since 2020, our markets have faced new and complex challenges as a result of geopolitical, macroeconomic and environmental uncertainty in 2022. As ever, our priority in this context remained to be the preferred capital market exchange in Africa.

Since the start of the Russia-Ukraine crisis in February 2022, resulting supply chain disruptions, ensuing food and energy crises, and concerns over potential global recession, contributed to a volatile and complex market and operating environment. The high inflation, tightening monetary policy conditions and slow demand for export products, negatively impacted global and regional economic growth. The International Monetary Fund estimates that international and regional growth declined by 2.6% and 1.1% to settle at 3.2% and 3.6% respectively.

At a local macro-economic level, our trading environment remained challenging in 2022 characterised by unstable currency exchange rate environment, and constrained power supplies which inevitably led to rising energy costs. In particular, the weakening ZWL and the widening gap between the official and the unofficial exchange rates continued to exert significant pressure on operating margins. However, interventions by the Reserve Bank of Zimbabwe ranging from the introduction of gold coins to increasing benchmark interest rates yielded a commendable trend of declining monthly inflation and relative currency stability in the second half of 2022.

## Market Performance

The year 2022 turned out positively in terms of listings for both the Zimbabwe Stock Exchange and the Victoria Falls Stock Exchange. For the first time in the history of the ZSE, a Real Estate Investment Trust (REIT), was listed. This significantly transformed the market as it enhanced our thrust to diversify product offering on the exchange. Pursuant to the first Exchange Traded Fund that was listed in 2021 on the bourse, an additional four Exchange Traded Funds were listed in 2022. The ZSE witnessed its first IPO since 2008 and retail participation grew on the exchange through our online trading platforms.

## OPERATIONS AND TRADING REVIEW

The benchmark for ZSE listed securities popularly known as the ZSE All Share Index gained 80% to close the year at 19,493.85 points. However this growth was outpaced by inflation after the Consumer Price Index for 2022 rose by 244% on a year on year basis closing at 13,672.91 points in December 2022. The returns on the ZSE were also negative in real terms after the official exchange rate depreciated by 518% in 2022.

The trading year 2022 was witnessed by heavy regulatory interventions through promulgation of SI 103A of 2022 which sought to curb speculative trading on market. The SI 103A of 2022 was gazetted and published on 24 May 2022. The SI mainly prohibited third party movement of funds to and from members' trust accounts as well as increased the responsibilities of the Zimbabwe Stock Exchange to include oversight over the custodial functions of member firms. The promulgation of SI 103A OF 2022 caused the market to panic, resultantly, market performance dipped both on volume and value basis.

The increase in the nominal lending rates up to 200% per annum beginning June 2022 negatively impacted trading activity consequently reducing trading activity on the market.



## CHIEF EXECUTIVE OFFICER'S STATEMENT (continued)

Nonetheless, the total market turnover for the year 2022 was \$132 billion, a 102% increase from the 2021 turnover of \$65 billion. The Exchange Traded Fund market contributed \$723 million and the total number of ETFs rose to 5 in 2022. The REIT market contributed \$451 million after its introduction through the listing of Tigere Reit in December 2022. The overall market liquidity increased to 6.56% in 2022 compared to 4.95% in 2021. Lafarge Cement recorded the highest liquidity and this was attributed to the takeover deal by Fossil Fuel Group. Other top performers in terms of liquidity were as in the table below:

### OPERATIONS AND TRADING REVIEW (continued)

| RANK | SYMBOL                            | LIQUIDITY RATIO | MARKET CAPITALISATION | TURNOVER       |
|------|-----------------------------------|-----------------|-----------------------|----------------|
| 1    | LafargeCement Zimbabwe Limited    | 166.86%         | 11,500,000,000        | 19,188,652,195 |
| 2    | Turnall Holdings Limited          | 61.09%          | 1,946,276,616         | 1,188,936,793  |
| 3    | General Beltings Holdings Limited | 31.56%          | 962,318,036           | 303,685,355    |
| 4    | Mashonaland Holdings Limited      | 26.07%          | 15,606,270,640        | 4,068,480,781  |
| 5    | Hippo Valley Estates Limited      | 21.05%          | 35,245,419,872        | 7,420,014,665  |
| 6    | Zimre Holdings Limited            | 14.20%          | 7,309,057,698         | 1,037,975,037  |
| 7    | Truworhs Limited                  | 13.47%          | 1,056,185,658         | 142,246,248    |
| 8    | OK Zimbabwe Limited               | 11.46%          | 41,896,020,462        | 4,800,417,235  |
| 9    | Seed Co Limited                   | 11.25%          | 18,583,450,575        | 2,090,538,420  |
| 10   | Econet Wireless Zimbabwe Limited  | 10.19%          | 249,410,116,020       | 25,404,695,485 |

### FOREIGN INVESTOR PARTICIPATION

ZSE recorded a net foreign seller's position of \$31.70 billion in 2022 compared to \$9.73 billion in the year 2021. Foreign investor participation contributed 19% of the total trades compared to 11.74% in 2021.

| Year              | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------|------|------|------|------|------|------|
| Local Investors   | 70%  | 69%  | 66%  | 77%  | 88%  | 81%  |
| Foreign Investors | 30%  | 31%  | 34%  | 23%  | 12%  | 19%  |

### MARKET CAPITALISATION

The ZSE closed the year 2022 at a valuation of \$2.04 trillion, a 55% increase from \$1.3 trillion 2021. The top ten counters by market capitalization were as follows:

#### TOP 10 By Market Capitalisation - RTGS Billion

| Company                                   | Market Cap (\$ZWL) |
|---|--------------------|
| Delta Corporation Limited                 | 469,809,038,184.78 |
| Innsco Africa Limited                     | 406,702,130,417.44 |
| Econet Wireless Zimbabwe Limited          | 249,410,116,019.95 |
| Ecocash Holdings Zimbabwe Limited         | 103,832,926,396.52 |
| CBZ Holdings Limited                      | 70,559,297,775.00  |
| Axia Corporation Limited                  | 61,716,072,466.56  |
| British American Tobacco Zimbabwe Limited | 57,755,572,493.99  |
| CFI Holdings Limited                      | 43,657,028,237.50  |
| OK Zimbabwe Limited                       | 41,896,020,461.54  |
| FBC Holdings Limited                      | 41,660,895,474.00  |



# Listing of Nedbank ZDR on VFEX





# CHIEF EXECUTIVE OFFICER'S STATEMENT (continued)

## PROJECTS REVIEW

Major highlights for the various ZSE projects are detailed below:

### 1. Victoria Falls Stock Exchange (VFEX)

The VFEX is a mature project having registered a rapid growth in the last 21/2 years and has now registered a record 13 listings within that period. Access to the market has been enhanced through the digital transformation on VFEXDIRECT platform. Other projects that are advanced include the Contract For Differences (CFD's) and the Commodities Exchange. These initiatives will transform the depth and liquidity of the VFEX Market

### 2. ZSE Direct

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

### 3. ZSE ICT PROJECTS 2022

The digital transformation journey for ZSE continued with development and transformation of a number of key processes. This included the development of VFEXDIRECT on both Android and iOS platforms. The VFEXDIRECT platform facilitated the ease of trading shares and increased retail participation on the platform.

#### VFEXDIRECT

The VFEX launched the VFEXDIRECT web application, Android and iOS platforms in early 2022. The VFEXDIRECT platform assisted the VFEX to increase retail participation on the United States Dollar denominated bourse. As at 31 December 2022 we had 1000 active users on the platform.



Figure 1.0 VFEXDIRECT Web Application

## SURVEILLANCE SYSTEM

During the middle of the year in 2022, ZSE was given the mandate to operate and run a market wide surveillance system through Statutory Instrument 104 of 2022. ZSE identified STT to provide their Clarity Surveillance System after careful selection from several vendors in the market (See figure 1.2 on Clarity Surveillance System). As part of due diligence on the systems, a team from the ZSE was seconded to go and assess the implementation on the same system from STT in Kenya at Nairobi Stock Exchange.

The surveillance system project started in October 2022 and it is expected to be launched in the first quarter of 2023. A project steering committee was created to run and steer the whole project from start to completion.



## CHIEF EXECUTIVE OFFICER'S STATEMENT (continued)

### SURVEILLANCE SYSTEM

During the middle of the year in 2022, ZSE was given the mandate to operate and run a market wide surveillance system through Statutory Instrument 104 of 2022. ZSE identified Securities and Trading Technology (STT) to provide their Clarity Surveillance System after careful selection from several vendors in the market. As part of due diligence on the systems, a team from the ZSE was seconded to go and assess the implementation on the same system from STT in Kenya at Nairobi Stock Exchange.

The surveillance system project started in October 2022 and it is expected to be launched in the first quarter of 2023. A project steering committee was created to run and steer the whole project from start to completion.

### DIGITALISATION

ZSE embarked on a digitalisation of all its manual processes and automation of the mundane tasks to completely provide and improve efficiency within the whole organisation. The digitalisation upon completion is expected to provide all information at the click of a button and significantly reduce a lot of paper based information.

The digitalisation journey is being spearheaded by the ICT department and the solutions are all proudly internally developed.

Financial Performance Review

The report is based on inflation adjusted financial statements which are the primary financial statements. Historical financial statements have been presented as supplementary information.

### Revenue

The ZSE Group reported an overall improved financial performance. Total inflation adjusted income increased by 42%, as shown in figure 2.0, to ZWL\$2,018 million, boosted by a growth in listing fees. Listing fees (annual and initial) contributed 52% and trading levies contributed 25%, as shown in figure 1.4, to the group total income due to tight liquidity in the economy and stringent measures placed on the stock market to manage inflation. The Victoria Falls Stock Exchange ("VFEX") continued to grow with 8 counters as at year end, contributing 5% to the Group total income. Currently, the VFEX continues to lure top-performing companies, injecting the much-needed confidence for Zimbabwean firms as a safe investment destination.

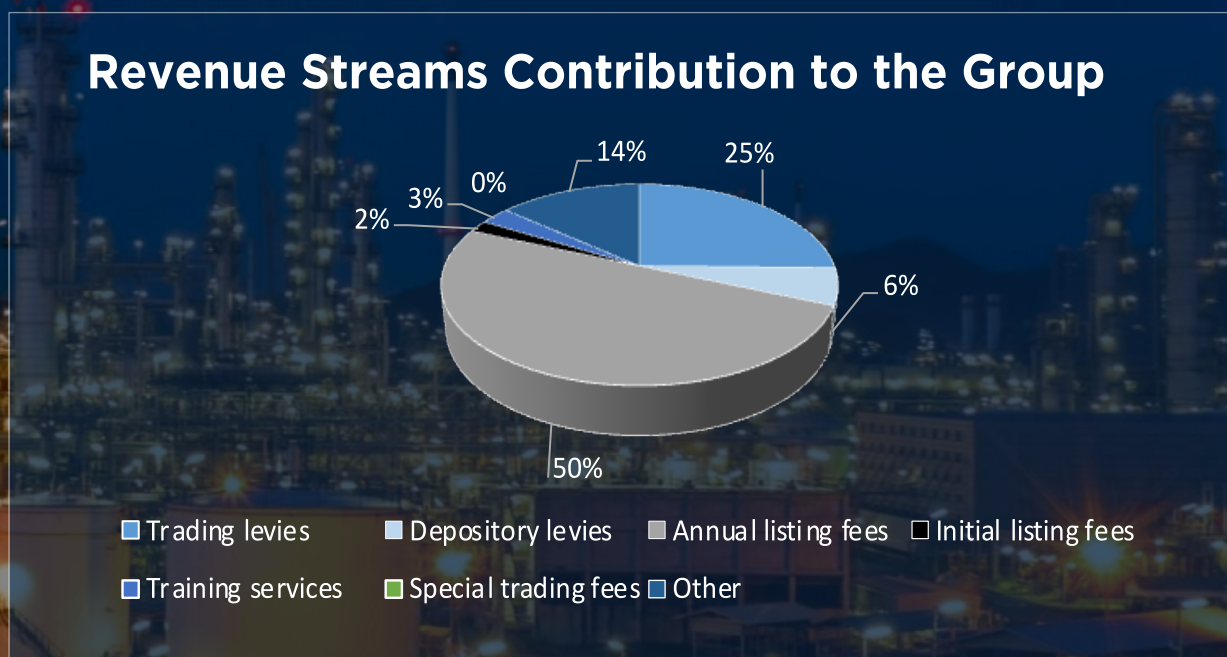


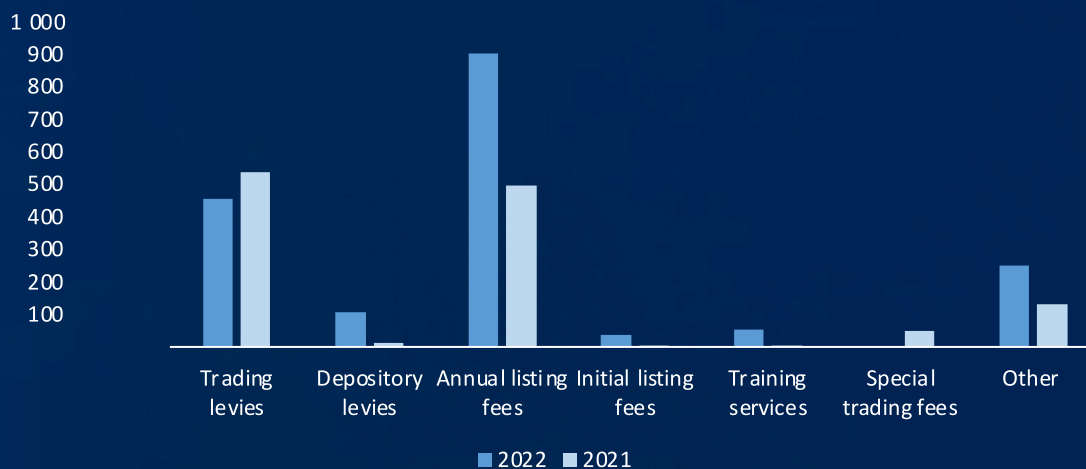
Figure 2.0



## CHIEF EXECUTIVE OFFICER'S STATEMENT (continued)

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### Revenue Streams Y-O-Y Comparison



### Profitability

The business achieved profit for the year of ZWL\$352,9 million, 250% up from prior year profit of ZWL\$100,9 million. Failure to increase income at quicker rate than costs resulted in reduced profit margins despite an absolute increase in profit. Staff related costs were the largest driver of operating expenses in the period under review, contributing 46%, as shown in figure 3.0 below, of the operating expenses. The rapid growth in staff costs reflect on an inflationary environment which demands companies to constantly review payroll costs to cushion staff.

### Operating Expenses

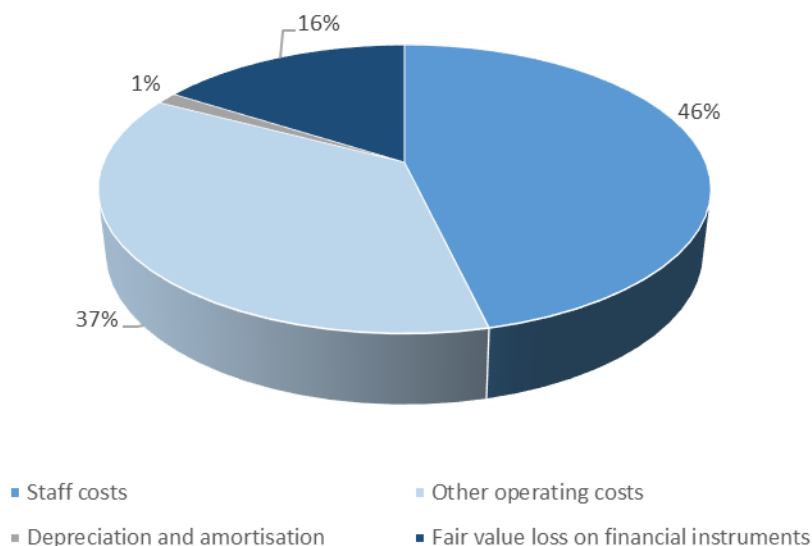
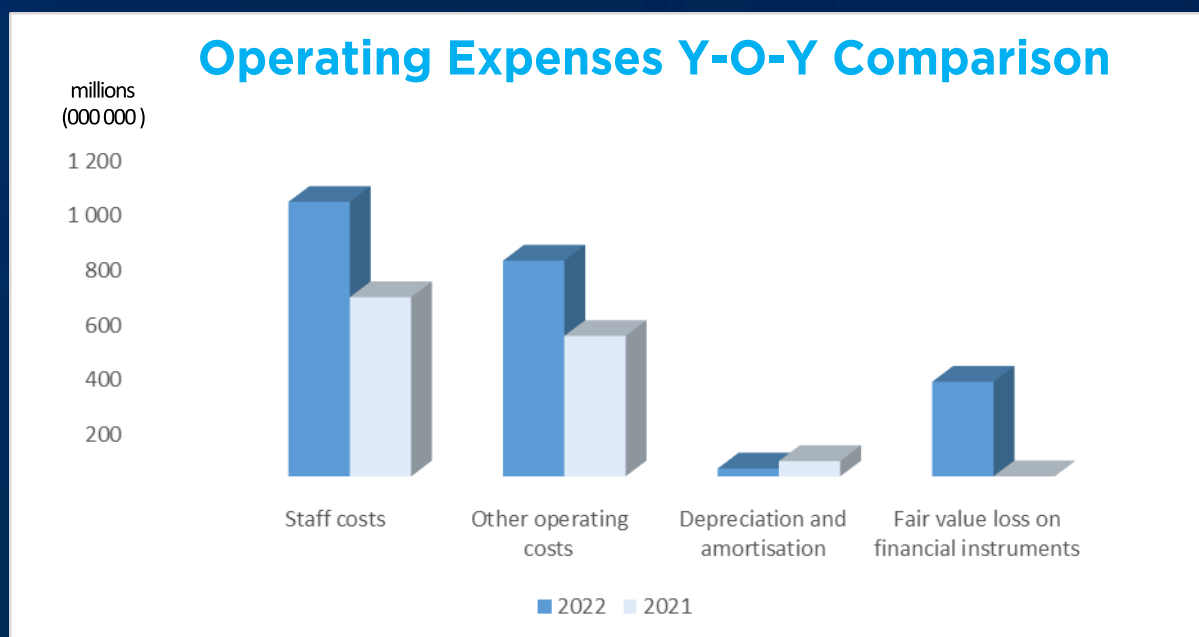


Figure 3.0

There was an increase of 53.65% on other operating costs due to exchange rate movements on foreign related expenses, costs of utilities, fuel, repairs and maintenance of the premises and other related costs. Other operating costs also increased due to the increased software licensing costs, marketing costs and other strategic initiatives which were implemented by the Group in the period under review to attract new clients. The cost containment measures in an inflationary environment proved to be a challenge to the Group as increased cost to contain the cost of a dollar.

## CHIEF EXECUTIVE OFFICER'S STATEMENT (continued)



The Group posted total comprehensive income for the year of ZWL \$627.4 million. This was a commendable performance under the circumstances. The strategy remains to attract new listings on the VFEX and introduce new product offerings.

### Statement of Financial Position

Non-current assets, including Property, plant and equipment, increased by 42% reflecting the capital expenditure incurred during the year, which included investment in the establishment of a Commodities Exchange, the VFEX Direct and the Surveillance System.

Current assets decreased by 18 % to ZWL167.8 million due to tight collections and disinvestments from equities held for trading.

Current liabilities decreased by 22% to ZWL267, 7 million due to repayment of short term borrowings and settlement of trade and other payables.

### Cash Flows

Cash generated from operations improved to ZWL237.9 million. The Group committed ZWL327.1 million to capital expenditure and, ZWL715.5 million in financial instruments to diversify the financial risk. At the close of the year under review, there was a positive cash balance of ZWL56.7 million, compared to a positive cash balance of ZWL 29.8 million at the end of the previous year as a result of improved cash management.

### Outlook

The year 2022 ended on a positive note with the listing of Zimbabwe's first Real Estate Investment Trust, The Tigere REIT. The number of listings grew by 12% in 2022 we expect additional REITs to be listed in 2023 as well as an initial public offering.

We expect to expand ZSE Direct and VFEX Direct through partnerships with banks and other capital market operators, which should result in increased usage of the platform. Regulatory risk remains high and ZSE will be implementing a surveillance system in Q1 2023 to help monitor the activities by trading participants. It is likely to be another difficult year for Zimbabwe given the high inflation, weak domestic currency, increasing poverty levels, declining living standards, slowing consumer disposable incomes, low savings rate, electricity and energy shortages, climate and natural induced shocks. The significant depreciation of the local currency and consequently high inflation will likely drive any excess ZWL liquidity to buy assets on the exchange.



## Re-listing of Tanganda Tea Company Limited on ZSE





## Listing pipeline

We have developed a strong pipeline and are confident to have at least 3 (three) new listings in 2023. The market has started to believe that the exchange is a platform to raise money and this expectation fits well into our primary mandate as an exchange.

## Contract For Differences

The framework for the trading of Contract for Difference (“CFDs”) was approved by the Securities and Exchange Commission of Zimbabwe (“SECZIM”). One member has since been approved by the Exchange and awaiting licensing by SECZIM. Trading on this product is expected to commence beginning Q4 2023. This will undoubtedly contribute significantly to the liquidity and deepening of our markets.

## Commodities Exchange

The framework for the Commodities Exchange is reaching finality as the final draft rules are being reviewed. Several workshops were held and key stakeholders including the Attorney General’s Office, Ministry of Finance and Economic Development (“MoFED”), Ministry of Mines and Mining Development (“MMMD”), Minerals and Marketing Corporation attended the workshops.

The workshops received buy-in from the different stakeholder groups that included Zimbabwe Mining Federation and Zimbabwe Ferrochrome Association.

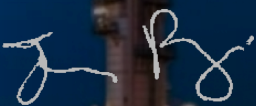
The recommendations will be submitted to the MoFED and MMMD before the end of Q3 2023.

We are optimistic that the Government is looking forward to trade base and precious minerals on the Commodities Exchange before the end of 2023

## Appreciation

On behalf of the Management of the Exchange, I would like to extend my appreciation and gratitude to our Board of Directors for their guidance to our staff for their loyalty and dedication, to our regulator Securities and Exchange Commission of Zimbabwe for their excellent work and to listed companies, trading participants and service providers for their unwavering support.

Our success in implementing our strategic initiatives will depend significantly on the ability of our talented teams to develop, embrace new ideas and skill sets, and work with one mind as we grow together for tomorrow in 2023 and beyond.



.....  
Mr. J. Bgoni  
Chief Executive Officer





Listing of Simbisa Brands Limited on VFEX





# ZSE Direct

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

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

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

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

**REGISTER TODAY >**



44 Ridgeway North  
Highlands, Harare

**Email:** [zsedirect@zse.co.zw](mailto:zsedirect@zse.co.zw)

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

**Facebook:** Zimbabwe Stock Exchange

**Twitter:** @ZSE\_ZW

**LinkedIn:** Zimbabwe Stock Exchange

**Instagram:** Zim Stock Exchange

**Website:** [www.zsedirect.co.zw](http://www.zsedirect.co.zw)



## STATEMENT OF CORPORATE GOVERNANCE

### THE BOARD OF DIRECTORS

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

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



**Mrs Caroline Sandura**  
Chairman and Non Executive Director

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

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

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



**Mr Bartholomew Mswaka**  
Non Executive Deputy Chairman

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

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

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

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



**Mrs Maureen Svova**  
Non-Executive Director

Mrs Svova is one of the pioneer black Women Chartered Accountants in Zimbabwe with over 30 years of experience. She holds a Bachelor of Accountancy degree from the University of Zimbabwe and is a Chartered Accountant. She is a results, detail oriented leader who is able to relate and interface easily at top executive levels having worked at senior executive level for the greater part of her working life. She has held various directorship roles and currently sits on the Boards of the Zimbabwe Stock Exchange (ZSE), the Victoria Falls Stock Exchange (VFEX), Export Credit Guarantee Corporation and Schweppes Africa Holdings.



## STATEMENT OF CORPORATE GOVERNANCE (continued)

### THE BOARD OF DIRECTORS (continued)



**Mr Masimba Mudzungayiri**  
Non-Executive Director

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

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



**Mrs Lindiwe Tirivanhu**  
Non-Executive Director

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

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



**Mr Benson Gasura**  
Non-Executive Director

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

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

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



**Mr Justin Bgoni**  
Chief Executive Officer

Justin is a Chartered Accountant with over 19 years of international experience in the financial and public sector. Justin holds amongst other qualifications a Bachelor of Accounting Science from the University of South Africa and a Master in Applied Finance from Victoria University of Wellington in New Zealand. Some notable previous appointments include being a Management Consultant McKinsey Incorporated and Chief Financial Officer at New Zealand Stock Exchange.



**Mr Markus de Klerk**  
Non-Executive Director

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

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

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



ETFs listed on the ZSE





## STATEMENT OF CORPORATE GOVERNANCE (continued)

### COMMITTEES OF THE BOARD

The Board of Directors of the Company has six (6) Board Committees which provide support to the work of the main Board namely;

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

### AUDIT AND RISK COMMITTEE

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

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

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

The Committee reviews the principles, policies and practices adopted in the preparation of the financial statements of the ZSE and assesses whether the financial statements of the ZSE and any formal announcement relating to the organization comply with statutory requirements. In addition, the Committee oversees the external audit process and is responsible for recommending the appointment of the external auditors as well as the remuneration of the external audit engagement. The external auditors are invited to attend the Committee's meetings. The members of the Committee as at 31 December 2022 were:-

**Mrs M.R. Svova (Chairman)**  
**Mr M. de Klerk**  
**Mrs L. Tirivanhu**

### LISTINGS COMMITTEE

The Listings Committee is chaired by an Independent Non-Executive Director and comprises Non-Executive Directors and external technical experts with experience in financial advisory services. The Chief Executive Officer, Executive in charge of Issuer Regulation and representatives of the Securities and Exchange Commission of Zimbabwe attend the meetings by invitation. The Listings Committee meets monthly and on an ad-hoc basis as necessary to make determinations pursuant to the ZSE Listing Requirements. The members of the Committee as at 31 December 2022 were:-

**Mr B. Mswaka (Chairman)**  
**Mrs M.R. Svova**  
**Mr M. de Klerk**  
**\*Mr S. Shumba**  
**\*Mr R. Ndamba**

### HUMAN RESOURCES AND NOMINATION COMMITTEE

The Human Resources and Nomination Committee determine the remuneration for the Executive Directors and other executive management. It also considers the composites of the Board and its committees and makes appropriate recommendations to the Board regarding the retirement, appointment and replacement of Directors. The Committee's brief includes reviewing human capital policies, performance measurement, reviewing and approval of staff remuneration and conditions of service. The members of the Committee as at 31 December 2022 were:-

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

### BUSINESS DEVELOPMENT AND ICT COMMITTEE

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

The Committee also provides oversight of ZSE's business development activities, annually review ZSE's business development performance to ensure that business development activities are aligned to the ZSE's mission and vision, strategic priorities and meet key performance metrics established for the business. The members of the Committee as at 31 December 2022 were:-

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

### MEMBERSHIP COMMITTEE

The Committee's broad role is to regulate Membership issues; determine the fees, levies, penalties and subscriptions for ZSE Members and Non-Member Institutions. The Committee prescribes the general conduct of the ZSE Members and also establishes members' complaints and grievance handling procedures. The members of the Committee as at 31 December 2022 were:-

**Mrs L. Tirivanhu (Chairman)**  
**Mrs. C. Sandura**  
**Mr. M. Mudzungayiri**

### DEPOSITORY COMMITTEE

The Committee's board role is to ensure that policies and procedures are put in place for the safe keeping and custody of securities (debt, equities, ETFs.) for investors in electronic form. The Committee prescribes the general conduct and guidelines related to services such as securities clearing and settlement, securities transfer and pledges that are related to securities transactions. The members of the Committee as at 31 December 2022 were:-

**Mr B. Gasura (Chairman)**  
**Mr B. Mswaka**  
**Mrs L. Tirivanhu**  
**\*Ms S. Musa**  
**\*Mr M. Kapachika**  
**\*Mr W. Karombo**

\*Expert members



## STATEMENT OF CORPORATE GOVERNANCE (continued)

### COMMITTEES OF THE BOARD (continued)

#### BOARD ATTENDANCE DURING 2022

| NAME            | BOARD MEETINGS<br>No. Meetings<br>(6) | AUDIT& RISK<br>No. Meetings<br>(4) | MEMBERSHIP<br>No. Meetings<br>(2) | LISTINGS<br>COMMITTEE<br>No. Meetings<br>(7) | HUMAN<br>RESOURCES<br>No. Meetings<br>(5) | Business Dev<br>& ICT<br>No. Meetings<br>(4) | Depository<br>Committee (4) |
|-----------------|---------------------------------------|------------------------------------|-----------------------------------|--|---|--|-----------------------------|
| C. Sandura      | 6                                     |                                    | 2                                 |  | 5   |  |                             |
| B. Mswaka       | 6                                     |                                    |                                   | 7  | 5   |  | 3                           |
| B. Gasura       | 6                                     |                                    |                                   |  | 5   | 4  | 4                           |
| M. de Klerk     | 6                                     | 3                                  |                                   | 5  |   | 3  |                             |
| M.R.Svova       | 6                                     | 4                                  |                                   | 7  |   |  |                             |
| L. Tirivanhu    | 6                                     | 4                                  | 2                                 |  |   |  | 4                           |
| M. Mudzungayiri | 6                                     |                                    | 2                                 |  |   | 4  |                             |

#### Zimbabwe Stock Exchange Board & Committee Attendance (2022)

| NAME            | BOARD MEETINGS<br>No. Meetings (4) | AUDIT& RISK<br>No. Meetings (4) | LISTINGS<br>COMMITTEE<br>No. Meetings (3) | Business Dev & ICT<br>No. Meetings (4) | Depository<br>Committee (4) |
|-----------------|------------------------------------|---------------------------------|---|--|-----------------------------|
| C. Sandura      | 4                                  |                                 |   |  |                             |
| B. Mswaka       | 4                                  |                                 | 3   |  | 3                           |
| B. Gasura       | 4                                  |                                 |   | 4                                      | 4                           |
| M. de Klerk     | 4                                  | 3                               | 2   | 4                                      |                             |
| M.R.Svova       | 4                                  | 4                               | 3   |  |                             |
| L. Tirivanhu    | 4                                  | 4                               |   |  |                             |
| M. Mudzungayiri | 4                                  |                                 |   | 4                                      | 4                           |

#### Victoria Falls Stock Exchange Board & Committee Attendance (2022)



## STATEMENT OF CORPORATE GOVERNANCE (continued)

### EXECUTIVE COMMITTEE (EXCO)

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

The Committee meets on a weekly basis and its members as at 31 December 2022 were:-

**Mr. Justin Bgoni (Chairman)**

**\*Mrs. Prisca Guchu**

**Mr. Lyndon Nkomo**

**Mr. Robert Mubaiwa**

**Mr. Irvine Sithole**

**Mr. Tinashe Mapara**

**Mr. Kudakwashe Mundowozi**

**\*\*Mr. Anymore Taruvunga**

\*Mrs Prisca Guchu left the organisation on 30 September 2022. We wish her well in her future endeavours.

\*\*Mr Taruvunga left the organisation in August 2023 to assume the role of Chief Executive Officer of the Securities and Exchange Commission of Zimbabwe. We wish him great success in his new role.

### ZSE Executive Committee



**Mr Justin Bgoni**  
Chief Executive Officer

Justin is a Chartered Accountant with over 19 years of international experience in the financial and public sector. Justin holds amongst other qualifications a Bachelor of Accounting Science from the University of South Africa and a Master in Applied Finance from Victoria University of Wellington in New Zealand. Some notable previous appointments include being a Management Consultant McKinsey Incorporated and Chief Financial Officer at New Zealand Stock Exchange.



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

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

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



**Mr Robert Mubaiwa**  
VFEX Markets

Robert holds a BSc in Applied Accounting from Oxford Brookes University, UK and is a Fellow of the Association of Chartered Certified Accountants and Public Accountants and member of Auditors Board of Zimbabwe and has over 15 years in Capital Markets and insurance. Robert joined ZSE as Trading Manager in May 2008. Robert was instrumental in the automation of the ZSE in 2015 and implementation of the debt market framework. Prior to joining ZSE he was Account Executive at Marsh Insurance Brokers Zimbabwe and Capitol Insurance Brokers. He was responsible for underwriting short term insurance business and claims management and accounting.



## STATEMENT OF CORPORATE GOVERNANCE (continued)

### EXECUTIVE COMMITTEE (EXCO) (continued)



**Mr Irvine Sithole**  
Head of Information  
Communication & Technology

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

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



**Mr. Tinashe Mapara**  
Head of Depository

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

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

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



**Mr. Kudakwashe Mundowazi**  
ZSE Markets

Kuda is an Investor Relations specialist with over 15 years' experience in the financial services industry covering investment analysis, client liaison and equities administration. Prior to joining the ZSE he worked for Imara Capital Zimbabwe from 2008- 2022 where he worked in all the key departments that included Back office, Compliance, Dealing, Investor Relations, and Research. Kuda holds a Bachelor of Commerce and Business Management, a diploma in finance investment and a certificate in strategic management.



**Listing of National Foods Holdings Limited on VFEX**





## RISK MANAGEMENT REPORT

The Zimbabwe Stock Exchange Limited (“ZSE”) acknowledges the importance of risk management and corporate governance principles. Risk is an intrinsic part of all activities undertaken by the ZSE. The organisation is exposed to certain peculiar risks, which are influenced by its choices and actions.

Risk management is an integral part of sound management practice and good corporate governance as it improves decision making and enhances outcomes and accountability. The ZSE is therefore committed to “best practice” risk management across the organization and to:

Embedding quality risk management at the core of decision making across all levels, activities, and processes.

Developing a risk aware culture amongst all stakeholders.

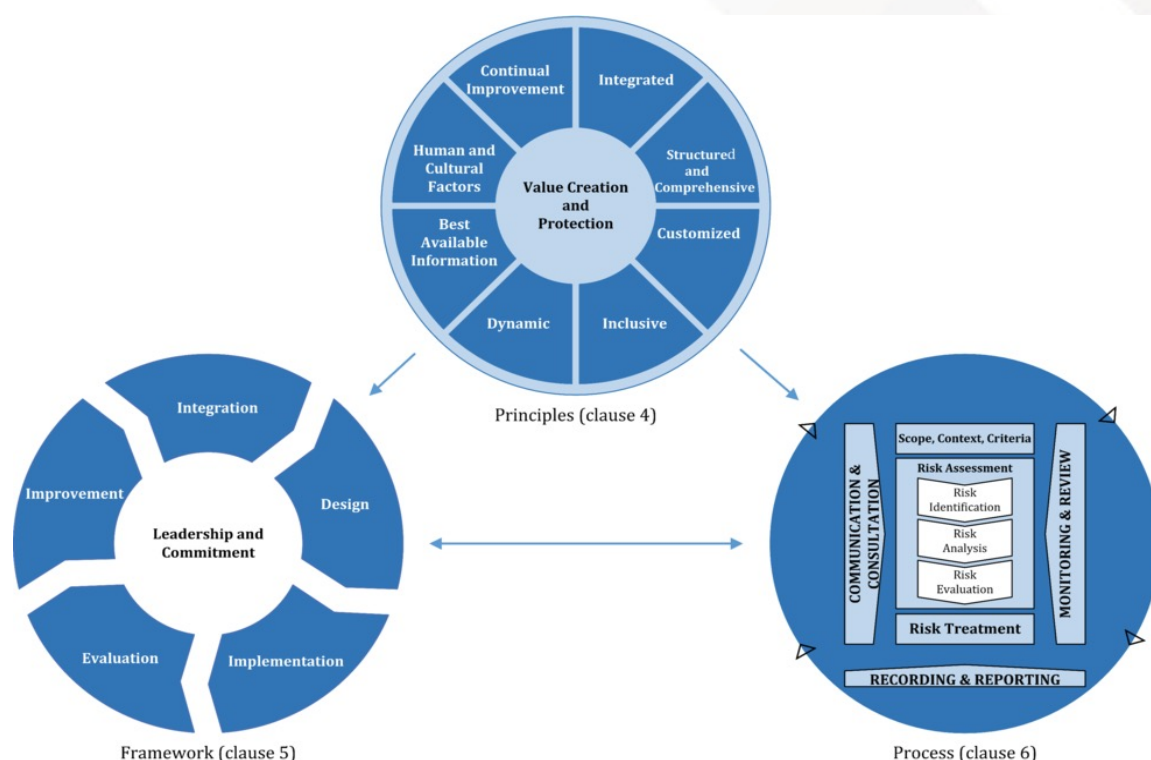
Establishing clear risk management roles, responsibilities, and accountabilities across the organization.

The establishment and operation of internal controls including supporting policies and procedure manuals.

Developing mechanisms for effective monitoring of and reporting on the effectiveness of the risk management processes.

Ensuring compliance with relevant legislative and regulatory requirements.

Following the appointment of Coronation Risk Advisors in December 2021, the Board and Management has migrated the business from a traditional approach to risk management to an Enterprise Risk Management approach. In its commitment to implementing enterprise-wide risk management the ZSE is guided by the ISO 31:000 (2018) standard, where it is based on the Principles, Framework and Process outlined in ISO 31 000.



The ZSE operates in a dynamic local, regional, and international context. The exchange is going through a transformational journey. The local environment has presented several economic challenges and notable factors substantial in ZSE include inflation, currency, interest rate, exchange rate, regulations, upcoming 2023 general elections.

Global inflation is at its highest level in decades. International supply chains are subject to disruption from socio-political factors including trade wars, military conflict and pandemics.

Technology is changing the way people work, play and save. Remote working arrangements are on the rise, enabled by faster and more powerful Information Communication Technology. Fintech is driving innovation for wider and more comprehensive participation by institutional and retail investors in global capital markets.

Environmental, Social and Governance principles affect the ZSE including consideration of climate change; pollution; efficient use of natural resources; gender and youth demographics; unemployment and informal employment; diversity and inclusion activism as well as business and social ethics. All these factors directly impact how the ZSE operates.

### Risk Management Procedure

Monitoring and Review activities are undertaken to ensure that the risk management process works and that this is done at a commensurate level cost and effort. Monitoring and Review was guided by the following objectives:

- Detecting changes in the organisation's external and internal contexts.
- Improving the organisation's risk assessment over time.
- Analysis of the changing characteristics of risks including likelihood and impact
- Identifying emerging risks
- Analysis of the effectiveness of controls

Monitoring and Review was conducted on a quarterly basis. The Audit & Risk Committee reviewed the adequacy of: assessments given to impact and likelihood for each risk existing systems and controls to manage risk the residual risk rating success / failure of treatment strategies which previously have been considered Opportunity for additional / alternative risk responses Inclusion of new / previously unrecognized risks (threats and opportunities).



**The following are the risks facing the organisation-**

**1.Strategic Risk** - Risks related to our strategy (including the implementation of strategic initiatives and external threats to the achievement of our strategy).

**2.Operational Risk** - Risk relating to the efficient and effective use of resources. Arises from people, processes, systems or controls.

**3.External and regulatory Risk** - Arising from non-conformance with legislative and regulatory requirements.

**4.Financial Risk** - Risk concerning financial assets and liabilities.

**5.Market Risk** - Market risk refers to the risk of losses on financial investments of ZSE caused by adverse price movements.

| Risk Category           | Risk factors considered   | Mitigation   |
|-------------------------|---|--|
| <b>Strategic Risk</b>   | <b>1.Transformational Risk</b><br>The Exchange is exposed to risk of loss or failure resulting from transformation or integration as it continues to grow rapidly. New products may, in some cases, be complex or necessitate change to operating models, business models, technology and people. ZSE's success has a high dependency on its ability to integrate all parts of its business, including acquisitions, realise synergies across the Group, and ensure that the Group is able to compete on a global scale. A failure to align the businesses of the Group successfully may lead to: an increased cost base without a commensurate increase in revenue; a failure to capture future product and market opportunities; and risks in respect of capital requirements, regulatory relationships and management time. During the year 2022 ZSE launched a new class of securities Real Estate Investment Trust (REITS) which increases the transformational risk. Challenges also include operating and integrating a large number of different technology platforms and systems, including maintaining the operational resilience and security of legacy platforms, and consolidating services, or developing new services, where underlying assets used to provide those services are subject to contractual commitments with third parties. The Group also faces competition in some of its business areas. ZSE has to respond to this at the same time as navigating through various transformation and integration activities. Accordingly, the Group has a sizeable strategic change agenda to transform its products, services and platforms as it leverages growth synergies and upgrades and replaces legacy infrastructure | Transformational risk is reduced by the application of the Group's Enterprise Risk Management Framework to deploy consistent, appropriate Risk Management and specific mitigations across the Group. Oversight and assurance across the Group's change Portfolio is provided by ZSE's risk consultant and Internal Audit. The Group will continue to work hard to address these changing technological landscape in an evolving regulatory environment.  |
|                         | <b>2.Reputational Risk</b><br>Unfavourable publicity and negative public perception about our industry could adversely affect our business and operating results<br><br>With the growth of online advertising and e-commerce, there is increasing awareness and concern among the general public, privacy advocates, mainstream media, governmental bodies and others regarding marketing, advertising and data privacy matters, particularly as they relate to individual privacy interests and global reach of online market place. Any unfavourable publicity or negative public perception about the Group, the industry, including our competitors can affect the business and results of operations and may lead to digital publishers changing their business practices or additional regulatory scrutiny or law making that affects us or our industry.   | ZSE has embarked on reputation management, stakeholder mapping and crisis communication and putting in place policies to ensure there are adequate controls such as circuit breakers to control volatility of share price in the market. To ensure capital market integrity, the ZSE was mandated to perform market surveillance since June 2022. This is to complement with the regulator SECZ, in reducing manipulative or illegal trading practices in the securities markets and promoting free and fair trading of securities in the Zimbabwean market. |
| <b>Operational Risk</b> | <b>1.Operational Vulnerability</b><br>It is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems. Operational risks are those risks of non-speculative nature with no potential of showing a profit. The objective of operational risk management is therefore to mitigate the downside impact of these risks as far as possible, thereby ensuring the optimal application and protection of physical assets, while ensuring the continuity of the Exchange's business.   | The Board accepts overall responsibility of day to day management of operational risk delegated to management of the ZSE. Risk management controls are in place to lower the probability of operational risk occurring and the impact thereof.   |
|                         | <b>2.Business Continuity</b><br>Business continuity is one of the key objective of the ZSE's Operational Resilience strategy, helping addressing the Group's ability to prevent, adapt, respond and recover from operational disruptions to minimise the impact on our customers and on the financial stability of capital markets. Whilst ZSE has processes and controls in place to ensure the continuity of its services and operations, unforeseen events such as physical security and system security threats, epidemic or pandemic, or a major system breakdown, could impact the continuity of the Group's services operation, reputation and its financial condition, cause financial detriment both internally and externally to the wider market.  | The ZSE is planning to draft a comprehensive Business continuity plan in 2023 with the assistance of its Risk consultant and a crisis management plan. The organisation's Disaster recovery plan is in place and there are plans to perform Disaster recovery plan site tests on 2023. This will be a continuous exercise throughout 2023.   |



| Risk Category                       | Risk factors considered   | Mitigation  |
|-------------------------------------|---|---|
|                                     | <p><b>3. Technology</b></p> <p>ZSE is highly dependent on the development and operation of its sophisticated technology and advanced information systems and those of its third-party service and outsourcing providers. Technology failures potentially leading to system outages may impact our customers and the orderly running of our markets, data services and distribution. The technology change portfolio exposes the company to the risk that change is either misaligned with the Group's strategic objectives or not managed effectively within time, cost and quality criteria and could impact the resilience of its operations and business services. The volume of change is driven by both internal and external factors. Internal factors include a drive for technology innovation, consolidation and operational resilience. External factors include increased industry cloud adoption, the changing regulatory landscape and requirements which necessitate changes to our systems and processes. Design defects, errors, failures or delays associated with new, modified or upgraded technology, products or services could negatively impact the business as well as the financial performance and reputation of the ZSE.</p> | <p>ZSE actively manages relationships with key strategic technology suppliers to avoid any disruption to service provision. Where possible the Group has identified alternative suppliers that could be engaged in the event of a third-party failing to deliver on its contractual commitments. Service Level Agreements (SLAs) and ongoing monitoring is in place for key suppliers. The Group continues to invest in the resilience of the technology systems and processes that underpin its important business services. The performance and availability of the Group's systems are constantly reviewed and monitored to prevent problems arising and where possible, ensure a prompt response to any potential service-impacting incident. Regular rigorous business impact and operational risk scenario analysis is performed to identify, assess and remediate potential system and governance vulnerabilities. The risks associated with change are mitigated by effective implementation of the Group's Change framework.</p> |
|                                     | <p><b>4. Information and Cyber-Security Threat</b></p> <p>It refers to cyberattacks resulting in ZSE digital assets being compromised and reputational damage. Cyber risk does not respect and is not bound by organisational perimeters and high profile external cyber events reinforce this inter-connectivity and inter-dependency and highlight the exposure to risks arising outside of a firm's own control environment. We must acknowledge, to remain competitive in this era of digitalisation and open platforms, that cyber risk cannot be eliminated, however, it can be managed to a level of risk that we are prepared to take as a cost of doing business.</p>  | <p>The Group continued improvements in technology architecture and also addressed security enhancements through training of employees on cyber security threats. ZSE ICT has a cyber security governance framework in place. One of our top priorities is to continue to invest in ensuring cyber resilience and compliance with regulations. In addition to complying with current cyber and data protection requirements, we comply with significant data and cyber operational controls and standards. We continue to monitor and engage with regulators on the development of regulatory frameworks and the appropriate harmonisation of standards across jurisdictions.</p>  |
| <b>External and Regulatory Risk</b> | <p><b>1. Compliance Risk</b></p> <p>There is a risk that one or more of the ZSE and subsidiaries may fail to comply with the laws and regulatory requirements to which it is, or becomes, subject. In this event, the entity in question may be subject to censures, fines and other regulatory or legal proceedings mitigation</p>   | <p>The Group continues to maintain systems and controls to mitigate compliance risk. Compliance resources with specialised knowledge of each of the regulated services provided by the Company are aligned with the regulated entities operating within each business division and provide regulatory advice to the business.</p>   |
| <b>Financial Risk</b>               | <p><b>1. Credit Risk</b></p> <p>Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring</p>   | <p>ZSE Group only deals with reputable counterparties with consistent payment histories. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored. Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.</p>   |
|                                     | <p><b>1. Liquidity Risk and Capital Adequacy</b></p> <p>The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due. The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The Exchange has developed internal processes and contingency plans for managing liquidity risk.</p>  | <p>The Exchange also maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Exchange monitors its capital on the basis of the capital adequacy as stipulated in Statutory Instrument 100 of Securities (Registration, Licensing and Corporate Governance) Rules, 2010 with the objective of ensuring that the ZSE continues as a going concern in order to provide returns to proprietary holders and benefits to other stakeholders. The Exchange's liquidity risk profile is disclosed in this annual report. There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.</p>   |



| Risk Category      | Risk factors considered   | Mitigation   |
|--------------------|---|--|
| <b>Market Risk</b> | <p><b>1.Interest Rate Risk</b><br/>           Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk. The group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders. ZSE was highly affected by an increase in interest rates during the year 2022.</p> | <p>The Exchange invests in money market instruments which are subject to changes in interest rates. Interest on floating instruments is re-priced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instruments and is fixed until maturity. The Exchange's policy is to adopt a non-speculative approach to managing interest rate risk and to only invest in instruments that are approved by the Audit and Risk Committee of the Board of Directors. The Exchange's interest rate sensitivity is disclosed in this annual report.</p> |
|                    | <p><b>2.Foreign currency risk</b><br/>           is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates as well as the availability of foreign currency in the market. ZSE's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (given the Group's foreign obligations arising from the import bill).</p>  | <p>ZSE limits exposure to exchange rate fluctuations by either pre-paying for purchases or procuring goods from the local market. ZSE's exposure to the risk of unavailability of foreign currency relates primarily to challenges in accessing the foreign currency to settle foreign currency denominated liabilities and when available, the price at which the foreign currency will be purchased at in RTGS currency which can result in significant exchange losses.</p>   |



# ZSE Direct

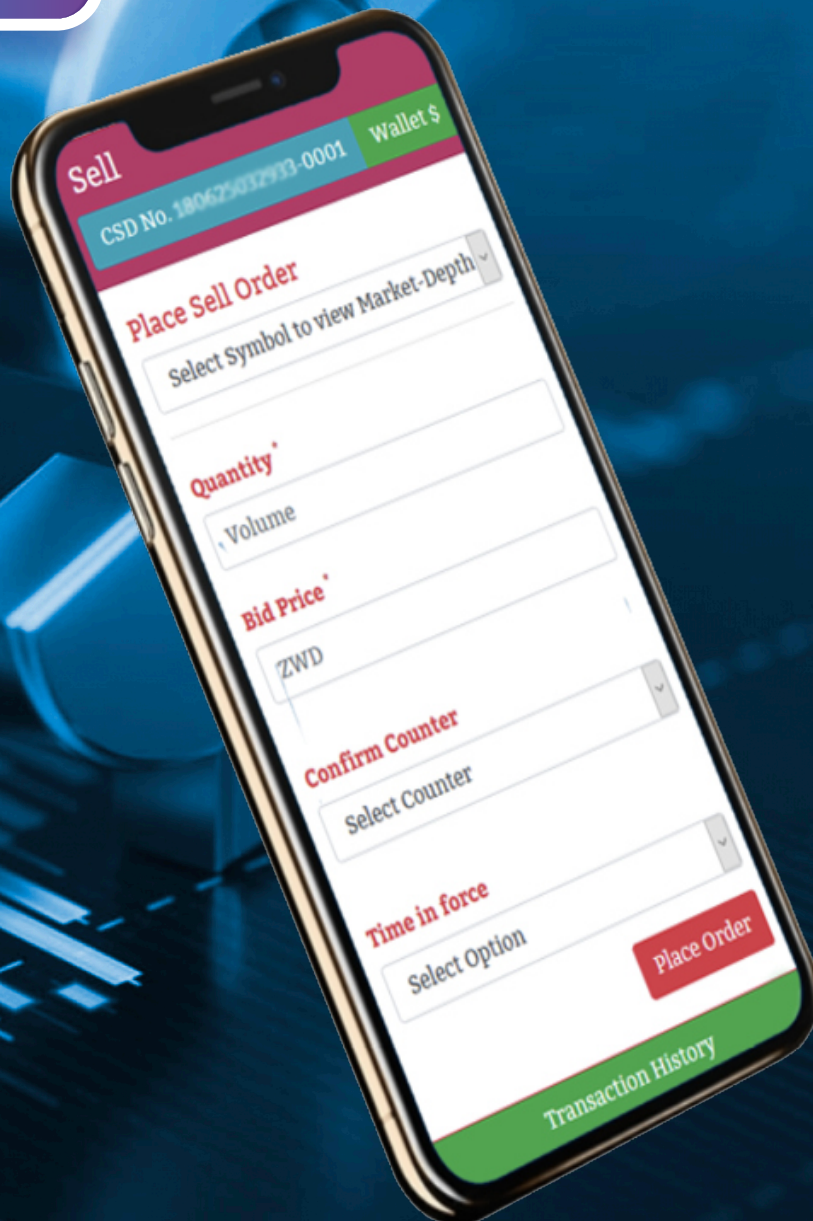
ZSE Direct is the official online trading platform of the Zimbabwe Stock Exchange

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

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

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

**REGISTER TODAY >**



Available on:  
AppStore and Google Playstore



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**LinkedIn:** Zimbabwe Stock Exchange  
**Instagram:** Zim Stock Exchange  
**Website:** www.zsedirect.co.zw



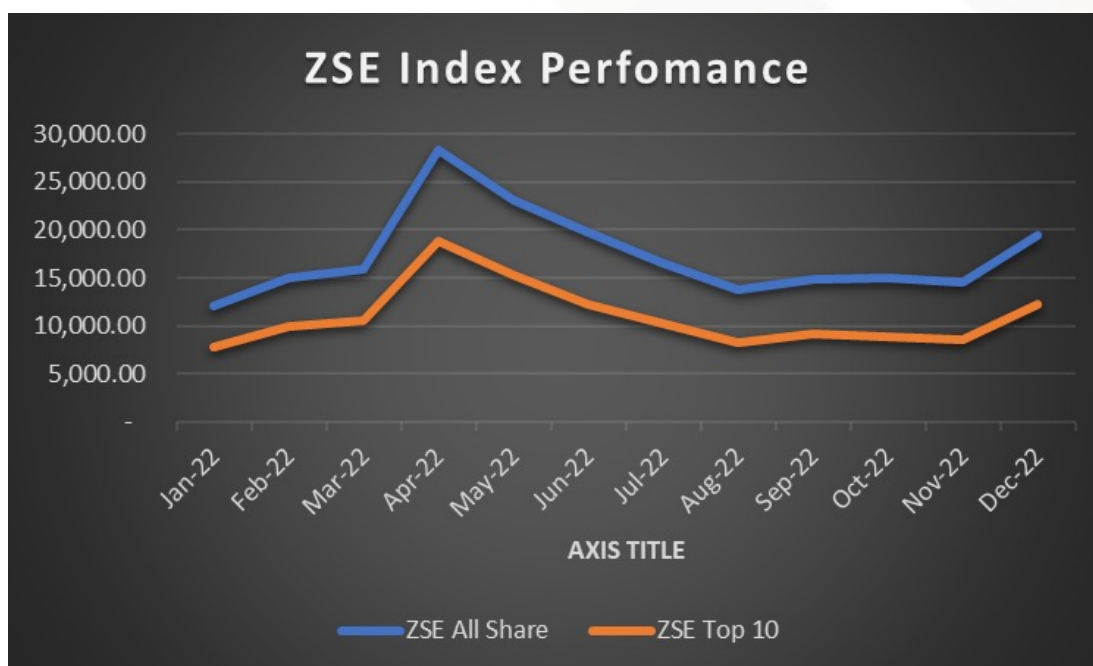
## OPERATIONS REPORT

### INDEX PERFORMANCE

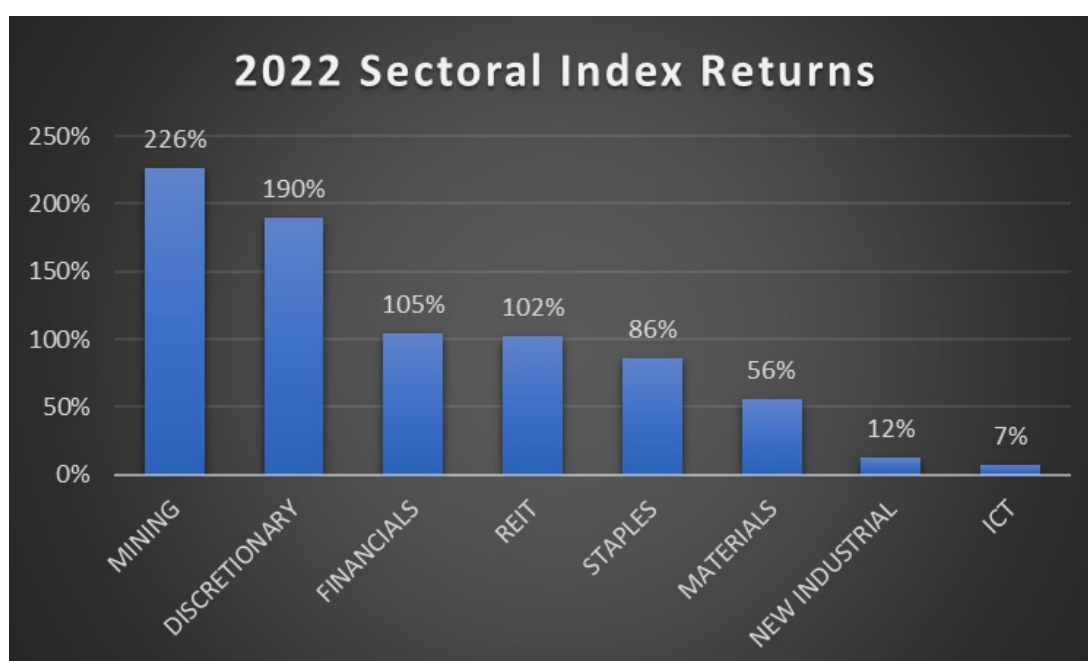
The ZSE All Share Index went up 80% in 2022 the modest growth was on the back of a tight fiscal and monetary policy stance by the government to curb runaway inflation. The ZSE Top 10 Index recorded an unostentatious 80.74% growth during the same period.

| Index            | 31 Dec-22 | 31 Dec-21 | Change |
|------------------|-----------|-----------|--------|
| <b>All share</b> | 19,493.85 | 10,822.36 | 80.13% |
| <b>Top 10</b>    | 12,311.13 | 6,811.43  | 80.74% |

The graph below shows the ZSE main indices trends during the year 2022:



The minerals resource index commonly known as the ZSE Mining index recorded the highest returns in the trading year 2022 after registering a 226% increase to close at 25,496.29 points. The table below shows the sectoral index returns for the year 2022.





# OPERATIONS REPORT (continued)

## TURNOVER AND VOLUME FIGURES

The trading year 2022 saw the market recording turnover of \$132 billion and this represents 102% increase from the preceding year.



## Market Capitalisation

The ZSE market capitalisation increased by 55% from the previous year to close the trading year of 2022 at \$2.04 trillion.



## DEPOSITORY

The Depository is responsible for the operation of the Central Securities Depository, (CSD). The Depository recommends entities to be admitted as depository participants on Zimbabwe Stock Exchange. The participants are clearing members whose role is to perform the clearing function on behalf of the depository.

# ZSE Depository

## Introducing the ZSE Depository

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

### Functions of the ZSE Depository are to:

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



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Twitter: [@ZSE\\_ZW](#)

LinkedIn: [Zimbabwe Stock Exchange](#)

Instagram: [Zim Stock Exchange](#)

Website: [www.zse.co.zw](http://www.zse.co.zw)

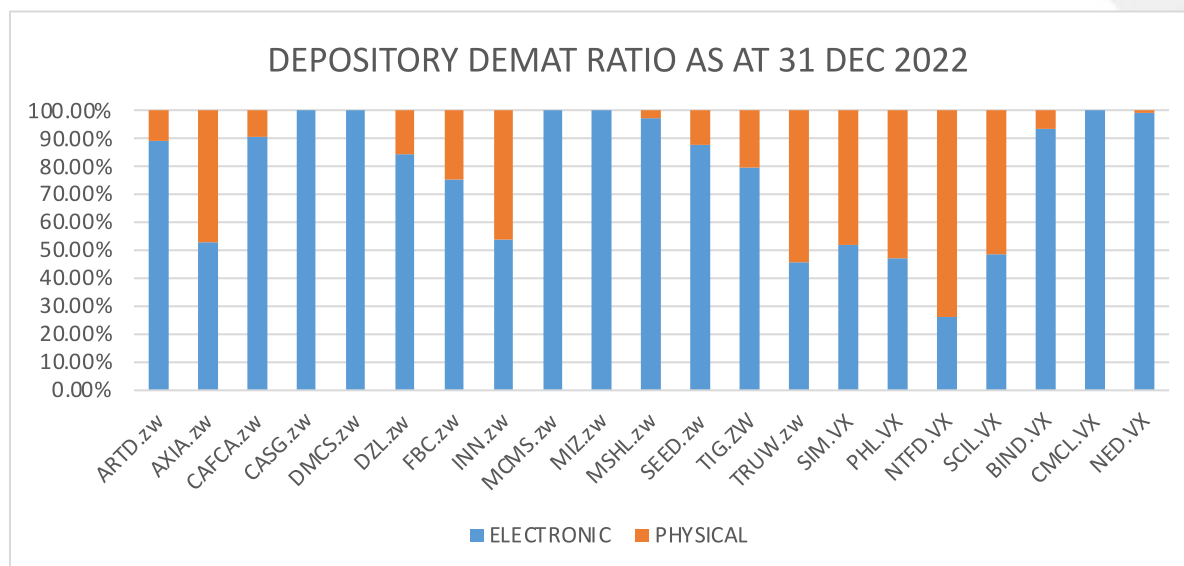


## DEPOSITORY

The Depository is responsible for the operation of the Central Securities Depository, (CSD). The Depository recommends entities to be admitted as depository participants on Zimbabwe Stock Exchange. The participants are clearing members whose role is to perform the clearing function on behalf of the depository.

### Depository Counters as at 31 Dec 2022

| SHORT NAME     | FULL NAME   | Total number of shares | Shares in electronic form | Demat Ratio   |
|----------------|---|------------------------|---------------------------|---------------|
| CASG.zw        | CASS SADDLE AGRICULTURE EXCHANGE TRADED FUND        | 42,871,206             | 42,871,206                | 100.00%       |
| DMCS.zw        | DATVEST MODIFIED CONSUMER STAPLES ETF               | 226,517,324            | 226,517,324               | 100.00%       |
| MIZ.zw         | MORGAN & CO MADE IN ZIMBABWE EXCHANGE TRADED FUND   | 2,391,673,295          | 2,391,673,295             | 100.00%       |
| MCMS.zw        | MORGAN & CO MULTI-SECTOR ETF TRUST                  | 137,359,941            | 137,359,941               | 100.00%       |
| CMCL.VX        | CALEDONIA MINING CORPORATION PLC                    | 620,730                | 620,730                   | 100.00%       |
| NED.VX         | NEDBANK GROUP LIMITED DEPOSITORY RECEIPTS           | 161,273                | 160,067                   | 99.25%        |
| MSHL.zw        | MASIMBA HOLDINGS LIMITED                            | 241,653,707            | 235,487,856               | 97.45%        |
| BIND.VX        | CALEDONIA MINING CORPORATION PLC                    | 1,272,732,638          | 1,188,130,626             | 93.35%        |
| CAFCA.zw       | CAFCA LIMITED                                       | 8,735,108              | 7,903,554                 | 90.48%        |
| ARTD.zw        | AMALGAMATED REGIONAL TRADING (ART) HOLDINGS LIMITED | 473,576,907            | 423,077,711               | 89.34%        |
| SEED.zw        | SEED CO LIMITED                                     | 249,373,670            | 219,230,811               | 87.91%        |
| DZL.zw         | DAIRIBORD HOLDINGS LIMITED                          | 358,000,858            | 302,510,028               | 84.50%        |
| TIG.ZW         | TIGERE REAL ESTATE INVESTMENT TRUST                 | 719,323,000            | 572,025,510               | 79.52%        |
| FBC.zw         | FBC HOLDINGS LIMITED                                | 671,949,927            | 506,924,823               | 75.44%        |
| INN.zw         | INNSCOR AFRICA LIMITED                              | 569,876,450            | 305,620,318               | 53.63%        |
| AXIA.zw        | AXIA CORPORATION LIMITED                            | 554,920,308            | 294,265,771               | 53.03%        |
| SIM.VX         | SIMBISA BRANDS LIMITED                              | 562,184,788            | 292,659,154               | 52.06%        |
| SCIL.VX        | SEEDCO INTERNATIONAL                                | 249,550,764            | 121,255,376               | 48.59%        |
| PHL.VX         | PADENGA HOLDINGS LTD                                | 541,593,440            | 256,390,061               | 47.34%        |
| TRUW.zw        | TRUWORTHS LIMITED                                   | 384,067,512            | 175,639,737               | 45.73%        |
| NTFD.VX        | NATIONAL FOODS HOLDINGS LIMITED                     | 68,400,108             | 18,051,201                | 26.39%        |
| <b>AVERAGE</b> |   |                        |                           | <b>77.33%</b> |



- The average dematerialization ratio for all the counters on the depository is 77.33% as at 31 December 2022. The depository continues on a dematerialization campaign to increase the dematerialization penetration ratio for both individuals and institutional investors who are still holding their shares in physical form.
- As at 31 December 2022, the depository had a total number of 21 issuers.
- The depository saw itself on-boarding seven additional instruments in 2022.

## Clearing and Settlement

The Depository clearing follows a T+3 settlement cycle. For all trades executed on T+0, the Depository determines the cumulative obligations of each participant between T+0 and T+2 day and electronically transfers the data to respective participants. All trades concluded during a particular trading date are settled on a designated settlement day i.e. T+3 day.

The volume and value of trades that settled on Depository are given in the table that follows.

The volume and value of trades that settled on the Depository in 2022 are as follows.

| ITEM                      | ZSE               | VFEX           |
|---------------------------|-------------------|----------------|
| NUMBER OF TRADES EXECUTED | 31,014            | 1,396          |
| NUMBER OF SETTLED TRADES  | 31,014            | 1,396          |
| NUMBER OF FAILED TRADES   | -                 | -              |
| VOLUME TRADED             | 502,832,423.00    | 142,653,702.00 |
| VALUE TRADED              | ZWL30,044,072,909 | USD12,299,483  |
| VALUE OF EDS LEVY         | ZWL60,088,146     | USD9,840       |

## LISTINGS

### • ZSE

The year 2022 was a very exciting year for both the ZSE and VFEX. On the ZSE, Tanganda Tea Company Limited raised the curtain as it relisted on the exchange after a 14 year hiatus. 2022 was also a very active year for the listing of Exchange Traded Funds (ETF's). The ZSE listed four ETF's in the first half of the year as shown below;

|   |                  |
|---|------------------|
| <b>Morgan &amp; Co Multisector ETF</b>      | <b>3-Jan-22</b>  |
| <b>Datvest Consumer Staple ETF</b>          | <b>3-Mar-22</b>  |
| <b>Morgan &amp; Co Made in Zimbabwe ETF</b> | <b>17-Jun-22</b> |
| <b>Cass Saddle Agriculture ETF</b>          | <b>15-Jul-22</b> |

2022 also marked a milestone for the ZSE with the listing for the first Real Estate Investment Trust (REIT). The Tigere REIT listed on 30 November 2022.

### • VFEX

The latter part of the year was very active, as shown by the listing of the following counters;

|                             |                  |
|-----------------------------|------------------|
| <b>NedBank Limited ZDR</b>  | <b>25-Nov-22</b> |
| <b>Karo Mining Holdings</b> | <b>2-Dec-22</b>  |

## MIGRATION

During 2022, the ZSE witnessed the migration of Simbisa Brands Limited and National Foods Holdings Limited to the VFEX.

|  |                    |
|--|--------------------|
| <b>SIMBISA BRANDS LIMITED</b>          | <b>2 Dec 2022</b>  |
| <b>NATIONAL FOODS HOLDINGS LIMITED</b> | <b>23 Dec 2022</b> |

## SUSPENSIONS

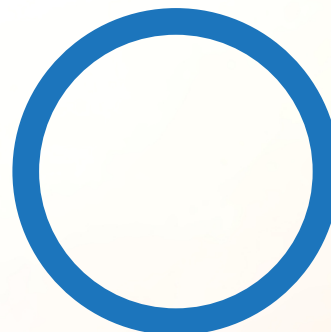
There were no counters suspended in 2022, however the following Issuers remain suspended:

Border Timbers Limited  
Cottco Holdings Limited  
Hwange Colliery Company Limited  
Old Mutual Limited  
PPC Limited



# 2022 Highlights

## ZSE Golf Day





## Investor education sessions



Gateway High School



First Choice College



Global Money Week 2022 at Dominican Convent High School



St Augustine High School



Africa University



Chitungwiza Trade Fair



# 2022 Highlights

## Stockbroker Winter School



*Market participants following proceedings at the ZSE  
Stockbroker Winter School*

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

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


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

The Directors carried out an assessment of the impact of liquidity constraints and foreign currency shortages on the Group's operations and income streams and came to a conclusion that the impact is not material to affect the ability of the Group to continue as a going concern for the twelve months ended 31 December 2022.



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

The Group's financial statements which are set out on pages 55 to 91 were, in accordance with their responsibilities, approved by the Board of Directors on 26 April 2023 and are signed on its behalf by:



.....  
Mrs.C. Sandura  
**Board Chairman**



.....  
Mr.J. Bgoni  
**Chief Executive Officer**

These financial statements were prepared under the supervision of:



.....  
Mr.J. Bgoni  
Registered Public Accountant (PAAB No. 02534)  
**Chief Executive Officer**

## INDEPENDENT AUDITOR'S REPORT

**Grant Thornton**

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### To the members of Zimbabwe Stock Exchange and its Subsidiaries

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

#### Qualified Opinion

We have audited the consolidated financial statements of Zimbabwe Stock Exchange and its subsidiaries set out on pages 51 to 91, which comprise the inflation adjusted statement of financial position as at 31 December 2022, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the 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 financial statements present fairly, in all material respects, the financial position of the Group 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 Effect of Changes in Foreign Exchange Rates' in prior financial years*

An adverse opinion was issued on the consolidated inflation adjusted financial statements for the year ended 31 December 2021. This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances, as required by IAS 21 *'The Effects of Changes in Foreign Exchange Rates'* and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29 *'Financial Reporting in Hyperinflationary Economies'*.



As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year consolidated financial statements in accordance with IAS 8 *'Accounting Policies, Changes in Accounting Estimates and Errors'*, the retained earnings as at 31 December 2022 may contain misstatements. As a result, our opinion on the current year consolidated financial statements is modified because of the possible residual effects of the non-compliance with IAS 21. The effects of this non-compliance were considered material but not pervasive to the consolidated financial statements.

#### *Valuation of unquoted investments*

These consolidated financial statements include an investment of 111 945 shares in Chengetedzai Depository Company (CDC), an unlisted company which is measured at fair value through other comprehensive income. This investment was valued by Directors as at 31 December 2022 at ZWL 114 868 277. The valuation of this unquoted investment was derived by applying certain assumptions which are not consistent with the requirements of IFRS 13 *'Fair Value Measurement'*. The value was based on a USD price that was derived from a transaction for the sale of CDC shares in 2020 and converted to ZWL at the closing interbank rate. The valuation did not consider all relevant market information that market participants would consider in valuing similar investments. The impact of this non-compliance with IFRS 13 has been considered material but not pervasive to the financial statements for the year ended 31 December 2022.

#### *Valuation of property and equipment*

The determination of fair values for assets presented in the consolidated financial statements is affected by the prevailing economic environment. These consolidated financial statements include land and buildings that are carried at revaluation model in accordance with IFRS 13 – Fair value measurement. The valuations of the aforementioned assets were performed by professional valuers as at 31 December 2022. The valuations were determined in USD and then translated to ZWL using the Reserve Bank of Zimbabwe auction rate as at 31 December 2022.

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

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

| Key Audit Matter  | How our audit addressed the Key Audit Matter  |
|---|---|
| <p>Revenue recognition</p> <p>IFRS 15 was applied on revenue recognition.</p> <ul style="list-style-type: none"> <li>There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240–Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Group. This is a significant risk and accordingly a key audit matter.</li> </ul> | <p>Our audit procedures incorporated a combination of tests of the Group’s controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>Reviewed that revenue recognition criteria is appropriate and in line with the requirements of IFRS 15.</li> <li>Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period.</li> <li>Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions.</li> <li>Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review.</li> <li>The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation).</li> <li>Analytical procedures and assessed the reasonableness of explanations provided by management.</li> </ul> <p>We satisfied ourselves that the revenue recognition is appropriate.</p> |



## **Other information**

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' responsibility for financial reporting', 'historical cost information' and 'Group statements', which we obtained prior to the date of this auditor's report, and the other reports which are expected to be made available to us after that date.

The other information does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Directors for the financial statements**

Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and for such internal control as is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

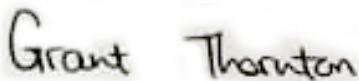
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



## Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* paragraph, the consolidated financial statements have been properly prepared in compliance 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.



Farai Chibisa  
**Partner**

Registered Public Auditor (PAAB No: 0547)

**Grant Thornton**  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors  
**HARARE**

**02 May 2023**

# ZSE Training Portal

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

**The training portal offers various investment resources which include:**

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



44 Ridgeway North  
Highlands, Harare

**Email:** [info@zse.co.zw](mailto:info@zse.co.zw)

**Tel:** +263 (24) 2886830-5

**Facebook:** Zimbabwe Stock Exchange

**Twitter:** @ZSE\_ZW

**LinkedIn:** Zimbabwe Stock Exchange

**Instagram:** Zim Stock Exchange

**Website:** [www.zsetraining.co.zw](http://www.zsetraining.co.zw)



**Consolidated statement of financial position  
as at 31 December 2022**

|   |       | Inflation adjusted |               | Historical cost |             |
|---|-------|--------------------|---------------|-----------------|-------------|
|   | Notes | 2022<br>ZWL        | 2021<br>ZWL   | 2022<br>ZWL     | 2021<br>ZWL |
| Assets  |       |                    |               |                 |             |
| Non-current assets                                    |       |                    |               |                 |             |
| Property and equipment                                | 4     | 1 011 092 655      | 757 604 972   | 811 842 569     | 192 755 797 |
| Intangible assets                                     | 5     | 923 825 372        | 613 500 720   | 307 044 427     | 118 235 118 |
| Unquoted investments                                  | 6     | 114 868 277        | 62 698 471    | 114 868 277     | 18 239 031  |
| Investment in joint venture                           | 8     | -                  | 14 457 729    | -               | 745 077     |
|   |       | 2 049 786 304      | 1 448 261 892 | 1 233 755 273   | 329 975 023 |
| Current assets  |       |                    |               |                 |             |
| Financial assets at fair value through profit or loss | 9     | 38 032 690         | 59 946 070    | 38 032 691      | 17 438 356  |
| Financial assets at amortised cost                    | 10    | -                  | 36 242 563    | -               | 10 542 988  |
| Trade and other receivables                           | 11    | 73 043 263         | 78 052 726    | 73 043 263      | 22 705 595  |
| Cash and cash equivalents                             | 12    | 56 701 983         | 29 816 030    | 56 701 983      | 8 673 505   |
|   |       | 167 777 936        | 204 057 389   | 167 777 937     | 59 360 444  |
| Total assets  |       | 2 217 564 240      | 1 652 319 281 | 1 401 533 210   | 389 335 467 |
| Equity and liabilities                                |       |                    |               |                 |             |
| Capital and reserves                                  |       |                    |               |                 |             |
| Share capital   | 13    | 153 925            | 153 925       | 1 000           | 1 000       |
| Share premium   | 13    | 10 888 384         | 10 888 384    | 70 739          | 70 739      |
| Non-distributable reserve                             | 14.1  | 12 008 732         | 12 008 732    | 77 981          | 77 981      |
| Revaluation reserve                                   | 14.2  | 865 965 923        | 643 744 166   | 747 722 181     | 208 597 062 |
| Mark to market reserve                                | 14.3  | 101 069 622        | 48 899 815    | 114 462 988     | 17 833 742  |
| Retained earnings                                     |       | 825 913 674        | 479 227 767   | 169 251 595     | 18 895 451  |
| Total equity  |       | 1 816 000 260      | 1 194 922 789 | 1 031 586 484   | 245 475 975 |
| Non-current liabilities                               |       |                    |               |                 |             |
| Deferred tax liability                                | 7     | 133 884 285        | 112 738 731   | 102 267 032     | 23 598 297  |
| Current liabilities                                   |       |                    |               |                 |             |
| Trade and other payables                              | 16    | 180 030 161        | 221 432 341   | 180 030 161     | 64 414 830  |
| Bank overdraft  | 12    | 5 040              | -             | 5 040           | -           |
| Short term borrowings                                 | 15    | 57 898 766         | 97 971 565    | 57 898 766      | 48 500 000  |
| Income tax payable                                    | 21    | 29 745 728         | 25 253 855    | 29 745 727      | 7 346 365   |
|   |       | 267 679 695        | 344 657 761   | 267 679 694     | 120 261 195 |
| Total liabilities                                     |       | 401 563 980        | 457 396 492   | 369 946 726     | 143 859 492 |
| Total equity and liabilities                          |       | 2 217 564 240      | 1 652 319 281 | 1 401 533 210   | 389 335 467 |



Mrs. C. Sandura  
Chairman



Mr. J. Bgoni  
Chief Executive Officer

**Consolidated statement of profit or loss and other comprehensive income  
for the year ended 31 December 2022**

|  | Notes | Inflation adjusted   |                      | Historical cost      |                    |
|--|-------|----------------------|----------------------|----------------------|--------------------|
|  |       | 2022<br>ZWL          | 2021<br>ZWL          | 2022<br>ZWL          | 2021<br>ZWL        |
| Revenue  | 17    | 1 804 033 191        | 1 230 680 411        | 1 095 983 108        | 271 720 054        |
| Fair value gain on financial instruments                                   | 9     | -                    | 173 795 736          | 21 616 033           | 38 594 768         |
| Interest from advances   | 10    | 8 494 758            | 10 408 272           | 2 114 627            | 2 962 397          |
| Other income   | 18    | 205 746 702          | 4 896 533            | 184 338 421          | 1 179 450          |
| <b>Total income</b>  |       | <b>2 018 274 651</b> | <b>1 419 780 952</b> | <b>1 304 052 189</b> | <b>314 456 669</b> |
| <b>Operating expenses</b>  |       |                      |                      |                      |                    |
| Staff costs  | 19.1  | 1 000 833 167        | 653 216 221          | 545 507 154          | 152 980 630        |
| Other operating costs  | 19.2  | 786 787 883          | 512 050 636          | 518 888 099          | 120 544 388        |
| Depreciation and amortisation  | 19.3  | 28 601 264           | 55 894 975           | 15 830 259           | 12 767 171         |
| Fair value loss on financial instruments                                   | 9     | 345 042 258          | -                    | -                    | -                  |
| <b>Total expenses</b>  |       | <b>2 161 264 572</b> | <b>1 221 161 832</b> | <b>1 080 225 512</b> | <b>286 292 189</b> |
| <b>Operating (loss) / profit</b>   |       | <b>(142 989 921)</b> | <b>198 619 120</b>   | <b>223 826 677</b>   | <b>28 164 480</b>  |
| Finance income   | 20.1  | 41 016 354           | 631 841              | 40 825 250           | 145 849            |
| Finance costs  | 20.2  | (82 160 348)         | (38 338 714)         | (70 709 232)         | (5 412 489)        |
| Share of results of joint venture  | 8     | -                    | (4 442 251)          | -                    | (980 347)          |
| Impairment of joint venture  | 8     | (14 457 729)         | -                    | (745 077)            | -                  |
| Monetary gain  |       | 666 264 473          | 6 466 528            | -                    | -                  |
| <b>Profit before tax</b>   |       | <b>467 672 829</b>   | <b>162 936 524</b>   | <b>193 197 618</b>   | <b>21 917 493</b>  |
| Income tax expense   | 21    | (114 708 551)        | (61 951 892)         | (37 993 148)         | (10 506 136)       |
| <b>Profit for the year</b>   |       | <b>352 964 278</b>   | <b>100 984 632</b>   | <b>155 204 470</b>   | <b>11 411 357</b>  |
| <b>Other comprehensive income:</b>   |       |                      |                      |                      |                    |
| <b>Items that will not be reclassified subsequently to profit or loss:</b> |       |                      |                      |                      |                    |
| Gain on property revaluation, net of tax                                   |       | 222 221 757          | 157 231 063          | 539 125 119          | 75 665 585         |
| Fair value adjustments on unquoted investment                              | 6     | 52 169 807           | 1 515 379            | 96 629 246           | 7 166 169          |
| <b>Total comprehensive income for the year</b>                             |       | <b>627 355 842</b>   | <b>259 731 074</b>   | <b>790 958 835</b>   | <b>94 243 111</b>  |
| <b>Earnings per share</b>  |       |                      |                      |                      |                    |
| Number of shares in issue  |       | 102 704              | 102 704              | 102 704              | 102 704            |
| Basic and diluted (ZWL cents per share)                                    |       | 343,671              | 98,326               | 151,118              | 11,111             |



**Consolidated statement of changes in equity  
for the year ended 31 December 2022**

|   | Inflation adjusted   |                      |                               |   |                                  |                             |               |
|---|----------------------|----------------------|-------------------------------|---|----------------------------------|-----------------------------|---------------|
|   | Share capital<br>ZWL | Share premium<br>ZWL | Revaluation<br>reserve<br>ZWL | Non-<br>distributable<br>reserve<br>ZWL | Mark to market<br>reserve<br>ZWL | Retained<br>earnings<br>ZWL | Total<br>ZWL  |
| <b>Balance at 1 January 2021</b>        | 153 925              | 10 888 384           | 486 513 103                   | 12 008 732                              | 47 384 436                       | 378 243 135                 | 935 191 715   |
| Total comprehensive income for the year | -                    | -                    | 157 231 063                   | -                                       | 1 515 379                        | 100 984 632                 | 259 731 074   |
| <b>Balance at 31 December 2021</b>      | 153 925              | 10 888 384           | 643 744 166                   | 12 008 732                              | 48 899 815                       | 479 227 767                 | 1 194 922 789 |
| Dividend paid                           | -                    | -                    | -                             | -                                       | -                                | (6 278 371)                 | (6 278 371)   |
| Total comprehensive income for the year | -                    | -                    | 222 221 757                   | -                                       | 52 169 807                       | 352 964 278                 | 627 355 842   |
| <b>Balance at 31 December 2022</b>      | 153 925              | 10 888 384           | 865 965 923                   | 12 008 732                              | 101 069 622                      | 825 913 674                 | 1 816 000 260 |
|   | Historical cost      |                      |                               |   |                                  |                             |               |
|   | Share capital<br>ZWL | Share premium<br>ZWL | Revaluation<br>reserve<br>ZWL | Non-<br>distributable<br>reserve<br>ZWL | Mark to money<br>reserve<br>ZWL  | Retained<br>earnings<br>ZWL | Total<br>ZWL  |
| <b>Balance at 1 January 2021</b>        | 1 000                | 70 739               | 132 931 477                   | 77 981                                  | 10 667 573                       | 7 484 094                   | 151 232 864   |
| Total comprehensive income for the year | -                    | -                    | 75 665 585                    | -                                       | 7 166 169                        | 11 411 357                  | 94 243 111    |
| <b>Balance at 31 December 2021</b>      | 1 000                | 70 739               | 208 597 062                   | 77 981                                  | 17 833 742                       | 18 895 451                  | 245 475 975   |
| Dividend declared                       | -                    | -                    | -                             | -                                       | -                                | (4 848 326)                 | (4 848 326)   |
| Total comprehensive income for the year | -                    | -                    | 539 125 119                   | -                                       | 96 629 246                       | 155 204 470                 | 790 958 835   |
| <b>Balance at 31 December 2022</b>      | 1 000                | 70 739               | 747 722 181                   | 77 981                                  | 114 462 988                      | 169 251 595                 | 1 031 586 484 |

**Consolidated statement of cash flows  
for the year ended 31 December 2022**

| for the year ended 31 December 2022                         |       | Inflation adjusted |               | Historical cost |              |
|---|-------|--------------------|---------------|-----------------|--------------|
|   | Notes | 2022<br>ZWL        | 2021<br>ZWL   | 2022<br>ZWL     | 2021<br>ZWL  |
| Cash flows from operating activities                        |       |                    |               |                 |              |
| Profit before tax   |       | 467 672 829        | 162 936 524   | 193 197 618     | 21 917 493   |
| Adjustments for:  |       |                    |               |                 |              |
| Depreciation and amortisation                               | 19.2  | 28 601 264         | 55 894 975    | 15 830 259      | 12 767 171   |
| Loss/(profit) on disposal of property, plant and equipment  | 18    | -                  | 293 784       | -               | 80 808       |
| Finance income  | 20.1  | (41 016 354)       | (631 841)     | (40 825 250)    | (145 849)    |
| Finance costs   | 20.2  | 82 160 348         | 38 338 714    | 70 709 232      | 5 412 489    |
| Impairment of joint venture                                 |       | (14 457 729)       | -             | 745 077         | -            |
| Share of loss from associate                                |       | -                  | 4 442 251     | -               | 980 347      |
| Monetary gain   |       | (666 264 473)      | (6 466 528)   | -               | -            |
| Fair value loss or (gain) on financial instruments          | 9     | 345 042 258        | (173 795 736) | (21 616 033)    | (38 594 768) |
| Increase in provision for expected credit losses            |       | 326 904            | 783 418       | 882 425         | 227 897      |
| Net cash inflows from operations                            |       | 202 065 047        | 81 795 561    | 218 923 328     | 2 645 588    |
| Income taxes paid   | 21    | (10 617 028)       | (3 998 907)   | (10 617 028)    | (1 163 285)  |
| Changes in working capital                                  |       |                    |               |                 |              |
| Decrease or (Increase) in trade and other receivables       |       | 5 009 463          | (58 091 322)  | (54 624 020)    | (22 775 272) |
| Increase in trade and other payables                        |       | 41 402 180         | 137 619 355   | 115 615 331     | 49 246 430   |
| Net cash flows generated from operating activities          |       | 237 859 662        | 157 324 687   | 269 297 611     | 27 953 461   |
| Cash flows from investing activities                        |       |                    |               |                 |              |
| Additions to property and equipment                         | 4     | (27 275 925)       | (65 546 160)  | (12 772 579)    | (15 596 096) |
| Investment in joint ventures                                | 8     | -                  | (4 435 228)   | -               | (908 064)    |
| Purchase of intangible assets                               | 5     | (300 847 119)      | (184 791 721) | (198 136 663)   | (49 793 295) |
| Proceeds from disposal of financial instruments             | 9     | 374 766 599        | 621 941 480   | 251 021 698     | 101 900 000  |
| Proceeds from disposal of amortised investments             | 10    | -                  | -             | 19 602 355      | 22 226 162   |
| Dividend received   | 18    | 2 643 062          | 2 254 412     | 1 289 298       | 492 469      |
| Purchase of financial instruments - FVTPL                   | 9     | (697 895 477)      | (386 958 063) | (250 000 000)   | (75 000 000) |
| Purchase of amortised cost financial instruments            | 10    | (17 598 222)       | (115 231 852) | (6 944 740)     | (29 806 753) |
| Interest income received                                    |       | 41 016 354         | 631 841       | 40 825 250      | 145 849      |
| Net cash flows utilised in investing activities             |       | (625 190 728)      | (132 135 291) | (155 115 381)   | (46 339 728) |
| Cash flows from financing activities                        |       |                    |               |                 |              |
| Short-term borrowings                                       | 15    | 65 264 903         | 68 751 975    | 20 000 000      | 20 000 000   |
| Dividends paid  |       | (6 278 371)        | -             | (4 848 326)     | -            |
| Loans repayment   | 15    | (10 601 234)       | -             | (10 601 234)    | -            |
| Finance costs paid  | 20.2  | (82 160 348)       | (38 338 714)  | (70 709 232)    | (5 412 489)  |
| Net cash flows utilised in financing activities             |       | (33 775 050)       | 30 413 261    | (66 158 792)    | 14 587 511   |
| Net increase/(decrease) in cash and cash equivalents        |       | (421 106 116)      | 55 602 657    | 48 023 438      | (3 799 245)  |
| Cash and cash equivalents at beginning of the year          |       | 29 816 030         | 68 918 173    | 8 673 505       | 12 472 750   |
| Effects of inflation for opening balances of monetary items |       | 447 987 029        | (94 704 800)  | -               | -            |
| Cash and cash equivalents at end of year                    | 12    | 56 696 943         | 29 816 030    | 56 696 943      | 8 673 505    |



## Group statement of accounting policies for the year ended 31 December 2022

### 1 General information

#### 11 Nature of business and incorporation

The Zimbabwe Stock Exchange Limited (the "Group") was incorporated on 31 December 2014 (No. 10653/2014) and domiciled in Zimbabwe and is registered under the Companies and Other Business Entities Act (Chapter 24:31). It owns 100% Victoria Falls Stock Exchange Limited subsidiary which was incorporated on 30 July 2020. The principal nature of business of the Group is to operate a Stock Exchange. The address of its registered office is 44 Ridgeway North, Highlands, Harare. The Companies and Other Business Entities Act (Chapter 24:31) provides the governance framework, capital structure and financial reporting requirements and obligations.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

##### Statement of compliance

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

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

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

| Year ended       | Conversion factors | CPI Indices |
|------------------|--------------------|-------------|
| 31 December 2022 | 1                  | 13,672.91   |
| 31 December 2021 | 3.438              | 3,977.46    |

#### 2.2 Functional and presentation currency

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

## Group statement of accounting policies for the year ended 31 December 2022

### 2 Significant accounting policies

#### 2.3 New standards, interpretations and amendments not yet effective

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

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

##### 2.3.1 IFRS 17— Insurance contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The directors of the entity do not anticipate that the application of the Standard in the future will have an impact on the financial statements.

#### Amended standards and interpretations

Several amendments and interpretations apply in 2022, but do not have an impact on the financial statements of the company. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

##### 2.3.3 Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments include a definition of 'accounting estimates' as well as other amendments to IAS 8 that will help entities distinguish changes in accounting policies from changes in accounting estimates. This distinction between these two types of changes is important as changes in accounting policies are normally applied retrospectively to past transactions and events, whereas changes in accounting estimates are applied prospectively to future transactions and events.



## Group statement of accounting policies for the year ended 31 December 2022 (continued)

### 2 Significant accounting policies (continued)

#### Amended standards and interpretations (continued)

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

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

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

##### 2.3.5 Amendments to IAS 12 Income Taxes

The amendments require an entity to recognise deferred tax on certain transactions (eg leases and decommissioning liabilities) that give rise to equal amounts of taxable and deductible temporary differences on initial recognition. The amendments clarify that the initial recognition exemption set out in IAS 12 'Income Taxes' does not apply and entities are required to recognise deferred tax on these transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

##### 2.3.6 Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

## Group statement of accounting policies for the year ended 31 December 2022 (continued)

### 2 Significant accounting policies (continued)

#### Amended standards and interpretations (continued)

##### 2.3.7 Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 2023 with earlier application permitted.

Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

### 2.4 Consolidation

#### (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the Group obtains control. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the: fair values of the assets transferred;



**Group statement of accounting policies  
for the year ended 31 December 2022 (continued)**

**2 Significant accounting policies (continued)**

**2.4 Consolidation (Continued)**

**(a) Subsidiaries (continued)**

- >liabilities incurred to the former owners of the acquired business;
- >equity interests issued by the company and its subsidiaries;
- >fair value of any asset or liability resulting from a contingent consideration arrangement, and
- >fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**(b) Investment in associates and joint ventures**

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

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

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

**2.5 Property and equipment**

**Recognition and measurement**

All items of property and equipment are shown at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

**Group statement of accounting policies  
for the year ended 31 December 2022 (continued)**

**2.5 Property and equipment (continued)**

**Recognition and measurement (continued)**

Repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Land is carried at cost. No depreciation is provided on land or capital work-in-progress. Depreciation commences when the asset is available for use. Depreciation on Buildings and Automated Trading System (ATS) Hardware (Computer Equipment) is calculated using the straight line basis over the estimated useful lives. Other assets are depreciated using the reducing balance method to allocate the cost over the assets' estimated useful lives. The estimated useful lives are as follows:

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

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

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

**Revaluation policy**

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

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

**2.6 Intangible assets**

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



## **Group statement of accounting policies for the year ended 31 December 2022 (continued)**

### **2 Significant accounting policies (continued)**

#### **2.6 Intangible assets (continued)**

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired.

Intangible assets are amortised over a period of 10 years, but are tested for impairment annually. Gains or losses arising from de-recognition or disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised or disposed.

#### **2.7 Provisions**

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

#### **2.8 Prepayments**

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

#### **2.9 Employee benefits**

Employee benefits are all forms of consideration given by the Group in exchange for services rendered by employees.

##### **2.9.1 Pension obligations**

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

## Group statement of accounting policies for the year ended 31 December 2022 (continued)

### 2 Significant accounting policies (continued)

#### 2.9 Employee benefits (continued)

##### 2.9.2 Other short-term benefits (continued)

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

#### 2.10 Income tax

Income tax recognised in profit or loss for the year comprises current and deferred tax.

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

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

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

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

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

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

#### 2.11 Revenue

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



## **Group statement of accounting policies for the year ended 31 December 2022 (continued)**

### **2 Significant accounting policies (continued)**

#### **2.11 Revenue (continued)**

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

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

##### **Annual listing fees.**

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

##### **Interest income.**

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

##### **Market access fees.**

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

##### **Administration fees.**

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

##### **Commission on advances.**

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

##### **Other income**

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

##### **Government Grant**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed.

## Group statement of accounting policies for the year ended 31 December 2022 (continued)

### 2 Significant accounting policies (continued)

#### 2.12 Financial Instruments

##### 2.12.1 Classification and measurement of financial instruments

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

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

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

##### 2.12.2 Financial assets

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

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



**Group statement of accounting policies  
for the year ended 31 December 2022 (continued)**

**2 Significant accounting policies (continued)**

**2.12 Financial Instruments (continued)**

**2.12.3 Financial assets at FVTPL**

**Financial assets are classified into the following specified categories:**

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

**Financial assets at FVTPL are:**

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

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

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

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

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

**Group statement of accounting policies  
for the year ended 31 December 2022 (continued)**

**2 Significant accounting policies (continued)**

**2.12 Financial Instruments (continued)**

**2.12.4 Financial assets at FVOCI**

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

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the solely payments of principal and interest (SPPI) test.

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

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

**2.12.5 Financial assets at amortised cost**

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

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

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



**Group statement of accounting policies  
for the year ended 31 December 2022 (continued)**

**2 Significant accounting policies (continued)**

**2.12 Financial instruments (continued)**

**2.12.7 Reclassifications**

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

**2.12.8 Financial liabilities at FVTPL**

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

**2.12.9 De-recognition of financial liabilities**

It is a derivative that is not designated and effective as a hedging instrument.  
A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:  
Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or  
The financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or  
It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.  
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## Group statement of accounting policies for the year ended 31 December 2022 (continued)

### 2 Significant accounting policies (continued)

#### 2.12 Financial instruments (continued)

##### 2.12.9 De-recognition of financial liabilities (continued)

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

##### 2.12.10 Other financial liabilities

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

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

##### 2.12.11 Share capital

Ordinary shares are classified as equity.

##### 2.12.12 Foreign currency transactions

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

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



## **Group statement of accounting policies for the year ended 31 December 2022 (continued)**

### **2 Significant accounting policies (continued)**

#### **2.12.12 Foreign currency transactions (continued)**

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

#### **2.13 IFRS 13 Fair Value Measurement**

Fair value is the 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the market date'. Fair value is a market-based measurement, not an entity-specific measurement. IFRS 13 states that valuation techniques must be those which are appropriate and for which sufficient data are available. The Company maximises the use of relevant observable inputs and minimises the use of observable inputs.

### **3 Significant judgments and estimates**

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

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

#### **3.2 Provision for impairment of receivables**

Provision for impairment of receivables is a specific provision made for trade and other receivables which is reviewed on a monthly basis.

In determining the recoverability of a trade receivables the Group assesses whether there has been a significant evidence of financial difficulty or increase in credit risk from the debtor or issuer from the date the credit was granted up to the end of the reporting period.

**Group statement of accounting policies  
for the year ended 31 December 2022 (continued)**

**3 Significant judgements and estimates (continued)**

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

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

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

**3.4 Going concern assessment**

The Group assesses the appropriateness of the going concern assumption at each of statement of financial position date. This involves making judgements about viability of proposed strategies to turn around the Group, as well as estimation of future cashflows. The process is therefore subjective.



**Notes to the consolidated financial statements  
for the year ended 31 December 2022**

**Inflation Adjusted**

**4 Property and equipment**

|  | Land and<br>buildings<br>ZWL | Solar Plant<br>ZWL | Equipment<br>(including<br>furniture and<br>fittings)<br>ZWL | Vehicles<br>ZWL   | Total<br>ZWL         |
|--|------------------------------|--------------------|--|-------------------|----------------------|
| <b>Net carrying amount at 1<br/>January 2020</b>   | <b>392 409 115</b>           | <b>14 676 557</b>  | <b>115 916 133</b>   | <b>27 922 222</b> | <b>160 264 203</b>   |
| Gross carrying amount -<br>cost/valuation          | 445 783 061                  | 15 073 200         | 143 086 691  | 55 437 258        | 218 309 650          |
| Accumulated depreciation                           | (53 373 946)                 | (396 643)          | (27 170 558)   | (27 515 036)      | (58 045 447)         |
| Additions  | -                            | 5 167 870          | 60 378 290   | -                 | 65 546 160           |
| Revaluation  | 146 798 933                  | 10 432 130         | -  | -                 | 157 231 063          |
| Disposals  | -                            | -                  | (293 784)  | -                 | (293 784)            |
| Depreciation charge for the year                   | (1 105 281)                  | (993 797)          | (13 042 854)   | (660 562)         | (15 802 494)         |
| <b>Net carrying amount at 31<br/>December 2021</b> | <b>538 102 767</b>           | <b>29 282 760</b>  | <b>162 957 785</b>   | <b>27 261 660</b> | <b>757 604 972</b>   |
| Gross carrying amount -<br>cost/valuation          | 592 581 994                  | 30 673 200         | 203 464 981  | 55 437 258        | 882 157 433          |
| Accumulated depreciation                           | (54 479 227)                 | (1 390 440)        | (40 507 196)   | (28 175 598)      | (124 552 461)        |
| Additions  | -                            | -                  | 27 275 925   | -                 | 27 275 925           |
| Revaluation  | 141 571 792                  | 96 818 763         | -  | -                 | 238 390 555          |
| Disposals  | -                            | -                  | -  | -                 | -                    |
| Depreciation charge for the year                   | (27 207)                     | (1 228 821)        | (10 714 223)   | (208 546)         | (12 178 797)         |
| <b>Net carrying amount at 31<br/>December 2022</b> | <b>679 647 352</b>           | <b>124 872 702</b> | <b>179 519 487</b>   | <b>27 053 114</b> | <b>1 011 092 655</b> |
| Gross carrying amount -<br>cost/valuation          | 734 153 786                  | 127 491 963        | 230 740 906  | 55 437 258        | 1 147 823 913        |
| Accumulated depreciation                           | (54 506 434)                 | (2 619 261)        | (51 221 419)   | (28 384 144)      | (136 731 258)        |

Land and buildings and the solar plant were revalued as at 31 December 2022 by an independent valuer (Amazon Real Estate Agents (Private) Limited) using the market values to determine the fair value. The market value estimated amounts for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction. The valuation values were done in USD and translated into ZWL using the interbank rate as at date of valuation.

**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

**Historical Cost**

| <b>Property and equipment<br/>4 (continued)</b>    | <b>Land and<br/>buildings<br/>ZWL</b> | <b>Solar Plant<br/>ZWL</b> | <b>Equipment<br/>(including<br/>furniture and<br/>fittings)<br/>ZWL</b> | <b>Vehicles<br/>ZWL</b> | <b>Total<br/>ZWL</b> |
|--|---------------------------------------|----------------------------|---|-------------------------|----------------------|
| <b>Net carrying amount at 1<br/>January 2021</b>   | <b>68 985 010</b>                     | <b>14 676 557</b>          | <b>6 011 250</b>  | <b>588 720</b>          | <b>90 261 537</b>    |
| Gross carrying amount -<br>cost/valuation          | 69 382 148                            | 15 073 200                 | 6 423 856   | 880 741                 | 91 759 945           |
| Accumulated depreciation                           | (397 138)                             | (396 643)                  | (412 606)   | (292 021)               | (1 498 408)          |
| Additions  | -                                     | 5 167 870                  | 10 428 226  | -                       | 15 596 096           |
| Revaluation  | 80 265 822                            | 10 432 130                 | -   | -                       | 90 697 952           |
| Disposals  | -                                     | -                          | (80 808)  | -                       | (80 808)             |
| Depreciation charge for the year                   | (249 167)                             | (993 797)                  | (2 328 836)   | (147 180)               | (3 718 980)          |
| <b>Net carrying amount at 31<br/>December 2021</b> | <b>149 001 665</b>                    | <b>29 282 760</b>          | <b>14 029 832</b>   | <b>441 540</b>          | <b>192 755 797</b>   |
| Gross carrying amount -<br>cost/valuation          | 149 647 970                           | 30 673 200                 | 16 771 274  | 880 741                 | 197 973 185          |
| Accumulated depreciation                           | (646 305)                             | (1 390 440)                | (2 741 442)   | (439 201)               | (5 217 388)          |
| Additions  | -                                     | -                          | 12 772 579  | -                       | 12 772 579           |
| Revaluation  | 515 998 335                           | 96 818 763                 | -   | -                       | 612 817 098          |
| Disposals  | -                                     | -                          | -   | -                       | -                    |
| Depreciation charge for the year                   | (14 990)                              | (1 228 821)                | (5 148 733)   | (110 361)               | (6 502 905)          |
| <b>Net carrying amount at 31<br/>December 2022</b> | <b>664 985 010</b>                    | <b>124 872 702</b>         | <b>21 653 678</b>   | <b>331 179</b>          | <b>811 842 569</b>   |
| Gross carrying amount -<br>cost/valuation          | 665 646 305                           | 127 491 963                | 29 543 853  | 880 741                 | 823 562 862          |
| Accumulated depreciation                           | (661 295)                             | (2 619 261)                | (7 890 175)   | (549 562)               | (11 720 293)         |

Land and buildings and the solar plant were revalued as at 31 December 2022 by an independent valuer (AmazonReal Estate Agents (Private) Limited) using the market values to determine the fair value. The market value estimated amounts for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction. The valuation values were done in USD and translated in ZWL using the interbank rate as at date of valuation.



**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

**5 Intangible assets**

|  | Inflation adjusted  |                     | Historical cost    |                    |
|--|---------------------|---------------------|--------------------|--------------------|
|  | 2022<br>ZWL         | 2021<br>ZWL         | 2022<br>ZWL        | 2021<br>ZWL        |
| <b>Net carrying amount at 1 January 2021</b>   | <b>613 500 720</b>  | <b>468 801 480</b>  | <b>118 235 118</b> | <b>77 490 014</b>  |
| Gross carrying amount - Cost                   | 803 682 325         | 618 890 604         | 129 902 214        | 80 108 919         |
| Accumulated amortisation                       | (190 181 605)       | (150 089 124)       | (11 667 096)       | (2618 905)         |
| <b>Additions</b>                               | <b>300 847 119</b>  | <b>184 791 721</b>  | <b>198 136 663</b> | <b>49 793 295</b>  |
| <b>Revaluation</b>                             | <b>25 900 000</b>   | <b>-</b>            | <b>-</b>           | <b>-</b>           |
| <b>Amortisation charge for the year</b>        | <b>(16 422 467)</b> | <b>(40 092 481)</b> | <b>(9 327 354)</b> | <b>(9 048 191)</b> |
| <b>Net carrying amount at 31 December 2022</b> | <b>923 825 372</b>  | <b>613 500 720</b>  | <b>307 044 427</b> | <b>118 235 118</b> |
| Gross carrying amount - Cost                   | 1 130 429 444       | 803 682 325         | 328 038 877        | 129 902 214        |
| Accumulated amortisation                       | (206 604 072)       | (190 181 605)       | (20 994 450)       | (11 667 096)       |

Included in intangible assets are internally developed online trading platform systems, ZSE and VFEX Direct with infinite useful life, which provides retail investors with a smart way to manage their investments.

**6 Unquoted investments**

|   |                    |                   |                    |                   |
|---|--------------------|-------------------|--------------------|-------------------|
| Balance at the beginning of the year                      | 62 698 471         | 61 183 091        | 18 239 031         | 11 072 862        |
| Fair value adjustments through other comprehensive income | 52 169 807         | 1 515 379         | 96 629 246         | 7 166 169         |
| <b>Balance at the end of the year</b>                     | <b>114 868 277</b> | <b>62 698 471</b> | <b>114 868 277</b> | <b>18 239 031</b> |

The Group holds 111 945 shares (13.24% interest) in Chengetedzai Depository Company (CDC) an unlisted company. The fair value of the investment has been estimated at ZWL 114 868 277 as at 31 December 2022.

**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

**7 Deferred tax**

**Analysis of deferred tax:**

|                             |                    |                    |                    |                   |
|-----------------------------|--------------------|--------------------|--------------------|-------------------|
| Property and equipment      | 129 381 313        | 98 898 551         | 97 764 060         | 19 572 179        |
| Leave pay provision         | 3 662 800          | 13 646 935         | 3 662 800          | 3 969 903         |
| Allowance for credit losses | 840 172            | 193 245            | 840 172            | 56 215            |
|                             | <u>133 884 285</u> | <u>112 738 731</u> | <u>102 267 032</u> | <u>23 598 297</u> |

**Deferred tax reconciliation**

|   |                    |                    |                    |                   |
|---|--------------------|--------------------|--------------------|-------------------|
| Balance at beginning of the year          | 112 738 731        | 33 852 871         | 23 598 297         | 5 546 041         |
| Recognised in statement of profit or loss | 4 976 756          | 36 217 179         | 4 976 756          | 3 019 889         |
| Recognised in other comprehensive income  | 16 168 798         | 42 668 681         | 73 691 979         | 15 032 367        |
| Balance at the end of the year            | <u>133 884 285</u> | <u>112 738 731</u> | <u>102 267 032</u> | <u>23 598 297</u> |

**8 Investment in Joint Venture**

**Investment in Zimbabwe Receivables  
Marketplace (Private) Limited**

|                                      |              |                   |           |                |
|--------------------------------------|--------------|-------------------|-----------|----------------|
| Balance at the beginning of the year | 14 457 729   | 14 464 752        | 745 077   | 817 360        |
| Share of losses                      | -            | (4 442 251)       | -         | (980 347)      |
| Impairment of investment             | (14 457 729) | -                 | (745 077) | -              |
| Additional investment                | -            | 4 435 228         | -         | 908 064        |
| Balance at the end of the year       | <u>-</u>     | <u>14 457 729</u> | <u>-</u>  | <u>745 077</u> |

During the year, management decided to discontinue investment in the joint venture. The business model has become unsustainable in the obtaining environment. The whole investment was impaired with no recoverable amount.



**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

|  | Inflation adjusted |                   | Historical cost   |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | 2022<br>ZWL        | 2021<br>ZWL       | 2022<br>ZWL       | 2021<br>ZWL       |
| <b>9 Financial assets at fair value through profit or loss</b> |                    |                   |                   |                   |
| Opening balance  | 59 946 070         | 31 736 190        | 17 438 356        | 5 743 588         |
| Purchase of financial instruments                              | 697 895 477        | 386 958 063       | 250 000 000       | 75 000 000        |
| Withdrawal or disinvestment                                    | (374 766 599)      | (532 543 919)     | (251 021 698)     | (101 900 000)     |
| Fair value adjustments through profit or loss                  | (345 042 258)      | 173 795 736       | 21 616 033        | 38 594 768        |
| <b>Closing balance</b>   | <b>38 032 690</b>  | <b>59 946 070</b> | <b>38 032 691</b> | <b>17 438 356</b> |

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

**10 Financial assets at amortized cost**

|   |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| Opening balance                         | 36 242 563   | -            | 10 542 988   | -            |
| Capital advanced                        | 17 598 222   | 115 231 852  | 6 944 740    | 29 806 753   |
| Withdrawal or disinvestment             | (62 335 543) | (89 397 561) | (19 602 355) | (22 226 162) |
| Interest accrual through profit or loss | 8 494 758    | 10 408 272   | 2 114 627    | 2 962 397    |
|   | -            | 36 242 563   | -            | 10 542 988   |

Financial assets at amortised cost represent advances to Zimbabwe Receivables Market Place Limited. The advances bear interest at a rate that is determined by market. Due to changes in the economic environment and sub-economic interest rates, the company stopped making capital advances in ZRM.

**11 Trade and other receivables**

|                                       |                   |                   |                   |                   |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Trade receivables                     | 37 278 143        | 39 032 545        | 37 278 143        | 11 354 596        |
| Allowance for credit losses           | (1 110 322)       | (783 418)         | (1 110 322)       | (227 897)         |
| Net trade receivables                 | 36 167 821        | 38 249 127        | 36 167 821        | 11 126 699        |
| Staff loans                           | 15 071 866        | -                 | 15 071 866        | -                 |
| Prepaid expenses                      | 21 803 576        | 39 803 599        | 21 803 576        | 11 578 896        |
| <b>Balance at the end of the year</b> | <b>73 043 263</b> | <b>78 052 726</b> | <b>73 043 263</b> | <b>22 705 595</b> |

**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

|   | Inflation adjusted |             | Historical cost |             |
|---|--------------------|-------------|-----------------|-------------|
|   | 2022<br>ZWL        | 2021<br>ZWL | 2022<br>ZWL     | 2021<br>ZWL |
| <b>11 Trade and other receivables (continued)</b>   |                    |             |                 |             |
| Trade and other receivables are non-interest bearing and are generally settled between 30 days and 60 days. |                    |             |                 |             |
| <b>Allowance for expected credit losses</b>   |                    |             |                 |             |
| Opening balance   | 783 418            | -           | 227 897         | -           |
| Movement for the year   | 326 904            | 783 418     | 882 425         | 227 897     |
| Closing balance   | 1 110 322          | 783 418     | 1 110 322       | 227 897     |

The Company uses the simplified approach for calculation of expected credit losses which is more suitable for trade receivables and contract assets under IFRS 15 without significant financing component. The expected credit losses are calculated using the provision matrix, which calculates the expected credit losses by applying the default rate percentage to a certain group of assets.

**12 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents includes the following:

|                |            |            |            |           |
|----------------|------------|------------|------------|-----------|
| Cash at bank   | 56 701 983 | 29 816 030 | 56 701 983 | 8 673 505 |
| Bank overdraft | (5 040)    | -          | (5 040)    | -         |
|                | 56 696 943 | 29 816 030 | 56 696 943 | 8 673 505 |

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



**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

**13 Share capital and premium**

**Authorised share capital**

6 000 000 ordinary shares of \$0.01 each

**Issued share capital**

102 704 ordinary shares of \$0.01 each

Share premium

Balance at the end of the year

|  | Inflation adjusted |             | Historical cost |             |
|--|--------------------|-------------|-----------------|-------------|
|  | 2022<br>ZWL        | 2021<br>ZWL | 2022<br>ZWL     | 2021<br>ZWL |
| Authorised share capital                 |                    |             |                 |             |
| 6 000 000 ordinary shares of \$0.01 each | 1 671 415          | 1 671 415   | 60 000          | 60 000      |
| Issued share capital                     |                    |             |                 |             |
| 102 704 ordinary shares of \$0.01 each   | 44 777             | 153 925     | 1 000           | 1 000       |
| Share premium                            | 3 167 439          | 10 888 384  | 70 739          | 70 739      |
| Balance at the end of the year           | 3 212 216          | 11 042 309  | 71 739          | 71 739      |

The total number of authorised ordinary shares is 6 million (2021: 6 million) with a par value of ZWL 0.01 per share. The issued shares are 102 704 (2021: 102 704) which are all fully paid up. Immediately on demutualisation, the ZSE proprietary rights were converted to ZSE shares. The unissued shares are under the control of Directors subject to the limitations imposed by the Companies and Other Business Entities Act [Chapter 24:31] and the Articles and Memorandum of Association of the Company.

**14 Reserves**

**14.1 Non-distributable reserves**

|                            |            |            |        |        |
|----------------------------|------------|------------|--------|--------|
| Non-distributable reserves | 12 008 732 | 12 008 732 | 77 981 | 77 981 |
|----------------------------|------------|------------|--------|--------|

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

**14.2 Revaluation reserve**

|                          |             |             |             |             |
|--------------------------|-------------|-------------|-------------|-------------|
| Opening balance          | 643 744 166 | 486 513 103 | 208 597 062 | 132 931 477 |
| Movement during the year | 222 221 757 | 157 231 063 | 539 125 119 | 75 665 585  |
| Closing balance          | 865 965 923 | 643 744 166 | 747 722 181 | 208 597 062 |

**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

|                                    | Inflation adjusted |            | Historical cost |            |
|------------------------------------|--------------------|------------|-----------------|------------|
|                                    | 2022               | 2021       | 2022            | 2021       |
|                                    | ZWL                | ZWL        | ZWL             | ZWL        |
| <b>14.3 Mark to market reserve</b> |                    |            |                 |            |
| Opening balance                    | 48 899 815         | 47 384 436 | 17 833 742      | 10 667 573 |
| Movement during the year           | 52 169 807         | 1 515 379  | 96 629 246      | 7 166 169  |
| Closing balance                    | 101 069 622        | 48 899 815 | 114 462 988     | 17 833 742 |

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

**15 Short-term borrowings**

|                                   | Balance      | Balance    | Balance      | Balance    |
|-----------------------------------|--------------|------------|--------------|------------|
|                                   | 2022         | 2021       | 2022         | 2021       |
|                                   | ZWL          | ZWL        | ZWL          | ZWL        |
| <b>15.1 Short-term borrowings</b> |              |            |              |            |
| Opening balance                   | 97 971 565   | 29 219 590 | 48 500 000   | 28 500 000 |
| Facility drawdown                 | 65 264 903   | 68 751 975 | 20 000 000   | 20 000 000 |
| Loans repayment                   | (10 601 234) | -          | (10 601 234) | -          |
| Effects of inflation              | (94 736 468) | -          | -            | -          |
| Closing balance                   | 57 898 766   | 97 971 565 | 57 898 766   | 48 500 000 |

The loan classified as short term borrowings refers to a facility obtained from the Group's bankers FBC bank. The loan is for one year with interest accumulating at a rate of 60% and 212.5% per annum from July 2022.

**16 Trade and other payables**

|                             |             |             |             |            |
|-----------------------------|-------------|-------------|-------------|------------|
| Trade creditors             | 52 462 759  | 56 486 788  | 52 462 759  | 16 432 048 |
| Payroll liabilities         | 50 640 567  | 99 745 727  | 50 640 567  | 29 016 105 |
| Accruals and other payables | 76 926 835  | 65 199 826  | 76 926 835  | 18 966 677 |
|                             | 180 030 161 | 221 432 341 | 180 030 161 | 64 414 830 |

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



**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

|   | Inflation adjusted   |                      | Historical cost      |                    |
|---|----------------------|----------------------|----------------------|--------------------|
|   | 2022<br>ZWL          | 2021<br>ZWL          | 2022<br>ZWL          | 2021<br>ZWL        |
| <b>17 Revenue</b>                           |                      |                      |                      |                    |
| Trading levies                              | 455 792 602          | 538 054 900          | 283 732 187          | 131 129 158        |
| Depository levies                           | 107 426 440          | 11 206 908           | 62 255 788           | 3 168 595          |
| Annual listing fees                         | 903 511 047          | 496 500 368          | 532 667 601          | 95 321 312         |
| Initial listing fees                        | 34 737 898           | 1 463 231            | 16 627 761           | 425 655            |
| Special trading fees                        | -                    | 49 264 152           | -                    | 12 041 467         |
| Index fees                                  | 418 857              | 683 492              | 304 548              | 198 828            |
| Space advertising                           | 2 135 890            | 1 510 766            | 727 000              | 304 400            |
| Automated trading system market access fees | 35 161 816           | 21 152 844           | 22 902 462           | 4 978 473          |
| Corporate action and document review fees   | 36 384 648           | 25 897 942           | 30 673 209           | 6 274 490          |
| Members subscription fees                   | 29 533 829           | 36 036 662           | 21 229 907           | 5 456 853          |
| Non-member institution subscription fees    | 13 047 781           | 13 007 374           | 7 003 087            | 4 189 550          |
| Data vending                                | 24 613 428           | 22 559 769           | 14 554 178           | 5 064 892          |
| Operation fees                              | 46 187 002           | 5 583 584            | 43 413 781           | 1 291 537          |
| Training services                           | 51 621 714           | 2 441 317            | 12 402 536           | 510 955            |
| ZSE direct commissions                      | 10 578 104           | 5 317 102            | 5 402 584            | 1 363 889          |
| Security pledge administration fees         | 49 377 550           | -                    | 38 639 035           | -                  |
| Fintech - Systems Integration               | 3 504 585            | -                    | 3 447 443            | -                  |
|   | <b>1 804 033 191</b> | <b>1 230 680 411</b> | <b>1 095 983 108</b> | <b>271 720 054</b> |
| <b>18 Other income</b>                      |                      |                      |                      |                    |
| Miscellaneous income                        | 486 000              | 2 642 121            | 467 000              | 687 041            |
| Dividend received                           | 2 643 062            | 2 254 412            | 1 289 298            | 492 409            |
| Government grant                            | 202 617 640          | -                    | 182 582 123          | -                  |
|   | <b>205 746 702</b>   | <b>4 896 533</b>     | <b>184 338 421</b>   | <b>1 179 450</b>   |

The Group received a Government grant of USD350 000 for the implementation of the market surveillance system. There are no unfulfilled conditions or contingencies attached to the grant. The market surveillance system has since gone live from the 28th of February 2023.

**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

|             |   | Inflation adjusted |             | Historical cost |             |
|-------------|---|--------------------|-------------|-----------------|-------------|
|             |   | 2022               | 2021        | 2022            | 2021        |
|             |   | ZWL                | ZWL         | ZWL             | ZWL         |
| <b>19</b>   | <b>Operating profit</b>                   |                    |             |                 |             |
|             | Operating profit is stated after taking   |                    |             |                 |             |
| <b>19.1</b> | <b>Staff costs</b>                        |                    |             |                 |             |
|             | Salaries and allowances                   | 515 640 371        | 419 607 455 | 277 259 801     | 97 050 937  |
|             | Staff bonus                               | 75 644 982         | 49 392 437  | 48 181 517      | 14 368 296  |
|             | Other staff costs                         | 273 041 468        | 76 021 056  | 173 492 805     | 17 225 248  |
|             | Leave pay expenses                        | 71 596 051         | 72 513 241  | 2 345 659       | 16 059 480  |
|             | Medical aid                               | 45 938 276         | 27 928 205  | 31 969 735      | 6 485 146   |
|             | Social security costs                     | 13 526 935         | 4 729 979   | 8 965 417       | 1 079 658   |
|             | Pension fund administration fees          | 5 445 084          | 3 023 848   | 3 292 220       | 711 865     |
|             |   | 1 000 833 167      | 653 216 221 | 545 507 154     | 152 980 630 |
| <b>19.2</b> | <b>Other operating costs</b>              |                    |             |                 |             |
|             | Computer maintenance and systems support  | 54 291 173         | 37 818 346  | 33 280 635      | 8 852 496   |
|             | Annual report                             | 8 060 625          | 649 930     | 6 604 005       | 149 820     |
|             | Audit fees                                | 15 584 675         | 8 357 768   | 7 612 822       | 1 822 701   |
|             | Bank charges                              | 40 676 490         | 26 107 247  | 26 160 330      | 5 944 039   |
|             | Board sitting fees                        | 55 417 923         | 40 379 479  | 37 995 608      | 10 757 915  |
|             | Marketing & business development costs    | 52 329 074         | 75 585 380  | 30 223 802      | 17 278 006  |
|             | Teas/cleaning and general office expenses | 16 977 566         | 17 181 209  | 10 620 859      | 2 772 163   |
|             | Consultancy and professional fees         | 11 742 809         | 16 346 270  | 9 319 285       | 3 610 226   |
|             | Entertainment and gifts                   | 7 162 798          | 9 229 616   | 5 523 363       | 2 457 169   |
|             | Insurance                                 | 17 725 014         | 11 843 975  | 11 434 499      | 2 819 260   |
|             | Investor education and promotion          | 1 392 276          | -           | 886 800         | -           |
|             | Balance carried forward                   | 281 360 423        | 243 499 220 | 179 662 008     | 56 463 795  |



**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

|   | Inflation adjusted |                    | Historical cost    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 2022               | 2021               | 2022               | 2021               |
|   | ZWL                | ZWL                | ZWL                | ZWL                |
| <b>19.2 Other operating costs (continued)</b> |                    |                    |                    |                    |
| Balance brought forward                       | 281 360 423        | 243 499 220        | 179 662 008        | 56 463 795         |
| Legal fees                                    | 6 345 318          | 3 670 283          | 2 970 577          | 1 009 547          |
| Management fees                               | 1 006 455          | -                  | 329 985            | -                  |
| Motor vehicle - fuel and oil                  | 44 221 518         | 7 839 100          | 31 225 965         | 1 964 964          |
| Printing/stationery                           | 7 128 837          | 2 286 598          | 4 285 014          | 566 974            |
| Allowance for credit losses                   | 1 110 322          | 783 418            | 1 110 322          | 227 898            |
| Bad debts written off                         | 197 856            | -                  | 197 856            | -                  |
| Recruitment expenses                          | 1 059 732          | 2 610 564          | 664 952            | 575 744            |
| Premises costs                                | 58 811 520         | 31 620 338         | 40 094 003         | 7 175 694          |
| Staff training/professional development       | 2 756 236          | 6 128 544          | 1 493 115          | 1 383 983          |
| Staff welfare                                 | 1 794 070          | 6 136 942          | 881 408            | 1 380 633          |
| Statutory levies                              | 28 003 468         | 17 252 951         | 14 829 652         | 3 943 267          |
| Subscription, membership/publications fees    | 17 349 699         | 4 003 225          | 10 851 456         | 983 408            |
| Telephone and other communication expenses    | 36 957 129         | 17 156 650         | 27 194 431         | 4 306 693          |
| Other operating expenses                      | 298 685 300        | 169 062 803        | 203 097 355        | 40 561 788         |
|   | <b>786 787 883</b> | <b>512 050 636</b> | <b>518 888 099</b> | <b>120 544 388</b> |
| <b>19.3 Depreciation and amortisation</b>     |                    |                    |                    |                    |
| Buildings                                     | 27 207             | 1 105 281          | 14 990             | 249 167            |
| Equipment (including furniture and fittings)  | 11 943 044         | 14 036 651         | 6 377 554          | 3 322 633          |
| Vehicles                                      | 208 546            | 660 562            | 110 361            | 147 180            |
| Automated trading system - Software licence   | 16 422 467         | 40 092 481         | 9 327 354          | 9 048 191          |
|   | <b>28 601 264</b>  | <b>55 894 975</b>  | <b>15 830 259</b>  | <b>12 767 171</b>  |

**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

|             |  | Inflation adjusted |              | Historical cost |               |
|-------------|--|--------------------|--------------|-----------------|---------------|
|             |  | 2022               | 2021         | 2022            | 2021          |
|             |  | ZWL                | ZWL          | ZWL             | ZWL           |
| <b>20</b>   | <b>Finance costs and interest income</b>   |                    |              |                 |               |
| <b>20.1</b> | <b>Finance income</b>  |                    |              |                 |               |
|             | Interest on short-term fixed deposits & staff loans  | 41 016 354         | 631 841      | 40 825 250      | 145 849       |
| <b>20.2</b> | <b>Finance costs</b>   |                    |              |                 |               |
|             | Interest paid - short term borrowings  | 82 160 348         | 38 338 714   | 70 709 232      | 5 412 489     |
|             | Interest paid relates to short term borrowings from an overdraft facility and short term loan facility of ZWL\$68 500 000. |                    |              |                 |               |
| <b>21</b>   | <b>Income tax expense</b>  |                    |              |                 |               |
|             | Current tax  | 109 731 795        | 25 734 713   | 33 016 392      | 7 486 247     |
|             | Deferred tax   | 4 976 756          | 36 217 179   | 4 976 756       | 3 019 889     |
|             |  | 114 708 551        | 61 951 892   | 37 993 148      | 10 506 136    |
|             | <b>Tax rate reconciliation</b>   |                    |              |                 |               |
|             | Profit before tax  | 467 672 829        | 162 936 524  | 193 197 618     | (821 893 223) |
|             | Income tax charge at 24.72%  | 115 608 723        | 23 282 420   | 47 758 451      | (203 172 005) |
|             | <b>Tax effect of:</b>  |                    |              |                 |               |
|             | Non-deductible expenses  | 246 532 798        | 56 798 544   | 34 893 338      | 15 229 474    |
|             | Non-taxable items  | (247 432 970)      | (18 129 072) | (44 658 641)    | (10 141 343)  |
|             |  | 114 708 551        | 61 951 892   | 37 993 148      | 10 506 136    |



**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

|  | Inflation adjusted |             | Historical cost |             |
|--|--------------------|-------------|-----------------|-------------|
|  | 2022               | 2021        | 2022            | 2021        |
|  | ZWL                | ZWL         | ZWL             | ZWL         |
| <b>21 Income tax expense (continued)</b> |                    |             |                 |             |
| <b>Income tax payable/(refundable)</b>   |                    |             |                 |             |
| Balance at beginning of year             | 25 253 855         | 5 654 812   | 7 346 365       | 1 023 403   |
| Charge to profit or loss                 | 109 731 795        | 25 734 713  | 33 016 390      | 7 486 247   |
| Taxes paid                               | (10 617 028)       | (3 998 907) | (10 617 028)    | (1 163 285) |
| Effects on inflation                     | (94 622 894)       | (2 136 763) | -               | -           |
| Balance at the end of the year           | 29 745 728         | 25 253 855  | 29 745 727      | 7 346 365   |

**22 Related parties**

**22.1 Investment in joint venture**

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

**Summarised statement of financial position for the of Zimbabwe Receivables Marketplace as at 31 December 2022**

|  | Inflation adjusted |              | Historical cost |             |
|--|--------------------|--------------|-----------------|-------------|
|  | 2022               | 2021         | 2022            | 2021        |
|  | ZWL                | ZWL          | ZWL             | ZWL         |
| <b>Assets</b>  |                    |              |                 |             |
| Property and equipment   | -                  | 5 088 231    | -               | 802 249     |
| Intangible assets  | -                  | 13 471 747   | -               | 2 173 302   |
| Deferred tax asset   | -                  | 480 635      | -               | 676 306     |
| Trade and other receivables  | -                  | 5 568 673    | -               | 1 619 931   |
| Cash and cash equivalents  | -                  | 1 841 896    | -               | 535 809     |
| Less liabilities   | -                  | (12 626 077) | -               | (3 672 935) |
| Equity   |                    | 13 825 105   | -               | 2 134 662   |
| Company' share in equity - 50%   | -                  | 6 912 553    | -               | 1 067 331   |
| <b>Summarised statement of profit or loss of<br/>Zimbabwe Receivables Marketplace<br/>(Private) Limited.</b> |                    |              |                 |             |
| Revenue  | -                  | 8 133 847    | -               | 2 075 276   |
| Cost of sales  | -                  | (528 452)    | -               | (145 394)   |
| Administrative expenses  | -                  | (16 788 583) | -               | (3 890 575) |
| Monetary gain/(loss)   | -                  | 298 686      | -               | -           |
| (Loss)/profit before tax   | -                  | (8 884 502)  | -               | (1 960 693) |
| Company's share of loss for the year   | -                  | (4 442 251)  | -               | (980 347)   |

**Notes to the consolidated financial statements  
for the year ended 31 December 2022 (continued)**

|  | Inflation adjusted |      | Historical cost |      |
|--|--------------------|------|-----------------|------|
|  | 2022               | 2021 | 2022            | 2021 |
|  | ZWL                | ZWL  | ZWL             | ZWL  |

**Related parties (continued)**

**22.2 Balances with related parties**

| Entity  | Value of transactions |           |   |           |
|---|-----------------------|-----------|---|-----------|
| Zimbabwe Receivables Marketplace (joint venturer) | -                     | 2 442 063 | - | 2 442 063 |

**23 Key management personnel compensation**

|   |                    |                    |                    |                   |
|---|--------------------|--------------------|--------------------|-------------------|
| Salaries and other short term employee benefits | 657 659 734        | 328 655 873        | 361 608 646        | 77 622 207        |
| Pension contributions                           | 46 601 797         | 25 607 742         | 25 623 604         | 5 996 707         |
|   | <u>704 261 531</u> | <u>354 263 615</u> | <u>387 232 250</u> | <u>83 618 914</u> |

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

**24 Financial risk management**

**24.1 Risk management framework**

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

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

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

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

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



**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**24 Financial Risk Management (continued)**

**24.2 Credit Risk**

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

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

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

**24.3 Cash and cash equivalents**

The Group held cash and cash equivalents of ZWL 56 696 943 at 31 December 2022 (2021: ZWL 29 816 030) which represents its maximum exposure on these assets. The cash and cash equivalents with maturity profile of less than 3 months are held with local banks with solid financial and capital cover.

**24.4 Liquidity risk**

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.  
A maturity analysis of financial instruments as at 31 December 2022 is as follows:

| Description  | 3 months - 1          |                   |                         | Total<br>ZWL       |
|--|-----------------------|-------------------|-------------------------|--------------------|
|  | Up to 3 months<br>ZWL | year<br>ZWL       | 1 year - 5 years<br>ZWL |                    |
| Cash and cash equivalents                            | 56 701 983            | -                 | -                       | 56 701 983         |
| Trade and other receivables                          | 73 043 263            | -                 | -                       | 73 043 263         |
| Financial assets at fairvalue through profit or loss | -                     | 38 032 691        | -                       | 38 032 691         |
| <b>Total assets</b>                                  | <b>129 745 246</b>    | <b>38 032 691</b> | <b>-</b>                | <b>167 777 937</b> |
| <b>Liabilities</b>                                   |                       |                   |                         |                    |
| Trade and other payables                             | 180 030 161           | -                 | -                       | 180 030 161        |
| Bank overdraft                                       | 5 040                 | -                 | -                       | 5 040              |
| Short term borrowings                                | -                     | 57 898 766        | -                       | 57 898 766         |
| Income tax payable                                   | -                     | 29 745 727        | -                       | 29 745 727         |
| <b>Total liabilities</b>                             | <b>180 035 201</b>    | <b>87 644 493</b> | <b>-</b>                | <b>267 679 694</b> |
| Liquidity gap  | (50 289 955)          | (49 611 802)      | -                       | (99 901 757)       |
| Cumulative liquidity gap                             | (50 289 955)          | (99 901 757)      | (99 901 757)            | (99 901 757)       |

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 24.5 Market risk

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

### 24.6 Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market.

### 24.7 Interest rate risk

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

### 24.8 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholder and benefits to other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital. No changes were made to the objectives, policies or processes during the year ended 31 December 2022. The Group monitors capital on the basis of the capital adequacy directive by the regulator, the Securities and Exchange Commission of Zimbabwe.

### 24.9 Fair values of financial assets and liabilities

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

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

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

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



**Notes to the financial statements  
for the year ended 31 December 2022 (continued)**

**25 Retirement Benefits Plans**

**25.1 Zimbabwe Stock Exchange Pension Fund**

Pension funds are provided for employees to a separate fund to which the Group contributes. The fund is independently administered and insured by ZB Life Assurance Limited. The Group's contributions during the year amounted to ZWL 62 040 315 (2021: ZWL 11 460 479).

**25.2 National Social Security Authority Scheme (NSSA)**

All employees are required by law to be members of the National Social Security Scheme which is a defined contribution scheme established under the National Social Security Authority Act (1989). The Group's contributions during the year amounted to ZWL 45 938 276 (2020: ZWL 4 729 979).

**26 Going concern assessment**

The Group reported a negative working capital of ZWL 99 901 759 (2021: ZWL 60 900 751), which was mainly attributable to the short-term borrowings disclosed in note NOTE 15, that were subsequently cleared. The Directors believe that the Group is still a going concern in the foreseeable future. The belief is based on the fact that subsequent to year end, the Group is now in a net current asset position and has its improved liquidity position hence as a result of the aforementioned factors, the financial statements have been prepared on a going concern basis.

**27 Events after the reporting period**

In August 2022, the Company received a Government Grant of USD 350 000 for the implementation of the market surveillance system. The market surveillance system has since gone live from the 28<sup>th</sup> of February 2023.

**28 Approval of financial statements**

The consolidated financial statements were approved by the Board of Directors for issue on 26 April 2023.

# VFEX

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

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

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



VICTORIA  
FALLS  
STOCK  
EXCHANGE

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Victoria Falls  
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**Tel:** +263 832840630/1  
**Facebook:** Victoria Falls Stock Exchange  
**Twitter:** @VFEX\_ZW  
**LinkedIn:** Victoria Falls Stock Exchange  
**Website:** [www.vfex.exchange](http://www.vfex.exchange)



# 2022 Highlights

## ZSE and VFEX Trainings



*REITs Masterclass in Harare*



*VFEX Masterclass in Mutare*



*VFEX Stakeholder engagements*





ZSE and VFEX Trainings



Issuer training



Zimbabwe International Trade Fair (ZITF)





## TOP TEN SHAREHOLDERS

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

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



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## NOTICE OF THE NINTH ANNUAL GENERAL MEETING OF THE ZIMBABWE STOCK EXCHANGE LIMITED

Notice is hereby given that the Ninth Annual General Meeting of the Shareholders of Zimbabwe Stock Exchange Limited will be held virtually on Wednesday 28 June 2023 at 1100hrs for the purpose of transacting the following business;

### AGENDA

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

#### 1. Audited Financial Statements

To receive, consider and adopt the Group Financial Statements, the report of the Directors and Auditors for the year ended 31 December 2022.

#### 2. Election of Directors

In terms of Clause 99.2 of the Articles of Association of the Company one third of the directors are supposed to retire from the board but being eligible may offer themselves for re-election. Consequently, Mr Bartholomew Mswaka, Mrs Lindiwe Tirivanhu and Mr Masimba Mudzungayiri will be retiring and being eligible, offer themselves for re-election. The Directors will be re-elected by separate resolutions.

#### 3. Director's Remuneration

To confirm the directors fees in the amount of ZWL55 417 923 for the year ended 31 December 2022.

#### 4. Audit Fees

To approve the remuneration of auditors in the amount of ZWL15 584 675 for the year ended 31 December 2022.

#### 5. Dividend

To confirm dividend payment for the financial year ended 31 December 2022 in the amount of ZWL31 050 893 at ZWL302.00 per share

#### 6. Appointment of Auditors

To appoint Messrs Grant Thornton Chartered Accountants as the auditors of the Company until the conclusion of the next Annual General Meeting. This is the fifth year Messrs Grant Thornton Chartered Accountants will be auditing the Company.

By Order of the Board

Lyndon T. Nkomo

**Company Secretary**

**1 June 2023**

#### NOTES:

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



# PROXY FORM

**For use at the 9<sup>th</sup> Annual General Meeting of the Zimbabwe Stock Exchange to be held virtually on Wednesday 28 June 2023 at 1100hrs.**

I/We, the undersigned \_\_\_\_\_ of  
\_\_\_\_\_ being registered holder(s) of \_\_\_\_\_ ordinary  
shares, hereby appoint \_\_\_\_\_ or failing him,  
\_\_\_\_\_ to act for me/us or my/our behalf as indicated

below at the Annual General Meeting of the Company to be held on Wednesday 28 June 2023 at 1100Hours and at any adjournment thereof.

Signature \_\_\_\_\_ Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

## **PROXY**

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

## **Physical Address:**

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

## NOTES

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## NOTES

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## NOTES

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