



# National Tyre Services Limited

## AUDITED ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

31 MARCH 2023

### CHAIRMAN'S STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

**ECONOMIC OVERVIEW**  
The operating period continued to be characterized by numerous macro-economic challenges. During the financial year 2022-2023, the industry faced persistent increases in prices of goods and services as well as loss of value of the local currency as unsustainable interest rates continued to destroy value. At the customer and consumer end, disposable income was eroded by hyper-inflation and the exchange rate disparities, which affected aggregate demand in the economy. The depressed electricity generation capacity experienced during the year negatively affected service delivery and increased industry production costs. The improvements in overall agricultural production in the last farming season, particularly for staple grains will preserve much needed foreign currency and positively impact growth.

**OPERATIONS REVIEW**  
The availability of Dunlop tyres was instrumental in us retaining our large corporate customer base during the year. As a result, premium sales in units increased by 14% over prior year. National Tyre Services (NTS) remains viable as the competitive space continues to be crowded by new entrants across the country. The budget brands segment was impacted by the restricted access to foreign currency which in turn affected product availability. Retreading performance declined during the year, as the Company managed to maintain presence in key retreading fees. NTS capability and capacity for excellent products and service in retreading continues to be preferred by the market. Management continued to review business operations throughout the year to enhance overall performance and strengthen NTS' competitive advantage. NTS also widened the range of suppliers and revamped supply chain management to effectively manage costs and position the business appropriately for the future.

**FINANCIAL REVIEW**  
Sales revenue grew by 21% (inflation adjusted) to ZWL4,332 billion (2022: ZWL3,579 billion) due to the continued implementation of the turnaround strategy. Gross profit decreased by 8% to ZWL2,462

billion (2022: ZWL2,686 billion) as the cost of sales increased due to higher costs of imported products. Total operating expenses were maintained at prior levels (inflation adjusted) at ZWL2,170 billion (2022: ZWL2,181 billion) due to cost containment measures implemented by our Management. The Company incurred a loss (before tax) of ZWL427 million (inflation adjusted) from a profit of ZWL1,187 million in the previous year.

**DIVIDEND**  
The Directors have considered it prudent not to declare a dividend in view of the need to restore working capital to adequate levels to support the business.

**OUTLOOK**  
The monetary measures being implemented by the Government to stabilize the local currency are bearing fruit given that the local currency is firming against the US dollar. Foreign currency exchange rates are stabilizing on parallel and auction markets. We are cautiously optimistic of continued stability in exchange rates, which will aid planning and business growth. Industry is expecting that the current stability in power generation will continue to minimize production disruptions. We are projecting increased demand for tyres and related product services pick-up in the build-up to general elections and the upcoming agricultural season. To capitalize on the increased demand for tyres and related product services, we are increasing the inventory turnover ratio and improved profitability.

**R.J. Moyo**  
Chairman

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

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

**3. DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE RESULTS FOR THE TWELVE MONTHS ENDED 31 MARCH 2023**  
Accounting policies and methods are consistent with those used in the prior year and with the requirements of International Financial Reporting Standards ("IFRS") applicable for the year ended 31 March 2023.

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL
Revenue from sale of goods	4,054,061,695	3,366,304,727	3,403,471,466	865,934,269
Revenue from rendering of services	278,033,787	213,329,102	233,568,945	55,151,020
	<b>4,332,095,481</b>	<b>3,579,633,832</b>	<b>3,637,038,411</b>	<b>921,085,289</b>

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL
Revenue from sale of goods	4,054,061,695	3,366,304,727	3,403,471,466	865,934,269
Revenue from rendering of services	278,033,787	213,329,102	233,568,945	55,151,020
	<b>4,332,095,481</b>	<b>3,579,633,832</b>	<b>3,637,038,411</b>	<b>921,085,289</b>

### A. ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

NOTE	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL
Revenue	4,332,095,482	3,579,633,832	3,637,038,411	921,085,289
Profit before tax	2,462,202,204	2,686,484,022	2,061,364,806	600,701,825
Income tax expense	(1,172,055,428)	(1,024,751,102)	(928,191,947)	(143,572,124)
Profit / (loss) from operations	1,170,146,776	1,661,732,920	1,133,172,859	457,129,701
Finance costs	(1,170,146,776)	(1,661,732,920)	(1,133,172,859)	(457,129,701)
Finance income	1,170,146,776	1,661,732,920	1,133,172,859	457,129,701
Profit / (loss) for the period	1,170,146,776	1,661,732,920	1,133,172,859	457,129,701
Other comprehensive income	1,170,146,776	1,661,732,920	1,133,172,859	457,129,701
Comprehensive income	2,340,293,552	3,323,465,840	2,266,345,718	914,259,402
Number of shares in issue (thousands)	253,872	253,872	253,872	253,872
Earnings per share (cents)	(227.36)	82.11	102	(8)
Dividend earnings per share (cents)	(227.36)	82.11	102	(8)
Headline earnings per share (cents)	(227.36)	82.11	102	(8)

### B. ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL
<b>ASSETS</b>				
Non-current assets	13,143,429,834	6,100,250,620	12,532,246,020	963,836,984
Property, plant and equipment	10,387,345,618	5,075,537,967	10,688,530,384	813,735,360
Intangible assets	1,948,565	21,900,967	1,443,301	2,366,372
Investment property	1,784,402,741	708,178,799	1,784,402,741	104,104,166
Right of use assets	349,348,542	293,538,954	531,419,296	2,653,133
Fair value through other comprehensive income investments	2,384,168	1,704,495	2,384,168	339,953
Current assets	3,289,769,828	1,385,913,350	3,289,769,828	359,927,744
Total assets	14,533,659,828	7,486,163,970	13,912,015,848	1,316,764,728
<b>EQUITY AND LIABILITIES</b>				
Shareholders' equity and reserves	10,757,128,913	5,388,797,938	10,896,530,049	832,688,118
Deferred tax	1,308,071,527	1,168,845,018	1,548,898,141	166,837,251
Net cash flows from financing activities	180,091,788	(329,619,075)	180,091,788	(146,944,137)
Short term loan	1,018,710,049	431,935,836	1,018,710,049	157,573,436
Trade and other payables	1,720,923,355	463,409,088	1,720,923,355	158,203,463
Total equity and liabilities	14,533,659,828	7,486,163,970	13,912,015,848	1,316,764,728

### C. ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL
Opening balance	5,388,797,938	1,144,520,690	832,688,118	54,252,955
Loss for the period	5,368,330,976	4,244,277,138	10,063,841,931	778,434,163
Closing balance	10,757,128,913	5,388,797,938	10,896,530,049	832,688,118

### D. ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL
<b>Cash flows from operating activities</b>				
before changes in working capital	(293,391,963)	926,265,313	(179,310,570)	117,305,119
Changes in working capital	799,301,397	(329,619,075)	107,337,598	(77,588,393)
Income tax paid	(1,152,965)	(34,241,166)	(1,152,965)	(8,926,170)
Net cash generated from operating activities	495,087,469	562,005,072	(84,945,104)	30,790,556
Net cash flows from financing activities	(480,087,469)	(74,022,316)	(65,690,742)	(18,653,347)
Investing activities	(148,680,155)	(40,127,998)	(203,071,064)	(5,723,317)
Net cash flows from financing activities	155,351,842	408,014,757	22,431,484	6,413,892
Effects of inflation on opening balances of monetary items	(498,953,976)	(402,765,400)		
Cash and cash equivalents at beginning of period	37,376,053	32,126,696	12,769,570	6,355,858
Cash and cash equivalents at the end of the period	35,201,234	37,376,053	35,201,234	12,769,570

### E. NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**1. BASIS OF PREPARATION AND PRESENTATION**  
The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and disclosure requirements of IAS 34 "Interim Financial Reporting". They are also prepared in accordance with the disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31).

**2. INDEPENDENT EXTERNAL AUDITORS' STATEMENT**  
These abridged financial results derived from the audited inflation adjusted financial statements of National Tyre Services Limited for the financial year ended 31 March 2023, should be read together with the complete set of audited, inflation adjusted financial statements of the Company, for the year ended 31 March 2023, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Farai Chishe, Registered Public Auditor 0547.

A qualified opinion has been issued on the audited inflation adjusted financial statements of the Company, for the year ended 2022. The qualified opinion was issued regarding non-compliance with International Accounting Standard (IAS) 21. The Effects of Changes in Foreign Exchange Rates in the prior and current financial year, International Accounting Standard (IAS) 8. Net cash flows from financing activities and the Auditor's Report on the Inflation Adjusted Financial Statements (IFRS) 16. Fair Value Measurement with respect to fair valuation disclosures for Investment Property and Owner Occupied Property for the current year.

	INFLATION ADJUSTED		HISTORICAL COST	
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Revenue from sale of goods	4,054,061,695	3,366,304,727	3,403,471,466	865,934,269
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### 4. REVENUE

	INFLATION ADJUSTED	AUDITED	HISTORICAL COST	AUDITED
	31.03.2023 ZWL	31.03.2022 ZWL	31.03.2023 ZWL	31.03.2022 ZWL
Revenue from sale of goods	4,054,061,695	3,366,304,727	3,403,471,466	865,934,269
Revenue from rendering of services	278,033,787	213,329,102	233,568,945	55,151,020
	<b>4,332,095,481</b>	<b>3,579,633,832</b>	<b>3,637,038,411</b>	<b>921,085,289</b>

### 5. PROFIT BEFORE TAX AND MONETARY GAIN

	INFLATION ADJUSTED	AUDITED	HISTORICAL COST	AUDITED
	31.03.2023 ZWL	31.03.2022 ZWL	31.03.2023 ZWL	31.03.2022 ZWL
Profit for the period has been arrived at after charging / (crediting):				
Transport charges	32,583,372	62,334,392	29,158,535	12,527,515
Technical fees	80,171,999	91,742,531	71,433,017	18,437,750
Electricity and lighting	14,793,381	25,612,422	13,862,748	4,545,084
Rental income from investment property	(92,168,920)	(43,173,676)	(80,981,075)	(10,715,867)
Staff remuneration	1,014,102,661	796,761,648	876,716,506	160,127,391
Remuneration of directors - fees for services as directors	21,214,165	16,190,160	18,164,917	4,227,459

### 6. PROPERTY, PLANT AND EQUIPMENT

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL
Carrying amount at beginning of period	5,075,637,895	823,086,706	818,375,360	23,210,734
Revaluation	5,944,854,455	4,241,833,892	6,802,133,260	292,574,537
Additions	150,167,800	66,605,215	96,556,704	16,589,025
Disposals	(6,020,742)	(332,466)	(8,722)	(11,589)
Depreciation	(177,303,680)	(55,213,332)	(28,507,654)	(13,885,347)
Carrying amount at the end of the period	<b>10,987,345,618</b>	<b>6,075,637,995</b>	<b>10,688,530,884</b>	<b>818,375,360</b>

### 7. LEASES

National Tyre Services leases 3 properties with an average lease period of 3 years. In the twelve months ending 31 March 2023, National Tyre Services has applied IFRS 16 Leases (as issued by the IASB in January 2016) which is effective on or after 01 January 2019. National Tyre Services has applied IFRS 16 using the modified retrospective approach, with restatement of comparative information.

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL
Right of use assets	349,348,542	293,538,954	53,514,926	2,653,133
Equity and liabilities	349,348,542	293,538,954	53,514,926	2,653,133
Lease liability	180,916,785	33,554,686	180,916,785	11,464,157

### 8. CURRENT ASSETS

	INFLATION ADJUSTED	AUDITED	HISTORICAL COST	AUDITED
	31.03.2023 ZWL	31.03.2022 ZWL	31.03.2023 ZWL	31.03.2022 ZWL
Inventories	1,113,074,379	1,302,818,523	1,102,859,142	324,979,396
Trade and other receivables	243,954,382	45,737,369	242,580,383	15,178,295
Bank and cash balances	1,392,229,995	1,385,913,350	1,380,641,359	382,927,441

### 9. BORROWINGS

	INFLATION ADJUSTED	AUDITED	HISTORICAL COST	AUDITED
	31.03.2023 ZWL	31.03.2022 ZWL	31.03.2023 ZWL	31.03.2022 ZWL
Short term loan	1,018,710,049	431,935,836	1,018,710,049	147,573,436

The loans from local financial institutions outstanding at reporting date attract interest of 13% per annum.

### 10. TRADE AND OTHER PAYABLES

	INFLATION ADJUSTED	AUDITED	HISTORICAL COST	AUDITED
	31.03.2023 ZWL	31.03.2022 ZWL	31.03.2023 ZWL	31.03.2022 ZWL
Trade	289,796,641	215,944,720	289,796,641	73,778,710
Bank overdraft	374,202,598	374,202,598	374,202,598	
Other payables	247,104,609	247,104,609	35,201,234	84,424,753
	<b>1,270,823,355</b>	<b>483,049,088</b>	<b>1,270,823,355</b>	<b>158,203,463</b>

### 11. RELATED PARTY TRANSACTIONS AND BALANCES

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL	AUDITED 31.03.2023 ZWL	AUDITED 31.03.2022 ZWL
Simply Africa (Private) Limited - technical fees	71,433,017	53,965,846	71,433,017	18,437,751
Radun Investments Loan	371,944,720	-	371,	

## INDEPENDENT AUDITOR'S REPORT

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To the members of National Tyre Services Limited

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

#### Qualified Opinion

We have audited the inflation adjusted financial statements of National Tyre Services Limited, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of the Company's significant accounting policies.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted financial statements present fairly, in all material respects, the financial position of National Tyre Services Limited as at 31 March 2023, 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 the current and prior financial years, International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimates and Errors*

During the prior financial years, the foreign currency transactions and balances of the Company were translated into Zimbabwe Dollars (ZWL) using foreign exchange rates which were not considered appropriate spot rates. As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year inflation adjusted financial statements in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, some comparative numbers in the inflation adjusted financial statements may be misstated. Our opinion on the current year inflation adjusted financial statements is

modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of the non-compliance with IAS 21 and the non-restatement of the comparative figures in accordance with IAS 8, the retained earnings may contain misstatements.

#### **Translation of foreign denominated inventory balances**

During the current financial year, the company translated the foreign denominated inventory balances using internally generated exchange rates. The internally generated exchange rates were not considered appropriate spot rates for translations as required by IAS 21. This non-compliance with IAS 21 impacted inventory, trade and other payables, and cost of sales in the inflation adjusted financial statements for the year ended 31 March 2023.

The effects of the above non-compliance with IAS 21 were considered to be material but not pervasive to the financial statements.

#### **Valuation of investment property and owner-occupied property**

The determination of fair values for assets presented in the inflation adjusted financial statements is affected by the prevailing economic environment. These inflation adjusted financial statements include the investment property and owner-occupied property that is carried at revalued amounts. The valuation of the investment property and owner-occupied property was performed by professional valuers as at 31 March 2023. The investment property and owner-occupied property valuations were determined in USD and then translated to Zimbabwe Dollars (ZWL) using the interbank exchange rate. Although the determined USD values reflected the fair value of the property and equipment 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 property in Zimbabwe Dollars (ZWL).

#### **Key Audit Matters**

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>IFRS 15 – Revenue from Contracts with Customers</b></p> <p>There is a presumed risk of inappropriate revenue recognition specifically identified in ISA 240 (R), ‘The auditor’s responsibility to consider fraud of financial statements. There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Company. This is a significant risk and accordingly a key audit matter.</p>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>• Reviewed that the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15.</li> <li>• Tested the design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions.</li> <li>• We identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review.</li> <li>• Furthermore, we performed analytical procedures and assessed the reasonableness of explanation provided by management.</li> <li>• Performed cut-off tests on year end balances to ensure revenue is recognized in the correct period.</li> <li>• Inspected reversals and credit memos performed in the period subsequent to year-end and establish if they were for valid revenue transactions.</li> <li>• Based on the audit work performed, we satisfied ourselves that the Company’s revenue recognition is appropriate and in compliance with the requirements of IFRS 15 - Revenue from Contracts with Customers.</li> </ul>

### Other information

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

In connection with our audit of the inflation adjusted financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the inflation adjusted financial statements or our knowledge

obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the inflation adjusted financial statements. We are responsible for the direction, supervision and performance of Company's audit. We remain solely responsible for our audit opinion.

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

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

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

### Report on Other Legal and Regulatory Requirements

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

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

*Grant Thornton*

Farai Chibisa  
**Partner**

Registered Public Auditor (PAAB No: 0547)

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

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