Proplastics

Pipe Systems That Last

Reviewed Condensed Consolidated Interim Financial Results

for the six months period ended 30 June 2023

Chairman's Statement

Introduction

It is my pleasure to present to you the operational and financial performance of the Group for the half year ended 30 June 2023.

As highlighted in the 2022 Annual Report, on 29 March 2020 the Government of Zimbabwe issued Statutory Instrument SI 85 of 2020 which permitted use of USD free funds for domestic transactions. As a result, your Board noted a mix of USD and ZWL sales affecting the determination of the functional currency of the Company. After monitoring the determinants of the functional currency over the last 3 years, the Board resolved that the functional currency had changed to USD with effect from 01 October 2022. However, the Board found it prudent to effect the change at the beginning of a new financial year. As a result, a functional currency change was effected on 01 January 2023.

The results are, therefore, presented in USD, being the functional and reporting currency of the Group effective 01 January 2023.

Prior year figures have also been converted to the new functional currency.

In the report, "Group" refers to Proplastics Limited, its subsidiary companies; Promouldings (Private) Limited and Dudway Investments (Private) Limited and Joint Venture, Protank (Private) Limited.

Operating Environment

Although the year began with some optimism because of slowed inflation and a stable exchange rate in the last quarter of 2022, the situation changed negatively in the second quarter of the year.

Turbulence hit the market and the official exchange rate, which was at 671 to the USD at the beginning of the year, deteriorated to 5,700 at the end of June. The situation was even worse on the alternative market. Trading, particularly in ZWL, became almost impossible as prices rose by the day.

Foreign currency shortages remained and the backlog on the foreign auction platform persisted with disbursement coming long after the allocation.

Fiscal and monetary policy pronouncements made during the period, such as reduction in interest rates to 150% for ZWL loans, reduction in USD transactional tax to 2% from 4% and 100% retention of domestic foreign currency earnings provided a much-needed boost to the market following a period of subdued activity.

Excessive power cuts related to load shedding were experienced, resulting in severe production interruptions (including factory closures in some instances) and heavy reliance on the use of the expensive standby generator. The business lost a total of 21 days of production due to power cuts in the period under review.

A slowdown in the exchange rate movement was only experienced towards the close of the period because of tight liquidity of ZWL in the market. Most of the business transactions were conducted in USD.

On a positive note, the supply of raw materials was stable throughout the reporting period with the business having some decent stock cover.

Overall, the Group posted a modest performance for the half year, given the challenging operating environment.

Financial Performance

Turnover grew by 23% to USD 10.5 million from USD 8.5 million in prior year. This was on the back of a 19% increase in sales volumes over the same period. Exports contributed 15% to total sales as the Group managed to secure significant supply contracts in the Region. Increasing export performance will remain a key focus area for the Group.

Cost of sales grew by 23% largely driven by expensive generator backup power and higher priced legacy raw materials acquired during the Covid period, and now fully utilized. Gross profit margins, therefore, remained static compared to prior period. The Group recorded a gross profit of USD 3.3 million, compared to USD2.7 million in similar period last year.

Overheads declined by 13% from prior period as the Group continued with its cost containment drive and profit before tax of USD1 million was recorded compared to USD105 thousand recorded in similar period last year. EBITDA was at USD 1.6 million up from USD 811 thousand in the prior period.

Resultantly, the Group managed to record a profit after tax of USD 561 thousand up from a negative USD 723 thousand in prior period.

The statement of financial position remained strong with total assets amounting to USD 27 million. The current ratio closed the period at 1.28. The gearing ratio remained very low at 1.4% as the Group extinguished the expensive ZWL loans at the beginning of the year. The low gearing will provide some leverage as the Group seeks to bolster its working capital requirements.

The Group closed the period with cash and cash equivalents amounting to USD 282 thousand. Amounts outstanding from the auction system were accounted for under receivables, and not cash and cash equivalents.

Outlook

Although we expect the operating environment to remain challenging, we expect the future to be clearer with the 2023 elections having been concluded.

The environment is showing that customers are preferring to settle transactions in USD, and we expect this trend to largely continue into the second half of the year.

The supply and pricing of raw materials is expected to remain stable on the global market and this should help in augmenting demand for our products. The new investment of the 500mm production plant contributed 47% to total revenue in the period and we anticipate this trend to continue. Overall, we expect a stronger performance in the second half of the year.

As a result of the ongoing and significant load shedding experienced over the past year, the Board has approved the installation of a substantial solar generation project to augment the availability of power supply and to minimise operational downtime and reduce production costs. This project will be implemented over the next 6 months and should improve the carbon footprint of the Group.

Dividend

In view of the performance for the period, the Board proposes a dividend of US 0.11 cents per share. The dividend is payable in USD. A notice with the details of the dividend will be published separately.

Acknowledgments

I would like to extend my appreciation to management and staff for their hard work during the period under review. I would also like to thank my fellow Board members for their continued commitment and guidance to the Group as well as our stakeholders for their support.

G. SEBBORN
21 September 2023

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

	6 months to 30 June 2023 Reviewed USD	6 months to 30 June 2022 Restated USD
Revenue	**10,484,571**	**8,543,751**
Cost of sales	(7,143,388)	(5,799,490)
Gross profit	**3,341,183**	**2,744,261**
Net monetary gain	-	431,286
Other income	21,212	4,904
Distribution costs	(569,025)	(371,278)
Administrative expenses	(1,768,029)	(2,328,148)
Impairment income/(loss) on trade receivables*	26,914	(55,215)
Profit before interest and tax	**1,052,255**	**425,810**
Finance costs	(46,777)	(320,358)
Profit before tax	**1,005,478**	**105,452**
Income tax expense	(444,180)	(828,488)
Profit/(loss) for the period	**561,298**	**(723,036)**
Comprehensive income		
Other comprehensive income	-	-
Related tax	-	-
Other comprehensive income net of tax	**-**	**-**
Total comprehensive income/(loss) for the period	**561,298**	**(723,036)**
Basic earnings/(loss) per share (cents)	**0.22**	**(0.28)**
Diluted earnings/(loss) per share (cents)	**0.21**	**(0.28)**
Headline earnings/(loss) per share (cents)	**0.22**	**(0.28)**

*Impairment loss recorded up to June 2023 of **26,914** relates to reversal of expected credit losses due to settlement by some trade receivables which had been provided in full as at December 2022. A total of **78,540** was settled during the period January to June 2023, resulting in reversal of the impairment losses.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

	Share capital USD	Reserves USD	Retained Earnings USD	Total equity USD
June 2022				
Balance at 1 January 2022	**9,215**	**9,823,763**	**3,638,296**	**13,471,274**
Dividend paid	-	-	(40,347)	(40,347)
Share based payments	-	11,908	-	11,908
Loss for the period	-	-	(723,036)	(723,036)
Restated Balance at 30 June 2022	**9,215**	**9,835,671**	**2,874,913**	**12,719,799**
June 2023				
Balance at 1 January 2023	**7,894**	**12,683,202**	**3,049,022**	**15,740,118**
Share based payments	-	759	-	759
Foreign currency translation	-	67,629	-	67,629
Profit for the period	-	-	561,298	561,298
Balance at 30 June 2023	**7,894**	**12,751,590**	**3,610,320**	**16,369,804**

The Reserves primarily comprise two material elements being the revaluation surplus reserve (USD 4,293 thousand) and the unbundling reserve (USD 1,073 thousand) which was created during unbundling from Masimba Holdings.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	Historical cost 30 June 2023 USD Reviewed	31 Dec 2022 USD Restated
Assets			
Non-current assets			
Property, plant & equipment	3	16,893,798	17,284,813
Intangible asset	4	204,725	-
Right of use assets	5	242,196	294,570
Investment in joint venture		83,578	83,578
Total non- current assets		**17,424,297**	**17,662,961**
Current assets			
Inventories	6	6,853,058	6,070,789
Trade and other receivables	7	2,739,234	3,005,581
Cash and cash equivalents		282,259	769,810
Total current assets		**9,874,551**	**9,846,180**
Total assets		**27,298,848**	**27,509,141**
Equity and liabilities			
Equity			
Share capital		7,894	7,894
Reserves		12,751,590	12,683,202
Retained earnings		3,610,320	3,049,022
Total equity		**16,369,804**	**15,740,118**
Non-current liabilities			
Long-term borrowings	8	-	49,644
Long-term lease liability		35,534	55,726
Deferred taxation		3,178,543	2,769,341
Total non-current liabilities		**3,214,077**	**2,874,711**
Current liabilities			
Trade and other payables	9	5,996,278	6,657,207
Short-term borrowings	8	230,000	497,233
Current tax payable		1,454,504	1,705,022
Short-term lease liability		34,185	34,850
Total current liabilities		**7,714,967**	**8,894,312**
Total liabilities		**10,929,044**	**11,769,023**
Total equity and liabilities		**27,298,848**	**27,509,141**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023

	6 months to 30 June 2023 Reviewed USD	6 months to 30 June 2022 Restated USD
Profit for the period before interest and tax	**1,052,255**	**425,810**
Net cash from operations before working capital changes	**1,847,090**	**486,381**
Cash flow from operating activities	**670,053**	**2,253,689**
Interest paid	(46,777)	(385,830)
Income tax paid	(89,686)	(47,812)
Net cash generated from operating activities	**533,590**	**1,820,047**
Cash flow from investing activities		
Purchase of property, plant, and equipment	(105,263)	(1,517,575)
Purchase of intangible asset	(215,500)	-
Proceeds from disposal of property, plant, and equipment	12,353	265
Purchase of investment	–	–
Net cash utilised in investing activities	**(308,410)**	**(1,517,310)**
Cash flow from financing activities		
Repayment of borrowings	(307,108)	(1,504,183)
Proceeds from loans and borrowings	-	1,370,493
Dividend paid	-	(40,347)
Repayment of lease liability	(33,021)	(22,031)
Net cash utilised in financing activities	**(340,129)**	**(196,068)**
Net increase in cash and cash equivalents	**(114,949)**	**106,669**
Opening cash balance	769,810	1,960,843
Effects of IAS 29 on inflation adjustment on cash flow items	-	(1,919,315)
Effects of currency translation on cash and cash equivalents	(372,602)	304,048
Closing cash and cash equivalents	**282,259**	**452,245**

1 Basis of preparation

The Group's condensed financial results are based on statutory records that are maintained under the historical cost convention, except for elements of property and equipment at revalued amounts. The same accounting policies and methods of computation are followed in these Condensed Consolidated Interim Financial Results as compared with the most recent Annual Financial Statements. These financial statements were approved by the Board of Directors on 21 September 2023. These financial results are presented in United States Dollars (USD).

1.1 Determination of functional currency

The Government of Zimbabwe issued statutory instrument "SI" 85 of 2020 which permitted use of free funds for domestic transactions. As a result, Directors noted a mix of USD and ZWL sales affecting the determination of the functional currency of the Company.

The functional currency of the Company was resolved to have changed to United States Dollars with effect from 01 October 2022. However, the functional currency change was only implemented effective 01 January 2023 which coincides with the beginning of a new financial year.

The Group used the interbank exchange rates to convert all Zimbabwean Dollar transactions and balances to the Group's functional currency, the United States Dollar (USD). Prior year comparatives were arrived at by applying the interbank exchange rate on the inflation adjusted amounts for the prior year period.

The June 2022 comparatives disclosed on the Consolidate Statement of profit or loss and other comprehensive income and statement of cash flows were derived from applying an exchange rate as at 30 June 2022 on the reviewed inflation adjusted figures.

Proplastics
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Reviewed Condensed Consolidated Interim Financial Results
for the six months period ended 30 June 2023

1.1 Determination of functional currency (continued)

The Consolidated statement of financial position and statement of changes in equity comparatives were derived from applying an exchange rate at 31 December 2022 to the ZWL inflation adjusted figures including period October 2022 to December 2022 when functional currency had changed to USD. The closing interbank exchange rates used are as follows:

30 June 2022	366.27
31 December 2022	671.45
30 June 2023	5,739.80

The Directors have applied their judgement and believe that the functional currency for the period to 30 June 2023 is still United States Dollars (USD).

1.2 Statement of compliance

The condensed consolidated financial statements of the Group have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with IAS 34-"Interim financial Reporting" and in the manner required by the Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements), Rules, 2019.

1.3 Hyperinflation

In 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement that factors and characteristics for the application of IAS 29 "Financial Reporting in Hyper-Inflationary Economies" in Zimbabwe were met and, therefore, mandated IAS 29 to be applied in the preparation and presentation of financial statements for entities in Zimbabwe. Hyper-inflation financial reporting is, however, applicable to entities whose functional currency is the currency in hyper-inflation.

The Group's functional currency is USD, which is not a currency in hyper-inflation and, therefore, IAS 29 "Financial Reporting in Hyper-Inflationary Economies" is not applicable to the financial statements of the Group.

2 Reporting currency

The Group's Condensed Consolidated Interim Financial Results are presented in United States dollars (USD), which is the Group's functional and presentation currency for the period ended 30 June 2023. All the Group's subsidiaries operate in Zimbabwe and United States dollar (USD) is both their functional and presentation currency .

3 Property, plant, and equipment

Group

	Freehold Land & Buildings	Lease hold Improve-ments	Capital Work in Progress	Plant & Equip-ment	Motor Vehicles	Furniture & Office Equip-ment	Total
Cost	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Balance at 31 December 2021	**7,309,334**	**37,205**	**90,998**	**2,827,899**	**469,981**	**265,532**	**11,000,949**
Additions	-	-	-	1,540,440	101,135	67,916	1,709,491
Revaluation gains/(losses)	2,401,327	-	-	2,307,581	(2,242)	23,170	4,729,836
Disposals	-	-		-	(148,063)	(3,436)	(151,499)
Transfer in/(out)	81,168	-	(90,998)	9,830	-	-	-
Balance at 31 December 2022	**9,791,829**	**37,205**	**-**	**6,685,750**	**420,811**	**353,182**	**17,288,777**
Additions	-	-	1,230	31,345	70,738	1,950	105,263
Disposals	-	-	-	-	(5,782)	-	(5,782)
Balance at 30 June 2023	**9,791,829**	**37,205**	**1,230**	**6,717,095**	**485,767**	**355,132**	**17,388,258**
Accumulated Depreciation							
Balance at 31 December 2021		**(3,643)**					**(3,643)**
Depreciation for the year	(127,396)	(321)	-	(527,921)	(74,655)	(44,036)	(774,329)
Disposals	-	-	-	6,482	4,228	315	11,025
Elimination of Accumulated Depreciation	127,396	-	-	521,439	70,427	43,721	762,983
Balance at 31 December 2022	**-**	**(3,964)**	**-**	**-**	**-**	**-**	**(3,964)**
Depreciation for the year	(115,549)	(9,301)	-	(279,228)	(44,938)	(41,962)	(490,978)
Disposals	-	-	-	-	482	-	482
Balance at 30 June 2023	**(115,549)**	**(13,265)**	**-**	**(279,228)**	**(44,456)**	**(41,962)**	**(494,460)**
Carrying Amount							
Balance at 31 December 2022	**9,791,829**	**33,241**	**-**	**6,685,750**	**420,811**	**353,182**	**17,284,813**
Balance at 30 June 2023	**9,676,280**	**23,940**	**1,230**	**6,437,867**	**441,311**	**313,170**	**16,893,798**

Freehold land and buildings with a carrying amount of USD 9,676 thousand has been pledged to secure borrowings for the Group. This was done by way of a Deed of Hypothecation over The Remaining Extent of Lot 5 Block Y Ardbennie Township of Ardbennie. The Group's property, plant and equipment are insured at full replacement cost.

4 Intangible asset

	Group 30 June 2023 USD Reviewed	31 Dec 2022 USD Restated
Balance at 1 January	-	-
Additions for the period	215,500	-
Amortisation for the period	(10,775)	-
Balance as at 30 June	**204,725**	**-**

The total Intangible asset figure relates to the acquisition and implementation of SAP B1 ERP software. The asset was capitalized on 1 January 2023 and will be amortized over 10 years.

5 Right of use asset

Balance at 1 January	294,570	247,010
Additions to right of use	12,165	63,153
Amortisation for the period	(64,539)	(15,593)
Balance as at 30 June	**242,196**	**294,570**

6 Inventories

Raw materials	2,781,675	2,735,055
Finished goods	2,555,881	2,457,202
Work in progress	1,448,868	845,368
Spares and consumables	302,427	327,267
Provision for slow moving inventories	(235,793)	(294,103)
Total inventories	**6,853,058**	**6,070,789**

7 Trade and other receivables

Trade receivables	1,476,065	1,273,300
Prepayments	275,152	832,567
Deposits and other receivables	1,082,873	1,021,770
	2,834,090	**3,127,637**
Less: Allowances for doubtful receivables	(94,856)	(122,056)
Total trade and other receivables	**2,739,234**	**3,005,581**

8 Borrowings

Long term loan	-	49,644
Short term loan	230,000	497,233
Total borrowings	**230,000**	**546,877**

The loan is secured by Notarial General Covering Bond (NGCB) over movable assets including cession of book debts and First Ranking Deed of Hypothecation over immovable assets. It is payable over 1 year at an effective interest rate of 8.5% per annum.

9 Trade and other payables

	Group 30 June 2023 USD Reviewed	31 Dec 2022 USD Restated
Trade payables	4,502,906	5,263,605
Accruals and other payables	1,493,372	1,393,602
Total trade and other payables	**5,996,278**	**6,657,207**

10 Revenue

	6 months 30 June 2023 USD Reviewed	6 months 31 Dec 2022 USD Restated
Civils	2,445,262	3,518,459
Merchants	3,606,399	2,622,917
Irrigation	2,444,424	1,753,319
Mining	769,413	412,549
Local Authorities	570,755	132,937
Borehole drillers	648,318	103,570
Total revenue	**10,484,571**	**8,543,751**

There was a significant growth on local authorities and borehole drillers due to increase in local government projects and new projects such as the presidential borehole which saw many boreholes being drilled around the country.

11 Financial assets and liabilities

	30 June 2023 USD Reviewed	31 Dec 2022 USD Restated
Assets as per statement of financial position	**Assets at amortised cost**	**Assets at amortised cost**
Trade and other receivables (Excluding prepayments and statutory receivables)	2,512,773	2,295,070
Loans to directors (Included in trade and other receivables)	90,070	120,273
Cash and cash equivalents	282,259	769,810
Total	**2,885,102**	**3,185,153**
Liabilities as per statement of financial position	**Other financial liabilities**	**Other financial liabilities**
Borrowings and other payables (excluding statutory payments)	4,686,553	5,459,994
Lease liability	69,719	90,576
Total	**4,756,272**	**5,550,570**

12 Earnings per share

Basic earnings per share amounts are calculated by dividing profit attributable to ordinary equity holders of the parent for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing profit attributable to ordinary equity holders of the parent for the period by the weighted average number of ordinary shares outstanding during the period plus weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent adjusted for profits or losses on disposal of assets for the period.

13 Contingent Liabilities

There were no contingent liabilities at reporting date (June 2022-USD nil).

14 Capital Commitments

Capital Expenditure for the period to 30 June 2023 amounted to USD 105,263. The budgeted capital expenditure for the period to 31 December 2023 is USD3,872,000. The expenditure will be financed from internal resources and existing facilities.

15 Going Concern

The Board confirms that the Group has adequate resources to continue in business for the foreseeable future. Accordingly, the Group's Condensed Consolidated Interim Financial Results have been prepared on the assumption that the Group is a going concern.

16 Events after the Reporting Date

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorized for issue that require adjustments to the reported amounts or disclosures.

17 Dividends paid

On 15 September 2023, the Proplastics Limited Board declared an interim dividend of US 0.11 cents per share for the half year ended 30 June 2023 payable in respect of all the ordinary shares of the Group. The dividend will be paid in United States Dollars.

18 Review conclusion

These condensed consolidated financial results for the half year ended 30 June 2023 have been reviewed by Messrs KPMG Chartered Accountants (Zimbabwe) who expressed a qualified review conclusion because of noncompliance with International Accounting Standard 21, The Effects of Changes in Foreign Exchange Rates in the prior year, in respect of applying the change of functional currency change to US$ on 1 January 2023 instead of 1 October 2022 as described in note 1.1. This also had a consequential impact on the valuation of Property, plant and equipment as at 1 Janaury 2023, in accordance with IFRS 13, Fair Value Measurement, as ZWL inputs had been previously used and converting using the closing exchange rate may not result in an appropriate US$ valuation.

A copy of the auditor's review conclusion is available for inspection at the company's registered office. The engagement partner for this review is Vinay Ramabhai (PAAB Practicing Certificate Number 0569).

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Independent Auditors' Report on Review of the Condensed Consolidated Interim Financial Results

To the shareholders of Proplastics Limited

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Proplastics Limited as at 30 June 2023, the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and notes to the condensed consolidated interim financial results (collectively referred to as the "condensed consolidated interim financial results"). The directors are responsible for the preparation and presentation of this interim condensed consolidated financial results in accordance with IAS 34, *Interim Financial Reporting* and the Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements), Rules, 2019. Our responsibility is to express a conclusion on this interim condensed consolidated financial results based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial results consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Non-compliance with IFRS Standards IAS 21,* The Effects of Changes in Foreign Exchange Rates *(IAS 21) and IFRS 13,* Fair Value Measurement *(IFRS 13).

An adverse audit opinion was issued in respect of the inflation adjusted financial statements for the year ended 31 December 2022 given that the directors concluded that there was a change in functional currency with effect from the 1 October 2022 from Zimbabwean Dollar (ZWL) to the United States Dollar (US$) but only affected the change in functional currency on 1 January 2023 to coincide with the beginning of a new financial year. This constituted a departure from IAS 21 which stipulates that when there is a change in functional currency, the Group shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change, which based on the directors evaluation should have been on 1 October 2022.

Given the non-compliance with IAS 21 in the previous financial year, the condensed consolidated interim financial results are accordingly misstated in respect of freehold land and buildings, plant and equipment, motor vehicles and furniture and office equipment given that these assets were revalued as at 31 December 2022 in ZWL despite the functional currency of the Group being US$ with effect from 1 October 2022. Applying a US$ conversion rate to a ZWL valuation may not be appropriate in terms of IFRS 13 and consequently the opening fair value of the assets in US$ from 1 January 2023 is not appropriate. Consequently opening retained earnings would also be affected.

Qualified Conclusion

Based on our review, except for the effects of the matters described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial results as at 30 June 2023 is not prepared, in all material respects in accordance with IAS 34, Interim Financial Reporting and the Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements), Rules, 2019.

Other Information

The Directors are responsible for the other information. The other information comprises the Chairman's Statement but does not include the condensed consolidated interim financial results and the review report thereon.

Our conclusion on the condensed consolidated interim financial results does not cover the other information and we do not express a conclusion or any form of assurance conclusion thereon.

In connection with our review of the condensed consolidated interim financial results, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the interim condensed consolidated financial results or our knowledge obtained in the review, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis of qualified conclusion section above, the Group did not change its functional currency with effect from 1 October 2022 and accordingly property, plant and equipment is misstated. We have therefore concluded that the other information is materially misstated for the same reason

KPMG

Vinay Ramabhai
Chartered Accountant (Z)
Registered Auditor
PAAB Practicing Certificate Number 0569

21 September 2023

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors

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