

# ANNUAL REPORT 2022



MASVINGO neCARPET

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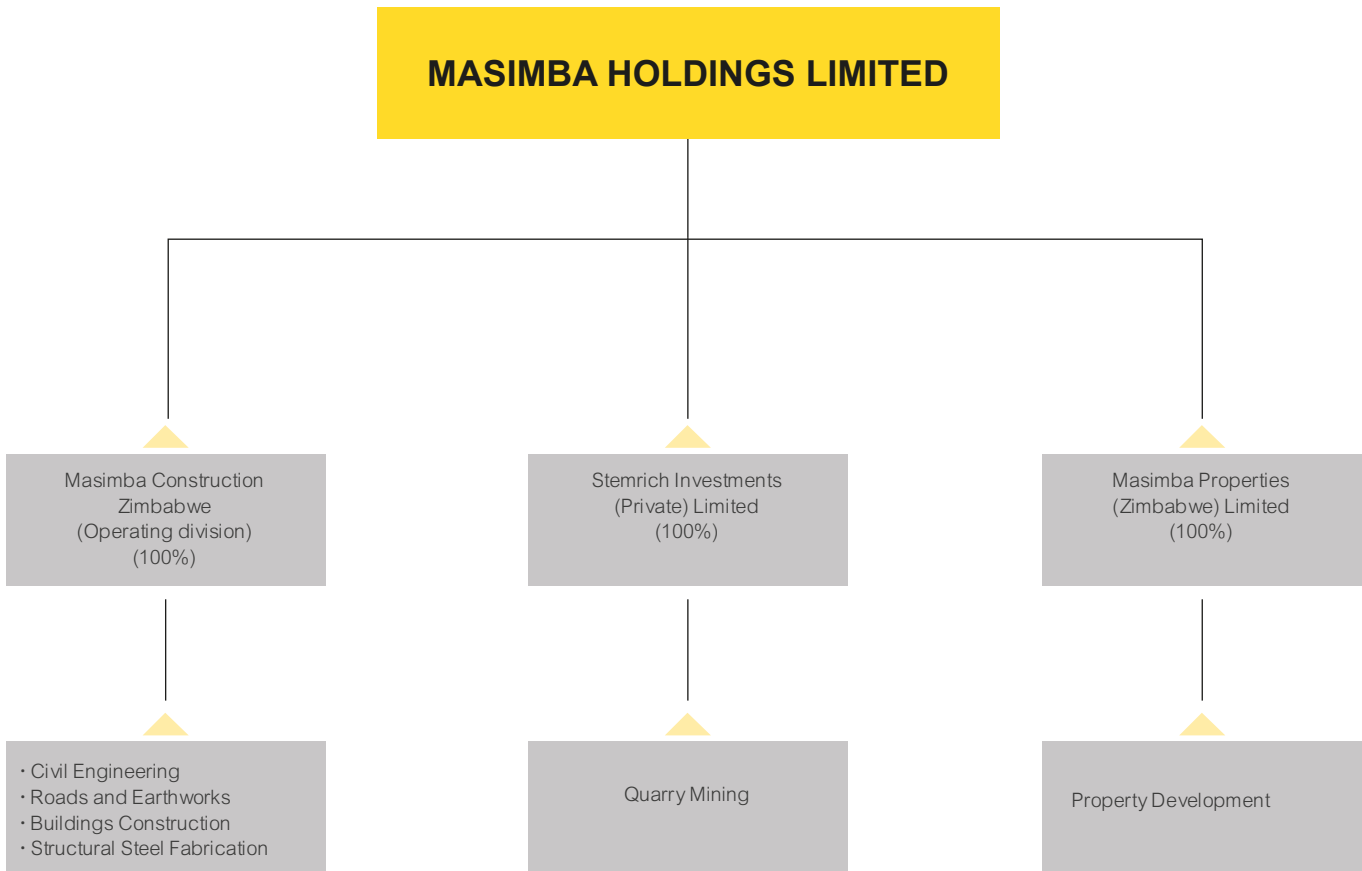
Masimba Holdings Limited supports COVID-19 health protocols. The preparations of this annual report adhered to all COVID-19 protocols as set out by the Zimbabwean Government.

## **Group Profile and Nature of Business**

Masimba Holdings Limited is a well-established Zimbabwean contracting and industrial Group that provides innovative engineering and infrastructure client solutions to the agriculture, commercial, communications, housing, mining, water and transport sectors.

More information is available at [www.masimbagroup.com](http://www.masimbagroup.com).

# Group Structure



## Consolidated Financial Highlights

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 Audited ZWL 000	2021 Audited ZWL 000	2022 Audited ZWL 000	2021 Audited ZWL 000
<b>Consolidated financial results</b>				
Revenue	46,331,125	25,284,481	36,283,665	6,019,717
Profit before interest and tax	15,751,708	5,985,225	16,618,640	1,802,039
Profit attributable to shareholders	11,532,665	3,386,460	13,437,025	1,295,256
Total assets	58,856,722	39,197,960	58,851,045	11,402,715
Cash generated from operating activities	717,932	8,721,581	2,442,553	2,377,093
<b>Ordinary share performance (ZWL cents)</b>				
Basic earnings per share (cents)	4.77	1.40	5.56	0.54
Diluted earnings per share (cents)	4.77	1.40	5.56	0.54
Headline earnings per share (cents)	2.07	1.18	0.53	0.21
Cash and cash equivalents earnings per share (ZWL cents)*	297.09	25.02	208.49	335.13
Market share price	75.000	189.070	75.000	55.000
<b>Financial statistics</b>				
Profit before interest and tax on revenue	34%	24%	45%	30%
Return on average capital employed	35%	32%	47%	41%

\* Arrived at by dividing the cash and cash equivalents balance by the number of shares at period end.

## Chairman's Statement



**G. Sebborn**  
Chairman

***The financial position of the Group strengthened to ZWL58.9 billion (2021: ZWL39.2 billion), which is in line with the Company's growth and value strategies.***

### Introduction

I am pleased to present my report for the year ended 31 December 2022. The Group's primary financial statements are adjusted for inflation in terms of International Accounting Standards (IAS) 29: Financial Reporting in Hyperinflationary Economies. Historical cost financial statements have been issued for information purposes only.

### Operating Environment

The operating environment was predominantly unstable during the financial period with annual inflation closing the year at 243.76% from 60.74% in the comparative period. Due to the continued disparities between the official and alternative market exchange rates, suppliers practised forward exchange pricing resulting in significant cost pressures to the business. In addition, the continued national power shortages have resulted in an increased cost of doing business.

Further, the local challenges have been compounded by the Russia - Ukraine conflict which has resulted in imported inflation on the back of disruptions in supply chains. Despite the aforementioned challenges, the Group posted a satisfactory performance for the year ended 31 December 2022.

### Review of Operations

The Contracting business commenced the financial period with a firm order book. The order book, comprising of roads and earthworks, water, housing, mining and energy infrastructure, was evenly balanced between the public and private sectors. We applaud the Government's continued investment in infrastructure development, being the key enabler to economic development.

The Properties segment continued in the year with its strategic focus of refurbishing its industrial assets to enhance rental earning capacity. During the year, refurbishments were concluded on two properties located in Bulawayo and Harare resulting in rental yields firming to 9% (2021: 3.5%). In addition, land bank valued at ZWL53 million (USD439 000) was acquired during the year in line with the value preservation strategy. The quarry mining business unit, Stemrich Investments (Private) Limited, established in the prior year, contributed positively towards the Group profitability. The segment manufactures stone aggregates which are key in the contracting business.

### Review of Inflation Adjusted Financial Performance

The Group recorded revenues of ZWL46.33 billion (2021: ZWL25.28 billion) resulting in a volume increase of 83%. The growth in revenue was mainly driven by a firm order book in the roads and earthworks, mining, buildings and housing infrastructure segments. Revenue earned in United States Dollars improved to 65% (2021: 35%) as a proportion to total revenue. The associated foreign currency denominated revenue and costs are converted to Zimbabwe Dollars based on the Willing Buyer Willing Seller rate as published by the Reserve Bank of Zimbabwe.

Earnings before Interest, Taxes, Depreciation and Fair Value Adjustment (EBITDFVA) increased to ZWL13.18 billion (2021: ZWL5.40 billion). The earnings growth was mainly attributable to improved operational efficiencies and exchange gains of ZWL4.8 billion (2021: ZWL1.97 billion) arising from a net foreign currency asset position.

The financial position of the Group strengthened to ZWL58.9 billion (2021: ZWL39.2 billion), which is in line with the Group's growth and value strategies. Total capital expenditure incurred in property, plant and equipment and investment property amounted to ZWL4.5 billion (2021: ZWL2.6 billion) and ZWL166.2 million (2021: ZWL1.4 billion) respectively, which collectively translated to an equivalent of USD6.7 million (2021: USD11.3 million). In addition, the increase in the financial position is attributable to the revaluation and fair value measurement of property, plant and equipment and investment property. In this regard, revaluation surplus and fair value gains realised in the year amounted to ZWL8.3 billion (2021: ZWL156 million) and ZWL4.3 billion (2021: ZWL1.3 billion), respectively. Unaudited Statement of Financial Position in United States Dollars has been included under supplementary information on page 83.

## Chairman's Statement (continued)

Current ratio improved to 1.29 (2021: 1.07) mainly due to increase in volumes and the temporary suspension of Zimbabwe Dollar payments by Central Treasury as announced in August 2022. This temporary suspension of payments was part of an array of measures put in place by the fiscal authorities to mitigate speculative trading.

Cash generated from operating activities declined to ZWL718 million (2021: ZWL8.7 million). The decline in cash generated by operating activities was mainly attributable to the slow progression in collection of contracts in progress and trade receivables following the temporary suspension of payments by Central Treasury as alluded to above.

As at close of the financial year, total borrowings were at ZWL424.2 million (2021: ZWL1.1 billion). Included in the borrowings is a USD loan balance of USD500 000. Given the current lending rates and economic outlook, the Group's levels of borrowings are sustainable.

### Occupational Health and Safety Assessment System

In the period under review, Lost Time Injury Frequency Rate improved to zero from the comparative of 0.50. Further, the Group was accredited with two sectorial gold awards at the NSSA Safety & Health at Work event. The Group, which continues to pursue its Zero Harm strategy, retained all its three International Organisation of Standardisation certifications, namely International Organisation for Standardisation (ISO) 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and ISO 45001:2018 Occupational Health and Safety Management System.

### Corporate Social Responsibility

In line with its policy of improving the wellbeing of the communities in which it operates, as a minimum guideline, general workers are hired from the local communities where the projects are being undertaken. As at reporting date, the proportion of local employees was 63% (2021: 64%). In addition, the Group constructed a classroom block at Kwirire Primary School in Chimanimani. Total costs expended in the various corporate social responsibility initiatives that the Group undertook in the current year amount to ZWL78 million (2021: ZWL78.7 million).

The Group further contributes to strengthening communities through education and has partnered the University of Zimbabwe's Faculty of Engineering, the Apprenticeship Board and the Institute of Chartered Accountants of Zimbabwe in honouring and employing the top Civil Engineering students, training Apprentices and Chartered Accountants, respectively. As at 31 December 2022, the Group had 27 (2021: 28) students under these training and development programs.

In line with the Group's sustainable development philosophy, 2 000 trees were planted in Masvingo in the last quarter of the year.

### Impact of COVID-19 on Business Continuity and Statement of Solvency

The Group continues to follow COVID-19 guidelines as authorised by the Government of Zimbabwe and the World Health Organisation throughout its activities to protect the health and welfare of its employees, clients, suppliers and other stakeholders.

For the period under review, the Group lost 2 448 (2021: 2 673) manhours and incurred direct COVID-19 related costs of ZWL18.7 million (2021: ZWL23.9 million). While COVID-19 cases continue to decline, the Board remains on high alert to any future pandemics. As at reporting date, all the Group's employees were fully vaccinated.

COVID-19 did not have a material impact on the Group's liquidity and solvency positions in the period under review.

### Outlook

The macro-economic environment is forecast to remain constrained on the back of a contractionary fiscal policy and continued pricing distortions emanating from exchange rate disparities in the market.

The Group has a firm order book valued at USD104 million as at the reporting date, with tenures of between six to eighteen months. The order book, which is evenly balanced between private and public sectors, is spread over energy, housing, buildings, roads, mining and water infrastructure.

The current state of infrastructure in the country presents opportunities for the Group as evidenced by a long project pipeline and increased tendering activities. Unlocking of these opportunities is dependent on the continued stability of the economy. In this regard, we implore the Authorities to continue pursuing a balanced and sustainable fiscal policy.

### Dividend Declaration

The Board, having considered the Group's profitability, its future cashflows on its operations, has declared a final dividend of USD0,315 cents and ZWL288,58 cents per share (2021: ZWL227,13) payable from the Group's profit for the year ended 31 December 2022.

### Directorate

I am pleased to announce the appointment of Sharon Bwanya who joined the Board as Non-Executive Director effective 20 June 2022. Sharon is the Group General Counsel for the Masawara Group, an investment holding entity that operates across various African countries.

### Appreciation

I wish to express my sincere gratitude to the Board of Directors, executives, management and staff for their efforts during the year under review. Their commitment, despite the challenging operating environment, is greatly appreciated. I also take this opportunity to thank the Group's valued customers, suppliers and other stakeholders for their continued support.

### For and on behalf of the Board



**Greg Sebborn**  
Chairman

**30 March 2023**



## **Strategic Foundations**

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### **Our Vision**

Building An African Legacy

### **Why Do We Exist?**

To Create Value All The Time

### **Our Aspirations**

Top of Clients' Minds. Place of Great Ideas.  
Pioneering.

### **What Makes Us Different and Guides Our Long Term Strategy?**

Rich Heritage. Trusted Brand. High Performance.  
Game Changing Capability.

### **Scope of the Game**

Civil Engineering. Roads and Earthworks.  
Buildings Construction. Quarry Mining.  
Structural Steel Fabrication. Property Development.

### **Our Brand Expression**

Excellence Delivered.

### **Our Strategic Pillars**

Value. Growth. Governance.

### **Our Behaviours**

Learning. Caring. Performance Driven.  
Professionalism. Excellence. Team Masimba.

### **Our Values**

Zero Harm. Integrity. Delivery. Communication. Innovation.



## Directorate



**Gregory Sebborn**  
Chairman, Independent  
Non-Executive Director

Gregory is an independent Chairman of the Board. He is a former Managing Director of Zimbabwe & Southern African operations of the Rennie Group of Companies, a founding Director and former Group Managing Director of Zimplats Holdings Limited and Managing Director of Zimbabwe Platinum Mines. Gregory is a consultant for special mining projects and developments in Africa and serves as a Non-Executive Director of several companies including Stanbic Bank Zimbabwe Limited.



**Canada Malunga**  
Chief Executive Officer

Canada has held this position since March 2013, prior to which he served the company as a Non-Executive Director. From 2004 to 2010, he was at the helm of the Masimba Holdings Limited Group of companies and is a past President of the Institute of Chartered Accountants of Zimbabwe. Canada is a Non-Executive Director at FBC Holdings Limited.



**Agnes Makamure**  
Finance Director

Agnes joined Masimba Construction Zimbabwe in 2008 as a Finance Manager. She was appointed to the position of Finance Director for Masimba Holdings Limited in August 2015. Agnes is a Chartered Accountant (Zimbabwe) She is a Non Executive Director at ZB Financial Holdings.



**Mark M. Di Nicola**  
Non-Executive Director

Mark has over 25 years experience with companies listed on the Johannesburg Stock Exchange and is a former Chief Executive Officer of Beige Holdings Limited. He is a Director of several companies in Mauritius and the SADC region including Kosto Holdings Limited and the Reinforcing Steel Contractors Group.



**Malcolm W. McCulloch**  
Non-Executive Director

Malcolm is a Chartered Accountant (SA) and a past Group Chief Executive Officer of Murray & Roberts Limited in South Africa. He is a Director of several companies in Mauritius and the SADC region including Kosto Holdings Limited, Wilderness Holdings and the Reinforcing Steel Contractors Group.



**Herbert S. Mashanyare**  
Independent Non-Executive  
Director

Herbert is a holder of a Master of Science in Process Engineering Design and Master of Philosophy in Process Research. He is a member of the Institute of Materials, Minerals and Mining (IOM3), London. Herbert, a former Executive Director at Mimosa Mining Company, is an Executive Director at Nhaka Metal & Alloy Processing Company. He is also an Independent Non-Executive Director at Proplastics Limited and Standard Chartered Bank Zimbabwe, amongst several other companies.



**Cathrine C. Chitiyo**  
Independent Non-Executive  
Director

Cathrine is a partner with law firm Atherstone & Cook in Harare. After graduating with an LLB from University of Zimbabwe, Cathrine started her career as a Public Prosecutor before proceeding into private practice. In 2009, her law firm Wickwar & Chitiyo merged with Atherstone & Cook. She has been involved in several commercial transactions, advisory mandates, and legal due diligences. She is a past Trustee of the Law Society Compensation Fund, and current member of the Law Society of Zimbabwe Conveyancing Committee. Cathrine is also a past board member of National Aids Council, and some commercial entities including a bank.



**Sharon Bwanya**  
Non-Executive Director

Sharon is the Group counsel for the Masawara Group, an investment holding entity with operating entities in the financial services, hospitality, telecommunications, energy and agri business sector across various African countries. Prior to joining Masawara, Sharon served as the Chief Operating Officer of Pan African investment management and advisory firm. She is a commercial lawyer by training and previously worked in leading regional and international commercial law firms. Sharon has a global outlook having studied, lived in, and worked in different countries which include South Africa, United Kingdom, Germany, and the United States.

# Corporate Governance

## The Board of Directors

The Board of Masimba Holdings Limited is committed to adhering to principles of good corporate governance in order to attain the goal of responsible corporate behaviour and full accountability to its shareholders and stakeholders. The Board has adopted the King IV report as its Governance framework. Compliance to the framework is discussed below.

## Composition and Appointment

The Board comprises of eight Directors made up of six Non-Executives and two Executives. It is chaired by an independent Non-Executive Director, thus ensuring a separation of powers and authority.

The election of Non-Executive Directors is subject to confirmation by the Shareholders. In terms of the Company's Articles of Association and the Companies and Other Business Entities Act (Chapter 24:31), at least one third of the Directors must retire at every Annual General Meeting and if eligible, can stand for election. Also, a Director appointed during the year must retire at the Annual General Meeting and, if eligible, stand for election.

## Accountability and Delegated Functions

The Board meets formally at least once every quarter to review the entity's performance. There is an agenda of matters presented for its consideration and review, and where appropriate for decision making, so that it maintains full and effective control over strategic, financial, operational and compliance issues. The record of attendance by each Director at the Board meetings, held during the period under review, is reflected in the table on page 11 of this report. There are procedures which allow Directors to avail themselves for independent professional advice in the furtherance of their duties and to select Non-Executive Directors.

## Performance Management Reporting

The entity operates regionally in regulated environments. Business is conducted within a well-developed control framework, underpinned by procedures and control manuals. The Board has established a management structure with clearly defined roles, responsibilities and reporting lines.

The business performance of the Group is reported regularly to Management, the Executive Committee and the Board. Performance trends against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies which are consistently applied, in all material respects, from year to year. Where a change in accounting policy occurs, the change is specifically noted in the financial statements.

The system of internal controls is monitored regularly by Management, the Executive Committee and the Board.

The scope of the Internal Audit department includes an assessment of the risks and controls in each operating area and its findings are reported to Management. All adverse findings are reported to the Chief Executive Officer for immediate management action. Internal Audit also reports regularly to the Audit and Compliance Committee of the Board.

The External Auditor reviews the system of internal controls to the extent necessary for them to form the opinion they express on the financial statements. They also report to the Audit and Compliance Committee on matters arising from this review.

## Changes to the Board

Mrs Sharon Bwanya was appointed to the Board as a non-Executive Director with effect from 20 June 2022.

## Directors

The following are the Directors who have served during the year under review:

- Mr Gregory Sebborn
- Mr Canada Malunga
- Mrs Agnes Makamure
- Mr Mark Mario Di Nicola
- Mr Malcolm William McCulloch
- Mr Herbert Stanley Mashanyare
- Ms Cathrine Charmaine Chitiyo
- Mrs Sharon Bwanya

## Board Committees

The Board has established and mandated several Committees to perform work on its behalf in various key areas affecting the business entity. The Committees are chaired by Non-Executive Directors and submit reports to the main Board on the respective deliberations and findings.

## The Remuneration and Nomination Committee

The Committee is chaired by a Non-Executive Director, Mr Malcolm William McCulloch. Its mandate is to set the remuneration of Executive Directors and to consider the appointment of new Directors and senior Executives before the final approval by the Board. The remuneration and nomination policies of the Committee are as follows:

- To ensure that individual rewards and incentives relate directly to the performance of the individuals, the operations and functions for which they are responsible and the Group as a whole.
- To maintain competitive rewards that enable the entity to attract and retain Executives of the highest quality.

In order to determine the competitiveness of the Executive remuneration, the Committee receives independent professional advice on remuneration packages and practices of comparable organisations within the region.

## Audit and Compliance Committee

Mr Herbert Stanley Mashanyare, an Independent Non-Executive Director, chairs this Committee which deals with compliance, internal controls and risk management.

The Committee considers changes to the Group accounting policies and reviews its interim and annual financial statements, and the effectiveness of the systems of internal controls during the period and reports thereon to the Board.

The Board is responsible for establishing systems of internal controls which provide reasonable assurance that the entity's assets are safeguarded, proper accounting records are maintained, and that the financial information used in the business and for publication is reliable. They attach great importance to maintaining a strong and controlled environment. However, any system of internal controls can provide only reasonable, not absolute, assurance against material misstatement of loss.

## Code of Conduct

The Board has approved a Code of Conduct which sets out the entity's core values relating to lawful and ethical conduct of the business. All employees observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the business operates.

## Corporate Governance (continued)

### Going Concern

The Board confirms that the Group has adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the basis that the Group is a going concern.

### Auditor

A resolution will be proposed at the Annual General Meeting to re-appoint Grant Thornton Chartered Accountants (Zimbabwe) as Auditor of the Group for the ensuing year.

The Group complied with all relevant laws and regulations and considers adherence to non-binding rules, codes, and standards as an integral part of the Group's risk management process.



.....  
**G. Sebborn**  
Chairman

30 March 2023



.....  
**C. Malunga**  
Chief Executive Officer

30 March 2023



.....  
**P. Mutiti**  
Company Secretary

30 March 2023

## Record of Board Attendance

### Directors' meetings for the 2022 financial year

Board Member	Position ↓	Board	AGM*	Audit	REMCO**
No. of Meetings →		4	1	4	3
Mr Gregory Sebborn	Independent Non-Executive Director and Chairman	4	1	2	3
Mr Canada Malunga	Chief Executive Officer	4	1	4	3
Mrs Agnes Makamure	Finance Director	4	1	4	-
Mr Mark Mario Di Nicola	Non-Executive Director	2	-	4	-
Mr Malcolm William McCulloch	Non-Executive Director	3	-	-	3
Mr Herbert Stanley Mashanyare	Independent Non-Executive Director	4	-	4	-
Ms Cathrine Charmaine Chitiyo	Independent Non-Executive Director	4	-	2	1
Mrs Sharon Bwanya***	Non-Executive Director	2	-	1	-

**AGM\*** refers to the Annual General Meeting

**REMCO\*\*** refers to the Remuneration and Nomination Committee

\*\*\*was appointed 20 June 2022

## Four Year Review

	Inflation Adjusted			
	2022 ZWL	2021 ZWL	2020 ZWL	2019 ZWL
<b>Summarised Statements of Profit and Loss</b>				
<b>Revenue</b>	<b>46,331,125,142</b>	<b>25,284,481,246</b>	<b>28,843,991,522</b>	<b>8,280,952,544</b>
EBITDFVA	13,186,606,971	5,403,400,557	5,944,935,399	2,637,535,241
Fair value adjustments	4,250,351,175	1,321,803,187	150,001,847	910,606,013
Depreciation	(1,685,250,083)	(739,978,264)	(556,885,298)	(412,211,726)
Operating profit	15,751,708,063	5,985,225,480	5,538,051,948	3,135,929,528
Net interest paid	(228,422,941)	(338,788,001)	(44,645,089)	(23,568,555)
Net monetary loss	(3,165,077,084)	(996,714,671)	(3,497,959,201)	(1,251,953,638)
Profit before tax	12,358,208,038	4,649,722,808	1,995,344,530	1,860,407,338
Income tax	(825,543,144)	(1,263,263,204)	(186,451,373)	(1,010,400,578)
<b>Profit attributable to ordinary shareholders</b>	<b>11,532,664,894</b>	<b>3,386,459,604</b>	<b>1,808,996,285</b>	<b>850,006,760</b>
<b>Summarised Statement of Financial Position</b>				
Non current assets	20,323,016,820	9,248,216,065	8,553,039,680	6,103,664,828
Bank balances	1,426,648,686	6,041,257,958	1,314,626,429	293,128,575
Other current assets	37,107,056,533	23,908,486,668	15,757,908,377	4,985,403,370
<b>Total assets</b>	<b>58,856,722,039</b>	<b>39,197,960,691</b>	<b>25,625,574,486</b>	<b>11,382,196,772</b>
Ordinary shareholders funds	27,829,974,243	11,550,070,738	9,195,059,885	6,424,757,880
Liabilities	31,026,747,796	27,647,889,953	16,430,514,600	4,957,438,892
<b>Total Equity and Liabilities</b>	<b>58,856,722,039</b>	<b>39,197,960,691</b>	<b>25,625,574,486</b>	<b>11,382,196,772</b>

EBITDFVA: Earnings Before Interest, Taxation, Depreciation, Impairment and Amortisation and Fair Value Adjustments

## Ratios and Statistics

	Inflation Adjusted			
	2022 ZWL	2021 ZWL	2020 ZWL	2019 ZWL
<b>Earnings (ZWL cents)</b>				
Basic earnings per ordinary share	4,772.39	1,401.37	748.61	351.74
Headline earnings per ordinary share	2,071.30	1,178.34	1,989.03	370.92
Diluted earnings per share	4,772.39	1,401.37	748.61	351.74
Cash equivalent earnings per ordinary share	5.92	25.03	208.49	335.13
Dividends per ordinary share	0.86	7.80	-	55.45
Dividend cover	8.57	5.78	-	298.69
<b>Profitability</b>				
PBIT on revenue	34%	24%	45%	30%
PBIT on average capital employed excluding cash	35%	32%	47%	41%
PBIT on average ordinary shareholders funds	44.40%	51.80%	60.20%	48.80%
<b>Productivity</b>				
Overheads to revenue ratio (%)	11	13	14	12
Payroll to turnover (cents)	0.18	0.07	0.07	0.06
<b>Finance</b>				
Total liabilities as a percentage of permanent capital	111.51%	239.37%	178.69%	77.16%
Current assets to liabilities	1.00	1.07	1.17	1.5
<b>Share performance</b>				
Ordinary share in issue (ZWL million)	2,417	2,417	2,417	2,417
Share price at year end (ZWL cents)	7,500	18,907	4,125	62
Market capitalisation (ZWL million)	1,812,403	45,698	9,969	150
<b>Other</b>				
Number of employees at year end	1,814	1,346	1,052	879

### Definitions:

Average

Capital employed

Cash equivalent earnings

Earnings per ordinary share

PAT

PBIT

PBT

Permanent capital

Total liabilities

Arithmetic average between consecutive year ends.

Permanent capital, long term loans and deferred tax.

Profit after tax (PAT) adjusted for the effects of non-cash items.

Earnings after tax net of non-operating items, divided by the weighted average ordinary shares in issue.

Profit after tax attributable to ordinary shareholders.

Profit before interest and tax.

Profit before taxation.

Ordinary shareholders funds.

Borrowings, finance lease and non-interest bearing debt.

**\*Non-operating items are excluded when computing these statistics.**

# Sustainability Reporting

## Strategy

The sustainability strategy minimizes negative impact on the Group, stakeholders and the environment, thus safeguarding a good balance between protection of the environment and economic success.

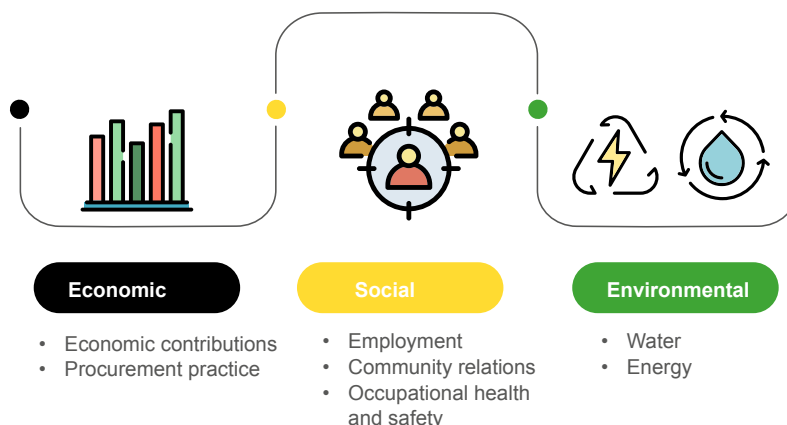
The Group implements the Global Reporting Initiatives (GRIs) standards in identifying, measuring and managing material impacts within its operations. Stakeholder engagement is fundamental in the identification of potential issues and how best to respond to them, which information becomes the bedrock of the reporting of the Groups performance indicators.

## Sustainability Governance

Governance processes enable the Group to achieve set goals and continuously improve on performance. The Board, supported by the Audit and Compliance Committee, has overall responsibility for sustainability.

## Managing Material Topics and Reporting Practice

Topics that reflect significant economic, environmental and social impact or which substantively influence the assessment of decision makers and key stakeholders are material to the Group. Issues below were identified as material to the Group and key stakeholders:



## Engaging of Stakeholders

To achieve the goal of sustainability, the Group engages all key stakeholders to understand their needs, expectations and interests. Resultantly, the Group is better able meet their expectations and strategically report on relevant matters. The Board is the main custodian for managing the Group's brand, reputation and stakeholder relationships.

## Stakeholder Engagement Approach

Stakeholder	Material Issues Raised or Stakeholder Concerns	Mitigation Measures	Communication Channel
Employees	<ul style="list-style-type: none"> <li>• Cost of living.</li> <li>• Professional and continuing education and development</li> </ul>	<ul style="list-style-type: none"> <li>• Adjustments above industry average.</li> <li>• Human resources procedures in place to allow for continuous training and development.</li> </ul>	<ul style="list-style-type: none"> <li>• Works Council meetings.</li> <li>• Internal communications.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Timely payment</li> <li>• Quality of products/services supplied.</li> <li>• Conflicts of interest.</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier audits.</li> <li>• Supplier screening.</li> <li>• Product returns.</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiation of payment terms.</li> <li>• Supplier engagement programs.</li> <li>• Continuous supplier evaluation.</li> <li>• Supplier company profiles.</li> <li>• Declaration of conflicts of interests.</li> <li>• Use of approved supplier list.</li> </ul>
Government and Regulators	<ul style="list-style-type: none"> <li>• Changes in legislations.</li> <li>• Foreign currency funding.</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with regulation.</li> <li>• Lobbying government.</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory returns.</li> <li>• Compliance audit.</li> <li>• Banking relationships.</li> <li>• Participation on the foreign currency auction market.</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Labour collective bargaining issues.</li> </ul>	<ul style="list-style-type: none"> <li>• Participation at CIFOZ and NEC levels</li> </ul>	<ul style="list-style-type: none"> <li>• Works Council meetings.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Competitive pricing.</li> <li>• Quality of service.</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiations with clients.</li> <li>• Monitoring market developments.</li> <li>• Quality control at all construction sites.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings.</li> <li>• Customer relationship.</li> <li>• Management programs.</li> <li>• ISO 9001: Quality Management Framework.</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>• Economic opportunities.</li> <li>• Visible corporate social responsibility activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Local community affirmative recruitment policy.</li> <li>• Sponsorships and donations to localised programs.</li> </ul>	<ul style="list-style-type: none"> <li>• Employment contracts of locals.</li> <li>• Meetings with local Chiefs.</li> </ul>

# Sustainability Reporting

## Our Priorities

The Group continues to improve its Safety, Health, Environment and Quality (SHEQ) performance over the years through maintaining its adherence to policies and procedures and keeping up to date with latest trends as far as SHEQ is concerned. This is being achieved through various strategies including but not limited to the following:

<div style="background-color: #f46d43; color: white; padding: 10px; text-align: center; font-weight: bold; font-size: 24px;">01</div>	<p>Continuous identification and evaluation of occupational hazards. No occupational illnesses were recorded in 2022.</p>	<div style="background-color: #f4a460; color: white; padding: 10px; text-align: center; font-weight: bold; font-size: 24px;">02</div>	<p>Ensuring customer satisfaction. Our customers are key and are the lifeblood of our operations. We remain committed to ensuring they are satisfied and all their concerns are timeously and professionally addressed. We respect their feedback always for valuable improvement in our processes. Our subscription to ISO 9001:2015 guarantees that all clients and stakeholders are satisfied through our professional service delivery.</p>	<div style="background-color: #76c730; color: white; padding: 10px; text-align: center; font-weight: bold; font-size: 24px;">03</div>	<p>Managing processes and operations to protect biodiversity, conserve energy and to prevent pollution, injury, illness and damage to equipment. All operational sites are guided by approved environmental management plans that consider the needs of future generations and not compromise the existing communities.</p>
<div style="background-color: #26a69a; color: white; padding: 10px; text-align: center; font-weight: bold; font-size: 24px;">04</div>	<p>Defining responsibility and accountability to monitor performance against set objectives and targets for continual improvement purposes. During the year, we also managed to retain all ISO certifications and the Group remains accredited to international standards.</p>	<div style="background-color: #26a69a; color: white; padding: 10px; text-align: center; font-weight: bold; font-size: 24px;">05</div>	<p>Complying with applicable SHEQ legislation and international industry standards. The Group did not face any penalties with regards to breaches of any health and safety regulations.</p>	<div style="background-color: #2672a6; color: white; padding: 10px; text-align: center; font-weight: bold; font-size: 24px;">06</div>	<p>Developing a world class safety culture and achieving ZERO HARM through SHEQ awareness, training and behaviour modification. This has enabled the organisation to achieve a Lost Time Injury Frequency Rate (LTIFR) of 0 with manhours for the year totalling 5,754,176. The Group was also awarded 2 gold shields by NSSA in Harare and Masvingo regions for outstanding safety performance in the construction sector in the month of October 2022.</p>

### Sustainability in our Procurement Practice

Our procurement strategy hinges on professionalism and transparency within prescribed standards and quality. This also ensures the safety of our employees and our stakeholders through use of carefully selected materials used to deliver products and services to our clients in a safe way.

Compliance to quality standards and proven track records are key selection benchmarks that we employ to avoid any substandard goods and services before they are delivered to the end user. Our procurement policy serves as a reference point in all decisions and practices and ensures only vetted and reputable suppliers are engaged. To ensure sustainability in our supply chain we vary the way we procure goods depending on value, complexity and risk involved.

By nature of our business ,contracting and civil building ,the Group inadvertently has potential to damage the environment in the

execution of its various contractual activities. It is in this vein that we adopted and are certified to ISO 14001:2015 Environmental Management System to track and effectively mitigate on the effects and harm to the environment.

### Environmental Management

Through implementation of environmental policies and procedures, the Group managed to retain its ISO 14001:2015 Environmental Management System certification in 2022 where it met all the requisite requirements towards maintaining a clean, safe and sustainable environment across all its operations. In 2022, the organisation partnered with the Forestry Commission, Environmental Management Agency (EMA), Zimbabwe Republic Police (ZRP) and National Social Security Authority (NSSA) in commemorating the National Tree Planting day in December across all operational sites where 2000 trees were planted.





## Sustainability Reporting (continued)

### Our key environmental risks include:

- Increased regulators requirements related to energy and climate change, which could lead to increased costs as well as opportunities in a low - carbon economy.
- Project disruptions due to extreme and unpredictable weather conditions, including floods and storm surges.
- Undertaking activities without correct environment assessments or failure to abide by conditions set out in operating licences such as water and sand abstraction permits on a project.



To ensure environmental sustainability, the organisation across all its operations continues to set objectives linked to sustainable environmental management. Furthermore, the 3R strategy which is premised on an approach to reduce the amount of solid waste through **Reducing, Reusing and Recycling**, is adopted and supported by relative activities that include:

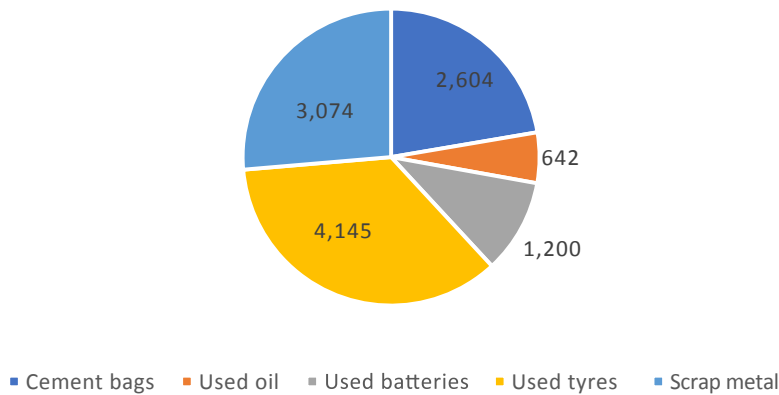
Ensuring controlled disposal of waste through licensed service providers.			On-site waste segregation.
Recycling of used vehicle tyres			Harnessing salvage value from waste streams such as cement bags, paper and used oils, used tyres to mention a few.
Monitoring and measuring of vehicular and machinery exhaust emissions through planned monthly maintenance schedules.			Migrating towards a paperless working environment through automation of essential processes.
Monitoring of resource utilisation such as electricity, water and fuel to promote efficient consumption patterns that reduce our overall carbon footprint.			Adoption of solar energy at our projects and sites.
Land rehabilitation after completion of all projects.			Compliance and adherence to permits and licences.

## Sustainability Reporting (continued)

All waste generated is disposed through approved and licensed service providers who have a record of managing waste in environmentally sustainable ways. The table below details all major waste streams that the organisation generated and disposed during the year within its operations:

Waste Stream	UOM	Quantity Disposed
Cement bags	Number	53,850
Used oil	Litres	8,990
Used batteries	Number	53
Used tyres	Number	1,052
Scrap metal	Kilograms	23,640

### Salvage Value Generated Per Waste Stream (USD)



Detailed below is our environmental footprint

Resource	Measurement Unit	2021	2020	2019	2018	2017
Diesel	Litres	1,391,262	1,279,899	669,908	858,572	729,541
Petrol	Litres	17,557	11,026	20,787	23,637	28,247
Oils	Litres	14,764	8,991	8,452	13,976	9,737
Electricity	KW/h	107,641	99,018	74,561	108,063	73,592
Grease	Kilograms	3,314	1,383	1,214	2,719	1,200
Water	M <sup>3</sup>	24,400	108,708	63,186	30,291	6,475

#### Quality Management

- Customers are key, and they keep the Group standing firm through their continued support and trust in the way we conduct our business.
- The Group managed to maintain its certification to ISO 9001:2015 Quality Management System which guides in delivering quality infrastructure across all operations.
- The Groups main aim is delivering projects within agreed timelines, budget and quality, in a safe and environmentally sustainable manner.



#### Quality is ensured through:

- A culture of excellence and doing things right the first time.
- Automation of processes for advanced management of projects and operations.
- Robust adherence to quarterly planned maintenance schedules for all equipment and machinery.

## Sustainability Reporting (continued)

### Our People

Our people are responsible for the delivery of the Group's tagline, "EXCELLENCE DELIVERED".

We believe the success of all systems depends on people as the organisation's greatest asset. To that end, we strive to:

- ✓ Provide a safe working environment
- ✓ Provide appropriate training and development.

For the business to retain a well engaged and skilled team, regular performance evaluations are conducted to provide feedback and implement corrective actions.

The Group provides employment opportunities through various forms that include project-based contracts, casual positions, fixed term contracts and full-time permanent contracts. The opportunities are managed through adherence to best labour practices. Our project-based contract employees are members of the Zimbabwe Construction and Allied Trade Workers Union. Detailed below is our employees database:

### Employees by Nature of Contract

Financial Year	Number of Active Projects	Permanent Contracts	Project Based Contracts	Students on Attachment	Graduate Trainees	Apprentices and TOPP	Total
2022	19	219	1,547	7	21	20	1,814
2021	23	174	1,138	8	17	11	1,346
2020	29	176	843	11	10	4	1,052
2019	15	167	698	9	5	-	879

### Employees by Gender

Financial Year	Males		Females		Total Number
	Number	Percentage %	Number	Percentage %	
2022	1,512	83	302	17	1,814
2021	1,152	85	194	14	1,346
2020	930	87	122	13	1,052
2019	799	90	80	10	879



**17%**  
current ratio of females versus males

Masimba believes in gender equality and makes a deliberate effort to include females in its hiring process. The current ratio of females versus males is 17%, with a target of 25% by December 2023.

### Local Engagements

As part of our corporate social responsibility the engagement of general workers is done from the local communities. Below are the statistics of locals engaged vis-a-vis imported personnel:

Financial Year	Number of Locals Engaged	Total	Proportion of local engagements to total employees
2022	762	1,814	42%
2021	862	1,346	64%
2020	568	1,052	54%
2019	723	879	83%



### Employees' Skills Base

The Group recruits diverse skills which allow sustainable value creation. Some of the employees are members of the following professional bodies:

- Zimbabwe Institute of Engineers
- Institute of Chartered Accountants Zimbabwe
- Association of Certified Chartered Accountants
- Chartered Institute of Purchasing and Supply
- Institute of People Management in Zimbabwe.



### Training

Training is a strategic objective that the Group implements to ensure that:

- Employees remain abreast to current trends
- Adequate succession planning.

## Sustainability Reporting (continued)

Detailed below are the key Group's training strategies:

Training Programmes		Number of Trainees Programmes			
Programs	Description	2022	2021	2020	2019
Development Programs	We adopted Development Programs designed to improve managerial behaviour and performance of supervisors by cultivating their mental abilities and inherent qualities through the acquisition and application of advanced knowledge insights and skills.	48	23	1	0
TOPP	We offer internal candidates an opportunity to become Chartered Accountants through Training Outside Public Practise (TOPP).	3	2	2	0
Graduate Development	We introduced a two-year structured Graduate Development Programme to develop the future skill base by ensuring predicted skill gaps are addressed.  On completion of the programme trainees may either progress to an external employer or be placed in an appropriate vacancy, should one exist.	21	16	7	5
Apprenticeship	We annually offer training opportunities to deserving applicants to undergo a four-year apprenticeship training. The training programme covers artisan fields in line with Masimba needs.	20	10	5	0
Students on Attachment	We offer industrial attachment to students from various tertiary institutions such as the University of Zimbabwe, Midlands State University, National University of Science and Technology, Harare, Bulawayo and Mutare Technical Colleges as well as National Vocational Training Centres.	7	8	11	9
Bursary Scheme	We run a Bursary Scheme which provides financial assistance to children of employees. The assistance covers the costs of tuition and accommodation (excluding books) at any local university.	2	8	11	9

Additionally, environmental stressor parameters inclusive of vehicular emissions, dust and noise are monitored annually to ensure operations do not negatively impact on our local communities' health, welfare and continued sustainability post the project phases.

### Safety and Health

The Group is certified to ISO 45001: 2018 Occupational Health and Safety Management System for advanced and effective management of Occupation Health and Safety issues. We are committed to managing processes and operations to prevent injury and harm to our employees, stakeholders and damage to property and equipment. Zero Harm to all employees and stakeholders is our inspirational goal and is key to the success of the Group.



### Safety and Health Core Affirmation

- Zero Lost Time Injury Frequency Rate (LTIFR) and accidents.
- We believe that all incidents caused by human factors, no matter how small are avoidable.
- Life is precious and irreplaceable. Accordingly, we make safety a priority and way of life throughout all our operations. **"ONE ACCIDENT IS ONE TOO MANY!"**

### Safety Performance

Financial Year	2022	2021	2020	2019	2018
LTIFR	0	0.5	0	0.82	1.73

## Sustainability Reporting (continued)

### Corporate Social Investment

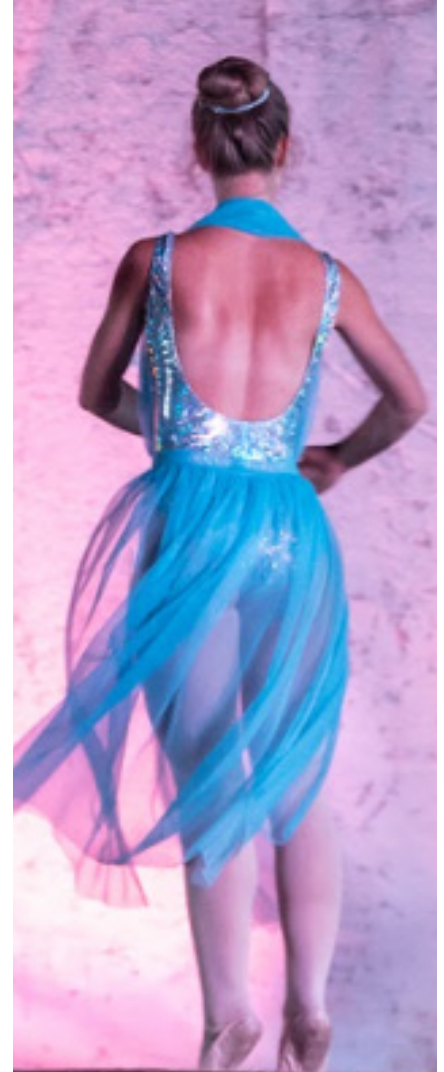
The Group believes that long-term viability is an effect of investing in people and communities. In this respect, our organisation is dedicated to building infrastructure that is an integral part of daily living, as well as supporting local communities and leaving a constructive legacy for future generations.

Our goals include creating social and economic value for the communities that we work in. We procure labour, material and supplies locally, and support community projects and charities. Our management and site personnel are the source of identifying local needs for the Group. Below are some examples:



### Keeping dance alive in Harare

The Group erected a stage for the Dance Trust of Zimbabwe's annual outdoor event, 'Starlight Dancing', that ran from 28 September 2022 to 2 October 2022.



## Sustainability Reporting (continued)

### Manicaland Province: Classroom Block

While rehabilitating the Machongwe-Risitu Road in Chimanimani, we identified Kwirire Primary school, located near Machongwe Growth Point, with a shortage of classroom blocks vis-à-vis its number of learners. We saw an opportunity to alleviate this problem and, with the Ministry's consent, started constructing a double classroom block in 2021.



- ### The Future of Communities

We believe that a strong educational system is one of the key elements in community development. To ensure communities with educated and exposed youngsters that will take advantage of business possibilities and create positive change, the Group continues to partner institutions such as the University of Zimbabwe's Faculty of Engineering, the Apprenticeship Board and the Institute of Chartered Accountants of Zimbabwe in various aspects.



**Masimba team planting 2000 trees on National Tree planting day**

### Reforestation

The Group, in partnership with the Forestry Commission, Environmental Management Agency, National Social Security Authority and the Zimbabwe Republic Police, planted 2,000 eucalyptus trees in Gokomere, Masvingo, on Saturday 10 December 2022.

## Sustainability Reporting (continued)

### Harare-Masvingo Highway Junction to Gokomere Mission

We re-gravelled and graded 2km of the road from the Gokomere shops junction along the Harare – Masvingo Highway to Gokomere Mission which had become almost impassable due to corrugations and damages caused by incessant rains. The road services Gokomere Mission which consists of Gokomere Clinic, that serves over 2,000 people in the community, and Gokomere High and Primary schools that have a combined enrolment of over 2,500 students.

### Community Dip

Masimba went on further, in February 2022, to clean, seal and refill the community dip at Gokomere. This greatly benefitted over 150 households surrounding Gokomere Mission who did not have an alternative dip for their cattle. The community can now consistently dip their cattle and therefore avoid tick-borne diseases such as “the January disease” which wreaked havoc in the Masvingo Province.

### Construction of a 4 \* 1200mm Pipe Culvert at Southdale

Masimba advanced and assisted the farmers around Southdale area who were cut off from the Harare–Masvingo Highway and the local shops after the structure that connected them was washed away. Further, the Group had constructed a four-barrel culvert which has provided an easy and shorter link to the markets for the farming community. 40 households benefited from the project.

### Gender Equality

The Group continues to embrace diversity. It believes that in females joining the construction industry there are social and community benefits, such as opportunities for more women and girls to join the construction industry. In the process, the historical homogenous and non-inclusive culture is eliminated by a modern and friendly industry where diverse and inclusive teams can make a living. Resultantly, the Group remained committed to attracting, recruiting, and promoting more women to broaden its talent pool. 36% females held senior positions on the management team while, as at the end of the year, female representation on the board grew to 28% from 14% in 2020. Generally, though slow, female to male ratio of employees increased by 3% to 17% from 14% in 2021. Concurrently, the Group endeavoured to provide an environment free of discrimination and harassment of any kind. Due to this deliberate strategy of inclusiveness, the Group was more creative and innovative in achieving its objectives.

# 36%

females held senior positions on the management team while, as at the end of the year, female representation on the board grew to 28% from 14% in 2020.



## Sustainability Reporting (continued)

### Sports - Ngezi Platinum Stars Football Club Sponsorship

The Turf in Mhondoro, Ngezi, is not only home to the Ngezi Platinum Stars Football Club (NPS FC), aka Madamburo, but the Masimba Group as well. The Masimba Group proudly renewed its sponsorship of the NPS F for the 2022 football season. This was in support of its relationship with the Ngezi community which spans over a decade of years. The Group is of the view that this sponsorship shall enable Madamburo to achieve its dream of developing grassroots football, positively impacting many communities and being a force to reckon with in Zimbabwe and beyond the borders.



### Economic Contributions

We are operating in an environment that is characterised by economic and inflationary pressures which constrain our value generation capability. The Group has remained resilient amid the economic pressures and continues to demonstrate exceptional performance in a difficult environment. Improved business performance enables the distribution of wealth across our stakeholders and on the other hand poor performance results in negative consequences on our respective stakeholders. To that end, the Group is committed in seeking ways of improving business performance so that it adds value to its shareholders, society and Government.

Value preservation is at the core of the Group's strategic objectives. To that end, we have continued to retool the business, reviewing our processes and thus improving efficiencies and enabling opportunities to expand the customer base.

### Economic Value Generated and Distributed

The wealth that the Group creates is subsequently distributed across its stakeholders. The difference between the value generated and distributed is the economic value retained by the Group for further developing the business.



## Sustainability Reporting (continued)

	Inflation Adjusted		Historical	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Value generated as represented by Gross Profit	10,350,140,549	7,707,684,860	7,978,008,236	1,802,294,086
Other income and interest received	6,302,455,168	300,653,005	4,804,926,259	75,344,355
Equity accounted earnings	4,848,938,860	984,878,030	11,831,965,342	1,006,644,816
	<b>19,129,402,264</b>	<b>8,993,215,895</b>	<b>24,614,899,837</b>	<b>2,884,283,257</b>
<b>Economic Value Distribution</b>				
Other operating costs	474,416,818	1,630,854,671	401,781,978	401,781,978
Staff costs and benefits	498,621,571	1,714,060,900	395,667,442	395,667,442
Depreciation and amortization	215,260,219	739,978,264	170,294,346	170,294,346
Providers of capital	98,553,678	338,788,002	83,497,905	83,497,905
Value added	<b>1,713,794,317</b>	<b>4,569,534,057</b>	<b>2,554,891,922</b>	<b>1,463,910,486</b>

### Payments to Government

The Group generates revenue for the Government through taxes paid to regulators. Payments made to the Government are detailed as follows:

Description	2022 ZWL	2021 ZWL
PAYE	1,300,503,010	178,984,904
Aids Levy	39,015,090	76,707,817
Intermediated Transfer Tax	688,919,990	89,602,788
Value Added Tax (VAT)	892,182,968	199,873,705
Import Duty and VAT	223,348,238	185,111,375
Income Taxes	1,529,035	1,107,494

## Masimba at Work

Hauling waste rock material to build the Starter Wall



## Masimba at Work (continued)



## Masimba at Work (continued)



# Directors' Report

The Directors have the pleasure in presenting their Audited Financial Statements of the Group for the year ended 31 December 2022. The commentary in this report shall be based on the inflation adjusted financials being the primary reporting financial statements for the Group.

In the report "Group" refers to Masimba Holdings Limited and its subsidiary companies.

## Period's Results

	<b>ZWL - Historical</b>
Profit attributable to Shareholders	11,532,664,894
Dividend	1,346,397,794
<b>Net transfer against reserves</b>	<b>10,186,267,100</b>

## Capital Expenditure

Capital expenditure for the year ended 31 December 2022 amounted to ZWL2,830,015,660 (2021:ZWL667,437,862).

## Share Capital

The authorised share capital of the Group is ZWL8,750,000 comprising of 875,000,000 ordinary shares of a nominal value of ZWL0,01 each.

Issued share capital of the Group is ZWL2,416,537 as at December 2022 (2021: ZWL2,416,537) and comprised of 241,653,707 ordinary shares of the nominal value of ZWL0,01 each.

## Auditors

The auditors of the Group are Grant Thornton Chartered Accountants. Shareholders will be asked at the forthcoming Annual General Meeting to approve their remuneration in respect of the past audit and to appoint the Auditors for the coming year.

## Reserves

The movement in the Reserves of the Group is disclosed on the Consolidated Statement of Changes in Equity.

## Directorate

The following are the Directors of the Group that held office in the period under review:

Mr. Gregory Sebborn	Independent Non-Executive Chairman
Mr. Canada Malunga	Chief Executive Officer
Mr. Malcolm William McCulloch	Non-Executive Director
Mrs. Agnes Makamure	Finance Director
Mr. Mark Mario Di Nicola	Non-Executive Director
Mr. Herbert Stanley Mashanyare	Independent Non-Executive Director
Ms. Cathrine Charmaine Chitiyo	Independent Non-Executive Director
Mrs. Sharon Bwanya	Non-Executive Director (appointed 20 June 2022)

Ms. Cathrine Charmaine Chitiyo and Mr. Gregory Sebborn will retire by rotation on conclusion of the forthcoming Annual General Meeting. All being eligible, have offered themselves for re-election and Shareholders will be asked to appoint Directors for the ensuing year.

Mrs. Sharon Bwanya has been appointed as a Director of the Company and in terms of Article 115 of the Articles of Association retires at the Annual General meeting. Being eligible, she offers herself for election.

## Directors' Fees

Shareholders will be asked to approve the remuneration of the Directors for their services as Directors during the past year. Your Board recommends that an amount of ZWL34,492,780 (2021: ZWL5,927,735) be paid, to be divided amongst themselves at their discretion.

## The Masimba Holdings Limited Senior Executive Share Option Scheme 2003

The Scheme was approved by Shareholders in October 2003, the purpose of which was to promote the retention of senior Executives responsible for the management of the Group. The details of the movement in the outstanding option during the year to 31 December 2022 are shown on note 11 of the consolidated financial statements.

## Reporting Frameworks

This Report was compiled with due consideration to the following regulatory requirements and reporting standards:

- Companies and Other Business Entities Act Chapter (24:31).
- Zimbabwe Stock Exchange Listing requirements.
- International Financial Reporting Standards (IFRS).

Effective 1 March 2019, the Group adopted the Zimbabwe Dollar as both the reporting and functional currency of the Group.

## Directors' Report (continued)

### Statement of Compliance

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements.

The Group's independent external auditors, Grant Thornton, have audited the financial statements and their report is attached to the financial statements.

The Directors are also responsible for the system of internal controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets. These systems of internal control also prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review. The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for the foreseeable future.

The Group's financial statements as attached were, in accordance with their responsibilities, approved by the Board of Directors on 30 March 2023 and signed on its behalf by:



.....  
**G. Sebborn**  
Chairman

30 March 2023



.....  
**C. Malunga**  
Chief Executive Officer

30 March 2023



.....  
**P. Mutiti**  
Company Secretary

30 March 2023

These consolidated financial statements were prepared under the supervision of:



.....  
**Agnes Makamure CA (Z)**  
Registered Public Accountant (PAAB No: 03528)  
Finance Director

### Company Secretary's Certification

I certify, to the best of my knowledge and belief, that the Group has lodged with the Registrar of companies all such returns as required to be lodged by a public entity in terms of the Companies and Other Entities Act (Chapter 24:31) and that all such returns are true, correct and up to date.



.....  
**P. Mutiti**  
Company Secretary

30 March 2023

## INDEPENDENT AUDITOR'S REPORT

**To the members of Masimba Holdings Limited**

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

#### **Qualified Opinion**

We have audited the consolidated inflation adjusted financial statements of Masimba Holdings Limited set out on pages 33 to 82, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant group accounting policies.

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated inflation adjusted financial statements present fairly, in all material respects, the financial position of Masimba Holdings Limited 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 the prior financial years and International Accounting Standard (IAS) 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

During the prior financial years, the foreign currency denominated transactions and balances of the Group were translated into Zimbabwe Dollars (ZWL) using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended 31 December 2022.

As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8, some comparative numbers in the financial statements may be misstated. Our opinion on the current year 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.

The effects of the above non-compliance with International Financial Reporting Standards were considered to be material but not pervasive to the financial statements.

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 Group 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 qualified 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

# Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>IFRS 15 - Revenue from Contracts with Customers.</b></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.</li> <li>■ The Group is involved in complex construction projects where revenue is recognised overtime using the percentage of completion method.</li> <li>■ The amount of revenue and profit recognized in a year on construction projects is dependent, among other things: <ul style="list-style-type: none"> <li>• On the actual costs incurred;</li> <li>• The assessment of the percentage of completion for contracts; and</li> <li>• The forecast contract revenue and costs to complete for each project.</li> </ul> </li> <li>■ The amount of revenue and profit is influenced by the valuation of variation orders and claims.</li> <li>■ Due to the estimates and judgements involved in the recognition of revenue from construction projects, we have considered this matter as a key audit matter.</li> </ul>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>■ Tested general and application controls around the Group's revenue systems and reviewed the controls over the revenue effects schedule.</li> <li>■ Understanding of the revenue process including the performance of an end to end walkthrough of the revenue recognition process and identifying relevant controls.</li> <li>■ Tested the design and operating effectiveness controls that the Group has put in place over the process to record contract revenues, contract costs, and the calculation of the stage of completion.</li> <li>■ Reviewed whether the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15.</li> <li>■ Evaluated the significant judgements made by management, amongst others based on an examination of the associated project documentation.</li> <li>■ Discussed with finance and technical staff of the Group on the status of projects under construction. In addition, we visited some projects under construction.</li> </ul> <p>Based on our audit work performed and the assumptions used, we satisfied ourselves that the Group's revenue recognition and valuation of construction projects is in accordance with IFRS 15, Revenue from Contracts with Customers.</p>
<p><b>IFRS 9 - Allowance for expected credit losses</b></p> <ul style="list-style-type: none"> <li>■ This was considered a key audit matter as IFRS 9 is a complex accounting standard which requires significant judgement to determine the impairment reserve.</li> <li>■ Key areas of judgement included: <ol style="list-style-type: none"> <li>i. The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Group's expected credit loss model;</li> <li>ii. The identification of exposures with a significant deterioration in credit quality;</li> <li>iii. Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. exchange rates, interest rates, gross domestic product growth, inflation).</li> </ol> </li> <li>■ The Group had significant contract receivables as at year end. Total gross receivables amounted to ZWL22.4 billion.</li> <li>■ The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.</li> <li>■ The determination of allowance for credit losses, recovery periods and discount rates involves judgement hence the valuation of trade receivables was a key audit matter.</li> </ul>	<p>Our audit procedures in assessing management's allowance for credit losses included the following:</p> <ul style="list-style-type: none"> <li>■ We assessed and tested the material modeling assumptions with a focus on the: <ol style="list-style-type: none"> <li>i. Key modeling assumptions adopted by the Group;</li> <li>ii. Basis for and data used to determine debtor's categories; and</li> <li>iii. Reliability of the historical data collected.</li> </ol> </li> <li>■ We examined a sample of exposures and performed procedures to evaluate the: <ol style="list-style-type: none"> <li>i. Timely identification of exposures with a significant deterioration in credit quality.</li> <li>ii. Expected loss calculation for exposures assessed on an individual basis.</li> </ol> </li> <li>■ Reviewed the assumptions and computations made by management in determining the expected credit losses.</li> <li>■ We assessed the accuracy of the disclosures in the financial statements.</li> <li>■ Based on our audit work the assumptions used by management the rates calculated were appropriate and reflected the current environment.</li> </ul>

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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



# Independent Auditor's Report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 entities or business activities within the Group to express an opinion on the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 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 Edmore Chimhowa.



**Edmore Chimhowa**  
Partner

**Registered Public Auditor (PAAB No: 0470)**

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

**HARARE**

30 March  
..... 2023

**Consolidated Statement of Financial Position**

as at 31 December 2022

	Notes	Inflation Adjusted		Historical Cost	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	18,548,114,159	7,410,742,336	18,548,114,159	2,155,790,373
Investment property	5	9,115,920,450	4,920,298,446	9,115,920,450	1,431,318,421
Investments	6	199,997,731	513,455,665	199,997,731	149,364,629
		<b>27,864,032,340</b>	<b>12,844,496,447</b>	<b>27,864,032,340</b>	<b>3,736,473,423</b>
<b>Current assets</b>					
Inventories	7	472,257,511	638,044,718	466,580,553	185,607,675
Contracts in progress and contracts receivables	8	22,443,106,966	13,159,905,591	22,443,106,966	3,828,226,173
Trade and other receivables	9	6,646,972,447	6,507,210,728	6,646,972,447	1,892,952,366
Cash and cash equivalents	10	1,430,352,775	6,048,303,207	1,430,352,775	1,759,455,832
		<b>30,992,689,699</b>	<b>26,353,464,244</b>	<b>30,987,012,741</b>	<b>7,666,242,046</b>
<b>Total assets</b>		<b>58,856,722,039</b>	<b>39,197,960,691</b>	<b>58,851,045,081</b>	<b>11,402,715,469</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	11	361,179,888	361,179,888	2,416,537	2,416,537
Share premium		135,951,057	135,951,057	1,006,892	1,006,892
Non distributable reserve		534,314,110	534,314,110	24,102,372	24,102,372
Distributable reserve		440,736,409	440,736,409	2,862,591	2,862,591
Revaluation reserve		5,848,578,836	613,486,489	12,393,796,264	1,315,813,135
Foreign currency translation reserve		2,855,303,362	2,855,303,362	(34,241)	(34,241)
Mark to market reserve		185,996,526	467,038,842	185,996,526	135,861,941
Retained earnings		17,467,914,055	6,142,060,581	15,214,150,344	1,877,894,808
		<b>27,829,974,243</b>	<b>11,550,070,738</b>	<b>27,824,297,285</b>	<b>3,359,924,035</b>
<b>Non-current liabilities</b>					
Deferred tax	15	7,027,698,078	3,029,133,846	7,027,698,078	881,177,254
		<b>7,027,698,078</b>	<b>3,029,133,846</b>	<b>7,027,698,078</b>	<b>881,177,254</b>
<b>Current liabilities</b>					
Interest bearing borrowings	12	424,228,617	1,138,874,101	424,228,617	331,299,310
Trade and other payables	16	20,729,443,929	20,313,556,473	20,729,443,929	5,909,228,453
Current tax liabilities	22	11,449,535	5,288,880	11,449,535	1,538,540
Subcontractors liabilities	17	2,833,927,637	3,161,036,653	2,833,927,637	919,547,877
		<b>23,999,049,718</b>	<b>24,618,756,107</b>	<b>23,999,049,718</b>	<b>7,161,614,180</b>
<b>Total equity and liabilities</b>		<b>58,856,722,039</b>	<b>39,197,960,691</b>	<b>58,851,045,081</b>	<b>11,402,715,469</b>



**G. Sebborn**  
Chairman  
30 March 2023



**C. Malunga**  
Chief Executive Officer  
30 March 2023

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Notes	Inflation Adjusted		Historical Cost	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Revenue	18	46,331,125,142	25,284,481,246	36,283,664,518	6,019,717,135
Cost of sales		(35,980,984,593)	(17,576,796,387)	(28,305,656,282)	(4,217,423,049)
Gross profit		10,350,140,549	7,707,684,859	7,978,008,236	1,802,294,086
Fair value gain	5	4,250,351,175	1,321,803,187	7,746,597,739	721,850,336
Other operating income	19	6,302,455,168	300,653,005	4,804,926,259	75,344,355
Administrative expenses	20	(5,151,238,829)	(3,344,915,571)	(3,910,891,489)	(797,449,420)
<b>Profit before interest and tax</b>		<b>15,751,708,063</b>	<b>5,985,225,480</b>	<b>16,618,640,745</b>	<b>1,802,039,357</b>
Finance costs	27	(228,422,941)	(338,788,001)	(153,137,731)	(83,497,905)
Net monetary loss		(3,165,077,084)	(996,714,671)	-	-
<b>Profit before tax</b>	<b>21</b>	<b>12,358,208,038</b>	<b>4,649,722,808</b>	<b>16,465,503,014</b>	<b>1,718,541,452</b>
Taxation	22	(825,543,144)	(1,263,263,204)	(3,028,477,882)	(423,285,339)
<b>Profit for the year</b>		<b>11,532,664,894</b>	<b>3,386,459,604</b>	<b>13,437,025,132</b>	<b>1,295,256,113</b>
<b>Other comprehensive income, net of income tax:</b>					
Gain on revaluation of property, plant and equipment		8,346,867,414	156,117,929	14,910,824,717	693,034,016
Movement in financial assets at Fair value through other comprehensive income	6	(313,457,931)	866,940,073	50,633,102	459,409,162
Deferred tax relating to other comprehensive income	15	(3,184,470,623)	(38,179,973)	(3,832,841,587)	(145,798,362)
<b>Other comprehensive income, net of tax</b>		<b>4,848,938,860</b>	<b>984,878,029</b>	<b>11,128,616,232</b>	<b>1,006,644,816</b>
<b>Total comprehensive income for the year</b>		<b>16,381,603,754</b>	<b>4,371,337,633</b>	<b>24,565,641,364</b>	<b>2,301,900,929</b>
Number of shares		241,653,707	241,653,707	241,653,707	241,653,707
Basic earnings per share (cents)	23	4,772	1,401	5,560	536
Diluted earnings per ordinary share (cents)	23	4,772	1,401	5,560	536
Headline earnings per ordinary share (cents)	23	2,071	1,179	529	215

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

Inflation Adjusted	Share capital ZWL	Share premium ZWL	Non-distributable reserve ZWL	Distributable reserve ZWL	Revaluation reserve ZWL	Foreign currency translation reserve ZWL	Mark to market reserve ZWL	Retained earnings ZWL	Total ZWL
<b>Balance at 31 December 2020</b>	361,179,888	135,951,057	534,314,110	440,736,409	457,368,560	2,855,303,362	1,155,618,937	3,254,587,562	9,195,059,885
Profit for the year	-	-	-	-	-	-	-	3,386,459,604	3,386,459,604
Transfer of reserves	-	-	-	-	-	-	(1,517,340,199)	1,517,340,199	-
Fair value through other comprehensive income	-	-	-	-	-	-	828,760,104	-	828,760,104
Revaluation surplus	-	-	-	-	156,117,929	-	-	-	156,117,929
Dividend paid	-	-	-	-	-	-	-	(2,016,326,784)	(2,016,326,784)
<b>Balance at 31 December 2021</b>	361,179,888	135,951,057	534,314,110	440,736,409	613,486,489	2,855,303,362	467,038,842	6,142,060,581	11,550,070,738
Profit for the year	-	-	-	-	-	-	-	11,532,664,894	11,532,664,894
Fair value through other comprehensive income	-	-	-	-	-	-	(281,042,316)	-	(281,042,316)
Revaluation surplus	-	-	-	-	5,235,092,347	-	-	-	5,235,092,347
Dividend paid	-	-	-	-	-	-	-	(206,811,420)	(206,811,420)
<b>Balance at 31 December 2022</b>	361,179,888	135,951,057	534,314,110	440,736,409	5,848,578,836	2,855,303,362	185,996,526	17,467,914,055	27,829,974,243
<b>Historical Cost</b>									
<b>Balance at 31 December 2020</b>	2,416,537	1,006,892	24,102,372	2,862,591	738,797,187	(34,241)	147,628,448	689,412,171	1,606,191,957
Profit for the year	-	-	-	-	-	-	-	1,295,256,113	1,295,256,113
Transfer of reserves	-	-	-	-	-	-	(441,395,375)	441,395,375	-
Fair value through other comprehensive income	-	-	-	-	-	-	429,628,868	-	429,628,868
Revaluation surplus	-	-	-	-	577,015,948	-	-	-	577,015,948
Dividend paid	-	-	-	-	-	-	-	(548,168,851)	(548,168,851)
<b>Balance at 31 December 2021</b>	2,416,537	1,006,892	24,102,372	2,862,591	1,315,813,135	(34,241)	135,861,941	1,877,894,808	3,359,924,035
Profit for the year	-	-	-	-	-	-	-	13,437,025,132	13,437,025,132
Fair value through other comprehensive income	-	-	-	-	-	-	50,134,585	-	50,134,585
Revaluation surplus	-	-	-	-	11,077,983,129	-	-	-	11,077,983,129
Dividend paid	-	-	-	-	-	-	-	(100,769,596)	(100,769,596)
<b>Balance at 31 December 2022</b>	2,416,537	1,006,892	24,102,372	2,862,591	12,393,796,264	(34,241)	185,996,526	15,214,150,344	27,824,297,285

**Consolidated Statement of Cash Flows**

for the year ended 31 December 2022

Notes	Inflation Adjusted		Historical Cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Cash flows from operating activities</b>				
Profit before interest and tax	15,751,708,063	5,985,225,480	16,618,640,745	1,802,039,357
<b>Adjustment for non-cash items:</b>				
Depreciation of non-current assets	4 1,685,250,083	739,978,261	1,348,514,666	170,294,346
Fair value adjustment of investment property	5 (4,250,351,175)	(1,321,803,187)	(7,746,597,739)	(721,850,336)
Allowances for credit losses	9 (134,547,192)	239,298,896	46,062,018	71,289,444
Unrealised exchange gain	19 (5,432,427,227)	(197,889,540)	(4,400,695,921)	(51,148,090)
Loss on disposal of property, plant and equipment	19 6,598,370	1,606,297	(4,202,056)	417,744
Dividends received	19 (1,207)	(14,866,714)	(588)	(3,247,396)
Other non-cash items	2,490,923,888	(1,315,525,610)	3,695,799,452	78,675,075
<b>Operating cash flow before changes in working capital</b>	<b>10,117,153,603</b>	<b>4,116,023,882</b>	<b>9,557,520,577</b>	<b>1,346,470,143</b>
<b>Changes in working capital:</b>				
Increase in contracts in progress and contract receivables	(9,283,201,375)	(2,515,104,624)	(18,659,903,474)	(1,973,057,242)
Increase in trade and other receivables	(139,761,719)	(2,044,934,725)	(4,754,020,081)	(1,085,385,460)
Decrease/(Increase) in inventory	165,787,207	12,786,692	(280,972,878)	(125,719,924)
Increase/(decrease) in trade and other payables and sub-contractors	88,778,441	9,496,668,745	16,734,595,236	4,299,391,366
<b>Cash generated from operating activities</b>	<b>948,756,157</b>	<b>9,065,439,970</b>	<b>2,597,219,380</b>	<b>2,461,698,883</b>
Net interest paid	(228,422,941)	(338,788,001)	(153,137,731)	(83,497,905)
Tax paid	(2,401,001)	(5,070,592)	(1,529,035)	(1,107,494)
<b>Net cash flows generated from operating activities</b>	<b>717,932,215</b>	<b>8,721,581,379</b>	<b>2,442,552,614</b>	<b>2,377,093,484</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment:				
To maintain operations	4 (4,475,757,513)	(2,631,544,148)	(2,830,015,660)	(667,437,863)
Proceeds from the disposal of property, plant and equipment	6,601,392	62,896,717	4,203,980	16,357,320
Proceeds from disposal of investments	220,944,036	-	116,494,043	-
Investment property additions	5 (166,214,865)	(1,367,848,107)	(54,498,333)	(305,773,464)
Purchase of shares	-	(15,102,795)	-	(3,901,220)
Dividends received	1,207	14,866,714	588	3,247,396
<b>Net cash flows utilised in investing activities</b>	<b>(4,414,425,743)</b>	<b>(3,936,731,620)</b>	<b>(2,763,815,382)</b>	<b>(957,507,830)</b>
<b>Cash flows from financing activities</b>				
(Decrease)/Increase in borrowings	12 (714,645,484)	424,749,904	92,929,307	202,017,970
Dividends paid	(206,811,420)	(475,922,886)	(100,769,596)	(100,064,229)
<b>Net cash flows (utilised)/generated from financing activities</b>	<b>(921,456,904)</b>	<b>(51,172,982)</b>	<b>(7,840,289)</b>	<b>101,953,741</b>
Net (decrease)/increase in cash and cash equivalents	(4,617,950,432)	4,733,676,777	(329,103,057)	1,521,539,395
Cash and cash equivalents at beginning of the year	6,048,303,207	1,314,626,430	1,759,455,832	237,916,437
<b>Cash and cash equivalents at end of year</b>	<b>7 1,430,352,775</b>	<b>6,048,303,207</b>	<b>1,430,352,775</b>	<b>1,759,455,832</b>

## Company Statement of Financial Position

as at 31 December 2022

Notes	Inflation Adjusted		Historical Cost		
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	15,813,379,167	5,899,476,179	15,813,379,167	1,716,161,941
Investments	6	4,509,637,653	3,348,739,886	4,509,637,653	974,150,885
		<b>20,323,016,820</b>	<b>9,248,216,065</b>	<b>20,323,016,820</b>	<b>2,690,312,826</b>
<b>Current assets</b>					
Inventories	7	472,257,511	638,044,716	466,580,553	185,607,675
Contracts in progress and contracts receivables	8	22,443,156,529	13,159,997,309	22,443,156,529	3,828,252,854
Trade and other receivables	9	6,611,844,857	6,492,922,740	6,611,844,857	1,888,795,980
Related party receivables	30	911,711,332	-	911,711,332	-
Cash and cash equivalents	10	1,426,648,686	6,041,257,958	1,426,648,686	1,757,406,364
		<b>31,865,618,915</b>	<b>26,332,222,723</b>	<b>31,859,941,957</b>	<b>7,660,062,873</b>
<b>Total assets</b>		<b>52,188,635,735</b>	<b>35,580,438,788</b>	<b>52,182,958,777</b>	<b>10,350,375,699</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	11	361,179,940	361,179,940	2,416,537	2,416,537
Share premium		135,951,057	135,951,057	1,006,892	1,006,892
Non distributable reserve		2,115,432,654	2,115,432,654	2,544,461	2,445,461
Distributable reserve		536,570,464	536,570,464	16,091,364	16,091,364
Revaluation reserve		4,294,477,537	324,713,744	9,652,059,323	905,204,713
Mark to market reserve		185,799,858	467,065,724	185,799,858	135,869,761
Retained earnings		15,585,183,382	6,493,786,100	13,348,999,499	1,972,328,050
		<b>23,214,594,892</b>	<b>10,434,699,683</b>	<b>23,208,917,934</b>	<b>3,035,461,778</b>
<b>Non-current liabilities</b>					
Lease Liability	14	6,059,869	3,621,571	6,059,869	1,053,518
Deferred tax	15	4,548,920,992	1,706,323,752	4,548,920,992	496,370,829
		<b>4,554,980,861</b>	<b>1,709,945,323</b>	<b>4,554,980,861</b>	<b>497,424,347</b>
<b>Current liabilities</b>					
Interest bearing borrowings	12	424,228,617	1,138,874,101	424,228,617	331,299,310
Lease Liability	14	3,029,935	1,810,786	3,029,935	526,759
Trade and other payables	16	21,157,873,793	17,386,166,337	21,157,873,793	5,057,648,519
Subcontractors	17	2,833,927,637	3,161,036,653	2,833,927,637	919,547,877
Related party payables	30	-	1,747,905,905	-	508,467,109
		<b>24,419,059,982</b>	<b>23,435,793,782</b>	<b>24,419,059,982</b>	<b>6,817,489,574</b>
<b>Total equity and liabilities</b>		<b>52,188,635,735</b>	<b>35,580,438,788</b>	<b>52,182,958,777</b>	<b>10,350,375,699</b>



.....  
**G. Sebborn**  
 Chairman  
 30 March 2023



.....  
**C. Malunga**  
 Chief Executive Officer  
 30 March 2023

## Company Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Notes	Inflation Adjusted		Historical Cost	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Revenue	18	46,331,125,142	25,284,481,246	36,283,664,518	6,019,717,135
Cost of sales		(36,094,002,178)	(17,532,251,277)	(28,418,673,870)	(4,204,464,844)
Gross profit		10,237,122,964	7,752,229,969	7,864,990,648	1,815,252,291
Fair value adjustments	6.2	1,465,044,749	-	3,485,052,323	313,140,735
Other operating income	19	6,447,215,735	242,372,443	4,980,005,318	61,936,649
Administrative expenses	20	(4,918,544,926)	(3,273,418,696)	(3,759,193,717)	(781,074,359)
<b>Profit before interest and tax</b>		<b>13,230,838,522</b>	<b>4,721,183,716</b>	<b>12,570,854,572</b>	<b>1,409,255,316</b>
Net monetary loss		(3,973,884,006)	(1,095,681,831)	-	-
Finance costs	27	(228,422,941)	(338,788,001)	(153,137,731)	(83,497,905)
Profit before tax	21	9,028,531,575	3,286,713,884	12,417,716,841	1,325,757,411
Taxation	22	269,677,127	(12,490,632)	(940,275,796)	(143,945,100)
<b>Profit for the year</b>		<b>9,298,208,702</b>	<b>3,274,223,252</b>	<b>11,477,441,045</b>	<b>1,181,812,311</b>
<b>Other comprehensive income, net of income tax:</b>					
Gain on revaluation of property, plant and equipment		7,082,038,160	-	12,588,086,836	491,971,977
Movement in financial assets at fair value through other comprehensive income	6.1	(304,146,982)	1,133,761,120	50,434,445	428,352,158
Deferred tax relating to other comprehensive income	15	(3,112,274,367)	(417,394,704)	(3,112,274,367)	(121,420,425)
Other comprehensive income, net of tax		3,665,616,811	716,366,416	9,526,246,914	798,903,710
<b>Total comprehensive income for the year</b>		<b>12,963,825,513</b>	<b>3,990,589,668</b>	<b>21,003,687,959</b>	<b>1,980,716,021</b>
Profit per share					
Number of shares		241,653,707	241,653,707	241,653,707	241,653,707
Basic earnings per share (cents)	23	3,848	1,355	4,750	489
Diluted earnings per ordinary share (cents)	23	3,848	1,355	4,750	489
Headline earnings per ordinary share (cents)	23	4,766	1,809	3,301	353

## Company Statement of Changes In Equity

for the year ended 31 December 2022

Inflation Adjusted	Share capital ZWL	Share premium ZWL	Non-distributable reserve ZWL	Distributable reserve ZWL	Revaluation reserve ZWL	Foreign currency translation reserve ZWL	Mark to market reserve ZWL	Retained earnings ZWL	Total ZWL
<b>Balance at 1 January 2020</b>	361,179,940	135,951,057	2,115,432,654	536,570,464	324,713,744	-	946,488,123	4,756,467,233	9,176,803,215
Profit for the year	-	-	-	-	-	-	-	3,274,223,252	3,274,223,252
Fair value through other comprehensive income	-	-	-	-	-	-	(479,422,399)	479,422,399	-
Dividend paid	-	-	-	-	-	-	-	(2,016,326,784)	(2,016,326,784)
<b>Balance at 31 December 2021</b>	361,179,940	135,951,057	2,115,432,654	536,570,464	324,713,744	-	467,065,724	6,493,786,100	10,434,699,683
Profit for the year	-	-	-	-	-	-	-	9,298,208,702	9,298,208,702
Fair value through other comprehensive income	-	-	-	-	-	-	(281,265,866)	-	(281,265,866)
Revaluation Surplus	-	-	-	-	3,969,763,793	-	-	-	3,969,763,793
Dividend paid	-	-	-	-	-	-	-	(206,811,420)	(206,811,420)
<b>Balance at 31 December 2022</b>	361,179,940	135,951,057	2,115,432,654	536,570,464	4,294,477,537	-	185,799,858	15,585,183,382	23,214,594,892
<b>Historical Cost</b>									
<b>Balance at 1 January 2020</b>	2,416,537	1,006,892	2,544,461	16,091,364	535,937,687	-	147,628,451	897,289,215	1,602,914,607
Profit for the year	-	-	-	-	-	-	-	1,181,812,311	1,181,812,311
Fair value through other comprehensive income	-	-	-	-	-	-	(441,395,375)	441,395,375	-
Shares	-	-	-	-	-	-	429,636,685	-	429,636,685
Revaluation surplus	-	-	-	-	369,267,026	-	-	-	369,267,026
Dividend paid	-	-	-	-	-	-	-	(548,168,851)	(548,168,851)
<b>Balance at 31 December 2021</b>	2,416,537	1,006,892	2,544,461	16,091,364	905,204,713	-	135,869,761	1,972,328,050	3,035,461,778
Profit for the year	-	-	-	-	-	-	-	11,477,441,045	11,477,441,045
Fair value through other comprehensive income	-	-	-	-	-	-	49,930,097	-	49,930,097
Revaluation surplus	-	-	-	-	8,746,854,610	-	-	-	8,746,854,610
<b>Dividend paid</b>	-	-	-	-	-	-	-	(100,769,596)	(100,769,596)
<b>Balance at 31 December 2022</b>	2,416,537	1,006,892	2,544,461	16,091,364	9,652,059,323	-	185,799,858	13,348,999,499	23,208,917,934



## Company Statement of Cash Flows

for the year ended 31 December 2022

Notes	Inflation Adjusted		Historical Cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Cash flows from operating activities</b>				
Profit before interest and tax	13,230,838,522	4,721,183,716	12,570,854,572	1,409,255,316
<b>Adjustment for non-cash items:</b>				
Depreciation of non-current assets	4 1,643,889,663	701,009,900	1,320,883,342	161,532,949
Allowances for credit loss	9 (134,595,848)	239,354,599	45,845,203	71,289,444
Unrealised exchange gain	(5,748,926,042)	(194,429,401)	(4,619,586,348)	(51,076,193)
Fair Value adjustments	(1,465,044,74 9)	-	(3,485,052,323)	(313,140,735)
Loss/(profit) on disposal of property, plant and equipment	19 6,598,370	-	(4,202,056)	-
Dividends received	19 (1,207)	(14,866,714)	(588)	(3,247,396)
Other non-cash items	1,011,268,376	(1,483,978,644)	2,028,365,803	115,551,434
<b>Operating cash flow before changes in working capital</b>	<b>8,544,027,085</b>	<b>3,968,273,456</b>	<b>7,857,107,605</b>	<b>1,390,164,819</b>
<b>Changes in working capital:</b>				
Increase in contracts in progress and contract receivables	(9,283,159,221)	(2,515,196,343)	(18,614,903,675)	(1,901,767,799)
Increase in trade and other receivables	(118,922,117)	(2,041,751,316)	(4,723,048,877)	(1,083,238,741)
Decrease/(increase) in inventory	165,787,205	12,786,692	(280,972,878)	(125,719,924)
(Increase)/decrease in related party balances receivables/payables	(1,747,905,905)	1,747,905,909	403,244,223	439,676,092
Increase in trade and other payables and sub-contractors	3,444,598,440	6,574,665,602	18,014,605,034	3,448,496,068
<b>Cash generated from operating activities</b>	<b>1,004,425,487</b>	<b>7,746,684,000</b>	<b>2,656,031,432</b>	<b>2,167,610,515</b>
Net interest paid	27 (228,422,941)	(338,788,002)	(153,137,731)	(83,497,905)
<b>Net cash flows generated from operating activities</b>	<b>776,002,546</b>	<b>7,407,895,998</b>	<b>2,502,893,701</b>	<b>2,084,112,610</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(4,475,757,513)	(2,631,544,148)	(2,830,015,658)	(667,437,863)
Proceeds from the disposal of property, plant and equipment	6,601,392	-	4,203,980	-
Dividends received	1,207	14,866,714	588	3,247,396
<b>Net cash flows utilised in investing activities</b>	<b>(4,469,154,914)</b>	<b>(2,616,677,434)</b>	<b>(2,825,811,090)</b>	<b>(664,190,467)</b>
<b>Cash flows from financing activities</b>				
Movement in interest bearing borrowings	(714,645,484)	424,519,643	92,929,307	202,017,970
Dividends paid	(206,811,420)	(475,922,886)	(100,769,596)	(100,064,229)
<b>Net cash flows utilised/received in financing activities</b>	<b>(921,456,904)</b>	<b>(51,403,243)</b>	<b>(7,840,289)</b>	<b>101,953,741</b>
Net increase in cash and cash equivalents	(4,614,609,272)	4,739,815,321	(330,757,678)	1,521,875,884
Cash and cash equivalents at beginning of the year	6,041,257,958	1,301,442,637	1,757,406,364	235,530,480
<b>Cash and cash equivalents at end of year</b>	<b>1,426,648,686</b>	<b>6,041,257,958</b>	<b>1,426,648,686</b>	<b>1,757,406,364</b>

# Accounting Policies

for the year ended 31 December 2022

## 1 GENERAL INFORMATION

Masimba Holdings Limited (the Group) is a limited company incorporated in the Republic of Zimbabwe. The address of its registered office is 44 Tilbury Road, Willowvale, Harare, Zimbabwe.

### 1.1 Nature of Business

The principal activities of the Group are civil engineering, building contracting, quarry mining and property development.

### 1.2 Functional and Presentation Currency

The annual financial statements are presented in Zimbabwe Dollars (ZWL), being the functional and reporting currency of the primary economic environment in which the Group operates.

### 1.3 Inflation Adjustment

These results have been prepared under the current cost basis in line with the provisions of International Reporting Standards (IAS) 29- Financial Reporting in Hyperinflationary Economies. The Public Accountants and Auditors Board (PAAB) pronounced that the economy is trading under conditions of hyperinflation in line with IAS 29 (Pronouncement 1/2019). The directors have applied the guidelines provided by the PAAB and the accounting bodies and made various assumptions to produce the inflation adjusted financials.

The Group adopted the Zimbabwe Consumer Price Index (CPI) as a general price index to restate transactions and balances as appropriate. Non-monetary assets and liabilities have been restated to reflect the change in the general price index. Monetary assets and liabilities and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the statement of comprehensive income have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred.

The conversion factors used to restate the Group's financial results are as follows:

Date	Indices	Conversion factor
31 December 2022	13,673.00	1.00
31 December 2021	3,977.00	3.44
31 December 2020	2,475.00	5.53

### 1.4 Use of Significant Judgements

In preparation of these consolidated financial statements management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

#### a) Valuation of Properties

The valuation was undertaken using the appropriate methodology and professional judgement of the valuers.

For all the Properties that is, investment properties and owner occupied properties, the Group engaged an independent external valuer, Intergrated Properties. The properties were valued based on ZWL rental inputs and observed transactions in accordance with International Valuation Standards. Income generating projects were valued using the Income Approach while land and residential on the Direct Comparison Approach.

#### b) Valuation of Other Property, Plant and Equipment

The Group has adopted the inflation adjusted values as per IAS 29 Reporting in Hyper Inflationary Economies as the fair value amount under historical cost reporting.

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

### 2.1 New and revised IFRS affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The amended standards, described below, did not have a material impact on the financial position or performance of the Group:

#### Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. This new amendment has no impact to the financial statements of the Group.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)

### 2.1 New and revised IFRS affecting amounts reported and/or disclosures in the financial statements (continued)

#### COVID-19 Related Rent Concessions Amendment to IFRS 16

The Changes in Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) amend IFRS 16 to permit a lessee to apply the practical expedient regarding COVID-19 related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 31 December 2021 (rather than only payments originally due on or before 30 June 2021); and specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for any changes in lease payments resulting from the COVID-19 related rent concession by applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022).
- There is no substantive change to other terms and conditions of the lease.

#### Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

#### Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

#### Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

#### Amendments to IFRS 10 and IAS 28 - Sale of Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains or losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit and loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendment has yet to be set by the Board, however, earlier application of the amendments is permitted. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) (continued)

### 2.1 New and revised IFRS affecting amounts reported and/or disclosures in the financial statements (continued)

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

Upon adoption, this amendment is expected to increase the deferred tax assets and the deferred tax liabilities as the company already holds these assets and liabilities. Profit after tax and equity will also be impacted. This amendment will have an impact on the company should there be changes in accounting policies or estimates.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

#### Annual Improvements to IFRS Standards 2018-2020

The annual improvements include amendments to four standards as detailed below:

#### IFRS 1: First Time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary that becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1: D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1 : D16 (a). The amendments is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted.

#### IFRS 9: Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date The amendment is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted.

#### IAS 41: Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cashflows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cashflows and discount rate for the most appropriate fair value measurement.

The amendment is applied retrospectively, i.e. for fair value measurement on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early adoption permitted.

- The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the Group's consolidated financial statements.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of compliance

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards, promulgated by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by IASB.

### 3.2 Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the International Financial Reporting Interpretations Committee (IFRIC) Interpretations and the Zimbabwe Companies and other Business Entities Act (Chapter 24:31) and related statutory instruments. With the exceptions noted as in policy 2.2 above, "Application of new and revised IFRSs", the accounting policies set out below have been consistently applied from the previous year and throughout the current year. These financial statements are presented in Zimbabwe dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Company operates. The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on managements' best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of International Financial Reporting Standards (IFRSs) that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated financial statements are discussed in Note 33.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).

### 3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and . any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that the decisions need to be made, including voting patterns at previous Shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficient balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consideration.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.3 Basis of consolidation (continued)

#### 3.3.1 Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition - date of fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group, in exchange for the control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred. At acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at the fair value except that: - . deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively:

- liabilities or equity instruments related to the replacement by the Group of an acquirer's share-based payments awards are measured in accordance with IFRS 2 Share-based Payment; and
- Assets (or disposal Groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

### 3.5 Interests in joint ventures

When a Group entity undertakes its activities directly under joint arrangements, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group and their amount can be measured reliably. Joint venture arrangements that involve the establishment of a separate entity, in which each venture has an interest, are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see note 3.4 above).

When a Group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interest in the jointly controlled entity that are not related to the Group.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control to the customer.

#### 3.6.1 Long-term and construction contracts

Where the outcome of a long-term and construction contract can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the statement of financial position date, as measured by the proportion that contract costs incurred for work to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that collection is probable and the amounts can be measured reliably. Anticipated losses to completion are recognised immediately as an expense in contract costs. This method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. The Group becomes entitled to invoice customers on long term construction contracts based on achieving a series of performance related milestones. When a particular milestone is achieved the customer is sent the relevant statement of work signed by a third party assessor and an invoice for the related milestone payment.

Where the outcome of the long-term and construction contracts cannot be reliably determined, contract revenues are recognised to the extent that the recoverability of incurred costs is probable. Contract costs are recognised as expenses in the period in which they are incurred.

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profit less recognized losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under contracts in progress and contracts receivables.

#### 3.6.2 Dividend and interest revenue

Dividend revenue from investments is recognised when the Shareholder's right to receive payment has been established.

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### 3.6.3 Rental income

Rental income from investment properties is recognised on a straight line basis over the term of the relevant lease.

### 3.7 Property, plant and equipment

Property, plant and equipment are tangible assets that the Group holds for its own use or for rental to others and which the Group expects to use for more than one period. The consumption of property, plant and equipment is reflected through a depreciation charge designed to reduce the asset to its residual value over its useful life.

#### 3.7.1 Measurement

Property, plant and equipment are shown at cost less the related depreciation. It is the policy of the Group to revalue its property, plant and equipment frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation increase arising is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve of that asset.

#### 3.7.2 Subsequent costs

Subsequent costs are included in an asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

#### 3.7.3 Components

The amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant components and where they have different useful lives, are recorded and depreciated separately. The remainder of the cost, being the parts of the item that are individually not significant or have similar useful lives, are Grouped together and depreciated as one component.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.7 Property, plant and equipment (continued)

#### 3.7.4 Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following average useful lives are used in the calculation of depreciation:

#### Land is not depreciated

Buildings	40 years	On a straight - line basis
Plant and equipment	4-10 years	On a straight - line basis
Motor vehicles	5 years	On a straight - line basis
Other assets	3-10 years	On a straight - line basis

#### 3.7.5 Useful lives and residual values

The property, plant and equipment's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors such as number of shifts for which the asset is to be used and the repair and maintenance program and technological obsolescence arising from changes and residual value.

### 3.8 Impairment of assets

At each statement of financial position date the Group assesses whether there is any indication that an asset maybe impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable amount of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible assets not yet available for use and goodwill acquired in a business combination, are tested for impairment on an annual

When performing impairment tests, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash flows from continuing use that are largely independent from other assets or Group of assets, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

### 3.9 Taxation and deferred taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 3.9.1 Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted by the statement of financial position date.

#### 3.9.2 Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.



# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.9 Taxation and deferred taxation (continued)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

#### 3.9.3 Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except where the goods supplied are exempted or zero rated. The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

### 3.10. Contracts in progress and contract receivables

The valuation of contracts in progress takes account of all direct expenditure on contracts, less payment on account and provision for possible losses to completion. Profits or losses on contracts are recognised with reference to the stage of completion, which is determined by taking into account the proportion of work executed and the nature of each contract. Anticipated losses to completion are deducted.

#### 3.10.1 Advance payments received

Advance payments received are assessed on initial recognition to determine whether it is probable that they will be repaid in cash or another financial asset. If it is probable that the advance payments will be repaid with goods or services, the liability is carried at historic cost.

### 3.11. Inventories

Inventories comprise finished goods and manufactured components. They are valued at the lower of cost or net realisable value generally determined on a moving average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 3.12. Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in ZWL, which is the functional currency of the Group and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use,
- exchange differences which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- exchange differences on transactions entered into in order to hedge certain foreign currency risks, and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in ZWL using exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On the disposal of a foreign operation (i.e. disposal of a Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit and loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interest and are not recognised in profit and loss. All partial disposals i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.12. Foreign currency translation (continued)

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

### 3.13. Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

#### 3.13.1 Financial assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on the settlement date. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Separate assets or liabilities are recognized if any rights and obligations are created or retained in the transfer. The Group has three classes for its financial assets, that is amortized cost, fair value through profit/loss and fair value through other comprehensive income. The classification depends on the cashflow characteristics of the financial asset and the business model in which it is held.

#### Classification

The Group's financial assets are classified as either amortized cost or fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

#### Amortised Cost

Financial assets are classified at amortized cost if the contractual terms give rise to payments that are solely payments of principal and interest ("SPPI") on the principal amount outstanding and the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows. These assets are subsequently measured at amortized cost using the effective interest method, minus impairment allowances. Interest income and gains and losses from financial assets at amortized cost are recognized in statement of profit or loss as financial income. The Group's financial assets measured at amortised cost include trade and other receivables, cash and cash equivalents and loans receivable. Trade and other receivables mainly comprise sale of goods receivables. Certain trade and other receivables are considered to be long term in nature and are recorded as non-current in the statement of financial position.

#### Financial assets at FVTPL

Financial instruments are classified at fair value through profit or loss if it fails the SPPI test or if it is designated at FVTPL. Financial instruments at 'fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of profit or loss. The Group classifies the following financial assets at fair value through profit or loss (FVTPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.
- unit trust held at fair value through profit or loss. Financial assets at FVOCI.

A financial asset is measured at fair value through other comprehensive income (FVOCI) if the asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Recognition and derecognition are regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There were no financial instruments that were offset during the year.

#### Measurement

At initial recognition, the Group measures a financial asset classified at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.13. Financial instruments (continued)

If the transaction price differs from fair value at initial recognition the difference is accounted for as follows:

If fair value is evidenced by a quoted price in an active market for an identical asset 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 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 consider when pricing the asset or liability.

#### Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection was expected in one year or less, they were presented as current assets. If not, they were presented as non-current assets. Trade receivables were measured at initial recognition at fair value, and were subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts were recognised in profit or loss when there was objective evidence that the asset was impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments were considered indicators that the trade receivable was impaired. The allowance recognised was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECL") on financial assets that are measured at amortized cost. At each reporting date, the Group measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of financial asset has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to twelve month expected credit losses.

The Group assesses all information available, including on a forward-looking basis, the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. The Group monitors all financial assets, contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime ECL."

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised.

In making this assessment, Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.13. Financial instruments (continued)

#### 3.13.2 Financial liabilities and equity instruments

##### Financial Liabilities

Financial liabilities are recognized when the Group becomes bound to the contractual obligations of an instrument. Financial liabilities are derecognized when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires. Financial liabilities at amortised cost Financial liabilities at amortised cost mainly comprise of borrowings, trade and other payables and amounts due to related parties.

##### Interest bearing Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables were presented as current liabilities if payment was due within one year or less, If not, they were presented as non-current liabilities. Trade payables were initially measured at fair value, and were subsequently measured at amortised cost, using the effective interest rate method.

### 3.14. Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all these lease arrangements in which it is a lessee, except for short term leases ( defined as leases with a lease term of 12 months or less) and lease of low value assets. For these leases, the Group recognises the lease payments as an operating expense or sundry income on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The Group as Lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding respect of the leases. When a contract includes leases and non- lease components, the Group applies IFRS 15: Revenue from Contracts with customers, to allocate the consideration under the contract to each component. The Group as Lessee The lease liability is initially measured at the present value of the lease payments that are not paid at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be reliably determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of: fixed lease payments (including in substance fixed payments), less any lease incentives; variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; the amount expected to be payable by the lease under residual value guarantees; the exercise price of purchase options, if the lease is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the base term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect the lease payments made. The Group remeasured the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever: the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease using a revised rate. The lease payments change due to changes in an index or rate or a change in expected payments under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.14. Lease (continued)

payments change is due to a change in a floating rate, in which case a revised discount rate is used) A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make such adjustments during the periods presented.

The right of use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and amortisation losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37; "Provisions, Contingent Liabilities and Contingent Assets". The costs are included in the related right of use asset, unless those costs are incurred to produce inventories.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lessee transfers ownership of the underlying asset or the cost of the right of use assets reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right of use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36: Impairment of Assets to determine whether right of use asset is impaired and accounts for any identified impairment loss as described in the Property, Plant and Equipment policy (3.7).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and right of use asset. The related payments are recognised as an expense in the period in which the event or condition triggers those payments occurs and are included in the line administrative expenses in the statement of profit or loss.

As a practical expedient, IFRS 16: Leases permits a lease not to separate non lease components, and instead account for any lease and associated non lease components as a single arrangement. The Group has not used this practical expedient.

### 3.15 Share based payments

Senior Executives of the Group receive remuneration in the form of share based payments, whereby they receive equity instruments as consideration for rendering services. The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted. In valuing equity settled transactions, no account is taken of any performance conditions other than those linked to the price of the shares of the Group. The cost of equity settled transactions is recognised, together with corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Details regarding the determination of the fair value of equity settled share based transactions are set out in note 11.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve (Share Based Payment reserve).

### 3.16. Investment properties

Investment property is property held to earn rentals and/or for capital appreciation rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. This classification is performed on a property-by-property basis. Initially, investment property is measured at its cost, including transaction costs. Subsequent to initial measurement, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.16. Investment property (continued)

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the period in which the property is de-recognised.

### 3.17. Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.18. Provisions and contingencies

#### 3.18.1 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

#### 3.18.2 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

#### 3.18.3 Contingent assets

A contingent asset is a possible asset that arises from past events and existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. In the ordinary course of business, the Group may pursue a claim against a subcontractor or client. Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the flow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised on the statement of financial position.

### 3.19. Employee benefits

#### 3.19.1 Defined contribution plans

The Group operates pension schemes in terms of the Pension and Provident Funds Act and current contributions to defined contribution schemes are charged against income as incurred. The Group also participates in the National Social Security Authority scheme. Under defined contribution plans, the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by the employee.

#### 3.19.2 Short term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses and accrued when the associated services are rendered by the employees of the Group.

# Accounting Policies (continued)

for the year ended 31 December 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.19. Employee benefits (continued)

#### 3.19.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group before retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

#### 3.19.4 Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### 3.20. Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Executive and non-Executive Directors. Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

## Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

### 4 Property, plant and equipment

Inflation Adjusted	Freehold land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Work In Progress ZWL	Furniture and office equipment ZWL	Total ZWL
<b>Group</b>						
<b>Cost/Valuation</b>						
<b>Balance at 01 January 2021</b>	<b>1,531,038,325</b>	<b>5,256,894,285</b>	<b>608,224,282</b>	-	<b>130,277,939</b>	<b>7,526,434,831</b>
Additions	-	2,343,665,829	238,652,919	24,822,801	24,402,599	2,631,544,148
Disposals	(62,896,717)	-	-	-	-	(62,896,717)
Revaluation	156,117,929	-	-	-	-	156,117,929
<b>Balance 31 December 2021</b>	<b>1,624,259,537</b>	<b>7,600,560,114</b>	<b>846,877,201</b>	<b>24,822,801</b>	<b>154,680,538</b>	<b>10,251,200,191</b>
Additions	-	4,165,837,525	245,211,415	15,023,583	49,684,990	4,475,757,513
Disposals	-	(518)	(2,504)	-	-	(3,022)
Revaluation	1,120,740,462	2,726,748,082	71,056,036	38,923,544	(136,308,649)	3,821,159,475
<b>Balance 31 December 2022</b>	<b>2,744,999,999</b>	<b>14,493,145,203</b>	<b>1,163,142,148</b>	<b>78,769,928</b>	<b>68,056,879</b>	<b>18,548,114,158</b>
<b>Depreciation and impairment</b>						
<b>Balance at 01 January 2021</b>	<b>62,303,370</b>	<b>1,675,027,819</b>	<b>259,921,078</b>	-	<b>103,227,327</b>	<b>2,100,479,594</b>
Depreciation charge for the year	41,217,768	584,922,814	97,375,276	-	16,462,403	739,978,261
Depreciation on disposals	-	-	-	-	-	-
<b>Balance 31 December 2021</b>	<b>103,521,138</b>	<b>2,259,950,633</b>	<b>357,296,354</b>	-	<b>119,689,730</b>	<b>2,840,457,855</b>
Depreciation charge for the year	42,518,596	1,516,671,484	104,179,859	-	21,880,144	1,685,250,083
Elimination on revaluation	(146,039,735)	(3,776,622,117)	(461,476,213)	-	(141,569,874)	(4,525,707,939)
<b>Balance 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>						
<b>Balance at 31 December 2020</b>	<b>1,468,734,955</b>	<b>3,581,866,466</b>	<b>348,303,204</b>	-	<b>27,050,612</b>	<b>5,425,955,237</b>
<b>Balance at 31 December 2021</b>	<b>1,520,738,399</b>	<b>5,340,609,481</b>	<b>489,580,847</b>	<b>24,822,801</b>	<b>34,990,808</b>	<b>7,410,742,336</b>
<b>Balance at 31 December 2022</b>	<b>2,744,999,999</b>	<b>14,493,145,203</b>	<b>1,163,142,148</b>	<b>78,769,928</b>	<b>68,056,879</b>	<b>18,548,114,159</b>

#### Revaluation Note

At reporting date, the Directors appointed Intergrated Properties (Private) Limited to revalue property, plant and equipment. The independent valuers performed a full valuation which includes physical inspection of property, plant and equipment.

The effective date of the revaluation was 31 December 2022. Revaluation surplus for the year amounted to inflation adjusted ZWL5,236,092,347 (2021: ZWL156,117,929) and historic ZWL11,077,983,129 (2021: ZWL693,034,016).



# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 4 Property, plant and equipment (continued)

Historical Cost	Freehold land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Work In Progress ZWL	Furniture and office equipment ZWL	Total ZWL
<b>Group</b>						
<b>Cost/Valuation</b>						
<b>Balance at 01 January 2021</b>	<b>265,806,450</b>	<b>648,233,505</b>	<b>63,034,681</b>	-	<b>4,895,525</b>	<b>981,970,161</b>
Revaluation	192,934,783	315,477,108	15,326,982	-	(999,204)	522,739,669
Additions	-	589,876,596	64,057,764	7,220,971	6,282,531	667,437,863
Disposals	(16,357,320)	-	-	-	-	(16,357,320)
<b>Balance 31 December 2021</b>	<b>442,383,913</b>	<b>1,553,587,209</b>	<b>142,419,427</b>	<b>7,220,971</b>	<b>10,178,852</b>	<b>2,155,790,373</b>
Revaluation	2,302,616,087	10,350,603,926	819,426,045	56,525,374	33,138,620	13,562,310,051
Additions	-	2,588,954,397	201,298,272	15,023,583	24,739,407	2,830,015,660
Disposals	-	(330)	(1,595)	-	-	(1,925)
<b>Balance 31 December 2022</b>	<b>2,745,000,000</b>	<b>14,493,145,202</b>	<b>1,163,142,149</b>	<b>78,769,928</b>	<b>68,056,879</b>	<b>18,548,114,159</b>
<b>Depreciation and impairment</b>						
<b>Balance 31 December 2020</b>	-	-	-	-	-	-
Depreciation charge for the year	9,291,732	135,662,934	22,133,924	-	3,205,756	170,294,346
Elimination on revaluation	(8,856,182)	(135,662,934)	(22,133,924)	-	(3,205,756)	(169,858,796)
Elimination on disposals	(435,550)	-	-	-	-	(435,550)
<b>Balance 31 December 2021</b>	-	-	-	-	-	-
Depreciation charge for the year	28,549,818	1,220,890,305	82,165,795	-	16,908,748	1,348,514,666
Elimination on revaluation	(28,549,818)	(1,220,890,305)	(82,165,795)	-	(16,908,748)	(1,348,514,666)
<b>Balance 31 December 2022</b>	-	-	-	-	-	-
<b>Carrying amount</b>						
<b>Balance at 31 December 2020</b>	<b>265,806,450</b>	<b>648,233,505</b>	<b>63,034,681</b>	-	<b>4,895,525</b>	<b>981,970,161</b>
<b>Balance at 31 December 2021</b>	<b>442,383,913</b>	<b>1,553,587,209</b>	<b>142,419,427</b>	<b>7,220,971</b>	<b>10,178,852</b>	<b>2,155,790,373</b>
<b>Balance at 31 December 2022</b>	<b>2,745,000,000</b>	<b>14,493,145,202</b>	<b>1,163,142,149</b>	<b>78,769,928</b>	<b>68,056,879</b>	<b>18,548,114,159</b>

### Revaluation Note

At reporting date, the Directors appointed Intergrated Properties (Private) Limited to revalue property, plant and equipment. The independent valuers performed a full valuation which includes physical inspection of property, plant and equipment.

The effective date of the revaluation was 31 December 2022. Revaluation surplus for the year amounted to inflation adjusted ZWL5,236,092,347 (2021: ZWL156,117,929) and historic ZWL11,077,983,129 (2021: ZWL693,034,016).

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 4 Property, plant and equipment (continued)

Inflation Adjusted Company	Freehold land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Work In Progress ZWL	Furniture and office equipment ZWL	Total ZWL
<b>Cost/Valuation</b>						
<b>Balance at 01 January 2021</b>	<b>15,418,229</b>	<b>5,256,894,285</b>	<b>608,224,282</b>	-	<b>130,277,953</b>	<b>6,010,814,749</b>
Additions	-	2,343,665,829	238,652,919	24,822,801	24,402,599	2,631,544,148
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
<b>Balance 31 December 2021</b>	<b>15,418,229</b>	<b>7,600,560,114</b>	<b>846,877,201</b>	<b>24,822,801</b>	<b>154,680,552</b>	<b>8,642,358,897</b>
Additions	-	4,165,837,525	245,211,415	15,023,583	49,684,990	4,475,757,513
Disposals	-	(518)	(2,504)	-	-	(3,022)
Revaluation	(5,153,220)	2,726,748,082	71,056,036	38,923,544	(136,308,663)	2,695,265,779
<b>Balance 31 December 2022</b>	<b>10,265,009</b>	<b>14,493,145,203</b>	<b>1,163,142,148</b>	<b>78,769,928</b>	<b>68,056,879</b>	<b>15,813,379,167</b>
<b>Depreciation and impairment</b>						
<b>Balance at 01 January 2021</b>	<b>3,696,591</b>	<b>1,675,027,815</b>	<b>259,921,078</b>	-	<b>103,227,334</b>	<b>2,041,872,818</b>
Depreciation charge for the year	2,249,407	584,922,814	97,375,276	-	16,462,403	701,009,900
Depreciation eliminated at disposal	-	-	-	-	-	-
<b>Balance 31 December 2021</b>	<b>5,945,998</b>	<b>2,259,950,629</b>	<b>357,296,354</b>	-	<b>119,689,737</b>	<b>2,742,882,718</b>
Depreciation charge for the year	1,158,176	1,516,671,484	104,179,859	-	21,880,144	1,643,889,663
Depreciation eliminated at disposal	(7,104,174)	(3,776,622,113)	(461,476,213)	-	(141,569,881)	(4,386,772,381)
<b>Balance 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount</b>						
<b>Balance at 31 December 2020</b>	<b>11,721,638</b>	<b>3,581,866,470</b>	<b>348,303,204</b>	-	<b>27,050,619</b>	<b>3,968,941,931</b>
<b>Balance at 31 December 2021</b>	<b>9,472,231</b>	<b>5,340,609,485</b>	<b>586,956,123</b>	<b>24,822,801</b>	<b>34,990,814</b>	<b>5,899,476,179</b>
<b>Balance at 31 December 2022</b>	<b>10,265,009</b>	<b>14,493,145,201</b>	<b>1,163,142,150</b>	<b>78,769,928</b>	<b>68,056,879</b>	<b>15,813,379,167</b>

### Revaluation Note

At reporting date, the Directors appointed Intergrated Properties (Private) Limited to revalue property, plant and equipment. The independent valuers performed a full valuation which includes physical inspection of property, plant and equipment.

The effective date of the revaluation was 31 December 2022. Revaluation surplus for the year amounted to inflation adjusted ZWL 3,969,763,793 (2021: nil) and historic ZWL 8,746,854,610 (2021: ZWL 369,267,026).

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 4 Property, plant and equipment (continued)

	Freehold land and buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Work In Progress ZWL	Furniture and office equipment ZWL	Total ZWL
<b>Historical Cost</b>						
<b>Company</b>						
<b>Cost/Valuation</b>						
<b>Balance at 01 January 2021</b>	<b>2,121,340</b>	<b>648,233,505</b>	<b>63,034,681</b>	-	<b>4,895,525</b>	<b>718,285,051</b>
Revaluation	634,141	315,477,108	15,326,982	-	(999,204)	330,439,027
Additions	-	589,876,596	64,057,765	7,220,971	6,282,531	667,437,863
Disposals	-	-	-	-	-	-
<b>Balance 31 December 2021</b>	<b>2,755,481</b>	<b>1,553,587,209</b>	<b>142,419,428</b>	<b>7,220,971</b>	<b>10,178,852</b>	<b>1,716,161,941</b>
Revaluation	7,509,528	10,350,603,927	819,426,045	56,525,374	33,138,620	11,267,203,494
Additions	-	2,588,954,397	201,298,271	15,023,583	24,739,407	2,830,015,658
Disposals	-	(331)	(1,595)	-	-	(1,926)
<b>Balance 31 December 2022</b>	<b>10,265,009</b>	<b>14,493,145,203</b>	<b>1,163,142,149</b>	<b>78,769,928</b>	<b>68,056,879</b>	<b>15,813,379,167</b>
<b>Depreciation and impairment</b>						
<b>Balance at 01 January 2021</b>	-	-	-	-	-	-
Depreciation charge for the year	530,335	135,662,934	22,133,925	-	3,205,756	161,532,950
Elimination on revaluation	(530,335)	(135,662,934)	(22,133,925)	-	(3,205,756)	(161,532,950)
Elimination on disposals	-	-	-	-	-	-
<b>Balance 31 December 2021</b>	-	-	-	-	-	-
Depreciation charge for the year	918,494	1,220,890,305	82,165,795	-	16,908,748	1,320,883,342
Elimination on revaluation	(918,494)	(1,220,890,305)	(82,165,795)	-	(16,908,748)	(1,320,883,342)
Elimination on disposals	-	-	-	-	-	-
<b>Balance 31 December 2022</b>	-	-	-	-	-	-
<b>Carrying amount</b>						
<b>Balance at 31 December 2020</b>	<b>2,121,340</b>	<b>648,233,505</b>	<b>63,034,681</b>	-	<b>4,895,525</b>	<b>718,285,051</b>
<b>Balance at 31 December 2021</b>	<b>2,755,481</b>	<b>1,553,587,209</b>	<b>142,419,428</b>	<b>7,220,971</b>	<b>10,178,852</b>	<b>1,716,161,941</b>
<b>Balance at 31 December 2022</b>	<b>10,265,009</b>	<b>14,493,145,202</b>	<b>1,163,142,149</b>	<b>78,769,928</b>	<b>68,056,879</b>	<b>15,813,379,167</b>

### Revaluation Note

At reporting date, the Directors appointed Intergrated Properties (Private) Limited to revalue property, plant and equipment. The independent valuers performed a full valuation which includes physical inspection of property, plant and equipment.

The effective date of the revaluation was 31 December 2022. Revaluation surplus for the year amounted to inflation adjusted ZWL 3,969,763,793 (2021:nil) and historic ZWL 8,746,854,610 (2021:ZWL 369,267,026).

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 5 Investment property

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
At fair value				
Balance at the beginning of the year	4,920,298,446	2,230,647,152	-	-
Fair value gain	4,250,351,175	1,321,803,187	-	-
Additions	166,214,865	1,367,848,107	-	-
Disposals	(220,944,036)	-	-	-
<b>Balance at the end of the year</b>	<b>9,115,920,450</b>	<b>4,920,298,446</b>	<b>-</b>	<b>-</b>
	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
At fair value				
Balance at the beginning of the year	1,431,318,421	403,694,621	-	-
Fair value gain	7,746,597,739	721,850,336	-	-
Additions	54,498,333	305,773,464	-	-
Disposals	(116,494,043)	-	-	-
<b>Balance at the end of the year</b>	<b>9,115,920,450</b>	<b>1,431,318,421</b>	<b>-</b>	<b>-</b>

The fair value of investment property has been arrived at on the basis of a valuation carried out at 31 December 2022 by independent professional valuers, Intergrated Properties. In arriving at the market value, the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rentals, capital and income generated by owner occupied assets are interrelated. The effective date of revaluation was 31 December 2022. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument/asset.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.

The following table presents assets and liabilities recognised at fair value in the statement of financial position of the Group:

	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
Freehold land and buildings	-	2,745,000,000	-	2,745,000,000
Investment property	-	9,115,920,450	-	9,115,920,450

There were no transfers between level 1 and level 2 during the current year.

The rental income earned by the entity from its investments property, all of which is leased out under operating leases, amounted to inflation adjusted ZWL47,049,569 (2021: ZWL38,104,851). Direct operating expenses arising on the investment property amounted to inflation adjusted ZWL63,799,277 (2021: ZWL13,502,709).

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 6 Investments

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Financial assets carried at fair value	199,997,731	513,455,665	195,897,854	500,044,836
Investments in Subsidiaries	-	-	4,313,739,799	2,848,695,050
	<b>199,997,731</b>	<b>513,455,665</b>	<b>4,509,637,653</b>	<b>3,348,739,886</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Financial assets carried at fair value	199,997,731	149,364,629	195,897,854	145,463,409
Investments in Subsidiaries	-	-	4,313,739,799	828,687,476
	<b>199,997,731</b>	<b>149,364,629</b>	<b>4,509,637,653</b>	<b>974,150,885</b>

Financial assets that are disclosed under long term investments are stated at fair value with the changes in fair value being recognised in other comprehensive income.

### 6.1 Financial assets carried at fair value

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Balance at the beginning of the year	513,455,662	896,437,286	500,044,836	896,437,286
Additions during the period	-	15,102,795	-	-
Disposals	-	(1,636,915,089)	-	(1,530,153,570)
Inflation adjustment	-	371,890,597	-	-
Fair value through other comprehensive income	(313,457,931)	866,940,073	(304,146,982)	1,133,761,120
	<b>199,997,731</b>	<b>513,455,662</b>	<b>195,897,854</b>	<b>500,044,836</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Balance at the beginning of the year	149,364,629	162,234,045	145,463,409	162,234,045
Additions during the period	-	3,901,220	-	-
Disposals	-	(476,179,798)	-	(445,122,794)
Fair value through other comprehensive income	50,633,102	459,409,162	50,434,445	428,352,158
	<b>199,997,731</b>	<b>149,364,629</b>	<b>195,897,854</b>	<b>145,463,409</b>

Investments include investments in equity instruments listed on the Zimbabwe Stock Exchange.

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 6 INVESTMENTS (continued)

### 6.2 Investments in Subsidiaries

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Balance at the beginning of the year	-	-	2,848,695,050	2,848,695,050
Fair value adjustment through profit and loss	-	-	1,465,044,749	
	-	-	<b>4,313,739,799</b>	<b>2,848,695,050</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Balance at the beginning of the year	-	-	828,687,476	515,546,741
Fair value adjustment through profit and loss	-	-	3,485,052,323	313,140,735
	-	-	<b>4,313,739,799</b>	<b>828,687,476</b>

## 7 INVENTORIES

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Finished goods and manufactured components	472,257,511	638,044,718	472,257,511	638,044,716
	<b>472,257,511</b>	<b>638,044,718</b>	<b>472,257,511</b>	<b>638,044,716</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Finished goods and manufactured components	466,580,553	185,607,675	466,580,553	185,607,675
	<b>466,580,553</b>	<b>185,607,675</b>	<b>466,580,553</b>	<b>185,607,675</b>

## 8 CONTRACTS IN PROGRESS AND CONTRACT RECEIVABLES

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Contract receivables in respect of certified work	2,155,504,495	6,293,549,160	21,55,504,495	6,293,549,162
Contracts work in progress	20,293,946,242	6,733,393,858	20,293,946,242	6,733,393,858
Contracts receivables in retentions	112,729,688	387,519,437	112,729,688	387,519,437
Less: allowance for credit losses	(119,073,459)	(254,556,864)	(119,023,896)	(254,465,148)
	<b>22,443,106,966</b>	<b>13,159,905,591</b>	<b>22,443,156,529</b>	<b>13,159,997,309</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Contract receivables in respect of certified work	2,155,504,495	1,830,798,059	21,55,504,495	1,830,798,060
Contracts work in progress	20,293,946,242	1,958,749,207	20,293,946,242	1,958,749,204
Contracts receivables in retentions	112,729,688	112,729,688	112,729,688	112,729,688
Less: allowance for credit losses	(119,073,459)	(74,050,778)	(119,023,896)	(74,024,098)
	<b>22,443,106,966</b>	<b>3,828,226,173</b>	<b>22,443,156,529</b>	<b>3,828,252,854</b>

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 9 TRADE AND OTHER RECEIVABLES

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Prepayments	6,605,200,050	6,361,794,907	6,596,466,269	6,361,794,910
Other receivables	42,811,734	145,415,821	16,223,993	131,127,830
Less: allowance for credit losses	(1,039,337)	-	(845,405)	-
	<b>6,646,972,447</b>	<b>6,507,210,728</b>	<b>6,611,844,857</b>	<b>6,492,922,740</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Prepayments	6,605,200,050	1,850,650,797	6,596,466,269	1,850,650,798
Other receivables	42,811,734	42,301,569	16,223,993	38,145,182
Less: allowance for credit losses	(1,039,337)	-	(845,405)	-
	<b>6,646,972,447</b>	<b>1,892,952,366</b>	<b>6,611,844,857</b>	<b>1,888,795,980</b>

The average credit period for trade receivables is thirty (30) days. No interest is charged on the overdue contracts in progress and receivables. The entity has recognised an allowance for credit losses against all receivables on a case by case basis.

Contracts in progress and receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for credit losses because there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by it to the counterparty.

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Movement in the allowance for credit losses				
Balance at the beginning of the year	254,659,988	15,361,092	254,465,149	15,110,550
Net movement in provision for the year	(134,547,192)	239,298,896	(134,595,848)	239,354,599
<b>Balance at the end of the year</b>	<b>120,112,796</b>	<b>254,659,988</b>	<b>119,869,301</b>	<b>254,465,149</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Movement in the allowance for credit losses				
Balance at the beginning of the year	74,050,777	2,761,333	74,024,098	2,734,654
Net movement in provision for the year	46,062,018	71,289,444	45,845,203	71,289,444
<b>Balance at the end of the year</b>	<b>120,112,795</b>	<b>74,050,777</b>	<b>119,869,301</b>	<b>74,024,098</b>

In determining trade recoverability of contracts in progress and receivables, the Group considers any changes in the credit quality of the contracts in progress and receivables from the date credit was initially granted up to the reporting date. The concentration of credit risks is limited due to the customer base being large and unrelated.

The Directors consider that the carrying amount of trade receivables approximates their fair values.

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 9 TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of impaired contracts in progress and receivables

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
180+ days	120,112,795	744,685,875	119,869,301	744,594,159

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
180+ days	120,112,795	216,629,666	119,869,301	216,602,986

## 10 CASH AND CASH EQUIVALENTS

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Local Accounts	372,304,648	4,730,175,185	368,600,559	4,724,313,601
Nostro FCA Accounts	1,058,048,127	1,318,128,022	1,058,048,127	1,316,944,357
<b>Bank and cash balances</b>	<b>1,430,352,775</b>	<b>6,048,303,207</b>	<b>1,426,648,686</b>	<b>6,041,257,958</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Local Accounts	372,304,648	1,376,011,425	368,600,559	1,374,306,286
Nostro FCA Accounts	1,058,048,127	383,444,407	1,058,048,127	383,100,078
<b>Bank and cash balances</b>	<b>1,430,352,775</b>	<b>1,759,455,832</b>	<b>1,426,648,686</b>	<b>1,757,406,364</b>

## 11 SHARE CAPITAL AND RESERVES

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Authorised and issued share capital</b>				
<b>Authorised</b>				
875 000 000 ordinary shares of ZWL0.01 each	578,735,494	578,735,494	578,735,494	578,735,494
<b>Issued</b>				
241 653 707 (2021: 241 653 707) ordinary shares of ZWL0.01 each	361,179,888	361,179,888	361,179,940	361,179,940
<b>Unissued share capital</b>	<b>217,555,606</b>	<b>217,555,606</b>	<b>217,555,554</b>	<b>217,555,554</b>



# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 11 SHARE CAPITAL AND RESERVES (CONTINUED)

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Authorised and issued share capital</b>				
<b>Authorised</b>				
875 000 000 ordinary shares of ZWL0.01 each	8,750,000	8,750,000	8,750,000	8,750,000
<b>Issued</b>				
241 653 707 (2021: 241 653 707) ordinary shares of ZWL0.01 each	2,416,537	2,416,537	2,416,537	2,416,537
<b>Unissued share capital</b>	<b>6,333,463</b>	<b>6,333,463</b>	<b>6,333,463</b>	<b>6,333,463</b>

This is share capital which Directors may allot, grant options over or deal with at their discretion (in terms of the Articles of Association) subject to the limitations of the Companies and Other Businesses Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange, without further restrictions.

### Share Options Scheme

In accordance with the Articles of Association of the company, the Directors awarded share options to senior executives and the valuation of the share options was only concluded subsequent to publication. At the time of publication, the valuation of share options was still in progress and it was practically impossible for management to estimate the value. The value of share options was immaterial to warrant an adjustment in accordance with IAS10: Events after the reporting period. Consequently, no adjustment has been effected in the financial statements. However, management has disclosed all the facts of the transaction as below:

### Share options Movements

The Directors are empowered to grant share options to senior Executives of the Group up to a maximum of 20,000,000 (2021: 20,000,000) share options. The options are granted for a period of five (5) years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. During the year, the Directors awarded share options to senior Executives and the valuation of which was not yet concluded by the time of publication. The Directors believe that the transaction does not have a material effect on the 2022 financial statements. Details of the share options outstanding as at 31 December 2022 were as follows:

All options expire, if not exercised five (5) years after the date of grant.

	Inflation Adjusted			
	Group		Company	
	2022 ZWL Number of shares	2021 ZWL Number of shares	2022 ZWL Number of shares	2021 ZWL Number of shares
Balance at the beginning of year	-	-	-	-
Granted during the year	7,637,500	-	7,637,500	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
<b>Balance as at end of year</b>	<b>7,637,500</b>	<b>-</b>	<b>7,637,500</b>	<b>-</b>

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 12 BORROWINGS

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Secured borrowings at amortised costs</b>				
Opening balance	1,138,874,101	714,124,197	1,138,874,101	714,124,197
Movement	(714,645,484)	424,749,904	(714,645,484)	424,749,904
<b>Balance as at end of year</b>	<b>424,228,617</b>	<b>1,138,874,101</b>	<b>424,228,617</b>	<b>1,138,874,101</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Secured borrowings at amortised costs</b>				
Opening balance	331,299,310	129,281,340	331,299,310	129,281,340
Movement	92,929,307	202,017,970	92,929,307	202,017,970
<b>Balance as at end of year</b>	<b>424,228,617</b>	<b>331,299,310</b>	<b>424,228,617</b>	<b>331,299,310</b>

The short term loans have a tenure of three (3) months and long term loans have a tenure of two (2) years. The loans include foreign currency balance which accrue interest at an effective rate of 10% (2021: nil) whilst the ZWL balance was at 200% (2021: 45%) per annum. These bank loans are fully secured against immovable property and a notarial general covering bond over movable assets, including a cession of book debts.

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 13 SEGMENTAL ANALYSIS

### Operating segment information

For management purposes the Group is organised into business units based on their products and services and has resulted in three reportable operating segments as follows:

#### Contracting

The segment offers civil engineering works in the following categories:

- Roads and earthworks
- Building construction
- Fabrication and steel works

#### Property Development and Leasing

This segment is into property development and leasing of property. Properties are leased out to business units in the Group as well as to third parties.

#### Quarry Mining

The quarry mining business unit manufactures stone aggregates which are key in the contracting business

Inflation Adjusted	2022				2021			
	Contracting	Properties	Quarry	Consolidated	Contracting	Properties	Quarry	Consolidated
Revenue	46,331,125,142	-	991,036,246	46,331,125,142	25,284,481,246	-	288,599,910	25,284,481,246
External	46,331,125,142	-	-	46,331,125,142	25,284,481,246	-	-	25,284,481,246
Internal	-	-	991,036,246	-	-	-	288,599,910	-
Rental Income	-	222,354,064	-	47,049,569	-	77,360,247	-	54,311,267
External	-	47,049,569	-	47,049,569	-	54,311,267	-	54,311,267
Internal	-	175,304,494	-	-	-	23,048,980	-	-
Gross profit	10,237,122,964	-	104,765,559	10,350,140,549	7,752,229,969	-	13,586,559	7,707,684,859
Net finance cost	(228,422,941)	-	-	(228,422,941)	(338,788,001)	-	-	(338,788,001)
Fair value gain	1,465,044,749	4,250,351,175	-	4,250,351,175	-	-	-	1,321,803,187
Profit before tax	13,230,838,522	4,272,977,666	15,249,641	15,751,708,063	4,721,183,716	27,135,309	(10,606,824)	5,985,225,480
Monetary loss	(3,973,884,006)	-	-	(3,165,077,084)	(1,095,681,831)	-	-	(996,714,672)
Segment assets	52,188,635,735	11,967,514,185	901,066,660	58,856,722,039	28,974,040,843	3,506,107,595	-	58,851,045,081
Segment Liabilities	28,974,040,843	3,044,711,186	1,007,423,952	31,026,747,796	25,145,739,110	1,418,235,785	-	31,026,747,796
Net segment assets	23,214,594,892	8,922,802,998	(106,357,292)	27,829,974,243	23,208,917,934	2,087,871,810	-	27,824,297,285
Depreciation charge for the year	1,643,889,662	-	-	1,685,250,083	701,009,899	-	-	739,978,261
Capital expenditure	4,475,757,513	166,214,865	-	4,641,972,378	2,631,544,149	1,367,848,107	-	3,999,392,256
Number of employees	1,758	21	35	1,814	1,309	14	22	1,346

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

Historical	2022				2021			
	Contracting	Properties	Quarry	Consolidated	Contracting	Properties	Quarry	Consolidated
Revenue	36,283,664,518	-	670,624,879	36,283,664,518	6,019,717,135	-	72,884,619	6,019,717,135
External	36,283,664,518	-	-	36,283,664,518	6,019,717,135	-	-	6,019,717,135
Internal	-	-	670,624,879	-	-	-	72,884,619	-
Rental income	-	158,727,032	-	33,404,451	-	17,638,977	-	12,388,219
External	-	33,404,451	-	33,404,451	-	12,388,219	-	12,388,219
Internal	-	125,322,581	-	-	-	5,250,758	-	-
Gross profit	7,864,990,651	-	(35,596,042)	7,978,008,239	1,815,252,291	-	3,431,225	1,802,294,086
Net finance cost	(153,137,731)	-	-	(153,137,731)	(83,497,905)	-	-	(83,497,905)
Fair value gain	3,485,052,323	10,049,213,826	-	7,746,597,739	313,140,735	-	-	721,850,336
Monetary gain/loss	-	-	-	-	(83,497,905)	-	-	-
Profit before tax	12,417,716,840	10,085,732,783	43,668,595	16,465,503,013	1,325,757,411	6,283,192	(2,678,706)	1,718,541,452
Segment assets	52,182,958,777	11,967,514,185	901,066,660	58,851,045,081	10,350,375,699	1,934,714,384	-	11,402,715,469
Segment liabilities	28,966,531,318	3,044,711,186	1,007,423,952	31,026,747,797	7,314,913,921	430,926,900	-	8,042,791,434
Net segment assets	23,216,427,460	8,922,802,998	(106,357,292)	27,824,297,284	3,035,461,778	1,503,787,484	-	3,359,924,035
Depreciation charge for the year	1,320,883,342	-	-	1,348,514,666	161,532,949	-	-	170,294,346
Capital expenditure	2,830,015,660	54,498,333	-	2,830,015,660	667,437,863	305,773,464	-	2,631,544,149
Number of employees	1,758	21	35	1,814	1,309	14	22	1,346

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 14 FINANCE LEASE-RIGHT OF ASSET USE

		Inflation Adjusted Company		
		Current ZWL	Non-current ZWL	Total ZWL
<b>2022</b>	Minimum lease payments			
	Principal	3,029,935	6,059,869	9,089,804
		<b>3,029,935</b>	<b>6,059,869</b>	<b>9,089,804</b>
		Inflation Adjusted Company		
		Current ZWL	Non-current ZWL	Total ZWL
<b>2021</b>	Minimum lease payments			
	Principal	1,810,786	3,621,571	5,432,357
		<b>1,810,786</b>	<b>3,621,571</b>	<b>5,432,357</b>
		Historical Cost Company		
		Current ZWL	Non-current ZWL	Total ZWL
<b>2022</b>	Minimum lease payments			
	Principal	3,029,935	6,059,869	9,089,804
		<b>3,029,935</b>	<b>6,059,869</b>	<b>9,089,804</b>
		Historical Cost Company		
		Current ZWL	Non-current ZWL	Total ZWL
<b>2021</b>	Minimum lease payments			
	Principal	526,759	1,053,518	1,580,277
		<b>526,759</b>	<b>1,053,518</b>	<b>1,580,277</b>

The finance lease liabilities comprise of right of use asset for office building being leased over a tenor of five (5) years. The incremental borrowing cost was in line with the market borrowing rate of 200%.

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 15 DEFERRED TAX

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Balance at the beginning of year	3,029,133,846	1,732,946,878	1,706,323,752	1,276,438,416
Charge to income statement	814,093,609	1,258,006,995	(269,677,127)	12,490,632
Charge to other comprehensive income	3,184,470,623	38,179,973	3,112,274,367	417,394,704
<b>Balance at the end of year</b>	<b>7,027,698,078</b>	<b>3,029,133,846</b>	<b>4,548,920,992</b>	<b>1,706,323,752</b>
<b>Comprising of:</b>				
Accelerated wear and tear	1,274,297,203	670,171,163	1,274,297,203	670,171,163
Uncertified work and claims	5,016,663,511	7,553,896,915	5,016,663,511	7,553,896,915
Retention	86,390,540	375,555,455	86,390,540	375,555,455
Revenue received in advance	(2,641,771,643)	(1,598,071)	(2,641,771,643)	(1,598,071)
Maintenance provision	(350,000,000)	(571,180,357)	(350,000,000)	(571,180,357)
Assessed loss and other	3,642,118,467	(4,997,711,259)	1,163,341,381	(6,320,521,353)
	<b>7,027,698,078</b>	<b>3,029,133,846</b>	<b>4,548,920,992</b>	<b>1,706,323,752</b>
	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Balance at the beginning of year	881,177,254	313,622,588	496,370,829	231,005,304
Charge to income statement	2,313,679,237	421,756,304	940,275,796	143,945,100
Charge to other comprehensive income	3,832,841,587	145,798,362	3,112,274,367	121,420,425
<b>Balance at the end of year</b>	<b>7,027,698,078</b>	<b>881,177,254</b>	<b>4,548,920,992</b>	<b>496,370,829</b>
<b>Comprising of:</b>				
Accelerated wear and tear	1,274,297,203	194,953,282	1,274,297,203	194,953,282
Uncertified work and claims	5,016,663,511	2,197,434,144	5,016,663,511	2,197,434,144
Retention	86,390,540	109,249,357	86,390,540	109,249,357
Revenue received in advance	(2,641,771,643)	(464,880)	(2,641,771,643)	(464,880)
Revaluation of property, plant and equipment	5,016,539,000	491,663,428	3,909,067,330	491,663,428
Maintenance provision	(350,000,000)	(166,156,784)	(350,000,000)	(166,156,784)
Assessed loss and other	(1,374,420,533)	(1,945,501,293)	(2,745,725,949)	(2,330,307,718)
	<b>7,027,698,078</b>	<b>881,177,254</b>	<b>4,548,920,992</b>	<b>496,370,829</b>

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 16 TRADE AND OTHER PAYABLES

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Trade	1,090,965,905	197,136,843	971,743,305	197,136,842
Accruals	23,763,994	40,290,098	9,360,306	22,225,970
Provisions	7,224,633,317	6,764,290,882	7,224,391,174	6,762,972,866
Unearned revenue (Advance receipts from customers)	10,688,302,302	5,431,419,549	10,686,778,492	5,431,419,549
Other	1,701,778,411	7,880,419,101	2,265,600,516	4,972,411,110
	<b>20,729,443,929</b>	<b>20,313,556,473</b>	<b>21,157,873,793</b>	<b>17,386,166,337</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Trade	1,090,965,905	57,347,252	971,743,305	57,347,252
Accruals	23,763,994	11,720,419	9,360,306	6,465,551
Provisions	7,224,633,317	1,967,737,171	7,224,391,174	1,967,353,759
Unearned revenue (Advance receipts from customers)	10,688,302,302	1,580,003,924	10,686,778,492	1,580,003,924
Other	1,701,778,411	2,292,419,687	2,265,600,516	1,446,478,033
	<b>20,729,443,929</b>	<b>5,909,228,453</b>	<b>21,157,873,793</b>	<b>5,057,648,519</b>

## 17 SUB-CONTRACTORS

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Balance as at year end	2,833,927,637	3,161,036,653	2,833,927,637	3,161,036,653

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Balance as at year end	2,833,927,637	919,547,877	2,833,927,637	919,547,877

Contracts in progress and contract receivables include claims against clients in respect of sub-contractor liabilities. These liabilities are only settled when payment has been received from clients.

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 18 REVENUE

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Construction contract revenue	46,331,125,142	25,284,481,246	46,331,125,142	25,284,481,246

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Construction contract revenue	36,283,664,518	6,019,717,135	36,283,664,518	6,019,717,135

## 19 OTHER INCOME

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Rental income	47,049,568	38,104,851	-	-
Exchange gains	5,432,427,227	197,889,540	5,748,926,042	194,429,401
Scrap and services sales	11,421,325	-	1,494,868	-
Sundry income	818,154,211	51,398,197	703,391,988	33,076,328
Dividend received	1,207	14,866,714	1,207	14,866,714
(Loss) on disposal of property, plant and equipment	(6,598,370)	(1,606,297)	(6,598,370)	-
	<b>6,302,455,168</b>	<b>300,653,005</b>	<b>6,447,215,735</b>	<b>242,372,443</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Rental income	33,404,451	9,116,167	-	-
Exchange gains/(losses)	4,400,695,921	51,148,090	4,619,586,348	51,076,192
Scrap and services sales	11,186,477	-	1,494,868	-
Sundry income	355,436,766	12,250,446	354,721,458	7,613,061
Dividend received	588	3,247,396	588	3,247,396
(Loss)/profit on disposal of property, plant and equipment	4,202,056	(417,744)	4,202,056	-
	<b>4,804,926,259</b>	<b>75,344,355</b>	<b>4,980,005,318</b>	<b>61,936,649</b>



# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 20 ADMINISTRATION EXPENSES

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Advertising and promotions	112,709,089	62,791,182	112,709,089	62,791,182
Audit fees	55,983,650	25,228,321	55,983,650	24,150,558
Allowance for credit losses	(134,547,192)	239,298,896	(134,595,848)	239,354,599
Bank charges	1,197,022,359	570,562,579	1,136,092,615	569,257,430
Communication	16,147,148	18,155,065	16,147,148	18,155,065
Computer printing and stationery	89,875,750	48,030,093	89,684,443	47,701,970
Depreciation	113,230,299	83,457,382	61,381,116	42,239,612
Directors' fees	41,657,383	24,730,143	41,657,383	24,730,143
Insurance	53,718,898	23,584,100	40,127,426	19,726,478
Licenses and levies	52,658,695	60,300,896	52,658,695	60,300,896
Property expenses	14,144,250	13,502,708	420,455	34,869,085
Professional and subscriptions	176,295,167	147,421,258	138,053,103	145,046,126
Training and recruitment	26,625,279	32,158,910	25,447,991	32,158,910
Travel and accommodation	69,243,723	31,061,447	69,243,723	30,972,406
Utilities	69,247,024	37,436,360	19,362,849	12,938,723
Staff	2,601,239,433	1,714,060,900	2,585,494,905	1,714,060,900
Other costs	595,987,874	213,135,333	608,676,183	194,964,613
	<b>5,151,238,829</b>	<b>3,344,915,571</b>	<b>4,918,544,926</b>	<b>3,273,418,696</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Advertising and promotions	84,230,412	14,321,979	84,230,412	14,321,979
Audit fees	46,005,548	5,510,244	46,005,548	5,263,135
Allowance for credit losses	46,062,018	71,289,444	45,845,203	71,289,444
Bank charges	945,876,546	141,721,577	943,363,138	141,408,028
Communication	11,094,362	4,220,165	11,094,362	4,220,164
Computer printing and stationery	66,432,418	12,196,932	66,327,078	12,134,132
Depreciation	77,213,901	18,076,695	49,582,577	9,315,298
Directors' fees	34,492,780	5,927,735	34,492,780	5,927,735
Insurance	36,601,117	5,517,424	29,117,218	4,395,239
Licenses and levies	49,489,962	14,809,768	49,489,962	14,809,768
Property expenses	7,901,906	3,273,864	125,667,727	8,033,661
Professional and subscriptions	68,735,479	31,526,280	47,678,177	31,056,392
Training and recruitment	26,897,040	7,747,375	26,897,040	7,747,375
Travel and accommodation	55,592,378	7,573,018	54,944,125	7,548,526
Utilities	41,654,903	8,984,179	14,187,081	3,012,829
Staff	2,023,750,972	395,667,442	1,973,036,044	395,667,442
Others	288,859,747	49,085,299	157,235,245	44,923,212
	<b>3,910,891,489</b>	<b>797,449,420</b>	<b>3,759,193,717</b>	<b>781,074,359</b>

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 21 PROFIT BEFORE TAX

Profit before tax has been arrived at after charging the following:

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Depreciation	1,685,250,083	739,978,261	1,643,889,663	701,009,898
Staff costs	2,601,239,433	1,714,060,900	2,585,494,905	1,714,060,900

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Depreciation	1,348,514,666	170,294,346	1,320,883,342	161,532,949
Staff costs	2,023,750,972	395,667,442	1,973,036,044	395,667,442

## 22 INCOME TAX

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>22.1 Current tax:</b>				
Current income tax	(11,449,535)	(5,256,209)	-	-
Deferred tax movement	(814,093,609)	(1,258,006,995)	269,677,127	(12,490,632)
<b>Income tax</b>	<b>(825,543,144)</b>	<b>(1,263,263,204)</b>	<b>269,677,127</b>	<b>(12,490,632)</b>
<b>22.2 Tax reconciliation:</b>				
<b>Profit before tax</b>	<b>12,358,208,038</b>	<b>4,649,722,808</b>	<b>9,298,208,702</b>	<b>3,286,713,884</b>
Tax at standard rate (24.72%)	(3,054,949,027)	(1,149,411,478)	(2,298,517,191)	(812,475,672)
<b>Adjusted for:</b>				
Effects of expenses not deductible for tax	(7,969,769)	(27,396,867)	(11,448,117)	(96,148,844)
Effects of other permanent differences	2,237,375,652	(86,454,859)	2,579,642,436	896,133,884
<b>Effective tax</b>	<b>(825,543,144)</b>	<b>(1,263,263,204)</b>	<b>269,677,128</b>	<b>(12,490,632)</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>22.1 Current income tax</b>				
Current income tax	(11,449,535)	(1,529,035)	-	-
Deferred tax movement	(3,017,028,347)	(421,756,304)	(940,275,796)	(143,945,100)
<b>Income tax</b>	<b>(3,028,477,882)</b>	<b>(423,285,339)</b>	<b>(940,275,796)</b>	<b>(143,945,100)</b>
<b>22.2 Tax reconciliation:</b>				
<b>Profit before tax</b>	<b>16,465,503,014</b>	<b>1,718,541,452</b>	<b>12,417,716,841</b>	<b>1,325,757,411</b>
Tax at standard rate (24.72%)	(4,070,272,345)	(424,823,447)	(3,069,659,602)	(327,727,231)
<b>Adjusted for:</b>				
Effects of expenses not deductible for tax	1,732,587	(14,789,065)	1,732,587	(14,789,065)
Effects of other permanent differences	1,040,061,876	16,327,173	2,127,651,219	198,571,196
<b>Effective tax</b>	<b>(3,028,477,882)</b>	<b>(423,285,339)</b>	<b>(940,275,796)</b>	<b>(143,945,100)</b>

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 23 EARNINGS PER SHARE

### Basic earning basis

The calculation is based on the profit attributable to ordinary Shareholders and the number of shares in issue at the end of the year which participated in the results of the Group.

### Diluted earnings basis

The calculation is based on the profit attributable to ordinary Shareholders and the number of shares in issue after adjusting to assume conversion of share options not yet exercised.

### Headline earnings basis

The calculation of basic, diluted and headline earnings per share from continuing operations attributable to ordinary shareholders of the Company is based on the following data:

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Earnings</b>				
Profit attributable to the equity holders	11,532,664,894	3,386,459,604	9,298,208,702	3,274,223,252
Net earnings from operational and capital investment activities	5,005,365,163	2,849,925,723	11,518,093,620	4,370,411,978
<b>Number of shares</b>				
Weighted average number of shares in issue used in the determination of:				
Basic	241,653,707	241,653,707	241,653,707	241,653,707
Diluted	241,653,707	241,653,707	241,653,707	241,653,707
Headline	241,653,707	241,653,707	241,653,707	241,653,707
<b>Profit per share (ZWL cents):</b>				
Basic	4,772	1,401	3,848	1,355
Diluted	4,772	1,401	3,848	1,355
Headline	2,071	1,179	4,766	1,809
	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Earnings</b>				
Profit attributable to the equity holders of the Company	13,437,025,132	1,295,256,113	11,477,441,045	1,181,812,311
Net earnings from operational and capital investment activities	1,279,198,541	518,859,035	7,977,944,597	854,227,452
<b>Number of shares</b>				
Basic	241,653,707	241,653,707	241,653,707	241,653,707
Diluted	241,653,707	241,653,707	241,653,707	241,653,707
Headline	241,653,707	241,653,707	241,653,707	241,653,707
<b>Profit/(Loss) per share (ZWL cents):</b>				
Basic	5,560	536	4,750	489
Diluted	5,560	536	4,750	489
Headline	529	215	3,301	353

Headline earnings is arrived at after taking out the effects of ancillary activities such as fair value adjustments, monetary losses, exchange gains and losses etc.

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 24 RETIREMENT BENEFIT COSTS

### Pension funds

The Group's operations and all permanent employees contribute to one of the funds detailed below:

#### 24.1 Masimba Holdings Limited Retirement Fund

All entity employees with the exception of those participating in the funds detailed in 24.2 below are members of this Fund administered by Old Mutual. The Fund is a defined contribution scheme. All members joining the Fund automatically participate on the defined contribution pension benefit basis.

As at 31 December 2022, there were 120 (2021: 106) members in the scheme.

#### 24.2 Construction Industry Pension Fund

This Fund is a defined contribution scheme and encompasses employees generally subject to an industrial agreement.

#### 24.3 National Social Security Authority (NSSA)

The entity and its employees contribute to the National Social Security Authority. This is a social security scheme promulgated under the National Social Security Act 1989. The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

#### 24.4 Pension costs recognised as an expense for the year

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Masimba Holdings Limited Retirement Fund	47,852,467	26,249,947	47,852,467	26,249,947
National Social Security Authority	8,672,579	4,077,887	8,672,579	4,077,887
Other Funds	5,788,228	14,138,223	5,788,228	14,138,223
	<b>62,313,274</b>	<b>44,466,056</b>	<b>62,313,274</b>	<b>44,466,056</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Masimba Holdings Limited Retirement Fund	26,349,098	5,917,532	26,349,098	5,917,532
National Social Security Authority	4,775,399	919,279	4,775,399	919,279
Other Funds	3,187,183	3,187,183	3,187,183	3,187,183
	<b>34,311,680</b>	<b>10,023,994</b>	<b>34,311,680</b>	<b>10,023,994</b>

## 25 CAPITAL COMMITMENTS

Capital expenditure authorised, but not contracted for, is ZWL307,080,467(USD448,729) (2021 ZWL66,437,862:(USD611,395)) . The expenditure is to be financed from internal resources and existing facilities.

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 26 DIRECTORS' INTERESTS

The Directors directly/indirectly hold the following number of shares in the Company:

Director's Name		Inflation Adjusted			
		Group		Company	
		2022 shares	2021 shares	2022 shares	2021 shares
Canada Malunga	Giona Capital (Private) Limited	18,538,160	18,538,160	18,538,160	18,538,160
Malcom William McCulloh & Mark Mario Di Nicola	Zumbani Capital (Private) Limited	68,309,081	68,309,081	68,309,081	68,309,081

## 27 BORROWINGS

Borrowings at amortised cost

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Borrowings at amortised cost	424,228,617	1,138,874,101	424,228,617	331,299,310
<b>Net interest expense</b>	<b>228,422,941</b>	<b>338,788,001</b>	<b>228,422,941</b>	<b>338,788,001</b>

	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Borrowings at amortised cost	424,228,617	1,138,874,101	424,228,617	331,299,310
<b>Net interest expense</b>	<b>153,137,731</b>	<b>83,497,905</b>	<b>153,137,731</b>	<b>83,497,905</b>

Authority is granted in the Articles of Association for Directors to borrow a sum not exceeding 300% of the ordinary Shareholders' funds without the prior sanction of an ordinary resolution of the Company. The Group's borrowings have not exceeded the borrowing threshold per Articles of Association .

The average rate for finance costs was 200% (2021:45%) for ZWL and 10% (2021:nil) for USD balance per annum.

## 28 INSURANCE COVER

In the opinion of the Directors, the Group's assets are adequately insured at full replacement cost of current condition and age of the asset.

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 29 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

29.1 The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of the business. The Board does not believe that adverse decisions in any pending proceedings or claims against the Group will have a material effect on the future financial conditions of the Group.

29.2 Bank guarantees in issue as at year end:

	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Performance bonds	5,797,644,425	350,570,766	5,797,644,425	350,570,766
Advance payment bonds	11,022,460,733	245,275,995	11,022,460,733	245,275,995
Retention bonds	656,790	1,162,620	656,790	1,162,620
	<b>16,820,761,948</b>	<b>597,009,381</b>	<b>16,820,761,948</b>	<b>597,009,381</b>

## 30 RELATED PARTY DISCLOSURES

The Group's related parties include joint ventures, companies that have common directorship and key management as described below:

30.1 Related party transactions

Related party	Relationship	Nature of transactions	Inflation Adjusted			
			Group		Company	
			2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Reinforcing Steel Contractors Zimbabwe	Common directorship/ Shareholding	Purchase of goods	177,151,776	183,762,605	177,151,776	183,762,605
Proplastics Limited	Common directorship/ Shareholding	Purchase of goods	24,134,990	27,618,461	24,134,990	27,618,461
Total transactions reported under cost of sales			201,286,766	211,381,066	201,286,766	211,381,066

Related party	Relationship	Nature of transactions	Historical Cost			
			Group		Company	
			2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Reinforcing Steel Contractors Zimbabwe	Common directorship/ Shareholding	Sale of goods	153,139,542	43,320,718	153,139,542	43,320,718
Proplastics Limited	Common directorship/ Shareholding	Sale of goods	23,075,803	6,267,379	23,075,803	6,267,379
Total transactions reported under cost of sales			176,215,344	49,588,097	176,215,344	49,588,097

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 30 RELATED PARTY DISCLOSURES (continued)

### 30.2 Year end balances arising from transactions with related parties

Included in the contracts receivables, work in progress, other receivables and trade payables balances are related party balances that resulted from transactions that occurred between Masimba Holdings Limited and its related parties.

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Related party receivables</b>				
Proplastics Limited	22,867,702	-	22,867,702	-
Masimba Properties (Zimbabwe) Limited	-	-	911,711,332	-
	<b>22,867,702</b>	-	<b>934,579,034</b>	-
<b>Related party payables</b>				
Reinforcing Steel Contractors Zimbabwe	23,744,154	-	23,744,154	-
Proplastics Limited	57,966,770	-	57,966,770	-
Masimba Properties (Zimbabwe) Limited	-	-	-	(1,747,905,905)
	<b>81,710,924</b>	-	<b>81,710,924</b>	<b>(1,747,905,905)</b>
	Historical Cost			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Related party receivables</b>				
Reinforcing Steel Contractors Zimbabwe	-	-	-	-
Proplastics Limited	22,867,702	-	22,867,702	-
Masimba Properties (Zimbabwe) Limited	-	-	911,711,332	-
	<b>22,867,702</b>	-	<b>934,579,034</b>	-
<b>Related party payables</b>				
Reinforcing Steel Contractors Zimbabwe	23,744,154	-	23,744,154	-
Proplastics Limited	57,966,770	-	57,966,770	-
Masimba Properties (Zimbabwe) Limited	-	-	-	(508,467,109)
	<b>81,710,924</b>	-	<b>81,710,924</b>	<b>(508,467,109)</b>

Balances and transactions between entities within the Group have been eliminated on consolidation and are not disclosed in this note.

### 30.3 Transactions with key management personnel

Key management of the Group are the executive members of Masimba Holdings Limited's board of directors and senior management personnel. Key management personnel's remuneration include the following expenses:

The remuneration of directors and other members of key management during the year were as follows:

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Compensation to key management	332,072,649	92,353,461	332,072,649	92,353,461
The remuneration of Directors and key Executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.				
Loans and advances to Directors	28,127,768	-	28,127,768	-

Terms and Conditions: The loan amount limit ranges from 100% to 130% of annual salary and is subject to cash flow and Remuneration Committee approval. The annual interest rate is the lower of 50% of minimum Bank lending rate and 150% of the income tax deemed interest rate. The repayment period is six (6) months to two (2) years.

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 31 FINANCIAL INSTRUMENTS

### (a) Significant accounting policies

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instruments, are disclosed per note 3.

### (b) Categories of financial instruments

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Financial Assets</b>				
Cash and cash equivalents	1,430,352,775	1,759,455,832	1,426,648,686	1,759,455,832
Trade and contract receivables	29,090,079,413	5,721,178,540	29,055,001,386	5,721,178,540
Financial assets carried at fair value	199,997,731	149,364,629	195,897,854	149,364,629
<b>Financial liabilities</b>				
Borrowings, trade payables and subcontractors	31,026,747,796	8,042,791,434	28,974,040,843	7,314,913,921

### (c) Fair value of financial instruments

The fair value of financial assets and financial liabilities approximate the carrying values in the statement of financial position as at 31 December 2022.

## 32 FINANCIAL RISK MANAGEMENT

The entity's financial liabilities comprise bank loans and overdrafts and trade and other payables. The main purpose of these financial instruments is to raise finance for the entity's operations. The entity has various financial assets such as trade receivables, cash and short term deposits which arise directly from its operations. The entity does not use derivative financial instruments in its management of foreign currency risk. Derivative financial instruments are not held or issued for trading purposes.

The main risks arising from the entity's financial instruments are cash flow risk, foreign currency risk, interest rate risk, credit risk and liquidity risk. Senior Executives of the Group meet on a regular basis to review and agree on policies to manage each of these risks. Treasury management strategies together with currency and interest rate exposures are re-evaluated against revised economic forecasts. Compliance with the Group policies and exposure limits are reviewed at Audit and Risk Committee meetings.

### 32.1 Foreign exchange risk management

The Group undertakes certain transactions denominated in currencies other than the USD hence exposure to exchange rate fluctuations arises.

	2022		2021	
	Foreign Balance ZWL	USD Equivalent	Foreign Balance ZWL	USD Equivalent
Currency				
Receivables	22,531,025,063	32,924,023	-	-
Bank	1,058,048,127	1,546,099	383,444,407	3,528,651
Payables	(3,173,270,665)	(4,637,021)	-	-
	<b>20,415,802,525</b>	<b>29,833,101</b>	<b>383,444,407</b>	<b>3,528,651</b>

Given the amounts and types of currency held, the Group has no significant exposure to foreign currency risk at year end.

### Fair values of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements. Assets and liabilities denominated in currencies other than the ZWL which were on hand at the statement of financial position date have been valued for the purpose of these financial statements at official rates of exchange as the Directors are of the opinion that the official rate fairly reflects the value of such assets and liabilities for accounting purposes.

### 32.2 Interest risk

The entity's treasury policy limits exposure to interest rate fluctuations by adopting a non-speculative approach to managing interest rate risk and only deals in approved financial instruments. Implementation of treasury policy ensures limited exposure to funding instruments while investment instruments are those which provide risk free returns at variable interest rates and mature within one year.



# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 32 FINANCIAL RISK MANAGEMENT (continued)

### 32.3 Credit risk

Financial assets which potentially subject the entity to concentration of credit risk consist principally of cash, short-term deposits and trade receivables. The entity's surplus cash equivalents and short-term deposits are placed with high quality creditworthy financial institutions. The trade receivables are presented net of the allowance for credit losses and comprise a large, widespread customer base and the Group monitors the performance and financial condition of its customers so that the exposure to bad debts is not significant.

### 32.4 Liquidity risk

The entity monitors its risk of shortage of funds using a liquidity planning tool. The entity considers the maturity of both its financial investments and financial assets (e.g. receivables) and projected cash flows from operations. The entity's main object is to maintain short term bank loans at a manageable level.

### 32.5 Capital risk management

The entity manages its capital structure to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of debt and equity.

The capital structure of the entity consists of debt, which includes borrowings and finance leases as disclosed in Note 12 and 13 respectively, interest bearing borrowings and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

The Group's Audit and Compliance Committee reviews the capital structure on a quarterly basis. As part of this review, the Committee considers the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Committee, the entity will balance its overall structure through payments of dividends, new share issues and share buy backs as well as the issue of new debt or the redemption of existing debt.

## 33 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below.

### Revenue recognition and contract accounting

The entity uses certain assumptions and key factors in the management of and reporting for its contracting arrangements. These assumptions are material and relate to:

- The estimation of costs to completion and the determination of the percentage of completion;
- The recoverability of underclaims;
- The recognition of penalties and claims on contracts; and
- The recognition of contract incentives.

Management is satisfied that at year end the Company met its performance obligations under contracts and the recognition of revenue is appropriate.

### Other Estimates Made

The entity also makes estimates for:

- The calculation of the provision for credit losses. In determining recoverability of trade receivables, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group therefore recognises an allowance for credit losses against receivables on a case by case basis.
- The determination of useful lives and residual values of items of property, plant and equipment. (Refer to property, plant and equipment accounting policy note 3.7)

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## 34 JOINT OPERATIONS

### Details of material joint operations

	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest voting rights held by Masimba	
			2022 %	2021 %
Masimba Holdings Limited and Kuchi Construction (Private) Limited	Contracting	Zimbabwe	50	50
Masimba Holdings Limited and Tencraft (Private) Limited	Contracting	Zimbabwe	50	50
Masimba Holdings Limited and Grindale Engineering Limited	Contracting	Zimbabwe	50	50
Masimba Holdings Limited and Fossil Mining*	Contracting	Zimbabwe	50	50
Masimba Holdings Limited and Fossil Mining*	Contracting	Zimbabwe	50	50
Masimba Holdings Limited and Oplenac Private Limited	Contracting	Zimbabwe	69	69

The above joint operations are accounted for using the proportional consolidation method in these consolidated financial statements.

\* With effect from 1 January 2023 all joint ventures with Fossil Mining were terminated.

The summarised financial information in respect of the Group's joint operations is set out below:

	Inflation Adjusted			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Non-current assets				
Current assets	3,694,182,271	1,400,443,346	3,694,182,271	1,400,443,346
Current liabilities	(1,358,282,323)	(806,933,108)	(1,358,282,323)	(806,933,108)
<b>The above amounts of assets and liabilities include the following:</b>				
Cash and cash equivalent	45,264,689	38,943,305	45,264,689	38,943,305
Revenue	5,886,965,821	1,162,754,696	5,886,965,821	1,162,754,696
Profit for the period	1,766,089,746	83,346,516	1,766,089,746	83,346,516

	Historical			
	Group		Company	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Non-current assets				
Current assets	3,694,182,271	407,389,995	3,694,182,271	407,389,995
Current liabilities	(1,358,282,323)	(234,737,432)	(1,358,282,323)	(234,737,432)
<b>The above amounts of assets and liabilities include the following:</b>				
Cash and cash equivalent	45,264,689	11,328,636	45,264,689	11,328,636
Revenue	4,599,192,048	287,234,039	4,599,192,048	287,234,039
Profit for the period	1,297,129,389	20,589,000	1,297,129,389	20,589,000

# Notes to the Consolidated Financial Statements (continued)

for the year ended 31 December 2022

## **35 GOING CONCERN**

The Directors have assessed the ability of the entity to continue operating 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 entity 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.

## **36 EVENTS AFTER THE REPORTING DATE**

### **36.1 Dividend declaration**

The Board, having considered Group's profitability, its future cash flows on its operations, declared a final dividend of USD0.315 cents and ZWL288.58 cents per share.

## **36 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2023.

# Unaudited supplementary financial information

for the year ended 31 December 2022

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

	Unaudited 2022 USD	Unaudited 2021 USD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	23,827,880	16,151,331
Property, plant and equipment	10,128,800	11,014,036
Available for sale investments	215,051	829,803
	<b>34,171,731</b>	<b>27,995,170</b>
<b>Current assets</b>		
Cash and bank balances	1,570,327	9,774,755
Contracts in progress and contract receivables	43,740,613	21,267,923
Other receivables	19,373,242	16,321,731
Inventories	501,700	1,031,154
	<b>65,185,882</b>	<b>48,395,563</b>
<b>Total assets</b>	<b>99,357,613</b>	<b>76,390,733</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	2,338,831	2,338,831
Share premium	455,177	455,177
Reserves	17,748,406	17,630,429
FCTR	8,254,815	-
Retained earnings	17,425,537	11,284,123
	<b>46,222,766</b>	<b>31,708,560</b>
<b>Non-current liabilities</b>		
Deferred taxation	7,546,664	4,895,429
	<b>7,546,664</b>	<b>4,895,429</b>
<b>Current liabilities</b>		
Interest bearing borrowings	456,160	1,840,552
Trade and other payables	45,132,025	37,946,193
	<b>45,588,185</b>	<b>39,786,745</b>
<b>Total equity and liabilities</b>	<b>99,357,613</b>	<b>76,390,733</b>
Current ratio	<b>1.43</b>	<b>1.22</b>
Quick ratio	<b>1.42</b>	<b>1.19</b>
Debt equity	2%	6%
NAV per share (cents)	<b>19.18</b>	<b>13.16</b>
Market price per share (cents)	<b>12.42</b>	<b>28.21</b>

## Shareholders' Analysis

### Shareholder Spread

Range	Holders	% of Holders	Holdings	% of Issued Shares
500 - 0	328	27.99	57,138	0.02
1,000 - 501	139	11.86	98,853	0.04
5,000 - 1,001	343	29.27	908,543	0.38
10,000 - 5,001	113	9.64	811,824	0.34
50,000 - 10,001	137	11.69	2,925,127	1.21
and over 50,001	112	9.56	236,852,222	98.01
<b>Total</b>	<b>1,172</b>	<b>100.00</b>	<b>241,653,707</b>	<b>100.00</b>

### Major Shareholders – Top 10

Rank	Shareholder	Number of Shares	% of Total
1	Zumbani Capital (Private) Limited	68,309,081	28.27
2	Akribos Wealth Managers Nominees	44,274,486	18.32
3	Old Mutual Life Assurance Company of Zimbabwe Limited	43,088,171	17.83
4	Giona Capital (Private) Limited	18,538,160	7.67
5	Puredream Investments (Private) Limited	18,534,518	7.67
6	Stanbic Nominees (Private) Limited	7,627,173	3.16
7	QuantAfrica Wealth Management	6,498,470	2.69
8	Amalgamated African Ventures	4,719,616	1.95
9	Standard Chartered Nominees (Private) Limited	4,485,714	1.86
10	Masimba Holdings Limited	2,265,600	0.94
	Others	23,312,718	9.64
	<b>Total Number of Shares</b>	<b>241,653,707</b>	<b>100.00</b>

### Analysis by Category

Industry	Holders	% of Holders	Holdings	% of Issued Shares
Banks, insurance companies and nominees	53	4.52	90,448,707	37.43
Pension funds, Trust/Property companies	98	8.36	16,723,210	6.92
Resident individuals and other corporate companies	900	76.79	132,305,130	54.75
Foreign companies and foreign individuals	121	10.32	2,176,660	0.90
<b>Total</b>	<b>1,172</b>	<b>100.00</b>	<b>241,653,707</b>	<b>100.00</b>

## Shareholders' Diary

1 June 2023	Forty Eighth Annual Report to be Published on the Company's Website
16 June 2023	Forty Eighth Annual General Meeting of Shareholders
21 September 2023	Interim Press Results
30 October 2023	Third Quarter Trading Update
31 December 2023	Financial Year End
March 2024	Preliminary Announcement to Shareholders
May 2024	First Quarter Trading Update
June 2024	Forty Ninth Annual Report to be Published on the Company's Website
June 2024	Forty Ninth Annual General Meeting

### CORPORATE AND ADVISORY INFORMATION

<b>Company Registration Number</b>	278/74
<b>Business Address and Registered Office</b> <b>Postal Address</b> <b>Telephone</b>  <b>Email</b> <b>Website</b>	44 Tilbury Road, Willowvale, Harare, Zimbabwe P.O. Box CY490, Causeway, Harare, Zimbabwe +263 242 611 641-5 or 611 741-9 +263 772 220921-2 / 712 806600/2 enquiries@masimbagroup.com www.masimbagroup.com
<b>Share Transfer Secretaries</b>   <b>Telephone</b>	First Transfer Secretaries 1 Armagh Road, Eastlea Harare, Zimbabwe  +263 242 782 864 -72
<b>Auditor</b>	Grant Thornton 135 Enterprise Road Highlands Harare, Zimbabwe
<b>Bankers</b>	Standard Chartered Bank Zimbabwe Limited Africa Unity Square Branch Nelson Mandela Avenue Harare, Zimbabwe  FBC Banking Corporation Limited FBC Centre, 45 Nelson Mandela Avenue Harare, Zimbabwe
<b>Lawyers</b>	Atherstone & Cook Legal Practitioners Praetor House 119 Josiah Chinamano Avenue Harare, Zimbabwe

# Notice To Shareholders

Notice is hereby given that the forty eighth Annual General Meeting of members of Masimba Holdings Limited for the year ended 31 December 2022 will be held at 44 Tilbury Road, Willowvale, Harare, on Friday 16 June 2023 at 1200 hours for the purpose of transacting the following business:

## 1. ORDINARY BUSINESS

### 1.1 Approval of Financial Statements and Reports

To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2022, including the Directors' and Independent Auditor's reports thereon.

### 1.2 Approval of Directors' Fees

Approval of Directors' fees for the year ended 31 December 2022.

**Note:** In terms of Section 184 of the Zimbabwe Stock Exchange Listing Requirements, the Directors' Remuneration Report shall be available for inspection at the AGM and, thereafter, the Company's registered office.

### 1.3 Election of Directors

**1.3.1** In accordance with Articles 114 of the Company's Articles of Association, Ms Cathrine Charmaine Chitiyo and Mr Gregory Sebborn retire by rotation at the Company's Annual General Meeting and being eligible, offer themselves for re-election. They will be elected by separate resolution.

**1.3.2** Mrs Sharon Bwanya has been appointed as a Director of the Company and in terms of Article 115 of the Articles of Association she retires at the forthcoming Annual General. Being eligible, she offers herself for election.

### 1.4 Dividend

To confirm the declaration of a final dividend of USD0.315 cents and ZWL288.58 per share for the year ended 31 December 2022.

### 1.5 Auditor

**1.5.1** To approve the remuneration of the Auditor for the previous year.

**1.5.2** To consider the appointment of Messrs. Grant Thornton as the auditor for the ensuing year.

**Note:** In terms of Section 69(6) of the Zimbabwe Stock Exchange Listing Requirements, Companies must change audit partners every five years and their audit firm every ten years. Grant Thornton Chartered Accountants (Zimbabwe) has been the auditor for the Company for the past seven years, therefore are still eligible to be the auditor for the Company.

## 2. SPECIAL BUSINESS

### 2.1 Share Buyback

To consider and if deemed fit, to pass with or without modification, the following special resolution, "That the Company, as duly authorised by section 129 of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements, may purchase its own ordinary shares in such manner or on such terms as the Directors may from time to time determine and provided that:

- i. The repurchases are not made at a price greater than five percent (5%) above nor five percent (5%) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange as determined over the five (5) business days immediately preceding the date of the repurchase.
- ii. The maximum number of shares authorised to be acquired shall not exceed ten percent (10%) of the Company's issued ordinary share capital.
- iii. This authority shall expire at the next Annual General Meeting and shall not extend beyond fifteen (15) months from the date of this resolution.
- iv. The repurchased shares will be cancelled in terms of the Companies and Other Business Entities Act Chapter 24:31.

### 2.2 Senior Executives Share Option Scheme

To consider, and if deemed fit, to pass with or without modification the following resolution:

#### 2.2.1 As an Ordinary Resolution – Approval of the 2023 Senior Executives Share Option Scheme

To establish a Senior Executives Share Option Scheme, to be called the "Masimba Holdings Limited 2023 Senior Executives Share Option Scheme" for shares in the aggregate not exceeding 20,000,000 (twenty million) ordinary shares being 8,28% of the 241,653,707 (two hundred and forty-one million six hundred and fifty three thousand, seven hundred and seven) ordinary shares in issue on 26 May 2023, being the date of this AGM Notice.

#### 2.2.2 As a Special Resolution - Reservation of shares for the 2023 Senior Executives Share Option Scheme

That the Directors of the Company be and are hereby authorised to approve the reservation for a five (5) year period of 20,000,000 (twenty million) ordinary shares out of the authorised but unissued share capital of the Company as of the date hereof and the issue and allotment of such ordinary shares to the Masimba Holdings Limited 2023 Senior Executives Share Option Scheme.

### Directors' Statement

The Directors, in considering the effect of any such repurchase, will duly consider the ability of the Company, for a period of twelve (12) months, to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and the adequacy of ordinary capital and reserves as well as adequacy of working capital.

**Details of the Meeting**

Shareholders are advised that the details of the meeting will be available on the Company's website, [www.masimbagroup.com](http://www.masimbagroup.com), on Friday 26 May 2023. Alternatively, Shareholders may contact First Transfer Secretaries at 1 Armagh Road, Eastlea, Harare, Zimbabwe.

**Audited Financial Statements**

The electronic copies of the Company's 2022 Integrated Annual Report, the financials statements and Directors' and Independent Auditor's reports for the financial year ended 31 December 2022 will be available on or before Thursday 1 June 2023. These documents, which will also be available on the Company's website, [www.masimbagroup.com](http://www.masimbagroup.com), will be emailed to the Shareholders whose email addresses are on record.

**By Order of the Board**



**P. Mutiti**  
**Company Secretary**

**26 May 2023**

**Note:** A member entitled to attend and vote at the Annual General Meeting of Shareholders may appoint a proxy to attend, speak and, on poll, vote in his/her 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 or emailed to [enquiries@masimbagroup.com](mailto:enquiries@masimbagroup.com) not less than forty-eight (48) hours before the time of holding of the meeting.



# Proxy Form

For the forty eighth Annual General Meeting to be held at 44 Tilbury Road, Willowvale, Harare, on Friday 16 June 2023 at 1200 hours.

I/We.....

of.....

being the holder of.....shares in the Company hereby appoint

1.....of..... or failing him/her

2.....of.....

as my/our proxy to act for me/us at the AGM for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed thereat, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

Resolutions	For	Against	Abstain
<b>1. Ordinary Business</b>			
<b>1.1 Approval of Financial Statements and Reports</b> To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2022, including the Directors' and Independent Auditor's reports thereon.			
<b>1.2 Approval of Directors' Fees</b> Approval of Directors' fees for the year ended 31 December 2022.			
<b>1.3 Election of Directors</b> <b>1.3.1</b> In accordance with Articles 114 of the Company's Articles of Association, Ms. Cathrine Charmaine Chitiyo and Mr. Gregory Sebborn retire by rotation at the Company's Annual General Meeting and being eligible offer themselves for re-election. The Directors will be elected by separate resolution. <b>1.3.2</b> Mrs Sharon Bwanya has been appointed as a Director of the Company and in terms of Article 115 of the Articles of Association retires at the forthcoming Annual General Meeting. Being eligible, she offers herself for election.			
<b>1.4 Dividend</b> To confirm the declaration of a final dividend of USD0.315 cents and ZWL288.58 cents per share for the year ended 31 December 2022.			
<b>1.5 Auditor</b> <b>1.5.1</b> To approve the remuneration of the Auditor for the previous year. <b>1.5.2</b> To consider the appointment of Messrs. Grant Thornton as the auditor for the ensuing year.			
<b>2. Special Business</b>			
<b>2.1 Share Buyback</b>			
<b>2.2 Senior Executives Share Option Scheme</b> To consider, and if deemed fit, to pass with or without modification the following resolution:  <b>2.2.1 As an Ordinary Resolution – Approval of the 2023 Senior Executives Share Option Scheme</b> To establish a Senior Executives Share Option Scheme, to be called the "Masimba Holdings Limited 2023 Senior Executives Share Option Scheme" for shares in the aggregate not exceeding 20,000,000 (twenty million) ordinary shares being 8,28% of the 241,653,707 (two hundred and forty-one million six hundred and fifty three thousand, seven hundred and seven) ordinary shares in issue on 26 May 2023, being the date of this AGM Notice.  <b>2.2.2 As a Special Resolution - Reservation of shares for the 2023 Senior Executives Share Option Scheme</b> That the Directors of the Company be and are hereby authorised to approve the reservation for a five (5) year period of 20,000,000 (twenty million) ordinary shares out of the authorised but unissued share capital of the Company as of the date hereof and the issue and allotment of such ordinary shares to the Masimba Holdings Limited 2023 Senior Executives Share Option Scheme.			

# Proxy Form

Every person present and entitled to vote at the AGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Signed at..... on .....2023

Signature(s).....

Assisted by.....

Full name(s) of signatories if signing in a representative capacity (see note 2) (**PLEASE USE BLOCK LETTERS**).

.....

Notes to the form of proxy: .....

.....

## Instructions for signing and lodging the form of proxy

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided. The person whose name appears first on the form of proxy will, unless his/her name has been deleted (any such deletion to be initialled by the Shareholder), be entitled to act as proxy to the exclusion of those whose names follow.
2. A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of the entire Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.
3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatories.
4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
  - i under a power of attorney
  - ii on behalf of a Companyunless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than forty-eight (48) hours before the meeting.
5. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.
6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
8. To be effective, completed proxy forms must reach the Company's transfer secretaries or the registered office of the Company not less than forty-eight (48) hours before the time appointed for the holding of the AGM.
9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.
10. Please be advised that the number of votes a member is entitled to will be determined by the number of shares recorded on the Share Register by 1600 hours on Friday 17 June 2023.

**OFFICE OF THE TRANSFER SECRETARIES**  
**First Transfer Secretaries (Private) Limited**  
**1 Armagh Road, Eastlea**  
**Harare**  
**Zimbabwe**

**REGISTERED OFFICE OF THE COMPANY**  
**44 Tilbury Road**  
**Willowvale**  
**Harare**  
**Zimbabwe**

