

ABRIDGED AUDITED FINANCIAL RESULTS

for the year ended 31 December 2022

Financial Highlights

		Inflation	Adjusted	Historica	l Cost
	Change	2022 ZWL'000'	2021 ZWL'000'	2022 ZWL'000'	2021 ZWL'000'
Revenue	83%	46,331,125	25,284,481	36,283,665	6,019,717
EBT	166%	12,358,208	4,649,722	16,465,503	1,718,541
EBITDFVA	144%	13,186,607	5,403,401	10,220,558	1,250,483
EBITDFVA/Turnover	33%	28%	21%	28%	21%
Basic earnings per share (cents)	241%	4.77	1.40	5.56	0.54
Diluted earnings per share (cents)	241%	4.77	1.40	5.56	0.54
Headline earnings per share (cents)	76%	2.07	1.18	0.53	0.21

PRELIMINARY ANNOUNCEMENT TO SHAREHOLDERS

CHAIRMAN'S STATEMENT

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: ZWL197 million) 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 Company's growth and value strategies. Total capital expenditure incurred in property, plant and equipment and investment property amounted to ZWL4.4 billion (2021: ZWL2.6 billion) and ZWL166 million (2021: ZWL1 billion) respectively, which collectively translated to an equivalent of USD6.7 million (2021: USD11.3 millión). 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.

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 by operating activities declined to ZWL729 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 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 (OHSAS)

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

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.

I am pleased to announce the appointment of Sharon Bwanya who joined the Board as Non-Executive Director effective 22 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 behalf of the Board

Chhlin **Greg Sebborn**

30 March 2023

DIVIDEND DECLARATION NOTICE

Notice is hereby given that the Masimba Holdings Limited Board has declared a final cash dividend for the year ended 31 December 2022 of USD0,315 cents and ZWL288,58 cents per share. The dividend will be payable to Shareholders of the Company registered at the close of business on 21 April 2023

The payment of the dividend will take place on or about 9 May 2023. The applicable shareholders' tax will be deducted from the gross

The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 17 April 2023 and exdividend as from 19 April 2023.

BY ORDER OF THE BOARD

Pentt **Pearl Mutiti Company Secretary** 30 March 2023



AUDITOR'S OPINION

These abridged consolidated financial statements derived from the audited inflation adjusted consolidated financial statements of Masimba Holdings Limited and its subsidiaries "the Group" for the financial year ended 31 December 2022, should be read together with the complete set of audited inflation adjusted consolidated financial statements of the Group, for the year ended 31 December 2022, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Edmore Chimhowa, Registered Public Auditor 0470.

A qualified opinion has been issued on the audited inflation adjusted consolidated financial statements of the Group, for the year then ended. The qualified opinion was issued regarding 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

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the inflation adjusted consolidated financial statements. The key audit matters were with respect to revenue recognition and determination of allowance for expected credit losses.

The auditor's report on the inflation adjusted consolidated financial statements and the full set of the consolidated audited inflation adjusted financial statements, is available for inspection at the company's registered office and the auditor's report has been lodged with the Zimbabwe

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

			Inflation Adjusted		Adjusted	Historical Cost	
No	otes	2022 ZWL'000'	2021 ZWL'000'	2022 ZWL'000'	2021 ZWL'000'		
Revenue		46,331,125	25,284,481	36,283,665	6,019,717		
Profit before depreciation and fair value adjustments		13,186,607	5,403,401	10,220,558	1,250,483		
Fair value adjustments		4,250,351	1,321,803	7,746,598	721,850		
Depreciation		(1,685,250)	(739,978)	(1,348,515)	(170,294)		
Operating profit		15,751,708	5,985,2256	16,618,641	1,802,039		
Net interest paid		(228,423)	(338,789)	(153,138)	(83,498)		
Net monetary loss		(3,165,077)	(996,715)	-	-		
Profit before tax	3.1	12,358,208	4,649,722	16,465,503	1,718,541		
Tax	3.2	(825,543)	(1,263,263)	(3,028,478)	(423,285)		
Profit for the year		11,532,665	3,386,459	13,437,025	1,295,256		
Number of shares in issue (millions)		241.7	241.7	241.7	241.7		
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		
Abridged Consolidated Statements of Comprehe	naiva l	Income					

Abridged Consolidated Statements of Comprehensive Income

for the year ended 31 December 2022

	Inflation	Inflation Adjusted		Historical Cost	
Notes	2022 ZWL'000'	2021 ZWL'000'	2022 ZWL'000'	2021 ZWL'000'	
Profit for the year Other comprehensive income:	11,532,665	3,386,459	13,437,025	1,295,256	
Gain on revaluation of property, plant and equipment Movement in financial assets through	8,346,867	156,118	14,910,825	693,034	
other comprehensive income Deferred tax charge on other comprehensive income	(313,458) (3,184,471)	866,940 (38,180)	50,633 (3,832,842)	459,409 (145,798)	
Other comprehensive income for the year,					
net of tax	4,848,938	984,878	11,128,616	1,006,645	
Total comprehensive income for the year	16,381,603	4,371,338	24,565,641	2,301,901	

Abridged Consolidated Statement of Financial Position

as at 31 December 2022

		Inflation Adjusted		Historical Cost	
	Notes	2022 ZWL'000'	2021 ZWL'000'	2022 ZWL'000'	2021 ZWL'000'
ASSETS					_
Property, plant and equipment	3.3	18,548,114	7,410,742	18,548,114	2,155,790
Investment property	3.4	9,115,920	4,920,298	9,115,920	1,431,318
Investments	3.5	199,998	513,456	199,998	149,365
		27,864,032	12,844,496	27,864,032	3,736,473
Current assets					
Inventories		472,258	638,045	466,581	185,608
Contracts in progress and accounts receivable	3.6	29,090,079	19,667,116	29,090,079	5,721,179
Cash and cash equivalents		1,430,353	6,048,304	1,430,353	1,759,456
		30,992,690	26,353,465	30,987,013	7,666,243
Total assets		58,856,722	39,197,961	58,851,045	11,402,716
FOURTY AND LIABILITIES					
EQUITY AND LIABILITIES		264 400	264 400	2.417	0.447
Share capital		361,180 135.951	361,180 135.951	1.007	2,417 1.007
Share premium Reserves		9,864,929	4,910,879	12,606,724	1,478,606
Retained earnings		17,467,914	6,142,061	15,214,150	1,877,895
Retained earnings		27,829,974	11,550,071	27,824,298	3,359,925
Non-current liabilities		21,029,314	11,330,071	21,024,230	3,339,923
Deferred tax		7,027,698	3,029,134	7,027,698	881,177
Beleffed tax		7,027,698	3,029,134	7,027,698	881,177
Current liabilities		7,027,000	0,020,104	7,027,000	001,177
Interest bearing borrowings	3.7	424,229	1,138,874	424,229	331,299
Accounts payable	3.8	23,574,821	23,479,882	23,574,820	6,830,315
		23,999,050	24,618,756	23,999,049	7,161,614
Total equity and liabilities		58,856,722	39,197,961	58,851,045	11,402,716



Historical Cost

2021

2022



ABRIDGED AUDITED FINANCIAL RESULTS

for the year ended 31 December 2022



Abridged Consolidated Statement Of Cash Flows

for the year ended 31 December 2022

	Inflation Adjusted		Historical Cost	
	2022 ZWL'000'	2021 ZWL'000'	2022 ZWL'000'	2021 ZWL'000'
Net cashflow generated from operating activities Net cashflow utilised in investing activities Net cashflow (utilised)/generated in financing activities	717,931 (4,414,426) (921,457)	8,721,813 (3,936,732) (51,403)	2,442,553 (2,763,816) (7,840)	2,377,093 (957,508) 101,954
(Decrease)/Increase in cash and cash equivalents	(4,617,950)	4,733,678	(329,103)	1,521,539
Cash and cash equivalents at beginning of the year	6,048,303	1,314,626	1,759,456	237,917
Cash and cash equivalents at end of year	1,430,353	6,048,304	1,430,353	1,759,456

Abridged Consolidated Statement Of Changes In Equity

for the year ended 31 December 2022

	Inflation	Adjusted	Historical Cost	
	2022	2021	2022	2021
	ZWL'000'	ZWL'000'	ZWL'000'	ZWL'000'
Shareholders equity at the beginning of the year	11,550,071	9,195,060	3,359,924	1,606,192
Other comprehensive income	4,954,050	984,878	11,128,118	1,006,645
Dividend paid	(206,811)	(2,016,327)	(100,770)	(548,169)
Profit for the year Shareholders equity at the end of the year	11,532,665	3,386,460	13,437,025	1,295,256
	27,829,974	11,550,071	27,824,297	3,359,924

SUMMARY OF INFORMATION

Basis of presentation

Statement of compliance

The abridged consolidated financial results have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Companies and Other Business Entities Act (Chapter 24:31). The same accounting policies, presentation and methods followed in the abridged consolidated financial results are as applied in the Group's latest annual financial statements. The principal accounting policies of the Group have been applied consistently in all material respects with those from the previous years. These financial statements have been prepared under the assumption that the Group will continue to operate as a going

2 Functional and presentation currency

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

2.1 IAS 29: Reporting in hyperinflationary economies

These financial statements have been prepared with the aim to comply with the requirements of IAS 29: Reporting in Hyperinflationary Economies. The Group adopted the Zimbabwe Consumer price index ('CPI') as a general Price Index to restate transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the year ended 31 December 2022 and the comparative period. All items in the statement of cashflows are expressed based on the restated financial information for the period.

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

Notes to the abridged consolidated financial statements

for the year ended 31 December 2022

	Inflation	Adjusted	Historical Cost	
	2022 ZWL'000'	2021 ZWL'000'	2022 ZWL'000'	2021 ZWL'000'
3.1 Profit before tax Profit before tax is shown after charging/(crediting) the following items:				
Depreciation	1,685,250	739,978	1,348,515	170,294
Staff costs	2,601,239	1,714,061	2,023,751	395,667
0.0 In a constant				
3.2 Income tax Current tax	(11,450)	(5,256)	(11,450)	(1,529)
Deferred tax	(814,093)	(1,258,007)	(3,017,028)	(421,756)
Beleffed tax	(825,543)	(1,263,263)	(3,028,478)	(423,285)
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Profit before tax	12,358,208	4,649,722	16,465,503	1,718,541
Tax at standard rate	(3,054,949)	(1,149,411)	(4,070,272)	(424,823)
Effects of expenses not deductible for tax	(7,970)	(27,397)	1,733	(14,789)
Effects of other permanent differences	2,237,376	(86,455)	1,040,063	16,327
	(825,543)	(1,263,263)	(3,028,478)	(423,285)
3.3 Property, plant and equipment				
Movement for the year:				
Balance at the beginning of the period	7,410,742	5,425,955	2,155,790	981,970
Capital expenditure	4,475,758	2,631,544	2,830,016	667,438
Depreciation	(1,685,250)	(739,978)	(1,348,515)	(170,294)
Carrying amount of disposals	(3)	(62,897)	(2)	(16,357)
Revaluation surplus	8,346,867	156,118	14,910,025	693,033
Balance at the end of the period	18,548,114	7,410,742	18,548,114	2,155,790

Land and buildings were revalued at the end of December 2022 by independent professional valuers on the open market basis.

3.4 Investment property

Land-Additions Fair Value adjustments Disposals during the period Balance at end of the period

Movement for the year: Balance at beginning of the period

Inflation	Adjusted	Histo	rical Cost
2022 ZWL'000'	2021 ZWL'000'	2022 ZWL'000'	2021 ZWL'000'
4,920,298	2,230,647	1,431,318	403,695
166,215	1,367,848	54,498	305,773
4,250,351	1,321,803	7,746,598	721,850
(220,944)	-	(116,494)	-
9.115.920	4.920.298	9.115.920	1.431.318

3 Notes to the abridged consolidated financial statements

for the year ended 31 December 2022 (continued)

The investment property was revalued at the end of December 2022 by Independent valuers on the open market basis.

Inflation Adjusted

2021

2022

	ZWL'000'	ZWL'000'	ZWL'000'	ZWL'000'
3.5 Investments				
Balance at the beginning of the year	513,456	896,437	149,365	162,234
Movement for the year:	-	15,103	-	3,902
Additions	-	(1,636,915)	-	(476,180)
Disposals	-	371,891	-	459,409
Inflation adjustment	-	866,940	-	-
Fair value adjustment	(313,458)	-	50,633	-
Balance at end of the period	199,998	513,456	199,998	149,365
	Inflation	Adjusted	Histor	rical Cost
	2022	2021	2022	2021
	ZWL'000'	ZWL'000'	ZWL'000'	ZWL'000'

3.6 Contracts in progress and accounts receivable

Contract receivables and contract work in progress Trade receivables Prepayments Deposits and other receivables

Less: Allowance for doubtful receivables

ZVVL'UUU'	ZWL'000	ZVVL.000	ZWL.000
22,517,131	13,414,462	22,517,131	3,902,277
32,553	62,044	32,553	18,049
6,605,200	6,361,795	6,605,200	1,850,651
9,219	83,372	9,219	24,253
29,164,103	19,921,673	29,164,103	5,795,230
(119,024)	(254,557)	(119,024)	(74,051)
29,090,079	19,667,116	29,090,079	5,721,179

The Company provides for receivables aged above 90 days on a case by case basis where subsequent developments suggest that recovery of the amount is in doubt.

Inflation A	-	Historical Cost		
2022 ZWL'000'	2021 ZWL'000'	2022 ZWL'000'	2021 ZWL'000'	
424.229	1,138,874	424,229	331.299	

Historical Cost

3.7 Interest bearing borrowings Current

The short term loans, which have a tenure of 2 years and acrcrue interest at an effective rate of 10% per annum in USD and 150% per annum in ZWL, represent a reclassification to current liabilities as per IFRS 7. These loans are fully secured against immovable property and a notorial general covering bond over moveable assets including a cession of book debts.

Inflation Adjusted

	ZWL'000'	ZWL'000'	ZWL'000'	ZWL'000'
3.8 Accounts payable				
Trade	1,090,966	197,137	1,090,966	57,347
Unearned revenue				
(Advance receipts from customers)	10,688,302	5,431,420	10,688,302	1,580,004
Contract accruals and other payables	8,950,176	14,685,000	8,950,176	4,271,877
Tax liabilities	11,449	5,287	11,449	1,539
Subcontractor liabilities	2,833,927	3,161,038	2,833,927	919,548
	23,574,820	23,479,882	23,574,820	6,830,315
3.9 Contingent liabilities				
Bank guarantees on construction contracts in				
respect of performance, advance payments,				
retentions and bids	16,876,513	7,054,911	16,876,513	7,054,911

3.10 Going concern

In assessing the going concern of the Group, the Directors have taken into account the order book, together with the cashflow forecast for the period of at least 12 months, and concluded that the Group will continue to operate as a going concern. Further, the Directors believe that the preparation of these abridged consolidated financial statements on a going concern basis is still appropriate. However, under the current economic environment, the Directors are of the opinion that a continuous assessment of the ability 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 abridged consolidated financial statements.

