BRIDGEFORT CAPITAL LIMITED
(FORMERLY MEDTECH HOLDINGS LIMITED)

# ANNUAL REPORT

2022

# TABLE OF CONTENTS

SECTION 1

**OVERVIEW**
2 About this Report
3 Business Overview

**LEADERSHIP**
4 Chairman's Statement
6 Chief Executive Officer's Report

**SUSTAINABILITY**
9 The Organisation and its Reporting Practices
9 Activities and Workers
10 Governance
10 Directors' Interests
10 Strategy, Policies and Practices
11 Value Addition
11 Sustainability
11 Material Risks
13 Supplementary Information – Class A Portfolio (MedTech)

SECTION 2

**FINANCIAL REPORTING**
1 Directors Statement of Responsibility
2 Report of the Independent Auditors
5 Statement of Profit or Loss and Other Comprehensive Income
6 Statement of Financial Position
7 Statement of Changes in Equity
8 Statement of Cash Flows
9 Accounting Policies
22 Notes to the Financial Statements

SECTION 3

**OTHER INFORMATION**
1 Notice of Annual General Meeting
2 Proxy Form
3 Shareholders Analysis
4 Directorate and Administration

# DEFINITIONS

| | |
|---|---|
| BridgeFort or Company | BridgeFort Capital Limited, Formerly MedTech Holdings Limited |
| EGM | Extraordinary General Meeting |
| GRI | Global Reporting Initiative |
| MedTech Distribution | Zvemvura Trading (Private) Limited, trading as MedTech Distribution |
| ZSE | The Zimbabwe Stock Exchange |

# ABOUT THIS REPORT

## INTRODUCTION

BridgeFort Capital Limited is a Zimbabwe Stock Exchange listed private equity investment holding company targeting a combination of strategic and controlling stakes in different portfolios of companies in Zimbabwe.

The Board is committed to the quality and standard of our reporting and disclosure each year so that it remains meaningful and measurable for our stakeholders.

BridgeFort currently has two classes of shares trading on the ZSE, each of which is linked to an underlying portfolio. The management team is responsible for sourcing, negotiating, concluding and executing investment opportunities for the Company. All material investment decisions, including but not limited to the acquisition and disposal of investments, require the approval of the Board of Directors of the Company. Depending on the categorization of the transaction in terms of the ZSE Listing Requirements as set out in SI 134 of 2019, approval may also be required from the shareholders of the class of shares related to the transaction.

## SCOPE OF THIS REPORT

This report has been prepared with guidance from the GRI Sustainability Reporting Standards and the principles contained in the National Code on Corporate Governance for Zimbabwe. It is also prepared using International Financial Reporting Standards (IFRS), the Companies and Other Business Entities Act and the ZSE Listings Requirements.

This report combines the financial and non-financial performance of BridgeFort and covers the financial year ended 31 December 2022.

The Board has concluded that the report should not cover the activities of BridgeFort's investee companies except insofar as it is relevant to an assessment of the Company's investment interest in those entities. Through representation on the investee boards however, the Company exercises influence over the socio-economic, ethical and environmental policies and practices of investees.

## MATERIALITY

BridgeFort acknowledges that it is necessary to determine the importance of matters that are material to the Company and thus warrant inclusion in the integrated annual report.

Those charged with governance are involved in the materiality determination process in order for the Company to determine how best to disclose its performance in a meaningful and transparent manner. Not all information relating to the Company and its activities is considered material for purposes of this integrated annual report. Information of significant importance in terms of its known or potential effect on value creation has been considered relevant for inclusion in this report.

## EXTERNAL ASSURANCE

Independent audit assurance on the financial statements as at 31 December 2022 has been provided by PKF Chartered Accountants. No further third-party assurance in respect of this integrated annual report was obtained.

## FORWARD LOOKING STATEMENTS

The integrated annual report may contain statements regarding the future financial performance of the Company and/or its investee companies which may be considered to be forward looking statements. It is important to note that, unless otherwise indicated, forward looking statements indicate the Company's expectations and have not been reviewed or reported on by the auditors. Forward-looking statements are not guarantees of future outcomes outlined therein. Readers are cautioned not to place undue reliance on forward-looking statements.

# BUSINESS OVERVIEW

## SIGNIFICANT MILESTONES

1997 – 2021 The Company built a portfolio of subsidiaries focused primarily on medical supplies and listed on the ZSE. This was then expanded to include Fast Moving Consumer Goods (FMCGs), imaging and pharmaceuticals. The various businesses were gradually wound down or disposed of, leaving the focus on FMCGs through Zvemvura Trading (Private) Limited, trading as MedTech Distribution, and its manufacturing subsidiary, Chicago Cosmetics (Private) Limited.

2021 Name change and conversion of MedTech Holdings Limited into BridgeFort Capital Limited, now focused on private equity and having the MedTech FMCG businesses as its initial portfolio investment linked to the Class A Preferred Shares. Listed class B shares are put in place to facilitate envisaged future transactions and this class of shares houses a receivable linked to 50.1% of the value of a property in Sunway City.

## PORTFOLIO INVESTMENTS AND OVERVIEW

### *Class A Preferred Shares – Consumer Goods*

50.1% of Zvemvura Trading (Private) Limited, Trading as MedTech Distribution
The business is primarily a distributor of consumer goods manufactured by Amka Products in South Africa and Chicago Cosmetics. The products include personal and hair care lines such as Satiskin, Clere, Shower to Shower, Easy Waves, Jabu Stone, Sofn'free and Top Society. The main customers are supermarkets and wholesalers.

25.6% of Chicago Cosmetics (Private) Limited (51% owned by MedTech Distribution)
Chicago Cosmetics manufactures several of the higher volume, lower value lines sold by MedTech Distribution.

### *Class B Preferred Shares*

There are currently no portfolio investments under the Class B Preferred Shares. The only asset within this portfolio is a receivable from MedTech Distribution effectively being 50.1% of the value of land in Sunway City owned by MedTech Distribution and valued in its entirety at USD200,000.

## INVESTMENT MANAGEMENT AND POLICY

Typical private equity funds have a separate investment manager whereas in BridgeFort's case, this is effectively housed under the ordinary shares of the Company. As part of the creation of BridgeFort out of MedTech, it was agreed that typical private equity management fees would not be payable but rather that MedTech Distribution will share the costs necessarily incurred by BridgeFort. Investment management and incentive fees will be determined in due course when additional investments are concluded. Such additions to the portfolio will also share in the costs incurred by BridgeFort thereby reducing the cost to MedTech Distribution.

There have been no changes to the investment management policy as published in the circular to shareholders for the EGM held on 15 November 2021. The policy is available on our website, www.bridgefortcapital.com.

## RISK MANAGEMENT POLICY

There have been no changes to the risk management policy as published in the circular to shareholders for the EGM held on 15 November 2021. The policy is available on our website, www.bridgefortcapital.com.

# CHAIRMAN’S STATEMENT

## INTRODUCTION

It is my pleasure to present to you my statement for the year ended 31 December 2022. The results largely reflect fair value adjustments and the poor performance of the share price compared to inflation for the year. I look forward to announcing private equity transactions, currently being pursued, in due course.

## SUSTAINABILITY

We face big challenges in today’s world: poverty, hunger, inequality and climate change are just some of the issues we need to address urgently. Big challenges need bold action to overcome them, and that is where the Global Goals/Sustainable Development Goals come in and we all have a role in achieving them. Sustainability reporting is a legal requirement in terms of SI 134 of 2019 and the Company has adopted the GRI Standards in this regard.

## OPERATING ENVIRONMENT

The challenging macroeconomic environment combined with frequent policy changes, severely constrained business operations. The year-on-year official inflation rate started the year under review at 61% in December 2021 and accelerated to 244% in December 2022. Month-on-month inflation moved from 6% in December 2021 to 31% in June 2022 before declining to 2.4% in December 2022. The official auction exchange rate to the US Dollar was 109 on 31 December 2021 and devalued to 671 at the end of December 2022 – an increase of 515%. There was a significant disparity between the increase in the exchange rate for the year and the official inflation rate.

On 27 June 2022 the Reserve Bank of Zimbabwe (RBZ) announced an increase in the bank policy rate from 80% to 200% effective 1 July making borrowings prohibitive. On 2 February 2023 the RBZ then announced the reduction in interest rates to 150%, which compounds to a more realistic 311%. These high interest rates have certainly reduced the appetite for borrowings but have also hindered the ability of those with ZWL debtors to hedge their devaluation risk and fund working capital. It appears that the high interest rates have resulted in less use of the local currency and therefore greater dollarisation. Despite the high interest rates, price increases have accelerated in 2023 as compared to August to December 2022 suggesting that the cause of inflation is not ZWL borrowings.

The February 2023 monetary policy statement saw the end of pure ZWL inflation publications with inflation now only being presented on a blended basis. Blended inflation is challenging to use for analysis and decision-making purposes and leads to financial reporting problems, audit qualifications, or possibly increased USD reporting by ZSE listed companies.

With increasing dollarisation and continued high inflation, the ability of BridgeFort to conclude transactions with shares listed on the Zimbabwe Stock Exchange has been limited as such shares are seen as unattractive in this environment.

The operating environment remained difficult and unpredictable during the period.

## 2022 FINANCIAL REVIEW

The comprehensive loss for the year is almost entirely made up of fair value adjustments due to the poor share price performance of both the Class A and B shares on the Zimbabwe Stock Exchange. Due to minimal trades in the shares and the 15% circuit breaker built into the ZSE trading platform, it becomes difficult for the share price to move when there are potential buyers or sellers. We are exploring ways to overcome this issue.

## DIVIDEND

The Directors resolved not to declare a final dividend as no distributable dividend was received by the Company.

## DIRECTORATE AND COMPANY SECRETARY

There have been no changes in the directorate and company secretary since the last annual report was published.

## OUTLOOK

The operating environment has significantly deteriorated and become less predictable since the year-end. As a result, doing business has become even more difficult. Considerable management time is spent in reacting to and dealing with various issues which businesses in most of the rest of the world do not have to invest precious time in. The competitiveness of the informal sector is largely unhindered by policy pronouncements resulting in the informal players becoming an increasing threat to the formal economy. Unfortunately, we envisage this trend continuing, resulting in a smaller tax base, and increasing pressure on formal businesses through direct taxation and effective indirect taxation through inflation.

Local currency inflation has accelerated rapidly during the year and is internally estimated to be over 800% currently, on a year-on-year basis. I welcome the recent steps taken to free up the foreign exchange market, which has resulted in a substantial depreciation of the official rate, but urge the authorities to ensure tight money supply. Should the various recommendations by organisations such as the Zimbabwe National Chamber of Commerce or the Confederation of Zimbabwean Industries be implemented then we anticipate positive developments thereafter.

We will continue to focus on looking for opportunities to conclude private equity transactions and assisting underlying portfolio companies in achieving their goals.

## APPRECIATION

I wish to extend my appreciation to my fellow board members, shareholders, management, staff and other stakeholders for their continued support and look forward to working with them in the coming year.

**Dr C. Beddies**
Chairman
6 June 2023

# CHIEF EXECUTIVE OFFICER'S REPORT

## INTRODUCTION

The year saw us focusing on a few transactions, although we were not successful in concluding these, and have since been expanding that focus to build a pipeline for the future. Business owners took time to understand what BridgeFort is all about and were sceptical about receiving local currency shares for their businesses. We did however establish various relationships and leads whilst also sharing the BridgeFort concept with potential target companies and will continue pursuing the closure of transactions.

## FINANCIAL HIGHLIGHTS

*Class A Portfolio – Consumer Goods*

The Class A portfolio primarily includes 50.1% of Zvemvura Trading (Private) Limited, trading as MedTech Distribution, and Chicago Cosmetics (Private) Limited, a 51% subsidiary of MedTech Distribution. These businesses primarily sell goods to retailers and wholesalers. Credit demanded by supermarkets is generally 30 days from statement for slower moving products, which is onerous in Zimbabwe's unpredictable and inflationary environment. Typically, these businesses aim to hedge the debtors' book and unlock the working capital tied up in debtors through bank borrowings. Inflation continually erodes the real value of the facilities in place necessitating regular facility increases with the associated costs being incurred and delays at times. With interest rates becoming prohibitive from 1 July when the rate moved to 200%, MedTech discontinued hedging, also considering that the exchange rate stabilised.

For the period under review, MedTech made a profit after tax of ZWL568 million (2021 ZWL373 million). The business incurred a significant foreign exchange loss of ZWL586 million relating to legacy creditors and credit extended by foreign suppliers – which is hedged with stock. Sales volumes decreased by 23% for the year made up of a volume increase in the first six months of 24% and then a huge decline of 48% in the second half. Turnover increased to ZWL4.26 billion as compared to 2021 turnover of ZWL3.28 billion – an increase of 30%. For internal board reporting purposes turnover was the equivalent of approximately USD3.1 million for MedTech Distribution and USD2.2 million for Chicago cosmetics.

The significant drop in sales volumes in the second half was as a direct result of the interest rate hike and companies unwinding their ZWL borrowing positions whilst reducing their staff remuneration percentages paid in local currency. This led to a drop in formal sector sales by our customers, which primarily trade in local currency due to the distortions in the official and parallel markets. MedTech also experienced some level of stock outs due to the unaffordability of borrowings and a resultant reduction in working capital as borrowings were deliberately limited. Several customers were also on stop supply due to overdue payments at various stages. Sales to supermarkets and wholesalers continue to be subdued.

During the year under review, payments were received from the Reserve Bank for legacy debts of ZAR3 million, which provided some much-needed relief for MedTech and their suppliers. The remaining balance owed by RBZ for legacy debts is now USD681,232 with nothing having been paid since year end.

The underlying net asset value per Class A Preferred Share of 50.1% of MedTech Distribution and 25.6% of Chicago Cosmetics was 6.5 US cents at year end. This is based on the unaudited management accounts used for internal reporting purposes and tracked in USD.

| Summary information on MedTech | INFLATION ADJUSTED | | HISTORIC COST | |
|---|---|---|---|---|
| | 31 December 2022 ZW$ 000 | 31 December 2021 ZW$ 000 | 31 December 2022 ZW$ 000 | 31 December 2021 ZW$ 000 |
| Total comprehensive income attributable to MedTech | 433,563 | 247,235 | 351,497 | 125,368 |
| Consolidated net asset value excluding outside shareholders interests in MedTech subsidiaries | 1,065,667 | 632,104 | 446,307 | 94,810 |
| Percentage owned by BridgeFort | 50.10% | 50.10% | 50.10% | 50.10% |
| BridgeFort share of comprehensive income | 217,215 | 123,865 | 176,100 | 62,809 |
| BridgeFort share of net asset value | 533,899 | 316,684 | 223,600 | 47,500 |
| Number of Class A Preferred Shares in issue | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| | ZWL Dollars | ZWL Dollars | ZWL Dollars | ZWL Dollars |
| Comprehensive income per Class A Preferred Share | 18.10 | 10.32 | 14.67 | 5.23 |
| Net asset value per Class A Preferred Share | 44.49 | 26.39 | 18.63 | 3.96 |
| ZSE share price at year end | 8.00 | 35.00 | 8.00 | 35.00 |

## *Class B Portfolio*

The Class B portfolio continues to only reflect a receivable of USD100,200 relating to 50.1% of the land owned by MedTech Distribution and based on the last valuation of this land at USD200,000.

The Arch Properties Trust is in place and changes to the trust deed are currently being worked on to enable the unitisation of this trust and to minimise further changes required for the envisaged conversion of this trust into a REIT in due course. The Arch Properties Trust owns a plot in the highly sought after Pomona light industrial park measuring 2297 m2 and the Sunway stand will be transferred to this trust in exchange for units in the trust. A memorandum of understanding has been signed in this regard with BridgeFort envisaged as the manager of the Trust. Once the legal changes to the trust deed have been completed, the Arch Properties Trust will be in a position to raise funds for the development of the two stands through private placements. The intention of the Arch Properties Trust is to acquire additional land for development and list this trust as a REIT.

At the forthcoming AGM, shareholders will be asked to renew the authority granted at the EGM held in November 2021 to issue up to an additional 20,000,000 Class B Preferred Shares through a placement agent at not less than the ZWL equivalent of 10 US cents. The 15% ZSE circuit breaker is however an issue in this regard since the share price on 14 June 2023 was only ZWL29.3 whilst the fair value is currently around ZWL700. Should this obstacle be overcome with the assistance of the ZSE, and the placement agent is successful in placing shares, it is envisaged that the funds raised will be directed to the Arch Properties Trust where it will be invested in the development of the properties.

| Summary information on Class B Preferred Shares | | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| Underlying property value at last valuation - USD | 200,000 | 200,000 |
| Auction exchange rate at year end | 671 | 109 |
| Underlying property value at last valuation - ZWL | 134,200,000 | 21,800,000 |
| Percentage owned by BridgeFort | 51.00% | 51.00% |
| | | |
| BridgeFort share of underlying property value - USD | 102,000 | 102,000 |
| BridgeFort share of underlying property value - ZWL | 68,442,000 | 11,118,000 |
| Number of Class A Preferred Shares in issue | 1,342,000 | 1,342,000 |
| | | |
| Underlying property value per Class A Preferred Share - USD | 0.08 | 0.08 |
| Underlying property value per Class A Preferred Share - ZWL | 51.00 | 8.28 |
| ZSE share price at year end | 26.00 | 24.50 |

## OUTLOOK

The shareholders of targeted investee companies are reluctant to conclude transactions for ZWL listed shares and hence we envisage having to move the listings to the VFEX at the time we manage to conclude a transaction. We aim to conclude the transfer of the Sunway land to the Arch Properties Trust this year whilst also doing designs and obtaining planning permission for this property and the Pomona property mentioned above. We will then move to the construction phase whilst raising funds for this construction along the way.

## APPRECIATION

I would like to extend my sincere thanks to the Board for their invaluable guidance and input and to our shareholders and other stakeholders for their continued support.

**Vernon Lapham**
Chief Executive Officer
6 June 2023

# SUSTAINABILITY REPORT

## THE ORGANISATION AND ITS REPORTING PRACTICES

BridgeFort Capital Limited is a public company incorporated in Zimbabwe in accordance with the Companies and Other Business Entities Act. The Company has the following classes of shares in issue:

| | | | |
|---|---|---|---|
| **Share class** | Ordinary Shares | Class A and B Preferred Shares | Class C and D Preferred Shares |
| **Ownership** | Privately held | Publicly held and listed on the ZSE | Publicly held unlisted shares |

Shareholders with more than 2.5% shareholding:

| **Shareholder** | **Ordinary** | | **Class A** | | **Class B** | | **Class C & D** | |
|---|---|---|---|---|---|---|---|---|
| | Shares | % | Shares | % | Shares | % | Shares | % |
| Vesticor Invesments (Pvt) Ltd | 35,000 | 35.0% | | | | | | |
| The Private Equity Growth Trust | 65,000 | 65.0% | | | | | | |
| Westminster Holdings (Africa) Limited | | | 3,850,461 | 32.1% | 430,607 | 32.1% | 105,887 | 32.1% |
| Titanium Marketing and Distribution (Pvt) Ltd | | | 3,533,020 | 29.4% | 395,107 | 29.4% | 97,157 | 29.4% |
| GPC Trust | | | 1,265,965 | 10.5% | 141,575 | 10.5% | 34,813 | 10.5% |
| Purpose Asset Management | | | | | 61,171 | 4.6% | | |
| Patel, Mahesh | | | 402,883 | 3.4% | 45,055 | 3.4% | 11,079 | 3.4% |
| African Medallion (Pvt) Ltd | | | 370,901 | 3.1% | 41,479 | 3.1% | 10,199 | 3.1% |
| Other shareholders | | | 2,576,770 | 21.5% | 227,006 | 16.9% | 70,865 | 21.5% |
| Total | 100,000 | | 12,000,000 | | 1,342,000 | | 330,000 | |

The Company operates from 7 Bernard Avenue, Rolf Valley, Harare and its operations are entirely based in Zimbabwe.

This sustainability report covers BridgeFort Capital Limited and not the investee companies. Portfolio investments held by the Company with outside shareholders require buy-in from such shareholders to report on sustainability and such reporting will be presented separately by these companies. BridgeFort will make reference to available investee company sustainability reports and will use its position on the boards of the portfolio investments and as shareholders to advocate sustainability reporting.

Sustainability reporting is aligned to the financial year of 1 January to 31 December of each year and shall be reported on annually. For any questions regarding the report, please contact thuli@bridgefortcapital.com. No external assurance has been obtained in the preparation of the sustainability report for the current year. Sustainability is key to the sustainable growth of the Company and is under the purview of the board of directors.

## ACTIVITIES AND WORKERS

The Company operates as a private equity investment holding company. The acquisition value chain involves scanning the market for opportunities, assessing potential acquisitions, negotiating suitable acquisitions and concluding these. On an ongoing basis, the Company is then involved in overseeing the investment, reporting, and hands on support in driving the strategy and its execution.

During the year under review, the Company had no employees as the work required on the company was performed by the ordinary shareholders for no charge.

## GOVERNANCE

For the 2022 year the Company's governance was dealt with by the board of directors and the various board committees. Committees are in place as required by the National Code on Corporate Governance. During the 2021 year the following were the directors:

| Director | Date appointed or resigned | Classification |
|---|---|---|
| V. Lapham | appointed 15 November 2021 | Chief Executive Officer |
| Dr C. Beddies | appointed 15 November 2021 | Independent non-executive (chairman) |
| W. Marere | appointed 15 November 2021 | Independent non-executive (audit committee chairman) |
| P. Masamba | appointed 15 November 2021 | Independent non-executive (risk committee chairman) |
| O. Lutz | appointed 15 November 2021 | Independent non-executive (remuneration committee chairman) |
| M. Nicholson | appointed 25 March 20022 | Chief Financial Officer |

Profiles of the current board of directors is available on our website, www.bridgefortcapital.com.

The Directors declare on an ongoing basis all conflicts and potential conflicts of interest to the Board, a register of which is considered at all Board and Committee meetings. Declaration of Directors' interests is a standing Board agenda item at the outset of each meeting. A conflicted Director is not allowed to take part in the relevant discussion or decision and is not counted when determining whether a meeting is quorate.

The nomination and selection of Directors is done by the nominations committee of the Board who will consider input from stakeholders as well as diversity, independence, standing, integrity, experience and requisite skills.

The Board are mostly recently appointed, and a process of board evaluation has not yet been adopted.

The executive team is responsible for developing and proposing the Company's vision, mission, purpose, values, strategies, policies and goals in relation to all aspects of the business and its sustainability whilst the role of the board is to consider, modify and adopt these and hence is ultimately responsible.

## DIRECTORS' INTERESTS

V. Lapham held 202,000 Class A, 62,043 Class B, 220 Class C and D Preferred Shares of the Company as at 31 December 2022 (31 December 2021 - 7,983 Class A, 894 Class B, 220 Class C and D Preferred Shares). In addition, V. Lapham is a beneficiary of his family trust which owns Vesticor Investments (Private) Limited which holds 35% of the ordinary shares and is also a beneficiary of The Private Equity Growth Trust which owns 65% of the ordinary shares as at 31 December 2022 – these percentages are unchanged from 31 December 2021.

## STRATEGY, POLICIES AND PRACTICES

*Vision*

To be the leading listed private equity company, and a catalyst of economic growth, in Zimbabwe.

*Mission*

To be the bridge between attractive businesses requiring capital or liquidity and investors looking to access previously inaccessible investments with ease through the ZSE.

*Principles*

We value sustainable profitable growth, highly motivated teams with aligned interests and professional governance. We believe in companies that are focussed and ambitious with founders or hired guns that want to scale up. We know from experience, as fellow entrepreneurs, the discipline it requires to start a business, scale a business, and build depth of management for continuity.

## VALUE ADDITION

BridgeFort works closely with investee company management teams to formulate strategy and pursue growth opportunities to drive superior investment returns. Whilst we generally will not participate in day-to-day portfolio company operations, we provide Board-level advice, informally and at board meetings, and governance expertise to management teams. BridgeFort seeks control of, or significant influence over, all major business decisions that may significantly impact a company's value.

Our efforts to assist management include, among other things, developing and refining strategic objectives, providing a third-party perspective on company performance, designing incentive structures, and ensuring required financial and other information is provided and analysed in a timely fashion. BridgeFort aims to structure management incentives with the aim of ensuring our alignment of interests and retention of key executives.

## SUSTAINABILITY

BridgeFort believes in being a good corporate citizen and balancing an otherwise purely profit motive with people, planet and prosperity. The conversion of the Company into a private equity investment holding company has seen the introduction of a new executive team and board of directors. With this change, the management team are still working through the enhancement of sustainability reporting, sector standards, the identification of material topics and resultant topic standards, as well as tracking and measurement. This process is leading to the building of inhouse skills which will serve the Company well in future reporting, sharing this acquired knowledge with the Board and also in assisting and guiding investee companies. An effective corporate social responsibility program is also required when resources permit. Stakeholder engagement will also be a key determinant in guiding the Board on sustainability.

## MATERIAL RISKS

| *Risk and impact* | *Response* |
|---|---|
| **Money supply growth – inflation and devaluation** | |
| Increasing money supply results in inflation and devaluation of the local currency. The formal economy transacts in both foreign and local currencies. The risk of holding any net local currency monetary assets is significant due to rapid loss of value. The local currency has little to no use as a store of value and accelerating inflation makes transactional use of the local currency increasingly difficult. | The Company aims to hold minimal net monetary assets in local currency and for investee companies, this will also be a key reporting matter and the board appointees will advocate for the same approach. |
| The real value of bank facilities devalues rapidly resulting in continual applications to increase these facilities along with security registration with the associated costs, delays and working capital implications. | The Company has no bank facilities. Portfolio companies must nurture and maintain strong banking relationships to aid in the facility renewal processes. |
| The Company is listed on the ZSE which trades in local currency - raising capital in inflationary times is risky for businesses due to the length of time of the processes involved and loss of real value through inflation during this timeframe. Acquisitions will be largely, if not entirely, settled in shares under the current inflationary environment although vendors may find this unattractive thereby limiting the acquisitive growth of the Company. | The Company is considering the possibility of listing one or more classes of shares on the Victoria Falls Stock Exchange simultaneously with the conclusion of a transaction. |

Financial statements are required to be reported in historic cost and inflation adjusted terms. The primary purpose of financial statements is to convey the financial performance and position of a company to the users. Added to this are distorted exchange rates and financial statement preparers, auditors, and users with different views on the appropriate exchange rates and even real inflation. As a result of the above, the financial statements are extremely difficult to understand and may even be viewed by users as misleading despite the technical compliance with standards. Analysts typically only cover larger listed companies and the additional time spent by them trying to analyse the larger companies makes the smaller listed companies even less likely to receive any coverage. Local investors deal with inflation daily and are therefore somewhat accustomed to it. Foreign investors struggle even more to understand published financial information and have the choice of investing in almost any country in the world making Zimbabwe an unattractive investment destination.

Users of the financial statements often rely more heavily on volume information than financial information in times of inflation – enhancement of reporting in this regard is being prioritised.

The reality on the ground is that most businesses, users of financial statements and investors have however become accustomed to thinking in US Dollars. Some management reporting information in US Dollars is contained in this annual report.

**Regulatory and policy changes**

Policies and regulatory changes are common and this unpredictability and inconsistency negatively effects business sentiment and makes doing business in Zimbabwe complex and more difficult than it could otherwise be.

The Company and portfolio investments react to changes as they are pronounced to deal with the changes in the best interests of the businesses.

**Informalisation of the economy**

The negative effects of regulation, policies, inflation, devaluation, and undue control over the economy has resulted in a challenging business environment. Formal businesses spend inordinate time on dealing with these challenges and reacting to changes, and as a result are less competitive than they would otherwise be. Largely because of the aforementioned factors, formal businesses have not created the employment necessary to absorb the growing urban population which has seen the burgeoning of the informal sector – which is even expanding into manufacturing in several sectors. The informal sector operates largely outside of regulations governing formal businesses and mostly transacts in foreign currency. This uneven playing field is a threat to the competitiveness and viability of many formal businesses whilst in the short to medium terms will also increase their tax burden.

The Company will consider competition from the informal sector in its selection of acquisition targets and highlight risks in this regard.

## SUPPLEMENTARY INFORMATION – CLASS A PORTFOLIO (MEDTECH)

The supplementary information presented below was extracted from the Zvemvura Trading (Private) Limited and its' subsidiary companies group financial statements audited by AMG Global Chartered Accountants (Zimbabwe) on which they issued an adverse audit opinion as a result of International Accounting Standard (IAS) 21 and non-compliance with the use of market determinable exchange rates and the effect of this issue in the prior year and the resultant impact on the current year.

### Supplementary information - Class A Portfolio

| | INFLATION ADJUSTED | | HISTORIC COST | |
|---|---|---|---|---|
| | AUDITED | AUDITED | UNAUDITED | UNAUDITED |
| | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| **Condensed income statement** | ZW$ 000 | ZW$ 000 | ZW$ 000 | ZW$ 000 |
| Turnover | **4,260,369** | **3,277,344** | **2,843,770** | **777,195** |
| Cost of sales | (2,428,518) | **(2,364,480)** | **(1,188,262)** | **(476,133)** |
| Gross Profit | **1,831,851** | **912,864** | **1,655,508** | **301,062** |
| Other operating income | 5,870 | 7,060 | 5,182 | 1,795 |
| Selling and distribution expenses | (358,873) | (321,215) | (224,384) | (80,024) |
| Administrative expenses | (724,451) | (569,275) | (471,184) | (121,633) |
| **Total expenses** | **(1,077,454)** | **(883,430)** | **(690,386)** | **(199,862)** |
| **Operating profit** | **754,397** | **29,434** | **965,122** | **101,200** |
| Net interest payable | (143,931) | (196,404) | (106,764) | (45,962) |
| Exchange rate (losses) | (586,142) | 649,665 | (232,924) | 150,057 |
| **Total financing costs** | **(730,073)** | **453,261** | **(339,688)** | **104,095** |
| Monetary gain | 743,215 | 309,552 | - | - |
| **Profit/(loss) before taxation** | **767,539** | **792,247** | **625,434** | **205,295** |
| Taxation | (199,573) | (418,943) | (165,640) | (53,188) |
| **Loss for the period** | **567,966** | **373,304** | **459,794** | **152,107** |
| Other comprehensive income | - | - | - | 11,775 |
| **Total comprehensive profit/(loss) for the period** | **567,966** | **373,304** | **459,794** | **163,882** |
| | | | | |
| Attributable to: | | | | |
| Zvemvura Trading | 433,563 | 247,235 | 351,497 | 125,368 |
| Non-controlling interests | 134,403 | 126,069 | 108,297 | 38,514 |
| | 567,966 | 373,304 | 459,794 | 163,882 |
| Zvemvura total comprehensive income attributable to: | | | | |
| BridgeFort Class A shareholders | 217,215 | 123,865 | 176,100 | 62,809 |
| Other shareholders | 216,348 | 123,370 | 175,397 | 62,559 |
| | 433,563 | 247,235 | 351,497 | 125,368 |
| No of shares - class A | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| Class A basic and headline earnings per share - ZWL Dollars | 18 | 10 | 15 | 5 |
| **Additional pertinent information for the period** | | | | |
| Capital expenditure | 177,086 | 123,134 | 80,449 | 27,956 |
| Depreciation | 78,883 | 75,715 | 15,922 | 5,337 |

| | INFLATION ADJUSTED | | HISTORIC COST | |
|---|---|---|---|---|
| **Condensed statement of financial position** | **AUDITED 31 December 2022 ZW$ 000** | **AUDITED 31 December 2021 ZW$ 000** | **UNAUDITED 31 December 2022 ZW$ 000** | **UNAUDITED 31 December 2021 ZW$ 000** |
| **Assets** | | | | |
| Non-current assets | | | | |
| Property plant and equipment | 619,962 | 521,760 | 141,467 | 76,940 |
| Intangible assets | 18,657 | 18,057 | 1,976 | 1,508 |
| Deferred taxation | 20,686 | 3,221 | 55,054 | 917 |
| | 659,305 | 543,038 | 198,497 | 79,365 |
| Current assets | | | | |
| Inventories | 1,538,434 | 999,027 | 1,035,009 | 229,079 |
| Accounts receivable and related parties | 634,529 | 696,523 | 634,529 | 202,619 |
| Cash and cash equivalents | 395,251 | 300,569 | 395,251 | 87,436 |
| | 2,568,214 | 1,996,119 | 2,064,789 | 519,134 |
| **Total assets** | **3,227,519** | **2,539,157** | **2,263,286** | **598,499** |
| **Equity and liabilities** | | | | |
| Equity of Zvemvura and its shareholders | 1,065,667 | 632,104 | 446,307 | 94,810 |
| Equity of non-controlling interests | 447,472 | 313,069 | 157,386 | 49,089 |
| Total issed share capital and reserves | 1,513,139 | 945,173 | 603,693 | 143,899 |
| Deferred tax | 54,756 | 181,380 | 871 | 43,672 |
| Current liabilities | | | | |
| Short term loans | 81,846 | 473,338 | 81,846 | 137,694 |
| Accounts payable and related parties | 1,315,963 | 907,536 | 1,315,964 | 264,004 |
| Taxation | 261,815 | 31,730 | 260,912 | 9,230 |
| | 1,659,624 | 1,412,604 | 1,658,722 | 410,928 |
| Total liabilities | 1,714,380 | 1,593,984 | 1,659,593 | 454,600 |
| **Total equity and liabilities** | **3,227,519** | **2,539,157** | **2,263,286** | **598,499** |

| Statement of cash flows | INFLATION ADJUSTED<br>AUDITED<br>31 December<br>2022<br>ZW$ 000 | <br>AUDITED<br>31 December<br>2021<br>ZW$ 000 | HISTORIC COST<br>UNAUDITED<br>31 December<br>2022<br>ZW$ 000 | <br>UNAUDITED<br>31 December<br>2021<br>ZW$ 000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Operating profit | 754,397 | 29,434 | 965,122 | 101,200 |
| Adjustments for: | | | | |
| Depreciation | 78,883 | 75,715 | 15,922 | 5,337 |
| Monetary gain | 743,215 | 309,552 | - | - |
| | **1,576,495** | **414,701** | **981,044** | **106,537** |
| Increase in inventories | (539,407) | (429,413) | (805,930) | (163,295) |
| Decrease/(increase) in accounts receivable and related parties | 61,994 | (255,656) | (431,910) | (122,448) |
| (Decrease)/increase in accounts payable and related parties | 408,427 | (52,185) | 1,051,960 | 89,930 |
| Net cash generated from/(utilised in) operations | **1,507,509** | **(322,553)** | **795,164** | **(89,276)** |
| Finance costs | (730,073) | 453,261 | (339,688) | 104,095 |
| Taxes paid | (113,576) | (16,272) | (10,896) | (1,258) |
| | **663,860** | **114,436** | **444,580** | **13,561** |
| **Cash flows from investing activities** | | | | |
| Acquisition of property, plant and equipment | (177,086) | (123,134) | (80,449) | (27,956) |
| Acquisition of intangible assets | (600) | (4,210) | (468) | (874) |
| | **(177,686)** | **(127,344)** | **(80,917)** | **(28,830)** |
| **Cash flows from financing activities** | | | | |
| Net movement in short-term loans payable | **(391,492)** | **90,752** | **(55,848)** | **68,454** |
| Dividend paid | **-** | **(55,112)** | **-** | **(16,032)** |
| | **(391,492)** | **35,640** | **(55,848)** | **52,422** |
| **Net increase/(decrease) in cash and cash equivalents** | 94,682 | 22,732 | 307,815 | 37,153 |
| Cash and cash equivalents at the beginning of the period | 300,569 | 277,837 | 87,436 | 50,283 |
| **Cash and cash equivalents at the end of the year** | **395,251** | **300,569** | **395,251** | **87,436** |

| Condensed Statement of Changes in Equity | INFLATION ADJUSTED<br>AUDITED<br>31 December<br>2022<br>ZW$ 000 | <br>AUDITED<br>31 December<br>2021<br>ZW$ 000 | HISTORIC COST<br>UNAUDITED<br>31 December<br>2022<br>ZW$ 000 | <br>UNAUDITED<br>31 December<br>2021<br>ZW$ 000 |
|---|---|---|---|---|
| **Shareholders' equity at beginning of year** | **945,173** | **626,981** | **143,899** | **(3,951)** |
| Total comprehensive (loss)/profit for the period | 567,966 | 373,304 | 459,794 | 163,882 |
| Dividends paid | - | (55,112) | - | (16,032) |
| **Shareholders' equity at end of period** | **1,513,139** | **945,173** | **603,693** | **143,899** |

BRIDGEFORT CAPITAL LIMITED
(FORMERLY MEDTECH HOLDINGS LIMITED)

# FINANCIAL STATEMENTS

# 2022

## DIRECTORS STATEMENT OF RESPONSIBILITY

The Company's independent auditors, PKF Chartered Accountants (Zimbabwe), have audited the financial statements set out on pages 5 to 29 and their report appears from page 2.

The Directors of the Company are responsible for maintaining adequate accounting records and for the preparation of financial statements that present fair and accurate information.

In discharging this responsibility, the Company maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that transactions are executed and recorded following Company policies.

The Directors have assessed the ability of the Company and its material portfolio investments to continue operating as going concerns and believe that the preparation of these financial statements on a going concern basis is appropriate.

**Dr C. Beddies**
Chairman
29 March 2022

**To the Members of BRIDGEFORT CAPITAL LIMITED**

**Report on the Audit of the Financial Statements**

We have audited the financial statements of BRIDGEFORT CAPITAL LIMITED (the Company) set out on pages 5 – 29, which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

**Qualified Opinion**

In our opinion, except for the effect of the matter, if any, as discussed in the Basis for Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of BRIDGEFORT CAPITAL 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 and the requirements of the Companies and Other Business Entities Act 24:31.

**Basis for opinion**

As a result of a modification of the audit opinion on the December 2021 financial statements, adjustments might be necessary to the opening retained earnings and reserves in the current period financial results. The audit modification related to non-compliance with International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates in prior period and inappropriate application of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The effects of this modification have not been determined by the directors. Our opinion on the audit of the results of the current period are not modified in respect of International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates.

**Key audit matters**

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

| Key audit matter | How our audit addressed the key audit matter | Reference to the related disclosure(s) in the financial statements |
|---|---|---|
| The fair value adjustment of investments is the most material component of the financial statements. Its computation has a material impact on the statement of profit and loss and financial position. | We recalculated and confirmed the accuracy of the fair value adjustment and compared the fair value of investments to the ZSE prices for the respective listed shares as at year end. | Note 8 – Investments held at fair value |

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PO Box CY 629 | Causeway | Harare | Zimbabwe

**Other Information**

The directors are responsible for the other information that may be presented along with these accounts. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on other legal and regulatory requirements**

In our opinion, the financial statements have been properly drawn up so as to comply, in all material respects, with the financial disclosure and presentation requirements of the Companies and Other Businesses Act (Chapter 24:31) and related legislation.

The engagement partner on the audit resulting in this independent auditor's report is Lewis Hussein.

**PKF Chartered Accountants (Zimbabwe)**
Registered Chartered Accountants Harare

30 March 2023

**Lewis Hussein**
Engagement Partner
Registered Public Auditor (Zimbabwe)

PAAB Practising Number **0347**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**Year ended 31 December 2022**

| | | Inflation Adjusted | | Historical | |
|---|---|---|---|---|---|
| | Note | Audited 2022 $'000 | Audited 2021 $'000 | Supplementary 2022 $'000 | Supplementary 2021 $'000 |
| **Income** | | | | | |
| Fair value changes through profit and loss | 8. | (1,488,571) | - | (345,413) | - |
| Dividends received | | - | 27,611 | - | 8,032 |
| Total income | | **(1,488,571)** | **27,611** | **(345,413)** | **8,032** |
| **Expenses** | | | | | |
| Audit fees | | (3,769) | - | (3,727) | - |
| Bank charges | | (64) | (101) | (32) | (24) |
| Computer and website expenses | | (53) | (744) | (50) | (163) |
| Depreciation | | (136) | (387) | (25) | (50) |
| Directors emoluments | 3. | (9,348) | - | (7,260) | - |
| Loss on disposal of equipment | | - | (1,271) | - | (9) |
| Net movement in provision for doubtful debts | | - | 302 | - | 55 |
| Other administrative expenses | | - | 1,967 | - | 212 |
| Printing and publications | | (134) | - | (85) | - |
| Staff costs | | - | (684) | - | (149) |
| Stock written off | | - | (29,583) | - | (146) |
| **Total expenses** | | **(13,504)** | **(30,501)** | **(11,179)** | **(274)** |
| Operating (loss)/profit | | (1,502,075) | (2,890) | (356,592) | 7,758 |
| Interest payable | | (2) | (8) | (1) | (2) |
| Exchange rate (losses) | | (4,367) | - | (3,856) | - |
| **Net financing costs** | | **(4,369)** | **(8)** | **(3,857)** | **(2)** |
| Monetary (loss)/gain | | (15,125) | 350 | - | - |
| **(Loss)/profit before taxation** | | **(1,521,569)** | **(2,548)** | **(360,449)** | **7,756** |
| Taxation | 4. | 80,614 | 303 | 23,451 | 68 |
| **(Loss)/profit after taxation** | | **(1,440,955)** | **(2,245)** | **(336,998)** | **7,824** |
| Fair value gain | | - | 1,532,515 | - | 467,371 |
| Taxation | | - | (105,800) | - | (23,311) |
| **Other comprehensive income** | | **-** | **1,426,715** | **-** | **444,060** |
| **Total comprehensive (loss)/profit for the period** | | **(1,440,955)** | **1,424,470** | **(336,998)** | **451,884** |
| | | | | | |
| **Basic earnings per share** | | **Dollars** | **Dollars** | **Dollars** | **Dollars** |
| Class A preferred shareholders | 5.1 | (112) | 109 | (27) | 35 |
| Class B preferred shareholders | 5.1 | (58) | 84 | 2 | 25 |
| Ordinary shares | 5.1 | (150) | - | (150) | - |
| | | | | | |
| **Headline earnings per share** | | | | | |
| Class A preferred shareholders | 5.2 | (112) | (2) | (27) | (0) |
| Class B preferred shareholders | 5.2 | (58) | 21 | 2 | 6 |
| Ordinary shares | 5.2 | (150) | - | (150) | - |

**STATEMENT OF FINANCIAL POSITION**
**31 December 2022**

| | | Inflation Adjusted | | Historical | |
|---|---|---|---|---|---|
| | Note | Audited 2022 $'000 | Audited 2021 $'000 | Supplementary 2022 $'000 | Supplementary 2021 $'000 |
| **Assets** | | | | | |
| *Non-current assets* | | | | | |
| Investments held at fair value | **8.** | 116 464 | 1 605 035 | 122 290 | 467 703 |
| Property plant and equipment | **7.** | 7,113 | 7,249 | 1,287 | 1,312 |
| | | **123,577** | **1,612,284** | **123,577** | **469,015** |
| *Current assets* | | | | | |
| Amounts owed by related parties | **10.** | 8,032 | 30,875 | 8,032 | 8,982 |
| Cash and cash equivalents | **12.** | - | 30 | - | 9 |
| | | **8,032** | **30,905** | **8,032** | **8,991** |
| **Total assets** | | **131,609** | **1,643,189** | **131,609** | **478,006** |
| | | | | | |
| **Equity and liabilities** | | | | | |
| Share capital and reserves | | 115,890 | 1,556,845 | 115,890 | 452,888 |
| *Non-current liabilities* | | | | | |
| Deferred tax | **9.** | - | 80,614 | - | 23,451 |
| *Current liabilities* | | | | | |
| Accounts payable | **11.** | 14,978 | - | 14,978 | - |
| Amounts due to related parties | **10.** | 732 | 5,730 | 732 | 1,667 |
| Bank overdraft | **12.** | 9 | - | 9 | - |
| | | **15,719** | **5,730** | **15,719** | **1,667** |
| Total liabilities | | 15,719 | 86,344 | 15,719 | 25,118 |
| **Total equity and liabilities** | | **131,609** | **1,643,189** | **131,609** | **478,006** |

**Audit Committee Chairman**

**Chief Executive Officer**

**29 March 2023**

## STATEMENT OF CHANGES IN EQUITY
**Year ended 31 December 2022**

| | Share capital | Share premium | Non-distributable reserve | Foreign currency translation reserve | Revaluation reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| **Inflation adjusted - audited** | | | | | | | |
| Balance as at 31 December 2020 | 6,650 | 383,355 | 122,894 | 5,023 | 394 | (385,942) | 132,374 |
| Share allotment and removal of par value | 383,356 | (383,355) | - | - | - | - | 1 |
| Loss | - | - | - | - | 1,426,715 | (2,245) | 1,424,470 |
| **Balance as at 31 December 2021** | **390,006** | **-** | **122,894** | **5,023** | **1,427,109** | **(388,187)** | **1,556,845** |
| Profit for the Year | - | - | - | - | - | (1,440,955) | (1,440,955) |
| **Balance as at 31 December 2022** | **390,006** | **-** | **122,894** | **5,023** | **1,427,109** | **(1,829,142)** | **115,890** |
| | | | | | | | |
| **Historical - supplementary** | | | | | | | |
| Balance as at 31 December 2020 | 30 | 1,752 | 562 | 37 | 993 | (2,371) | 1,003 |
| Share allotment and removal of par value | 1,753 | (1,752) | - | - | - | - | 1 |
| Profit for the Year | - | - | - | - | 444,060 | 7,824 | 451,884 |
| **Balance as at 31 December 2021** | **1,783** | **-** | **562** | **37** | **445,053** | **5,453** | **452,888** |
| Profit/(loss) for the Year | - | - | - | - | - | (336,998) | (336,998) |
| **Balance as at 31 December 2022** | **1,783** | **-** | **562** | **37** | **445,053** | **(331,545)** | **115,890** |

## STATEMENT OF CASH FLOWS
**Year ended 31 December 2022**

| | Note | Inflation adjusted | | Historical | |
|---|---|---|---|---|---|
| | | Audited 2022 $'000 | Audited 2021 $'000 | Supplementary 2022 $'000 | Supplementary 2021 $'000 |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| **Operating cash flows** | | | | | |
| Operating (loss)/profit | | (1,502,075) | (2,890) | (356,592) | 7,758 |
| Adjustments for: | | | | | |
| Depreciation | 3. | 136 | 387 | 25 | 50 |
| Fair value gains/losses | | 1,488,571 | - | 345,413 | - |
| Monetary (loss) or gain | | (15,125) | 350 | - | - |
| Assets written off | | - | 1,271 | - | 9 |
| Net operating cash flows before reinvestment in working capital | | (28,493) | (882) | (11,154) | 7,817 |
| | | | | | - |
| Decrease in inventories | | - | 29,583 | - | 146 |
| Decrease in accounts receivable | | - | 952 | - | 172 |
| Increase/(decrease) in accounts payable | | 14,978 | (1,596) | 14,978 | (290) |
| Net movement in related parties balances | | 17,845 | (28,661) | 15 | (7,951) |
| Net flows from operations | | 4,330 | (604) | 3,839 | (106) |
| **Returns on investments and servicing of finance** | | | | | |
| Net financing costs | | (4,369) | (8) | (3,857) | (2) |
| **Net cash flows from operating activities** | | **(39)** | **(612)** | **(18)** | **(108)** |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Allotment of shares | | - | 1 | - | 1 |
| Net movement in related party loan | | - | 673 | - | 122 |
| **Net cash flows from financing activities** | | **-** | **674** | **-** | **123** |
| **(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS** | | **(39)** | **62** | **(18)** | **15** |
| Cash and cash equivalents at the beginning of the year | | 30 | (32) | 9 | (6) |
| **Cash and cash equivalents at the end of the year** | **12.** | **(9)** | **30** | **(9)** | **9** |

## NEW STANDARDS AND INTERPRETATIONS

### Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1 | January 1, 2022 | Not material |
| • Reference to the Conceptual Framework: Amendments to IFRS 3 | January 1, 2022 | Not material |
| • Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9 | January 1, 2022 | Not material |
| • Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16 | January 1, 2022 | Not material |
| • Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41 | January 1, 2022 | Not material |

### Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after March 1, 2023 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • Lease liability in a sale and leaseback | January 1, 2024 | Not material |
| • Initial application of IFRS 17 and IFRS 9 – Comparative information | January 1, 2023 | Not material |
| • Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 | January 1, 2023 | Not material |
| • Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2. | January 1, 2023 | Not material |
| • Definition of accounting estimates: Amendments to IAS 8 | January 1, 2023 | Not material |
| • Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 | January 1, 2023 | Not material |

## ACCOUNTING POLICIES

The principal accounting policies of the Company, which are set out below, are consistently applied in the preparation of the Company's financial statements in all material respects.

## FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Zimbabwe Dollars ($) which is the Company's functional and presentation currency.

## BASIS OF PREPARATION

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies and Other Business Entities Act (Chapter 24:31) and related Statutory Instruments.

The financial statements are presented in Zimbabwe dollars. They are based on the historical cost convention and adjusted to take account of the effects of inflation in accordance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies). The adjusted amounts are presented side by side with the unadjusted figures from where they are derived. The inflation adjusted financial statements constitute the company's primary financial statements whilst the historical financials are supplementary.

The economy in Zimbabwe is considered to be hyperinflationary. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures be stated in terms of the same measuring unit.

Accordingly, these financial statements have been adjusted, to take account of the changes in the general purchasing power of the Zimbabwe dollar and, as a result, are stated in terms of the measuring unit current at the balance sheet date. The adjustments are based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Zimbabwe Central Statistical Office and published on the Reserve Bank of Zimbabwe's website. The indices and conversion factors applied, are disclosed by way of a note.

The main procedures applied in the adjustments of transactions and balances are as follows:

- Monetary assets and liabilities as at the end of the current year being reported on are not adjusted because they are already stated in terms of the measuring unit current at balance sheet date;

- Non-monetary assets and liabilities, and components of shareholders' equity/funds, are adjusted by applying the change in the index from the date/month of the transaction or, if applicable, from the date of their most recent revaluation to the balance sheet date;

- Equipment and intangible assets are adjusted by applying the change in the index from the date of transaction, or if applicable, from the date of their most recent/last revaluation, to the balance sheet date. Depreciation and amortisation amounts are based on the adjusted amounts;

- Statement of comprehensive income items/transactions, except depreciation and amortisation charges as explained above, are adjusted by applying the monthly price indices for the respective months when the income and/or expenses were incurred.

- For comparative Statement of comprehensive income items/transactions, an average index during the period to the balance sheet date was applied;

- Gains and losses arising from the net monetary asset or liability positions are included in the profit and loss statement; and

- All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

## PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

Since being converted into an investment holding company on 31 December 2021, the Company has applied the investment entity exception as per IFRS 10 Consolidated Financial Statements (IFRS 10). The Company therefore does not consolidate its subsidiaries, except where a subsidiary, which is not itself an investment entity, mainly provides services that relate to the Company's investment activities.

All subsidiaries classified as portfolio investments are accounted for at fair value through profit or loss (FVTPL) in terms of IFRS 9 Financial Instruments (previously IAS 39 Financial Instruments: Recognition and Measurement) and all associates classified as portfolio investments are accounted for at FVTPL in terms of the exemption from applying the equity method of accounting provided in IAS 28 Investments in Associates and Joint Ventures.

### Accounting for investments in subsidiaries

Subsidiaries are entities that the Company controls by being exposed to, or having rights to, variable returns from its involvement with that entity and, where the Company has the ability to affect those returns through its power over the entity.

The subsidiaries of the Company are entities that:

i. comprise portfolio investments; and
ii. provide investment-related services to third parties and related companies.

Due to the investment entity exception, subsidiaries classified as portfolio investments are not consolidated and are measured at fair value on the date of acquisition in terms of IFRS 9. Changes in fair value subsequent to acquisition, primarily driven by the revaluation of portfolio investments, are recognised in profit and loss in the period of change. Subsidiaries classified as (ii) are not portfolio investments and will be consolidated although there are no such subsidiaries at present.

**Accounting for investments in associates**

Where the Company does not have control, but has significant influence, these investments are classified as associates and are accounted for as portfolio investments at FVTPL.

## FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated to Zimbabwe dollars at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Zimbabwe dollars at the exchange rate ruling at the end of the financial year being reported.

Exchange differences arising on translation are recognised in profit or loss during the period in which they arise.

## FINANCIAL INSTRUMENTS

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

**Financial instruments – initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***Financial assets***

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);

- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, a loan to an associate and a loan to a director included under other non-current financial assets.

**Financial assets at fair value through OCI (debt instruments)**

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

**Financial assets designated at fair value through OCI (equity instruments)**
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

**Financial assets at fair value through profit or loss**
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

**Derecognition**
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or; and
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**Impairment of financial assets**
Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions;
- Debt instruments at fair value through OCI; and
- Trade receivables, including contract assets.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the *Good Credit Rating Agency* and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the *Good Credit Rating Agency* both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

***Financial liabilities***

**Initial recognition and measurement**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Subsequent measurement**
The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

**Loans and borrowings**
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

**Derecognition**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

***Offsetting of financial instruments***
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Derivative financial instruments and hedge accounting Initial recognition and subsequent measurement**
The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge before 1 January 2021, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

**Summary of significant accounting policies**
Beginning 1 January 2021, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

**Fair value hedges**
The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

**Cash flow hedges**
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised as other expense and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Before 1 January 2021, the Company designated all of the forward contracts as hedging instruments. Any gains or losses arising from changes in the fair value of derivatives were taken directly to profit or loss, except for the effective portion of cash flow hedges, which were recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

Beginning 1 January 2021, the Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

**Hedges of a net investment**
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

The Company uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

**Impairment of non-financial assets**
Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions;
- Property, plant and equipment;
- Intangible assets; and
- Goodwill and intangible assets with indefinite lives.

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**Cash and short-term deposits**
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Under IAS 39, all gains and losses arising from the Company's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the statement of financial position as at 1 January 2021.

**Other adjustments**
In addition to the adjustments described above, other items such as deferred taxes, investment in an associate and a joint venture (arising from the financial instruments held by these entities), and non-controlling interests were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2021.

**Significant accounting judgements, estimates and assumptions**
The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the Companying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

## TAXATION

Income tax on profit or loss for the period comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised as equity.

Current income tax is tax payable on the taxable income for the period, calculated using the rates enacted or substantially enacted as at the statement of financial position date, and any adjustments to tax payable in respect of previous periods.

Deferred income tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax is provided based on the expected manner of recovery or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantially enacted as at statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related benefits will be realised.

## PROPERTY, PLANT AND EQUIPMENT ("PPE")

**Recognition**
Items of PPE are recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

***Measurement***
PPE is initially stated at cost. Subsequent to initial recognition PPE is measured at cost less accumulated depreciation and impairment losses.

***Depreciation***
Items of PPE are depreciated on the straight-line basis at annual rates calculated to write off their depreciable amount over their estimated useful lives using the following annual rates:

| | |
|---|---|
| Buildings | 2% |

The depreciation expense is charged to profit and loss for the year.

***Impairment***
The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are charged to profit or loss in the year in which they occur.

***Calculation of recoverable amount***
The recoverable amount of items of assets is the greater of the net selling price 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.

***Reversals of impairment***
Any impairment losses previously recognised are reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

***De-recognition of PPE***
PPE is de-recognised when the asset is disposed of or retired from use and/or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is included in profit or loss at the time the PPE item is de-recognised.

**EMPLOYEE BENEFITS**

Employee benefits are all forms of benefits given in exchange for services rendered by employees. These are classified as:

(i) Short-term employee benefits – benefits due to be settled within 12 months after the end of the period in which the employees rendered related services;
(ii) Post-employment benefits are benefits payable after the completion of employment. Post-employment benefit plans are benefit plans which formal or informal arrangements are providing post-employment benefits for one or more employees. Such plans (or funds) may be either defined contribution funds or defined benefit funds; and
(iii) Termination benefits are employee benefits payable as a result of either the Company's decision to terminate an employee's employment before normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

**Recognition**

***Short-term benefits***
The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other benefit contributions are recognised during the period in which the employee renders the related service.

The Company recognises the expected cost of bonuses when the Company has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

The Company's short-term employee benefits comprise remuneration in the form of salaries, wages, commissions and bonuses.

***Post-employment retirement benefit funds***
Retirement benefits are provided for Company employees through an independently administered defined contribution fund and by the National Social Security Authority (NSSA). Payments to the defined contribution fund and to the NSSA scheme are recognised as an expense when they fall due, which is when the employee renders the service.

During the year the Company contributed to the Company defined contribution fund and to the NSSA scheme.

***Other long-term benefits***
Other long-term benefits are recognised as an expense when an obligation arises.

The Company had no other long-term benefit commitments during the year.

***Termination benefits***
The Company recognises termination benefits as a liability and an expense when, and only when, it is demonstrably committed to either:

(i) Terminate the employment of an employee or Company of employees before the normal retirement date; or
(ii) Provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Termination benefits are recognised as an expense immediately.

**Measurement**

***Short-term employee benefits***
All short-term employee benefits are measured at cost.

***Post-employment retirement benefit funds***
The Company has no liability for post-employment retirement benefit funds once the current contributions have been paid at the time the employees render service.

***Termination benefits***
Termination benefits are measured according to the terms of termination contract.

**BORROWING COSTS**

Borrowing costs comprise interest payable on borrowings and other borrowing costs.

Borrowing costs are recognised in profit or loss in the period in which they accrue.

**OPERATING SEGMENTS**

The Company identifies segments as components of the Company that engage in business activities from which revenues are earned and expenses incurred, (including revenues and expenses relating to transactions with other components within the Company), whose operating results are regularly viewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The chief operating decision-maker has been identified as the Chief Executive Officer.

**Measurement of segment information**
The accounting policies of the reportable segments are the same as the Company's accounting policies.

**PROVISIONS**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

**ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities in the financial statements. The estimates, including those related to provision for doubtful debts, inventory obsolescence, investments, PPE and contingent liabilities are reviewed on an ongoing basis and are based on the Directors best knowledge of current events and actions of the Company as well as historical experience and other factors that are considered to be relevant. Actual results may ultimately differ from those estimates and assumptions.

**Going concern**

The Directors assess the ability of the Company to continue operating as a going concern at the end of each financial year. As at 31 December 2022, the Directors have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. Some of the initiatives implemented to ensure the Company continues as a going concern are discussed under note 26.

**Residual values of PPE**

Residual values are reassessed each year and adjustments are made where appropriate. The valuation methods adopted in this process involve significant judgement and estimation.

**Useful lives of PPE**

The determination of the remaining estimated useful lives of PPE is deemed to be a significant area of judgement.

**Provision for doubtful debts**

The Company considers changes in the credit quality of the respective accounts receivables from the date on which credit was granted up to the end of the reporting period before determining whether to provide for a debtor as doubtful.

## 1 INCORPORATION AND ACTIVITIES

The company is incorporated and domiciled in Zimbabwe and its shares are publicly traded on the Zimbabwe Stock Exchange. The Company operates as a private equity investor.

## 2 INFLATION ADJUSTMENT FACTORS

The Consumer Price Indices (CPI's) presented below, as compiled by the Zimbabwe Central Statistics Office (CSO) and the conversion factors derived therefrom, have been applied in adjusting the historical financial statement figures as required per IAS 29.

| Dates | Indices | Conversion factors |
|---|---|---|
| 31 December 2022 | 13 672.91 | 1.00 |
| 31 December 2021 | 3 977.50 | 3.44 |
| 31 December 2020 | 2 474.50 | 5.53 |
| 2021 Average CPI | 9 198.69 | 1.49 |

| | | Inflation Adjusted | | Historical | |
|---|---|---|---|---|---|
| | | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **3** | **DIRECTORS EMOLUMENTS** | | | | |
| | Payments to non-executive directors | (9,348) | - | (7,260) | - |
| | Salaries to executive directors | - | - | - | - |
| | | **(9,348)** | **-** | **(7,260)** | **-** |
| **4** | **TAXATION** | | | | |
| **4.1** | **Credit for the year** | | | | |
| | Income tax - current | - | - | - | - |
| | Income tax - deferred | 80,614 | 303 | 23,451 | 68 |
| | | **80,614** | **303** | **23,451** | **68** |
| **4.2** | **Reconciliation of tax credit/(charge)** | | | | |
| | Notional tax credit/(charge) based on loss for the year at present rates | 376,132 | 630 | 89,103 | (1,917) |
| | Additional tax (charge)/savings resulting from: | | | | |
| | Permanent differences | (377,936) | (327) | (90,907) | 1,985 |
| | Temporary differences | (953) | - | (953) | - |
| | Deferred tax asset not recognised | 2,757 | - | 2,757 | - |
| | Deferred tax reversed | 80,614 | - | 23,451 | - |
| | | **80,614** | **303** | **23,451** | **68** |
| **4.3** | **Tax losses** | | | | |
| | Tax loss at end of year | 11,872 | 718 | 11,872 | 718 |
| | Future income tax relief | 2,935 | 178 | 2,935 | 178 |

| | | Inflation Adjusted | | Historical | |
|---|---|---|---|---|---|
| | | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **5** | **PROFIT PER SHARE** | | | | |
| **5.1** | **Basic profit per share** | | | | |
| | The total comprehensive (loss)/profit is attributable to: | | | | |
| | Class A preferred shares | (1,347,792) | 1,311,445 | (324,000) | 419,005 |
| | Class B preferred shares | (78,133) | 113,025 | 2,013 | 32,879 |
| | Ordinary shares | (15,030) | - | (15,011) | - |
| | | **(1,440,955)** | **1,424,470** | **(336,998)** | **451,884** |
| | Basic profit per share is calculated based on the following number of share in issue. | | | | |
| | Class A preferred shares | 12,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| | Class B preferred shares | 1,342,000 | 1,342,000 | 1,342,000 | 1,342,000 |
| | Ordinary shares | 100,000 | 100,000 | 100,000 | 100,000 |
| **5.2** | **Headline earnings per share - adjustment** | | | | |
| | The total comprehensive profit attributable to shareholders relating to the fair value gain on the change in classification of subsidiaries to portfolio investments held at fair value are as set out below. These amounts have been deducted from total comprehensive income to determine headline earnings per share since these gains arise on initial change in classification; | | | | |
| | Class A preferred shareholders | - | 1,341,301 | - | 419,213 |
| | Class B preferred shareholders | - | 85,414 | - | 24,847 |
| | Ordinary shares | - | - | - | - |
| | | **-** | **1,426,715** | **-** | **444,060** |
| | **Headline earnings** | | | | |
| | The headline earnings per share is based on earnings of: | | | | |
| | Class A preferred shareholders | (1,347,792) | (29,856) | (324,000) | (208) |
| | Class B preferred shareholders | (78,133) | 27,611 | 2,013 | 8,032 |
| | Ordinary shares | (15,030) | - | (15,011) | - |
| | | **(1,440,955)** | **(2,245)** | **(336,998)** | **7,824** |

| | | Inflation Adjusted | | Historical | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| 6 | SHARE CAPITAL | | | | |
| 6.1 | Authorised share capital | Shares 000 | Shares 000 | Shares 000 | Shares 000 |
| | The authorised share capital of the Company has no par value and the number of authorised shares is as set out below: | | | | |
| | Class A Preferred Shares | 20,000 | 20,000 | 20,000 | 20,000 |
| | Class B Preferred Shares | 50,000 | 50,000 | 50,000 | 50,000 |
| | Class C Preferred Shares | 50,000 | 50,000 | 50,000 | 50,000 |
| | Class D Preferred Shares | 50,000 | 50,000 | 50,000 | 50,000 |
| | Ordinary Shares | 3,830,000 | 3,830,000 | 3,830,000 | 3,830,000 |
| 6.2 | Issued and fully paid share capital | $'000 | $'000 | $'000 | $'000 |
| | Class A Preferred Shares | 390,005 | 390,005 | 1,782 | 1,782 |
| | Class B Preferred Shares | - | - | - | - |
| | Class C Preferred Shares | - | - | - | - |
| | Class D Preferred Shares | - | - | - | - |
| | Ordinary Shares | 1 | 1 | 1 | 1 |
| | | **390,006** | **390,006** | **1,783** | **1,783** |

## 7 PROPERTY PLANT AND EQUIPMENT

### 7.1 Inflation adjusted

| | Land and buildings $'000 | Furniture and fittings $'000 | Computer equipment $'000 | Total $'000 |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| At 31 December 2020 | 9,485 | 1,156 | 3,644 | 14,285 |
| Additions | - | - | - | - |
| Disposals | - | (1,156) | (3,644) | (4,800) |
| At 31 December 2021 | 9,485 | - | - | 9,485 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Revaluation surplus | - | - | - | - |
| At 31 December 2022 | 9,485 | - | - | 9,485 |
| **DEPRECIATION** | | | | |
| At 31 December 2020 | 1,965 | 918 | 2,495 | 5,378 |
| Charge for the year | 271 | 55 | 61 | 387 |
| Disposals | - | (973) | (2,556) | (3,529) |
| Foreign currency translation gain | - | - | - | - |
| At 31 December 2021 | 2,236 | - | - | 2,236 |
| Charge for the year | 136 | - | - | 136 |
| Disposals | - | - | - | - |
| Revaluation surplus | - | - | - | - |
| At 31 December 2022 | 2,372 | - | - | 2,372 |
| **CARRYING AMOUNT** | | | | |
| **At 31 December 2022** | **7,113** | **-** | **-** | **7,113** |
| At 31 December 2021 | 7,249 | - | - | 7,249 |
| At 31 December 2020 | 7,520 | 238 | 1,149 | 8,907 |

## 7.2 Historical

| | Land and buildings $'000 | Furniture and fittings $'000 | Computer equipment $'000 | Total $'000 |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| At 31 December 2020 | 1,716 | 7 | 21 | 1,744 |
| Additions | - | - | - | - |
| Disposals | - | (7) | (21) | (28) |
| At 31 December 2021 | 1,716 | - | - | 1,716 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Revaluation surplus | - | - | - | - |
| At 31 December 2022 | 1,716 | - | - | 1,716 |
| | | | | |
| **DEPRECIATION** | | | | |
| At 31 December 2020 | 355 | 5 | 14 | 374 |
| Charge for the year | 49 | 1 | - | 50 |
| Disposals | - | (6) | (14) | (20) |
| Foreign currency translation gain | - | - | - | - |
| At 31 December 2021 | 404 | - | - | 404 |
| Charge for the year | 25 | - | - | 25 |
| Disposals | - | - | - | - |
| Revaluation surplus | - | - | - | - |
| At 31 December 2022 | 429 | - | - | 429 |
| | | | | |
| **CARRYING AMOUNT** | | | | |
| **At 31 December 2022** | **1,287** | **-** | **-** | **1,287** |
| At 31 December 2021 | 1,312 | - | - | 1,312 |
| At 31 December 2020 | 1,361 | 2 | 7 | 1,370 |

| | Inflation Adjusted | | Historical | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |

## 8 INVESTMENTS HELD AT FAIR VALUE

All investee companies have a principal place of business in Zimbabwe. Whilst these companies are not directly listed on the Zimbabwe Stock Exchange, the Company has classes of shares listed which link the economic benefits of the underlying portfolio investments directly to each class of shares. As a result, the valuation of the portfolios is determinable from a listed share price and such valuation is used as the basis for the fair values of the portfolios.

| | Inflation Adjusted 2022 $'000 | Inflation Adjusted 2021 $'000 | Historical 2022 $'000 | Historical 2021 $'000 |
|---|---|---|---|---|
| Fair value at beginning of period | 1,605,035 | | 467,703 | - |
| At cost at beginning of period | | 72,520 | | 332 |
| Fair value (losses) through profit and loss | (1,488,571) | | (345,413) | - |
| Fair value gains through other comprehensive income | | 1,532,515 | | 467,371 |
| **Fair value at end of period** | **116,464** | **1,605,035** | **122,290** | **467,703** |
| | | | | |
| Broken down as follows: | | | | |
| Class A portfolio | 89,604 | 1,515,126 | 95,430 | 441,548 |
| Class B portfolio | 26,860 | 89,909 | 26,860 | 26,155 |
| **Total** | **116,464** | **1,605,035** | **122,290** | **467,703** |

***Class A Portfolio - Consumer Goods***

The Class A Portfolio comprises:

| | | |
|---|---|---|
| Zvemvura Trading (Private) Limited | FMCG | 50.1% |
| Chicago Cosmetics (Private) Limited | Manufacturing | 25.6% |
| Choice Brands (Private) Limited | Dormant | 25.6% |
| S-Mart Agencies (Private) Limited | Dormant | 50.1% |
| Vinpel Trading (Private) Limited | Dormant | 100% |
| MedTech Medical and Scientific (Private) Limited | Dormant | 100% |

| | | Inflation Adjusted | | Historical | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | | $'000 | $'000 | $'000 | $'000 |
| | The fair value of the Class A Portfolio is made up as follows: | | | | |
| | Fair value of investment | 89,604 | 1,515,126 | 95,430 | 441,548 |
| | Property, plant and equipment | 7,113 | 7,249 | 1,287 | 1,312 |
| | Amounts owed (to)/by related parties | (717) | (2,466) | (717) | (717) |
| | Deferred tax | - | (76,119) | - | (22,143) |
| | | **96,000** | **1,443,790** | **96,000** | **420,000** |
| | ***Class B Portfolio - Property*** | | | | |
| | The fair value of the Class B Portfolio is made up as follows: | | | | |
| | Fair value of investment | 26,860 | 89,909 | 26,860 | 26,155 |
| | Amounts owed (to)/by related parties | 8,032 | 27,611 | 8,032 | 8,032 |
| | Deferred tax | - | (4,495) | - | (1,308) |
| | | **34,892** | **113,025** | **34,892** | **32,879** |
| **9** | **DEFERRED TAXATION** | | | | |
| | **Reconciliation** | | | | |
| | Opening balance | (80,614) | 24,883 | (23,451) | (208) |
| | Movement for the year | - | 303 | - | 68 |
| | Arising on revaluation and fair valuation | - | (105,800) | - | (23,311) |
| | Deferred tax derecognised | 80,614 | - | 23,451 | - |
| | | **-** | **(80,614)** | **-** | **(23,451)** |
| **10** | **RELATED PARTIES' BALANCES** | | | | |
| **10.1** | **Amounts owed by related parties** | | | | |
| | Zvemvura Trading (Private) Limited | 8,032 | 27,611 | 8,032 | 8,032 |
| | S-Mart Agencies (Private) Limited | - | 36 | - | 11 |
| | MedTech Medical & Scientific (Private) Limited | - | 2,770 | - | 806 |
| | MedTech Food and Beverages (Private) Limited | - | 458 | - | 133 |
| | | **8,032** | **30,875** | **8,032** | **8,982** |
| **10.2** | **Amounts owed to related parties** | | | | |
| | Zvemvura Trading (Private) Limited | 732 | 5,626 | 732 | 1,637 |
| | Chicago Cosmetics (Private) Limited | - | 104 | - | 30 |
| | | **732** | **5,730** | **732** | **1,667** |

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2022**

| | | Inflation Adjusted | | Historical | |
|---|---|---|---|---|---|
| | | **2022** | **2021** | **2022** | **2021** |
| | | **$'000** | **$'000** | **$'000** | **$'000** |
| **11** | **ACCOUNTS PAYABLE** | | | | |
| | Other | 13,863 | - | 13,863 | - |
| | Owed to director | 1,115 | - | 1,115 | - |
| | | **14,978** | **-** | **14,978** | **-** |
| | The amount owed to director relates to expenses of the Company paid by V. Lapham. The amount is denominated in US Dollars and is interest free with no fixed repayment terms. | | | | |
| **12** | **CASH AND CASH EQUIVALENTS** | | | | |
| | Cash and bank balances | - | 30 | - | 9 |
| | Overdraft | (9) | - | (9) | - |
| | | **(9)** | **30** | **(9)** | **9** |
| | The overdraft is unsecured. | | | | |
| **13** | **SEGMENT INFORMATION** | | | | |
| | Segment information is presented in respect of the Company's classes of shares. | | | | |
| **13.1** | **Class A Portfolio** | | | | |
| | Segment assets | | | | |
| | Fair value of investment | 89,604 | 1,515,126 | 95,430 | 441,548 |
| | Property, plant and equipment | 7,113 | 7,249 | 1,287 | 1,312 |
| | Segment liabilities | | | | |
| | Amounts owed (to)/by related parties | (717) | (2,466) | (717) | (717) |
| | Deferred tax | - | (76,119) | - | (22,143) |
| | | **96,000** | **1,443,790** | **96,000** | **420,000** |
| | Segment comprehensive (loss)/profit | | | | |
| | Fair value (losses) | (1,425,522) | - | (346,118) | - |
| | Depreciation | (136) | (387) | (25) | (50) |
| | Monetary gain/(loss) | 1,747 | 350 | - | - |
| | Deferred tax | 76,119 | 303 | 22,143 | 68 |
| | Fair value gain net of tax - other comprehensive incon | - | 1,341,301 | - | 419,213 |
| | | **(1,347,792)** | **1,341,567** | **(324,000)** | **419,231** |

| | | Inflation Adjusted | | Historical | |
|---|---|---|---|---|---|
| | | **2022** | **2021** | **2022** | **2021** |
| | | **$'000** | **$'000** | **$'000** | **$'000** |
| **13.2** | **Class B Portfolio** | | | | |
| | Segment assets | | | | |
| | Fair value of investment | 26,860 | 89,909 | 26,860 | 26,155 |
| | Amounts owed (to)/by related parties | 8,032 | 27,611 | 8,032 | 8,032 |
| | Segment liabilities | | | | |
| | Deferred tax | - | (4,495) | - | (1,308) |
| | | **34,892** | **113,025** | **34,892** | **32,879** |
| | | | | | |
| | Segment comprehensive (loss)/profit | | | | |
| | Fair value (losses)/gains | (63,049) | - | 705 | - |
| | Dividends received | - | 27,611 | - | 8,032 |
| | Monetary gain/(loss) | (19,579) | - | - | - |
| | Deferred tax | 4,495 | - | 1,308 | - |
| | Fair value gain net of tax - other comprehensive incon | - | 85,414 | - | 24,847 |
| | | **(78,133)** | **113,025** | **2,013** | **32,879** |
| | | | | | |
| **13.3** | **Ordinary shareholders** | | | | |
| | Segment assets | | | | |
| | Bank balances and cash | - | 30 | - | 9 |
| | Segment liabilities | | | | |
| | Accounts payable | (14,978) | - | (14,978) | - |
| | Amounts owed (to)/by related parties | (15) | - | (15) | - |
| | Bank overdraft | (9) | - | (9) | - |
| | | **(15,002)** | **30** | **(15,002)** | **9** |
| | | | | | |
| | Segment comprehensive (loss)/profit | | | | |
| | Operating expenses | (13,368) | (30,114) | (11,154) | (224) |
| | Net financing costs | (4,369) | (8) | (3,857) | (2) |
| | Monetary gain/(loss) | 2,707 | - | - | - |
| | | **(15,030)** | **(30,122)** | **(15,011)** | **(226)** |

## 14 EMPLOYEE BENEFITS

Presently the Company does not have any employees.

## 15 TREASURY AND FINANCIAL RISK MANAGEMENT

**15.1** The main risks arising from the Company's financial instruments are currency rate risk, market risk, credit risk and liquidity and cash flow risk.

**15.2 Currency risk**
This is the risk that the Company is exposed to unfavourable exchange rates movements on mismatched spot or forward positions in a foreign currency deal.

The Company's exposure to foreign currency risk is monitored and managed by senior management who sets the parameters within which the Company transacts.

**15.3 Interest rate risk**

This is a risk arising from the adverse movement in the value of future interest receipts or commitments resulting from movements in interest rates.

The Company finances its operations through a mixture of own resources and borrowings at fixed interest rates.

The Company's exposure to interest risk is managed by senior management. Any new borrowings are undertaken after careful consideration of economic conditions and expected movements in interest rates.

**15.4 Market risk**

The principal investments of the Company are valued by reference to the prices traded on the Zimbabwe Stock Exchange. This market reflects the demand and supply of the shares and is significantly influenced by macro-economic factors which are out of the Company's control. Furthermore, the Company and its' directors and senior executives are precluded from trading in the Company's shares at various times during the year. The Company does not seek to manage its' share price.

**15.5 Liquidity and cash flow risk**

This is the risk of insufficient liquid funds being available to cover commitments.

The cash resources and facilities available to the Company were considered adequate to meet its short-term liquidity and cash flow requirements as at year end.

## 16 GOING CONCERN

The Company was converted to an investment holding company during 2021 and as at the reporting date had two separately listed share classes. To spread the costs of the Company, additional transactions are required to be concluded as the underlying portfolio companies contribute towards the operating costs of the Company. Various transactions are being pursued to spread the operating costs.

The Directors believe that the Company is a going concern and will continue in business for the foreseeable future and are pursuing various transactions to spread the risk associated with having just one significant underlying investment portfolio.

Based on the aforementioned, the Directors believe that the preparation of these financial statements on a going concern basis is appropriate.

## 17 SUBSEQUENT EVENTS

The Country has started to publish blended inflation figures and is not publishing pure ZWL inflation figures any longer. The ability of the Company to comply with IAS 29 in future reporting periods will therefore not be possible.

# NOTICE TO MEMBERS – 24TH ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of members of BridgeFort Capital Limited will be held online, using the following link: https://polling.fts-net.com, on Tuesday the 27th of June 2023 at 11.00 am. The meeting link shall be sent to shareholders, and shall further be accessible on www.bridgefortcapital.com, for the purpose of transacting the following business:

## ORDINARY BUSINESS

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.

2. **Approval of Directors' Fees**
   To approve the directors' fees for the year ended 31 December 2022.

3. **Appointment of Directors**
   3.1 Mr. Pridemore Masamba retires by rotation in terms of Article 68 of the Company's Articles of Association and being eligible, offers himself for re-election.
   3.2 Dr. Christian Beddies retires by rotation in terms of Article 68 of the Company's Articles of Association and being eligible, offers himself for re-election.
   The directors' re-election and appointments will be by way of individual motions.

4. **Auditor**
   To confirm the appointment of the auditors, PKF Chartered Accountants, who have served as the external auditors for one year and to approve their remuneration for the last year.

## SPECIAL BUSINESS

5. **Renewal of authority to issue Class B Shares**
   To renew, by special resolution previously granted at the Extraordinary General meeting of the 15th of November 2021, the authority to issue for cash, **20,000,000** Class B Shares through a Placement Agent for a subscription price of not less than the ZWL equivalent of USD0.10, which authority shall subsist for a period of twelve months from the date of approval.

6. **Any other business**
   To transact any other business as may be transacted at an Annual General Meeting.

## VOTING AND PROXIES

Members who are 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 thuli@bridgefortcapital.com not less than forty-eight (48) hours before the time of holding of the meeting.

**By Order of the Board**

**S Ncube**
Company Secretary
6 June 2023

**PROXY FORM**
**24th Annual General Meeting**

**BRIDGEFORT CAPITAL LIMITED**
**(Formerly MedTech Holdings Limited)**

**FORM OF PROXY**

I/We ..........................................................................................................................................

Of.............................................................................................................................................

Being a member of BridgeFort Capital Limited hereby appoint ..........................................................................
..................................................................................................................................................

Or failing him/her ..........................................................................................................................
..................................................................................................................................................
the Chairman of the meeting as my/our proxy to attend and speak for me/us on my/our behalf at the Annual General Meeting of the members of BridgeFort Capital Limited ("the Company") to be held virtually on the 27th of June, at 11.00 AM, at which members will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions as set out hereunder:

**Ordinary Business**

| | Please indicate with an 'X' in the spaces provided how you wish your votes to be cast. | For | Against | Abstain |
|---|---|---|---|---|
| 1. | 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. | | | |
| 2. | To approve the directors' fees for the year ended 31 December 2022. | | | |
| 3.<br>3.1<br><br><br>3.2 | To appoint the following directors:<br>Mr. Pridemore Masamba retires by rotation in terms of Article 68 of the Company's Articles of Association and being eligible, offers himself for re-election.<br>Dr. Christian Beddies, retires by rotation in terms of Article 68 of the Company's Articles of Association and being eligible, offers himself for re-election.<br>The directors' re-election and appointments will be by way of individual motions | | | |
| 4.1<br>4.2 | To approve the remuneration of the Auditor for the last year.<br>To confirm the appointment of the auditors, PKF Chartered Accountants, who have served as the external auditors for one year. | | | |
| 5 | To renew, by special resolution previously granted at the Extraordinary General meeting of the 15th of November 2021, the authority to issue for cash, **20,000,000** Class B Shares through a Placement Agent for a subscription price of not less than the ZWL equivalent of USD0.10, which authority shall subsist for a period of twelve months from the date of approval. | | | |
| 6 | To transact any other business as may be transacted at an Annual General Meeting. | | | |

Signed this...................... day of............................. 2023. Signature of member .................................

Number of Shares ...........................................................

**Notes:**

1. This proxy form should be sent via email to the Company at thuli@bridgefortcapital.com not later than forty-eight hours before the time of the meeting.
2. A member entitled to attend, and vote is entitled to appoint a proxy to attend and vote and speak in his/her stead. A proxy need not be a member of the Company.
3. Members are advised to be cognisant and aware of the rights flowing to the class of shares held. Class A, B, C and D Preferred shareholders are eligible to vote only on matters affecting their respective class of shares. Ordinary Shareholders hold all other voting rights except those specifically reserved for other classes. If in doubt as to how to proceed, please consult your stockbroker/ legal advisor for clarity or direct your questions to the company secretary thuli@bridgefortcapital.com.

# SHAREHOLDERS ANALYSIS
**As at 31 December 2021**

| ANALYSIS BY CATEGORY | CLASS A Number of shareholders | Number of shares | % |
|---|---|---|---|
| Local companies | 176 | 10,401,670 | 86.68 |
| Deceased Estate | 5 | 88 | 0.00 |
| External companies | 1 | 32,419 | 0.27 |
| Insurance companies | 1 | 38 | 0.00 |
| Investment, trust & property | 36 | 22,703 | 0.19 |
| Local resident | 2,384 | 1,291,580 | 10.76 |
| Nominees Local | 29 | 103,045 | 0.86 |
| Non resident individual | 33 | 145,519 | 1.21 |
| Pension fund | 2 | 822 | 0.01 |
| Other shareholderings | 1 | 2,116 | 0.02 |
| **Total** | **2,668** | **12,000,000** | **100.00** |

| ANALYSIS BY HOLDING | Number of | Number of | % |
|---|---|---|---|
| 1 - 500 | 2,412 | 157,663 | 1.31386 |
| 501 - 1000 | 86 | 62,696 | 0.52 |
| 1001 - 10,000 | 133 | 403,568 | 3.36 |
| 10,001 - 50,000 | 23 | 531,627 | 4.43 |
| 50,001 - 100,000 | 2 | 130,299 | 1.09 |
| 100,001 and over | 12 | 10,714,147 | 89.28 |
| **Total** | **2,668** | **12,000,000** | **100.00** |

| ANALYSIS BY CATEGORY % OF TOTAL | CLASS B Number of shareholders | Number of shares | % |
|---|---|---|---|
| Local companies | 157 | 1,164,814 | 86.80 |
| Deceased Estate | 2 | 8 | 0.00 |
| External companies | 1 | 3,625 | 0.27 |
| Insurance companies | 1 | 4 | 0.00 |
| Investment, trust & property | 25 | 3,085 | 0.23 |
| Local resident | 1,627 | 137,624 | 10.26 |
| Nominees Local | 28 | 15,628 | 1.16 |
| Non resident individual | 28 | 16,739 | 1.25 |
| Pension fund | 2 | 91 | 0.01 |
| Other shareholderings | 2 | 285 | 0.02 |
| **Total** | **1,873** | **1,341,903** | **100.00** |

| ANALYSIS BY HOLDING | Number of shareholders | Number of shares | % |
|---|---|---|---|
| 1 - 100 | 1,703 | 22,151 | 1.65072 |
| 101 - 1000 | 132 | 39,834 | 2.97 |
| 1001 - 10,000 | 27 | 81,183 | 6.05 |
| 10,001 - 50,000 | 7 | 196,316 | 14.63 |
| 50,001 and over | 4 | 1,002,419 | 74.70 |
| **Total** | **1,873** | **1,341,903** | **100.00** |

# DIRECTORATE AND ADMINISTRATION

## COMPANY INFORMATION

*Board Of Directors*
Dr C. Beddies (Chairperson)
W. Marere
O. Lutz
P. Masamba
V. Lapham (Chief Executive Officer) *
M. Nicholson (Chief Financial Officer) *
* Executive

*Company Secretary*
S. Ncube
Registered office
7 Bernard Avenue
Rolf Valley, Harare

*Auditors*
PKF Chartered Accountants (Zimbabwe)
8th Floor Takura House, 67 Kwame Nkrumah Ave
Harare

*Bankers*
NMB Bank
Joina City Branch
Harare

*Transfer Secretaries*
First Transfer Secretaries
1 Armagh Road, Eastlea
Harare

*Legal Advisors*
Matizanadzo and Warhurst Legal Practitioners
8 Downie Avenue
Alexandra Park
Harare