



GB Holdings Limited

Abridged Audited Financial Results

For the year ended 31 December 2024

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

Introduction

The results for the year ended 31 December 2024 are hereby presented to you. Commentary is on inflation adjusted figures.

Despite the relentless efforts to quell the geopolitical conflicts in Europe and the Middle East in the year, the protagonists remained defiant upsetting flow of commodities from countries of origin. Inevitably the costs of extraction and delivery increased to primary processors of raw materials setting forth price increases downstream as adaptive strategies to circumvent channel constraints in the value chain evolved. In an effort to fund the conflict, mineral ore reserves were drawn down culminating in a prolonged bearish market for platinum in the global market.

Locally, the concerted effort by the authorities to tame the twin challenges of exchange rate volatility and the attendant hyperinflation shaped the greater part of the operating environment following the adoption of the ZWG in April 2024. The subsequent devaluation of the ZWG currency by 43% in September 2024 further cemented the resolve to stabilise prices and stimulate growth in the economy. The enforcement of the exchange control measures reduced pricing flexibility and compromised business viability. The informal sector presented formidable price competition on the products the company supplied due to relatively liberalised enforcement.

In response to the policy changes, the company focused on delivering a commensurate value proposition to its customers through innovative pricing models leveraging on the diversity of customer's profiles and enhanced its competitive market positioning. The rubber division commissioned the second boiler further improving internal process efficiencies. Cernol Chemicals volumes grew on the back of market recovery in the traditional markets and consolidation in its niche markets.

Group Performance

The total volumes at 812 metric tonnes were 12% lower than the comparable period's 922 due to reduced aggregate demand in the economy.

Total turnover at ZWG 77 million decreased by 49% when compared with the prior year same period's ZWG 150 million in tandem with reduced volumes and the effects of currency conversion in the year. Gross profit margin

declined by 41% from the comparable period due to reduced throughput and increased dollarisation in the economy. Operating costs at ZWG 46 million were 43% lower than the comparable period's ZWG 81 million due to cost reduction efforts.

A resultant operating profit of ZWG 29 million was 322% above the comparable period's ZWG 9 million.

Divisional performance

General Belting

Total volumes at the rubber division at 238 metric tonnes declined by 37% from the comparable period's 379 metric tonnes due to the reduced product demand. Turnover at ZWG 42 million was 61% lower than the comparable period's ZWG 107 million due to reduced volumes and limited pricing opportunities.

Cernol Chemicals

Cernol Chemicals volumes at 574 metric tonnes were 5% above the comparable period's 543 metric tonnes as it regained its traditional markets and etched new markets niches. However the turnover at ZWG 35 million was 19% lower than the comparable period's ZWG 43 million due to increased price competition.

Environmental Social Sustainability & Governance

The company regularly reviews its comprehensive waste water treatment procedures which are aimed at ensuring that discharges are not harmful to the downstream ecosystem and aquatic life. The company collaborates and cooperates with the Environmental Management Agency (EMA) and complies with all regulations in this regard.

Raw materials for both divisions are sourced from environmentally conscious partners. Formulations strive to eliminate any substances that have been shown to harm the environment.

Dividend

At their meeting on 10 April 2025, the Board considered the going concern status of the business and resolved not to declare a dividend.

Outlook

The recovery of the global economy and the uptick in mineral commodity prices will stimulate demand from the company's customers. In addition the improved agricultural season will assist in the growth of the agricultural and hospitality sectors that will in turn accelerate Cernol Chemicals recovery efforts.

The company is poised to cope with increased demand of products underpinned by enhanced production capacity and internally generated working capital funding. Strategic partnerships and critical skills retention remain key in the company's ability to remain competitive in its delivery of a commensurate value proposition to its customers.

Directorate

A dark cloud hung on the company as it lost two of its long serving Directors Dr. Israel Murefu and Mr. Chamas Dzumbunu in January 2025. Both served the company diligently and participated in its recovery journey. May their souls rest in eternal peace.

I also take this opportunity to welcome three new non-Executive Directors, namely Dr. Tariro Mushuku Mushyayavanhu, Mr. Tapiwa Zhou and Mr. Nnumiso Sibanda to the Board. We believe they have the necessary skills that will propel the company further in its endeavour to meet stakeholder expectations.

Appreciation

The company has pulled through a difficult year with the support of employees, management and the Board's wise counsel. I remain grateful for the support in the year and look forward to the same in the ensuing year.

T. MABEZA
Chairman
30 April 2025

Auditor's Statement

These abridged financial statements derived from the audited financial statements of GB Holdings Limited, for the financial year ended 31 December 2024, should be read together with the complete set of audited financial statements of the Company, for the year ended 31 December 2024, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe), and the auditor's report signed by Trevor Mungwazi, Registered Public Auditor 0622. An adverse opinion has been issued on the audited financial statements regarding the non-compliance with International Accounting Standard (IAS) 21 – The Effects of Changes in Foreign Exchange Rates.

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the financial statements. The key audit matters were with respect to the appropriateness of the revenue recognition criteria and adequacy of allowance for credit losses on trade receivables. The auditor's report on the financial statements and the full set of the audited financial statements is available for inspection at the Company's registered office and the auditor's report has been lodged with the Zimbabwe Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies and other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Company's full year abridged financial statements and related financial information included in this report. It is their responsibility to ensure that the Company's full year abridged financial statements fairly present the state of affairs of the Company as at the end of the year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards.

Abridged Statement of changes in equity for the year ended 31 December 2024

	Inflation Adjusted					
	Share capital ZWG	Share options reserve ZWG	Non Distributable reserve ZWG	Revaluation reserve ZWG	Retained earnings ZWG	Total ZWG
Balance at 1 January 2023	2 464 813	88 195	-	61 718 833	31 400 079	95 671 920
Total comprehensive loss for the year	-	-	-	-	(566 841)	(566 841)
Balance at 31 December 2023	2 464 813	88 195	-	61 718 833	30 833 238	95 105 079
Effects of changes in functional currency	-	-	(34 841 300)	-	-	(34 841 300)
Total comprehensive income for the year	-	-	-	-	26 559 700	26 559 700
Balance at 31 December 2024	2 464 813	88 195	(34 841 300)	61 718 833	57 392 938	86 823 479

Historical cost

Balance at 1 January 2023	1 482 107	53 032	-	37 111 910	18 881 059	57 528 108
Total comprehensive income for the year	-	-	-	-	(340 845)	(340 845)
Balance at 31 December 2023	1 482 107	53 032	-	37 111 910	18 540 214	57 187 263
Effects of changes in functional currency	-	-	(20 950 286)	-	-	(20 950 286)
Total comprehensive income for the year	-	-	-	-	16 712 731	16 712 731
Balance at 31 December 2024	1 482 107	53 032	(20 950 286)	37 111 910	35 252 945	52 949 708

Abridged Statement of financial position as at 31 December 2024

Inflation Adjusted Historical cost

Notes	Inflation Adjusted		Historical cost	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
ASSETS				
Non-current assets				
Property, plant and equipment	8	108 304 508	115 664 752	64 874 263
Current assets	9	47 911 811	19 672 262	4 592 101
Trade and other receivables	10	21 069 668	26 559 915	21 069 639
Cash and cash equivalents	11	662 227	2 344 247	662 227
		26 523 706	48 576 424	26 323 996
Total assets		134 828 214	164 241 176	91 198 259
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	2 464 813	2 464 813	1 482 107	1 482 107
Share options reserve	88 195	88 195	53 032	53 032
Non distributable reserve	(34 841 300)	-	(20 950 286)	-
Revaluation reserve	61 718 833	61 718 833	37 111 910	37 111 910
Retained earnings	57 392 938	30 833 238	35 252 945	18 540 214
		86 823 479	95 105 079	52 949 708
Non-current liabilities				
Deferred tax		24 857 168	24 470 359	15 100 984
Current liabilities				
Trade and other payables	12	20 128 927	39 645 600	20 128 927
Corporate tax payable		3 018 640	5 020 138	3 018 640
		23 147 567	44 665 738	23 147 567
Total liabilities		48 004 735	69 136 097	38 248 551
Total equity and liabilities		134 828 214	164 241 176	91 198 259

Abridged Statement of cash flows for the year ended 31 December 2024

Inflation Adjusted Historical Cost

Notes	Inflation Adjusted		Historical Cost	
	2024 ZWG	2023 ZWG	2024 ZWG	2023 ZWG
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (loss) before tax	26 946 509	(1 013 940)	17 099 540	(609 688)
Adjusted for:				
Depreciation charge for the year	8	7 790 968	2 485 613	4 935 611
Interest expense	15	-	10 555	6 347
Profit on disposal of assets		(177 572)	(1 450 094)	(111 706)
Monetary loss		1 841 991	10 365 056	-
Operating cash inflows before working capital changes	36 401 896	10 397 190	21 923 445	19 323
Changes in working capital				
Decrease / (increase) in inventories		14 880 451	(9 494 643)	7 236 950
Decrease / (increase) in trade and other receivables		5 490 247	(11 618 088)	(5 099 029)
(Decrease) / Increase in trade and other payables		(19 516 673)	19 779 3	



INDEPENDENT AUDITOR'S REPORT

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To the members of GB Holdings Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the inflation adjusted financial statements of GB Holdings Limited set out on pages **10 to 41**, which comprise the inflation adjusted statement of financial position as at 31 December 2024, the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of the significant accounting policies.

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion* section of our report, the financial statements do not present fairly, in all material respects, the financial position of GB Holdings Limited as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard 21 “The Effects of Changes in Foreign Exchange Rates” (IAS 21)

As disclosed in **Note 1.3** to these financial statements, management determined that the Company's functional currency, being the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company, had changed from Zimbabwe Dollar (ZWL) to United States Dollar (USD) effective 1 January 2024. Subsequent to the assessment and determination of the USD as the Company's functional currency, the Company continued to use the ZWL as its functional currency.

On 5 April 2024, the Government of Zimbabwe through Statutory Instrument 60 of 2024, introduced a new currency, the Zimbabwe Gold (ZWG) to be the unit of account for transactions previously denominated in ZWL. Following the introduction of ZWG, management reassessed the functional currency and determined that the USD continued to be the Company's functional currency. The Company continued to use the local currency as its functional currency for the year ended 31 December 2024.

According to IAS 21, "an entity's functional currency reflects the underlying transactions, events and conditions that are relevant to it. Accordingly, once determined, the functional currency is not changed unless there is a change in those underlying transactions, events and conditions". The continued use of the local currency as the Company's functional currency when the underlying transactions, events and conditions of the Company have changed, constitutes a departure from the requirements of IAS 21. The effects of non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the financial statements as a whole.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

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

Areas of focus	How our audit addressed the key audit matter
Revenue recognition There is a presumed fraud risk with regards to revenue recognition as guided by International Standard on Auditing (ISA) 240 - <i>"The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements"</i> Revised. There is a risk that revenues are presented at amounts higher than what has been generated by the Company. This is a	Our audit procedures incorporated a combination of tests of the Company's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion.

Areas of focus	How our audit addressed the key audit matter
<p>significant risk and accordingly a key audit matter.</p>	<p>Our substantive procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewed that the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15 – '<i>Revenue from contracts with customers</i>'; • Performed cut-off tests on year-end balances to ensure revenue is recognised in the correct period; • Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions; • Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review; • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation); and • Analytical procedures and assessed the reasonableness of explanations provided by management. <p>We satisfied ourselves that the revenue recognition is appropriate.</p>
<p>Adequacy of allowance for credit losses on trade receivables</p> <p>As at 31 December 2024, the Company had trade receivables amounting to ZWG 21 069 668. This was considered to be an area of focus as IFRS 9 - <i>Financial Instruments</i> requires management to exercise significant judgement using subjective assumptions when</p>	<p>Assessed management's allowance for credit losses, which included the following:</p> <ul style="list-style-type: none"> • We performed an assessment of the modelling techniques and methodology used against the requirements of IFRS 9;

Areas of focus	How our audit addressed the key audit matter
<p>determining both timing and amounts of the impairment provision for trade and other receivables.</p> <p>Key areas of judgement included:</p> <ul style="list-style-type: none"> • The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Company's expected credit loss model; and • Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows. 	<ul style="list-style-type: none"> • We assessed and tested the modelling assumptions with a focus on the: <ul style="list-style-type: none"> i.Key modelling assumptions adopted by the Company. ii.Reliability of the historical data collected; and iii.Appropriateness of macroeconomic factors used. • We examined a sample of exposures and performed procedures to evaluate the: <ul style="list-style-type: none"> i.Timely identification of exposures with a significant deterioration in credit quality; and ii.Expected loss calculation for exposures assessed on an individual basis. • We assessed the adequacy of the disclosures in the financial statements. <p>Based on our audit work performed, the assumptions used by management were appropriate.</p>

Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' report', 'Corporate governance report', 'Chairman's report', and 'Managing Director's report', which we obtained prior to the date of this auditor's report. The 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 any form of assurance or 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of GB Holdings Limited audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matter described in the *Basis for Adverse Opinion*, the financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

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

Grant Thornton

Trevor Mungwazi
Partner

Registered Public Auditor (PAAB No: 0622)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

30 April 2025

HARARE