



SAPPMA

IFPA

Abridged Audited Financial Results

for the year ended 31 December 2024

Chairman's Statement

Introduction

It is my pleasure to present to you the operational and financial performance of the Group for the year ended 31 December 2024.

The Group adopted the United States Dollar as its functional and reporting currency effective 1 January 2023. After assessing the year under reporting, the functional currency remains the USD. The financial results, therefore, are presented in USD together with the prior year comparative figures.

On the 6th of February 2025 the RBZ announced, through the Monetary Policy Statement, that all entities should adopt the ZWG as the reporting currency for financial statements with immediate effect, including for the year 2024. Other regulatory bodies, such as the Zimbabwe Stock Exchange (ZSE), the Securities and Exchange Commission of Zimbabwe (SECZim) and the Public Accountants and Auditors Board (PAAB) were directed to issue statements to enforce the new reporting requirements by all entities, through the publication of special purpose financial statements.

Considering the above changes, the Group has published the special purpose financial statements for the year ended 31 December 2024, in addition to the general purpose financials being presented hereunder, and the special purpose financial statements are available for inspection at the Company's registered office.

Operating Environment

The year's trading environment remained difficult, with a slow start to the year due to weak demand resulting from liquidity constraints, exchange rate volatility, effects of delays in fiscal pronouncements coupled with the adverse effects of the El Nino induced drought. These factors negatively impacted on the first half performance of the Group. Moreover, Government faced constraints in funding water, irrigation and sanitation projects during this period due to the much-needed upgrade of urban roads in advance of the SADC summit.

The same period also experienced a significant devaluation of the local currency, which plummeted by more than 400% for both official and alternative markets, ultimately leading to its abandonment and the introduction of a new currency (ZWG) in April 2024. The newly structured currency (ZWG) briefly stabilised the exchange rate at 1:13.56, but subsequent increase in currency circulation led to a further official devaluation in September 2024.

The second half of the year saw a notable improvement in the trading environment, and the business started to experience increased demand from both public and private sector players. The exchange rate became more stable, and business activity improved significantly in the second half of the year. The USD remained the dominant currency for transacting as the ZWG liquidity remained constrained.

The electricity supply situation deteriorated significantly during the year, causing inefficiency and difficulties with machine startup, thereby increasing wastage. However, in July 2024, Proplastics commissioned the new half megawatt solar installation at the factory, and this mitigated against the unstable power supply from the national grid in the second half of the year.

Financial Performance

Turnover for the year declined by 3% to USD20.6 million, compared to USD21.3 million in the previous year, despite a 5% increase in sales volumes. The decline was largely due to changes in product mix and pricing strategies in a competitive environment. Export sales contributed only 4% of turnover due to cost issues related to the 25% foreign currency surrender policy coupled with the unavailability of foreign currency on the formal market. Subsequently, the exports foreign currency mandatory surrender ratio has increased to 30%, further compromising competitiveness in the exports market.

Cost of Sales decreased by 2%, while Gross Profit dropped 5% to USD6.1 million, from USD6.4 million in the prior year, given the drop in sales. EBITDA improved to USD3 million from USD2.5 million in the prior year, given the stronger earnings performance in the second half of the year as well as stringent overhead management throughout the year. Resultantly, profit before tax grew 19% to USD1.65 million, compared to USD1.38 million recorded in the prior year. The business recorded a profit after tax of USD1.2 million compared to USD 520 thousand in prior year.

The Group's statement of financial position showed improvement, with total assets rising 8% to USD24.7 million from USD22.8 million prior year. The current ratio closed the period at 1:1.58 compared to 1:1.36 in prior year. The gearing ratio increased to 15% compared to 1.5% in the prior year as the Group leveraged on its asset base and low borrowings to bolster working capital.

The Group closed the year with cash and cash equivalents of USD357 thousand compared to USD377 thousand in the prior year.

Outlook

With an improved operating environment, the business expects stronger performance across all segments, driven by increased private sector investment in infrastructure and the government's focus on irrigation projects. The momentum gained in the second half of the year is likely to be carried into the new year. The civil construction industry has maintained a high demand for our products which we expect to continue into the new year.

The Group installed additional production equipment towards the end of last year to enhance product availability and this is expected to provide a solid base towards revenue generation in the new year.

Improved water levels at Kariba, driven by ongoing rainfall, will hopefully have a positive impact on electricity generation. This, coupled with the Group's commissioning of the half Mega Watt solar plant last year, will impact positively on the supply of power for the plant thereby enhancing our efficiencies.

Raw material availability and pricing are expected to remain stable throughout the year, thereby ensuring constant supply to the plant.

Dividend

In view of the performance for the period, the Board proposes a final dividend of US 0.12 cents per share.

Acknowledgments

I would like to express my sincere gratitude to the management and staff for their tireless efforts during the year under review. Additionally, I appreciate the ongoing dedication and guidance of my fellow Board members, as well as the continued support of all our valued stakeholders.

I would also like to formally acknowledge the departure of the Chief Executive Officer (CEO), Kudakwashe Leo Chigya, effective 19 February 2025. We thank him for his service and immense contributions to the organization over the past eleven years and wish him well in his future endeavors.

G. SEBBORN

27 March 2025

DIVIDEND NO. 10 ANNOUNCEMENT

The Board has declared a final dividend of US 0.12 cents per share for the year ended 31 December 2024. The dividend will be payable to Shareholders registered in the books of the Company at the close of business on Friday 23 May 2025. The dividend is payable in USD.

The Shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to Wednesday 21 May 2025 and ex-dividend as from Thursday 22 May 2025.

The following timetable will be adopted:

Last day to register	23 May 2025
Cum-dividend	21 May 2025
Ex-dividend	22 May 2025
Payments made on or about	29 May 2025

Shareholders are requested to submit/update their banking details to the Transfer Secretaries, as per contact details below:

First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Eastlea, Harare

Contact numbers: +263 8677195906 / 8688007319

By Order of the Board

Angeline Mudada
Company Secretary

27 March 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2024

Notes	31 Dec 2024 USD	31 Dec 2023 USD
Assets		
Non-current assets		
Property, plant & equipment	3 14,269,199	13,912,931
Intangible asset	4 172,400	193,950
Right of use assets	5 226,564	182,438
Investment in treasury bills	- 34,169	-
Total non-current assets	14,702,332	14,289,319
Current assets		
Inventories	6 6,668,829	5,623,511
Trade and other receivables	7 2,961,444	2,483,919
Cash and cash equivalents	- 356,966	376,994
Total current assets	9,987,239	8,484,424
Total assets	24,689,571	22,773,743
Equity and liabilities		
Equity		
Share capital	- 7,942	7,894
Reserves	- 10,450,250	10,444,849
Retained earnings	- 4,483,809	3,283,296
Total equity	14,942,001	13,736,039
Non-current liabilities		
Long-term borrowings	8 505,479	-
Long-term lease liability	- 115,885	17,313
Deferred taxation	- 2,802,368	2,796,760
Total non-current liabilities	3,423,732	2,814,073
Current liabilities		
Trade and other payables	9.1 4,327,220	4,276,794
Contract liabilities	9.2 190,362	967,498
Short-term borrowings	8 1,615,856	200,000
Current tax payable	- 132,759	740,548
Short-term lease liability	- 57,641	38,791
Total current liabilities	6,323,838	6,223,631
Total liabilities	9,747,570	9,037,704
Total equity and liabilities	24,689,571	22,773,743

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2024

	12 months to 31 Dec 2024 USD	12 months to 31 Dec 2023 USD
Revenue		
Cost of sales	(14,513,159)	(14,870,464)
Gross profit	6,089,282	6,418,563
Other income	29,376	102,693
Distribution costs	(773,273)	(1,077,649)
Administrative expenses	(3,494,292)	(3,918,274)
Impairment gain/ (loss) on trade receivables	39,121	(38,149)
Profit before interest and tax	1,890,214	1,487,184
Finance costs	(244,099)	(103,847)
Profit before tax	1,646,115	1,383,337
Income tax expense	(445,602)	(863,460)
Profit for the year	1,200,513	519,877
Other Comprehensive income		
Items that will not be reclassified to profit and loss		
Other comprehensive income net of tax	-	-
Items that may be reclassified to profit and loss		
Other comprehensive income net of tax	-	-
Total comprehensive income for the year		
Basic earnings per share (cents)	0.46	0.20
Diluted earnings per share (cents)	0.46	0.20
Headline earnings per share (cents)	0.47	0.20

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2024

	Share capital USD	Reserves USD	Retained Earnings USD	Total equity USD
Balance at 1 January 2023	7,894	10,443,398	3,049,029	13,500,321
Dividend paid	-	-	(285,610)	(285,610)
Share based payments	-	1,431	-	1,431
Share options exercised (net of tax)	-	20	-	20
Profit for the year	-	-	519,877	519,877
Balance at 31 December 2023	7,894	10,444,849	3,283,296	13,736,039
Balance at 1 January 2024	7,894	10,444,849	3,283,296	13,736,039
Share based payments	-	125	-	125
Share options exercised (net of tax)	-	48	5,276	5,324
Profit for the year	-	-	-	1,200,513
Balance at 31 December 2024	7,942	10,450,250	4,483,809	14,942,001

The reserves primarily comprise two material elements being the revaluation surplus reserve (USD 8.16 million) and the unbundling reserve (USD 1.68 million) which was created during Masimba unbundling in 2015. The Masimba unbundling was through a dividend in specie to Masimba Shareholders.



Abridged Audited Financial Results

for the year ended 31 December 2024



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CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2024

	12 months to 31 Dec 2024 USD	12 months to 31 Dec 2023 USD
Cash flows from operating activities		
Interest paid	(183,363)	(103,847)
Income tax paid	(1,015,409)	(891,724)
Net cash flows (utilised in)/ generated from operating activities	(278,779)	991,436
Net cash flows utilised in investing activities	(1,402,980)	(294,010)
Net cash flows generated from /(utilised) in financing activities	1,771,756	(699,443)
Net increase/(decrease) in cash and cash equivalents	89,997	(2,017)
Opening cash balance	376,994	769,750
Effects of currency translation on cash and cash equivalents	(110,025)	(390,739)
Closing cash and cash equivalents	356,966	376,994

1 Basis of preparation

The Group's consolidated financial results are based on statutory records that are maintained under the historical cost convention, except for elements of property, plant and equipment which are recorded at revalued amounts. The same accounting policies and methods of computation are followed in these Consolidated Financial Results as compared with the most recent Annual Financial Statements. These financial statements were approved by the Board of Directors on 27 March 2025. These financial results are presented in United States Dollars (USD).

1.1 Determination of functional currency

The Group adopted the United States Dollar (USD) as the reporting and functional currency effective 1 January 2023.

The Reserve Bank of Zimbabwe (RBZ) introduced the Zimbabwe Gold (ZWG) as the new currency on the 5th of April 2024, replacing the Zimbabwean Dollar (ZWL). The Group's ZWL balances as of April 5th, 2024, were translated to ZWG at a rate of 2,499.

The Group converted its ZWL transactions and balances up to 5 April 2024 and ZWG transactions and balances from 6 April 2024 to 31 December 2024 to the Group's functional currency, the United States Dollar (USD), using the interbank exchange rates.

The closing interbank exchange rates used are as follows:
31 December 2023 – 6,104.72 (ZWL)
31 December 2024 – 25.80 (ZWG)

The Directors have applied their judgement and believe that the functional currency for the year ended 31 December 2024 is still United States Dollars (USD).

1.2 Statement of compliance

The Group's Financial Statements have been prepared in accordance with International Financial Reporting Standards.

1.3 Hyperinflation

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

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

2 Reporting currency

The Group's Consolidated Financial Results are presented in United States dollars (USD), which is the Group Companies' functional and presentation currency for the year ended 31 December 2024. All the Group's subsidiaries operate in Zimbabwe and United States dollar (USD) is both their functional and presentation currency.

These USD financial statements fully comply with the requirements of IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The Group has produced the special purpose financial statements which comply with the requirements of the Monetary policy statement of 6 February 2025, which are available for inspection at the Company's registered office.

3 Property, plant, and equipment

	Freehold Land & Buildings USD	Lease hold Improvements USD	Plant & Equipment USD	Motor Vehicles USD	Furniture & Office Equipment USD	Total USD
Cost						
Balance at 31 December 2022	7,065,000	37,205	6,685,750	315,415	246,770	14,350,140
Additions	-	-	69,806	190,240	46,190	306,236
Disposals	-	-	-	(5,782)	(1,776)	(7,558)
Transfer in	-	-	149,727	-	-	149,727
Balance at 31 December 2023	7,065,000	37,205	6,905,283	499,873	291,184	14,798,545
Additions	-	-	1,225,945	74,501	43,447	1,343,893
Disposals	-	-	(17,513)	(5,298)	(18,083)	(40,894)
Balance at 31 December 2024	7,065,000	37,205	8,113,715	569,076	316,548	16,101,544
Accumulated Depreciation						
Balance at 31 December 2022	-	(3,964)	-	-	-	(3,964)
Depreciation for the year	(166,425)	(10,851)	(566,377)	(76,761)	(62,261)	(882,675)
Disposals	-	-	-	482	543	1,025
Balance at 31 December 2023	(166,425)	(14,815)	(566,377)	(76,279)	(61,718)	(885,614)
Depreciation for the year	(166,425)	(12,128)	(599,488)	(109,202)	(73,571)	(960,814)
Disposals	-	-	1,946	1,413	10,724	14,083
Balance at 31 December 2024	(332,850)	(26,943)	(1,163,919)	(184,068)	(124,565)	(1,832,345)
Carrying Amount						
Balance at 31 December 2023	6,898,575	22,390	6,338,906	423,594	229,466	13,912,931
Balance at 31 December 2024	6,732,150	10,262	6,949,796	385,008	191,983	14,269,199

Freehold land and buildings with a carrying amount of USD 6,90 million has been pledged to secure borrowings for the Group. This was done by way of a Deed of Hypothecation over The Remaining Extent of Lot 5 Block Y Ardbennie Township of Ardbennie. The Group's property, plant and equipment are insured at full replacement cost.

4 Intangible asset

Balance at 1 January

Capitalisation of intangible asset

Amortisation charge for the period

Balance at 31 December

5 Right of use assets

Balance at 1 January

Additions

Directors: Directors: G Sebborn (Chairman), P Changunda, B Deda, C Malunga, H S Mashanyare, T C Mazingi, S Roberts, P T Zhanda (Jnr.)

Amortisation charge for the period

Balance at 31 December

(167,463) (153,405)

226,564 **182,438**

6 Inventories

Raw materials

Finished goods

Work in progress

Spares and consumables

Provision for slow moving inventories

Total inventories

3,118,534 2,063,527

2,524,864 2,373,906

825,295 1,111,767

401,183 333,097

(201,047) (258,786)

6,668,829 **5,623,511**

7 Trade and other receivables

Trade receivables

Prepayments

Deposits and other receivables

Total trade and other receivables

2,467,051 2,162,947

267,786 218,907

337,687 252,267

3,072,524 **2,634,121**

(111,080) (150,202)

2,961,444 **2,483,919**

8 Borrowings

Long term loan

Short term loan

Total borrowings

505,479 -

1,615,856 200,000

2,121,335 **200,000**

9 Trade and other payables

Trade payables

Accruals and other payables

Total trade and other payables

3,583,769 3,451,994

743,451 824,800



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Independent Auditors' Report

To the shareholders of Proplastics Limited

Opinion

We have audited the consolidated and separate financial statements of Proplastics Limited (the Group and Company), set out on pages 32 to 79, which comprise the Consolidated and Company Statements of Financial Position as at 31 December 2024, the Consolidated and Company Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and material accounting policies and other explanatory information and notes to the consolidated and separate financial statements.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Proplastics Limited as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for opinion

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 consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period.

We have determined that there are no key audit matters to communicate in our report.



Other information

The directors are responsible for the other information. The other information comprises the Company Profile, Proplastics Unique Proposition, Group Financial Highlights, Ratios and Statistics, Chairman's Statement, Corporate Governance, Directorate and Executive Committees, Sustainability, Report of the Directors, Shareholders Analysis (Consolidated Top 20 and Company Statistics), Notice to Shareholders and Proxy form but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in a manner required by 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the Group, as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.
- 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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.



KPMG

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

27 March 2025

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

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