

INDEPENDENT AUDITOR'S REPORT

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To the members of Zimre Holdings Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Zimre Holdings Limited ("the Group") set out on pages 55 to 160, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant Group accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the inflation adjusted consolidated financial statements do not present fairly, in all material respects, the financial position of Zimre Holdings Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Implementation of International Financial Reporting Standard (IFRS) 17 - Insurance contracts - Group yet to align its accounting, administration and information technology infrastructure with the requirements of IFRS 17

As disclosed in **Note 2.1.4** to these consolidated inflation adjusted financial statements, the Group adopted IFRS 17 - *Insurance Contracts* with effect from 1 January 2023. Fidelity Life Assurance of Zimbabwe Limited, a significant component of Zimre Holdings Limited, is still in the process of upgrading its accounting, administration and IT infrastructure to align with the requirements of IFRS 17. In preparing these consolidated inflation adjusted

financial statements, Fidelity Life Assurance of Zimbabwe Limited utilised simplified models in accounting for insurance contracts and these do not track onerous and profitable contracts at policy level. Once the upgrade of the accounting, administration and IT infrastructure align with the requirements of IFRS 17 is complete, significant adjustments may have to be made to the amounts recognised in these financial statements with respect to the Group's insurance contracts.

Accordingly, we were not able to determine the adjustments that might be necessary to the following financial statements line items:

1. Insurance revenue;
2. Insurance service expenses;
3. Insurance finance expenses for insurance contracts issued;
4. Insurance reserve; and
5. Insurance contract liabilities.

Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

The Group did not maintain monthly IFRS 17 financial reports given the ongoing upgrade to its accounting, administration and IT infrastructure. As a result, in applying IAS 29 – *Financial Reporting in Hyperinflationary Economies*, management used average inflation indices for the year ended 31 December 2023 to restate insurance revenue and insurance finance expenses for insurance contracts issued included in the consolidated inflation adjusted statement of profit or loss and other comprehensive income. This constitutes a departure from IAS 29, which requires that all amounts in the statement of profit or loss and other comprehensive income be restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

The financial effects of the non-compliance on these consolidated inflation adjusted financial statements have not been determined.

Inclusion of the unaudited financial statements of Vanguard Life Assurance Limited in the consolidated financial statements of Fidelity Life Assurance of Zimbabwe Limited

These consolidated financial statements include the financial position, financial results and cashflows of Fidelity Life Assurance of Zimbabwe, a significant component of Zimre Holdings Limited. The consolidated financial statements of Fidelity Life Assurance of Zimbabwe include unaudited financial statements of Vanguard Life Assurance Limited, a

subsidiary of Fidelity Life Assurance of Zimbabwe. As a result, we were unable to satisfy ourselves that all necessary adjustments and disclosures have been made to the unaudited financial statements of Vanguard Life Assurance Limited, and consequently to the consolidated financial statements of Fidelity Life Assurance of Zimbabwe Limited for the year ended 31 December 2023. The opinion of Fidelity Life Assurance of Zimbabwe Limited for the year ended 31 December 2023 is modified in respect of this matter. Accordingly, we were unable to determine the effect this might have on the consolidated financial statements of Zimre Holdings Limited for the year ended 31 December 2023.

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 Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. Other than the matters described in the *Basis for Adverse Opinion* section above, we have determined that there are no other key audit matters to communicate in our report.

Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' responsibility for financial reporting', 'historical cost information' and 'Company statements', 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 consolidated 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 consolidated 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 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 Directors for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and for such internal control as is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Directors are also responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional 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.

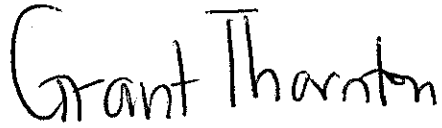
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

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

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

A handwritten signature in black ink that reads "Grant Thornton". The signature is written in a cursive, flowing style.

Edmore Chimhowa

Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

3 May 2024

HARARE