UNAUDITED ABRIDGED FINANCIAL RESULTS

96 HOLDINGS Ltd

for the half year ended 30 June 2024

CHAIRMAN'S STATEMENT

FOR THE HALF YEAR ENDED 30 JUNE 2024

INTRODUCTION

I hereby present to you the results for the six months period ended 30 June 2024.

The advent of the new currency and subsequent monetary measures targeted at stabilising the exchange rate had a profound effect on the economy. In response, the exchange rate volatility was reined in and according to Zimstats the year-on-year inflation decelerated to 3.8% as at 30 June 2024. Consequently, prices stabilised in the formal sector as complimentary enforcement measures took effect much to the delight of the transacting public.

The measures notwithstanding, local cost structures were still uncompetitive relative to regional and global trends due to the increased dollarization in the economy which among others included utility costs. Power supplies were relatively stable due to the various initiatives in solar and thermal power generation that contributed to the national grid.

Despite numerous conflict resolution efforts in the period, the geopolitical conflicts in Europe and the Middle East persisted with no signs of cessation in sight. Therefore, supply chains were disrupted and upset global commodity prices as protagonists' efforts were directed towards funding the conflict through drawdown from precious metals reserves. As a result, global aggregate demand for platinum declined and negatively affected the company's key customers.

In the period, the company's strategic pursuit to deliver a commensurate value proposition to its customers was pursued through market diversification and consolidation in the chemicals business traditional markets. The low demand at the rubber division in the second quarter enabled the company to refurbish the second boiler as part of its scalable plant enhancement programme. A conscious effort to retain and mitigate against key skills flight risk was effected through continued dialogue with labour as short time measures were introduced to align costs in tandem with reduced turnover while at the same time preserve jobs.

GROUP PERFORMANCE

Total volumes at 455 metric tonnes were 13 % higher than the comparable period's 402 metric tonnes. The volume increase was attributable to Cernol Chemicals market recovery efforts which offset the volume losses at General Beltings. Cernol volumes at 328 metric tonnes increased by 64 % from the 199 metric tonnes recorded in the comparable period. General Belting's volumes at 127 metric tonnes declined by 37 % from the comparable period's of 203 metric tonnes.

The total turnover at ZWG 22 million was 15% below the comparable period's turnover of ZWG 26 million due to mixed fortunes of both Divisions. General Beltings first quarter performance was buoyed by energy sector orders carried from prior year. However, in the second quarter demand plummeted due to the softening platinum prices which affected downstream demand for conveyor belts. The consummation of quasi-institutional tenders was in abeyance due to uneconomic pricing limitations associated with the new currency measures.

The gross profit at ZWG 11 million decreased by 22% in tandem with reduced turnover and low overhead recoveries. Operating costs at ZWG 11 million were 33% below the comparable period's ZWG 16 million attributable to cost reduction initiatives targeted at aligning costs with reduced reduced revenue key markets in the mining sector. Increased dollarization in the economy and USD imported inflation exerted pressure on utility costs were cushioned by improved in process efficiencies. A resultant operating profit of ZWG of 14 million was a 40% increase on the comparable period's ZWG 10 million.

OUTLOOK

Although the challenges of the first half of the year were daunting, the anticipated recovery in the mining sector through firming mineral prices is a source of optimism as it underpins the fortunes of the General Beltings Division. The adverse effects of the El Nino induced drought on power generation are pervasive and debilitating to the economy. To ameliorate the current negative effects of power supplies deficit there would be need to augment power supplies with increased thermal power generation thus increasing demand for conveyor belts from General Beltings Division.

Cernol Chemicals is expected to further consolidate in its traditional markets as tourism continues in its recovery path post COVID through enhanced product offering and greater pricing flexibility. The improved performance in the dairy sector and need for hygienic solutions in mitigation of potential pandemics induced by water shortages will spur Cernol Chemicals performance in the final quarter of the year.

DIVIDEND

At their meeting on 26 September 2024, the Board considered the need for working capital preservation and resolved not to pay an interim dividend for the period under review.

APPRECIATION

The company has held its own in the first half of the year despite a very fragile operating environment. I would like to thank all our employees who remain resilient against these adversities. The counsel from my fellow Board members since my appointment effective 1 July 2024 has been invaluable. The last quarter of the year remains challenging and I look forward to all your support as the company endeavours to deliver a commensurate value proposition to all its stakeholders.

T. MABEZA
Chairman
30 October 2024

Unaudited abridged statement of financial position
as at 30 June 2024

	Notes	30 June 2024 ZWG	31 Dec 2023 ZWG
ASSETS			
Non-current assets			
Property, plant and equipment	8	69 199 921	69 549 920
Current assets			
Inventories	9	2 839 360	11 829 051
Trade and other receivables	10	12 114 747	15 970 639
Cash and cash equivalents	11	1 999 898	1 409 610
		16 954 005	**29 209 300**
Total assets		**86 153 926**	**98 759 220**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		1 482 107	1 482 107
Share options reserve		53 032	53 032
Functional currency change reserve		(19 570 590)	-
Revaluation reserve		37 111 910	37 111 910
Retained earnings		31 455 426	18 540 214
Total equity		**50 531 885**	**57 187 263**
Non-current liabilities			
Deferred tax		16 922 964	14 714 175
		16 922 964	14 714 175
Current liabilities			
Trade and other payables	12	12 164 726	23 839 143
Corporate tax payable		6 534 351	3 018 639
		18 699 077	**26 857 782**
Total liabilities		**35 622 041**	**41 571 957**
Total equity and liabilities		**86 153 926**	**98 759 220**

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T. Mabeza **J. Gunda**
Chairman **Managing Director**

Unaudited abridged statement of profit or loss and other comprehensive income
for the six months ended 30 June 2024

	Notes	30 June 2024 ZWG	30 June 2023 ZWG
Revenue	13	22 359 677	26 290 364
Cost of sales		(11 751 593)	(12 713 585)
Gross profit		**10 608 084**	**13 576 779**
Other income		14 312 800	12 525 160
Operating expenses		(10 698 749)	(15 929 822)
Profit from operations		**14 222 135**	**10 172 117**
Finance costs		-	(5 042)
Profit before tax and monetary loss		**14 222 135**	**10 167 075**
Net monetary loss		-	(1 667 911)
Profit / (loss) before tax		**14 222 135**	**8 499 164**
Income tax expense	14	(1 306 923)	(2 684 919)
Profit / (loss) for the year		**12 915 212**	**5 814 245**
Other comprehensive income:		-	-
Total comprehensive income / (loss) for the year		**12 915 212**	**5 814 245**
Basic earnings / (loss) per share (cents)		0.024	0.011
Diluted earnings / (loss) per share (cents)		0.024	0.011
Headline earnings / (loss) per share (cents)		0.024	0.011

Unaudited abridged statement of cash flows
for the six months ended 30 June 2024

	30 June 2024 ZWG	30 June 2023 ZWG
CASH FLOWS FROM OPERATING ACTIVITES		
Profit before tax	14 222 135	8 499 164
Adjusted for:		
Depreciation charge for the year	349 999	1 407 965
Interest expense	-	5 042
Operating cash inflows before working capital changes	**14 572 134**	**9 912 171**
Changes in working capital		
Decrease / (Increase) in inventories	8 989 691	(918 039)
Decrease/(Increase) in trade and other receivables	3 855 892	(7 654 361)
(Decrease)/Increase in trade and other payables	(11 674 417)	1 547 750
Cash generated from / (utilised in) operating activities	**15 743 300**	**2 887 521**
Income tax paid	-	(49 975)
Net cash generated from / (utilised in) operating activities	**15 743 300**	**2 837 546**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(99 536)
Net cash utilised in investing activities	**-**	**(99 536)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**-**	**(5 042)**
Net cash (outflows) / inflows from financing activities	**-**	**(5 042)**
Effects of changes in functional currency	**(15 153 014)**	**-**
Effects of Inflation	**-**	**(1 667 912)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**590 286**	**1 065 056**

Unaudited abridged statement of changes in equity
for the six months ended 30 June 2024

	Share capital ZWG	Share options reserve ZWG	Functional currency change reserve ZWG	Revaluation reserve ZWG	Retained earnings ZWG	Total ZWG
Balance as at 1 January 2023	**1 482 107**	**53 032**	**-**	**37 111 910**	**18 881 059**	**57 528 108**
Total comprehensive income for half year	-	-	-	-	5 814 245	5 814 245
Balance as at 30 June 2023	**1 482 107**	**53 032**	**-**	**37 111 910**	**24 695 304**	**63 342 353**
Balance as at 1 January 2024	**1 482 107**	**53 032**	**-**	**37 111 910**	**18 540 214**	**57 187 263**
Total comprehensive income for half year	-	-	-	-	12 915 212	12 915 212
Effects of change in functional currency	-	-	(19 570 590)	-	-	(19 570 590)
Balance as at 30 June 2024	**1 482 107**	**53 032**	**(19 570 590)**	**37 111 910**	**31 455 426**	**50 531 885**

Statement of accounting policies
for the six months ended 30 June 2024

1 Nature of operations

The main business of the company, which is incorporated in Zimbabwe (Registration Number 510/68), is that of producing rubber and chemical products.

2 General information, basis of preparation and statement of compliance with IFRS

The abridged interim financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the international Accounting Standards Board (IASB). The abridged interim financial results are for the six months ended 30 June 2024 and are presented in the Zimbabwe Gold (ZWG), which is the functional currency of the Company and all values are rounded to the nearest dollar.

The abridged financial results have been prepared in accordance with International Accounting Standard (IAS) 34 - interim Financial Reporting " as well as the requirements of the Securities and Exchange (Zimbabwe Stock Exchange) (ZSE) Listing Rules and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

3 Reporting currency

Following the Monetary Policy Statement of 5 April 2024, the Government of Zimbabwe issued a Statutory Instrument (SI) 60 of 2024 which formalised the Reserve Bank of Zimbabwe (RBZ) (Central Bank's) introduction of a structured currency called the Zimbabwe Gold (ZWG). A structured currency is generally defined as a currency that is pegged to a specific exchange rate or currency basket and backed by a bundle of foreign exchange assets (potentially including gold). This means that the Central Bank can only issue domestic notes and coins when they are fully backed by a foreign "reserve" currency or foreign exchange assets and that the currency is fully convertible into the reserve currency on demand. The ZWG is anchored by a composite basket of foreign currency and precious metals (mainly gold) held as reserves by the Reserve Bank of Zimbabwe.With effect from 5 April 2024, Banks were required to convert the previously existing Zimbabwean Dollar (ZWL) balances into ZWG. The new currency is co-circulating with other foreign currencies in the economy. The swap rate on 5 April 2024 was ZWG 1: ZWG 2 498.7242 as guided by the closing interbank exchange rate and the price of gold as at that date. This swap rate was used to make legitimate conversions of all ZWL balances into ZWG.In addition to the developments mentioned above, management used judgement to determine the currency that would faithfully represent and reflect the economic effects of the underlying transactions that are relevant to the Group and its operations as required by IAS 21 - The Effects of Changes in Foreign Exchange Rates given the exposure to multiple currencies circulating in the economy and they concluded that the Group's functional currency changed from the ZWL to ZWG.The Condensed interim financial results are therefore presented in Zimbabwean Gold (ZWG) and all information presented has been rounded off to the nearest ZWG 1.

4 Conversion from Zimbabwean Dollar to Zimbabwe Gold

Following the Introduction of the Zimbabwean Gold Currency by the Reserve Bank of Zimbabwe (RBZ) on 5 April 2024 and the Statutory Instrument (SI) 60 of 2024, all the previously existing Zimbabwean Dollar (ZWL) balances were converted into ZWG as at that date. The swap rate of ZWG 1: ZW$ 2,498.7242 was used as guided by the closing interbank exchange rate and the price of gold as at that date. The previously reported balances for June (income statement) and transactions between 1 January 2024 and 31 March 2024 were Inflated to the 31st of March 2024. These amounts were converted using the same rate for adoption as the comparative balances and current results in the Condensed financial results for the period ended 30 June 2024.

The transactions that occurred between 1 April 2024 and 30 June 2024 have not been restated using the Consumer Price Index (CPI) given that the ZWG has not as yet exhibited all the characteristics that would indicate that it is a currency of a hyperinflationary economy. For the opening balances in the balance sheet, management also Inflated to the 31st of March 2024, however for certain balances that management could determine a USD balance as at the 31st of December 2023, management used the initial official rate by the RBZ of USD1 : ZWG13.5 so as to regularise the opening balances.

	Index	Conversion factor
TCPL as at 31 March 2024	2 976.85	1.00
TCPL as at 31 December 2023	380.54	7.82
TCPL as at 30 June 2023	390.51	7.62

5 New standards adopted at 1 January 2024

There are no accounting pronouncements which have become effective from 1 January 2024 that have a significant impact on the Company's abridged interim financial results.

6 Significant accounting policies

The abridged reviewed financial results have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial results for the year ended 31 December 2023.

7 Estimates and judgements

When preparing the abridged interim financial results, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the abridged interim financial results, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial results for the year ended 31 December 2023. The only exceptions are the estimate of income tax liabilities which is determined in the abridged reviewed financial results using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

	31 Jun 2024 ZWG	31 Dec 2023 ZWG
8 Property, plant and equipment		
Opening carrying amount	69 549 920	71 468 000
Additions to property and equipment	-	249 104
Disposals	-	(685 440)
Disposal Depreciation	-	2 870
Depreciation charge for the year	(349 999)	(1 494 614)
Closing carrying amount	**69 199 921**	**69 549 920**
9 Inventories		
Raw materials	1 008 751	4 202 555
Finished goods	368 559	1 535 454
Work in progress	1 462 050	6 091 042
	2 839 360	**11 829 051**
10 Trade and other receivables		
Trade receivables	12 467 419	19 763 152
Less: Allowance for credit losses	(530 574)	(4 171 085)
Trade receivables-net	11 936 845	15 592 067
Other receivables	177 902	378 572
Financial assets other than cash and cash equivalents classified as loans and receivables	**12 114 747**	**15 970 639**
11 Cash and cash equivalents		
For the purposes of statement of cash flows, cash and cash equivalents consist of:		
Cash at bank	1 159 891	1 157 137
Cash in hand	840 007	252 473
	1 999 898	**1 409 610**
12 Trade and other payables		
Trade payables	4 459 835	12 948 952
Other payables	5 667 741	491 234
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	10 127 576	13 440 186
Other payables	**2 037 150**	**10 398 957**
Total trade and other payables	**12 164 726**	**23 839 143**
13 Revenue		
Disaggregation of revenue:		
Sale of chemicals	10 118 093	6 187 072
Sale of rubber	12 241 584	20 103 292
	22 359 677	**26 290 364**

The company has disaggregated revenue into two categories in the above table which is intended to enable users to understand the relationship with revenue segment information.

	31 Jun 2024 ZWG	31 Dec 2023 ZWG
14 Income tax expense		
Current tax	(3 515 712)	(3 202 025)
Deferred tax	2 208 789	517 106
	(1 306 923)	**(2 684 919)**

15 Going concern

The Directors have assessed the ability of the entity to continue operating as a going concern and believe that the preparation of these financial results on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the entity to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these abridged unaudited financial results.