# National Tyre Services Limited

## ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

## CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

**a) Economic Overview**
The country's operating environment showed signs of short-term stability and growth potential. The growing informalization of the economy is impacting negatively on formal businesses. The retail sector is facing unfair competition stemming from informal market practices including smuggled goods that are often sold exclusively in United States Dollars (USD). Competitiveness in the market can be achieved through the Government measures of streamlining regulatory processes and curbing smuggling of imports into the country. The new currency reforms introduced by the Reserve Bank of Zimbabwe at the beginning of the Financial Year 2025 have brought market stability and controlled inflation, boosting marketing confidence.

**b) Operations Review**
We maintained a strong presence within Government institutions and corporates, supported by the availability of preferred tyre brands and long-standing trading relationships that reinforced customer trust and sustained business continuity.

**c) Retreading**
Despite the challenges posed by the influx of cheap smuggled tyres, our retreading operations demonstrated resilience, with both our Harare and Bulawayo factories maintaining sustainable production levels throughout the year.

**d) Financial Review**
Sales declined by 25% (inflation adjusted) to ZWG 143,358,489 (2024: ZWG 191,734,197). Gross profit declined by 41% (inflation adjusted) to ZWG 45,969,409 (2024: ZWG 77,761,875). Total operating expenses decreased (inflation adjusted) to ZWG 70,132,646 (2024: ZWG 84,224,649). The company incurred a loss (before tax and monetary loss) of ZWG 54,574,959 (inflation adjusted) from a loss of ZWG 29,000,469 in the previous year.

**e) Dividends**
The Directors have considered it prudent not to declare a dividend in consideration of the need to enhance working capital in the business.

**f) Outlook**
As we look ahead to the Financial Year 2026, we are optimistic that the stability in currency and foreign exchange rate will prevail. The local currency has shown notable stability since its inception in April 2024, bringing improved pricing clarity and predictability to our business operations.

We anticipate increased tyre demand, driven by the ongoing Government infrastructure projects, including road rehabilitation works, particularly in the commercial and transport sectors. The proposed measures to curb smuggling of goods, including tyres, will promote fair competition and support formal businesses.

National Tyre Services is upbeat and positive that the new supply chain strategy of importing affordable and meticulously engineered tyre brands is robust enough to achieve seamless stock supply and competitiveness. We have already witnessed growing customer preferences in our newly launched tyre brands, and we anticipate improved performance in the second half of the 2025 financial year.

We also hope for stable power supply from Kariba to reduce operating costs. Improved rainfall forecasts and a recovering agricultural sector also point to stronger demand for agriculture tyres.

Although we are affected by challenges, including tariff wars in the global market, commitment from our critical stakeholders continues to unlock value and opportunities for the business. The Company is leveraging on the rich experience of employees and their technical expertise in enhancing customer service offering, retaining market share and strengthening its branch network.

R.J. Moyo
Chairman
27 August 2025

## A. ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

| | | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|---|
| | | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG |
| **Revenue** | 4 | **143,358,489** | **191,734,197** | **105,000,154** | **15,563,907** |
| Gross Profit | | 45,969,409 | 77,761,875 | 33,721,649 | 7,388,002 |
| Other Income | | 7,160,660 | 5,941,381 | 5,243,324 | 425,636 |
| Operating expenses | | (70,132,646) | (84,224,649) | (49,069,663) | (7,513,630) |
| Exchange loss | | (26,835,887) | (18,621,634) | (26,835,887) | (10,619,479) |
| **Loss from operations** | | **(43,838,464)** | **(19,143,027)** | **(36,940,577)** | **(10,319,471)** |
| Finance charges | | (10,736,495) | (9,857,442) | (8,431,500) | (1,730,309) |
| **Loss before tax and monetary gain** | | **(54,574,959)** | **(29,000,469)** | **(45,372,077)** | **(12,049,780)** |
| Monetary (loss) / gain | | (47,873,341) | 93,745,910 | - | - |
| Income tax (expense) / credit | | (18,751,236) | 2,737,227 | 458,454 | (178,387) |
| **(Loss) / Profit for the year** | | **(121,199,536)** | **67,482,668** | **(44,913,623)** | **(12,228,167)** |
| **Total comprehensive (loss) / income for the year** | | **(121,199,536)** | **67,482,668** | **(44,913,623)** | **(12,228,167)** |
| Number of shares in issue (thousands) | | 253,872 | 253,872 | 253,872 | 253,872 |
| Earnings per share (cents) | | (48) | 27 | (18) | (5) |
| Diluted earnings per share (cents) | | (48) | 27 | (18) | (5) |
| Headline earnings per share (cents) | | (38) | 34 | (7) | (1) |

## B. ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

| | | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|---|
| | | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG |
| **ASSETS** | | | | | |
| Non current assets | | **293,374,649** | **297,418,825** | **5,018,726** | **5,025,382** |
| Property, plant and equipment | 6 | 248,087,442 | 249,073,434 | 4,182,143 | 4,225,193 |
| Intangible assets | | 225,468 | 340,789 | 544 | 703 |
| Investment property | | 40,539,415 | 40,539,415 | 714,125 | 714,125 |
| Right of use assets | 7 | 4,428,164 | 7,371,027 | 37,685 | 62,729 |
| Deferred tax | | - | - | 61,597 | - |
| Investments | | 94,160 | 94,160 | 22,632 | 22,632 |
| Current assets | 8 | 27,778,713 | 84,285,328 | 26,969,115 | 10,740,491 |
| **Total assets** | | **321,153,362** | **381,704,153** | **31,987,841** | **15,765,873** |
| **EQUITY AND LIABILITIES** | | | | | |
| Shareholders' equity and reserves | | 190,652,634 | 311,852,170 | (52,781,118) | (7,867,495) |
| Deferred tax | | 45,731,769 | 26,980,533 | - | 396,857 |
| Lease liability | 7 | 1,751,148 | 1,775,095 | 1,751,148 | 962,109 |
| Short term loan | 9 | 38,514,884 | 19,529,327 | 38,514,884 | 10,584,979 |
| Medium term loan | 9 | 16,454,335 | 8,290,934 | 16,454,335 | 4,493,722 |
| Trade and other payables | 10 | 28,048,592 | 13,276,094 | 28,048,592 | 7,195,701 |
| **Total equity and liabilities** | | **321,153,362** | **381,704,153** | **31,987,841** | **15,765,873** |

## C. ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2025

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG |
| **Opening balance** | **311,852,170** | **244,369,502** | **(7,867,495)** | **4,360,672** |
| (Loss) / Profit for the year | (121,199,536) | 67,482,668 | (44,913,623) | (12,228,167) |
| **Closing balance** | **190,652,634** | **311,852,170** | **(52,781,118)** | **(7,867,495)** |

## D. ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG |
| **Cash flows from operating activities before changes in working capital** | **(986,824)** | **5,151,454** | **2,530,467** | **2,200,790** |
| Changes in working capital | 70,976,579 | (60,634,875) | 5,033,744 | 1,327,825 |
| Income tax paid | - | (86,974) | - | (47,140) |
| Net cash generated from / (utilised in) operating activities | 69,989,755 | (55,570,395) | 7,564,211 | 3,481,475 |
| Net cash generated from / (utilised in) investing activities | 1,344,632 | (29,402) | 749,306 | (13,613) |
| Net cash utilised in financing activities | (6,690,334) | (11,627,405) | (7,904,040) | (2,689,638) |
| Net (decrease) / increase in cash and cash equivalents | **64,644,053** | **(67,227,202)** | **409,477** | **778,225** |
| Effects of Inflation on opening balances of monetary items | (64,925,428) | 67,889,296 | - | - |
| Cash and cash equivalents at beginning of year | 1,508,424 | 846,330 | 817,572 | 39,347 |
| **Cash and cash equivalents at the end of the year** | **1,227,049** | **1,508,424** | **1,227,049** | **817,572** |

## E. NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

**1. BASIS OF PREPARATION AND PRESENTATION**
These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and interpretations as issued by the International Financial Reporting Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and in the manner required by the Companies and other Business Entities Act (Chapter 24:31), except for non-compliance with International Accounting Standard 21 (IAS 21), "The effect of changes in foreign exchange rates".

**2. INDEPENDENT EXTERNAL AUDITORS' STATEMENT**
These abridged inflation-adjusted financial statements, derived from the audited inflation adjusted financial statements of National Tyre Services Limited for the financial year ended 31 March 2025, should be read together with the complete set of audited inflation-adjusted financial statements for the same period. The complete financial statements have been audited by Grant Thornton Chartered Accountants (Zimbabwe), and the auditor's report was signed by James Marambire, Registered Public Auditor 0846.

An adverse opinion was issued on the audited inflation-adjusted financial statements for the year then ended. The adverse opinion relates to non-compliance with International Accounting Standard (IAS) 21 – The Effects of Changes in Foreign Exchange Rates and International Financial Reporting Standard (IFRS) 13 – Fair Value Measurement with respect to the fair valuation of investment property and owner-occupied property.

**2. INDEPENDENT EXTERNAL AUDITORS' STATEMENT (cont.)**

The auditor's report also includes a section on Key Audit Matters, which, in the auditor's professional judgment, were of most significance in the audit of the inflation-adjusted financial statements. The key audit matters identified were in respect of revenue recognition and the assessment of going concern.

The auditor's report on the inflation adjusted financial statements and the full set of the audited inflation adjusted 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.

**3. DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE RESULTS FOR THE TWELVE MONTHS ENDED 31 MARCH 2025**

Accounting policies and methods are consistent in all material respects with those used in the prior year and with the requirements of International Financial Reporting Standards ("IFRS") applicable for the year ended 31 March 2025.

## E. NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025 (Continued)

### 4. REVENUE

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG |
| Revenue from sale of goods | 135,666,052 | 179,058,528 | 99,275,644 | 14,568,087 |
| Revenue from rendering of services | 7,692,437 | 12,675,669 | 5,724,510 | 995,820 |
| | **143,358,489** | **191,734,197** | **105,000,154** | **15,563,907** |

### 5. PROFIT BEFORE TAX AND MONETARY GAIN

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| Profit for the year has been arrived at after accounting for the following: | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG |
| Transport charges | 123,291 | 1,935,307 | 768,022 | 159,095 |
| Electricity and lighting | 1,488,616 | 1,519,836 | 1,015,607 | 104,219 |
| Staff remuneration | 36,258,331 | 44,926,881 | 27,366,214 | 4,252,810 |
| **Income:** | | | | |
| Rental income from investment property | 5,110,104 | 4,149,920 | 3,790,570 | 357,658 |
| **Remuneration of directors** | | | | |
| - fees for services as directors | 420,950 | 1,282,073 | 169,366 | 197,909 |

### 6. PROPERTY, PLANT AND EQUIPMENT

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG |
| **Carrying amount at beginning of year** | **249,073,434** | **250,236,723** | **4,225,193** | **4,288,469** |
| Additions | 30,357 | 29,402 | 30,357 | 13,613 |
| Disposals | (77,164) | - | (680) | - |
| Depreciation | (939,185) | (1,192,691) | (72,727) | (76,889) |
| **Carrying amount at the end of the year** | **248,087,442** | **249,073,434** | **4,182,143** | **4,225,193** |

### 7. LEASES

National Tyre Services leases 3 properties with a lease period of 3 and 5 years. In the twelve months ending 31 March 2025 , National Tyre Services has applied IFRS 16 Leases (as issued by the IASB).

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG |
| **Assets** | | | | |
| Right of use assets | 4,428,164 | 7,371,027 | 37,685 | 62,729 |
| **Liabilities** | | | | |
| Lease liability | 1,751,148 | 1,775,095 | 1,751,148 | 962,109 |
| **8. CURRENT ASSETS** | | | | |
| Inventories | 20,307,646 | 78,987,370 | 19,598,686 | 7,901,239 |
| Trade and other receivables | 6,218,978 | 3,743,335 | 6,118,340 | 1,996,640 |
| Bank and cash balances | 1,227,049 | 1,508,424 | 1,227,049 | 817,572 |
| Corporate tax asset | 25,040 | 46,199 | 25,040 | 25,040 |
| | **27,778,713** | **84,285,328** | **26,969,115** | **10,740,491** |
| **9. BORROWINGS** | | | | |
| Short term loan | 38,514,884 | 19,529,327 | 38,514,884 | 10,584,979 |
| Medium term loan | 16,454,335 | 8,290,934 | 16,454,335 | 4,493,722 |

The following loans from local financial institutions were outstanding as at reporting date:

| Financial Insitution | Interest rate per annum | Security |
|---|---|---|
| FBC Bank | 19% | Land and buildings with a carrying amount of USD 3 104 355 |
| Ecobank | 15.5% | Land and buildings with a carrying amount of USD 750 000 |
| Radun Investments | 16.5% | Land and buildings with a carrying amount of USD 910 000 |

| | INFLATION ADJUSTED | | HISTORICAL COST | |
|---|---|---|---|---|
| | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG | AUDITED 31.03.2025 ZWG | AUDITED 31.03.2024 ZWG |
| **10. TRADE AND OTHER PAYABLES** | | | | |
| Trade | 15,257,387 | 7,690,481 | 15,257,387 | 4,168,274 |
| Other payables | 12,791,205 | 5,585,613 | 12,791,205 | 3,027,427 |
| | **28,048,592** | **13,276,094** | **28,048,592** | **7,195,701** |
| **11. RELATED PARTY TRANSACTIONS AND BALANCES** | | | | |
| **Balances** | | | | |
| Payables: | | | | |
| Simply Africa (Private) Limited - technical fees | 78,808 | 123,654 | 78,808 | 67,021 |
| Radun Investments Loan | 16,454,335 | 8,290,934 | 16,454,335 | 4,493,722 |
| **12. CAPITAL EXPENDITURE COMMITMENTS** | | | | |
| Capital commitments authorised but not contracted for | 7,895,677 | 124,589 | 7,895,677 | 67,528 |

### 13. HYPERINFLATION
The Public Accountants and Auditors Board through its pronouncement provided guidance to all entities that report in accordance with International Financial Reporting Standards (IFRS) on the application of IAS 29 - Financial Reporting in Hyperinflationary Economies. The pronouncement requires that Companies that prepare and present financial statements for financial periods ended on or after 1 July 2019 should apply the requirements of IAS 29 - Financial Reporting in Hyper-inflationary Economies.

**Source of indices**
The price indices used were derived by using the Total Consumption Poverty Line from the Zimbabwe National Statistics Agency website.The last published CPI in December 2022 was adjusted based on the monthly movement of the TCPL. Below are the indices and conversion factors used up to 31 March 2025.

| Month | Indices | Conversion factor |
|---|---|---|
| Mar-24 | 100 | 1.85 |
| Apr-24 | 100 | 1.85 |
| May-24 | 98 | 1.89 |
| Jun-24 | 98 | 1.89 |
| Jul-24 | 98 | 1.89 |
| Aug-24 | 99 | 1.87 |
| Sep-24 | 105 | 1.76 |
| Oct-24 | 144 | 1.29 |
| Nov-24 | 160 | 1.15 |
| Dec-24 | 166 | 1.11 |
| Jan-25 | 184 | 1.00 |
| Feb-25 | 185 | 1.00 |
| Mar-25 | 185 | 1.00 |

### 14. GOING CONCERN
The Directors have assessed the Company's ability to continue operating as a going concern for the foreseeable future and believe that the preparation of the financial statements on a going concern basis is appropriate.

DIRECTORS: R. J. MOYO* (CHAIRMAN), A. USHE, S.N. MANDIMIKA, M.T. CHINGWENA*, S. SHONHIWA*
*Non-Executive