National Foods Holdings Limited

Annual Report 2021

NATIONAL FOODS HOLDINGS LIMITED

Our Vision

To be the preferred supplier of branded FMCG and stockfeed products in Zimbabwe and selected regional markets.

Our Mission

- We manufacture and distribute a diversified portfolio of branded FMCG products to the consumer mass market.
- To delight our customers and consumers through delivering profitable category based initiatives.

Our Values

As National Foods our values are derived from an internal and external outlook.

Looking Outwards

Customer and Consumer Centricity

- We relentlessly pursue **I**nnovation to improve the livelihoods of our consumers.
- Our **C**ustomers and **C**onsumers are at the core of what we do.
- We produce **A**ffordable and **N**utritious products for all market segments.

In Short: I CAN

- **I**nnovate
- **C**onsumer/Customer
- **A**ffordability
- **N**utrition

Looking Inwards

Our Strength lies in our People

- We have a passion for Excellence.
- We have a non-negotiable Performance culture.
- We create an Environment for people to grow & contribute to the best of their abilities through stewardship & training.

Our core values are Respect, Integrity and Diversity

In Short: PRIDE

- **P**eople
- **R**espect
- **I**ntegrity
- **D**iversity
- **E**nvironment

I CAN WITH **PRIDE**

National Foods Holdings Limited

Annual Report

Contents

Overview

Performance Review

Governance

Sustainability in Our Business

Annexures

About Our Report

National Foods Holdings Limited, a company listed on the Zimbabwe Stock Exchange (ZSE), is proud to present the annual report for the year ended 30 June 2021. The report conveys information on our financial and sustainability performance, demonstrating how we have created value for our varied stakeholders in the past year.

The contents of this report are intended to give the reader insight into noteworthy aspects of the National Foods business, as well as the industry within which it participates. The report allows us to present the information in a clear, transparent, accurate manner to a reasonable and sufficient degree. The information should be timely, factual, useful, as well as readily available and understandable. This does not require proprietary information to be made public, nor does it involve providing information that is privileged or that would breach legal, commercial, security or personal privacy obligations.

Reporting Boundary

The report covers information for National Foods Holdings Limited, whose core operations are based in Zimbabwe. In this report, unless otherwise noted, references to "our", "we", "us", "the Company", "the Group", "NFL", "National Foods" refers to National Foods Holdings Limited.

The report reflects our belief in strong corporate sustainable practices underpinning our value creation for our stakeholders. We use the dynamic cyclical approach towards continued performance improvement in our operations as well as in our reporting. In the context of this report and our forward looking statements "shall" indicates a requirement; "should" indicates a recommendation; "may" indicates a permission; and "can" indicates a possibility or a capability.

Reporting Frameworks

Throughout this document, we used a range of guidelines and reporting criteria for presenting information in this report. Key standards, guidelines and frameworks applied are as follows:

- Companies and Other Business Entities Act (Chapter 24:31)
- International Financial Reporting Standards (IFRS)
- Zimbabwe Stock Exchange (ZSE) Listing Requirements
- The Zimbabwe National Code of Corporate Governance
- International Standard Organisation (ISO) 26000 Guidance on Social Responsibility (SR)
- The Global Reporting Initiative (GRI) Standards

A summary of the applicable United Nations Sustainable Development Goals (SDGs) in relation to National Foods is also presented.

Assurance

The scope of work performed by the Company's independent financial auditors, Deloitte & Touche (Zimbabwe) as part of their assurance of financial information is provided on page 64 to 69. Other non-financial information provided in this report has been internally audited by Instinct Risk Advisory Services. The report is primarily endorsed by third party conformity assessment activities which include:

- Impartiality – objectivity with regard to the outcome of a conformity assessment activity
- Independence – freedom of a person or organization from the control or authority of another person or organization
- Validation – confirmation of plausibility for a specific intended use or application, through the provision of objective evidence that specified requirements have been fulfilled
- Verification – confirmation of truthfulness, through the provision of objective evidence that specified requirements have been fulfilled

Sustainability Report Declaration

The international standard ISO 26000 is the framework used to integrate Social Responsibility (SR) into our values and practices and communicates the commitment, performance and other information related to SR for the sustainability information in this annual report. ISO 26000 is interoperable with most Protocols and may be used in conjunction with the GRI protocol[1]. Black Crystal Consulting provides the third party assurance that all considerations were taken into account to ensure the report complies in all material aspects with provisions of the selected standard and linkage requirements.

Forward Looking Statements

The report contains forward-looking statements concerning the financial condition and business operations of National Foods. All statements other than those of historical fact may be deemed to be forward-looking statements. These are statements of future expectations based on management's assumptions and expectations, hence they involve known and unknown risks which may lead to results and performance differing materially from those implied in these statements

Feedback

The Company values opinions from all our stakeholders which assist us in building a sustainable Company and improving our reporting. We welcome feedback which can be provided to our Company Secretary Leigh Howes, email leigh.howes@natfood.co.zw.

Todd Moyo
Independent, Non-Executive Chairman

Michael Lashbrook
Chief Executive Officer

[1] GRI G4 Guidelines and ISO 26 000: 2010 How to use the GRI G4 Guidelines and ISO 26 000 in conjunction (https://www.iso.org/iso/iso-gri-26000_2014-01-28.pdf)


Gloria
QUICK MIX
BRAN MUFFINS
Gloria
QUICK MIX
VANILLA MUFFINS

Overview

History of Our Group

Since our corporate establishment in 1920, we have remained resilient and committed to feeding the nation.

National Foods has a long history stretching back to the early part of the last century, when two families, the Palte family and the Harris family, started separate businesses, which eventually came together as one.

1908
J. Palte & Co. established in Bulawayo and traded as Millers & Merchant

1920
Harris Brothers established in Bulawayo and owned The Red Seal Brand

Mark Harris Manufacturing established the iconic Gloria Brand.

Mark Harris Manufacturing renamed Rhodesian Milling and Manufacturing Company

1952
Tiger Oats (now Tiger Brands) acquired majority shareholding in J. Palte and Co.

1975
Rhodesian Milling and Manufacturing Company merged with Palte Harris Industrial Holdings to form National Foods Holdings Limited

1984
National Foods Workers Trust (Private) Limited was established to provide a scheme for worker participation in both the equity and profits of the company. Through donations from the company, the Trust has acquired 9.85% shareholding over the years

2003
Innscor acquired shareholding in National Foods Holdings. Today Innscor holds a 37.73% share

2011
Tiger Brands raised its holding in National Foods by acquiring 11% from Innscor Africa. Today Tiger Brands holds a 37.45% share

2013
National Foods started providing resources to support farming and continues to this day

2016
The Company acquired 40% of Pure Oil an edible oil producer under the ZimGold Brand.

National Foods acquired Breathaway Food Caterers Limited, a snack and biscuit manufacturing company with ZapNax, Wings, KING Kurls, and IRIS Brands

2018
National Foods Logistics (Natlog) was created as a joint venture partnering Equity Distribution Services, formerly National Foods outsource distribution service provider.

2019
In 2019 National Foods purchased a world class extrusion line from Buhler heralding the Company's entrance into the breakfast cereals category.

2020
National Foods celebrates 100 years of feeding the nation

2021
NF announces Board approval of new Flour mill for Bulawayo and additional Breakfast Cereal manufacturing plant

The Company has grown to become one of the largest manufacturers and marketers of food products in Zimbabwe and the Southern African region.

Group Structure

National Foods Holdings Limited, listed on the Zimbabwe Stock Exchange, manufactures a branded portfolio of essential food stuffs.Today, our products are the cornerstone of basic food nutrition in Zimbabwe.

National Foods Holdings Limited

100% — National Foods Limited
Principal Operating Company

- *Flour Milling*
- *Maize Milling*
- *Groceries*
- *Snacks and Treats*
- *Stockfeeds*

40% — **Pure Oil Industries (Private) Limited**
- *Edible Oils*
- *Laundry Soap and Margarine*

50% — **National Foods Logistics (Private) Limited**
- *Distribution*

100% — National Foods Properties Limited
Property Owning Company

100% — **Clairedelune Investments (Private) Limited**
- *Property Owning Company*

100% — Botswana Milling & Produce Company (Proprietary) Limited
Investment Company

100% — **Red Seal Manufacturers (Proprietary) Limited**
- *Property Owning Company*

100% — Dormant Companies

- **Speciality Animal Feed Company Limited**
- **Bakery Products (Private) Limited**
- **Harris Maize Milling and Produce Company (Private) Limited**
- **Natpak Zimbabwe (Private) Limited**
- **Palte-Harris (Private) Limited**

Our Products and Brands

The very essence of NFL is anchored on enriching the lives of our consumers. Our brands are our heritage, and through them, we have fed the nation for over 100 years. Our product range is spread across five strategic business units as well as through our associate Pure Oil as follows:

MAIZE & CEREALS
- Pearlenta
- Pearlenta Active Instant Porridge
- Red Seal
- Better Buy

FLOUR
- Gloria – Trusted Since 1920.
- Red Seal
- Better Buy

STOCK FEEDS
- National Foods Stockfeeds
- Kenergy
- BowWow
- Red Seal

GROCERIES
- Ma-Hat-Ma Rice
- Red Seal
- Better Buy

SNACKS AND TREATS
- Allegrös Popticorn
- King
- Iris – Share the Treat
- ZapNax

PURE OIL
- Zimgold
- Oleo
- Purola
- Zimbrite – For a Brighter Life

Recognition and Awards

We are constantly innovating to better serve our consumers and other stakeholders. We are proud of the recognition that we have received for our efforts in meeting and exceeding our consumer and other stakeholders needs. Our most recent accomplishments are as follows:

- MAZ SuperBrands Awards in the Business to Business Category - 2nd Runner up
- MAZ SuperBrands Awards in the FMCG Grains Secretarial Awards (Red Seal Roller Meal) - Winner
- MAZ SuperBrands Awards in the FMCG Grains Secretarial Awards (Mahatma Rice) -2nd Runner up
- Maz SuperBrands Awards Best Radio Advert (Pearlenta NutriActive Instant Porridge)
- MAZ SuperBrands Awards in the Business to Consumer Category (Gloria) - 10th Runner up
- MAZ SuperBrands Awards Top 200 Brands (Red Seal Roller Meal) - 14th Runner up
- MAZ Exceptional Marketers Best Radio Advert Category (Pearlenta Nutri-Acrive)-Winner
- MAZ Exceptional Marketers Best Outdoor Campaign (Allegros Popticorn) -Winner
- MAZ Exceptional Marketers New Product/Innovation of the Year 2020 (Allegros Popticorn) - 1st Runner up
- MAZ Exceptional Marketers Marketing Oriented CEO - Michael Lashbrook - 1st Runner up
- MAZ Exceptional Marketers Marketing Executive of the year 2020 - Lawrence Kutinyu - Winner
- MAZ Exceptional Marketers Brand Manager of the year 2020 - Theodora Kadzinga - 1st Runner up
- CSR Network of Zimbabwe Top Charitable Organisation of the year (100 Charities Initiative)- Winner
- Institute of Public Relations and Communication Zimbabwe Public Relations and Communication Campaign of the year (100 Charities Initiative) - Winner
- Institute of Public Relations and Communication Zimbabwe Best Campaign - Corporate Social Responsibility (100 Charities Initiative) - Winner

Business Associations and Membership

The Group participates in various business and industry associations below:

General

- Confederation of Zimbabwe Industries (CZI)
- Zimbabwe National Chamber of Commerce (ZNCC)
- Business Council for Sustainable Development Zimbabwe (BCSDZ)

Industry

- Zimbabwe Poultry Producers Associations (ZPA)
- Stock Manufacturers Association (SMA)
- Grain Millers Association of Zimbabwe (GMAZ)
- Food Nutrition Council (FNC)
- Scaling Up Nutrition Network (SUN)
- Clean Zimbabwe Campaign
- Marketers Association of Zimbabwe
- Buy Zimbabwe

INTERNATIONAL STANDARDS AND CERTIFICATIONS

The Group ascribes to the following standards and certifications:

- ISO 9001: 2015 – Quality Management System Standards Association of Zimbabwe (SAZ)
- ISO 22000: 2008 – Food Safety Management System
- KOSHER (Jewish Dietary framework for food preparation processing and consumption)
- HALAAL (National Halaal Association of Zimbabwe (NHAZ))

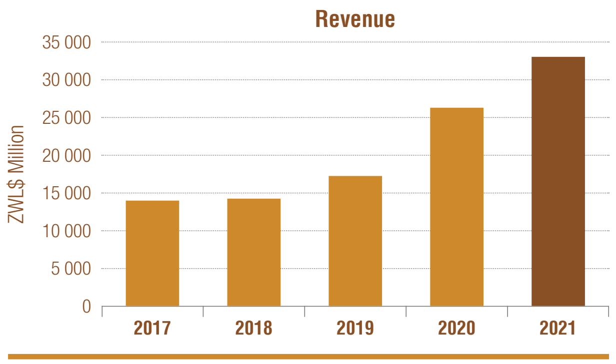
Performance Review

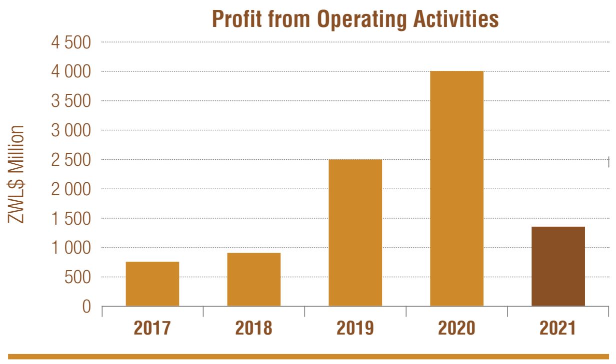
PERFORMANCE HIGHLIGHTS

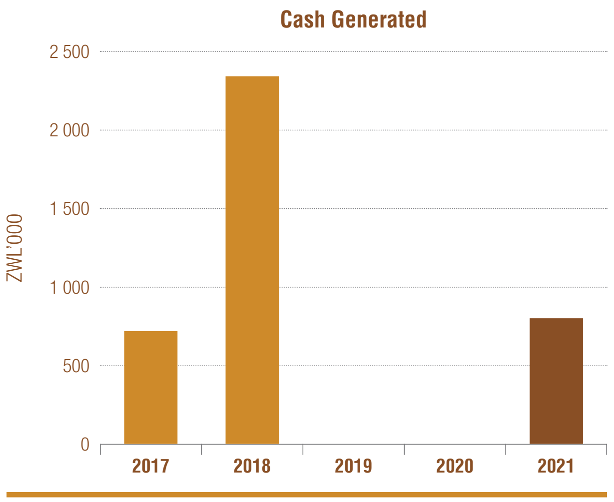
PERFORMANCE HIGHLIGHTS

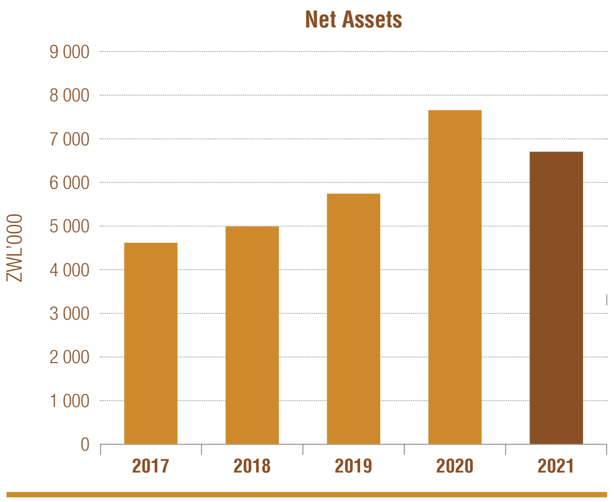
FIVE YEAR PERFORMANCE HIGHLIGHTS

Financial Performance - Inflation Adjusted









		2021	2020	2019	2018	2017
Headline Earnings/ Share	ZW cents	(54.15)	3 201.29	2 741.63	1 197.10	982.17
Market price/ Share	ZW cents	52 013	5 115	723	546	380
Basic earnings per share	ZW cents	105.89	3 202.83	2 741.97	1 199.97	981.19
Ordinary Dividend Per share	ZW cents	1 152.16	1 193.93	486.12	598.79	490.60
Dividend recognised and paid since the reporting period	ZW$'000	788 079	816 653	332 506	409 573	335 569
The number of shares in issue at 30 June	ZW$'000	68 400	68 400	68 400	68 400	68 400
Market Capitalization on 30 June	ZW$'000	35 577 235	3 498 583	494 532	373 464	259 920

PERFORMANCE HIGHLIGHTS (continued)

SUSTAINABILITY PERFORMANCE

Environmental Performance	2021	2020	2019	2018
Water usage (m^3) (% change)	▲ 23%	▲ 80%	▼ 25%	▼ 4%
Solid waste to landfill (tons) (% change)	▲ 119%	▼ 49%	▲ 106%	▼ 30%
Energy (electricity) (KWH) (% change)	▲ 22%	▼ 17%	▲ 12%	▼ 1%
Social Performance				
Employees (Number) (% change)	▼ 17%	▲ 5%	▲ 0.07%	▲ 0.36%
Numbers of Injuries (% change)	▼ –	▲ 22%	▲ 18%	▲ 39%
Safety training (% change)	▲ 7%	▲ 30%	▼ 12%	▲ 14%

Indicator	2021	2020	2019	2018	2017
Water usage (m^3)	355 327	288 758	160 861	213 143	221 992
Solid waste to landfill (tons)	625	296	565	274	393
Energy (electricity) (KWH)	31 765	25 950	31 229	27 855	28 141
Employees (Number)	1 512	1 292	1 367	1 368	1 373
Safety Training (days)	100	108	154	138	121

Chairman's Statement

Directors' Responsibility

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract.

These abridged Group financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange ("ZSE") Listing Requirements for provisional annual financial statements (Preliminary Reports), and in accordance with the measurement and recognition principles of International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied in the previous annual financial statements. There is no impact arising from revised IFRS, which became effective for the reporting period commencing on or after the 1st of January 2020 on the Group's abridged financial statements.

Cautionary Statement – Reliance on all financial statements prepared in Zimbabwe from 2019-2021

The Directors would like to advise users to exercise caution in their use of these Group abridged financial statements due to the material and pervasive impact of the technicalities brought about by the change in functional currency in February 2019 and its consequent effect on the usefulness of financial statements from 2019 through to 2020, and which have resulted in carry-over effects into the 2021 financial year.

Whilst the Directors have always exercised reasonable due care, and applied judgements that they felt were appropriate in the preparation and presentation of the Group's annual financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of the information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

2021 Financial Year Modified Audit Opinion

As disclosed in the Group's 2019 and 2020 annual reports, the Directors have always ensured compliance with IFRS, however, during these two years, were unable to do so due to the conflict between IFRS and local statutory requirements. The carry-over effects from the 2019 and 2020 financial years noted above continue to affect the current financial year opening balances, resulting in a modified audit opinion being issued for the year under review.

IAS 29 (Financial Reporting in Hyperinflationary Economies)

As previously reported, the Public Accountants and Auditors Board ("PAAB"), having assessed the impact of hyperinflation in the economy, advised that the conditions for adopting IAS 29 were satisfied with effect from 1 July 2019.

IAS 29 requires that inflation-adjusted financial statements become the entity's primary financial statements and the Group has complied with this requirement for these abridged annual financial statements.

Chairman's Statement (continued)

The PAAB has provided guidance that the Consumer Price Index ("CPI") be applied in the preparation of hyperinflation financial statements in accordance with IAS 29. The CPI increased from 1,445.20 in June 2020 to 2,986.40 in June 2021, therefore representing a 106.6% increase during the financial year under review, and this compared to the Reserve Bank of Zimbabwe ("RBZ") auction rate of exchange which increased by 48.9% during the same period.

Due to these and other disparities currently prevailing in the economy, significant distortions can occur in the preparation of inflation-adjusted financial statements in accordance with the requirements of IAS 29.

The Directors view these distortions as material and pervasive to these annual inflation-adjusted financial statements and advise users to exercise caution in their interpretation. Annual financial statements prepared under the historical cost convention are therefore also presented as supplementary information, and financial commentary has been confined to these particular financial statements.

External Auditor's Statement

These abridged Group annual inflation-adjusted financial statements should be read in conjunction with the complete set of the Group annual inflation-adjusted financial statements for the year ended 30 June 2021. The financial statements have been audited by Messrs Deloitte & Touche Chartered Accountants (Zimbabwe) ("Deloitte"), who have issued a modified opinion as a result of the carry-over effects from the 2019 and 2020 financial years, into the current financial year. The auditor's report on the Group's annual inflation-adjusted financial statements, from which these abridged Group annual financial statements are extracted, is available for inspection at the Company's registered office. The engagement partner responsible for the audit was Mr Brian Mabiza, PAAB Practice Certificate number 0447.

Sustainability Reporting

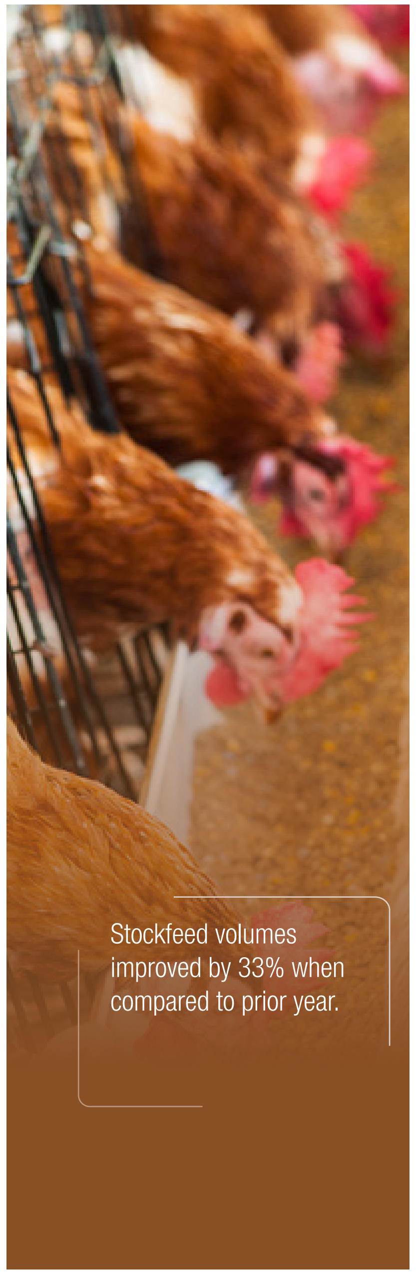
As part of our commitment to ensuring the sustainability of our business and stakeholders, the Group is utilising ISO 26000 as guidance for Social Responsibility and continues to apply the Global Reporting Initiative ("GRI") protocol for overall sustainability. Over the years, the Group has aligned its sustainability reporting with Sustainable Development Goals ("SDGs"), demonstrating the Group's commitment and contribution to sustainable development within the environments in which it operates. The Group continues to strengthen its practices and values across its operations to ensure that long-term business success is achieved in a sustainable manner.

Operating Environment and Overview

The period saw a significant improvement in the business environment, largely due to rapidly declining inflation and improved productivity in many sectors of the economy. Subsequent to the end of the period the recovery has been further bolstered by the excellent summer harvest. The economic stability and improved productivity is steadily translating into improved consumer demand, which is all the more encouraging given that this has been achieved in the face of the COVID-19 pandemic. Whilst the trading environment remained complex and challenging, the improved business conditions and increased confidence have led to the approval of a number of exciting investments for National Foods, as will be articulated later in this report.

The more stable environment allowed increased focus on enhancing our product portfolio and optimising the business models in the respective units rather than preserving value on the Statement of Financial Position which had been the order of the day in the inflationary environment. This change of focus will ultimately be good for the consumer.

Zimbabwe is currently facing the third wave of infections since the onset of the COVID-19 pandemic. National Foods has taken a proactive stance to protecting the safety and welfare of its employees and consumers in the face of the pandemic, with strict protocols in line with WHO guidelines having been implemented across our manufacturing sites. The pandemic continued to disrupt supply chains and cause volatility in international commodity markets. Notwithstanding these challenges the company managed to maintain consistent availability across its product portfolio during the period.



Stockfeed volumes improved by 33% when compared to prior year.

Chairman's Statement (continued)

Financial Performance

As noted earlier in this report, commentary on the Group's final financial results is confined to the financial statements prepared under the historical cost convention.

Volumes for the period increased by 15% to 525,000 tons compared to the prior period. This was achieved in spite of the disappointing result from the Maize unit, where volumes declined by 32% largely on the back of intense competition from imported maize meal and the discontinuation of the subsidy program. Excluding Maize, the year on year volume growth across all categories was 48%. This positive outcome was driven by improved consumer demand and a steadily improving market presence across the portfolio. Revenue for the period increased to ZW$ 28.07 Billion, a 343% increase on the prior period on the back of the volume growth as well as the impact of inflation.

Profit before tax increased by only 82% to ZW$ 3.42 Billion. This was a muted performance relative to the rate of inflation and was largely caused by lower gross margins across the portfolio, the performance of the Maize unit, as well as significant increases in operating expenditure and interest costs.

Gross margins were impacted by the declining inflation, as gains on prepaid raw materials reduced relative to the prior period as well as general pricing restraint in view of the strategic intent to grow volumes in a recovering market. The Maize unit had a disappointing year, with performance being impacted by the normalisation of the market post the removal of the subsidy scheme as well as a proliferation of cheap imported maize meal, notably from South Africa. Operating expenditure increased by 327% as costs normalised in real terms with the slowing inflation. Interest costs increased by 564% to ZW$ 389 million as the interest rates on local borrowings increased significantly.

The Statement of Financial Position remains in a healthy position with very moderate levels of gearing, with net debt of only ZW$ 591 million as at year end. Although gearing is moderate the increase in interest rates and lower inflation has meant that working capital models and cash flow management once again become key priorities. Deposits were paid for both the new Bulawayo Flour mill and the new Cereal project in the latter part of the year and the company is well positioned to continue to fund its pipeline of new projects.

Operations Review

Flour Milling

Volumes for the Flour unit increased by 43% compared to the prior year. This growth was achieved on the back of strengthening consumer demand. Whilst growth occurred in both the baker's and prepack flour segments it was especially strong in prepacks as consumers resorted to home baking with the COVID-19 induced lockdowns and movement restrictions in place.

As mentioned in the December 2020 interim report, the Board has approved the purchase of a new state of the art Flour mill, which will be installed as a replacement for the existing mill at the Bulawayo Basch Street site, at an estimated cost of US$ 5 million. The project is now underway and progressing on schedule with commissioning scheduled for late 2022.

Maize Milling

The year under review was an exceptionally challenging one for the Maize unit. Volumes decreased by 32% compared to the prior year, in spite of the fact that last season was a drought year which ordinarily results in firm demand. The decline was largely due to intense competition from imported maize meal, notably from South Africa and the abnormal demand last year on the back of the subsidy scheme.

Chairman's Statement (continued)

Local maize production has shown a significant recovery this year, a most welcome development for the country. The harvest will, however, impact demand for maize meal as consumers utilise their own harvested maize. In response, the business model for the Maize unit has been remodelled, with a view to ensuring that it continues to make a sustainable contribution to the Group.

Stockfeeds

Stockfeed volumes improved by 33% when compared to prior year. This encouraging result was driven by the poultry category, where volumes increased by 53% relative to last year. Beef feed volumes were subdued, declining by 14% on the back of good early rains and a general reduction in cattle feeding.

The positive progress in this unit, driven largely by firmer demand for protein products and especially an increase in small scale poultry production is most encouraging. The Board has approved the implementation of various plant upgrades in the coming year to the Aspindale plant as part of a 3 year phased upgrade which will significantly modernise the existing plant which was installed in the early 1990's.

Groceries

Volumes in this Division increased significantly by 74% versus the comparative period. The solid growth was achieved across the category portfolio on the back of competitive pricing.

Snacks and Treats

Volumes in this Division increased by 57% against the prior year. New products continue to be launched across the portfolio to broaden and enhance the offering. Additional manufacturing equipment for the Snacks unit has been ordered and will be installed early in the coming financial year.

Cereals

"Pearlenta Nutri-Active" instant maize porridge continued to gain acceptance among consumers over the year. In addition, "Better Buy Soya Delights", a soya based meat substitute, has been well received by the market.

The Board has approved the acquisition of additional cereal manufacturing equipment at a cost of US$ 4 million which will allow the Group to expand its repertoire of breakfast cereals and extruded products. This investment is set to avail an exciting range of affordable and nutritious cereals to the market. It is anticipated that the launch of these products will occur progressively from mid 2022.

Pure Oil

Pure Oil had a challenging year, largely due to the significant increases in international crude oil prices which could not be fully recovered in product pricing. Whilst volume performance was firm, having increased by 75% from the prior year, the overall contribution from Pure Oil (which is equity accounted by National Foods) declined from the previous year. Solid volume growth was recorded in the recently introduced green bar soap and margarine categories.

Contract Farming

National Foods continues to keenly support contract farming of maize, soya beans, wheat, sugar beans and popcorn. During the current summer season just over 9,000 hectares were planted with the tonnage harvested amounting to 55,000 tons, mainly of maize. In addition, 5,800 hectares of wheat have been sown in the current winter crop. This program is now making a meaningful contribution to the Group's raw material requirements.

Chairman's Statement (continued)

Corporate Social Responsibility (CSR)

National Foods continues to support a wide range of causes through its comprehensive CSR program. The company supports 44 registered institutions spread across the country's 10 provinces with regular food supplies and assists with a number of wildlife conservation initiatives. A wide range of organisations are assisted including orphanages, special needs groups, vulnerable women and children, schools, hospitals and churches as well as animal welfare and conservation programs.

During 2020, National Foods celebrated 100 years of existence against the backdrop of the adverse impact of COVID-19 and successive droughts on the country. Given the circumstances, the company elected to forego the planned centenary celebrations in favour of giving back to the society which has supported the business over the last century. To this end the NFL 100 Charities Initiative was launched to provide once off support to 100 charitable organisations that are not part of the company's ongoing CSR program. This gesture allowed National Foods to further increase its CSR footprint and celebrate with more than 50 000 beneficiaries in addition to those we already support.

The company's CSR efforts have been recognised during the year through awards given by CSR Network Zimbabwe and the Institute of Public Relations and Communications Zimbabwe (IPRCZ).

Impact of COVID 19 On Business Continuity and Statement of Solvency

National Foods continues to implement and observe WHO approved COVID-19 guidelines throughout its operations to safeguard the health and welfare of staff, customers, suppliers and all stakeholders. In addition to this, financing, capital investment and working capital models are regularly reviewed as part of business continuity plans.

Given the ongoing uncertainty around the impact and conclusion of COVID-19, it is not possible to assess, with absolute certainty, the full impact the pandemic will have on the company's financial performance for the forthcoming financial period. At present, the financial status of the company remains healthy, and the impact of the COVID-19 pandemic has not created any issues from a solvency or liquidity perspective.

Regrettably during August 2021 Adam Kupara, a valued and respected member of the Stockfeeds team, lost his battle with COVID-19. Our thoughts and condolences are with his family at this difficult time.

RBZ Matter

Stakeholders will be aware of the Reserve Bank of Zimbabwe (RBZ) press publication in June 2021 which named National Foods among a list of entities which were accused of noncompliance with the recently promulgated SI 127 as well as the auction system. National Foods held a number of constructive engagements with the RBZ in the aftermath of the publication and the matter was resolved in the immediate post year end period.

Future Prospects

Moving into the new financial year, National Foods has taken steps to sharpen accountability at a business unit level in order to become more agile and responsive to the environment. As part

Chairman's Statement (continued)

of this work the Company has created additional business units to provide greater focus on several of the growing categories. To this end, the Groceries unit will be split into the Down-packed unit (rice, salt, sugar beans and popcorn) and the Traded Goods unit (pasta, canned products, jam and peanut butter). In addition, a separate Cereals unit has been created to manage the production of cereals and other extruded products.

As alluded to earlier, the more stable economic environment has allowed more time to focus on the optimisation of the business models for each category. The key focus areas for our teams will be to identify initiatives which improve operational efficiencies in order to enhance margins and reduce operational expenditure. The management of working capital and cash flow models in the respective units will also be a key priority for our management teams, ensuring that interest costs are at sustainable levels.

In addition to the recently announced capital expenditure projects the company continues to explore a number of opportunities, largely of a forward integration nature. In summary, National Foods is optimistic at the current trajectory of the economy and is taking a number of proactive initiatives to further develop and grow the business in line with the improved circumstances.

Final Dividend

The Board is pleased to declare a final dividend of 296.49 ZW$ cents per share payable in respect of all ordinary shares of the Company. This final dividend brings the total dividend for the year ended 30 June 2021, to 1 099.76 ZW$ cents, and will be payable to all the shareholders of the Company registered at the close of business on 15 October 2021.

The payment of this final dividend will take place on or around 10 November 2021. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 12 October 2021 and ex-dividend from 13 October 2021.

Acknowledgement and Appreciation

I would like to express my sincere appreciation to the Zimbabwean consumers for their on-going and steadfast support. The company owes its century of existence to the loyal consumers of our products, and our team will continue to strive to deliver affordable, innovative and nutritious products to serve the needs of our valued consumers.

Our employees have shown great fortitude in maintaining consistency of product supply throughout the pandemic and I would like to thank them for their dedication and commitment.

Finally, I remain grateful for the input and counsel from my fellow Board members. Pieter Spies' resigned from the board with effect from 31 August 2020 and was replaced by Manoj Naran as one of the Tiger Brands representatives. I would like to sincerely thank Pieter for the invaluable role he played during his tenure.

Todd Moyo
Independent, Non-Executive Chairman
27 September 2021

Governance

Overview
Sustainability in Our Value Creation
Performance Review
Governance
Annual Financial Statements

Directorate and Administration

Board of Directors

The Board of directors has the ultimate responsibility for the management, strategic direction, general affairs and long-term success of National Foods Holdings Limited. The Group ensures that the Board is sufficiently represented with the skills and experience necessary to achieve our goals. The Board is made up of a majority of Non-Executive Directors. As at the 30 June 2021, the following individuals constituted our board.

Todd Moyo
Chairman
(Independent Non-Executive)
CA (Z)
Appointed: 2001

Other commitments
Chief Executive Officer Datlabs,
Non-Executive Chairman PPC,
Non-Executive Director Delta Corporation

Michael Lashbrook
Chief Executive Officer
BSc Agriculture, MBA
Appointed: 2015

Other commitments
Non-Executive Director Pure Oil Industries,
Non-Executive Director National Foods Logistics

Lovejoy Nyandoro
Finance Director
CA (Z), BSc (Hons) Mathematics
Appointed: 2016

Other commitments
Non-Executive Director Pure Oil Industries,
Non-Executive Director National Foods Logistics

Noel Doyle
Non-Executive and
Non-Independent Director
FCA, CA (SA)
Appointed: 2012

Other commitments
Chief Executive Officer Tiger Brands

Julian Schonken
Non-Executive and
Non-Independent Director
CA (Z)
Appointed: 2015

Other commitments
Chief Executive Officer Innscor Africa

Godfrey Gwainda
Non-Executive and
Non-Independent Director
CA(Z), MBA
Appointed: 2016

Other commitments
Chief Finance Officer Innscor Africa

Manoj Naran
Non-Executive and
Non-Independent Director
CA (SA)
Appointment: 2020

Other commitments:
Managing Director Milling, Tiger Brands,
Non-Executive Director, Deli Foods (Nigeria)

Leigh Howes
Group Legal Counsel and Company Secretary
Lawyer (Z), Solicitor Eng. and Wales, LLB (Hons.) (UK) and PG Dip. Legal Practice (UK)
Appointed: 2013

Administration

NATIONAL FOODS LIMITED

EXECUTIVE COMMITTEE

Michael Lashbrook	Chief Executive Officer
Lovejoy Nyandoro	Finance Director
James Stevens	Operations Director
Sharon Musodza	Sales Executive
Lawrence Kutinyu	Marketing Executive
Rugare Nyandoro	Human Resources Executive
Nqgabutho Moyo	Managing Executive Flour Milling
Chipo Nheta	Managing Executive Maize Milling
Nigel Weller	Managing Executive Groceries
Swys Viviers	Managing Executive Stockfeeds
Alice Kambasha	Managing Executive Snacks & Treats
William Kapfupi	Technical Executive Maize Milling & Cereals
Tendai Maphosa	Commercial Executive Stockfeeds

ASSOCIATE COMPANIES

PURE OIL INDUSTRIES (PRIVATE) LIMITED

Pradyumn Ganediwal	Executive Chairman
Aman Jyoti	Head of Commercial
Rodreck Musiyiwa	Head of Operations

NATIONAL FOODS LOGISTICS (PRIVATE) LIMITED

Bekilizwe Dube	Managing Director

Corporate Governance

National Foods Holdings Limited subscribes to the principles of discipline, independence, accountability, transparency, responsibility, integrity, fairness and social responsibility, identified as the primary characteristics of good governance in the National Code of Corporate Governance for Zimbabwe.

The primary objective of our system of corporate governance is to ensure that directors and managers, to whom the running of the Company has been entrusted by the shareholders, carry out their responsibilities faithfully and effectively, placing the interests of the Company and society ahead of their own. This process is facilitated through the establishment of appropriate reporting and control structures within the organisation. The Board believes that the Group's governance practices are strong and that in all material respects, the Group conforms to the principles embodied within the National Code on Corporate Governance for Zimbabwe and is committed to ensuring that these principles continue to be an integral part of how the Group's business is conducted.

Directorate and Executive Management

The Board of Directors of the Holding company retain full and effective control over the Group. The Board meets regularly, no less than four times a year to review strategy, planning, operational performance, acquisitions and disposals, stakeholder communications and other material matters relating to the performance of executive management. The majority of Directors of the Holding company are non-executive bringing objective judgement to bear on issues of strategy and performance. The Group Chairman is an independent non-executive Director. Managerial levels of authority have been established for capital expenditure projects and the acquisition and disposal of assets. However, decisions of a material nature are taken by the Board of Directors and senior management, who constitute key management and whose remuneration is disclosed in Note 27. The directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring compliance with procedures and regulations. Directors are entitled to seek independent professional advice about the affairs of the Group, at the company's expense, if they believe that course of action would be in the best interest of the Group.

Financial Statements

The Directors of the National Foods Holdings Limited are responsible for preparing financial statements and other information presented in the annual report in a manner that fairly presents the state of affairs and results of the operations of the Company and the Group. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings thereon. The annual financial statements contained in this report have been prepared in accordance with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies and are supported by reasonable and prudent judgements and estimates. The directors have no reason to believe that the Group's operations will not continue as a going concern in the year ahead.

Internal Control

The Group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties. The internal audit function operates under the direction of the Group Audit Committee, which approves the scope of the work to be performed. Significant findings are reported to both executive management and the Audit Committee. Corrective action is taken to address internal control deficiencies identified in the execution of the work. Nothing has come to the attention of the Directors that indicates any material breakdown in the functioning of the key internal controls and systems during the period under review. The Group has comprehensive risk management and loss control procedures in place.

Corporate Governance (continued)

Management Reporting

There are comprehensive management reporting disciplines in place which include the preparation of annual budgets by all operating units. Individual budgets are approved by the Principal Operating Company's Board of directors, while the Group budget is reviewed by the directors of the Holding company. Monthly management accounts and the financial position of operating units are reported against approved budgets and compared to the prior year. Profit projections, cash flow forecasts, working capital and borrowing levels are monitored on an on-going basis.

Nomination and Appointment of Board members

The shareholders elect and appoint new board members from nominated directors recommended by the Board. The process is achieved through a formal, robust and transparent policy. The Board is composed of people with good leadership qualities and core competencies required by National Foods including accounting or financial expertise, business and managerial experience, industry knowledge and strategic planning.

Remuneration Policy

The remuneration policy is formulated to attract, retain and motivate top-quality people in the best interests of shareholders, and is based upon the following principles:

- Remuneration arrangements designed to support National Foods Holdings Limited's business strategy, vision and conform to best practices.
- Total rewards set at levels that are competitive within the context of the relevant areas of responsibility and the industry in which the Group operates.

Composition of Executive Remuneration

The remuneration packages of the executive directors comprise an annual salary, benefits, as well as short term and long-term incentive schemes. The process for determining remuneration is guided by the internal remuneration committee guidelines.

Ethics and Share Dealings

Directors and employees are required to observe the highest ethical standards, ensuring that the business practices are conducted in a manner which, in all reasonable circumstances is beyond reproach. In line with the Zimbabwe Stock Exchange Listing Requirements, the Group operates a closed period prior to the publication of its quarterly, interim and full year financial results during which period directors, officers and employees may not deal in the shares of the Holding company. Where appropriate, this is also extended to include other sensitive periods. The Directors and Key Management sign a declaration of interest and any conflict arising in carrying out their effective roles and responsibilities to the Group.

Strategic Planning Process

The overall strategy for National Foods Holdings is focused in line with its mission to build a world-class business. Annual strategic plans are compiled at both Group and business unit level, with detailed plans for action and allocated responsibilities. Progress is reviewed regularly.

Stakeholder Engagements with the Board

Our business is shaped by the inclusion of a wide variety of perspectives from our stakeholders. In support of this principle, stakeholder engagement is at the heart of what we do and embedded in every level. The Board of directors have direct access to the concerns and views of our stakeholders through the Annual General Meetings, Board and Committee Meetings, the Company Secretary and the Chairman.

Corporate Governance (continued)

Board Committees

Audit and Risk Committee
Chairman: G. Gwainda

Members
N. Doyle
T. Moyo
M. Naran (Alternate)
J. Schonken (Alternate)

The committee comprises non-executive directors and is chaired by a non-executive director. The internal and external auditors have unrestricted access to this committee. The committee monitors and reviews:

- the integrity of the Group's financial statements and any formal announcements relating to the Company's performance, considering any significant issues and judgements reflected in them;
- the consistency of the Group's accounting policies;
- the effectiveness of the Board and making recommendations to the Board on, the Group's accounting, risk and internal control systems;
- the effectiveness of the Company's internal audit function; and
- the performance, independence and objectivity of the Company's external auditors, making recommendations as to their reappointment, approval of their terms of engagement and the level of audit fees.

The Board is satisfied with the level of experience and competency of committee members.

Remuneration Committee
Chairman: J. Schonken

Members
N. Doyle
M. Naran (Alternate)
G. Gwainda (Alternate)

The committee comprises non-executive directors and is chaired by a non-executive director. The chairman of the committee is obliged to report to the Board on its deliberations. The committee is responsible for:

The Group's Remuneration policy that seeks to provide packages that attract, retain and motivate high caliber individuals who contribute to the sustainable growth and success of each of the businesses which the Group operates. Packages primarily include basic salaries as well as performance-related short and long term incentive schemes.

The Board is satisfied with the level of experience and competency of committee members.

Attendance of meetings during the 2021 Financial Year

Director	Main Board (Meetings)	Audit and Risk (Meetings)	Remuneration (Meetings)
T. Moyo	5/5	3/3	–
M. Lashbrook	5/5	3/3	–
L. Nyandoro	5/5	3/3	–
N. Doyle	5/5	3/3	3/3
M. Naran	5/5	3/3	3/3
J. Schonken	4/5	2/3	3/3
G. Gwainda	5/5	3/3	3/3

Risk Management and Business Ethics

Risk Management

Management of risk is at the heart of our business planning processes and is core to achieving our strategic goals. It ensures that we continue to protect our stakeholders while generating sustainable business growth. We have established a risk management approach that provides a common benchmark to identify, prioritize and manage risks while leveraging opportunities across our business.

Risk Governance

The Board has the ultimate responsibility for risk management and internal controls at National Foods. It discharges its responsibility through the Audit and Risk Committee. Managing the diverse nature of risk requires coordination and reporting of risk from every facet of our operations. The board provides guidance on tolerable risks, risk appetite and the adequacy of prevailing controls in managing risks while the executive management is responsible for the implementation of the risk management process.

Risk Management and Business Ethics (continued)

Framework for Managing Risk

We use a cyclical approach to risk management within our operations, and it consists of four key stages of identification, prioritisation, responding and reviewing. The significance of these risks is assessed as the product of the likelihood of occurrence and impact on the business should the risk event occur .The Group responds with risk treatment measures that achieve an appropriate balance between cost and benefits. The same risk treatment process is applied in exploitation of opportunities identified in the risk management process. The precautionary principle is also a significant element of risk management system for the Group, guiding us in assessing environmental risk. We continuously review our risk profile to ensure it is up to date and preserve company value for the benefit of all stakeholders.

Risk Management Framework

Ethics and Business Conduct

National Foods is committed to world-class standards of business conduct. Our role is to deliver our ambition through servicing the needs of consumers faithfully and efficiently, placing the interests of business and society ahead of our own. Good Ethics are at the centre of how we conduct our business. We expect our directors and employees to observe the highest ethical standards in all our business operations. To achieve this, we have put in place values, principles and standards to guide us on the appropriate behaviours expected by the Group.

The Code of ethics and standards of business conduct at National Foods guides us in promoting equal opportunities, fairness and doing what is right thereby strengthening our reputation and relationships with stakeholders. Key elements of the Code include:

- Business conduct – employees should always treat all business partners with respect and integrity.
- Conflict of interest – avoiding any situation that has the potential to undermine the objectivity of a person as a result of a possible clash between personal interest and professional business interests.
- Competition – complying with all applicable competition laws, employees should never exchange information with competitors.
- Trade in Group's products – the Group and its employees should not trade in illicit, smuggled or counterfeit products.
- Society and the general environment – we ensure that our actions go towards making a positive societal and environmental footprint.
- Work environment – everyone has a contribution towards building a safe and secure workplace.

Training

Our people undergo an awereness training on our approach to ethics and the behaviour expected of a National Foods employee. These behaviors are embedded in our new employee induction programme to ensure awareness at the first point of contact with the organization. The behaviours are spelt out in the Group's Core Values; Code of Ethics and Standards of Business Conduct. Business partners, suppliers and other stakeholders are informed of appropriate ethical behaviours through contractual agreements.

Whistleblower

The Group subscribes to an independently managed whistleblower system called Tip-Off Anonymous. This system uses hotlines and email channels where employees and other stakeholders can report breaches of the Code of Ethics. Through this system, the Company investigates and acts on complaints. The communications are kept confidential and reporters have the comfort of reporting fraudulent activities with no fear of victimization. The reported allegations are then investigated to substantiate breaches to the Code of Ethics. The Group deals accordingly with individuals found guilty. The repercussion of violating the Code of Conduct can lead to the suspension and dismissal of the individuals involved.

Sustainability in Our Business

Sustainability in Our Business

Sustainability Strategy

Sustainability continues to be firmly embedded into the Group's corporate strategy. We recognise that sustainability is a significant driver to how we manage operational risk and drive the strategic positioning of the Group for long-term business success

Our sustainability strategy consists of pillars through which we can make a difference to society. These are:

Health and Nutrition

Through our products and services, we seek to help consumers and society to access affordable nutritional products as a means to end hunger and improve health.

Responsible Production and Environmental Stewardship

We monitor our processes to ensure efficiency while reducing negative impacts associated with our production processes and products.

Our People and Society

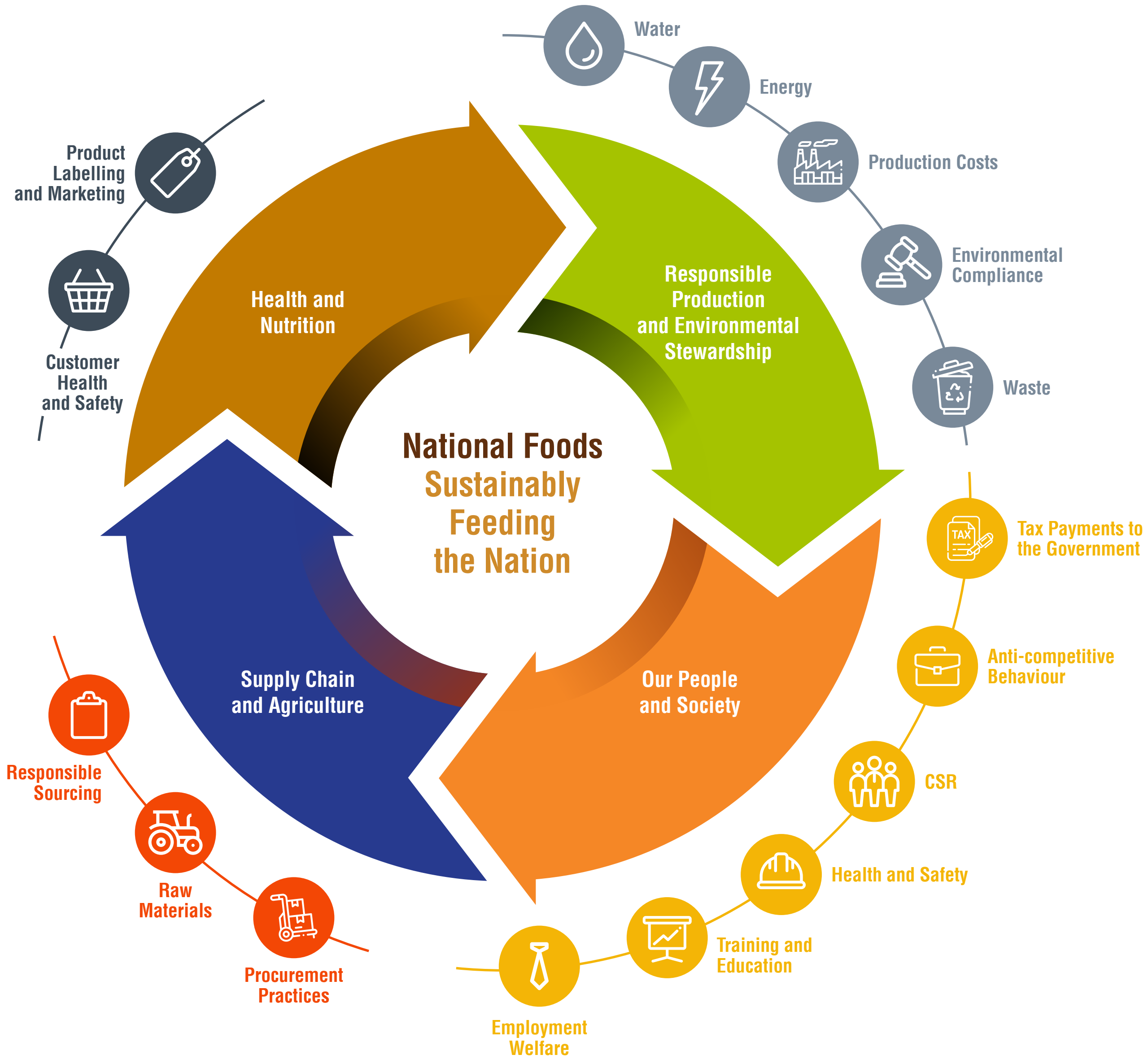
Our business is a hub of opportunity for our surrounding communities and employees. We seek to create an atmosphere of respect, equal opportunity and diversity while investing back into our communities and helping solve our local development challenges.

Supply chain and Agriculture

We recognize that agricultural products are central to our business and their steady supply is critical for our continued operations. We support our local farmers and suppliers enabling them to meet the increased demand for food as the population grows. We work together with our supply chain partners to manage the risks that they create for us.

Sustainability in Our Business (continued)

Our Sustainability strategy



Sustainability Governance

The Group continues on the journey to fully implement sustainable governance processes and, to this end, has setup a cross functional operational team to lead this initiative. The process has the National Foods Board and Executive Management oversight.

Sustainability in Our Business (continued)

REPORTING PRACTICE

The group's reporting practice hinges on being transparent and accountable to our stakeholders. Consideration is taken to ensure adherence to legal provisions, sustainability context and prevailing trends considered material to the business and stakeholders' information needs. These needs inform the topics which make up the report content. The thrust of our reporting focuses on material impacts and where they are taking place. The group's reporting cycle spans the financial reporting period which ends on the 30th June every year.

Report Data

This report was prepared using data collected through internally developed tools for capturing qualitative and quantitative data on significant topics on economic, environmental, social and governance considered material to the Group and stakeholders. Data collected is evaluated against the Group's sustainability context by the sustainability team before an independent internal assurance process.

Report Declaration

Directors confirm that all considerations were taken into account to ensure the report complies in all material aspects with the GRI Standards. The report was prepared in accordance with the International Standard, ISO 26 000: Guidance on Social Responsibility.

Sustainability Data Assurance

We provide assurance on the compliance of the report with provisions of the GRI Standards, KPIs and reporting standards.

Sustainability in Our Business (continued)

MATERIALITY PROCESS

During the year we refreshed our materiality matrix by surveying material business and stakeholder issues. This process involved management and staff going through an evaluation of material issues brought to their attention from both internal and external stakeholders.

Where material issues are considered to be of high impact, Group management will devise appropriate remedies and update stakeholders through the annual report, regular updates and press releases. During the year, the following topics were identified as material to the business and our stakeholders:

Economic	Environmental	Social
• Sustainable Economic Development • Foreign Currency availability and management • Supply chain relationships • Indirect economic impacts	• Energy consumption and preservation • Water consumption and preservation • Environmental impacts and mitigation processes and activities • Climate change	• Employment policies, relations • Staff health and welfare • Social responsibility and investments • Employee benefits

Material Matrix

Sustainability in Our Business (continued)

OUR STAKEHOLDERS AND RELATIONSHIPS

The Group values sustainable relations with stakeholders and business partners and upholds shared values in a spirit of inclusivity and responsiveness to foster strong relational capital and trust.

We believe that sustainable relationships are critical for long term value creation and business success.

Our stakeholders and the relationships we have built over the decades continue to inform how we manage corporate and enterprise risk, and business development.

During the year we engaged with various stakeholders whose issues informed contents of this report. Our engagements are presented below:

STAKEHOLDER	MATERIAL ISSUES RAISED	MITIGATION MEASURES	COMMUNICATION CHANNELS
Employees	• Engagement & inclusion • Employee benefits	• Development, review, implementation and monitoring of Human Resource Policy and Procedures • Training	• Works Council meetings • Face to face interactions • Noticeboards/NFL communication via emails • Line Manager Engagement • Executive Committee cascades on employee benefits • Code of Conduct • Code of Ethics
Suppliers	• Timely payments • Procurement Plans	• Suppliers audit • Suppliers screening	• Face to face meetings • Tip Offs Anonymous
Industry	• Multi-stakeholder engagements on issues affecting the business	• Alignment on long term strategy on trading environment and lobbying for key enablers for food security and business viability. • Lobbying strategy for duty protection on cheap flour and price review of bread flour.	• Zimbabwe Poultry Association (ZPA) • Grain Millers Association of Zimbabwe (GMAZ) • Confederation of Zimbabwe Industries (CZI) • Zimbabwe National Chambers of Commerce (ZNCC) • Stockfeeds Manufacturers Association (SMA).
Government/ Regulators	• Regulatory compliance • Transparent reporting	• Compliance with regulations • Duty Protection on imported finished goods	• Direct meetings and updates • Regulator audits • Direct meetings and lobby forums with regulators
Shareholders and Potential Investors	• Competitive Return • Regulatory Compliances • Business Performance updates	• Improved profitability & returns year on year • Enhanced governance oversight by the Board	• Annual Report • Annual General Meeting • Bi-annual results release • Website updates • Face to face meetings
Customers and Consumers	• Safe quality products • Nutritious options • Innovative products	• Rigorous quality checks and balances • Continuous product development • Innovations	• Food safety standards • Regular meetings with key accounts contacts • Consumer and Customer Surveys • Consumer and Customer Immersions
Local Communities	• Economic development • Environmental Protection • Engagement with beneficiaries	• Compliance with legislation	• Regular interaction with Local Authorities • Corporate Social Responsibility

Sustainability in Our Business (continued)

MAKING HEALTH AND NUTRITION AFFORDABLE AND ACCESSIBLE

Through our products, we seek to help consumers and society access affordable nutritional products as a means to end hunger and improve their health.

Sustainability in Our Business (continued)

MAKING HEALTH AND NUTRITION AFFORDABLE AND ACCESSIBLE

Consumer Health and Safety

Product quality and safety is a top priority for our business. The business values the trust endowed to us by providing safe and high-quality products. Since our business manufactures and distributes food we are obliged by law to ensure our products do not harm our consumers. Quality and safety issues associated with our products have huge implications on our business continuity; and as such we are strict about our obligations towards consumer health and safety.

Managing Consumer Health and Safety

Consumer safety is at the core of every decision we make. The Quality Department has an overall obligation to manage quality and safety issues. The Group managed to maintain its ISO9001: 2015 Certification on Quality Management and ISO 22000: 2008 on Food Quality. The standards allow us to ensure products are manufactured to expected specifications and appropriately labelled. This also ensures that all new products meet the nutritional guidelines set by regulatory bodies. In addition, we also test product conformance before releasing into the market.

Product Innovation

Having celebrated our 100 years in 2020, we continue to look forward to the next 100 years with optimism and determination. We remain strongly focused on delivering value to our consumers. Despite the challenges brought about by the Covid-19 pandemic in the year, we have continued on our solid trajectory to respond and anticipate our consumers' needs by delivering relevant market changing innovations.

The Group continues to drive a strong innovation agenda, launching six new innovations in 2021 to add to the seven achieved in 2020 and a further three from 2019. As well as the above in market innovations, National Foods has a number of exciting new products in the pipeline.

Product Innovations

Better Buy Self Raising Flour

Gloria Quick Mix

Pearlenta Nutri Active Instant Porridge 50g

Product Innovations

National Foods Stockfeeds Road Runner

King Pops

Better Buy Soya Delights

Sustainability in Our Business (continued)

MAKING HEALTH AND NUTRITION AFFORDABLE AND ACCESSIBLE (continued)

Responsible Marketing
The Group ensures all products are marketed in a way that does not mislead consumers. Our Marketing department takes the responsibility for ensuring our products are marketed in a responsible manner reflecting the brands we have created over the decades. We ensure all advertisements are evaluated and receive all the necessary approvals before use. The Marketing team engages regularly with trade partners to ensure the products are marketed consistently with our values.

Sustainability in Our Business (continued)

RESPONSIBLE PRODUCTION AND ENVIRONMENTAL STEWARDSHIP

Our production processes have a significant impact on the environment. We monitor them to ensure they are run efficiently, minimising adverse impacts on the environment

Sustainability in Our Business (continued)

RESPONSIBLE PRODUCTION AND ENVIRONMENTAL STEWARDSHIP (continued)

Energy Consumption

Our production processes require large amounts of energy enabling us to manufacture, package and distribute products. We largely depend on grid electricity for our operations which are supported by diesel power generators during power outages. Flour milling consumes 44% of our Group's electricity. Being the highest electricity user, our replacement of the Bulawayo flour mill with modern high energy efficiency equipment is top priority and is due to be installed by the end of 2022.

Management Approach

Management is mindful of the impact our processes have on the environment as a result of the use of energy. National Foods is committed to a steady migration to renewable energy where possible. The commitment is driven by our quest to use sustainable manufacturing methods.

Our FY2021 energy consumption was as follows:

Energy Type	Unit	2021	2020	2019	2018
Electricity	MWh	31 765	25 950	31 229	27 855
Coal (Heating)	Tons	344	451	540	443
Fuel for Generators	Litres	372 717	270 723	148 955	244 849

Our operations experienced increased load shedding during FY2021. The Snacks and Treats business was badly hit, experiencing 2 months of power cuts. Generators were used to power our plants during this downtime.

Carbon Foot print

The Group monitors its impacts on climate change by tracking its carbon footprint from various emission sources in our manufacturing processes. Management continues to measure and monitor emissions to minimize the effects to acceptable levels. Our carbon footprint calculations were as follows:

Emissions	Unit	2021	2020	2019	2018
Electricity	$kgCO_2e$	23 181	18 938	22 790	20 328
Coal	$kgCO_2e$	827	1 084	1 298	1 065
Diesel	$kgCO_2e$	1 008	732	402	663
Total Emissions		**25 016**	**20 754**	**24 490**	**22 055**

Sustainability in Our Business (continued)

RESPONSIBLE PRODUCTION AND ENVIRONMENTAL STEWARDSHIP (continued)

Climate Change Initiatives

In responding to climate change effects, the business is developing a strategy and timelines for assessing and monitoring our performance towards reducing impacts from our business operations. During FY2021 the following measures were taken:

- Servicing and maintenance of boilers as required by law to ensure emission levels are kept within permissible levels.
- Channeling combustible waste from all business units to Stockfeeds boilers for energy generation
- Disposal of all non-recyclable waste through registered waste disposal companies to ensure all waste is disposed of in registered dump sites.
- Quarterly emission license renewal for all emission stacks.
- Ensuring legal compliance with the Environmental Management Agency (EMA) Zimbabwe.
-

Water

Water is a critical component of our production process. During the reporting period, 69% of the total water consumption was sourced from ground water and 31% was supplied by the Municipality. As the City of Harare has difficulties in supplying municipal water to the Group, we rely more on borehole water in Harare than in Bulawayo.

Management Approach

The business is guided by the group-wide SHE policy on managing water-related impacts. We assess our impact on water resources using borehole capacity testing and water quality indicators. The Group draws water from various sources which it monitors to ensure sustainable consumption.

Below are activities we have implemented to manage water and effluents:

- Training and awareness of the need to conserve water.
- A robust water conservation programme which ties water usage to production per tonne.
- Most of our water taps are now either automatic or knee/foot operated thereby reducing water waste. Taps now only open when being attended to with no chances of neglected running taps.
- An oil separator is used to treat effluent at the Snacks and Treats plant.

During FY2021, our consumption was as follows:

Source	Unit	2021	2020	2019	2018
Ground Water (Borehole)	m^3	281 706	156 325	119 852	161 929
Surface Water (Municipal Water Supply)	m^3	73 621	132 433	41 009	51 214
Total		**355 327**	**288 758**	**160 861**	**213 143**

Sustainability in Our Business (continued)

RESPONSIBLE PRODUCTION AND ENVIRONMENTAL STEWARDSHIP (continued)

Solid Waste

Waste management has a significant impact on our business due to the large volumes of product output. Managing solid waste and its disposal is a critical process of the operations, which requires appropriate attention to ensure safe and responsible disposal methods, which meet environmental laws, together with statutory and international best practices and standards. We are committed to reducing the amount of waste deposited at landfills and to increase the Group's commitment to the 4 R's (Reduce, Re-use, Recycle and Recover) through our Zero Waste Philosophy and Best Environmental Option (BEO) approach to managing waste.

During FY2021, our waste was disposed of using the following methods:

Our approach to Waste

We are committed to reducing the amount of waste generated and disposed of by constantly looking for alternative ways to use any by-products of our processes. Our approach is informed by the waste management hierarchy to first consider options that are best for the environment.

We partner with and rely on reputable and registered waste management players. We give priority to the 4R's in our waste management process. We only consider disposal at the dumpsite in the absence of a more environmentally friendly method to dispose of our waste. All waste generated within the Group is channelled to our cyclonic boilers which generate energy by incinerating waste at high temperature to produce the steam required in our product processing. In addition to significantly reducing the waste dumped at Landfills, operating the cyclonic boilers reduces the amount of coal required for our production processes. To that end during the operating year, we made a saving equivalent to 1,900 tonnes of coal. We also encourage our consumers to properly dispose of packaging waste; through branding our products with a recycle sign which reads, "KEEP YOUR COUNTRY CLEAN/TIDY".

During FY2021, waste material was managed through the following disposal methods:

Waste by Type	Disposal Method	Unit	2021	2020	2019	2018
Solid Waste	Landfill	Tons	625	296	565	274
Production waste	Sale to farmers	Tons	288	824	1 849	308
Paper Cutoffs	Recycling	Tons	7	24	10	33
Total			**920**	**1 144**	**2 424**	**615**

Sustainability in Our Business (continued)

OUR PEOPLE AND SOCIETY

Our business is a hub of opportunity for our surrounding communities and employees. We seek to create an atmosphere of respect, equal opportunity and diversity while investing back into our communities and helping solve our local development challenges.

Sustainability in Our Business (continued)

OUR PEOPLE AND SOCIETY (continued)

Employment

At National Foods, our strength and success as a business lie in our people. We pride ourselves in having a highly engaged and energised team who contribute to the greater goals of the organisation. At the core of our business is an enduring commitment to empowering employees to be their best, and creating a fair workplace, where the human rights of people are valued. We thrive in a diverse workforce where segregation is not tolerated.

The business creates economic opportunities to society through various employment opportunities that include short term contracts, fixed-term contracts and permanent positions. The Group offers a conducive work environment that allows it to attract and retain talented and skilled employees.

During FY2021, our employment performance is presented below:

Recruitments

Gender	Unit	2021	2020	2019	2018
Male	Count	31	32	51	26
Female	Count	5	15	10	24
Total		**36**	**47**	**61**	**50**

Staff Turnover

Gender	Unit	2021	2020	2019	2018
Male	Count	41	26	47	66
Female	Count	7	10	3	11
Total		**48**	**36**	**50**	**77**

Employee Base

Gender	Unit	2021	2020	2019	2018
Male	Count	1 255	1 043	1 178	1 171
Female	Count	257	249	189	197
Total		**1 512**	**1 292**	**1 367**	**1 368**

Sustainability in Our Business (continued)

OUR PEOPLE AND SOCIETY (continued)

Health and Safety in the workplace

At National Foods, we recognize that a business can only be as strong as its people and this starts with respecting their right to a safe workplace. Providing a safe workplace goes beyond our legal obligation and is strengthened by the understanding that promoting our people's safety is crucial to our success. Our stakeholders are continuously informed and engaged with how safe our operations are.

How we manage Health and Safety

Each business unit is guided by comprehensive best practices on health and safety, which were developed to ensure that our workplaces protect our employees and those who interact with us. The best practices inform our health and safety strategy which seeks to achieve Zero harm, comply with applicable regulations and foster continual improvement in hazard identification.

The Group thus continues to take measures to minimize injuries through training activities. The overall responsibility for Safety and Health Management rests with the CEO and is delegated through the Group Engineer. Every role within the Group has SHE responsibilities and these are linked to performance assessments.

The business has also established mechanisms to allow stakeholders to express grievances regarding health and safety, which are handled by the human resources team.

During the year, the Group worked on two initiatives to promote the health and safety of the employees:

Behavior-based Safety Program

A management tool for observation of employee behaviours to reinforce safety practices. This program is earmarked to reduce accidents by allowing for all employees to correct those behaviours that lead to increased occurrence of accidents.

During FY2021, our performance was as follows:

Incidence	Unit	2021	2020	2019	2018
Work-related injuries	Counts	7	7	9	11
Lost days due to injuries	Counts	278	121	382	291
Safety training (days)	Days	100	108	154	138

Health and Safety in the workplace

Health and Safety Topics covered in Trade Unions Agreement

- Safety Health and Environmental Culture
- Operational Safety
- Behavior-based Safety
- Hazard Identification
- Electrical Safety.

Employees Occupational Health and Wellness

The Occupational Health (OH) team focuses on a holistic approach in the provision of occupational health and wellness services to support employees to adapt and sustain behaviors and lifestyles that reduce occupational health risks. The team has in place a full wellness plan for the business which focuses on the physical, emotional, psychological and mental well-being that impact occupational health. The business provides in-house clinic services to quickly deal with injuries on duty, ailments, HIV & Aids Awareness and provision of ARVs, first aid training among other duties.

Evaluating the effectiveness of our Health and Safety Impact

To assess our health and safety impact we rely on internal, third party and external audits/ inspections. These audits assess the management practices and performance against the National Foods Safety Health and Environmental policy. We are subject to statutory NSSA Inspections from the regulatory authority NSSA on our compliance with health and safety regulations.

We are also part of the NSSA performance-based inter organizations assessments. The Group has joined the Southerton/ Workington Industrial SHE Clusters and are in liaison with Tiger Brands in South Africa for best practice and training.

Sustainability in Our Business (continued)

OUR PEOPLE AND SOCIETY (continued)

COVID19 and Occupational Health

With the Covid-19 pandemic continuing to impact the business operations, the safety of our people and our customers remains a top priority for us. We have continued to keep strict safety procedures in place for sanitation, restrictions on movements between sites and working from home where possible.

Healthcare for employees and their dependents

As part of the Group's care for its employees, we have an arrangement with Providence Health to run two medical clinics for National Foods staff which are located at the National Foods Harare's Stirling Road operation and at the Bulawayo's Steelworks operation. During the reporting year, both clinics continued to provide invaluable support for us to keep our employees safe during the Covid-19 pandemic.

We have continued to keep the following initiatives in place to minimise exposure:

- Entry checks and inspections
- Use of appropriate protective equipment
- Adherence to social distancing and hygiene protocols
- Cleaning and sanitizing all sites daily
- Hiring dedicated transportation for our employees
- Medical attention for the sick

Sustainability in Our Business (continued)

OUR PEOPLE AND SOCIETY (continued)

Training and Education

The Group supports employees through various training initiatives them. Maintaining highly skilled employees is a key responsibility of management for sustaining this critical component of the Group. Management's approach is to ensure all the employees undertake training and education regularly that improves skills and knowledge towards enhancing efficiency and effectiveness.

To manage our training and education goals we have provided on the job training, mentoring, think sessions and networking sessions.

In FY2021, our average employee training and education hours were as follows:

Gender	Unit	2021	2020	2019	2018
Male	Hours	24	25	46	41
Female	Hours	24	27	48	44

The business training program also caters for our local communities by providing skills for the unemployed and youth in our communities. During the year we continued to support the following training programs.

- **Graduate Mentorship Program**
  We have in place a Graduate Trainee (GT) program, where graduates can put to practice their newly acquired knowledge. 12 graduate trainees are currently enrolled on the 18 month graduate training program. Candidates have the opportunity to work with a pool of highly skilled teams and their rotational assignments are underpinned by a mentorship program (conducted by the Group Executives) to ensure that they have adequate support throughout their development.

- **Internship Programs**
  The business provides learners at college with internships for them to get hands-on experience in their fields of study. Students also get the opportunity to apply for the GT Program upon completion of their studies.

- **Apprenticeship Program**
  For those pursuing technical development, National Foods Limited is accredited by the Ministry of Higher & Tertiary Education to run apprenticeship programs for electrical and mechanical engineering. Currently eight apprentices are enrolled on the supervised training program, who are due to complete their four year program in December 2021.

- **Professional Development**
  We also offer various professional development programs for the experienced mid-career recruits. We ensure that development planning is at an individual level and continuous development is self-propelled.

  Some of the programs offered include the Chartered Accountants Training Outside Public Practice (TOPP) accredited by the Institute of Chartered Accountancy Zimbabwe (ICAZ).

- **Miller Training**
  We ran an inhouse Miller Training Program in partnership with South Africa Grain Millers Association which covers theory and practicals. We also have another miller development program in partnership with Africa Milling School (Buhler) in Kenya.

  Further to that, we pride ourselves on our association with the prestigious Swiss Milling School where we sent our exceptional millers, to date the Group sent four millers since the inception of the Miller Training Program.

LONG SERVICE AWARDS

Our strong culture has at its core a focus on continuous learning and development for growth. We are also purposeful, innovative, hardworking, competitive and results driven and we recognise and reward our teams when they deliver mutually agreed results. This has resulted in us being able to retain our critical talent and foster loyalty and commitment to the brand by its most valuable stakeholders, our staff. This year we joined 42 employees in celebrating the following milestones in terms of years of service:

Duration of Long Service	Employees
15 years	7
20 years	13
25 years	13
30 years	6
35 years	2
40 years	1
Total	42

Sustainability in Our Business (continued)

SKILLS BASE

Our staff are members of the following bodies:

- Institute of Chartered Accountants Zimbabwe (ICAZ)
- Association of Chartered Certified Accountants (ACCA)
- Chartered Institute of Management Accountants (CIMA)
- Chartered Institute of Marketers (CIM)
- Zimbabwe Institute of Engineers (ZIE)
- Health Professions Association of Zimbabwe (HPAZ)
- Institute of Chartered Secretaries and Administration of Zimbabwe (ICSAZ)

National Foods enhances the capability of employees by providing them with training for developmental purposes. To enable our people to execute their roles with excellence. The impact of training is observed through processes such as succession planning, job profiling and individual holistic plans.

HUMAN RIGHTS

We recognise the guiding principles for business and human rights as developed by the United Nations Guiding Principles on Business and Human Rights (UNGP). The UNGPs provide an authoritative global standard for preventing and addressing the risks of adverse human rights impacts linked to business activity under the "Protect, Respect and Remedy" framework.

The framework prioritises identification of human rights risks, avoidance of complicity and taking responsibility for any complicity by providing effective remedies.

We comply with the defined human rights regulations in accordance with the Constitution of Zimbabwe as well as applicable international standards and legislation. We acknowledge the necessity for a commitment to avoiding violations of rights in respect of:

- freedom of association and the right to collective bargaining;
- the elimination of compulsory labour;
- the abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

Discrimination

The Company maintains a non-negotiable ethics policy on discrimination. Employees and prospective candidates will not be discriminated based on race, tribe, place of origin, political opinion, colour, creed or gender as in accordance with the provisions of the Labour Act (Chapter 28:01) and associated regulations.

Sustainability in Our Business (continued)

COMMUNITY INVESTMENT AND DEVELOPMENT SUPPORT

National Foods has a robust CSR program whose objective is to plough back to communities within which the company operates by enhancing lives, improving wellbeing and building lasting emotional capital.

We provide monthly support to a total of 44 centres in vulnerable communities across the country. These centres include orphanages, special needs groups, vulnerable women and children, schools, hospitals, churches as well as wildlife organisations. The company also responds to Government calls in supporting national causes and recently, assistance towards the Covid 19 pandemic among others.

During FY2021, indirect economic impacts contributions under our CSR Programs were as follows:

Support Category	Beneficiaries	Purpose	Products/Support	Value
Education	1 School Marula Primary School	School feeding program to help to get children into school, through enhancing enrollment and reducing absenteeism	Roller Meal	**$366 000**
Orphanages	21 Orphanages (including Runyararo Children's Home, Kambuzuma Orphanage , Felly Orphanage & Mother of Peace)	For every child to enjoy a healthy and productive life	Roller Meal Sugar beans Salt	**$5 800 000**
Community Empowerment and Development	1 Center Shingirayi Trust	Assist people to gain control over the factors & decisions that shape their lives	Roller Meal Salt	**$151 000**
Disability Support	10 Centres (including Zimcare Trust, Homefield, Sharon Cohen & Emerald Hill Children's Home)	Assist children and adults with disabilities to enjoy full lives	Roller Meal Sugar Bean Salt Crushed Wheat	**$1 800 000**
Old People's Home Support	4 Centres (e.g., Mucheke Old Peoples Home & Ruwa Trust Lodge)	Stimulate a positive mood, to ward off depression	Rice Roller Meal Sugar Beans Pearlenta Nutriactive Salt Flour	**$304 000**
ART Social and Regional Support	2 Centre (including Vocational Training Center & Sunshine Zimbabwe)	Explore history and different cultures, bringing different people together to find common ground to build the community	Roller Meal Flour Cooking Oil	**$104 000**
Animal Welfare	4 Centres (including Zambezi Society, Homefield,Imire Rhino and Wildlife Conservation ,Wild is life Wild Life Sanctuary, SPCA)	Improve animal welfare through raising awareness of animal cruelty and directly providing care for animals in need	Chicken Feed Dog Feed Calf Grower Game Nuts	**$3 200 000**
ADHOC	Various organisations	Assist to improve the lives of others and empowering society	Roller Meal Flour Cooking Oil Salt Sugar Beans	**$2 200 000**

Sustainability in Our Business (continued)

LEGAL COMPLIANCE

We place high value on being legally compliant with national as well as international best practices and standards. Being a major producer of FMCGs for the Zimbabwean market, we adhere to national legislation such as the Factories and Works Act, (Chapter 14:08) and accompanying regulations, the Environmental Management Act (Chapter 20:27), and accompanying regulations related to our operations as well as international voluntary standards such as ISO 9001 (Quality Management System), ISO 22000 (Food Safety Management System), ISO 14000:2015 (Environmental Management System), ISO 45000:2018 (Occupational Health & Safety Management System), and FSSC 22000 (Food Safety System Certification). The Group Safety, Health, Environment & Quality Manager is dedicated to ensure that the Company is compliant and adheres to the latest Environmental, Health & Safety legislation through the updating of their legal register regularly.

Being a manufacturer of FMCGs, product labelling is essential to ensure the appropriate product information is available for consumers to make an educated purchasing decision, especially with regards to ingredients, allergy warnings, expiry dates and handling instructions. For its product labelling, the Group follows Zimbabwe's Food & Food Standards (Food Labelling) Act (Chapter 15:05), the international Food standards guidelines, the Codex Alimentarius Commission (CAC)'s Labelling Guidelines and for the Group's Stockfeed division, Stockfeed Manufacturing Association (SMA) Labelling Guidelines.

The Group takes occupational health and safety of its staff very seriously and has its own Health & Safety Policy in place. In addition to following ISO 45000:2018, we also adhere to the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work Guidelines, National Social Security Authority (NSSA) Guidelines, Occupational Safety & Health Administration (OSHA) Guidelines, Factories and Works Act (Chapter 14:08) and the Public Health Act (Chapter 15:09) of Zimbabwe. In terms of employee welfare, in addition to the ILO guidelines, we adhere to the National Labour Act (Chapter 28:01) and accompanying regulations.

With regards to the Group's impact on the environment, apart from following ISO 14001:2015 guidelines as well as Zimbabwe's Environmental Management Act, and accompanying regulations, we follow the World Bank's International Finance Corporation (IFC)'s guidelines on the environment, health & safety (EHS) as well as the United Nations Framework Convention on Climate Change Guidelines (UNFCCC) in order to manage and reduce our climate change impacts.

SUPPLY CHAIN AND AGRICULTURE

We recognize that agricultural products are central to our business and their steady supply is critical for our continued operations.

We support our local farmers and suppliers through our supply chain partners enabling them to meet the increased demand for food as the population grows.

National Foods participates across the value chain in the supply of basic goods in the country. Through this value chain, we create various opportunities such as employment and business for suppliers. We use a range of raw materials to create our products, and this makes our supply chain diverse as we seek to accommodate the changing consumer preferences. Our suppliers enable us to meet the ever-changing consumer needs by delivering quality raw materials for our products. Our business is anchored by a resilient supply chain of farmers, ingredient suppliers and service providers among others.

Managing our Supply Chain

As a company, we have developed a system for managing our supply chain and agricultural impact. This is enforced through our Procurement Policy. The system is designed to support environmental stewardship, uphold human rights, help support local businesses and farmers. The system enables us to screen our suppliers based on track record and consideration of sustainability issues such as environmental, social behaviour, corruption, statutory compliance and human rights practices. The Group contributes towards the empowerment of society in places where we operate by creating economic opportunities in the supply chain. Our focus as a company will be on improving efficiencies across all areas of the value chain to ensure quality and affordable products.

Procurement Practices

Agriculture and Contract farming

Local farmers are a key anchor for our business providing us with a significant proportion of the key raw materials required for manufacturing. Over the years we have supported local farmers through contract farming schemes managed by Paperhole Investments and Pure Oil Industries to enable them to continue meeting the increased demand for our products. Our continued support for local farmers increases food production while providing economic and social opportunities for society.

The Group continues to support contract farming by promoting local farmers through buying and using locally produced raw materials wherever possible before opting for imported options. This initiative also supports the Kilometer Zero Initiative that reduces our carbon footprint and our contribution to climate change.

We launched backyard farmer trainings to educate farmers on poultry farming and management. To date, more than 1500 farmers have been engaged. The customer information collected is shared with the technical advisory team which follows up on the customer to provide technical expertise and after sales support.

Sustainability in Our Business (continued)

SUPPLY CHAIN AND AGRICULTURE (continued)

Responsible Supply Chain

We are aware of the associated business risks created by the behaviours and the practices of our suppliers. We appreciate that by supporting businesses we can amplify negative impacts such as child labour, human rights violations, stream bank cultivation, farming on wetlands among other impacts. While we have not yet developed a robust system for uniformly auditing our suppliers across environmental and social criteria, we urge our suppliers to operate ethically and uphold the highest standards of environmental and social practices. We appreciate that our suppliers are limited by the operating environment, as such we seek to partner with them to set out the minimum social, ethical and environmental standards we expect as part of their relationship with us.

Raw Materials

Raw materials include all the critical materials required for production. As a business, we have systems in place to ensure we eliminate wastage and poor quality raw material as this ultimately affects our competitiveness and our trust from consumers. The business has put in place standard operating procedure manuals for the handling of raw materials which prescribe daily and monthly physical counts, quality adherence procedures.

Materials	Unit	2021	2020	2019	2018
Volumes produced	Tons	525 430	456 394	610 812	543 075
Total		**525 430**	**456 394**	**610 812**	**543 075**

Sustainability in Our Business (continued)

ECONOMIC VALUE PERFORMANCE

Economic Value Generated and Distributed

Historical	2021 ZW$000	2020 ZW$000	2019 ZW$000	2018 ZW$000	2017 ZW$000
Economic Value Generated					
Revenue	28 074 417	6 340 085	566 173	297 929	289 508
Other Income	27 797	15 712	1 357	1 041	730
Equity Accounted Earnings	261 048	45 617	3 509	5 196	1 832
Suppliers of materials & services	(21 091 331)	(3 946 550)	(433 981)	(260 297)	(253 536)
	7 271 931	**2 454 864**	**127 058**	**43 869**	**38 535**
Economic Value Distributed					
Employees	1 450 609	496 315	35 587	14 813	15 606
Payments to Government	1 169 319	437 261	22 823	5 714	5 250
• Income Tax	809 862	432 029	19 408	4 036	3 326
• PAYE	359 457	5 232	3 415	1 678	1 924
Providers of Capital	1 242 874	128 146	18 005	11 728	8 229
• Dividend paid to shareholders	854 304	69 583	11 925	8 276	7 127
• Net interest on borrowing	388 570	58 563	6 080	3 452	1 102
Investment in the Group to maintain and develop operations	3 409 129	1 393 142	50 643	11 614	9 450
• Depreciation	28 792	16 209	5 890	2 667	2 887
• Retained Income	3 380 337	1 376 933	44 753	8 947	6 563
Economic Value Created	7 271 931	2 454 864	127 058	43 869	38 535

Tax Payments

The Group makes payments to the government through Corporate taxes, value-added tax (VAT), duty and levies. For FY2021, we made the following payments to the government:

Historical	2021 ZW$000	2020 ZW$000	2019 ZW$000	2018 ZW$000	2017 ZW$000
Corporate Tax - Associates	85 722	36 530	3 042	4 472	1 588
Value Added Tax (VAT)	10 196	92 737	10 522	5 846	4 627
Import Duty	87 726	3 737	1 445	915	1 200
Withholding Tax	137 284	86 372	3 622	152	147
Levies	24 295	29 396	99	49	52
TOTAL	**345 223**	**248 772**	**18 730**	**11 434**	**7 614**

Pension coverage and contributions

The Group contributes to various pension funds managed internally and externally. Our full-time employees are on the National Foods Pension Fund. For the FY2021, the Group contributed to the following pensions:

Historical	2021 ZW$000	2020 ZW$000	2019 ZW$000	2018 ZW$000	2017 ZW$000
National Foods Pension	26 061	2 135	373	363	410
National Foods Security	1 894	264	225	225	239
Group Life Cover	3 706	414	77	74	79
TOTAL	**31 661**	**2 813**	**675**	**662**	**728**

Sustainability in Our Business (continued)

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

National Foods recognizes the complexity and challenges covered by the Sustainable Development Goals. We believe the Group has a part to play in the achieving of these goals and as such we embed the SDGs in our business operation through the material topics for our business. Below are our contributions to SDGs through our business actions:

SDG	Theme	Our Business Response(s)
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	• We produce affordable staple foods to ensure no one goes hungry. • The Group also supports local farmers through contract farming to maximise food production.
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages.	• Through the nutritional value of the staple foods we produce, we are able to contribute to the healthier well-being of our customers.
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	• The Group runs internship and apprenticeship programmes to provide students with hands-on experience in their field of study. • Due to the Covid-19 pandemic and schools being closed for most of the year, we were unable to carry out our usual support of learning facilities.
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	• We provide economic opportunities through employment in the form of casuals, temporary and full-time employment. • The Group adheres to trade unions agreements of collective bargaining. • The economic value we generate and distribute contributes to economic growth. • The Group makes payments to the government which can support service delivery and infrastructure development.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	• Through the Group's Zero Waste Philosophy, we aim to minimise waste through the use of modern equipment. • Production waste is used as raw material for stock feeds products.
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	• We monitor emissions and have been taking action through our climate change initiatives.

Annual Financial Statements

Statement of Directors' Responsibility

The Directors of the Company are required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards (IFRS).

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. National Foods maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met with the external auditors to discuss their reports and the results of their work, which includes assessments of the relative strengths and weaknesses of key control areas. In a growing Group of the size, complexity and diversity of National Foods it may be expected that occasional breakdowns in established control procedures may occur; any such breakdowns have been reported to the Group's Audit Committee and the Board.

The financial statements for the year ended 30 June 2021, which appear on pages 70 to 113 have been approved by the Board of Directors and are signed on its behalf by:

T. Moyo
Chairman
Harare
27 September 2021

M. Lashbrook
Chief Executive Officer

These consolidated financial statements have been prepared under the supervision of Mr Lovejoy Nyandoro CA (Z).

L. Nyandoro
Finance Director

Company Secretary's Certification

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the Public entity in terms of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) of the Republic of Zimbabwe, and all such returns are true, correct and up to date.

Leigh Howes
Group Legal Counsel and Company Secretary
Harare
27 September 2021

Report of Directors

The Directors have pleasure in presenting their report, together with the audited financial statements for the year ended 30 June 2021.

GROUP FINANCIAL RESULTS

INFLATION ADJUSTED	2021 ZW$000	2020 ZW$000	2019 ZW$000	2018 ZW$000	2017 ZW$000
Profit before tax	470 551	3 036 714	2 658 339	1 1011 909	841 971
Taxation	(398 122)	(845 978)	(786 039)	(192 544)	(7 278)
Profit for the year	72 429	2 190 736	1 872 298	819 364	834 693
Total comprehensive income for the year	**72 429**	**2 190 736**	**1 872 298**	**819 364**	**834 693**

SHARE CAPITAL
During the year the authorised share capital remained at 73 000 000 ordinary shares of (ZW$) 1 cent each. No new shares were issued during the year (2020: Nil) and the number of shares in issue was 68 400 108 (2020: 68 400 108).

NATIONAL FOODS WORKERS TRUST
National Foods Workers Trust (Private) Limited was established to provide a scheme for worker participation in both the equity and profits of the company. Through donations by the Company to the Trust, the Trust acquired a 9.85% shareholding in National Foods Holdings Limited. Dividends received through its shareholding are administered by a board of nine Trustees for the benefit of workers under grades "A", "B" and "C" of the Milling and Commercial Industries and grades 1-6 of the Textile Industry, being the National Employment Council for which the wide categories of employees fall.

BORROWING POWERS
In terms of the Articles of Association, the borrowing powers of the Company and its subsidiaries (excluding inter-company borrowings) are limited in aggregate to the nominal amount of the share capital of the Company plus the total free reserves of the Company and its subsidiaries. The level of borrowings throughout the year was adequately covered in this respect. The Directors may exercise all the power of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

RESERVES
Movements in reserves are shown in the statement of changes in equity.

DIVIDENDS
The Board is pleased to declare a final dividend of 296.49 ZW$ cents per share payable in respect of all ordinary shares of the Company. This final dividend brings the total dividend for the year ended 30 June 2021, to 1 099.76 ZW$ cents, and will be payable to all the shareholders of the Company registered at the close of business on 15 October 2021. The payment of this final dividend will take place on or around 10 November 2021. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 12 October 2021 and ex-dividend from 13 October 2021.

DIRECTORATE
Messrs J. Schonken and N. Doyle retired by rotation in terms of the Articles of Association of the Company , and being eligible, offered themselves for re-election. Mr P. Spies resigned from the Board on 31 August 2020, and Mr M. Naran was appointed as a Director of the Company with effect from 28 October 2020 as his replacement.

AUDITORS
Members will be asked to fix the remuneration of Deloitte & Touche for the past audit and to confirm their reappointment for the ensuing year.

ANNUAL GENERAL MEETING
The fifty-second Annual General Meeting of the Company will be held at 08:45 am on Monday 8 November 2021 at National Foods Limited, 10 Stirling Road, Workington, Harare.

T. Moyo
Chairman
Harare
27 September 2021

M. Lashbrook
Chief Executive Officer

Deloitte.

PO Box 267
Harare
Zimbabwe

Deloitte & Touche
Registered Auditors
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
Harare
Zimbabwe

Tel: +263 (0) 8677 000261
+263 (0) 8644 041005
Fax: +263 (0) 4 852130
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL FOODS HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the inflation-adjusted consolidated financial statements of National Foods Holdings Limited (the "Company") and its subsidiaries (together, "the Group"), set out on pages 70 to 113, which comprise the inflation-adjusted consolidated statement of financial position as at 30 June 2021, and the inflation-adjusted consolidated statement of profit or loss and other comprehensive income, the inflation-adjusted consolidated statement of changes in equity and the inflation-adjusted consolidated statement of cash flows for the year then ended, and the notes to the inflation-adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying inflation-adjusted consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs"), and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

Our basis for qualified opinion has been arrived at after consideration of the following matters:

1. ***Impact of adverse opinion on prior year audited financial statements and the carry over effects in the current year inflation-adjusted consolidated financial statements***

   Accounting for blocked funds

   Included within the prior year financial assets are local funds deposits amounting to ZW$1 199 236 placed by the Group with the Reserve Bank of Zimbabwe ("RBZ") in pursuance of the registration of foreign currency denominated liabilities at the date of functional currency change on 22 February 2019 as required by policy pronouncements and undertakings by RBZ. The deposits in local currency were inappropriately recognised as a monetary financial asset in the prior period. For the year ended 30 June 2021, the Group was able to satisfy the recognition criteria of the deposits to the RBZ as a monetary statutory receivable. The deposits in local currency, held with the RBZ, were inappropriately treated as foreign denominated derivative financial asset and translated at the Group's closing ZWL/USD exchange rate in contravention of IAS 21 which defines foreign currency as a currency other than the functional currency of the Group. This resulted in an overstatement on the current assets and financial income by ZW$81 524 063 (2020 balance uplifted to current year).

   For the year ended 30 June 2021, the Group was able to satisfy the recognition criteria of the deposits to the RBZ as a monetary statutory receivable. The statutory receivable was appropriately accounted for under the requirements of International Accounting Standard (IAS) 21 "The Effects of Changes in Exchange Rates". Due to the fact that the recognition criteria and accounting treatment was not appropriate for the year ended 30 June 2020, our opinion on the current year inflation-adjusted consolidated financial statements is modified because of the misstatement to the financial assets and financial income in the comparative financial information and the resulting carry-over impact to the movements in the financial income and monetary adjustment in the current year inflation-adjusted statement of profit or loss and other comprehensive income.

MAKING AN IMPACT THAT MATTERS since 1845

A full list of partners and directors is available on request

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL FOODS HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. ***Incomplete application of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) on comparative financial information***

   The Group applied the United States Dollar ("USD") as its functional and reporting currency for the period 1 July 2018 to 22 February 2019 and the Real Time Gross Settlement Dollar ("RTGS$") or Zimbabwe Dollar ("ZWL") for the period 23 February 2019 to 30 June 2019, in order to comply with Statutory Instrument 33 of 2019 ("SI 33/2019"), issued on 22 February 2019. In addition, to comply with SI 33/2019, the Group changed its functional and presentation currency with effect from 23 February 2019. Under IAS 21, the change in functional currency should have occurred from 1 October 2018, based on the significance of the monetary and exchange control policy changes that occurred between 2016 and 2019.

   As a result of this incorrect date of change in functional currency, corresponding figures for the year ended 30 June 2019 were misstated, and opening balances for the year ended 30 June 2020 were also similarly misstated, with a consequential impact on reported financial performance and position for the year ended 30 June 2020. Furthermore, the incorrect date of change in functional currency also impacted the accuracy of the hyperinflation restatements required under IAS 29 'Financial Reporting in Hyperinflationary Economies'. This resulted in the adverse audit opinion in the prior years.

   The Group resolved to correct the inconsistencies arising due to the decision to apply the requirements of IAS 21 and IAS 29 from 22 February 2019 as opposed to 1 October 2018 as would have been required to comply with International Financial Reporting Standards ("IFRS"). This correction has been applied prospectively instead of retrospectively through a restatement of the prior year financial statements as would be required by IFRS. This is not in compliance with International Financial Reporting Standards, IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors as the requirement would have required retrospective restatement. We have not been able to quantify the prior year impact of this adjustment as the cumulative effects of non-compliance with IAS 21 and its consequent impact on IAS 29 could not be ascertained for the year ended 30 June 2020.

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Inflation-adjusted Consolidated 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 together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our 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 qualified opinion.

Other Matter

The financial statements of the Group for the year ended 30 June 2020, were audited by another auditor who expressed an adverse opinion on those statements on 25 September 2020.

The adverse opinion was in part based on the company's inability to establish observable market wide exchange rates that meet the requirements of IAS 21 at the time.

During the current year management reassessed its ability to establish an observable market wide exchange rate for both the year ended 30 June 2020 and 30 June 2021. We reassessed the specific item as basis for the adverse audit opinion being "Exchange rates used (Non-compliance with IAS 21 by the company and its local subsidiaries with ZWL as their functional currency) on the 2020 financial statements and concluded that the company was subsequently able to establish observable market wide exchange rates. Consequently, there was no further impact on the audit opinion for the year ended 30 June 2021.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL FOODS HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation-adjusted financial statements of the current period. These matters were addressed in the context of our audit of the inflation-adjusted consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters.

Key audit matter	How the matter was addressed in the audit
Estimation of exchange rates for use in translating foreign currency balances and transactions – Compliance with IAS 21 "The effects of Changes in Exchange Rates"	
The Group's functional currency is the Zimbabwe dollar (ZW$), and the Group undertakes a number of direct and indirect foreign currency denominated transactions that subsequently also give rise to foreign currency denominated balances. The legally recognised exchange rate for the translation of these foreign currency denominated transactions and balances is the RBZ Foreign Currency Auction exchange rate. However, because the Group is unable to access its full foreign currency requirements from the RBZ Foreign Currency Auction, it is faced with a long-term lack of exchangeability. Under these circumstances, the requirements of IAS 21 prescribe that the spot exchange rates be estimated based on exchange rates arising from the actual means by which the Group is practically able to access its foreign currency requirements. This estimation process inherently implies that the appropriate exchange rates for the Group are subjective and entity specific and need to reflect the economic reality with which it is faced. A risk exists that the spot rate has not been appropriately determined.	Our testing was focused on the areas of judgement applied by management in determining the internal spot exchange rates. Procedures performed included the following: • Obtained an understanding of the Group's specific circumstances leading to a lack of exchangeability; • Obtained an understanding of the process by which the Group determines its estimates of spot exchange rates; • Evaluated the design and tested the implementation of relevant controls over the Group's processes for the estimation of its spot exchange rates; • Tested the completeness and accuracy of the model and inputs into the estimation of exchange rates; • Tested the accuracy of the application of exchange rates to the translation of foreign currency denominated transactions and balances; and • Reviewed the financial statements for adequacy of disclosures. Overall, we concluded that the accounting treatment and disclosures made are appropriate and in accordance with the requirements of IAS 21.
Valuation of inventories	
The Group's inventories make up a significant portion of its current assets and mainly comprise perishable items with sensitive storage and shelf-life requirements. The Group makes use of a number of on-site and off-site warehouse locations for the storage of its inventories. Specialised on-site storage facilities such as silos are used for purposes of grains that include maize, wheat and rice. The effective operation of key control activities such as month-end stock counts and reconciliations and silo-bleeding are critical to ensuring there are no misstatements regarding the existence and valuation of inventories.	In addressing the key audit matter, we performed the following procedures: • Obtained an understanding of the inventory business process through performing inquiries, walkthroughs and inspecting process flow manuals; • Obtained an understanding of the key control findings around the inventory process identified by internal audit during the year, and followed up on the effectiveness of the related remediation processes implemented by management; • Observed the performance of the year end stock count procedures and related reconciliations;

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL FOODS HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Key audit matter	How the matter was addressed in the audit
Valuation of inventories	
Some of the Group's inventories are imported. The accuracy of translations of the underlying foreign currency purchase amounts to the ZW$ functional currency are therefore also fundamental to achieving the right valuations. Obsolescence and shrinkage are also a business risk that the Group faces given the perishable nature of its inventories. As a result, the estimation processes and judgments exercised around provisions for obsolescence and shrinkage also impact the valuation of inventories as a whole.	• Performed tests of detail, substantive analytical procedures and tests of operating effectiveness of internal control over the existence and valuation assertions for inventories; • Reviewed management's computations for the provision on obsolete stock and challenged assumptions made therein; and • Tested the accuracy of exchange rates applied in the translations of imported inventories, or those acquired locally but settled in foreign currency. Overall, we concluded that the valuation of inventory and the disclosures made are in accordance with the requirements of IAS 2 "Inventories".

Other Information

The Directors are responsible for the other information. The other information includes the 'Director's report' and the 'Statement of directors' responsibility' and the historical financial information, which we obtained prior to the date of our auditor's report. The other information does not include the inflation-adjusted consolidated financial statements and our auditor's report thereon. The document titled "National Foods Holdings Limited Annual Report for the year ended 30 June 2021" is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the inflation-adjusted consolidated statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation-adjusted 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 the Directors for the Inflation-adjusted Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the inflation-adjusted consolidated financial statements in accordance with IFRSs, 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 inflation-adjusted financial consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation-adjusted consolidated financial statements, the 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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting processes.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL FOODS HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Auditor's Responsibilities for the Audit of the Inflation-adjusted Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation-adjusted consolidated 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 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 inflation-adjusted consolidated 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 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'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 inflation-adjusted consolidated 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 inflation-adjusted consolidated financial statements, including the disclosures, and whether the inflation-adjusted consolidated 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 Group to express an opinion on the inflation-adjusted consolidated 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 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 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 the Directors, we determine those matters that were of most significance in the audit of the inflation-adjusted consolidated 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL FOODS HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE INFLATION-ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (continued)

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

<u>Section 193(1)(a)</u>

Except for the matters described in the Basis for Qualified Opinion section of our report, the inflation-adjusted consolidated financial statements of the Group are properly drawn up in accordance with the Act and give a true and fair view of the state of the Group's affairs as at 30 June 2021.

<u>Section 193(2)</u>

We have no matters to report in respect of the Section 193(2) requirements of the Act.

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

Deloitte & Touche

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)
Per Brian Mabiza
Partner
PAAB Practice Certificate 0447
Harare
Zimbabwe

Date: 30 September 2021

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2021

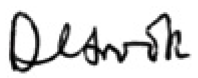
	Note	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
Revenue	5	**33 177 371 557**	**26 431 658 815**	**28 074 416 801**	**6 340 085 140**
Cost of sales		(26 490 868 483)	(17 752 881 003)	(20 033 862 767)	(3 516 659 692)
Gross profit		**6 686 503 074**	**8 678 777 812**	**8 040 554 034**	**2 823 425 448**
Other income	6.1	33 457 763	53 209 467	27 797 296	15 436 918
Operating expenses		(5 460 786 015)	(4 526 549 335)	(4 771 413 811)	(1 117 449 609)
Operating profit before depreciation amortisation and fair value adjustments		**1 259 174 822**	**4 205 437 944**	**3 296 937 519**	**1 721 412 757**
Financial income		285 363 413	106 245	280 714 734	184 627 000
Depreciation & amortisation	6.3	(181 520 707)	(180 650 252)	(28 791 285)	(16 209 022)
Operating profit before interest and tax		**1 363 017 528**	**4 024 893 937**	**3 548 860 968**	**1 889 830 735**
Interest income	6.4	17 209 389	–	12 175 981	–
Interest expense	6.4	(450 530 173)	(284 412 959)	(400 745 943)	(58 563 254)
Equity accounted earnings	12.3	276 536 800	354 270 630	261 048 464	45 617 170
Loss on monetary position		(735 682 679)	(1 058 037 417)	–	–
Profit before tax		**470 550 865**	**3 036 714 191**	**3 421 339 470**	**1 876 884 651**
Taxation	7.1	(398 121 872)	(845 978 384)	(808 944 178)	(432 029 081)
Profit for the year	6	**72 428 993**	**2 190 735 807**	**2 612 395 292**	**1 444 855 570**
Other comprehensive income - not to be recycled to profit and loss at a future point in time					
Transfer of CFCR relating to current year movements		–	–	–	(96 760 915)
Exchange differences on translation of foreign operation		–	–	63 128 488	141 590 954
Total comprehensive income for the year		**72 428 993**	**2 190 735 807**	**2 675 523 780**	**1 489 685 609**
Profit for the year attributable to equity holders of the parent		72 428 993	2 190 735 807	2 612 395 292	1 444 855 570
Total comprehensive income for the year attributable to equity holders of the parent		**72 428 993**	**2 190 735 807**	**2 675 523 780**	**1 489 685 609**
Earnings per share					
Basic and diluted earnings per share	8	105.89 cents	3 202.83 cents	3 819.29 cents	2 112.36 cents
Headline (loss)/earnings per share	8	(54.15) cents	3 201.29 cents	3 659.10 cents	1 937.56 cents

Consolidated Statement of Financial Position

as at 30 June 2021

	Note	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
ASSETS					
Non-current assets					
Property, plant and equipment	8	3 123 929 638	2 671 069 140	983 267 522	226 177 226
Goodwill	11	72 343 537	72 343 537	1 516 421	1 516 421
Investment in associates	12.3	919 021 478	701 038 682	307 884 480	69 138 557
Other financial assets	13.1	76 204 521	165 910 033	76 204 521	80 099 999
Right of use assets	28	107 429 499	23 024 661	40 310 091	11 142 098
		4 298 928 673	**3 633 386 052**	**1 409 183 036**	**388 074 301**
Current assets					
Cash & cash equivalents	20.4	1 122 721 666	629 737 716	1 122 721 666	369 742 059
Inventories	14	5 734 650 588	5 504 743 512	4 365 967 196	1 835 784 153
Trade and other receivables	15	2 370 760 934	1 761 709 675	2 315 544 827	826 227 464
Prepayments		1 954 857 153	1 277 367 594	1 954 857 152	478 374 013
		11 182 990 341	9 173 558 497	9 759 090 841	3 510 127 689
Assets classified as held for sale	10	–	46 942 053	–	7 647 840
		11 182 990 341	**9 220 500 550**	**9 759 090 841**	**3 517 775 529**
Total assets		**15 481 919 014**	**12 853 886 602**	**11 168 273 877**	**3 905 849 830**
EQUITY AND LIABILITIES					
Equity					
Issued share capital	15.1	32 631 534	32 631 534	684 001	684 001
Non-distributable reserves	16.3	–	–	215 955 041	152 826 553
Distributable reserves	16.4	6 711 743 320	7 620 362 886	3 380 337 301	1 622 245 677
Total equity		**6 744 374 854**	**7 652 994 420**	**3 596 976 343**	**1 775 756 231**
Non-current liabilities					
Deferred tax liability	7.4	563 991 508	642 501 057	34 819 833	60 033 050
Lease liability	27	21 412 621	12 017 040	21 412 621	5 815 289
		585 404 129	**654 518 097**	**56 232 454**	**65 848 339**
Current liabilities					
Trade and other payables	18	5 700 342 043	3 179 570 208	5 063 267 092	1 402 821 262
Current portion of lease liabilty	28	17 607 341	10 543 899	17 607 341	5 102 405
Borrowings	13.2	1 713 661 026	643 142 682	1 713 661 026	311 229 732
Provisions	19	57 795 518	33 487 364	57 795 518	16 205 212
Current tax liabilities	7.3	334 004 377	628 467 384	334 004 377	304 128 059
Shareholders for dividends	17	328 729 726	51 162 548	328 729 726	24 758 590
		8 152 140 031	**4 546 374 085**	**7 515 065 080**	**2 064 245 260**
Total equity and liabilities		**15 481 919 014**	**12 853 886 602**	**11 168 273 877**	**3 905 849 830**

T. Moyo
Chairman
Harare
27 September 2021



M.Lashbrook
Chief Executive Officer

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

		Inflation Adjusted		Historical	
	Note	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
OPERATING ACTIVITIES					
Cash generated from operations	20.1	823 639 105	7 023 931 829	3 474 957 414	1 690 343 492
Working capital changes	20.2	1 375 658 162	(6 630 382 053)	(1 768 737 557)	(1 421 749 535)
Operating cash flow		2 199 297 267	393 549 776	1 706 219 857	268 593 957
Interest received	6.4	17 209 389	–	12 175 981	–
Interest paid	6.4	(450 530 173)	(284 412 959)	(400 745 943)	(58 563 254)
Income tax paid	20.3	(948 445 159)	(557 992 061)	(804 281 077)	(119 650 346)
Net cash inflows/(outflows) from operating activities		**817 531 324**	**(448 855 244)**	**513 368 818**	**90 380 357**
INVESTING ACTIVITIES					
Purchase of property, plant and equipment to maintain operations	9	(782 565 192)	(193 569 381)	(758 565 236)	(40 371 115)
Purchase of property, plant and equipment to expand operations	9	(25 365 106)	(130 054 421)	(24 587 201)	(24 799 225)
Loan from associate	12	10 376 235	6 105 997	8 596 290	2 954 815
Proceeds from disposal of associate		98 770 448	–	88 467 075	–
Proceeds on disposal of property, plant and equipment		1 231 390	2 469 946	1 020 157	382 998
Dividends received from associate	12	23 156 173	12 115 374	13 706 250	5 862 874
Net cash outflows from investing activities		**(674 396 051)**	**(302 932 486)**	**(671 362 665)**	**(55 969 652)**
FINANCING ACTIVITIES					
Proceeds from borrowings and overdrafts		1 608 917 791	1 166 982 691	1 479 172 468	285 021 776
Repayment of borrowings		(538 399 448)	(122 592 807)	(76 741 174)	(59 325 135)
Lease liability repayments	28	(17 188 286)	(6 487 343)	(4 253 793)	(3 139 356)
Dividends paid	17	(703 481 379)	(253 631 059)	(550 332 533)	(54 385 781)
Net cash inflows from financing activities		**349 848 677**	**784 271 483**	**847 844 967**	**168 171 504**
Increase in cash and cash equivalents		**492 983 950**	**32 483 753**	**689 851 120**	**202 582 209**
Net foreign exchange difference		–	–	63 128 486	132 641 546
Cash and cash equivalents at beginning of the year		**629 737 716**	**597 253 963**	**369 742 059**	**34 518 304**
Cash and cash equivalents at the end of the year	20.4	**1 122 721 666**	**629 737 716**	**1 122 721 665**	**369 742 059**

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

Inflation Adjusted	Issued Share Capital ZW$	Non-Distributable Reserves ZW$	Distributable Reserves ZW$	Total ZW$
Notes	16.1	16.3	16.4	
Balance at 30 June 2019	**32 631 534**	**–**	**5 722 237 269**	**5 754 868 803**
Profit for the year	–	–	2 190 735 807	2 190 735 807
Total comprehensive income	–	–	2 190 735 807	2 190 735 807
Dividends declared (Note 16)	–	–	(292 610 190)	(292 610 190)
Balance at 30 June 2020	**32 631 534**	**–**	**7 620 362 886**	**7 652 994 420**
Profit for the year	–	–	72 428 993	72 428 993
Total comprehensive income	–	–	72 428 993	72 428 993
Dividends declared (Note 16)	–	–	(981 048 559	(981 048 559)
Balance at 30 June 2021	**32 631 534**	**–**	**6 711 743 320**	**6 744 374 854**

Historical	Issued Share Capital ZW$	Non-Distributable Reserves ZW$	Distributable Reserves ZW$	Total ZW$
Notes	16.1	16.3	16.4	
Balance at 30 June 2019	**684 001**	**107 996 609**	**150 100 422**	**258 781 033**
Profit for the year	–	–	1 444 855 570	1 444 855 570
Change in functional currency reserve (note 15.4)	–	(96 760 912)	96 760 912	–
IFRS 16 adjustment to retained earnings	–	–	112 202	112 202
Transfer to foreign currency reserve	–	141 590 856	–	141 590 856
Total comprehensive income	–	44 829 944	1 541 728 684	1 586 558 628
Dividends declared (Note 16)	–	–	(69 583 429)	(69 583 429)
Balance at 30 June 2020	**684 001**	**152 826 553**	**1 622 245 677**	**1 775 756 231**
Profit for the year	–	–	2 612 395 292	2 612 395 292
Transfer to foreign currency reserve	–	63 128 488	–	63 128 488
Total comprehensive income	–	63 128 488	2 612 395 292	2 675 523 780
Dividends declared (Note 16)	–	–	(854 303 668)	(854 303 668)
Balance at 30 June 2021	**684 001**	**215 955 041**	**3 380 337 301**	**3 596 976 345**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

1. CORPORATE INFORMATION

The Company and its subsidiaries are incorporated in Zimbabwe except for Botswana Milling and Produce Company (Proprietary) Limited and Red Seal Manufacturers (Proprietary) Limited which are incorporated in Botswana.

The Group's main activities comprise of the milling of flour and maize, manufacture of stockfeeds, snacks and the packaging and sale of other general household goods.

The consolidated financial statements of National Foods Holdings Limited for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 19 August 2021.

2. STATEMENT OF COMPLIANCE

The Group's financial statements have been prepared in accordance with International Financial reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared in compliance with the Companies and Other Business Entities Act (Chapter 24:31).

2.1 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.2 Basis of Preparation

The Public Accountants and Auditors Board ("PAAB") pronounced on 11 October 2019 that the Zimbabwean economy was now trading under hyperinflationary conditions from 1 July 2018. The Directors have applied the requirements of IAS 29 in preparing these financial statements. The Group's consolidated inflation adjusted financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwean Dollars (ZW$).

2.3 IAS 29 Financial Reporting in Hyperinflationary Economies

IAS 29 requires restatement of the financial statements of an entity whose reporting and presentation currency is the currency of a hyperinflationary environment. Under this standard, financial statements prepared in a currency of a hyperinflationary economy should be stated in terms of a measuring unit current at the reporting date and the corresponding figures for the prior periods should also be stated in terms of the same measuring unit. The standard lists the characteristics of hyperinflationary economic environment as: when the population prefers to keep its wealth in non-monetary assets, regards monetary amounts in terms of a relative stable foreign currency, sales are at prices that compensate for expected loss of purchasing power; and cumulative inflation rate over three years is approaching or exceeding 100%.

These consolidated inflation-adjusted financial statements have been drawn up using the conversion factors derived from the consumer price index ("CPI") prepared by the Zimbabwe Central Statistical Office. The inflation-adjusted financial statements which form the primary financial statements of the Group and on which the audit opinion has been based, have been presented together with the historical numbers. The historical numbers are presented as supplementary information only and should only be used by the users of financial information for supplementary comparison only.

In accordance with IAS 29 monetary assets and liabilities and non- monetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the year ended 30 June 2021 and the comparative year. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

The conversion factors used to restate the financial statements as at 30 June 2021 are as follows:

	Index	Conversion Factor
June 2021	2 986.44	1.0000
June 2020	1 445.20	2.0665
June 2019	172.60	17.3027

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

2. STATEMENT OF COMPLIANCE (continued)

2.4 IAS 21 Effects of Changes in Exchange Rates

As noted in the Group's 2019 financial statements, the Government of Zimbabwe promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZW$) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be Zimbabwe Dollars at the rate which was at par with the United States Dollar (US$). Guidance issued by the PAAB noted that the requirements of SI 33 were contrary to the provisions of IAS 21.The Directors have always ensured compliance with IFRS but were unable to do so in respect of the comparative financial information due to the conflict between IAS 21 and local statutory requirements. In 2020, the Government also promulgated SI185/20 which permitted the use of foreign currencies for domestic transactions and in the same year a foreign currency trading system ("Foreign Exchange Auction System") was introduced through the Reserve Bank of Zimbabwe. The Group relies on both foreign currency obtained through the Foreign Exchange Auction System and through the sale of products on the domestic market in line with SI185/20 for its operations, as such the Directors have used an estimation process which is in line with IAS 21 to ascertain the spot rates used to determine the ZW$ price of goods sold in US$ on transaction date and the spot rate used to convert the foreign monetary assets and liabilities which were in existence at 30 June 2021. Foreign monetary assets and liabilities in existence at 30 June 2021 have been translated to ZW$ at the appropriate closing rates of exchange, with exchange differences having been adjusted through the Group's Statement of Profit or Loss in line with IAS 21.

2.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved when the Company:
- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings."

2.6 Legacy liabilities

The Group has foreign legacy liabilities amounting to US$1 199 236, being foreign liabilities that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZW$ currency. The foreign liabilities were registered and approved by the Reserve Bank of Zimbabwe, ("RBZ") and the Group transferred to the RBZ the ZW$ equivalent of the foreign liabilities based on an exchange rate of US$/ZW$, 1:1 in line with Exchange Control Directives RU102/2019 and RU28/2019 and as directed by the RBZ. The foreign debts have been accounted for at the closing exchange rate as at 30 June 2021 in line with IAS 21 and the deposits with the RBZ have also been accounted for as statutory assets at the same closing exchange rate. In compliance with IFRS, the deposit at the RBZ represents a commitment to pay equivalent value in USD and has therefore been treated as a statutory asset in accordance with IFRS 9.

The cash cover deposits at the RBZ have been disclosed in the Group's financial statements as a financial asset. The Board is confident that the RBZ will countinue settling the legacy liability as per the Exchange Control Directives.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

2. STATEMENT OF COMPLIANCE (continued)

2.7 COVID-19 Impact

The Group has determined that the identification of the virus post 31 December 2019, as a new coronavirus, and its subsequent spread, a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended 30 June 2021 have not been adjusted to reflect the COVID-19 impact. The duration and severity of the COVID-19 pandemic remain unclear at this time. It is not possible to reliably estimate the financial consequences of COVID-19 on the financial position and results of the Company for future periods at this stage. The Board of Directors will continue to support the managed entities and monitor the impact COVID-19 has on them and reflect the consequences as appropriate in the accounting and financial reporting disclosures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policy and disclosures

New and Amended IFRSs adopted

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2020 but have not had a material effect on the Group.

- Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16
- Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption

The Group has not benefited from any such concession during the current finacial reporting period (2020:ZW$nil)

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Changes in accounting policy and disclosures (continued)

Amendments to IFRS 3 Definition of a business (continued)

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

The standard amendment was not applied during the current year as the Group did not enter into to any such transactions.

Amendments to IAS 1 and IAS 8 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

As at the date of these financial statements, the following standards have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after	
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022	Applicable
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2023	Applicable
Amendments to IAS 16 – Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022	Applicable
Amendments to IAS 37 – Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022	Applicable
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	Applicable
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	Applicable
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2023	Applicable
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	Applicable
IFRS 17 - Insurance Contracts	1 January 2023	N/A
Amendments to IFRS 17	1 January 2023	N/A
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	Applicable
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2023	Applicable

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group

3.2.1 Foreign currency translation

The Group's financial statements are presented in Zimbabwean Dollar (ZW$), which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction and are not subsequently retranslated.

Exchange differences arising from translation or settlement of monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Zimbabwean Dollars (ZW$) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Upon disinvestment of a foreign entity, translation differences related to that entity are recycled into profit or loss.

3.2.2 Taxation

3.2.2.1 Current income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

3.2.2.2 Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group (continued)

3.2.2.2 Deferred income tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.2.2.3 Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the tax authorities, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.2.3 Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group (continued)

3.2.4 Goodwill

The Group recognises Goodwill acquired through business combinations at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. The relationship between the investment in subsidiary and its net book value is considered in reviewing impairment indicators.

After initial recognition, the intangible assets is carried at cost less any impairment losses.

3.2.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials:

- Purchase cost on a first in, first out basis.

Finished goods and work in progress:

- Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Consumable stores

- Purchase cost of consumables (machinery spares, stationery and other sundry items)

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.2.6 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.2.7 Retirement benefits

Retirement benefits are provided for eligible Group employees through various independently administered defined contribution schemes, including the National Social Security Authority. Contributions to these funds are recognised as an expense in the period to which employees' services relate.

3.2.8 Property, plant and equipment

All items of property, plant and equipment are shown at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Land is carried at cost whereas buildings are carried at cost less accumulated depreciation and accumulated impairment losses. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group (continued)

3.2.8 Property, plant and equipment (continued)

No depreciation is provided on land or capital work-in-progress. Depreciation commences when the asset is available for use. Other fixed assets are depreciated on a straight line basis, at such rates as are considered appropriate to reduce their book values to residual values over their estimated useful lives, as follows:

Buildings	40 years
Plant, machinery and equipment	5 - 20 years
Motor vehicles	5 - 10 years

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each financial year end and adjusted prospectively if appropriate. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in full.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.2.9 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the good is transferred to the customer, generally on delivery or collection. The normal credit term is 30 days upon transfer. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers as well as sells goods on credit to customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group (continued)

3.2.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.2.11 Cost of sales

Cost of sales comprises of raw materials, packaging and consumables used and any other direct handling costs incurred.

3.2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After the reversal depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

3.2.13 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.2.13.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group (continued)

3.2.13.1 Financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, and loans receivable.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset is primarily derecognised when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group (continued)

3.2.13.1 Financial assets (continued)

Derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3.2.13.2 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Cash and cash equivalents are classified as loans and receivables and are initially measured at fair value, and subsequently measured at amortised cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and deposits in banks.

3.2.13.3 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.2.13.4 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 13.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group (continued)

3.2.13.4 Financial Liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.2.13.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.2.13.6 Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.2.14 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates are accounted for using the equity method.

Under the equity method, the investment in an associates is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group (continued)

3.2.14 Investment in associates (continued)

Upon loss of significant influence over the associates, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.2.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessor

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities as the present value of all future lease payments on the contract and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate at the commencements date was 35%. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments, or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 22.1).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Accounting policies applied by the Group (continued)

3.2.15 Leases (continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.2.16 Financial assets

The Group's financial assets include trade and other accounts receivable, loans receivable, cash and cash equivalents and other financial instruments.

Financial assets in the scope of IAS 32 are classified as either loans and receivables or financial assets held to maturity. When financial assets are recognised initially, they are measured at fair value. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are measured at fair value on initial recognition, and are subsequently carried at amortised cost using the effective interest rate method, less any impairment losses if any. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held to Maturity Assets

Held to maturity assets are non refundable financial assets with fixed or determinable payments and fixed maturity dates that's the entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition held to maturity assets are measured at armotised cost using effective interest method less any impairment.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

4. KEY ESTIMATES, UNCERTAINTIES AND JUDGEMENTS

4.1 Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 3.2.8 and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value. The carrying amount of the Group's property, plant and equipment is ZW$983,267,522 (June 2020: ZW$226,177,226)

4.2 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4.3 Inventory

3.3.1 Inventory Management Process

The Group's main operations are milling of flour and maize and the manufacture of stockfeed. This processes involves procurement and storage of large quantities of raw materials and finished goods mainly in the form of wheat and maize stored in silos in various locations across Zimbabwe. The determination of quantities in silos is subject to an estimation process and involves silo bleeding and calibration of silo scales. Management constantly evaluates and improves the inventory management process to ensure that there are adequate controls that safeguard the existence, measurement and accuracy of raw materials and finished goods.

3.3.2 Inventory valuation

The group's determination of certain inventories on hand relating to raw materials is based on extensive validation and review of inputs and estimation processes in line with the continuous change in market dynamics. The group has in place models from which large pieces of data are derived including operating and accounting computer systems. The allocation of costs is based on operating capacity, historical trends and unique production models.

4.4 Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations
  The Group manufactures and sales food products and stockfeeds separately. The sale of each product is distinct and therefore determined to be a separate perfomance obligation
- Determining the timing of satisfaction of installation services
  The Group concluded that revenue from sale of goods is recognised at a point in time when goods are transferred to the customer.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
5. REVENUE				
The following is an analysis of the Group's revenue for the year				
Flour	14 042 146 936	9 951 055 262	11 882 348 340	2 386 930 689
Stockfeeds	8 155 695 799	5 969 822 628	6 901 282 181	1 431 963 994
Groceries	4 684 621 772	3 200 338 474	3 964 088 112	767 655 884
Maize	6 430 450 879	6 105 059 143	5 441 394 232	1 464 402 784
Snacks and Treats	1 889 947 505	1 173 008 142	1 599 257 913	281 366 052
Rental Income	112 735 135	166 228 538	95 395 536	39 872 756
National Foods Retail	702 345 321	–	594 318 789	–
Treasury	77 178 063	–	65 307 437	–
Intersegment sales	(2 917 749 851)	(133 853 374)	(2 468 975 739)	(32 107 019)
	33 177 371 557	**26 431 658 815**	**28 074 416 801**	**6 340 085 140**

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
6. PROFIT BEFORE TAX				
Profit before tax is arrived at after taking into account the following:				
6.1 Other income				
Profit on disposal of property, plant and equipment	1 097 164	949 568	914 766	275 485
Toll, handling and other services rendered	32 344 563	51 085 058	26 869 207	14 820 593
Sale of scrap	16 036	78 186	13 323	22 683
Insurance and bad debt recoveries	–	1 096 655	–	318 157
	33 457 763	**53 209 467**	**27 797 296**	**15 436 918**
6.2 After charging/(crediting) the following				
Employee benefits expenses				
- Salaries and wages	1 660 192 839	2 052 592 569	1 450 609 311	506 714 362
Administrative expenses				
- Repairs and maintenance	280 350 586	279 930 943	244 958 996	69 105 302
- Electricity and water	210 407 553	186 057 771	183 845 606	45 931 251
- Audit fees and expenses	26 050 125	48 935 029	22 761 545	12 080 372
- Net foreign exchange (gains)/losses	171 606 205	(446 219 765)	149 942 556	(110 156 281)
- Credit losses expense	26 665 511	5 608 110	23 299 244	1 384 449
	2 375 272 819	**2 126 904 655**	**2 075 417 258**	**525 059 455**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical 2021 ZWL	Historical 2020 ZWL
6. PROFIT BEFORE TAX (continued)				
6.3 Depreciation				
Buildings	40 933 194	51 284 744	6 604 026	4 601 575
Plant, machinery and equipment	90 706 215	112 515 014	14 035 609	10 095 520
Motor vehicles	49 881 298	16 850 494	8 047 684	1 511 927
	181 520 707	**180 650 252**	**28 687 319**	**16 209 022**
6.4 Net interest expense				
Interest income from banks and customers	17 209 389	–	12 175 981	–
Interest expense on bank overdrafts and other short term borrowings	(450 530 173)	(284 412 959)	(400 745 943)	(58 563 254)
	(433 320 784)	**(284 412 959)**	**(388 569 962)**	**(58 563 254)**
7. TAXATION				
7.1 Consolidated profit or loss				
Income tax				
- On current profits at normal rates	476 631 420	847 238 253	834 157 395	408 797 866
Deferred tax relating to current temporary differences (note 7.4)	(78 509 548)	(1 259 869)	(25 213 217)	23 231 215
	398 121 872	**845 978 384**	**808 944 178**	**432 029 081**
7.2 Reconciliation of income tax charge:				
Profit before tax	470 550 865	3 036 714 191	3 421 339 470	1 876 884 651
Income tax computed at 24.72%	116 320 174	750 675 748	845 755 117	463 965 886
Non-deductible expenses for tax purposes	416 238 375	869 783 979	54 181 758	(19 196 134)
Equity accounted earnings	(68 359 897)	(91 224 687)	(64 531 180)	(11 276 565)
Effects of change in tax rates	–	–	–	(1 443 489)
Effect of withholding tax on interest received	–	–	12 987	–
Effects of profit on disposal of fixed assets	–	–	–	(42 134)
Other reconciling items	(66 076 780)	(683 256 656)	(26 474 504)	21 517
	398 121 872	**845 978 384**	**808 944 178**	**432 029 081**

Non-deductible expenses are mainly motor vehicle lease premiums and capital legal fees.

Other reconciling items include local and foreign bank interest received.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
7. TAXATION (continued)				
7.3 Current tax liabilities				
Opening Balance	628 467 384	259 203 497	304 128 059	14 980 539
Charge to profit or loss	476 631 420	847 238 253	834 157 395	408 797 866
Paid	(948 445 159)	(557 992 061)	(804 281 077)	(119 650 346)
Monetary loss	177 350 730	80 017 695	–	–
Closing Balance	**334 004 377**	**628 467 384**	**334 004 377**	**304 128 059**
7.4 Deferred tax liability				
At beginning of the year	642 501 057	641 241 188	60 033 050	36 801 835
Deferred tax relating to current temporary differences (note 7.1)	(78 509 549)	(1 259 869)	(25 213 217)	–
Deferred tax relating to revaluation	–	2 519 738	–	23 231 215
At end of the year	**563 991 508**	**642 501 057**	**34 819 833**	**60 033 050**
Analysis of deferred tax liability				
Property, plant and equipment	608 177 368	97 492 564	79 005 691	47 178 620
Unrealised exchange (losses)/gains	–	–	–	18 431 855
Allowance for credit losses	(6 933 182)	(2 425 212)	(6 933 182)	(1 173 609)
Other	(37 252 676)	547 433 705	(37 252 676)	(4 403 816)
	563 991 508	**642 501 057**	**34 819 833**	**60 033 050**

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Headline earnings per share amounts are calculated by dividing the headline profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the earnings per share computations:

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
8.1 Weighted average number of shares in issue				
Weighted average shares in issue for basic, diluted and headline earnings per share	68 400 108	68 400 108	68 400 108	68 400 108
8.2 Profit for the year				
Net profit attributable to equity holders of the parent	72 428 993	2 190 735 807	2 612 395 292	1 444 855 570

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
8. EARNINGS PER SHARE (continued)				
8.3 Headline earnings				
Reconciliation between profit for the year and headline earnings				
Net profit attributable to ordinary equity holders of the parent	72 428 993	2 190 735 807	2 612 395 292	1 444 855 572
Exchange gain on receivables	–	–	–	(158 530 000)
Property, plant and equipment	(822 096)	(1 390 515)	(928 089)	(298 168)
Tax effect of adjustment	203 221	343 736	229 424	39 262 324
Profit on disposal of assets held for sale	(144 791 168)	–	(144 849 084)	–
Tax effect on profit on disposal of assets held for sale	35 945 362	–	35 979 404	–
Headline (loss) / earnings	(37 035 686)	2 189 689 028	2 502 826 947	1 325 289 728
Basic and diluted earnings per share (cents)	105.89	3 202.83	3 819.29	2 112.36
Headline (loss)/earnings per share (cents)	(54.15)	3 201.29	3 659.10	1 937.56

	Land & Buildings ZW$	Plant, machinery & equipment ZW$	Motor vehicles ZW$	Capital Work in progress ZW$	Total ZW$
9. PROPERTY, PLANT AND EQUIPMENT					
Inflation Adjusted					
At 30 June 2021					
Cost					
At the beginning of the year	1 532 946 482	1 742 128 553	160 823 929	270 713 559	3 706 612 523
Additions	66 508 794	55 805 363	41 827 181	643 788 960	807 930 298
Disposals	–	(324 004)	(1 081 319)	–	(1 405 323)
At end of the year	**1 599 455 276**	**1 797 609 912**	**201 569 791**	**914 502 519**	**4 513 137 498**
Depreciation					
At beginning of the year	(295 922 992)	(836 701 521)	(79 415 834)	–	(1 212 040 347)
Charge for the year	(26 708 197)	(96 446 385)	(55 300 066)	–	(178 454 647)
Disposals	–	324 004	963 130	–	1 287 134
At end of the year	**(322 631 189)**	**(932 823 902)**	**(133 752 770)**	**–**	**(1 389 207 860)**
Carrying amount	**1 276 824 087**	**864 786 010**	**67 817 021**	**914 502 519**	**3 123 929 638**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Land & Buildings ZW$	Plant, machinery & equipment ZW$	Motor vehicles ZW$	Capital Work in progress ZW$	Total ZW$
9. PROPERTY, PLANT AND EQUIPMENT (continued)					
Inflation Adjusted					
At 30 June 2020					
Cost					
At the beginning of the year	1 559 617 247	1 701 572 612	88 737 352	212 395 431	3 562 322 642
Additions	50 601 210	126 642 461	77 538 771	68 841 361	323 623 803
Disposals	–	(1 781 299)	(1 055 660)	–	(2 836 959)
At end of the year	**1 610 218 457**	**1 826 433 775**	**165 220 463**	**281 236 792**	**3 883 109 486**
Depreciation					
At beginning of the year	(261 279 578)	(719 451 048)	(64 296 587)	–	(1 045 027 213)
Charge for the year	(34 643 414)	(118 886 015)	(15 968 166)	–	(169 497 595)
Disposals	–	1 635 542	848 919	–	2 484 461
At end of the year	**(295 922 992)**	**(836 701 521)**	**(79 415 834)**	**–**	**(1 212 040 347**
Carrying amount	**1 314 295 465**	**989 732 254**	**85 804 629**	**281 236 792**	**2 671 069 141**

	Land & Buildings ZW$	Plant, machinery & equipment ZW$	Motor vehicles ZW$	Capital Work in progress ZW$	Total ZW$
Historical					
At 30 June 2021					
Cost					
At the beginning of the year	98 378 013	119 822 576	20 216 209	25 709 560	264 126 358
Additions	64 469 081	54 093 906	40 544 412	624 045 037	783 152 436
Disposals	–	(734 762)	(254 564)	–	(989 326)
At end of the year	**162 847 094**	**173 181 720**	**60 506 057**	**649 754 597**	**1 046 289 468**
Depreciation					
At beginning of the year	(9 027 914)	(26 336 259)	(2 584 959)	–	(37 949 132)
Charge for the year	(3 886 779)	(14 035 609)	(8 047 684)	–	(25 970 072)
Disposals	–	692 548	204 710	–	897 258
At end of the year	**(12 914 693)**	**(39 679 320)**	**(10 427 933)**	**–**	**(63 021 946)**
Carrying amount	**149 932 401**	**133 502 400**	**50 078 124**	**649 754 597**	**983 267 523**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Land & Buildings ZW$	Plant, machinery & equipment ZW$	Motor vehicles ZW$	Capital Work in progress ZW$	Total ZW$
9. PROPERTY, PLANT AND EQUIPMENT (continued)					
Historical					
At 30 June 2020					
Cost					
At the beginning of the year	86 988 745	94 906 405	4 949 388	11 846 504	198 691 042
Additions	10 189 912	25 502 859	15 614 513	13 863 056	65 170 340
Disposals	–	(586 688)	(347 692)	–	(934 380)
Exchange differences	1 199 356	–	–	–	1 199 356
At end of the year	**98 378 013**	**119 822 576**	**20 216 209**	**25 709 560**	**264 126 358**
Depreciation					
At beginning of the year	(6 086 077)	(16 758 426)	(1 497 683)	–	(24 342 186)
Charge for the year	(2 941 837)	(10 095 520)	(1 355 979)	–	(14 393 336)
Disposals	–	517 687	268 703	–	786 390
At end of the year	**(9 027 914)**	**(26 336 259)**	**(2 584 959)**	**–**	**(37 949 132)**
Carrying amount	**89 350 099**	**93 486 317**	**17 631 250**	**25 709 560**	**226 177 226**

9.1 None of the asset categories above had been pledged to secure borrowings of the Group in the current year (2020: Nil).

10. ASSETS HELD FOR SALE

The sale of various non-current assets was completed in the 2021 financial year. At 30 June 2020, the assets were classified as a disposal group held for sale and as a discontinued operation. With the properties being classified as discontinued operations, the properties were presented separately in the financial statements.

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Land & Buildings				
At beginning of year	46 942 053	–	7 647 840	–
Disposals	(46 942 053)	46 942 053	(7 647 840)	7 647 840
At end of year	**–**	**46 942 053**	**–**	**7 647 840**
Total	–	46 942 053	–	7 647 840

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
11. GOODWILL				
Net carrying amount at the beginning of the year	72,343,537	72,343,537	1,516,421	1,516,421
Net Carrying amount at the end of the year	72,343,537	72,343,537	1,516,421	1,516,421
Gross carrying amount	72,343,537	72,343,537	1,516,421	1,516,421
Accumulated amortisation and impairment losses	–	–	–	–

11.1 Impairment of Goodwill

The Group performed its annual impairment test as at 30 June 2021. Goodwill acquired through business combinations has been allocated to the Snacks & Treats unit. The recoverable amount of the cash generating units has been determined using value in use. The Group considers the relationship between the investment in subsidiary and its net book value among other factors, when reviewing for indicators of impairment. As a result of this analysis, no impairment of goodwill was recorded.

Key Assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the discount rates.

Discount rates

Discount rates represent the current market assessment of the risks specific to the asset/ cash generating units, taking into consideration the time value of money and the individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt is based on the interest- bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre tax discount rate.

Future cash flows have been projected for 5 years, with a growth rate of 0% used to project cash flows beyond period the 5 year period.

12. INVESTMENT IN ASSOCIATES

The Group has the following investments:

12.1 National Foods Logistics

The Group acquired a 50% interest in National Foods Logistics on 1 April 2018. National Foods Logistics is a private entity that is not listed on any public exchange and will be responsible for the distribution of National Foods' product to the market. The Group's interest is accounted for using the equity method in the consolidated financial statements. National Foods Logistics is incorporated in Zimbabwe and its principle place of business is in Harare, Zimbabwe.

12.1.1 **Net assets acquired at acquisition date.**

National Foods Logistics had nil assets as at the acquisition date. A cash consideration of US$750,000 was paid by the Group for a 50% stake in the associate.

12.1.2 **Summarised financial information of associate**

The following table illustrates the summarised financial information of National Foods Logistic's financial statements:

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted		Historical	
	Year Ended 30 June 2021 ZW$	Year Ended 30 June 2020 ZW$	Year Ended 30 June 2021 ZW$	Year Ended 30 June 2020 ZW$
12. Investment in associates (continued)				
12.1 National Foods Logistics (continued)				
Income Statement				
Revenue	1 415 539 390	988 052 085	1 205 005 981	206 456 477
Profit after tax	74 349 917	68 321 942	93 594 494	10 191 244
Group's share of profit - 50%	37 174 959	34 160 971	46 797 247	5 095 622
Statement of Financial Position				
Non current assets	138 530 147	175 171 888	32 307 971	18 387 140
Current assets	231 559 194	59 866 961	231 249 503	30 140 990
Non Current Liabilities	(11 348 520)	(7 327 705)	(11 348 520)	(2 494 881)
Current liablities	(179 141 657)	(80 175 414)	(179 141 657)	(19 572 424)
Equity	179 599 164	147 535 730	73 067 297	26 460 825
Group's share of equity - 50%	89 799 582	73 767 865	36 533 649	13 230 413
Group's carrying amount of investment	89 799 582	73 767 865	36 533 649	13 230 413

12.2 Pure Oil Industries

The Group has a 40% interest in Pure Oil Industries which is involved in the manufacturing of cooking oil and soap. Pure Oil is a private entity that is not listed on any public exchange and has a 31 March year end. The Group's interest in Pure Oil is accounted for using the equiy method in the consolidated financial statements. Pure Oil is incorporated in Zimbabwe and its principal place of business is in Harare, Zimbabwe.

12.2.1 Summarised financial information of associate company

The following table illustrates the summarised financial information of Pure Oil's financial statements:

	Inflation Adjusted		Historical	
	Year Ended 30 June 2021 ZW$	Year Ended 30 June 2020 ZW$	Year Ended 30 June 2021 ZW$	Year Ended 30 June 2020 ZW$
Income Statement				
Revenue	12 055 658 415	8 401 237 278	10 148 531 753	1 302 724 893
Profit after tax	598 404 603	766 614 700	450 300 395	98 353 808
Group's share of profit - 40%	239 361 841	306 645 880	180 120 158	39 341 523
Statement of Financial Position				
Non current assets	1 587 395 484	1 662 559 022	162 086 380	985 071 922
Current assets	3 433 952 057	2 599 668 446	3 202 506 622	683 912 034
Non Current Liabilities	(1 048 846 053)	(2 006 252 258)	(847 486 730)	(605 007 378)
Current liablities	(1 899 446 747)	(700 122 019)	(1 899 446 747)	(924 206 218)
Equity	2 073 054 741	1 555 853 191	617 659 525	139 770 360
Group's share of equity - 40%	829 221 896	622 341 276	247 063 810	55 908 144
Group's carrying amount of investment	829 221 896	622 341 276	247 063 810	55 908 144

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted		Historical	
	Year Ended 30 June 2021 ZW$	Year Ended 30 June 2020 ZW$	Year Ended 30 June 2021 ZW$	Year Ended 30 June 2020 ZW$
12. INVESTMENT IN ASSOCIATES (continued)				
12.3 Reconciliation of movements in associates				
Balance at the beginning of the year	607 154 576	364 492 275	69 138 557	25 496 030
(Disposal)/Purchase of associates	—	—	—	—
Total equity accounted earnings	276 536 800	354 270 630	261 048 464	45 617 170
Equity accounted earnings - Pure Oil	239 361 841	311 683 257	180 120 158	39 341 523
Equity accounted earnings - National Foods Logistics	37 174 959	39 140 753	80 928 306	5 095 622
Equity accounted earnings - Lolite	—	3 446 620	—	1 180 025
Other comprehensive relating to associates	(25 021 595)	(46 444 905)	—	14 490 885
Transfer from Investments in associates	—	(46 942 053)	—	(7 647 839)
Loan from associates	(10 376 235)	(6 105 997)	(8 596 290)	(2 954 815)
Dividend received from associates	(23 156 173)	(12 115 374)	(13 706 250)	(5 862 874)
Balance at the end of the year	**919 021 478**	**607 154 576**	**307 884 480**	**69 138 557**

13. OTHER FINANCIAL ASSETS AND LIABILITIES

13.1 Other financial assets

Other non-current financial assets comprise of an investment in shares, debenture and loans receivable. The movement for the year is as follows:

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Debt instruments at amortised cost				
Trade receivables (Note 15)	1 909 313 823	683 939 515	1 909 313 823	566 699 334
Loan receivable	76 204 521	165 910 033	76 204 521	80 099 999
Other receivables	461 447 112	1 077 770 160	406 231 003	259 528 130
	2 446 965 456	**1 927 619 708**	**2 391 749 349**	**906 327 463**
Total Financial assets	**2 446 965 456**	**1 927 619 708**	**2 391 749 349**	**906 327 463**
Total current	2 370 760 934	1 761 709 675	2 315 544 827	826 227 464
Total non-current	76 204 522	165 910 033	76 204 522	80 099 999
	2 446 965 456	**1 927 619 708**	**2 391 749 349**	**906 327 463**

Financial assets at fair value through profit or loss include investments in listed equity shares. Fair values of these equity shares are determined by reference to published price quotations on the Zimbabwe Stock Exchange.

Debt instruments at amortised cost include trade receivables and receivables from related parties.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

13. OTHER FINANCIAL ASSETS AND LIABILITIES (continued)

	Interest Rate	Maturity	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
13.2 Other financial liabilities						
Current interest-bearing loans and borrowings						
Bank loans	5% - 40%	2021/2022	1 713 661 026	643 142 682	1 713 661 026	311 229 732
Total current interest-bearing loans and borrowings			**1 713 661 026**	**643 142 682**	**1 713 661 026**	**311 229 732**

Bank loans are unsecured and is repayable in full by 30 June 2022

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
14. INVENTORIES				
Raw materials	4 122 251 065	4 254 567 464	3 138 397 474	1 418 861 299
Finished goods	1 425 218 803	1 128 276 676	1 085 063 239	376 270 473
Consumable stores	188 593 763	126 725 816	143 582 277	42 261 958
Provision for obselete stocks	(1 413 043)	(4 826 444)	(1 075 794)	(1 609 577)
	5 734 650 588	**5 504 743 512**	**4 365 967 196**	**1 835 784 153**

Refer to note 3.2 for the Group's policy on provision for obselete stock

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
15. TRADE AND OTHER RECEIVABLES				
Trade receivables	1 937 360 678	689 669 324	1 937 360 678	571 446 945
Allowance for credit losses	(28 046 855)	(5 729 808)	(28 046 855)	(4 747 611)
Net trade receivables	1 909 313 823	683 939 516	1 909 313 823	566 699 334
Other receivables*	461 447 111	1 077 770 160	406 231 004	259 528 130
	2 370 760 934	**1 761 709 676**	**2 315 544 827**	**826 227 464**

* Other receivables includes VAT receivable and staff debtors.

15.1 Trade receivables

Trade receivables disclosed above are classified as at amortised cost and are therefore measured at amortised cost.

Refer to note 3.2 for the Group's provision for expected credit losses policy.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

15. TRADE AND OTHER RECEIVABLES (continued)

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
15.2 Movement in allowance for credit losses of receivables				
Balance at the beginning of the year	(5 729 808)	(4 058 941)	(4 747 611)	(3 363 162)
Current year provisions	(21 740 880)	(1 681 177)	(22 723 078)	(1 392 992)
Utilised during the year	—	307 713	—	254 965
Bad debts recovered	(576 165)	(297 403)	(576 166)	(246 422)
Balance at year end	**(28 046 855)**	**(5 729 808)**	**(28 046 855)**	**(4 747 611)**

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
15.3 Ageing of impaired trade and other receivables				
0 - 30 days	8 644 635	4 426 103	8 644 635	3 667 386
31 - 60 days	2 499 845	649 168	2 499 844	537 889
61 - 90 days	35 539	379 161	35 539	314 165
Over 90 days	16 866 836	275 376	16 866 837	228 171
Total	**28 046 855**	**5 729 808**	**28 046 855**	**4 747 611**
Average age on impaired trade and other receivables (days)	31	8	36	27

15.4 Amounts due from Related Parties

Included in trade and other receivables are amounts due from related parties (Note 27).

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
16. ISSUED CAPITAL AND RESERVES				
16.1 Issued capital				
Authorised				
73 000 000 ordinary shares of ZW$ 1 cent each	34 826 001	34 826 001	730 000	730 000
Issued and fully paid				
68 400 108 ordinary shares (2020: 68 400 108) of ZW$ 1 cent each	32 631 534	32 631 534	684 001	684 001
Unissued shares				
4 599 892 (2020: 4 599 892) ordinary shares of ZW$ 1 cent each	2 194 467	2 194 467	45 999	45 999

The unissued shares are under the control of the Directors for an indefinite period and are subject to the limitations of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange regulations.

16.2 Directors' shareholdings

At 30 June 2021, the Directors held directly or indirectly the following shares in the Company:

	Inflation Adjusted 2021 Number of Shares	Inflation Adjusted 2020 Number of Shares	Historical 2021 Number of Shares	Historical 2020 Number of Shares
M. Lashbrook	13 231	13 231	13 231	13 231

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
16.3 Non-distributable reserves				
Opening balance	–	–	152 826 553	107 996 609
Exchange differences on translation of foreign operation	–	–	63 128 488	141 590 856
Exchange differences arising on change in functional currency	–	–	–	(96 760 912)
Closing balance	–	–	215 955 041	152 826 553

Non-distributable reserves are as a result exchange differences on the translation of the financial results of subsidiaries with a different functional currency.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
16. ISSUED CAPITAL AND RESERVES (continued)				
16.4 Distributable reserves				
Opening balance	7 620 362 886	5 722 237 269	1 622 245 677	150 100 422
Profit for the year	72 428 993	2 190 735 807	2 612 395 292	1 444 855 570
Transfer of CFCR relating to current year movements	–	–	–	112 202
IFRS 16 adjustment to retained earnings	–	–	–	96 760 912
Dividend declared	(981 048 559)	(292 610 190)	(854 303 668)	(69 583 429)
Closing balance	6 711 743 320	7 620 362 886	3 380 337 301	1 622 245 677
Retained in:				
Holding company	1 150 027 796	1 150 027 796	24 683 808	24 683 808
Subsidiary companies	4 930 908 094	6 116 064 460	3 041 506 050	1 540 953 666
Associate companies	630 807 430	354 270 630	314 147 443	56 608 203
	6 711 743 320	7 620 362 886	3 380 337 301	1 622 245 677
17. DIVIDEND				
Declared and paid during the year:				
Final dividend for 2021: ZW$ 296.49 cents per share (2020: ZW$ 445.71 cents per share)	350 096 201	104 420 637	304 866 121	10 437 856
Interim dividend for 2021: ZW$ 803.27 cents per share (2020: ZW$ 86.47 cents per share)	630 952 357	188 189 553	549 437 548	59 145 573
Total dividends declared and or paid	981 048 558	292 610 190	854 303 669	69 583 429
Increase in shareholders for dividends included in current liabilties	(277 567 177)	(38 979 131)	(303 971 136)	(15 197 648)
Total dividends paid	703 481 379	253 631 059	550 332 533	54 385 781
Proposed and approved (not recognised as a liability at 30 June 2021) Final dividend for 2021: ZW$ 296.49 (2020: ZW$ 445.71 cents per share)	202 799 480	350 096 201	202 799 480	304 866 121
SHAREHOLDERS FOR DIVIDEND				
Opening balance	51 162 548	12 183 417	24 758 590	9 560 942
Dividend paid	(703 481 380)	(253 631 059)	(550 332 533)	(54 385 781)
Dividend declared	981 048 558	292 610 190	854 303 669	69 583 429
Closing balance	328 729 726	51 162 548	328 729 726	24 758 590

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
18. TRADE AND OTHER PAYABLES				
Trade payables	5 034 177 821	1 716 652 530	5 034 177 821	830 722 826
Contract liabilities	28 480 693	–	28 480 693	–
Other payables	637 683 529	1 462 917 678	608 578	572 098 436
	5 700 342 043	**3 179 570 208**	**5 063 267 092**	**1 402 821 262**

Other payables comprises of accruals and income received in advance.

Terms and conditions of the above financial liabilities

Trade payables are non-interest bearing and are normally settled within a 30 - 60 day term.

Other payables are non-interest bearing and terms range between 30 and 90 days.

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
18.1 Contract liabilities				
Short term advances from customers	28 480 693	–	28 480 693	–
19. PROVISIONS				
Leave pay provision				
At beginning of the year	33 487 364	883 536	16 205 212	427 561
Created during the year	53 117 356	37 120 153	42 602 825	16 061 550
Utilised during the year	(28 809 202)	(4 516 325)	(1 012 519)	(283 899)
At end of the year	**57 795 518**	**33 487 364**	**57 795 518**	**16 205 212**
Leave pay				
This is calculated on the basis of leave days accumulated at an expected rate of payment				
20. CASH FLOW INFORMATION				
20.1 Cash generated from operations				
Profit before tax	470 550 865	3 036 714 191	3 421 339 470	1 876 884 651
Interest income	(17 209 389)	–	(12 175 981)	–
Interest expense	450 530 173	284 412 959	400 745 943	58 563 254
Depreciation (Note 9 and 28)	181 520 707	180 650 252	28 791 285	16 209 022
Allowance for obsolete inventory	3 413 400	(3 354 238)	(525 962)	200 344
Allowance for credit losses (Note 15.3)	22 317 046	1 670 867	23 299 244	1 384 449
Unrealised foreign exchange (gain) / loss	(625 204 871)	2 788 416 752	(21 510 678)	(192 578 966)
Provision for leave pay	24 308 155	32 603 828	41 590 307	15 777 651
Profit on disposal of property, plant and equipment	(1 113 200)	(949 568)	(928 089)	(298 168)
Re-measurement gain on disposal of listed investments	–	–	–	(320 597)
Profit on disposal of assets held for sale	(144 619 660)	–	(144 619 660)	–
Equity accounted earnings	(276 536 800)	(354 270 630)	(261 048 464)	(45 617 170)
Loss on monetary position	735 682 679	1 058 037 416	–	–
	823 639 105	**7 023 931 829**	**3 474 957 414**	**1 730 204 470**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
20. CASH FLOW INFORMATION (continued)				
20.2 Working capital changes				
Increase in inventories	(229 907 077)	(8 112 752 204)	(2 529 657 080)	(1 739 614 150)
Increase in accounts receivable	(1 217 081 929)	(5 112 671 629)	(2 921 403 844)	(1 096 307 572)
Increase in accounts payable	2 822 647 168	6 595 041 779	3 682 323 368	1 414 172 187
	1 375 658 162	**(6 630 382 054)**	**(1 768 737 556)**	**(1 421 749 535)**
20.3 Income tax paid				
Charge to profit or loss	(398 121 872)	(845 978 384)	(808 944 178)	(432 029 080)
Movement in tax liability	372 972 557	370 523 756	(4 663 101)	289 147 520
Movement in deferred tax liability	(78 509 548)	(1 259 869)	(25 213 217)	23 231 214
Monetary loss	(844 786 294)	(81 277 564)	–	–
	(948 445 159)	**(557 992 061)**	**(838 820 496)**	**(119 650 346)**
20.4 Cash and cash equivalents at end of year				
Cash at bank	1 103 016 341	624 544 730	1 103 016 341	363 810 153
Cash on hand	19 705 325	5 192 986	19 705 325	5 931 906
	1 122 721 666	**629 737 716**	**1 122 721 666**	**369 742 059**

Cash and cash equivalents consist of cash on hand, balances with banks and loans receivable. Cash at bank accrues interest at floating rates based on daily bank deposit rates.

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
21. COMMITMENTS AND CONTINGENCIES				
Capital expenditure commitments				
Authorised and contracted for	279 500 000	1 139 134 110	279 500 000	551 250 000
Authorised but not contracted for	821 250 000	371 776 177	821 250 000	179 910 000
	1 100 750 000	**1 510 910 287**	**1 100 750 000**	**731 160 000**

The Capital expenditure is to be financed out of the Group's own resources and existing borrowing facilities.

22. PENSION SCHEMES

All eligible employees are members of the following Group schemes which are independently administered:

22.1 National Foods Pension Fund

This is a defined contribution fund, administered by an insurance company which covers eligible employees. Contributions are at the rate of 17.5% of pensionable emoluments of which members pay 7%.

22.2 National Social Security Authority Scheme

This is a defined contribution scheme established under the National Social Security Authority Act (1989). Contributions by employees are 4.5% per month of pensionable monthly emoluments, up to a maximum of $5 000 per month.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

23.1 Capital Management

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder.

The Group monitors capital using a gearing ratio, which is debt divided by the sum of total equity and debt. The target ratio is a debt equity ratio that is no higher than 30%.

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Interest bearing borrowings *	1 731 268 367	653 686 581	1 731 268 367	322 147 426
Less cash and cash equivalents	(1 122 721 666)	(629 737 716)	(1 122 721 666)	(369 742 059)
Net Debt	608 546 701	23 948 865	608 546 701	(47 594 633)
Total Equity	**6 744 374 854**	**7 652 994 420**	**3 596 976 343**	**1 775 756 231**
Gearing ratio	8.3%	0.3%	14.5%	–

* Included in interest bearing borrowings are current lease liabilities and borrowings with maturity dates within the next 12 months.

23.2 Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivable.

23.2.1 Treasury risk

A treasury management policy is in place to maximise returns on available surplus funds which are controlled by management.

23.2.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. Financial assets of the Group which are subject to credit risk consist mainly of cash resources, trade and other receivables and other financial assets.

Cash resources are placed with various approved financial institutions subject to approved limits. All these institutions are of a high standing. The Group's maximum exposure to credit risk on cash resources as at 30 June 2021 and 2021 is the carrying amount as outlined in note 20.4.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are granted short term credit terms.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

23.2 Financial risk management (continued)

Inflation Adjusted	<30 days ZW$	30-60 days ZW$	61-90 days ZW$	>91 days ZW$	Total ZW$
30 June 2021					
Expected credit loss rate	0.6%	1.2%	0.0%	17.1%	
Estimated total gross carrying amount at default	1 462 602 240	204 176 652	171 693 073	98 888 712	1 937 360 678
Expected credit loss	8 644 635	2 499 844	35 539	16 866 836	28 046 855
30 June 2020					
Expected credit loss rate	1%	10%	21%	100%	
Estimated total gross carrying amount at default	680 992 474	6 583 975	1 817 498	275 376	689 669 324
Expected credit loss	4 426 103	649 168	379 161	275 376	5 729 808

Historical	<30 days ZW$	30-60 days ZW$	61-90 days ZW$	>91 days ZW$	Total ZW$
30 June 2021					
Expected credit loss rate	0.6%	1.2%	0.0%	17.1%	
Estimated total gross carrying amount at default	1 462 602 241	204 176 652	171 693 073	98 888 712	1 937 360 679
Expected credit loss	8 644 635	2 499 844	35 539	16 866 837	28 046 856
30 June 2020					
Expected credit loss rate	0.6%	9.9%	20.9%	100.0%	
Estimated total gross carrying amount at default	564 257 472	5 455 357	1 505 945	228 171	571 446 946
Expected credit loss	3 667 386	537 889	314 165	228 171	4 747 611

23.2.3 Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of short term loans and borrowings with variable interest rates.

The following table demonstrates the profit before tax sensitivity to a reasonable possible change in interest rates on bank borrowings and other financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the interest expense on profit or loss item is the effect of the assumed changes in market interest rates. This is based on the financial assets and financial liabilities held at 30 June 2021 and 2020.
- The sensitivity of equity is calculated by considering the effect of any associated net investment in a foreign operation at 30 June 2021 for the effects of the assumed changes of the interest rate.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)				
23.2 Financial risk management (continued)				
23.2.3 Interest risk (continued)				
Effect on profit before tax				
Increase of 3%	(790 373)	(3 065 175)	(790 373)	212 836
Decrease of 3%	790 373	3 065 175	790 373	(212 836)

23.2.4 Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The ability of the company to settle its foreign creditors remained a key consideration, although with the support of the Reserve Bank of Zimbabwe, as well as some respite in respect of foreign liquidity on the back of tobacco inflows, the company's position with its foreign creditors normalised by year end. Note 13.2 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 3 months ZW$	3-12 Months ZW$	1 - 5 years ZW$	Total ZW$
Year ended 30 June 2021				
Borrowings	1 204 125 259	422 276 836	–	1 626 402 095
Trade and other payables	5 063 267 092	–	–	5 063 267 092
	6 267 392 351	**422 276 836**	**–**	**6 689 669 187**
Year ended 30 June 2020				
Borrowings	177 168 496	156 941 732	–	334 110 228
Trade and other payables	1 402 821 262	–	–	1 402 821 262
	1 579 989 758	**156 941 732**	**–**	**1 736 931 490**

23.2.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Exposure to losses on foreign currency denominated creditors is managed through prompt payment of outstanding balances.

The carrying amount of the Group's foreign currency denominated monetary liabilities at the end of the reporting period is as follows:

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)				
23.2 Financial risk management (continued)				
Liabilities				
United Stated Dollar	3 132 163 068	768 946 520	3 132 163 068	372 108 750
South African Rand	15 541 070	21 044 693	15 541 070	10 183 952
Botswana Pula	74 567 763	–	74 567 763	–

The Group is mainly exposed to the United States Dollar, South African Rand and Botswana Pula. The following table details the Group's sensitivity to a 50% strengthening in the ZW$ against the relevant currencies (2020: 45%). The sensitivity analysis includes any outstanding foreign currency denominated monetary items and adjusts their translation at period end for a 50% strengthening of the ZW$ (2020: 45%). A positive number below indicates an increase in profit and equity where the ZW$ strengthens against the relevant currency. For a 45% weakening of the ZW$ against the relevant currencies there would be a comparable inverse impact on the profit and equity. The Group's exposure to foreign currency changes for all other currencies is not material.

	Inflation Adjusted		Historical	
	Profit or (Loss) 2021 ZW$	Profit or (Loss) 2020 ZW$	Profit or (Loss) 2021 ZW$	Profit or (Loss) 2020 ZW$
United Stated Dollar	1 566 081 534	346 025 934	1 566 081 534	167 448 937
South African Rand	7 770 535	9 470 112	7 770 535	4 582 778
Botswana Pula	37 283 881	13 965 326	37 283 881	6 758 103

The sensitivity is mainly attributable to receivables and payables denominated in these currencies.

24. SEGMENTAL ANALYSIS

24.1 Operating segment information

For management purposes the Group is organised into business units based on their products and services and has resulted in two reportable operating segments as follows:

Milling, Manufacturing and Distribution

This segment comprises of the flour, maize, stockfeeds and downpacking operating segments. Management has applied the following judgements in aggregating these operating segments:
- The operating segments exhibit similar long term average gross margins
- The products constitute fast moving consumer goods
- They are involved in the conversion of one form of raw material to a saleable purchased state
- They involve the warehousing of products and distribution to the wholesale and retail market

Properties

This segment includes all properties owned by the Group. Properties are leased out to business units in the Milling, Manufacturing and Distribution segment as well as to third parties.

Profit before tax is used to measure segment performance.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

24. SEGMENTAL ANALYSIS (continued)

24.1 Operating segment information (continued)

Segment revenues and results

Inflation Adjusted	Milling, Manufacturing and Distribution ZW$	Properties ZW$	Intersegment adjustments ZW$	Group ZW$
Year ended 30 June 2021				
Segment revenue				
External customers	36 044 836 422	112 735 135	(2 980 200 000)	33 177 371 557
Total revenue	**36 044 836 422**	**112 735 135**	**(2 980 200 000)**	**33 177 371 557**
Operating Profit	1 335 968 445	27 049 083	–	1 363 017 528
Net interest expense	(446 556 278)	13 235 494	–	(433 320 784)
Equity accounted earnings	276 536 800	–	–	276 536 800
Loss on monetary position	(721 083 056)	(14 599 623)	–	(735 682 679)
Profit before tax	**444 865 911**	**25 684 954**	**–**	**470 550 865**
Segment assets	14 909 826 156	572 092 857	–	15 481 919 013
Segment liabilities	(8 648 099 870)	(89 444 290)	–	(8 737 544 160)
Net segment assets	**6 261 726 286**	**181 719 931**	**–**	**6 744 374 853**
Depreciation charge for the year	157 198 820	24 321 887	–	181 520 707
Capital expenditure	3 103 544 418	305 836 582	–	3 409 381 000
Number of employees	1 365	–	–	1 365
Year ended 30 June 2020				
Segment revenue				
External customers	28 064 048 000	166 228 815	(1 798 618 000)	26 431 658 815
Total revenue	**28 064 048 000**	**166 228 815**	**(1 798 618 000)**	**26 431 658 815**
Operating Profit	3 813 751 960	211 141 977	–	4 024 893 937
Net interest expense	(284 893 017)	480 058	–	(284 412 959)
Equity accounted earnings	350 818 100	3 452 530	–	354 270 630
Loss on monetary position	(1 002 533 815)	(55 503 602)	–	(1 058 037 417)
Profit before tax	**2 877 143 228**	**159 570 963**	**–**	**3 036 714 191**
Segment assets	12 308 238 330	545 648 271	–	12 853 886 602
Segment liabilities	(5 053 401 026)	(147 491 156)	–	(5 200 892 182)
Net segment assets	**7 254 837 305**	**398 157 115**	**–**	**7 652 994 420**
Depreciation charge for the year	147 863 350	32 786 902	–	180 650 252
Capital expenditure	251 974 117	57 246 289	–	309 220 406
Number of employees	1 292	–	–	1 292

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

24. SEGMENTAL ANALYSIS (continued)

24.1 Operating segment information (continued)

Segment revenues and results

Historical	Milling, Manufacturing and Distribution ZW$	Properties ZW$	Intersegment adjustments ZW$	Group ZW$
Year ended 30 June 2021				
Segment revenue				
External customers	30 447 997 265	95 395 536	(2 468 976 000)	28 074 416 801
Total revenue	**30 447 997 265**	**95 395 536**	**(2 468 976 000)**	**28 074 416 801**
Operating profit	3 226 114 045	70 823 474	–	3 296 937 519
Net interest expense	(400 438 573)	11 868 611	–	(388 569 962)
Equity accounted earnings	261 048 464	–	–	261 048 464
Profit before tax	**3 086 723 936**	**82 692 085**	**–**	**3 169 416 021**
Segment assets	10 770 286 791	397 987 086	–	11 168 273 877
Segment liabilities	(7 494 577 222)	(76 720 312)	–	(7 571 297 534)
Net segment assets	**3 275 709 569**	**321 266 774**	**–**	**3 596 976 343**
Depreciation charge for the year	24 867 272	3 924 013	–	28 791 285
Capital expenditure	718 683 355	64 469 081	–	783 152 437
Number of employees	1 365	–	–	1 365
Year ended 30 June 2020				
Segment revenue				
External customers	6 300 212 383	39 872 757	–	6 340 085 140
Total revenue	**6 300 212 383**	**39 872 757**	**–**	**6 340 085 140**
Operating profit	1 830 016 261	96 488 856	(36 674 382)	1 889 830 735
Net interest expense	(58 539 929)	27 140	(50 465)	(58 563 254)
Equity accounted earnings	44 437 146	1 180 024	–	45 617 170
Profit before tax	**1 815 913 478**	**97 696 020**	**(36 724 847)**	**1 876 884 651**
Segment assets	3 746 253 686	159 051 821	544 324	3 905 849 831
Segment liabilities	(2 106 881 168)	(22 668 110)	(544 324)	(2 130 093 602)
Net segment assets	**1 639 372 518**	**136 383 711**	**–**	**1 775 756 229**
Depreciation charge for the year	13 267 185	2 941 837	–	16 209 022
Capital expenditure	55 948 161	10 357 839	–	66 306 000
Number of employees	1 292	–	–	1 292

24.2 Geographical Information

The Group's trading operations are entirely housed in Zimbabwe. The Botswana Milling and Produce Company has no trading activities and holds non current assets worth ZW$ 1 783 728 (2020: ZW$ 1 213 576). As such no further geographical information has been presented. Red Seal Manufacturers has no trading activities.

25. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date that warranted disclosure.

Notes to the Consolidated Financial Statements (continued)
for the year ended 30 June 2021

26. GOING CONCERN

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate. The Covid-19 pandemic will continue to impact the operations of the Group mainly due to the restrictions in economic and social activities and the resultant impact on the demand patterns. However, management are satisfied with the measures implemented to mitigate the impact of the pandemic and ensure the Group will remain a going concern beyond the next twelve month period.

27. RELATED PARTY TRANSACTIONS

27.1 The ultimate parent
The Group's ultimate holding company is Innscor Africa Limited with a 37.73% interest in the Group.

27.2 The financial statements include the financial statements of National Foods Holdings Limited, subsidiaries and associates listed in the following table:

Name	Country of incorporation	2021 Equity Interest	2020 Equity Interest
Subsidiaries and associates			
National Foods Limited (Formerly National Foods Operations Limited)	Zimbabwe	100%	100%
- National Foods Logistics	Zimbabwe	50%	50%
- Pure Oil Industries (Private) Limited	Zimbabwe	40%	40%
National Foods Properties Limited (Formerly National Foods Limited)	Zimbabwe	100%	100%
Bakery Products (Private) Limited	Zimbabwe	100%	100%
Harris Maize Milling and Produce Company (Private) Limited	Zimbabwe	100%	100%
Rice Mills (Private) Limited	Zimbabwe	100%	100%
Natpak Zimbabwe (Private) Limited	Zimbabwe	100%	100%
NF Transport Bulawayo (Private) Limited	Zimbabwe	100%	100%
Palte-Harris (Private) Limited	Zimbabwe	100%	100%
Speciality Animal Feed Company Limited	Zimbabwe	100%	100%
Botswana Milling and Produce Company (Proprietary) Limited	Botswana	100%	100%
- Red Seal Manufacturers (Proprietary) Limited	Botswana	100%	100%
Lolite Trading (Private) Limited	Zimbabwe	0%	50%

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
27.3 Transactions entered into with related parties				
Purchase of trading stocks, raw materials and services				
Innscor Africa Limited Group companies	5 251 708 792	1 631 391 683	4 350 828 141	252 969 234
Pure Oil Industries (Private) Limited	1 433 118 280	115 601 011	1 187 280 481	17 925 492
National Foods Logistics	1 437 739 281	1 458 372 799	1 191 108 794	226 140 327
Sale of goods and Services				
Innscor Africa Limited Group companies	4 398 045 049	4 670 330 476	3 643 602 287	724 197 587
Interest and Management Fees				
Innscor Africa Limited Group companies				
- Management fees	123 745 417	457 828 526	102 518 068	70 992 474

Notes to the Consolidated Financial Statements (continued)
for the year ended 30 June 2021

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
27. RELATED PARTY TRANSACTIONS (continued)				
27.3 Transactions entered into with related parties (continued)				
Entities with Significant Influence				
Interest and Management Fees				
Tiger Brands Limited				
- Technical fees	42 316 655	25 175 432	35 057 636	3 903 790
27.4 Balances (due to) or due from related parties				
Innscor Africa Limited Group companies	4 365 967 196	36 912 839	4 365 967 196	17 862 868
Pure Oil Industries (Private) Limited	(45 803 348)	61 429 210	(45 803 348)	29 726 835
National Foods Logistics	(24 200 723)	(27 938 915)	(24 200 723)	(13 520 205)

27.5 Terms and conditions of transactions with related parties
The sales to and purchases from related parties are made at terms equivalent to those that prevail in arms length transactions. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June2021 the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2019: ZWL nil). This assessment is undertaken each financial year through examining the financial position of each related party and the market in which the related party operates.

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
27.6 Contingent liabilities				
Guarantees				
The contingent liabilities relate to bank guarantees provided in respect of associate companies borrowings as at 30 June 2021.	426 250 000	459 783 399	426 250 000	222 500 000
	426 250 000	**459 783 399**	**426 250 000**	**222 500 000**
27.6 Directors emoluments				
Aggregate amounts paid by the Company and its subsidiaries to directors of the Company				
- for services as directors	9 873 467	560 152	8 179 768	76 903
	9 873 467	**560 152**	**8 179 768**	**76 903**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
27. RELATED PARTY TRANSACTIONS (continued)				
27.8 Key management remuneration				
Key management consists of the executive committee members and business units' managing executives.				
Aggregate short term employee benefits paid by the Company and its subsidiaries to key management of the Company	354 885 134	1 360 646 946	294 007 967	186 802 663
Pension Contributions	5 503 044	40 819 402	4 559 050	5 604 079
	360 388 178	**1 401 466 348**	**298 567 017**	**192 406 742**

28. Leases

Group as a lessee

The Group has lease contracts for various items of plant, machinery and vehicles used in its operations. Leases of plant and machinery generally have a lease term of 2 years, while motor vehicles have lease terms of between 1 and 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The group had no low value leases and short term leases recognised during the year.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Inflation adjusted	Plant and machinery	Motor vehicles	Total
As at 1 July 2019	5 286 212	3 715 742	9 001 954
Additions	25 175 364	–	25 175 364
Depreciation expense	(10 964 446)	(188 211)	(11 152 657)
As at 30 June 2020	**22 809 820**	**214 840**	**23 024 661**
As at 1 July 2020	22 809 820	214 840	23 024 660
Additions	87 470 898	–	87 470 898
Depreciation expense	(3 014 317)	(51 743)	(3 066 060)
As at 30 June 2021	**107 266 401**	**163 098**	**107 429 498**
Historical			
As at 1 July 2019	369 768	259 914	629 682
Additions	12 328 102	–	12 328 102
Depreciation expense	(1 659 737)	(155 948)	(1 815 685)
As at 30 June 2020	**11 038 133**	**103 966**	**11 142 099**
As at 1 July 2020	11 038 133	103 966	11 142 099
Additions	31 989 205	–	31 989 205
Depreciation expense	(2 717 247)	(103 966)	(2 821 213)
As at 30 June 2021	**40 310 091**	**–**	**40 310 091**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2021

28. Leases (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Inflation Adjusted		Historical	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
At beginning of the year	22 560 939	1 069 349	10 917 694	517 479
Additions	26 119 945	25 475 486	26 119 945	12 328 102
Accretion of interest	7 527 362	2 503 447	6 236 116	1 211 469
Payments	(17 188 286)	(6 487 343)	(4 253 793)	(3 139 356)
At end of the year	**39 019 962**	**22 560 939**	**39 019 962**	**10 917 694**
Current	17 607 341	10 543 898	17 607 341	5 102 405
Non-current	21 412 621	12 017 041	21 412 621	5 815 289
	39 019 962	**22 560 939**	**39 019 962**	**10 917 694**
Depreciation				
PPE	(178 454 647)	(169 497 595)	(25 970 072)	(14 393 336)
ROU	(3 066 060)	(11 152 657)	(2 821 213)	(1 815 685)
	(181 520 707)	**(180 650 252)**	**(28 791 285)**	**(16 209 021)**

Company Statement of Financial Position

as at 30 June 2021

		Inflation Adjusted		Historical	
	Note	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
ASSETS					
Non-current assets					
Investments	A	438 931 122	1 210 215 840	25 367 809	25 367 809
Total assets		**438 931 122**	**1 210 215 840**	**25 367 809**	**25 367 809**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	32 631 534	32 631 534	684 001	684 001
Distributable reserves		406 299 588	1 177 584 306	24 683 808	24 683 808
Total Equity		**438 931 122**	**1 210 215 840**	**25 367 809**	**25 367 809**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

	Inflation Adjusted 2021 ZW$	Inflation Adjusted 2020 ZW$	Historical 2021 ZW$	Historical 2020 ZW$
A. Investments				
Subsidiaries equity at ZWL converted value	438 931 122	1 210 215 840	25 367 809	25 367 809

B. Guarantees

The company acted as a guarantor to National Foods Limited, a wholly owned subsidiary. The guarantee was issued by National Foods Holdings Limited in respect of any and all financial obligations and the indebtedness of National Foods Limited.

T. Moyo
Chairman
Harare
27September 2021

M.Lashbrook
Chief Executive Officer

Annexures

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
	ORGANIZATIONAL PROFILE				
GRI 102: General Disclosures 2016	102-1 Name of the organization	Cover Page			
	102-2 Activities, brands, products, and services	6 - 11			
	102-3 Location of headquarters	126			
	102-4 Location of operations	126			
	102-5 Ownership and legal form	8-9			
	102-7 Scale of the organization	16			
	102-8 Information on employees and other workers	49-53			
	102-9 Supply chain	56			
	102-10 Significant changes to the organization and its supply chain	56			
	102-11 Precautionary Principle or approach	33			
	102-12 External initiatives	13			
	102-13 Membership of associations	13			
	STRATEGY				
	102-14 Statement from senior decision-maker	18			
	ETHICS AND INTEGRITY				
	102-16 Values, principles, standards, and norms of behavior	IFC, 33			
	GOVERNANCE				
	102-18 Governance structure	29 - 31			
	STAKEHOLDER ENGAGEMENT				
	102-40 List of stakeholder Groups	40			
	102-41 Collective bargaining agreements	59			
	102-42 Identifying and selecting stakeholders	40			
	102-43 Approach to stakeholder engagement	40			
	102-44 Key topics and concerns raised	40			

GRI Content Index (continued)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
	REPORTING PRACTICE				
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	6, 8-9			
	102-46 Defining report content and topic boundaries	38			
	102-47 List of material topics	35, 37			
	102-49 Changes in reporting		there is no change in the material topics covered this year		
	102-50 Reporting period	2	30 June 2021		
	102-51 Date of most recent report	2	the most recent report is for the year ending 30 June 2021		
	102-52 Reporting cycle	2	we report on an annual basis		
	102-53 Contact point for questions regarding the report	2			
	102-54 Claims of reporting in accordance with the GRI Standards	IFC, 2			
	102-55 GRI content index	118			
	102-56 External assurance	126			

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
200 series (Economic topics)					
ECONOMIC PERFORMANCE					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36, 38, 58			
	103-2 The management approach and its components	36			
	103-3 Evaluation of the management approach	36			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	58			
	201-3 Defined benefit plan obligations and other retirement plans	58			

GRI Content Index (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission		
				Part Omitted	Reason	Explanation
Material Topics						
200 series (Economic topics)						
MARKET PRESENCE						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36, 58			
	103-2	The management approach and its components	58			
INDIRECT ECONOMIC IMPACTS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	58			
	103-2	The management approach and its components	58			
	103-3	Evaluation of the management approach	58			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	58			
PROCUREMENT PRACTICES						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36, 40, 42, 51			
	103-2	The management approach and its components	40, 49			
	103-3	Evaluation of the management approach	40, 49			
300 series (Environmental topics)						
ENERGY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36, 42			
	103-2	The management approach and its components	42, 62			
	103-3	Evaluation of the management approach	44			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	46			
	302-2	Energy consumption outside of the organization	46			

GRI Content Index (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission		
				Part Omitted	Reason	Explanation
Material Topics						
300 series (Environmental topics)						
WATER						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36, 38, 44			
	103-2	The management approach and its components	47			
	103-3	Evaluation of the management approach	47			
	303-3	Water withdrawal	47			
BIODIVERSITY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36,7			
	103-2	The management approach and its components	47			
	103-3	Evaluation of the management approach	47			
400 series (Social topics)						
EMPLOYMENT						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36, 50			
	103-2	The management approach and its components	52, 50-54			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	50			

GRI Content Index (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission		
				Part Omitted	Reason	Explanation
Material Topics						
400 series (Social topics)						
OCCUPATIONAL HEALTH AND SAFETY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	37			
	103-2	The management approach and its components	51-52			
	103-3	Evaluation of the management approach	53-54			
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	51			
TRAINING AND EDUCATION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	37			
	103-2	The management approach and its components	53			
	103-3	Evaluation of the management approach	53			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	53			

Shareholders' Analysis

Shareholding	No. of shareholders	%	Issued shares	%
At 30 June 2021				
1 - 1000	521	55.02	181 031	0.26
1001 - 10000	294	31.05	959 945	1.40
10001 - 50000	100	10.56	2 128 395	3.11
50001 and over	32	3.37	65 130 737	95.23
	947	**100.00**	**68 400 108**	**100.00**
Shareholders				
Bank And Nominees	22	2.32	617 474	0.08
Deceased Estates	7	0.74	8 322	0.01
External Companies	2	0.21	25 622 013	37.46
Insurance Companies/Societes	16	1.69	3 246 160	4.75
Pension Fund	169	17.85	4 384 560	6.41
Resident Individuals	493	52.06	640 980	0.94
Non Residents	72	7.60	91 545	0.13
Investment,Trusts And Companies	166	17.53	34 351 355	50.22
Total	**947**	**100.00**	**68 400 108**	**100.00**
At 30 June 2020				
Shareholding				
1 - 1000	503	54.97	176 722	0.26
1001 - 10000	285	31.15	924 972	1.35
10001 - 50000	90	9.84	1 827 609	2.67
50001 and over	37	4.04	65 470 805	95.72
	915	**100.00**	**68 400 108**	**100.00**
Shareholders				
Bank And Nominees	49	5.36	55 173	0.90
Deceased Estates	9	0.98	29 842	0.04
External Companies	2	0.22	25 622 013	37.46
Insurance Companies/Societes	13	1.42	3 233 612	4.73
Pension Fund	155	16.94	4 041 641	5.91
Resident Individuals	476	52.02	603 007	0.88
Non Residents	81	8.85	1 015 503	1.48
Investment, Trusts And Companies	130	14.21	33 237 016	48.59
	915	**100.00**	**68 400 108**	**100.00**

Major shareholders

The top ten shareholders of the Company at 30 June	2021 No. of shares	%	2020 No. of shares	%
Innscor Africa Limited	25 806 354	37.73	25 806 354	37.73
Tiger Foods Brands Limited - NNR	25 618 474	37.45	25 618 474	37.45
National Foods Workers' Trust (Private) Limited	6 734 978	9.85	6 734 978	9.85
Old Mutual Life Ass Co Zim Ltd	2 681 665	3.92	2 710 599	3.96
Stanbic Nominees (Private) Limited	1 497 661	2.19	1 329 257	1.94
National Social Security Authority	1 203 012	1.76	1 166 292	1.71
Stanbic Nominees (Private) Limited - NNR	474 598	0.69	923 185	1.35
Local Authorities Pension Fund	300 000	0.44	300 000	0.44
NSSA Staff Pension Fund	213 939	0.31	213 939	0.31
Zimbabwe Electricity Industry Pension Fund	205 311	0.30	—	—

Notice to Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty Second Annual General Meeting of National Foods Holdings Limited (the 'Company' or 'National Foods') is to be held at National Foods Limited, 10 Stirling Road, Workington, Harare on 8th November 2021 at 08.45 am, for the purpose of transacting the business below. Shareholders may either attend the meeting in person or virtually as per the instructions at the end of this notice. The usual Covid-19 preventative protocols will be implemented for shareholders who attend the meeting in person.

ORDINARY BUSINESS

Financial Statements

1. To receive, consider, approve and adopt the Financial Statements and Reports of the Directors, including in respect of Corporate Governance, and the Auditors for the financial year ended 30 June 2021.

Directorate

2. To re-elect Directors by individual resolutions in terms of section 201 of the Companies and Other Business Entities Act [Chapter 24:31].

   To elect the following Director, Julian Schonken, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

   Julian Schonken is the Chief Executive Officer of Innscor Africa Limited ("Innscor"), and is one of two Innscor representatives on the Company's Board of Directors. Julian, who is Zimbabwean, completed his tertiary education at Rhodes University in South Africa, where he attained a Bachelor of Commerce degree. In 1999, and shortly after completing his articles of clerkship and qualifying as a Chartered Accountant (Zimbabwe) with Deloitte, Julian joined Innscor and has held a number of senior financial and managerial positions during his 22 years with the Group. In October 2007, Julian was appointed to the main Board of Innscor as Group Financial Director; in January 2015, Julian accepted appointment as Executive Director for the Light Manufacturing Division of Innscor and in September 2016, was appointed as its Group Chief Executive Officer. Julian currently chairs Innscor's Group Executive Committee and is a member of its Finance and Investment Committee; he also sits on the Boards of a number of Innscor's operating business units, including National Foods, where he is also a member of the Audit Committee and the Chairman of the Remuneration Committee.

   To elect the following Director, Noel Doyle, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

   Noel qualified as a Chartered Accountant in Ireland in 1988, before joining Price Waterhouse in Johannesburg the same year, where he was responsible for Client Services, predominantly in the Hotel and Financial Services Sector for a period of 6 years. In 1995, he joined Southern Sun in a financial role and held the position of Corporate Financial Services Director when he left the Company in 1998 to join Tiger Brands. Noel held several positions at Tiger Brands including as Managing Director for Albany Bakeries and Business Executive for Grains (Wheat milling, Oats & Sorghum), prior to being appointed Group Chief Financial Officer in 2004. In 2006, he was appointed to the Tiger Brands Board and in addition to his role as CFO he was responsible for IT, investor relations, as well as Tiger's fishing interests. He served on the Board of Sea Harvest and Oceana, as well as Tiger's Chilean associate, Empressas Carozzi. Noel left Tiger in 2008. After serving as CEO of diversified Motor Group, Bluespec Holdings for a year, he joined Nando's as CEO of the Southern African business in 2009. Noel re-joined Tiger Brands in July 2012 as Business Executive initially responsible for the Grains portfolio. In 2014 and 2015, his responsibilities were extended to include Tiger's operations in Nigeria, Kenya, and Ethiopia. He also served as a Non-Executive Director of Oceana Group Holdings Limited and Dangote Flour Milling PLC, Nigeria. In 2015 he was appointed Chief Operating Officer and in 2016 became Chief Financial Officer prior to his appointment on 1 February 2020 as Chief Executive Officer of Tiger Brands.

Directors' Fees

3. To approve Directors remuneration for the financial year ended 30 June 2021.

Auditors Fees and Appointment

4. a) To approve the fees of the Auditors for the financial year ended 30 June 2021.
   b) To re-appoint Deloitte & Touche Chartered Accountants (Zimbabwe) as Auditors for the Company and to approve their remuneration for the past audit. Deloitte and Touche was appointed as auditors for the Company on 9 November 2020.

SPECIAL BUSINESS

Approval of Share Buy Back

5. To consider, and if deemed appropriate to pass with or without amendment, the following special resolution: - That the Company be authorised in advance, in terms of the Companies and Other Business Entities Act (Cap 24:31) - and the Zimbabwe Stock Exchange Listing Requirements, to purchase its own shares, upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, which terms and conditions and amounts are specified as follows:-

Notice to Annual General Meeting (continued)

i) This Authority shall:
   a) Expire on the date of the Company's Next Annual General Meeting; and
   b) Be a renewable mandate; and
   c) Be subject to the requirements of the regulations of the Zimbabwe Stock Exchange; and
ii) Acquisitions shall be limited to the following class and aggregate maximum number of shares:
   a) Class of Shares: Ordinary
   b) Aggregate maximum number of shares to be purchased: 20% (twenty percent) of the total number of Ordinary Shares in issue in the financial year of the repurchase.
iii) The maximum and minimum prices respectively, at which such ordinary shares may be acquired will be the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the company; and
iv) the repurchases will not be made at a price greater than 5 percent above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase.
v) A press announcement will be published as soon as the company has acquired ordinary shares constituting on a cumulative basis in the period between annual general meetings, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition.
vi) If during the subsistence of this resolution, the Company is unable to declare and pay a cash dividend, then this resolution shall be of no force and effect.

(**NOTE:** In terms of this resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies Act and the regulations of the Companies and Other Business Entities Act and the regulations of the Zimbabwe Stock Exchange, for treasury purposes. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to be able to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company the adequacy of ordinary capital and reserves as well as working capital.)

Approval of Loans to Executive Directors

6. To resolve the following ordinary resolution, with or without amendments:
   "That the Company be and is hereby authorized to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director."

ANY OTHER BUSINESS

7. To transact any other business competent to be dealt with at an Annual General Meeting.

APPOINTMENT OF PROXY

8. In terms of the Companies and Other Business Entities Act (Chapter 24:31), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. Proxy forms should be forwarded to reach the office of the Company Secretary at least 48 (forty-eight) hours before the commencement of the meeting.

NOTES:

Details of the Virtual AGM will be emailed by First Transfer Secretaries (Pvt) Ltd ('FTS') to all Shareholders. Shareholders are advised to update their contact details with the following contact:

First Transfer Secretaries (Private) Limited
1 Armagh Avenue, Eastlea, Harare
Telephone: +263 242 782869/72
Email: info@fts-net.com

Shareholders are invited to pre-register on the online portal that will be provided by FTS and submit their proxy forms at least 48 hours before the meeting. In order to ensure full consultations and shareholder participation, all queries/questions must be submitted to the Company and/or transfer secretaries at least 48 hours before the meeting. All submitted questions will be read out and answered during the meeting by the Chairman and the Directors.

BY ORDER OF THE BOARD

Leigh Caroline Howes
Group Legal Counsel And Company Secretary
10 Stirling Road
Workington
Harare

12 October 2021

CORPORATE INFORMATION

The principal operating company of National Foods Holdings limited is National Foods limited, which is incorporated in and operates throughout Zimbabwe.

REGISTERED OFFICE (Headquarters)
Gloria House
10 Stirling Road,
Workington
P O Box 269, Harare.

TRANSFER SECRETARIES
First Transfer Secretaries
(Private) Limited
P O Box 11, Harare.

PRINCIPAL BANKERS
First Capital Bank limited
(Formerly Barclays Bank of Zimbabwe Limited)
Stanbic Bank Limited
Standard Chartered Bank Limited

LEGAL ADVISER
Calderwood Bryce Hendrie and Partners
Central Africa House
Cnr. Jason Moyo Street and Leopald Takawira Avenue.
Bulawayo

LEGAL ADVISER
Dube, Manikai and Hwacha Legal Practitioners
6th floor, Gold Bridge Eastgate Mall
Cnr. Sam Nujoma Street and Robert Mugabe Road
Harare

AUDITORS
Deloitte & Touche
Chartered Accountants (Zimbabwe)
West Block, Borrowdale Office Park
Borrowdale Road
Harare
.

SUSTAINABILITY ADVISORS
Black Crystal Consulting Private Limited
33 Bayswater Road
Highlands
Harare
Box 9111 Harare

PROXY FORM

PROXY FORM - AGM MONDAY 8th NOVEMBER 2021

I/We ______________________________ of ______________________________

Being the registered owner(s) of ______________________________

ordinary shares in the above named Company hereby appoint ______________________________

of ______________________________ or failing him/her ______________________________

of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday 9th November 2020, at 8.45 am, and at any adjournment thereof.

SIGNED this ____________________ day of ____________________ 2021

Signature of Member ______________________________

NOTE:-

1. A member of the Company is entitled to appoint one or more proxies to act in the alternative to attend and vote and speak instead of him.
2. Instruments of proxy must be deposited at the registered office of the Company not less than forty-eight hours before the appointed for holding the meeting.

CHANGE OF ADDRESS

CHANGE OF NAME / AND OR ADDRESS

The attention of shareholders is drawn to the necessity of keeping the transfer secretaries advised of any changes in name and / or address

Shareholder's name in full
(Block Capitals Please)

____

____

____

New Address
(Block Capitals Please)

____

____

____

Shareholder's Signature ______________________________

NOTES