

## Audited Abridged Group Financial Results of National Foods Holdings Limited

for the year ended 30 June 2022

### 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 2021 on the Group's abridged financial statements.

#### Cautionary Statement- Reliance on all Financial Statements Prepared in Zimbabwe from 2019 - 2022

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 2021, and which have resulted in carry-over effects into the 2022 financial year reporting period.

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.

#### 2022 Financial Year Adverse Audit Opinion

As in the prior year, due to the existing foreign exchange market complexities, the inability to source any meaningful amounts of foreign currency from the Reserve Bank of Zimbabwe ("RBZ") Foreign Exchange Auction System, and in order to provide users with what was considered to be the best possible and practical reflection of the Group's performance and financial position, the Group utilised a combination of estimated exchange rates in order to translate its foreign currency transactions and balances in its annual inflation-adjusted financial statements for the year ended 30 June 2022 prepared under the historical cost convention.

The principles utilised in estimating the exchange rates applied for the current year under review were identical to those applied in the prior year.

In the prior year, Deloitte was in agreement with the Group that there was a long-term lack of exchangeability of the foreign exchange within the Zimbabwean market. Accordingly, Deloitte accepted the use of an estimated exchange rate as an appropriate rate to use for translation of foreign exchange transactions. In the current year, as the RBZ has continued to make foreign exchange available on the auction system and introduced the willing buyer willing seller rate, Deloitte has concluded that there is a temporary lack of exchangeability of foreign exchange and therefore the official published rate (official spot rate) should be used to translate these foreign exchange transactions.

As noted above, the Group believes that the combination of estimated exchange rates utilised in the foreign currency

translation process provides users with the best possible and practical reflection of the Group's performance and financial position for the year ended 30 June 2022 and were it to follow the external auditor's interpretation of IAS 21, then the Group's performance and financial position would have been materially mis-stated. The external auditors, Deloitte, have therefore issued an adverse audit opinion due to the fact that the Group did not utilise the RBZ published interbank rate of exchange prevailing at the time the foreign exchange transaction occurred or at the time that the foreign balance was translated. It is worth noting, in this context, the 72% devaluation in the RBZ interbank rate from USD 1 = ZWL 366.26 at 30 June 2022 to USD 1 = ZWL 629.52 at 21 October 2022.

#### IAS 29 (Financial Reporting in Hyperinflationary Economies)

IAS 29 provides that inflation-adjusted financial statements are the entity's primary financial statements, and the Group has complied with this requirement for these abridged financial statements. The Consumer Price Index ("CPI") was applied in the preparation of the hyperinflation financial statements in accordance with IAS 29, and under the direction of the Public Accountants and Auditors Board ("PAAB").

Due to the prevailing distortions in the economy, and the material and pervasive effects that these can have in the application of the methodologies inherent in IAS 29, the Directors advise users to exercise caution in the interpretation and use of these inflation-adjusted financial statements. Due to the foregoing, financial statements prepared under the historical cost convention have been presented as supplementary information.

#### External Auditor's Statement

The audited financial results should be read in conjunction with the complete set of financial statements for the year ended 30 June 2022 which have been audited by Deloitte & Touche. An adverse audit opinion was issued thereon due to non-compliance to International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates.

The auditor's report has been made available to management and those charged with governance of National Foods Holdings Limited. The engagement partner responsible for this audit is Lawrence Nyajeka PAAB practice certificate number: 0598.

#### Sustainability Reporting

As part of our commitment to ensuring the sustainability of our business and stakeholders, the Group continues to apply the Global Reporting Initiative ("GRI") standards.

Over the years, the Group has aligned its sustainability reporting using GRI standards with corresponding Sustainable Development Goals ("SDGs"), demonstrating the Group's commitment and contribution to sustainable development within the environments that the Group operates. The Group continues to strengthen its sustainability practices and values across its operations to ensure that long-term business success is achieved sustainably.

#### Operating Environment and Overview

The economic environment for the period was challenging, largely on account of the rate of inflation which continued to accelerate through the year. Consumer demand slowed in the second half of the financial year as inflation accelerated, particularly in respect of high value products. Following a series of policy interventions which were instituted towards the end of the period, inflation in the post year end period has declined markedly.

Whilst the interventions, particularly in respect of monetary growth and ZW\$ interest rates, have achieved

### Salient Features

	Inflation adjusted		Historical*	
	Year Ended 30-Jun-22 Audited		Year Ended 30-Jun-22 Supplementary	
Volume (MT)	569 281	▲ 8%	569 281	▲ 8%
	ZW\$'000		ZW\$'000	
Revenue	128 408 113	▲ 33%	70 376 021	▲ 151%
Operating Profit	14 736 872	▲ 301%	13 780 288	▲ 318%
Profit before tax	20 438 642	▲ 1 390%	15 685 586	▲ 358%
Basic and diluted earnings per share (cents)	26 354	▲ 8 436%	20 070	▲ 425%
Cash dividend declared per share (cents)	3 870	▲ 447%	3 870	▲ 1 307%

their desired objective they have also brought about reductions in consumer demand post year end. The migration out of this necessary readjustment period will require a gradual easing of these policies in order to recover consumer demand without reigniting inflation.

Notwithstanding the challenging economic conditions during the period, the Group remains optimistic on the overall medium-term trajectory of the economy, as we anticipate continued growth driven largely by the mining and agricultural sectors. Based on this, the Group has embarked on an exciting growth phase with entry into a number of new categories as well as significant investments into existing categories. This investment pipeline is valued at around US\$ 30 million, with the major projects including a new Flour mill for Bulawayo, a second breakfast cereal plant for Harare, new biscuit and pasta plants as well as substantial reinvestment into the Harare Stockfeeds plant.

#### Financial Performance

In terms of local regulatory directives, the Group is required to provide financial commentary on inflation-adjusted financial statements; users are once again advised to exercise caution in the interpretation and use of these inflation-adjusted financial statements as noted earlier in this Statement.

Volume for the period increased by 8% to 569,000 tons when compared to prior year. Revenue for the year increased by 33% to ZWL128.4 billion, driven by both volume growth and inflation driven price increases. Gross profit grew by 84% in absolute terms, mainly due to inflationary gains on raw material positions. Operational expenditure grew by 37% year on year, with correction of some major cost lines occurring in real terms during the year.

Operating profit increased by 301% compared to prior year to ZWL 14.74 billion, whilst PBT increased by 1 390% to ZWL 20.4 billion. This was driven by significantly increased interest costs in line with higher interest rates; as well as a decline in equity accounted earnings of 41%, which was largely attributed to the disposal of Pure Oil during the period. Included in the reported PBT is a profit on disposal of Pure Oil amounting ZWL5.93 billion.

The inflationary environment meant that intense focus was required to ensure that the key aspects of the Statement of Financial Position were appropriately managed. As a result, the Statement of Financial Position remains in a healthy position, with adequate resource to fund the expansion phase which the Group has embarked on.

#### Operations Review

##### Flour Milling

Volumes for the Flour unit decreased by 1.9% compared to the same period last year, with a slow-down in the last quarter, as price increases driven by higher international wheat prices and the reduced availability of local wheat dampened demand.

The installation of the new mill at our Bulawayo site has commenced and the mill remains on track for commissioning early in 2023. The new mill will increase wheat milling capacity by around 2,000 tons per month.

The prospects for the current winter wheat crop look encouraging which is a most welcome development as it will reduce import dependency. National Foods continues to play a major role in supporting the local contracted wheat crop.

##### Maize Milling

Whilst there was improved volume momentum in the Maize unit in the second half of the year, volumes still closed 2.3% below last year, largely due to last year's

excellent harvest. Turning to the most recent season, the rainfall was erratic and the harvest has been further disturbed by unseasonal winter rains. It is anticipated that imports will be needed to fill the gap before the 2022-2023 harvest and the Group has already started on a maize importation program. Ordinarily, our expectation would have been for improved volumes in the year ahead following the lower harvest but the opening of the borders to imports of finished product will likely see volumes remaining flat in the year ahead.

#### Stockfeeds

Stockfeed volumes increased by 12% when compared to prior year. Volume growth continued to be driven by the poultry sector. Beef volumes declined following the better summer season and consequent improved pastures.

The phased 3-year upgrade of the Aspindale plant is now underway and has commenced with the installation of a PLC system which will enhance and optimise operational controls. Further investment targeted at improving the efficiency of the Aspindale plant is planned for the year ahead.

#### Downpacked

Volumes in the Downpacked unit which primarily packs rice and salt saw encouraging growth of 31% versus last year. Rice volume growth was driven by the informal sector, whilst Red Seal salt remained the brand of choice for consumers.

The Rice category continues to see significant volume growth and as a consequence, initiatives to further improve volume growth are on-going.

#### Traded Goods

The Traded Goods unit saw volume growth of 34% versus prior year, largely as a result of growth in the pasta category.

The Board has approved the purchase of a new pasta line in response to the growing demand for pasta in the country. This investment will also see the localisation of pasta production, which traditionally has been imported as a finished product. It is expected that this project will commission late in 2023.

#### Snacks

Volumes in this Division increased by 24% against the prior period, as the increased production capacity came on stream.

Additional production capacity will be commissioned early in the new financial year with a view to fulfilling demand, especially in the informal sector. In addition, work to broaden the portfolio continues, with the recent launch of a new range of premium sesame snacks.

#### Biscuits

Biscuit volumes declined by 3% compared to last year, with a marked reduction in volumes towards the end of the year. The decline was largely brought about by higher flour prices which impacted affordability of the product. Volumes have recovered early in the new financial year with the adjustment in pricing of competing "on the go" food products.

The Board has approved the purchase of a new biscuit line, which will allow National Foods to extend its biscuit portfolio beyond the current basic loose biscuit proposition to more specialised biscuits such as creams. Work on the project is underway and the new line is expected to be commissioned late in 2023.



### Chairman's Statement (continued)

#### Cereals

Volumes in the cereals unit grew by 35% year on year. "Pearlenta Nutri-Active" instant maize porridge is the key product in the cereal range which also includes "Better Buy Soya Delights" as well as a "Smart Carbs" range of instant breakfast cereals. The "Smart Carbs" cereal range is derived from traditional grains such as sorghum and millet and has been developed with the health conscious consumer in mind.

A second breakfast cereal line will be commissioned in October 2022. This line will enable the broadening of the breakfast cereals range, starting with Corn Flakes and an Instant Breakfast cereal.

#### Pure Oil

As previously advised, during the year the Board approved the disposal of National Foods' 40% stake in Pure Oil. The necessary regulatory approval for the disposal has now been received and the implementation of the transaction is underway.

#### Contract Farming

National Foods continues to keenly support contract farming of maize, soya beans, wheat, sugar beans, sorghum and popcorn. During the current winter season around 12,000 hectares of wheat has been planted, representing a significant portion of the contracted crop. In addition to this, 40,000 tons of maize and soya beans were delivered on this year's summer cropping program. The various products grown under this program now constitute a significant portion of the Group's raw material requirements.

#### Corporate Social Responsibility (CSR)

National Foods continues to support a wide range of causes through its comprehensive CSR program. The company supports 45 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 the financial year the Group managed to win 3 awards for its CSR work Top Charitable Organisation of the Year the CSR Network Zimbabwe, Best Campaign - Corporate Social Responsibility (Winner) and Public Relations & Communication Campaign of the Year from the Institute of Public Relations & Communication Zimbabwe.

#### 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.

#### Future Prospects

The Group is embarking on an exciting period of expansion with entry into a number of new categories as it seeks to value add its portfolio of basic products. Many of these products will see the localised manufacture of products which had previously been imported, reducing foreign currency requirements and increasing demand for locally grown produce. Our team remains intensely focused on delivering a range of quality, healthy and affordable products which ultimately will offer improved choice to local consumers.

From an economic policy perspective, the Group welcomes and supports the recent interventions which have greatly improved economic stability. With the improved stability, we would support a progressive easing of some of the measures, such that consumer spending can recover, albeit in a more stable inflationary environment.

As well as implementation of the projects spoken to above, our management teams will continue to focus on ensuring their business models are robust and fit for purpose. Particular focus will be placed on volume growth, cost optimisation as well as ensuring that working capital deployed in each unit is appropriate for the economic circumstances.

#### Final Dividend

The Board declared a final dividend of US\$5.95 cents per share (2021: ZW\$ 296.49 cents per share) in respect of all ordinary shares of the company bringing the total dividend to US\$5.95 cents per share and ZW\$1 103 cents per share

(2021: ZW\$1 099.76 cents per share). This dividend is in respect of the financial year ended 30th June 2022 and will be payable to all the shareholders of the Company registered at the close of business on the 11th of November 2022.

The payment of the final dividend will take place on or around the 25th of November 2022. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of the 8th of November 2022 and ex-dividend from the 9th of November 2022.

#### Acknowledgement and Appreciation

I would like to express my sincere appreciation to the employees of National Foods who have continued to ensure the market is consistently supplied with a wide range of quality basic food products at affordable prices, often under very challenging circumstances. The Zimbabwean consumer continues to show loyal support for our brands, and it is our hope that we can continue to serve you all with the range of new products that are being launched in the near future.

Finally, the Board members have provided astute guidance both in assisting to navigate a challenging year as well as in the development of the new projects. I thank them for their valued input.



**Todd Moyo**  
Independent, Non-Executive Chairman  
26 October 2022

### Audited Abridged Group Statement of Profit or Loss And Other Comprehensive Income

Notes	Inflation adjusted		Historical*		
	Year Ended 30-Jun-22 audited ZW\$'000	Year Ended 30-Jun-21 audited ZW\$'000	Year Ended 30-Jun-22 supplementary ZW\$'000	Year Ended 30-Jun-21 supplementary ZW\$'000	
<b>Revenue</b>	<b>128 408 113</b>	<b>96 732 803</b>	<b>70 376 021</b>	<b>28 074 417</b>	
cost of raw materials	(92 488 205)	(77 237 462)	(44 399 295)	(20 033 863)	
<b>Profit before items listed below</b>	<b>35 919 908</b>	<b>19 495 341</b>	<b>25 976 726</b>	<b>8 040 554</b>	
other trading income	667 191	97 551	375 478	27 798	
operating expenses	(21 850 227)	(15 921 609)	(12 571 916)	(4 771 414)	
<b>Operating Profit before depreciation, interest and tax</b>	<b>14 736 872</b>	<b>3 671 283</b>	<b>13 780 288</b>	<b>3 296 938</b>	
financial income	1 314 081	832 013	3 171 957	280 715	
depreciation and amortisation	(735 201)	(529 246)	(100 258)	(28 791)	
<b>Profit before interest and tax</b>	<b>15 315 752</b>	<b>3 974 050</b>	<b>16 851 987</b>	<b>3 548 862</b>	
interest income	85 559	50 176	43 774	12 176	
interest expense	(2 413 699)	(1 313 577)	(1 409 614)	(400 746)	
equity accounted earnings	523 451	806 278	199 439	261 048	
gain/(loss) on monetary position	6 927 579	(2 144 975)	—	—	
<b>Profit before tax</b>	<b>20 438 642</b>	<b>1 371 952</b>	<b>15 685 586</b>	<b>3 421 340</b>	
tax expense	(2 412 268)	(1 160 774)	(1 957 666)	(808 944)	
<b>Profit for the year</b>	<b>18 026 374</b>	<b>211 178</b>	<b>13 727 920</b>	<b>2 612 396</b>	
<b>Other comprehensive income - not to be recycled to profit and loss at a future point in time</b>					
exchange differences on translation of foreign operation	—	—	1 026 364	63 128	
<b>Total comprehensive income for the year</b>	<b>18 026 374</b>	<b>211 178</b>	<b>14 754 284</b>	<b>2 675 524</b>	
<b>Profit for the period attributable to:</b>					
equity holders of the parent	18 026 374	211 178	13 727 920	2 612 396	
<b>Total comprehensive income for the period attributable to:</b>					
equity holders of the parent	18 026 374	211 178	14 754 284	2 675 524	
<b>EARNINGS PER SHARE (CENTS)</b>					
- Basic and diluted earnings per share	8	26 354	309	20 070	3 819

\* Refer to note 2.2

### Audited Abridged Group Statement of Financial Position

Notes	Inflation adjusted		Historical*	
	At 30-Jun-22 audited ZW\$'000	At 30-Jun-21 audited ZW\$'000	At 30-Jun-22 supplementary ZW\$'000	At 30-Jun-21 supplementary ZW\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
property, plant and equipment	13 392 328	9 108 210	3 742 779	983 268
intangible assets	210 927	210 927	1 516	1 516
investment in associates	467 213	2 679 523	120 044	307 884
other financial assets	1 604 262	222 184	1 604 262	76 205
deferred tax asset	—	—	286 379	—
right of use assets	431 461	313 224	177 698	40 310
<b>Total non-current assets</b>	<b>16 106 191</b>	<b>12 534 068</b>	<b>5 932 678</b>	<b>1 409 183</b>
<b>Current assets</b>				
other financial assets	6 456 686	—	6 456 686	—
inventories	27 336 676	16 720 096	17 541 706	4 365 967
trade and other receivables	19 888 252	12 611 884	16 483 870	4 270 402
cash and cash equivalents	2 535 684	3 273 436	2 535 684	1 122 722
<b>Total current assets</b>	<b>56 217 298</b>	<b>32 605 416</b>	<b>43 017 946</b>	<b>9 759 091</b>
<b>Total assets</b>	<b>72 323 489</b>	<b>45 139 484</b>	<b>48 950 624</b>	<b>11 168 274</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
share capital	95 141	95 141	684	684
non distributable reserves	—	—	1 242 319	215 955
distributable reserves	35 932 901	19 568 932	16 151 004	3 380 337
<b>Total equity</b>	<b>36 028 042</b>	<b>19 664 073</b>	<b>17 394 007</b>	<b>3 596 976</b>
<b>Non-current liabilities</b>				
deferred tax liability	2 098 989	1 644 388	—	34 820
lease liability	55 881	62 432	55 881	21 413
<b>Total non-current liabilities</b>	<b>2 154 870</b>	<b>1 706 820</b>	<b>55 881</b>	<b>56 233</b>
<b>Current liabilities</b>				
trade and other payables	23 152 236	16 620 065	20 512 394	5 063 267
current portion of lease liability	132 739	51 336	132 739	17 607
borrowings	9 008 845	4 996 394	9 008 846	1 713 661
provisions	266 967	168 510	266 967	57 796
current tax payable	1 379 752	973 832	1 379 752	334 004
shareholders for dividends	200 038	958 454	200 038	328 730
<b>Total current liabilities</b>	<b>34 140 577</b>	<b>23 768 591</b>	<b>31 500 736</b>	<b>7 515 065</b>
<b>Total liabilities</b>	<b>36 295 447</b>	<b>25 475 411</b>	<b>31 556 617</b>	<b>7 571 298</b>
<b>Total equity and liabilities</b>	<b>72 323 489</b>	<b>45 139 484</b>	<b>48 950 624</b>	<b>11 168 274</b>

## Audited Abridged Group Statement of Cash Flows

	Inflation adjusted		Historical*	
	Year Ended 30-Jun-22 audited ZW\$'000	Year Ended 30-Jun-21 audited ZW\$'000	Year Ended 30-Jun-22 supplementary ZW\$'000	Year Ended 30-Jun-21 supplementary ZW\$'000
<b>Operating Activities</b>				
cash generated from operations	19 266 682	2 330 715	9 189 204	3 538 086
working capital changes	(12 020 735)	4 010 905	(8 599 039)	(1 768 738)
<b>Operating cash flow</b>	<b>7 245 947</b>	<b>6 341 620</b>	<b>590 165</b>	<b>1 769 348</b>
interest received	85 559	50 176	43 774	12 176
interest paid	(2 413 699)	(1 313 577)	(1 409 614)	(400 746)
income tax paid	(2 430 491)	(2 765 311)	(1 233 118)	(804 281)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>2 487 316</b>	<b>2 312 908</b>	<b>(2 008 793)</b>	<b>576 497</b>
<b>Investing activities</b>				
purchase of property, plant and equipment to maintain operations	(3 609 941)	(2 281 667)	(537 015)	(758 565)
purchase of property, plant and equipment to expand operations	(1 363 447)	(73 955)	(2 289 316)	(24 587)
loan from/(to) associate	(31 558)	30 253	(31 558)	8 596
proceeds from disposal of associate	—	287 978	—	88 467
proceeds on disposal of property, plant and equipment	40 677	3 590	32 487	1 020
dividends received from associate	153 109	67 515	83 806	13 706
<b>Net cash outflow from investing activities</b>	<b>(4 811 160)</b>	<b>(1 966 286)</b>	<b>(2 741 596)</b>	<b>(671 363)</b>
<b>Financing activities</b>				
proceeds from borrowings	8 062 694	4 691 001	7 411 733	1 479 172
repayment of borrowings	(3 915 984)	(1 499 062)	(116 550)	(76 741)
lease liability repayments	(139 798)	(50 115)	(45 887)	(4 252)
dividends paid	(2 420 820)	(2 051 089)	(1 085 945)	(550 333)
<b>Net cash inflow from financing activities</b>	<b>1 586 092</b>	<b>1 090 735</b>	<b>6 163 351</b>	<b>847 846</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(737 752)</b>	<b>1 437 357</b>	<b>1 412 962</b>	<b>752 980</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3 273 436</b>	<b>1 836 079</b>	<b>1 122 722</b>	<b>369 742</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2 535 684</b>	<b>3 273 436</b>	<b>2 535 684</b>	<b>1 122 722</b>

## Audited Abridged Group Statement of Changes In Equity

	Inflation adjusted			
	Share capital ZWL'000	Non- Distributable reserves ZWL'000	Distributable reserves ZWL'000	Total ZWL'000
<b>Balance at 30 June 2020</b>	<b>95 141</b>	<b>—</b>	<b>22 218 127</b>	<b>22 313 268</b>
profit for the year	—	—	211 176	211 176
total comprehensive income	—	—	211 176	211 176
dividends	—	—	(2 860 371)	(2 860 371)
<b>Balance at 30 June 2021</b>	<b>95 141</b>	<b>—</b>	<b>19 568 932</b>	<b>19 664 073</b>
profit for the year	—	—	18 026 374	18 026 374
total comprehensive income	—	—	18 026 374	18 026 374
dividends	—	—	(1 662 405)	(1 662 405)
<b>Balance at 30 June 2022</b>	<b>95 141</b>	<b>—</b>	<b>35 932 901</b>	<b>36 028 042</b>
	Historical*			
	Share capital ZWL'000	Non- Distributable reserves ZWL'000	Distributable reserves ZWL'000	Total ZWL'000
<b>Balance at 30 June 2020</b>	<b>684</b>	<b>152 827</b>	<b>1 622 245</b>	<b>1 775 756</b>
profit for the year	—	—	2 612 396	2 612 396
transfer to foreign currency reserve	—	63 128	—	63 128
total comprehensive income	—	63 128	2 612 396	2 675 524
dividends	—	—	(854 304)	(854 304)
<b>Balance at 30 June 2021</b>	<b>684</b>	<b>215 955</b>	<b>3 380 337</b>	<b>3 596 976</b>
profit for the year	—	—	13 727 920	13 727 920
transfer to foreign currency reserve	—	1 026 364	—	1 026 364
total comprehensive income	—	1 026 364	13 727 920	14 754 284
dividends	—	—	(957 253)	(957 253)
<b>Balance at 30 June 2022</b>	<b>684</b>	<b>1 242 319</b>	<b>16 151 004</b>	<b>17 394 007</b>

## Supplementary Information (continued)

### 1 Corporate Information

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

The Group's activities consist of the milling of flour and maize, the manufacture of stockfeeds, snacks and biscuits and the packaging and sale of other general household goods. The Group also owns a portfolio of properties that are leased out to the main business units.

### 2 Basis of Preparation

The Group's abridged annual financial statements for the year ended 30 June 2022 should be read in conjunction with the full financial statements for the year ended 30 June 2022 which have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The Listing Requirements require financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Group's abridged annual inflation-adjusted financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwe Dollars ("ZWS").

The principal accounting policies applied in the preparation of the Group consolidated inflation-adjusted financial statements are in terms of IFRS and have been applied consistently in all material respects with those of the previous consolidated annual inflation-adjusted financial statements.

### 2.1 IAS 21 (The Effects of Changes in Foreign Exchange Rates)

Due to the limited amount of currency available to the Foreign Exchange Auction Market, directors do not believe that the official exchange rates prevailing during the financial year were, at all times, reflective of a spot exchange rate, being the exchange rate for immediate delivery as defined in IAS 21. The directors further believe this lack of exchangeability to be long-term in nature and as such have estimated exchange rates with reference to the selling prices of goods in ZWS compared to US\$. The independent auditors Deloitte & Touche have issued an adverse opinion for the current year ended 30 June 2022 as they believe that the determination of an estimated spot exchange rate is not compliant with International Financial Reporting Standards ("IFRS").

### 2.2 Historical financial information

The historical amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.

### 3 IAS 29 (Financial Reporting in Hyperinflationary Economies)

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe, for reporting periods on or after 1 July 2019. These financial statements have been prepared in accordance with IAS 29 together with International Financial Reporting Interpretations Committee (IFRIC) 7 (Applying the Restatement Approach under IAS 29), as if the economy had been hyperinflationary from 1 October 2018. The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate transactions and balances. 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 Statement of profit or loss 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 period ended 30 June 2022 and the comparative period. Comparative amounts in the Group financial statements have been restated to reflect the change in the general price index from 30 June 2021 to the end of the reporting year. All items in the statement of cash flows are expressed based on the restated financial information for the period.

As noted above, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index and used the monthly indices to inflation adjust the historical figures. The factors used in the periods under review are as follows:

	Index	Conversion Factor
June 2022	8,707.35	1.0000
June 2021	2,986.44	2.9156
June 2020	1,445.20	6.0250
June 2019	172.60	50.4481

### 4 Legacy Debt

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 ZWS currency. The foreign liabilities were registered and approved by the Reserve Bank of Zimbabwe, ("RBZ") and the Group transferred to the RBZ the ZWS equivalent of the foreign liabilities based on an exchange rate of US\$/ZWS, 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 2022 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 Board remains confident that the RBZ will settle the legacy debts as per the Exchange Control Directives although risk remains that policies regarding the foreign liabilities may be change. The RBZ has provided an undertaking that the amounts outstanding will be settled to the respective creditors.

## Supplementary Information (continued)

### 5 Operating Segments

	Inflation Adjusted			Total ZW\$'000
	Milling and Manufacturing ZW\$'000	Properties ZW\$'000	Intersegment adjustments ZW\$'000	
<b>Revenue</b>				
30 June 2022	126 874 924	1 533 189	—	128 408 113
30 June 2021	96 404 110	328 693	—	96 732 803
<b>Operating Profit before depreciation, interest and tax</b>				
30 June 2022	13 946 500	790 372	—	14 736 872
30 June 2021	3 592 418	78 865	—	3 671 283
<b>Depreciation</b>				
30 June 2022	(654 036)	(81 165)	—	(735 201)
30 June 2021	(458 333)	(70 914)	—	(529 246)
<b>Net Interest Expense</b>				
30 June 2022	(2 360 212)	32 072	—	(2 328 140)
30 June 2021	(1 301 991)	38 590	—	(1 263 401)
<b>Profit before tax</b>				
30 June 2022	19 155 939	1 282 704	—	20 438 642
30 June 2021	1 336 157	35 795	—	1 371 952
<b>Segment assets</b>				
30 June 2022	71 331 683	991 806	—	72 323 489
30 June 2021	43 471 475	1 668 009	—	45 139 484
<b>Segment liabilities</b>				
30 June 2022	(36 076 430)	(219 016)	—	(36 295 446)
30 June 2021	(25 214 625)	(260 786)	—	(25 475 411)
<b>Capital expenditure</b>				
30 June 2022	4 762 368	211 020	—	4 973 388
30 June 2021	1 463 917	891 705	—	2 355 622
	Historical*			
	Milling and Manufacturing ZW\$'000	Properties ZW\$'000	Intersegment adjustments ZW\$'000	Total ZW\$'000
<b>Revenue</b>				
30 June 2022	69 535 733	840 288	—	70 376 021
30 June 2021	27 979 021	95 396	—	28 074 417
<b>Operating profit before depreciation and amortisation</b>				
30 June 2022	13 002 528	777 760	—	13 780 288
30 June 2021	3 226 114	70 824	—	3 296 938
<b>Depreciation and amortisation</b>				
30 June 2022	(90 290)	(9 968)	—	(100 258)
30 June 2021	(24 867)	(3 924)	—	(28 791)
<b>Net Interest Expense</b>				
30 June 2022	(1 379 712)	13 872	—	(1 365 840)
30 June 2021	(400 439)	11 869	—	(388 570)
<b>Profit before tax</b>				
30 June 2022	14 893 954	791 632	—	15 685 586
30 June 2021	3 150 185	271 155	—	3 421 340
<b>Segment assets</b>				
30 June 2022	48 288 422	662 202	—	48 950 624
30 June 2021	10 770 287	397 987	—	11 168 274
<b>Segment liabilities</b>				
30 June 2022	(31 367 338)	(189 279)	—	(31 556 617)
30 June 2021	(7 494 578)	(76 270)	—	(7 571 298)
<b>Capital expenditure</b>				
30 June 2022	2 711 291	115 040	—	2 826 331
30 June 2021	718 683	64 469	—	783 152

## Supplementary Information (continued)

	Inflation adjusted		Historical*	
	Year Ended 30-Jun-22 audited ZW\$'000	Year Ended 30-Jun-21 audited ZW\$'000	Year Ended 30-Jun-22 supplementary ZW\$'000	Year Ended 30-Jun-21 supplementary ZW\$'000
<b>6 Depreciation</b>	735 201	529 246	100 258	28 791
<b>7 Capital expenditure for the year</b>	4 973 388	2 355 622	2 826 331	783 152
<b>8 Earnings per share</b>				
<b>Basic earnings basis</b>				
The calculation is based on the profit attributable to equity holders of the parent and number of shares in issue for the year.				
<b>Headline earnings/(loss) basis</b>				
Headline earnings comprises of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.				
	Inflation adjusted		Historical*	
	Year Ended 30-Jun-22 audited ZW\$'000	Year Ended 30-Jun-21 audited ZW\$'000	Year Ended 30-Jun-22 supplementary ZW\$'000	Year Ended 30-Jun-21 supplementary ZW\$'000
<b>Reconciliation of basic earnings to headline earnings</b>				
Profit for the year attributable to equity holders of the parent	18 026 374	211 178	13 727 920	2 612 396
<b>Adjustment for capital items</b>				
Profit on disposal of property, plant and equipment	(33 450)	(3 257)	(31 762)	(928)
Tax effect on adjustments	8 269	593	7 851	229
Profit on disposal of assets held for sale	(5 926 017)	(421 657)	(7 399 997)	(144 849)
Tax effect on adjustments	386 752	104 803	386 752	35 979
<b>Headline earnings attributable to ordinary shareholders</b>	<b>12 461 928</b>	<b>(108 340)</b>	<b>6 690 764</b>	<b>2 502 827</b>
<b>Number of shares in issue</b>				
Weighted average number of ordinary shares in issue	68 400 108	68 400 108	68 400 108	68 400 108
Basic and diluted earnings per share (cents)	26 354	309	20 070	3 819
Headline earnings per share (cents)	18 219	(158)	9 782	3 659
<b>9 Inventories</b>				
Raw materials	19 626 599	12 018 942	12 594 217	3 138 397
Finished goods	7 248 323	4 155 405	4 651 185	1 085 063
Consumable stores	488 364	549 869	313 379	143 582
Provision for obsolete stocks	(26 610)	(4 120)	(17 705)	(1 075)
	<b>27 336 676</b>	<b>16 720 096</b>	<b>17 541 706</b>	<b>4 365 967</b>
<b>10 Trade and other receivables</b>				
Trade receivables	8 672 560	5 648 619	8 672 560	1 937 361
Prepayments	8 974 370	5 699 632	5 569 988	1 899 641
VAT Receivable	405 058	549 195	405 058	188 363
Other receivables	1 884 896	796 212	1 884 896	273 084
	19 936 884	12 693 658	16 532 502	4 298 449
Allowance for credit losses	(48 632)	(81 774)	(48 632)	(28 047)
	<b>19 888 252</b>	<b>12 611 884</b>	<b>16 483 870</b>	<b>4 270 402</b>
<b>11 Lease liability Analysis</b>				
Non-current	55 881	62 432	55 881	21 413
Current	132 739	51 336	132 739	17 607
	<b>188 620</b>	<b>113 768</b>	<b>188 620</b>	<b>39 020</b>
<b>Undiscounted future lease payments</b>				
Payable within one year	24 750	59 479	24 750	20 400
Payable two to five years	74 250	178 436	74 250	61 200
Payable after five years	—	—	—	—
	<b>99 000</b>	<b>237 915</b>	<b>99 000</b>	<b>81 600</b>
<b>12 Trade and other payables</b>				
Trade payables	18 834 570	14 281 723	16 194 728	4 261 264
Provisions	266 967	168 510	266 967	57 796
Other payables	4 050 699	2 169 832	4 050 699	744 208
	<b>23 152 236</b>	<b>16 620 065</b>	<b>20 512 394</b>	<b>5 063 267</b>
<b>13 Commitments for capital expenditure</b>				
Contracts and orders placed	4 751 500	814 917	4 751 500	279 500
Authorised by Directors but not contracted	6 708 000	2 394 458	6 708 000	821 250
	<b>11 459 500</b>	<b>3 209 375</b>	<b>11 459 500</b>	<b>1 100 750</b>

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

## Supplementary Information (continued)

### 14 Shareholders for Dividends

The Shareholders for dividends balance relates to foreign dividends payable, outstanding as at reporting date.

### 15 Interest bearing borrowings

Interest bearing borrowings constitute bank loans from various local financial institutions which accrue interest at an average rate of 38% per annum as at 30 June 2022. The facilities expire at different dates during the year and will be reviewed and renewed when they mature.

	Inflation adjusted		Historical*	
	Year Ended 30-Jun-22 audited ZW\$'000	Year Ended 30-Jun-21 audited ZW\$'000	Year Ended 30-Jun-22 supplementary ZW\$'000	Year Ended 30-Jun-21 supplementary ZW\$'000
<b>16 Contingent liabilities</b>				
<b>Guarantees</b>				
The contingent liabilities relate to bank guarantees provided in respect of associate companies borrowings as at 30 June 2022.	200 000	1 242 786	200 000	426 250
	<b>200 000</b>	<b>1 242 786</b>	<b>200 000</b>	<b>426 250</b>

### 17 Uncertain tax positions

The significant currency changes in Zimbabwe since 2018 have created some uncertainties in the treatment of taxes due to the absence of clear guidance and transitional measures from the tax authorities. Complications arose from the wording of the tax legislation in relation to the currency of settlement for certain taxes which gives rise to varying interpretations within the economy. The Group is engaged with the tax authorities concerning these matters and the outcome cannot be determined at this stage.

