



National Foods Holdings Limited

VFEX Delisting Circular

This Circular Is Important And
Requires Your Immediate Attention

(National Foods Holdings Limited, incorporated in Zimbabwe on 18 December 1969, under Company Registration Number 1067/69)

CIRCULAR TO SHAREHOLDERS



Relating to and seeking approvals for:

The delisting of National Foods Holdings Limited from the Victoria Falls Stock Exchange, and an Offer by National Foods Holdings Limited to its Shareholders to acquire their shares via a Share Buyback

and incorporating
NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice of an Extraordinary General Meeting of the members of National Foods Holdings Limited, to be held physically at the National Foods Holdings Limited Head Office at Gloria House, 10 Stirling Road, Workington Harare on Wednesday, 18 December 2024 at 0915 hours. The notice was published on Wednesday, 27 November 2024 in accordance with the Listings Requirements of the Victoria Falls Stock Exchange ("VFEX") and the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe, as set out at the end of this Document. Shareholders are asked to complete and return the attached form of proxy in accordance with the instructions printed thereon by 0915 hours, on Monday, 16 December 2024.

and
A FORM OF ACCEPTANCE, SURRENDER AND TRANSFER FOR USE BY NATIONAL FOODS HOLDINGS LIMITED SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER

Lead Financial Advisors	Sponsoring Brokers	Legal Advisors	Transfer Secretaries
			

This Circular is neither a prospectus nor an invitation to the public to subscribe for shares in the Company but is issued in compliance with the Listings Requirements of the VFEX, for the purpose of giving information to the public regarding the Proposed Transaction as more fully set out in this Circular. The Circular is only available in English. Additional copies of this Circular may be inspected at the Registered Office of National Foods Holdings Limited or at the offices of the Sponsoring Brokers, IH Securities (Private) Limited.

If you are in any doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant, or other professional advisors. If you no longer hold any shares in National Foods Holdings Limited, you should send this Circular, as soon as possible, to the stockbroker, bank or other agents through whom the sale of your shareholding in National Foods Holdings Limited was executed, for onward delivery to the purchaser or transferee of your shares.

All the Directors of National Foods Holdings Limited, whose names are given in paragraph 4.2 of the Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in the Circular false or misleading, and that they have made all reasonable enquiries to ascertain such material facts and that this Circular contains all information required by law.

The Directors confirm that the Circular particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of National Foods Holdings Limited.

The Company's lead financial advisors, sponsoring brokers, legal advisors and transfer secretaries have consented in writing to act in the capacity stated and to their names being stated in the Circular and have not withdrawn their consents prior to the publication of this Circular.

Date of issue of this document: Wednesday, 27 November 2024

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 and Stockfeed products.

To delight our customers and consumers through delivering profitable category-based initiatives.

Our Positioning Statement

Together we feed and nourish the nation.

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Corporate Information and Details of Professional Advisors

The information below is given in compliance with the requirements of the VFEX. National Foods Holdings Limited derives professional services from the following:

Company Secretary and Registered Office	Leigh Caroline Howes Group Legal Counsel and Company Secretary Gloria House 10 Stirling Road Workington Harare Zimbabwe
Financial Advisors	Inter-Horizon Advisory (Private) Limited Block 3, Tunsgate Business Park 30 Tunsgate Road Mount Pleasant Harare Zimbabwe
Sponsoring Brokers	Inter-Horizon Securities (Private) Limited Block 3, Tunsgate Business Park 30 Tunsgate Road Mount Pleasant Harare Zimbabwe
Legal Advisors	Dube, Manikai and Hwacha Legal Practitioners 4 Fleetwood Road Alexandra Park Harare Zimbabwe
Transfer Secretaries	First Transfer Secretaries (Private) Limited 1 Armagh Avenue Corner Armagh Avenue & Mc-Chlery Avenue Eastlea Harare Zimbabwe

Forward-Looking Statements

This Circular includes forward-looking statements regarding National Foods Holdings Limited. Forward-looking statements are those other than statements of historical facts, included in this Circular, and include without limitation, those regarding National Foods Holdings Limited's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to National Foods Holdings Limited's products and services). Any statements preceded by, followed by, or including the words "believes", "expects", "aims", "estimates", "anticipates", "may", "will", "should", "could", "intends", "plans", "seeks", or similar expressions, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause National Foods Holdings Limited's actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are inherently based on numerous assumptions regarding National Foods Holdings Limited's present and future business strategies and the environment in which National Foods Holdings Limited will operate in the future. These forward-looking statements speak only as at the date of this Circular. The Directors of National Foods Holdings Limited expressly disclaim any obligation or undertaking to disseminate, after the distribution of this Document, any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions, or circumstances on which any such forward looking statement is based, unless legally required to do so.

Interpretations and Definitions

In this document, unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and vice versa and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

“Articles” or “Articles of Association”	The Articles of Association of National Foods Holdings Limited;
“Board” or “Directors”	The Board of Directors of National Foods Holdings Limited;
“Broker”	Any person or company registered as a member with the Victoria Falls Stock Exchange and authorised to buy and sell shares and other securities on behalf of customers;
“Business Day”	Monday to Friday, but excluding public holidays in Zimbabwe;
“CEO”	Chief Executive Officer;
“Chairman’s Statement”	The Chairman’s Statement to National Foods Holdings Limited Shareholders;
“Circular” or “the Document”	This document dated Wednesday, 27 November 2024 including the appendices hereto, addressed to National Foods Holdings Limited Shareholders, which sets out the terms and conditions of the Proposed Transaction;
“Closing Date”	The date on which the Offer closes, being Friday, 17 January 2025;
“Companies and Other Business Entities Act”	The Companies and Other Business Entities Act (Chapter 24:31);
“Conditions Precedent”	The Conditions Precedent to which the delisting is subject as set out in paragraph 1.13;
“Delisting”	Subject to the fulfilment of the Conditions Precedent, the proposed voluntary removal of the National Foods Holdings Limited Shares from its listing on the VFEX;
“EGM”	Extraordinary General Meeting of National Foods Holdings Limited shareholders convened in terms of the Companies and Other Business Entities Act and the same, to be held at 0915 hours on Wednesday, 18 December 2024, physically at National Foods’ Registered Offices at the address set out in the “Corporate Information” section of this Document, at which National Foods Holdings Limited Shareholders will vote on the Proposed Transaction;
“Exchange Control Regulations”	The Exchange Control Regulations promulgated under the Exchange Control Act [Chapter 22:05] including and without limitation, the Exchange Control Regulations, Statutory Instrument 109 of 1996, as amended;
“FD”	Finance Director;
“FMCG”	Fast-moving consumer goods, also known as consumer-packaged goods, are products that are sold quickly and at a relatively low cost;
“Form of Proxy”	The Form of Proxy accompanying this Circular;
“IAS”	International Accounting Standards;
“IFRS”	International Financial Reporting Standards;

Interpretations and Definitions (continued)

“IH Advisory” or “Financial Advisors”	Inter-Horizon Advisory (Private) Limited, a licenced securities investment advisor with the Securities and Exchange Commission of Zimbabwe, and the financial advisors to the Proposed Transaction;
“Legal Advisors” or “Dube, Manikai and Hwacha”	Dube, Manikai and Hwacha Legal Practitioners, the legal advisors to the Proposed Transaction;
“MBA”	Master of Business Administration degree;
“NAV”	Net Asset Value;
“Minority Shareholder(s)”	All Shareholders of National Foods Holdings Limited who are not Innscor Africa Limited or Tiger Brands Limited and/or their representatives, being those whose Shareholdings fall outside the interests held by these two largest Shareholders, who collectively own 75.18% of National Foods Holdings Limited’s issued ordinary shares;
“Non-Resident Shareholder”	A holder of National Foods Holdings Limited Shares who is designated as “non-resident” in terms of the Exchange Control Regulations;
“Notice”	The notice of the Extraordinary General Meeting which was published in terms of the Companies and Other Business Entities Act on Wednesday, 27 November 2024 advising National Foods Holdings Limited Shareholders of the Proposed Transaction and which forms part of this Circular;
“National Foods Holdings Limited” or “National Foods” or “NFHL” or “the Company” or “the Group”	National Foods Holdings Limited, a Public Company incorporated in Zimbabwe on 18 December 1969 under company registration number 1067/69 and listed on the Victoria Falls Stock Exchange;
“Offer”	The offer by National Foods to repurchase Shares from its Shareholders prior to delisting;
“Offer Consideration”	The price at which National Foods offers to purchase shares in terms of the Offer, being US\$1.71 per National Foods Share;
“Offer Participants”	National Foods Shareholders who validly and lawfully accept the Offer by the Closing Date and who are thus entitled to receive the Offer Consideration;
“Offerees”	National Foods Shareholders to whom the Offer is being made;
“Opening Date”	The opening date of the Offer, being Friday, 20 December 2024;
“Proposed Transaction”	The voluntary delisting of National Foods Holdings Limited from the Victoria Falls Stock Exchange and offer by National Foods Holdings Limited to its Shareholders to acquire their Shares via a share buyback;
“RBZ”	Reserve Bank of Zimbabwe;
“Record Date”	The date for Shareholders to be recorded in the Register eligible to vote at the EGM, scheduled at 1600 hours on Friday, 13 December 2024;
“Register”	The register of Shareholders of the Company maintained by the Transfer Secretaries and the sub-register of nominee shareholders maintained by each Broker;
“Resolutions”	A proposal submitted by the Shareholders for a vote at the Company’s EGM;
“Shareholder(s)”	The holders of ordinary shares of National Foods Holdings Limited;

Interpretations and Definitions (continued)

"Shares" or "Securities"	The issued and/or authorised share capital of National Foods Holdings Limited;
"Sponsoring Broker"	Inter-Horizon ("IH") (Private) Limited, the sponsoring broker for the Proposed Transaction and a member of the Victoria Falls Stock Exchange;
"Transfer Secretaries" or "First Transfer Secretaries"	First Transfer Secretaries (Private) Limited who provide share transfer secretarial services to National Foods Holdings Limited;
"USD" or "US\$"	United States Dollars: the legal tender of the United States of America in which certain monetary amounts in this Circular are expressed;
"VFEX"	Victoria Falls Stock Exchange, a stock exchange that is established in terms of the Securities and Exchange Act [Chapter 24:25];
"VFEX Listing Requirements"	The listing requirements of the VFEX;
"Zimbabwe"	The Republic of Zimbabwe;
"ZSE"	The Zimbabwe Stock Exchange;
"ZWG"	The Zimbabwe Gold; legal tender in Zimbabwe.

Salient Features of the Proposed Transaction

Overview of the Proposed Transaction

National Foods has resolved to propose a voluntary delisting from the VFEX and to offer to repurchase its Shares from its Shareholders at a price of US\$1.71 per share.

Rationale of the Proposed Transaction

This decision is based on several strategic factors. Delisting will provide greater operational flexibility, allowing National Foods to focus on its long-term goals without the constraints associated with a listing on the VFEX. With no immediate need for public capital, maintaining the listing offers limited benefits. The low liquidity and restricted trading on the VFEX and previously on the ZSE have hindered Shareholders' ability to fully realize or exit their investments, making the proposed share buyback a valuable opportunity to access share value. Additionally, delisting will reduce regulatory and compliance costs, reallocating those resources to support the Company's growth initiatives.

Benefits to Shareholders of Accepting the Offer

- Realisation of true share value;
- Avoidance of difficulties associated with trading in a low-liquidity environment;
- Simplified mechanism for selling shares, eliminating the complexities of trading in a low-activity market;
- Opportunity for reinvestment in opportunities that may offer better liquidity or growth potential; and
- Capital Gains Tax exemption.

Assurance to Shareholders Who Remain in the Delisted Entity

The Board is committed to maintaining the following protections for Shareholders should they remain invested in the Company after its delisting from the VFEX:

- Consistent corporate governance framework;
- A regular and consistent flow of dividends, as always, contingent on the performance of the Company and at the discretion of the Board;
- Enhanced long-term value;
- Ongoing communication from the Board; and
- NFHL will acquire the shares of any Shareholders who wish to exit in future.

Opinions and Recommendations

The Board believes that maintaining a listing on the VFEX is no longer justifiable given the circumstances outlined above. Consequently, they support the decision for National Foods to terminate its VFEX listing and to offer to purchase the Shares of Shareholders who do not wish to retain their investment in a privately held, unlisted entity. The Board recommends that Shareholders approve the relevant resolutions, as detailed in the Notice of the Extraordinary General Meeting included in this Circular.

Timetable for the Proposed Transaction

Important Dates	
National Foods EGM Notice and announcement published	Wednesday, 27 November 2024
Voting Record Date, National Foods share register closed (at 1600 hours)	Friday, 13 December 2024
Last day of lodging Proxy Forms (at 0915 hours)	Monday, 16 December 2024
National Foods EGM (at 0915 hours)	Wednesday, 18 December 2024
Publication of Results of National Foods EGM	Thursday, 19 December 2024
Opening Date of the Offer to Shareholders	Friday, 20 December 2024
Closing Date of the Offer to Shareholders	Friday, 17 January 2025
Transfer of Shares to National Foods on the VFEX	Wednesday, 29 January 2025
Termination of National Foods VFEX Listing	Friday, 31 January 2025

Salient Features of the Proposed Transaction (continued)

Notes

The above dates may be subject to change and any such change will be published in the Zimbabwe national press. All times indicated above and elsewhere in the Circular are Zimbabwean local times.

Offerees should note that acceptance of the Offer will be irrevocable.

Actions to be taken by National Foods Shareholders

Attend and Vote at the EGM

- Read this Document in its entirety. If you are in doubt as to the action you should take, you should immediately seek advice from an independent stockbroker, bank manager, legal practitioner, accountant, or any other professional advisors of your choice;
- Attend and vote at the EGM to be held on Wednesday, 18 December 2024;
- Shareholders who are unable to attend the EGM, but who wish to be represented thereat, should complete, and sign the Proxy Form included with this Document and ensure it is lodged at the registered offices of National Foods situated at, Gloria House, 10 Stirling Road, Workington, Harare, so that it is received by the Transfer Secretaries by 0915 hours, on Monday, 16 December 2024; and
- A director, officer or senior employee of National Foods shall not be appointed as a proxy for a Shareholder.

Acceptance of the Offer

Shareholders who wish to accept the Offer must complete the Form of Acceptance, Surrender and Transfer attached to this Circular in accordance with the instructions therein. Offerees should note that acceptance of the Offer will be irrevocable. The completed Form of Acceptance, Surrender and Transfer must be forwarded together with the relevant share certificates or other proof of ownership and Documents of Title to the Transfer Secretaries per the details included in paragraph 1.7 of this Circular.

Conditions Precedent

The Proposed Transaction is subject to the following conditions being satisfactorily completed or lawfully waived:

- The passing by the Shareholders of National Foods of the resolutions pertaining to the Proposed Transaction at the EGM to be held on Wednesday, 18 December 2024; and
- RBZ Exchange Control approval of payment of the Offer Consideration to Non-Resident Shareholders.

For more details on the Conditions Precedent, please refer to paragraph 1.13 of this Circular.

Documents and Consents Available for Inspection

The public may inspect this Circular and the documents available as listed in paragraph 11 between 0800 hours and 1600 hours from Monday, 2 December 2024 to Tuesday, 17 December 2024 at the Sponsoring Brokers', and National Foods' Registered Offices at the address set out in the "Corporate Information" section of this Document.

Queries

If you have any questions on any aspect of this Document, please contact your stockbroker, accountant, banker, legal practitioner, or other professional advisors. Alternatively, please contact IH Advisory or IH Securities (whose details are given below):

IH Advisory (Private) Limited

Block 3, Tunsgate Business Park
30 Tunsgate Road
Mount Pleasant
Harare
Zimbabwe
Email: advisory@ih-group.com
Tel: +263 (0) 242 745119/745139/745937

IH Securities (Private) Limited

Block 3, Tunsgate Business Park
30 Tunsgate Road
Mount Pleasant
Harare
Zimbabwe
Email: securities@ihsecurities.com
Tel: +263 (0) 242 796477/86



(National Foods Holdings Limited, incorporated in Zimbabwe on 18 December 1969 under Company Registration Number 1067/69)
Address: National Foods Head Office, Gloria House, 10 Stirling Road, Workington, Harare, Zimbabwe

Directors: Edwin Manikai (Chairman), Michael Lashbrook (CEO), Lovejoy Nyandoro (FD), Todd Moyo, Julian Schonken, Godfrey Gwainda, Tjaart Kruger, Thushen Govender

Chairman’s Statement

Dear Shareholder,

I am writing to you as the Chairman of National Foods Holdings Limited (“National Foods” or “the Group”), with the full endorsement of the Board, to support the proposed voluntary delisting of National Foods from the VFEX and the accompanying share repurchase offer. This decision has been made after careful consideration of several strategic factors aimed at enhancing the Group’s long-term growth and operational efficiency.

The Board believes that delisting will grant National Foods’ increased operational flexibility, enabling the Group to streamline its operations and concentrate on long-term strategic goals without the constraints and pressures of public market requirements. With no immediate need for public capital, maintaining the VFEX listing offers limited benefits, particularly given the low liquidity and restricted trading environment that have historically impacted both the VFEX and previously the ZSE. These market conditions have impeded Shareholders from fully realising or exiting their investments on favourable terms.

The proposed share repurchase offer provides significant benefits for Shareholders opting to exit. It presents a valuable opportunity to sell shares at a price reflecting their true value, effectively addressing the challenges of low liquidity and limited trading. Exiting now will also mitigate the difficulties associated with trading in a less active market, ensuring that Shareholders can realize the full value of their investments rather than facing potential future trading constraints. The share buyback offer is designed to be a clear and structured mechanism for selling shares, eliminating the complexities of navigating a low-liquidity environment. Moreover, it offers an opportunity for Shareholders to reallocate their capital to other investment opportunities that may provide better liquidity or growth potential.

Additionally, delisting will significantly reduce the Group’s regulatory and compliance costs, allowing these resources to be redirected towards initiatives that are more closely aligned with National Foods’ growth objectives. By proceeding with the share buyback and Delisting, National Foods aims to enhance its strategic focus, optimise cost management, and ultimately drive greater value for its Shareholders.

On behalf of the Board, I would like to reassure stakeholders that following the Delisting, the existing corporate governance structures, processes and code of business conduct within the Group will remain in place and continue to be implemented in accordance with the best corporate governance standards.

The Board is confident that these measures will position National Foods for sustained success and Shareholder value enhancement. We recommend that Shareholders support this strategic move, which is intended to unlock value and provide a more efficient platform for the Group’s future growth.

[signed on original]

E. Manikai

Non-Executive, Independent Chairman
Wednesday, 27 November 2024

Details of the Proposed Transaction

1. Overview of the Proposed Transaction (continued)

1.1. Introduction and Background to the Offer

National Foods has proposed a voluntary delisting from the VFEX, with the Delisting to be accompanied by a share repurchase offer (“the Offer”) (together “the Proposed Transaction”) of up to a maximum of 13,647,198 ordinary Shares in issue, constituting 20% of the Company’s issued ordinary Shares. The Offer provides an opportunity for Shareholders to sell their ordinary Shares at a consideration of US\$1.71 per Share (“the Offer Consideration”). This move allows Shareholders who prefer not to hold private Shares in National Foods to exit their investments prior to the Delisting. Following the completion of the Offer, National Foods will proceed with the Delisting, thereby transitioning to a privately held entity. Following the Delisting of the Company, National Foods plans to continue repurchasing its shares from Shareholders on a flexible basis.

The Board has adopted a resolution concerning the Proposed Transaction based on the rationale detailed below:

1.2. Rationale of the Proposed Transaction

1.2.1. Enhanced Operational Flexibility

Delisting National Foods will grant the Company increased flexibility to streamline its operations and concentrate on long-term strategic objectives without the constraints and pressures of public market requirements.

1.2.2. No Immediate Need for Public Capital

The Company no longer requires capital from public equity markets in the near term, reducing the advantages of maintaining a VFEX listing and allowing for a more focused approach to capital management.

1.2.3. Influence of Major Shareholders

A significant portion of National Food’s Shares, specifically 75.18%, is held by two major Shareholders. This concentration of ownership limits the influence and participation of smaller retail investors, further supporting the rationale for Delisting.

1.2.4. Reduction in Regulatory and Compliance Costs

The Delisting will enable National Foods to cut substantial regulatory and compliance expenses. These savings can be redirected towards initiatives that are more closely aligned with the Company’s growth strategy and operational needs.

1.2.5. Realisation of Share Value and Increased Liquidity

Current market conditions and limited trading activity on the VFEX, as well as previously on the ZSE, have impeded Shareholders from fully realising the value of their investments or exiting on favorable terms. Over the past year, less than 1% of the total Shares in issue have been traded on the VFEX, indicating a notably low trading volume and minimal turnover rate. The proposed Share repurchase offer provides an opportunity for Shareholders to access the full value of their Shares and address these liquidity constraints.

1.2.6. Conclusion

Given the benefits of enhanced operational flexibility, reduced regulatory costs, and the opportunity to address liquidity constraints, the Board of Directors recommends the delisting of the Company from the VFEX. With limited trading activity and no immediate need for public capital, Delisting will allow NFHL to focus on its long-term objectives while providing Shareholders with a valuable opportunity to realize the full value of their Shares through the proposed repurchase offer. The Board urges Shareholders to support this resolution.

Details of the Proposed Transaction (continued)

1. Overview of the Proposed Transaction (continued)

1.3. Benefits to Shareholders of Accepting the Offer

1.3.1. Realisation of Share Value

The opportunity to sell Shares at a price reflecting their true value addresses the challenges of low liquidity and limited trading on the VFEX.

1.3.2. Avoidance of Market Constraints

Exiting now mitigates the difficulties associated with trading in a low-liquidity environment, ensuring the full value of investments can be realised rather than facing potential future trading limitations.

1.3.3. Simplified Process

The Offer provides a clear and structured mechanism for selling Shares, eliminating the complexities of trading in a less active market.

1.3.4. Opportunity for Reinvestment

Exiting National Foods allows for the reallocation of capital to other investment opportunities that may offer better liquidity or growth potential.

1.3.5. Capital Gains Tax Exemption

Shareholders will benefit from the exemption of Capital Gains Tax on the disposal of their Shares through the VFEX, enhancing the overall financial advantage of accepting the Offer.

1.4. Assurance to Shareholders Who Remain in the Delisted Entity

1.4.1. Unchanged Corporate Governance Structures

The existing governance structures will remain intact, ensuring that NFHL continues to uphold the same high standards of corporate governance and financial reporting. The involvement of NFHL’s two major Shareholders, both of which are publicly listed entities, reinforces this commitment and provides additional assurance that stringent governance and reporting standards will be maintained.

1.4.2. Consistent Dividend Declarations

At the discretion of the Board, dividends will continue to be declared in accordance with the Company’s historical trends, providing Shareholders with continuity and predictability. This commitment underscores NFHL’s dedication to delivering value to its Shareholders, even without a public listing.

1.4.3. Enhanced Long-Term Value

Remaining invested in the delisted entity enables Shareholders to fully participate in the long-term growth potential of NFHL without the pressures of public market fluctuations. This focus on long-term objectives will enhance the value of their investment over time.

1.4.4. Assurance of Ongoing Communication

The Board is dedicated to maintaining open lines of communication with Shareholders, providing updates on the Company’s performance and strategic direction.

1.4.5. Repurchase of National Foods Shares Following its Delisting

Once delisted, NFHL commits to purchasing its Shares from Shareholders who may wish to sell their shares following the initial offer. This arrangement ensures that Shareholders have a reliable avenue for liquidity should they decide to divest.

1.5. Terms of the Offer

National Foods offers to purchase, in accordance with the terms outlined in this Circular, all ordinary Shares held by National Foods Shareholders, up to a maximum of 13,647,198 ordinary Shares in issue, representing 20% of the Company’s issued ordinary share capital for a cash consideration of US\$1.71 per share. Shareholders who accept the Offer by the Closing Date will receive US\$1.71 for each National Foods Share they hold. This cash offer is based on the intrinsic valuation of National Foods.

Details of the Proposed Transaction (continued)

1. Overview of the Proposed Transaction (continued)

1.6. Directors’ Intentions Regarding the Authority to Repurchase Shares

The Board of Directors intends to exercise the authority sought at an appropriate time in the future, on an ongoing basis, provided that the Company’s cash reserves exceed its operational requirements. The Directors will ensure that any such transactions are aligned with the best interests of Shareholders.

The Directors further confirm that:

- (i) The Company and the Group will, in the ordinary course of business, be able to pay their debts as they become due for a period of 12 months after the date of the notice of the extraordinary general meeting;
- (ii) The assets of the Company and the Group will exceed their liabilities for the same period, with such assets and liabilities recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- (iii) The ordinary capital and reserves of the Company and the Group will be sufficient for a period of 12 months after the date of the notice of the annual general meeting; and
- (iv) The working capital of the Company and the Group will be adequate for a period of 12 months after the date of the notice of the extraordinary general meeting.

1.7. Acceptance of the Offer

Shareholders who wish to accept the Offer must complete the Form of Acceptance, Surrender and Transfer attached to this Circular in accordance with the instructions therein. The completed Form of Acceptance, Surrender and Transfer must be forwarded together with the relevant share certificates or other proof of ownership and Documents of Title to the Transfer Secretaries as follows:

Transfer Secretaries
By Hand or Courier
First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Corner Armagh Avenue & Mc-Chlery Avenue
Eastlea
Harare
Zimbabwe

- All acceptances to be received by the Transfer Secretaries no later than 1600 hours on the Closing Date being Friday, 17 January 2025;
- Neither National Foods nor any of their advisors take any responsibility, nor will be held liable for any failure on the part of it or any third party to notify a Shareholder of the Offer and/or to obtain instructions from a Shareholder and submit acceptances timeously to the Transfer Secretaries. Should there be any doubt or dispute as to whether you have accepted the Offer or not, then you will be deemed not to have accepted the Offer;
- If you accept the Offer in respect of all or some of your National Foods Shares and surrender the relevant Documents of Title, you will not be able to trade such National Foods Shares from the date of your acceptance of the Offer and surrender of the relevant Documents of Title in respect thereof; and
- If you do not wish to accept the Offer, you do not need to take any action.

1.8. Execution of Repurchase of National Foods Shares

The Share repurchase prior to the delisting of the Company will be executed on Wednesday, 29 January 2025. The Offer Consideration will be transferred to Shareholders’ designated bank account via bank transfer seven business days following the transfer of Shareholders’ shares to National Foods on the VFEX. The amount will be disbursed after deducting any relevant statutory taxes and fees.

Details of the Proposed Transaction (continued)

1. Overview of the Proposed Transaction (continued)

1.9. Repurchase of National Foods Shares Following its Delisting

National Foods plans to purchase its Shares from Shareholders after the initial Offer has been executed on the VFEX and following its Delisting. Thus, Shareholders who choose not to participate in the initial share buyback will still have the option to sell their Shares to National Foods subject to liquidity considerations and prevailing market conditions.

Shareholders are encouraged to contact National Foods directly for further information regarding the repurchase of Shares.

1.10. Impact on Earnings Per Share and Net Asset Value

The table below shows the impact of the Share buyback of 20% of the Company’s issued ordinary Shares on Earnings per Share and Net Asset Value:

	Reflecting values as at 30 June 2024		
	Prior to Share Repurchase	Share repurchase	After Share repurchase
Number of Shares in issue	68,235,992	13,647,198	54,588,794
Basic Earnings per Share (US\$)	0.2011	n/a	0.2520
NAV (US\$)	117,062,000	23,336,709	93,725,291
NAV per Share (US\$)	1.71	n/a	1.71

1.11. Termination of National Foods’ Listing on the VFEX

Subject to the attainment of the requisite Shareholder approvals, National Foods intends to apply to the VFEX for voluntary delisting. The termination of the listing of National Foods’ shares will be carried out in accordance with the VFEX Listing Requirements. If the Proposed Transaction does not become operative in its entirety, National Foods may still apply for voluntary termination of its listing subject to compliance with the VFEX Listings Requirements.

1.12. Offer Period

The Offer opens for acceptance at 0900hrs on the Opening Date, Friday, 20 December 2024 and will close at 1600hrs on the Closing Date, Friday, 17 January 2025.

1.13. Conditions Precedent

The Proposed Transaction is subject to the following conditions being satisfactorily completed or lawfully waived:

- The passing by the Shareholders of National Foods of the resolutions pertaining to the Proposed Transaction at the EGM to be held on Wednesday, 18 December 2024 as per the below:
 - **Special Resolution 1 – Delisting of National Foods from the VFEX:** Only Minority Shareholders are eligible to vote, and in terms of Section 11 of the VFEX Listing Requirements this Special Resolution must be passed by not less than 75% of the votes of all eligible Shareholders present or represented by proxy at the EGM.
 - **Special Resolution 2 – Share buyback from Shareholders:** All Shareholders are eligible to vote for the repurchase of a maximum of 13,647,198 ordinary Shares, constituting 20% of the Company’s issued ordinary share capital. This Special Resolution must be passed by not less than 75% of the votes of all eligible Shareholders present or represented by proxy at the EGM.
 - **Ordinary Resolution 1 – Directors Authorised to Give Effect to the Resolutions:** All Shareholders are eligible to vote, and this Ordinary Resolution must be passed by a simple majority of 50% (fifty percent) plus one ordinary Share.
- The RBZ Exchange Control approval of payment of the Offer Consideration to Non-Resident Shareholders.

Details of the Proposed Transaction (continued)

1. Overview of the Proposed Transaction (continued)

1.14. Estimated Transaction Fees and Related Expenses

Expense	Fee (US\$)
Lead Financial Advisory Fees	67,500
Sponsoring Brokerage Fees	10,000
Legal Fees	21,000
Transfer Secretarial Fees	8,000
Printing & Distribution Fees	5,000
Total	111,500

2. Overview of National Foods Holdings Limited

2.1. History of National Foods Holdings Limited

National Foods Holdings Limited, listed on the Victoria Falls Stock Exchange ("VFEX"), is Zimbabwe's largest food manufacturer producing a wide range of basic fast moving consumer goods and animal foods. The origins of the Company date back to 1920 and since then a wide range of iconic Zimbabwean brands have been developed such as Gloria, Red Seal, Pearlenta, Mahatma and more recently Better Buy, Nutri-Active, Iris, King and Allegros. In addition to maize and flour milling, the Company produces a wide range of food products, including but not limited to stock-feed, rice, salt, breakfast cereals, pasta, snacks and biscuits.

National Foods has manufacturing sites in Harare and Bulawayo from which it distributes its products throughout Zimbabwe. The National Foods team cherishes the role they play in feeding and nourishing the nation and work passionately to constantly improve on their product offering.

2.2 National Foods Holdings Limited Group Structure



Details of the Proposed Transaction (continued)

3. Share Capital

The Share capital of National Foods is shown below:

Authorised:
73,000,000 ordinary Shares of nominal value US\$ 0.01 each.

Issued: (As of 30 June 2024)
68,235,992 ordinary Shares of nominal value US\$ 0.01 each.

3.1. Authorised but unissued share capital
4,764,008 ordinary Shares of nominal value US\$ 0.01 each.

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 VFEX Listing Requirements.

3.2. Summary of Share Capital

	2024 US\$'000	2023 US\$'000
Issued Capital		
Authorised 73,000,000 ordinary Shares of US\$ 1 cent each	730	730
Issued and fully paid 68,235,992 ordinary Shares (2023: 68,400,108) of US\$ 1 cent each	682	684
Unissued shares 4,764,008 (2023: 4,599,892) ordinary Shares of US\$ 1 cent each	48	46

3.3. Voting Rights
All the issued National Foods ordinary Shares are the same class and rank pari passu in every respect.

3.4. Capital Adequacy, Working Capital and Cashflow
The Directors are of the opinion that for a business of this nature operating in the manufacturing and FMCG sector, the Company's Share capital and working capital are adequate for the foreseeable future for the current operations. The Directors are of the opinion that the available working capital is sufficient to cover the cash flow requirements of the Company for its current operations.

4. Corporate Governance

4.1. Introduction
National Foods 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 the corporate governance system 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.

Details of the Proposed Transaction (continued)

4. Corporate Governance (continued)

4.2. Board of Directors

The Board of Directors of National Foods retain full and effective control over the Group. The Board meets regularly, at least 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 and the Group as a whole. Most of the Directors of the Group are Non-Executive bringing objective judgement to bear on issues of strategy and performance. The Group Chairman is an Independent Non-Executive Director.

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.

The full names, addresses and positions of the Directors of National Foods are set out below:

Full Name	Address	Position
Edwin Manikai Bachelor of Laws, (Hons) (BL) Bachelor of Laws (LLB), Appointed: 2024 Other commitments: Non-Executive Director, Reserve Bank of Zimbabwe Non-Executive Director, British American Tobacco Limited	4 Fleetwood Road, Alexandra Park, Harare, Zimbabwe	Independent, Non-Executive Chairman
Todd Moyo B.Acc; FCAZ; CA(SA) Appointed: 2001 Other commitments: Chairman of the Board of Directors, Delta Corporation Limited	Stand 14940 Selbourne Park, Ascot, Bulawayo, Zimbabwe	Independent, Non-Executive Director
Michael Lashbrook BSc Agriculture, MBA Appointed: 2015 Other commitments: Non-Executive Director, National Foods Logistics (Private) Limited Non-Executive Director, Afro-Blaze (Private) Limited	318 Fairway Avenue, Borrowdale Brooke, Harare, Zimbabwe	Chief Executive Officer
Lovejoy Nyandoro CA(Z), BSc (Hons) Mathematics Appointed: 2016 Other commitments: Non-Executive Director, National Foods Logistics (Private) Limited Non-Executive Director, Afro-Blaze (Private) Limited	73 Montgomery Road, Highlands, Harare, Zimbabwe	Group Finance Director

Details of the Proposed Transaction (continued)

4. Corporate Governance (continued)

4.2. Board of Directors (continued)

Full Name	Address	Position
Julian Schonken CA(Z) Appointed: 2015 Other commitments: Chief Executive Officer, Innskor Africa Limited	7 Straker Avenue, Gunhill, Harare, Zimbabwe	Non-Executive, Non-Independent Director
Godfrey Gwainda CA(Z), MBA Appointed: 2016 Other commitments: Chief Finance Officer, Innskor Africa Limited	882 Borrowdale Brooke Drive, Borrowdale Brooke, Harare, Zimbabwe	Non-Executive, Non-Independent Director
Tjaart Kruger CA (SA), PMD Harvard Business School Appointed: 2023 Other commitments: Chief Executive Officer, Tiger Brands Limited	212 Stallion Road, Beaulieu, Midrand 1685, South Africa	Non-Executive, Non-Independent Director
Thushen Govender CA (SA), Member of SAICA, MBA Henley Management College Appointed: 2024 Other commitments: Chief Financial Officer, Tiger Brands Limited	5 Python Place, Hawaan Forest Estate, Umhlanga, Durban 4319, South Africa	Non-Executive, Non-Independent Director

4.3. Directors' Interests

As at 30 June 2024, the Directors held directly or indirectly the following Shares in the Company:

At 30 June 2024, the directors held directly and directly the following number of shares:	Group 30 June 2024 # of shares	Group 30 June 2023 # of shares
M. Lashbrook	231	231

Details of the Proposed Transaction (continued)

4. Corporate Governance (continued)

4.4. Audit and Risk Committee

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, and makes 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.

4.5. Remuneration Committee

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 which seeks to design reward packages that attract, retain and motivate high calibre individuals who contribute to the sustainable growth and success of the Group. The reward methodology encompasses 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.

4.6. Dealing in Shares

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 VFEX 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 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.

4.7. Professional Advice

National Foods' policy where justifiable, entitles Directors to seek independent professional advice at the Company's expense in the furtherance of their duties or the advancement of the Company's business objectives.

4.8. Remuneration of Directors

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' business strategy, vision and conform to best practices.
- Total rewards are set at levels that are competitive within the context of the relevant areas of responsibility and the industry in which the Group operates.

As at 30 June 2024, the Directors were remunerated as follows:

	2024 US\$	2023 US\$
Directors Emoluments		
Aggregate amounts paid by the Company and its subsidiaries to directors of the Company:		
Directors' fees	103,828	56,985
Total	103,828	56,985

Details of the Proposed Transaction (continued)

4. Corporate Governance (continued)

4.9. Ethics and Business Integrity

National Foods is committed to world-class standards of business conduct. The Company delivers its ambition through servicing the needs of consumers faithfully and efficiently, placing the interests of business and society ahead of their own. Good Ethics are at the centre of how business is conducted. Directors and employees are expected to observe the highest ethical standards in all business operations. To achieve this, values, principles and standards have been put in place for guidance on the appropriate behaviours expected by the Group. Following the Delisting, the existing corporate governance structures, processes and code of business conduct within the Group will remain in place and implemented in accordance with the best corporate governance standards.

5. Capital Commitments and Contingent Liabilities

5.1. Capital Commitments

National Foods had the following capital commitments as of 30 June 2024:

	2024 US\$	2023 US\$
Capital expenditure commitments		
Contracts and orders placed	1,247,000	3,587,000
Authorised by the Directors but not contracted	8,098,369	7,891,000
Total	9,345,369	11,478,000

The capital expenditure will be financed from the Group's own resources and existing borrowing facilities.

5.2. Contingent Liabilities

	2024 US\$	2023 US\$
Contingent Liabilities		
Guarantees		
The contingent liabilities relate to bank guarantees provided in respect of associate companies' borrowings as at 30 June 2024.	36,100,000	24,529,730
Total	36,100,000	24,529,730

6. Material Contracts

As of 30 June 2024, National Foods had not entered into any material contracts, other than in the ordinary course of business.

7. Litigation Statement

Other than the ongoing legal challenge in respect of the Zimbabwe Revenue Authority ("ZIMRA") matter, the Group is not involved in any other material litigation or arbitration proceedings which may have, or which have had, during the twelve months preceding the date of this Circular, a significant effect on the financial position and would have material adverse effect to the assets, business and prospects of National Foods nor is the Company aware that any such proceedings are pending or threatened. Shareholders have been kept regularly updated on the ZIMRA matter in the scheduled financial reports of the company. As previously advised, this matter relates to assessed additional Income Tax, penalty and interest amounting to USD4,486,345 for the periods 2019 to 2021 against National Foods for amounts that had either already been settled in Zimbabwe Dollars, but which ZIMRA deemed should have been paid exclusively in foreign currency, or additional matters for which the Company believes it has no liability to ZIMRA. Further details on this can be provided to Shareholders in the Report on Litigation Matters which is available for inspection as per paragraph 11.

Details of the Proposed Transaction (continued)

8. Share Information

8.1. National Foods Shareholding Structure

The table below details the top 20 shareholders of National Foods as of 25 November 2024:

Rank	Account Name	Shares	% of Total
1	Innscor Africa Limited	25,618,474	37.45
2	Tiger Foods Brands Limited - NNR	25,618,474	37.45
3	National Foods Workers’ Trust (Private) Limited	6,516,464	9.53
4	Old Mutual Life Ass Co Zim Ltd	2,556,638	3.74
5	Stanbic Nominees (Private) Limited	1,915,536	2.81
6	National Social Security Authority	1,404,160	2.06
7	Delta Beverages Pension Fund	200,191	0.29
8	Zimbabwe Electricity Ind Pension Fund	195,511	0.29
9	Econet Wireless Zim Nominee	181,160	0.27
10	Motor Industry Pension Fund	164,295	0.24
11	Nssa Staff Pension Fund	144,922	0.21
12	Datvest Nominees (Pvt) Ltd	135,854	0.20
13	Tn Asset Management Nominees	135,053	0.20
14	Public Service Commission PF	113,296	0.17
15	Cbz Group Pension Fund-Datvest	96,154	0.14
16	Ecobank Zim Group PF - Datvest	75,919	0.11
17	Comm And Allied Industries PF	74,080	0.11
18	University of Zimbabwe PF	65,411	0.10
19	Innscor Credit Retail	63,918	0.09
20	Old Mutual Zimbabwe Limited	62,464	0.09
	Total	65,377,763	95.81
	Other Shareholders	2,858,229	4.19
	Total Number of Shares	68,235,992	100.00

Number of Shares Issued: 68,235,992

Details of the Proposed Transaction (continued)

8. Share Information (continued)

8.2. Share Price and Volume History

The tables below provide statistical information on the market price and volumes traded of National Foods’ shares:

Daily Share Information		
Date	Closing Price (US\$)	Daily Volume Traded
26/9/2024	1.90	3
27/9/2024	1.90	43
30/9/2024	1.90	0
1/10/2024	1.90	113
2/10/2024	1.90	0
3/10/2024	1.90	0
4/10/2024	1.94	4
7/10/2024	1.91	5
8/10/2024	1.91	0
9/10/2024	1.91	0
10/10/2024	1.91	0
11/10/2024	1.91	0
14/10/2024	1.91	0
15/10/2024	1.91	0
16/10/2024	1.92	351
17/10/2020	1.92	174
18/10/2024	1.92	0
21/10/2024	1.92	5
22/10/2024	1.92	10
23/10/2024	1.92	10
24/10/2024	1.92	0
25/10/2024	1.90	5
28/10/2024	1.90	195
29/10/2024	1.90	10
30/10/2024	1.90	0
31/10/2024	1.81	15
1/11/2024	1.81	3
4/11/2024	1.81	0
5/11/2024	1.81	0
6/11/2024	1.81	0
7/11/2024	1.81	133
8/11/2024	1.82	3

Details of the Proposed Transaction (continued)

8. Share Information (continued)

8.2. Share Price and Volume History (continued)

Monthly Share Information

Date	Pricing (US\$)	Total Monthly Volume
30/09/2023	1.50	3,399
29/10/2023	1.50	12,277
30/11/2023	1.20	1,803
31/01/2024	1.48	307
28/02/2024	1.47	25,044
31/03/2024	1.29	10,801
30/04/2024	1.30	165,341
31/05/2024	1.31	868
30/06/2024	1.50	12,185
31/07/2024	1.75	5,388
30/08/2024	1.95	54,112
30/09/2024	1.90	41,185
31/10/2024	1.81	897

Monthly Share Information

Date	Pricing (US\$)	Total Quarterly Volume
29/12/2023	1.45	297,652
31/03/2024	1.29	36,152
30/06/2024	1.50	178,394
30/09/2024	1.90	100,685

9. Experts’ Consents

The Lead Financial Advisors, Sponsoring Brokers, Legal Advisors, Transfer Secretaries and Reporting Accountants have submitted their written consents to act in the capacities stated and to their names being stated in this Circular, which consents have not been withdrawn as at the date of this Circular. The above-mentioned consents are available for inspection by interested parties as per paragraph 11.

10. Regulatory Issues

The VFEX approved the distribution of this Circular on Tuesday, 26 November 2024.

11. Documents and Consents Available for Inspection

The public may inspect this Circular and the documents available as listed below between 0800 hours and 1600 hours on Monday, 2 December 2024 and Tuesday, 17 December 2024 at the Sponsoring Brokers’, and National Foods’ Registered Offices at the addresses set out in the “Corporate Information and Details of Professional Advisors” section of this Document:

- National Foods Board Approval of the Proposed Transaction;
- The Memorandum of Association of the Company;
- The Articles of Association of the Company;
- The Audited Financial Statements for the three financial years ended 30 June 2022, 30 June 2023, and 30 June 2024 for National Foods Holdings Limited;
- The Report on Litigation Matters; and
- The written consent letters from experts.

Details of the Proposed Transaction (continued)

12. Opinions and Recommendations

The Board of Directors believes that maintaining a listing on the VFEX is no longer justifiable given the circumstances outlined. Consequently, they support the decision to repurchase the Company’s Shares and to terminate its VFEX listing. The Board recommends that Shareholders approve the relevant resolutions, as detailed in the Notice of the Extraordinary General Meeting included in this Circular.

13. Directors’ Responsibility Statement

The Directors, whose names appear below, collectively, and individually accept full responsibility for the accuracy of the information provided in this Circular and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading. They have made all reasonable enquiries to ascertain such facts, and that this Circular contains all information required by law and the Victoria Falls Stock Exchange (“VFEX”) listing requirements, except for those specific requirements from which the Company has sought and received exemptions.

The Directors confirm that this Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquires) that investors and their professional advisors would reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer, and of the rights attaching to the securities to which the listing particulars relate.

Director’s Name	Position	Signature
Edwin Manikai	Independent, Non-Executive Chairman	[Signed on original]
Todd Moyo	Independent Non-Executive Director	[Signed on original]
Michael Lashbrook	Chief Executive Officer	[Signed on original]
Lovejoy Nyandoro	Group Finance Director	[Signed on original]
Godfrey Gwainda	Non-Executive and Non-Independent Director	[Signed on original]
Julian Schonken	Non-Executive and Non-Independent Director	[Signed on original]
Tjaart Kruger	Non-Executive and Non-Independent Director	[Signed on original]
Thushen Govender	Non-Executive and Non-Independent Director	[Signed on original]

ANNEXURE I – Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of National Foods Holdings Limited for the year ended 30 June 2024



Independent Auditor’s Report

ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL FOODS HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of National Foods Holdings Limited and its subsidiaries (together “the Group”), set out on pages 8 to 54, which comprise the consolidated statements of financial position as at 30 June 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

Comparative financial information: Non-compliance with IAS 21 “The effects of changes in foreign exchange rates”, IAS 8 “Accounting policies, changes in accounting estimates and errors” and IAS 16 “Property, Plant and Equipment” with respect to the translation of balances on change in functional currency

During the prior year, the Group changed its functional currency from the Zimbabwe Dollar (ZWL) to United States Dollar (US\$) on 1 July 2022. The Group adopted US\$ opening balance amounts on 1 July 2022 that the Directors determined by applying the spot rates on dates that transactions initially arose and adopted a change in accounting policy for property, plant, and equipment to the revaluation method retrospectively. This was not in compliance with the requirements of IAS 21 which requires determination of the opening US\$ balances using the spot rate at the date of change in functional currency and the prospective adoption of the change to a revaluation model as required by IAS 8 “Accounting policies, changes in accounting estimates and errors” and IAS 16 “Property, plant and Equipment”.

The above matter only impacts the comparative financial information. Our opinion on the current year’s consolidated financial statements is modified because of the possible effects of the matter on the comparability of the current year’s consolidated financial statements with those of the prior year.



A full list of partners and directors is available on request.
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

ANNEXURE I – Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of National Foods Holdings Limited for the year ended 30 June 2024 (continued)

Basis for Qualified Opinion (continued)

Comparative financial information: Non-compliance with IAS 21 “The effects of changes in foreign exchange rates” with respect to the determination of the appropriate spot rate

During the prior year, the Group utilised an internally generated exchange rate, which had been determined through the Group’s trading arrangements, to convert ZWL local transactions to US\$ functional currency. This was not in compliance with the requirements of IFRS Accounting Standards which requires the use of the official spot rate, a rate which should be determined using the Foreign Exchange Auction Trading System, as published by the Reserve Bank of Zimbabwe (“Auction Rate” interbank and, or the “official spot rate”).

Comparative financial information: Non-compliance with IAS 21 “The effects of changes in foreign exchange rates” with respect to the determination of the appropriate spot rate (continued)

The above matter only impacts the comparative financial information. Our opinion on the current year’s financial statements is modified because of the possible effects of the matter on the comparability of the current year’s financial statements with those of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (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 opinion.

Key Audit Matters

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

Other Information

The directors are responsible for the other information. The other information comprises the Statement of the Directors’ Responsibility and the Report of the Directors, as required by the Companies and Other Business Entities Act (Chapter 24:31), performance review report, governance report and sustainability report which we obtained prior to the date of this auditor’s report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section, we have concluded that the other information relating to the comparative period is misstated as a result of matters detailed therein.

ANNEXURE I – Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of National Foods Holdings Limited for the year ended 30 June 2024 (continued)

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.
Report on the Audit of the Financial Statements

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 consolidated financial statements, including the disclosures, and whether the 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 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 those charged with governance 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, actions taken to eliminate threats or safeguards applied.

ANNEXURE I – Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of National Foods Holdings Limited for the year ended 30 June 2024 (continued)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.

Report on Other Legal and Regulatory Requirements

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:

Section 193(1) (a)

Except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements of the Group are properly drawn up in accordance with this Act so as to give a true and fair view of the state of the Group's affairs at the date of the consolidated financial statements for the financial year ended 30 June 2024.

Section 193(2)

We have no matters to report in respect of the Section 193(2) of the Act, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report.

[signed on original]

Deloitte & Touche
Registered Auditor
Per: Lawrence Nyajeka
Partner
PAAB Practice Certificate Number: 0598

26 September 2024

****Disclaimer**** *The above report is extracted from the National Foods 2023 Annual Report. Resultantly, page references within the above report do not constitute references to pages on notes contained within this Circular.*

ANNEXURE II – Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of National Foods Holdings Limited for the year ended 30 June 2023



Independent Auditor’s Report

ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL FOODS HOLDINGS LIMITED

Report on the Audit of the Financial Statements

INDEPENDENT AUDITOR’S REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL FOODS HOLDINGS LIMITED

Adverse opinion

We have audited the accompanying consolidated financial statements of National Foods Holdings Limited and its subsidiaries (together, “the Group”), set out on pages 91 to 138 which comprise the consolidated statement of financial position for the year ended 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the consolidated financial statements do not present fairly, the financial position of the Group for year ended 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for adverse opinion

Non-compliance with IAS 21 “The effects of changes in foreign exchange rates”, IAS 8 “Accounting policies, changes in accounting estimates and errors” and IAS 16 “property plant and equipment” with respect to the translation of balances on change in functional currency.

The Group changed functional currency from the Zimbabwe Dollar (ZWL) to United States Dollar (USD) on 1 July 2022. The Group has adopted USD opening balance amounts on 1 July 2022, and corresponding figures shown in the financial statements, that the Directors have determined by applying the spot rates on dates that transactions initially arose and adopting a change in accounting policy for property, plant and equipment to the revaluation method retrospectively. This is not in compliance with the requirements of IAS 21 which requires determination of the opening USD balances and comparative amounts on 1 July 2022 using the spot rate at that date and the prospective adoption of the change to a revaluation model as required by IAS 8 and IAS 16.



A full list of partners and directors is available on request.
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

ANNEXURE II – Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of National Foods Holdings Limited for the year ended 30 June 2023 (continued)

Basis for adverse opinion (continued)

The precise quantification of the effects of the non -compliance with IAS 21 on the Group’s financial statements have not been determined. However, we have determined that the errors due to the IFRS non-compliance described above are material. The non-compliance with IFRS impacts the comparative balances presented and has carryover effects on the surplus on revaluation of property, plant and equipment presented in the other comprehensive income for the year ended 30 June 2023, movements within equity presented in the consolidated statement of financial position as at 30 June 2023. In addition, this matter impacts the consolidated statement of profit or loss and other comprehensive income amounts of cost of raw materials consumed, income from associate, income tax and profit for the period.

Because the number of financial statement line items impacted by the incorrect application of the change in functional currency is substantial to the financial statements taken as a whole, we have concluded that the departure from the application of change in functional currency as required under IAS 21 is material and pervasive to the consolidated financial statements and the accompanying corresponding figures presented.

Non-compliance with IAS 21 “The effects of changes in foreign exchange rates” with respect to the determination of the appropriate spot rate

During the year, the Group utilised an internally generated exchange rate, which had been determined through the Group’s trading arrangements, to convert ZWL local transactions to USD functional currency as detailed in Note 1.5. This was not in compliance with the requirements of IFRS which requires the use of the official spot rate, a rate which should be determined using the Foreign Exchange Auction Trading System exchange rates or interbank rates, as published by the Reserve Bank of Zimbabwe (“Auction Rate” interbank and, or the “official spot rate”).

Because of the number of transactions and line items impacted by the use of different rates (as described above) for the translation of foreign currency transactions, we are unable to quantify the impact of using the official spot rate for these translations on the consolidated financial statements. As a result, the departure from the official spot rate as required under IAS 21 is considered to be material and pervasive to the consolidated financial statements of the Group.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of consolidated 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 adverse opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year These matters were addressed in the context of our audit of the 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 Adverse Opinion section of our report, we have determined the matters described below to be the key audit matters.

ANNEXURE II – Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of National Foods Holdings Limited for the year ended 30 June 2023 (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed
1. Valuation of property, plant and equipment	
<p>As disclosed in note 8 of the financial statements, the Group has property, plant and equipment which was measured using the revaluation model in accordance with the International Accounting Standard IAS 16 Property, Plant and Equipment as at 30 June 2022. The value of property, plant and equipment as at 30 June 2023 is US\$86 199 776</p> <p>Significant judgement and estimates are required in the assessment of fair value and the directors engaged an independent external valuer, in determining the fair values of property, plant and equipment.</p> <p>Due to the significant assumptions and estimates applied by the valuers in the revaluation process as well as the amount of audit effort that was required in testing the valuations, we considered this to be a matter of most significance to the current year audit of the financial statements.</p> <p>Notes 2.12 and 8 to the financial statements provide detailed information with respect to the determination of property, plant and equipment values.</p>	<p>To respond to the matter, we performed the following procedures:</p> <ul style="list-style-type: none">▪ Tested the design and implementation of controls over the valuation process;▪ Assessed the independence, competence and objectivity of the external property valuer;▪ Evaluated the valuation methodology used by the independent valuers;▪ Assessed the reasonableness of the assumptions used in the valuation model to determine the value of property, plant and equipment against available market data, industry norms and or independent quotations, together with reasonableness of key estimates adopted in the valuation including those relating to market selling prices, market rates, capitalization rates and useful sizes;▪ Tested the completeness and accuracy of the inputs used in the valuation model;▪ Engaged our valuation specialists, as part of our audit team to independently assess the reasonableness and appropriateness of the valuation models, methodologies and inputs used by the independent valuers on a sample basis;▪ Assessed whether fair value had been determined in accordance with the requirements of IFRS 13 Fair Value Measurement; and▪ Reviewed financial statement for adequacy of disclosures around the key assumptions. <p>We concluded that the valuation of property, plant and equipment (PPE) was appropriately determined in terms of the standard.</p> <p>Refer to the Basis for adverse opinion section regarding our conclusion on the disclosures and accounting pertaining to valuation of property, plant and equipment.</p>

Other information

The directors are responsible for the other information. The other information comprises the Directors’ Report, as required by the Companies and Other Business Entities Act (Chapter 24:31), the Company statement of financial position, shareholders analysis and related notes and the historic cost financial information, which we obtained prior to the date of this auditor’s report. The other information does not include the inflation adjusted consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

ANNEXURE II – Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of National Foods Holdings Limited for the year ended 30 June 2023 (continued)

Other information

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. As described in the Basis for Adverse Opinion section above, we have concluded that the other information is materially misstated for the same reasons with respect to the amounts or disclosures items in the Directors’ Report and historical financial information, at the reporting date.

Responsibilities of the directors for consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31) and relevant statutory instruments and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, 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.

Auditor’s responsibilities for the audit of the 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 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 those charged with governance 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, actions taken to eliminate threats or safeguards.

ANNEXURE II – Independent Auditor’s Report on the Audit of the Consolidated Financial Statements of National Foods Holdings Limited for the year ended 30 June 2023 (continued)

Auditor’s responsibilities for the audit of the consolidated financial statements (continued)
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

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:

Section 193(1)(a)
Except for the matters described in the Basis for Adverse 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 2023.

Section 193(2)
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 Lawrence Nyajeka.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Lawrence Nyajeka
Registered Auditor
PAAB Practice Certificate Number: 0598

28 September 2023

****Disclaimer**** The above report is extracted from the National Foods 2023 Annual Report. Resultantly, page references within the above report do not constitute references to pages on notes contained within this Circular.

ANNEXURE III
Consolidated Statements of Profit Or Loss And Other Comprehensive Income
for the three years ended 30 June 2024

	2024 US\$	2023 US\$	2022 US\$
Revenue	359,355,740	343,577,747	282,301,044
Cost of sales	(277,716,498)	(271,506,158)	(209,588,642)
Gross profit	81,639,242	72,071,589	72,712,402
Other income	386,770	448,085	615,420
Operating expenses	(57,679,142)	(49,166,531)	(45,368,672)
Operating profit before depreciation amortisation and fair value adjustments	24,346,870	23,353,143	27,959,150
Financial income/(loss)	868,635	(5,085,818)	(4,753,276)
Depreciation & amortisation	(4,990,729)	(4,121,541)	(3,335,688)
Operating profit before interest and tax	20,224,776	14,145,784	19,870,186
Interest income	1,096,327	477,000	193,673
Interest expense	(2,596,524)	(5,184,135)	(5,455,556)
Equity accounted earnings	339,223	328,373	1,021,946
Profit before tax	19,063,802	9,767,022	15,630,249
Taxation	(5,307,616)	(2,237,155)	(3,227,851)
Profit for the year	13,756,186	7,529,867	12,402,398
Other comprehensive Income - not to be recycled to profit and loss at a future point in time			
Surplus on revaluation of property, plant and equipment	—	—	9,005,397
Share of other comprehensive income of associates, net of tax	—	—	17,945
Income tax on revaluation surplus	—	—	(2,206,614)
Total comprehensive income for the year	—	—	19,219,126
Profit for the year attributable to equity holders of the parent	13,756,186	7,529,867	12,402,398
Total comprehensive income for the year attributable to equity holders of the parent	13,756,186	7,529,867	19,219,126
Basic and diluted earnings per share	20.11	11.01	18.13

ANNEXURE III
Consolidated Statements of Financial Position
As at 30 June 2024

	2024 US\$	2023 US\$	2022 US\$
ASSETS			
Non-current assets			
Property, plant and equipment	94,842,874	86,199,776	71,567,427
Investment in associates	2,197,716	1,858,493	1,530,120
Goodwill	324,503	324,503	379,105
Investment property	1,502,676	1,502,676	—
Other financial assets	7,828,040	7,037,079	4,290,898
Right of use assets	604,917	143,354	273,382
	107,300,635	97,065,881	78,040,932
Current assets			
Cash & cash equivalents	7,663,616	3,810,383	2,114,274
Other financial assets	604,917	1,965,372	9,933,363
Inventories	36,428,366	47,040,426	46,999,322
Trade and other receivables	38,701,615	35,027,335	33,716,395
Current tax receivable	113,130	397,317	—
	83,511,644	88,240,833	92,763,354
	83,511,644	88,240,833	92,763,354
Total assets	190,812,279	185,306,714	170,804,286
EQUITY AND LIABILITIES			
Equity			
Issued share capital	682,360	684,001	684,001
Non-distributable reserves	37,137,697	37,137,697	37,137,697
Treasury shares	1,641	—	—
Distributable reserves	79,240,199	68,825,785	67,349,353
Total Equity	117,061,897	106,647,483	105,171,051
Non-current liabilities			
Deferred tax liability	12,852,292	10,408,006	9,360,113
Lease liability	363,961	—	32,942
	13,216,253	10,408,006	9,393,055
Current liabilities			
Trade and other payables	45,251,696	53,368,460	38,614,452
Current portion of lease liability	241,200	100,197	257,243
Borrowings	15,041,233	14,782,568	14,735,910
Current tax liabilities	—	—	2,299,179
Shareholders for dividends	—	—	333,396
	60,534,129	68,251,225	56,240,180
Total equity and liabilities	190,812,279	185,306,714	170,804,286

ANNEXURE III
Consolidated Statements of Cash Flows
for the three years ended 30 June 2024

	2024 US\$	2023 US\$	2022 US\$
OPERATING ACTIVITIES			
Cash generated from operations	27,556,506	13,251,346	24,074,419
Working capital changes	(3,383,269)	13,105,772	(8,295,118)
Operating cashflow	24,172,236	26,357,118	15,779,301
Interest received	1,023,493	—	—
Interest paid	(2,596,524)	(4,707,135)	(5,261,883)
Income tax paid	(2,579,143)	(3,885,758)	(4,474,168)
Net cash inflows/(outflows) from operating activities	20,020,062	17,764,225	6,043,250
INVESTING ACTIVITIES			
Purchase of property, plant and equipment to maintain operations	(1,510,618)	(2,217,102)	(1,381,435)
Purchase of property, plant and equipment to expand operations	(12,052,280)	(17,910,331)	(10,915,767)
Loans to associate	—	—	(48,551)
Increase/(decrease) in other assets	(790,960)	—	(1,893,997)
Proceeds on sale of other investments	1,360,455	10,539,545	—
Proceeds on disposal for property, plant and equipment	75,535	—	61,165
Dividends received from associate	—	—	335,225
Net cash outflows from investing activities	(12,917,867)	(9,587,888)	(13,843,360)
FINANCING ACTIVITIES			
Proceeds from borrowings and overdrafts	6,567,429	2,691,766	7,710,888
Repayment of borrowings	(6,308,764)	(2,645,108)	(873,659)
Lease liability repayments	(158,116)	(190,696)	(169,600)
Share buy back	(215,887)	—	—
Dividends paid	(3,125,885)	(6,386,801)	(5,735,018)
Net cash (outflows)/ inflows from financing activities	(3,241,223)	(6,530,839)	932,611
Increase in cash and cash equivalents	3,860,971	1,645,498	(6,867,499)
Net foreign exchange difference	(7,738)	50,611	—
Cash and cash equivalents at beginning of the year	3,810,383	2,114,274	8,981,773
Cash and cash equivalents at the end of the year	7,663,616	3,810,383	2,114,274

ANNEXURE III

Consolidated Statements of Changes in Equity

for the three years ended 30 June 2024

	Share Capital US\$	Revaluation Reserve US\$	Distributable Reserves US\$	Treasury Shares US\$	Total US\$
Balance at 30 June 2021	684,001	—	88,706,501	—	89,390,502
Profit for the year	—	—	12,402,398	—	12,402,398
Other comprehensive income	—	6,816,728	—	—	6,816,728
Total comprehensive income	—	6,816,728	12,402,398	—	19,219,126
Reclassification of revaluation reserve*	—	30,320,969	(30,320,969)	—	—
Dividends declared	—	—	(3,438,577)	—	(3,438,577)
Balance at 30 June 2022	684,001	37,137,697	67,349,353	—	105,171,051
Profit for the year	—	—	7,529,867	—	7,529,867
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	7,529,867	—	7,529,867
Dividend declaration	—	—	(6,053,435)	—	(6,053,435)
Balance at 30 June 2023	684,001	37,137,697	68,825,785	—	106,647,483
Profit for the year	—	—	13,756,186	—	13,756,186
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	13,756,186	—	13,756,186
Share buy back	(1,641)	—	(215,887)	1,641	(215,887)
Dividend declaration	—	—	(3,125,885)	—	(3,125,885)
Balance at 30 June 2024	682,360	37,137,697	79,240,199	1,641	117,061,897

ANNEXURE IV

Notice of Extraordinary General Meeting



(National Foods Holdings Limited, incorporated in Zimbabwe on 18 December 1969, under Company Registration Number 1067/69)

Notice of Extraordinary General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of the Shareholders of National Foods Holdings Limited (or “the Company”) is to be held physically at the National Foods Holdings Limited Registered Offices situated at Gloria House, 10 Stirling Road, Workington, Harare on Wednesday, 18 December 2024 at 0915 hours, for the purpose of transacting the following business:

TO CONSIDER and, if deemed fit, to pass, with or without modification, the following Resolutions:

SPECIAL RESOLUTION 1 – DELISTING OF NATIONAL FOODS HOLDINGS LIMITED FROM THE VICTORIA FALLS STOCK EXCHANGE

THAT the Company's shares be removed from the Main Board of the Victoria Falls Stock Exchange through voluntary termination of the listing on the Victoria Falls Stock Exchange in terms of Section 11 of the Victoria Falls Stock Exchange Listing Requirements.

Note that in terms of Section 11 of the Victoria Falls Stock Exchange Listing Requirements, to be effective, this Special Resolution 1 must be passed by not less than 75% of the votes of all shareholders present or represented by proxy at the EGM, excluding any controlling shareholder, its associates and any party acting in concert.

SPECIAL RESOLUTION 2 – SHARE BUY BACK

THAT the Company, as duly authorised by Article 51 A of its Articles of Association, may undertake the purchase of its own ordinary shares, for treasury purposes, in such manner or on such terms as the Directors may from time to time determine, provided that the repurchases on the Victoria Falls Stock Exchange are not made at a price per share greater than five per centum (5%) above the weighted average market value for the ordinary shares for the five (5) business days immediately preceding the date of purchase and also provided that the maximum number of shares authorised to be acquired shall not exceed 13,647,198 ordinary shares, constituting twenty percent (20%) of the Company’s issued ordinary share capital. The price post Delisting will not be less than the price mentioned above.

That the Company is authorised to undertake the repurchase of its own ordinary shares by this special resolution, which resolution shall be valid until the next Annual General Meeting or fifteen (15) months from the date of this resolution, whichever is shorter.

ORDINARY RESOLUTION 1 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS

THAT the directors of the Company be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions.

BY ORDER OF THE BOARD

COMPANY SECRETARY
Registered Office
Group Legal Counsel and Company Secretary
Gloria House
10 Stirling Road
Workington
Harare
Zimbabwe

TRANSFER SECRETARIES
Registered Office
First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Corner Armagh Avenue & Mc-Chlery Avenue
Eastlea
Harare
Zimbabwe

Form of Proxy

I / We
Of.....
Being member/members of the above Company, hereby appoint:
Mr. / Mrs. / Ms. / Dr
Or failing him or her/the Chairman of the EGM.....
Of.....

As my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held on Wednesday, 18 December 2024, at 0915 hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

Resolutions	For	Against	Abstain
SPECIAL RESOLUTION 1 – DELISTING OF NATIONAL FOODS HOLDINGS LIMITED FROM THE VICTORIA FALLS STOCK EXCHANGE “THAT the Company’s shares be removed from the Main Board of the Victoria Falls Stock Exchange through voluntary termination of the listing on the Victoria Falls Stock Exchange in terms of Section 11 of the Victoria Falls Stock Exchange Listing Requirements.”			
SPECIAL RESOLUTION 2 – SHARE BUY BACK “THAT the Company, as duly authorised by Article 51 A of its Articles of Association, may undertake the purchase of its own ordinary shares, for treasury purposes, in such manner or on such terms as the Directors may from time to time determine, provided that the repurchases on the Victoria Falls Stock Exchange are not made at a price per share greater than five per centum (5%) above the weighted average market value for the ordinary shares for the five (5) business days immediately preceding the date of purchase and also provided that the maximum number of shares authorised to be acquired shall not exceed 13,647,198 ordinary shares, constituting twenty percent (20%) of the Company’s issued ordinary share capital. The price post Delisting will not be less than the price mentioned above. That the Company is authorised to undertake the repurchase of its own ordinary shares by this special resolution, which resolution shall be valid until the next Annual General Meeting or fifteen (15) months from the date of this resolution, whichever is shorter.”			

Form of Proxy (continued)

Resolutions	For	Against	Abstain
ORDINARY RESOLUTION 1 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS “THAT the directors be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions.”			

Signed this day of 2024

Signature(s) of member:

- Note**
- 1. In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company. A director or officer of National Foods shall not be appointed as a proxy for a Shareholder.
 - 2. Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity; this authority must take the form of a resolution of the corporate body.
 - 3. Note that in terms of section 11 of the Victoria Falls Stock Exchange Listing Requirements to be effective, Special Resolution 1 must be passed by not less than 75% of the votes of all shareholders present or represented by proxy at the EGM, excluding any controlling shareholder, its associates and any party acting in concert.
 - 4. In relation to Special Resolution 2, the Board of Directors intends to exercise the authority sought at an appropriate time in the future, on an ongoing basis, provided that the Company’s cash reserves exceed its operational requirements. The Directors will ensure that any such transactions are aligned with the best interests of Shareholders. The Directors further confirm that:
 - (i) The Company and the Group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of the notice of extraordinary general meeting;
 - (ii) The assets of the Company and the Group will be in excess of the liabilities of the Company and the Group, recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
 - (iii) The ordinary capital and reserves of the Company and the group will be adequate for a period of 12 months after the date of the notice of extraordinary general meeting; and
 - (iv) The working capital of the Company and the Group will be adequate for a period of 12 months after the date of the notice of the extraordinary general meeting.

FOR OFFICIAL USE

NUMBER OF SHARES HELD

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

- 1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder’s choice in the space provided, with or without deleting “the Chairman of the EGM”, but any such deletion must be initialed by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as a proxy to the exclusion of those whose names follow.
- 2. A Shareholder’s instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space/s provided as well as by means of a cross whether the shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the EGM as he/she deems fit in respect of all the Shareholder’s votes exercisable thereat. A Shareholder or his/ her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.
- 3. Deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory or signatories.
- 4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
 - i. under a power of attorney
 - ii. on behalf of a companyunless that person’s power of attorney or authority is deposited at the offices of the Company’s transfer secretaries, or the registered office of the Company 48 hours before the meeting.
- 5. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted shall be regarded as the validly appointed proxy.
- 6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
- 7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
- 8. In order to be effective, completed proxy forms must reach the Company’s Transfer Secretaries or the registered office of the Company 48 hours before the time appointed for the holding of the EGM.
- 9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.



(National Foods Holdings Limited, incorporated in Zimbabwe on 18 December 1969, under Company Registration Number 1067/69)

THIS FORM IS FOR USE BY NATIONAL FOODS HOLDINGS LIMITED SHAREHOLDERS ONLY

Full Details of the Offer are contained in the Circular to Shareholders of National Foods Holdings Limited dated Wednesday, 27 November 2024 to which this Form is attached. Accordingly, all definitions and terms used in this Form shall unless the context otherwise requires, have the corresponding meaning and interpretation attributed to them in the Circular.

This form must be completed by all National Foods Holdings Limited shareholders who are recorded in the National Foods Holdings Limited Shareholders’ Register at any time during which the Offer is open, and who wish to accept the Offer.

Instructions for completion:

Part A: Must be completed by all National Foods Holdings Limited shareholders who wish to accept the Offer. If you are in doubt of the action you should take, please consult your accountant, lawyer, banker, stockbroker or other professional advisor immediately.

This form must be returned to the Transfer Secretaries together with the relevant Documents of Title, to be received prior to the closing date of the Offer, which is **Friday, 17 January 2025** at 1600hrs. If your Share Certificate/s have been dematerialised you should return this Form of Acceptance, Surrender and Transfer duly completed and accurate information that is consistent with the information provided to the CSD. National Foods Holdings Limited, at their sole discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Document of Title has been lost or destroyed and upon provision of suitable indemnity. Unless otherwise agreed by National Foods Holdings Limited, only indemnity forms obtained from the Transfer Secretaries (available upon request) will be regarded as suitable.

Signatories may be called upon for evidence of their authority or capacity to sign this Form of Acceptance, Surrender and Transfer.

In the case of Non-resident Shareholders, the Offer Consideration will be settled as per the normal settlement process of buying and selling shares on the VFEX. The Form of Acceptance Surrender and Transfer that follows these instructions makes provision for furnishing the banking details to be used. The attached Form of Acceptance, Surrender and Transfer makes provisions for a substitute address for this Offer only.

Kindly forward your instructions, together with the Documents of Title in respect of your National Foods Holdings Limited shares to the Transfer Secretaries, as follows:

Transfer Secretaries
By hand, courier, or post:
First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Corner Armagh Avenue & Mc-Chlery Avenue
Eastlea
Harare
Zimbabwe

To indicate your intention to participate in the Offer, Forms of Acceptance, Surrender and Transfer may be returned to the Transfer Secretaries electronically by email however. Kindly note that the return of the Form of Acceptance, Surrender and Transfer electronically by email or fax will not be deemed to be an acceptance of this Offer until the original Form of Acceptance, Surrender and Transfer has been received by post or delivery. For any queries in relation to the Form of Acceptance, Surrender and Transfer, contact info@fts-net.com

Form of Acceptance, Surrender and Transfer (continued)

Dear Sir/Madam

The Offer
I/We the undersigned, hereby irrevocably and unconditionally accept the Offer of 1 National Foods Holdings Limited share for US\$1.71 from the Company, the details of which are included in the enclosed Circular. I/We hereby cede ownership and authorise the transfer of ownership of the shares to National Foods Holdings Limited.

Bank name: _____

Account number: _____

Branch name/code: _____

Swift code: _____

Part A – ALL NATIONAL FOODS HOLDINGS LIMITED SHAREHOLDERS ACCEPTING THE OFFER MUST PLEASE COMPLETE THIS SECTION IN BLOCK LETTERS

Surname: _____

Given Names (in full): _____

Title (Mr., Mrs., Miss., Ms., Other): _____

Address: _____

Telephone: _____

Mobile: _____

I/We hereby surrender the undermentioned shares/share certificates:

Name of registered holder (separate form for each holder)	Certificate number/CSD number (in numerical order) (if applicable)	Number of National Foods Holdings Limited Shares
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	Total	_____
Signature of Shareholder: _____	Stamp and address of agent lodging this form (if any)	
Date: _____		
Assisted by me (if applicable): _____		
State full name and capacity: _____		
Date: _____		
Telephone number (home): _____		
Telephone number (work): _____		
Mobile Number: _____		

Form of Acceptance, Surrender and Transfer (continued)

PART B – TO BE COMPLETED BY FOREIGN SHAREHOLDERS

Document of Title will be endorsed and will be forwarded to the authorised dealer in Zimbabwe. Foreign Shareholders must give the following information:

Name and address of the authorised dealer in the Republic of Zimbabwe _____

Bank name: _____

Account number: _____

Branch name/code: _____

Swift code: _____

- Notes:**
- No receipts will be issued for Documents of Title lodged unless specifically requested. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the Documents of Title lodged. Additional copies of this Form of Acceptance, Surrender and Transfer are available upon request from the Transfer Secretaries.
 - Any alteration to this Form of Acceptance, Surrender and Transfer must be signed in full and not initialled. Any alteration may not be accepted by National Foods Holdings Limited.
 - If this Form of Acceptance, Surrender and Transfer is signed under a power of attorney, then such power of attorney or a notarial certified copy hereof, must be sent with the form for noting, unless it has already been noted by the Transfer Secretaries.
 - Where the National Foods Holdings Limited Shareholder is a company or a close corporation or other juristic person, a certified copy of all Directors' or members' or other resolution authorising the signing of this Form of Acceptance, Surrender and Transfer must be submitted together with this form.
 - Where the National Foods Holdings Limited shares are jointly held, this Form of Acceptance, Surrender and Transfer must be signed by all joint holders; however, National Foods Holdings Limited shall be entitled to, in its absolute discretion, accept the signature of that holder whose name stands first in the register in respect of such National Foods Holdings Limited Shares.
 - The Offer is made gross of tax, and where applicable Capital Gains Tax and other related costs and statutory deductions will be deducted at source prior to settlement of the Offer Consideration.
 - Shareholders with CSD accounts will have their new National Foods Holdings Limited shares credited automatically to their electronic accounts.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



 NATIONAL
FOODS LTD