INNSCOR AFRICA LIMITED

Reviewed Abridged Group Financial Results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

INNSCOR Africa Limited

Our passion for **value creation**

Salient Features

		six months ended 31 December 2022 Reviewed USD
Revenue	▲ 12%	399 684 852
Operating profit before depreciation, amortisation and fair value adjustments	▲ 5%	60 320 730
Profit for the period	▲ 3%	34 151 792
Basic earnings per share (US cents)	▲ 20%	4.46
Headline earnings per share (US cents)	▲ 27%	4.52
Cash generated from operating activities	▲ 72%	74 884 010

DIRECTORS' RESPONSIBILITY

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's consolidated interim financial statements, of which this press release represents an extract. These abridged Group consolidated interim financial statements are presented in accordance with the disclosure requirements of the Victoria Falls Stock Exchange ("VFEX") Listing Requirements for interim financial reporting (Preliminary Reports) and, except where stated, in accordance with the measurement and recognition principles of International Financial Reporting Standards ("IFRS") and the manner required by the Companies and Other Business Entities Act (Chapter 24:31). The principal accounting policies applied in the preparation of these consolidated interim financial statements are consistent with those applied in the previous period's financial statements. There is no impact arising from revised IFRS, which became effective for the reporting period commencing on or after 1 January 2022 on the Group's consolidated interim financial statements.

CHANGE IN FUNCTIONAL CURRENCY AND CAUTIONARY ADVISORY ON RELIANCE ON FINANCIAL STATEMENTS

Commencing with the financial year ended 30 June 2020, and in line with both previous guidance issued by the Public Accountants and Auditors Board ("PAAB") and the provisions of International Accounting Standard ("IAS") 29 (Financial Reporting in Hyperinflationary Economies), the Directors have been presenting Group consolidated, inflation-adjusted financial statements in Zimbabwe Dollars ("ZWL"). Due to the considerable distortions in the economy, and the material and pervasive effects that these had in the application of IAS 29, the Directors have always advised users to exercise caution in the interpretation and use of those Group consolidated, inflation-adjusted financial statements; in addition the Directors also issued financial statements prepared under the historical cost convention, as supplementary information, in an effort to assist users with their interpretation of the Group's financial performance.

Following the promulgation of Statutory Instrument ("SI") 185 of 2020, issued on 24 July 2020, the Group has continued to see a steady increase in the use of foreign currency across its businesses and, in accordance with the requirements of IAS 21 (The Effects of Changes in Foreign Exchange Rates), has been through a process of assessing its functional currency. Following the completion of this process, the Group has concluded that based on the primary operating environment and the Group's own operating activities, there has been a change in its functional currency from ZWL to United States Dollars ("USD") with effect from the beginning of the current financial year. The change in the Group's functional currency is further supported by the Listing Requirements of the VFEX, which require issuers to present financial statements in USD.

IAS 21 directs that entities operating in hyperinflationary economies should translate their last reported inflation-adjusted financial statements using the closing rate of exchange at the reporting date in order to derive and present comparative financial statements under a newly assessed functional currency.

The Directors are of the opinion that using the provisions of IAS 21 to convert the Group's inflation-adjusted financial statements from previous periods, as a basis for presenting comparative and opening balance sheet information in terms of the new functional currency, will result in the material misstatement of the Group's comparative financial statements.

In an endeavour to present the best possible view of the comparative financial performance and position of the Group in terms of the newly assessed functional currency, alternative procedures and techniques have been utilised in the translation of ZWL financial statements to USD financial statements. This has resulted in the external auditors issuing an adverse review conclusion on the Group's consolidated interim financial statements for the current period under review.

The alternative procedures and techniques utilised for the translation of ZWL financial statements to USD financial statements have been summarised in Note 3 of the Supplementary Information section of the accompanying abridged financial statements.

While the Directors have exercised reasonable due care and applied judgments that they considered to be appropriate in the preparation and presentation of these interim financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of the information that is presented in economies that are experiencing hyperinflation, and in view of the fact that there are certain subjectivities and technicalities involved in the translation of ZWL financial statements to USD financial statements as highlighted above; accordingly, the Directors would like to advise users to exercise caution in their use of these interim financial statements.

EXTERNAL AUDITOR'S REVIEW CONCLUSION

These abridged Group consolidated interim financial statements have been reviewed by Messrs. BDO Zimbabwe Chartered Accountants, who have issued an adverse review conclusion due to the view that the Group has not complied with the requirements of IAS 21 on translation of opening balances and comparative financial information. The External Auditor's Report on the Group's consolidated interim financial statements, from which these Group abridged consolidated interim financial statements are extracted, is available for inspection at the Company's registered office.

SUSTAINABILITY REPORTING

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

UNCERTAIN TAX POSITIONS

There have been substantial changes in the currency environment in Zimbabwe in recent years, including the reintroduction of the ZWL as the Country's functional currency in February 2019 through SI 33 of 2019, followed by the promulgation of SI 185 of 2020, which reintroduced the use of foreign currency for domestic transactions.

These significant changes have created numerous uncertainties in the treatment of taxes due across the economy, and have been compounded by a lack of clear statutory and administrative guidance or practical transitional measures from the tax authorities. The wording of existing tax legislation has given rise to varying interpretations of tax law within the Country. Over time, it has become apparent that the Group's interpretation of the law regarding the currency of settlement for taxes, as well as the methodology for tax computation, has differed from that of the authorities, and this has resulted in a number of uncertainties in the Group's tax position. The Group continues to seek adjudication by the courts on a number of uncertain tax positions.

OPERATING ENVIRONMENT AND OVERVIEW

The operating environment experienced both reduced inflationary pressure and currency volatility during the six months under review, brought about mainly by the Government's efforts to control excess liquidity via contractionary monetary policy measures, with most notably a significant increase in interest rates to 200% per annum for ZWL debt which was instituted in July 2022. The market also experienced increased USD transactional flow, particularly within the informal market, where consumer demand remained firm, supported by increased mining output, a positive winter cropping wheat season, growth in diaspora remittances, and Government infrastructure spending.

Notwithstanding the general improvement across the Country's macroeconomic indicators, the trading environment remains complex and relatively uncertain, as pricing distortions and resultant arbitrage opportunities remain across the market, exacerbated by an impractical and ambiguous taxation framework. These underlying complexities negatively impact business sentiment and consumer demand, especially across formal trade. The local environment also continues to grapple with the pass-through effects of the global economy, which is experiencing sluggish economic growth, elevated levels of inflation, increasing interest rates, and energy and commodity pricing shocks during the period, combining to result in imported pricing pressure on key raw materials and volatility across international financial markets.

The Group's trading performance for the six months was generally pleasing, with strong volume growth contributions across the protein, stockfeed, beverage, and light manufacturing segments. Wheat pricing shocks in the first quarter had an adverse impact across the Mill-Bake value chain, resulting in declining consumer demand as bread became less affordable. Volumes, however, recovered in the second quarter as local wheat availability improved. The Group's overall volume trajectory remains strong, underpinned by diversification and expansion of product ranges, supported by continued focus on affordable pricing and efficient route-to-market strategies, and all augmented by ongoing investment into modern manufacturing processes and technologies.

The Group's contract farming initiatives continue to receive considerable focus through the PHI and Agrowth organisations, with 13,000 hectares funded toward the current summer cropping season to support maize and soya bean hectarage. The Group intends to replicate the successes of the 2022 wheat crop, where it produced 78,000 tonnes of wheat, representing the largest private contribution to the national wheat harvest. Prospects for the current summer season remain positive on the back of above-average summer rainfall.

FINANCIAL REVIEW

The Group posted revenue of USD 399.685 million for the six-month period under review, representing a 12% increase on the comparative period, driven by pricing optimisation and volume growth across the Group's core categories as capacity utilisation continued to improve, whilst the introduction of new products and expansion of the overall product portfolio also combined to drive revenue.

Firm growth in dollar terms was realised in the operating profit before depreciation, amortisation, and fair value adjustments ("EBITDA") line, which came in at USD 60.321 million for the six-month period under review. This was on the back of firm gross margin dollar growth, which was consistent with revenue growth, whilst gross margin percentages were maintained at the same level as the comparative period. Overall, efforts to contain operating expenditures were pleasing, however cost-push pressures were evident, most notably across the human capital, distribution, fuel, and electricity cost buckets, which all saw significant increases to the comparative period.

Foreign currency exchange gains dominated the financial income line of USD 4.200 million. Interest charges for the six months amounted to USD 9.091 million, with the majority of this incurred in the first quarter of the current financial year following the sharp increase in interest rates on ZWL-denominated borrowings. The Group restructured its ZWL-denominated borrowings during the course of the second quarter, significantly reducing the interest charges. The contribution from the Group's associate businesses came in at USD 1.027 million, lagging behind the levels delivered in the comparative period.

Profit Before Tax ("PBT") amounted to USD 45.162 million, representing favourable growth over the comparative period, and notwithstanding the high interest charges incurred in the opening quarter of the period under review. Headline Earnings Per Share ("HEPS") performance was pleasing and showed an improvement to 4.52 US cents in the current period under review, a 27% growth over the comparative period and generally attributable to consistently good performances across the Group's overall business portfolio.

The Group's Statement of Financial Position remained robust, with a strong asset base supported by fixed assets, efficient working capital positions, and negligible net gearing levels.

From a cash flow perspective, earnings quality was solid, and was further supported by improved efficiency across the Group's working capital positions, combining to deliver operating cash flow of USD 74.884 million for the period under review, and representing a 72% increase over the comparative period. The strong operating cash flows delivered enabled the Group's extensive investment programme to progress at pace, with USD 41.891 million deployed to investing activities in the period under review.

OPERATIONS REVIEW

MILL-BAKE

This reporting segment consists of the Group's Bakery division, National Foods, and the Group's non-controlling interest in Profeeds and Nutrimaster.

The **Bakery** division saw volumes recover in the second quarter as the substantial local wheat crop allowed for more affordable loaf pricing; as a result, six-month loaf volumes closed at consistent levels to the comparative period. The division is currently closing out its USD 22 million investment into a new world-class, fully automated bakery operation in Bulawayo; this will be complemented by further investment into extending the automation of the Harare bakery operation as well as an investment to recapitalise the entire bread delivery fleet. We are confident that these initiatives will enhance production efficiencies, further improve loaf quality and allow for significantly improved nationwide market reach.

At **National Foods**, aggregate volumes contracted 9% versus the comparative period. The wheat pricing shocks largely characterised the performance for the period, which negatively impacted flour and related products' volumes.

The performance of the Flour Milling Division was disappointing, with volumes contracting 20% versus the comparative period. This was largely driven by the significant increases in the price of wheat as the conflict in Eastern Europe continued to influence market dynamics, especially in the first quarter. This had a material impact on wheat pricing, flour demand, and consequently bread affordability. During the second quarter, a partial recovery in volumes was realised as wheat pricing declined. Focus in the division remains directed at the commissioning of the new Bulawayo flour mill, which is scheduled for April 2023.

The Maize Milling Division delivered volumes marginally behind the comparative period, owing largely to the impacts of local maize procurement in the first quarter; this subsequently recovered in the second quarter as local Grain Marketing Board ("GMB") allotments became available. Work continues in the business on diversifying the product range by launching traditional grain products to support the base maize meal proposition, serving an increasingly health-conscious market.

Volumes within the Stockfeed Division closed at similar levels to the comparative period; volumes were depressed in the first quarter but partially recovered during quarter two. Distortions negatively impacted the division within the formal sales channel despite market demand remaining firm for the period. The division has recently commissioned a series of automation enhancements to its core factory operations which are expected to improve product quality and plant efficiencies going forward.

The Down-Packed Division continued to experience firm informal market demand, particularly across the rice and salt categories, and delivered volumes 12% ahead of the comparative period. The division is currently executing on an investment programme which will result in an upgrading of its rice handling and storage facilities, and an elevation of its general process efficiency across the business.

The Snacks Division continues to deliver pleasing growth; volumes increased by 18% against the comparative period, as both the Hard Snacks (operating mainly under the "Zapnax" brand) and Soft Snacks (the "King" and "Popticorn" ranges) categories saw continued growth. Investment to increase capacity in the hard snacks category has been approved and is expected to enhance production efficiency and extend the category's product range.

The Biscuit Division was affected by the flour pricing dynamics and challenges in the formal trade, and volumes declined by 15% from the comparative period levels as a result. As previously advised, the purchase of a new biscuit line has been approved and this will allow for the extension of the biscuit portfolio beyond the current basic loose biscuit proposition to a more specialised biscuit portfolio. Work on the project has commenced, and the new line is expected to be commissioned late in 2023.

Volumes in the Cereals Division grew by 42% over the comparative period. The second phase of the breakfast cereal investment was commissioned towards the end of the period, resulting in the launch of a new range of breakfast cereals, including corn flakes, bran flakes, wholegrain, and instant cereals. The market uptake has been exceptionally encouraging, and efforts to expand and diversify the product offerings are a priority going forward.

At **Profeeds**, demand for stockfeeds and day-old chicks remained firm as the local poultry market continued to experience pleasing growth. The stockfeeds category delivered volume growth of 15% over the comparative period, while day-old-chick volumes increased by 21%. In order to better service the Country's southern markets, an investment into a new stockfeed plant in Bulawayo has commenced and is scheduled to be commissioned in the next financial year; this new plant will add much needed volume capacity, as well as enhance the business' overall production efficiencies and product quality.

The "Profarmer" retail network recorded firm volume growth across all product categories and continues to expand its retail footprint to improve the serviceability of the rapidly growing small to medium-scale farming market.

Nutrimaster, a subsidiary of Profeeds, saw volumes close marginally ahead of the comparative period, bolstered by a strong order book for the summer row-cropping and tobacco seasons. The business is also working on the diversification of its product range through an investment into a crop chemical offering which will position the business as a locally focused, all-encompassing fertiliser and crop chemical producer.

PROTEIN

This reporting segment comprises Colcom, Irvine's, and Associated Meat Packers ("AMP"), which includes the "Texas Meats," "Texas Chicken," and "Texas Dairy" branded store networks.

The **Colcom Division**, comprising Triple C Pigs and Colcom Foods, continued its positive growth trajectory and recorded a pleasing volume growth of 6% over the comparative period, with solid contributions from both the fresh and processed pork categories. Triple C's performance was exceptional, following the continued focus and investment to secure improved genetics, dietary optimisation, and efficient animal housing infrastructure.

The business has commenced an extensive investment programme which will initially focus on further expansion in pig production, and this will be augmented in parallel with investment in a factory upgrade programme which will significantly enhance volume, production efficiencies and overall product quality.

At **Irvine's**, volume growth was realised across all three categories; most notably, the table egg category recorded volume growth of 24% over the comparative period, while the day-old-chick category volumes increased by 10% over the same period. The firm demand across the poultry value chain is being supported by investment targeted at increasing poultry production capacity, coupled with technology upgrades combined to enhance production efficiencies and output capabilities at the operation.

PROTEIN (continued)

The **AMP Group** delivered good volume growth of 5% over the comparative period. Growth was realised on the back of firm demand across the chicken and beef markets, despite the beef category facing continued supply chain challenges. The "Texas" retail network opened four stores during the period under review, with the network increasing to 50 stores under management.

BEVERAGE AND OTHER LIGHT MANUFACTURING

This reporting segment consists of Prodairy, Mafuro Farming, Probottlers, The Buffalo Brewing Company ("TBBC"), Natpak, and the Group's non-controlling interest in Probrands.

Prodairy continued to register strong volume growth, closing 32% ahead of the comparative period, with pleasing growth realised across the full product portfolio. The "Revive" dairy blend category posted volume growth of 56% over the comparative period on the back of significant production investment as well as the extension of the product formats targeting wider market segments. The popular "Life" branded butter and cream also delivered pleasing growth of 21% over the comparative period.

At **Mafuro Farming**, raw milk production and supply grew by 18% over the comparative period on the back of initiatives to increase the milking herd, coupled with a focus on improving production efficiencies. The business is currently commissioning a new state-of-the-art dairy operation in the Midlands, which is expected to become fully operational during the final quarter of the financial year under review.

Probottlers delivered overall volumes which were 14% ahead of the comparative period, mainly driven by the investment undertaken to increase the CSD production capacity of the 500ml "Fizzi" line during the previous financial year. Sugar supply remains a critical factor for the business, as local supplies remain on untenable terms, exacerbated by increased grey-market import pressure of finished products noted in the trade during the period.

TBBC launched its sorghum beer product under the "Nyathi" brand in December 2022. Market uptake has been encouraging, and volume performance to date has met expectation.

At **Natpak**, overall volumes closed in line with the comparative period. Volumes within the Rigids division increased 9% on the back of increased production capacity and the extension of the product range. The Flexibles division delivered pleasing growth of 8% over the comparative period, and investment to expand its printing capacity is currently underway. The Corrugated and Sacks divisions continued to register positive volume growth, with both divisions having recently invested in additional production capacity and manufacturing capabilities.

At **Probrands**, volume performance lagged the comparative period, although this was largely a result of a deliberate refocusing to lower-volume, higher-margin specialised categories. The business continues its focus on creating innovative household and adjacent condiment products.

PROSPECTS

Despite a relatively challenging local and international economic environment, the Group has delivered a solid financial performance for the six months. Looking ahead, the Country's current economic challenges will likely persist for the foreseeable future as the market continues to navigate local inflationary pressures exacerbated by an uncertain outlook across international commodity and financial markets. In this regard, our individual business strategies remain dynamic to adjust to the prevailing market conditions, driven by agile management teams with a continued focus on developing the tools and techniques necessary to operate in an ever-changing environment. Critically, attention will be directed to ensuring that both our operating expenditure and bill of materials cost is managed carefully considering prevailing cost-push pressures, and this must be balanced with a view to achieving appropriate pricing and volume levels while ensuring that the Group continues to maximise capacity utilisation across its business units.

The Group remains occupied with an exciting USD 56 million investment pipeline for the current financial year, with a number of significant projects now in the very final stages of development; all these investments will bring with them world-class technologies and processes and will introduce significant volume capacity, exceptional product quality and considerable manufacturing cost efficiency.

As previously reported, the Company's shareholders recently approved for the Company to be de-listed from the Zimbabwe Stock Exchange ("ZSE"), followed immediately by its re-listing on the VFEX, which took place on 24 February 2023. The Group is confident that the VFEX listing will unlock shareholder value by enhancing and extending its presence across international capital markets. The VFEX listing also compliments the strategic thrust of the Group as it embarks on its future growth initiatives and strives to position itself as a prominent regional manufacturing player.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of 1.60 US cents per share payable in respect of all ordinary shares of the Company. The interim dividend is in respect of the financial year ending 30 June 2023 and will be payable to all shareholders of the Company registered at the close of business on 14 April 2023.

The payment of this interim dividend will take place on or around 28 April 2023. The shares of the Company will be traded cum-dividend on the VFEX up to the market day of 11 April 2023 and ex-dividend from 12 April 2023.

The Board has also declared an interim dividend totaling USD 460,000 to Innscor Africa Employee Share Trust (Private) Limited. Innscor Africa Employee Share Trust supports all qualifying beneficiaries with both dividend flow and various loan schemes.

APPRECIATION

I wish to record my sincere appreciation to the Executive Directors, Management, and Staff for their effort during the period under review. I also wish to thank the Non-Executive Directors for their wise counsel and the Group's customers, suppliers, and other stakeholders for their continued support and loyalty.

A B C CHINAKE
Independent, Non-Executive Chairman
28 March 2023

Reviewed Abridged Group Statement of Profit or Loss and Other Comprehensive Income

	Note	six months ended 31 December 2022 reviewed USD	six months ended 31 December 2021 reviewed USD
REVENUE		**399 684 852**	**357 976 490**
Operating profit before depreciation, amortisation and fair value adjustments		**60 320 730**	**57 676 062**
financial income	6	4 199 543	1 252 975
depreciation on property, plant and equipment and right-of-use assets and amortisation on intangible assets		(11 610 505)	(9 888 806)
Operating profit before interest, equity accounted earnings and fair value adjustments		**52 909 768**	**49 040 231**
fair value adjustments on livestock and listed equities		316 679	(285 847)
Profit before interest, equity accounted earnings and tax		**53 226 447**	**48 754 384**
net interest expense		(9 091 355)	(8 488 018)
equity accounted earnings		1 027 088	3 384 799
Profit before tax		**45 162 180**	**43 651 165**
tax expense		(11 010 388)	(10 434 627)
Profit for the period		**34 151 792**	**33 216 538**
Profit for the period attributable to:			
equity holders of the parent		25 479 264	21 043 455
non-controlling interests		8 672 528	12 173 083
		34 151 792	**33 216 538**
Exchange differences arising on the translation of foreign operations attributable to:			
equity holders of the parent		—	4 117 894
non-controlling interests		—	2 793 708
Other comprehensive income for the period recycled to profit or loss, net of tax		—	6 911 602
Total comprehensive income for the period		**34 151 792**	**40 128 140**
Total comprehensive income for the period attributable to:			
equity holders of the parent		25 479 264	25 161 349
non-controlling interests		8 672 528	14 966 791
		34 151 792	**40 128 140**
EARNINGS PER SHARE (CENTS)			
Basic earnings per share	13	4.46	3.70
Headline earnings per share	13	4.52	3.55
Diluted basic earnings per share	13	4.46	3.69
Diluted headline earnings per share	13	4.52	3.53

Reviewed Abridged Group Statement of Financial Position

	Note	31 December 2022 reviewed USD	30 June 2022 audited USD
ASSETS			
Non-current assets			
property, plant and equipment		271 830 303	242 368 055
right-of-use assets		3 930 752	3 429 936
intangible assets		8 921 029	8 882 775
investments in associates		53 130 104	53 335 452
other assets		20 088 660	23 649 343
biological assets		5 142 959	3 248 457
deferred tax assets		4 155 143	4 673 771
		367 198 950	**339 587 789**
Current assets			
biological assets		24 777 367	21 858 529
inventories	7	110 911 797	118 930 166
trade and other receivables	8	97 612 204	85 588 801
cash and cash equivalents		37 470 780	32 861 146
		270 772 148	**259 238 642**
Total assets		**637 971 098**	**598 826 431**
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital		5 598 614	5 598 614
class 'A' ordinary shares		10	10
share premium		19 336 169	19 336 169
other reserves		9 658 852	9 815 351
distributable reserves		264 004 786	247 644 733
attributable to equity holders of the parent		**298 598 431**	**282 394 877**
non-controlling interests		161 848 544	156 689 951
Total shareholders' equity		**460 446 975**	**439 084 828**
Non-current liabilities			
deferred tax liabilities		1 046 099	3 863 500
lease liability	9	3 336 783	2 677 870
interest-bearing borrowings	10	21 408 177	10 102 785
		25 791 059	**16 644 155**
Current liabilities			
lease liability	9	773 549	794 414
interest-bearing borrowings	10	26 160 498	35 685 783
trade and other payables	11	109 955 507	91 621 549
provisions and other liabilities		2 302 944	1 804 179
current tax liabilities		12 540 566	13 191 523
		151 733 064	**143 097 448**
Total liabilities		**177 524 123**	**159 741 603**
Total equity and liabilities		**637 971 098**	**598 826 431**

Reviewed Abridged Group Statement of Cash Flows

	six months ended 31 December 2022 reviewed USD	six months ended 31 December 2021 reviewed USD
Cash generated from operating activities	**74 884 010**	**43 454 360**
interest expense	(9 091 355)	(8 488 018)
tax paid	(7 959 632)	(7 488 098)
Total cash available from operations	**57 833 023**	**27 478 244**
Investing activities	**(41 890 677)**	**(29 288 630)**
Net cashflows before financing activities	**15 942 346**	**(1 810 386)**
Financing activities	**(11 332 712)**	**(4 380 008)**
Net increase/(decrease) in cash and cash equivalents	**4 609 634**	**(6 190 394)**
Cash and cash equivalents at the beginning of the period	**32 861 146**	**34 168 924**
Cash and cash equivalents at the end of the period	**37 470 780**	**27 978 530**

Group Statement of Changes in Equity

	attributable to equity holders of the parent			Other Reserves								
	Ordinary Share Capital USD	Class A Ordinary Share Capital USD	Share Premium Reserve USD	Restructure Reserve USD	Foreign Currency Translation Reserve USD	Treasury Shares USD	Share-Based Payment Reserve USD	Total Other Reserves USD	Distributable Reserves USD	Total Attributable to Equity Holders of the Parent USD	Non-Controlling Interests USD	Total Shareholders' Equity USD
Balances at 30 June 2021	**5 598 311**	**10**	**18 795 167**	**(14 855 614)**	**140 568**	**(1 702 700)**	**539 804**	**(15 877 942)**	**210 414 864**	**218 930 410**	**124 679 509**	**343 609 919**
Issue of shares	303	—	541 002	—	—	—	(541 305)	(541 305)	—	—	—	—
Profit for the period	—	—	—	—	—	—	—	—	21 043 455	21 043 455	12 173 083	33 216 538
Dividends paid	—	—	—	—	—	—	—	—	(5 994 421)	(5 994 421)	(1 917 488)	(7 911 909)
Other comprehensive income	—	—	—	—	4 117 894	—	—	4 117 894	—	4 117 894	2 793 708	6 911 602
Transactions with owners in their capacity as owners	—	—	—	2 888 407	—	—	—	2 888 407	—	2 888 407	3 303 970	6 192 377
Share-based payment charge	—	—	—	—	—	—	1 501	1 501	—	1 501	—	1 501
Balances at 31 December 2021	**5 598 614**	**10**	**19 336 169**	**(11 967 207)**	**4 258 462**	**(1 702 700)**	**—**	**(9 411 445)**	**225 463 898**	**240 987 246**	**141 032 782**	**382 020 028**
Profit for the period	—	—	—	—	—	—	—	—	27 042 782	27 042 782	10 137 531	37 180 313
Other comprehensive income	—	—	—	—	19 226 796	—	—	19 226 796	—	19 226 796	8 893 625	28 120 421
Dividends paid	—	—	—	—	—	—	—	—	(4 861 947)	(4 861 947)	(3 373 987)	(8 235 934)
Balances at 30 June 2022	**5 598 614**	**10**	**19 336 169**	**(11 967 207)**	**23 485 258**	**(1 702 700)**	**—**	**9 815 351**	**247 644 733**	**282 394 877**	**156 689 951**	**439 084 828**
Profit for the period	—	—	—	—	—	—	—	—	25 479 264	25 479 264	8 672 528	34 151 792
Dividends paid	—	—	—	—	—	—	—	—	(9 119 211)	(9 119 211)	(3 556 926)	(12 676 137)
Transactions with owners in their capacity as owners	—	—	—	—	—	(156 499)	—	(156 499)	—	(156 499)	42 991	(113 508)
Balances as at 31 December 2022	**5 598 614**	**10**	**19 336 169**	**(11 967 207)**	**23 485 258**	**(1 859 199)**	**—**	**9 658 852**	**264 004 786**	**298 598 431**	**161 848 544**	**460 446 975**

Supplementary Information

1 Corporate Information

The Company is incorporated and domiciled in Zimbabwe.

2 Basis of Preparation

The Group's abridged consolidated interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with the Victoria Falls Stock Exchange, ("VFEX") Requirements and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24.31). The Listing Requirements provide that interim financial statements be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accouting Standards Board ("IASB") and as a minimum, contain the information required by International Accounting Standards ("IAS") 34 (Interim Financial Reporting). The Group's abridged consolidated interim financial statements have been prepared based on the statutory records that are maintained under the historical cost basis, except for equity investments and some biological assets that have been measured at fair value.

The financial statements are presented in United States Dollars (USD) and all values have been rounded off to the nearest dollar, except where otherwise indicated.

The principal accounting policies applied in the preparation of the Group consolidated financial statements are, except where stated, in terms of IFRS and applicable amendments to IFRS and the accounting policies have been applied consistently in all material respects with those of the previous consolidated financial statements.

3 Change in functional and presentation currency

Following the promulgation of Statutory Instrument ("SI") 185 of 2020, issued on 24 July 2020, the Group has continued to see a steady increase in the use of foreign currency across its businesses and, in accordance with the requirements of IAS 21 (The Effects of Changes in Foreign Exchange Rates), has been through a process of assessing its functional currency. In assessing functional currency, the following factors were considered:

(i) the currency that mainly influences sales prices for goods and services (the currency in which sales prices for goods and services are denominated and settled).
(ii) the currency which influences labour, material and other costs of providing goods and services.
(iii) the currency in which funds from financing activities are generated.
(iv) the currency in which receipts from operating activities are usually retained.

The Group concluded that based on above factors, there has been a change in the Group's functional currency from ZWL to United States Dollars ("USD") with effect from the beginning of the current financial year. The change in the Group's functional currency is further supported by the Listing Requirements of the VFEX, which require issuers to present financial statements in USD.

Procedures to convert comparative financial statements to USD

IAS 21 directs that entities operating in hyperinflationary economies should translate their last reported inflation-adjusted financial statements using the closing rate of exchange at the reporting date in order to derive and present comparative financial statements under a newly assessed functional currency.

The Directors are of the opinion that using the provisions of IAS 21 to convert the Group's inflation-adjusted financial statements from previous periods, as a basis for presenting comparative and opening balance sheet information in terms of the new functional currency, will result in the material misstatement of the Group's comparative financial statements.

In an endeavour to present the best possible view of the comparative financial performance and position of the Group in terms of the newly assessed functional currency, alternative procedures and techniques have been utilised in the translation of ZWL financial statements to USD financial statements and these have been summarised below:

Statement of Profit or Loss and Other Comprehensive Income

- All ZWL transactions concluded during the period were converted to USD using the spot rate existing at the date of the transaction.
- USD transactions were accounted for at original USD value.
- Exchange gains/losses on ZWL transactions and balances were established and recorded.

Statement of Financial Position

- Non-monetary assets were converted to USD using the spot rate at the date of transaction.
- Monetary assets and liabilities were translated to USD using the closing spot rate.
- Equity was converted to USD using the spot rate on date of transaction.

4 Legacy Debts

As reported in the prior year financial statements, the Group had foreign legacy debts amounting to USD 3 453 811 as at 30 June 2022, being foreign liabilities that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which reintroduced the use of the ZWL currency. The foreign liabilities were registered and approved by the Reserve Bank of Zimbabwe, ("RBZ") and the Group transferred to the RBZ the ZWL equivalent of the foreign liabilities, based on an exchange rate of ZWL 1 = USD 1 in line with Exchange Control Directives RU102/2019 and RU28/2019.

4 Legacy Debts (continued)

During the current period under review, the Group received USD 123 547 as settlement in respect of Legacy Debts and the Group was issued with Treasury Bills in lieu of the remaining Legacy Debts' balance. The Treasury Bills mature between 2025 and 2042 and are held at amortised cost.

5 Operating Segments

The Group's operations comprise of the Mill-Bake, Protein, Beverage & Other Light Manufacturing and Head Office Services Segments explained as follows:

Mill-Bake Segment - the segment reports the results of the Group's interests in National Foods Holdings Limited, the Bakery Division, Superlinx (Private) Limited t/a Bakers Inn Sales & Distribution, Bakers Inn Logistics (Private) Limited and the Group's non-controlling interest in Profeeds (Private) Limited.

Protein Segment - this segment reports the results of the Group's interests in the Colcom Division, Irvine's Zimbabwe (Private) Limited, Associated Meat Packers (Private) Limited (AMP) and Intercane Investments (Private) Limited.

Beverage and Other Light Manufacturing Segment - this segment reports the results of the Group's controlling interests in Prodairy (Private) Limited, Probottlers (Private) Limited, The Buffalo Brewing Company (Private) Limited, Natpak (Private) Limited, Saxin Enterprises (Private) Limited, Sabithorn (Private) Limited and the Group's associated interests in Probrands (Private) Limited, Paperhole Investments (Private) Limited and Afrigrain Trading Limited.

Head Office Services & Other Services Segment - the segment reports the Group's shared services functions namely treasury, internal audit, legal, company secretarial services, Providence Human Capital, Syntegra Solutions (Private) Limited and MyCash Financial Services (Private) Limited.

	Mill-Bake USD	Protein USD	Beverage and Other Light Manufacturing USD	Head Office Services & Other Services USD	Inter-Segment Adjustments USD	Total USD
Revenue						
31 December 2022	228 070 618	120 019 612	112 062 459	4 357 940	(64 825 777)	399 684 852
31 December 2021	198 760 017	103 057 761	82 932 638	4 633 968	(31 407 893)	357 976 491
Operating profit before depreciation, amortisation and fair value adjustments						
31 December 2022	24 214 176	19 322 468	11 864 318	4 919 768	—	60 320 730
31 December 2021	28 933 343	17 666 818	10 811 082	264 819	—	57 676 062
Depreciation and amortisation						
31 December 2022	4 347 272	3 172 173	3 574 719	405 622	110 719	11 610 505
31 December 2021	4 290 511	3 043 233	2 166 299	353 686	110 719	9 964 448
Equity accounted earnings						
31 December 2022	1 803 049	—	56 976	(832 937)	—	1 027 088
31 December 2021	1 757 533	—	100 569	1 526 697	—	3 384 799
Profit before tax						
31 December 2022	17 236 866	13 715 478	8 892 633	3 811 091	1 415 463	45 071 530
31 December 2021	22 764 792	11 038 759	6 423 741	7 099 344	7 957 756	55 284 392
Segment assets						
31 December 2022	274 677 196	133 927 889	85 926 345	233 081 551	(57 101 772)	670 511 209
30 June 2022	243 568 978	120 568 677	69 336 173	250 503 973	(52 611 259)	631 366 542
Segment liabilities						
31 December 2022	(98 306 852)	(41 139 298)	(47 915 375)	811 125	364 074 524	177 524 124
30 June 2022	(72 756 110)	(36 415 443)	(32 833 784)	(21 035 862)	322 782 803	159 741 604
Capital expenditure						
31 December 2022	21 992 115	6 234 329	7 805 180	3 840 879	—	39 872 504
31 December 2021	15 403 216	6 341 411	6 157 205	5 955 545	—	33 857 377
Cash flow from operating activities						
31 December 2022	36 151 165	14 520 873	11 375 712	13 653 380	(1 341 555)	74 359 575
31 December 2021	21 126 072	8 485 730	6 647 756	7 978 783	(783 981)	43 454 360
Investing activities						
31 December 2022	(20 345 864)	(4 269 343)	(11 080 411)	238 766	(6 433 825)	(41 890 677)
31 December 2021	(14 225 181)	(2 984 989)	(7 747 071)	166 938	(4 498 326)	(29 288 630)
Financing activities						
31 December 2022	(1 859 612)	1 114 757	12 285 860	(19 830 426)	(3 043 291)	(11 332 712)
31 December 2021	(718 726)	430 845	4 748 393	(7 664 311)	(1 176 209)	(4 380 008)

Supplementary Information (continued)

		six months ended 31 December 2022 reviewed USD	six months ended 31 December 2021 reviewed USD
6	**Financial income**		
	Exchange rate gains/(losses)	3 850 370	(447 037)
	(Loss)/profit on disposal of plant and equipment	(255 216)	120 892
	Dividend income	604 389	710 180
	Profit on disposal and restructure of associate and subsidiaries	—	868 940
		4 199 543	**1 252 975**

		31 December 2022 reviewed USD	30 June 2022 audited USD
7	**Inventories**		
	Consumable stores	11 300 054	12 116 992
	Finished products, net of allowance for obsolescence	31 399 239	33 669 247
	Raw materials and packaging	67 623 584	72 512 431
	Work in progress	588 920	631 496
		110 911 797	**118 930 166**
8	**Trade and other receivables**		
	Trade receivables	29 237 221	25 635 920
	Prepayments	22 900 347	20 079 592
	VAT receivable	2 707 223	2 373 760
	Other receivables	43 035 324	37 734 439
		97 880 115	**85 823 711**
	Allowance for credit losses	(267 911)	(234 910)
		97 612 204	**85 588 801**
9	**Lease liability**		
	Analysis		
	Non-current	3 336 783	2 677 870
	Current	773 549	794 414
		4 110 332	**3 472 284**
10	**Interest-bearing borrowings**		
	Interest-bearing borrowings constitute bank loans from various local financial institutions which accrued interest at an average rate of 12% during the period.		
	These facilities expire at different dates and will be reviewed and renewed when they mature.		
11	**Trade and other payables**		
	Trade payables	57 901 865	48 247 320
	Accruals	18 434 461	15 360 703
	Other	33 619 181	28 013 526
		109 955 507	**91 621 549**
12	**Commitments for capital expenditure**		
	Contracts and orders placed	32 971 736	11 502 858
	Authorised by Directors but not contracted	10 421 737	12 312 512
		43 393 473	**23 815 370**

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

13 Earnings per share

Basic earnings basis

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue for the period.

Diluted earnings basis

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting for potential conversion of share options. The potential conversion is possible when the average market price of ordinary shares during the period exceeds the exercise price of such options.

The share options arising from the Group's Employee Share Trust Scheme were not dilutive as at the end of the current period.

Headline earnings basis

Headline earnings comprise basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.

The following reflects the income data used in the basic, headline and diluted earnings per share computations:

		six months ended 31 December 2022 reviewed USD	six months ended 31 December 2021 reviewed USD
a	**Net profit attributable to equity holders of the parent**	25 479 264	21 043 455
b	**Reconciliation of basic earnings to headline earnings**		
	Profit for the period attributable to equity holders of the parent	25 479 264	21 043 455
	Adjustment for non-headline items (gross of tax):		
	Loss/(profit) on disposal of property, plant and equipment	255 216	(120 892)
	Profit on disposal and restructure of associate and subsidiaries	—	(868 940)
	Tax effect on adjustments	63 089	111 514
	Non-controlling interests' share of adjustments	—	7 540
	Headline earnings attributable to ordinary shareholders	**25 797 569**	**20 172 677**

13 Earnings per share (continued)

c Reconciliation of weighted average number of ordinary shares

	No. of shares issued	No. of shares issued
Number of shares in issue at the beginning of the period	575 926 450	569 876 450
Add: Weighted Average number of shares issued during the period	—	2 917 120
Less: Weighted Average number of Treasury Shares	(4 738 953)	(4 639 901)
Weighted average number of shares	**571 187 497**	**568 153 669**
Weighted average number of ordinary shares before effect of dilution	**571 187 497**	**568 153 669**
Effect of dilution from share options:	—	2 794 154
Weighted average number of ordinary shares adjusted for the effect of dilution	**571 187 497**	**570 947 823**
Basic earnings per share (cents)	**4.46**	**3.70**
Headline earnings per share (cents)	**4.52**	**3.55**
Diluted basic earnings per share (cents)	**4.46**	**3.69**
Diluted headline earnings per share (cents)	**4.52**	**3.53**

15 Uncertain tax positions

There have been substantial changes in the currency environment in Zimbabwe in recent years, including the reintroduction of the ZWL as the Country's functional currency in February 2019 through SI 33 of 2019, followed by the promulgation of SI 185 of 2020, which reintroduced the use of foreign currency for domestic transactions.

These significant changes have created numerous uncertainties in the treatment of taxes due across the economy, and have been compounded by a lack of clear statutory and administrative guidance or practical transitional measures from the tax authorities. The wording of existing tax legislation has given rise to varying interpretations of tax law within the Country. Over time, it has become apparent that the Group's interpretation of the law regarding the currency of settlement for taxes, as well as the methodology for tax computation, has differed from that of the authorities, and this has resulted in a number of uncertainties in the Group's tax position. The Group continues to seek adjudication by the courts on a number of uncertain tax positions.

16 Going Concern

The Directors have assessed the ability of the Group to continue as a going concern and have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in existence for the foreseeable future. Accordingly, they believe that the preparation of these abridged consolidated interim financial statements on a going concern basis is appropriate.