

Salient Features

		Six Months Ended 31 December 2023 Unaudited USD
Revenue	▲ 20%	480 409 470
Operating profit before depreciation, amortisation and fair value adjustments	▼ (11%)	50 770 609
Profit for the period	▲ 12%	33 224 936
Basic earnings per share (cents)	▲ 2%	4.18
Headline earnings per share (cents)	— 0%	4.14
Total cash available from operations	▼ (1%)	57 518 443
Interim dividend per share (cents)	▼ (13%)	1.40

DIRECTORS' RESPONSIBILITY

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's unaudited abridged consolidated interim financial statements, of which this press release represents an extract. These unaudited abridged Group consolidated interim financial statements are presented in accordance with the disclosure requirements of the Victoria Falls Stock Exchange ("VFEX") Listing Requirements 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]. Except where stated, the principal accounting policies applied in the preparation of these unaudited abridged 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 2023, on the Group's unaudited abridged consolidated interim financial statements.

UNCERTAIN TAX POSITIONS

As advised in previous periods, there have been substantial changes in the currency environment in Zimbabwe in recent years, including the reintroduction of the Zimbabwe Dollar ("ZWL") as the Country's functional currency in February 2019 through Statutory Instrument ("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 these matters.

SUSTAINABILITY REPORTING

Pursuant to section 3 (1) (h) of Securities and Exchange (Victoria Falls Stock Exchange Listings Requirements) Rules, 2020 ("the VFEX Listing Rules"), the VFEX issued Practice Note 2 on Sustainability Information and Disclosure, which came into effect on 1 January 2024. Practice Note 2 introduced the mandatory requirement of specifically identified disclosures from the Global Reporting Initiative ("GRI") sustainability reporting protocol. The Group currently utilises the Zimbabwean Endorsed ("ZWS") International Standard ISO 26000 ("ZWS ISO 26000") guidance on social responsibility frameworks to integrate social responsibility into its values and practices. The Group's most recent Sustainability Report exhaustively captures all areas of sustainability reporting under ISO 26000 as its foundation, and work is currently underway to ensure that the current year's Sustainability Report conforms to both the ISO 26000 and GRI standards.

OPERATING ENVIRONMENT AND OVERVIEW

The operating environment remained challenging and complex for much of the period under review, notwithstanding the positive policy announcements regarding extending the multi-currency system until 2030, and ongoing efforts to enhance the monetary policy frameworks. The economy still faces acute liquidity constraints, local currency volatility, and inflationary pressures, which were especially prevalent toward the latter part of the six-month period ending 31 December 2023.

Despite the macroeconomic environment, the Group delivered pleasing volume growth across most business units against the comparative period, driven by a sustained recovery across the Mill-Bake value-chain, supported by firm demand in the Protein, Beverage, and Light Manufacturing segments, which all benefitted from investment activity targeted at capacity building, product extensions and venturing into new categories. In the six-month period under review, the Group has also been actively focused on building capacity within the sales and distribution functions of consumer-facing business units,

and these route-to-market initiatives have been central in delivering improved volume performance.

The Group remains resilient in ensuring its business models are optimised for the prevailing trading environment, supported by a drive to ensure economies of scale are unlocked across the value-chain, with the objective of attaining affordable consumer pricing for all its products. Working capital efficiency and free cash flow generation remain paramount in ensuring optimal liquidity management, and to support the Group's capital expansion and optimisation initiatives in the forthcoming period.

FINANCIAL REVIEW

As previously reported, the Group changed its reporting and functional currency from ZWL to United States Dollars ("USD") with effect from 1 July 2022. In line with this change, the comparative period interim report was prepared in USD based on management's best interpretation of IFRS and the economic conditions prevailing at that time. Additional information was obtained in the period following the issuing of the comparative period interim report, which allowed for fairer presentation of the Group's financial results for the 2023 financial year in the new functional currency. To ensure consistency and comparability, and taking account of this additional information, the Group's comparative interim financial statements have been restated. There is no change to the Group's full year comparative financial statements as contained in its Annual Report for the 2023 financial year.

The Group recorded revenue of USD 480.409 million for the six-month period under review, representing a 20.2% growth over the comparative period. Revenue growth was underpinned by improved capacity utilisation across the Group's core manufacturing entities, supported by the introduction of new product categories, category extensions, route-to-market optimisation, and an acute focus on pricing strategy to ensure affordability and convenience to the consumer.

At an operating profit before depreciation, amortisation, and fair value adjustments ("EBITDA") level, the Group saw a contraction in margin of 3.7%. This resulted mainly from the reduced gross margin yield, where increased cost-push pressure experienced during the period, within the bill of materials, was not fully passed on through pricing. In addition, operating expenditure saw a persistent re-basing effect during the period, most notably within electricity and staff costs. During the period, the Group has also invested considerably in the selling and distribution functions within certain key businesses, which have driven the volume and revenue performance for the Group, albeit from a marginally higher cost base. EBITDA closed at USD 50.771 million, representing a 10.7% contraction versus the comparative period.

Financial income for the period of USD 2.874 million is largely attributed to net foreign exchange gains on various currency holdings; this was an improvement on the USD 1.850 million expense recorded in the comparative period. The depreciation and amortisation increased by 15.8% over the comparative period on account of the extensive capital investment undertaken in the prior periods, showed some efficiency improvement compared to the revenue growth recorded.

Fair value adjustments of USD 5.980 million emanate mainly from the Group's significant biological asset holdings in the Protein Segment, and the application of the provisions of IAS 41 (Agriculture), which require the realised cost of sale of agricultural produce to be fair valued.

The Group's interest expense for the period under review was USD 4.442 million; this was a significant reduction over the comparative period charge of USD 9.091 million, which was characterised by significant increases in interest rates on local currency borrowings.

The Group's Associate businesses delivered positive earnings through the equity accounted earnings line, with pleasing growth realised over the comparative period.

Profit Before Tax ("PBT") amounted to USD 45.161 million, was an increase of 15.4% over the comparative period, as

the trading dynamics to an EBITDA level were offset by an improved performance in the financial income, a reduced interest charge, and an enhanced contribution from the Group's Associate businesses.

The higher effective tax rate recorded in the period under review was largely a result of the necessary deferred tax charge that was processed to uplift the Group's deferred tax provision for it to be reflective of the newly revised corporate income tax rate, which increased from 24.72% to 25.75%; this additional once-off "corrective" tax charge amounted to USD 1.437m.

Current period Headline Earnings Per Share ("HEPS") of 4.14 US Cents closed marginally ahead of the 4.13 US Cents per share recorded in the comparative period.

The Group's Statement of Financial Position remained robust, with a strong asset base supported by fixed assets and efficient working capital positions. Net gearing declined to 6%.

From a cash flow perspective, earnings quality was extremely solid and was further supported by improved efficiency across the Group's working capital positions, combining to deliver USD 57.718 million of cash available from operations for the current period under review; this was a similar level to that recorded in the comparative period. The ongoing positive operating cash flows enabled the Group's extensive investment programme to continue, with USD 32.775 million deployed toward ongoing capital expansion projects during the current period under review.

OPERATIONS REVIEW

MILL-BAKE

This reporting segment comprises the Group's Bakery division, National Foods, Nutrimaster, and its non-controlling interests in Profeeds.

The **Bakery** division recorded volume growth of 23.3% over the comparative period on account of consistent wheat pricing and innovative route-to-market initiatives, which saw the scaling up of country-wide express shops during the period under review, coupled with continued investment to replace the existing bread distribution fleet.

The new state-of-the-art Bulawayo factory reached full capacity during the latter part of the period under review, unlocking production efficiencies, and enhancing the loaf quality and consistency in the Southern region. Investments that targeted further automation within the Harare operations were also recently commissioned.

National Foods registered an aggregate volume growth of 3.4% over the comparative period, driven by a recovery in Flour volumes and continued momentum in the Stockfeeds business:

- **Flour** volumes increased 5% over the comparative period on the back of improved demand in the baker's flour category, enhanced by pricing stability in the wheat-to-bread value-chain. The comparative period was characterised by elevated global grain prices.
- The **Stockfeed** business unit registered excellent results for the period under review, with volumes growing by 14% over the comparative period, supported by sustained demand in both the chicken and beef feed segments.
- Overall volumes within the **Maize** business unit closed marginally behind the comparative period; however, demand for premium maize meals under the "Pearlenta" brand remained firm, with volumes closing 7% ahead of the comparative period. The "Red Seal" and "Better Buy" roller categories faced increased competition from decentralised millers and duty-free imports; this was exacerbated by pricing distortions in the formal trade. As a result, volumes in this category closed marginally behind the comparative period.
- The **Down-Packed** unit had a challenging six months. Overall volumes in the business contracted by 17% versus the comparative period, largely due to a ban on the export of rice from India, which was introduced in July 2023.
- The **Snacks** business operated at capacity for the period, delivering a pleasing 31% volume growth over the comparative period. Investments to increase the capacity of both hard ("Zapnax") and soft snacks ("King Kurls") have been undertaken and will add additional capacity to the business in the second half of the financial year.
- Current period volumes in the **Cereals** business unit closed 7% ahead of the comparative period. Intense focus is being placed on optimising route-to-market strategies to realise the full potential of the "Nutri-Active" breakfast cereal and "Pearlenta" instant porridge range in the forthcoming quarters.

Work on the construction of the new pasta and biscuit plants continued during the period. The pasta plant was commissioned at the end of February 2024, and is the first large-scale pasta plant to have been constructed in Zimbabwe. The new biscuit line is expected to be commissioned in March 2024.

Profeeds continued to operate at full capacity for much of the period under review and delivered volumes 4% ahead of the comparative period. The Harare factory operations incurred a material silo collapse toward the latter part of the period, which rendered one of the operation's two production lines inoperable. The business has quickly recovered volume momentum via outsourcing arrangements following the incident. Coupled with the Harare factory rebuild, the business is expediting the Bulawayo stockfeed factory investment, which is expected to be commissioned before the close of the current financial year.

Aquafeeds, a subsidiary of Profeeds, delivered solid volume growth of 63% over the comparative period, concentrated mainly in fish feed, with strong growth realised in both the export and local small-scale fish farming segments.

Within the "Profarmer" retail chain, total stockfeed volumes through the channel increased 9% over the comparative period, supported by a 42% increase in sales of fertiliser and ancillary products over the same period. Five additional stores were opened in the period, bringing the current store network to 57.

At **Nutrimaster**, fertiliser volumes closed 77% ahead of the comparative period, supported by a strong order book and extension into the tobacco and horticulture segments, coupled with firm demand in the small-scale farming segment.

PROTEIN

This reporting segment comprises Colcom, Irvine's, and Associated Meat Packers Group ("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 to deliver excellent results for the period under review. At Colcom Foods, consumer demand within the fresh pork category remained firm, with volumes growing by 5% over the comparative period; this was supported by a pleasing recovery in the small calibre polonies category, where volumes grew 23% over the comparative period. Volume growth across the sausage, bacon, and ham categories, which rely on formal retail channels, remained muted against the comparative period.

At Triple C Pigs, overall volumes closed at levels similar to those recorded in the comparative period. Investment into enhanced genetics and improved rearing sites, coupled with the recent commissioning of an on-farm stockfeed mill, should result in improved operational efficiency in the periods ahead.

The business has commenced a significant, all-encompassing investment drive, which will see capacity extensions in the upstream piggery operations, coupled with a continued focus to modernise the Colcom Foods Coventry Road factory.

At **Irvine's**, volume growth was realised in the day-old chick and frozen chicken categories, growing 4% and 8%, respectively, ahead of the comparative period. Demand for table eggs remained firm throughout the period, and the category operated at capacity to deliver volumes at levels consistent with the comparative period. Investment focus remains on capacity extensions across the frozen chicken category.

The **AMP Group** recorded overall volume growth of 25% over the comparative period, driven by a solid recovery in the beef category, which was subjected to disease pressure and movement restrictions during the comparative period. Demand within the chicken category remained firm for the duration of the period under review, with volumes closing at levels similar to those of the comparative period.

BEVERAGE AND OTHER LIGHT MANUFACTURING

This reporting segment comprises Pro Dairy, Mafuro Farming, Pro Bottlers, The Buffalo Brewing Company ("TBBC"), Natpak, and the Group's non-controlling interests in Pro Brands.

At **Pro Dairy**, prior investments to expand capacity within the "Revive" dairy blend and "Life" steri milk categories drove overall volumes 49% ahead of the comparative period. The "Life" UHT milk category benefitted from an increased raw milk supply and registered volume growth of 8% over the comparative period, whilst demand for maheu, also under the "Revive" brand, remained firm.

BEVERAGE AND OTHER LIGHT MANUFACTURING (continued)

During the period under review, the business launched its "Life" spoonable yoghurt offering to the market. Further expansions into additional, adjacent product categories will continue in the period ahead.

At **Mafuro Farming**, raw milk production grew 76% over the comparative period, this was mainly driven by the operationalisation of a new, state-of-the-art dairy facility in the Midlands province.

Probotters aggregate volumes increased 22% over the comparative period, driven by improved capacity utilisation within the "Fizzi" CSD category, where volumes closed 20% ahead of the comparative period. Volume momentum within the cordial category, operating under the "Bally House" brand, was also strong, with overall volumes closing 11% ahead of the comparative period.

The business continued to increase the range of its exciting portfolio of products, with the "Activ8" sports drink offering, "Mammoth" energy drink, "H2go" bottled water, and "Bally House" dairy blend cordial all being launched during the period under review.

TBBC launched its sorghum beer product under the "Nyathi" brand in December 2022; market uptake has been encouraging in the first year of operation, and volume momentum continues to show a pleasing upward trend.

At **Natpak**, overall volumes closed 19% ahead of the comparative period. The Rigids business experienced improved capacity utilisation on the back of firm demand across the beverage sector, delivering volume growth of 33% over the comparative period; similar growth was delivered in the Corrugated business. Improved demand in the maize milling sector drove volume growth of 11% in the Sacks division, whilst demand in the Flexibles division was impacted by reduced local sugar output and traded rice; volumes closed marginally behind the comparative period in this division.

Several investments targeting capacity extensions and wider manufacturing capabilities across the Sacks, Flexibles and Rigids business units are at various stages of implementation.

At **Probrands**, overall volumes lagged the comparative period, following a deliberate re-focus of the business strategy away from commoditised categories, primarily low-end rice. The business remains focused on developing innovative, value-adding household and condiment products for the Zimbabwean consumer, with pleasing volume growth of 8% over the comparative period, realised in the condiments category.

PROSPECTS

The Group continued to operate under dynamic and fluid market conditions for the six-month period under review, and despite pleasing volume growth over the comparative period, the trading result reflects the cost-push pressure and 'investment' incurred to drive the volume and revenue performance. Returns on shareholder equity are improving, and management will continue the work to target the optimisation of its trading models, to ensure this positive trend continues. From a working capital efficiency and free cash generation standpoint, both remained excellent during the period under review, and remain strategic focus areas.

The recently announced policy measures targeting amendments to Value Added Tax regulations, sugar tax, and trading modalities with the buoyant informal sector have necessitated a sharp re-focus on trading models across the Group's business units and products. Notwithstanding the direct cost-push pressure arising from this regulatory shift, our management teams are focusing heavily on unlocking cost savings in both the bills of materials and operating cost lines, with the objective of ensuring that product pricing remains both affordable and convenient to the consumer, and ensuring volume momentum is maintained. The Group remains hopeful that the authorities will pursue a pathway of implementing policies which encourage more market-determined outcomes.

The extensive capital expansion programme, which has totalled USD 125 million in the past two financial years, combined with a further USD 32 million during the period under review, is reaching a mature state, and there will be extreme focus to ensure that the funds deployed into these investments generate the requisite returns.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of 1.40 US Cents per share payable in respect of all ordinary shares of the Company. The interim dividend will be payable to all shareholders of the Company registered at the close of business on 12 April 2024.

The payment of this interim dividend will take place on or around 26 April 2024. The shares of the Company will be traded cum-dividend on the VFEX up to the market day of 9 April 2024 and ex-dividend from 10 April 2024.

The Board has also declared an interim dividend totalling USD 400,000 to Inncor Africa Employee Share Trust (Private) Limited. Inncor 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
8 March 2024

Unaudited Abridged Group Statement Of Financial Position

Note	31 December 2023 unaudited USD	30 June 2023 audited USD
ASSETS		
Non-current assets		
property, plant and equipment	336 854 901	312 855 810
right-of-use assets	4 417 348	4 514 119
intangible assets	8 909 018	8 918 541
investments in associates	51 283 799	51 407 711
other assets	20 889 181	15 303 142
biological assets	5 362 447	5 193 699
	427 716 694	398 193 022
Current assets		
other assets	3 200 251	7 296 590
biological assets	25 930 914	25 609 066
inventories	6 114 996 846	105 550 510
trade and other receivables	7 126 245 630	88 020 712
cash and cash equivalents	38 845 713	29 173 106
	309 219 354	255 649 984
	736 936 048	653 843 006
Total assets		
EQUITY AND LIABILITIES		
Capital and reserves		
ordinary share capital	1 171 521	1 171 521
class 'A' ordinary shares	2	2
share premium	4 080 962	4 080 962
other reserves	114 289 603	116 179 828
distributable reserves	187 454 387	169 907 567
attributable to equity holders of the parent	306 996 475	291 339 880
non-controlling interests	139 005 536	126 330 986
Total shareholders' equity	446 002 011	417 670 866
Non-current liabilities		
deferred tax liabilities	36 001 466	33 214 938
lease liability	8 3 490 673	3 453 576
interest-bearing borrowings	9 14 311 874	19 263 994
	53 804 013	55 932 508
Current liabilities		
lease liability	8 1 265 560	1 240 212
interest-bearing borrowings	9 52 782 729	48 839 823
trade and other payables	10 167 549 443	121 421 194
provisions and other liabilities	3 208 262	2 548 848
current tax liabilities	12 324 030	6 189 555
	237 130 024	180 239 632
	290 934 037	236 172 140
Total liabilities		
	736 936 048	653 843 006
Total equity and liabilities		

Unaudited Abridged Group Statement of Profit Or Loss and Other Comprehensive Income

Note	six months ended 31 December 2023 unaudited USD	six months ended 31 December 2022 reviewed restated USD
REVENUE		
	480 409 470	399 684 852
Operating profit before depreciation, amortisation and fair value adjustments		
financial income/(loss)	5 2 874 926	(1 849 643)
depreciation on property, plant and equipment and right-of-use assets and amortisation on intangible assets	(13 445 944)	(11 610 505)
Operating profit before interest, equity accounted earnings and fair value adjustments	40 199 591	43 417 572
fair value adjustments on livestock and listed equities	5 980 533	3 759 689
Profit before interest, equity accounted earnings and tax	46 180 124	47 177 261
net interest expense	(4 442 898)	(9 091 355)
equity accounted earnings	3 424 581	1 027 088
Profit before tax	45 161 807	39 112 994
tax expense	(11 936 871)	(9 513 215)
Profit for the period	33 224 936	29 599 779
Profit for the period attributable to:		
equity holders of the parent	23 846 336	23 419 941
non-controlling interests	9 378 600	6 179 838
	33 224 936	29 599 779
Other comprehensive income for the period that will not be reclassified subsequently to profit or loss:		
Revaluation Surplus	109 012	—
Deferred tax on revaluation surplus	—	—
Revaluation surplus, net of deferred tax	109 012	—
Revaluation surplus attributable to:		
equity holders of the parent	109 012	—
non-controlling interests	—	—
Other comprehensive income for the period that will not be reclassified subsequently to profit or loss, net of tax		
	109 012	—
Total comprehensive income for the period attributable to:		
equity holders of the parent	23 955 348	23 419 941
non-controlling interests	9 378 600	6 179 838
	33 333 948	29 599 779
EARNINGS PER SHARE (CENTS)		
Basic earnings per share	12 4.18	4.10
Headline earnings per share	12 4.14	4.13
Diluted basic earnings per share	12 4.18	4.10
Diluted headline earnings per share	12 4.14	4.13

Unaudited Abridged Group Statement Of Cash Flows

Note	six months ended 31 December 2023 unaudited USD	six months ended 31 December 2022 reviewed restated USD
Cash generated from operating activities		
interest expense	(4 442 898)	(9 091 355)
tax paid	(3 033 665)	(7 959 632)
Total cash available from operations	57 518 443	57 833 023
Investing activities		
	(34 274 629)	(41 890 677)
Net cashflows before financing activities	23 243 814	15 942 346
Financing activities		
	(13 571 207)	(11 332 712)
Net increase in cash and cash equivalents	9 672 607	4 609 634
Cash and cash equivalents at the beginning of the year	29 173 106	32 861 146
Cash and cash equivalents at the end of the period	38 845 713	37 470 780

Unaudited Group Statement Of Changes In Equity

	attributable to equity holders of the parent											Total Shareholders' Equity USD
	Ordinary Share Capital USD	Class A Ordinary Share Capital USD	Share Premium Reserve USD	Other Reserves				Total Other Reserves USD	Distributable Reserves USD	Total Attributable to Equity Holders of the Parent USD	Non-Controlling Interests USD	
				Restructure Reserve USD	Revaluation Reserve USD	Foreign Currency Translation Reserve USD	Treasury Shares Reserve USD					
Balances at 30 June 2022 - audited	1 171 521	2	4 080 962	(2 130 813)	89 515 824	29 673 031	(721 715)	116 336 327	156 719 610	278 308 422	127 155 610	405 464 032
Profit for the period	—	—	—	—	—	—	—	—	23 419 941	23 419 941	6 179 838	29 599 779
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 at 31 December 2022 - reviewed restated	1 171 521	2	4 080 962	(2 130 813)	89 515 824	29 673 031	(878 214)	116 179 828	171 020 340	292 452 653	129 821 513	422 274 166
Profit for the period	—	—	—	—	—	—	—	—	8 726 833	8 726 833	(482 593)	8 244 240
Dividends paid	—	—	—	—	—	—	—	—	(9 839 606)	(9 839 606)	(3 189 353)	(13 028 959)
Transactions with owners in their capacity as owners	—	—	—	—	—	—	—	—	—	—	181 419	181 419
Balances at 30 June 2023 - audited	1 171 521	2	4 080 962	(2 130 813)	89 515 824	29 673 031	(878 214)	116 179 828	169 907 567	291 339 880	126 330 986	417 670 866
Profit for the period	—	—	—	—	—	—	—	—	—	23 846 336	9 378 600	33 224 936
Dividends paid	—	—	—	—	—	—	—	—	(6 299 516)	(6 299 516)	(1 118 971)	(7 418 487)
Transactions with owners in their capacity as owners	—	—	—	—	—	—	(1 999 237)	(1 999 237)	—	(1 999 237)	4 414 921	2 415 684
Revaluation surplus net of deferred tax	—	—	—	—	109 012	—	—	109 012	—	109 012	—	109 012
Balances at 31 December 2023 - unaudited	1 171 521	2	4 080 962	(2 130 813)	89 624 836	29 673 031	(2 877 451)	114 289 603	187 454 387	306 996 475	139 005 536	446 002 011

Supplementary Information

1 Corporate Information

The Company is incorporated and domiciled in Zimbabwe.

2 Basis of Preparation

The Group's unaudited abridged consolidated interim financial statements for the six months ended 31 December 2023 have been prepared in accordance with the Listing requirements of the Victoria Falls Stock Exchange ("VFEX") and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31). The Listing Requirements require interim financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as a minimum, contain the information required by international Accounting Standards ("IAS") 34 (Interim Financial Reporting). The Group's unaudited abridged consolidated interim financial statements have been prepared based on statutory records that are maintained under the historical cost basis, except for Property Plant and Equipment, equity investments and some biological assets that have been measured at fair value.

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

The principal accounting policies applied in the preparation of the Group's unaudited abridged 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 Restatement of the Group's Comparative Period Financial Statements

As previously reported, the Group changed its reporting and functional currency from ZWL to United States Dollars ("USD") with effect from 1 July 2022. In line with this change, the comparative period interim report was prepared in USD based on management's best interpretation of IFRS and the economic conditions prevailing at that time. Additional information was obtained in the period following the issuing of the comparative period interim report, which allowed for fairer presentation of the Group's financial results for the 2023 financial year in the new functional currency. To ensure consistency and comparability, and taking account of this additional information, the Group's comparative interim financial statements have been restated. There is no change to the Group's full year comparative financial statements as contained in its Annual Report for the 2023 financial year.

4 Operating Segments

The Group's operations comprise of the Mill-Bake, Protein, Beverage and Other Light Manufacturing and Head Office and Other 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 Baker's Inn Sales & Distribution, Bakers Inn Logistics (Private) Limited, Nutrimaster (Private) Limited and the Group's non-controlling interests 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 interests in Pro Dairy (Private) Limited, Probottlers (Private) Limited, The Buffalo Brewing Company (Private) Limited, Pro Distribution (Private) Limited, Natpak (Private) Limited, Saxin Enterprises (Private) Limited, Sabithorn (Private) Limited, and the Group's non-controlling interests in Probrands (Private) Limited.

Head Office and Other Services Segment - this segment reports the Group's shared services functions namely treasury, internal audit, legal, company secretarial services, Providence Human Capital (Private) Limited, Syntegra Solutions (Private) Limited, MyCash Financial Services (Private) Limited and the Group's non-controlling interests in Paperhole Investments (Private) Limited and Afrigrain Trading Limited.

	Mill-Bake USD	Protein USD	Beverage and Other Light Manufacturing USD	Head Office and Other Services USD	Inter-Segment Adjustments USD	Total USD
Revenue						
31 December 2023 - unaudited	259 681 736	129 853 917	116 467 172	5 304 844	(30 898 199)	480 409 470
31 December 2022 - reviewed restated	228 070 618	120 019 612	112 062 459	4 357 940	(64 825 777)	399 684 852
Operating profit before depreciation, amortisation and fair value adjustments						
31 December 2023 - unaudited	25 550 652	11 963 317	10 420 047	2 836 593	—	50 770 609
31 December 2022 - reviewed restated	24 214 176	15 879 458	11 864 318	4 919 768	—	56 877 720
Depreciation and amortisation						
31 December 2023 - unaudited	5 191 608	3 999 206	3 777 480	477 650	—	13 445 944
31 December 2022 - reviewed restated	4 347 272	3 172 173	3 574 719	405 622	110 719	11 610 505
Equity accounted earnings						
31 December 2023 - unaudited	849 510	—	29 391	2 545 680	—	3 424 581
31 December 2022 - reviewed restated	1 803 049	—	56 976	(832 937)	—	1 027 088
Profit before tax						
31 December 2023 - unaudited	20 674 302	11 348 266	5 306 521	7 832 718	—	45 161 807
31 December 2022 - reviewed restated	15 266 866	9 636 292	8 892 633	3 811 091	1 506 112	39 112 994
Segment assets						
31 December 2023 - unaudited	337 353 975	147 160 590	152 403 324	218 310 144	(118 291 985)	736 936 048
30 June 2023 - audited	273 573 788	137 807 157	135 786 263	210 116 702	(103 440 904)	653 843 006
Segment liabilities						
31 December 2023 - unaudited	162 362 506	56 710 726	91 633 703	109 905	(19 882 803)	290 934 037
30 June 2023 - audited	116 310 703	54 295 884	80 351 478	1 620 107	(16 406 032)	236 172 140
Capital expenditure						
31 December 2023 - unaudited	16 695 682	8 727 858	9 499 018	931 951	—	35 854 509
31 December 2022 - reviewed restated	21 992 115	6 234 329	7 805 180	3 840 879	—	39 872 503
Cash flow from operating activities						
31 December 2023 - unaudited	33 714 116	15 503 234	12 025 775	3 899 688	(147 807)	64 995 006
31 December 2022 - reviewed restated	36 151 165	14 520 873	11 375 712	13 653 380	(817 120)	74 884 010
Investing activities						
31 December 2023 - unaudited	(15 531 359)	(9 430 977)	(13 589 856)	(4 448 491)	8 726 054	(34 274 629)
31 December 2022 - reviewed restated	(20 345 864)	(4 269 343)	(11 080 411)	238 766	(6 433 825)	(41 890 677)
Financing activities						
31 December 2023 - unaudited	(6 805 806)	(4 179 562)	6 108 139	(984 327)	(7 709 651)	(13 571 207)
31 December 2022 - reviewed restated	(1 859 612)	1 114 757	12 285 860	(19 830 426)	(3 043 291)	(11 332 712)

Supplementary Information (continued)

Note	six months ended 31 December 2023 unaudited USD	six months ended 31 December 2022 reviewed restated USD
5 Financial income/(loss)		
Exchange rate gain/(loss)	1 722 493	(2 198 816)
Profit/(loss) on disposal of plant and equipment	437 038	(255 216)
Dividend income	715 395	604 389
	2 874 926	(1 849 643)

	31 December 2023 unaudited USD	30 June 2023 audited USD
6 Inventories		
Consumable stores	32 803 618	22 320 389
Finished products, net of allowance for obsolescence	20 547 934	20 152 330
Raw materials and packaging	60 722 007	62 504 133
Work in progress	923 287	573 658
	114 996 846	105 550 510
7 Trade and other receivables		
Trade receivables	89 996 202	59 614 362
Prepayments	21 282 984	12 700 784
VAT receivable	7 547 256	2 131 420
Other receivables	9 137 020	14 950 542
	127 963 462	89 397 108
Allowance for credit losses	(1 717 832)	(1 376 396)
	126 245 630	88 020 712

8 Lease liability		
Analysis		
Non-current	3 490 673	3 453 576
Current	1 265 560	1 240 212
	4 756 233	4 693 788

9 Interest-Bearing Borrowings
Interest-bearing borrowings constitute unsecured 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.

10 Trade and other payables		
Trade payables	131 173 725	59 658 218
Accruals	15 160 454	18 993 639
Other payables	21 215 239	42 769 337
	167 549 418	121 421 194
11 Commitments for capital expenditure		
Contracts and orders placed	44 948 100	7 394 316
Authorised by Directors but not contracted	8 856 392	76 118 727
	53 804 492	83 513 043

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

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

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

	six months ended 31 December 2023 unaudited USD	six months ended 31 December 2022 reviewed restated USD
a Net profit attributable to equity holders of the parent	23 846 336	23 419 941
b Reconciliation of basic earnings to headline earnings		
Profit for the period attributable to equity holders of the parent	23 846 336	23 419 941
Adjustment for non-headline items (gross of tax):		
(Profit)/loss on disposal of property, plant and equipment	(437 038)	255 216
Tax effect on adjustments	108 036	(63 089)
Non-controlling interests' share of adjustments	107 232	—
Headline earnings attributable to ordinary shareholders	23 624 566	23 612 068

	six months ended 31 December 2023 unaudited USD	six months ended 31 December 2022 reviewed restated USD
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12 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 year	575 926 450	575 926 450
Less: Weighted Average number of Treasury Shares acquired in the current period	(168 853)	(99 052)
Less: Weighted Average number of Treasury Shares from prior years	(5 020 201)	(4 639 901)
Weighted Average Number of Shares	570 737 396	571 187 497
Weighted average number of ordinary shares before effect of dilution	570 737 396	571 187 497
Effect of dilution from share options:	—	—
Weighted average number of ordinary shares adjusted for the effect of dilution	570 737 396	571 187 497
Basic earnings per share (cents)	4.18	4.10
Headline earnings per share (cents)	4.14	4.13
Diluted basic earnings per share (cents)	4.18	4.10
Diluted headline earnings per share (cents)	4.14	4.13

13 Uncertain tax positions

As advised in previous periods, there have been substantial changes in the currency environment in Zimbabwe in recent years, including the reintroduction of the Zimbabwe Dollar ("ZWL") as the Country's functional currency in February 2019 through Statutory Instrument ("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 these matters.

14 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 consolidated interim financial statements on a going concern basis is appropriate.

