PADENGA
HOLDINGS LIMITED

AUDITED ABRIDGED CONSOLIDATED GROUP FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Short-Form Financial Announcement

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange

This short-form financial announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and /or shareholders should be based on consideration of the full announcement published on the ZSE Data Portal and the Company website as a whole.

A copy of the full announcement has been shared with shareholders using the latest email addresses supplied by the shareholder, and is available upon request, and for inspection, at no charge at the Company's registered office or via email request to **corpserve@escrowgroup.org.** The full announcement is also available on the Zimbabwe Stock Exchange website: **www.zse.co.zw** and the Company website: **www.padenga.com.**

SALIENT FEATURES

	31 Dec 2020 Audited US$	31 Dec 2019 Audited US$	% Change 2020 vs 2019
Revenue	71 388 053	29 127 509	145%
Operating profit before depreciation, impairment & amortisation	19 928 440	7 035 534	183%
Profit before taxation	4 084 376	8 591 851	-52%
Profit attributable to shareholders	1 079 721	6 915 141	-84%
Cash generated from operations	5 543 307	8 285 914	-33%
Capital expenditure	27 699 006	4 770 423	481%
Total Assets	146 708 842	96 997 041	51%
Total Equity	85 766 262	67 203 686	28%
Total Liabilities	60 942 580	29 793 355	105%
Basic earnings per share (US$ cents)	0.20	1.28	-84%
Headline earnings per share (US$ cents)	0.19	1.24	-84%
Dividend per share			
Dividends declared and paid since reporting date (US$ cents)	-	0.38	-100%

Dividends

The Board has resolved not to pay a dividend for FY2020. In making this decision the board has carefully considered its current and future cashflows, the risks and potential variabilities introduced by Covid-19 in light of the subdued performance in the period under review. However, application has been made to the authorities to pay the 2019 dividend in US$ and an announcement will be made regarding this as soon as the process is concluded.

Auditors Statement

This short form financial statements should be read in conjuction with the complete set of the Group annual financial statements for the year ended 31 December 2020. The Group annual financial statements have been audited by Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse opinion for non-compliance with International Financial Reporting Standards IAS 21 - "The Effects of Changes in Foreign Exchange Rates in Prior Period", inappropriate Application of IAS 8 - "Accounting Policies, Changes in accounting estimates and errors" and IFRS 3 - "Business Combinations on determination of fair values of the acquired net assets" and IAS 29 "Financial Reporting in Hyperinflationary economies" on the Group's subsidiary mainly arising from non-compliance with IAS21 which feeds into IAS 29 computation. The auditors' report on the Group financial statement, from which this short term announcement is extracted, is available for inspection at the Company's registered office.

T N Sibanda
Independent, Non-Executive Chairman 11 May 2021

Directors: *TN Sibanda (Chairman), GJ Sharp (Chief Executive Officer), MJ Fowler, O T Kamundimu, *J Caraguel, *AM Madzara, *S Moyo (*Non-Executive)

PADENGA HOLDINGS LIMITED

The Directors are pleased to present the **Audited Financial Results for Padenga Holdings Limited** for the year ended 31 December 2020

Financial Highlights

For the year ended 31 December 2020

All figures in US$	31 Dec 2020 Audited	31 Dec 2019 Audited
Group Summary		
Revenue	71 388 053	29 127 509
Operating profit before depreciation, impairment and amortization	19 928 440	7 035 534
Profit before taxation	4 084 376	8 591 851
Profit attributable to shareholders	1 079 721	6 915 141
Cash generated from operations	5 543 307	8 285 914
Capital expenditure	27 699 006	4 770 423
Net Assets	85 766 262	67 203 686
Share Performance		
Basic earnings per share (cents)	0.20	1.28
Diluted earnings per share (cents)	0.19	1.24
Headline earnings per share (cents)	0.19	1.24
Dividends declared and paid since reporting date (cents)	-	0.38
Market price per share - (cents)	28.51	33.98
Number of shares in issue at reporting date	541 593 440	541 593 440
Market capitalisation (US$)	154 435 045	184 043 687

Commentary:

Directors' Responsibility

The Company's Directors are responsible for the preparation and fair presentation of the Group's financial statements, of which this press release represents an extract. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The principal accounting policies of the Group are consistent with those applied in the previous financial year.

Functional Currency

The Group performed functional currency validation for the period being reported and has adopted the United States Dollar (US$) as the functional and presentation currency in accordance with IAS 21. The financial statements are presented in United States Dollar ("US$"), which is the functional and presentation currency of the entity.

Business Combination

The Group's results include, for the first time, full year results of Dallaglio Investments (Private) Limited. This 50.1% subsidiary which operates in the gold mining sector was effectively acquired on the 1st of January, 2020.

Audit Statement

These condensed financial results should be read in conjunction with the complete set of consolidated financial statements for the year ended 31 December 2020, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe).

In all respects the financial results are consistent with IFRS's, other than an adverse opinion being issued arising from a). continuing issues from prior years relating to non-compliance with International Financial Reporting Standards IAS 21 - "The Effects of Changes in Foreign Exchange Rates in Prior Period", Application of IAS 8 - "Accounting Policies, Changes in accounting estimates and errors"; mainly correction of prior exchange rate due to non-availability of official market rates. IAS 29 "Financial Reporting in Hyperinflationary economies" on the Group's subsidiary mainly arising from non-compliance with IAS21 which feeds into IAS 29 computation. In addition, the Group was non-compliant with the IFRS 3 paragraph 18 which require Management to establish the fair values of the net assets and fair values of the Non-Controlling Interests (NCI) of an acquired subsidiary on the date of acquisition. This is currently being addressed.

The auditor's independent report on the consolidated financial statements (from which these results were extracted) is available for inspection at the Company's registered office and is posted on the Company's website: www.padenga.com. The engagement partner for this audit opinion is Mr David Marange (PAAB Practicing Number 0436).

Performance Overview

Financial

Consolidated Results

The Group's financial result for FY20 was driven by a solid contribution to revenue from Dallaglio with the mining business being consolidated effective 1 January 2020. Revenue for the full year was US$71,388,053, up from US$29,127,509 in the prior period. All operating units recorded growth in turnover. Buoyed by this increase in revenue, the Group operating profit before depreciation, amortisation, impairment and fair value adjustments increased by 183% from US$7,035,534 to US$19,928,440.

Revenue from the mining business amounted to $40,358,114 and constituted 57% of the total revenue. Revenue earnings from the Zimbabwean crocodile operation grew by 6% from $25,530,706 (FY19) to $27,066,079. (38% of total revenue). Contribution to turnover from the Texas alligator operation was $3,963,860 being 5% of turnover ($3,596,803; FY19).

Dallaglio sold 722 kgs of gold in the period under review whilst the farming operations sold 72,244 skins, compared to 58,626 skins in 2019. The crocodile operation contributed 60% of the total skin volumes sold 43,254 (41,450; FY19). The alligator operation sold 28,990 skins (17,176; FY19) which included 20,669 low-grade skins that were sold to best advantage in the prevailing market.

The Group's profit before tax was weighed down by both farming operations whose performance was below expectation. The crocodile and alligator businesses were both heavily impacted by market dynamics resultant from the Covid-19 pandemic.

The ensuing softening of international markets for luxury exotic skin products resulted in one of the most depressed skin trading environments ever. This resulted in the Group recording a reduced profit before tax of US$4,084,376 (US$8,591,851; FY19).

The Group generated cash from operations amounting to US$5,543,307 (US$8,285,914; FY19). The crocodile operation increased the cover on its strategic stocks to an average of four months in-hand in anticipation of significant Covid-19 supply chain disruptions.

Dallaglio Financials

Dallaglio recorded a profit before tax of US$7,114,705 in the period under review. Turnover amounted to $40,358,114, with production volumes achieved being consistent with expectations. The business benefitted from a higher average gold price in 2020 of US$1,518/oz compared to US$1,308/oz in 2019, with volatility in the global economy contributing to the higher gold prices. The export retention framework at 60/40 resulted in Dallaglio receiving a discount to the global spot price on its gold sales of approximately 12%. The increased production volumes and improved gold price elevated EBITDA to US$18.1 million.

Nile Crocodile Financials

In the Nile crocodile operation, a profit before tax of US$1,755,419 was recorded compared to US$9,589,689 for the prior comparative reporting period. We had 11,299 skins in inventory at the end of the period which largely arose from market driven amendments to the size distribution of skins requested by the customer. Profitability was therefore negatively impacted by a reduction in fair valuation income as a consequence of a lowering of average prices provided for the large number of 40/+cm skins in stock at year-end. A relatively stronger Asian market for luxury exotic skin accessories had precipitated this shift in skin sizes supplied to tanneries and manufacturers as smaller bags and leather purses are favoured by Asian women.

The Covid-19 induced lockdowns across Europe resulted in the closure of niche restaurants which are the primary customers for crocodile meat and consequently no meat export sales were made in the period.

The Zimbabwean crocodile business generated $6,815,986 in cash from operating activities for the period. The positive cash generation is attributed mainly to a decrease in receivables. This positive cash generation was achieved in spite of the increase in strategic stocks referred to previously.

Alligator Financials

The Alligator operation recorded a loss before taxation of US$4,561,273 compared to a loss before taxation of US$993,338 for the prior period. This loss was attributable to the sale of low-grade skins at reduced prices to clear stock in an extremely depressed market. The market for alligator skins in general was very challenging due to an oversupply of skins and resulted in sales contracts being cut materially or in many cases cancelled and with customers being very selective and purchasing Grade I skins only in reduced volumes.

Operations

Nile Crocodile Operations

Harvesting operations started in January and occurred throughout the year. Total skins harvested at 46,961 was 2% below prior period (47,752; 2019). Grade quality on the skins sold in the year was consistent with the customer's expectations. A portion of the 40/+ skins in stock at year-end were deliberately harvested during the year irrespective of grade to reduce feed costs on stock that had no current market.

We closed the period with a total of 148,042 grower crocodiles on the ground compared to 156,911 at the end of December 2019. This number of crocodiles was consistent with our strategy to achieve a sustained annual production of 46,000 skins.

A total of 357 pens (42%) were resurfaced in the period under review using a polyurethane floor covering to enhance both biosecurity and skin quality.

An additional 470kWp solar facility was commissioned during Q4 2020 to bring the total installed operating capacity to 746kWp. Equipment ordered to complete phase 3 to bring the array to a total of 1.2MW installed was locked down in Spain, due to the Covid-19 pandemic and the completion of this project had to be deferred to 2021.

These installations reinforce the Group's commitment to sustainability through the application of alternative and renewable energy solutions. This solar installation is operating under the auspices of an Independent Power Producer license and feeds energy into the national grid.

The Padenga Laboratory, was fully equipped to the equivalent of a Biosafety Level 2 Lab, and now provides comprehensive on-the-ground veterinary support and diagnostic functions and has the ability to carry out sample analysis pertaining to continuous animal health and welfare assessment. This is a significant enhancement to operations and is consistent with the objectives of implementing evidence backed improvements/ amendments to production systems and ensuring that objective animal welfare measures are continuous and appropriate.

Alligator Operation

The volume of skins sold (28,990) was 69% above prior year (17,176). Included in this total were 14,372 carryover skins from prior year production and 6,297 skins from current year that did not meet the exacting standards of the prevailing market and were sold to best advantage.

At 31 December 2020 there were 11,891 yearling alligators on the ground intended for harvesting and sale in 2021.

There were 1,206 young alligators in the breeder project at year-end and continue to grow towards full reproductive maturity.

Mining Operations

A total of 362,500 tons were milled at the Pickstone Peerless Mine processing plant at an average grade of 2.28 g/ton and an average recovery of 82%. The operation produced 722 kgs of gold being an increase of 14% over the prior period. This increase was driven by an improved average grade of ore fed to the processing plant. Gold sales were 3% below budget with wet conditions in Q4 resulting in the flooding of some target areas of the pit and negatively impacting plant throughput. Through 2020 the mine experienced zero fatalities, had five lost time injuries, and 11 minor injuries and highlighted the commitment at Dallaglio to appropriate safety policies and procedures to avoid injuries at the workplace.

Delta Gold (Private) Limited's Eureka Mine refurbishment project accelerated during the period and was more than 50% complete by year-end and remaining on-track for commissioning in July 2021.

COVID-19 Update

The Covid-19 pandemic has resulted in unprecedented disruptions to businesses and economies globally. The full impact of the Covid-19 pandemic remains difficult to fully assess due to ongoing developments in its epidemiology and resistance on the part of many people to the safety and efficacy of vaccines. It remains in a broader context, the most immediate threat to Padenga's ongoing business operations.

A significant spike in both number of cases and Covid-19 related deaths occurred in the last quarter of 2020. The majority of western nations continued to operate on some degree of business and community lockdowns. This negatively affected trading particularly during the European summer when vacation tourism traditionally accounts for a high volume of luxury leather goods sales. Notwithstanding this, the two primary retailers of high-end luxury leather goods both reported a noteworthy rebound in trading activity, with double-digit organic revenue growth in both second and third quarters being largely driven by on-line sales.

The travel restrictions in mid-2020 prevented any sales grading of skins occurring before October but all sales inspections were completed thereafter and before the year-end spike in Covid cases in Zimbabwe.

With the global production of stockfeed ingredients seriously impacted by Covid-19 Padenga took steps to mitigate against unprecedented disruptions in supply and logistics by increasing its volumes of critical inputs such as feed, chemicals and forward purchasing where possible to avoid stock-outs. Although international supply chains were volatile, these measures were successful and full business continuity was achieved into 2021.

The Group introduced significant Covid-19 mitigation measures across its operations that included practicing social distancing, washing of hands, wearing of washable face masks, and partaking in the rapid testing of employees as per the Padenga Covid-19 policy that was approved by the Board.

Sustainability and Good Husbandry Practices

Group businesses are required to comply with the corporate governance framework defined in our Ethics and Code of Conduct. Embedded within the Framework is the commitment to good corporate governance, observance of and adherence to international animal welfare norms, compliance with sustainability obligations and the implementation of ethical business practices. Both crocodilian operations comply with the regulations of the relevant statutory bodies that monitor the husbandry of each species in their respective countries. Since adopting that framework, the Group has expanded the scope of the Sustainable Practices Policy to include technological perspectives and health care commitments in the wake of the Covid-19 pandemic.

The three crocodile farming operations were formally audited in early 2020 by a third-party independent organisation contracted to the International Crocodilian Farming Association and certified to comply with the good practice, welfare, sustainability, biosecurity and human capital standards of that Association. In achieving this prestigious standard, the Zimbabwean farms are the only Nile operations to be certified to-date and are one of only nine different farming entities to do so worldwide. This is a significant achievement and validates that all farming operations meet first world standards and expectations in respect of sustainability and is now a pre-requisite for selling skins to credible international brands and tanneries. Biennial audit re-inspections are required to maintain the certification standard and there is a provision for evidence-based improvements to be implemented.

In a major initiative to improve both biosecurity and sustainability compliance a major project was started during 2020 to consolidate the multiple wastewater discharge points around the farms into a single channel that will ultimately facilitate diverting this flow to an effluent treatment plant. A specialist company was engaged to design an appropriate plant whilst investigations continued into acquiring additional land and exploring options for using the nutrient rich wastewater in a value-add agricultural enterprise. These measures reinforce the Group's commitment to sustainable development and were particularly significant given the depressed state of the market prevailing.

Notwithstanding the challenges posed by Covid-19, the Group has maintained its outreach programmes in the communities within which our operations are located as part of our Corporate Social Responsibility Initiative. The Group played a leading role in providing the Kariba District Covid co-ordinator and his office with masks, materials, equipment and sanitisers/ disinfectants to combat the spread of the Corona virus.

Prospects

The strategic acquisition of Dallaglio has been validated as the crocodilian skins Industry experiences its first major cyclical downturn since the Global Financial crisis. The significance of having a broad product base with both focused 100% on export earnings will enable Padenga to deliver on its strategy to increase profits.

The demand for top quality defect-free skins remains steady and prices for these will hold. Luxury brands have bounced back after the early 2020 depression in retail sales and have increased their on-line sales to maintain market access. The crocodile business has adjusted its skin size range produced to meet the new expectations of the customer and is confident of moving the stock of skins that it has on hand as the mid/upper tier market returns. Whilst the market for all low-grade skins will remain depressed for some time to come, this will not be a material consideration for Nile with the focus on continued production of premium quality skins and success achieved in addressing the viral challenges that the farms had in 2016 and 2017 and legacy issues relating to this. The ICFA (International Crocodilian Farmers' Association) certification standard will be meaningful in ensuring that skins produced can be sold into the premium markets and will confer a significant competitive advantage. The Nile Crocodile business will therefore continue to deliver good operating profits.

The situation is less certain with alligator skins production where legacy oversupply issues, depressed demand for particularly watchband sized skins and high costs for farms without direct access to low-cost egg collection areas are significant factors. Although the skin quality problems at Tallow Creek Ranch have been largely resolved after intensive research work, the uncertain state of the alligator skin market post Covid-19 and the financial losses incurred at Tallow Creek Ranch to-date, have convinced management that it is prudent to scale back production operations at this unit. No new grower stock will be inducted in the current year although the Breeder Project will continue to run and hatchlings produced will be sold and income from that source will cover its operating costs. Developments in the market will be closely monitored and will determine when production is restarted.

Several opportunities have been identified and are currently being implemented at Pickstone Peerless Mine to improve the efficiency and effectiveness of mining, including improved stockpile management. A comprehensive update was undertaken on the Pickstone Peerless open pit life of mine plan, considering all resources available to the mine, and including the Giant and Blue rock claims. This exercise has extended the mine's life to over 10 years.

The Eureka Gold Mine project is currently 87% complete, with commissioning scheduled for July 2021. The subsequent ramp up to the full processing capacity of 100,000 tons per month is targeted by the end of December 2021. At the end of February 2021 US$37 million had been invested out of a total projected investment cost of US$51 million to recommission the mine. There is good upside potential to extend the Eureka life of mine by moving to an underground mining method once the open pit has been exhausted. The international gold spot price is expected to remain elevated in 2021 given the continued uncertainty of the Covid-19 pandemic on the global economy. This investment will continue to yield positive returns for the foreseeable future.

We remain committed to ensuring that our Group continues to improve on all its key performance parameters. The depressed financial performance in 2020 is not reflective of inherent weaknesses in the operating models and is short-term, but has nevertheless invigorated management focus and we are confident of achieving our targeted performance levels because of the measures and strategies that have been put in place.

Dividend

The Board has resolved not to pay a dividend for FY20. In making this decision, the Board has carefully considered its current and future cash flows, and the risks and potential variabilities introduced by Covid-19 in light of the subdued performance in the period under review. However, statutory approval for the payment of the 2019 dividend in US$ is still pending and an announcement will be made regarding this as soon as that process is concluded.

Appreciation

I would like to take this opportunity to express my sincere gratitude to our shareholders for their continuous support and trust, and extend my heartiest thanks and appreciation to my fellow directors for their guidance, and to all staff for their hard work and contributions during a very challenging period. Looking ahead, we will continue our endeavour to overcome challenges and enhance the value of our business.

T N Sibanda
Chairman
11 May 2021

Directors: Thembinkosi Sibanda (Chairman), Jerome Caraguel, Anne Madzara, Sternford Moyo, Gary Sharp, Oliver Kamundimu, Michael Fowler

PADENGA HOLDINGS LIMITED

The Directors are pleased to present the **Audited Financial Results for Padenga Holdings Limited** for the year ended 31 December 2020

Condensed Consolidated Statement of Profit or Loss **and Other Comprehensive Income**

For the twelve months ended 31 December 2021

	Twelve months ended 31 December 2020 audited US$	Twelve months ended 31 December 2019 audited US$
Revenue	71 388 053	29 127 509
Other operating income	1 809 488	76 224
Credit impairment losses	(5 762)	-
Financial income	11 457 959	(368 074)
Cost of goods sold	(44 145 557)	(11 569 862)
Employee benefits expense	(12 404 381)	(4 264 090)
Other operating costs	(8 171 360)	(5 966 174)
Operating profit before depreciation and amortisation	**19 928 440**	**7 035 533**
Depreciation and amortisation	(3 943 042)	(2 370 784)
Operating profit before interest and fair value adjustments	**15 985 398**	**4 664 749**
Fair value adjustments on biological assets	468 113	5 358 433
Profit before interest and tax	**16 453 511**	**10 023 182**
Monetary loss	(5 535 026)	-
Interest income	13 381	69 916
Interest payable - loans	(6 665 084)	(1 423 532)
Interest payable - leases	(182 406)	(77 715)
Profit before tax	**4 084 376**	**8 591 851**
Income tax expense	(1 214 865)	(1 847 265)
Profit for the period	**2 869 511**	**6 744 586**
Total comprehensive income for the period	**2 869 511**	**6 744 586**
Profit for the period attributable to:		
Equity holders of the parent	1 079 721	6 915 140
Non-controlling interest	1 789 790	(170 554)
	2 869 511	**6 744 586**
Total comprehensive income for the period attributable to:		
Equity holders of the parent	1 079 721	6 915 140
Non-controlling interest	1 789 790	(170 554)
	2 869 511	**6 744 586**
Earnings per share (cents)		
Basic earnings per share	**0.20**	**1.28**
Diluted earnings per share	**0.20**	**1.26**
Headline earnings per share	**0.19**	**1.24**

Condensed Consolidated Statement of **Cash Flows**

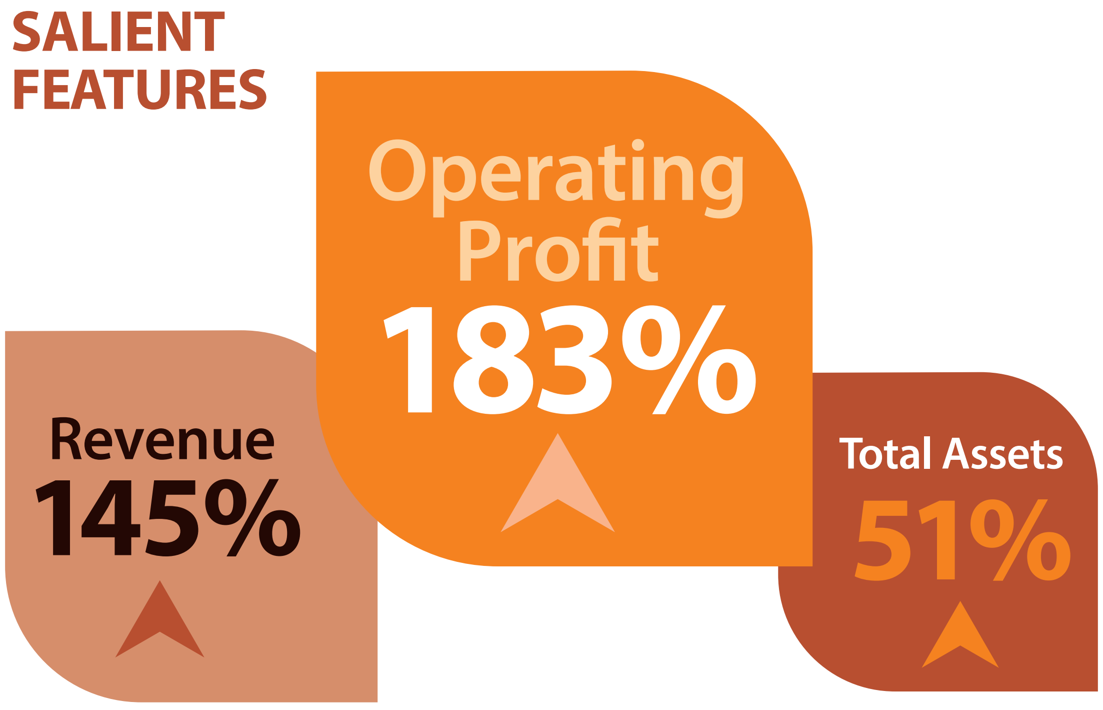
For the Twelve months ended 31 December 2020

	31 December 2020 audited US$	31 December 2019 audited US$
Net cash generated from operating activities	5 543 307	8 285 913
Interest income	13 381	69 916
Interest paid	(1 426 009)	(679 429)
Interest paid leases	(1 310)	-
Taxation paid	(2 485 236)	(1 857 802)
Net cash generated from operations	**1 644 133**	**5 818 598**
Cash flow from investing activities		
Net cash outflow from investing activities	**(27 689 829)**	**(4 735 028)**
- proceeds on disposal of property, plant and equipment	9 177	35 395
- purchase of property, plant and equipment	(27 458 052)	(4 571 497)
- expenditure on non-current biological assets	(119 665)	(167 852)
- purchase of intangible assets	(121 289)	(31 074)
Net cash (outflow)/inflow before financing activities	**(26 045 696)**	**1 083 570**
Increase in borrowings	**11 841 668**	**1 543 585**
- new loans	13 680 508	6 608 854
- repayments	(1 642 150)	(5 065 269)
- lease payments	(196 690)	-
Dividends paid	**-**	**(2 076 375)**
By holding company	-	(2 076 375)
Net cash inflow/(outflow) from financing activities	**11 841 668**	**(532 790)**
Net (decrease)/increase in cash and cash equivalents	**(14 204 028)**	**550 780**
Net foreign exchange difference	366 397	(1 327 728)
Effects of hyperinflation from subsidiary	8 421 990	-
Cash and cash equivalents at the beginning of the period	9 366 759	10 143 707
Cash and cash equivalents at the end of the period	**3 951 118**	**9 366 759**
CASH AND CASH EQUIVALENTS		
Made up as follows:		
Bank balances and cash	3 923 860	9 237 619
Short-term investments	27 258	129 140
	3 951 118	**9 366 759**

Condensed Consolidated Statement of **Financial Position**

As at 31 December 2020

	Note	31 December 2020 audited US$	31 December 2019 audited US$
ASSETS			
Non-current assets			
Property, plant and equipment		58 494 615	24 088 899
Right of use assets		1 068 018	1 156 377
Rehabilitation assets		1 536 945	-
Exploration and evaluation asset		1 320 757	-
Goodwill		3 672 214	-
Intangible assets		113 938	51 220
Biological assets		7 226 343	6 790 778
		73 432 830	**32 087 274**
Current assets			
Biological assets		28 485 850	32 205 176
Inventories	**9**	22 446 079	12 566 854
Tax receivable		438 740	-
Trade and other receivables		17 954 225	10 770 978
Cash and cash equivalents		3 951 118	9 366 759
		73 276 012	**64 909 767**
Total assets		**146 708 842**	**96 997 041**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		54 159	54 159
Share premium		27 004 245	27 004 245
Share based payment reserve		189 671	2 099
Retained earnings		41 866 100	40 786 379
Change in ownership reserve		(63 863)	(63 863)
Equity attributed to equity holders of the parent		**69 050 312**	**67 783 019**
Non-controlling interest		16 715 950	(579 333)
Total shareholders' equity		**85 766 262**	**67 203 686**
Non-current liabilities			
Interest bearing borrowings	**12.1**	5 000 000	6 335 000
Lease liabilities		585 505	464 144
Provisions		1 926 083	-
Deferred tax liabilities		9 021 793	7 259 730
		16 533 381	**14 058 874**
Current liabilities			
Bank overdraft		7 252 118	-
Customer deposits	**11.1.2**	1 336 925	2 936 325
Short-term interest bearing borrowings	**12.2**	29 401 501	10 579 610
Trade and other payables	**11**	4 291 515	1 194 395
Lease liabilities		198 000	147 000
Accruals		63 530	38 885
Tax payable		1 865 610	838 266
		44 409 199	**15 734 481**
Total liabilities		**60 942 580**	**29 793 355**
Total equity and liabilities		**146 708 842**	**96 997 041**



Condensed Consolidated Statement of **Changes in Equity**

For the Twelve months ended 31 December 2919

	Share Capital audited US$	Share Premium audited US$	Change in ownership audited US$	Share based option reserve audited US$	Retained Earnings audited US$	Total US$	Non - Controlling Interest audited US$	TOTAL audited US$
For the Twelve months ended 31 December 2019								
Balance at 1 January 2019	**54 159**	**27 004 245**	**(63 863)**	**-**	**35 947 614**	**62 942 155**	**(408 779)**	**62 533 376**
Profit for the period	-	-	-	-	6 915 140	6 915 140	(170 554)	**6 744 586**
Dividends paid	-	-	-	-	(2 076 375)	(2 076 375)	-	**(2 076 375)**
Share based option - charge for the year	-	-	-	2,099		2 099	-	**2 099**
Balance at 31 December 2019	**54 159**	**27 004 245**	**(63 863)**	**2 099**	**40 786 379**	**67 783 019**	**(579 333)**	**67 203 686**

	Share Capital audited US$	Share Premium audited US$	Change in ownership audited US$	Share based option reserve audited US$	Retained Earnings audited US$	Total US$	Non - Controlling Interest audited US$	TOTAL audited US$
For the Twelve months ended 31 December 2020								
Balance at 1 January 2020	**54 159**	**27 004 245**	**(63 863)**	**2 099**	**40 786 379**	**67 783 019**	**(579 333)**	**67 203 686**
Profit for the period	-	-	-	-	1 079 721	1 079 721	1 079 721	**2 869 511**
Minority interest on acquisition of subsidiary	-	-	-	-	-	-	15 030 117	**15 030 117**
Share based option - charge for the year	-	-	-	187 572	-	187 572	-	**187 572**
Balance at 31 December 2020	**54 159**	**27 004 245**	**(63 863)**	**189 671**	**41 866 100**	**69 050 312**	**16 715 950**	**85 766 262**

Directors: Thembinkosi Sibanda (Chairman), Jerome Caraguel, Anne Madzara, Sternford Moyo, Gary Sharp, Oliver Kamundimu, Michael Fowler

The Directors are pleased to present the **Audited Financial Results for Padenga Holdings Limited** for the year ended 31 December 2020

Supplementary **Information**

As at 31 December 2020

Notes to the Condensed consolidated financial statements for the period ended 31 December 2020

1. Corporate information

Padenga Holdings Limited is a Limited Liability Company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. The registered office is located at 121 Borrowdale Road, Gunhill, Harare, Zimbabwe. The Group has an 82.88% stake in Tallow Creek Ranch, an unlisted company based in Texas (United States of America) that specialises in alligator farming. The principal activity of the Company and its subsidiaries (the Group) include the production and rearing of crocodiles, alligators and the export of Nile crocodile and alligator skins and meat. The Group is also engaged in developing and operating large scale commercial gold mines in Zimbabwe.

Business combinations
Acquisition of Dallaglio Investments (Pvt) Limited
On 1 January 2020, the Group acquired a 50.1% stake in Dallaglio Investments Limited ("Dallaglio"), that specialises in mining. Dallaglio owns Delta Gold and Breckridge Investments. Delta Gold owns Eureka Gold Mine, a mining operation based in Guruve mining area, in the province of Mashonaland Central, Zimbabwe.

Breckridge Investments (Private) Limited ('Breckridge') owns Cordillera (Private) Limited ('Cordillera') whose primary business is the provision of custom milling and gold buying services to small scale gold miners in and around the Pickstone area in Chegutu, in the province of Mashonaland West, Zimbabwe. The Group has applied: Amendments to IFRS 3 – Definition of a Business, issued in October 2018.

Assets acquired and liabilities assumed
The value of the identifiable assets and liabilities of Dallaglio Investments as at the date of acquisition were:

	Fair value recognised on acquisition US$
Assets	
Fixed assets	10 757 597
Exploration and evaluation assets	4 195 346
Rehabilitation asset	3 117 093
Goodwill	1 080 885
Inventory	4 517 426
Debtors	26 932 036
Bank balances	947 009
Total	**51 547 392**
Liabilities	
Overdraft	6 150 501
Creditors	1 770 829
Mine Rehabilitation Provision	3 355 930
Deferred Tax	2 702 878
Current Tax Liability	918 695
Loans third party	5 575 427
Total liabilities	**20 474 260**
Net current assets	**31 073 132**
Non-controlling interest (49.9% of net assets)	(15 505 493)
Total net assets acquired	**15 567 639**
Goodwill arising on acquisition**	3 672 214
Purchase consideration	**19 239 853**
Purchase consideration is split as follows:	
Interest on fair valuation of purchase consideration	760 147
Deferred Consideration at acquisition	19 239 853
Payments made as at 31 December 2020	(15 842 360)
Deferred consideration at 31 December 2020	**3 397 493**

The Group has started consolidating Dallaglio financials this year from 1 January 2020 and its results are incorporated in the financial statements as at 31 December 2020.

The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

****Goodwill recognised**
Dallaglio is currently producing around 65 kilogrammes of gold per month from Pickstone Peerless and, on this basis, is profitable. Dallaglio has also invested funds in pre-mining operations at Eureka, but further funding is required to take the mine through to production. Further to this, the Giant Claim (Mine that is in Guruve) will require additional funding.

Funding for these developments is predominantly required in hard currency, which is not readily available from the local market. Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

Gross carrying amount	
At 1 January 2020	-
Acquisition of a subsidiary	3 672 214
At 31 December 2020	**3 672 214**

Goodwill arising on acquisition of Dallaglio Investments (Pvt) Limited

Assessment of impairment of goodwill:
Goodwill is allocated to the mining business operating segment. The recoverable amount of the cash generating unit of US$ 34 620 210 has been determined based on value in use calculations. Budgeted operating cash flows for the mining business unit were projected and discounted at the group's weighted average pre-tax cost of capital. The impairment calculations performed indicated that the goodwill was not impaired.

The following key assumptions were made in determining the value in use of the mining business cash-generating unit:

i. A forecast horizon of five years was used. The forecast horizon comprises the five-year plan drafted in the first quarter of the 2021 financial year, where after a perpetuity growth rate of 5% is used.
ii. The values assigned to the five-year plan revenue and cost growth assumptions reflect current trends, anticipated market developments and management's experience.
iii. The key assumptions for the recoverable amount are the long-term growth rate and the discount rate.
iv. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 – Impairment of Assets does not reflect long-term planning assumptions used by the group for investment proposals or for any other assessments.
v. A discount rate of 17.98% per annum, being the group's pre-tax weighted average cost of capital, was used. The group's pre tax weighted average cost of capital is deemed appropriate.

Goodwill impairment testing is a six step process

a. Dividing the entity into cash generating units or identifying the cash generating units
b. Allocating the goodwill to the cash generating unit(s)
c. Identifying the carrying amount of the cash generating unit assets
d. Estimating the future pre-tax cash flows of the cash generating unit under review
e. Identifying an appropriate discount rate and discounting the future cash flows
f. Comparing carrying value with value in use and recognizing impairment losses

No goodwill is expected to be deductible for tax purposes.
At the date of the acquisition, the fair value of the trade receivables was $ 24 774 446. The carrying amount of trade receivables approximates present value and there is no counterparty credit risk.

2. Basis of preparation

The full year results are based on the statutory records that are maintained under the historical cost basis, except for biological assets that have been measured at fair value.

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

The Group has considered the future impact Covid-19 might have on the going concern of the business. Many tanneries were shutdown due to lockdowns. For the farming operations many tanneries were in shutdown due to lockdowns. The lockdown in China, USA and the restriction on international travel from China, USA, Europe among other continents will impact on luxury product sales. However, for the Group, harvesting is going on as normal since the deliveries to the customer are normally concentrated in the fourth quarter of the year. In addition, the lockdown will not affect movement of essential imports as movement of cargo is not restricted.

For the mining business global trade in gold has continued albeit at a minimal scale and this has led to an upsurge in gold prices as people seek refuge in gold due to uncertainties around currency stability. Locally, mining companies have been classified under essential services and therefore the Group's operations have continued unabated. In addition, the lockdown will not affect movement of essential imports as movement of cargo is not restricted.

The Group's imports are mainly from South Africa. The Group continues to monitor wellness programs for its employees to mitigate the threat and safeguard the operations of the Group.

Basis of consolidation
The condensed consolidated financial statements comprise the financial statements of Padenga Holdings Limited and its subsidiaries as at 31 December 2020. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies except where stated.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3. Statement of compliance

The financial statements are prepared with the objective of complying fully with the IFRSs. The financial statements have been prepared in compliance with the Companies and Other Business Entities Act (COBE) (Chapter 24:31).Complying with IFRSs achieves consistency with the financial reporting framework adopted by the Group since 2010. Using a globally recognized reporting framework also facilitates understandability and comparability with similar businesses and allows consistency in the interpretation of the financial statements.

4. Currency of reporting

The financial statements have been prepared in US$ after taking into account the considerations for IAS 21.

5. Estimates

When preparing the full year financial results, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, results, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last financial statements for the full year ended 31 December 2019 except for the following key estimates arising from the acquisition of the subsidiary (Dallaglio Investments (Pvt) Limited

(a) Ore reserve and mineral resource estimates
Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. Such reserves and mineral resource estimates and changes to these may impact the Group's reported financial position and results, in the following way:

- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios
- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the Unit Of Production (UOP) method, or where the useful life of the related assets change
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

The Company estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

The Company estimates and reports ore reserves and mineral resources in line with the principles contained in the Joint Ore Resource Code (JORC) for Reporting Exploration Results, Mineral Resources and Ore Reserves. The JORC Code requires the use of reasonable investment assumptions, including:

- Future production estimates, which include proved and probable reserves, resource estimates and committed expansions
- Expected future commodity prices, based on current market prices, forward prices and the Group's assessment of the long-term average price
- Future cash costs of production, capital expenditure and rehabilitation obligations

Consequently, management will form a view of forecast sales prices based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future. As a result, those lower prices would be used to estimate ore reserves and mineral resources under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of ore reserves and mineral resources may change.

6. Accounting policies

The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year except for the additional policies arising from the acquisition as follows:-

(a)Inventories -gold bullion
Gold bullion, gold and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

If the ore stockpile is not expected to be processed in 12 months after the reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis. Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to joint products on a volume basis at each month end.

(b) Exploration and evaluation expenditure
Exploration and evaluation (E&E) activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and Evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Dallaglio applies the **area of interest** method when accounting for E&E costs. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, E&E expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

E&E expenditure incurred on licences where a JORC-compliant resource has not yet been established is expensed as incurred until sufficient evaluation has occurred in order to establish a JORC-compliant resource. Costs expensed during this phase are included in 'Other operating expenses' in the statement of profit or loss and other comprehensive income.
Upon the establishment of a JORC-compliant resource (at which point, the Group considers it probable that economic benefits will be realised), the Group capitalises any further evaluation expenditure incurred for the particular licence as E&E assets up to the point when a JORC-compliant reserve is established. Capitalised E&E expenditure is considered to be a tangible asset.

Exploration and evaluation assets acquired in a business combination are initially recognised at fair value, including resources and exploration potential that is considered to represent value beyond proven and probable reserves.

Similarly, the costs associated with acquiring an E&E asset (that does not represent a business) are also capitalised. when development is sanctioned, E&E assets are tested for impairment and transferred to 'Mines under construction' which is a sub-category of 'Mine properties'. No amortisation is charged during the E&E phase.

(c) Pre-operating costs
Pre-production expenditure, including evaluation costs incurred to establish or expand productive capacity and to support and maintain that productive capacity is capitalised as property, plant and equipment. The recognition of pre-production expenditure including evaluation costs in the carrying amount of an asset ceases when the item is in the location and condition necessary to operate as intended by management. Any net income earned while the item is not yet capable of operating as intended reduces the capitalised amount.

Interest on general or specific borrowings to finance the establishment or expansion of mining and processing assets is capitalised during the construction phase. When general and/or specific borrowings are utilised to fund qualifying capital expenditure, such borrowing costs attributable to the capital expenditure are capitalised from the point at which the capital expenditure and related borrowing costs are incurred until completion of construction. Actual interest, net of any temporary income, on specific borrowings is capitalised. Interest on general borrowings is capitalised at the weighted average cost of the debt on qualifying expenditure, limited to actual interest incurred.

(d) Mining claims
Mining claims are the right to extract minerals from a tract of public land. Mining claims are not depreciated until a claim is explored and a mine is operational. Depreciation is based on the units-of-production method. Costs related to property acquisitions, surface and mineral rights are capitalised to mining assets and are recorded at cost less accumulated depreciation and any impairment losses.

(e) Financial assets
Financial assets are classified at initial recognition, and subsequently measured at Fair Value through profit/loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Directors are pleased to present the **Audited Financial Results for Padenga Holdings Limited** for the year ended 31 December 2020

Supplementary **Information** (continued)

As at 31 December 2020

7. Operating segments

The following tables present revenue and profit information about the Group's operating segments for the year ended 31 December 2020.

	Padenga Zimbabwe US$	TCR US$	Dallaglio US$	Adjustments and Eliminations US$	Total US$
Revenue					
31 December 2020	27 066 079	3 963 860	40 358 114	-	**71 388 053**
31 December 2019	25 530 706	3 596 803	-	-	**29 127 509**

Revenue disaggregation from contracts

	31 December 2020				31 December 2019		
	Total	Dallaglio	PHL	TCR	Total	PHL	TCR
Skins Exports	27 800 241	-	23 846 132	3 954 109	27 258 267	23 667 508	3 590 759
Quality incentive	-	-	-	-	(1 093 339)	(1 093 339)	
Meat Exports	(217 730)	-	(217 730)	-	756 436	756 436	-
Meat local sales	126 212	-	126 212	-	62 360	62 360	-
Gold deliveries	40 358 114	40 358 114	-	-	-	-	-
Retail Income	3 321 216	-	3 311 465	9 751	2 143 785	2 137 741	6 044
	71 388 053	**40 358 114**	**27 066 079**	**3 963 860**	**29 127 509**	**25 530 706**	**3 596 803**

	Padenga Zimbabwe US$	TCR US$	Dallaglio US$	Adjustments and Eliminations US$	Total US$
Segment profit/(loss)					
31 December 2020	1 044 015	(4 561 273)	5 151 663	1 235 106	**2 869 511**
31 December 2019	7 481 632	(996 225)	-	259 180	**6 744 587**

There was no inter-segment revenue in the period.

The following tables present assets and liabilities of the Group's operating segments as at 31 December 2020.

	Padenga Zimbabwe US$	TCR US$	Dallaglio US$	Adjustments and Eliminations US$	Total US$
Segment assets					
31 December 2020	118 517 174	7 230 810	56 801 874	(35 841 015)	**146 708 842**
31 December 2019	87 266 348	24 944 324	-	(15 213 631)	**96 997 041**
Segment liabilities					
31 December 2020	45 028 621	11 576 033	22 181 664	(17 843 738)	**60 942 580**
31 December 2019	15 517 267	24 284 650	-	(10 008 561)	**29 793 355**

Classification of the segments is based on the type of production. (Crocodiles, Alligators and Mining)

8. Capital expenditure for the year

	31 December 2020 US$	31 December 2019 US$
Capital expenditure for the year	**27 699 006**	**4 770 423**
Capital expenditure commitment		
Authorized but not yet contracted	2 436 413	2 200 000
	2 436 413	**2 200 000**
The capital expenditure will be financed from the Group's own resources and borrowing facilities.		
9. Inventories		
Crocodile and Alligator		
Raw materials and consumables stocks	4 880 806	3 844 898
Finished goods – skins and meat	9 077 823	8 721 956
	13 958 629	**12 566 854**
Mining		
Raw materials and consumables stocks	8 487 450	-
	8 487 450	**-**
Grand total	**22 446 079**	**12 566 854**

10. Fair value measurements

10.1 Fair value of financial instruments

The estimated net fair values of all financial instruments, approximates the carrying amounts shown in the financial statements.

10.2 Fair value of biological assets

Fair value of the Biological assets is determined by reference to the average theoretical life span of the crocodile and alligator stock and the prevailing market prices. The stock is evaluated in terms of its respective life span at the reporting date and consideration given to the different saleable products that could be derived from crocodiles and alligators of each age group at the time. On that basis, an indicative value is established using the prevailing local and international market prices for the respective products.

Fair value for breeders is determined using the cost approach by reference to the prevailing replacement cost per unit of inputs required to bring the breeders to maturity.

Fair value movements of the biological assets are recognised in profit or loss.

Valuation technique

1. The Harvesting stock of crocodiles and alligators is valued using the income approach. Fair value price is determined from the price the Group sells at the point of harvesting to the market.
2. The breeders are valued using the cost approach. The fair value is determined based on the current replacement costs of a breeder as at year end, being the current costs needed to produce a breeder of similar age, maturity and condition as at the year end.

Type		Valuation technique	Significant unobservable Inputs (Level 3)	Quantitative information 2020	Quantitative information 2019
Crocodiles Harvesting stock	Yearlings, Rearings	Income approach. The valuation model is determined by reference to the average theoretical life span of the crocodile stock and prevailing market prices of the skin and meat. The fair value is based on the value of the skin and meat.	Price per skin, Quality grading, Age of crocodiles, Price per kg of meat, Meat yield per crocodile	Price per skin USD 160 – USD 780, Age 1 – 3 years, Meat Price/kg $0.79 to $4.00, Meat yield per crocodile 5.12 kgs	Price per skin USD 175 – USD 637, Age 1 – 3 years, Meat Price/kg $0.69 to $10.47, Meat yield per crocodile 3.2 kgs
Alligators Harvesting stock	Yearlings, Rearings	Income approach. The valuation model is determined by reference to the average theoretical life span of the alligator stock and prevailing market prices. The fair value is based on the value of the skin and meat.	Price per skin, Quality grading, Age of alligators, Price per kg of meat, Meat yield per alligator	Price per skin USD 50 – USD 200, Age 1 – 2 years	Price per skin USD 31 – USD 590, Age 1 – 2 years
Crocodiles and Alligators	Breeders	Cost approach. The valuation model is determined by reference to the average theoretical life span of the breeding stock and current replacement cost.	Replacement cost of hatchlings plus inputs at current costs up to maturity. Age of the breeders	Replacement cost per breeder USD 900 - USD 1 500, Age 7 – 41 years.	Replacement cost per breeder USD 714 - USD 1 500, Age 7 – 41 years.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets by the valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value hierarchy- 31 December 2020

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$	Fair value gain/(loss) US$
Harvesting Alligators	-	-	1 401 012	1 401 012	(34 769)
Harvesting Crocodiles	-	-	27 084 838	27 084 838	179 459
Breeders (including Alligators)	-	-	7 226 343	7 226 343	323 423
Total	**-**	**-**	**35 712 193**	**35 712 193**	**468 113**

Fair value hierarchy- 31 December 2019

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$	Fair value gain US$
Harvesting Alligators	-	-	4 392 128	4 392 128	3 340 383
Harvesting Crocodiles	-	-	27 813 048	27 813 048	751 633
Breeders (Including Alligators)	-	-	6 790 778	6 790 778	1 266 417
Total	**-**	**-**	**38 995 954**	**38 995 954**	**5 358 433**

10.3 Fair value of property plant and equipment

Property, plant and equipment are stated at cost which comprises of the purchase price or construction cost, any costs directly attributable directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets (where relevant), borrowing costs excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses.

Such costs include the cost of replacing part of the plant and equipment. When significant parts of property and equipment require replacement in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when major inspection is performed, its costs are recognised in the carrying amount of plant and equipment as replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as they are incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets such that the cost values of the assets over the useful lives of the assets.

Freehold properties are company owned buildings not built on leased land. Leasehold Improvements relate to infrastructure that has been built on the leased farms which includes crocodile pens and storage barns.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Group, and prospectively adjusted if necessary, on an annual basis. Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal or less than the residual value.

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

10.4 Fair value of inventories

Inventories are stated at the lower of cost and estimated net realisable value. The cost is established on a weighted average basis. Cost represents the cost of materials and where appropriate, direct labour and manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs of completion and the estimated costs necessary to make the sale.

Agricultural produce harvested from biological assets is measured at fair value less cost to sell at the point of harvest. The fair value less cost to sell determined becomes the cost of the agricultural produce for subsequent measurement.

11. Trade and other payables

		31 December 2020 US$	31 December 2019 US$
Trade		1 942 786	44 874
Accruals		2 348 729	1 149 521
		4 291 515	**1 194 395**
11.1 Customer deposits			
11.1.1 Non-current customer deposits		**-**	**-**
11.1.2 Current customer deposits		**1 336 925**	**2 936 325**
Customer deposits mainly relate to advances received from our main customer. Performance obligations are satisfied within 12 months from date of receipt. For 2020 the group did not satisfy the performance obligation due to Covid-19 restrictions.			
12. Interest bearing loans and borrowings			
12.1 Non-current interest bearing loans and borrowings	**Year repayable**		
Unsecured			
Foreign long term borrowings	**2022**	5 000 000	6 335 000
		5000 000	**6 335 000**
12.2 Current interest bearing loans and borrowings	**Year repayable (December 2021)**		
Secured			
Local short term borrowings & foreign current portion	**up to -365days**	29 401 501	10 579 610
		29 401 501	**10 579 610**

Short term borrowings form part of the core borrowings of the Group and are renewed on maturity in terms of on-going facilities negotiated with the relevant financial institutions. The facility is secured by first charge over certain of the Group's property, plant and equipment, trade receivables and biological assets. The Group has a short-term facility with a rate of interest for local operations ranging between 10% and 25% whilst for the foreign operation ranges from 6-12%.

Borrowing powers

In terms of the Company's Articles of Association, the Group may, with previous sanction of an ordinary resolution of the company in a general meeting, borrow, on the determination of the Directors, amounts that do not exceed the aggregate total equity.

The Directors are pleased to present the **Audited Financial Results for Padenga Holdings Limited** for the year ended 31 December 2020

Supplementary **Information** (continued)

As at 31 December 2020

13. Earnings per share

	Twelve months ended 31 December 2020 audited US$	Twelve months ended 31 December 2019 audited US$
Profit for the period attributable to:		
Equity holders of the parent	1 079 721	6 915 141
Less non-core activities		
Profit on disposal of property, plant and equipment and intangibles	9 177	(76 224)
Other interest income	(13 381)	(69 916)
Headline earnings	**1 075 517**	**6 769 001**
Earnings per share (cents)		
Basic earnings per share	**0.20**	**1.28**
Diluted earnings per share	**0.20**	**1.26**
Headline earnings per share	**0.19**	**1.24**
Weighted average shares in issue at the beginning	547 009 374	541 593 440
Share options	5 415 934	5 415 934
Weighted average shares in issue at the end (diluted and headline)	**552 425 308**	**547 009 374**

Basic earnings basis
Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares in circulation during the period.

Fully diluted earnings basis
Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline earnings basis
Headline earnings per share is calculated by dividing the headline earnings (after taking out profits from non-core activities like profit on disposal of fixed assets and interest income) for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

14. Contingent liabilities
The Group had no contingent liabilities at 31 December 2020.

15. Functional currency
Following the official introduction of the ZWL Dollar as a currency in Zimbabwe alongside the basket of existing currencies, businesses faced the prospect of a change in their functional currency to ZWL Dollars. The Group concluded that its functional currency is US$ for the period ending 31 December 2020.

The financial statements for the mining division are based in a ZWL functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.
Accordingly, the Dallaglio financial statements have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar and as a result are stated in terms of the measuring unit current Consumer Price Index (CPI) compiled by the Central Statistical Office of Zimbabwe at 31 December 2020. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Central Statistical Office of Zimbabwe. Below are the indices and adjustment factors up to 31 December 2020.

	31 December 2020	31 December 2019
Consumer price indices	2,474.50	551.63
Conversion factor	1.00	4.49

In coming up with the functional currency the Group took into account the following:
- the currency that mainly influences sales prices for goods and services.
- the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. (Padenga Holdings sells at prices that reflects US$ and Market prices are determined mainly by the global market trends mainly from the European and Asian markets).
- the currency that mainly influences, material and other costs of providing goods or services.
- the currency in which funds from financing activities.
- the currency in which receipts from operating activities are usually retained

As an exporter earning most of its income in United States Dollars, denominating its pricing with reference to global market prices. In line with the requirements of IAS 21, the Group has adopted the United States Dollar (US$) as the functional and presentation currency in line with the requirements of the IFRSs.

16. Events after reporting period
Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Impact of the Corona Virus Covid-19
For the farming operations, the Covid-19 pandemic continued to pose an ongoing threat to business continuity as it impacted traditional markets in those countries that the business trades skins into. However, with the easing of lockdowns the two main retailers of high-end leather goods both reported improved sales volumes across all product categories in their trading updates. The full impact of the Covid pandemic remains difficult to assess in the short term and the business is responding to the needs of its primary customer in order to sustain sales volumes and margins.

For the mining business, global trade in gold has continued albeit at a minimal scale and this has led to an upsurge in gold prices as people seek refuge in gold due to uncertainties around currency stability. Locally, mining companies have been classified under essential services and therefore the Group's operations have continued unabated. In addition, the lockdown will not affect movement of essential imports as movement of cargo is not restricted. The Group continues to monitor wellness programs for its employees to mitigate the threat and safeguard the operations of the Group.

The Group continues to manage stock levels for its critical inputs such as feed, chemicals, and other consumables, ensuring a stock cover of between three and six months depending on the perishability of the commodity. Although international supply chains have been volatile, sufficient orders have been placed to ensure business continuity through to mid-2021.

All employees continued to observe and adhere to the Covid preventive measures implemented by the company. These include social distancing, washing of hands, wearing of washable face masks, and partaking in rapid testing at specified intervals for vulnerable groups of employees and anyone re-entering the "workplace bubble" established in line with the Covid policy adopted by the Company.

Lockdown restrictions are being continuously reviewed across the globe and management is confident that the skins sales targets and gold production for the year will be achieved.

Organisational restructurings to reduce the impact of the Covid-19 pandemic and disposals of business unit
The Group structure was not affected by the pandemic. There has been no changes to the Group structure or its business units.

The impact of the subsequent restrictions imposed by governments
The Government further extended the national lockdown due to Covid-19 to continuously for the greater part of the first quarter. Companies and the private sector have been allowed to operate upon fulfilling certain conditions e.g. compulsory mask wearing and employee testing at their work places. The Group was allowed to operate under essential services.

Padenga and Dallaglio were earmarked as an essential services providers being a Farming and Gold mining entities respectively. They continued to operate as normal and were not impacted by the lockdown restrictions.

There were no adjusting events after the reporting date at the time of issuing this report.

17. Related party disclosures
Related party activities consist of transactions between Padenga Holdings Limited, its subsidiaries, key management personnel and other parties that meet the definition of related party. The transactions between the Company and its subsidiaries have been eliminated on consolidation. Details of transactions between Group companies and other related parties are disclosed below:

	31 December 2020 Total US$	31 December 2019 Total US$
Transactions		
Innscor Africa Limited Pension Fund	3 878	23 084
Dallaglio	15 842 360	-

Transaction with Dallaglio
Between January 2020 and December 2020, the Group advanced US$15 842 360 to Dallaglio as part payment in an acquisition transaction which gave Padenga Holdings a shareholding of 50.1% in the mining company Dallaglio.

The transaction will be completed through settling the deferred consideration.

18. Provisions
On 1 January 2020, the Group acquired a 50.1% stake in Dallaglio Investments (Pvt) Limited resulting in additional provisions relating to future decommissioning expenses for the mines

	Padenga Zimbabwe US$	Dallaglio US$	Total US$
Provisions - current			
31 December 2020	63 530	-	**63 530**
31 December 2019	38 885	-	**38 885**
Provisions - non current			
31 December 2020	-	1 926 083	**1 926 083**

All current provisions related to short-term employee benefits accruals.

All non-current provisions relate to future expected costs to restore the environment after the end of mining activities or at closure of the mine. The expected costs is assessed by environmental experts.

19. Rehabilitation asset
The Company makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2034, which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon market future market prices for the necessary rehabilitation works required that will reflect conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

Mine rehabilitation costs will be incurred by the Company either while operating, or at the end of the operating life of, the Company's facilities and mine properties. The Company assesses its mine rehabilitation provision at each reporting date. The Company recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to the restoration of site damage (subsequent to the start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

20. Approval of financial statements
The financial statements were approved by the Board of Directors and authorized for issue on 11 May 2021

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Independent Auditor's Report

To the Shareholders of Padenga Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Padenga Holdings Limited and its subsidiaries (the Group), as set out on pages 5 to 58, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

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, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in Prior Period and Inappropriate Application of IAS 8- Accounting Policies, Changes in accounting estimates and errors

As disclosed on Note 1 to the consolidated financial statements, the Group's functional and presentation currency is the United States Dollar (USD).

During the period ended 31 December 2019, the Group translated Zimbabwean Dollar (ZWL) denominated transactions and balances into USD using the interbank rate. We did not agree with Management on the exchange rates used for the translation as they did not meet the definition of a spot exchange rate as per IAS 21, that is, the rates were not available for immediate delivery. For this matter our opinion on the prior year consolidated financial statements was modified accordingly.

While the matter has been resolved in current year, management has not restated the prior year consolidated financial statements in line with the requirements of IAS8, consequently, the following amounts remain misstated as they contain material amounts from the opening balances:

Statement of financial position balances

- Property, plant and equipment of USD 24 088 899 included in the closing balance USD 58 494 615 (2019: USD 24 088 899);
- Retained earnings: USD40 786 379 included in the closing balance USD41 866 100 (2019: USD 40 786 379);
- Deferred taxation: USD7 259 630 included in the closing balance USD 9 021 793 (2019: USD 7 259 730);
- Non-controlling interests: USD 579 333 included in the closing balance USD 16 715 950 (2019: 579 333);
- Non-current lease liability: USD464 144 included in closing balance USD 585 505 (2019: USD 464 144); and
- Current lease liability: USD147 000 included in the closing balance USD198 000 (2019: USD 147 000).

Statement of profit or loss and other comprehensive income

- Cost of sales: USD12 566 854 included in the current year cost of USD44 145 557 is affected by the impact of misstated prior year closing inventory (2019: USD 11 569 862);
- Depreciation: USD1 362 078 included in current year expense of USD 3 716 975 (2019: USD 2 173 152);
- Movement in lease liabilities: USD62 078 included in the current year expense USD 182 406 (2019: USD 77 715); and
- Taxation: USD 299 305 included in current year expense USD 1 214 865 (2019: USD 1 847 265).
-

In addition, our opinion is modified in the current year in respect of the comparability of the current year amounts with prior year amounts for which we modified our audit opinion. These include, in addition to the above:
Statement of Financial Position: Trade and other receivables, Trade and other payables, Provisions, Short term investments, Taxation payable, Cash and Bank, Loans and Borrowings, Inventories and Impact of change in functional currency.

Statement of profit or loss and other comprehensive income: Revenue, Other income, Variable overheads, Staff overheads, Other overheads, Fair value adjustment on Biological assets, Finance income or loss, Interest payable and Interest receivable.

Impact of non-compliance with IFRS 3- Business Combinations on determination of fair values of the acquired net assets

As explained in Note 1 of the consolidated financial statements, the Group acquired a subsidiary during the period which was consolidated effective 1 January 2020. The consolidation was done correctly in terms of IFRS 3 except that the 'at acquisition' fair values of the acquired assets and assumed liabilities were not determined. Instead, Management used the historical carrying amounts, consequently the resultant Goodwill stated at USD 3 672 214 and Non-Controlling Interest stated at USD 4602 444 arising on the acquisition of the subsidiary are misstated.

The impact could not be quantified due to the lack of records on appropriate fair values of the net assets acquired.

<u>Consolidation of a subsidiary with underlying misstatements</u>

The subsidiary acquired during the year, as explained in Note 1, has a ZWL functional and presentation currency and its hyperinflated financial statements were consolidated into the Group by converting to USD per IAS 21 – *The effects of changes in foreign exchange rates*. The consolidated subsidiary financial statements contain misstatements as a result of the following 3 matters:

Matter 1: Misstated opening balances which have not been corrected in terms of IAS8. In previous year, the subsidiary applied an incorrect date of change in functional currency of 22 February 2019 instead of 1 October 2018. Further, inappropriate exchange rates which are not IAS21 compliant were used to translate foreign denominated transactions and balances to ZWL, the subsidiary's functional currency. Consequently, the following amounts on the consolidated financial statements are materially impacted.

Statement of financial position balances

- Property, plant and equipment of USD10 757 597 included in the closing balance USD58 494 615;
- Exploration and evaluation assets of USD 296 539 included in the closing balance USD1 320 757;
- Inventories of USD 180 835 included in the closing balance USD 22 446 079; and
- Retained earnings of USD 536 471 included the closing balance USD 41 415 161.

Statement of profit or loss and other comprehensive income

- Cost of sales of USD180 835 included in the current year cost USD41 145 557; and
- Depreciation of USD810 768 included in the current year expense USD3 716 975.

Matter 2: Use of inappropriate exchange rates in current year: For the period 1 January 2020 to 22 June 2020; Management used the interbank rate to translate foreign currency denominated transactions and balances. Furthermore, during consolidation Management used the Dallaglio numbers translated using incorrect exchange rates to translate into the parent's functional currency. However, this rate was not available for immediate delivery therefore does not meet the requirements of IAS 21. Consequently, the following amounts on the consolidated financial statements are materially impacted.

Statement of financial position balances

- Property, plant and equipment of USD 7 998 242 included in the closing balance USD58 494 615;
- Exploration and Evaluation Asset of USD 181 826 included in closing balance USD1 320 757;
- Inventories of USD 1 639 691 included in closing balance USD 22 446 079;
- Consequential impact on Retained earnings and deferred taxation; and
- Functional currency translation reserve of USD 1 849 873.

Statement of profit or loss and other comprehensive income

- Revenue of USD9 751 521 included in total for year USD 71 388 053;
- Cost of sales of USD4 000 688 included in total cost for the year USD44 145 557;
- Other income of USD 136 795 included in the total for the year USD 1 809 488;
- Employee expenses of USD 1 518 507 included in the expense for the year USD 12 864 171;
- Other expenses of USD453 148 included in expense for the year USD6 665 083; and
- Consequential impact on Taxation.

<u>Matter 3:</u> Notwithstanding that IAS 29- (*Financial Reporting in Hyperinflationary Economies)* has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers and start date been used, all the elements noted above would have been materially different.

The effects of the above misstatements are 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 descried 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 the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and 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

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility but 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 express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility is expected to be made available to us after the date of this auditor's report.
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, 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, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

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 International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), 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 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.

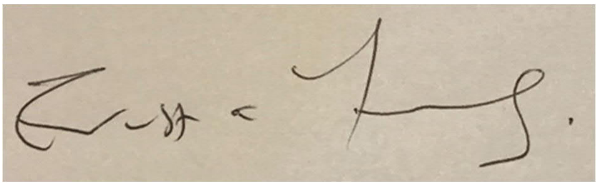
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is David Marange (PAAB Practising Certificate Number 0436).



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

Date 30 April 2021