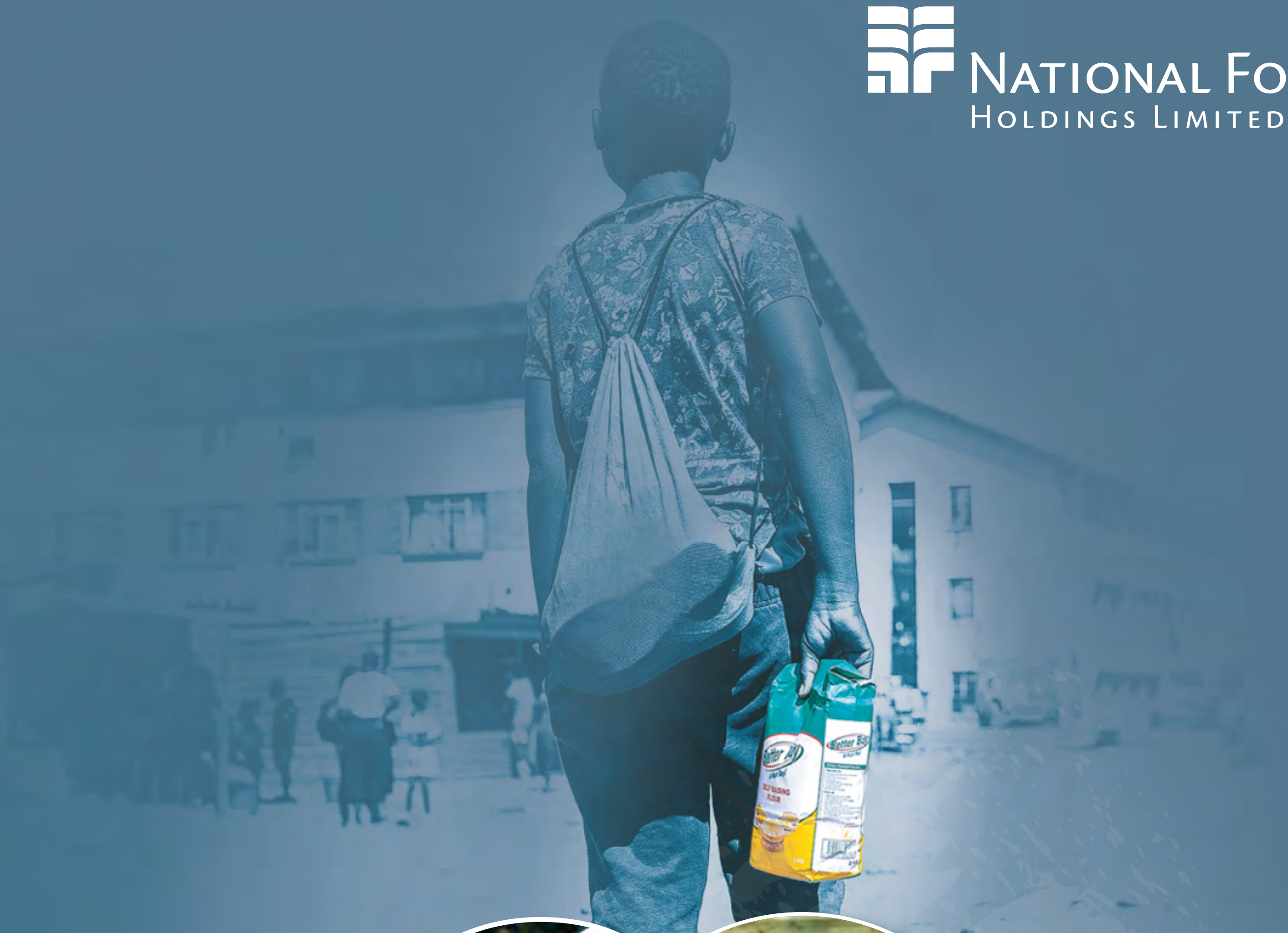
National Foods
Holdings Limited



ANNUAL REPORT

#togetherwefeedand
nourishthenation

Serving our communities
respectfully

Our service journey started more than 100 years ago with the men, women and children who consumed our products every day and passed on this heritage to the next generations. They are our everyday heroes, and we're proud to call them our partners.

NFL strives to deliver innovative, sustainable products to ensure the future health of our nation, helping them enjoy life, stay healthier and live more fulfilling lives. We believe in building lasting relations with our key stakeholders, consumers, and the communities at large.

Our respect stories take us all around Zimbabwe, throughout this report you experience a journey in the life of National Foods Consumers. The images herein were captured in the heart of our communities where our consumers trust us with their livelihoods and believe in our commitment to feed and nourish their families at affordable prices

Our Vision

To be the preferred supplier of branded FMCG and Stockfeed products in Zimbabwe and selected regional markets.

Our Mission

- We manufacture and distribute a diversified portfolio of branded FMCG and Stockfeed products to the consumer mass market.
- To delight our customers and consumers through delivering profitable category based initiatives.

RESPECTFUL

We are professional, promote diversity, encourage dialogue, value other people's perspectives, time and space as well as insist on civility from all employees no matter their position in the organisation chart.

HARDWORKING

We make the most of our time and consistently produce good work, in addition, we are productive motivated, dedicated, and self-reliant.

INNOVATIVE

We spark creativity and involve employees at all levels to contribute ideas on new products as well as come up with solutions to workplace challenges or problems.

COMPETITIVE

We have a strong desire to succeed

RESULTS DRIVEN

We are motivated by goals and use targets to remain focused on our work.

PURPOSEFUL

We have an aim

HONEST

We are genuine, able to speak what's on our minds and abide by consistent ethical standards

RESILIENT

We are able to withstand adversity and bounce back from difficult events.

National Foods Holdings Limited

Overview

Performance Review

Governance

Sustainability in Our Business

About Our Report

National Foods Holdings Limited, a company listed on the Zimbabwe Stock Exchange (ZSE) is proud to present the annual report for the year ended 30 June 2022. The report conveys information on our financial and sustainability performance, demonstrating how we have created value for our varied stakeholders in the past year.

The contents of this report are intended to give the reader insight into noteworthy aspects of the National Foods business, as well as the industry within which it participates. The report allows us to present the information in a clear, transparent, accurate manner to a reasonable and sufficient degree.

The information should be timely, factual, useful, as well as readily available and understandable. This does not require proprietary information to be made public, nor does it involve providing information that is privileged or that would breach legal, commercial, security or personal privacy obligations.

Reporting Boundary

The report covers information for National Foods Holdings Limited, whose core operations are based in Zimbabwe. In this report, unless otherwise noted, references to ''our'', ''we'', ''us'', ''the Company'', ''the Group'', "NFL", "National Foods" refers to National Foods Holdings Limited.

The report reflects our belief in strong corporate sustainable practices underpinning our value creation for our stakeholders. We use the dynamic cyclical approach towards continued performance improvement in our operations as well as in our reporting. In the context of this report and our forward looking statements "shall" indicates a requirement; "should" indicates a recommendation; "may" indicates a permission; and "can" indicates a possibility or a capability.

Reporting Frameworks

Throughout this document, we used a range of guidelines and reporting criteria for presenting information in this report. Key standards, guidelines and frameworks applied are as follows:

- Companies and Other Business Entities Act (Chapter 24:31)
- International Financial Reporting Standards (IFRS)
- Zimbabwe Stock Exchange (ZSE) Listing Requirements
- The Zimbabwe National Code of Corporate Governance
- International Standard Organisation (ISO) 26000 Guidance on Social Responsibility (SR)
- The Global Reporting Initiative (GRI) Standards

A summary of the applicable United Nations Sustainable Development Goals (SDGs) in relation to National Foods is also presented.

Assurance

The scope of work performed by the Company's independent financial auditors, Deloitte & Touche (Zimbabwe) as part of their assurance of financial information is provided on page 76 to 79. Other non-financial information provided in this report has been internally audited by Instinct Risk Advisory Services. The report is primarily endorsed by third party conformity assessment activities which include:

- **Impartiality** – objectivity with regard to the outcome of a conformity assessment activity
- **Independence** – freedom of a person or organisation from the control or authority of another person or organisation
- **Validation** – confirmation of plausibility for a specific intended use or application, through the provision of objective evidence that specified requirements have been fulfilled
- **Verification** – confirmation of truthfulness, through the provision of objective evidence that specified requirements have been fulfilled

Sustainability Report Declaration

The international standard ISO 26000 is the framework used to integrate Social Responsibility (SR) into our values and practices and communicates the commitment, performance and other information related to SR for the sustainability information in this annual report. ISO 26000 is interoperable with most Protocols and may be used in conjunction with the GRI protocol[1]. Black Crystal Consulting provides the third party assurance that all considerations were taken into account to ensure the report complies in all material aspects with provisions of the selected standard and linkage requirements.

Forward Looking Statements

The report contains forward-looking statements concerning the financial condition and business operations of National Foods. All statements other than those of historical fact may be deemed to be forward-looking statements. These are statements of future expectations based on management's assumptions and expectations, hence they involve known and unknown risks which may lead to results and performance differing materially from those implied in these statements

Feedback

The Company values opinions from all our stakeholders which assist us in building a sustainable Company and improving our reporting. We welcome feedback which can be provided to our Company Secretary Leigh Howes, email leigh.howes@natfood.co.zw.

Todd Moyo
Independent, Non-Executive Chairman

Michael Lashbrook
Chief Executive Officer

[1] GRI G4 Guidelines and ISO 26 000: 2010 How to use the GRI G4 Guidelines and ISO 26 000 in conjunction (https://www.iso.org/iso/iso-gri-26000_2014-01-28.pdf)

Overview

History of Our Group

Since our corporate establishment in 1920, we have remained resilient and committed to feeding the nation.

National Foods has a long history stretching back to the early part of the last century, when two families, the Palte family and the Harris family, started separate businesses, which eventually came together as one.

1908

J. Palte & Co. established in Bulawayo and traded as Millers & Merchant

1920

Harris Brothers established in Bulawayo and owned The Red Seal Brand

Mark Harris Manufacturing established the iconic Gloria Brand.

Mark Harris Manufacturing renamed Rhodesian Milling and Manufacturing Company

1952

Tiger Oats (now Tiger Brands) acquired majority shareholding in J. Palte and Co.

1975

Rhodesian Milling and Manufacturing Company merged with Palte Harris Industrial Holdings to form National Foods Holdings Limited

1984

National Foods Workers Trust (Private) Limited was established to provide a scheme for worker participation in both the equity and profits of the company. Through donations from the company, the Trust has acquired 9.53% shareholding over the years

2003

Innscor acquired shareholding in National Foods Holdings. Today Innscor holds a 37.45% share

2011

Tiger Brands raised its holding in National Foods by acquiring 11% from Innscor Africa. Today Tiger Brands holds a 37.45% share

2013

National Foods started providing resources to support farming and continues to this day

2016

The Company acquired 40% of Pure Oil an edible oil producer under the ZimGold Brand.

National Foods acquired Breathaway Food Caterers Limited, a snack and biscuit manufacturing company with ZapNax, Wings, KING Kurls, and IRIS Brands

2018

National Foods Logistics (Natlog) was created as a joint venture partnering Equity Distribution Services, formerly National Foods outsource distribution service provider.

2019

In 2019 National Foods purchased a world class extrusion line from Buhler heralding the Company's entrance into the breakfast cereals category.

2020

National Foods celebrates 100 years of feeding the nation

2021

NF restructured into autonomous Business Units which increased from 5 to 8. The front end of the business (GTM) was also restructured into 3 channel specific selling units.

2022

National Foods disposed its 40% stake in Pure Oil Industries

Group Structure

National Foods Holdings Limited, listed on the Zimbabwe Stock Exchange, manufactures a branded portfolio of essential food stuffs and stockfeed. Today, our products are the cornerstone of basic food nutrition in Zimbabwe.

100% National Foods Limited
Principal Operating Company

- *Flour Milling*
- *Maize Milling*
- *Downpacked*
- *Traded Goods*
- *Snacks*
- *Biscuits*
- *Stockfeeds*
- *Cereals*

50% National Foods Logistics (Private) Limited
- *Distribution*

100% National Foods Properties Limited
Property Owning Company

100% Clairedelune Investments (Private) Limited
- *Property Owning Company*

100% Botswana Milling & Produce Company (Proprietary) Limited
Investment Company

100% Red Seal Manufacturers (Proprietary) Limited
- *Property Owning Company*

100% Dormant Companies

- Speciality Animal Feed Company Limited
- Bakery Products (Private) Limited
- Harris Maize Milling and Produce Company (Private) Limited
- Natpak Zimbabwe (Private) Limited
- Palte-Harris (Private) Limited

Our Products and Brands

National Foods has come a long way since it started selling Maize Meal and Flour in 1920. We have evolved into a well-recognised and trusted partner in the food, everyday snacking, livestock, and pet nutrition categories. Key reflection point is – How did the company build a legacy so strong that it has stood the test of time for over a Century?

The answer lies in our ability to innovate and renovate to meet the ever-changing consumer needs. Our products and brands offer tailored solutions across all ages on the back of a strong quality guarantee. Our brands are spread across eight Business Units as shown below:

Maize
- Pearlenta
- Red Seal
- Better Buy
- Smart Carbs

Flour
- Gloria
- Red Seal
- Better Buy

Stockfeeds
- National Foods Stockfeeds
- Kenergy
- BowWow
- Red Seal
- animax Superior

Downpacked
- Ma-Hat-Ma Rice
- Red Seal
- Better Buy

Traded Goods
- Red Seal
- Better Buy

Cereals
- Nutri Active
- Red Seal
- Smart Carbs
- Mama Africa
- Organica

Snacks
- Allegrös
- King
- ZapNax

Biscuits
- Iris

Recognition and Awards

As National Foods, we offer products and services that evolve with consumer demands and contribute to a sustainable environment. We are humbled by the recognition from our customers and leading Business Associations nationwide. Our most recent accolades are shown below:

Presented by	Award
Marketers Association of Zimbabwe (Super Brand Awards)	Red Seal Roller Meal - Winner in the Grains Sector Pearlenta - 1st runner up in the Grains Sector National Foods Limited - 8th Position in the Business-to-Business Category Red Seal Roller Meal - 13th Position in the Business to Consumer Category Gloria - 17th Position in the Business to Consumer Category
Confederation of Zimbabwe Retailers	Best Supplier, Retailers and Wholesalers Choice, 2021
National Retailers and Wholesalers Awards	Most Consistent Supplier, Retailers and Wholesalers Choice, 2021 Top 100 Suppliers of the Year, 2021
Confederation of Zimbabwe Industries (CZI)	National Foods Ltd - Award for being the first company to introduce mixed grain product in the Zimbabwean economy
CSR Network of Zimbabwe	Excellence in Community Empowerment & Social Impact award
Zimbabwe Institute of Management - National Leadership and Management Excellence Awards	Winner for 2021 for Human Capacity Development
Zimbabwe Wheat Board	Outstanding Contribution to the Growth and Development of the Wheat Value Chain.
Buy Zimbabwe Awards	Best Company of the Year Award (Overall) Manufacturer of the Year Award (FMCG) Farmers Support Award (2nd Runner up) Chairmans Recognition Award
Zimbabwe International Trade Fair (ZITF)	Best stand in Agriculture and Irrigation Overall winner in all food categories

Business Associations and Membership

The Group participates in various business and industry associations below:

General
- Confederation of Zimbabwe Industries (CZI)
- Zimbabwe National Chamber of Commerce (ZNCC)
- Business Council for Sustainable Development Zimbabwe (BCSDZ)

Industry
- Zimbabwe Poultry Producers Associations (ZPA)
- Stockfeed Manufacturers Association (SMA)
- Grain Millers Association of Zimbabwe (GMAZ)
- Food Nutrition Council (FNC)
- Clean Zimbabwe Campaign
- Buy Zimbabwe

INTERNATIONAL STANDARDS AND CERTIFICATIONS

The Group ascribes to the following standards and certifications:
- ISO 9001: 2015 – Quality Management System Standards Association of Zimbabwe (SAZ)
- ISO 22000: 2008 – Food Safety Management System
- KOSHER (Jewish Dietary framework for food preparation processing and consumption)
- HALAAL (National Halaal Association of Zimbabwe (NHAZ)

Performance Review

Performance Highlights

	Inflation Adjusted	Historical
Revenue	increased by 33% to **ZW$128.41** billion	increased by 151% to **ZW$70.38** billion
Operating Profit	increased by 301% to **ZW$14.74** billion	increased by 318% to **ZW$13.78** billion
Basic Earnings per share	increased by 8 429% to **ZW$26 354** cents	increased by 425% to **ZW$20 070** cents

	Inflation adjusted		Historical*	
GROUP SUMMARY (ZW$'000)	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Revenue	128 408 113	96 732 803	70 376 021	28 074 417
Operating Profit	14 736 872	3 671 283	13 780 288	3 296 938
Profit After Tax	18 026 374	211 176	13 727 920	2 612 395
Attributable Earnings	18 026 374	211 176	13 727 920	2 612 395
Shareholder's Equity	36 028 042	19 664 073	17 394 008	3 596 976
Total Assets	72 323 489	45 139 484	48 950 624	11 168 274
Market capitalisation	136 800 000	35 576 892	136 800 000	35 576 892
SHARE PEFORMANCE (ZW$ cents)				
Headline Earnings per share	18 219	(158)	9 782	3 659
Market price per share	200 000	52 013	200 000	52 013
Basic Earnings per share	26 354	309	20 070	3 819
Ordinary Dividend per share	3 539	2 999	1 588	805
Number of shares in issue ('000)	68 400	68 400	68 400	68 400
Dividend Recognised and paid during the year	2 420 820	2 051 089	1 085 945	550 333

*Ref Note 1.3.1

Performance Highlights (continued)

Sustainability Performance

Environmental Performance	2022	2021	2020	2019	2018
Water usage (m³)(% change)	43%	23%	80%	25%	4%
Solid Waste to landfill (tons) (% change)	14%	119%	49%	106%	30%
Energy (electricity) (% change)	71%	22%	17%	12%	1%
Social Performance					
Employees (number)(% change)	0.2%	17%	5%	0.07%	0.36%
Number of Injuries (% change)	41%	0 %	22%	18%	39%
Safety Training (% change)	17%	22%	30%	12%	14%
Indicator					
Water usage (m³)	203 876	355 327	288 758	160 861	213 143
Solid Waste to landfill (tons)	537	625	296	565	274
Energy (electricity - kWh)	54 150	31 765	25 950	31 229	27 855
Employees (number)	1 515	1 512	1 292	1 367	1 368
Staff training (days)	117	100	108	154	138

Chairman's Statement

Directors' Responsibility

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements.

These Group financial statements are presented in accordance with the measurement and recognition principles of International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31). The principal accounting policies applied in the preparation of these financial statements are consistent with those applied in the previous annual financial statements. There is no impact arising from revised IFRS, which became effective for the reporting period commencing on or after the 1st of January 2021 on the Group's financial statements.

Volume

↑8% to 569,000 tons

Revenue

↑33% ZWL 128.4 billion

Operating profit

↑301% ZWL 14.74 billion

Chairman's Statement (continued)

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

The Directors would like to advise users to exercise caution in their use of these Group financial statements due to the material and pervasive impact of the technicalities brought about by the change in functional currency in February 2019 and its consequent effect on the usefulness of financial statements from 2019 through to 2021, and which have resulted in carry-over effects into the 2022 financial year reporting period.

Whilst the Directors have always exercised reasonable due care and applied judgements that they felt were appropriate in the preparation and presentation of the Group's annual financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of the information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

2022 Financial Year Adverse Audit Opinion

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

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

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

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

IAS 29 (Financial Reporting in Hyperinflationary Economies)

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

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

Sustainability Reporting

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

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

Operating Environment and Overview

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

Whilst the interventions, particularly in respect of monetary growth and ZW$ interest rates, have achieved their desired objective they have also brought about reductions in consumer demand post year end. The migration out of this necessary readjustment period will require a gradual easing of these policies in order to recover consumer demand without reigniting inflation.

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

Chairman's Statement (continued)

Financial Performance

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

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

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

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

Operations Review

Flour Milling

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

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

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

Maize Milling

Whilst there was improved volume momentum in the Maize unit in the second half of the year, volumes still closed 2.3% below last year, largely due to last year's excellent harvest. Turning to the most recent season, the rainfall was erratic and the harvest has been further disturbed by unseasonal winter rains.

> Operating profit increased by 301% compared to prior year to ZWL 14.74 billion, whilst PBT increased by 1 390% to ZWL 20.4 billion.

It is anticipated that imports will be needed to fill the gap before the 2022-2023 harvest and the Group has already started on a maize importation program. Ordinarily, our expectation would have been for improved volumes in the year ahead following the lower harvest but the opening of the borders to imports of finished product will likely see volumes remaining flat in the year ahead.

Stockfeeds

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

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

Downpacked

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

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

Traded Goods

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

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

Snacks

Volumes in this Division increased by 24% against the prior period, as the increased production capacity came on stream. Additional production capacity will be commissioned early in the new financial year with a view to fulfilling demand, especially in the informal sector. In addition, work to broaden the portfolio continues, with the recent launch of a new range of premium sesame snacks.

Biscuits

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

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

Cereals

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

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

Pure Oil

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

Contract Farming

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

Corporate Social Responsibility (CSR)

National Foods continues to support a wide range of causes through its comprehensive CSR program. The company supports 45 registered institutions spread across the country's 10 provinces with regular food supplies and assists with a number of wildlife conservation initiatives. A wide range of organisations are assisted including orphanages, special needs groups, vulnerable women and children, schools, hospitals and churches as well as animal welfare and conservation programs.

During the financial year the Group managed to win 3 awards for its CSR work Top Charitable Organisation of the Year the CSR Network Zimbabwe, Best Campaign - Corporate Social Responsibility (Winner) and Public Relations & Communication Campaign of the Year from the Institute of Public Relations & Communication Zimbabwe.

Impact of COVID 19 On Business Continuity and Statement of Solvency

National Foods continues to implement and observe WHO-approved COVID-19 guidelines throughout its operations to safeguard the health and welfare of staff, customers, suppliers and all stakeholders. In addition to this, financing, capital investment and working capital models are regularly reviewed as part of business continuity plans.

Given the ongoing uncertainty around the impact and conclusion of COVID-19, it is not possible to assess, with absolute certainty, the full impact the pandemic will have on the company's financial performance for the forthcoming financial period. At present, the financial status of the company remains healthy, and the impact of the COVID-19 pandemic has not created any issues from a solvency or liquidity perspective.

Chairman's Statement (continued)

Future Prospects

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

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

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

Final Dividend

The Board declared a final dividend of US$5.95 cents per share (2021: ZW$ 296.49 cents per share) in respect of all ordinary shares of the company bringing the total dividend to US$5.95 cents per share and ZW$1 103 cents per share (2021: ZW$1 099.76 cents per share). This dividend is in respect of the financial year ended 30th June 2022 and will be payable to all the shareholders of the Company registered at the close of business on the 11th of November 2022.

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

Acknowledgement and Appreciation

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

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

Todd Moyo
Independent, Non-Executive Chairman
26 October 2022

NATIONAL FOODS HOLDINGS LIMITED

Governance

Directorate and Administration

Board of Directors

The Board of Directors has the ultimate responsibility for the management, strategic direction, general affairs and long-term success of National Foods Holdings Limited. The Group ensures that the Board is sufficiently represented with the skills and experience necessary to achieve our goals. The Board is made up of a majority of Non-Executive Directors. As at 30 June 2022, the following individuals constituted our Board:

Todd Moyo
Chairman
(Independent Non Executive)
CA (Z)
Appointed: 2001

Other commitments:
Non- Executive Chairman, PPC
Non-Executive Director, Delta Corporation

Michael Lashbrook
Chief Executive Officer
BSc Agriculture, MBA
Appointed: 2015

Other commitments:
Non-Executive Director National Foods Logistics.

Lovejoy Nyandoro
Finance Director
CA (Z), BSc (Hons) Mathematics.
Appointed: 2016

Other commitments:
Non-Executive Director National Foods Logistics.

Noel Doyle
Non-Executive and
Non-Independent Director
FCA, CA (SA)
Appointed: 2012

Other commitments:
Chief Executive Officer Tiger Brands

Julian Schonken
Non-Executive and
Non-Independent Director
CA (Z)
Appointed: 2015

Other commitments:
Chief Executive Officer Innscor Africa

Godfrey Gwainda
Non-Executive and
Non-Independent Director
CA(Z), MBA
Appointed: 2016

Other commitments:
Chief Finance Officer Innscor Africa.

Manoj Naran
Non-Executive and
Non-Independent Director
CA (SA)
Appointment: 2020

Other commitments:
Managing Director Milling, Tiger Brands;

Yokesh Maharaj
Non-Executive and
Non-Independent Director (Alternate)
BBA, BTech
Appointment: 2022

Other commitments:
Chief Growth Officer, Tiger Brands

Leigh Howes
Company Secretary
Lawyer (Z); Solicitor Eng. and Wales; LLB (Hons.) (UK) and PG Dip. Legal Practice (UK).
Appointed: 2013.

Directorate and Administration (continued)

NATIONAL FOODS LIMITED

GROUP EXECUTIVES

Michael Lashbrook	Chief Executive Officer
Lovejoy Nyandoro	Group Finance Director
Lawrence Kutinyu	Marketing Executive
Sharon Mamutse	Sales Executive
Rugare Nyandoro	Human Resources Executive

DIVISIONAL MANAGEMENT

FLOUR MILLING

James Stevens	Managing Executive
Nqgabutho Moyo	Operations Executive
Madaritso Luka	Finance Executive

MAIZE MILLING

Chipo Nheta	Managing Executive
Leslie Malunga	Finance Executive

STOCKFEEDS

Swys Viviers	Managing Executive
Tendai Maphosa	Commercial & Finance Executive

DOWNPACKED

Vikas Swami	Managing Executive
Eric Matienga	Finance Executive

TRADED GOODS

Nigel Weller	Managing Executive
Eric Matienga	Finance Executive

CEREALS

William Kapfupi	Managing Executive
Leslie Malunga	Finance Executive

SNACKS AND BISCUITS

Alice Kambasha	Managing Executive
Obly Marufu	Finance Manager

ASSOCIATE COMPANIES

NATIONAL FOODS LOGISTICS (PRIVATE) LIMITED

Bekilizwe Dube	Managing Director
Nash Mashavave	Finance Manager

Corporate Governance

National Foods Holdings Limited subscribes to the principles of discipline, independence, accountability, transparency, responsibility, integrity, fairness and social responsibility, which are identified as the primary characteristics of good governance in the National Code of Corporate Governance for Zimbabwe.

The Board is committed to sound corporate governance values and ensuring responsible business conduct in value chains. The Group will continue to align its governance practices with requirements of the Companies and Other Business Entities Act [24:31], SI.134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules, the National Code of Corporate Governance Zimbabwe (2014) and other internationally recognised corporate governance codes.

Corporate Governance (continued)

The primary objective of our system of corporate governance is to ensure that Directors and managers carry out their responsibilities faithfully and effectively, placing the interests of the Company and society ahead of their own. This process is facilitated through the establishment of appropriate reporting and control structures within the organisation. The Board believes that the Group's governance practices are strong and conform in all material respects to the principles embodied within the National Code on Corporate Governance for Zimbabwe and is committed to ensuring that these principles continue to be an integral part of the business.

Board Composition

The Group ensures that the Board is sufficiently represented with the skills and experience necessary to achieve the Company's goals. The majority of Directors of the Holding company are non-executive bringing objective judgement to bear on issues of strategy and performance. The Group Chairman is an independent non-executive Director. The members have sound leadership qualities and core competencies required by the Group including accounting, financial expertise, business and managerial experience, industry knowledge and strategic planning.

Board Responsibility

The Board of Directors of the Holding company retain full and effective control over the Group. The Board meets regularly, no less than four times a year to review strategy, planning, operational performance, acquisitions and disposals, stakeholder communications and other material matters relating to the performance of executive management. Managerial levels of authority have been established for capital expenditure projects and the acquisition and disposal of assets. However, decisions of a material nature are taken by the Board of Directors and senior management, who constitute key management and whose remuneration is disclosed on Note 25.

The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring compliance with procedures and regulations. Directors are entitled to seek independent professional advice about the affairs of the Group, if they believe that the intended course of action would be in the best interest of the Group.

Nomination and Appointment of Board members

The Group is guided by the nominations policy which ensures that the appointment of a Director follows a formal, robust, and transparent process. The policy requires that Directors are appointed on merit and possess the required expertise and experience.

Remuneration Policy

The remuneration policy was formulated to attract, retain and motivate top-quality people in the best interests of the business, and is based upon the following principles:

- Remuneration arrangements designed to support National Foods Holdings Limited's business strategy, vision and conform to best practices.
- Total rewards set at levels that are competitive within the context of the relevant areas of responsibility and the industry in which the Group operates.

Executive Remuneration

The remuneration packages for the executive Directors comprise an annual salary, benefits, as well as short term and long-term incentive schemes. The process for determining remuneration is guided by the remuneration committee guidelines.

Ethics and Share Dealings

Directors and employees are required to observe the highest ethical standards, ensuring that business practices are conducted in a manner which, in all reasonable circumstances is beyond reproach. In line with the Zimbabwe Stock Exchange Listing Requirements, the Group operates a closed period prior to the publication of its interim and full year financial results during which period Directors, officers and employees may not deal in the shares of the Holding company. Where appropriate, this is also extended to include other sensitive periods. The Directors and Key Management sign a declaration of interest that will curb any conflict arising in carrying out their effective roles and responsibilities to the Group.

Strategic Planning Process

The overall strategy for National Foods Holdings is in line with its mission to build a world-class business. Annual strategic plans are compiled at both Group and business unit level, with detailed plans for action and allocated responsibilities. Progress is reviewed regularly.

Stakeholder Engagement with Board

Our business is shaped by the inclusion of a wide variety of perspectives from our stakeholders. In support of this principle, stakeholder engagement is at the heart of what we do and embedded in every level. The Board of Directors have direct access to the concerns and views of our stakeholders through the Annual General Meetings, Board and Committee Meetings, the Company Secretary and the Chairman.

Sustainability Governance

The Audit Committee reviews and advises on sustainability policies and practices to ensure that these are discussed, understood, owned and promoted at Board level. The Board has established a number of sustainability targets that are monitored and reported on annually.

Corporate Governance (continued)

Board Committees

Audit and Risk Committee	
Members	**Responsibilities**
G. Gwainda (Chairman) N. Doyle T. Moyo M. Naran (Alternate) J. Schonken (Alternate) Y. Maharaj (Alternate)	**The committee comprises non-executive directors and is chaired by a non-executive director. The internal and external auditors have unrestricted access to this committee. The committee monitors and reviews:** • the integrity of the Group's financial statements and any formal announcements relating to the Company's performance, considering any significant issues and judgements reflected in them; • the consistency of the Group's accounting policies; • the effectiveness of the Board and making recommendations to the Board on, the Group's accounting, risk and internal control systems; • the effectiveness of the Company's internal audit function; and • the performance, independence and objectivity of the Company's external auditors, making recommendations as to their reappointment, approval of their terms of engagement and the level of audit fees. **The Board is satisfied with the level of experience and competence of committee members.**

Remuneration Committee	
Members	**Responsibilities**
J. Schonken (Chairman) N. Doyle M. Naran (Alternate) G. Gwainda (Alternate)	**The committee comprises non-executive directors and is chaired by a non-executive director. The chairman of the committee is obliged to report to the Board on its deliberations. The committee is responsible for:** The Group's Remuneration policy that seeks to provide packages that attract, retain and motivate high calibre individuals who contribute to the sustainable growth and success of each of the businesses which the Group operates. Packages primarily include basic salaries as well as performance-related short and long term incentive schemes. **The Board is satisfied with the level of experience and competence of committee members.**

Attendance of meetings during the 2022 Financial Year

Director	Main Board (Meetings)	Audit and Risk (Meetings)	Remuneration (Meetings)
T. Moyo	5/5	3/3	–
M. Lashbrook	5/5	3/3	–
L. Nyandoro	5/5	3/3	–
N. Doyle	4/5	3/3	3/3
M. Naran	5/5	3/3	3/3
J. Schonken	5/5	3/3	3/3
G. Gwainda	5/5	3/3	3/3
Y. Maharaj*	3/5	3/3	–

*Y. Maharaj was appointed on the 17th of February 2022.

Risk Management

Management of risk is at the heart of our business planning processes and is core to achieving our strategic goals. It ensures that we continue to protect our stakeholders and the business. We have a risk management framework that provides a common benchmark to identify, prioritise, and manage risks while leveraging opportunities across our business.

Risk Governance

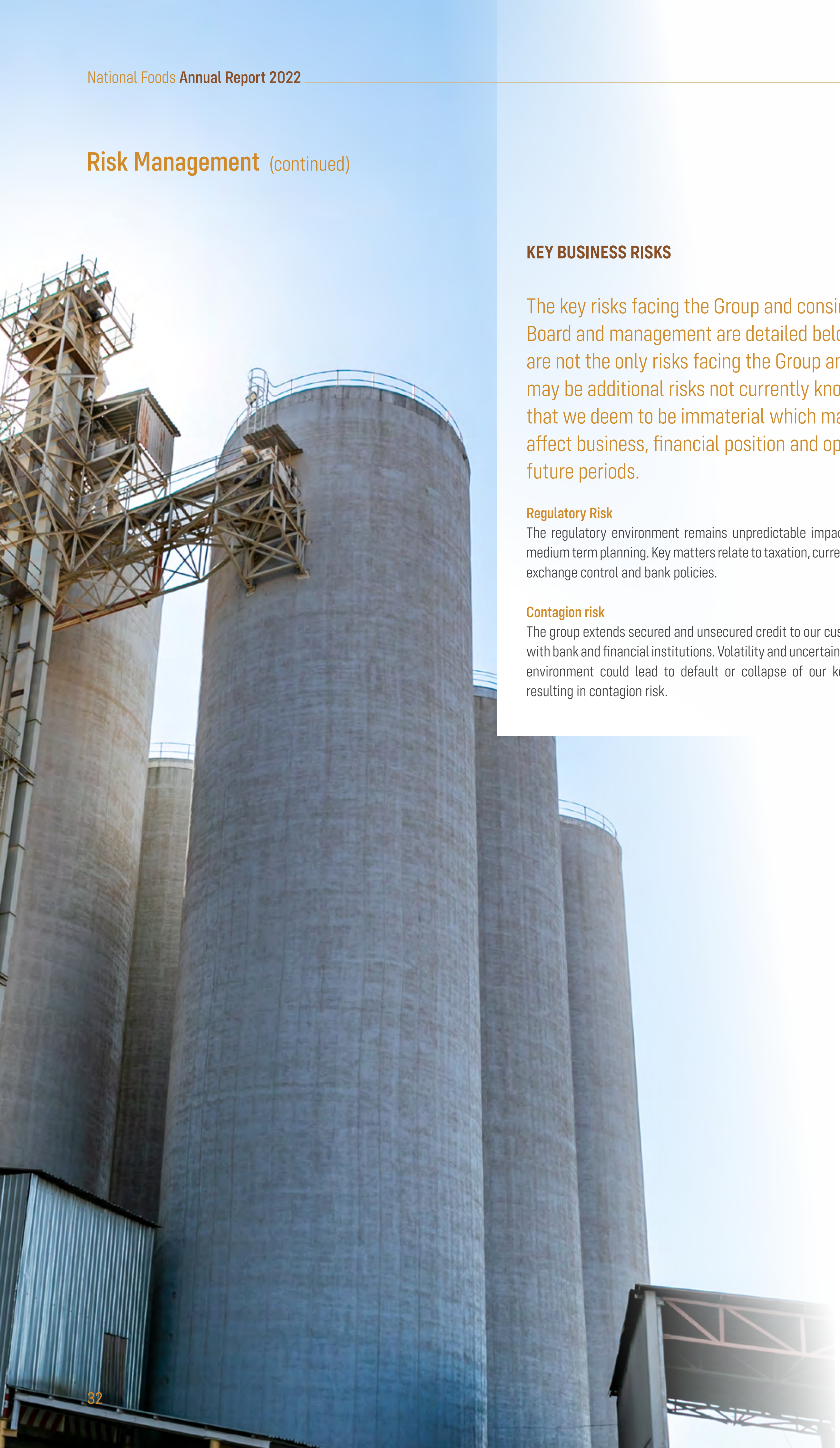
The Board has the ultimate responsibility for risk management and internal controls at National Foods. It discharges its responsibility through the Audit and Risk Committee. Managing the diverse nature of risk requires coordination and reporting of risk from every facet of our operations. The Board provides guidance on tolerable risks, risk appetite and the adequacy of prevailing controls in managing risks while the executive management is responsible for the implementation of the risk management framework.

Framework for Managing Risk

We use a cyclical approach to risk management within our operations, and it consists of four key stages: identification, prioritisation, responding and reviewing. The significance of these risks is assessed as the product of the likelihood of occurrence and impact on the business should the risk event occur. The Group responds with risk treatment measures that achieve an appropriate balance between cost and benefits. The same risk treatment process is applied in exploitation of opportunities identified in the risk management process. The precautionary principle is also a significant element of the risk management system for the Group, guiding us in assessing environmental and social risk. We continuously review our risk profile to ensure it is up to date and preserve company value for the benefit of all stakeholders.

Risk Management Framework

Risk Management (continued)



KEY BUSINESS RISKS

The key risks facing the Group and considered by the Board and management are detailed below. These are not the only risks facing the Group and there may be additional risks not currently known to us or that we deem to be immaterial which may adversely affect business, financial position and operations in future periods.

Regulatory Risk

The regulatory environment remains unpredictable impacting our short to medium term planning. Key matters relate to taxation, currency management, exchange control and bank policies.

Contagion risk

The group extends secured and unsecured credit to our customers and deals with bank and financial institutions. Volatility and uncertainty in the operating environment could lead to default or collapse of our key counterparties resulting in contagion risk.

Risk Management (continued)

Cybersecurity

The Group relies on information technology systems to process, transmit and store electronic information. In addition, most payment systems are either online or utilise electronic platforms and technologies.

There is increasing cyber-attacks capabilities, which could result in business interruptions. Any unauthourised access to the company's confidential data, strategic information or its public disclosure could harm the company's reputation or impact its operations. There is also risk of tighter regulations on access to personal data of customers.

ETHICS AND BUSINESS CONDUCT

National Foods is committed to world class standards of business conduct. Our role is to deliver our ambition through servicing the needs of consumers faithfully and efficiently, and placing the interests of business and society ahead of our own. Good Ethics are at the centre of how we conduct our business. We expect our directors and employees to observe the highest ethical standards in all our business operations. To achieve this, we have values, principles and standards to guide us on the appropriate behaviours expected by the Group. The Code of Ethics and standards of business conduct at National Foods Limited, guides us in promoting equal opportunities, fairness and doing what is right thereby strengthening our reputation and relationships with stakeholders. Key elements of the Code include:

- **Business conduct** – employees should always treat all business partners with respect and integrity.
- **Conflict of interest** – avoiding any situation that has the potential to undermine the objectivity of a person as a result of a possible clash between personal interest and professional business interests.
- **Competition** – complying with all applicable competition laws, employees should never exchange information with competitors.
- **Trade in Group's products** – the Group and its employees should not trade in illicit, smuggled or counterfeit products.
- **Society and the general environment** – we ensure that our actions go towards making a positive societal and environmental footprint.
- **Work environment** – everyone has a contribution towards building a safe and secure workplace.

Our employees undergo an awareness training on our approach to ethics and the behaviour expected. These behaviours are embedded in our new employee induction programme to ensure awareness at the first point of contact with the organisation. The behaviours are spelt out in the Group's Core Values, Code of Ethics, Code of Conduct and Standards of Business Conduct. Business partners, suppliers and other stakeholders are informed of appropriate ethical behaviours through contractual agreements.

Anticorruption

The Group is committed to maintaining the highest standards of honesty, integrity and ethical conduct. We encourage effective investigation, reporting and disclosure of fraud, theft and corruption. Any investigation required is conducted irrespective of the suspect's length of service, position, title or relationship with the Company.

All employees are required to report all allegations or incidents of fraud, theft and corruption to their immediate manager and may be asked to produce a written statement that could be used in the event of it becoming a criminal investigation. Management undertakes the initial investigation, to establish facts and complete full investigations within 48 hours. Measures are taken to immediately secure physical assets and evidential documents linked to an investigation underway. A detailed record of the investigation is maintained. The Group ensures that where allegations are substantiated, investigations are carried out to establish whether the employee should be subjected to the Group's disciplinary process or a criminal investigation by the Police.

We track the effectiveness of measures on anticorruption through internal audits, external audits, Tip-offs anonymous reports and whistleblowers. In addition, the Group relies on internal audits, external audits and Board recommendations to continuously enhance controls.

Whistle-blower system

The Group subscribes to whistle-blower system independently managed under Deloitte Tip-Off Anonymous. This system uses hotlines and email channels where employees and other stakeholders can report breaches of the Code of Ethics. Through this system, the Company investigates and act on any complaints. The communications are kept confidential and reporters have the comfort of reporting fraudulent activities with no fear of victimisation. The reported allegations are then investigated to substantiate breaches to the Code of Ethics and Code of Conduct. The Group deals accordingly with individuals found guilty. The repercussion of violating the Code of Conduct can lead to the suspension and dismissal of the individuals involved.

Ethics And Business Conduct (continued)

COMPLIANCE

We place high value on being legally compliant with national and international standards to which the Group has been certified or licensed. Being a major producer of FMCG products for the Zimbabwean market, we adhere to the following national legislation:

- Companies and Other Business Entities Act [24:31]
- SI 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules
- Factories and Works Act, Chapter 14:08
- Environmental Management Act (Chapter 20:27)
- Public Health Act (Chapter 15:09)
- Labour Act (Chapter 28:01)

The Group complies with the following International Standards to which it was certified:

- ISO 9001: 2015 - Quality Management Systems
- ISO 22000: 2008 - Food Safety Management System.
- Food & Food Standards (Food Labelling) Act (Chapter 15:05)
- KOSHER (Jewish Dietary framework for food preparation processing and consumption)
- HALAAL (National Halaal Association of Zimbabwe (NHAZ)

The Group with all applicable laws governing our sector and business conduct with a commitment to continuous improvement

Sustainability in Our Business

Sustainability in Our Business

SUSTAINABILITY STRATEGY & GOVERNANCE

Sustainability continues to be firmly embedded into the Group's corporate strategy. We recognise that sustainability is a significant driver to how we manage operational risk and drive the strategic positioning of the Group for long-term business success.

The Group applies international standards and certifications to manage sustainability issues relating to products and operations. The Group is certified for ISO 9001:2015 - Quality Management Systems and ISO 22000: 2008 - Food Safety Management System. In addition, the Group applies ISO 26000 standards to integrate socially responsible business conduct across our value chains.

Our sustainability strategy consists of four pillars through which we can make a difference to society. These are:

Health and Nutrition

Through our products and services, we seek to help consumers and the society access affordable nutritional products as a means to end hunger and improve health.

Responsible Production and Environmental Stewardship

We monitor our processes to ensure efficiency while reducing negative impacts associated with our production processes and products.

Our People and Society

Our business is a hub of opportunity for our surrounding communities and employees. We seek to create an atmosphere of respect, equal opportunity and diversity while investing back into our communities to help solve our local development challenges.

Supply Chain and Agriculture

We recognise that agricultural products are central to our business and their steady supply is critical for our continued operations. We support our local farmers, small holder growers, and suppliers enabling them to meet the increased demand for food as the population grows. We work together with our supply chain partners to manage the inherent risks associated with our businesses.

Our Sustainability Strategy

Sustainability in Our Business (continued)

MATERIALITY PROCESS

During the year, we refreshed our materiality matrix by surveying material business and stakeholder issues.

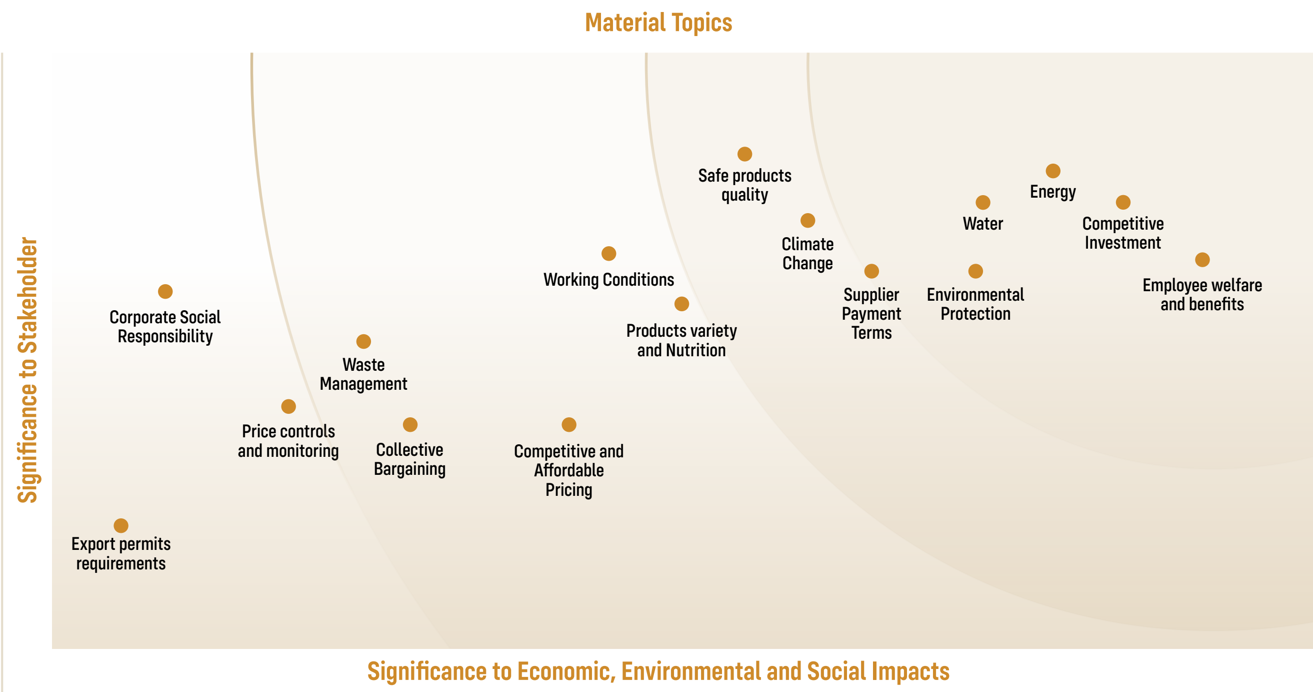
This process involved management and staff going through an evaluation of material issues brought to their attention from both internal and external stakeholders.

Material Matrix

Where issues are considered to be material, the Group's management devise appropriate remedies to update stakeholders through the annual report, trading updates and press releases. During the year, the following topics were identified as material to the business and our stakeholders:

Economic	Environmental	Social
• Foreign currency availability and management. • Supply chain relationships. • Indirect economic impacts. • Sustainable economic development	• Energy consumption and preservation. • Water consumption and preservation. • Environmental impacts, mitigation processes and activities. • Climate change	• Employment policies and relations. • Staff health and welfare. • Social responsibility and investment. • Employee benefits.

Materiality Matrix



Sustainability in Our Business (continued)

OUR STAKEHOLDERS AND RELATIONSHIPS

The Group maintains sustainable relations with stakeholders to uphold shared values in the spirit of inclusivity and to foster strong relational capital. We believe that sustainable relationships are critical for long term value creation and business success. The relationships we have built over the decades continue to inform how we manage enterprise risk and business development. During the year, we engaged with various stakeholders whose issues informed contents of this report.

Our engagements are presented below:

Stakeholder	Material Issues Raised	Mitigation Measures	Communication Channels
Employees	• Engagement & inclusion. • Employee benefits.	• Employee engagements • Review of Worker's Trust benefits.	• Works Council meetings. • Face to face interactions. • Noticeboards/NFL communication via emails. • Line Manager Engagements. • Executive Committee cascades on employee benefits. • CEO Engagements • Code of Conduct. • Code of Ethics.
Suppliers	• Timely payments.	• Frequent cash flow planning	• Face to face meetings.
Industry	• Multi-stakeholder engagements on issues affecting the business.	• Alignment on long term strategy for the trading environment. • Lobbying key enablers for food security and business viability. • Lobbying for duty protection on cheap flour imports and price review of bread flour.	• Direct meetings and updates with key industry players. • Participation in lobby forums both directly and through various associations such as the Grain Millers Association (GMAZ), Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), Buy Zimbabwe, and Stock Feeds, Manufacturers Association (SMA).
Government/ Regulators	• Trading environment • Regulator audits • Duty	• Lobbying key enablers for food security and business viability. • Compliance with regulations. • Lobbying for duty protection on cheap imported maize meal from South Africa. • Lobbying for duty protection on cheap flour imports and price review of bread flour.	• Direct meetings and updates. • Regulator audits. • Direct meetings and lobby forums with regulator.

Sustainability in Our Business (continued)

OUR STAKEHOLDER AND RELATIONSHIPS (continued)

Stakeholder	Material Issues Raised	Mitigation Measures	Communication Channels
Shareholders and Potential Investors	• Competitive Returns. • Regulatory Compliance. • Business Performance updates.	• Improved profitability & returns year on year. • Enhanced governance oversight by the Board. • 5-year NFL strategy.	• Annual Report. • Annual General Meeting. • Bi-annual results release. • Website updates. • Face to face meetings.
Customers and Consumers	• Safe quality products. • Nutritious options. • Innovative products.	• Rigorous quality checks and balances. • Continuous product development. • Innovations.	• Food safety standards. • Regular meetings with key account contacts. • Consumer and Customer Surveys. • Consumer and Customer Immersions.
Local Communities	• Economic development. • Environmental Protection. • Engagement with beneficiaries.	• Compliance with legislations. • Responsiveness to community development needs	• Regular interaction with Local Authorities. • Social Responsibility.

Sustainability in Our Business (continued)

MAKING HEALTH AND NUTRITION AFFORDABLE AND ACCESSIBLE

Through our products, we seek to help consumers and society access affordable nutritional products as a means to end hunger and improve their health.

Food Safety and Quality

National Foods recognises the importance of ensuring food safety and quality. The safety and quality of food starts from the raw materials to the final products. Our laboratories sample, screen, test and analyse products, starting from raw materials to finished goods. The Group has predetermined standards that, if met, guarantee food safety and high-quality products. Failure to ensure food safety and quality standards results in various potential negative impacts on the business, which include among others, product contamination, litigation and closure of the business.

Management Approach

The Group has systems in place to address any negative impacts associated with food safety and quality management. These include Food Safety, Nutrition and Quality Policy, Food Safety and Manufacturing Systems (FSMS) and ISO 9001 - Quality Management Systems (QMS) certification. The systems include sampling and testing of raw materials for quality, in process checks and analysis, quality control and assurance, compliance with the Food and Food Standards Act (15:04), quality indexing and food defence. These systems allow National Foods to produce quality products that meet international food standards. Our goal is to ensure all manufacturing units are certified to international standards and achieve 100% quality assurance, with a target of zero litigation on product quality and no repeat customer complaints. The Group will continue to improve and uphold high standards.

Sustainability in Our Business (continued)

MAKING HEALTH AND NUTRITION AFFORDABLE AND ACCESSIBLE (continued)

Product Health and Nutrition

National Foods prides itself in manufacturing products that meet the health and nutritional needs of the nation. Our state-of-the-art laboratories monitor and ensure compliance to local and global food quality and safety standards.

Management Approach

The Group is guided by our Food Safety and Quality policies which govern our operations across the value chain. We manage potential negative impacts by ensuring our products are within the expectations and requirements of the Food and Food Standards Act (15:04) and ISO 22000 Food Safety Management Systems which the Group maintains. National Foods targets 100% quality assured, innovative, and compliant consumer products. During 2022, the Group introduced Corn-Soya blend which was well received by the NGO community, with the Food Agriculture Organisation (FAO) coming on board for their nutrition activity.

As customer needs and Governmental regulations occasionally change, our systems are geared to respond in a timely manner to ensure consumer satisfaction and legal compliance. We remain grateful to our customers, employees and other stakeholders who continuously give us feedback, which drives our innovation processes.

Product Innovation

With our products having been part of every Zimbabwean's meal for over 100 years, the very essence of this Group's business is anchored on consumer trust, loyalty and us ensuring we meet their needs and expectations. Through continuous research, our innovation processes are constantly driven to develop new products to further meet our customers' needs. In the period under review, the Group launched 12 new consumer driven innovations.

Product Labelling

National Foods places great emphasis on ensuring products are correctly labelled and carry accurate information. All our products carry environmental protection signs: 'Do not litter' and 'Recycle' to encourage responsible downstream waste management. In addition, our locally manufactured lines bear the 'Buy Zimbabwe' logo and where relevant carry the food fortification icons. These labels and claims are validated and endorsed by relevant professionals and regulatory bodies.

Management Approach

As National Foods we pride ourselves on providing all the legislated mandatory packaging information to enable consumers to make informed choices. We encourage recycling and proper waste disposal through the inclusion of these icons on all our packaging.

National Foods ensures quality control inspections on products before release into the market. The Group has a 3 tier process involving multi-disciplinary sign-off of all labels, legal compliance checks, and market surveys to ensure our products are compliant with local and global best practices. The Group conducts executive team trade visits, spot checks, internal audits and label sign-offs to ensure our processes are effective. The Group strives for 100% compliance and reduction in customer complaints.

Product Marketing

The Group ensures all products are marketed in a way that does not mislead consumers. Our marketing teams ensure that our products are marketed in a fair and responsible manner, thereby protecting our brands and safeguarding the trust which we have built in over a century. We ensure all advertisements are evaluated and receive all the necessary approvals before use. The marketing team regularly engages trade partners to ensure the products are marketed in line with our values.

Sustainability in Our Business (continued)

2022 Innovations

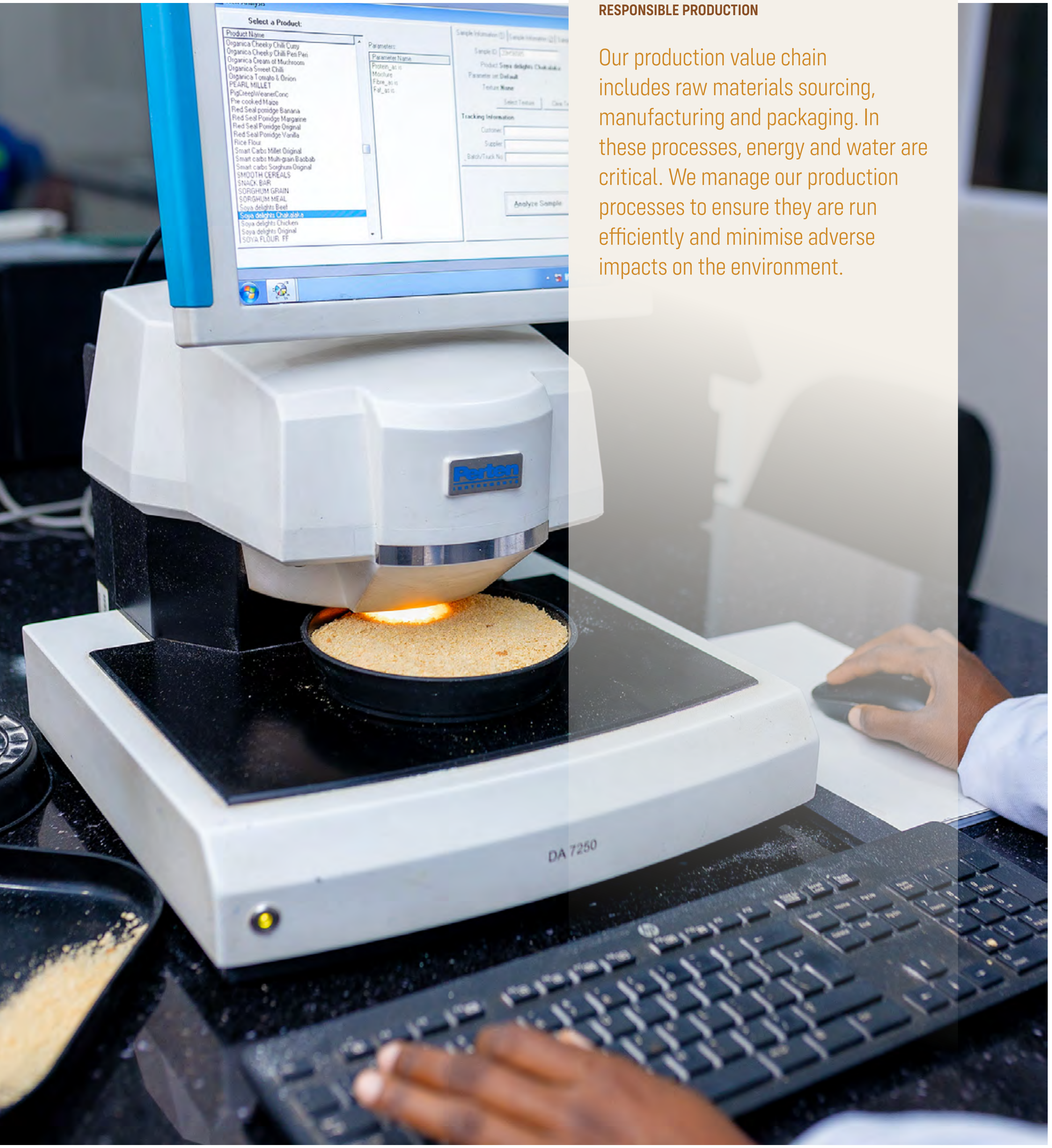
Maize

Cereals, Culinary, Baby

Traded

Snacks

Sustainability in Our Business (continued)



RESPONSIBLE PRODUCTION

Our production value chain includes raw materials sourcing, manufacturing and packaging. In these processes, energy and water are critical. We manage our production processes to ensure they are run efficiently and minimise adverse impacts on the environment.

Sustainability in Our Business (continued)

RAW MATERIALS

National Foods' production value chain utilises on raw materials that include maize, rice and wheat. However, by-products from maize and wheat milling are utilised in the manufacture of stockfeed.

Management Approach

The Group's approach to raw material management starts from procurement to storage and the production process. Our procurement policy requires that raw materials are tested and screened to ensure the right materials are sourced. Any waste from the production process is recycled where possible to reduce the amount of final waste that ends up being dumped. We endeavor to find alternative use of waste materials. To track the effectiveness of our actions, we rely on internal audits, material sampling, and screening. Our goal is to maximise environmentally friendly raw material use.

Key Raw Material

Materials Used	Unit	2022	2021	2020	2019	2018
Grains	Tons	328 588	314 658	298 995	383 313	367 622
Other	Tons	240 693	210 772	157 399	227 499	175 453
Total	**Tons**	**569 281**	**525 430**	**456 394**	**610 812**	**543 075**

Materials	Unit	2022	2021	2020	2019	2018
Volumes sold	Tons	569 281	525 430	456 394	610 812	543 075
Total	**Tons**	**569 281**	**525 430**	**456 394**	**610 812**	**543 075**

Environment and Climate Change

ENERGY

The Group relies on both renewable and non-renewable energy, for manufacturing, packaging, and distribution of our products. Our production predominantly uses electricity supplied by ZESA who generate 70% from hydro power and 30% thermal power.

The Group aspires to align energy management to international standards while migrating to renewable energy sources. We endeavor to ensure efficient energy utilisation and cost savings for the business.

Management Approach

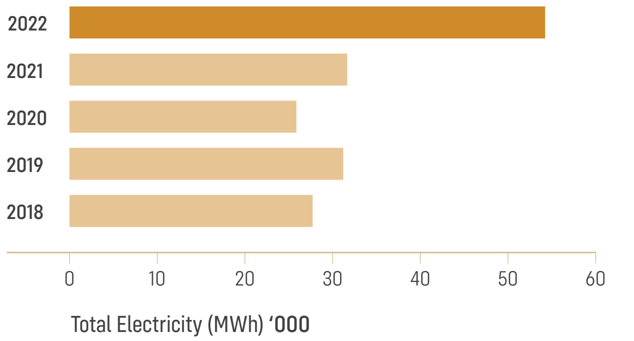
The Group takes active measures to manage energy through energy budgets, which are tracked against actual consumption. Electricity readings, fuel (petrol and diesel) consumption and coal usage recordings are done every month. This data provides management with useful information for evaluating performance and corrective action required on energy consumption. During 2022, the Group took the following measures to improve energy efficiency:

- Maintenance and service of boilers.
- Compliance with the EMA Act (202:27).
- Feeding milling waste to the cyclonic burner to reduce coal use.

Environment and Climate Change (continued)

The Group evaluates internal and external audit reports, measurement systems, external performance ratings, benchmarking, and stakeholder feedback to track the effectiveness of energy management systems. Our goal is to reduce grid sourced energy by 5% Year-on-Year.

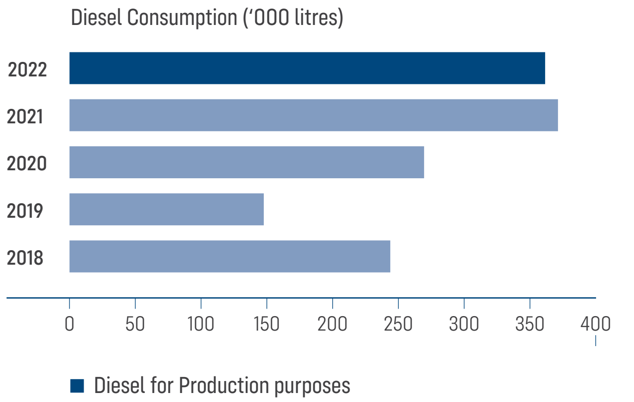
Energy Consumption within the Organisation



The increase in electricity used in 2022 against previous years is attributed to the following:

- General increase in volumes handled (manufacturing and down-packing combined).
- Installation of new automated equipment.

Migrating to Clean Energy

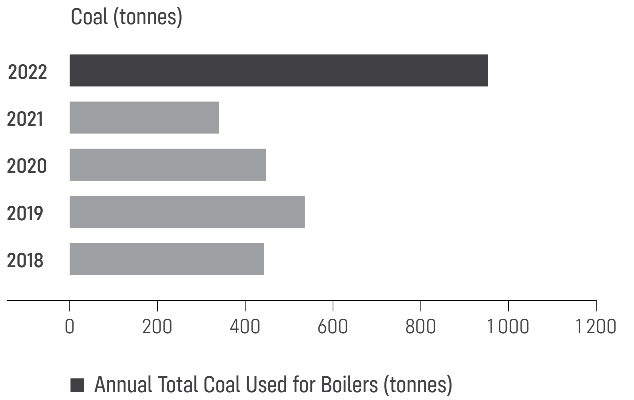


The increase in overall diesel used is due to:

- Increase in volumes handled especially by Business Units that are heavy on diesel draw downs.
- Increase in generator usage due to intermittent power outages at our main production sites.

National Foods commenced plans to migrate to more cleaner energy sources. During 2022, we conducted scoping for solar energy and a detailed plan was drawn. Our plan is to develop a solar plant capable of producing a minimum of 60% of energy requirements at the Aspindale site by end of 2024.

During 2022, we experienced a considerable number of power cuts, which resulted in a corresponding increase in diesel consumption as generators had to be used to produce the required energy.



Coal usage increased significantly in 2022 due to the unavailability of the Cyclonic burner burner fuel for several months which resulted in need for the use of the coal boiler.

Environment and Climate Change (continued)

ENERGY (continued)

Energy Consumption within the Organisation (continued)

The Stockfeeds Division is the only business unit using coal as fuel for the boilers to produce steam for the production of stockfeed.

Energy Source	Unit	2022	2021	2020	2019	2018
Electricity	MWh	54 150	31 765	25 950	31 229	27 855
Diesel for ovens	Litres	164 981	372 717	270 723	148 955	244 849
Coal for boilers	Tons	954	344	451	540	443

Energy efficiency

The Group's objective is to reduce the negative environmental impact through the efficient use of materials. By using energy from waste we have significantly reduced our reliance on coal. Our future capital projects will improve our steam systems with particular focus on our Bulawayo Stockfeeds plant. Baseline data for energy efficiency is being collected along with relative operating parameters of the machinery to achieve the most energy efficient operations with the equipment currently in use. Achievable targets for energy efficiency were being developed. Improvements to our utility systems are being considered with the goal being to minimise unnecessary electricity usage for compressed air and pumping processes. New state of the art high efficiency equipment is being purchased for various new and existing product lines.

WATER

National Foods consumes large quantities of water and mostly relies on boreholes. The business relies on water supplies for production, reticulation and boilers. However, improper management of water and effluent can lead to financial loss, production downtime and water shortages.

Consequently, unchecked effluent pollution can damage the environment and cause water-borne illnesses. The Group ensures all effluent are channelled through infrastructure approved by the Environmental Management Agency (EMA).

Management Approach

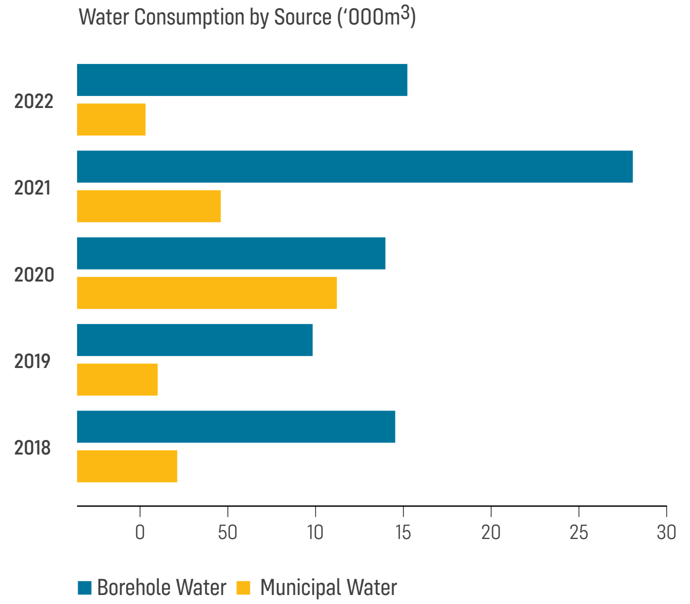
National Foods uses the Safety, Health and Environment (SHE) Policy to manage water and effluent. The Policy emphasises the commitment required of Executives and Management in upholding the SHE Policy for managing water extraction, utilisation and disposal. In 2022, the Group employed competent SHE staff, enhanced executive and management involvement, developed water management plans and took the following actions to manage water and effluent:

- Training and awareness on water conservation.
- Implementation of a water conservation programme, which ties water usage to tonne of product.
- SHE Audits.
- Borehole capacity and water quality testing.
- Meters and automated taps installation.
- Internal and external audits.
- Measurement systems reviews.
- External performance ratings.
- Benchmarking.

With only 18% of its water being supplied by the Municipality, the Group had to source 82% from groundwater in 2022. With our production predominantly involving dry processes, our operations focused on reducing the Group's general water consumption through the installation of water meters, allowing us to monitor our water consumption.

Our goal is to provide constant potable water and ensure the sustainable management of effluent. We target to achieve 100% water availability, 100% water quality and zero effluent fines. We are pleased to report that we achieved 100% availability of water with no fines from the municipality. The Group learnt that effective water and effluent management can create value for the business and reduce costs of non-compliance with national laws.

As a result of better water management including more accurate water readings, the Group managed to reduce its water consumption by 43% compared to 2021 and used a total of 203 876m^3 of water.



Environment and Climate Change (continued)

ENVIRONMENT AND CLIMATE CHANGE

National Foods recognises the significant impacts of production waste and operations on the environment. The Group tries to optimise operational efficiency to minimise waste, emissions and take action on climate change.

WASTE MANAGEMENT

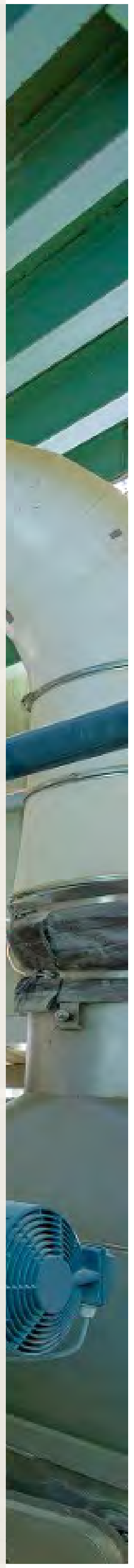
Waste management is critical for National Foods. Our business generates solid waste, packaging and liquid waste which can be hazardous and/or non-hazardous. Waste generation comes with disposal costs and potential impacts on eco-systems. However, failing to manage waste can result in fines or business closure by the Environmental Management Agency (EMA). We understand that waste generated by our production processes and products has adverse effects on environmental eco-systems. As such, our strategy is to reuse some of the waste for other products and energy generation.

Management Approach

The Group uses the SHE Policy to manage waste. The SHE Department conducts inspections and audits of waste generating points to ensure they are within stipulated targets. The business recycles milling waste for stockfeed production and feeds some of it into the cyclonic burner to maximise waste diverted for dumpsites. Our standard operating procedures on waste management are guided by the Environmental Management Act (20:27). During 2022, our environmental management actions included:

- Complying with national environmental laws.
- Environmental education to communities to keep the environment clean.
- Waste segregation and disposal.
- Reusing milling waste or by-products for stockfeed.

Our holistic management of waste was instrumental in complying with environmental laws, avoiding conflicts with communities, reducing disposal costs and achieving organisational targets for sustainable manufacturing.



Environment and Climate Change (continued)

Cyclonic Boilers

The Group's two cyclonic boilers are used to generate energy by incinerating waste, such as plastic packaging and raw material waste, at high temperatures to produce the steam required for the production process. Not only does this significantly reduce the waste produced, it also reduces the amount of coal required. During 2022, 482 tonnes of non-recyclable waste was incinerated to produce energy.

Materials	Disposal Method	Unit	2022	2021	2020	2019	2018
Solid waste	Landfill	Tons	537	625	296	565	274
Maize screening waste	Sale to farmers	Tons	698	288	824	1 849	308
Total		**Tons**	**1 235**	**913**	**1 120**	**2 414**	**582**

Our waste management processes continue to look at how to prioritise reducing, re-using, recycling or recovering our waste in the first instance. A portion of our paper cut-offs from the Flour Mills and Cereals division is recycled by a third party who converts them into tissue paper.

Waster papers Recycled

Materials	Unit	2022	2021	2020	2019	2018
Paper cut-off	Tons	44	7	24	10	33

EMISSIONS

National Foods operations generate emissions from boilers that release organic dust. In addition, there are generators, vehicle fuel, and electricity combustion, which add to our emission profile. All these have a negative impact of increasing Greenhouse Gases (GHG) gases that contribute to climate change.

Management Approach

To mitigate these negative impacts, we have a SHE Policy and ensure compliance with the Environmental Management Agency Act (20:27) which requires a quarterly boiler and generator emission test. We also use stakeholder feedback to gain insight into our emissions. Maintenance of equipment through the service of boilers, generators, discharging equipment and vehicles is done per schedule. NFL is licensed and required to track and monitor emissions from the boilers' surrounding vegetation.

The Group uses internal audits, regulatory inspections, timeous licensing, and stakeholder reports to evaluate the effectiveness of the management of emissions. Our goal is to achieve 100% compliance with environmental laws and zero emission fines. In addition, the Group endeavors to maintain its Green Emission License, avoid fines from EMA and minimise complaints from stakeholders.

The classification criteria for the emission licences are categorised as follows:

(a) A **blue** licence in respect of a discharge which is considered to be environmentally safe
(b) A **green** licence in respect of a discharge which is considered to present low environmental hazards
(c) A **yellow** licence in respect of a discharge which is considered to present medium environmental hazard
(d) A **red** licence in respect of a discharge which is considered to present a high environmental hazard

There are two cyclonic boilers and a generator being used at both our sites in Harare and Bulawayo. We were granted permits from the Environmental Management Agency, following SI.72 of 2009 with permission to emit up to a Green level Emission Licence. Emissions are classified in the band of the most polluting parameter and therefore all emissions are classified as green, representing a low environmental hazard.

Environment and Climate Change (continued)

EMISSIONS (continued)

Emitting Unit (Harare)	Classification
Boiler 1 Aspindale	Green
Boiler 2 Aspindale	Green
Generators Aspindale	Green

Emitting Unit (Bulawayo)	Classification
Boiler 1 Bulawayo	Green
Boiler 2 Bulawayo	Green
Generators Bulawayo	Green

We are pleased to report that during the financial year, we had no fines from EMA nor complaints from communities in the vicinity of our production plants. For more than 7 years, we have been in the green band classification. NFL discovered that a comprehensive approach to managing emissions helps reduce fines and prevent community disputes. As such, we continue to improve production systems to reduce our emissions.

CLIMATE CHANGE

Climate change remains one of the greatest challenges of our time. The Group contributes to climate change effects through the use of coal to generate steam, vehicles to transport goods to consumers, electricity use, fuel use, and milling waste. However, National Foods is subject to assessments and scrutiny by the country's environmental regulators to ensure operations are within acceptable parameters. We do this to avoid having a negative impact on the environment and eco-systems.

Climate Actions

National Foods has cyclonic burners that use combustible waste as fuel instead of coal. Milling waste is used in the burners instead of sending it to dump sites. The Group is planning to migrate to clean energy by investing in a solar plant in the coming years. As we continue to seek to decrease our effects on climate change, we continue to benefit from learning about new developments and technologies that will help us upscale our climate action as a member of the Business Council on Sustainable Development in Zimbabwe (BCSDZ).

The Group participates in national clean-up campaigns regularly to keep the environment clean. We also encourage our customers to responsibly dispose of packaging materials bearing our name so as to reduce the effects on climate change and environment. As part of our responsible sourcing, we evaluate and remind our suppliers of their environmental obligations. The Group relies on assessments and evaluation reports from internal audits, regulatory inspections, stakeholder complaints, non-compliance fines, and reporting to track the effectiveness of our actions in mitigating climate change. The Group targets 100% compliance with all environmental laws.

The Group appreciates that climate change can cause severe impacts on the business if it does not play its part in contributing to mitigation efforts. In this regard, we are planning to develop a Group Climate Change Policy to guide all operations beyond just complying with national environmental laws.

Carbon Footprint

The Group recognises that its operations contribute in some way to climate change. Our goal is to report our carbon footprint across the value chain of all our businesses. We continue to use the Department for Environment, Food and Rural Affairs (DEFRA) United Kingdom's Government GHG (Greenhouse Gases) conversion factors for measuring our carbon footprint. The information is presented as tonnes of carbon dioxide equivalent (tonnesCO_2e), which is a measurement unit for global warming potential (GWP) of GHGs, expressed in terms of the GWP of one unit of carbon dioxide (CO_2). The GWPs used in the calculations of CO_2e are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period. Electricity carbon footprint factors are taken from those developed using IPCC factors based on the Zimbabwean electrical grid parameters, including both renewable and non-renewable sources as found on: www.emissionsfactors.com.

Scope 1: Direct Emissions

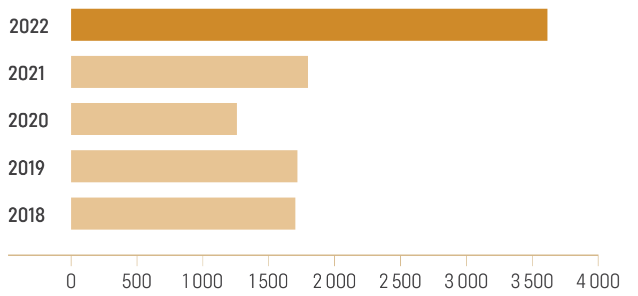
Scope 1 relates to emissions from business activities that include direct fuel combustion within the control of National Foods. The Group applied DEFRA Greenhouse gas conversion factors.

Scope 1: Direct Emissions

Emissions Sources	Unit	2022	2021	2020	2019	2018
Fuel: Diesel (for ovens and generators) and Coal	tCO_2e	3 626.73	1 799.02	1 261.80	1 727.35	1 701.08

Environment and Climate Change (continued)

Scope 1 GHG Emmisions

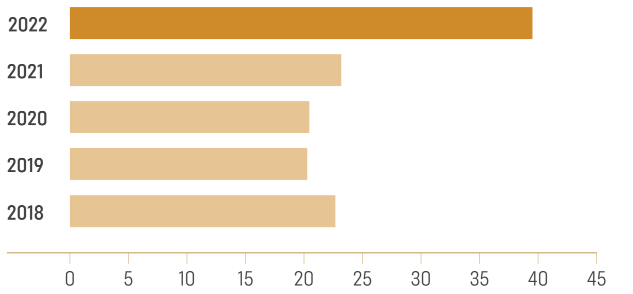


Scope 2: Indirect Emissions

Scope 2 relates to the emissions arising from the use of energy generated by a third party or sources over which a company has no control such as electricity. The data below is calculated based on emissions www.factors.com's IPCC calculation value of 0.729770333127 $kgCO_2e/kWh$ for Zimbabwe.

The Group is mindful of the impact business processes have on the environment, in particular the amount of energy used. In line with this, National Foods is committed to assessing and implementing where practical the use of renewable energy over traditional energy sources.

Scope 2 GHG Emissions ('000)



Scope 2: Indirect Emissions

Emissions Sources	Unit	2022	2021	2020	2019	2018
Electricity	tCO_2e	39 516.76	23 181.30	20 536.47	20 327.75	22 790.00

Sustainability in Our Business (continued)

OUR EMPLOYEES

Our strength and success as a business lies in our employees. We strive to be an employer of choice, an equal opportunity employer. We pride ourselves in having a highly engaged and energised team that positively contributes to the goals of the organisation.

At the core of our business is an enduring commitment to provide a conducive work environment that inspires productivity. We thrive in a diverse workforce where discrimination is not tolerated, and ensure that there are team synergies across functions, mentorship and coaching and common values for our corporate culture.

Human Resources Management

For our business to operate efficiently and productively, it is necessary for management and the employees to carry out their obligations within a framework of agreed rules of conduct and of resolving grievances and disputes. The Company revised the Code of Conduct, which is premised on the Labour Act [28.01] and the Constitution of Zimbabwe (2013), to govern labour relations at the workplace. This Code of Conduct forms an integral part of each employee's contract of employment and part of the induction training for all new employees.

Fundamental Principles and Rights at Work are derived from the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and are promoted through the Group's company policies. These include the following:
- Labour rights
- Health and safety rights
- Freedom from child labour and forced employment
- The right to human dignity (in the workplace)
- Protection from inequality and discrimination
- Freedom of association and the effective recognition of the right to collective bargaining

Sustainability in Our Business (continued)

The Group has policies that include the Recruitment Policy and the Remuneration Policy, which are part of the broad Human Resources Policy. These policies are regularly reviewed to align with the provisions of the Labour Act [28:01] and best practices. Our goal is to maintain highly motivated employees, high return on human capital investment and high staff retention. We target achieving less than 5% attrition. The Group strongly believes in rewarding performance and results that contributes to business growth, performance and employee satisfaction.

Labour Relations

Labour relations cover interactions between employees, as represented by their labour unions and management. National Foods benefits from good labour relations because this allows alignment of corporate objectives and effective resolution. The Group involves employees in matters that affects them and the business. It is the Group's practice to allow employees to join trade unions and national employment councils of choice covering our sector.

Management Approach

We are guided by the NFL Code of Conduct, Labour Act [28:01], Collective Bargaining Agreements (CBA) and the National Social Security Authority (NSSA) Act [17:01] in employee relations and related impacts. We encourage Labour relations management by conducting the following:

- Quarterly Works Council meetings.
- Quarterly Group CEO engagements.
- Management Executive engagements.
- Wage negotiations between employers (millers) and Trade union facilitated by the National Employment Council.
- Values and culture cascades.
- Training of employee reps on Industrial Relations.

The Group provides various forms of employee engagement platforms aimed at ensuring a harmonious industrial climate exists. In addition the Group also focuses on ensuring it has a highly engaged and productive workforce.

Employment Impact

We provide employment opportunities to 1 515 employees employed as full time employees and temporary staff. Although a significant portion of our staff are male, we have started to make a deliberate consideration to recruit females over the years wherever it is possible based on merit. 2022 saw a 10% increase against the 2021 figure of women employed within the Group, bringing the total women to 282 or 19% of the total number of employees.

Recruitments

Gender	Unit	2022	2021	2020	2019	2018
Male	Count	48	31	32	51	26
Female	Count	11	5	15	10	24
Total		**59**	**36**	**47**	**61**	**50**

Staff Turnover

Gender	Unit	2022	2021	2020	2019	2018
Male	Count	40	41	26	47	66
Female	Count	4	7	10	3	11
Total		**44**	**48**	**36**	**50**	**77**

Employee Base

Gender	Unit	2022	2021	2020	2019	2018
Male	Count	1 233	1 255	1 043	1 178	1 171
Female	Count	282	257	249	189	197
Total		**1 515**	**1 512**	**1 292**	**1 367**	**1 368**

Sustainability in Our Business (continued)

OCCUPATIONAL HEALTH AND SAFETY

We recognise that a business can only be as strong as its employees and this starts with respecting their right to a safe work environment. Providing a safe workplace goes beyond our legal obligations and is strengthened by the understanding that promoting our employee's safety is crucial to our success.

Occupational health & safety positively impact the Group by promoting the wellness of employees thereby boosting productivity, preventing injuries and fatalities bad reputation and business disruptions.

Management Approach

The Group aims to achieve zero injuries in operations by fostering a safe and healthy occupational environment. In this regard, we have an Occupational, Health and Safety Policy which guides all operations. Our target is to achieve 20% reduction in Lost Time Injury Frequency (LTIR) and 30% reduction in Injury Severity Rate (ISR). During 2022, we achieved a 40% reduction in accidents and severity, 100 % OHS training achievement and 100% legal compliance. We are pleased to report that National Foods received awards from the National Social Security Authority (NSSA) for its OHS practices.

Hazard Identification and Risk Assessments (HIRA)

Hazard Identification and Risk Assessments are conducted for each task carried out in the business. The Group keeps a hazard register for each business unit and issues safe working permits for every task after a comprehensive Task Hazard Analysis. The business applies the hierarchy of controls to eliminate any hazards. There are various platforms for employees to report work related hazards and these include suggestion boxes, job cards, WhatsApp groups, training and direct lines to NSSA. All employees are guided by the Group's Grievance Procedures and there are no reprisals. Employees are informed as early as the OHS induction that they do have a right to refuse or stop any work deemed unsafe.

Sustainability in Our Business (continued)

Investigation of workplace accidents is governed by the Factories and Works Act [14:08] which is enforced by NSSA.

Employees Involvement in Occupational Health and Safety (OHS) Management

Employee involvement is the cornerstone of occupational health and safety management. Employees are involved in the formulation of OHS Policies. Employees receive at least 30 minutes of OHS training every month based on a scheduled training calendar. Depending on operational developments, ad hoc trainings are facilitated to ensure employees are empowered for better decision making on OHS matters. Employees have access to various medical facilities of their choice. National Foods has on-site clinics which are under the cover of a visiting Occupational Health doctor. All employees and their families have access to the Innscor Clinic where healthcare services are offered.

Tracking Impacts of OHS Management

The Group evaluates the effectiveness of Occupational Health and Safety management through:

- Internal and 3rd party audits.
- Regulatory inspections by NSSA.
- Ratings that involve NSSA performance based inter organisation assessment.
- Benchmarking with other companies as an active member of the Southerton / Workington Industrial OHS Cluster.
- Employee Engagements.

The health and safety of our employees is an essential component of our Group's operations, mainstreamed through various company policies and stipulated by the Health, Safety and Environment (SHE) Policy whose objective is to:

- set the organisational approach to employee health and safety;
- affirm management's commitment to the prevention of harm at the workplace; and
- clearly define the Group's responsibilities in the management of health and safety.

Our Health and Safety Policy is informed by and compliant with relevant and applicable national legislations covering our sector. The Group's commitment to health, safety and welfare for all of its employees requires all businesses to ensure that they adopt and apply best practices at all times. During the year, health and safety topics discussed at various employees' sessions covered the following topics, as guided and agreed with various Trade Unions:

- Safety Health and Environmental Culture
- Operational Safety
- Behaviour-based Safety
- Hazard Identification
- Electrical Safety.

A total of 1 440 hours of safety training were delivered to 1 515 employees based in Harare and Bulawayo.

Number of work-related Injuries

	Unit	2022	2021	2020	2019	2018
Work related injuries	Counts	12	7	7	9	11
Lost days due to injuries (LTI)	Days	198	278	121	382	291
Work related fatalities	Counts	0	0	0	0	0

Sustainability in Our Business (continued)

Tracking Impacts of OHS Management (continued)

The Group continues to take measures to minimise injuries sustained in the working environment by providing training sessions on relevant Standard Operating Procedures (SOPs). The overall responsibility for Safety and Health Management rests with the CEO and is delegated through the Group Engineer. Every role within the Group has Safety, Health & Environment (SHE) responsibilities which are linked to performance assessments through Group SHE performance scorecards and Individual Performance Assessments (IPAs).

Employees Wellness

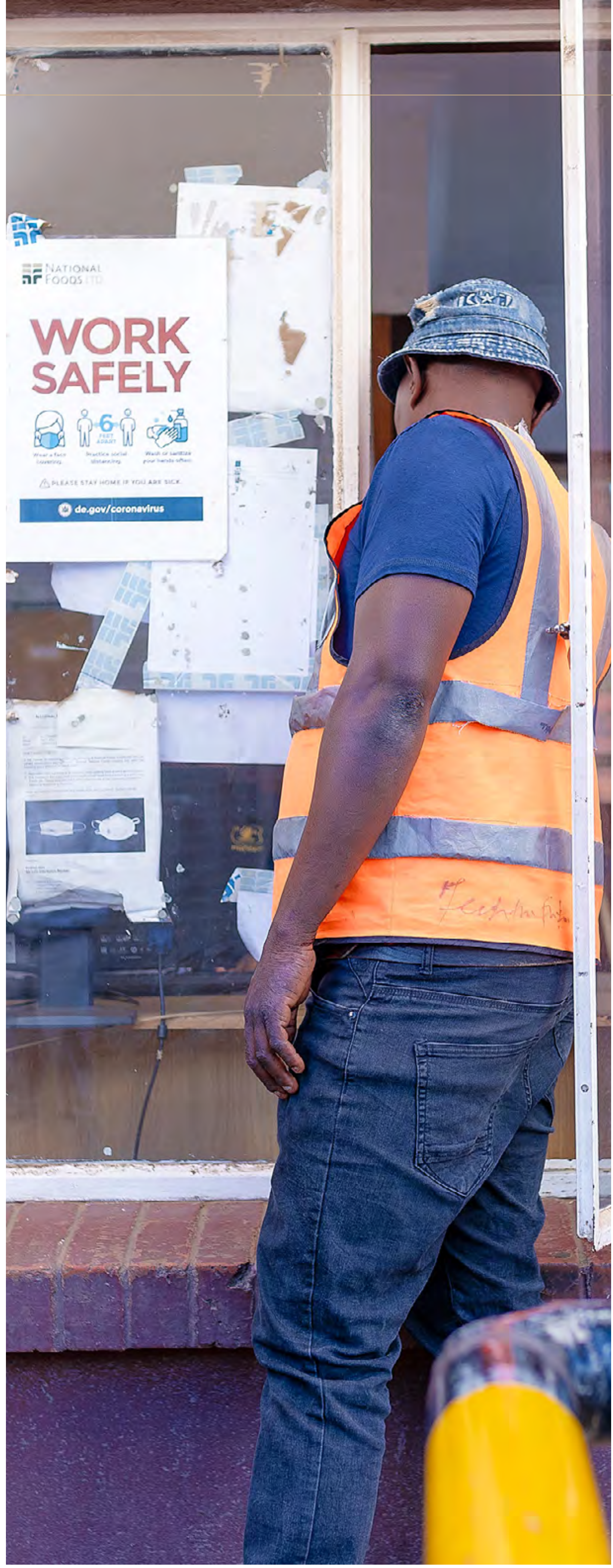
The Group recognises that a healthy workplace promotes productivity. The Occupational Health (OH) team applies a holistic approach that covers employee wellness for adapting and sustaining behaviours and lifestyles that reduce occupational health risks.

The Occupational Health (OH) Team implements wellness programmes and plans for the Group on physical, emotional, psychological and mental wellbeing of employees. The Group provides:

- In-house clinic services to deal with injuries on duty, ailments, HIV & Aids Awareness and provision of Anti-Retro Viral drugs (ARVs), COVID-19 health education and prevention measures, first aid training, among others.
- Ergonomic training done to ensure staff have the skills and competencies to handle their tasks with limited or no ergonomic risks. Safety, Health & Environment and Quality reports are generated quarterly and presented to the Board.
- As part of employee wellness, staff are provided with meals on site as well as monthly food hampers for nutrition.

Stakeholder engagement through regular meetings including perception surveys, contribute to an understanding of issues affecting employees' occupational health and wellness indicating how successfully they can be resolved. These established mechanisms allow employees to express issues and concerns regarding health and safety.

During 2022, 1 780 visits were recorded in total at the Harare and Bulawayo clinics. The Group facilitated telephonic consultation for employees during the COVID-19 National Lockdown.



TRAINING AND DEVELOPMENT

National Foods places high value on training and education since it enables staff to develop new skills, polish existing ones, perform better, boost productivity, and become better leaders.

Management Approach

The Group is guided by the Performance and Training Policy under the Human Resources Department, which is in charge of all Group training and education. We are committed to honouring personal and company based skills development plans. We believe this prepares our employees for internal promotion, succession planning and skills retention programmes. Our goal is to achieve 100% completion of training plans. We track the effectiveness of employee training and skills development through return on training investment, improved productivity, meeting targets, improved leadership skills, business excellence and innovations. The Group continuously monitors potential skills gaps among employees and ensures appropriate training is conducted.

Training Programmes

The Group offers the following programmes:

- Millers Training.
- Training Outside of Public Practice (TOPP) for Chartered Accountants.
- Graduate Traineeship
- Internship.
- Apprenticeship.
- Exchange visits.

Miller Training

We run an in-house Miller Training Program in partnership with the South Africa Grain Millers Association (SAGMA) and we currently have 10 trainee millers enrolled; six men and four women, of which six are from Flour Milling, two from Maize Milling and two in the Cereals division. We also run a miller development program in partnership with the Africa Milling School (Buhler) in Kenya. We pride ourselves on our association with the prestigious Swiss Milling School where we send our exceptional millers. The Group has trained four millers since the inception of the Miller Training Program.

Professional Development

We offer various professional development programs for the experienced mid-career recruits. We ensure that development planning is at an individual level and continuous professional development is encouraged. Some of the programs offered include the Chartered Accountants Training Outside Public Practice (TOPP) accredited by the Institute of Chartered Accountants of Zimbabwe (ICAZ). TOPP is the financial management training route that offers prospective Chartered Accountants (CAs) an alternaive to the conventional TIPP (Training Inside Public Practice) to qualifying as CAs. We currently have 22 employees, 12 males and 10 females are enrolled on this program.

Testimonials on Impact of the TOPP Program

"I have had a good journey with National Foods, and I find it difficult to think of working anywhere else. I see National Foods as my mother ship, having partnered and supported me in my career development and growth over these past years. They have invested in my professional career and have recognised me through my promotion to where I am at today." **Brighton Munyangara CA(Z), Finance Manager - Flour Division**

"My TOPP journey at National Foods has been very rewarding with invaluable lessons throughout my academic and career progression into various roles. The program provided a balance of academic, soft skills training and exposure to real life problem solving. I joined National Foods straight from University with raw, untapped potential and I proudly emerge as a well-polished professional gem." **Mazvita Chiradza, Finance Manager - Corporate**

"The NFL TOPP program has given me the opportunity to truly engage in the business. I'm not only learning but working and applying my mind and therefore adding value to the business. What really impacted my growth is the culture of inclusivity at NFL, as my input is valued, and I get to interact with everyone at different levels. In the past 2 years of embarking on the program. I have grown and become a well-rounded aspiring Chartered Accountant in the making." **Artwell Gapare, Assistant Accountant - Traded Goods**

"The last few months of my life have been a journey of self-discovery. I joined the TOPP program at National Foods with dreams of success, recognition and dare I say money. On my journey I was blessed to be mentored by world leading business acolytes in Time management and analytical skills. They have taught me that all problems have solutions, and my hard work today will pay off tomorrow. I have grown into a woman with the self-belief to conquer any obstacle set before me. Thank you TOPP." **Paidamoyo Mwanasawani, Assistant Accountant - Corporate**

Sustainability in Our Business (continued)

Graduate Mentorship Program

We have in place a Graduate Trainee (GT) program, where graduates can put to practice their newly acquired knowledge. 12 graduate trainees, including five women, completed their 18 month graduate training program in 2021 and have been placed into entry level roles during 2022, becoming part of the Group's talent pipeline. As part of the GT program, candidates have the opportunity to work with a pool of highly skilled teams and their rotational assignments are underpinned by a mentorship program (conducted by the Group Executives) to ensure that they have adequate support throughout their development.

Internship Programs

The business provides learners in Colleges or Universities with internships for them to get hands-on experience in their fields of study. Students also get the opportunity to apply for the GT Program upon completion of their studies.

Apprenticeship Program

For those pursuing technical development, National Foods is accredited by the Ministry of Higher and Tertiary Education to run apprenticeship programs for electrical and mechanical engineering. In July 2022, six (6) apprentices completed their four year supervised training program.

Long Service Awards

Our recognition of the value and contributions of our employees is acknowledged through the Group's Long Service Awards which are presented annually. In 2022, 36 members of staff were recognised for serving National Foods for 15 years or more of which two employees reached the auspicious milestone of working for the Group for 40 years. This reinforces the strength of the Group's valued relationship with its staff and the considerable investment over the years into developing and retaining skilled and experienced employees.

No of Years served	No of Employees 2022	No of Employees 2021	No of Employees 2020
15 years	3	7	10
20 years	9	13	7
25 years	12	13	21
30 years	3	6	10
35 years	7	2	1
40 years	2	1	10
Total Number	36	42	59

Skills Base

Our staff are members of the following professional bodies:

- Institute of Chartered Accountants of Zimbabwe (ICAZ)
- Association of Chartered Certified Accountants (ACCA)
- Chartered Institute of Management Accountants (CIMA)
- Chartered Institute of Marketers (CIM)
- Zimbabwe Institute of Engineers (ZIE)
- Health Professions Association of Zimbabwe (HPAZ)
- Institute of Chartered Secretaries and Administrators of Zimbabwe (ICSAZ)

Employees' Pension

The Group contributes to various pension funds managed internally and externally. 94% of our full-time employees are on the National Foods Pension Fund. For 2022, contributions were as follows:

Historical	2022 ZWS'000	2021 ZWS'000	2020 ZWS'000	2019 ZWS'000	2018 ZWS'000
National Foods Pension	66 365	26 061	2 135	373	363
National Foods Security	11 433	1 894	264	255	225
Group Life Cover	6 706	3 706	414	77	74
TOTAL	84 504	31 661	2 813	675	662

[1] Oswell Mhenha (35 years), [2] Solomon Mundowa (35 years), [3] Rich Ndhlovu (30 years), [4] Gift Majede (30 years)

DIVERSITY AND INCLUSION

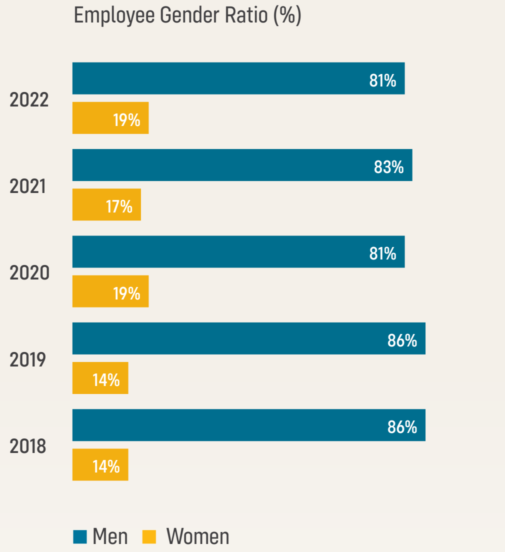
National Foods actively encourages equality and diversity. Diversity and inclusion brings about a broad range of perspectives, experiences and opinions as we navigate different business challenges.

Employees feel more at home in an inclusive work environment that values diversity and tend to work more diligently and intelligently, which results in high quality work.

Management Approach

We have a Recruitment Policy that guides us in managing diversity and inclusion. We encourage applicants to apply regardless of religion, gender and ethnicity. We are committed to ensuring recruitment is based on merit and inclusiveness. Our Code of Conduct lays out the company's principles, standards, moral and ethical expectations during recruitment to ensure diversity and inclusion. The Group uses pulse surveys, gender and age analyses to assess performance on gender and diversity. We have disciplinary/grievance resolution committees that assist in resolving any matters associated with diversity and inclusion.

Managing and Promoting Diversity at Work



In the current year, female employees increased by 10% and in relation to the total employees the female complement now stands at 19% of employee head count.

Sustainability in Our Business (continued)

HUMAN RIGHTS

At National Foods, we appreciate the need to contribute to the realisation of human rights and the avoidance of any aiding or abetment of human rights abuses that can affect our stakeholders.

We recognise the guiding principles for business and human rights as developed by the United Nations Guiding Principles on Business and Human Rights (UNGP). The UNGPs provide an authoritative global framework for preventing and addressing risks associated with adverse human rights practices. The framework prioritises identification of human rights risks, avoidance of complicity and taking responsibility for any complicity by providing effective remedies.

We comply with the defined human rights regulations in accordance with the Constitution of Zimbabwe, international standards and legislations. It is our practice that employees and prospective candidates will not be discriminated against based on race, tribe, place of origin, political opinion, colour, creed or gender in line with with the provisions of the Labour Act (Chapter 28:01) and associated regulations.

We acknowledge and have committed to putting processes in place to avoid violations of rights in respect of:

- freedom of association and the right to collective bargaining;
- the elimination of compulsory labour;
- the abolition of child labour; and
- the elimination of discrimination in respect of employment and occupation.

The Group strives to make positive contributions to the promotion and realisation of the following rights for its staff and all stakeholders in relation to:

- Health (and safety) rights.
- Freedom from child labour and forced employment.
- The right to human dignity (in the workplace).
- Protection from inequality and discrimination.
- The right to health.
- The right to privacy.
- A clean work environment that is not harmful to health.
- The right to education.
- The right to safe, clean, and potable water.

We appreciate that human rights abuses can exist in the value chain and operations. The Group does not tolerate human rights abuse of any sort. We believe that upholding human rights in the workplace is a critical responsibility of management to ensure a safe and conducive work environment. The Group tries by all means to ensure that its conduct and that of employees are within the confines of upholding the best practice in human rights.

During the reporting year the Group was not able to conduct a human rights assessment due to COVID-19 pandemic limitations. However, management does confirm that during the year, no matters were brought to their attention, which may be deemed material human rights violations within the workplace. We will continue to enhance awareness of human rights within the workplace. There are plans to conduct a human rights training in the coming year to ensure all employees are fully aware of their human rights while the business enhances existing policies.

COVID-19 MANAGEMENT

The COVID-19 pandemic had negative impacts on society, business and the national economy. The pandemic disrupted economic activities, supply chains, logistical systems and caused loss of life.

The COVID-19 pandemic was an unprecedented global crisis that seriously affected all aspects of our business. The emergence of the Omicron variant forced the Group to make ad hoc decisions to cope with the unfamiliar challenges for the survival of the business. However, COVID-19 also helped change how the business operates, communicates and trades.

Management Approach

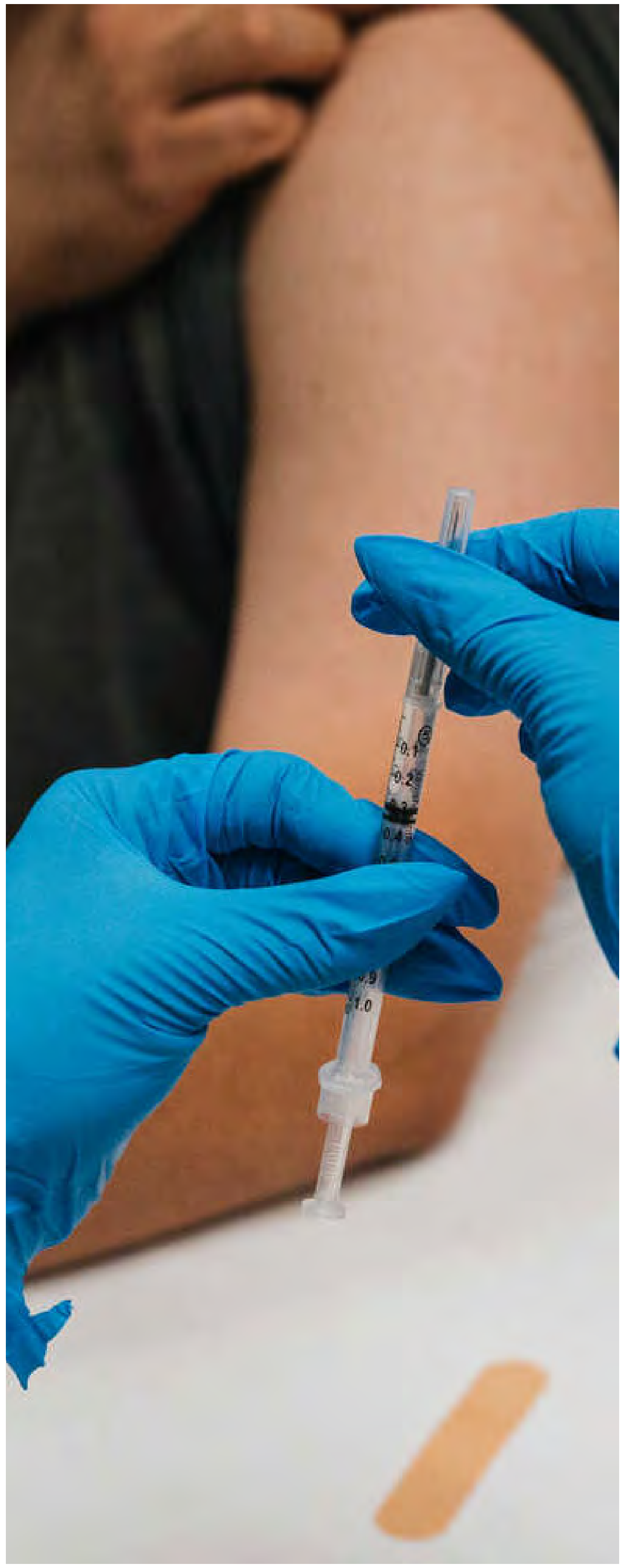
The Group prioritised the protection of employees, customers and visitors to our business operations and facilities. Management instituted strict measures and procedures to ensure cases of COVID-19 were minimised and prevented. The Group adopted the World Health Organisation (WHO) and the Ministry of Health and Child Care (MOHCC) COVID-19 guidelines and protocols.

Workplace Mitigation Measures

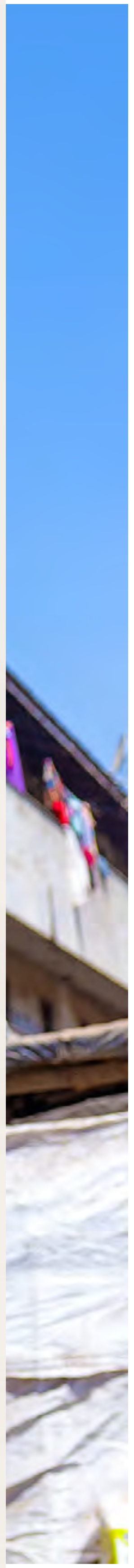
The Group implemented the following measures:

- Rapid testing of employees.
- Hygiene inspections.
- Clinical monitoring.
- Compulsory temperature checks for all employees.
- Entry checks and inspections.
- Face masks.
- Social distancing.
- Cleaning and sanitising of all sites daily.
- Foot baths.
- Vaccination.
- COVID-19 Packs.
- Truck fumigation at despatch.
- Employee training.

The Group's target was to achieve 100% management of COVID-19 cases using approved procedures. These comprised continuous training and reminders to employees on the severity of the pandemic and the need to maintain COVID-19 protocols in and out of business. We are pleased to report that the maximum cooperation of employees had positive results for the business.



Sustainability in Our Business (continued)



COMMUNITY INVESTMENT AND DEVELOPMENT

National Foods engages in proactive community initiatives designed to deliver positive impacts on vulnerable communities and social development. The Group provides monthly support to 45 centres in vulnerable communities.

We support national disasters when they occur, disease control, wildlife, old people's homes, orphanages and disability centres through our CSR programmes.

Management Approach

The Group allocates considerable resources to the CSR programme budget, which is strictly monitored. National Foods requires every beneficiary to be legally registered as a Non-Governmental Organisation or Community Trust and to have a Private Voluntary Organisation (PVO) registration number or Deed of Trust Registration. The Group validates the registration number with the Ministry of Labour and Social Welfare to avoid dealing with unscrupulous organisations pretending to represent vulnerable communities or individuals. The Group Human Resources Executive approves all beneficiaries and ensures that donations are not performed through private handovers to minimise the risk of corruption or donations being diverted from the intended purpose. The Group performs continuous assessment of regular reports, follow ups with beneficiaries or the communities and field visits. Moreover, the Group requires beneficiaries to confirm in writing the receipt of any materials or financial support received from us.

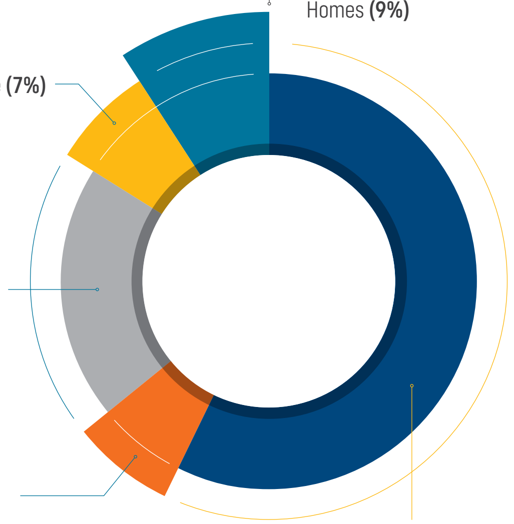
The Group evaluates budget performance reports on the CSR Programme. In addition, internal audits and stakeholder consultations are conducted to assess the impacts of the CSR initiatives. The Group targets achieving 40% on improving the well-being of communities, 40% on enhancing lives and 20% on building lasting impacts and emotional capital.

The Group recognises the growing need for additional support for the 45 centres. As such, the Group recognised the need to work with relevant Government ministries and non-governmental organisations to conducts needs assessments and ascertain beneficiaries. Further, we work closely with the communities to understand issues that impact them and what may be required. We strongly believe the lessons learnt during the year will help to align our actions, policies and procedures on community development support.

Sustainability in Our Business (continued)

Community Social Investments

Through monthly food donations, the Group continued to support vulnerable groups in our society as well as provide support for arts & culture and animal welfare. The Group spent a total of ZWL 19 193 413 on these community initiatives during the reporting year. The Group's invaluable support was split as follows between five different groups of beneficiaries:



The following table highlights in more detail the support the Group has given to the beneficiaries:

Support Category	Purpose	Beneficiaries	Products/Support
Orphanages	For every child to enjoy a healthy and productive life.	26 orphanages (including Runyararo Children's Home, Kambuzuma Orphanage, Felly Orphanage & Mother of Peace Community).	Maize meal, sugar beans, salt, rice, flour and popcorn.
Disability Support	Assist children and adults with disabilities to enjoy full lives.	9 special needs schools, (including Zimcare Trust, Homefields Care Centre, Sharon Cohen Special School and Mogenster School for the Deaf).	Maize meal, sugar beans, salt, rice, flour and popcorn
Old Peoples Home Support	Stimulate a positive mood, to ward off depression.	4 retirement homes (including Mucheke Old People's Home, Ruwa Trust Lodge, Flame Lily Retirement home & Ekuphumuleni Old People's Home).	Maize meal, sugar beans, salt, rice, flour and popcorn.
Animal Welfare	Improve animal welfare through directly providing care for animals in need and raising awareness of animal cruelty as well as providing support for anti-poaching units.	3 centres (including Zimbabwe National Society for the Prevention of Cruelty to Animals (ZNSPCA), Homefields Care Centre and Zambezi Society).	Chicken feed, dog food, calf grower and game nuts.

Sustainability in Our Business (continued)

Community Social Investments (continued)

The following table highlights in more detail the support the Group has given to the beneficiaries:

Support Category	Purpose	Beneficiaries	Products/Support
ART Social and Regional Support.	Appreciate history and different cultures, bringing different people together to find common ground to build the community	3 centres (including Shingirayi Trust, The Vocational Training Centre and Sunshine Zimbabwe Project for People with Special Needs).	Food donations
Education	School feeding program to help to get children into school, by enhancing enrolment and reducing absenteeism.	1 School Marula Primary School	Maize meal, sugar beans, salt, rice, flour and popcorn.

ECONOMIC CONTRIBUTIONS

Economic Value Generated and Distributed

Historical	2022 ZW$'000	2021 ZW$'000	2020 ZW$'000	2019 ZW$'000	2018 ZW$'000
Economic Value Generated					
Revenue	70 376 021	28 074 417	6 340 085	566 173	297 929
Other Income	3 547 435	27 797	15 712	1 357	1 041
Equity Accounted Earnings	199 439	261 048	45 617	3 509	5 196
Suppliers of materials & services	(51 734 152)	(21 091 331)	(3 946 550)	(433 981)	(260 297)
	22 388 744	**7 271 931**	**2 454 864**	**127 058**	**43 869**
Economic Value Distributed					
Employees	4 556 667	1 450 609	496 315	35 587	14 813
Payments to Government	2 638 048	1 169 319	437 261	22 823	5 714
• Income Tax	1 957 666	809 862	432 029	19 408	4 036
• PAYE	680 382	359 457	5 232	3 415	1 678
Providers of Capital	2 323 093	1 242 874	128 146	18 005	1 128
• Dividend paid to shareholders	957 253	854 304	69 583	11 925	8 276
• Net interest on borrowing	1 365 840	388 570	58 563	6 080	3 452
Investment in the Group to maintain and develop operations	12 870 925	3 409 129	1 393 142	50 643	11 614
• Depreciation	100 258	23 792	16 209	5 890	2 667
• Retained Income	12 770 667	3 380 337	1 376 933	44 753	8 947
Economic Value Created	**22 388 744**	**7 271 931**	**2 454 864**	**127 058**	**43 869**

SUPPLY CHAIN

Our business relies on a resilient supply chain of farmers, ingredient suppliers and service providers among others, that allow us to produce the products central to our business. As a Company, we have developed a system for managing our supply chain and agricultural impact. This is enforced through our Procurement Policy.

Management Approach

The system is designed to support environmental stewardship, uphold human rights, and support local businesses and farmers. The system enables us to screen our suppliers based on track record and consideration of sustainability issues such as environmental impact, social behaviour, corruption, statutory compliance and human rights practices. Maintaining a sustainable value chain is a critical component as it sustains our brand name and reputation.

We recognise that agricultural products are central to our business and their steady supply is critical for our continued operations. We support our local farmers and suppliers through our supply chain partners enabling them to meet the increased demand for food as the population grows. Our suppliers enable us to meet the ever-changing consumer needs by delivering quality raw materials for our products.

In response to global supply chain disruptions such as the effects of the Covid-19 pandemic and the war in Ukraine, the resilience rather than the efficiency and optimisation of our supply chain has become critical. Global supply chain disruptions due to pandemics, climate change and/or wars has reinforced the importance for the business to adapt its supply chain strategies by focusing on resilience to disruptions in order to mitigate any potential socio-economic impacts. Through mapping supply chain vulnerabilities and corresponding procurement planning, we aim to offset procurement delays, especially of critical stocks for the business.

PAYMENT OF TAXES

National Foods has always been an avid tax payer over the years, with no history of tax evasion. Our business performance determines the extent of tax payments to Government through Corporate Tax, Value Added Tax, Capital Gains and other tax heads.

Tax Strategy and Stakeholder Engagement

Our tax strategy is mainly focused on compliance with tax laws, avoiding tax penalties and ensuring all returns are submitted within stipulated deadlines of the Zimbabwe Revenue Authority (ZIMRA).

National Foods maintains regular engagements with ZIMRA Client Relationship Managers to confirm whether all our tax affairs are in order. Internally, assessments are carried out to validate the accuracy and timeliness of tax returns.

Our Tax Commitments

We remain committed to benchmarking our operational practices on tax issues with tax legislations as they change from time to time. We attend tax seminars to better understand changes in legislation and set deadlines for compliance with the changes. Engaging with our stakeholders has been instrumental in informing the direction we take in the event of contentious tax areas with ZIMRA. This approach has always produced the most reasonable methods to deal with tax issues for National Foods.

Sustainability in Our Business (continued)

PAYMENT OF TAXES (continued)

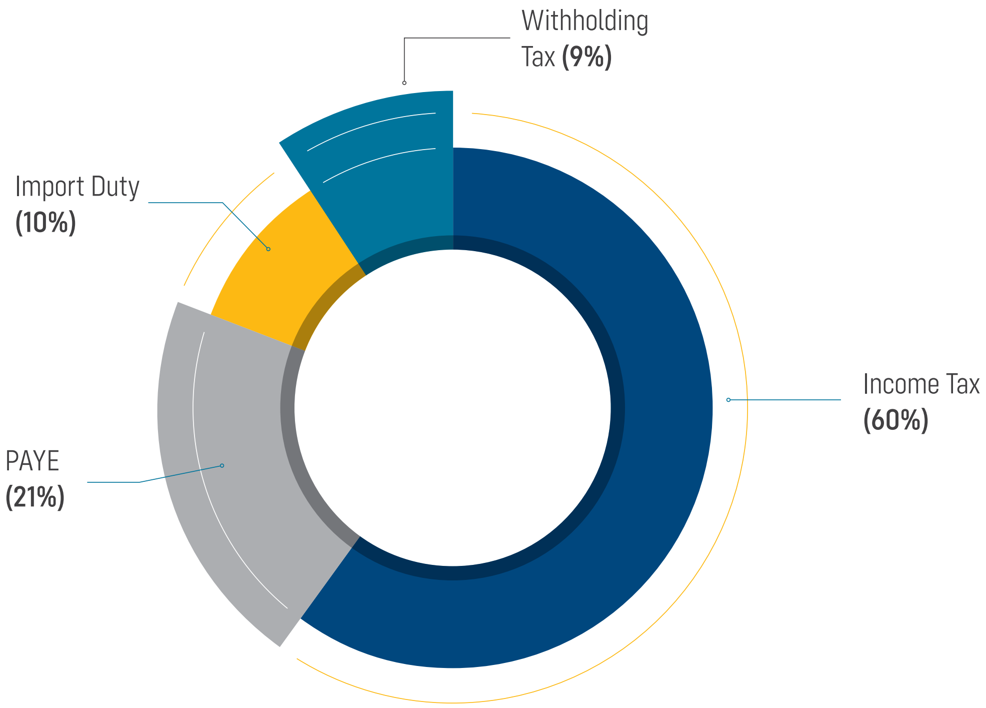
Tax Payments

The Group makes a significant financial contribution to the national economy through the payment of taxes. The Group's total payments to the Zimbabwean Government for 2022 amounted to ZWL 3 257 878 075.

Key contributions to the fiscal revenue in 2022 were through the payment of Income Tax (60%), Pay As You Earn (PAYE) Tax (21%), Import Duty (10%) and Withholding Tax (9%).

	2022 ZW$'000	2021 ZW$'000	2020 ZW$'000	2019 ZW$'000	2018 ZW$'000
Income Tax	1 957 666	809 862	432 029	19 408	4 036
PAYE	680 382	359 357	5 232	3 415	1 678
Import Duty	339 052	87 726	3 737	1 445	915
Withholding Tax	280 778	137 284	86 372	3 622	152
Total	**3 257 878**	**1 394 229**	**527 370**	**27 890**	**6 781**

Payment to Government

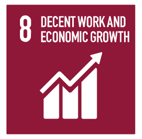


Sustainability in Our Business (continued)

SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. They reaffirm the United Nations' international commitment to end poverty and involve everyone to build a more sustainable, safer, more prosperous planet for the future of all humanity.

At National Foods, six SDGs have been identified as goals which the Group strives to fulfil through its actions. They are the following:

	Theme	Our Business Response(s)
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	• We produce affordable staple foods to ensure affordable nutrition. • The Group also supports local farmers through contract farming to maximise food production.
	Ensure healthy lives and promote well-being for all at all ages.	• Through the nutritional value of the staple foods we produce, we are able to contribute to the healthier well-being of our customers.
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	• The Group runs internship and apprenticeship programmes to provide students with hands-on experience in their field of study. • Throughout the year the Group supported 26 orphanages and children's homes as well as 9 schools for children with special needs by providing them with regular food donations.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	• We provide economic opportunities through the employment of casuals, temporary and full-time employees. • The Group adheres to trade unions agreements of collective bargaining. • The economic value we generate and distribute contributes to economic growth. • The Group made payments to the government which can support service delivery and infrastructure development.
	Ensure sustainable consumption and production patterns	• Through the Group's Zero Waste Philosophy, we aim to minimise waste through the use of modern equipment. • Production waste is used as raw material for stock feeds products. • Energy is recovered from non-recyclable waste which is incinerated in National Foods' two cyclonic boilers to produce steam required for processing. This reduces the Group's reliance on coal. During 2022, 482 tonnes of waste were incinerated.
	Take urgent action to combat climate change and its impacts	• We monitor emissions and have been taking action through our climate change initiatives, such as reducing our reliance on coal by incinerating non-recyclable waste.

Annual Financial Statements

Statement of Directors' Responsibility

The Directors of the Company are required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards (IFRS).

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 financial statements.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. National Foods maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met the external auditors to discuss their reports and the results of their work, which includes assessments of the relative strengths and weaknesses of key control areas. In a growing Group of the size, complexity and diversity of National Foods it may be expected that occasional breakdowns in established control procedures may occur; any such breakdowns have been reported to the Group's Audit Committee and the Board.

The financial statements for the year ended 30 June 2022, which appear on pages 80 to 118 have been approved by the Board of Directors and are signed on its behalf by:

T. Moyo
Chairman
Harare
26 October 2022

M Lashbrook
Chief Executive Officer

These consolidated financial statements have been prepared under the supervision of Mr Lovejoy Nyandoro CA(Z).

L. Nyandoro
Finance Director

Company Secretary's Certification

I certify that, to the best knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the Public entity in terms of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) of the Republic of Zimbabwe, and all such returns are true, correct and up to date.

Leigh Howes
Company Secretary
Harare
26 October 2022

Report of the Directors

The Directors have pleasure in presenting their report, together with the audited financial statements for the year ended 30 June 2022.

GROUP FINANCIAL RESULTS

Inflation Adjusted	2022 ZW$000	2021 ZW$000
Profit before tax	20 438 641	1 371 950
Taxation	(2 412 268)	(1 160 774)
Profit for the year	18 026 373	211 176
Total comprehensive income for the year	**18 026 373**	**211 176**

Share Capital
During the year the authorised share capital remained at 73 000 000 ordinary shares of (ZW$) 1 cent each. No new shares were issued during the year (2021: Nil) and the number of shares in issue was 68 400 108 (2021: 68 400 108).

National Foods Worker's Trust
National Foods Workers Trust (Private) Limited was established to provide a scheme for worker participation in both the equity and profits of the company. Through donations by the Company to the Trust, the Trust acquired a 9.53% shareholding in National Foods Holdings Limited. Dividends received through its shareholding are administered by a board of nine Trustees for the benefit of workers under grades "A", "B" and "C" of the Milling and Commercial Industries and grades 1-6 of the Textile Industry, being the National Employment Council for which the wide categories of employees fall.

Borrowing Powers
In terms of the Articles of Association, the borrowing powers of the Company and its subsidiaries (excluding inter-company borrowings) are limited in aggregate to the nominal amount of the share capital of the Company plus the total free reserves of the Company and its subsidiaries. The level of borrowings throughout the year was adequately covered in this respect. The Directors may exercise all the power of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Reserves
Movements in reserves are shown in the statement of changes in equity.

Dividends
The Board declared a final dividend of US$5.95 cents per share (2021: ZW$ 296.49 cents per share) in respect of all ordinary shares of the company bringing the total dividend to US$5.95 cents per share and ZW$1 103 cents per share. (2021: ZW$1 099.76 cents per share). This dividend is in respect of the financial year ended 30th June 2022 and will be payable to all the shareholders of the Company registered at the close of business on the 11th of November 2022.

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

Directorate
Messrs G. Gwainda, M. Naran and Y. Maharaj retired by rotation in terms of the Articles of Association of the Company, and being eligible, offered themselves for re-election.

Auditors
Members will be asked to fix the remuneration of the external auditors for the audit of the financial year ending 30 June 2022.

Annual General Meeting
The fifty-third Annual General Meeting of the Company will be held at 08:45 am on Monday 12th December 2022 at National Foods Limited, 10 Stirling Road, Workington, Harare.

T. Moyo
Chairman
Harare
26 October 2022

M Lashbrook
Chief Executive Officer

Deloitte.

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

Adverse opinion

We have audited the accompanying inflation adjusted consolidated financial statements of National Foods Holdings Limited and its subsidiaries (together, "the Group"), set out on pages 80 to 118 which comprise the inflation adjusted consolidated statement of financial position for the year ending 30 June 2022, the inflation adjusted consolidated statement of comprehensive income, the inflation adjusted consolidated statement of changes in equity, and the inflation adjusted consolidated statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly, the financial position of the Group for year ended 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for adverse opinion

Non-compliance with IAS 21 "The effects of changes in foreign exchange rates" with respect to the determination of the appropriate spot rate and the consequential impact to the recorded monetary adjustment.

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

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

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on current periods' financial information which was not in compliance with IAS 21 as described above. Consequently, the line item "monetary gain" on the consolidated inflation adjusted statement of profit or loss and other comprehensive income is impacted.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the inflation adjusted 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 inflation adjusted consolidated financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

MAKING AN IMPACT THAT MATTERS since 1845

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

Key audit matters

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

Other information

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, we have concluded that the other information is materially misstated for the same reasons with respect to the amounts or disclosures items in the Directors' Report and historical financial information, at the reporting date.

Responsibilities of the directors for the inflation adjusted consolidated financial statements

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

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted 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:

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

Auditor's responsibilities for the audit of the inflation adjusted consolidated financial statements (continued)

- Identify and assess the risks of material misstatement of the inflation adjusted 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 inflation adjusted 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 inflation adjusted consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

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

Report on other legal and regulatory matters

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

<u>Section 193(1)(a</u>**)**

Because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements of the Group are not properly drawn up in accordance with the Act and do not give a true and fair view of the state of the Group's affairs at the date of its financial statements for its financial year ended on that date.

<u>Section 193(2)</u>

We have no matters to report in respect of the Section 193(2) requirements of the Act, in addition to those already addressed in the Basis for Adverse Opinion section of our report.

The engagement partner on the audit resulting in this independent auditor's report is Lawrence Nyajeka.

Deloitte & Touche

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

28 October 2022

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2022

	Note	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical* 2022 ZW$	Historical* 2021 ZW$
Revenue	4	**128 408 112 610**	**96 732 802 868**	**70 376 020 526**	**28 074 416 801**
Cost of raw materials	2.2.10	(92 488 204 615)	(77 237 461 514)	(44 399 294 647)	(20 033 862 767)
Profit before items listed below		**35 919 907 995**	**19 495 341 354**	**25 976 725 879**	**8 040 554 034**
Other trading income	5.1	667 191 208	97 550 319	375 478 531	27 797 296
Operating expenses		(21 850 227 342)	(15 921 608 987)	(12 571 916 354)	(4 771 413 811)
Operating profit before depreciation amortisation interest and tax	5	**14 736 871 861**	**3 671 282 686**	**13 780 288 056**	**3 296 937 519**
Financial income		1 314 080 673	832 012 950	3 171 956 874	280 714 734
Depreciation		(735 201 492)	(529 246 470)	(100 258 291)	(28 791 285)
Operating profit before interest and tax		**15 315 751 043**	**3 974 049 167**	**16 851 986 639**	**3 548 860 968**
Interest income	5.4	85 559 153	50 176 140	43 773 778	12 175 981
Interest expense	5.4	(2 413 698 791)	(1 313 577 428)	(1 409 613 518)	(400 745 943)
Equity accounted earnings	10.3	523 450 621	806 277 849	199 439 418	261 048 464
Gain/(loss) on monetary position		6 927 578 957	(2 144 975 452)	–	–
Profit before tax		**20 438 640 983**	**1 371 950 275**	**15 685 586 317**	**3 421 339 470**
Tax expense	6.1	(2 412 267 647)	(1 160 774 430)	(1 957 666 450)	(808 944 178)
Profit for the year		**18 026 373 336**	**211 175 845**	**13 727 919 867**	**2 612 395 292**
Other comprehensive income - not to be recycled to profit and loss at a future point in time					
Exchange differences on translation of foreign operation		–	–	1 026 364 338	63 128 488
Total comprehensive income for the year		**18 026 373 336**	**211 175 845**	**14 754 284 205**	**2 675 523 780**
Profit for the year attributable to equity holders of the parent		18 026 373 336	211 175 845	13 727 919 867	2 612 395 292
Total comprehensive income for the year attributable to equity holders of the parent		**18 026 373 336**	**211 175 845**	**14 754 284 205**	**2 675 523 780**
Earnings per share					
Basic earnings per share	7	26 354	309	20 070	3 819

*Refer to note 1.3.1

Consolidated Statement of Financial Position

as at 30 June 2022

	Note	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical* 2022 ZW$	Historical* 2021 ZW$
ASSETS					
Non-current assets					
Property, plant and equipment	8	13 392 328 436	9 108 210 075	3 742 778 562	983 267 522
Intangible assets	9	210 926 687	210 926 687	1 516 422	1 516 421
Investment in associates	10	467 213 458	2 679 522 799	120 044 240	307 884 480
Other financial assets	11	1 604 261 695	222 183 875	1 604 261 695	76 204 521
Deferred tax asset	6.5	–	–	286 379 301	–
Right of use assets	26	431 461 428	313 224 226	177 698 106	40 310 091
		16 106 191 704	**12 534 067 662**	**5 932 678 326**	**1 409 183 036**
Current assets					
Other financial assets	11	6 456 685 924	–	6 456 685 924	–
Inventories	12	27 336 675 604	16 720 095 621	17 541 706 014	4 365 967 196
Trade and other receivables	13	19 888 252 492	12 611 884 007	16 483 869 969	4 270 401 979
Cash & cash equivalents	18.4	2 535 683 580	3 273 436 336	2 535 683 580	1 122 721 666
		56 217 297 600	**32 605 415 964**	**43 017 945 487**	**9 759 090 841**
Total assets		**72 323 489 304**	**45 139 483 625**	**48 950 623 813**	**11 168 273 877**
EQUITY AND LIABILITIES					
Equity					
Issued share capital	14.1	95 141 344	95 141 344	684 001	684 001
Non-distributable reserves	14.3	–	–	1 242 319 379	215 955 041
Distributable reserves	14.4	35 932 900 629	19 568 932 468	16 151 004 496	3 380 337 301
Total equity		**36 028 041 973**	**19 664 073 812**	**17 394 007 876**	**3 596 976 343**
Non-current liabilities					
Deferred tax liability	6.5	2 098 989 429	1 644 388 232	–	34 819 833
Lease liability	26	55 881 329	62 431 191	55 881 329	21 412 621
		2 154 870 758	**1 706 819 423**	**55 881 329**	**56 232 454**
Current liabilities					
Trade and other payables	16	23 152 235 954	16 620 064 739	20 512 393 989	5 063 267 092
Current Portion of lease liabilty	26	132 739 194	51 336 422	132 739 194	17 607 341
Borrowings	11.2	9 008 843 881	4 996 394 423	9 008 843 881	1 713 661 026
Provisions	17	266 967 292	168 510 109	266 967 292	57 795 518
Current tax payable	6.4	1 379 752 391	973 831 803	1 379 752 391	334 004 377
Shareholders for dividends	15	200 037 860	958 452 894	200 037 860	328 729 726
		34 140 576 572	**23 768 590 390**	**31 500 734 608**	**7 515 065 080**
Total equity and liabilities		**72 323 489 304**	**45 139 483 625**	**48 950 623 813**	**11 168 273 877**

*Refer to note 1.3.1

T. Moyo
Chairman

M Lashbrook
Chief Executive Officer

Harare
26 October 2022

Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	Note	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical* 2022 ZW$	Historical* 2021 ZW$
OPERATING ACTIVITIES					
Cash generated from operations	18.1	19 266 682 445	2 330 714 517	8 999 431 742	3 538 085 900
Working capital changes	18.2	(12 020 735 107)	4 010 904 527	(8 409 266 670)	(1 768 737 557)
Operating cash flow		7 245 947 338	6 341 619 044	590 165 073	1 769 348 343
Interest received	5.4	85 559 153	50 176 140	43 773 778	12 175 981
Interest paid	5.4	(2 413 698 791)	(1 313 577 428)	(1 409 613 518)	(400 745 943)
Income tax paid	18.3	(2 430 491 430)	(2 765 311 243)	(1 233 117 570)	(804 281 077)
Net cash inflows/(outflows) from operating activities		**2 487 316 270**	**2 312 906 513**	**(2 008 792 238)**	**576 497 304**
INVESTING ACTIVITIES					
Purchase of property, plant and equipment to maintain operations	8	(3 609 941 005)	(2 281 667 320)	(537 015 304)	(758 565 236)
Purchase of property, plant and equipment to expand operations	8	(1 363 447 384)	(73 955 160)	(2 289 316 117)	(24 587 201)
Loan from/(to) associate	10	(31 558 201)	30 253 218	(31 558 202)	8 596 290
Proceeds from disposal of associate		–	287 977 675	–	88 467 075
Proceeds on disposal of property, plant and equipment		40 676 736	3 590 274	32 487 466	1 020 157
Dividends received from associate	10	153 108 556	67 514 738	83 806 250	13 706 250
Net cash outflows from investing activities		**(4 811 161 299)**	**(1 966 286 576)**	**(2 741 595 907)**	**(671 362 665)**
FINANCING ACTIVITIES					
Proceeds from borrowings		8 062 693 578	4 691 002 337	7 411 732 855	1 479 172 468
Repayment of borrowings		(3 915 983 513))	(1 499 062 394)	(116 550 000)	(76 741 174)
Lease liability repayments	26	(139 797 583)	(50 114 611)	(45 888 262)	(4 253 793)
Dividends paid	15	(2 420 820 209)	(2 051 088 510)	(1 085 944 537)	(550 332 533)
Net cash inflows from financing activities		**1 586 092 273**	**1 090 736 821**	**6 163 350 057**	**847 844 968**
Increase in cash and cash equivalents		**(737 752 756)**	**1 437 356 758**	**1 412 961 914**	**752 979 607**
Cash and cash equivalents at beginning of the year		**3 273 436 336**	**1 836 079 579**	**1 122 721 666**	**369 742 059**
Cash and cash equivalents at the end of the year	18.4	**2 535 683 580**	**3 273 436 336**	**2 535 683 580**	**1 122 721 666**

*Refer to note 1.3.1

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

Inflation Adjusted	**Issued Share Capital ZW$**	**Non-Distributable Reserves ZW$**	**Distributable Reserves ZW$**	**Total ZW$**
Notes	15.1	15.3	15.4	
Balance at 30 June 2020	**95 141 344**	**–**	**22 218 127 182**	**22 313 268 526**
Profit for the year	–	–	211 175 845	211 175 845
Total comprehensive income	–	–	211 175 845	211 175 845
Dividends declared (Note 15)	–	–	(2 860 370 560)	(2 860 370 560)
Balance at 30 June 2021	**95 141 344**	**–**	**19 568 932 468**	**19 664 073 812**
Profit for the year	–	–	18 026 373 336	18 026 373 336
Total comprehensive income	–	–	18 026 373 336	18 026 373 336
Dividends (Note 15)	–	–	(1 662 405 175)	(1 662 405 175)
Balance at 30 June 2022	**95 141 344**	**–**	**35 932 900 629**	**36 028 041 973**

Historical*	**Issued Share Capital ZW$**	**Non-Distributable Reserves ZW$**	**Distributable Reserves ZW$**	**Total ZW$**
Notes	15.1	15.3	15.4	
Balance at 30 June 2020	**684 001**	**152 826 553**	**1 622 245 677**	**1 775 756 231**
Profit for the year	–	–	2 612 395 292	2 612 395 292
Transfer to foreign currency reserve	–	63 128 488	–	63 128 488
Total comprehensive income	–	63 128 488	2 612 395 292	2 675 523 781
Dividends (Note 15)	–	–	(854 303 669)	(854 303 669)
Balance at 30 June 2021	**684 001**	**215 955 041**	**3 380 337 300**	**3 596 976 343**
Profit for the year	–	–	13 727 919 867	13 727 919 867
Transfer to foreign currency reserve	–	1 026 364 338	–	1 026 364 338
Total comprehensive income	–	1 026 364 338	13 727 919 867	14 754 284 204
Dividends (Note 15)	–	–	(957 252 671)	(957 252 671)
Balance at 30 June 2022	**684 001**	**1 242 319 379**	**16 151 004 496**	**17 394 007 876**

*Refer to note 1.3.1

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

1. CORPORATE INFORMATION

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

The Group's main activities comprise of the milling of flour and maize, manufacture of stockfeeds, snacks, biscuits and the packaging and sale of other general household goods.

The consolidated financial statements of National Foods Holdings Limited for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 26 October 2022.

1.1 Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared in compliance with the Companies and Other Business Entities Act (Chapter 24:31).

1.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Basis of preparation

The Public Accountants and Auditors Board ("PAAB") pronounced on 11 October 2019 that the Zimbabwean economy was now trading under hyperinflationary conditions from 1 July 2018. The Directors have applied the requirements of IAS 29 in preparing these financial statements. The Group consolidated inflation-adjusted financial statements have been prepared under the historical cost convention.

1.3.1 Historical information

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

1.4 IAS 29 Financial Reporting in Hyperinflationary Economies

IAS 29 requires restatement of the financial statements of an entity whose reporting and presentation currency is the currency of a hyperinflationary environment. Under this standard, financial statements prepared in a currency of a hyperinflationary economy should be stated in terms of a measuring unit current at the reporting date and the corresponding figures for the prior periods should also be stated in terms of the same measuring unit. The standard lists the characteristics of hyperinflationary economic environment as: when the population prefers to keep its wealth in non-monetary assets, regards monetary amounts in terms of a relative stable foreign currency, sales are at prices that compensate for expected loss of purchasing power; and cumulative inflation rate over three years is approaching or exceeding 100%.

These consolidated inflation-adjusted financial statements have been drawn up using the conversion factors derived from the consumer price index ("CPI") prepared by the Zimbabwe Central Statistical Office. The inflation-adjusted financial statements which form the primary financial statements of the Group and on which the audit opinion has been based, have been presented together with the historical numbers. The historical numbers are presented as supplementary information only and should only be used by users of financial information for supplementary. comparison only.

In accordance with IAS 29, monetary assets and liabilities and non- monetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the year ended 30 June 2022 and the comparative year. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

The conversion factors used to restate the financial statements as at 30 June 2022 are as follows:

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

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

1. CORPORATE INFORMATION (continued)

1.5 IAS 21 Effects of Changes in Exchange Rates

The Government of Zimbabwe, in June 2020, promulgated Statutory Instrument 85 of 2020 (SI 85/20) which permitted the use of foreign currencies for domestic transactions. This was followed by the introduction of the Foreign Exchange Auction Trading System (the Auction System) at the end of June 2020 by the Reserve Bank of Zimbabwe (RBZ). During the reporting period, the Group was able to obtain a portion of its foreign currency requirements through the Auction System, but not enough to fully service the Group's foreign currency requirements.

Since the promulgation of SI 85/20 and the introduction of the Auction System, there has at times been a significant disparity between the auction exchange rates and the foreign currency exchange rates obtained through the purchase/sale of goods and services on the domestic market.

As a result of the limited amount of currency secured by the Group on the Auction System, the Directors have used estimated exchange rates derived by reference to trading arrangements between the Group, its customers and suppliers to translate all foreign currency transactions. Additionally, the Directors do not believe that the Auction Exchange rates prevailing during the financial year were, at all times, reflective of a spot exchange rate, contemplated by IAS 21. The IFRIC decision made in September 2018 confirmed that the use of an estimation process when a currency is not exchangeable and when the lack of exchangeability is not short-term, is permissible.

Due to the above and other technicalities related to the conversion of foreign currency transactions and balances into ZW$, the Directors would like to advise users to exercise caution in the use of these consolidated inflation adjusted financial statements in relation to the reporting currency and conversion to other currencies.

The Group's Auditors, Deloitte & Touche, have concluded that the lack of exchangeability is temporary based on RBZ publications and other data. Given that this lack of exchangeability is not short-term in nature in the opinion of our Auditors, they are of the view that it was not appropriate for the Group to estimate an exchange rate with reference to trading arrangements with its customers and suppliers. As a result, the Independent Auditors, have issued an adverse opinion for the current year ended 30 June 2022 as they believe that the determination of an estimated spot exchange rate was not compliant with the requirements of IFRS. The Auditors believe that the auction exchange rate was the appropriate spot exchange rate that it was observable and accessible for immediate delivery.

The Directors disagree with the conclusion of the Auditors as it was contrary to the circumstances applicable to the Group and particularly in respect of the proportion of the Group's foreign currency requirements secured at the Auction.

In addition, there are varying views on the matter in the market, and at present there is no appropriate applicable guideline issued by the relevant Statutory Boards on the subject. The Directors have therefore applied their best judgement under the circumstances faced by the Group.

1.6 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

1. CORPORATE INFORMATION (continued)

1.7 Legacy liabilities

The Group has foreign legacy liabilities amounting to US$1 199 236, being foreign liabilities that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZW$ currency. The foreign liabilities were registered and approved by the Reserve Bank of Zimbabwe, ("RBZ") and the Group transferred to the RBZ the ZW$ equivalent of the foreign liabilities based on an exchange rate of US$/ZW$ 1:1 in line with Exchange Control Directives RU102/2019 and RU28/2019 and as directed by the RBZ. The foreign debts have been accounted for at the closing exchange rate as at 30 June 2022 in line with IAS 21 and the deposits with the RBZ have also been accounted for as statutory assets at the same closing exchange rate. In compliance with IFRS, the deposit at the RBZ represents a commitment to pay equivalent value in USD and has therefore been treated as a statutory asset in accordance with IFRS 9.

The cash cover deposits at the RBZ have been disclosed in the Group's financial statements as a financial asset. The Board is confident that the RBZ will continue settling the legacy liability as per the Exchange Control Directives.

1.8 COVID-19 Impact

The Group has determined that the identification of the virus post 31 December 2019, as a new corona-virus, and its subsequent spread, a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended 30 June 2022 have not been adjusted to reflect the COVID-19 impact. The duration and severity of the COVID-19 pandemic remain unclear at this time. It is not possible to reliably estimate the financial consequences of COVID-19 on the financial position and results of the Company for future periods at this stage. The Board of Directors will continue to support the managed entities and monitor the impact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Changes in accounting policy and disclosures

New and Amended IFRSs adopted

As at the date of these financial statements, the following standards have been issued but are not yet effective:

	Effective for annual periods beginning on or after	
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022	Applicable
Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022	Applicable
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022	Applicable.
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	Applicable
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	Applicable
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2023	Applicable
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2023	Applicable
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	Applicable
IFRS 17 - Insurance Contracts	1 January 2023	N/A
Amendments to IFRS 17	1 January 2023	N/A
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	Applicable
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2023	Applicable

The directors of the Group do not anticipate that the application of the amendments in the future will have any impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Accounting polices applied by the Group

2.2.1 Foreign currency translation

The Group's financial statements are presented in Zimbabwe Dollar (ZW$), which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction and are not subsequently retranslated.

Exchange differences arising from translation or settlement of monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Zimbabwean Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Upon disinvestment of a foreign entity, translation differences related to that entity are recycled into profit or loss.

2.2.2 Taxation

2.2.2.1 Current income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2.2.2.2 Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Accounting polices applied by the Group (continued)

2.2.2 Taxation (continued)

2.2.2.2 Deferred income tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.2.2.3 Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the tax authorities, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.2.2.4 Uncertain tax positions

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

2.2.3 Intangible assets

Goodwill

The Group recognises Goodwill acquired through business combinations at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. The relationship between the investment in subsidiary and its net book value is considered in reviewing impairment indicators.

After initial recognition, the intangible assets is carried at cost less any impairment losses.

2.2.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials:

- Purchase cost on a first in, first out basis

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Accounting polices applied by the Group (continued)

2.2.4 Inventories (continued)

Finished goods and work in progress:

- Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Consumable stores

- Purchase cost of consumables (machinery spares, stationery and other sundry items)

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.2.5 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.2.6 Retirement benefits

Retirement benefits are provided for eligible Group employees through various independently administered defined contribution schemes, including the National Social Security Authority. Contributions to these funds are recognised as an expense in the period to which employees' services relate.

2.2.7 Property, plant and equipment

All items of property, plant and equipment are shown at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Land is carried at cost whereas buildings are carried at cost less accumulated depreciation and accumulated impairment losses. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

No depreciation is provided on land or capital work-in-progress. Depreciation commences when the asset is available for use. Other fixed assets are depreciated on a straight line basis, at such rates as are considered appropriate to reduce their book values to residual values over their estimated useful lives, as follows:

Buildings	40 years
Plant, machinery and equipment	5 - 20 years
Motor vehicles	5 - 10 years

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each financial year end and adjusted prospectively if appropriate. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in full.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Accounting polices applied by the Group (continued)

2.2.8 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the good is transferred to the customer, generally on delivery or collection. The normal credit term is 30 days upon transfer. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers as well as sells goods on credit to customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.2.9 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.2.10 Cost of raw materials

Cost of raw materials comprises of raw materials, packaging and consumables used and any other direct handling costs incurred. In previous years, this was disclosed as cost of sales in the Statement of profit or loss and other comprehensive income.

2.2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After the reversal depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Accounting polices applied by the Group (continued)

2.2.12 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.2.12.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or 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, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loans receivable.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Accounting polices applied by the Group (continued)

2.2.12.1 Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset is primarily derecognised when:
- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.2.12.2 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Cash and cash equivalents are classified as loans and receivables and are initially measured at fair value, and subsequently measured at amortised cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and deposits in banks.

2.2.12.3 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.2.12.4 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Accounting polices applied by the Group (continued)

2.2.12.4 Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 12.2.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.2.12.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2.12.6 Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.2.13 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates are accounted for using the equity method.

Under the equity method, the investment in an associates is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Accounting polices applied by the Group (continued)

2.2.13 Investment in associates (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associates, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The Group assess at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of a time in exchange for consideration.

2.2.14 Leases

The Group as a lessor

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities as the present value of all future lease payments on the contract and right-of-use assets representing the right to use the underlying asset.

i) Right-of-use-assets

The Group recognises right-of-use assets at the commencement of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease time. The lease payments includes fixed payments (including in substance fixed payments) less any lease incentives received, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guaranteed.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate at the commencement date was 35%. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the lease payments, or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short term lease recognition exempt to its short-term leases of machinery and equipment (i.e., those lease that have a term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value are recognized as expense on a straight-line basis over the lease term.

Leases in which the Group does not substantially transfer all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Accounting polices applied by the Group (continued)

2.2.15 Financial assets

The Group's financial assets include trade and other accounts receivable, loans receivable, cash and cash equivalents and other financial instruments.

Financial assets in the scope of IAS 39 are classified as either loans and receivables or financial assets held to maturity. When financial assets are recognised initially, they are measured at fair value. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are measured at fair value on initial recognition, and are subsequently carried at amortised cost using the effective interest rate method, less any impairment losses if any. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held to maturity assets

Held to maturity assets are non refundable financial assets with fixed or determinable payments and fixed maturity dates that's the entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition held to maturity assets are measured at amortised cost using effective interest method less any impairment.

3. KEY ESTIMATES, UNCERTAINTIES AND JUDGEMENTS

3.1 Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 2.2.7 and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value. The historical carrying amount of the Group's property, plant and equipment is ZW$3 742 778 562 (June 2021: ZW$983 267 522).

3.2 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at ammortised costs or fair value through other comprehensive income (FVTOCI), lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provisional matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the reporting date, including time value of money where applicable.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

3. KEY ESTIMATES, UNCERTAINTIES AND JUDGEMENTS (continued)

3.2 Impairment of financial assets (continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3.3 Inventory

3.3.1 Inventory management process

The Group's main operations are milling of flour and maize and the manufacture of stockfeed. This processes involves procurement and storage of large quantities of raw materials and finished goods mainly in the form of wheat and maize stored in silos in various locations across Zimbabwe. The determination of quantities in silos is subject to an estimation process and involves silo bleeding and calibration of silo scales. Management constantly evaluates and improves the inventory management process to ensure that there are adequate controls that safeguard the existence, measurement and accuracy of raw materials and finished goods.

3.3.2 Inventory valuation

The group's determination of certain inventories on hand relating to raw materials is based on extensive validation and review of inputs and estimation processes in line with the continuous change in market dynamics. The group has in place models from which large pieces of data are derived including operating and accounting computer systems. The allocation of costs is based on operating capacity, historical trends and unique production models.

3.4 Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- **Identifying performance obligations**

  The Group manufactures and sales food products and stockfeeds separately. The sale of each product is distinct and therefore determined to be a separate performance obligation

  The Group concluded that revenue from sale of goods is recognised at a point in time when goods are transferred to the customer.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

		Inflation adjusted		Historical	
		2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
4.	**REVENUE**				
	The following is an analysis of the Group's revenue for the year				
	Milling and Manufacturing*	126 874 923 345	96 404 109 393	69 535 732 814	27 979 021 265
	Properties	1 533 189 265	328 693 475	840 287 712	95 395 536
		128 408 112 610	**96 732 802 868**	**70 376 020 526**	**28 074 416 801**

* In prior year the above revenue note was disaggregated in line with products. Revenue has been aggregated to disclose a single line. The above disclosure is deemed appropriate because the Group's products are similar in nature and exhibit similar characteristics. The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time from milling and manufacturing as well as on a straight-line basis for property rentals. This disclosure is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 (see not 23.1)

		Inflation adjusted		Historical	
		2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
5.	**PROFIT BEFORE TAX**				
	Profit before tax is arrived at after taking into account the following:				
5.1	**Other income**				
	Profit on the sale of scrap	5 290 736	3 256 986	2 977 494	928 089
	Hampers Sales	224 303 554	—	126 232 432	—
	Toll, handling and other services rendered	437 596 918	94 293 333	246 268 605	26 869 207
		667 191 208	**97 550 319**	**375 478 531**	**27 797 296**
5.2	**After charging/(crediting) the following**				
	Employee benefits expenses				
	- Salaries and wages	8 777 062 104	4 840 501 192	5 344 105 581	1 450 609 311
	Administrative expenses				
	- Repairs and maintenance	1 114 405 894	817 397 421	593 736 944	244 958 996
	- Electricity and water	775 367 938	613 469 710	442 845 972	183 845 606
	- Audit fees and expenses	102 102 525	75 952 418	62 000 000	22 761 545
	- Net foreign exchange losses	1 764 753 953	500 339 490	4 259 801 965	149 942 556
	- Credit losses expense	(33 142 037)	65 068 158	20 585 243	23 299 244
		12 500 550 377	**6 912 728 389**	**10 723 075 705**	**2 075 417 258**
5.3	**Depreciation**				
	Buildings	283 913 557	119 345 876	38 716 853	6 604 027
	Plant, machinery and equipment	286 827 728	264 465 388	39 114 254	14 035 609
	Motor vehicles	164 460 207	145 435 206	22 427 184	8 151 649
	Total	**735 201 492**	**529 246 470**	**100 258 291**	**28 791 285**
5.4	**Net interest expense**				
	Interest income	85 559 153	50 176 140	43 773 778	12 175 981
	Interest expense on short-term borrowings	(2 413 698 791)	(1 313 577 428)	(1 409 613 518)	(400 745 943)
		(2 328 139 638)	**(1 263 401 288)**	**(1 365 839 740)**	**(388 569 962)**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical 2022 ZW$	Historical 2021 ZW$
6. TAXATION				
6.1 Consolidated profit or loss				
Income tax				
- On current profits at normal rates	1 570 912 979	1 389 678 901	1 892 112 113	834 157 395
- Capital gains tax	386 753 471	—	386 753 471	—
Deferred tax relating to current temporary differences (note 6.5)	454 601 197	(228 904 471)	(321 199 134)	(25 213 217)
	2 412 267 647	**1 160 774 430**	**1 957 666 450**	**808 944 178**
6.2 Reconciliation of income tax charge:				
Profit before tax	20 438 640 983	1 371 950 275	15 685 586 317	3 421 339 470
Income tax computed at 24.72%	5 052 432 051	339 146 108	3 877 476 938	845 755 117
Non-deductible expenses for tax purposes	3 509 804 080	1 213 595 376	2 019 428 110	54 181 758
Equity accounted earnings	(129 396 993)	(199 311 884)	(49 301 424)	(64 531 180)
Other reconciling items	(6 020 571 491)	(192 655 169)	(3 889 937 174)	(26 461 517)
	2 412 267 647	**1 160 774 430**	**1 957 666 450**	**808 944 178**

Non-deductible expenses are mainly IMT tax and staff meals.

Other reconciling items include local and foreign bank interest received.

	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical 2022 ZW$	Historical 2021 ZW$
6.3 Current tax payable				
Opening Balance	973 831 803	1 832 375 766	334 004 377	304 128 059
Charge to profit or loss	1 957 666 450	1 389 678 901	2 278 865 584	834 157 395
Paid	(2 430 491 430)	(2 765 311 243)	(1 233 117 570)	(804 281 077)
Monetary loss	878 745 567	517 088 380	—	—
Closing Balance	**1 379 752 391**	**973 831 803**	**1 379 752 391**	**334 004 377**

	%	%	%	%
6.4 Tax rate reconciliation				
Statutory rate of taxation, inclusive of AIDS levy	24.72	24.72	24.72	24.72
Adjusted for:				
Tax on profit from associate	(0.63)	(14.53)	(0.31)	(1.89)
Profit on disposal of fixed assets	(0.04)	(0.06)	(0.05)	(0.01)
Profit on disposal of associate	(5.28)	0.04	(9.20)	0.01
Excess pension	0.02	0.26	0.02	0.03
Foreign income	(0.03)	(0.33)	(0.02)	(0.04)
Donations, fines and legal expenses	0.02	0.94	0.02	0.12
Gain/(loss) on monetary position	(8.38)	38.65	—	—
IMT Tax	23.26	42.00	1.03	1.34
Other	(21.86)	(7.08)	(3.73)	(0.65)
Effective tax rate	**11.80**	**84.61**	**12.48**	**23.64**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical 2022 ZW$	Historical 2021 ZW$
6. TAXATION (continued)				
6.5 Deferred tax liability / (asset)				
At beginning of the year	1 644 388 232	1 873 292 703	34 819 833	60 033 050
Deferred tax relating to current temporary differences (note 6.1)	454 601 197	(228 904 471)	(321 199 134)	(25 213 217)
At end of the year	**2 098 989 429**	**1 644 388 232**	**(286 379 301)**	**34 819 833**
Analysis of deferred tax liability				
Property, plant and equipment	3 237 874 329	1 691 419 863	852 205 599	79 005 692
Unrealised exchange (losses)/gains	(560 739 246)	81 797 802	(560 739 246)	28 054 972
Allowance for credit losses	(12 021 855)	(20 214 566)	(12 021 855)	(6 933 182)
Other	(566 123 800)	(108 614 867)	(566 123 800)	(65 307 648)
	2 098 989 429	**1 644 388 232**	**(286 379 301)**	**34 819 833**

7. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Headline earnings per share amounts are calculated by dividing the headline profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the earnings per share computations:

	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical 2022 ZW$	Historical 2021 ZW$
7.1 Weighted average number of shares in issue				
Weighted average shares in issue for basic, diluted and headline earnings per share	68 400 108	68 400 108	68 400 108	68 400 108
7.2 Profit for the year				
Net profit attributable to equity holders of the parent	18 026 373 336	211 175 845	13 727 919 867	2 612 395 292

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical 2022 ZW$	Historical 2021 ZW$
7.3 Headline earnings				
Reconciliation between profit for the year and headline earnings				
Net profit attributable to ordinary equity holders of the parent	18 026 373 336	211 175 845	13 727 919 867	2 612 395 292
(Profit)/Loss on disposal of property, plant and equipment	(33 449 629)	(3 256 986)	(31 761 873)	(928 089)
Tax effect of adjustment	8 268 748	592 520	7 851 535	229 424
Profit on disposal of associate	(5 926 016 980)	(421 656 823)	(7 399 996 964)	(144 619 660)
Tax effect on profit on disposal of associate	386 753 471	104 803 229	386 753 471	35 979 404
Headline (loss) / earnings	**12 461 928 946**	**(108 342 215)**	**6 690 766 036**	**2 503 056 371**
Basic earnings per share	26 354	309	20 070	3 819
Headline earnings/(loss) per share	18 219	(158)	9 781	3 659

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Land & Buildings ZW$	Plant, machinery & equipment ZW$	Motor vehicles ZW$	Capital work in progress ZW$	Total ZW$
8 PROPERTY, PLANT AND EQUIPMENT					
Inflation adjusted					
At 30 June 2022					
Cost					
At the beginning of the year	4 219 187 274	5 062 370 942	948 072 268	2 928 989 964	13 158 620 448
Additions	197 125 000	1 218 523 008	200 472 330	3 357 268 051	4 973 388 389
Disposals	–	(973 109)	(993 257)	–	(1 966 366)
At end of the year	**4 416 312 274**	**6 279 920 841**	**1 147 551 341**	**6 286 258 015**	**18 130 042 471**
Depreciation					
At beginning of the year	(918 558 317)	(2 732 712 261)	(399 139 798)	–	(4 050 410 376)
Charge for the year	(102 993 443)	(371 921 218)	(213 250 790)	–	(688 165 450)
Disposals	–	335 236	506 555	–	861 791
At end of the year	**(1 021 551 760)**	**(3 104 278 243)**	**(611 884 033)**	**–**	**(4 737 714 035)**
Carrying amount	**3 394 760 514**	**3 175 642 598**	**535 667 308**	**6 286 258 015**	**13 392 328 436**
At 30 June 2021					
Cost					
At the beginning of the year	4 025 272 512	4 902 706 477	827 174 161	1 051 942 218	10 807 095 368
Additions	193 914 761	162 707 560	121 952 412	1 877 047 747	2 355 622 479
Disposals	–	(944 678)	(3 152 722)	–	(4 097 400)
At end of the year	**4 219 187 273**	**5 064 469 359**	**945 973 851**	**2 928 989 964**	**13 158 620 447**
Depreciation					
At beginning of the year	(840 687 206)	(2 452 455 351)	(240 713 631)	–	(3 533 856 187)
Charge for the year	(77 871 110)	(281 201 581)	(161 234 293)	–	(520 306 985)
Disposals	–	944 673	2 808 127	–	3 752 800
At end of the year	**(918 558 316)**	**(2 732 712 259)**	**(399 139 797)**	**–**	**(4 050 410 372)**
Carrying amount	**3 300 628 956**	**2 333 709 032**	**544 882 120**	**2 928 989 964**	**9 108 210 075**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Land & Buildings ZW$	Plant, machinery & equipment ZW$	Motor vehicles ZW$	Capital work in progress ZW$	Total ZW$
8 PROPERTY, PLANT AND EQUIPMENT (continued)					
Historical					
At 30 June 2022					
Cost					
At the beginning of the year	162 847 094	173 181 720	60 506 057	649 754 597	1 046 289 468
Additions	112 024 346	692 475 551	113 926 603	1 907 904 921	2 826 331 421
Disposals	–	(1 092 741)	(1 115 366)	–	(2 208 107)
Exchange differences	6 278 272	–	–	–	6 278 272
At end of the year	**281 149 712**	**864 564 530**	**173 317 294**	**2 557 659 518**	**3 876 691 054**
Depreciation					
At beginning of the year	(12 914 693)	(39 679 320)	(10 427 933)	–	(63 021 946)
Charge for the year	(10 831 626)	(39 114 254)	(22 427 184)	–	(72 373 064)
Disposals	–	611 104	871 415	–	1 482 519
At end of the year	**(23 746 319)**	**(78 182 470)**	**(31 983 702)**	**–**	**(133 912 491)**
Carrying amount	**257 403 393**	**786 382 060**	**141 333 592**	**2 557 659 518**	**3 742 778 562**
At 30 June 2021					
Cost					
At the beginning of the year	98 378 013	119 822 576	20 216 209	25 709 560	264 126 358
Additions	64 469 081	54 093 906	40 544 412	624 045 037	783 152 437
Disposals	–	(734 762)	(254 564)	–	(989 325)
At end of the year	**162 847 094**	**173 181 720**	**60 506 057**	**649 754 597**	**1 046 289 470**
Depreciation					
At beginning of the year	(9 027 914)	(26 336 259)	(2 584 959)	–	(37 949 132)
Charge for the year	(3 886 779)	(14 035 609)	(8 047 684)	–	(25 970 072)
Disposals	–	692 548	204 710	–	897 257
At end of the year	**(12 914 693)**	**(39 679 320)**	**(10 427 934)**	**–**	**(63 021 947)**
Carrying amount	**149 932 401**	**134 009 069**	**49 571 456**	**649 754 597**	**983 267 522**

8.1 None of the asset categories above had been pledged to secure borrowings of the Group in the current year (2021: Nil).

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
9. INTANGIBLE ASSETS				
Net carrying amount at the beginning of the year	210 926 687	210 926 687	1 516 421	1 516 421
Net Carrying amount at the end of the year	210 926 687	210 926 687	1 516 422	1 516 421
Gross carrying amount	210 926 687	210 926 687	1 516 422	1 516 421
Accumulated amortisation and impairment losses	—	—	—	—

9.1 Impairment of goodwill

The Group performed its annual impairment test as at 30 June 2022. Goodwill acquired through business combinations has been allocated to the Snacks & Treats unit. The recoverable amount of the cash generating units has been determined using value in use. The Group considers the relationship between the investment in subsidiary and its net book value among other factors, when reviewing for indicators of impairment. As a result of this analysis, no impairment of goodwill was recorded.

Key Assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the discount rates.

Discount rates

Discount rates represent the current market assessment of the risks specific to the asset/ cash generating units, taking into consideration the time value of money and the individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt is based on the interest- bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre tax discount rate.

Future cash flows have been projected for 5 years, with a growth rate of 0% used to project cash flows beyond period the 5 year period.

10. INVESTMENT IN ASSOCIATES

The Group has the following investments:

10.1 Disposal of investment in Pure Oil Industries

National Foods Limited acquired a 40% stake in Pure Oil Industries on 1 April 2016. The core business of the associate was the production of edible oils, soya and cotton meals, margarine and soap. Pure Oil initially performed strongly as there was limited competition within the market. In recent periods the performance has deteriorated due to the entrance of numerous strong players and general commoditisation of the category. This prompted the disposal of the associate in June 2022.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

10. INVESTMENT IN ASSOCIATES (continued)

10.2 National Foods Logistics

The Group acquired a 50% interest in National Foods Logistics on 1 April 2018. National Foods Logistics is a private entity that is not listed on any public exchange and will be responsible for the distribution of National Foods' product to the market. The Group's interest is accounted for using the equity method in the consolidated financial statements. National Foods Logistics is incorporated in Zimbabwe and its principle place of business is in Harare, Zimbabwe.

10.2.1 Net assets acquired at acquisition date.

National Foods Logistics had nil assets as at the acquisition date. A cash consideration of US$750 000 was paid by the Group for a 50% stake in the associate.

10.2.2 Summarised financial information of associate

The following table illustrates the summarised financial information of National Foods Logistic's financial statements:

	Inflation adjusted		Historical	
	Year Ended 30 June 2022 ZW$	Year Ended 30 June 2021 ZW$	Year Ended 30 June 2022 ZW$	Year Ended 30 June 2021 ZW$
Income Statement				
Revenue	4 862 350 683	4 127 183 2686	2 680 818 688	1 205 005 981
Profit after tax	637 283 211	216 776 543	200 872 219	93 594 494
Group's share of profit - 50%	318 641 605	108 388 272	100 436 109	46 797 247
Statement of Financial Position				
Non current assets	629 619 650	403 902 081	209 822 977	32 307 971
Current assets	675 181 611	675 139 977	491 240 988	231 249 503
Non Current Liabilities	(25 438 516)	(33 088 039)	(35 606 280)	(11 348 520)
Current liablities	(344 935 830)	(522 310 050)	(425 369 204)	(179 141 657)
Equity	934 426 915	523 643 969	240 088 481	73 067 297
Group's share of equity - 50%	467 213 458	261 821 985	120 044 240	36 533 649
Group's carrying amount of investment	467 213 458	261 821 985	120 044 240	36 533 649
10.3 Reconciliation of movements in associates				
Balance at the beginning of the year	2 679 522 799	2 043 966 518	307 884 480	69 138 557
(Disposal)/Purchase of associates	(1 809 011 594)	—	(335 031 609)	—
Total equity accounted earnings	523 450 621	806 277 848	199 439 418	261 048 464
Equity accounted earnings - Pure Oil	204 809 016	697 889 577	99 003 308	180 120 158
Equity accounted earnings - National Foods Logistics	318 641 605	108 388 272	100 436 109	80 928 306
Other comprehensive relating to associates	(805 198 014)	(209 819 076)	—	—
Transfer from Investments in associates	—	136 865 464	—	—
Loan to/from associates	31 558 202	(30 253 218)	31 558 202	(8 596 290)
Dividend received from associates	(153 108 556)	(67 514 738)	(83 806 250)	(13 706 250)
Balance at the end of the year	**467 213 458**	**2 679 522 799**	**120 044 240**	**307 884 480**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

11. OTHER FINANCIAL ASSETS AND LIABILITIES

11.1 Other financial assets

Other non-current financial assets comprise of an investment in shares and loans receivable. The movement for the year is as follows:

	Inflation adjusted		Historical	
	2022 ZW$	**2021 ZW$**	**2022 ZW$**	**2021 ZW$**
Debt instruments at amortised cost				
Trade receivables (Note 14)	8 623 928 266	5 566 844 781	8 623 928 266	1 909 313 823
Loan receivable	1 604 261 695	222 183 875	1 604 261 695	76 204 521
Other financial assets	6 456 685 924	–	6 456 685 924	–
Other receivables	2 289 953 752	1 345 407 135	2 289 953 751	406 231 004
	18 974 829 637	**7 134 435 791**	**18 974 829 638**	**4 346 606 501**
Total Financial assets	**18 974 829 637**	**7 134 435 791**	**18 974 829 638**	**4 346 606 501**
Total current	17 370 567 942	6 912 251 916	17 370 567 943	4 270 401 980
Total non-current	1 604 261 695	222 183 874	1 604 261 695	76 204 521
	18 974 829 637	**7 134 435 790**	**18 974 829 638**	**4 346 606 501**

Other financial assets pertain to the amount receivable on the disposal of Pure Oil (ZW$ 6 456 685 924).

Debt instruments at amortised cost include trade receivables and receivables from related parties.

	Interest Rate	**Maturity**	Inflation adjusted		Historical	
			2022 ZW$	**2021 ZW$**	**2022 ZW$**	**2021 ZW$**
11.2 Other financial liabilities						
Current interest-bearing loans and borrowings						
Bank loans	10% - 38%	2022	9 008 843 881	4 996 394 423	9 008 843 881	1 713 661 026
Total current interest-bearing loans and borrowings			**9 008 843 881**	**4 996 394 423**	**9 008 843 881**	**1 713 661 026**

	Inflation adjusted		Historical	
	2022 ZW$	**2021 ZW$**	**2022 ZW$**	**2021 ZW$**
12. INVENTORIES				
Raw materials	19 626 599 309	12 018 941 854	12 594 217 385	3 138 397 474
Finished goods	7 248 321 603	4 155 404 816	4 651 184 676	1 085 063 239
Consumable stores	488 364 531	549 868 855	313 379 255	143 582 276
Provision for obselete stocks	(26 609 839)	(4 119 904)	(17 075 302)	(1 075 793)
	27 336 675 604	**16 720 095 621**	**17 541 706 014**	**4 365 967 196**

Refer to note 3.3 for the Group's policy on provision for obselete stock.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Inflation adjusted		Historical	
	2022 ZW$	**2021 ZW$**	**2022 ZW$**	**2021 ZW$**
13. TRADE AND OTHER RECEIVABLES				
Trade receivables	8 672 560 364	5 648 618 916	8 672 560 364	1 937 360 678
Allowance for credit losses	(48 632 098)	(81 774 135)	(48 632 098)	(28 046 855)
Net trade receivables	8 623 928 266	5 566 844 781	8 623 928 266	1 909 313 823
Prepayments	8 974 370 474	5 699 632 091	5 569 987 950	1 954 857 152
Other receivables	2 289 953 752	1 345 407 135	2 289 953 753	406 231 004
	19 888 252 492	**12 611 884 007**	**16 483 869 969**	**4 270 401 979**

13.1 Trade receivables

Trade receivables disclosed above are classified as at amortised cost and are therefore measured at amortised cost.

Refer to note 3.2 for the Group's provision for expected credit losses policy.

	Inflation adjusted		Historical	
	2022 ZW$	**2021 ZW$**	**2022 ZW$**	**2021 ZW$**
13.2 Movement in allowance for credit losses of receivables				
Balance at the beginning of the year	(81 774 135)	(16 705 977)	(28 046 855)	(4 747 611)
Current year provisions	33 142 037	(63 388 272)	(20 585 243)	(22 723 078)
Bad debts recovered	–	(1 679 886)	–	(576 166)
Balance at year end	**(48 632 098)**	**(81 774 135)**	**(48 632 098)**	**(28 046 855)**

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

	Inflation adjusted		Historical	
	2022 ZW$	**2021 ZW$**	**2022 ZW$**	**2021 ZW$**
13.3 Ageing of expected credit losses				
0 - 30 days	31 413 280	25 204 524	31 413 280	8 644 635
31 - 60 days	8 745 782	7 288 610	8 745 782	2 499 844
61 - 90 days	2 065 046	103 617	2 065 046	35 539
Over 90 days	6 407 990	49 177 383	6 407 990	16 866 837
Total	**48 632 098**	**81 774 135**	**48 632 098**	**28 046 855**
Average age on impaired trade and other receivables (days)	14	31	25	36

13.4 Amounts due from Related Parties

Included in trade and other receivables are amounts due from related parties.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
14. ISSUED CAPITAL AND RESERVES				
14.1 Issued capital				
Authorised				
73 000 000 ordinary shares of ZW$ 1 cent each	101 539 590	101 539 590	730 000	730 000
Issued and fully paid				
68 400 108 ordinary shares (2020: 68 400 108) of ZW$ 1 cent each	95 141 344	95 141 344	684 001	684 001
Unissued shares				
4 599 892 (2021: 4 599 892) ordinary shares of ZW$ 1 cent each	6 398 246	6 398 246	45 999	45 999

The unissued shares are under the control of the Directors for an indefinite period and are subject to the limitations of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange regulations.

14.2 Directors' shareholdings

At 30 June 2022, the Directors held directly or indirectly the following shares in the Company:

	2022 Number of Shares	2021 Number of Shares
M. Lashbrook	231	13,231

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
14.3 Non-distributable reserves				
Opening balance	—	—	215 955 041	152 826 553
Exchange differences on translation of foreign operation	—	—	1 026 364 338	63 128 488
Closing balance	**—**	**—**	**1 242 319 379**	**215 955 041**

Non-distributable reserves are as a result exchange differences on the translation of the financial results of subsidiaries with a different functional currency.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
14. ISSUED CAPITAL AND RESERVES (continued)				
14.4 Distributable reserves				
Opening balance	19 568 932 468	22 218 127 183	3 380 337 301	1 622 133 475
Profit for the year	18 026 373 336	211 175 845	13 727 919 867	2 612 395 292
Transfer of CFCR relating to current year movements	—	—		112 203
Dividend declared	(1 662 405 175)	(2 860 370 560)	(957 252 672)	(854 303 669)
Closing balance	**35 932 900 629**	**19 568 932 468**	**16 151 004 495**	**3 380 337 301**
15. DIVIDEND				
Declared and paid during the year:				
Final dividend for 2021: ZW$ 296.49 cents per share (2020: ZW$ 445.71 cents per share)	352 190 091	605 985 943	202 799 480	304 866 121
Interim dividend for 2022: ZW$ 1103.00 cents per share (2021: ZW$ 803.27 cents per share)	1 310 215 084	2 254 384 617	754 453 191	549 437 548
Total dividends declared and or paid	1 662 405 175	2 860 370 560	957 252 671	854 303 669
Increase in shareholders for dividends included in current liabilties	758 415 034	(809 282 050)	128 691 866	(303 971 136)
Total dividends paid	**2 420 820 209**	**2 051 088 510**	**1 085 944 537**	**550 332 533**
Proposed and approved (not recognised as a liability at 30 June 2022) Final dividend for 2022: ZW$3 870.00 cents per share (2021: ZW$ 296.49 cents per share)	2 647 084 180	352 190 091	2 647 084 180	202 799 480
SHAREHOLDERS FOR DIVIDEND				
Opening balance	958 452 894	149 170 844	328 729 726	24 758 590
Dividend paid	(2 420 820 209)	(2 051 088 510)	(1 085 944 537)	(550 332 533)
Dividend declared	1 662 405 175	2 860 370 560	957 252 671	854 303 669
Closing balance	**200 037 860**	**958 452 894**	**200 037 860**	**328 729 726**
16. TRADE AND OTHER PAYABLES				
Trade payables	20 224 200 883	14 677 779 097	20 224 200 883	5 034 177 821
Contract liabilities	133 160 959	83 039 046	133 160 959	28 480 693
Other payables	2 794 874 110	1 859 246 596	155 032 147	608 578
	23 152 235 953	**16 620 064 739**	**20 512 393 988**	**5 063 267 092**

Other payables comprises of accruals and income received in advance

Terms and conditions of the above financial liabilities

Trade payables are non-interest bearing and are normally settled within a 30 - 60 day term.

Other payables are non-interest bearing and terms range between 30 and 90 days.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical 2022 ZW$	Historical 2021 ZW$
16. TRADE AND OTHER PAYABLES (continued)				
16.1 Contract Liabilities				
Short term advances from customers	133 160 959	83 039 046	133 160 959	28 480 693
17. PROVISIONS				
Leave pay provision				
At beginning of the year	168 510 109	97 636 624	57 795 518	16 205 212
Created during the year	(410 946 236)	(83 996 855)	(249 540 024)	42 602 826
Utilised during the year	509 403 419	154 870 340	458 711 798	(1 012 519)
At end of the year	**266 967 292**	**168 510 109**	**266 967 292**	**57 795 518**

Leave pay
This is calculated on the basis of leave days accumulated at an expected rate of payment.

	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical 2022 ZW$	Historical 2021 ZW$
18. CASH FLOW INFORMATION				
18.1 Cash generated from operations				
Profit before tax	20 438 640 983	1 371 950 275	15 685 586 317	3 421 339 470
Interest income	(85 559 153)	(50 176 140)	(43 773 778)	(12 175 981)
Interest expense	2 413 698 791	1 313 577 428	1 409 613 518	400 745 943
Depreciation (Note 8)	735 201 492	529 246 470	100 258 291	28 791 285
Allowance for obsolete inventory	(22 489 935)	9 952 198	15 999 509	(525 962)
Allowance for credit losses (Note 14.3)	(33 142 037)	65 068 158	20 585 243	23 299 244
Unrealised foreign exchange (gain) / loss	9 132 371 308	(1 893 561 150)	(766 810 875)	41 617 808
Provision for leave pay (Note 18)	98 457 183	70 873 484	209 171 774	41 590 307
Profit on disposal of property, plant and equipment	(33 449 629)	(3 256 986)	(31 761 873)	(928 089)
Profit on disposal of associate	(5 926 016 980)	(421 656 823)	(7 399 996 964)	(144 619 660)
Equity accounted earnings	(523 450 621)	(806 277 849)	(199 439 418)	(261 048 464)
Loss on monetary position	(6 927 578 957)	2 144 975 452	–	–
	19 266 682 445	**2 330 714 517**	**8 999 431 742**	**3 538 085 900**
18.2 Working capital changes				
Increase in inventories	(10 616 579 983)	(670 323 021)	(13 191 738 327)	(2 529 657 080)
Increase in accounts receivable	(7 276 368 487)	(3 548 555 561)	(12 818 799 365)	(2 921 403 845)
Increase in accounts payable	5 872 213 363	8 229 783 109	17 601 271 022	3 682 323 368
	(12 020 735 107)	**4 010 904 527**	**(8 409 266 070)**	**(1 768 737 557)**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical 2022 ZW$	Historical 2021 ZW$
18. CASH FLOW INFORMATION (continued)				
18.3 Income tax paid				
Charge to profit or loss	(2 412 267 647)	(1 160 774 430)	(1 957 666 450)	(808 944 178)
Movement in tax liability	(860 521 785)	1 087 448 433	1 045 748 014	29 876 318
Movement in deferred tax liability	454 601 197	(228 904 471)	(321 199 134)	(25 213 217)
Monetary loss	387 696 806	(2 463 080 776)	–	1
	(2 430 491 430)	**(2 765 311 243)**	**(1 233 117 570)**	**(804 281 077)**
18.4 Cash and cash equivalents at end of year				
Cash at bank	2 373 389 501	3 215 982 980	2 373 389 501	1 103 016 341
Cash on hand	162 294 079	57 453 356	162 294 079	19 705 325
	2 535 683 580	**3 273 436 336**	**2 535 683 580**	**1 122 721 666**

Cash and cash equivalents consist of cash on hand, balances with banks and loans receivable. Cash at bank accrues interest at floating rates based on daily bank deposit rates.

	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical 2022 ZW$	Historical 2021 ZW$
19. COMMITMENTS AND CONTINGENCIES				
Capital expenditure commitments				
Authorised and contracted for	4 751 500 000	814 917 431	4 751 500 000	279 500 000
Authorised but not contracted for	6 708 000 000	2 394 457 747	6 708 000 000	821 250 000
	11 459 500 000	**3 209 375 178**	**11 459 500 000**	**1 100 750 000**

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

20. PENSION SCHEMES

All eligible employees are members of the following Group schemes which are independently administered:

20.2 National Foods Pension Fund

This is a defined contribution fund, administered by an insurance company which covers eligible employees. Contributions are at the rate of 17.5% of pensionable emoluments of which members pay 7%.

20.2 National Social Security Authority Scheme

This is a defined contribution scheme established under the National Social Security Authority Act (1989). Contributions by employees are 4.5% per month of pensionable monthly emoluments, up to a maximum of $255 675 per month.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 Capital management

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder.

The Group monitors capital using a gearing ratio, which is debt divided by the sum of total equity and debt. The target ratio is a debt equity ratio that is no higher than 30%.

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
Interest bearing borrowings	9 176 051 784	5 047 730 844	9 176 051 784	1 731 268 367
Less cash and cash equivalents	(2 535 683 580)	(3 273 436 336)	(2 535 683 580)	(1 122 721 666)
Net Debt	6 640 368 204	1 774 294 508	6 640 368 204	608 546 701
Total Equity	**36 028 041 973**	**19 664 073 812**	**17 394 007 876**	**3 596 976 343**
Gearing ratio	15.6%	8.3%	27.6%	14%

21.2 Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivable.

21.2.1 Treasury risk

A treasury management policy is in place to maximise returns on available surplus funds which are controlled by management.

21.2.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. Financial assets of the Group which are subject to credit risk consist mainly of cash resources, trade and other receivables and other financial assets.

Cash resources are placed with various approved financial institutions subject to approved limits. All these institutions are of a high standing. The Group's maximum exposure to credit risk on cash resources as at 30 June 2022 and 2021 is the carrying amount as outlined in Note 18.4.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are granted short term credit terms

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.2 Financial risk management (continued)

Inflation adjusted	<30 days ZW$	30-60 days ZW$	61-90 days ZW$	>91 days ZW$	Total ZW$
30 June 2022					
Expected credit loss rate	0.6%	1.2%	3.1%	20.4%	–
Estimated total gross carrying amount at default	7 493 507 668	1 044 244 970	91 193 900	43 613 825	8 672 560 364
Expected credit loss	31 413 280	8 745 782	2 065 046	6 407 990	48 632 098
30 June 2021					
Expected credit loss rate	1%	1%	0%	17%	–
Estimated total gross carrying amount at default	4 264 400 931	595 302 730	500 592 766	288 322 487	5 648 618 916
Expected credit loss	25 204 521	7 288 610	103 617	49 177 383	81 774 135

Inflation adjusted	<30 days ZW$	30-60 days ZW$	61-90 days ZW$	>91 days ZW$	Total ZW$
30 June 2022					
Expected credit loss rate	0.6%	1.2%	3.1%	20.4%	–
Estimated total gross carrying amount at default	5 402 851 912	752 905 206	65 751 202	31 445 759	6 252 954 080
Expected credit loss	31 413 281	8 745 782	2 065 046	6 407 990	48 632 099
30 June 2021					
Expected credit loss rate	0.6%	1.2%	0.0%	17.1%	–
Estimated total gross carrying amount at default	1 462 602 241	204 176 652	171 693 073	98 888 712	1 937 360 678
Expected credit loss	8 644 635	2 499 844	35 539	16 866 837	28 046 855

21.2.3 Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of short term loans and borrowings with variable interest rates.

The following table demonstrates the profit before tax sensitivity to a reasonable possible change in interest rates on bank borrowings and other financial assets.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the interest expense on profit or loss item is the effect of the assumed changes in market interest rates. This is based on the financial assets and financial liabilities held at 30 June 2022 and 2021.
- The sensitivity of equity is calculated by considering the effect of any associated net investment in a foreign operation at 30 June 2022 for the effects of the assumed changes of the interest rate.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.2 Financial risk management (continued)

21.2.3 Interest risk (continued)

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
Effect on profit before tax				
Increase of 3%	(790 373)	(3 065 175)	(790 373)	(790 373)
Decrease of 3%	790 373	3 065 175	790 373	790 373

21.2.4 Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The ability of the company to settle its foreign creditors remained a key consideration, although with the support of the Reserve Bank of Zimbabwe, as well as some respite in respect of foreign liquidity on the back of tobacco inflows, the company's position with its foreign creditors normalised by year end.. Note 11.2 sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 3 months ZW$	3-12 Months ZW$	1 - 5 years ZW$	Total ZW$
Year ended 30 June 2022				
Borrowings	4 932 125 078	1 729 655 746	–	6 661 780 825
Trade and other payables	20 512 393 988	–	–	20 512 393 988
	25 444 519 066	**1 729 655 746**	**–**	**27 174 174 813**
Year ended 30 June 2021				
Borrowings	1 204 125 259	422 276 836	–	1 626 402 095
Trade and other payables	5 063 267 092	–	–	5 063 267 092
	6 267 392 351	**422 276 836**	**–**	**6 689 669 187**

21.2.5 Foreign currenc risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Exposure to losses on foreign currency denominated creditors is managed through prompt payment of outstanding balances.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period is as follows:

National Foods Holdings Limited

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

21.2 Financial risk management (continued)

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
21.2.5 Foreign currenc risk (continued)				
Liabilities				
United Stated Dollar	9 591 475 408	–	9 591 475 408	3 132 163 068
South African Rand	–	–	–	15 541 070
Botswana Pula	24 263 265	–	24 263 265	74 567 763

The Group is mainly exposed to the South African Rand and Botswana Pula. The following table details the Group's sensitivity to a 50% strengthening in the ZW$ against the relevant currencies (2021: 50%). The sensitivity analysis includes any outstanding foreign currency denominated monetary items and adjusts their translation at period end for a 50% strengthening of the ZW$ (2021: 50%). A positive number below indicates an increase in profit and equity where the ZW$ strengthens against the relevant currency. For a 50% weakening of the ZW$ against the relevant currencies there would be a comparable inverse impact on the profit and equity. The Group's exposure to foreign currency changes for all other currencies is not material.

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
United Stated Dollar	4 795 737 704	–	4 795 737 704	1 566 081 534
South African Rand	–	–	–	7 770 535
Botswana Pula	12 131 633	–	12 131 633	37 283 881

The sensitivity is mainly attributable to receivables and payables denominated in these currencies.

22. SEGMENTAL ANALYSIS

22.1 Operating segment information

For management purposes the Group is organised into business units based on their products and services and has resulted in two reportable operating segments as follows:

Milling and Manufacturing

This segment comprises of the flour, maize, stockfeeds and downpacking operating segments. Management has applied the following judgements in aggregating these operating segments:
- The operating segments exhibit similar long term average gross margins
- The products constitute fast moving consumer goods
- They are involved in the conversion of one form of raw material to a saleable purchased state
- They involve the warehousing of products and distribution to the wholesale and retail market.

Properties

This segment includes all properties owned by the Group. Properties are leased out to business units in the Milling, Manufacturing and Distribution segment as well as to third parties.

Profit before tax is used to measure segment performance.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

22. SEGMENTAL ANALYSIS (continued)

22.1 Operating segment information (continued)

Segment revenues and results

Inflation adjusted	Milling and Manufacturing ZW$	Properties ZW$	Group ZW$
Year ended 30 June 2022			
Segment revenue			
External customers	126 874 923 345	1 533 189 265	128 408 112 610
Total revenue	**126 874 923 345**	**1 533 189 265**	**128 408 112 610**
Operating profit	13 946 500 046	1 369 250 997	15 315 751 043
Net interest expense	(2 360 211 974)	32 072 336	(2 328 139 638)
Equity accounted earnings	523 450 621	–	523 450 621
Gain/(loss) on monetary position	7 110 611 905	(183 032 948)	6 927 578 957
Profit before tax	**19 220 350 598**	**1 282 703 736**	**20 438 640 983**
Segment assets	71 331 682 969	991 806 334	72 323 489 303
Segment liabilities	36 076 431 208	(219 016 121)	(36 295 447 329)
Net segment assets	**35 255 251 761**	**772 790 213**	**36 028 041 974**
Depreciation charge for the year	654 036 179	81 165 313	735 201 492
Capital expenditure	4 762 368 209	211 020 180	4 973 388 389
Number of employees	1 587	–	1 365
Year ended 30 June 2021			
Segment revenue			
External customers	96 404 109 393	328 693 475	96 732 802 868
Total revenue	**96 404 109 393**	**328 693 475**	**96 732 802 868**
Operating profit	3 895 184 162	78 865 005	3 974 049 167
Net interest expense	(1 301 991 039)	38 589 751	(1 263 401 288)
Equity accounted earnings	806 277 849	–	806 277 849
Gain/(loss) on monetary position	(2 063 315 754)	(81 659 699)	(2 144 975 452)
Profit before tax	**1 336 155 218**	**35 795 057**	**1 371 950 275**
Segment assets	43 471 474 886	1 668 008 739	45 139 483 625
Segment liabilities	(25 214 623 729)	(260 786 084)	(25 475 409 813)
Net segment assets	**18 256 851 157**	**1 407 222 655**	**19 664 073 812**
Depreciation charge for the year	458 332 946	70 913 524	529 246 470
Capital expenditure	1 463 917 428	891 705 052	2 355 622 480
Number of employees	1 365	–	1 365

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

22. SEGMENTAL ANALYSIS (continued)

22.1 Operating segment information (continued)

Segment revenues and results

Historical	Milling and Manufacturing ZW$	Properties ZW$	Group ZW$
Year ended 30 June 2022			
Segment revenue			
External customers	69 535 732 814	840 287 712	70 376 020 526
Total revenue	**69 535 732 814**	**840 287 712**	**70 376 020 526**
Operating profit	13 002 528 006	777 760 050	13 780 288 056
Net interest expense	(1 379 711 626)	13 871 886	(1 365 839 740)
Equity accounted earnings	199 439 418	–	199 439 418
Profit before tax	**11 822 255 798**	**791 631 936**	**12 613 887 734**
Segment assets	48 288 421 767	662 202 046	48 950 623 813
Segment liabilities	(31 367 337 307)	(189 278 630)	(31 556 615 937)
Net segment assets	**16 921 084 460**	**472 923 416**	**17 394 007 876**
Depreciation charge for the year	90 290 351	9 967 940	100 258 291
Capital expenditure	2 711 291 691	115 039 730	2 826 331 421
Number of employees	1 587	–	1 587
Year ended 30 June 2021			
Segment revenue			
External customers	27 979 021 265	95 395 536	28 074 416 801
Total revenue	**27 979 021 265**	**95 395 536**	**28 074 416 801**
Operating profit	3 226 114 045	70 823 474	3 296 937 519
Net interest expense	(400 438 573)	11 868 611	(388 569 962)
Equity accounted earnings	261 048 464	–	261 048 464
Profit before tax	**3 086 723 936**	**82 692 085**	**3 169 416 021**
Segment assets	10 770 286 791	397 987 086	11 168 273 877
Segment liabilities	(7 494 577 222)	(76 720 312)	(7 571 297 534)
Net segment assets	**3 275 709 569**	**321 266 774**	**3 596 976 343**
Depreciation charge for the year	24 867 272	3 924 013	28 791 285
Capital expenditure	718 683 355	64 469 081	783 152 437
Number of employees	1 365	–	1 365

22.2 Geographical Information

The Group's trading operations are entirely housed in Zimbabwe. The Botswana Milling and Produce Company has no trading activities and holds non current assets worth ZW$8 062 000 (2021: ZW$1 783 728) As such no further geographical information has been presented. Red Seal Manufacturers has no trading activities.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

23. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date that warranted disclosure.

24. GOING CONCERN

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate. The COVID-19 pandemic will continue to impact the operations of the Group mainly due to the restrictions in economic and social activities and the resultant impact on the demand patterns. However, management are satisfied with the measures implemented to mitigate the impact of the pandemic and ensure the Group will remain a going concern beyond the next twelve month period.

25. RELATED PARTY TRANSACTIONS

25.1 The financial statements include the financial statements of National Foods Holdings Limited, subsidiaries and associates listed in the following table:

Name	Country of incorporation	2022 Equity Interest	2021 Equity Interest
Subsidiaries			
National Foods Limited	Zimbabwe	100%	100%
National Foods Properties Limited	Zimbabwe	100%	100%
Clairedelune Investments (Pvt) Ltd	Zimbabwe	100%	100%
Breathaway Food Caterers Pvt Ltd	Zimbabwe	100%	100%
Botswana Milling and Produce Company (Proprietary) Limited	Botswana	100%	100%
Red Seal Manufacturers (Proprietary) Limited	Botswana	100%	100%
Associates			
National Foods Logistics	Zimbabwe	50%	50%
Dormant Companies			
Haris Maize Milling and Produce Company (Private) Limited	Zimbabwe	100%	100%
Palte-Haris (Private) Limited	Zimbabwe	100%	100%
Natpak Zimbabwe (Private) Limited	Zimbabwe	100%	100%
Speciality Animal Feed Company	Zimbabwe	100%	100%
Bakery Products	Zimbabwe	100%	100%

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
25.3 Transactions entered into with related parties				
Purchase of trading stocks, raw materials and services				
Innscor Africa Limited Group companies	4 341 557 265	4 756 527 798	2 084 180 150	4 350 828 141
National Foods Logistics	28 516 057	4 252 069 464	2 582 273 410	1 191 108 794
Sale of goods and Services				
Innscor Africa Limited Group companies	18 531 872 149	23 497 491 712	10 394 983 311	3 643 602 287
Interest and Management Fees				
Innscor Africa Limited Group companies				
- Management fees	726 217 818	360 795 338	526 375 509	102 518 068

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
25. RELATED PARTY TRANSACTIONS (continued)				
25.3 Transactions entered into with related parties (continued)				
Entities with Significant Influence				
Interest and Management Fees				
Tiger Brands Limited				
- Technical fees	132 215 626	123 379 535	95 832 222	35 057 636
25.4 Balances (to)/from related parties				
Innscor Africa Limited Group companies	2 264 574 140	12 729 526 911	2 264 574 140	4 365 967 196
National Foods Logistics	(91 206 823)	(50 009 740)	(91 206 823)	(24 200 723)

25.5 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arms length transactions. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2022 the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2021: ZWL nil). This assessment is undertaken each financial year through examining the financial position of each related party and the market in which the related party operates.

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
25.6 Contingent liabilities				
Guarantees				
The contingent liabilities relate to bank guarantees provided in respect of associate companies borrowings as at 30 June 2022.	200 000 000	426 250 000	200 000 000	426 250 000
	200 000 000	**1 242 785 528**	**200 000 000**	**426 250 000**
25.7 Directors emoluments				
Aggregate amounts paid by the Company and its subsidiaries to directors of the Company				
- for services as directors	36 363 178	28 787 351	24 318 680	8 179 768
	36 363 178	**28 787 335**	**24 318 680**	**8 179 768**
25.8 Key management remuneration				
Key management consists of the executive committee members and business units' managing executives.				
Aggregate short term employee benefits paid by the Company and its subsidiaries to key management of the Company	935 483 168	1 034 712 278	526 193 388	294 007 967
Pension Contributions	27 196 137	16 044 819	14 750 670	4 559 050
	962 679 305	**1 050 757 097**	**540 944 058**	**298 567 017**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2022

26. Leases

Group as a lessee

The Group has lease contracts for various items of plant, machinery and vehicles used in its operations. Leases of plant and machinery generally have a lease term of 2 years, while motor vehicles have lease terms of between 1 and 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The group had no low value leases and short term leases recognised during the year.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Historical	Plant and machinery ZW$	Motor vehicles ZW$	Total ZW$
As at 1 July 2020	11 038 133	103 966	11 142 098
Additions	31 989 205	–	31 989 205
Depreciation expense	(2 717 247)	(103 966)	(2 821 213)
As at 30 June 2021	**40 310 091**	**–**	**40 310 091**
As at 1 July 2021	40 310 091	–	40 310 091
Additions	165 273 243	–	165 273 243
Depreciation expense	(27 885 227)	–	(27 885 227)
As at 30 June 2022	**177 698 106**	**–**	**177 698 106**
Inflation Adjusted			
As at 1 July 2020	66 504 902	626 394	67 131 296
Additions	255 032 413	–	255 032 413
Depreciation expense	(8 313 089)	(626 394)	(8 939 484)
As at 30 June 2021	**313 224 226**	**–**	**313 224 226**
As at 1 July 2021	313 224 226	–	313 224 226
Additions	165 273 243	–	165 273 243
Depreciation expense	(47 036 041)	–	(47 036 041)
As at 30 June 2022	**431 461 428**	**–**	**431 461 428**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Inflation adjusted		Historical	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
At beginning of the year	113 767 610	65 779 257	39 019 962	10 917 694
Additions	168 291 716	76 155 989	168 291 716	26 119 945
Accretion of interest	46 358 781	21 946 975	27 197 108	6 236 116
Payments	(139 797 583)	(50 114 611)	(45 888 262)	(4 253 793)
At end of the year	**188 620 524**	**113 767 610**	**188 620 524**	**39 019 962**
Current	132 739 194	51 336 422	132 739 194	17 607 341
Non-current	55 881 329	62 431 191	55 881 329	21 412 621
	188 620 524	**113 767 613**	**188 620 524**	**39 019 962**
Depreciation				
Property, plant and equipment	(688 165 450)	(520 306 989)	(72 373 064)	(25 970 072)
Right of Use Asset	(47 036 041)	(8 939 484)	(27 885 227)	(2 821 213)
	(735 201 492)	**(529 246 472)**	**(100 258 291)**	**(28 791 285)**

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED SEPARATE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL FOODS HOLDINGS LIMITED

Opinion

We have audited the accompanying inflation adjusted separate financial statements of National Foods Holdings Limited (the "Company") as set out on pages 122 to 123 which comprise the inflation adjusted separate statement of financial position for the year ending 30 June 2022 and the notes to the inflation adjusted separate financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company for year ended 30 June 2022 in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Comparative information

We draw attention to the comparative information of the inflation adjusted separate financial statements, which compromises of the inflation adjusted statement of financial position. We did not express an opinion on the comparative information in the prior year. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters are addressed in the context of our audit of the inflation adjusted financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any key audit matters to be communicated in our report.

Other information

The directors are responsible for the other information. The other information comprises the statement of Directors' responsibilities and related notes and the historic cost financial information, which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted separate financial statements and our auditor's report thereon.

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

MAKING AN IMPACT THAT MATTERS since 1845

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED SEPARATE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL FOODS HOLDINGS LIMITED

Other information (continued)

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the inflation adjusted separate financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted separate financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31) and relevant statutory instruments and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the inflation adjusted separate financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the inflation adjusted separate financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted separate 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 inflation adjusted separate 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 inflation adjusted separate 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 Company'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 Company'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 inflation adjusted separate 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED SEPARATE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL FOODS HOLDINGS LIMITED

Auditor's responsibilities for the audit of the inflation adjusted separate financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

<u>Section 193(1)(a</u>**)**

The inflation-adjusted separate financial statements of the company are properly drawn up in accordance with the Act and give a true and fair view of the state of the Company's affairs as at 30 June 2022**.**

<u>Section 193(2)</u>

We have no matters to report in respect of the Section 193(2) requirements of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lawrence Nyajeka.

Deloitte & Touche

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

28 October 2022

Company Statement of Financial Position

as at 30 June 2022

	Note	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$ Restated	Historical 2022 ZW$	Historical 2021 ZW$ Restated
ASSETS					
Non-current assets					
Investment in subsidiary	E	2 960 943 593	2 960 943 593	25 367 809	25 367 809
Total assets		**2 960 943 593**	**2 960 943 593**	**25 367 809**	**25 367 809**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		79 836 945	79 836 945	684 001	684 001
Distributable reserves	F	2 881 106 648	2 881 106 648	24 683 808	24 683 808
Total equity		**2 960 943 593**	**2 960 943 593**	**25 367 809**	**25 367 809**

*Refer to note C, **Refer to note H

T. Moyo
Chairman
Harare
26 October 2022

M Lashbrook
Chief Executive Officer

A. Corporate information

The Company and its subsidiaries are incorporated in Zimbabwe except for Botswana Milling and Produce Company (Proprietary) Limited and Red Seal Manufacturers (Proprietary) Limited which are incorporated in Botswana. Refer to Directorate and Administration Section for additional corporate information. The Company is a dormant entity which comprises of the investments (see Note E) and the historical financial statements have remained unchanged since 2009.

B. Basis of Preparation

The Company statement of financial position has been prepared in accordance with International Financial Reporting standards (IFRS).

The accounting policies are similar to those applied in the Group's consolidated financial statements. The Company statement of financial statements have been prepared for inclusion in the Group's annual report, wherein the Group's consolidated financial statements have been presented, in order that it may be presented together with the consolidated financial statements at the Group's annual general meeting as required by Section 186 of the Companies and Other Business Entities act (Chapter 24.31). As a result, the Company statement of financial position may not be suitable for any other purpose if read in isolation.

The company is a dormant entity with no transactions in the current and prior years. As a result there is no statement of comprehensive income, statement of cashflows and statement of changes in equity to present.

C. Historical financial information

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

D. Summary of significant accounting policies and other explanatory notes

The summary of significant accounting policies and other explanatory notes relevant to the Company statement of financial position are similar in all material respect to those applied to the Group's consolidated financial statements.

Notes to the Company Financial Statements

for the year ended 30 June 2022

E. Investment in subsidiaries

Details of all subsidiaries are provided in the Group Structure included on Page 8. The Investment is an interest in National Foods Limited, National Foods Properties Limited, Botswana Milling & Produce Company (Proprietary) Limited and Dormant Companies.

F. Distributable reserves

The distributable reserves arose from the conversion of subsidiary US$ equity to ZW$ reporting currency.

G. Going Concern

The Directors have assessed the ability of the Company to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate.

H. Restatement

The restatement relates to the correction of a translation error that arose on the inflation adjusted company financial statements only. An incorrect index rate was used to compute the inflation adjusted investment amount resulting in the 2021 inflation adjusted number being different from the comparative. The investments cost remained unchanged, and for IAS 29 purposes, the cost increases only when adjusted for inflation.

The impact of the restatement is shown below;

	30 June 2021 – Inflation adjusted				
	Restated* ZW$	CY hyper impact on opening balance ZW$	Restated* ZW$	IAS 8 restatement error ZW$	As previously reported* ZW$
Investments	2 960 943 593	1 750 727 753	1 210 215 840	771 284 718	438 931 122
Distributable reserves	(2 881 106 648)	(1 703 522 342)	(1 177 584 306)	(771 354 718)	(406 229 588)

* These have been determined as the 2021 reported balances indexed to 30 June 2022 so as to reflect the current cost under IAS 29. This restatement does not impact any other reporting period.

I. Guarantees

The Company acted as a guarantor to National Foods Limited, a wholly owned subsidiary. The guarantee was issued by National Foods Holdings Limited in respect of any and all financial obligations and the indebtedness of National Foods Limited.


24%

GRI Content Index

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission: Part Omitted	Omission: Reason	Omission: Explanation
GRI 101: Foundation 2016						
General Disclosures						
	ORGANISATIONAL PROFILE					
GRI 102: General Disclosures 2016	102-1	Name of the organisation	Cover Page			
	102-2	Activities, brands, products, and services	10 - 11			
	102-3	Location of headquarters	133			
	102-4	Location of operations	133			
	102-5	Ownership and legal form	8-9			
	102-7	Scale of the organisation	8-11			
	102-8	Information on employees and other workers	56-65			
	102-9	Supply chain	69			
	102-10	Significant changes to the organisation and its supply chain	69			
	102-11	Precautionary Principle or approach	18			
	102-12	External initiatives	12			
	102-13	Membership of associations	12			
	STRATEGY					
	102-14	Statement from senior decision-maker	18			
	ETHICS AND INTEGRITY					
	102-16	Values, principles, standards, and norms of behavior	IFC			
	GOVERNANCE					
	102-18	Governance structure	28-30			
	STAKEHOLDER ENGAGEMENT					
	102-40	List of stakeholder Groups	41-42			
	102-41	Collective bargaining agreements	71			
	102-42	Identifying and selecting stakeholders	41			
	102-43	Approach to stakeholder engagement	41			
	102-44	Key topics and concerns raised	41			

GRI Content Index (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission: Part Omitted	Omission: Reason	Omission: Explanation
GRI 101: Foundation 2016						
General Disclosures						
	REPORTING PRACTICE					
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	8-9			
	102-46	Defining report content and topic boundaries	38			
	102-47	List of material topics	40			
	102-49	Changes in reporting		there is no change in the material topics covered this year		
	102-50	Reporting period	2	30 June 2022		
	102-51	Date of most recent report	2	the most recent report is for the year ending 30 June 2022		
	102-52	Reporting cycle	2	we report on an annual basis		
	102-53	Contact point for questions regarding the report	2			
	102-54	Claims of reporting in accordance with the GRI Standards	IFC, 2			
	102-55	GRI content index	126			
	102-56	External assurance	76			

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission: Part Omitted	Omission: Reason	Omission: Explanation
Material Topics						
200 series (Economic topics)						
ECONOMIC PERFORMANCE						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38			
	103-2	The management approach and its components	38			
	103-3	Evaluation of the management approach	38			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	68			
	201-3	Defined benefit plan obligations and other retirement plans	89			

GRI Content Index (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission: Part Omitted	Omission: Reason	Omission: Explanation
Material Topics						
200 series (Economic topics)						
INDIRECT ECONOMIC IMPACTS						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	40			
	103-2	The management approach and its components	39			
	103-3	Evaluation of the management approach	39			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	66-67			
PROCUREMENT PRACTICES						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	39			
	103-2	The management approach and its components	39			
	103-3	Evaluation of the management approach	39			
300 series (Environmental topics)						
ENERGY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	48			
	103-2	The management approach and its components	48			
	103-3	Evaluation of the management approach	48			
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	49			
	302-2	Energy consumption outside of the organisation	49			

GRI Content Index (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission: Part Omitted	Omission: Reason	Omission: Explanation
Material Topics						
300 series (Environmental topics)						
WATER						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	51			
	103-2	The management approach and its components	52			
	103-3	Evaluation of the management approach	52			
	303-3	Water withdrawal	51			
BIODIVERSITY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52			
	103-2	The management approach and its components	54			
	103-3	Evaluation of the management approach	54			
400 series (Social topics)						
EMPLOYMENT						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	56			
	103-2	The management approach and its components	56			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	57			

GRI Content Index (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission		
				Part Omitted	Reason	Explanation
Material Topics						
400 series (Social topics)						
OCCUPATIONAL HEALTH AND SAFETY						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	58			
	103-2	The management approach and its components	58			
	103-3	Evaluation of the management approach	59-60			
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	59			
TRAINING AND EDUCATION						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	61			
	103-2	The management approach and its components	62			
	103-3	Evaluation of the management approach	62			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	62			

Shareholders' Analysis

SHAREHOLDING	No. of shareholders	% of holders	Issued shares	% of shares
At 30 June 2022				
1 - 1 000	575	56.99%	192 300	0.28%
1 001 - 10 000	302	29.93%	979 883	1.43%
10 001 - 50000	99	9.81%	2 124 367	3.11%
50 001 and over	33	3.27%	65 103 558	95.18%
	1 009	**100.00%**	**68 400 108**	**100.00%**
Shareholders				
Bank And Nominees	48	4.76%	748 679	1.09%
Deceased Estates	7	0.69%	8 322	0.01%
External Companies	3	0.30%	25 622 113	37.46%
Insurance Companies/Societes	16	1.59%	3 177 986	4.65%
Pension Fund	179	17.74%	4 412 043	6.45%
Resident Inividuals	521	51.64%	658 348	0.96%
Non Residents	80	7.93%	529 161	0.77%
Investment Trusts And Companies	155	15.36%	33 243 456	48.60%
Total	**1 009**	**100.00%**	**68 400 108**	**100.00%**

SHAREHOLDING	No. of shareholders	% of holders	Issued shares	% of shares
At 30 June 2021				
1 - 1 000	503	54.97%	176 722	0.26%
1 001 - 10 000	285	31.15%	924 972	1.35%
10 001 - 50 000	90	9.84%	1 827 609	2.67%
50 001 and over	37	4.04%	65 470 805	95.72%
	915	**100.00%**	**68 400 108**	**100.00%**
SHAREHOLDERS				
Bank And Nominees	49	5.36%	617 474	0.9%
Deceased Estates	9	0.98%	29 842	0.0%
External Companies	2	0.22%	25 622 013	37.5%
Insurance Companies/Societes	13	1.42%	3 233 612	4.7%
Pension Fund	155	16.94%	4 041 641	5.9%
Resident Inividuals	476	52.02%	603 007	0.9%
Non Residents	81	8.85%	1 015 503	1.5%
Investment Trusts And Companies	130	14.21%	33 237 016	48.6%
	915	**100.00%**	**68 400 108**	**100.0%**

MAJOR SHAREHOLDERS

The top ten shareholders of the Company at 30 June	2022 No. of shares	%	2021 No. of shares	%
Innscor Africa Limited	25 618 474	37.45%	25 806 354	37.73%
Tiger Foods Brands Limited - Nnr	25 618 474	37.45%	25 618 474	37.45%
National Foods Workers' Trust (Private) Limited	6 516 464	9.53%	6 734 978	9.85%
Old Mutual Life Ass Co Zim Ltd	2 617 691	3.83%	2 681 665	3.92%
Stanbic Nominees (Private) Limited	1 558 746	2.28%	408 623	0.60%
National Social Security Authority	1 404 160	2.05%	498 481	0.73%
Stanbic Nominees (Private) Limited - NNR	436 489	0.64%	—	0.00%
Local Authorities Pension Fund	300 000	0.44%	284 572	0.42%
Standard Chartered Bank nominees	246 237	0.36%	—	—
Delta Beverages Pension Fund	197 408	0.29%	190 030	0.28%

Notice of Annual General Meeting

for the year ended 30 June 2022

NOTICE IS HEREBY GIVEN that the Fifty Third Annual General Meeting of National Foods Holdings Limited (the 'Company' or 'National Foods') is to be held at National Foods Limited, 10 Stirling Road, Workington, Harare on Monday, 12th December 2022 at 08.45 am, for the purpose of transacting the business below. Shareholders may either attend the meeting in person or virtually as per the instructions at the end of this notice.

Ordinary Business

Financial Statements

1. To receive, consider, approve and adopt the Financial Statements and Reports of the Directors, including in respect of Corporate Governance, and the Auditors for the financial year ended 30 June 2022.

Directorate

2. To re-elect Directors by individual resolutions in terms of section 201 of the Companies and Other Business Entities Act [Chapter 24:31].

   To elect the following Director, Godfrey Gwainda, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

   Godfrey is currently the Group Finance Director and Chief Finance Officer for Innscor Africa Limited. He has been with the Group in various positions since 2001. He holds a Bachelor of Accountancy (Honours) from the University of Zimbabwe, a Bachelor of Accounting Science Honours Degree from the University of South Africa and an MBA with the Henley Business School at the University of Reading. He is a Chartered Accountant (Zimbabwe) and he registered as a Public Accountant in 2000.

   To elect the following Director, Manojkumar 'Manoj' Bhikabhai Naran, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election.

   Manoj is a Chartered Accountant with vast experience in the Milling as well as the broader FMCG sectors. He started his career as an Internal Auditor in 1995 and completed his Articles with Fisher Hoffman PKF in 2002. He has held various senior financial roles in the FMCG field over the past 15 years. Manoj joined Tiger Brands in April 2010 as Finance Director of Jungle and King Foods and later moved to the Milling Division where he was appointed Managing Director in January 2019. He was the Chairman of the Tiger Brands Medical Aid Scheme. He was also the Chairperson and a Director of the National Chamber of Milling in South Africa.

   To approve the appointment of Mr Yokesh Maharaj who was appointed as Alternate Director of the company with effect from 17th February 2022, and who in terms of the Articles of Association of the company is required to retire from the Board at the Annual General Meeting and being eligible, offers himself for re-election.

   Yokesh rejoined Tiger Brands as Chief Growth Officer - Grains from Mondelez where he was President for Sub-Saharan Africa. During his previous tenure at Tiger Brands, Yokesh was Chief Growth Officer for Exports, International and Consumer Brands. Yokesh has a long track record in the FMCG industry and broad experience in working across Africa. Prior to first joining Tiger Brands in 2018, Yokesh held the position of Managing Director, Africa at Distell Limited and spent 17 years at the South African Breweries (SAB). During his tenure at SAB, Yokesh held the positions of Executive Director, Sales and Distribution, Executive Director, HR as well as the President of SAB, post the AB InBev acquisition. He holds a BBA from the University of KZN and BTech from the Durban University of Technology.

Directors' Fees

3. To approve Directors remuneration for the financial year ended 30 June 2022.

Auditors Fees

4. To approve the fees of the Auditors for the financial year ended 30 June 2022.

Special Business

Approval of Share Buy Back

5. To consider, and if deemed appropriate to pass with or without amendment, the following special resolution: - That the Company be authorised in advance, in terms of the Companies and Other Business Entities Act (Cap 24:31) - and the Zimbabwe Stock Exchange Listing Requirements, to purchase its own shares, upon such terms and conditions and in such amounts as the Directors of theCompany may from time to time determine, which terms and conditions and amounts are specified as follows:-
   i) This Authority shall:
      a) Expire on the date of the Company's Next Annual General Meeting; and
      b) Be a renewable mandate; and
      c) Be subject to the requirements of the regulations of the Zimbabwe Stock Exchange; and
   ii) Acquisitions shall be limited to the following class and aggregate maximum number of shares:
      a) Class of Shares: Ordinary
      b) Aggregate maximum number of shares to be purchased: 20% (twenty percent) of the total number of Ordinary Shares in issue in the financial year of the repurchase.
   iii) The maximum and minimum prices respectively, at which such ordinary shares may be acquired will be the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the company; and
   iv) the repurchases will not be made at a price greater than 5 percent above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase.
   v) A press announcement will be published as soon as the company has acquired ordinary shares constituting on a cumulative basis in the period between annual general meetings, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition.
   vi) If during the subsistence of this resolution, the Company is unable to declare and pay a cash dividend, then this resolution shall be of no force and effect.

   (**NOTE**:In terms of this resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of section 128 and 129 of the Companies Act and the regulations of the Companies and Other Business Entities Act (the Act) and the regulations of the Zimbabwe Stock Exchange. In terms of section 95(5) of the Act, these shares shall have the same status as treasury shares, that is to say, shares that have been authorised but not issued. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to be able to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company the adequacy of ordinary capital and reserves as well as working capital.)

Approval of Loans to Executive Directors

6. To resolve the following ordinary resolution, with or without amendments:
   "That the Company be and is hereby authorised to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director."

Any Other Business

7. To transact any other business competent to be dealt with at an Annual General Meeting.

Appointment of Proxy

8. In terms of the Companies and Other Business Entities Act (Cap 24:31), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. Proxy forms should be forwarded to reach the office of the Company Secretary at least 48 (forty-eight) hours before the commencement of the meeting.

   NOTES:
   Details of the Virtual AGM will be emailed by First Transfer Secretaries (Pvt) Ltd ('FTS') to all Shareholders. Shareholders are advised to update their contact details with the following contact:

   First Transfer Secretaries (Private) Limited
   1 Armagh Avenue
   Eastlea, Harare
   Telephone: +263 242 782869/72
   Email: info@fts-net.com

   Shareholders are invited to pre-register on the online portal that will be provided by FTS and submit their proxy forms at least 48 hours before the meeting. In order to ensure full consultations and shareholder participation, all queries/questions must be submitted to the Company and/or transfer secretaries at least 48 hours before the meeting. All submitted questions will be read out and answered during the meeting by the Chairman and the Directors.

   By Order of The Board

   Leigh Caroline Howes
   Group Legal Counsel And Company Secretary

   10 Stirling Road
   Workington
   Harare
   18 November 2022

Corporate Information

The principal operating company of National Foods Holdings Limited is National Foods Limited, which is incorporated in and operates throughout Zimbabwe.

REGISTERED OFFICE (Headquarters)
Gloria House
10 Stirling Road,
Workington
P O Box 269, Harare.

TRANSFER SECRETARIES
First Transfer Secretaries
(Private) Limited
P O Box 11, Harare.

PRINCIPAL BANKERS
First Capital Bank limited
(Formerly Barclays Bank of Zimbabwe Limited)
Stanbic Bank Limited
Standard Chartered Bank Limited

LEGAL ADVISER
Calderwood Bryce Hendrie and Partners
Central Africa House
Cnr. Jason Moyo Street and Leopald Takawira Avenue.
Bulawayo

LEGAL ADVISER
Dube, Manikai and Hwacha Legal Practitioners
6th floor, Gold Bridge Eastgate Mall
Cnr. Sam Nujoma Street and Robert Mugabe Road
Harare

AUDITORS
Deloitte & Touche
Chartered Accountants (Zimbabwe)
West Block, Borrowdale Office Park
Borrowdale Road
Harare

SUSTAINABILITY ADVISORS
Black Crystal Consulting Private Limited
33 Bayswater Road
Highlands
Harare
Box 9111 Harare

Proxy Form

PROXY FORM - AGM MONDAY 12th DECEMBER 2022

I/We ____________________ of ____________________

Being the registered owner(s) of ____________________

ordinary shares in the above named Company hereby appoint ____________________

of ____________________ or failing him/her ____________________

of ____________________

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday 12th December 2022, at 08.45 am, and at any adjournment thereof.

SIGNED this ____________ day of ____________ 2022

Signature of Member ____________________

NOTE:-

1. A member of the Company is entitled to appoint one or more proxies to act in the alternative to attend and vote and speak instead of him.
2. Instruments of proxy must be deposited at the registered office of the Company not less than forty-eight hours before the appointed for holding the meeting.

Change of Address

CHANGE OF NAME / AND OR ADDRESS

The attention of shareholders is drawn to the necessity of keeping the transfer secretaries advised of any changes in name and / or address

Shareholder's name in full
(Block Capitals Please)

____

____

____

New Address
(Block Capitals Please)

____

____

____

Shareholder's Signature ____________________

Notes

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