ARISTON
HOLDINGS LIMITED

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Registered Office: 18 Coghlan Road, Greendale, Harare, P.O. Box 4019, Harare.

Inflation Adjusted Financial Highlights

All figures in ZWL '000	INFLATION ADJUSTED Audited Year Ended 30-Sep-22	INFLATION ADJUSTED Audited Year on Year Change	HISTORIC COST Year Ended 30-Sep-22	HISTORIC COST Year on Year Change
REVENUE (ZWL'000)	4,142,399	-12%	2,247,856	118%
EBITDA (excluding fair value adjustments)	(1,178,599)	-227%	(1,269,672)	-731%
(LOSS)/ PROFIT AFTER TAXATION (ZWL'000)	(797,001)	961%	7,864,955	-80%
BASIC EARNINGS PER SHARE (ZWL'000)	3.5352	-7757%	4.8328	2222%
HEADLINE EARNINGS PER SHARE (ZWL'000)	(0.5120)	1011%	0.0235	-89%

CHAIRMAN'S STATEMENT

INTRODUCTION

The financial year ended 30 September 2022 was fraught with a number of major disruptions world wide. The effects of COVID-19 on the world economy continued in the period under review. COVID-19 resulted in a reduction in the macadamia market size. This was particularly the case this year where due to lockdowns in China the macadamia selling season only saw very low volumes finding their way into China. As a result, volumes available for nut cracking were significant resulting in reduction of selling prices. The Ukraine war and effects on the world economy in terms of inflation, and increased costs of agricultural inputs such as fertilisers and chemicals compounded the challenges. Lastly, logistics constraints including container shortages resulted in spiraling costs. The consequences of all the above was a reduction in prices achieved as well as delays in receipts from customers. On the other hand, the tea market held in terms of both demand and prices although the net return would be adversely affected by the same increase in agricultural input costs discussed above.

The agricultural season was characterised by erratic rains and hotter temperatures in the first quarter to the end of December 2021.

FINANCIAL PERFORMANCE (on inflation adjusted terms)

Revenue for the year ended 30 September 2022 reflects a 12% decline to ZWL4.1 billion when compared with the prior comparative period. The Group continued to have significant products sold in United States dollars whose value on the Auction did not reflect inflationary changes. In real terms the revenue line was adversely affected by the reduction in the average selling price of macadamia and lower macadamia nut yield in current year.

A current year loss from operations was posted arising from the impact of the mismatch arising from revenue from exports where Reserve Bank of Zimbabwe (RBZ) retention continued to be paid at a rate significantly lower than the rate being charged by local suppliers resulting in real erosion of value.

After taking into account fair value adjustments, the monetary profit and share of profits from joint ventures, the Group posted a loss before interest and tax of ZWL999 million compared to a loss of ZWL927 million in the prior comparative period.

The Group's finance costs increased by 43% in inflation adjusted terms when compared with the prior comparative period.

The Group performed a revaluation of its buildings, leasehold and improvements, plant and machinery as at 30 September 2022. This was a change in accounting policy as the Group carried these at cost in prior years. The revaluation was performed in a bid to fairly state the value of the assets which had been translated at a rate of 1:1 upon change of functional currency during the financial year ended 30 September 2019. The revaluation resulted in a revaluation surplus net of taxes of ZWL6.5 billion. The Group's total comprehensive income for the year closed at ZWL5.7 billion compared to a loss of ZWL75 million for the prior comparative period.

Overall the Group's balance sheet continued to improve in the period under review as shown by improvements in the Group's financial ratios.

VOLUMES AND OPERATIONS

Tea

Tea production volume in the current year continued on an upward trajectory with a 15% increase to 3,158 tons from 2,748 tons in the prior comparative period. Improvements made through automation of certain production tasks released labour for harvesting resulting in improved production volumes. As previously communicated the labour shortage is expected to persist in the future thereby necessitating continuous improvements and automation of processes.

Export tea sales volumes improved by 10% signaling a slight recovery in the tea market after the declines suffered with the onset of Covid 19 pandemic disruption. The average export tea selling price declined by 1% when compared to the prior comparative period.

Current year average selling prices for local tea sales improved by 12% in USD terms whilst volumes declined by 16% when compared to the prior comparative period.

Macadamia

Macadamia production volumes declined by 14% when compared to the prior comparative period from 1,292 tons to 1,106 tons. Generally the yield achieved this year was lower than that for the prior comparative period although there was an overall improvement on quality. Unfortunately, due to the effects described above on the macadamia market size and demand, the average selling price declined by 21% when compared to the prior comparative average price. As a result of covid 19 lockdowns, the Chinese market remained largely unavailable to the rest of the world resulting in an oversupply for nut cracking market with a decline in average selling prices.

Other products

The diversification of the Group's product offering has never been more important than in the current year. Aggressive growth in the crop offering of basic commodities grown from Kent Estate helped the Group immensely in the current financial year.

The "Other Products" category comprising of potatoes, commercial maize, soya beans, seed maize and bananas contributed 10% to the Group's turnover, down from 11% contribution in the prior comparative period.

Poultry revenue grew by 58% as a result of an increase in the number of placements.

INVESTMENTS

In the period under review, significant investment was made into planting new macadamia orchards, as well as completing the fencing of all macadamia orchards in the Group. Irrigation equipment was rehabilitated where necessary and an additional centre pivot was installed at Kent Estate so as to fully utilise dam water. Further, the tractor fleet was expanded to maintain operations. Lastly, another upgrade of the macadamia drying facility was implemented so as to increase capacity to the match the current macadamia production volumes.

OUTLOOK

The 2022/2023 agricultural season is expected to have normal to above normal rainfall. This will assist in underpinning the Group's production performance. The Group will continue focusing on quality and volume improvements, further automation of activities and improved production efficiencies.

In the short term, production input costs are expected to remain high. At the same time, average selling prices for macadamia will remain depressed whilst tea prices and volume offtake will continue to improve. It is expected that improvements in the macadamia market will only be truly felt in a positive way in the 2024 year.

DIVIDEND

In view of the need to enhance assets and the need to preserve cash resources, the Board has seen it prudent not to declare a dividend.

DIRECTORATE

There have been no changes in the directorate in the period under review.

APPRECIATION

I would like to extend my appreciation to all our customers, suppliers, staff, shareholders, strategic partners and my fellow Board directors for the continued support for their business.

BY ORDER OF THE BOARD

ALEXANDER CRISPEN JONGWE
CHAIRMAN

28 DECEMBER 2022

Condensed Group Statement of Profit or Loss and Other Comprehensive Income

All figures in ZWL'000	Notes	Inflation Adjusted AUDITED Year Ended 30-Sep-22	Inflation Adjusted AUDITED Year Ended 30-Sep-21	*Historical Year Ended 30-Sep-22	*Historical Year Ended 30-Sep-21
Revenue	9	**4,142,399**	**4,684,437**	**2,247,856**	**1,030,220**
Cost of production		(2,286,667)	(2,097,640)	(995,264)	(432,374)
Gross profit		**1,855,732**	**2,586,797**	**1,252,592**	**597,846**
Other operating income		65,049	33,330	47,558	7,322
Operating expenses		(2,312,378)	(2,127,105)	(1,111,581)	(427,137)
(Loss)/ Profit from operations		**(391,597)**	**493,022**	**188,569**	**178,031**
Fair value adjustments		530,926	(887,516)	1,465,297	(38,380)
Exchange loss		(1,623,530)	2,569	(1,694,311)	5,698
Monetary loss		359,174	(79,968)	-	-
(Loss)/ profit on partial disposal of interest		-	(497,432)	-	267,860
Share of net profit of a joint ventures accounted for using the equity method	6	125,205	42,462	222,957	10,261
(Loss)/ Profit before interest and taxation		**(999,822)**	**(926,863)**	**182,512**	**423,470**
Finance costs		(218,719)	(161,125)	(171,017)	(35,887)
(Loss)/ Profit before taxation		**(1,218,541)**	**(1,087,988)**	**11,494**	**387,583**
Income tax benefit/ (expense)	3	421,539	1,012,849	54,701	(48,834)
(Loss)/ Profit for the year		**(797,001)**	**(75,139)**	**66,196**	**338,749**
Other comprehensive income:					
Items that may be reclassified to profit or loss		-	-	-	-
Items that will not be reclassified to profit or loss:					
Gain on revaluation of property, plant and machinery	10	8,701,154	-	10,359,669	-
Tax on other comprehensive income	3	(2,150,925)	-	(2,560,910)	-
Other comprehensive income for the year, net of tax		**6,550,229**	**-**	**7,798,759**	**-**
Total comprehensive income for the year		**5,753,228**	**(75,139)**	**7,864,955**	**338,749**
Number of shares in issue ('000)		**1,627,396**	**1,627,396**	**1,627,396**	**1,627,396**
Weighted average number of shares in issue ('000)		**1,627,396**	**1,627,396**	**1,627,396**	**1,627,396**
Earnings per share (dollars)					
Basic earnings per share		3.5352	(0.0462)	4.8328	0.2082
Diluted earnings per share		3.5352	(0.0462)	4.8328	0.2082

** Historical amounts have been presented as supplementary information and were not subject to an audit or review.*

Condensed Group Statement of Financial Position

All figures in ZWL'000	Notes	Inflation Adjusted AUDITED As at 30-Sep-22	Inflation Adjusted AUDITED As at 30-Sep-21	*Historical As at 30-Sep-22	*Historical As at 30-Sep-21
ASSETS					
Non - current assets					
Property, plant and equipment		13,712,737	5,260,779	10,599,601	129,692
Biological assets		70,670	26,800	70,670	7,045
Right of use assets		75,117	94,176	4,381	710
Investment in joint ventures	6	865,886	773,954	355,641	152,998
		14,724,410	**6,155,709**	**11,030,293**	**290,445**
Current assets					
Biological assets		1,727,852	1,240,796	1,727,852	326,180
Inventories		780,257	651,282	690,094	162,284
Trade and other receivables		2,494,725	1,819,843	2,488,568	475,988
Cash and cash equivalents		223,807	29,922	223,807	7,867
		5,226,641	**3,741,843**	**5,130,321**	**972,319**
TOTAL ASSETS		**19,951,051**	**9,897,552**	**16,160,614**	**1,262,764**
EQUITY					
Share capital and reserves					
Share capital		322,744	322,744	1,627	1,627
Share premium		2,166,106	2,166,106	10,922	10,922
Revaluation reserve	10	6,550,229	-	7,798,759	-
Distributable reserves		3,067,886	4,045,005	475,398	503,592
		12,106,965	**6,533,855**	**8,286,706**	**516,141**
LIABILITIES					
Non-current liabilities					
Borrowings	8	3,260,902	942,798	3,260,902	247,843
Deferred tax		2,542,961	813,575	2,588,263	82,053
Lease liabilities		23,128	-	23,128	-
		5,826,991	**1,756,373**	**5,872,292**	**329,896**
Current liabilities					
Borrowings	8	712,261	402,074	712,261	105,697
Trade and other payables	7	1,278,722	826,941	1,263,243	211,612
Contract liabilities		19,816	377,558	19,816	99,221
Lease liabilities		6,296	751	6,296	197
		2,017,095	**1,607,324**	**2,001,616**	**416,727**
TOTAL EQUITY AND LIABILITIES		**19,951,051**	**9,897,552**	**16,160,614**	**1,262,764**

** Historical amounts have been presented as supplementary information and were not subject to an audit or review.*

Condensed Group Statement of Cashflows

All figures in ZWL'000	Inflation Adjusted AUDITED Year Ended 30-Sep-22	Inflation Adjusted AUDITED Year Ended 30-Sep-21	*Historical Year Ended 30-Sep-22	*Historical Year Ended 30-Sep-21
Cash flows from operating activities				
(Loss)/ profit before interest and taxation	(999,822)	(926,863)	182,512	423,470
Change in working capital	(1,407,710)	(809,586)	(1,811,509)	(99,919)
Non-cash items	(234,526)	2,266,950	(1,668,234)	(340,735)
Cash (utilised in)/ generated from operating activities	**(2,642,057)**	**530,501**	**(3,297,231)**	**(17,184)**
Cash flows from investing activities				
Payments for property, plant and equipment acquired	(307,864)	(479,304)	(129,208)	(83,694)
Proceeds from sale of property, plant and equipment	751	2,291	235	448
Dividends received on investments	33,273	-	20,314	-
Proceeds from sale of investments	741,810	-	176,507	-
Cash generated from/ (utilised in) investing activities	**467,970**	**(477,013)**	**67,848**	**(83,246)**
Cash flows from financing activities				
Cash utilised in financing activities	(52,572)	(562,562)	(27,550)	(13,213)
Cash generated from financing activities	2,420,544	435,733	3,472,873	103,598
Cash generated from financing activities	**2,367,972**	**(126,829)**	**3,445,323**	**90,385**
Net increase/ (decrease) in cash and cash equivalents	**193,885**	**(73,341)**	**215,940**	**(10,045)**
Cash and cash equivalents at beginning of the year	29,922	103,263	7,867	17,912
Cash and cash equivalents at the end of the year	**223,807**	**29,922**	**223,807**	**7,867**

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AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Condensed Group Statement of Changes in Equity

	Inflation Adjusted				
All figures in ZWL'000	Share Capital	Share Premium	Revaluation Reserve	Distributable Reserves	Total
Balance as at 30 September 2020	**322,744**	**2,166,106**	**-**	**4,120,144**	**6,608,994**
Total comprehensive income for the period	-	-	-	(75,139)	(75,139)
Balance as at 30 September 2021	**322,744**	**2,166,106**	**-**	**4,045,005**	**6,533,855**
Dividends declared for the 2021 financial year			-	(180,118)	(180,118)
Total comprehensive income for the period	-	-	6,550,229	(797,001)	5,753,228
Balance as at 30 September 2022	**322,744**	**2,166,106**	**6,550,229**	**3,067,886**	**12,106,965**

	*Historical				
All figures in ZWL'000	Share Capital	Share Premium	Revaluation Reserve	Distributable Reserves	Total
Balance as at 30 September 2020	**1,627**	**10,922**	**-**	**164,843**	**177,392**
Total comprehensive income for the period	-	-	-	338,749	**338,749**
Balance as at 30 September 2021	**1,627**	**10,922**	**-**	**503,592**	**516,141**
Dividends declared for the 2021 financial year	-	-	-	(94,390)	**(94,390)**
Total comprehensive income for the period	-	-	7,798,759	66,196	**7,864,955**
Balance as at 30 September 2022	**1,627**	**10,922**	**7,798,759**	**475,398**	**8,286,706**

** Historical amounts have been presented as supplementary information and were not subject to an audit or review.*

Condensed Notes and Supplementary Information

	Inflation Adjusted		*Historical	
All figures in ZWL'000	AUDITED Year Ended 30-Sep-22	AUDITED Year Ended 30-Sep-21	Year Ended 30-Sep-22	Year Ended 30-Sep-21
1. Depreciation and amortisation				
Depreciation of property, plant and equipment excluding bearer plants	215,139	267,828	11,320	5,825
Depreciation of bearer plants	100,249	68,228	505	631
Depreciation of right of use assets	36,760	33,220	1,289	297
	352,148	**369,276**	**13,114**	**6,753**
2. Impairment				
Impairment loss recognised	-	62,644	-	316
	-	**62,644**	**-**	**316**
3 Income tax (benefit)/ expense				
Current tax	-	92,776	-	24,389
Deferred tax movement through profit or loss	(421,539)	(1,105,625)	(54,701)	24,445
Total income tax through profit or loss	**(421,539)**	**(1,012,849)**	**(54,701)**	**48,834**
Deferred tax movement through comprehensive income	2,150,925	-	2,560,910	-
	1,729,386	**(1,012,849)**	**2,506,209**	**48,834**
4. Capital expenditure for the period				
Purchase of property plant and equipment excluding bearer plants	274,531	403,445	120,384	67,885
Capital expenditure incurred on bearer plants	39,588	75,859	12,078	15,809
	314,119	**479,304**	**132,462**	**83,694**
5. Commitments for capital expenditure				
Authorised by directors but not contracted	446,034	66,788	446,034	17,557
	446,034	**66,788**	**446,034**	**17,557**

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

	Inflation Adjusted		*Historical	
All figures in ZWL'000	AUDITED Year Ended 30-Sep-22	AUDITED Year Ended 30-Sep-21	Year Ended 30-Sep-22	Year Ended 30-Sep-21
6. Investment in joint ventures				
Beginning of the period	773,954	147,770	152,998	5,555
Addition	-	120,558	-	25,593
Fair value of retained investment	-	463,164	-	111,589
Share of profit for the period	125,205	42,462	222,957	10,261
Dividends received	(33,273)	-	(20,314)	-
End of the period	**865,886**	**773,954**	**355,641**	**152,998**
7. Trade and other payables				
Trade payables	756,538	595,329	756,538	156,502
Dividends declared for the 2021 financial year	63,552	-	63,552	-
Other payables*	458,632	231,612	443,153	55,110
	1,278,722	**826,941**	**1,263,243**	**211,612**
**Other payables include provisions and statutory liabilities*				
8. Borrowings				
At amortised cost				
Loans from banks	1,540,862	341,660	1,540,862	89,815
Bank overdrafts	105,375	71,403	105,375	18,771
Loans from related parties	2,326,926	931,809	2,326,926	244,954
	3,973,163	**1,344,872**	**3,973,163**	**353,540**
Long-term	3,260,902	942,798	3,260,902	247,843
Short-term	712,261	402,074	712,261	105,697
	3,973,163	**1,344,872**	**3,973,163**	**353,540**

(i) Bank loans of ZWL 1,540,862,323 (2021: ZWL 341,659,617) (inflation-adjusted) are secured by an assignment of export receivables between Ariston Management Services and 2 customers and an act of surety signed for the full amount of exposure.

The average effective interest rate on bank loans approximates 10% (2021: 8.5%) per annum.

(ii) Bank overdrafts are repayable on demand. Overdrafts of ZWL 105,375,301 (2021: ZWL 71,403,412) (inflation-adjusted) have been secured by joint and several guarantees. The average effective interest rate on bank overdrafts approximates 100% (2021: 12% to 40%) per annum.

(iii) Loans repayable to related parties of the Group are secured by inventories and a mortgage bond over Kent Estate and carry interest of 6% (2021: 6%) per annum charged on the outstanding loan balances. The loans are not payable on demand, they are due at the end of the loan agreement.

(iv) Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

The Group did not have any debt covenants.

9. Reportable segments

	Inflation Adjusted		*Historical	
Revenue from major products	AUDITED Year Ended 30-Sep-22	AUDITED Year Ended 30-Sep-21	Year Ended 30-Sep-22	Year Ended 30-Sep-21
Tea	1,945,050	1,763,486	1,098,535	381,800
Macadamia nuts	1,168,082	1,441,643	603,220	323,290
Vegetables and fruits	146,230	753,058	67,328	160,708
Poultry	586,481	370,704	287,602	82,513
Other	296,556	355,546	191,171	81,909
Total	**4,142,399**	**4,684,437**	**2,247,856**	**1,030,220**

All revenue is recognised at a point in time.

	Inflation Adjusted				
All figures in ZWL'000	Southdown Estates	Claremont Estate	Kent Estate	Corporate Office	Total
30-Sep-22					
Segment revenue	3,201,958	3,443	936,998	-	**4,142,399**
Segment EBITDA (excluding fair value adjustments)	38,990,341	(7,745,600)	6,577,651	(39,000,992)	**(1,178,599)**
Segment depreciation and impairment	268,734	6,506	38,626	38,282	**352,148**
Segment assets (excluding intersegment assets)	14,391,204	182,774	2,064,826	3,312,247	**19,951,051**
Segment liabilities (excluding intersegment liabilities)	(3,437,497)	(54,412)	(101,219)	(4,250,958)	**(7,844,086)**
Net segment assets/ (liabilities)	(600,135)	(55,849)	32,215	623,769	**-**
30-Sep-21					
Segment revenue	3,287,940	547,262	849,235	-	**4,684,437**
Segment EBITDA (excluding fair value adjustments)	9,708,265	(3,144,996)	(268,925)	(5,365,515)	**928,829**
Segment depreciation and impairment	204,125	55,417	35,571	136,807	**431,920**
Segment assets (excluding intersegment assets)	6,412,788	666,486	665,473	2,152,805	**9,897,552**
Segment liabilities (excluding intersegment liabilities)	(1,578,771)	(106,905)	(28,957)	(1,649,064)	**(3,363,697)**
Net segment assets/ (liabilities)	295,869	(175,781)	(5,290)	(114,798)	**-**

Condensed Notes and Supplementary Information (Continued)

9. Reportable segments (Continued)

	*Historical				
All figures in ZWL'000	Southdown Estates	Claremont Estate	Kent Estate	Corporate Office	Total
30-Sep-22					
Segment revenue	1,748,172	2,234	497,450	-	**2,247,856**
Segment EBITDA (excluding fair value adjustments)	(116,331)	111,817	33,601	(1,298,759)	**(1,269,672)**
Segment depreciation and impairment	10,379	348	1,827	560	**13,114**
Segment assets (excluding intersegment assets)	11,627,205	179,755	1,996,246	2,357,408	**16,160,614**
Segment liabilities (excluding intersegment liabilities)	(3,467,319)	(54,412)	(101,219)	(4,250,958)	**(7,873,908)**
Net segment assets/ (liabilities)	(600,135)	(55,849)	32,215	623,769	**-**
30-Sep-21					
Segment revenue	723,363	118,257	188,600	-	**1,030,220**
Segment EBITDA (excluding fair value adjustments)	174,720	6,282	44,996	(24,938)	**201,060**
Segment depreciation and impairment	4,163	1,320	674	912	**7,069**
Segment assets (excluding intersegment assets)	713,116	110,195	47,912	391,541	**1,262,764**
Segment liabilities (excluding intersegment liabilities)	(277,402)	(28,104)	(7,612)	(433,505)	**(746,623)**
Net segment assets/ (liabilities)	77,778	(46,209)	(1,391)	(30,178)	**-**

** Historical amounts have been presented as supplementary information and were not subject to an audit or review.*

10. Total comprehensive income

10.1 Change in accounting policy - Revaluation of property, plant and equipment

The Group changed its accounting policy from cost model to revaluation model for two categories within its property, plant and equipment. The two categories are Buildings and leasehold improvements as well as and Plant and machinery. The revaluation was performed in a bid to fairly the state the value of the assets which had been translated at a rate of 1:1 upon change of functional currency during the financial year ended 30 September 2019. This change is effective from 30 September 2022 and has been prospectively applied in terms of IAS 8 paragraph 17.

The revaluation of buildings, leasehold improvements, plant and machinery was carried out as at 30 September 2022 (being the effective date of the revaluation) by EPG Global Real Estate, an independent valuer. The Depreciated Replacement cost has been used as a basis of valuation. This is the cost of erecting and or acquiring, installing and commissioning a new or modern substitute asset with the same or similar productive capacity as the existing one, together with associated charges directly related to the installation of the asset but excluding finance charges. The said cost is then depreciated according to age, obsolescence, use and condition. This method is applied as a last resort where it is difficult to estimate inputs required in computing fair value using the income approach. The Group's property, plant and machinery, is so specialised that there is no active markets for the assets. As such, market inputs which would be applied in the income approach, such as the market capitalisation rate of these assets could not be determined by the valuers. Therefore the Depreciated Replacement Cost has been applied.

A net revaluation surplus after tax of ZWL6,550,228,007 inflation adjusted, has been recognised. The revaluation has contributed both basic and diluted Earnings Per Share of ZWL4.0250. Had no revaluation been performed, buildings and leasehold improvements would have had a carrying amount of ZWL990,099,632 while plant and machinery would have had a carrying amount of ZWL839,027,694. Movement in the Revaluation Reserve is found on the Statement of Changes in Equity. The net replacement method has been used for the purposes of the revaluation.

There are no restrictions on the distribution of the Revaluation balance to shareholders.

Management believes that the change in accounting policy will result in fair presentation of the Group's property, plant and equipment.

11 Currency of reporting

The Group's consolidated and condensed financial statements are presented in Zimbabwe Dollars (ZWL) which is the functional currency of all its components.

12 Statement of compliance

The Group's consolidated financial statements which are summarised by these Group financial results have been prepared in compliance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), which include standards and interpretations approved by the IASB as well as the Standing Interpretations Committee (SIC), the requirements of the Companies and Other Business Entities Act (Chapter 24:31), the Zimbabwe Stock Exchange rules and the relevant Statutory Instruments. The Group financial results do not include all the information and disclosures required to fully comply with IFRS and should be read in conjunction with the Group's consolidated financial statements which are available for inspection at the Company's registered office.

13 Basis of preparation

The financial results have been prepared based on statutory records which are maintained on a historical cost basis except for certain biological assets and financial instruments that are measured at fair value, and have been adjusted to fully comply with IFRS; these adjustments include restatements of financial information to reflect the effects of the application of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies" as more fully described on Note 14 below.

Accordingly the inflation adjusted financial statements represent primary financial statements of the Group. The historical cost information has been provided as supplementary information only.

14 Hyperinflation

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) announced that the requisite economic factors and characteristics necessary for the application of IAS 29 in Zimbabwe had been met. This pronouncement applies to reporting for financial periods ending on or after 1 July 2019.

Historical cost basis have been restated to comply with IAS 29 which requires that financial results be prepared and presented in terms of the measuring unit current at the reporting date, with comparative information being restated in the same manner. The restatements to cater for the changes in the General Purchasing Power of the Zimbabwean Dollar (ZWL) are based on indices and conversion factors derived from the Consumer Price Index (CPI) compiled by the Zimbabwe National Statistics Agency.

Judgement has been used in some of the assumptions including CPIs for some previous years due to limitation of available data.

Key CPIs and conversion factors used are shown below:

Month	CPI	Conversion Factor
30 September 2022	12,713.12	1.00
Average CPI (October 2021 to September 2022)	6,795.18	2.30
30 September 2021	3,342.02	3.80

15. Accounting policies

The Group has adopted all the new and revised accounting pronouncements applicable for the period ending 30 September 2022 as issued by the International Accounting Standards Board (IASB). The accounting policies adopted in the preparation of the consolidated financial statements as at 30 September 2021 have been consistently applied in these Group financial results, with the exception of the measurement model used for measuring Property, plant and equipment as described in Note 10 above.

16. Going concern

The Directors of the Group have continued to review the financial impact of the effects of COVID-19 and the related global lockdown orders on the business. The Directors have also assessed the impact of the war between Russia and Ukraine on the business which has had a negative impact on the Group's cost of production and pricing. They have also performed an overall assessment of the ability of the Group to continue operating as a going concern by reviewing the prospects of the Group. These assessments considered the Group's financial performance for the period ended 30 September 2022, the financial position as at 30 September 2022 and the current and medium term forecasts for the Group taking into account the economic environment in Zimbabwe, climate change, the global supply chain and the expected impact on prices and demand for the Group's products. The directors believe that the Group's plans and activities adequately mitigate the risks. Based on this background, the Directors have every reason to believe that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, these financial results were prepared on a going concern basis.

17. Audit Opinion

The inflation adjusted consolidated financial statements from which the condensed version was derived have been audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe). The engagement partner on the audit is Esther Antonio (PAAB Practicing Number 0661). The auditors have issued an unqualified audit opinion on the Group's inflation adjusted consolidated financial statements. The auditors have also highlighted Key Audit Matters in relation to the Valuation of Biological Assets and the Change in Accounting Policy On Revaluation of Property, Plant and Equipment. There is no separate opinion on these Key Audit Matters.

18. Events after reporting date

There have been no significant events after the reporting date.

Independent auditor's report

To the Shareholders of Ariston Holdings Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Ariston Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2022 , and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

What we have audited

Ariston Holdings Limited 's consolidated and separate financial statements set out on pages 25 to 78 comprise:

- the consolidated and separate statements of financial position as at 30 September 2022 ;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in shareholders' equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

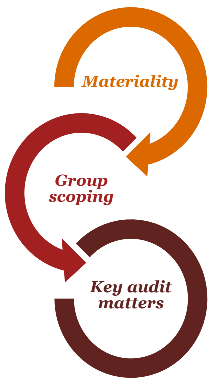
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview



Overall group materiality

- Overall group materiality: ZWL60,927,041 , which represents 5% of inflation adjusted consolidated loss before taxation.

Group audit scope

- We conducted full scope audits on the financial statements of the Company and all of its subsidiaries.This was due to either their financial significance or to meet statutory audit requirements.

Key audit matters

- Valuation of biological assets; and
- Change in Accounting Policy - Revaluation of property, plant and equipment…

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall group materiality	**ZWL 60,927,041**
How we determined it	5% of consolidated inflation adjusted loss before taxation.
Rationale for the materiality benchmark applied	We chose consolidated inflation adjusted loss before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for listed profit-oriented companies.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We conducted full scope audits on the financial statements of the Company and all its subsidiaries due to either their financial significance, or to meet statutory audit requirements.

The above, together with additional procedures performed at the Group level, including substantive procedures over the consolidation process, provided us with sufficient and appropriate audit evidence regarding the financial information of the Group to form an opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***

Valuation of Biological Assets
This key audit matter relates to the consolidated financial statements only.
 	
Livestock, poultry, timber, seasonal crops and produce growing on bearer plants are classified as biological assets and are accounted for in accordance with International Accounting Standard IAS 41, Agriculture.
 	
The fair value gain of the Group's biological assets amounted to ZWL 530,925,561 and the value of the biological assets was ZWL 1,798,521,961 as at 30 September 2022.
 	
The value of biological assets is measured at fair value less costs to sell.
 	
The values of livestock, poultry and timber are determined based on the age, size and relevant market prices less costs to sell
 	
The values of produce growing on bearer plants, which includes macadamia nuts on trees, tea on bush, fruits on tree and seasonal crops ("produce") are based on the estimated yield (tonnes) from the current crop of unharvested produce, multiplied by the result of the forecast price per crop less estimated costs to sell. This amount is then adjusted by a factor determined by management and the directors to take into
	We performed the following procedures to assess the appropriateness of the valuation of biological assets:
	
	● Evaluated the methods used by the directors in the valuation of biological assets against the requirements of IAS 41, 'Agriculture', as well as against industry practice. No inconsistencies were noted.
	● Assessed the consistency of the methods and assumptions used by the directors in the valuation of biological assets by comparing this to those used in the prior year. No changes from previously applied assumptions and methods were noted.
	● Assessed the reasonableness of assumptions used in the director's valuation model to determine the value of biological assets by performing the following procedures:
	    ● For livestock, poultry and timber, the market prices used to determine the fair value were compared to the current market price and the latest invoice price for the sale of a similar age livestock, poultry and timber. No material differences were noted.
	    ● For produce growing on bearer plants, which includes macadamias on trees, tea on bush, fruits on tree and seasonal

account the level of maturity of the crop at the reporting date.
 	
Refer to notes 3.6 - Biological assets, 4.1 - Biological assets and 11 - Biological assets to the consolidated financial statements.
 	
Due to the level of judgement involved in the valuation of biological assets, the sensitivity of the key inputs and the significance of biological assets to the Group's consolidated financial position, we considered this to be a matter of most significance to the current year audit of the consolidated financial statements.
	crops ("produce") we assessed the reasonableness of estimated yields, forecast prices and selling costs by comparing prior year estimates to current year actuals in order to assess the reasonableness of management's and directors' estimates.
	  ● On a sample basis, and using our agricultural expertise, we reviewed the existence, quality and maturity of the produce by inspecting the crops. We also recalculated how this was reflected in management's maturity factor applied. We noted no aspects in this regard requiring further consideration.
	  ● Using our agricultural expertise, we evaluated the reasonableness of the forecast yields, prices and selling costs against historical data and factoring the current quality of crops into the forecast determination. We also considered the impact of actual sales that took place subsequent to year end. On the basis of this evaluation, we accepted management's forecasts.
	● We inspected the formulas used in management's models and tested the mathematical accuracy through recalculation. No material differences were noted.
	● We evaluated the financial statement disclosures against the requirements of IAS 41, Agriculture, including the disclosures related to the sensitivities of the significant inputs into the valuation. No material inconsistencies were noted.

Change in Accounting Policy - Revaluation of Property, Plant and Equipment As from the year ended 30 September 2022, buildings, leasehold improvements and plant and machinery were measured using the revaluation model in accordance with International Accounting Standard "IAS 16", *Property, Plant and Equipment*. This was a change in accounting policy for the group as these categories were previously stated at historical cost less accumulated depreciation and impairment. Computer equipment, furniture, bearer plants and motor vehicles remain stated at historical cost less accumulated depreciation and impairment.	We performed the following procedures to assess the appropriateness of the revaluation of property, plant and equipment: ● We evaluated the methods used by the external valuers in the valuation of property, plant and equipment against the requirements of IAS 16, '*Property, Plant and Equipment*', as well as against industry practice. No inconsistencies were noted. ● We assessed the reasonableness of assumptions used in the management expert's valuation model to determine the value of buildings, leasehold improvements and plant and machinery by performing the following procedures: ● For buildings and improvements, the price per square metre used in the application of the depreciated replacement cost to determine the fair

The revaluation of buildings, leasehold improvements, plant and machinery was carried out as at 30 September 2022 by EPG Global Real Estate, an independent valuer. The valuer applied the Depreciated Replacement Cost as a basis of valuation. This is the cost of erecting and or acquiring, installing and commissioning a new or modern substitute asset with the same or similar productive capacity as the existing one, together with associated charges directly related to the installation of the asset but excluding finance charges. The said cost is then depreciated according to age, obsolescence, use and condition. The Group's total revaluation surplus amounted to ZWL 6,550,229,007 (after tax) as at 30 September 2022. Refer to notes 3.10 - Property, plant and Equipment, 4.4 and 10B- Property, plant and equipment (impairment, depreciation and revaluation). Due to the significant assumptions and estimates applied by the valuers in the revaluation process, including the method of fair valuation we considered this to be a matter of most significance to the current year audit of the consolidated financial statements.	value were compared to those used by other listed entities in the same industry for reasonableness. No material differences were noted. ● We performed a sensitivity analysis on the revalued amount to confirm the impact of movements in the price per square metre on the valuation. ● We compared the useful lives in the valuation report to the prior year useful lives and industry competitors for reasonability. No material differences were noted. ● We compared the estimated remaining useful lives determined by the expert to the remaining useful lives as determined by management and as recorded in the asset register for reasonability. ● We inspected the formulas used in management's models and tested the mathematical accuracy through recalculation. No material differences were noted. ● We verified the completeness of the revaluation schedule by agreeing it to the group's asset register. No material exceptions were noted ● We evaluated the financial statement disclosures against the requirements of IAS 16, *Property, plant and equipment*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* including the disclosures related to the sensitivities of the significant inputs into the valuation. No material inconsistencies were noted. ● We inspected the formulas used in the revaluation of property, plant and equipment and tested the mathematical accuracy through recalculation. No material differences were noted. ● We evaluated the financial statement disclosures against the requirements of IAS 16, *Property, Plant and Equipment*. No material inconsistencies were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled " *Ariston Holdings Limited Annual Report 2022* ". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and 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, 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 consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and 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 consolidated and 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 consolidated and 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 Group's and 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 Group's and 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 consolidated and 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 Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

PricewaterhouseCoopers

Esther Antonio
Registered Public Auditor

Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor Registration Number 0661
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 255940

29 December 2022

Harare
Zimbabwe