Dairibord Holdings

More Than Just Milk

ANNUAL REPORT 2022

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands


NEW
DAIRIBORD
DAIRY DELIGHTS
DAIRIBORD
Zimbabwe (Private) Limited
Yu-mmy
Gold
Fruit Yoghurt
tasty, fruity, full of flavour
DAIRIBORD
Yu-mmy
Gold
Fruit Yoghurt
Piña Colada
150ml
DAIRIBORD
Yu-mmy
Gold
Fruit Yoghurt
Blueberry
150ml
DAIRIBORD
Yu-mmy
Gold
Fruit Yoghurt
Peach Melba
150ml
Premium, real fruit yoghurt
available in 3 delectable flavours.
dairibord.com

CONTENTS

OUR CORE VALUES

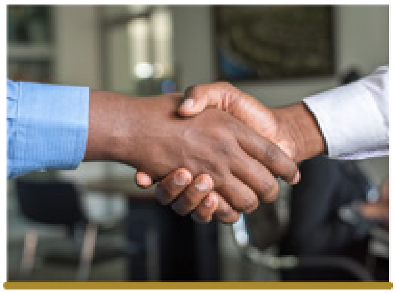
Our Vision

To be the leading foods and beverages company in Africa, commanding a position of sustainable market leadership driven by strong brands and superior human capital.

Our Mission

To provide our customers with the best quality foods and beverages for the sustenance of good health.

Our Values



Integrity

Our integrity will be displayed in all our interactions with stakeholders while embracing environmentally friendly practices.

Responsibility

As a corporate citizen, we are committed to discharging our duties responsibly in all our dealings with stakeholders.

Accountability

We take responsibility for our own actions.

Fairness

We will be fair in all our dealings.

Teamwork

We shall nurture a spirit of teamwork to optimise synergies and benefit from mutual co-existence.

Zero Tolerance to Corruption

Our strategies and operations are anchored on principles of sound corporate governance. To this end, the Group operates on a zero tolerance to corruption policy.

DAIRIBORD 70 YEARS

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ABOUT THIS REPORT

Dairibord Holdings Limited, a Company listed on the Zimbabwe Stock Exchange (ZSE) since 1997, presents its annual report for the year ended 31 December 2022. The report integrates both financial and sustainability information to inform our stakeholders on our social, environmental and economic performance and impacts, as well as our prospects and strategy as a Group.

Reporting Scope and Boundary

The report covers the primary activities of the Company in Zimbabwe. In this report, unless otherwise noted, references to "our", "we", "us", "the Company", "Dairibord" refers to Dairibord Holdings Limited and its subsidiaries.

Reporting Frameworks

This report was prepared with due consideration of the following reporting requirements and provisions:

- The Companies and other Business Entities Act [Chapter 24:31].
- Statutory Instrument (SI) 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules 2019.
- International Financial Reporting Standards (IFRS).
- Global Reporting Initiative (GRI) Standards.

Sustainability Data

This report was prepared using qualitative and quantitative information extracted from Company policy documents, records and personnel responsible for the material topics presented in the report. In some cases, estimations were made and confirmed for consistency with business activities.

External Assurance

The financial statements were audited by Deloitte and Touche Chartered Accountants (Zimbabwe). An independent auditors' report on the financial statements contained in this report appears on pages 72 to 75 of our annual report. Management validated the report for consistency with business operations before publication. The sustainability information disclosures were verified for compliance with GRI Standards requirements by Visibly Heard as subject matter experts. A GRI Content Index is available on pages 156 to 158. The sustainability data provided in this report has not been externally assured.

Restatements

Dairibord Holdings did not make any restatement of data previously reported.

Report Declaration

The Board of Directors and Management take responsibility that this report has been prepared in accordance with applicable GRI Standards: Core option.

Forward-looking Statements

This report contains certain forward-looking statements concerning the Dairibord Group's financial position, results, operations and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that may occur in the future. Various factors could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Readers are cautioned not to put undue reliance on forward looking statements.

We welcome your feedback on our report and any suggestions you have in terms of our business and reporting practices.
To do so, please email Maurice Karimupfumbi at karimupfumbim@dairibord.co.zw, or call +263(242)790801-6.

Josphat Sachikonye
Chairman

Mercy Ndoro
Group Chief Executive

Dairibord Holdings
More Than Just Milk

DAIRIBORD 70 YEARS
Endurable Business, Endurable Brands

Overview

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In this section;

OVERVIEW

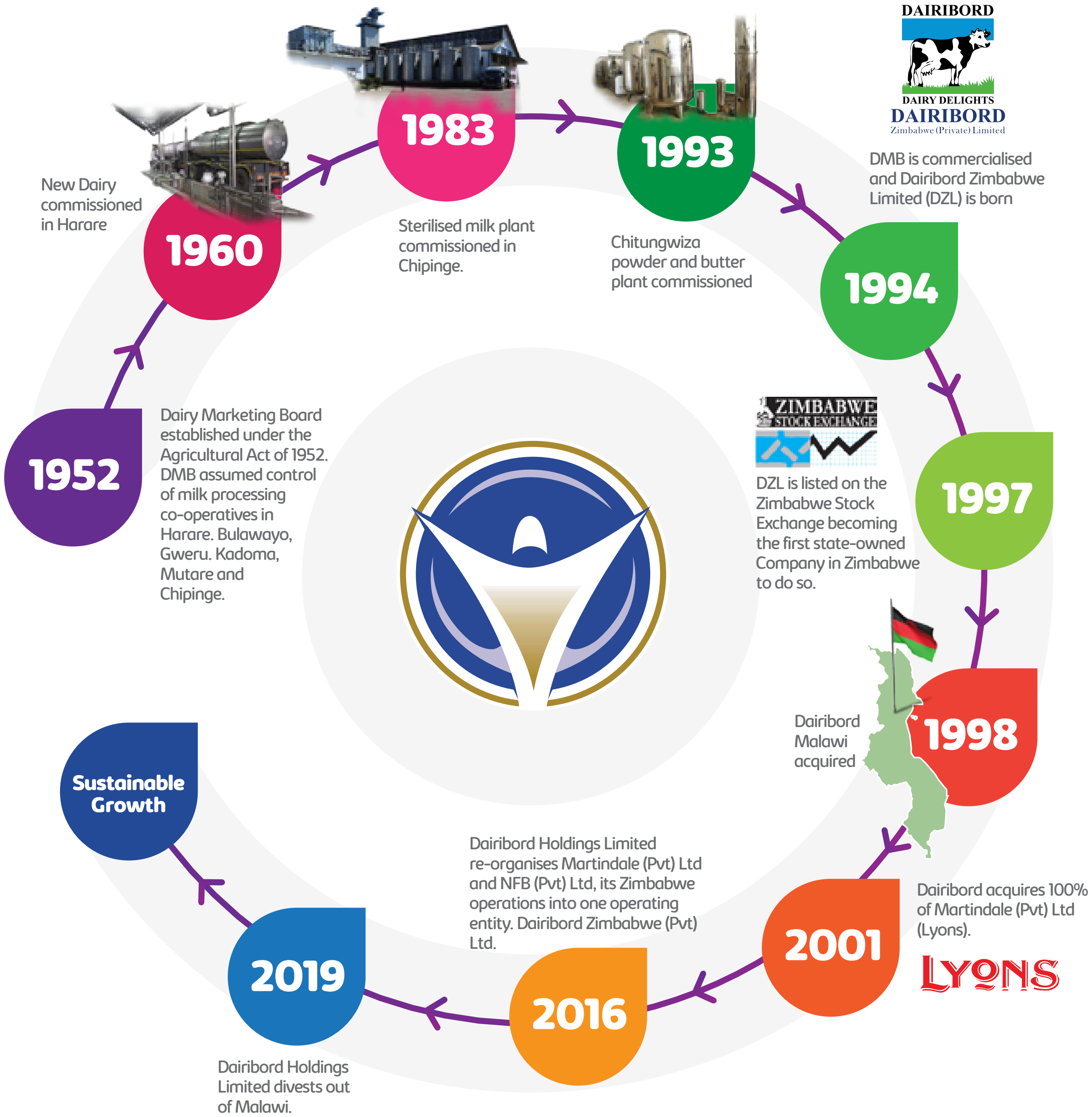
HISTORY OF DAIRIBORD

Dairibord 70 Years — Endurable Business, Endurable Brands

Dairibord's rich history dates to 1952 when we were established as a state-owned parastatal known as the Dairy Marketing Board. Our mandate then, was to receive all milk, manufacture and market dairy products, and administer regulations related to producer registrations.

Since then, Dairibord has grown to become a leading milk processor in Southern Africa. We have expanded our operations and diversified our portfolio to include a wide range of dairy and non-dairy products which include liquid milks, foods and beverages.

We have remained rooted in our values that have guided us since our inception. Dairibord believes in creating shared value for our stakeholders which include our shareholders, customers, employees, and the wider community. We are proud to have been a part of Zimbabwe's dairy industry for 70 years and look forward to continuing to make a positive impact in the years to come.



DAIRIBORD HOLDINGS AT A GLANCE

DAIRIBORD 70 YEARS | Endurable Business, Endurable Brands

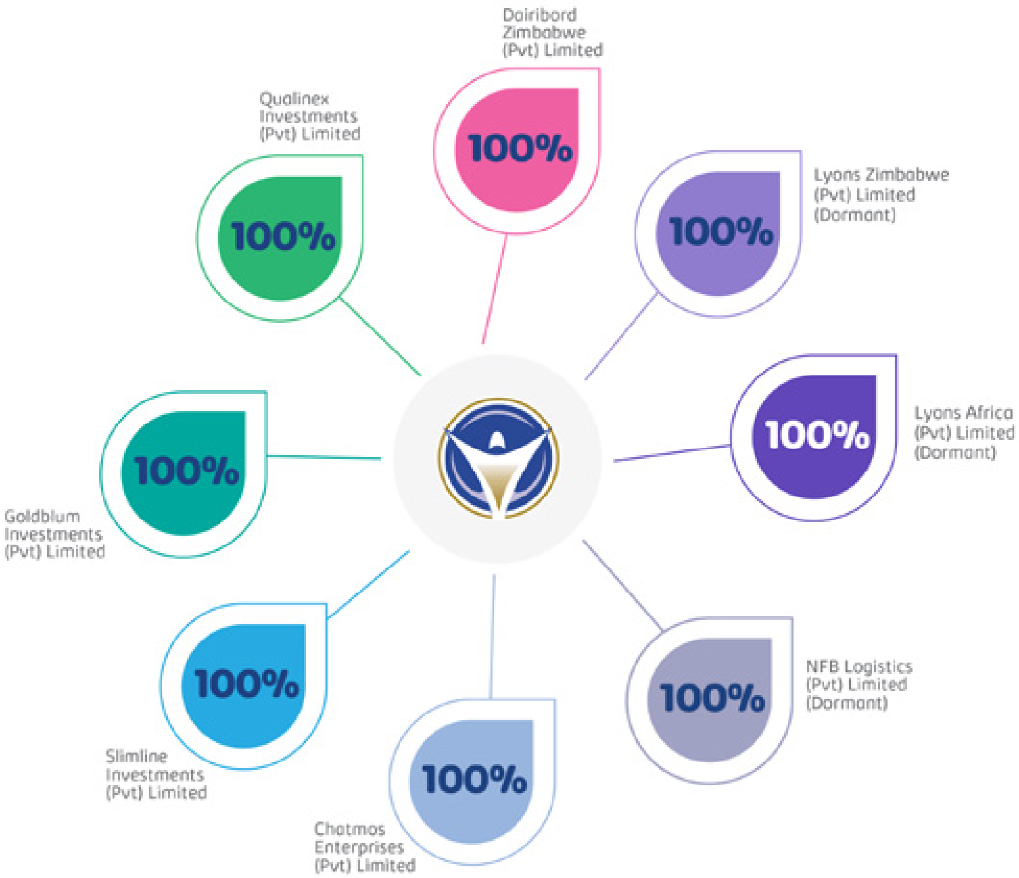
Dairibord Holdings Limited (DHL) has established itself as a reputable manufacturer and marketer of high-quality milk, foods and beverages. The company is listed on the Zimbabwe Stock Exchange and owns Dairibord Zimbabwe (Private) Limited as its flagship subsidiary.

The subsidiary's manufacturing factories are strategically located in Harare, Chitungwiza and Chipinge, supported by distribution centres at the factory sites and additional centres in Mutare, Gweru, Bulawayo, Masvingo and Victoria Falls. The company's extensive reach is also made possible through 15 franchises across the country and over 900 independent vendors. Our Logistics and Sales departments oversee the inbound and outbound logistics, while the Milk Supply Development Unit is responsible for managing our farmers.

FACTORIES AND DEPOTS		FRANCHISES
FACTORIES	DEPOTS	
Harare, Chitungwiza, Chipinge	Mutare, Gweru, Bulawayo, Gwanda, Masvingo	Bindura, Marondera, Chinhoyi, Kwekwe, Chegutu, Rusape, Chiredzi, Murewa, Gokwe, Kariba, Zvishavane, Beitbridge

Group Structure

In addition to the flagship subsidiary, Dairibord Zimbabwe (Private) Limited, Dairibord Holdings Limited also owns four property companies: Goldblum Investments, Chatmos Enterprises, Qualinex Investments and Slimline Investments, while Lyons Africa, Lyons Zimbabwe and NFB Logistics are dormant companies also owned by Dairibord Holdings Limited.



OVERVIEW

Endurable Business, Endurable Brands

OUR VALUE CHAIN

We recognise that our success is dependent on the contributions of our human capital, as well as access to raw materials, utilities and a range of stakeholders including farmers, suppliers, customers and employees, who together drive sustainable shareholder value. We are committed to building trust with our consumers and sharing the benefits across our value chain. To achieve this, we outsource certain services to third parties, including merchandising, vending, security, canteen and cleaning services. Our outsourcing partners are carefully selected to ensure alignment with our values and commitment to sustainability.

Inputs

Raw Milk: is sourced from farmers who sign contracts of supply with the company. The pricing of milk is market determined to retain competitiveness. Milk collection is the responsibility of the company.

Raw Materials: comprise of Skimmed Milk Powder (SMP), Full Cream Milk Powder (FCMP), Sugar, Orange Juices, Fruit Sets, Tomato Paste, Oil, Eggs e.t.c.

Packaging Materials: comprise of High- Density Polyethylene (HDPE), Polyethylene Terephthalate (PET), paper packaging e.t.c. Due to depressed industrial activity in Zimbabwe, most materials are imported exposing the business to global commodity price volatilities and foreign exchange fluctuations.

Utilities: [electricity, water, coal, and other fuels] Utilities availability is erratic and at a high cost particularly water and electricity. The business relies on standby facilities to support operations during power and water outages.

Human Capital: [contract and permanent] Labor is a combination of contract, permanent and outsourced services. Remuneration recognises collective bargaining, market benchmarks and productivity incentives.

Processes

The Group undertakes value addition by converting the inputs into value added products. The Group operates 4 factories in Zimbabwe.

Marketing and Sales

Modern Trade: This channel is composed of key retail outlets.

Wholesalers: The channel is comprised of large and medium scale wholesalers.

General Trade: Composed of small to medium scale retailers, wholesalers, van sales, convenience stores, door to door sales, online sales, and the informal trade. A significant amount of cash sales is generated through this channel.

Vending: This is a cash channel with independent vendors.

Franchises: Most franchises operate from the Group's premises formerly operated as company owned distribution depots.

Hospitality and Institutions: The channel focuses on hotels, schools, and similar institutions.

Exports: Trade is done mainly with customers in Zambia, Mozambique Botswana, South Africa, Namibia, and Malawi.

OVERVIEW ▸

GROUP BRANDS AND MARKETS

DAIRIBORD 70 YEARS | Endurable Business, Endurable Brands

The Group manufactures a diverse range of products including liquid milk (sterilized milk, UHT milk, and cultured milk), foods (yoghurts, ice creams, condiments, and spreads), and beverages (cordials, dairy and non-dairy fruit juice blends, cereal-based ready to drink, tea, and water). These are marketed and distributed in domestic and export markets. No Dairibord products are prohibited in any market.

Our Brands

Milks

Chimombe, Steri Milk, Super Milk, Lacto, Supreme Creme, Flavour Ravers

Beverages

Cascade, Pfuko, fun 'n fresh, Quench, Quick Brew Tea Bags, Chocolate, Aqualite, NUTRIplus

Foods

Yu-mmy Yoghurt, RabRoy, Dairibord a real dairy ice cream, Dairibord Cool Summer Stars, Lyons Maid, Lyons Peanut Butter

OVERVIEW ▸

Endurable Business, Endurable Brands

MARKETS SERVED

Dairibord products are available throughout Zimbabwe via a network of channels designed to reach all markets effectively.

Our major export markets are Botswana, Malawi, Mozambique, Namibia, South Africa and Zambia.

Export Volume Contributions by Country

South Africa	42.9%
Mozambique	52.8%
Zambia	3.0%
Malawi	0.6%
United Kingdom	0.7%

Exported Products

MILKS: STERILISED MILK, CHIMOMBE

FOODS: LYONS PEANUT BUTTER, RABROY TOMATO SAUCE, RABROY SALAD CREAM, RABROY MAYONNAISE, YUMMY YOGHURTS, STICK ICE CREAMS

BEVERAGES: QUENCH CORDIALS, QUICKBREW TEA, PFUKO MAHEU, CASCADE DAIRY FRUIT BLEND

MEMBERSHIP AND AWARDS

Marketing Services Executive, Ruvarashe Matambo (centre), receives one of the Superbrand awards.

Business Associations and Memberships

- Confederation of Zimbabwe Industries (CZI)
- Zimbabwe National Chamber of Commerce (ZNCC)
- Marketers Association of Zimbabwe (MAZ)
- Zimbabwe Business Council on Wellness (ZBCW)
- Buy Zimbabwe (BZ)
- Zimbabwe Dairy Industry Trust (ZDIT)
- Employers' Confederation of Zimbabwe (EMCOZ)

Marketers Association of Zimbabwe (MAZ) SuperBrands Awards 2022

Pfuko/Udiwo	Winner, FMCG Non-Alcoholic Brew
Lacto	Winer, FMCG Cultured Milk
Cascade	First Runner Up, FMCG Non-Alcoholic Beverages
Chimombe	First Runner Up, FMCG Dairy Sector - Fresh Milk
Steri Milk	Second Runner Up, FMCG Dairy Sector - Fresh Milk
Lyons Quench	Second Runner Up, FMCG Non-Alcoholic Cordials
Dairibord	5th Position, Business to Business Category

Zimbabwe International Trade Fair 2022

Dairibord Exhibition	Bronze Medal, Best Zimbabwean Exhibit: Food Group

Marketers Association of Zimbabwe (MAZ) Exceptional Marketing Awards (EMA) 2022

Cascade Baobab	Winner, Best New Product Innovation of the Year
Cool Summer Stars	First Runner Up, TV advert of the Year

Buy Zimbabwe

Cascade Baobab	FMCG 1st Runner Up, Product of Year
Dairibord	FMCG 1st Runner Up, Manufacturer of the Year
Dairibord	FMCG 2nd Runner Up, Local Award
Dairibord	FMCG 2nd Runner Up, Insignia Award
Dairibord	Buy Zimbabwe Chairman's Recognition

Zimbabwe Independent Quoted Companies Survey 2022

Dairibord	1st Runner Up, Technology and Innovation

OVERVIEW ▸

OUR SUSTAINABLE BUSINESS MODEL

DAIRIBORD 70 YEARS

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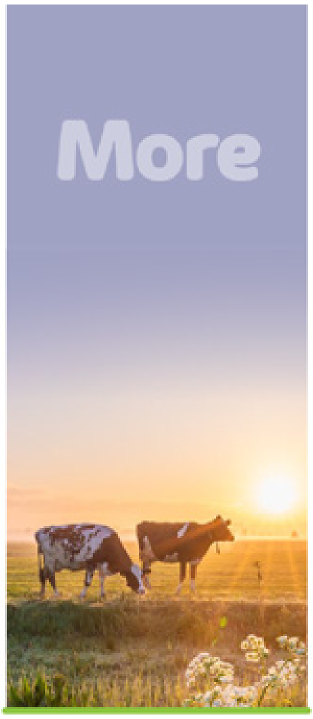
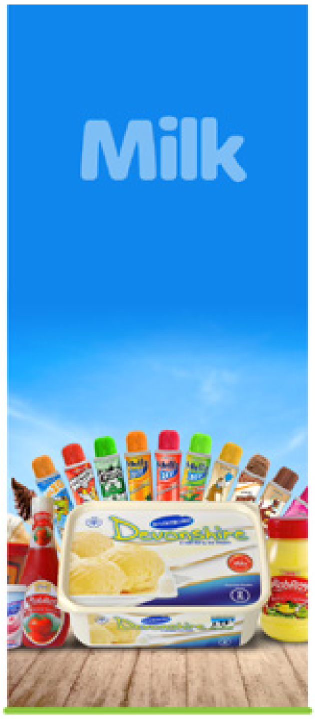
Our strategy is built around our ability to adapt and respond to the changing needs of our customers and the operating environment. Our focus is on leveraging our expertise in the production and marketing of nutritious foods and beverages to capture local and regional market opportunities. We continually seek to enhance our operations through innovation, efficiency and responsible management practices that enhance profitability and create long-term value for our stakeholders.

Our Strategy at a Glance

Our strategy is fluid and adaptable, enabling us to optimise opportunities and navigate challenges as they arise.





FOCUS

- Liquid Milks
- Foods
- Beverages

KEY STRENGTHS

- Strong heritage
- Diversified product portfolio
- Strong brand equity
- Diversified distribution channels
- Nationwide distribution network
- State of the art processing technology
- Diversified skill base

OPPORTUNITIES

- Growth in raw milk production to address supply gap and reduce import bill through import substitution
- Exports sales growth through deepening and widening existing offering
- Margin optimisation through operational efficiencies

PRIORITIES

- Milk supply growth
- Exports growth
- Growing domestic market share
- Margin optimisation

DAIRIBORD 70 YEARS

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DAIRIBORD
DAIRY DELIGHTS
DAIRIBORD
Zimbabwe (Private) Limited

70 years: Endurable Business, Endurable Brands

We have come a long way since 1952. We are proud of our indelible history. As we look to the future, we aim to positively impact the lives of our people, our business partners, our consumers and our communities. **Let's celebrate 70 years together.**

dairibord.com

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More Than Just Milk

DAIRIBORD 70 YEARS
Endurable Business, Endurable Brands

Strategy and Performance Commentary

In this section;

PERFORMANCE HIGHLIGHTS

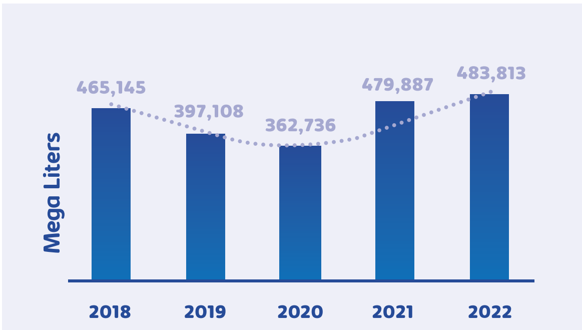
FINANCIAL PERFORMANCE	INFLATION ADJUSTED ZWL		HISTORICAL ZWL	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Revenue	63,377,265	45,278,040	45,631,178	10,635,419
Operating Profit	6,031,423	2,374,200	4,349,981	1,019,138
Profit/ Loss	1,754,487	208,371	2,015,924	476,334
Earnings Before Interest and Tax Depreciation and Amortisation (EBITDA)	7,173,606	3,395,143	4,511,420	1,071,935
Net Cash flows Generated from Operations	2,006,695	2,868,380	2,548,170	479,621
Net Assets	18,479,605	11,662,785	12,134,183	1,883,858
PROFITABILITY RATIOS				
EBITDA %	11%	7%	10%	10%
Interest Cover (times)	2	1	2	2
Return on Equity	23%	8%	23%	36%
Operating Margin	10%	5%	10%	10%
LIQUIDITY RATIOS				
Gearing Ratios	17%	18%	27%	33%
Current Ratio	1.24	1.62	1.11	1.41
Acid Test Ratio	0.59	0.65	0.58	0.63
SHARE INFORMATION AND PERFORMANCE - Earnings per share				
Basic (ZWL)	4.90	0.58	5.63	1.33
Diluted (ZWL)	4.90	0.58	5.63	1.33
Headline Earnings (ZWL)	3.76	0.70	3.92	1.27
Closing market price (ZWL).	3.50	3.50	3.50	3.50
Net asset value per share (cents).	5.16	3.26	3.39	0.53
Market Capitalisation in ZWL	1,253,003,003	1,253,003,003	1,253,003,003	1,253,003,003
Number of ordinary shares in issues as at 31 December 2022.	358,000,858	358,000,858	358,000,858	358,000,858
Weighted average number of shares.	358,000,858	358,000,858	358,000,858	358,000,858

Sustainability Performance

	2022	2021	2020	2019	2018
Electricity consumption (MwH)	10 603	10 927	10 019	10 389	13 044
Water consumption (ML)	483 813	479 887	362 736	397 108	465 145
Coal consumed (tons)	6 189	5 669	4 565	5 762	6 458
Diesel consumed (000L)	1 608	1 432	2 385	2 237	2 009
Labour turnover	141	252	173	19	31

Electricity Consumption

Total Water Consumption



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CHAIRMAN'S STATEMENT

INTRODUCTION

It is gratifying to commemorate the 70th anniversary of Dairibord Holdings Limited at a time when the future of the Zimbabwe dairy industry and the Company appears very bright. From the establishment of the Dairy Marketing Board in 1952, to commercialisation in 1994 and listing on the Zimbabwe Stock Exchange in 1997, Dairibord has remained resilient in the seasons of challenging economic and operating environments.

OPERATING ENVIRONMENT

The operating environment was arduous throughout the financial year under review, characterised by high inflation and currency volatility especially in the second half of the year.

Several monetary policy interventions, particularly regarding local currency, interest rates and money supply management were enacted in response to the escalating inflationary pressures. The result was a decrease in annual inflation in H2 from a peak of 285% in August, to close the year at 243.8%.

The negative consequences of extended lead times throughout supply chains, delays in payment from the foreign currency auction system and increased labour costs exerted pressure on costs and margins. Inconsistent supply of quality water and power impeded and increased manufacturing costs.

Notwithstanding the turbulent operating environment, the Group recorded positive volume growth compared to prior year. This success was made possible by maintaining focus on diversifying and expanding product portfolios, implementing affordable pricing models and consistent review of the route-to-market strategies. All these efforts were further aided by ongoing investments in increased manufacturing capacity and capabilities.

PERFORMANCE

Raw Milk

Raw milk utilised for the year was 28.5 million litres, 4% above 2021 and representing 34% of the total intake by processors as we remained the leading milk processor.

The business aims to continuously grow high quality volumes of raw milk through our Milk Supply Development Unit (MSDU) by providing support to the farmers in critical areas which include feed formulation and nutrition, veterinary support, herd growth projects, input procurement facilities as well as sustainability and alternative energy options.

Sales Volume and Revenue

Sales volumes for the period grew 3% ahead of the same period last year, with Beverages and Foods categories delivering growth of 7% and 10% respectively and Liquid Milks declining by 7%. Contribution to total volume for Liquid Milks, Beverages and Foods was 28%, 62% and 10% respectively.

Domestic market sales volumes in US$ for the year were 50% (2021: 17%) and exports were 6% (2021: 5%) as the Group's regional footprint continues to grow.

The Group recorded inflation adjusted revenue of ZWL63.38 billion during the financial year under review, a 40% increase on the comparative period. Moderate volume growth and price adjustments to protect margins were the main drivers of revenue growth.

Profitability

The business experienced increased costs arising from imported inflation and pricing distortions from currency instability. Resultantly, cost of sales and overheads grew by 46.4% and 46% respectively.

Group's operating profit grew 154% to ZWL6.31 billion compared to ZWL2.37 billion reported last year. The operating profit margin for the period was 10% up from 5.24% in prior period.

CHAIRMAN'S STATEMENT

At ZWL1.6 billion, net finance charges for the period were lower than last year in inflation adjusted terms; although in historical terms finance charges were higher in the current year as compared to the prior year, driven by an increase in borrowings and higher interest rates which were experienced in the second half of the year. Borrowings amounting to ZWL1.8 billion were invested in capital expenditure projects to increase production output and to fund long working capital cycles.

After accounting for finance charges, the Group posted a profit before tax of ZWL4.3 billion.

SUSTAINABILITY

The Group continues to use the Global Reporting Initiative (GRI) methodology for overall sustainability as part of its commitment to ensure the sustainability of the company and stakeholders and as guidance for social responsibility. Over the years, we have adapted our sustainability reporting to reflect the Sustainable Development Goals (SDGs), proving our dedication and support for sustainable development in the way we conduct our business.

We are committed to corporate social responsibility, water management, energy efficiency and recycling of packaging materials, in line with global best practices.

OUTLOOK

The operating environment remains challenging. It is expected that globally, economic growth will be slow due to the overhang of the COVID-19 pandemic and the effects of disruption to global supply chains. A decline in global demand is anticipated to lower commodity prices, reducing the opportunities for the nation to benefit from its rich mineral reserves.

Erratic supply and high cost of quality water and electricity are expected to persist, increasing the cost of production, and disrupting operations. Management will continue to engage in strategic partnerships and explore initiatives for alternative energy models and efficient production methods.

Volume growth in 2023 will be underpinned by recently completed capital investment projects which include a third maheu (Pfuko) line, a drinking yoghurt (Yoggie) line and a third blow moulder for Steri milk bottles. In addition, a new chilled water plant was installed at the Harare Rekayi Tangwena factory to optimise production capabilities.

The Group will continue to seek value-adding opportunities. We will leverage initiatives in raw milk production growth, our diversified product portfolio, effective pricing models and route- to-market strategies for sustained growth. Cost containment and cost reduction through improved productivity and efficiencies are also key focus areas to improve profitability.

DIVIDEND

The Board declared a final dividend of ZWL358,000,858 from 2022 profits. The dividend translates to ZWL1 per share. The dividend will be paid on or about 31 May 2023.

DIRECTORATE

Retirements

Mr. Antony Mandiwanza retired from the Company and board as its long-serving Group Chief Executive Officer with effect from 30 September 2022. In addition, Mrs Sibusisiwe Chindove (Busi) also retired from the board with effect from 2 June 2022.

Appointments

Ms. Mercy Rufaro Ndoro was appointed to the position of Group Chief Executive Officer with effect from 1 October 2022. Prior to her appointment, Mercy was the Group's Finance Director. Mr. Bruce Henderson was appointed to the board as a non-executive director with effect from 1 August 2022.

I take this opportunity to thank Antony and Busi for their great service to the company and wish Mercy and Bruce all the best in their new appointments.

APPRECIATION

On behalf of the Board, I would like to extend our most sincere appreciation to all our esteemed customers, business associates and stakeholders for their continued support of the business, particularly during these trying times. We applaud management and all staff for their commitment and dedication towards the success of the company.

Josphat Sachikonye
Chairman

STRATEGY AND PERFORMANCE COMMENTARY

GROUP CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

DAIRIBORD 70 YEARS

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THE GROUP'S 2022 PERFORMANCE SUSTAINED THE GROWTH MOMENTUM ACHIEVED IN THE PRIOR YEAR.

OPERATING ENVIRONMENT

The operating environment was challenging throughout the financial year under review, particularly marked by pronounced inflationary pressures and currency instability. Gross Domestic Product (GDP) growth was 3.4%, down from an initial projection of 5.5% (Government of Zimbabwe), compounded by reduced output for the 2021/2022 summer cropping season. In addition, supply chains remained disrupted resulting in imported inflation across the value chain.

Deceleration of inflation and reduced exchange rate volatility were observed in the third quarter because of monetary policy interventions implemented in the second half of the year, with inflation closing the year at 243.8%. Consequently, the trading environment appeared stable, characterised by a slowdown in price movements, a rise in foreign currency transactions and constrained ZWL liquidity.

Supply of quality water and electricity was inconsistent during the period under review, despite an escalation in prices.

PERFORMANCE OVERVIEW

The financial commentary presented in this report is based on inflation adjusted numbers.

Sales Volume and Revenue

The Group's 2022 performance sustained the growth momentum achieved in the prior year. Sales volumes at 97.1 million litres were 3% above comparative period, the highest volume performance in the last six years. Notably, the Foods category delivered a volume growth of 10% and Beverages 7% ahead of the comparative year.

Notwithstanding the growth, demand remained firm and continued to outpace supply across all categories. Foreign currency constraints and global supply chain disruptions negatively impacted procurement of raw and packaging materials and machinery and spares, thus affecting product supply.

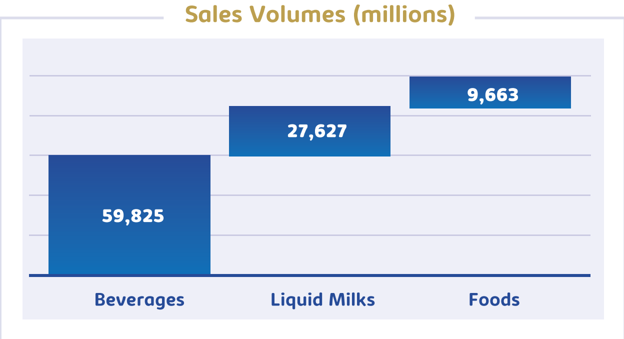
Revenue for the year was ZWL63.38 billion [historical: ZWL45.63bln] which was 40% ahead of prior year [historical: 329%]. The 3% increase in sales volumes and pricing adjustments to prevent margin erosion were the primary drivers of the strong revenue growth.

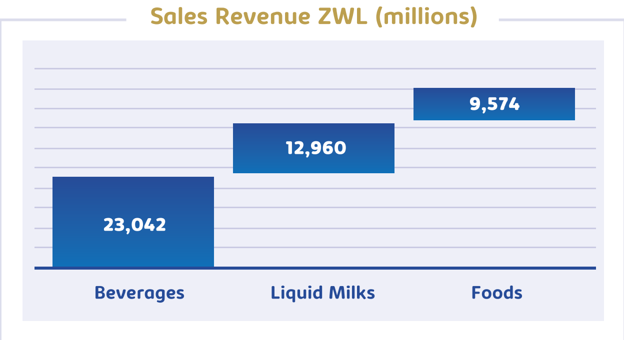
Foreign currency revenue generation remained a critical area of focus to the Group, affected by foreign exchange market complexities and difficulties in sourcing enough foreign currency from the Reserve Bank of Zimbabwe (RBZ) Foreign Exchange Auction System.

GROUP CHIEF EXECUTIVE'S REVIEW OF OPERATIONS CONT.

Portfolio Performance

The charts below show the volume and revenue performance by portfolio:





Liquid Milks

Despite a 14.81% increase in national milk production, growth in the milks category remained constrained with the Liquid Milks volume declining 7% compared to prior year. This was mainly attributed to a decrease in Steri Milk production (-17%) due to blow moulder challenges, as well as reduced production (-12%) of the cultured milk brand, Lacto and the prioritisation of the limited raw milk to high margin foods.

Foods

The Foods category recorded a year-on-year volume growth of 10%. This was as a result of increased uptake of Yummy yoghurt (12%) and Rabroy tomato sauce (2%).

Beverages

Beverages' sales volumes grew by 7% compared to prior year, driven by outstanding performances from Fun 'n Fresh (42%) and Pfuko Flavoured Maheu (8%). During the year under review, the business launched the ambient 400ml Cascade, the product's key advantages being extended shelf-life and cold- chain independence. This presents opportunities in distribution as width and depth of potential market reach is enhanced, including exports.

The business also launched a baobab dairy fruit mix, an innovative line extension under the Cascade brand. This was in line with food and beverage trends of increased consumption of products containing natural ingredients. In addition, the introduction of Cascade baobab enabled product variety and effective targeting of various market groups.

Portfolio Mix

The table below shows the volume contribution by portfolio:

Volume

Category	2022	2021
Beverages	62%	59%
Liquid Milks	28%	32%
Foods	10%	9%

The table below shows revenue contribution

Revenue

Category	2022	2021
Beverages	51%	49%
Liquid Milks	28%	31%
Foods	21%	20%

STRATEGY AND PERFORMANCE COMMENTARY

GROUP CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

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PROFITABILITY

An operating profit of ZWL6.03bln [historical: ZWL4.35 bln] was recorded, a 154% increase [historical: 327% increase] over prior year. The operating profit margin achieved was 10% [historical: 10%] up from 5.24% [historical: 10%] in 2021. Margins were constrained by inflation- linked operating costs. Raw and packaging materials and overheads such as distribution, repairs and maintenance, labour, MIS charges, rent and rates, merchandising costs, bank charges, IMTT tax and depreciation were the most pronounced cost drivers.

After accounting for exchange losses, sundry income, and the net interest bill of ZWL1.69bln [historical: ZWL1.59bln], a profit before tax (PBT) of ZWL4.34bln [historical: ZWL2.75bln] was achieved. The high interest bill was on account of high interest rates which were effected in the second half of the year and borrowings to support the growing volumes and capital expenditure.

Focus on revenue growth, cost containment and cost reduction through enhanced productivity and efficiencies, contributed to achieving profitability in a challenging business environment.

Borrowings

Interest-bearing borrowings increased from ZWL2.045 billion at 31 December 2021 to ZWL3.007 billion, attributable to inflation and volume growth-induced increases in working capital requirements. Borrowings were utilised to support working capital and capital investments.

The net gearing remained satisfactory at 15%. This presents opportunities for value creation. The treasury department remains seized with the need to balance use of debt finance against the risks that arise from an economy mostly characterised by short term financing at high interest rates.

Cash Generation and Utilisation

The business continued to generate positive cash flows from operations. However, the adverse operating climate and inflationary pressures mentioned earlier impacted the cash flows from operations, which decreased to ZWL2.01 billion from ZWL2.87 billion in the preceding year.

The cash flow from operations and new borrowings of ZWL5.5bln [2021:ZWL6.6bln] was invested in capital equipment of ZWL1.8bln, which went towards expansion to boost volumes, replacements to improve efficiencies and to pay an interest bill of ZWL1.7bln. Cash balances at the close of the period were at ZWL1.8bln up from ZWL368 mln in 2021.

MILK SUPPLY

According to Ministry of Agriculture, national raw milk production increased by 14.81% to 91.4 million litres in 2022 compared to prior year. Intake by processors increased to 82.51m from 72.66m litres in 2021.

Raw milk utilised by the Group at 28,5m litres was 4% above prior year, representing 34.5% of milk intake by processors.

The 2021/2022 summer agricultural season was marked by erratic rainfall patterns, which hampered local production levels of important commodities such as soya and maize. Raw material availability for stock feeds was stifled, resulting in high feed costs. High-volume, low-cost raw milk production models are thus imperative for our farmers.

Our Milk Supply Development Unit collaborated with agronomists, feed specialists and farmers to increase silage and feed output. This initiative yielded results in the second half of the year, with a decrease in cost of feed and higher average daily output per cow. The quality of raw milk also improved year on year, with milk categorised in the 'A band' growing by 5% compared to 2021.

Several Dairibord producers were beneficiaries of facilities arranged by the company through financial institutions. To sustain producer viability, the Group regularly adjusted the producer price and introduced payment of the raw milk in US$. As from October 2022, farmers were being paid 100% US$.

BRAND BUILDING

As a market-led business, our product innovations are guided by consumer and market trends in the food and beverages industry, for relevance and excitement. Brand differentiation is central to the way we respond to increased competition, with emphasis on consistently producing high-quality products.

The growth in sales volumes was supported by firm demand across all product categories, regardless of dwindling consumer spending power. This is an indication of high brand equity and preference in an aggressive, competitive landscape. The business has built brands which have remained strong in both the domestic and regional markets.

GROUP CHIEF EXECUTIVE'S REVIEW OF OPERATIONS CONT.

The following accolades were received at the Marketers Association of Zimbabwe Super Brands 2022:

Pfuko – Winner: Non- Alcoholic Brew;
Lacto – Winner: Cultured Milk;
Chimombe – 1st Runner up: Dairy Sector, Fresh Milk;
Cascade – 1st Runner up: Non- Alcoholic Beverages;
Steri – 2nd Runner up: Dairy Sector, Fresh Milk;
Quench – 2nd Runner Up: Cordials; and
Dairibord – 5th position in the business to business category.

The business is aware of the potential disruptions that the Africa Free Continental Trade Area (AFCFTA) may bring in the near future. As local and regional competition grows, the development and maintenance of enduring brands that are competitive in both domestic and export markets will remain our priority.

HUMAN CAPITAL

In line with our vision, human capital is central to the achievement of our strategy, operational plans and business continuity. Motivation, retention and attraction are therefore key. During the reporting period, the company put in place several measures to ensure that staff are cushioned against economic hardships including rewarding outstanding performance, innovation and loyalty. Some initiatives were implemented to close identified skills and competence gaps in order to improve execution capabilities.

SUSTAINABILITY

Dairibord encourages diversity and inclusiveness while opening economic opportunities for small businesses, vendors and farmers, among others. The Group leads the expansion of the small-scale dairy industry in the country. In support of the inclusive growth plan, the company has helped establish milk collecting centres around the nation to allow farmers with as little as two milking cows to participate in the dairy value chain. Dairibord also supported disadvantaged groups in local communities, sport, environmental preservation activities and education throughout the year.

The Group recognises that its generation of solid, liquid and gaseous waste can have adverse effects on the environment. As such, initiatives to manage, control and dispose of these waste streams in accordance with the relevant regulatory norms and regulations, are our priority. These include efficient production processes, water conversation and use of clean energy.

OUTLOOK

Domestic GDP is projected to slowdown in 2023 on the back of a weakening global economic growth outlook. However, a good start to the 2022/2023 summer agricultural season, anticipated continued decline in annual inflation and robust foreign currency receipts notably diaspora remittances, are expected to sustain economic growth. Profit margins will remain constrained due to cost push pressures. Devaluation of the ZWL will lead to an increase in costs especially materials, utilities, labour, distribution and repairs and maintenance. Erosion of disposable incomes will affect aggregate demand. The liberalisation of the foreign exchange market is expected to improve the foreign auction system, complimented by the Willing- Buyer Willing- Seller (WBWS) market. However, financing of capital projects and working capital will remain constrained due to high interest rates in both ZWL and US$.

Dairibord remains optimistic about macroeconomic growth prospects. Management will focus on:

- Supporting farmers through the Milk Supply Development Unit for national raw milk production growth;
- Developing customised working capital solutions to secure critical raw and packaging materials;
- Implementation of 2022/2023 expansion projects for volume optimisation to increase product availability in both local and regional markets, notably for Steri milk, Pfuko maheu, UHT milk, beverages and Lacto;
- Growing product portfolio including venturing into new categories;
- Ensuring maximum foreign currency generation;
- Driving the digital agenda – automation, e-commerce and digital marketing;
- Minimising the negative impacts of our business on the environment through biodegradable packaging, water recycling and renewable energy; and
- Development and retention of critical skills.

The Group celebrated its 70th anniversary in October 2022. The company has come a long way since 1952. We are proud of our history of excellence, building an endurable business and endurable brands. As we look forward to the future, we aim to positively impact the lives of our people, our business partners and all Zimbabweans.

Mercy Ndoro
Group Chief Executive

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

DAIRIBORD

DAIRY DELIGHTS

DAIRIBORD

Zimbabwe (Private) Limited

A part of your lives, for 70 years

From a cup of tea in the morning, to a delectable dessert in the evening and every moment in between, we have been a part of life's happy moments, the sad ones too. We look forward to playing the same part for the next 70 years and more.
Let's celebrate 70 years together.

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Governance

24

In this section;

GOVERNANCE ▸

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

DIRECTORATE

Mr. Josphat Sachikonye

(Chairman) Independent,
Non-Executive Director

Tenure: 13 years

CMA (UK), MBL (UNISA), INSEAD Management Development Program Executive Management Program (UCT), B. Acc (UZ).
Non-Executive Chairman of Mountclair Pvt Limited.

Mr. Cleton Mahembe

Non-Executive Director

Tenure: 24 years

Diploma in Agriculture (Chibero College of Agriculture)

Ms. Mercy R. Ndoro

(Group Chief Executive)
Executive Director

Tenure: 13 years

ACISZ, MBA (UZ), B. Acc (Hons) (UZ).
She is also the Board Chairperson at Microplan Financial Services (Pvt) Ltd.

Mr. Christopher R.J Hawgood

Non-Executive Director

Tenure: 5 years

BSc Hons in Agricultural Management (University of Natal).
Chairman of National Dairy Cooperative and Chairman of Tavistock Estates (Pvt) Ltd.

Mrs. Rachel P. Kupara

Independent, Non-Executive Director

Tenure: 7 years

CA (Z), MBA (UZ), Executive Development Program (LBS) and B. Acc (Hons).
She is a Non- Executive Director of British American Tobacco, a Board Member of Zimbabwe Insurance Brokers, Board Member of First Mutual Wealth Management and the Chairperson of Financial Securities Exchange.

Mr. Nobert Chiromo

Independent, Non-Executive Director

Tenure: 5 years

CA (Z) and B.Compt (UNISA)
He is a Director and Partner of Corporate Excellence Financial Advisory Services.
Norbert is also a Director at Old Mutual Life Assurance and William Bain.

Mr. Ketan K. Naik

Non-Executive Director

Tenure: 3 years

MSc. Real Estate Investment (CASS Business School) and BSc. (Hons) in Management Sciences (Warwick Business School). He is the Chief Executive Officer of Rank Zimbabwe.

Mr. Bruce Henderson

Independent, Non-Executive Director

Tenure: 5 months

CA (SA).
He is a Non Executive Director at Electrosales - Powerspeed, Tanganda and Truworths.

SENIOR/ EXECUTIVE MANAGEMENT

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

Mercy R. Ndoro
Group Chief Executive

Maurice Karimupfumbi
Acting Group Finance Director

Godfrey Machanzi
Chief Operations Officer

Gilbert Takabarasha
Human Resources and Administration Executive

Ruvarashe Matambo
Marketing Services Executive

Evert Oostindien
Milk Supply Development Executive

Anna Dhlamini
Business Information Systems' Executive

Bernard Chakeredza
Chief Internal Auditor

GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

Dairibord Holdings is managed effectively and responsibly for long-term success and wealth generation through good corporate governance procedures. Through good governance structures and strategic leadership, the Group aims to deliver investor trust, financial integrity, and long-term success.

The Group adheres to best practices in corporate governance by benchmarking against international best practices such as the South African King IV Report on Corporate Governance, the Organisation for Economic Cooperation and Development (OECD 1999)- Principles of Corporate Governance, and the Commonwealth of Nations (CACG Guidelines 1999).

We continue to assess and align our governance procedures with the Companies and Other Business Entities Act (24:31), the National Code on Corporate Governance in Zimbabwe (ZIMCODE) and SI 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules.

Governance Structure

The Group's governance is designed to distribute duties between the Board of Directors and Senior/Executive Management. An independent, non-executive director chairs the Board. The Board is organized into four (4) committees. The CEO and the committees are directly accountable to the Board. The Senior/Executive Management consists of six (6) functions led by executives who report directly to the Group CEO. Internal Audit and Risk Management will continue to be an independent department reporting to the Board.

Board Committees

CORPORATE GOVERNANCE PRACTICES CONT.

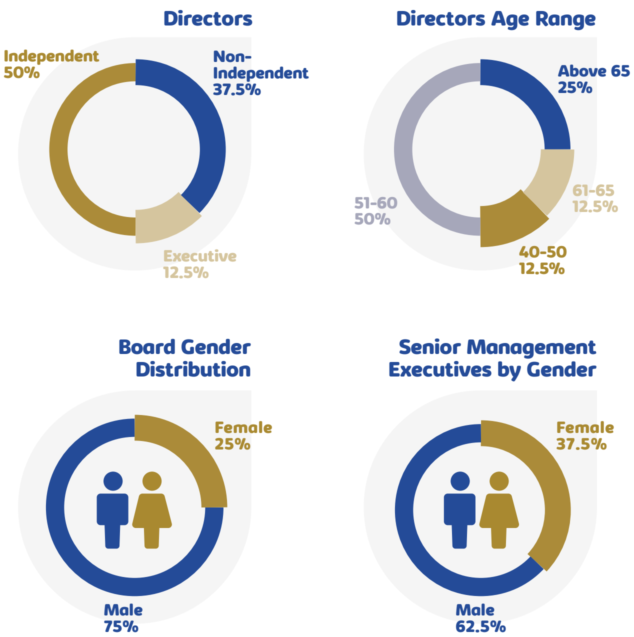
Board Responsibility

The Board of Directors oversees strategic direction, entrepreneurial leadership, monitoring management, and reporting to shareholders on their stewardship of the business. To that end, appropriate policies and processes are in place to control the conduct of the Company's operations and the Board's discussions. The Board of Directors reiterates its commitment to ensuring that the Group operates responsibly and openly in economic, environmental, and social aspects, while creating long-term value and benefits for all stakeholders.

Board Structure and Expertise

The current Board comprises seven non-executive directors including the Chairman (87.5%) and one executive director (12.5%). An independent, non-executive director chairs the Board. Members of the Board have diverse backgrounds in business, finance, manufacturing and agriculture.

Composition of the Board by Independence and Age Range



Appointment and Retirement of Non-Executive Directors

In terms of the Company's Articles of Association, a third of non-executive directors retire from office by rotation at the annual general meeting and are eligible for re-election.

Business Ethics

The Board-approved Corporate Governance Code establishes the Group's core ethical foundation. The code is examined and updated on a regular basis. The code establishes standards for what constitutes unethical behaviour. Deloitte Tip-offs Anonymous operates an ethical hotline for the Group, and all reports are regarded as confidential. In all business relations with stakeholders, we have zero-tolerance to corruption. All cases of corruption are thoroughly probed. Depending on the circumstances, the Company may consult with specialists, external auditors, and the police. Dairibord maintains plans to build ability to manage, coordinate, and create human rights policies in accordance with leading frameworks and standards.

Mechanisms for Stakeholder Communications with the Board

Stakeholders can communicate with the Board using channels provided by the Group. Some of the platforms include annual general meetings, press announcements of performance, quarterly updates, interim and year-end reports, company website, formal meetings with stakeholders and investors, presentations and the use of shareholders voting rights system.

Share Dealings

Directors and Senior Management are obligated to disclose any additional interests that may have a major impact on the Company. Directors and all Group employees are not authorised to trade in the Company's stock, either directly or indirectly, during the following periods:

- The closed periods from the end of a reporting period to the announcement of results.
- Any period that they are aware of any negotiations or details which may affect the share price.

Executive Remuneration Policy

It is Dairibord's policy to pay its executives competitive and comparable salaries to other companies of similar nature. A substantial amount of their salaries is performance-driven, based on collective and self-funded schemes. The performance schemes are reviewed on a regular basis in accordance with the Company's strategy.

Professional Advice

The Board policy entails that, if there is a valid case, directors may obtain independent expert assistance at the expense of the Company to carry out their obligations.

GOVERNANCE

CORPORATE GOVERNANCE PRACTICES CONT.

Endurable Business, Endurable Brands

Board Committees

Committee	Members	Main Function
Finance, Audit and Risk	Mrs. Rachel Pfungwa Kupara (Chairperson) Mr. Nobert Chiromo Mr. Ketan Naik	The committee oversees control procedures, risk management and financial reporting of the Company. It offers direct oversight and engagement with both internal and external auditors on behalf of the Board. The committee reviews all significant risks to the Group, as well as risk mitigation strategies and their success, quarterly.
Remuneration	Mr. Josephat Sachikonye (Chairperson) Mrs. Rachel Pfungwa Kupara	This committee is responsible for assessing the Company's remuneration policies and approving remuneration packages for senior executives.
Nominations	Mr. Josephat Sachikonye (Chairperson) Mr. Cleton Mahembe	Nominations Committee searches for and receives nominations, performs background and reference checks and offers recommendations on board candidates. It assesses the board's knowledge, relevance and independence. The committee is also in charge of coordinating the review of board performance.
Milk Supply Development	Mr. Christopher R. J. Hawgood (Chairperson) Mr. Josephat Sachikonye Mr Nobert Chiromo	The Milk Supply Development Committee's role is to drive the Group's milk supply expansion plan. The primary goals are to minimise the cost of raw milk production, enhance farm output and quality and improve milk production efficiency.

Attendance to Meetings during 2022

Director	Main Board Attendance	Committee			
		Finance Audit and Risk Attendance	Nominations Attendance	Remuneration Attendance	Milk Supply Development Attendance
Josephat Sachikonye	6/6	n/a	2/2	3/3	3/3
Mercy R Ndoro	6/6	n/a	n/a	n/a	n/a
Ketan K Naik	6/6	3/4	n/a	n/a	n/a
Nobert Chiromo	6/6	3/4	n/a	n/a	2/3
Christopher RJ Hawgood	6/6	n/a	n/a	n/a	3/3
Cleton Mahembe	6/6	n/a	2/2	n/a	n/a
Rachel P Kupara	6/6	4/4	n/a	3/3	n/a
Bruce Henderson	3/3	n/a	n/a	n/a	n/a

n/a – not a committee member.

COMPLIANCE

Dairibord follows all applicable rules and regulations. We have principles and values which guide our workers and leadership to follow the rules and regulations that govern the business and industry. This directs our personnel to reduce our exposure to compliance risks.

Responsibility

The Company Secretary is the senior custodian for compliance matters at Dairibord Holdings.

Monitoring Compliance

Each executive maintains the compliance systems for their relevant area ensuring they are up to date on any changes that occur and that staff in their respective functions are kept abreast of the changes. All staff members are expected to be aware of the Dairibord code of conduct. We continuously engage with regulatory authorities on any legal changes and for legal advice.

The Group maintained its strong compliance processes throughout the year, making every effort to comply with the following instruments and regulations:

- Agriculture Marketing Authority Act [18:04].
- Animal Health (Foot and Mouth) Regulations 1997.
- Capital Gains Tax Act [23:01].
- Companies Act [24:03].
- Consumer Protection Act [14:44].
- Dairy Act 1977 [18:08].
- Dairy Regulations 1978.
- Dairy Regulations 1997.
- Dairy Regulations 2012.
- Environmental Management Act [20:27].
- Exchange Control Act [22:05].
- Food and Food Standards Act [15:04].

- Income Tax Act [23:06].
- Labour Act [28:01].
- National Social Security Act [17:04].
- Pneumoconiosis Act [15:08].
- Public Health Act [15:17] Companies Act [24:03].
- Regional Town and Country Planning Act [29:12].
  Trademark Act [26:04].
- Trade measures Act [14:23].
- VAT Act [23:12].
- Securities and Exchanges Commission of Zimbabwe (SECZ) .
- Zimbabwe Stock Exchange (ZSE) Listing Rules.
- International Financial Reporting Standards (IFRS).

GOVERNANCE ▸

DAIRIBORD 70 YEARS
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RISK MANAGEMENT

Risk is inextricably linked to the Group's activities and cannot be separated from opportunity. Given the instability in the operational environment, it is necessary to conduct continual risk assessments as risks are ever-changing. In a short amount of time, a low effect, low chance scenario might transform into the most serious risk, such as global pandemics, cyclones, societal upheaval, and so on. Our risk management is integrated across our company activities to preserve value and respond to the changing nature of risks. In terms of likelihood and effect, the risks outlined in this report are the primary uncertainties.

Group Risk Management Framework

The Board is ultimately accountable for risk governance. The risk management role has been entrusted to the Finance Audit and Risk Committee by the Board. The Finance, Audit, and Risk Committee is made up entirely of non-executive directors, with 67% of them being independent. The committee reports to the full Board of Directors. The Finance, Audit, and Risk Committee's risk mandate is to ensure that the Group has suitable procedures in place to identify, measure, anticipate, plan for, and respond appropriately to any risks that the company may encounter.

Main Risks Affecting the Group and Mitigating Measures

Risk Category	Specific Exposures	Mitigation
Legal/ Regulatory	· Non-compliance with tax laws. · Increased costs of doing business due to levying of duty in foreign currency	· Tax health checks are done regularly including reviews by external specialists. · Transfer pricing policy documentation and continuous review of the same. · Frequent engagement with authorities on tax laws and policies that reduce the tax burden on the business, particularly the payment of duty in foreign currency.
	· Product and workplace safety below standards stipulated by law	· Operating standards are maintained above minimum requirements. · Quality issues resolved amicably with customers in line with the quality policy. · Certification with regulators such as the National Social · Security Authority, Environmental Management Agency and the Ministry of Agriculture is in place.
	· Regulatory compliance	· Refer to previous table for more detailed list of regulations to which we comply.
Economic Risk	· Loss of value on monetary assets through rising inflation · Erosion of profits through rising costs and failure to recover full costs from consumers due to erosion of disposable incomes	· Continuous review of consumer prices to remain profitable. · Regular reviews of wages and salaries to cushion employees against rising inflation. · Continuous review of credit terms to preserve value.
	· Declining consumer disposable incomes	· Widen product offering to cater for all classes in society. · Price adjustments to retain competitiveness and viability.
	· Risk of Price Controls	· Maintain a diversified product portfolio to minimise impact.
	· Increased competition from new entrants	· Maintain superior product quality and consistent product availability. · Invest in building competencies to remain the preferred supplier/customer in the market.

DAIRIBORD 70 YEARS

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DAIRIBORD

DAIRY DELIGHTS

DAIRIBORD Zimbabwe (Private) Limited

Promoting sustainable dairy farming for 70 years

Creating an environment where we can build strong, sustainable and long- term relationships with our farmers matters to us. That's why we are committed to the growth of the national herd and production of quality milk.
Let's celebrate 70 years together.

dairibord.com

Sustainability Strategy

In this section;

OUR APPROACH TO SUSTAINABILITY

Dairibord Holdings is committed to sustainability as a core component of our business strategy and growth. We recognise that sustainability is essential to managing economic, environmental and social risks, and to identifying key opportunities.

Our approach to sustainability is to tap into the opportunities for performance improvement from the linkages between business strategy and sustainability. The key areas of interest are linked to the Group's core value chain drivers, which include:

Sourcing raw materials

We source and work with all suppliers to ensure that they meet our sustainability standards which include compliance with labour laws, environmental regulations and ethical standards.

Processing and manufacturing

The company is dedicated to sustainable processing and manufacturing of our products. We minimise our environmental impact by using energy-efficient equipment and by reusing and recycling materials.

Distribution and marketing

We work with retailers and other partners to distribute and sell our products, ensuring they are displayed and marketed in a way that encourages sustainable consumption.

End-of-life management

We manage the end-of-life of our products sustainably.

By optimising each stage of our value chain, we deliver products and services to our customers, while minimising our environmental impact and contributing to the overall sustainability agenda. Our sustainability strategy is aligned with the United Nations Sustainable Development Goals (SDGs). The company actively works to contribute to the achievement of these goals.

Sustainability Governance

The Group has a sustainability team coordinated through Marketing Services which is the driving force behind our commitment to sustainability. They develop and implement initiatives that benefit the environment, society and the economy.

The team is constantly looking for ways to improve our sustainability performance. They work with sustainability champions from each function to track sustainability indices monthly and identify key issues for management's attention. The team also evaluates the materiality and impact of issues identified by the sustainability champions. This information is used to make informed decisions about how to improve our results.

Rekayi Tangwena garden is maintained using water from factory operations

SUSTAINABILITY STRATEGY

OUR APPROACH TO SUSTAINABILITY CONT.

DAIRIBORD 70 YEARS | Endurable Business, Endurable Brands

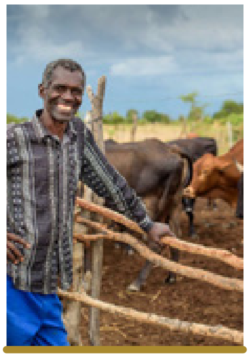
Dairibord is also advised by Visibly Heard, an independent sustainability advisory firm. Visibly Heard provides us with advice on sustainability best practices and helps to benchmark our performance against other companies in the industry.

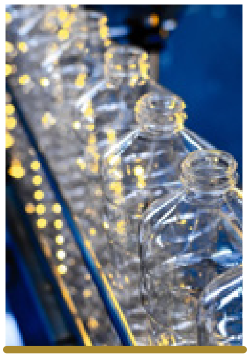
Inclusive Business

Inclusive business is the profitable integration of the less privileged members of the community and small and micro-enterprises in the core value chain of larger companies. It alleviates poverty through employment creation and promotes economic growth. People and enterprises at the Base of the Pyramid (BoP) can be included as suppliers, distributors, retailers, consumers, entrepreneurs and innovators, and as additional employees.

We are dedicated to inclusive business practices to generate shared benefits for all stakeholders. Our business strategy involves people with low to moderate incomes in both upstream and downstream activities. This includes sourcing milk from smallholder farmers, distributing our products through a network of small retailers and empowering people from disadvantaged communities.

The table below shows the linkages between the business and the bottom-of-the-pyramid stakeholders:





Small Scale Farmers	Vendors	Small Scale Suppliers	Franchises & Distributors	Merchandiser
Payment of a viable price, on time and at weekly intervals to support farmers in managing inflationary pressures	Viability of vending as a source of livelihood	Creating opportunities for small formal businesses	Credit facilities	Employment creation
The guaranteed market for milk produced	Provision of uniforms and merchandising equip-ment		The utilisation of company premises to conduct business	Skills development
Provision of Extension Services	Transportation to and from selling point		Marketing support	
Credit facilities for herd development, stock feeds, equipment and other farm requirements			Assistance in managing their businesses	
Lobbying to the govern-ment for favourable agriculture policies				

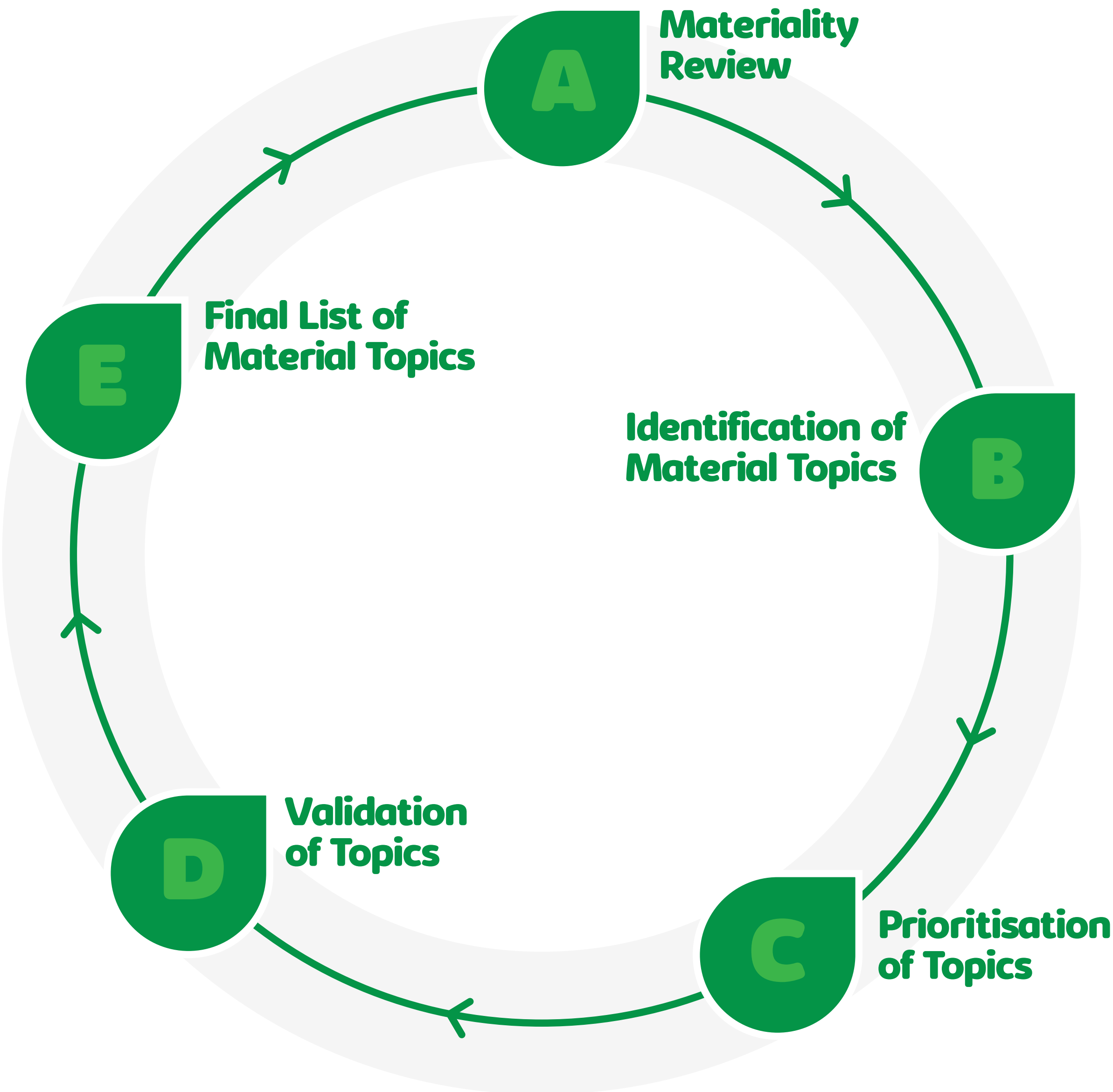
MATERIALITY

Materiality Assessment

The Group's approach to identifying material issues for disclosure is guided by the Global Reporting Initiative Standards. We conduct the materiality assessment every year as part of the reporting process to determine the most significant impacts on the business and stakeholders.

During the reporting period, we refreshed our materiality assessment through a review of the previously identified and reported material topics. The reviewed list of topics was used as an initial list and was supplemented by other topics raised by stakeholders, business impacts identified during the reporting period, key trends identified in our industry and material topics reported by businesses in our industry.

The list of identified topics was then prioritised by senior management and sustainability champions based on the significance of the topics to the business and stakeholders. The Board validated the ranked topics to establish a final list of topics.



SUSTAINABILITY STRATEGY

MATERIALITY CONT.

DAIRIBORD 70 YEARS — Endurable Business, Endurable Brands

Material Topics by Category

The key material topics for the year affected consumers, the supply chains, sustainable production, our people and communities, economic impacts and caring for the planet. Below are the material topics:

Consumers	Supply Chain	Sustainable Production
· Product quality and safety · Customer welfare · Communications and product labelling	· Animal welfare · Responsible Sourcing	· Energy consumption · Water and wastewater management
Our People and Communities	**Economic Impacts**	**Caring for the planet**
· COVID-19 Prevention · Occupational Health and Safety · Employee welfare · Training and development · Diversity and equal opportunity	· Economic performance · Procurement practices · Anti-Corruption · Corporate Social Investments	· Waste management · Climate change and emissions

Prioritisation of Topics

Dairibord Materiality Matrix

Customer welfare and product quality and safety were identified as the most significant topics to both the business and stakeholders during the reporting period. This confluence of priorities illustrated shared values between the business and our stakeholders.

STAKEHOLDER ENGAGEMENT

Endurable Business, Endurable Brands

Stakeholder engagement is a key component of the business operations. It assists us in the identification of risks and opportunities based on stakeholder concerns and interests. We identify stakeholders based on their interests in the Group and how we affect them as a company. This process enables us to map the appropriate level of engagement and communication required.

The business has identified the following stakeholders as significant to the Group:

- Internal – employees and management
- External - suppliers, government, customers and consumers, investors, shareholders, and local communities

These stakeholders have been prioritised based on their level of interest in, and or, impact on the operations of the business. Selection is done by management on an ongoing basis in line with the need to match strategy with risk management.

Engaging stakeholders provides the social and relational capital crucial to our business model. The responsibilities for stakeholder engagement are distributed across the Group to staff who interact and interface with stakeholders. Key material issues from stakeholder engagement processes are escalated to the Executive Committee and Board for decision making. The Group engaged with stakeholders on various critical issues as shown below:

Stakeholder	Materials Issues Raised	Mitigation Measures	Engagement Channels
Employees	Timely and accurate payment of salaries. Creation of a work environment that promotes wellbeing, productivity and growth.	Creation of a conducive work environment.	Memorandums. Works council meetings.
Customers and Consumers	Product function concerns.	Strive to meet customer expectations.	One on one meetings. Digital platforms. Marketing campaigns.
Suppliers	Reliable supplier relationships.	Supplier diversity and transparency.	One on one meetings.
Government and Regulators	Compliance with laws and regulations.	Enforcement through internal systems.	One on one meetings. Conferences. Statutory Returns.
Shareholders and Potential Investors	Increase in the value of shares and dividend declaration.	Improvements in company performance aimed at paying dividends.	Financial publications.
Local Communities	Requests for assistance.	Community involvement.	Social welfare programs. Political leaders within constituencies.

We are dedicated to the ongoing development of stakeholder engagement methods. The Group will examine the strategy regularly.

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

DAIRIBORD
DAIRY DELIGHTS
DAIRIBORD
Zimbabwe (Private) Limited

Our People, Our Pride for 70 Years

We are what our people make us, our people have made us great. They have grown the Dairibord brand from strength to strength. To them we say, Thank You! The next 70 will be greater and better for us all. **Let's celebrate 70 years together.**

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Sustainability Performance

In this section;

SUSTAINABILITY PERFORMANCE

DAIRIBORD 70 YEARS Endurable Business, Endurable Brands

OUR SUPPLY CHAIN

As a business, we recognise the importance of responsible supply chain management in achieving our sustainability goals. Our value chain hinges on the quality and safety of the raw materials we source and as such, we prioritise partnerships with ethical suppliers. We take measures to ensure that human rights violations, child labour and corruption are monitored and addressed to maintain a transparent and responsible supply chain.

We aim to leverage sustainable practices in our partnerships while minimising potential risks. Our commitment to sustainability also extends to supporting local businesses, as we continuously seek opportunities to incorporate small local businesses in our value chain. By working closely with farmers, suppliers and service providers, we understand the potential risks thus support our partners in meeting the standard and quality we expect.

Responsible Sourcing

We understand that our supply chain has inherent social and environmental risks that can impact our business performance. As part of our commitment to sustainable procurement practices, we work only with suppliers who meet our rigorous standards on quality, are ethical and are environmentally sensitive. Non-compliance with our procurement requirements can lead to supplier rejection. Our supplier evaluation process takes place at least once a year. We conduct full-scope audits and supplier visits to provide feedback and identify areas of improvement.

To ensure compliance with laws and regulations, we conduct regular internal and external audits of our suppliers. We strive to achieve 100% compliance with laws and regulations and require all suppliers to comply with our service conditions. We hold regular meetings with our suppliers to ensure they are adhering to best practices and provide relevant documentation such as tax clearance certificates and fiscal invoices. Our responsible sourcing approach has enabled us to identify and address malpractices by suppliers and develop procedures that support supplier development and assessment, leading to stronger relationships and a more sustainable supply chain.

Supporting Small Businesses

The Group recognises the important role our procurement practices play in promoting economic activity and job creation for local communities. Our goal is to support small to medium-scale enterprises by continuously evaluating their capacity to meet our procurement demands and standards, while also providing competitive payment terms to strengthen their capacity.

We have developed several tools to manage small to medium-scale suppliers. Most of the packaging materials we use are produced by small to medium-scale enterprises. The key performance indicators used to track the effectiveness of the management of our procurement practices are the number of meetings and feedback on outcomes and the percentage of materials rejected. Our target is to evaluate the performance of each supplier at least once per year. Most small to medium-scale enterprises' engagement witnessed significant growth in their businesses confirming that the support we are providing has been effective. Our platform for feedback and supplier relationship management resulted in pleasant relations with suppliers.

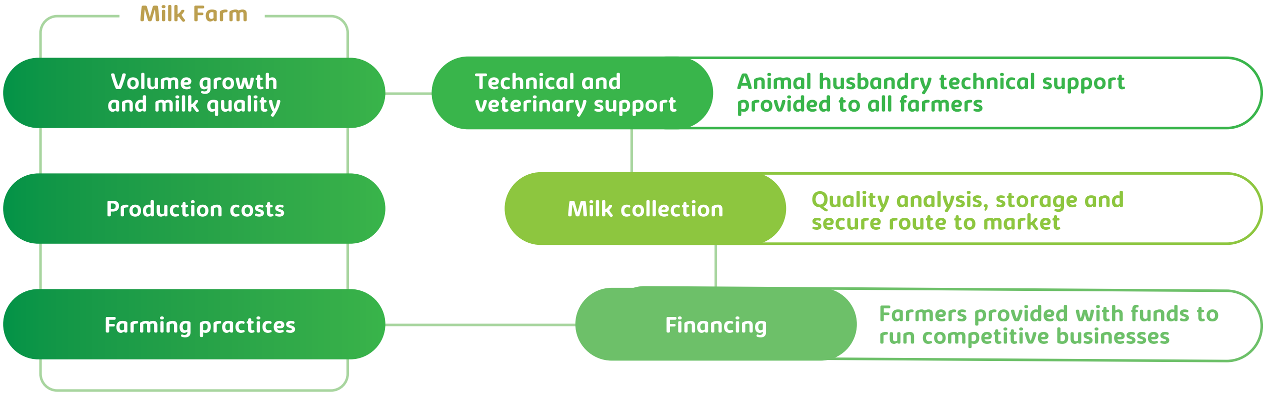
Circle Pak machine operator preparing for Lyons Drinking Chocolate packaging production

OUR SUPPLY CHAIN CONT.

Milk Supply

We recognise that our business is only as strong as our supply chain, which starts with the dairy farmers who provide us with raw milk for our products. We equip them with the tools and resources necessary to operate sustainably and profitably. Through our efforts, we aim to ensure a reliable and high-quality supply of dairy products for our consumers, while also promoting the sustainability of our supply chain.

The diagram below illustrates the core support we provide to dairy farmers.



Key management areas for milk suppliers

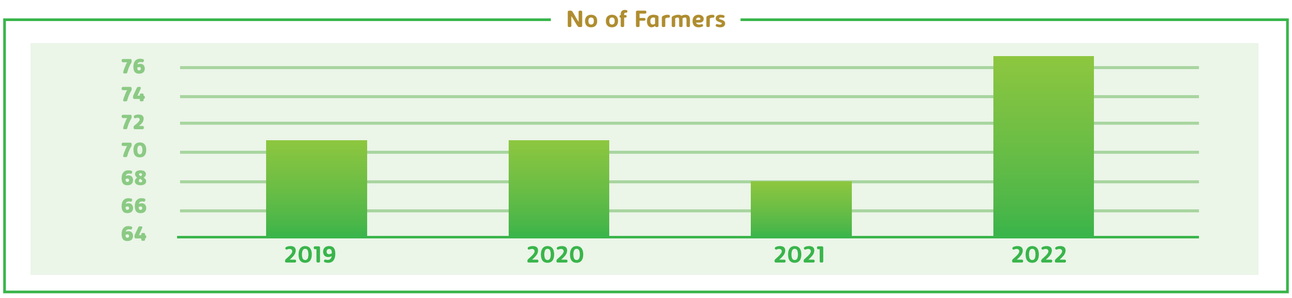
Managing Milk Supply

Dairibord has a Milk Supply Development Unit (MSDU) that provides extension services to its large and small-scale milk suppliers, ensuring good quality and quantity of milk at a fair cost. Through the MSDU staff, farm management and technical support are provided to dairy farmers to ensure compliance with the Dairy Act. Dairibord also provides the service of fully qualified veterinary doctors in each region, at no cost to the producers. This is meant to ease the farmer's burden on the overall animal health and welfare.

Farmer Training

The Group supports dairy farmers to ensure a sustainable and long-term supply of milk to our consumers. Through MSDU, Dairibord provides training on various aspects of dairy farming and closely monitors key parameters to maintain high-quality standards. We also promote and develop small-scale farmers to ensure a secure supply chain. In addition, we provide technical advice, input sourcing and access to state-of-the-art milk testing machines to assist farmers increase their herd size and improve milk production efficiency. Currently, we have 78 dairy farmers supplying milk to the company, including 11 milk collection centres with over 480 small-scale farmers.

We understand the critical role of dairy farmers in our business and strive to support them with the necessary resources. The MSDU offers training programs on farm business management, hygiene, milk handling, pasture, fodder management and more, to equip farmers with the tools they need to operate their businesses sustainably. We also provide financial resources to enable the unit to pursue its objectives, which are aligned with the overall business strategy. By working closely with the farmers, we ensure that we can continue to meet the needs of our consumers with high-quality milk-based products today and in the future.



SUSTAINABILITY PERFORMANCE

OUR SUPPLY CHAIN CONT.

DAIRIBORD 70 YEARS

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Animal Welfare

We are committed to promoting and encouraging responsible animal husbandry and welfare among our farmers. To achieve this goal, we have deployed resident veterinary doctors and extension officers in all our milk-producing regions. These professionals provide farmers with critical support, including the diagnosis and treatment of diseases affecting dairy cattle, giving advice and providing training and a range of other services aimed at improving the standards of their dairy business and infrastructure. We take pride in our commitment to regular communication with our farmers, including sharing the latest dairy tips obtained from international publications. This approach helps us to protect the rights of our animals and uphold our values of sustainability and responsible business practices.

The Group also provides support to farmers on animal welfare as follows:

- Liaison with government and veterinary suppliers to make vaccines available and easily accessible;
- Provide loans or facilitate access to loans to fund on-farm feed production;
- Facilitating credit terms with all dairy industry stakeholders such as feed companies; and
- Nutrition consultancy support.

All animals must be well-fed and in optimal health. To this end, we have put in place measures to strengthen animal welfare practices, such as conducting monthly body condition scoring to help farmers determine if their cattle are getting adequate nutrition. We also use Milk Urea Nitrogen (MUN) to assess the effectiveness of cow rations and monitor cases of tick-borne diseases to gauge the efficacy of the dips being used. These measures help to maintain high standards of animal welfare.

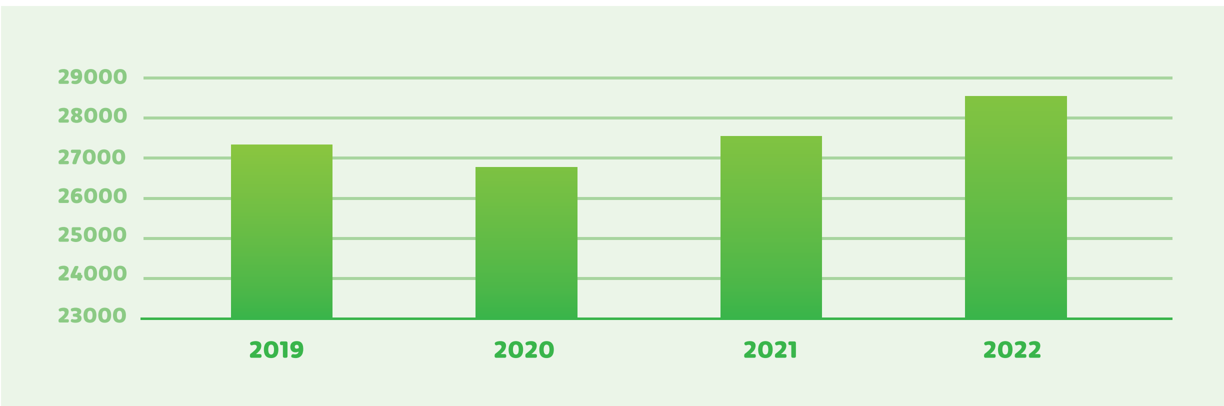
We encourage the proper disposal and reuse of cattle dung to reduce the negative impact on the environment.

Small Scale Farmers Contribution to Milk Intake

Indicator	2022	2021	2020	2019
Total Milk Intake (thousand litres)	28 506	27 423	26 941	27 147
% of Milk from MCCs)	2.64%	2.50%	3.10%	3.80%

*Small-scale farmers milk less than 10 cows and are a member of a Milk Collection Centre.

Milk Supply Trend



QUALITY CONTROL AND STANDARDS

Providing high-quality and safe food products is a fundamental responsibility we owe to our valued customers and consumers.

To fulfill this mandate, we have a fully-fledged quality assurance and control department responsible for:

- Ensuring that all our operations are adhering to reputable industry and international standards for quality and food safety
- Ensuring the safety, quality and reliability of our products to meet consumer expectations
- Guaranteeing consumer confidence and reputation of our brands

Products are only released to the market after undergoing positive release verification to assure their quality and safety.

Our food safety and quality control programs are used to minimise food waste and reduce product losses. If any quality or food safety issues occur, comprehensive investigations are conducted to determine the root cause and appropriate corrective action is taken to prevent recurrence and to provide continued assurance of consumer protection.

Focus on food safety and quality is an essential component of the design and development of our products. This is underpinned by a strong culture of internal and external stakeholder engagement and involvement which ensures the voice of internal and external customers is always heard and drives a customer-centric approach to business processes.

As responsible industry leaders, we understand our influence on product quality and food safety standards within the broader food industry, particularly in the dairy sector. Our standards of quality and food safety impact the perception of Zimbabwean food brands in the local and export markets. To this end, we are committed to maintaining the highest standards of quality and safety.

We encourage our employees to affiliate with national and regional bodies, such as the Standards Association of Zimbabwe (SAZ) and the African Organisation for Standardisation (ARSO) technical committees, where they contribute their expertise to the development of local and regional standards that promote competitiveness and trade.

As part of our demonstrated commitment to food safety and quality, we have invested in supplier development programs that are inclusive of local suppliers. Through these programs, we transfer knowledge and expertise to small businesses using our internal pool of technical experts, enabling them to meet our requirements and improve their product quality and food safety standards. This support in turn enables start-up businesses to access markets beyond Dairibord, promoting economic growth and development.

Food Quality and Safety Management

Our food safety and quality assurance programs are integrated into business processes and designed to provide confidence to our consumers and stakeholders that our products are safe and of high quality. Quality and food safety standards are defined in specifications based on regulatory requirements, industry standards and customer requirements. Quality specifications are monitored from procurement throughout all the different stages of the manufacturing processes, up to supply to the final consumer. The quality assurance and food safety systems are audited to ensure compliance with the company and identified international food safety standards. This approach ensures that we maintain control over the microbiological, chemical, hygiene and composition quality of our products.

Management Actions

Our top management is involved in ensuring that food safety and quality management systems are efficiently implemented and effectively managed. We employ a risk-based approach to develop user-generated, documented procedures to carry out processes and maintain records as objective evidence. This includes:

- Implementation of process monitoring and verification programs for self-evaluation and traceability;
- Conducting regular internal audits on Good Manufacturing Practices (GMP), Hygiene, Hazard Analysis and Critical Control Points (HACCP) as well as System audits to verify compliance to standards;
- Conducting annual independent third-party audits certifying compliance and effectiveness of the system;
- Annual regulatory audits by regulatory authorities; and
- Bi-annual Product Certification Audits for selected products.

SUSTAINABILITY PERFORMANCE

QUALITY CONTROL AND STANDARDS CONT.

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The company has implemented the following pre-requisite programs or good manufacturing practices as part of its food safety management system:

- Hygiene and sanitation programs, Management of supplied materials, Management of Utilities covering water & air, Traceability and Product Recall, Training, Process control protocols, Food Defence and Emergency Preparedness.
- Records – records of the implementation of the Food Safety Policy and performance towards achieving Food safety objectives are maintained and reviewed for continuous improvement and as proof of system effectiveness.
- Stakeholder engagement or management of interested parties – Direct engagements with the customer and consumer occurs as a follow-up to customer and consumer complaints or at the new product development level (concept development, validation, and launch). There is pro-active engagement with customers to gauge satisfaction levels and with regulatory and standard bodies for compliance to requirements.

Quality Assurance Officer at work in the Rekayi Tangwena factory lab

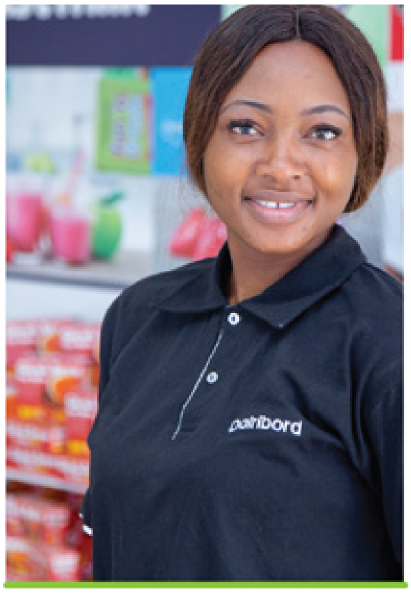
QUALITY CONTROL AND STANDARDS CONT.

Monitoring Food Safety and Quality

Within the framework of the food safety management system, we have put in place effective mechanisms to conduct planned and scheduled series of monitoring and analysis activities to assess the effectiveness of our control systems and compliance to regulatory and the SAZ ISO22000:2018 food safety management system standard. This is to assure that the company's products are safe for human consumption and to safeguard the company's brand reputation through proactive management of food safety risks, while complying with regulatory requirements.

At Dairibord, the food safety management system is integrated in our business operations, to achieve efficiency and obtain certification. The Chief Operations Officer serves as the top management representative, while the QA Manager leads the food safety team. This is supported by functional leaders and cross-functional food safety teams, ensuring a consistent and effective approach to food safety management throughout the organisation.

The company has set food safety objectives as part of its improvement plans. The factors that influence and affect the company's food safety goals and objectives are taken into consideration to manage organisation related food safety risks. Key stakeholders and their requirements and platforms for their engagement are identified and plans made to satisfy them. The ability of the business is analysed using PESTLE and SWOT analysis, and risks identified at both organisational and operational level. The risks are analysed for prioritisation and managed according to their level of priory to ensure successful food safety programs that will achieve food safety objectives. The knowledge, skills and competencies of our people are developed to ensure capacity to achieve the food safety and customer satisfaction mandate.



GOALS

- To be best in class for quality - Minimise and where possible eliminate defects and zero risk to customers.
- To achieve consumer and market confidence for our brands to occupy number 1 or 2 in the category.

TARGETS

- Customer satisfaction and confidence index of 85%.
- Not more than 0.35% product volume losses of which 0.20% due to processing related issues and 0.10% distribution related, plus other issues 0.05%.
- Valid Food Safety and/or Quality Management Certificates/Compliance.

KEY PERFORMANCE RESULTS/ACTIONS

- **Customer satisfaction:** 74%; Target 85%. Why - Product availability; product quality & preferences; price.
- **Losses:** Total, 0.48%; Processing, 0.27%; Distribution, 0.11%; and Other, 0.1%.
- **Certification Status:** At certification stage 2 (Initial Document Evaluation - done).

SUSTAINABILITY PERFORMANCE

QUALITY CONTROL AND STANDARDS CONT.

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Production Sites Certified to Food Safety Management Systems

To ensure the efficiency of Dairibord Quality and Food Safety Systems, all production sites are subjected to internationally recognised Food Safety Audits by an accredited third-party certification body. Our production sites are to be certified to Hazard Analysis and Critical Control Points (HACCP) and the International Standards Organisation (ISO) Food Safety and Quality Management Systems.

	Unit	2022	2021	2020	2019
Certified production sites	Count	-	3	4	3
Sites undergoing recertification audit	Count	4	1	0	1
Total number of sites		4	4	4	4

Stakeholder Engagement in Food Safety and Quality

Following discussions with our stakeholders including customers and focus group meetings, we have identified a need to expand our product offerings to include more ambient products and move away from some cold chain products. To meet this demand, we have developed ultra-high temperature (UHT) processed and aseptically packaged Cascade in cartons and flexible pouch sachets for longer shelf life, and hot-filled extended shelf-life Cascade in a recyclable plastic bottle. These new products align with our commitment to sustainability by reducing waste and energy use (refrigeration), while still meeting the high-quality and safety standards our customers expect from Dairibord.

We aim to meet Global Food Safety Standards recognised by GFSI such as FSSC that will boost consumer and trading partners' confidence in our brands and enable the company to trade in new lucrative markets.

Green Giant ice lolly in production

OUR CONSUMERS AND CUSTOMERS

We recognise our accountability as a food manufacturer and marketer to deliver exceptional products and services that meet the highest standards of quality and safety. As such, we take great care in managing the food handling and storage processes to ensure that our end-users receive products that are safe and wholesome for consumption. The business will continue to work towards creating sustainable food systems that benefit all stakeholders.

Products Responsibility

As a company committed to sustainability, we acknowledge responsibility for our products throughout the entire value chain, from the farm to the final disposal and recycling of packaging materials. We prioritise accuracy and transparency in the labelling of our products, ensuring that our consumers have access to reliable information on their contents. Our products undergo rigorous quality control inspections, in line with ISO Standards on Quality and Food Safety Management.

Customer Welfare

At Dairibord, we recognise that our business interfaces with a diverse range of customers, all with varying expectations. Our commitment to providing quality, nutritious and healthy products extends to our relationships with our vendors, franchises, retailers and wholesalers. Through these relationships, we also have the opportunity to support small businesses and promote youth employment. While challenges such as product shortages, trade terms and agreements are inherent to our industry, we strive to eliminate any negative customer experiences and ensure that all interactions with our products are positive.

Dairibord employs a variety of mechanisms to mitigate any negative impact on our customers and reward good performance. Our returns policy is designed to ensure that customers have ample opportunity to receive close to full reimbursement on purchase returns, with the amount of credit determined by the shelf life of the product. We are committed to delivering inter-city orders within 72 hours and intra-city orders within 24 hours. To track the effectiveness of our customer welfare actions, we regularly assess daily, weekly, and monthly sales performance reports, conduct market visits and provide performance rewards to high-performing sales teams. Continuous enhancement of our operations to improve warehousing, transport control systems, market coverage and returns policy is critical to the business. Revenue growth and demand serve as key indicators of customer welfare.

Engagement with our customers to add value to their experience, keeping our brands top of mind, enhancing customer loyalty, and growing our customer database is our priority. Sales volumes for the year were 3% ahead of the

SUSTAINABILITY PERFORMANCE

OUR CONSUMERS AND CUSTOMERS CONT.

prior year, the highest volume performance in the last 6 years. We will continue to employ strategies that prioritise quality, transparency and accountability throughout our value chain.

Responsible Communication and Product Labelling

As a leading manufacturer and marketer of high-quality food and beverage products, we recognise our responsibility to promote healthy eating and an active lifestyle for our consumers. We provide accurate and transparent information about our products through responsible communication and compliance with all relevant regulation. Responsible communication is our priority, particularly in the areas of nutrition labelling and advertising to ensure that our customers can make informed decisions about our products. Our product labelling adheres to the guidelines set by the Ministry of Health and government regulations, and our patented packaging and labelling designs ensure our products are easily recognisable and differentiated from competitors. Our marketing and labelling efforts are guided by the principles of balanced nutrition and personal choice. We also educate customers on the proper handling and disposal of our products to minimise waste.

There has been a demand-supply gap in Dairibord products due to factors such as inadequate milk supply giving rise to arbitrage opportunities, smuggling of products outside the country and unregulated vendors. To mitigate these challenges, we closely monitor channel prices and strategically allocate stock to minimise the negative impact of product shortages. Our cash and perishable food handlers receive training on proper product handling and behaviour to minimise losses.

We believe that providing quality Liquid Milk, Foods and Beverages at a competitive price is of paramount importance. Our marketing strategies reflect this through various media channels and sales promotions. The goal is to continuously enhance our marketing practices and ensure that our communication lines are ethical, non-offensive and aligned with our product attributes and features.

We continuously evaluate the effectiveness of our marketing and product labelling efforts by tracking a range of performance indicators such as stock in trade reports, brand health checks, customer satisfaction research, Super Brand awards and external laboratory tests and reports. Our ultimate objective is to secure the 1st or 2nd position in market share in all categories we compete in. We strive to maintain our consumers' trust by providing quality products, accurate information, and responsible marketing practices. Continuous improvement and innovation in our marketing and product labelling efforts to enhance our customer satisfaction and stakeholder approval remain a priority.

Dairibord full product range

SUSTAINABLE PRODUCTION

The Group prioritises responsible manufacturing and recognises the benefits of cost management, profitability and environmental sustainability. We understand that wasteful and inefficient processes can strain the environment and are committed to producing goods using sustainable practices that do not harm our planet. Dairibord's sustainable production practices have a significant impact on water, energy, and food resources. By maximising efficiency and minimising waste, we strive to decouple economic growth from environmental degradation, promote sustainable lifestyles and ensure long-term success for our business. We continuously monitor and manage our operations to minimise their negative impact on the environment and use resources efficiently to optimise value for our shareholders and stakeholders.

Sustainable Production Priorities

- Office and plant redesign to save energy and reduce environmental impact.
- Investing in solar energy to decrease reliance on fossil fuels.
- Efficient production planning to minimise energy and coal consumption.
- Responsible utilisation of water through efficiency and recycling for non-food purposes.

Management Approach

We minimise our environmental impact by reducing emissions, water use, energy consumption and waste. To achieve this goal, we continuously monitor our solid and liquid waste and take measures to manage it responsibly. Our ambition is to make a significant difference in protecting the environment and promoting sustainability in our operations.

Overall Equipment Effectiveness (OEE)

We utilise the World Class Manufacturing methodology to monitor and improve our Overall Equipment Effectiveness (OEE). Our goal is to fully utilise our facilities, time and material to reduce disturbances and minimise product losses. By managing our OEE, we can optimise our production processes and improve our operational efficiency, which ultimately benefits both the company and the environment.

Packaging

Packaging plays a crucial role in enabling the sale, delivery and marketing of our products, as well as protecting, preserving and presenting them. Our packaging materials include HDPE, PET, Tetra cartons, PVC and foil. While some of our packaging materials are recyclable and reusable, improper disposal can lead to pollution. To mitigate this impact, we have implemented processes to promote the recycling of our waste, and we are working with local small businesses to collect and recycle our waste. We are also affiliated with PETRECOZIM, an industry recycling organisation, to proactively research and develop environmentally safe packaging technology. Furthermore, we have invested in a second Tetrapak carton filling machine, whose packaging is largely biodegradable and we plan to migrate to biodegradable carton lids.

Our goal as a company is to increase the use of recyclable packaging materials while preventing or reducing the generation of waste and pollution from our operations. We assess the quantity of waste generated, recycled and disposed of to measure our progress. We have also established partnerships with stakeholders such as packaging suppliers, waste collectors and recyclers to ensure that our management process is successful. Additionally, we work closely with the Environmental Management Agency to stay informed on regulations related to waste management. By investing in programs that minimise and conserve natural resources, we are committed to reducing our negative impact on the environment and promoting sustainable practices in the packaging industry.

Below are materials used for the manufacture of key products during the year:

	Unit	2022	2021	2020	2019
Raw materials (Milk)	Litres	28,506,090	27,422,944	27,162,331	29,090,609
Packaging	Tons	5,851	5,342	4,116	4,133

While our business operations present some limitations for the use of recycled materials, we recognise the importance of efficient material usage and strive to make the most of our resources. Our Research and Development personnel work to establish usage yields for each product line, and these yields are monitored regularly.

SUSTAINABILITY PERFORMANCE

DAIRIBORD 70 YEARS
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SUSTAINABLE PRODUCTION CONT.

Materials Sourcing and Efficiency

We understand that the responsible use of raw and packaging materials is integral to achieving our sustainability objectives. To this end, we aim to maximise the value we derive from our materials whiles minimising our environmental impact.

Energy Consumption within the Group

Energy efficiency is a top priority for Dairibord, as it is a crucial aspect of our operations that power machinery, vehicles, and provides lighting. Our dependence on non-renewable sources of energy contributes to the release of air pollutants, such as greenhouse gases, and incurs significant costs. To mitigate these impacts, we have implemented various initiatives, including the mandatory use of LED lighting and investing in energy-efficient equipment. Our utility indices are tracked daily, weekly, and monthly to monitor the amount of energy used per volume of product produced. We have also invested in an efficient ammonia plant with automatic load controls to reduce energy usage. Furthermore, we plan to invest in solar power plants for our Chitungwiza and Chipinge factories.

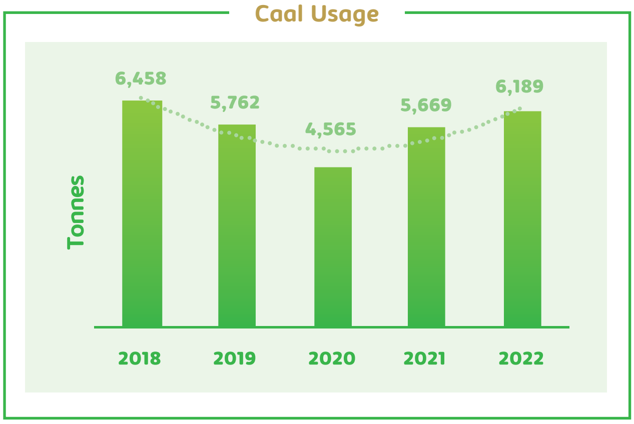
In addition, we optimise our boiler operations by running several steam-demanding activities simultaneously to achieve maximum efficiency. We also prioritise employee training and have engaged with coal suppliers to ensure proper utilisation of coal depending on its quality. The ZESA tariff system has also helped us avoid penalties by encouraging the consumption of energy during off-peak periods. As a company, we are committed to reducing our carbon footprint and exploring sustainable energy sources to meet our energy needs.

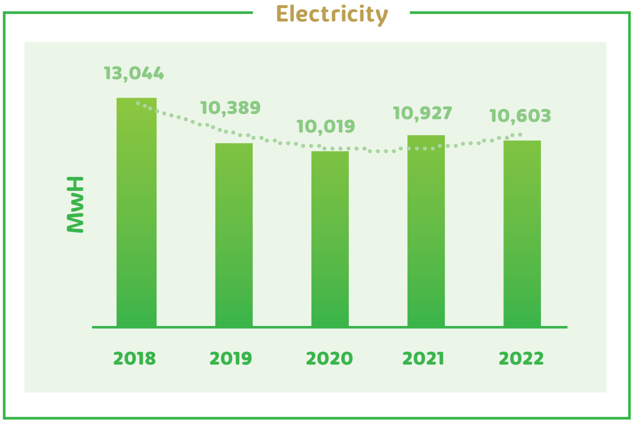
Energy Efficiency Indices

Overall Indices		For Dec 2022			
Indices	Electricity Usage	The volume of Products produced	Efficiency Indicator	Target	Commentary
Electricity L/KWh	948,670	8,561,632	9.02	6.06	Higher is better
Coal L/kg	580,080	8,561,632	14.76	13.05	Higher is better

The higher efficiency indicator shows that more product is being produced with less energy.

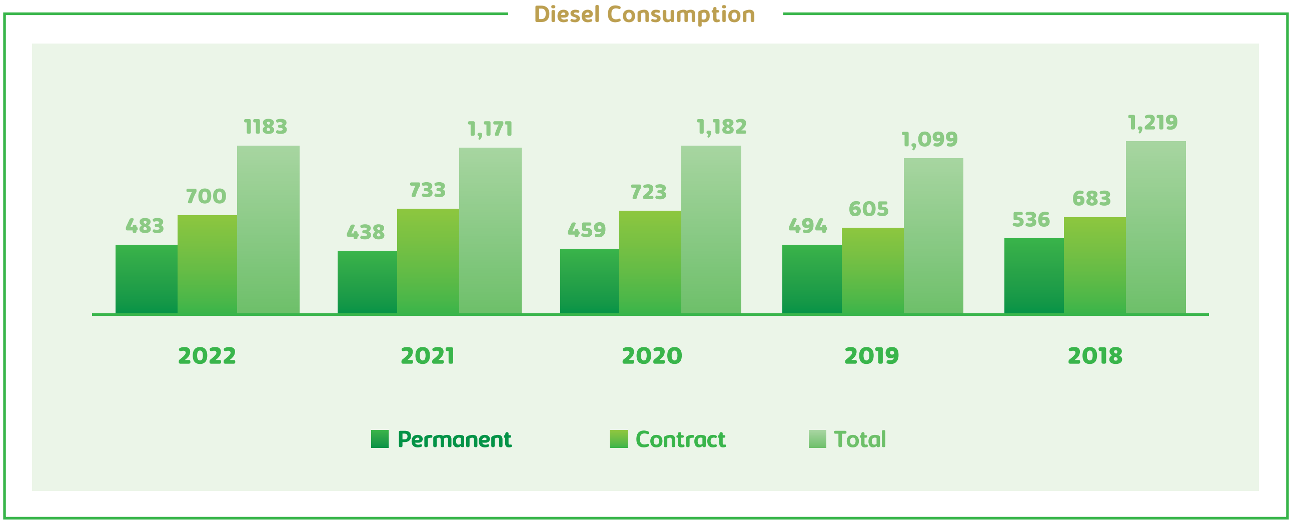
	2022	2021	2020	2019	2018
Electricity (MwH)	10,603	10,927	10,019	10,389	13,044
Coal (Tons)	6,189	5,669	4,565	5,762	6,458





	Units	2022	2021	2020	2019	2018
Diesel '000' litres	Litres	1,608	1,165	2,385	2,237	2,009

SUSTAINABLE PRODUCTION CONT.



We have increased diesel consumption for the distribution vehicles compared to the previous year owing to increased volumes and there has been higher dependence on generator power at the Chipinge factory due to inconsistent supply of ZESA power.

Water Consumption

Water is a vital resource in our operations, serving a variety of purposes including hygiene, sanitation, cooling and steam generation. As a business, we recognise our potential to impact water availability, contribute to water shortages, and pollute surrounding water bodies, which can harm aquatic life. The Group values water as a precious resource and have implemented measures to conserve and protect it.

We have various mechanisms in place to manage water which include:

- Appointment of water attendants to monitor and manage water usage efficiency.
- Reuse the final rinse water for cleaning facilities.
- Reverse osmosis for wastewater used for cleaning and watering gardens.
- Monitoring of water and steam leakage.
- Onsite effluent treatment plant to treat wastewater before disposal back into the environment.

The business is committed to achieving world-class water efficiency targets. Our goal is to use only 3 litres of water to manufacture 1 litre of product. To measure our progress, we evaluate the total amount of water consumed versus the volume of products produced. There is a direct correlation between water consumption and production efficiency, and we aim to continually improve our processes to reduce our water usage.

Water Consumption (Million Litres)	Total Volume of Products Produced (Million Litres)	2022 Water Efficiency Indicator	Target
483,813	96,985	5.83	4.99

The progressive decline in water used per litre of product has been recorded over the past several years from 7L/l of product to the current 5.23l/l of product. Targets are set annually for continuous improvement.

Water Source	2022	2021	2020	2019	2018
Municipal (Million Litres)	141,249	166,550	164,481	230,089	305,028
Borehole + Bulk Deliveries (Million Litres)	342,564	313,337	198,255	167,019	160,117
Total Water consumption	**483,813**	**479,887**	**362,736**	**397,108**	**465,145**

Municipal water is becoming less reliable. For Harare Rekayi Tangwena and Chipinge Factories, more than 70% of water requirements are supplied from boreholes. At the Chitungwiza factory, more than 90% of water requirements are met through bulk water deliveries

SUSTAINABILITY PERFORMANCE

DAIRIBORD 70 YEARS

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CARING FOR THE PLANET

Our operations have environmental implications, and we are committed to reducing our impact on the environment. This includes not only our direct operations but also those of our supply chain partners. We recognise that the generation of solid, liquid and gaseous waste can have adverse effects on the environment, and as such, we aim to manage, control and dispose of these waste streams in compliance with all relevant legal standards and requirements.

Management Approach

Dairibord conducts emission surveys every quarter to establish the level of emissions generated by the use of coal and diesel as a source of energy. Licences are issued by Environmental Management Agency (EMA) in line with Statutory Instrument 72 of 2009.

Dairibord has implemented various programmes and controls aimed at reducing its negative impact on the environment. These include;

- Monitoring water usage and setting targets for reducing consumption;
- Monitoring trade effluent quality by measuring various parameters;
- Implementing programs to minimize the generation of solid and liquid wastes and their impacts on the environment;
- Implementing programs to minimize returns and damages and their impacts on the environment;
- Monitoring energy usage and setting targets for reducing consumption and associated emissions;
- Conducting SHE policy awareness programs for stakeholders; and
- Organizing clean-up campaigns to maintain a clean working environment.

Waste Management

The table below shows the waste generated and how it was disposed and the method of disposal.

Waste type	Disposal method	Unit	2022	2021	2020	2019	2018
Coal Ash	Sold	Kg	977,868	850,284	684,803	633,820	710,400
Packaging waste generated							
Linear Low-Density Polyethylene (LDPE/ LLDPE)	Recycling & Landfill	Kg	445,641	451,753	308,338	366,005	476,307
Biaxial-oriented Polypropylene (BOPP/ VMCPP)	Recycling & landfill	Kg	5,454	5,473	8,273	9,274	13,453
High-Density Polyethylene (HDPE)	Recycling & landfill	Kg	2,804,636	2,663,731	1,687,565	2,225,880	2,713,999
Polyethylene Terephthalate (PET)	Recycling & Landfill	Kg	230,863	212,488	119,737	121,531	258,661
Polypropylene (PP)	Recycling & landfill	Kg	362,231	363,654	297,965	308,526	268,608
Liquid Waste							
Effluent	Municipal	M3	337,017	287,932	386,101	238,265	186,058
Oils	Sold	Litres	2,200	4,173	19,249	5,947	-

CARING FOR THE PLANET CONT.

Solid Waste Management

Dairibord, in addition to partnering with PETRECOZIM to manage PET waste, the company has gone a further step to partner with Zimbabwe Sunshine Group to manage other classes of solid waste which include HDPE/PP. This initiative focuses on managing solid waste generated by Dairibord products in the market (post consumption). The used packaging is picked throughout the nation, segregated and classified according to class e.g HDPE/PET and channelled to recycling companies.

Emissions

The Group calculates its carbon footprint by converting its energy consumption into carbon dioxide equivalency using internationally accepted conversion factors due to the unavailability of nationally adopted conversion factors for Zimbabwe.

Greenhouse Gas Emissions

Water Source	2022	2021	2020	2019	2018
Diesel (Kg CO2e litres)	3,211,776	3,598,410	5,991,907	5,620,082	5,047,271
Coal (Kg CO2e ton)	15,670,961	13,627,369	10,973,530	13,850,926	15,523,999
Total Scope 1 Emissions (Kg CO2e)	**18,882,737**	**17,225,779**	**16,965,437**	**19,471,008**	**20,571,270**

During the year under review, Dairibord boilers and generator's emissions fell within the green and blue bands respectively.

Scope 1: Direct Emissions

These are direct Greenhouse Gas (GHG) emissions from operations that are owned or controlled by Dairibord. Primarily, these are emissions from fuel consumed by generators and vehicles. We applied emission factors obtained from the United Kingdom (UK) Government GHG Conversion Factors to convert liquid bio-fuel usage and coal combustion as presented below.

Scope 1 Emissions	2022	2021	2020	2019	2018
Diesel (Kg CO2e litres)	3,211,776	3,598,410	5,991,907	5,620,082	5,047,271
Coal (Kg CO2e ton)	15,670,961	13,627,369	10,973,530	13,850,926	15,523,999
Total Scope 1 Emissions (Kg CO2e)	18,882,737	17,225,779	16,965,437	19,471,008	20,571,270

Scope 2: Indirect Emissions

These are emissions from the consumption of energy generated and supplied by a third party over which Dairibord has no direct control. Our Scope 2 emissions were calculated using emission factors obtained from the Southern African Power Pool 2015 using Operating Margin factors and the Global Warming Potential rates from the Intergovernmental Panel on Climate Change (IPCC) as presented below.

Scope 2 Emissions	2022	2021	2020	2019	2018
Electricity (Kg CO2e KwH)	11,385,123	11,212,856	10,281,002	10,660,882	13,385,753

SUSTAINABILITY PERFORMANCE

Endurable Business, Endurable Brands

OUR PEOPLE

Human Capital Management

Our people remain a key pillar of the business. We rely on their skills and dedication to achieve our strategic objectives and to represent the company when engaging with stakeholders. Our goal is to create an inclusive and supportive work environment which fosters equal opportunity, fair treatment and respect for all, while encouraging innovation and creativity in line with our cultural heritage and values.

We promote harmonious working relationships that are guided by our corporate values and national and industry regulations. The company strongly believes in the importance of providing dignified living and working conditions, as well as ensuring the social and economic well-being of our employees, as we recognise that these factors are essential in unlocking human potential.

We are significantly dependent on direct contract and permanent employees for the bulk of our operations. We have, however, outsourced several services as follows:

- Merchandising – Merchandising of our products in major retail outlets is outsourced to external merchandisers. who are employed by a third party;
- Vending – The vendors are independent contractors who sell our products including ice cream, yoghurt and beverages;
- Security services – We have outsourced security for all our operations;
- Canteen – Canteen services are provided by a third party; and
- Cleaning – Cleaning services are outsourced.

Our strategic priorities for human capital include but are not limited to:

- Health and safety
- Training and development
- Productivity enhancement
- Respect and fair treatment of all employees
- Equal opportunity for marginalised groups and gender equality

Our People in Numbers

Employee Category	2022	2021	2020	2019	2018
Permanent	483	438	459	494	536
Contract	700	733	723	605	683
Total	1,183	1,171	1,182	1,099	1,219

Employees by Contract type

OUR PEOPLE CONT.

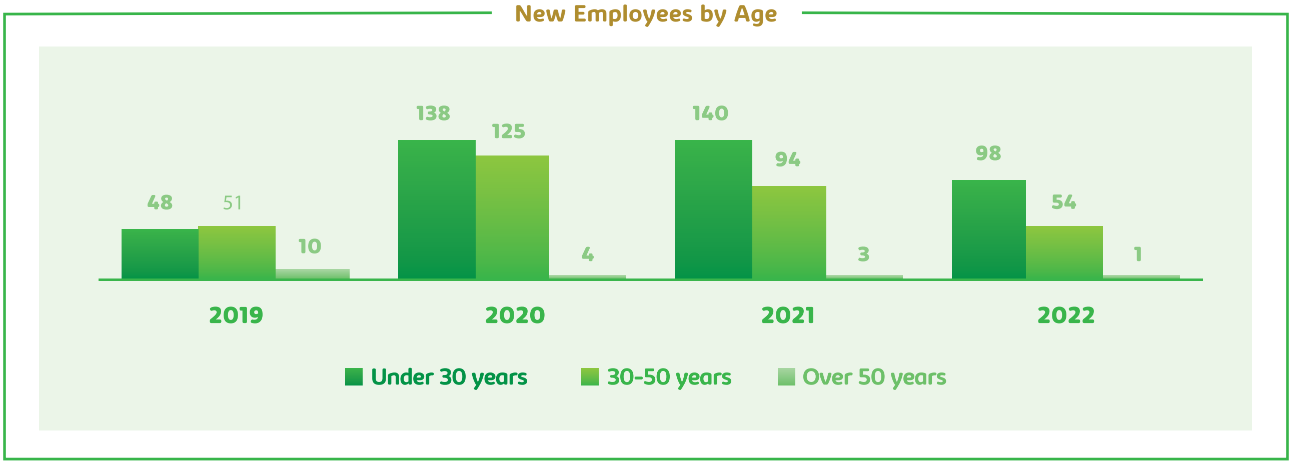
Employment Creation

The Group opens opportunities for employment and economic growth, particularly through the support of small-scale business people. Through our street vending program, we provide over 929 vending opportunities each year, with a focus on empowering women, who make up 65% of our vendors. In addition to our direct efforts, our extensive route-to-market network has also led to indirect job creation in modern trade, general trade, merchandising companies and transport service companies, further contributing to the economic well-being of our communities.

New Employees by Age

Employee Category	2022	2021	2020	2019
Under 30years old	98	140	138	48
30-50 years old	54	94	125	51
Over 50 years old	1	3	4	10
Total new employees	153	237	267	109

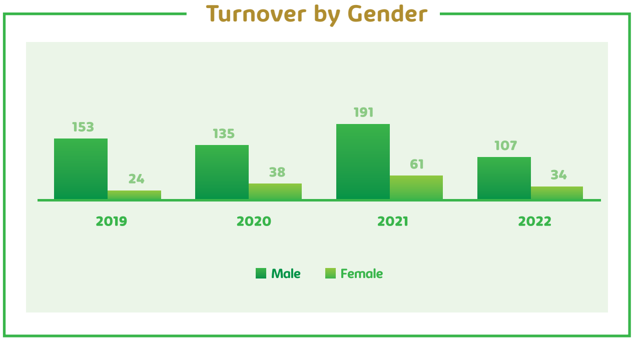
New Employees by Age



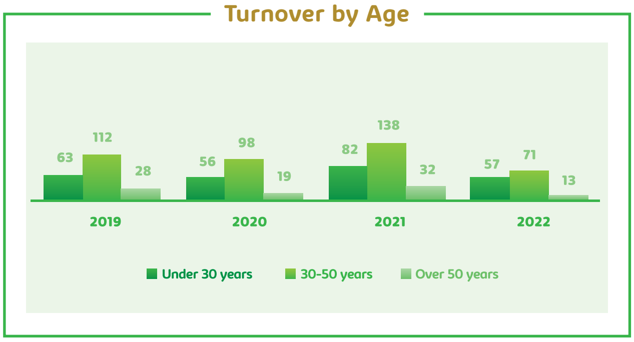
Employee Turnover

	2022	2021	2020	2019	2018	2017
Total Turnover	141	252	173	19	87	103

Turnover by Gender



Turnover by Age



SUSTAINABILITY PERFORMANCE

Endurable Business, Endurable Brands

OUR PEOPLE CONT.

Human Resources Initiatives

- Leadership developmental programs for managerial employees.
- Retention strategies (salary cushioning, recognition and innovation awards).
- Talent development sessions to assist employees with their career path.
- Equal employment opportunities, violence-free workplace. (Gender-based violence ILO program).
- Employee engagement survey (awareness and buy-in to strategy from staff, good relations and teamwork).
- Wellness training and events (dental, eye and all chronic illnesses awareness).
- Employee welfare (canteen facilities, medical aid, company clinic).
- Sustainability reporting training – Enhance knowledge of sustainability and managing material topics.
- Counselling for employees approaching retirement.

Employee Economic Empowerment

The Dairibord Employee Share Ownership Trust (DESOT) was founded in July 1997 to acquire shares in Dairibord. Dairibord employees made Zimbabwean history by successfully participating in the company's privatisation. The trust presently holds around 12% of Dairibord Holdings Ltd shares through Serrapin Investments (Pvt) Ltd, demonstrating previous and present workers' faith in the company. It has served as a model for other businesses to emulate.

Gender and Diversity

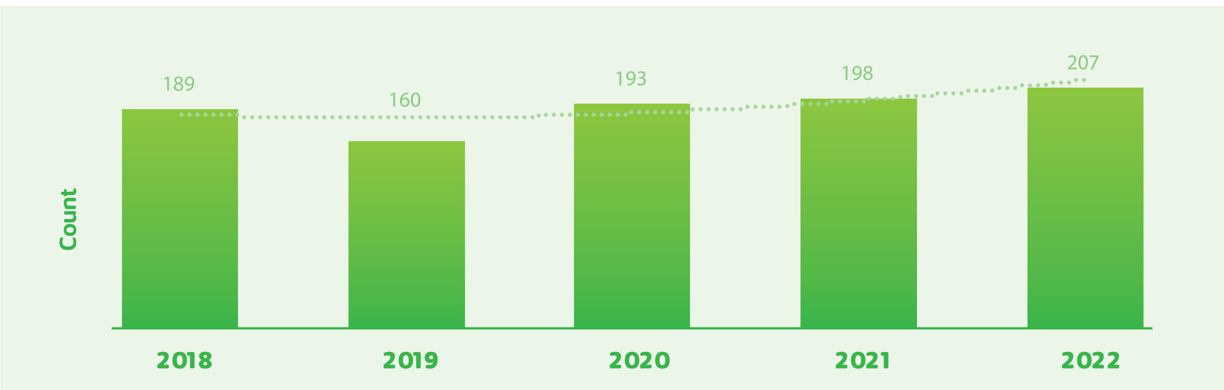
We foster a workplace culture that values and promotes diversity and inclusion. We recognise that this approach helps to create a supportive and respectful environment for all employees and can lead to increased productivity and retention rates. Conversely, failure to manage diversity and inclusion can result in harassment, poor communication and decreased teamwork, which can ultimately harm the company's reputation and bottom line.

To this end, Dairibord continues to pursue gender and youth balance within our workforce, with a target of having 30% of our staff being female by 2022. While we fell short of this target at 18%, we remain committed to achieving it by 2023 through initiatives such as the recruitment of graduate trainees and the hiring of capable women in traditionally male-dominated roles. Our vending program also plays a key role in promoting gender balance, with over 65% of our street vendors being women.

Employees Gender Distribution

Gender disparity remains a key issue in our business environment. We understand how this impedes social development and makes women vulnerable to limited opportunities. As such, we continue to uphold the principles of equal opportunities and fair treatment to create a conducive environment where more women aspire to work. The company is an equal-opportunity employer committed to fair and transparent recruitment and selection processes that reflect best practices and standards.

Female Employees



OUR PEOPLE CONT.

Gender-Sensitive Work Environment

We commit to promoting a safe and respectful workplace by conducting regular awareness campaigns on sexual harassment, gender-based violence and dress code. We also encourage employees to use our suggestion boxes and an open-door policy to report any concerns they might have. Our commitment to equality is demonstrated by providing equal access to promotion opportunities regardless of gender. We also conduct exit interviews to gain insight into reasons why employees leave the business. Additionally, we observe wellness calendars such as International Women's Day and Breast Cancer Day to promote understanding of the challenges facing women in the workplace.

Diversity, Equity and Inclusion Goals

- To foster a productive work atmosphere free of harassment and bullying.
- Equally divide tasks and responsibilities, as well as resources, among everyone in the organisation.
- To promote a peaceful work environment, provide a discrimination-free workplace by organising staff training on respect and anti-discrimination.

To fulfil our targets and goals, we ensure that our workforce is diverse and reflects our approach to diversity and equal opportunity. We carefully consider the demography of our employees, the ratio of men to women and the specific skills and experience required for senior management positions. Our hiring process, job retention and job satisfaction assessments ensure that we meet our diversity targets and that all managers and staff are familiar with our equal opportunities and anti-harassment policies. We strive for equal distribution of roles, responsibilities, pay and benefits, which promote innovation and creativity through an open exchange of ideas and collaboration.

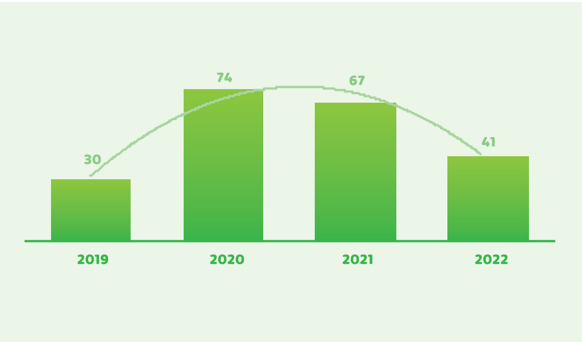
Recruitment

Gender	2022	2021	2020	2019
Female	41	67	74	30
Male	112	170	193	79

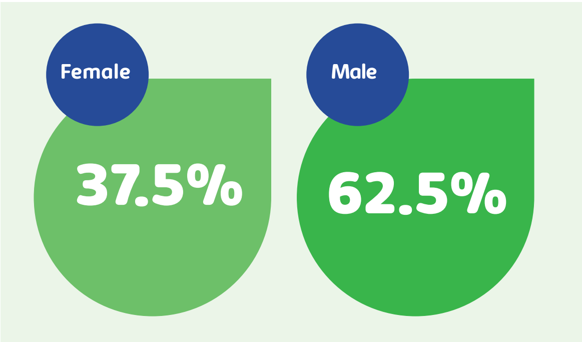
Gender Distribution in The Executive Committee

Gender	2022	2021	2020	2019
Female	3	5	5	5
Male	5	5	4	4

Female Employees



Senior Management (Executives) by Gender



DAIRIBORD 70 YEARS Endurable Business, Endurable Brands

OUR PEOPLE CONT.

Training and Personnel Development

Training gives Dairibord a foundation for developing the ability to perform better. The company found chances for increased competitiveness, productivity, bridging skill gaps, succession planning, safety, promotion, and adaption connected with staff training. We have a talent development policy in place that strives to drive performance and create a learning culture geared at cultivating and retaining talent throughout the organisation. Our training and development aims to include role clarity and conceptions, alignment of personal and Group objectives, skill retention, better productivity, efficiency and effectiveness.

This is accomplished by completing the following training:

- Leadership development.
- Management development.
- Supervisory development.
- Technical training.
- Soft skill development.
- Coaching & mentoring.
- Graduate traineeship.
- Apprenticeship training.
- Student internships.
- On-boarding programs.

In addition to the foregoing, we utilise expatriates to aid in knowledge transfer. Short courses, seminars and conferences are frequently held to further our employees' expertise. We want to discover adequate resources for successful leadership, talent development and retention of all critical skills.

We undertake training evaluations and assessments to determine the efficacy and compatibility of programs with the Group, with the objective of avoiding outdated and irrelevant training. The evaluation is done both during and after the training to determine its success. A skills audit is performed on a regular basis to help close gaps in credentials, abilities and competencies.

The company has also implemented an employee assistance development program to help people who are financially challenged pursue education in their profession. The company will help and bind the recipient for an agreed-upon number of years.

During the year, training hours were as follows:

Category	Unit	2021	2020	2019
Executives	Hours	0	28	24
Management	Hours	26	1,308	6,444
National Employment Council	Hours	44	1,295	160

Unemployment and skills deficit remain major issues in Zimbabwe. We have established a platform for youth to learn practical skills as part of their education, while also providing the company with an opportunity to be active in skills development. Over the year, we presented the following opportunities.

Category	2022	2021	2020	2019	2018
Graduate Trainees	13	13	-	11	11
Students on attachment	26	25	24	22	13
Total	39	38	24	33	24

OUR PEOPLE CONT.

Remuneration

Our remuneration policy is to attract and retain key skills and this guides us in determining our compensation to our employees. We aim to remunerate at the upper quartile of the market by December 2023. We also follow and comply with industry collective bargaining agreements as minimum benchmarks for determining salaries for our non-managerial staff who constitute 80% of the total complement. This approach is also complimented by self-financing incentives schemes that recognise collective and or individual performance achievements.

OCCUPATIONAL HEALTH & SAFETY

Management Approach - Vision Zero Strategy

Dairibord continues to target zero harm at the workplace. We believe that a world of work without accidents, injury and diseases is possible. The Vision Zero Strategy focuses on drastically curbing work-related accidents, injuries, diseases and fatalities. Our Vision Zero approach is flexible as one can focus on safety, health or on well-being issues depending on what is most relevant.

Programs and Controls

1. **Housekeeping Safety through 6S Cycle**
   The 6S Cycle management originates from methodology created by Toyota Production System between the years of 1948 and 1975. This procedure enabled the Japanese company to produce higher quality products faster with less waste and inventory than the competitors.

6S principles (cycle) at the workplace

SUSTAINABILITY PERFORMANCE

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OUR PEOPLE CONT.

This is an on-going process that the company implements to maintain good housekeeping

Input	Workplace	Output
Removal of unnecessary items (S1)	Engineering	Increased productivity
Setting of necessary items for quick removal (S2)	Production	Time saving
Daily cleaning of workplace (S3)	Stores	Less accidents
Create guidelines or standards to keep your work area organised, orderly and clean (S4)		Improved delivery performance
To do the work the way its supposed to be done (S5)		Outstanding look of workplace
Concentrate on ensuring workplace safety and risk assessment (S6)		Reduced paperwork
		Ready to visit workplace

2. **Installation of breathalysers in all operating factories to eliminate accidents related to working while under the influence of alcohol.**
3. **Safe driving awards.**
4. **Management by walking.**
5. **Safety awareness before starting a shift.**
6. **SHE induction for contractors, new employees.**
7. **Personal Protective Equipment/clothing policy.**
8. **Continuous training for firefighters, first aiders and SHE representatives**

OUR PEOPLE CONT.

Work-related Accidents

Category	2022	2021
Safety lagging indicators		
Fatal injury frequency rate	0	0
High consequence work- related injuries	17	23
Minor injuries	50	41
Lost-time injuries	29	20
Lost days rate	231	284

Employee Wellness

Category	2022	2021
HEALTH		
Clinic Attendance	1232	980
On anti – retroviral therapy	7	8
On medical Aid	429	408
Number of First Aiders	36	36
Health and Safety Awareness campaigns done during the year	4	2
Number of clinics run by company	1	1
COVID 19 Vaccination and Awareness	100%	99.5%

Nurses from Belvedere Medical Centre administer COVID 19 vaccines to staff

COMMUNITY INVESTMENT AND SUSTAINABLE DEVELOPMENT GOALS

Community support is a crucial aspect of building a shared vision and values. Constant contact with communities helps us to better understand their needs and how we can develop our relationships to establish long-term partnerships. Dairibord is dedicated to improving the lives of those who live and work in the communities in which we operate.

In keeping with the goal of rebuilding the national dairy herd and milk output, the Company's Corporate Social Responsibility activities have resulted in the expansion of the dairy sector through the assistance of small-scale dairy farmers. Our Chipinge operation has facilitated the devolution and decentralisation of our value chains to promote equitable and sustainable socioeconomic progress.

We also actively assist local communities by improving the living circumstances of our most vulnerable members, supporting healthy lives through improved food, education (bursary programs) and talent development tools for our staff. We collaborate with charities and other intermediaries who engage directly with our beneficiaries. The company does not have a corporate social responsibility strategy in place, but it is guided by the United Nations Sustainable Development Goals (SDGs). The following are our key priorities.

COMMUNITY INVESTMENT AND SUSTAINABLE DEVELOPMENT GOALS

Community Investments

Our community investments are continuously evaluated to reflect the interests and needs of local communities. We seriously take the responses received from beneficiaries to identify shortfalls and areas of improvement.

CSR summary table

Target	Purpose of investment	Organisations supported	Items donated	Amount USD$
Education	Investment in human development	Children of retired employees & Presidential scholarship	Fees	**7,000**
Vulnerable orphans and the elderly	Improve the quality and standard of life for vulnerable groups	Orphans and the elderly	Food groceries	**4,300**
Employee engagement	Honouring service rendered	Recognition awards	Recognition ceremony & certificates, food hampers	**10,000**
Stakeholders support	Relationship management	Dairy farmers, the Government, sports persons,		**8,650**
Environmental management		Chipinge Presidential cleaning campaign		**500**

SUSTAINABILITY PERFORMANCE

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ECONOMIC PERFORMANCE

Management Approach

Our business strategy provides a strategic framework for discovering and developing opportunities in the food, beverage, and liquid milk businesses. By focusing on our core strengths and objectives, our management team can ensure that these prospects are realised. We intend to enhance this process in the future by supporting an inclusive approach to wealth generation and distribution, ensuring that the economy, workforce, farmers, suppliers and communities benefit the most from the value we generate.

Payments to Government

Dairibord is committed to complete compliance and transparency in all tax matters. We take the following steps to ensure that our tax affairs are in good order.

- We place high priority on statutory payments and have a robust system in place to ensure that all taxes are paid on time.
- We conduct a quarterly compliance check to ensure that all taxes have been paid and that we are following all relevant laws and regulations.
- We regularly review our systems and processes to ensure that they are compliant with the latest changes in tax law.
- When a new Finance Bill is passed, we provide training to our staff on the changes and how they will affect us.
- We have a close relationship with our tax consultants and communicate with them regularly to ensure that we are always with the latest developments.
- We undertake a tax health check every three years to ensure that our tax affairs are in good order.
- We maintain a regular dialogue with our relationship manager at the Zimbabwe Revenue Authority (ZIMRA).
- We are confident that our commitment to tax compliance and transparency helps us to build trust with our stakeholders and contributes to our long-term success.

ANTI-CORRUPTION

DAIRIBORD 70 YEARS Endurable Business, Endurable Brands

We uphold the principles of sound corporate governance and promote ethical behaviour throughout all our operations. We have taken proactive measures to combat corruption, which has helped to safeguard our assets, foster positive relationships with our suppliers and establish a trusted reputation within the market.

Our unwavering stance against corrupt dealings is guided by our anti-corruption policy, which is firmly anchored on the principles of transparency, accountability and fairness. This policy is aligned with SDG 16 which calls for the promotion of peaceful and inclusive societies, access to justice for all, and the establishment of effective, accountable and inclusive institutions at all levels.

Our strategies and operations are anchored on principles of sound corporate governance. We do not tolerate any form of corrupt dealings within our institutions. Dairibord embraces ethical relationships with all stakeholders as enshrined in the anti-corruption policy. We have zero tolerance to corruption.

Anti-corruption Policies, Reporting Procedures and Platforms

We have established policies and practices to prevent and detect corruption. These include our Employment Code of Conduct, individual contracts of employment, regular training and education programs and mechanisms for reporting suspected instances of corruption through anonymous tip-offs, suggestion boxes and employee engagement surveys. Our tip-off mechanisms for reporting incidences of corruption use toll-free numbers for staff members to report such cases to a reputable third party, Deloitte & Touche Zimbabwe. We receive quarterly update reports on corruption from Deloitte & Touche Zimbabwe. During our new employee induction process, we educate them on behavioural expectations.

Mitigating Corruption from Procurement and Vendor Processes

We take a proactive approach to mitigate potential negative impacts by requiring staff in procurement to sign individual letters on our code of ethics and encouraging suppliers to report any acts of corruption from our employees. We also raise awareness of vendor anti-corruption through various media channels, such as print, radio, and digital media, and prohibit money laundering resulting from swiping bank cards on behalf of a third party in exchange for cash or foreign currency. Investigations are conducted to determine the 'when and where' of any corruption and appropriate actions are taken, including disciplinary actions such as pressing charges through criminal courts and other legal actions.

The Group prioritizes communicating about our anti-corruption culture through various channels, including circulars, works council meetings, staff addresses and monthly reports. Our Standard Operating Procedures (SOPs) are continuously reviewed, and we conduct vendor assessments to ensure that the potential impact of corruption is effectively managed. We remain fully committed to promoting a culture of transparency, accountability and ethical behaviour in all our operations.

The company regularly monitors the effectiveness of our anti-corruption actions through various measures. This includes seeking guidance from the Financial Intelligence Unit of the RBZ on Corruption and Money Laundering, conducting internal audit and risk assessments to identify and address potential issues, ensuring compliance with statutory instruments and engaging external audits. Our goals include maintaining a zero-tolerance approach towards corruption, upholding our corporate reputation and remaining listed on the Zimbabwe Stock Exchange with share price appreciation.

To achieve our targets, we aim to record zero cases of corruption each year by way of tracking and comparing the number of incidents recorded to those recorded in previous records. Our efforts to combat corruption have been successful in reducing corruption cases and acting as a deterrent to other employees. As a result, there has been a reduction in cases of corruption at Dairibord. Our share price remains stable.

Dairibord recognises the importance of incorporating lessons learnt from our anti-corruption efforts into our operational policies and procedures. We have established a mechanism to regularly update our policies to reflect new or evolving risk exposure resulting from changes in our operations, business lines, locations, and relationships. For example, we have reviewed our code of conduct and SOPs to strengthen our anti-corruption measures. Additionally, we have implemented robust ICT systems and controls to prevent employee manipulation of our ERP SAP system, such as controls on staff purchase accounts and the creation of ghost accounts. We also continuously monitor external developments, including changes to laws and policies, to ensure ongoing compliance. We note that effective communication is vital in increasing the impact of anti-corruption efforts, and therefore have ongoing meetings with our franchisees to discuss anti-corruption measures.

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

DAIRIBORD

DAIRY DELIGHTS

DAIRIBORD

Zimbabwe (Private) Limited

Serving communities for 70 years

We not only care about the welfare of our own people, but that of the communities we are a part of. As we celebrate our 70th anniversary, we affirm our commitment to being a socially responsible corporate, supporting the communities we operate in, caring for the people around us. **Let's celebrate 70 years together.**

dairibord.com

Financial Reports

In this section;

CORPORATE INFORMATION

Endurable Business, Endurable Brands

Dairibord Holdings Limited
Company Registration No. 2168/94
www.dairibord.com

Registered office
1225 Rekayi Tangwena Avenue
Belvedere
Harare

Postal address
P O Box 587, Harare, Zimbabwe
Telephone Numbers: + 263 24 2790801-5, 2779035-45

Company secretary
Maurice Karimupfumbi
E-mail: karimupfumbim@dairibord.co.zw

Auditors
Deloitte & Touche Chartered Accountants (Zimbabwe)
West Block, Borrowdale Office Park
Borrowdale Road
Borrowdale
P O Box 267
Harare

Bankers
Central Africa Building Society
Ecobank Zimbabwe Limited
FBC Bank Limited
POSB Zimbabwe
Stanbic Bank Zimbabwe Limited
Standard Chartered Bank of Zimbabwe Limited

Transfer Secretaries
Corpserve Registrars
2nd Floor ZB Centre,
56 Kwame Nkrumah Avenue,
Harare.

Sustainability Reporting Advisors
Visibly Heard
11 Bedford Road
Avondale, Harare
Zimbabwe

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies and Other Business Entities Act (Chapter 24:31) to prepare Group and Company financial statements which comprise, the statements of financial position, statements of profit and loss and other comprehensive income, statements of cash flows, statements of changes in equity and notes to the financial statements for each financial year giving a true and fair view of the state of affairs of the Dairibord Holdings Limited and its subsidiaries (the Group) as at the end of the financial period.

The Directors are responsible for maintaining records which disclose with reasonable accuracy the financial position of the Group and Company, and which enable them to ensure that the consolidated and separate financial statements comply with the Companies and Other Business Entities Act (Chapter 24:31). The Directors are also responsible for safeguarding the assets of the Group and Company for preventing and detecting fraud and other irregularities.

The Directors recognise and acknowledge their responsibility for the Group's and Company's systems of internal control. These systems are adequate to provide reasonable assurance that the assets of the Group and Company are safeguarded and that accurate records, necessary for the preparation of the financial statements, are maintained.

The Directors consider that in the preparation of these financial statements, reasonable and prudent judgments and estimates have been made. International Financial Reporting Standards have also been followed where applicable with suitable accounting policies having been consistently applied subject to limitations imposed by statutes.

Compliance With IFRSs

The Group and Company financial statements do not comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), due to non-compliance with IFRS 13 Fair Value Measurement. These financial statements are based on the statutory records that are maintained under the historical cost convention, except for land and buildings and investment property that have been measured at fair value.

The historical costs have been adjusted for the effects of applying International Accounting Standard (IAS 29) - 'Financial Reporting in Hyperinflationary Economies". The Group and Company financial statements for the year ended 31 December 2021 and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency, and as a result, are stated in terms of the measuring unit current at the end of the reporting period.

Going concern

In view of the subsequent events, the Directors have assessed the ability of the Group and Company to continue as a going concern and have satisfied themselves that the Group and Company are in a sound financial position and have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that the preparation of these financial statements, on a going concern basis is still appropriate.

Preparation and audit of the financial statements

The Group and Company financial statements have been audited by the Group's External Auditors, Deloitte & Touche Chartered Accountants (Zimbabwe), who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the Board. The annual report was prepared under the supervision of the Finance Director, Mr B. Dirorimwe (PAAB Number:03765). The Directors confirm that all representations made to the independent auditors during the audit were valid and appropriate.

Approval of the financial statements

The Group and Company financial statements for the year ended 31 December 2022 have been approved by the Board of Directors and are signed on its behalf by the Chairman of the Board, Mr J.H.K Sachikonye and by the Group Chief Executive, Ms. M. R Ndoro.

J.H.K Sachikonye

M. R Ndoro

Endurable Business, Endurable Brands

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their twenty eighth annual report, together with audited financial statements of the Group and Company for the year ended 31 December 2022.

Share capital
The authorised share capital is 425 000 000 ordinary shares. The number of issued ordinary shares remained at 358 000 858.

Reserves
The movements in the reserves of the Group and the Company are shown in the Statements of Changes in Equity.

Dividend
On 14 April 2023, the board resolved to declare a dividend of ZWL1 (2021: nil) per share for the year ended 31 December 2022.

Capital expenditure
In 2022, the Group invested ZWL1.8 billion (historical: ZWL1.5 billion) [2021: ZWL1 billion (historical: ZWL 280 million)] in property, plant and equipment.

Directorate
The following were changes to the directorate for the year ended 31 December 2022

Antony Mandiwanza - Group Chief Executive Officer (retired 30 September 2022)
Busisiwe Chindove - Independent Non-Executive Director (retired 2 June 2022)
Mercy Rufaro Ndoro - Group Chief Executive Officer (appointed 1 October 2022)
Bruce Henderson - Independent Non-Executive Director (appointed 1 August 2022)

Auditors
At the Annual General Meeting, members will be asked to approve the remuneration of the auditors, Deloitte & Touche Chartered Accountants (Zimbabwe) of US$124 775, for the year ended 31 December 2022.

Going concern
The Directors have assessed the ability of the Group and Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. The Directors recognise that the Company has a net current liability position at year end and have considered that there are appropriate measures to mitigate this position.

M. Karimupfumbi
Acting Company Secretary

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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Harare
Zimbabwe

Deloitte & Touche
Registered Auditors
West Block
Borrowdale Office Park
Borrowdale Road
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DAIRIBORD HOLDINGS LIMITED
REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the accompanying inflation adjusted consolidated and separate financial statements of Dairibord Holdings Limited the Company and its subsidiaries together ("the Group") as set out on pages 79 to 154 which comprise the inflation adjusted consolidated and separate statement of financial position as at 31 December 2022, and the inflation adjusted consolidated and separate statement of profit or loss and other comprehensive income, the inflation adjusted consolidated and separate statement of changes in equity and the inflation adjusted consolidated and separate statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted financial position of Dairibord Holdings Limited and its subsidiaries as at 31 December 2022, and its inflation adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Qualified Opinion

Valuation of Investment property and freehold land and buildings (included in property, plant, and equipment) – Carry over effect

The valuation of investment property and freehold land and buildings as at 31 December 2021 was determined by applying a 10% reduction in the United States Dollar (USS$) valuation determined as at 31 December 2020. The reduction on the valuation was informed by a market analysis of property values performed by the independent professional valuer. The determined valuation was converted into Zimbabwean Dollars (ZWL) at the applicable auction closing exchange rate as at 31 December 2021.

Whereas the determined US$ values were deemed to be reflective of the fair value in that currency as at 31 December 2020, we were unable to obtain sufficient evidence to support the appropriateness of 10% reduction applied, as the market analysis performed by the independent professional valuers was not specific to the investment property and freehold land and buildings of the Group as at 31 December 2021. Furthermore, the conversion to ZWL, being the Group's functional currency, was not in compliance with International Financial Reporting Standard 13 - Fair Value Measurement (IFRS 13), for the below stated reasons.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. We were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/US$ auction exchange rate in the determination of the final ZWL fair valuations presented for the prior year.

IFRS 13 requires:
- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

MAKING AN IMPACT THAT MATTERS since 1845

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DAIRIBORD HOLDINGS LIMITED
REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Basis for Qualified Opinion (continued)

Valuation of Investment property and freehold land and buildings (included in property, plant, and equipment) – Carry over effect (continued)

We were therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/US$ auction exchange rate in determining the ZWL fair value of investment properties and land and buildings as at 31 December 2021, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of investment properties and land and buildings in ZWL. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of investment properties and land and buildings to the auction exchange rate and related underlying US$ values; and

- the extent to which supply and demand for the items of investment properties and land and buildings reflects the implications on market dynamics of the auction exchange rate.

Consequently our opinion on the current year for Group and company inflation adjusted consolidated financial statements is modified because we are unable to determine whether any adjustments to the opening investment property and property, plant and equipment balances, current year depreciation expense, deferred taxation, and revaluation adjustments in the inflation adjusted consolidated financial statements, would be necessary to correctly account for these amounts owing to lack of information on relevant inputs in ZWL.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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 qualified opinion.

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. There were no matters determined to be key audit matters other than the matters described in the Basis for Qualified Opinion section of our report.

Other information

Management is responsible for the other information. The other information comprises the Report of Directors as required by the Companies and Other Business Entities Act (Chapter 24:31), Directors' Responsibility Statement, and historical cost information, which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted financial statements and our auditor's report thereon.

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

In connection with our audit of the inflation adjusted 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 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, we are required to report that fact. Given the nature of the matters set out in the Basis for Qualified Opinion section above, we have determined that the other information is materially misstated for the same reasons.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DAIRIBORD HOLDINGS LIMITED
REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Responsibility of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of these inflation adjusted financial statements in accordance with IFRSs and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Companies (Financial Statements) Regulations, 1996, the Zimbabwe Stock Exchange Listing Requirements and for such internal control as management determines is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 and 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted 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 entity or business activities within the Company to express an opinion on the inflation adjusted financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF DAIRIBORD HOLDINGS LIMITED
REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Auditor's responsibilities for the audit of the 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 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 financial statements of the current period. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In 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:

Section 193(1)(a)
Except for the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted 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 31 December 2022.

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

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

Deloitte & Touche

DELOITTE & TOUCHE
Per Charity Mtwazi
PAAB Practice Certificate No 0585
Partner
Registered Auditor
Harare, Zimbabwe

Date: 28 April 2023

GROUP STATEMENT OF FINANCIAL POSITION

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

AS AT 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	Notes	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Assets					
Non-current assets					
Property plant and equipment	11	18 454 264	11 561 422	12 704 596	1 709 835
Investment property	12	775 000	339 585	775 000	98 786
Right of use assets	13.1	222 985	148 165	167 913	29 552
Intangible assets	14	12 935	15 160	289	119
Deferred tax asset	9	-	31 235	-	10 207
Total non-current assets		**19 465 184**	**12 095 567**	**13 647 798**	**1 848 499**
Current assets					
Inventories	16	8 664 516	5 303 287	6 978 445	1 246 042
Trade and other receivables	17	5 298 192	2 088 751	5 298 192	607 619
Prepayments	17.2	694 310	760 782	641 874	195 659
Cash and bank balances	20	1 832 252	689 096	1 832 252	200 458
Total current assets		**16 489 270**	**8 841 916**	**14 750 763**	**2 249 778**
Total assets		**35 954 454**	**20 937 483**	**28 398 561**	**4 098 277**
Equity and liabilities					
Equity					
Share capital	24	6 562	6 562	36	36
Share premium		252 903	252 903	1 380	1 380
Revaluation reserve		7 390 802	2 328 468	9 341 600	1 107 197
Retained earnings		10 829 338	9 074 852	2 791 167	775 245
Total Equity		**18 479 605**	**11 662 785**	**12 134 183**	**1 883 858**
Non-current liabilities					
Interest - bearing borrowings	19.1	1 101 946	850 449	1 101 946	247 396
Share incentive liability	22.1	-	195 987	-	57 013
Lease liability	13.3	168 320	52 485	168 320	15 268
Financial guarantee liability	18	-	24 993	-	7 271
Deferred tax liabilities	9	2 863 466	2 679 295	1 652 994	295 812
Total non-current liabilities		**4 133 732**	**3 803 209**	**2 923 260**	**622 760**
Current liabilities					
Trade and other payables	18	10 926 141	3 544 588	10 926 141	1 031 122
Contract liabilities	17.3	247 911	283 293	247 911	82 410
Interest - bearing borrowings	19	1 905 403	1 194 985	1 905 403	347 622
Lease Liabilities	13.3	49 896	27 854	49 895	8 103
Bank overdraft	20	-	320 912	-	93 354
Dividend payable		3 286	11 335	3 286	3 297
Current Tax liabilities		208 480	88 522	208 480	25 751
Total current liabilities		**13 341 117**	**5 471 489**	**13 341 116**	**1 591 659**
Total equity and liabilities		**35 954 454**	**20 937 483**	**28 398 559**	**4 098 277**

Josphat Sachikonye
Chairman

Mercy Ndoro
Group Chief Executive

* The historical cost results are included as supplementary information; the auditors have not expressed an opinion on the historical results.

FINANCIAL REPORTS

COMPANY STATEMENT OF FINANCIAL POSITION

DAIRIBORD 70 YEARS | Endurable Business, Endurable Brands

AS AT 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	Notes	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Assets					
Non-current assets					
Property, plant and equipment	11	131 468	50 941	95 061	1 916
Right of use assets	13	-	79 624	-	15 717
Intangible assets	14	12 055	13 949	52	65
Investment in subsidiaries		8 542 760	8 542 760	46 603	46 603
Intercompany loans	15.1	1 037 830	710 550	1 037 830	206 700
Deferred tax asset	9	-	31 235	-	10 207
Total non-current assets		**9 724 113**	**9 429 059**	**1 179 546**	**281 208**
Current assets					
Amounts owed by group companies		201 253	41 406	201 253	12 045
Trade and other receivables	17	363	114	363	33
Prepayments	17.2	11 049	18 916	10 625	5 331
Intercompany loans	15.1	1 375 267	763 717	1 375 267	222 166
Cash and bank balances	20	9 006	16 367	9 006	4 761
Total current assets		**1 596 938**	**840 520**	**1 596 514**	**244 336**
Total assets		**11 321 051**	**10 269 579**	**2 776 060**	**525 544**
Equity and liabilities					
Equity					
Share capital	24	6 562	6 562	36	36
Share premium		252 903	252 903	1 380	1 380
Retained earnings		8 343 378	8 278 943	68 404	20 530
Total Equity		**8 602 843**	**8 538 408**	**69 820**	**21 946**
Non-current liabilities					
Interest - bearing borrowings	19	885 326	710 550	885 326	206 700
Share incentive liability	22	-	28 619	-	8 325
Lease liability	13	-	30 009	-	8 730
Deferred tax liability	9	18 268	-	6 300	-
Total non-current liabilities		**903 594**	**769 178**	**891 626**	**223 755**
Current liabilities					
Trade and other payables	18	272 127	147 676	272 127	42 959
Interest - bearing borrowings	19	1 525 615	756 309	1 525 615	220 011
Lease Liabilities	13.2	-	15 945	-	4 638
Dividend payable		3 286	11 335	3 286	3 297
Amounts owed to group companies		4 353	9 119	4 353	2 653
Current tax liabilities		9 233	21 609	9 233	6 285
Total current liabilities		**1 814 614**	**961 993**	**1 814 614**	**279 843**
Total equity and liabilities		**11 321 051**	**10 269 579**	**2 776 060**	**525 544**

* The historical cost results are included as supplementary information; the auditors have not expressed an opinion on the historical results.

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
		31-Dec-22	31-Dec-21 Restated	31-Dec-22	31-Dec-21 Restated
	Notes	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Revenue from contracts with customers	4	63 301 322	45 238 658	45 576 241	10 626 166
Investment property rental income	4	75 943	39 382	54 937	9 253
Total revenue		**63 377 265**	**45 278 040**	**45 631 178**	**10 635 419**
Cost of sales		(51 155 822)	(34 929 254)	(33 058 355)	(7 909 413)
Gross profit		**12 221 443**	**10 348 786**	**12 572 823**	**2 726 006**
Other income	8.1	574 562	60 277	853 361	36 659
Other expenses	8.2	(410 470)	(126 854)	(211 340)	(8 743)
Selling and distribution expenses	5	(6 317 407)	(4 212 984)	(4 603 746)	(970 137)
Administration expenses	5	(5 048 129)	(3 438 983)	(4 248 377)	(753 611)
Allowance for expected credit losses	17	(12 740)	(39 104)	(12 740)	(11 036)
Monetary gain/(loss)		5 024 164	(216 938)	-	-
Operating profit		**6 031 423**	**2 374 200**	**4 349 981**	**1 019 138**
Finance costs	7	(1 718 316)	(1 493 810)	(1 604 305)	(343 126)
Finance income	7	22 475	10 380	7 492	2 463
Profit before tax		**4 335 582**	**890 770**	**2 753 168**	**678 475**
Income tax expense	9	(2 581 095)	(682 399)	(737 244)	(202 141)
Profit for the year		**1 754 487**	**208 371**	**2 015 924**	**476 334**
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss					
Gains/ (losses) on revaluation of land and buildings		5 745 588	(1 076 883)	9 505 564	331 510
Deferred tax		(683 254)	266 205	(1 271 161)	(81 949)
Total other comprehensive income for the year		**5 062 334**	**(810 678)**	**8 234 403**	**249 561**
Total comprehensive income / (loss) for the year		**6 816 821**	**(602 307)**	**10 250 327**	**725 895**
Profit for the year attributed to:					
Owners of the parent		**1 754 487**	**208 371**	**2 015 924**	**476 334**
Total comprehensive profit / (loss) for the year attributable to: Owners of the parent		**6 816 821**	**(602 307)**	**10 250 327**	**725 895**
Earnings per share (ZWL)	27				
Basic earnings per share		4.90	0.58	5.63	1.33
Diluted earnings per share		4.90	0.58	5.63	1.33

* The historical cost results are included as supplementary information; the auditors have not expressed an opinion on the historical results.

FINANCIAL REPORTS

Endurable Business, Endurable Brands

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
		31-Dec-22	31-Dec-21 Restated	31-Dec-22	31-Dec-21 Restated
	Notes	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Revenue from contracts with customers	4	1 068 917	817 609	782 843	195 807
Total revenue		**1 068 917**	**817 609**	**782 843**	**195 807**
Gross Profit		**1 068 917**	**817 609**	**782 843**	**195 807**
Other operating income	**8.1**	593 105	3 837	529 476	923
Administration expenses	**5**	**(901 761)**	**(516 359)**	**(706 173)**	**(119 251)**
Monetary (loss)/gain		**(1 171 858)**	**99 567**	**-**	**-**
Operating profit		**(411 597)**	**404 654**	**606 146**	**77 479**
Finance costs	7	(522 462)	(869 408)	(1 291 726)	(201 779)
Finance income	7	1 082 583	848 378	784 550	196 954
Profit before tax		**148 524**	**383 624**	**98 970**	**72 654**
Income tax expense	9	(84 090)	(53 851)	(51 095)	(15 219)
Profit for the year		**64 434**	**329 773**	**47 875**	**57 435**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income for the year		**64 434**	**329 773**	**47 875**	**57 435**
Profit for the year attributed to:					
Owners of the parent		**64 434**	**329 773**	**47 875**	**57 435**
Total comprehensive profit for the year attributable to:					
Owners of the parent		**64 434**	**329 773**	**47 875**	**57 435**

* The historical cost results are included as supplementary information; the auditors have not expressed an opinion on the historical results.

GROUP STATEMENT OF CHANGES IN EQUITY

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

INFLATION ADJUSTED	Share Capital	Share Premium	Revaluation Reserve	Foreign Currency conversion Reserve	Retained earnings	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance on 1 January 2021	**4 894**	**188 640**	**3 184 959**	**(207 517)**	**6 354 507**	**9 525 483**
IAS 29 and IAS 21 correction (Note 32)	1 668	64 263	-	-	3 065 291	3 131 222
Reclassification to retained earnings	-	-	-	207 517	(207 517)	-
Dividends	-	-	-	-	(391 614)	(391 614)
Profit for the year	-	-	-	-	208 371	208 371
Revaluation of land and buildings	-	-	(810 677)	-	-	(810 677)
Realisation of revaluation on property disposal	-	-	(45 814)	-	45 814	-
Balance at 31 December 2021	**6 562**	**252 903**	**2 328 468**	**-**	**9 074 852**	**11 662 785**
Profit for the year	-	-	-	-	1 754 486	1 754 487
Other comprehensive income	-	-	5 062 334	-	-	5 062 334
Balance at 31 December 2022	**6 562**	**252 903**	**7 390 802**	**-**	**10 829 338**	**18 479 606**

HISTORICAL UNAUDITED*	Share Capital	Share Premium	Revaluation Reserve	Foreign Currency conversion Reserve	Retained earnings	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance on 1 January 2021	**36**	**1 380**	**859 517**	**17 124**	**362 245**	**1 240 302**
Reclassification to retained earnings	-	-	-	(17 124)	17 124	-
Dividends	-	-	-	-	(82 340)	(82 340)
Profit for the year	-	-	-	-	476 335	476 335
Revaluation of land and buildings	-	-	249 561	-	-	249 561
Realisation of revaluation on property disposal	-	-	(1 881)	-	1 881	-
Balance at 31 December 2021	**36**	**1 380**	**1 107 197**	**-**	**775 245**	**1 883 858**
Profit for the year	-	-	-	-	2 015 922	2 015 922
Other comprehensive income for the year	-	-	8 234 403	-	-	8 234 403
Balance at 31 December 2022	**36**	**1 380**	**9 341 600**	**-**	**2 791 167**	**12 134 183**

* The historical cost results are included as supplementary information; the auditors have not expressed an opinion on the historical results.

FINANCIAL REPORTS

COMPANY STATEMENT OF CHANGES IN EQUITY

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

INFLATION ADJUSTED	Share Capital	Share Premium	Foreign Currency conversion Reserve	Retained earnings	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance on 1 January 2021	**4 895**	**188 640**	**(112 217)**	**6 343 623**	**6 424 941**
IAS 29 and IAS 21 correction (Note 32)	1 667	64 263	-	2 109 379	2 175 309
Reclassification to retained earnings	-	-	112 217	(112 217)	-
Dividends	-	-	-	(391 614)	(391 614)
Total comprehensive income for the year	-	-	-	329 773	329 773
Balance at 31 December 2021	**6 562**	**252 903**	**-**	**8 278 944**	**8 538 409**
Total comprehensive income for the year	-	-	-	64 434	64 434
Balance at 31 December 2022	**6 562**	**252 903**	**-**	**8 343 378**	**8 602 843**

HISTORICAL UNAUDITED*	Share Capital	Share Premium	Foreign Currency conversion Reserve	Retained earnings	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance on 1 January 2021	**36**	**1 380**	**16 179**	**29 256**	**46 851**
Dividend Paid	-	-	-	(82 340)	(82 340)
Reclassification to retained earnings	-	-	(16 179)	16 179	-
Balance at 31 December 2021	**36**	**1 380**	**-**	**20 530**	**21 946**
Total comprehensive income for the year	-	-	-	47 874	47 874
Balance at 31 December 2022	**36**	**1 380**	**-**	**68 404**	**69 820**

* The historical cost results are included as supplementary information; the auditors have not expressed an opinion on the historical results.

Dairibord Holdings
More Than Just Milk

FINANCIAL REPORTS

GROUP STATEMENT OF CASHFLOWS

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	Notes	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Cash flows from operating activities					
Operating profit before tax		4 335 582	890 770	2 753 167	678 475
Adjusted to reconcile profit before tax to net cash flows:					
Depreciation of property plant and equipment	11.1	1 062 915	970 263	132 800	47 887
Depreciation of right of use asset	13.1	76 328	24 106	28 560	4 786
Amortisation of intangible assets	14	2 940	26 574	79	124
Profit on disposal of property plant and equipment		(18 228)	(11 902)	(14 103)	(4 005)
Gain of remeasurement of right of use asset		(72 551)	-	(109 681)	-
Profit on disposal of scrap		(16 104)	(17 982)	(11 740)	(4 115)
Finance income	7	(22 475)	(10 380)	(7 492)	(2 463)
Inventory written off		-	13 637	-	3 967
Impairment loss on trade and other receivables		12 740	39 102	12 740	11 036
Loan guarantee costs	18	24 993	937	7 271	273
Fair value loss/(gain) on investment property	12	(435 415)	87 536	(676 214)	(21 486)
Exchange losses		11 865	39 318	11 865	-
Finance costs	7	1 718 316	1 493 810	1 604 305	343 126
Non cash adjustment IAS29		(5 024 164)	216 939	-	-
		1 656 742	**3 762 730**	**3 731 557**	**1 057 605**
Working capital changes					
(Increase)/decrease in inventories		(3 361 229)	(2 008 566)	(5 732 403)	(836 844)
(Increase)/decrease in trade and other receivables		(3 209 441)	(479 525)	(4 690 573)	(275 475)
(Increase)/decrease in prepayments		168 540	805 330	(349 093)	9 940
Increase in contract liabilities		(35 381)	-	165 501	-
Increase in trade and other payables		7 381 554	1 768 689	9 895 018	756 385
		2 600 785	**3 848 656**	**3 020 007**	**711 611**
Income tax paid		(594 090)	(980 276)	(471 837)	(231 990)
Net cash flow from operating activities		**2 006 695**	**2 868 380**	**2 548 170**	**479 621**
Investing activities					
Purchase of plant and equipment	11.1	(1 811 397)	(1 059 012)	(1 547 850)	(279 843)
Purchase of intangible assets	14	(715)	-	(249)	-
Proceeds from sale of property plant and equipment		78 468	98 689	78 468	19 132
Finance income on effective interest rate method	7	22 475	10 380	7 492	2 463
Prepayments for plant and equipment		(102 069)	(50 063)	(97 123)	(44 029)
Net cash flows from investing activities		**(1 813 238)**	**(1 000 006)**	**(1 559 262)**	**(302 277)**
Financing Activities					
Lease liability principal repaid	13	(154 018)	(62 754)	(159 410)	(20 990)
Finance costs		(1 718 316)	(1 441 256)	(860 544)	(327 082)
Dividend paid		(12)	(363 626)	(12)	(79 439)
Repayments of borrowings	25.3	(1 853 750)	(2 877 080)	(1 853 750)	(711 180)
Proceeds from borrowings	25.3	3 539 179	3 785 735	3 539 179	866 583
Net cash flows from/(used) in financing activities		**(186 917)**	**(958 981)**	**665 463**	**(272 108)**
Net increase/(decrease) in cash and cash Equivalents		6 540	909 393	1 523 171	(94 764)
Effects of exchange rate changes on cash and cash equivalents		1 457 528	(1 677 675)	70 777	(3 809)
Cash and cash equivalents at 1 January 2022		368 183	1 136 465	107 105	205 677
Cash and cash equivalents at 31 December 2022	**20**	**1 832 252**	**368 184**	**1 832 252**	**107 104**
Comprising of:					
Cash and cash balances		1 832 252	689 096	1 832 252	200 458
Bank overdraft		-	(320 912)	-	(93 354)

FINANCIAL REPORTS

COMPANY STATEMENT OF CASHFLOWS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	Notes	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Cash flows from operating activities					
Operating profit before tax		148 525	383 624	98 970	72 654
Adjusted to reconcile profit before tax to net cash flows:					
Depreciation of property, plant, and equipment	11.1	17 508	20 849	8 875	602
Depreciation of right of use asset	13.1	19 500	17 875	2 887	3 528
Amortisation of intangible assets	14	1 895	2 413	13	13
Profit on disposal of property, plant, and equipment		(11 776)	(2 284)	(7 678)	(510)
Finance income	7	(1 082 583)	(848 378)	(784 550)	(196 954)
Exchange gains		(579 938)	(1 537)	(520 469)	-
Finance costs	7	522 462	869 408	1 291 726	201 779
Non cash adjustment IAS29		1 171 858	(99 567)	-	-
		207 451	**342 403**	**89 774**	**81 112**
Working capital changes					
(Increase)/decrease in trade and other receivables		(249)	(576)	(330)	92
(Increase)/decrease in prepayments		7 867	(18 348)	(5 293)	1 351
(Increase)/Decrease in intergroup balances		(164 614)	33 214	(187 535)	2 462
Increase in trade and other payables		124 452	52 433	229 169	22 557
		174 907	**409 126**	**125 785**	**107 574**
Income tax paid		**(33 442)**	**(86 473)**	**(25 356)**	**(21 701)**
Net cash flow from/(used) in operating activities		**141 465**	**322 653**	**100 429**	**85 873**
Investing activities					
Purchase of plant and equipment	11.1	(117 858)	997	(100 223)	(254)
Proceeds from sale of property, plant, and equipment		23 338	2 284	23 338	519
Loans issued to subsidiaries		(4 130 352)	(1 623 867)	(2 745 680)	(587 771)
Loans repaid by subsidiaries		1 286 141	2 020 521	761 449	472 384
Finance income on effective interest rate method	7	1 082 583	848 378	784 550	196 954
Net cash flows from investing activities		**(1 856 148)**	**1 248 313**	**(1 276 566)**	**81 832**
Financing Activities					
Lease liability principal repaid		(14 700)	(36 614)	(16 717)	(11 732)
Finance costs		(784 029)	(833 246)	(784 029)	(189 614)
Dividend paid		(12)	(363 626)	(12)	(79 439)
Repayments of borrowings	25.3	(1 297 404)	(1 872 882)	(1 297 870)	(472 384)
Proceeds from borrowings	25.3	2 774 404	2 574 480	2 774 404	587 771
Net cash flows from/(used) in financing activities		**677 793**	**(531 888)**	**675 776**	**(165 398)**
Net increase/(decrease) in cash and cash Equivalents		**(1 036 890)**	**1 039 078**	**(500 334)**	**2 307**
Effects of exchange rate changes on cash and cash equivalents		1 029 529	(1 036 316)	504 579	(8)
Cash and cash equivalents at 1 January 2022		16 367	13 605	4 761	2 462
Cash and cash equivalents at 31 December 2022	**20**	**9 006**	**16 367**	**9 006**	**4 761**
Comprising of:					
Cash and cash balances		9 006	16 367	9 006	4 761
Bank overdraft		-	-	-	-

* The historical cost results are included as supplementary information; the auditors have not expressed an opinion on the historical results.

NOTES TO THE FINANCIAL STATEMENTS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION

The financial statements of Dairibord Holdings Limited and its subsidiaries (collectively the Group) for the year ended 31 December 2022 were authorised for issue on 14 April 2023 in accordance with a resolution of the directors and signed on their behalf by the Chairman and the Group Chief Executive. Dairibord Holdings Limited is a company incorporated and domiciled in Zimbabwe. The registered office is located at 1225 Rekayi Tangwena Avenue in Harare. The Group's principal activities are the manufacturing processing marketing and distribution of milk products foods and beverages.

2. ACCOUNTING POLICIES

Accounting policies and methods of computation applied in the preparation of these financial results are consistent in all material respects with those applied in prior year except for areas of noncompliance with International Financial Reporting Standards (IFRS) noted below.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption the Group operates on a going concern basis. These financial statements are based on the statutory records that are maintained under the historical cost convention except for land and buildings and investment property that have been measured at fair value. The historical costs have been adjusted for the effects of applying International Accounting Standard (IAS 29) - 'Financial Reporting in Hyperinflationary Economies". The group and company financial statements for the year ended 31 December 2022 and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency and as a result are stated in terms of the measuring unit current at the end of the reporting period. The consolidated financial statements are presented in Zimbabwean Dollars (ZWL) which is the Group's functional and presentation currency. The group changed its functional currency in October 2018.

2.1.1 Hyperinflation

On 11 October 2019 the Public Accountants and Auditors Board (PAAB) issued a pronouncement on the application of IAS 29. This followed runaway inflation experienced in Zimbabwe. The pronouncement required that entities operating in Zimbabwe with financial periods ending on or after 1 July 2019 prepare and present financial statements in line with the requirements of IAS 29. The Directors have made appropriate adjustments to reflect the changes in the general purchasing power on the Zimbabwe Dollar and for purposes of fair presentation in accordance with IAS29 these changes have been made on the historical cost financial information. With effect from June 2020 the Zimbabwe statistical office publishes blended inflation and CPI as well as a ZWL inflation and CPI. As the Group's functional currency is the ZWL all items CPI has been used in adjusting the historical financial statements for inflation. The ZWL CPI was obtained from the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to December 2022:

Dates	CPI	Adjustment Factor
31 December 2022	13 672.9	1.00
31 December 2021	3 977.5	3.44
31 December 2020	2 474.5	5.53
31 December 2019	551.8	24.78
31 December 2018	88.8	153.97
31 October 2018	74.6	183.28

i) Comparative financial information
All comparative figures as of and for the period ended 31 December 2022 are restated by applying the change in the index from 31 December 2021 to 31 December 2022 of 3.44

ii) Hyper-inflation adjustment approach- Statement of profit and loss and other comprehensive income
Revenue and other income/expenses line items were segregated into monthly totals and then the applicable monthly adjustment factor was factored to hyper-inflate these amounts. Unrealised income and expenses were not restated.

Cost of sales in profit or loss for the current year are restated by applying the change in the general price index from the dates when opening inventory and purchases occurred and all product stocks are stated at net realizable value which represent the current measuring unit.

Depreciation and amortisation expenses are calculated based on the restated amounts of the related assets and the restated asset amounts are assessed for impairment.

FINANCIAL REPORTS

NOTES TO THE FINANCIAL STATEMENTS

DAIRIBORD 70 YEARS Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 Hyperinflation (continued)

ii) Hyper-inflation adjustment approach- Statement of profit and loss and other comprehensive income
Fair valuation of investment property was determined at year end by professional valuers. The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as fair value movement through the Statement of profit or loss.

The current tax expense was not restated but deferred tax expense was re-computed on the restated carrying amounts.

In other comprehensive income the differences between the hyper-inflated carrying amount and the closing fair value amount of land and buildings measured using the revaluation model was accounted for as the revaluation gain/loss through other comprehensive income.

Net gain or loss arising from the net monetary asset or liability positions are included in the statement of profit or loss.

iii) Hyper-inflation adjustment approach- Statement of financial position
Monetary assets and liabilities such as cash and cash equivalents and trade receivables/payables are not restated because they are already stated in terms of the measuring unit current at the statement of financial position date. Non-monetary assets and liabilities such as right of use assets and property, plant and equipment that are not carried at amounts current at the financial reporting date and components of shareholders' funds are restated by applying the change in index from the date of transaction or if applicable from the date of their most recent revaluation to the statement of financial position date 31 December 2022.

Non- monetary assets and liabilities that are carried at amounts that are current at reporting date such as Investment property and property, plant and equipment measured using the revaluation method are reflected at their fair value at reporting date.

iv) Hyper-inflation adjustment approach- Statement of cash flow
The statement of cash flow is prepared based on the restated numbers in the statement of profit or loss and other comprehensive income and the statement of financial position.

Other cash flow amounts were segregated into the respective months in which the cash flows actually occurred and the applicable monthly adjustment factor used to hyper-inflate the amount.

The monetary gain or loss on cash and cash equivalents and the effect of inflation on operating investing and financing have been presented as one number.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Dairibord Holdings Limited and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non – controlling interest.
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Group determines whether a subsidiary is materially owned by reference to such factors as rights or control the non-controlling shareholders have on the subsidiary principally the right to appoint directors to the Board of the subsidiary.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues expenses assets and liabilities and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about the future developments however may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i) 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. Residual values were reassessed during the year and were still in line with those determined last year. Refer Note 2.9 (i) for the useful lives of property, plant and equipment and Note 11 for the carrying amount of property, plant and equipment balances.

ii) Revaluation of land and buildings and investment property

The Group measures freehold land and buildings and investment property in line with the policy disclosed in Note 2.19. In line with the policy freehold land and buildings and investment property was valued in ZWL by an independent valuer Dawn Property Consultants Limited (Dawn) as at 31 December 2022. In arriving at the fair values of the properties the implicit investment approach and the comparison method were used. Detailed assumptions used to determine the fair values are provided in Note 11-Property, Plant and Equipment and Note 12- Investment Property.

iii) 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 indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU 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 of disposal recent market transactions are taken into account. If no such transactions can be identified an appropriate valuation model is used. These calculations are corroborated by valuation multiples quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years.

FINANCIAL REPORTS

NOTES TO THE FINANCIAL STATEMENTS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.3 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

iii) Impairment of non-financial assets (continued)
Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset except for properties previously revalued with the revaluation taken to other comprehensive income (OCI) . For such properties the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor 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 the statement of profit or loss unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually. Refer to section 2.18 on the impairment of intangible assets.

iv) Allowance for expected credit losses (ECL) of trade receivables and other receivables
The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., 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 (e.g., the consumer price index for food and non-alcoholic beverages) 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. The assessment of the correlation between historical observed default rates forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and the carrying amount of receivables is disclosed in Note 25.1 and 17 respectively.

The Group considers a financial asset to have low credit risk when the asset has an internal rating of "Performing" meaning it has a strong financial position and there are no past due amounts.

v) Provision for obsolete stocks
The Group assesses the movement of its inventories to identify slow moving stocks. Raw material items which are no longer used in the manufacture of goods and slow-moving finished goods stocks are provided for as obsolete at the carrying amount of the inventory items. Slow moving stocks are identified based on expiry dates for raw materials and finished goods. In addition inventories is inspected for physical damage or observable signs of obsolescence during inventory counts.

vi) Functional currency assessment
Significant judgement is required to determine the functional currency. The currency that mainly influences sales prices currency of the country whose competitive forces and regulations mainly determine sales prices currency that mainly influences labour material and other costs are the primary considerations. Other considerations include currency in which funds (financing activities) are generated and the currency in which receipts from operating activities are usually retained and the underlying currency of the major items on the statement of financial position. During the year ended 31 December 2020 the Government of Zimbabwe issued Statutory Instrument 185 of 2020 (S.I 185 of 2020) which re-introduced the US$ as legal currency in Zimbabwe. In the current year the Group continued to transact in both US$ and Zimbabwean Dollar (ZWL). Although the Group transacted in both Zimbabwean Dollars (ZWL) and the United States Dollar (US$) the majority of the transactions were in ZWL hence management believes that the functional currency of the Group remained the ZWL. Management continues to monitor the key factors that drive the determination of functional currency in accordance with IAS 21.

vii) Foreign exchange rate
Since 1 October 2018 the Group applied the interbank exchange rate to translate foreign currency denominated transactions and balances to ZWL. This includes the period between March and June 2020 when the interbank exchange rate was fixed at 25. In June 2020 the Reserve Bank of Zimbabwe introduced the foreign exchange auction system. The Group participates on the auction system . In 2021, the Group relied on the auction system as its primary source of foreign currency.

2. ACCOUNTING POLICIES (continued)

2.3 Significant accounting judgements, estimates and assumptions (continued)

vii) Foreign exchange rate (continued)

The Group also generated foreign currency from export and domestic nostro sales which is used to settle foreign liabilities. Consequently, the Group applied combination of the Foreign Exchange Auction Trading System ZWL/US$ exchange rates to balances as published by the Reserve Bank of Zimbabwe ("RBZ") and the bidding foreign auction exchange rate (i.e. the rate at which the Group and Company obtained foreign currency from the auction market. In 2022, the Group generated most of its foreign currency from domestic nostro sales. The Group also generated some foreign currency from export sales and the auction system. Consequently, the Group applied the Willing Buyer Willing Seller rate, as published by the Reserve Bank of Zimbabwe, as its spot rate.

2.4 Foreign currency translation

The financial statements are presented in Zimbabwe Dollars (ZWL) which is also the Group's functional currency. Transactions in foreign currencies are initially recorded by the Group entities at the spot rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rates ruling at the reporting date.

All differences arising on settlement or translation of monetary items are taken to profit or loss as exchange gains or losses. 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 transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gains or losses on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

2.5.1 Revenue and other income recognition - Group

The Group is in the business of selling liquid milks, foods, and beverages. In addition, the Group has a property portfolio which is leased out to third parties. Revenue is recognised in terms of International Financial Reporting Standard 15 -Revenue from Contracts with Customers (IFRS 15) considering whether performance obligations are satisfied at a point in time or over time. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax rebates and discounts. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangement because it typically controls the goods or services before transferring them to the customer.

At company level the revenue comprises of royalties and management services.

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

Revenue from contracts with customers

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Sale of goods

Revenue from sale of goods (liquid milks, foods, and beverages) is recognised at the point in time when control of the asset is transferred to the customer generally on delivery of the goods. The normal credit term is between 14-21 days from delivery. 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 and customer loyalty points). In determining the transaction price for the sale of the 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).

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 is constrained to the extent that 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. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

NOTES TO THE FINANCIAL STATEMENTS

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.5.1 Revenue and other income recognition – Group (continued)

Rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements of IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned instead of revenue the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

Significant financing component
Generally, the Group receives short-term advances from its 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.

Trade receivables
A receivable represents the Group's right to receive an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section e) Financial instruments – initial recognition and subsequent measurement.

Assets and liabilities arising from rights of return

Right of return assets
Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory less any expected costs to recover the goods including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns as well as any additional decreases in the value of the returned products. When the Group considers the potential of any customers making returns to be insignificant, no right of return or refund liability is recognised.

Refund liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Contract liability
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration 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. Contract liabilities are recognised as revenue when the Group performs under the contract.

2.5.2 Company revenue recognition

Revenue from management fees (rendering of services)
The company recognizes management services within the intersegment revenue. The performance obligation is satisfied over time. This is because the benefits derived from the services are simultaneously received and consumed as they are performed. As the company provides management services to subsidiaries, the services from the technical employees are enjoyed though their service throughout the month. The income will be measured on a time basis where the portion earned as a result of the time lapsed will be recognised as revenue.

2. ACCOUNTING POLICIES (continued)

2.5.2 Company revenue recognition (continued)

Revenue from royalties (rendering of services)

Royalties are charged by the holding company to the subsidiary for its use of the brands and patents which are owned by the former. The subsidiary uses the brands and patents on a daily basis through production and marketing of goods and the holding company invoices for use of its brands monthly. This constitutes a right to access the brands and thus the Holding company recognises revenue as the goods (made using the brands) are sold i.e. monthly.

iii) Performance obligations

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms and the related revenue recognition policies.

GROUP

Type of product

- Liquid milks
- Foods
- Beverages

COMPANY

Type of product

- Management services
- Royalties

2.6 Taxes

i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be received from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii)Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss and

  In respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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2. ACCOUNTING POLICIES (continued)

2.6 Taxes (continued)

ii)Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

  In respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

iii) Value added tax

Revenues expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of Value Added Tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

2.7 Employee benefits

i) Short-term employee benefits

Short-term employee benefits are those expected to be wholly settled with 12 months after the end of the reporting period during which the employee services are rendered but do not include termination benefits. Examples include salaries wages bonuses non-monetary benefits paid to current employees.

The undiscounted amounts of the short-term employee benefits to be paid are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii)Pensions and other post-employment benefits

Retirement benefits are provided for Group employees through independently administered defined contribution funds including the National Social Security Authority Scheme in Zimbabwe. Contributions to the defined contribution fund are recognised in profit or loss as they fall due. The cost of retirement benefits applicable to the National

NOTES TO THE FINANCIAL STATEMENTS

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2. ACCOUNTING POLICIES (continued)

2.7 Employee benefits (continued)

iii) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognises termination benefits as a liability and an expense at the earlier of when the offer of termination cannot be withdrawn or when the related restructuring costs are recognised under IAS 37 Provisions Contingent Liabilities and Contingent Assets. Termination benefits are measured according to the terms of the termination contract. Where termination benefits are due more than 12 months after the reporting period the present value of the benefits shall be determined. The discount rate used to calculate the present value shall be determined by reference to market yields on high quality corporate bonds at the end of the reporting period. There were no termination benefits paid during the year.

2.8 Financial instruments

2.8.1 Financial assets

i) Initial recognition and classification

Financial instruments are initially measured at fair value plus or minus for an item not at fair value through profit or loss transaction costs that are directly attributable to its acquisition of issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

On initial recognition financial assets are classified as subsequently measured at amortised cost fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient 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 that are directly attributable to its acquisition or issue. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (b) Revenue from contracts with customers.

A financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI test).

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition the Group may irrevocably designate a financial asset that otherwise meets the definition to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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2. ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

2.8.1 Financial assets (continued)

Financial assets – business model assessment
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.

Financial assets – assessing whether contractual cash flows are solely payments of principal and interest.
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.

For the purpose of this assessment "principal" is defined as the fair value of the financial asset on recognition. "Interest" is defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending costs such as liquidity and administrative costs.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

iii) Subsequent measurement
The subsequent measurement of financial assets depends on their classification.

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. 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.

Financial assets at fair value through profit or loss
These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income are recognised in profit or loss. The Group has no financial assets held through profit or loss.

iv) Derecognition
A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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 'passthrough' 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 pass-through 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

v) Allowance for expected credit losses on financial assets held at amortised cost
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

2.8.1 Financial assets (continued)

Trade receivables (note 17 and 25)
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 such as unemployment rates growth in gross domestic product (GDP).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Loans to subsidiaries
Similar to trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore the Company does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 such as unemployment rates growth in gross domestic product (GDP).

The Company considers a financial asset in default when contractual payments are one year past due. However, in certain cases the Group may also consider a financial asset to be in default or underperforming when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The amounts owed to the holding company by its subsidiaries are usually considered to be performing as the company and its subsidiaries set-off amounts owed between them on a regular basis, thus these amounts are considered to be low risk.

Other receivables
For other receivables the Group applies the simplified approach in calculating ECLs. 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.

2.8.2 Financial liabilities

i) Initial recognition and measurement
Financial liabilities are classified at initial recognition as financial liabilities measured at amortised cost for loans, borrowings and payables.

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 interest bearing borrowings including bank overdraft financial guarantee liability and trade and other payables. The Group's financial liabilities include interest bearing borrowings trade and other payables and amounts owed to group companies.

ii)Subsequent measurement
For purposes of subsequent measurement financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss
A financial liability is classified as at fair value through profit or loss if it is classified as held for trading it is a derivative or is designated as such on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses including any interest expense are recognised in profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

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2. ACCOUNTING POLICIES (continued)

2.8 Financial instruments (continued)

2.8.2 Financial liabilities (continued)

Interest bearing borrowings (note 19)
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 effective interest rate (EIR) method. method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. The interest expense and any foreign exchange gains and losses on the interest-bearing borrowings are recognised in profit or loss. Interest expense is included in finance costs exchange gains and losses are included in other operating income and other operating expenses respectively.

Financial guarantee liability (note 18.2)
The Group guaranteed loans issued to its farmers and staff by Stanbic Bank Limited in 2021. The financial guarantee liability in those instances is initially measured at fair value and subsequently measured at the higher of the expected credit loss on the guarantees and the present value of the differential loan cash flows calculated by discounting the difference in cash flows between the interest rate the borrower would have been charged had there been no guarantee and the interest rate charged on the guarantee.

Trade and other payables (note 18)
Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

iii) De-recognition of financial liabilities
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 a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

2.9 Property, plant, and equipment

Property includes freehold land and buildings. Property is measured at fair value less subsequent accumulated depreciation and subsequent impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation surplus is recorded in other comprehensive income and credited to the revaluation reserve in equity except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. The revaluation reserve is non-distributable until it is realised upon the de-recognition of the asset. The revaluation surplus will be transferred to retained earnings upon the de-recognition of the asset.

When items of property, plant and equipment ("PPE") are revalued any accumulated depreciation at the date of a revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount after revaluation equals its market value.

Plant furniture fittings equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses if any which includes the cost of replacing part of the plant and equipment and capitalised borrowing costs if the recognition criteria are met less accumulated depreciation and impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

i) Depreciation

The Group's policy is to depreciate property, plant, and equipment evenly over the expected life of each asset with the exception that no depreciation is charged on land and assets under construction and not yet in use. The expected useful lives of the property, plant and equipment are as follows:

- Buildings - up to 40 years
- Plant and equipment - 3-10 years
- Furniture and fittings 2-10 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.9 Property, plant, and equipment (continued)

Motor vehicles

- Light - 5 years
- Heavy vehicles and trailers - 8 years

The carrying amounts of property, plant and equipment are reviewed at each reporting date and are assessed for impairment in line with the policy disclosed in (i) "impairment of non-financial assets". An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognised. The assets' residual values useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end. Adjustments are made prospectively as a change in accounting estimate. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount depreciation will cease to be charged on the asset until its residual value subsequently decreases to an amount below its carrying amount.

2.10 Investment properties

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

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 indication exists or when annual impairment testing for an asset is required, the Group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) 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 group of assets.

Where the carrying amount of an asset or CGU 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 values 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 of disposal recent market transactions are taken into account if available. If no such transactions can be identified an appropriate valuation model is used. These calculations are corroborated by valuation multiples quoted public share prices for publicly traded entities or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the functions of the impaired assets except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill 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 estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined net of depreciation had no impairment loss been recognised for the asset in prior years.

2. ACCOUNTING POLICIES (continued)

2.11 Impairment of non-financial assets (continued)

Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Refer to (p) for detailed information pertaining to impairment of intangible assets.

2.12 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in an arrangement.

i) Group as a lessee

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers small items of office furniture and telephones). For these leases the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease and is disclosed in Note 5.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) less any lease incentives receivable
- Variable lease payments that depend on an index or rate initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group did not remeasure the lease liability during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability lease payments made at or before the commencement day less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

ii) Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee the contract is classified as a finance lease. All other leases are classified as operating leases.

2.13 Share based payment arrangements.

The fair value of the amount payable to employees in respect of cash settled share appreciation rights awarded by the Group is recognised as an expense with a corresponding increase in liabilities over the period during which the employees become entitled to payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognised in profit or loss.

2. ACCOUNTING POLICIES (continued)

2.14 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Materials and consumables are valued at the purchase cost on a weighted average basis.
- Finished goods and work in progress are valued at the standard costs for direct materials costs labour and an appropriate portion of manufacturing overheads based on normal operating capacity but excluding borrowings costs. At the point of sale of finished goods the cost of the stock as valued above is moved from inventory in the statement of financial position to cost of sales in the statement of profit or loss and other comprehensive account.

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

2.15 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less and bank overdrafts.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed for example under an insurance contract the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material provisions are discounted using a current pre-tax rate that reflects where appropriate the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Contingent liabilities

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
(b) a present obligation that arises from past events but is not recognised because:
(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

2.18 Intangible assets

The Group's intangible assets consist of accounting business intelligence and auditing software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets excluding capitalised development costs are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Currently the Group's intangible assets consist of assets assessed as finite and are amortised over their useful life of 10 years.

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2. ACCOUNTING POLICIES (continued)

2.18 Intangible assets (continued)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.19 Fair value measurement

The Group measures non-financial assets such as land and buildings and investment property at fair value at reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible but where this is not feasible a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Financial assets in equities listed on the Zimbabwe Stock Exchange are valued by reference to the price as published on the reporting date.

For the purposes of fair value disclosures the Group has determined classes of assets and liabilities on the basis of the nature characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and nonfinancial assets that are measured at fair value or where fair value values are disclosed are summarised in the following notes:

- Quantitative disclosures of fair value measurement hierarchy Note 31
- Property, plant, and equipment under revaluation model Note 11
- Investment properties Note 12
- Financial instruments (including those carried at amortised cost) Note 25

FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

2.20 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.21 Investment in subsidiaries

Investments in subsidiaries in the separate financial statements are initially accounted for at cost which is the consideration paid or transferred as at the date of acquisition. Subsequent to initial recognition the investments in subsidiaries are accounted for at cost less accumulated impairment losses.

3. STANDARDS AND AMENDMENTS

3.1 STANDARDS AND AMENDMENDMENTS EFFECTIVE FOR THE YEAR

3.1.1. IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the consolidated financial statements of the Group and Company as they do not have assets in scope of IAS 41 as at the reporting date.

3.1.2 Property, plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020 the IASB issued Property, plant and Equipment — Proceeds before Intended Use which prohibits entities deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead an entity recognises the proceeds from selling such items and the costs of producing those items in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments did not have an impact in the preparation of the Group and Company's accounts.

3.1.3 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment did have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3. STANDARDS AND AMENDMENTS (continued)

3.1 STANDARDS AND AMENDMENDMENTS EFFECTIVE FOR THE YEAR (continued)

3.1.4 Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a single transaction.

The amendments introduce a further exception from the initial recognition exemption. Under the amendments an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12 an entity is required to recognise the related deferred tax asset and liability with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

3.2 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

3.2.2 Amendments to IAS 1: Classification of liabilities as current or non-current

In January 2020 the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact of the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if when considered together with other information included in an entity's financial statements it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions other events or conditions even if the amounts are immaterial. However not all accounting policy information relating to material transactions other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

FOR THE YEAR ENDED 31 DECEMBER 2022

3. STANDARDS AND AMENDMENTS (continued)

3.2 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (continued)

3.2.2 Amendments to IAS 1: Classification of liabilities as current or non-current (continued)

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. The amendments are not expected to have a material impact on the Group and separate financial statements.

3.2.3 IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition measurement presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model which is modified for insurance contracts with direct participation features described as the variable fee approach. The amendment is effective for annual periods beginning 1 January 2023.

The Directors have done an assessment and concluded that this new standard does not have any impact on the Group and separate entity's financial statements as they will have no contracts within the scope of IFRS 17

3.2.4 Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error; and
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period with earlier application permitted. The amendments are not expected to have a material impact on the Group and separate financial statements.

FINANCIAL REPORTS

NOTES TO THE FINANCIAL STATEMENTS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group generates revenue primarily from the sale of liquid milks foods and beverages. Other sources of revenue include rental income from leased investment properties. The Group obtains most of its revenue from the domestic market.

Performance obligations

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms and the related revenue recognition policies.

Type of product	Nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms	Revenue recognition policy
• Liquid milks • Foods • Beverages	Customers obtain control of the products (all products) when the goods are delivered to the customer. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days. No material discounts are offered for the products. There are no other performance obligations in the customer contracts.	Revenue is recognised when the goods are delivered to the customer. Value added taxation considerations have been documented in note 2.4.2 above

Type of product	Nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms	Revenue recognition policy
• Management services • Royalties	Invoices are generated monthly and are usually payable within 30 days.	Revenue is recognised over time as the services are rendered for management fees. The amount for management fees is measured as a percentage of the expenses of the company. For royalties the revenue amount is determined based on the revenue generated by the subsidiary which uses the brand/trademark of the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. REVENUE

4.1 Disaggregated revenue information

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Type of goods/services				
Sale of liquid milks	17 752 261	14 101 652	12 959 489	3 251 194
Sale of foods	13 451 866	9 062 660	9 574 497	2 192 523
Sales of beverages	32 097 195	22 074 346	23 042 255	5 182 449
Total revenue from contracts with customers	**63 301 322**	**45 238 658**	**45 576 241**	**10 626 166**
Investment property rental income	75 943	39 382	54 937	9 253
Total revenue	**63 377 265**	**45 278 040**	**45 631 178**	**10 635 419**

GROUP

Market segment	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Domestic	59 939 754	43 794 107	43 036 513	10 288 338
Export	3 437 511	1 483 933	2 594 665	347 082
Total revenue from contracts with customers	**63 377 265**	**45 278 040**	**45 631 178**	**10 635 419**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL 000	ZWL 000	ZWL 000
Type of goods/services				
Revenue from management services	360 131	337 047	268 105	80 946
Revenue from royalties	708 786	480 562	514 738	114 861
Total revenue from contracts with customers	**1 068 917**	**817 609**	**782 843**	**195 807**

COMPANY

Market segment	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Domestic	1 068 917	817 609	782 843	195 807
Total revenue	**1 068 917**	**817 609**	**782 843**	**195 807**

FINANCIAL REPORTS

NOTES TO THE FINANCIAL STATEMENTS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

4. REVENUE (continued)

4.2 Contract assets and liabilities

GROUP

Contract assets and liabilities	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Gross trade receivables (Note 17)	3 138 223	1 951 101	3 138 223	567 606
Contract liabilities (Note 17.3)	247 911	283 293	247 911	82 410

COMPANY

Contract assets and liabilities	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL 000	ZWL 000	ZWL 000
Gross trade receivables (Note 17)	11 049	18 916	10 625	5 331
Amounts owed by group companies	201 253	41 406	201 253	12 045

Trade receivables are non-interest bearing and are generally on terms of 14-21 days.

There were no contract assets in 2022 (ZWL nil – 2021)

Contract liabilities include advances received to deliver goods in 2023 and all are short-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

5. PROFIT FOR THE YEAR

Profit for the year has been arrived after charging:

	GROUP			
5.1 Selling and distribution expenses	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Employee benefits	2 173 334	1 549 426	1 525 642	368 741
Fuel and hire charges	1 124 669	855 632	915 583	198 165
Repairs and maintenance	658 052	398 578	423 041	92 637
Merchandising	593 062	172 813	142 781	40 807
Depreciation	210 166	121 888	17 007	3 257
Advertising and promotions	220 072	401 942	173 394	45 317
Tolls and licences	77 997	109 753	96 663	25 056
Travel and subsistence	135 709	75 307	117 372	18 432
Consumables	154 215	127 664	122 304	31 205
Utilities	162 745	122 284	126 263	27 830
Other *	807 386	277 697	943 696	118 690
	6 317 407	**4 212 984**	**4 603 746**	**970 137**

*Other costs include telephone, printing and stationery, development expenses, distribution losses and crates.

	GROUP			
5.2 Administration expenses	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Employee benefits	2 183 207	1 348 812	1 677 974	310 058
Bank charges	189 778	183 191	132 732	42 533
Repairs and maintenance	60 076	48 550	41 371	11 343
Rent and rates	182 967	197 331	132 793	46 679
Depreciation	236 908	131 317	39 521	7 207
Amortisation of intangible assets (Note 14)	2 940	26 574	79	124
Audit fees	190 799	112 421	152 873	18 888
Insurance	108 416	84 606	72 449	20 655
Directors' fees (Note 6)	68 987	46 714	54 097	11 049
Loan guarantee (Note 18)	24 993	937	7 271	273
IMTT	1 031 114	772 578	767 342	173 920
MIS Charges	190 484	137 497	139 490	-
Security	371 634	209 809	265 190	35 229
Other**	205 826	138 646	765 195	75 653
	5 048 129	**3 438 983**	**4 248 377**	**753 611**

**Other costs relate to sundry items which include refuse collection, telephone charges, printing, recruitment expenses, consumables , hardware maintenance.

FINANCIAL REPORTS

NOTES TO THE FINANCIAL STATEMENTS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

5. PROFIT FOR THE YEAR (continued)

5.2 Administration expenses (continued)

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Employee benefits	689 863	306 507	562 690	74 850
Bank charges	928	2 749	537	712
Repairs and maintenance	8 041	6 770	5 564	1 301
Depreciation	17 507	38 724	6 811	4 131
Amortisation of intangible assets (Note 14)	1 895	2 413	13	13
Audit fees	34 531	13 145	25 977	3 309
Insurance	6 520	5 543	3 924	1 283
Directors' fees (Note 6)	68 987	46 714	54 097	11 049
2% IMTT	12 705	25 284	8 925	5 771
MIS Charges	5 954	8 408	4 281	-
Security	-	-	-	1 901
Other**	54 830	60 102	33 354	14 931
	901 761	**516 359**	**706 173**	**119 251**

**Other costs relate to sundry items which include refuse collection, telephone charges, printing, recruitment expenses, consumables , hardware maintenance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

6. OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Audit fees	190 799	112 421	152 873	18 888
Depreciation of property, plant and equipment and right of use assets	1 116 286	994 368	166 972	47 887
Amortisation of intangible assets	1 045	26 574	79	124
Directors' emoluments	68 987	306 787	54 097	72 915
-for services as directors	65 438	46 714	51 143	11 049
-salaries and benefits	2 372	260 073	1 896	61 866
-termination benefits	1 177	-	1 058	-
Employee benefits expense	**7 246 950**	**4 909 210**	**5 179 723**	**1 162 229**
-Salaries and wages	7 017 481	4 614 756	5 016 346	1 094 899
- Share incentive expense	8 887	131 127	8 158	28 968
-Pension costs	135 405	125 452	93 090	29 134
-National Social Security Authority	85 177	37 875	62 129	9 22

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Audit fees	34 531	11 289	25 977	3 309
Depreciation of property, plant and equipment and right of use assets	37 007	38 724	11 762	602
Amortisation of intangible assets	6 513	2 413	13	13
Directors' emoluments	68 986	306 787	54 097	72 915
-for services as directors	65 438	46 714	51 143	11 049
-salaries and benefits	2 372	260 073	1 896	61 866
-termination benefits	1 177	-	1 058	-
Employee benefits expense	**508 564**	**308 647**	**394 379**	**394 379**
-Salaries and wages	502 869	281 569	390 789	72 326
- Share incentive expense	805	19 918	644	4 400
-Pension costs	4 382	7 014	2 572	1 616
-National Social Security Authority	508	146	374	35

FINANCIAL REPORTS

NOTES TO THE FINANCIAL STATEMENTS

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

7.1 Finance income

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Interest received on loans and short-term deposits	22 475	10 380	7 492	2 463
Total	**22 475**	**10 380**	**7 492**	**2 463**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Interest received on loans and short-term deposits	1 082 583	848 378	784 550	196 954
Total	**1 082 583**	**848 378**	**784 550**	**196 954**

Finance income relates to interest on short-term deposits and financial assets measured at amortised cost. Interest on the financial assets was calculated using the effective interest rate method.

7.2 Finance costs

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Finance costs arising from				
Long-term facilities with financial institutions	(1 144 413)	-	(734 480)	-
Short-term facilities with financial institutions	(449 424)	(1 450 103)	(743 147)	(333 102)
Lease liabilities	(124 479)	(43 707)	(126 678)	(10 024)
Total	**(1 718 316)**	**(1 493 810)**	**(1 604 305)**	**(343 126)**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Finance costs arising from				
Long-term facilities with financial institutions	(220 945)	-	(553 264)	-
Short-term facilities with financial institutions	(293 392)	(843 698)	(734 677)	(195 925)
Lease liabilities	(8 125)	(25 710)	(3 785)	(5 854)
Total	**(522 462)**	**(869 408)**	**(1 291 726)**	**(201 779)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

8 OTHER INCOME/EXPENSES

8.1 Other income

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Scrap Sales	16 104	17 983	11 740	4 115
Profit on sale of PPE items	-	11 902	14 103	4 005
Fair value gain/(loss) on investment property	435 415	-	679 625	21 486
Sundry income	50 492	30 392	38 212	7 053
Remeasurement gain on right of use assets	72 551	-	109 681	-
Total	**574 562**	**60 277**	**853 361**	**36 659**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Profit on sale of property, plant, and equipment items	11 776	2 284	7 678	510
Foreign exchange gains realised	574 221	1 537	514 753	409
Foreign exchange gains unrealised	5 716	-	5 716	-
Sundry income	1 392	16	1 329	4
Total	**593 105**	**3 837**	**529 476**	**923**

For Group, within the total other operating income, amounts transacted in foreign currency were US$50,448.00.
For Company, within the total other operating income, amounts transacted in foreign currency were US$6,500.00.

8.2 Other expenses

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Loss on sale of PPE items	1 270	-	-	-
Foreign exchange losses realised	397 335	39 318	199 475	8 743
Foreign exchange losses unrealised	11 865	-	11 865	-
Fair value loss on investment property	-	87 536	-	-
Total	**410 470**	**126 854**	**211 340**	**8 743**

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NOTES TO THE FINANCIAL STATEMENTS

DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

9. TAXATION

9.1 Charge based on income for the year

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Current year charge	641 016	818 541	641 015	202 184
Prior period charge	-	40 869	-	11 889
Deferred tax credit	1 940 079	(177 011)	96 229	(11 932)
Charged/(credited) to profit or loss	**2 581 095**	**682 399**	**737 244**	**202 141**

9.2 Reconciliation of tax charge

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Tax on profit before tax for the year at 24.72% (incl. Aids Levy)	24.72%	24.72%	24.72%	24.72%
Prior period under provision	0.00%	1.75%	0.00%	1.76%
Disallowed expenses**	3.00%	3.46%	3.00%	3.46%
Effect of capital gains tax	0.00%	0.00%	0.00%	0.00%
Other non-taxable items	-5.10%	0.00%	-5.30%	-0.15%
Other non-deductible items	2.00%	46.67%	2.00%	0.00%
Effective tax rate	**24.62%**	**76.60%**	**24.62%**	**29.79%**

**Included in disallowed expenses is IMTT, donations and other expenses that are prohibited as deductions for tax benefits.

9.3 Deferred tax

Key Components of deferred tax				
Property, Plant and Equipment	2 442 421	2 474 445	1 529 396	315 843
Investment Property	38 750	12 070	254 128	3 511
Right of use asset	50 890	-	41 508	-
Intangible assets	3 651	3 697	19	15
Allowance for credit loss	(6 150)	11 486	(6 150)	(3 000)
Lease liability	(49 728)	(30 796)	(53 943)	(8 959)
Unrealised profit on exchange	(4 245)	5 010	(4 245)	1 458
Inventories	416 797	252 118	-	-
Audit provision	(3 444)	-	-	-
Leave pay, bonuses and other provisions	(25 476)	(79 970)	(107 719)	(23 263)
Deferred Tax relating to the origination and reversal of temporary differences	2 863 466	2 648 060	1 652 994	285 605
Reflected in the statement of financial position as follows:				
Deferred tax asset	-	(31 235)	-	(10 207)
Deferred tax liability	2 863 466	2 679 295	1 652 994	295 812
Net deferred tax liability/(asset)	**2 863 466**	**2 648 060**	**1 652 994**	**285 605**
9.4 Reconciliation of deferred tax (net)				
Opening balance	2 648 060	2 063 065	285 605	215 588
Expense/(credit) for the year	1 940 079	(177 011)	96 229	81 949
Other comprehensive income	(1 724 673)	(266 205)	1 271 160	(11 932)
Tax expense recognised in retained earnings		1 028 211		
Closing balance	**2 863 466**	**2 648 060**	**1 652 994**	**285 605**

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9. TAXATION (continued)

9.1 Charge based on income for the year

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Current year charge	34 588	93 923	34 588	23 962
Deferred tax charged to income statement	49 502	(40 072)	16 507	(8 743)
Taxation	**84 090**	**53 851**	**51 095**	**15 219**

9.2 Reconciliation of tax charge

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Tax on profit before tax for the year at 24.72% (incl. Aids Levy)	24.72%	24.72%	24.72%	24.72%
Prior period under provision	0.00%	0.00%	0.00%	0.00%
Disallowed expenses**	14.34%	5.75%	14.34%	-5.75%
Effect of capital gains tax	0.00%	0.00%	0.00%	0.00%
Other non-taxable items	-4.01%	-16.43%	-4.01%	0.18%
Other non-deductible items	16.57%	0.00%	16.57%	0.00%
Effective tax rate	**51.62%**	**14.04%**	**51.62%**	**19.15%**

**Included in disallowed expenses is IMTT, donations and other expenses that are prohibited as deductions for tax benefits.

9.3 Deferred tax

Key Components of deferred tax				
Property, Plant and Equipment	33 476	615	21 531	88
Intangible assets	29	3 448	16	16
Allowance for credit loss	-	146	-	-
Lease liability		(17 343)	-	(5 046)
Unrealised profit on exchange	(1 413)	348	(1 413)	101
Leave pay, bonuses and other provisions	(13 824)	(18 447)	(13 824)	(5 366)
Deferred Tax relating to the origination and reversal of temporary differences	**18 268**	**(31 235)**	**6 300**	**(10 207)**

9.4 Reconciliation of deferred tax (net)

Opening balance	(31 235)	8 837	(10 207)	(1 464)
Credit for the year	49 503	(40 072)	16 507	(8 743)
Closing balance	**18 268**	**(31 235)**	**6 300**	**(10 207)**

The company did not have any income tax transacted in foreign currency.

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10. INVESTMENT IN SUBSIDIARIES

COMPANY	PRINCIPAL ACTIVITY	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		ZWL'000	ZWL'000	ZWL'000	ZWL'000
Dairibord Zimbabwe (Private) Limited (100 % owned)	Manufacture and distribution of milks foods and beverages in Zimbabwe	4 680 193	4 680 193	25 532	25 532
Goldblum Investments Private Limited (100% owned)	Property holding and leasing	2 101 443	2 101 443	11 464	11 464
Chatmoss Enterprises Private Limited (100% owned)	Property holding and leasing	747 109	747 109	4 076	4 076
Qualinnex Investments (Private) Limited (100% owned)	Property holding and leasing	392 174	392 174	2 139	2 139
Slimline Investments Private Limited (100% owned)	Property holding and leasing	621 841	621 841	3 392	3 392
Lyons Zimbabwe (Private) Limited (100% owned)	Dormant	-	-	-	-
Lyons Africa (Private) Limited (100% owned)	Dormant	-	-	-	-
NFB Logistics (Private) Limited (100% owned)	Dormant	-	-	-	-
		8 542 760	**8 542 760**	**46 603**	**46 603**

The subsidiaries of the company were tested for impairment in the current year and it was concluded that no impairment is required.

11. PROPERTY, PLANT AND EQUIPMENT

11.1 GROUP - Inflation adjusted

	Freehold Land and Buildings	Leasehold improvements	Plant and equipment	Motor Vehicles	Office Furniture & Computer Equipment	Total
At cost/valuation	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
At 1 January 2021	**6 226 361**	**-**	**6 574 070**	**966 578**	**193 272**	**13 960 281**
Additions	-	-	923 863	103 663	31 486	1 059 012
Disposals	-	-	-	(161 122)	(7 142)	(168 264)
Correction for IAS 29 & IAS 21 (Note 32)	-	-	5 563 385	634 604	127 970	6 325 959
Revaluation	(1 076 883)	-	-	-	-	(1 076 883)
Transfer from investment property (Note 14)	42 933	-	-	-	-	42 933
At 31 December 2021	**5 192 411**	**-**	**13 061 318**	**1 543 723**	**345 586**	**20 143 038**
Additions	-	45 672	1 369 873	329 598	66 254	1 811 397
Disposals	-	-	-	(214 767)	(3 723)	(218 490)
Transfers	-	-	-	-	-	-
Revaluation	5 745 589	-	-	-	-	5 745 588
At 31 December 2022	**10 938 000**	**45 672**	**14 431 191**	**1 658 554**	**408 117**	**27 481 533**
Accumulated depreciation and impairment						
At 1 January 2021	**(219 149)**	**-**	**(4 513 876)**	**(622 985)**	**(156 362)**	**(5 512 372)**
Charge for the year	(165 168)	-	(673 817)	(106 833)	(24 444)	(970 263)
Correction for IAS 29 & IAS 21 (Note 32)	-	-	(1 748 272)	(331 211)	(100 977)	(2 180 459)
Disposals	-	-	-	80 359	1 119	81 478
Revaluation	-	-	-	-	-	-
At 31 December 2021	**(384 317)**	**-**	**(6 935 965)**	**(980 670)**	**(280 664)**	**(8 581 616)**
Charge for the year	(139 523)	(3 806)	(816 236)	(73 769)	(29 580)	(1 062 914)
Disposals	-	-	-	92 337	1 084	93 421
Revaluation	523 840	-	-	-	-	523 840
At 31 December 2022	**-**	**(3 806)**	**(7 752 201)**	**(962 102)**	**(309 160)**	**(9 027 269)**
Carrying Amount						
At 31 December 2022	**10 938 000**	**41 866**	**6 678 990**	**696 452**	**98 957**	**18 454 264**
At 31 December 2021	**4 808 095**	**-**	**6 125 353**	**563 052**	**64 923**	**11 561 422**

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

11.1 COMPANY - Inflation adjusted

	Motor Vehicles	Office Furniture & Computer Equipment	Total
At cost/valuation	**ZWL'000**	**ZWL'000**	**ZWL'000**
At 1 January 2021	**137 626**	**69 797**	**207 423**
Additions	-	997	997
Disposals	(43 467)	(350)	(43 817)
Correction for IAS 29 & IAS 21 (Note 33)	9 823	23 000	32 823
At 31 December 2021	**103 982**	**93 444**	**197 426**
Additions	114 840	3 018	117 858
Disposals	(46 650)	(2 776)	(49 426)
At 31 December 2022	**172 172**	**93 686**	**265 859**
Accumulated depreciation and impairment			
At 1 January 2021	**(622 985)**	**(156 362)**	**(5 512 372)**
At 1 January 2021	(74 284)	(64 501)	(138 785)
Charge for the year	(18 697)	(2 152)	(20 849)
Correction for IAS 29 & IAS 21 (Note 33)	(6 243)	(24 426)	(30 669)
Disposals	43 467	350	43 817
At 31 December 2021	**(55 757)**	**(90 729)**	**(146 486)**
Charge for the year	(15 241)	(2 266)	(17 507)
Disposals	29 214	390	29 602
At 31 December 2022	**(41 784)**	**(92 605)**	**(134 391)**
Carrying Amount			
At 31 December 2022	**130 388**	**1 081**	**131 468**
At 31 December 2021	**48 225**	**2 715**	**50 941**

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

11.1 GROUP - Historical unaudited*

	Freehold Land and Buildings	Leasehold improvements	Plant and equipment	Motor Vehicles	Office Furniture & Computer Equipment	Total
At cost/valuation	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
At 1 January 2021	**1 093 156**	**-**	**82 855**	**21 394**	**3 762**	**1 201 167**
Additions	-	-	249 360	7 092	23 391	279 843
Disposals	-	-	-	(15 294)	(571)	(15 865)
Revaluation	331 510	-	-	-	-	331 510
Transfer from investment property	7 770	-	-	-	-	7 770
At 31 December 2021	**1 432 436**	**-**	**332 215**	**13 192**	**26 582**	**1 804 425**
Additions	-	-	1 226 856	223 918	56 036	1 506 810
Disposals	-	-	-	838	307	1 145
Transfers	-	41 040	-	-	-	41 040
Revaluation	9 505 564	-	-	-	-	9 505 564
At 31 December 2022	**10 938 000**	**41 040**	**1 559 071**	**237 948**	**82 925**	**12 858 984**
Accumulated depreciation						
At 1 January 2021	**(5 976)**	**-**	**(34 657)**	**(5 065)**	**(1 752)**	**(47 450)**
Charge for the year	(27 182)	-	(15 366)	(1 013)	(4 326)	(47 887)
Disposals	-	-	-	678	68	746
Revaluation	-	-	-	-	-	-
At 31 December 2021	**(33 158)**	**-**	**(50 023)**	**(5 400)**	**(6 011)**	**(94 591)**
Charge for the year	(35 511)	(3 420)	(56 045)	(155)	(7 670)	(132 800)
Disposals	-	-	-	2 629	1 705	4 334
Revaluation	68 669	-	-	-	-	68 669
At 31 December 2022	**(0)**	**(3 420)**	**(106 068)**	**(927)**	**(11 974)**	**(154 388)**
Carrying Amount:						
At 31 December 2022	**10 938 000**	**37 620**	**1 453 003**	**205 021**	**70 951**	**12 704 596**
At 31 December 2021	**1 399 279**	**-**	**282 192**	**7 791**	**20 572**	**1 709 835**

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FOR THE YEAR ENDED 31 DECEMBER 2022

11. PROPERTY, PLANT AND EQUIPMENT (continued)

11.1 COMPANY - Historical unaudited*

	Motor Vehicles	Office Furniture & Computer Equipment	Total
At cost/valuation	**ZWL'000**	**ZWL'000**	**ZWL'000**
At 1 January 2021	**2 766**	**753**	**3 519**
Additions	-	254	254
Disposals	(237)	(2)	(239)
At 31 December 2021	**2 529**	**1 005**	**3 534**
Additions	97 685	2 538	100 223
Disposals	(835)	(197)	(1 032)
At 31 December 2022	**99 379**	**3 346**	**102 725**
At 1 January 2021	(696)	(560)	(1 256)
Charge for the year	(483)	(118)	(601)
Disposals	238	1	239
At 31 December 2021	(941)	(677)	(1 618)
Charge for the year	(8 459)	(416)	(8 875)
Disposals	1 181	1 649	2 830
At 31 December 2022	**(8 220)**	**556**	**(7 664)**
Carrying Amount			
At 31 December 2022	**91 159**	**3 902**	**95 061**
At 31 December 2021	**1 587**	**329**	**1 916**

11.2 Property Revaluation

2021 Valuation

At 31 December 2021, the directors performed an assessment of the property values determined by Dawn in the year 2020 and applied a 10% hair cut to the US$ values on the basis that the property market witnessed a decline in values due to reduced occupancy levels.

Key inputs for the valuation were denominated in US$ $ for 2021 as obtained from the relevant bodies. The US$ inputs were translated to ZWL using the interbank foreign exchange rate of ZWL116.15.

2022 Valuation

The fair value of properties was determined by an external independent property valuer Dawn Property Consultancy (Private) Limited (Dawn) as at 31 December 2022. The valuer has appropriate and recognised professional qualifications and experience in the location and category of the properties valued. The independent valuer performs an independent valuation of the Group's property portfolio on a regular basis.

The fair value measurement for the properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique. In arriving at the fair values of the properties the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rents and capital values are inter-related. Hence given the income produced by a property its capital value can be estimated. The valuer used comparable rentals inferred from offices and industrials within the locality of the property based on use location size and quality of finishes. These rentals were then annualised and a capitalisation factor was then applied to give a market value of the property also inferring on comparable premises which are in the same category as regards the building elements.

Key inputs for the valuation are denominated in ZWL for 2022.

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11 PROPERTY, PLANT AND EQUIPMENT (continued)

11.2 Property revaluation (continued)

Significant unobservable data

The following significant unobservable inputs were applied on the main space. These inputs have been segmented by location and nature of the property.

Significant unobservable data (US$ 2021)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00 – US$3.00	US$1.25 – US$2.00	US$2.00 – US$2.50	US$2.00 – US$2.50	US$1.50 – US$2.00
Factory/workshop (rental per square meter)	US$1.50 – US$1.75	US$1.00 – US$1.50	US$1.25 – US$1.75	US$1.50 – US$1.75	-
Yard (rental per square meter)	US$0.10 – US$0.16	US$0.25 – US$0.35	-	-	-
Capitalisation rate (%)	10.00% - 11.50%	11.25% - 12.50%	13.50%	13.00%	12.00% - 13.00%

Significant unobservable data (US$ 2021)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	ZWL286 – ZWL818	ZWL225 – ZWL530	ZWL230 – ZWL450	ZWL286 – ZWL508	ZWL286 – ZWL508
Factory/workshop (rental per square meter)	ZWL368-ZWL410	ZWL100-ZWL160	ZWL265	-	-
Yard (rental per square meter)	ZWL143	ZWL13-ZWL40	ZWL35	ZWL13	ZWL0.05
Capitalisation rate (%)	10.00-11.50	11.25 – 12.50	14	13.00	12.00-13.00

Significant unobservable data (ZWL 2022)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	ZWL2 000.00 – ZWL2 400.00	ZWL1 600.00 – ZWL2 400.00	ZWL3 200	ZWL2 400	ZWL1 600.00 – ZWL2 200.00
Factory/workshop (rental per square meter)	ZWL1 200.00 – ZWL2 400.00	ZWL1 000.00 -ZWL 2200.00	ZWL2 800	ZWL800.00 – ZWL2 200.00	ZWL1 000.00 – ZWL2 200.00
Yard (rental per square meter)	ZWL120.00 – ZWL145.00	ZWL20	ZWL40	ZWL20	ZWL40.00 – ZWL60.00
Capitalisation rate (%)	11.00% - 12.00%	13.00% - 14.50%	13.00% - 14.50%	14%	13.00% - 14.00%

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
Below is a sensitivity analysis demonstrating how the revalued amounts of property, plant and equipment would change with the movement in inputs

	Capitalisation rate		Rental		Land values	
	1%	-1%	10%	-10%	10%	-10%
Change in fair value	(2 084 000)	(563 000)	(477 000)	(2 296 000)	(1 818 000)	(1 921 000)

If land and buildings were measured using cost model. The carrying amount would be ZWL6 511 416 (2021: ZWL6 752 579).

Property mortgaged against borrowings:
Property valued at ZWL7.15bn is mortgaged against interest borrowing bearings disclosed in Note 19

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12 INVESTMENT PROPERTY

12.1 Reconciliation of Carrying Amounts

	GROUP			
Investment property	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Reconciliation of carrying amounts				
Balance at 1 January	**339 585**	**470 054**	**98 786**	**85 070**
Transfer to property, plant, and equipment	-	(42 933)	-	(7 770)
Fair value adjustment	435 415	(87 536)	676 214	21 486
Balance at 31 December	**775 000**	**339 585**	**775 000**	**98 786**

Investment property comprises of a number of commercial properties that are leased to third parties. As at 31 December 2022 the Group's investment property portfolio comprised of 10 commercial properties (2022: 10 commercial properties) all within the country.

12.2 Measurement of fair values

2021 Valuation

At 31 December 2021, the directors performed an assessment of the investment property values determined by Dawn in the year 2020 and applied a 10% hair cut to the US$ values on the basis that the property market witnessed a decline in values due to reduced occupancy levels.

Key inputs for the valuation were denominated in US$ $ for 2021 as obtained from the relevant bodies. The US$ inputs were translated to ZWL using the interbank foreign exchange rate of ZWL116.15.

2022 Valuation

The fair value of investment properties was determined by an external independent property valuer Dawn Property Consultancy (Private) Limited (Dawn) as at 31 December 2022. The valuer has appropriate and recognised professional qualifications and experience in the location and category of the properties valued. The independent valuer performs an independent valuation of the Group's property portfolio on a regular basis.

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique. In arriving at the fair values of the properties the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rents and capital values are inter-related. Hence given the income produced by a property its capital value can be estimated. The valuer used comparable rentals inferred from offices and industrials within the locality of the property based on use location size and quality of finishes. These rentals were then annualised and a capitalisation factor was then applied to give a market value of the property also inferring on comparable premises which are in the same category as regards the building elements.

Key inputs for the valuation are denominated in ZWL for 2022.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

Below is a sensitivity analysis indicating how fair values of investment property would change with movements in the inputs used.

	Capitalisation rate		Rental		Land values	
	1%	-1%	10%	-10%	10%	-10%
Change in fair value	(52 000)	54 000	55 000	(63 000)	-	-

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12. INVESTMENT PROPERTY (continued)

12.2 Measurement of fair values (continued)

Significant unobservable data

The following significant unobservable inputs were applied on the main space. These inputs have been segmented by location and nature of the property.

Significant unobservable data (US$ 2021)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00 – US$3.00	US$1.25 – US$2.00	US$2.00 – US$2.50	US$2.00 – US$2.50	US$1.50 – US$2.00
Factory/workshop (rental per square meter)	US$1.50 – US$1.75	US$1.00 – US$1.50	US$1.25 – US$1.75	US$1.50 – US$1.75	-
Yard (rental per square meter)	US$0.10 – US$0.16	US$0.25 – US$0.35	US$0.30	US$0.30	US$0.05
Capitalisation rate (%)	10.00% - 11.50%	11.25% - 12.50%	13.50%	13.00%	12.00% - 13.00%

Significant unobservable data (ZWL 2021)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	ZWL286 – ZWL818	ZWL225 – ZWL530	ZWL230 – ZWL450	ZWL286 – ZWL508	ZWL286 – ZWL508
Factory/workshop (rental per square meter)	ZWL368 – ZWL410	ZWL100 – ZWL160	ZWL265	-	-
Yard (rental per square meter)	ZWL143	ZWL13-ZWL40	ZWL35	ZWL13	ZWL0.05
Capitalisation rate (%)	10.00-11.50	11.25 – 12.50	14	13.00	12.00-13.00

Significant unobservable data (ZWL 2022)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	ZWL2 000.00 – ZWL2 400.00	ZWL1 600.00 – ZWL2 400.00	ZWL3200	ZWL2400	ZWL1 600.00 – ZWL 200.00
Factory/workshop (rental per square meter)	ZWL1 200.00 – ZWL2 400.00	ZWL1 000.00 – ZWL2 200.00	ZWL2800	ZWL800.00 – ZWL2 200.00	ZWL1 000.00 – ZWL2 200.00
Yard (rental per square meter)	120.00 – 145.00	20	40	20	40.00 – 60.00
Capitalisation rate (%)	11.00% - 12.00%	13.00% - 14.50%	13.00% - 14.50%	14%	13.00% - 14.00%

12.3 Amounts recognised in profit or loss relating to investment property

	GROUP			
	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Rental income from leasing	75 943	39 382	54 937	9 253
Operating costs	(3 742)	(2 856)	(3 742)	(831)
Net income	**72 201**	**36 526**	**51 195**	**8 422**

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13. LEASE ASSETS AND LIABILITIES

Right of use assets relate to 9 motor vehicles acquired through a lease arrangement from a local financial institution. The lease bears interest at 140% (2021: 40%) and is payable over 3 years.

13.1 Right of use assets

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Opening balance at 1 January	**148 165**	**-**	**29 551**	**-**
Additions	83 652	172 271	45 657	34 338
Disposals	(60 124)	-	(12 830)	-
Depreciation	(76 328)	(24 106)	(28 560)	(4 786)
Modification	127 620	-	134 095	
Closing balance at 31 December	**222 985**	**148 165**	**167 913**	**29 552**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Opening balance at 1 January	**79 624**	**-**	**15 717**	**-**
Additions	-	97 499	-	19 245
Disposals	(60 124)	-	(12 830)	-
Depreciation	(19 500)	(17 875)	(2 887)	(3 528)
Closing balance at 31 December	**-**	**79 624**	**-**	**15 717**

13.2 Lease liability

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	**80 339**	**-**	**23 371**	**-**
Acquired	193 699	93 803	184 588	27 287
Interest	124 479	43 706	126 678	10 024
Lease repayments	(154 018)	(62 754)	(162 923)	(13 940)
Inflation effect	(41 278)	5 584	-	-
Modification	14 995	-	46 502	-
Balance at 31 December	**218 216**	**80 339**	**218 216**	**23 371**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Balance at 1 January	**45 954**	**-**	**13 368**	**-**
Acquired	-	52 814	-	15 364
Interest	8 124	25 710	3 785	5 854
Lease repayments	(14 700)	(36 614)	(17 153)	(7 850)
Inflation effect	(39 379)	4 044	-	-
Balance at 31 December	**-**	**45 954**	**-**	**13 368**

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13. LEASE ASSETS AND LIABILITIES (continued)

13.3 Classification of lease liability

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Short-term (0-12 Months)	49 895	27 854	49 895	8 103
Long-term (1-3 years)	168 320	52 485	168 320	15 268
	218 215	**80 339**	**218 215**	**23 371**
Maturity Analysis				
Year 1	290 718	68 235	290 718	19 850
Year 2	272 652	21 094	272 652	6 136
Year 3	149 375	964	149 375	281
	712 745	90 293	712 745	26 267
Less Unearned interest	(494 530)	(9 954)	(494 530)	(2 896)
	218 215	80 339	218 215	23 371

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
The following are the amounts recognised in profit or loss				
Depreciation expense of right of use assets	60 124	-	12 830	-
Interest expense on lease liabilities	193 699	93 803	184 588	27 287
Lease repayments	(154 018)	(62 754)	(159 410)	(13 940)
Total amount recognised in profit or loss	**99 805**	**31 049**	**38 008**	**13 347**

13.3 Classification of lease liability

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Classification of lease liability				
Short-term (0-12 Months)	-	15 945	-	4 638
Long-term (1-3 years)	-	30 009	-	8 730
		45 954	**-**	**13 368**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
The following are the amounts recognised in profit or loss				
Depreciation expense of right of use assets	60 124	-	12 830	-
Interest expense on lease liabilities	-	52 814	-	15 364
Lease repayments	(14 700)	(36 614)	(16 717)	(7 850)
Total amount recognised in profit or loss	**45 424**	**16 200**	**(3 887)**	**7 514**

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14. INTANGIBLE ASSETS

	GROUP Software License	COMPANY Software License
Inflation Adjusted	**ZWL'000**	**ZWL'000**
Cost		
At 1 January 2021	**149 719**	**18 948**
Correction for IAS 29 & IAS 21 (Note 32)	59 385	5 178
At 31 December 2021	209 104	24 126
Additions	715	-
At 31 December 2022	209 819	24 126
Amortisation and Impairment		
At 1 January 2021	(121 918)	(6 513)
Amortisation	(26 574)	(2 413)
Correction for IAS 29 & IAS 21 (Note 32)	(45 452)	(1 250)
At 31 December 2021	**(193 944)**	**(10 176)**
Amortisation	(2 941)	(1 895)
At 31 December 2022	(196 884)	(12 071)
Carrying Amount at 31 December 2022	**12 935**	**12 055**
Carrying Amount at 31 December 2021	**15 160**	**13 949**

The intangible assets consist of accounting , business intelligence and auditing software.

	GROUP Software License	COMPANY Software License
Historical unaudited *	**ZWL'000**	**ZWL'000**
Cost		
At 1 January 2021	**1 171**	**139**
At 31 December 2021	1 171	139
Additions	249	-
At 31 December 2022	1 420	139
Amortisation and Impairment		
At 1 January 2021	(927)	(60)
Amortisation	(124)	(13)
At 31 December 2021	(1 051)	(73)
Amortisation	**(80)**	**(14)**
At 31 December 2022	(1 131)	(87)
Carrying Amount at 31 December 2022	289	52
Carrying Amount at 31 December 2021	119	65

The intangible assets consist of accounting , business intelligence and auditing software.

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DAIRIBORD 70 YEARS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

15. LOANS RECEIVABLE

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
15.1 Dairibord Zimbabwe (Private) Limited	**2 413 097**	**1 474 267**	**2 413 097**	**428 866**
Less : Amounts falling due within one year (current asset)	(1 375 266)	(763 717)	(1 375 266)	(222 166)
Long term portion of loans receivable (non-current asset)	**1 037 829**	**710 550**	**1 037 829**	**206 700**

The long-term loans receivable in the Company relate to loans that were issued to a subsidiary at an all-in cost of between 110% and 140% per annum and are repayable by 2024. The loan receivables are measured at amortised cost. The holding company secures loans from financial institutions for on-lending to subsidiaries at market related interest rates. Dairibord Zimbabwe (Pvt) Ltd is the main operating subsidiary and based on its performance, there was no need to impair the receivable in the holding company's books. Additionally, the loans to the subsidiary are performing and have not increased in risk since inception.

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
15.2 Reconciliation of loans receivable				
Balance at 1 January 2022	1 474 267	1 732 125	428 865	313 479
Amounts issued to subsidiaries	4 130 352	2 574 480	2 745 680	587 771
Amounts repaid by subsidiaries	(1 286 141)	(1 872 882)	(761 448)	(472 385)
Inflation effect	(1 905 381)	(959 456)	-	-
Balance at 31 December 2022	**2 413 097**	**1 474 267**	**2 413 097**	**428 865**

16. INVENTORIES

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Packaging and raw materials	5 182 850	3 198 661	5 089 623	839 195
Spares and general consumables	2 490 298	1 457 928	900 470	227 862
Finished goods	991 368	646 698	988 352	178 985
Total inventories at lower cost and net realizable value	**8 664 516**	**5 303 287**	**6 978 445**	**1 246 042**

During 2022, ZWL nil, (2021: ZWL13 636 820) was recognised as an expense in cost of sales for inventories written down to their net realisable value and ZWL44 129 949 879 (2021: ZWL29 590 955 160) was recognised as inventories consumed. The provision for the obsolete stock as at year end was nil (2021: ZWL nil)

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FOR THE YEAR ENDED 31 DECEMBER 2022

17. TRADE AND OTHER RECEIVABLES

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Local trade receivables	2 991 662	1 941 529	2 991 662	564 792
Foreign trade receivables	146 561	9 572	146 561	2 785
Other receivables	2 184 846	179 373	2 184 846	52 179
Allowance for credit losses	(24 877)	(41 723)	(24 877)	(12 137
Total	**5 298 192**	**2 088 751**	**5 298 192**	**607 619**
Ageing of receivables that are past due but not impaired:				
30-60 Days	267 932	23 083	267 932	6 715
61-90 Days	22 586	215 463	22 586	62 678
91-120 Days	-	38 114	-	11 087
Over 120 Days	1 820	34 853	1 820	10 139
Total	**292 338**	**311 513**	**292 338**	**90 619**

17.1 Movement in the allowance for credit losses

Balance at the beginning of the year	41 723	6 087	12 137	1 101
Adjustment for effects of IAS 29	(29 586)	(3 468)	-	-
Impairment losses recognized on receivables	12 740	39 104	12 740	11 036
Balance at end of the year	**24 877**	**41 723**	**24 877**	**12 137**

Other receivables balance mainly consists of amounts held by the Reserve Bank of Zimbabwe (RBZ) for United States Dollars (US$) acquisition at the forex auction, milk producer loans and Value Added Tax (VAT) refundable.
Included within trade and other receivables are farmer loans of worth ZWL146.9 mil and farmer advances worth ZWL60.1 mil

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Other receivables	363	114	363	33
Total	**363**	**114**	**363**	**33**
Ageing of receivables that are past due but not impaired:				
30-60 Days	-	114	-	33
Total	**-**	**114**	**-**	**33**
Balance at end of the year	**-**	**-**	**-**	**-**

Other receivables balance mainly consists of amounts held by RBZ for US$ acquisition at the forex auction, milk producer loans and VAT refundable.

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17.2 Prepayments

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Prepayment to suppliers	694 310	760 782	641 874	195 659

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Prepayment to suppliers	11 049	18 916	10 625	5 331

At the end of 2022 prepayments related to payments in advance made to suppliers of goods and services.

17.3 Contract liabilities

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Short-term advances for goods	247 911	283 293	247 911	82 410

The Group received customer deposits for goods at year end. The balances of deposits are short-term in nature as at the end of the year and are shown in the table above.

17.4 Contract Liabilities

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Amounts included in contract liabilities at the beginning of the year	283 293	760 782	82 410	195 659
Performance obligations satisfied in current year	(283 293)	(760 782)	(82 410)	(195 659)
Performance obligations added during the year	247 911	283 293	247 911	82 410
Performance obligations outstanding at year end	**247 911**	**283 293**	**247 911**	**82 410**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. TRADE, OTHER PAYABLES AND PROVISIONS

18.1 Trade and other payables

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Trade payables	9 253 602	2 809 083	9 253 602	817 164
Payroll accruals	352 370	245 428	352 370	71 395
Employee bonus accrual	276 408	39 936	276 408	11 617
VAT & VAT withholding tax payable	299 806	94 161	299 806	27 391
Leave accrual	124 412	87 582	124 412	25 478
Utilities accruals	113 760	108 510	113 760	31 566
Audit fee accrual	34 688	50 497	34 688	14 690
Interest accrued	24 043	40 205	24 043	11 696
Other payables	447 052	69 186	447 052	20 125
	10 926 141	**3 544 588**	**10 926 141**	**1 031 122**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Payroll accruals	47 476	25 280	47 476	7 354
Employee bonus accrual	45 453	39 936	45 453	11 617
VAT & VAT withholding tax payable	822	17 633	822	5 129
Leave accrual	140 400	6 070	140 400	1 766
Audit fee accrual	13 933	12 413	13 933	3 611
Interest accrued	24 043	40 205	24 043	11 696
Other payables	-	6 139	-	1 786
	272 127	**147 676**	**272 127**	**42 959**

Trade and other payables are non-interest bearing and are normally settled within 14-30 days. Other payables comprise of sundry suppliers who provide goods and services that do not directly affect the operations of the business. Company does not have any trade payables.

18.2 Financial guarantee liability

Dairibord Zimbabwe (Private) Limited guaranteed loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The loan balances outstanding as at 31 December 2022 for farmers and car loans were ZWL nil (2021: ZWL196,795,098) and ZWL nil (2021: ZWL 60,274,809) respectively. The interest rates the farmers and staff would have paid had there been no guarantee is 200% (2021: 40%). The difference between this rate and the average rate of 200% (2021: 40%) currently being charged represents the liability that Dairibord is exposed to because of the guarantee.

The financial guarantee liability was measured at ZWL nil as at 31 December 2022 (2021: ZWL24,993,254) and the table below shows the movement in the guarantee liability.

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GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Movement in financial guarantee liability				
Balance as at 1 January	24 993	38 667	7 271	6 998
Charge to profit or loss	(24 993)	937	(7 271)	273
Inflation effect	-	(14 611)	-	-
Balance as at 31 December	**-**	**24 993**	**-**	**7 271**
Farmers	-	15 318	-	4 456
Staff loans	-	9 675	-	2 815
	-	24 993	-	7 271

In terms of IFRS 9, the financial guarantee liability is measured at the higher of the present value discounted at the rate differential and expected credit loss.

Significant inputs				
Default rate	-	5%	-	5%

19. FINANCIAL LIABILITIES: INTEREST BEARING LOANS AND BORROWINGS

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Total borrowings:				
Current portion of borrowings	1 905 403	1 194 985	1 905 403	347 622
Non-current portion of borrowings	1 101 946	850 449	1 101 946	247 396
Total	**3 007 349**	**2 045 434**	**3 007 349**	**595 018**
Maturity profile of borrowings				
Due within one year				
0-3 months	1 631 140	455 864	1 631 140	132 611
3-6 months	100 387	739 121	100 387	215 011
6-12 months	173 876	-	173 876	-
Total due within one year	**1 905 403**	**1 194 985**	**1 905 403**	**347 622**
Due after one year				
1-5 years	1 101 946	850 449	1 101 946	247 396
Total due after one year	**1 101 946**	**850 449**	**1 101 946**	**247 396**

NOTES TO THE FINANCIAL STATEMENTS

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19. FINANCIAL LIABILITIES: INTEREST BEARING LOANS AND BORROWINGS (continued)

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Total borrowings				
Current portion borrowings	1 525 615	756 309	1 525 615	220 011
Non-current borrowings	885 326	710 550	885 326	206 700
Total	**2 410 941**	**1 466 859**	**2 410 941**	**426 711**
Maturity profile of borrowings				
Due within one year				
0-3 months	1 198 914	17 188	1 198 914	5 000
3-6 months	100 387	739 121	100 387	215 011
6-12 months	226 314	-	226 314	-
Total due within one year	**1 525 615**	**756 309**	**1 525 615**	**220 011**
Due after one year				
1-5 years	885 326	710 550	885 326	206 700
Total due after one year	**885 326**	**710 550**	**885 326**	**206 700**

Unutilised facilities
As at 31 December 2022, the Group had unutilised overdraft facilities worth ZWL650 million (2021: ZWL nil) with local financial institutions. Interest rates range between 110 -140% and 10% for US$ loans.

Borrowing powers
The directors may borrow any sum of money not exceeding the aggregate of twice the issued and paid-up share capital of the company and the aggregate of the amounts standing to the credit of all the reserve accounts and share premium account.

Long-term bank Loan
The loans were obtained to fund capital projects and are repayable in monthly instalments. The loans have a tenure ranging between 3-5 years and bear interest at 110% for ZWL loans.

Short-term bank loan
The loans have a tenure ranging between 3-9months. The loans bear interest at 110%. The loans have been secured to fund working capital.

The loans are secured against properties worth ZWL10 billion.

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Endurable Business, Endurable Brands

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19. FINANCIAL LIABILITIES: INTEREST BEARING LOANS AND BORROWINGS (continued)

Interest bearing borrowings listing:

Currency	Date secured	Institution	Facility Type	Amount	Annualised Interest Rate	December 2022 Balance	Security
ZWL'000	-	POSB	OVERDRAFT (not utilised)	300 000	110%	-	None
	-	CABS	OVERDRAFT (not utilised)	65 000	110%	-	None
	-	STANBIC	OVERDRAFT (not utilised)	185 000	110%	-	None
	-	STANCHART	OVERDRAFT (not utilised)	100 000	110%	-	None
	25/10/2022	CABS	SHORT TERM LOAN	325 000	110%	295 000	None
	18/7/2022	STANCHART	SHORT TERM LOAN	579 246	110%	164 000	None
	10/11/2022	ECOBANK	SHORT TERM LOAN	200 000	110%	126 620	None
	1/8/2022	ECOBANK	SHORT TERM LOAN	50 000	110%	10 606	None
	30/9/2021	CABS	LONG TERM LOAN	250 000	110%	72 054	Land and buildings
	29/6/2021	STANCHART	LONG TERM LOAN	250 000	110%	113 691	Land and buildings
	21/7/2022	STANCHART	LONG TERM LOAN	169 000	110%	140 833	Land and buildings
						922 804	
US$'000	7/12/2022	CABS	SHORT TERM LOAN	248	10%	207	Land and buildings
	25/7/2022	CABS	SHORT TERM LOAN	500	10%	85	Land and buildings
	22/11/2022	CABS/Old Mutual	SHORT TERM LOAN	1 000	11%	1 000	Land and buildings
	25/7/2022	CABS	LONG TERM LOAN	1 000	12%	1 000	Land and buildings
						2 292	
ZAR'000	31/8/2020	TETRAPAK	LONG TERM LOAN	18 737	8%	11 801	None

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20. CASH AND BANK BALANCES

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Cash at bank and on hand (ZWL)	1 265 119	689 096	1 265 119	200 458
Foreign cash at bank (other than US$)	565 404	-	565 404	-
Cash at bank and on hand (US$)	1 729	-	1 729	-
Total cash and cash equivalents	**1 832 252**	**689 096**	**1 832 252**	**200 458**
Bank overdraft	-	(320 913)	-	(93 354
Net cash and cash equivalents	**1 832 252**	**368 183**	**1 832 252**	**107 104**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Cash at bank and on hand (ZWL)	9 006	16 367	9 006	4 761
Total cash and cash equivalents	**9 006**	**16 367**	**9 006**	**4 761**

The Group had bank overdraft facilities worth ZWL nil (2021: ZWL321 million) with various local financial institutions. The overdraft facilities had interest at a rate of 110% (2021: 40%-43%) per annum and were unsecured.

21. LONG-TERM RECEIVABLES

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Long-term receivables	1 037 829	710 550	1 037 829	206 700
Total long-term receivables	**1 037 829**	**710 550**	**1 037 829**	**206 700**

Long term receivables relate to amounts owed by group companies, they bear no interest and do not have a fixed maturity date.

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Endurable Business, Endurable Brands

DAIRIBORD 70 YEARS

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22. SHARE-BASED PAYMENT ARRANGEMENTS

22.1 Description of share-based payment	GROUP				COMPANY			
	INFLATION ADJUSTED		HISTORICAL UNAUDITED *		INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
	2022	2021	2022	2021	2022	2021	2022	2021
Share incentive liability as at 1 January	195 987	154 963	57 013	28 045	28 619	21 688	8 325	3 925
Share incentive expense (note 6)	8 887	131 127	8 158	28 968	805	19 918	644	4 400
Share Scheme Cancellation	(204 874)	-	(65 171)	-	(29 424)	-	(8 969)	-
Inflation effect	-	(90 103)	-	-	-	(12 987)	-	-
Share incentive liability as at 31 December	**-**	**195 987**	**-**	**57 013**	**-**	**28 619**	**-**	**8 325**

22.2 Reconciliation of outstanding share appreciation rights	GROUP				COMPANY			
	INFLATION ADJUSTED		HISTORICAL UNAUDITED *		INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
	2022	2021	2022	2021	2022	2021	2022	2021
	no.	no.	no.	no.	no.	no.	no.	no.
Outstanding at 1 January		21 435 000	19 750 000	21 435 000	3 000 000	3 000 000	3 000 000	3 000 000
Granted during the year	-	-	-	-				-
Forfeited during the year		(1 685 000)	-	(1 685 000)				-
Cancelled during the year	(19 750 000)		(19 750 000)		(3 000 000)		(3 000 000)	
Outstanding at 31 December	**-**	**19 750 000**	**-**	**19 750 000**	**-**	**3 000 000**	**-**	**3 000 000**
Maximum number of share appreciation rights that can be issued under the plan	**-**	**26 850 064**	**-**	**26 850 064**	**-**	**3 000 000**	**-**	**3 000 000**

On 17 March 2020, 22,095,000 share appreciation rights (SARs) were granted to the Group's management. The SARs give management a right to receive a cash payment, determined based on the increase in the share price of Dairibord Holdings Limited ("Dairibord") between grant date and the time that the SARs are exercised, subject to satisfying performance conditions imposed by the board in relation to volume and operating profit. The Board has the discretion to waive any performance conditions imposed. The SARs vest in three tranches - 50% of the SARs vest after 3 years; 25% after 4 years and 25% after 5 years and can be exercised any time after vesting date but no later than 10 years from grant date.

22. SHARE-BASED PAYMENT ARRANGEMENTS (continued)

22.3. Measurement of fair values

- The fair value of the SARs liability as at 31 December 2021 was determined, by an external expert, Corporate Excellence. In determining the fair value, the Black-Scholes model was applied. In line with the SARs agreement, the SARs were valued in US$ and converted to ZWL at the year-end closing rate of 116. Based on this valuation, a liability of ZWL379 634 239 (US$3 272 709) arose. However, the liability recognised was limited to Hyper inflated ZWL195 986 849 (Historical ZWL57 012 718) as the performance conditions imposed by the Board were not met.

As at 31 December 2021 of the key inputs used on the Black-Scholes Merton Model, only 2, the Exercise Price and the share price on valuation date, were generally objectively determinable. The other inputs were subjective and generally required significant analysis and judgement. Below are the key inputs used in the Black Scholes model at grant date and valuation date

	Valuation date		
	Tranche 1	Tranche 2	Tranche 3
Number of SARs in issue	9,875,000	4,937,500	4,937,500
Fair value of the SARs	US$0.3345	US$0.3286	US$0.3229
Share price at valuation date	US$0.3512	US$0.3512	US$0.3512
Exercise price	US$0.0001	US$0.0001	US$0.0001
Expected volatility (weighted- average volatility)	89.13%	89.13%	89.13%
Option life (expected weighted- average life)	3	4	5
Time to maturity (years)	1.2	2.2	3.2
Expected dividends (dividend yield)	2.06%	2.06%	2.06%
Risk-free interest rate (based on government bonds)	14.81%	15.05%	15.34%

Share price at valuation date
This was calculated by converting the ZWL price of the Dairibord share as at 31 December 2021 (ZWL35) to a US$ price using the Old Mutual Implied Rate of US$1:ZWL99 66, in line with the Share Appreciation Rights Plan rules.

Exercise price
The exercise price was obtained by converting the Dairibord share of ZWL 57cents to US$ using the Old Mutual Implied Rate on 17 March 2020, the grant date.

Expected volatility
This takes into account the historical volatility over the same period as the expected life of the option, long-term average level of volatility, the length of time an entity's shares have been publicly traded, and the appropriate interval for price observations. This volatility was estimated by computing the daily standard deviation of the Dairibord share price on the ZSE from 1 January 2021 to 31 December 2021 giving a year's worth of share price data preceding the valuation date

Expected life of the option
This is estimated taking into account the vesting period, past history of employee exercise, the employee's level within the organisation, the price of the underlying shares.

Risk free rate
The risk-free rate was determined based on the following:
- Aswath Damodaran's latest estimation of Zimbabwe's default spread of 10.60%.
- US dollar risk-free rate based on the 2-year, 3-year and 5-year US Treasury Yield of 0.73%, 0.97% and 1.26% as at 31 December 2020; and
- The 5-year inflation differential between the US and Zimbabwe based on latest IMF estimates - 7.7%;

Dividend yield
Dividend yield was determined based on the expectation for an entity's dividend policy, and whether an employee is entitled to dividends on the underlying shares while holding the share option. The Group's 5-year dividend history was erratic and dividends were only paid for the financial years ended 2017, 2018 and 2020. The dividend yield was calculated based on the dividends paid for the years 2017, 2018 and 2020 and was computed by dividing the dividend per share for the four years by the market price of the Dairibord share on the date of dividend declaration and calculating the average of the dividend yields for those years.

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FOR THE YEAR ENDED 31 DECEMBER 2022

23. RELATED PARTY DISCLOSURES

23.1 The consolidated financial statements include the financial statements of Dairibord Holdings Limited, the parent company and its subsidiaries listed in the following table:

	% equity Interest			
	Country of Incorporation	Nature of relationship	2022	2021
Name				
NFB Logistics (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Dairibord Zimbabwe (Private) Limited	Zimbabwe	Subsidiary	100	100
Lyons Africa (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Lyons Zimbabwe (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Goldblum Investments Private Limited	Zimbabwe	Subsidiary	100	100
Slimline Investments Private Limited	Zimbabwe	Subsidiary	100	100
Chatmoss Enterprises Private Limited	Zimbabwe	Subsidiary	100	100
Qualinnex Investments (Private) Limited	Zimbabwe	Subsidiary	100	100

23.2 Companies controlled by non-executive directors

Tavistock Estates	Zimbabwe	Tavistock Estates is controlled by a non-executive director
Corporate Excellence	Zimbabwe	A non-executive director of the company has an interest in Corporate Excellence

23.2 Related party transactions and balances

	GROUP			
	INFLATION ADJUSTED		HISTORICAL UNAUDITED *	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Transactions				
Revenue/inflows				
Interest income on loans to Tavistock	1 304	12 105	525	158
Purchases/outflows				
Milk purchases from Tavistock Estates	9 004 427	2 035 584	6 614 509	248 239
Consultancy services offered by Corporate Excellence	2 203	6 676	675	1 337
The milk purchases from Tavistock are on terms similar to other farmers.				
Balances				
Loan to an executive director	-	-	-	201
Loan to Tavistock Estates	87 817	9 198	87 817	2 676

The loan to Tavistock Estates bears interest at 110% and is repayable over 3 years.

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23. RELATED PARTY DISCLOSURES (continued)

23.2 Related party transactions and balances (continued)

	COMPANY			
	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Transactions				
Revenue/inflows				
Total interest income from related parties	1 080 154	848 378	782 121	196 594
Interest income on loans to subsidiaries	1 080 154	848 176	782 121	196 911
Interest income on loan from a director	-	202	-	43
Management fees received from subsidiaries	360 131	337 047	268 105	81 091
Royalties received from subsidiaries	708 786	482 827	514 738	114 453
Loans repaid by subsidiaries	1 286 141	1 872 882	761 449	472 384
Purchases/outflows				
Consultancy services offered by Corporate Excellence (a company in which one company director has an interest)	2 203	6 676	675	1 543
Loans issued to subsidiaries	4 130 352	2 574 480	2 753 022	587 711
Loans receivable from subsidiaries (Note 16)	2 413 097	1 474 267	2 413 097	428 865
Amounts owed by related parties (Note 24)	210 253	41 406	41 406	12 045
Amounts owed to related parties (Note 24)	4 353	9 119	4 353	2 653

The royalties were generated from use of the company's brands and trademarks by Dairibord Zimbabwe (Private) Limited, the main operating subsidiary.

Management fees were received from Dairibord Zimbabwe (Private) Limited.

Loans issued and repaid relate to Dairibord Zimbabwe (Private) Limited, including the related interest income. 'Refer to Note 15 for details pertaining to loans receivable from subsidiaries.

The amounts owed by or to related parties relate to transactions between the company and the property companies.

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23. RELATED PARTY DISCLOSURES (continued)

23.3 Key management personnel transactions

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Compensation				
Short term employee benefits	1 255 332	877 861	909 509	205 663
Share incentive expense	-	72 369	-	15 987
Pension contributions	21 054	16 515	10 251	3 792
Financial guarantee liability	-	(76)	-	(22)
Total compensation paid	**1 276 386**	**966 670**	**919 760**	**225 420**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Compensation				
Short term employee benefits	398 504	227 503	301 110	66 181
Share incentive expense	-	19 918	-	5 794
Pension contributions	4 096	4 126	2 107	1 200
Total compensation paid	**402 600**	**251 547**	**303 217**	**73 175**

Share incentive expense

On 17 March 2020, share appreciation rights (SARs) were granted to the Group's management. As at 31 December 2022 zero (2021: 19.75 million) share appreciation rights awarded to key management personnel were outstanding. Detailed information relating to the SARs scheme is disclosed in Note 23.

Financial guarantee liability

The financial guarantee liability relates to key management personnel car loans which were guaranteed by the Group. The loans bear interest at 55%. Had the Group not guaranteed the loans the interest rate would have been 60%. Refer to the financial guarantee liability note (Note 24) for details relating to the valuation of the liability

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24. RECONCILIATION OF AUTHORISED AND ISSUED SHARE CAPITAL

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Authorized share capital				
Number of ordinary shares at the beginning of the year	425 000	425 000	425 000	425 000
Number of ordinary shares at the end of the year	425 000	425 000	425 000	425 000
Nominal value per share (ZWL)	0.0183	0.0183	0.0001	0.0001
Total value of shares (ZWL)	**7 791**	**7 791**	**42**	**42**
Unissued shares under the control of the directors	66 999	66 999	66 999	66 999
Reconciliation of the number of shares in issue				
Issued number of shares at the beginning of the year	358 001	358 001	358 001	358 001
Number of shares in issue at the end of the year	358 001	358 001	358 001	358 001
Issued and fully paid number of shares				
Number of ordinary shares	358 001	358 001	358 001	358 001
Nominal value per share (ZWL)	0.0183	0.0183	0.0001	0.0001
Total value of shares (ZWL)	**6 562**	**6 562**	**36**	**36**

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Authorized share capital				
Number of ordinary shares (beginning and end of the year)	425 000	425 000	425 000	425 000
Nominal value per share (ZWL)	0.0183	0.0183	0.0001	0.0001
Total value of shares (ZWL)	**7 791**	**7 791**	**42**	**42**
Unissued shares under the control of the directors	66 999	66 999	66 999	66 999
Reconciliation of the number of shares in issue				
Issued number of shares at the beginning of the year	358 001	358 001	358 001	358 001
Number of shares in issue at the end of the year	358 001	358 001	358 001	358 001
Issued and fully paid number of shares				
Number of ordinary shares	358 001	358 001	358 001	358 001
Nominal value per share (ZWL)	0.0183	0.0183	0.0001	0.0001
Total value of shares (ZWL)	**6 562**	**6 562**	**36**	**36**

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade payables and interest-bearing borrowings, including the lease liability. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. These risks are managed as follows:

Credit risk

Credit risk is the risk that a counter party 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 for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

25.1 Trade and other receivables

Trade receivables

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 limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed through extensive credit verification procedures and individual credit limits are defined in accordance with this assessment. Customers with outstanding balances are regularly monitored.

An impairment analysis is performed at each reporting date using a simplified approach to calculate the expected credit loss. A provision matrix is used to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). 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 17.

The security held by the Group which include brick and mortar, bank guarantees, and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. There was no change in the Group's policy on collateral and there is no financial instrument for which the Group did not recognise a loss allowance due to collateral.

The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 17. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured, and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The company only writes off a debt when it's proved beyond reasonable doubt that the debtor is insolvent or cannot be located or has proved that no delivery was done to them (no delivery made to the customer) and all efforts to recover the debt have been made without success. The Group evaluates the concentration of credit risk as low since the balances are widely spread. The significant decrease in expected credit loss rates from prior years is as a result of an assessment of historical performance of debtors and a reduction in the amount of debtors that have resulted in a default event.

31 December 2022	Current	30-60 days	61-90 days	91-120 days	› 120 days	Total
Expected credit loss rate	1.31%	0.26%	0.25%	0%	100%	0.18%
	2 817					3 138
Total gross carrying amounts of trade receivables	263	253 917	65 076	743	1 224	223
Expected credit loss	3 694	665	161	0	1 224	5 744
31 December 2021	**Current**	**30-60 days**	**61-90 days**	**91-120 days**	**› 120 days**	**Total**
Expected credit loss rate	0.13%	2.99%	2.89%	17.09%	99.97%	1.69%
	1 869					1 951
Total gross carrying amounts of trade receivables	381	27 858	22 815	2 265	28 782	101
Expected credit loss	2 410	832	660	387	28 773	33 062

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

25.1 Trade and other receivables (continued)

Other receivables

The expected credit loss on other receivables is determined using the simplified approach. Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to applicant credit risk management. Credit limits are established for all farmers and staff based on internal rating criteria. Credit quality of the farmers is assessed through extensive credit verification procedures and individual facility limits are defined in accordance with this assessment. The farmers are required to insure the animals and other assets pledged as security with the Group registered as the loss payee. Farmers in terms of contract supply the company with milk for the duration of the loan period and repayments are made through deductions from amounts payable for milk delivered. Farmers with outstanding balances are regularly monitored. Farmers balances were assessed for expected credit losses and were deemed to be low risk given the amounts are deductible upon the farmers delivering their produce and these amounts are insured, with the group as the payee.

Set out below is the information about the credit risk exposure on the Group's loans and other receivables using a provision matrix

31 December 2022	Current	30-60 days	61-90 days	91-120 days	› 120 days	Total
Expected credit loss rate	2.98%	0%	0%	0%	0.60%	0.88%
Total gross carrying amounts of other receivables	252 107	-	-	-	1 932 739	2 184 846
Expected credit loss	7 517	-	-	-	11 616	19 133
31 December 2021	**Current**	**30-60 days**	**61-90 days**	**91-120 days**	**› 120 days**	**Total**
Expected credit loss rate	7%	0%	0%	0%	1.3%	4.8%
Total gross carrying amounts of other receivables	107 697	-	-	-	71 676	179 373
Expected credit loss	7 722	-	-	-	939	8 661

Significant increase in credit risk

The Group monitors all financial assets and contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased. The historic data indicates a significant reduction in the defaults at 120 days and above due to better collection strategies.

Cash balances

The Group only deposits cash with financial institutions with high credit ratings. The maximum exposure to risk is equal to the carrying amount of cash and bank balances as disclosed in note 20. No ECL was recognised on cash and cash equivalents as it was not considered material.

Financial guarantees

The loan balances outstanding as at 31 December 2022 for farmers and car loans were ZWL58 247 838 (2021: ZWL41 689 375) and ZWL17 533 986 (2021: ZWL21 292 540) respectively. In 2021, the Group used to guarantee loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The Group's maximum exposure to credit risk in those years was a result of these guarantees and was equal to the loan balances outstanding as at 31 December 2021.

Loans receivables and amounts owed by group companies

The Company obtains loans from local banks on behalf of its main operating subsidiary, Dairibord Zimbabwe (Private) Limited. The Company therefore has a receivable from Dairibord Zimbabwe (Private) Limited and a corresponding liability owing to the bank. In determining ECL on loans receivables and amounts owed by group companies the Company follows the approach used by the Group for other receivables as detailed above. The credit risk of the subsidiary to which the amounts were advanced is considered to be low. As a result, no ECL was recognised as it was considered to be insignificant. The maximum exposure to credit risk is equal to the carrying amounts reflected in notes 15, 18 and 22.

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25.1 Trade receivables (continued)

Write off policy

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owed to the Group. A write-off constitutes a derecognition event.

25.2 Liquidity risk

The Group consistently monitors its risk to a shortage of funds. This requires that the Group considers the maturity of both its financial investments and financial assets e.g. accounts receivables, other financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and debentures.

The table below summaries the maturity profile of the Group and Company's financial liabilities as at 31 December 2022 and 31 December 2021 based on contractual discounted payments:

GROUP

Liabilities	On demand	0 to 3 months	3 to 12 months	1 to 5 years	+ 5 years	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Year ended 31 December 2022						
Interest bearing borrowings	-	1 631 140	274 263	1 101 946	-	3 007 349
Trade and other payables	-	10 926 141	-	-	-	10 926 141
Lease liabilities	-	72 679	218 038	422 026	-	712 743
	-	**12 629 960**	**492 301**	**1 523 972**	**-**	**14 646 233**

	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Year ended 31 December 2021						
Interest bearing borrowings	-	132 611	215 011	247 396	-	595 018
Trade and other payables	-	1 031 123	-	-	-	1 031 123
Lease liabilities	-	4 962	14 887	6 417	-	26 266
	-	**1 168 696**	**229 898**	**253 813**	**-**	**1 652 407**

COMPANY

Liabilities	On demand	0 to 3 months	3 to 12 months	1 to 5 years	+ 5 years	Total
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Year ended 31 December 2022						
Interest bearing borrowings	-	1 198 914	-	885 326	-	2 084 240
Trade and other payables	-	272 128	-	-	-	272 128
Amounts owed to group companies	-	4 327	-	-	-	4 327
	-	**1 475 369**	**-**	**885 326**	**-**	**2 360 695**

	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Year ended 31 December 2021						
Interest bearing borrowings	-	42 387	177 624	206 700	-	426 711
Trade and other payables	-	42 959	-	-	-	42 959
Amounts owed to group companies	-	2 653	-	-	-	2 653
Lease liabilities	-	1 160	3 479	8 729	-	13 368
	-	**89 159**	**181 103**	**215 429**	**-**	**485 691**

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

25.3 Changes in liabilities arising from financing activities

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Changes in liabilities arising from financing activities				
Balance as at 1 January	**2 085 640**	**2 460 452**	**606 714**	**445 290**
Interest bearing borrowings	2 045 434	2 429 094	595 018	439 615
Interest accrued	40 206	31 358	11 696	5 675
New loans	3 539 179	3 785 735	3 539 179	866 583
Loan repayments	(1 853 750)	(2 877 080)	(1 853 750)	(711 180)
Interest expense	(1 718 316)	1 450 103	1 457 355	333 102
Interest paid	1 718 316	(1 441 256)	(860 544)	(327 082)
Exchange differences	777 713	-	118 395	-
Inflation effect	(1 541 433)	(1 292 314)	-	-
Balance as at 31 December	**3 007 349**	**2 085 640**	**3 007 349**	**606 714**
Interest bearing borrowings	3 007 349	2 045 434	3 007 349	595 018
Interest accrued	-	40 205	-	11 696

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Changes in liabilities arising from financing activities				
Balance as at 1 January	**1 507 065**	**1 750 692**	**438 407**	**316 709**
Interest bearing borrowings	1 466 860	1 720 937	426 711	311 324
Interest accrued	40 205	29 755	11 696	5 385
New loans	2 774 404	2 574 480	2 774 404	587 771
Loan repayments	(1 297 870)	(1 872 882)	(1 297 870)	(472 384)
Interest expense	514 337	843 697	1 287 941	195 924
Interest paid	(784 029)	(833 246)	(784 029)	(189 614)
Exchange differences	563 349	-	(7 911)	-
Inflation effect	(866 314)	(955 675)	-	-
Balance as at 31 December	**2 410 942**	**1 507 065**	**2 410 942**	**438 406**
Interest bearing borrowings	2 410 942	1 466 860	2 410 942	426 711
Interest accrued	-	40 205	-	11 696

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

25.3 Changes in liabilities arising from financing activities

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates as well as the availability of foreign currency in the market. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (given the Group's foreign obligations arising from the import bill). The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or procuring goods from the local market. The Group's exposure to the risk of unavailability of foreign currency relates primarily to challenges in accessing the foreign currency to settle foreign currency denominated liabilities and when available, the price at which the foreign currency will be purchased at in RTGS currency which can result in significant exchange losses. The Group's foreign currency liabilities as at 31 December 2022 stand at US$10.3M (2021: US$2.8m).

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, payables and borrowings are denominated. As at 31 December 2022 the Group's exposure was due to cash and bank balances, prepayments, trade receivables and trade payables. The company's exposure is limited to cash and bank balances.

The following table demonstrates the sensitivity to a reasonable possible change in the US$ exchange rate. The sensitivity analysis in the following sections relate to the position as at 31 December in 2022 and 2021. The sensitivity analysis has been prepared on the basis that the amount of the net foreign asset/liability will increase or decrease in response to fluctuations in exchange rate, all things being constant. In determining the percentage change, we considered exchange rate fluctuations for the year ended December 2022, including post year end movements.

	GROUP			COMPANY		
	Change in rates	Effect on profit before tax	Effect on equity	Change in rates	Effect on profit before tax	Effect on equity
2022	+10%	(355 524)	(267 639)	+10%	1 203	905
	-10%	355 524	267 639	-10%	984	741
2021	+10%	150 759	113 491	+10%	156 675	117 945
	-10%	(150 759)	(113 491)	-10%	(156 675)	(117 945)

25.5. Interest rate 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. As at 31 December 2022, the Group's exposure to the risk of changes in market interest rates was indeterminable due to the hyperinflationary environment that affects the interest rates applicable to the group's borrowings. This is indicated in the fluctuation of interest rates between 40% - 140% that the Group has experienced over the past year.

The Group's policy for managing interest rate risk is to keep most of its borrowings at fixed rates of interests; with an option to re-negotiate interest rates for term loans every year. As at 31 December 2022, all the Group's loans were at interest rates in line with monetary policy pronouncements.

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25.6. Capital management

The primary objective of the company's capital management is to ensure that the company maintains a healthy capital ratio in order to support the business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the year ended 31 December 2022.
The Group monitors capital using a gearing ratio, which is calculated as historical interest bearing borrowings less cash and bank balances divided by equity plus interest bearing borrowings. The gearing ratio should not exceed 30%. The Group also monitors capital using net debt divided by total capital plus net debt. The Group's policy is to keep the net debt ratio below 50%. The net debt is calculated as the sum of historical interest-bearing loans and borrowings, bank overdrafts and trade and other payables, less cash and cash equivalents.

The Company monitors capital using a gearing ratio, which is historical interest bearing borrowings less cash and bank balances and loans receivable divided by equity plus interest bearing borrowings. The Group's policy is to keep the gearing below 50%. The net debt is calculated as the sum of interest-bearing loans and borrowings, bank overdrafts and trade and other payables, less cash and cash equivalents and loans receivable.

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Computation of gearing				
Interest bearing borrowings (Note 19)	1 494 856	2 045 434	1 494 856	595 018
Lease liability	1 905 403	80 339	1 905 403	23 371
Less cash and short-term deposits (Note 20)	(1 832 252)	(368 183)	(1 832 252)	(107 105)
Net interest-bearing borrowings	1 568 007	1 757 590	1 568 007	511 284
Equity	18 479 606	6 475 946	12 134 183	1 883 858
Interest bearing borrowings & equity	20 047 613	8 233 536	13 702 190	2 395 142
Gearing	**8%**	**21%**	**11%**	**21%**

Computation of net debt to debt plus equity				
Interest bearing borrowings (Note 19)	1 494 856	2 045 434	1 494 856	595 018
Lease liability	1 905 403	80 339	1 905 403	23 371
Trade and other payables (Note 18)	9 253 602	3 544 587	9 253 602	1 031 123
Contract liabilities	247 911	283 293	247 911	82 410
Less cash and short-term deposits (Note 20)	(1 832 252)	(368 183)	(1 832 252)	(107 105)
Net Debt	11 069 520	5 585 470	11 069 520	1 624 817
Equity	12 134 183	6 475 946	12 134 183	1 883 858
Capital and debt	23 203 703	12 061 416	23 203 703	3 508 675
Net debt to equity	**48%**	**46%**	**48%**	**46%**

FINANCIAL REPORTS

NOTES TO THE FINANCIAL STATEMENTS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

25.6. Capital management

COMPANY

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Computation of gearing				
Interest bearing borrowings (Note 19)	1 035 675	1 466 860	1 035 675	426 711
Lease liability	1 525 616	45 954	1 525 616	13 368
Less cash and short-term deposits (Note 20)	(9 006)	(16 367)	(9 006)	(4 761)
Less loans receivable (Note 15)	(2 413 097)	(1 474 267)	(2 413 097)	(428 865)
Net interest-bearing borrowings	139 188	22 179	139 188	6 452
Equity	8 602 843	75 438	69 819	21 945
Interest bearing borrowings & equity	8 742 031	97 617	209 007	28 397
Gearing	**2%**	**23%**	**67%**	**23%**

Computation of net debt to debt plus equity				
Interest bearing borrowings (Note 19)	1 035 675	1 466 860	1 035 675	426 711
Lease liability	1 525 616	45 954	1 525 616	13 368
Trade and other payables (Note 18)	272 128	147 676	272 128	42 959
Amounts owed to group companies	4 327	9 119	4 327	2 653
Less cash and short-term deposits (Note 20)	(9 006)	(16 367)	(9 006)	(4 761)
Less loans receivable (Note 15)	(2 413 097)	(1 474 267)	(2 413 097)	(428 865)
Net Debt	415 642	178 974	415 642	52 064
Equity	8 602 843	75 438	69 819	21 945
Capital and debt	9 018 485	254 412	485 461	74 009
Net debt to equity	**5%**	**70%**	**86%**	**70%**

26. CAPITAL COMMITMENTS

GROUP

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Authorized and contracted	74 736	388 497	74 736	113 014
Authorized but not yet contracted	1 976 414	2 885 576	1 976 414	839 416
Total	**2 051 150**	**3 274 072**	**2 051 150**	**952 430**

The capital commitments relate to capital expenditure and will be financed from the Group's own resources and borrowings.

The company has no capital commitments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

27. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

27.1 Earnings Per Share

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

Diluted earnings per share amounts are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The information below was used to calculate earnings per share

	GROUP			
	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Weighted average number of ordinary shares in issue				
For the purpose of basic earnings per share	358 000 858	238 380 780	358 000 858	238 380 780
For the purposes of diluted earnings per share	358 000 858	238 380 780	358 000 858	238 380 780
Profit for the year used in the calculation of basic and diluted earnings per share	1 754 486 493	208 370 912	2 015 922 252	476 334 545
Basic earnings per share (ZWL)				
Basic earnings per share	4.90	0.58	5.63	1.33
Diluted earnings per share (ZWL)				
Diluted earnings per share	4.90	0.58	5.63	1.33

27.2 Headline Earnings Per Share

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable. The Group has presented HEPs in line with the guidance issued by South Africa Institute of Chartered Accountants, ("SAICA") Circular 1/21 in the absence of similar guidance on the local market.

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

	GROUP			
	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZW$	ZW$	ZW$	ZW$
Profit attributable to ordinary equity holders of the parent for basic earnings	1 754 487	208 371	2 015 924	476 334
Profit on disposal of property, plant and equipment	(18 228)	(11 902)	(14 103)	(4 005)
Profit on disposal of scrap	(16 104)	(17 982)	(11 740)	(4 115)
Lease remeasurement gain	(72 551)	-	(109 681)	-
Fair value adjustment on investment property	(435 415)	87 536	(679 625)	(21 486)
Tax effect	134 056	(14 252)	201 505	7 319
Profit attributable to ordinary equity holders of the parent for Headline earnings	1 346 245	251 771	1 402 279	454 047

	2022	2021	2022	2021
	No.	No.	No.	No.
Weighted average number of ordinary shares for basic earnings per share	358 000 858	358 000 858	358 000 858	358 000 858
Lease remeasurement gain	358 000 858	358 000 858	358 000 858	358 000 858
Number of shares in issue Weighted average number of ordinary shares for diluted earnings per share	358 000 858	358 000 858	358 000 858	358 000 858
HEPS	3.76	0.70	3.92	1.27

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Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

28. SEGMENT INFORMATION

The Group has three operating segments which are listed below. The segments are identified based on their products and services.

Manufacturing and distribution (Zimbabwe)- manufacture and marketing of milks, foods, and beverages.
Properties - leasing of properties
Corporate - management and corporate services

The manufacturing segment is the main operating segment of the Group, generating almost all of the Group's revenue and cash flows.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group's Chief Executive Officer is the Chief Operating Decision Maker.

	Manufacturing and distribution (Zimbabwe)	Properties	Corporate	Adjustments and eliminations	Group
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Revenue					
Revenue from contracts with external customers	63 301 322	-	-	-	63 301 322
Revenue from contracts with internal customers	1 385	-	-	(1 385)	-
Revenue from management services and royalties	-	-	1 068 917	(1 068 917)	-
Rental income -internal customers	-	145 521	-	(145 521)	-
Rental income -external customers	-	75 943	-	-	75 943
Total revenue	**63 302 707**	**221 464**	**1 068 917**	**(1 215 823)**	**63 377 265**
Results					
Depreciation and amortisation	903 584	203	19 402	218 994	1 142 183
Operating profit	3 283 408	119 054	(411 596)	3 040 557	6 031 423
Finance income	15 516	-	1 082 583	(1 075 624)	22 475
Finance costs	1 590 782	-	522 462	(394 928)	1 718 316
Segment (loss)/profit before tax	1 708 142	499 151	148 525	1 979 764	4 335 582
Income tax	2 445 959	372 754	84 090	(321 708)	2 581 095
Segment assets	19 131 188	11 936 395	35 954 456	(31 067 585)	35 954 454
Segment liabilities	17 868 526	623 646	2 718 207	(3 735 530)	17 474 849
Capital expenditure	1 693 539	-	117 858	-	1 811 397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

28. SEGMENT INFORMATION (continued)

YEAR ENDED 31 DECEMBER 2021

Inflation adjusted

	Manufacturing and distribution (Zimbabwe)	Properties	Corporate	Adjustments and eliminations	Group
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Revenue					
Revenue from contracts with external customers	45 238 658	-	-	-	45 238 658
Revenue from contracts with internal customers	1 845	-	-	(1 845)	-
Revenue from management services and royalties	-	-	817 609	(817 609)	-
Rental income -internal customers	-	351 287	-	(351 287)	-
Rental income -external customers	-	39 382	-	-	39 382
Total revenue	**45 240 503**	**390 669**	**817 609**	**(1 170 741)**	**45 278 040**
Results					
Depreciation and amortisation	962 770	174	41 137	16 862	1 020 943
Operating profit	3 232 896	329 016	303 550	(1 147 469)	2 717 993
Finance income	35 782	-	848 378	(873 780)	10 380
Finance costs	1 755 101	-	869 408	(1 130 699)	1 493 810
Segment profit/(loss) before tax	2 087 349	(1 059 177)	383 624	(521 025)	890 770
Income tax	(1 318 677)	13 643	53 851	1 933 582	682 399
Segment assets	19 618 636	5 484 685	10 269 579	(14 435 417)	20 937 483
Segment liabilities	8 992 745	251 938	1 731 170	(1 701 155)	9 274 698
Capital expenditure	1 056 274	1 741	997	-	1 059 012

The transactions between operating segments are at arm's length.
The adjustments and eliminations columns relate to inter-segments transactions and balances which are eliminated on consolidation.

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NOTES TO THE FINANCIAL STATEMENTS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

28. SEGMENT INFORMATION (continued)

Unaudited historical*

YEAR ENDED 31 DECEMBER 2022

	Manufacturing and distribution (Zimbabwe)	Properties	Corporate	Adjustments and eliminations	Group
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Revenue					
Revenue from contracts with external customers	45 576 241	-	-	-	45 576 241
Revenue from contracts with internal customers	1 384	-	-	(1 384)	-
Revenue from management services and royalties	-	-	782 843	(782 843)	-
Rental income -internal customers	-	80 129	-	(80 129)	-
Rental income -external customers	-	54 937	-	-	54 937
Total revenue	**45 577 625**	**135 065**	**782 843**	**(864 356)**	**45 631 178**
Results					
Depreciation and amortisation	88 480	109	11 775	61 075	161 439
Operating profit	4 173 468	106 112	606 146	(535 745)	4 349 981
Finance income	15 516	-	784 550	(792 574)	7 492
Finance costs	1 590 782	-	1 291 726	(1 278 203)	1 604 305
Segment profit before tax	1 709 423	109 864	98 969	834 912	2 753 168
Income tax	867 395	(152 050)	51,095	(29 196)	737 244
Segment assets	17 186,766	11,936,395	2 776 033	(3 500 633)	28 398 561
Segment liabilities	15 202 221	280 674	2 706 208	(1 924 725)	16 264 378
Capital expenditure	1 447 627	-	100 223	-	1 547 850

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

28. SEGMENT INFORMATION (continued)

Unaudited historical*

YEAR ENDED 31 DECEMBER 2021

	Manufacturing and distribution (Zimbabwe)	Properties	Corporate	Adjustments and eliminations	Group
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Revenue					
Revenue from contracts with external customers	10 626 166				10 626 166
Revenue from contracts with internal customers	480	-	-	(480)	-
Revenue from management services and royalties	-	-	195 807	(195 807)	-
Rental income -internal customers	-	80 129	-	(80 129)	-
Rental income -external customers	-	9 253	-	-	9 253
Total revenue	**10 626 646**	**89 382**	**195 807**	**(276 416)**	**10 635 419**
Results					
Depreciation and amortisation	49 770	27 182	4 143	(28 297)	52 798
Operating profit	922 709	58 451	77 070	(51 832)	1 019 138
Finance income	8 274	-	196 954	(202 765)	2 463
Finance costs	418 850	-	201 779	(277 503)	343 126
Segment profit before tax	502 061	80 856	72 654	22 904	678 475
Income tax	190 441	30 318	15 219	(33 837)	202 141
Segment assets	3 289 984	1 595 499	501 969	(1 289 175)	4 098 277
Segment liabilities	2 696 695	73 289	480 024	(1 035 589)	2 214 419
Capital expenditure	279 165	424	254	-	279 843

The transactions between operating segments are at arm's length.
The adjustments and eliminations columns relate to inter-segments transactions and balances which are eliminated on consolidation.

FINANCIAL REPORTS

NOTES TO THE FINANCIAL STATEMENTS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

29. PRIOR YEAR CORRECTION

During the year ended December 31, 2022, the Group reassessed the relevance and reliability of the presentation of some items in the statement of profit or loss to an understanding of the Group's financial performance. Based on the reassessment, the Group determined that the presentation of the identified items were no longer and appropriate for inter-period comparability as there had been a mixture of the classification by both nature and function in the accounts. The Group has retrospectively applied this change in presentation to its financial statements for the year ended December 31, 2022.

Fair value gain/loss on investment properties	Now presented under other income
Exchange gains	Now presented under other income. To be further disaggregated into the following in other income note to enhance an understanding of the nature of the income and expenses: - Realised exchange gains; and - Unrealised exchange gains
Exchange losses	Now presented under other expenses to fully comply with the Group's presentation of expense classification by function To be further disaggregated into the following in other expenses note to enhance an understanding of the nature of the income: - Realised exchange losses; and - Unrealised exchange losses.
Net monetary gain/(loss)	Now presented as part of operating profit

The change in presentation has been applied retrospectively and has an impact on the Group's reported operating profit but not the net profit for the year ended December 31, 2021.

As a result of the change, the comparative figures for the year ended December 31, 2021, have been restated to reflect the new presentation. The impact of the change on the comparative figures for the year ended December 31, 2021, is as follows

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

29. PRIOR YEAR CORRECTION (continued)

GROUP

	ZWL'000	ZWL'000	ZWL'000	
Inflation Adjusted	**Previously Presented**	**Adjustment Impact**	**Restated**	**Nature of change where applicable**
Gross Profit	**10 348 786**	**-**	**10 348 786**	
Other income	-	60 279	60 279	Fair value and exchange gains reallocated to comply with the Group's presentation of expense classification by function.
Other expenses	-	(126 854)	(126 854)	Fair value and exchange losses reallocated to comply with the Group's presentation of expense classification by function.
Selling and distribution expenses	(4 212 984)	-	(4 212 984)	
Administration expenses	(3 438 983)		(3 438 983)	
Allowance for expected credit losses	(39 104)	-	(39 104)	
Monetary gain/(loss)	-	(216 939)	(216 939)	Now presented as a part of operating profit/loss
Operating profit/loss	**2 717 993**	**(343 793)**	**2 374 200**	
Fair value (loss)/gain on investment properties	(87 536)	87 536	-	Reallocated to fall under other operating income/(expenses)
Exchange (loss)/gain	(39 318)	39 318	-	Reallocated to fall under other operating income/(expenses)
Net monetary (loss)/gain	(216 939)	216 939	-	Now presented as a part of other operating income/(expenses)
Finance costs	(1 493 810)	-	(1 493 810)	
Finance income	10 380	-	10 380	
Profit before tax	**890 770**	**-**	**890 770**	

COMPANY

	ZWL'000	ZWL'000	ZWL'000	
Inflation Adjusted	**Previously Presented**	**Adjustment Impact**	**Restated**	**Nature of change where applicable**
Gross Profit	**817 609**	**-**	**817 609**	
Other operating income	2 300	1 537	3 837	Exchange gains now presented under Other operating income
Administration expenses	(516 359)	-	(516 359)	
Monetary gain/(loss)	-	99 567	99 567	Now presented as a part of operating
Operating profit	**303 550**	**101 104**	**404 654**	
Exchange (loss)/gain	1 537	(1 537)	-	Reallocated to fall under Other operating income/(expenses)
Net monetary (loss)/gain	99 567	(99 567)	-	Now presented as a part of Other operating income
Finance costs	(869 408)	-	(869 408)	
Finance income	848 378	-	848 378	
Finance income	10 380	-	10 380	
Profit before tax	**383 624**	**-**	**383 624**	

FINANCIAL REPORTS

NOTES TO THE FINANCIAL STATEMENTS

Endurable Business, Endurable Brands

FOR THE YEAR ENDED 31 DECEMBER 2022

29. PRIOR YEAR CORRECTION (continued)

GROUP

	ZWL'000	ZWL'000	ZWL'000	
Inflation Adjusted	**Previously Presented**	**Adjustment Impact**	**Restated**	**Nature of change where applicable**
Gross Profit	**2 726 006**	**-**	**2 726 006**	
Other income	15 174	114 112	60 279	Fair value and exchange gains reallocated to comply with the Group's presentation of expense classification by function.
Other expenses	-	(126 854)	(126 854)	Fair value and exchange losses reallocated to comply with the Group's presentation of expense classification by function.
Selling and distribution expenses	(970 137)		(970 137)	
Administration expenses	(753 611)	-	(753 611)	
Allowance for expected credit losses	(11 036)	-	(11 036	
Operating profit	**1 006 396**	**12 742**	**1 019 138**	
Fair value (loss)/gain on investment properties	21 485	(21 485)	-	Reallocated to fall under Other operating income/(expenses)
Exchange (loss)/gain	(8 743)	8 743	-	Reallocated to fall under Other operating income/(expenses)
Finance costs	(343 126)	-	(343 126)	
Finance income	2 463	-	2 463	
Profit before tax	**678 475**	**-**	**678 475**	

COMPANY

	ZWL'000	ZWL'000	ZWL'000	
Inflation Adjusted	**Previously Presented**	**Adjustment Impact**	**Restated**	**Nature of change where applicable**
Gross Profit	**195 807**	**-**	**195 807**	
Other operating income/expenses	514	409	923	Exchange gains now presented under Other operating income/ expenses
Administration expenses	(119 251)	-	(119 251)	
Operating profit	**77 070**	**409**	**77 479**	
Exchange (loss)/gain	409	(409)	-	Now presented under other operating income/expenses
Finance costs	(201 779)	-	(201 779)	
Finance income	196 954	-	196 954	
Profit before tax	**72 654**	**-**	**72 654**	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

30. PENSION AND RETIREMENT PLANS

30.1. Defined contribution funds

All employees of the Group are eligible to be members of defined contributions funds.

30.2. National Social Security Authority Scheme

This is a scheme established under the National Social Security Authority Act (1989). Contributions per employee is 4.5% per month up to a maximum pensionable salary of ZWL500 966. This scheme is a defined contribution scheme from the Group's perspective.

30.3 Pension costs charged to profit and loss during the year

	INFLATION ADJUSTED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Group				
National Social Security Authority Scheme - Zimbabwe	85 177	37 875	62 129	11 018
Defined contribution funds	135 405	125 452	93 090	36 494
	220 582	**163 327**	**155 219**	**47 512**
Company				
National Social Security Authority Scheme - Zimbabwe	508	146	374	42
Defined contribution funds	4 382	7 014	2 572	2 041
	4 890	**7 160**	**2 946**	**2 083**

31. GROUP COMPANIES

The following balances arise from normal trading activities:

31.1. Amounts owed by group companies

COMPANY

	INFLATED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Goldblum Investments (Private) Limited	15 172	17 524	15 172	5 098
Qualinnex Investments (Private) Limited	5 271	4 298	5 271	1 250
Dairibord Zimbabwe (Private) Limited	-	19 583	-	5 697
	20 443	**41 405**	**20 443**	**12 045**

The amounts owed by group companies have no fixed repayment terms and are interest free. The intercompany receivables and payables have been assessed as low credit risk as these have been performing and the group companies have a strong financial position.

31.2. Amounts owed to group companies

COMPANY

	INFLATED		HISTORICAL UNAUDITED*	
	2022	2021	2022	2021
	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Chatmoss Enterprises (Private) Limited	2 033	5 550	2 033	1 614
Slimline Investments (Private) Limited	2 294	3 569	2 294	1 038
	4 327	**9 119**	**4 327**	**2 652**

These amounts relate to property rentals received by the holding company on behalf of the property companies. The amounts are interest free and repayable on demand.

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32. CHANGE IN DATE OF APPLICATION OF IAS 29

In February 2019, the Government of Zimbabwe issued Statutory Instrument (S.I.) 33 of 2019, which among other things, prescribed parity between the US dollar and local mediums of exchange as at and up to the effective date of 22 February 2019 for accounting and other purposes. S.I. 33 also prescribed the manner in which certain balances were to be treated as a consequence of the recognition of the RTGS dollar / ZW dollar as currency in Zimbabwe. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing the consolidated financial statements for prior years to comply with statutory requirements were contrary to the provisions of IAS 21 – The Effects of Changes in Foreign Exchange Rates. There was a general consensus amongst market participants that the date of change in functional currency should have been 1 October 2018. Based on the consensus, the changes in the general pricing power of the functional currency ought to apply from 1 October 2018.

The Directors have in the current year assessed the cumulative effects of non-compliance with IAS 21 and the related impact on IAS 29 and have adjusted opening equity components as disclosed on the statement of changes in equity.

GROUP

Consolidated statement of financial position
Impact of correction of error

	ZWL'000	ZWL'000	ZWL'000
	Balance as at 31 December 2020	Adjustment	2021 Balance restated after the correction
Assets			
Property, plant and equipment (note 11)	8 447 910	4 145 500	12 593 409
Intangible assets (note 14)	27 801	13 934	41 735
	3	4	5
Liabilities			
Deferred tax liability	(2 095 196)	(1 028 212)	(3 123 408)
	14.81%	15.05%	15.34%
Equity			
Share capital (note 24)	(4 895)	(1 668)	(6 562)
Share premium	(188 640)	(64 263)	(252 903)
Retained earnings	**6 354 507**	**3 065 291**	**9 419 798**

COMPANY

Impact of correction of error
Statement of financial position

	ZWL'000	ZWL'000	ZWL'000
	Balance as at 31 December 2020	Adjustment	2021 Balance restated after the correction
Assets			
Property, plant, and equipment (note 11)	68 637	2 156	70 793
Intangible assets (note 14)	12 435	3 927	16 362
Investment in subsidiaries (note 10)	6 372 031	2 170 729	8 542 760
Liabilities			
Deferred tax liability	(8 837)	(1 504)	(10 341)
Equity			
Share capital (note 24)	(4 895)	(1 668)	(6 562)
Share premium	(188 640)	(64 263)	(252 903)
Retained earnings	**6 343 623**	**2 109 378**	**8 453 001**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

33. EVENTS AFTER THE REPORTING PERIOD

After the reporting date, the Board of directors declared a final dividend of ZWL358,000,858 from 2022 profits on the 14th of April 2023. The dividend translates to ZWL1 per share. The dividend will be paid on or about 13 May 2023.

There were no other significant events subsequent to the reporting period that may have an adjusting impact to these financial statements.

34. GOING CONCERN

The directors have assessed the ability of the Group to continue as a going concern and have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future.

The Directors have assessed the ability of the Company to continue as a going concern and have satisfied themselves that despite the net current liability position of the Company of ZWL217 676 000 at year end, the Company is able to operate as a going concern and if necessary, is able to obtain cash through dividends from its subsidiary companies which are all operating profitably and in sound financial position.

Accordingly, the Directors believe that the preparation of these financial statements, on a going concern basis is still appropriate.

Annexure

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GRI Content Index

GRI Standard	Disclosure	Page number(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	**Organisational profile**				
	102-1 Name of the organization	Cover page			
	102-2 Activities, brands, products, and services	8,9,10			
	102-3 Location of headquarters	69			
	102-4 Location of operations	8			
	102-5 Ownership and legal form	8, 159			
	102-6 Markets served	11			
	102-7 Scale of the organization	8, 16, 58, 142			
	102-8 Information on employees and other workers	55- 59			
	102-9 Supply chain	9,41			
	102-10 Significant changes to the organization and its supply chain	41			
	102-11 Precautionary Principle or approach	31			
	102-12 External initiatives	63-64			
	102-13 Membership of associations	12			
	Strategy				
	102-14 Statement from senior decision-maker	17			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behaviour	4			
	Governance				
	102-18 Governance structure	27-30			
	Stakeholder engagement				
	102-40 List of stakeholder groups	38			
	102-41 Collective bargaining agreements	60			
	102-42 Identifying and selecting stakeholders	38			
	102-43 Approach to stakeholder engagement	38			
	102-44 Key topics and concerns raised	38			
	Reporting practice				
	102-45 Entities included in the consolidated financial statements.	8			
	102-46 Defining report content and topic Boundaries	5			
	102-47 List of material topics	37			
	102-48 Restatements of information	5			
	102-49 Changes in reporting	5,37	There were changes in the list of material topics		
	102-50 Reporting period	5	The reporting period for this report is from 1 January 2022 to 31 December 2022		
	102-51 Date of most recent report	5	31 December 2021		
	102-52 Reporting cycle	5	We report on an annual basis.		
	102-53 Contact point for questions regarding the report				
	102-54 Claims of reporting in accordance with the GRI Standards	5	This report has been prepared in accordance with the GRI Standards Core option.		
	102-55 GRI content index	156			
	102-56 External assurance	5			

ANNEXURE

Endurable Business, Endurable Brands

GRI Content Index Cont.

GRI Standard	Disclosure	Page number(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
200 series (Economic topics)					
Economic Performance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	5, 65			
	103-2 The management approach and its components	65			
	103-3 Evaluation of the management approach	65			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	78			
	201-3 Defined benefit plan obligations and other retirement plans	152			
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	5, 65			
	103-2 The management approach and its components	63			
	103-3 Evaluation of the management approach	63-64			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	64			
Anti-Corruption					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	5, 66			
	103-2 The management approach and its components	66			
	103-3 Evaluation of the management approach	66			
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 41			
	103-2 The management approach and its components	41- 43			
	103-3 Evaluation of the management approach	41- 43			
300 series (Environmental topics)					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 50- 52			
	103-2 The management approach and its components	50 - 52			
	103-3 Evaluation of the management approach	50- 52			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	51			
	302-2 Energy consumption outside of the organization	51			
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 52			
	103-2 The management approach and its components	52			
	103-3 Evaluation of the management approach	52			
GRI 303: Water and Effluents 2018	303-5 Water consumption	52			
Materials					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 50			
	103-2 The management approach and its components	50, 51			
	103-3 Evaluation of the management approach	51, 52			
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 41			
	103-2 The management approach and its components	41			
	103-3 Evaluation of the management approach	41			
Emissions					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 54			
	103-2 The management approach and its components	53			
	103-3 Evaluation of the management approach	54			
GRI 305 Emissions 2016	305-1 Direct Scope 1 GHG Emissions	54			
	305-2 Energy Indirect (Scope 2) GHG Emissions.	54			

GRI Content Index Cont.

GRI Standard	Disclosure	Page number(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
400 series (Social topics)					
Employment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 55			
	103-2 The management approach and its components	55- 59			
	103-3 Evaluation of the management approach	59			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	56			
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 60			
	103-2 The management approach and its components	60			
	103-3 Evaluation of the management approach	61			
GRI 403: Occupational Health and Safety 2018	403-2 Hazard Identification, risk assessment, and incident investigation	62			
	403-9 Work related injuries	62			
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 59			
	103-2 The management approach and its components	59			
	103-3 Evaluation of the management approach	59			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	59			
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 57			
	103-2 The management approach and its components	57, 58			
	103-3 Evaluation of the management approach	57, 58			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	57, 58			

ANNEXURE

DAIRIBORD 70 YEARS | Endurable Business, Endurable Brands

SHAREHOLDER ANALYSIS

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY VOLUME AS AT 31 December 2022

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	3,893,650	1.09	5,315	92.29
5001-10000	782,805	0.22	107	1.86
10001-25000	1,866,296	0.52	108	1.88
25001-50000	2,543,332	0.71	68	1.18
50001-100000	4,012,282	1.12	53	0.92
100001-200000	5,172,267	1.44	35	0.61
200001-500000	7,150,987	2.00	24	0.42
500001-1000000	12,893,901	3.60	18	0.31
1000001 and Above	319,685,338	89.30	31	0.54
Totals	**358,000,858**	**100.00**	**5,759**	**100.00**

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY INDUSTRY AS AT 31 December 2022

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	160,953,911	44.96	307	5.33
LOCAL NOMINEE	79,136,688	22.11	111	1.93
OTHER INVESTMENTS & TRUST	45,679,900	12.76	52	0.90
PENSION FUNDS	31,067,165	8.68	58	1.01
LOCAL INDIVIDUAL RESIDENT	24,821,691	6.93	5,025	87.25
NEW NON RESIDENT	11,935,931	3.33	31	0.54
TRUSTS	2,609,852	0.73	23	0.40
BANKS	1,026,433	0.29	04	0.07
DECEASED ESTATES	375,766	0.10	120	2.08
FOREIGN COMPANIES	134,953	0.04	02	0.03
LOCAL COMPANIES CORPORATE	81,779	0.02	01	0.02
INSURANCE COMPANIES	69,303	0.02	07	0.12
FUND MANAGERS	52,394	0.01	05	0.09
CHARITABLE	37,827	0.01	09	0.16
FOREIGN INDIVIDUAL RESIDENT	10,800	0.00	03	0.05
FOREIGN NOMINEE	6,465	0.00	01	0.02
Totals	**358,000,858**	**100.00**	**5,759**	**100.00**

DAIRIBORD HOLDINGS LIMITED TOP 20: SCHEDULE AS AT 31-December-2022

Names	Country	Industry	Shares	Percentage
STANBIC NOMINEES (PVT) LTD	ZIM	LN	88,167,745	24.63
MEGA MARKET (PVT) LTD	ZIM	LC	74,902,953	20.92
OLD MUTUAL LIFE ASS CO ZIM LTD	ZIM	LC	49,079,771	13.71
SERRAPIN INVESTMENTS (PVT) LTD	ZIM	INV	43,206,644	12.07
MINING INDUSTRY PENSION FUND	ZIM	PF	17,667,266	4.93
DZL HOLDINGS EMPLOYEE SHARE TRUST	ZIM	LC	10,020,500	2.80
SCB NOMINEES 033663900002	ZIM	LC	8,529,208	2.38
ANTONY MANDIWANZA	ZIM	LR	8,399,193	2.35
LALIBELA LIMITED	SWI	NNR	6,289,796	1.76
HIPPO VALLEY ESTATES PF-IMARA	ZIM	PF	2,647,353	0.74
GROUP FIVE COMPANIES P/L	ZIM	LC	2,600,000	0.73
MERCY NDORO	ZIM	LR	2,573,205	0.72
SIBUSISIWE. CHINDOVE	ZIM	LR	2,275,224	0.64
BERNARD CHAKEREDZA	ZIM	LR	1,932,789	0.54
DEMIVEL INVESTMENTS (PVT) LTD	ZIM	LC	1,576,503	0.44
MUTARE MART	ZIM	LC	1,572,500	0.44
NATIONAL FOODS P F-IMARA	ZIM	PF	1,505,463	0.42
AKSIA TRUST	ZIM	INV	1,360,436	0.38
DECAN TRUST	ZIM	TR	1,340,562	0.37
PHARMACEUTICALS AND CHEM D PL	ZIM	LC	1,249,006	0.35
Selected Shares			**326,896,117**	**91.31**
Non - Selected Shares			**31,104,741**	**8.69**
Issued Shares			**358,000,858**	**100.00**

NOTICE TO SHAREHOLDERS

AGM Notice to Shareholders

Notice is hereby given that the twenty-eighth Annual General Meeting (AGM) of Dairibord Holdings Limited will be held virtually at https://escrowagm.com/eagmZim/Login.aspx on 13 July 2023 at 11:00 hours for the purpose of transacting the following business:

Ordinary Business

1. To receive, consider and adopt the audited Financial Statements for the year ended 31 December 2022 together with reports of the Directors and Auditors thereon. The full annual report will be available on the company website, www.dairibord.com

2. **Election of Directors:**
   In terms of the Articles of Association of the company:

   2.1. Mr. C.R.J Hawgood retires by rotation and being eligible, offers himself for re-election. Christopher holds a BSc Hons in Agricultural Management from the University of Natal. He is the Chairman of National Dairy Cooperative and Chairman of Tavistock Estates (Pvt) Ltd.

   2.2. Mr. K.K Naik retires by rotation and being eligible, offers himself for re-election. Ketan holds an Msc in Real Estate Investment from CASS Business School and BSc in Management Sciences from Warwick Business School. He is the Chief Executive Officer of Rank Zimbabwe.

   2.3. Mr. B Henderson who was appointed non-executive director of the company with effect from 1 August 2022 retires, and being eligible, offers himself for re-election. A Chartered Accountant by profession, Bruce is a non-executive director of Electrosales-Powerspeed, Tanganda and Truworths.

   2.4. To note the retirement of long-serving Group Chief Executive Officer, Mr Antony Mandiwanza, from the company and board effective 30 September 2022. I would like to take this opportunity to thank Antony for his invaluable service to the company and wish him well in his retirement.

3. To approve the remuneration and emoluments of directors for the year ended 31 December 2022.

4. **External Auditors**

   4.1. To approve the remuneration of the auditors for the past year.

   4.2. To re-appoint Deloitte & Touche as the auditors of the company until the conclusion of the next Annual General Meeting. Deloitte has been the company's auditor for the past 2 years.

5. To note the final dividend of ZWL 358,000,858.00 declared from 2022 profits and paid on 31 May 2023.

6. **Any other business**
   To transact any other business competent to be delt with and disposed of at an Annual General Meeting.

Notes

1. In terms of the Companies and Other Business Entities Act (Chapter 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. A proxy need not be a member of the company. In terms of the Company's Articles of Association, instruments of proxy must be lodged at the registered office of the company at least forty-eight hours before the time appointed for holding the meeting.

ANNEXURE ▸

NOTICE TO SHAREHOLDERS CONT.

2. Members are requested to advise the Transfer Secretaries in writing of any changes of email address, postal address and banking details.

3. **Meeting details:**
Members are hereby advised to update their records with the Transfer Secretaries; Corpserve (Private) Limited, 4th Floor, ZB Centre, Cnr 1st Street and Kwame Nkrumah Avenue, Harare. You can also use their dedicated Corpserve helpline on +263 242 750711, +263 772 289 768 or +263 779 145 849 for assistance with the online AGM processes.

By Order of the Board

M. Karimupfumbi

Acting Company Secretary

16 June 2023

SHAREHOLDER CALENDAR

Endurable Business, Endurable Brands

2022 Annual Report published	June 2023
Twenty Eighth Annual General Meeting	July 2023
Interim report for 6 months to 30 June 2023 and dividend announcement	September 2023
Financial year end	December 2023
Publication of the results for the 12 months ending 31 December 2023 and dividend announcement	March 2024

DAIRIBORD 70 YEARS

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NOTES

ANNUAL REPORT 2022

Dairibord
Holdings
More Than Just Milk

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