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### **PERFORMANCE HIGHLIGHTS**

	Reviewed In	Reviewed Inflation Adjusted		Historical Cost
Financials	30 June 2023 ZW\$'000	2023 vs 2022 % Change	30 June 2023 ZW\$'000	2023 vs 2022 % Change
Revenue	306,046,329	56%1	99,936,991	766%1
Earnings before interest, tax, depreciation				
and amortisation	68,865,199	206%	1,033,615	-6%🖊
Operating profit before finance costs/income	61,001,360	237%	718,046	-37%
(Loss)/profit attributable to owners of the parent	(4,649,218)	-159%	(22,528,149)	-3148%
Net asset value	149,793,210	11%1	68,591,173	465%1
Basic loss per share (ZW\$)	(12.99)	-159%	(62.93)	-3148%
Volumes	30 June 2023 Litres'000	2023 vs 2022 % Change	30 June 2023 Litres'000	2023 vs 2022 % Change
Raw milk utilised	14,226	16%1	14,226	16%1
Sales	51,241	9%1	51,241	9%1

### **CHAIRMAN'S STATEMENT**

### **OPERATING ENVIRONMENT**

The Group operated under challenging economic conditions during the period under review. The environment was marked by severe inflationary pressures, currency volatility and depressed local and foreign currency liquidity. This was aggravated by global financial and political uncertainty, which gave rise to imported inflation. Such headwinds in the operating environment contributed to the 37.6% decrease in the Food Volume of Manufacturing Index, as reported by the Zimbabwe National Statistics Agency.

During the first half of the year, the Reserve Bank introduced measures to tame inflation and arrest the rapid depreciation of the Zimbabwe dollar. These included the introduction of gold-backed digital tokens to augment physical gold coins as a value preservation instrument. The Central Bank also introduced the sale of foreign currency through banks at market-determined exchange rates to support and strengthen the foreign exchange interbank market.

However, annual inflation soared to 175.8% in June 2023, a deviation from the declining trend observed in Q1. Monthon-month blended inflation increased to a record 74.5%, in June 2023 eroding disposable incomes within the consumer market though demand remained relatively firm across most product categories. Trading in the organised market continued to be constrained due to policy-induced pricing distortions. This presented challenges to the Group's routeto-market strategies.

Availability of fuel was stable. Supply of utilities remained erratic and at a high cost, with electricity being pegged in foreign currency.

### PERFORMANCE

The commentary on the financials is based on the inflationadjusted numbers. The historical numbers have been provided as supplementary information.

### **Raw Milk**

Milk Supply Development remains a key focus for the Group with a team dedicated to attracting and developing small, medium and larae-scale farmers for increased national raw milk production. According to the Dairy Services Unit of the Ministry of Agriculture, raw milk utilised by processors during the period grew 9.19% to 42.078 million litres. Dairibord utilised 14.226 million litres of this volume, a laudable 16% increase over the same period last year, which accounted for 34% of total raw milk received by processors. The sustained growth continues to buttress Dairibord's apex position as the largest dairy processor in the nation.

### Sales Volume and Revenue

Despite the adverse operating environment, the Group's cumulative sales volume performance was ahead of the comparative period last year as total sales volumes for the period grew by 9%. Liquid Milks' sales volumes recorded a 6% growth largely spurred by a 32% growth in Chimombe volumes. Beverages recorded a notable 16% uptick in sales volumes, fueled by capital investments made in this revenue segment which improved production throughput and sales.

Foods volumes declined by 23% when compared to the prior year, due to inconsistent supply of quality inputs affectina peanut butter and salad cream, and depressed demand for ice creams. The quality issues have since been resolved and the revenue segment is poised for a significant rebound in the second half of the year.

64% of the volumes sold during the period were in foreign currency, which was a significant improvement from the 39% recorded in the comparative period, an attestation of the improving foreign currency generation ability of the business.

The notable volume growth, on the back of the Group's strong brand equity, and moderate price adjustments, accounted for a 56% rise in inflation-adjusted revenue to ZWL\$306.05billion [historical: 766% to ZWL\$99.94billion] compared to the same period last year.

### **CHAIRMAN'S STATEMENT (continued)**

### Profitability

The company experienced significant cost increases on account of imported inflation and price distortions arising from exchange rate movements. There were sharp increases in material costs and utilities. Resultantly, cost of sales grew by 68% in inflation adjusted terms [historical: 640%].

The Group's operating profit grew 237% [historical: -37%] to ZWL\$61 billion [historical: ZWL\$718 million] compared to ZWL\$18.08 billion [historical: ZWL\$1.14 billion] in the prior year. The operating profit margin for the period was 20% up from 9% in prior period [historical: 1% from 10% in prior year]. The rapid depreciation of the local currency between May and June 2023 resulted in significant foreign exchange losses arising from foreign currency denominated obligations. This resulted in high foreign exchange losses of ZW\$27.49 billion, [historical: ZW\$27.49 billion] which impacted the operating performance and ZW\$42.55 billion [historical: ZW\$22.67 billion] which increased the finance costs. The foreign exchange losses weighed down the performance of the business to churn out a loss for the year of ZWL\$4.65billion (Historical ZW\$22.53 billion).

### Working capital

Significant expenditure in inventories, prepayments to suppliers and customer settlement delays stifled cash flows from operations. Shortfalls in working capital were funded from short term borrowings.

### OUTLOOK

The economic environment is expected to improve from Government interventions implemented to stabilise the economy which have resulted in stability of the foreign currency exchange markets in the months subsequent to June 2023. Due to the rapid gains in the value of the local currency which occurred in July 2023, significant portions of the foreign exchange losses recorded in the period under review were reversed and posted as foreign exchange gains. Focus is on balance sheet restructuring for value preservation and reduction of the foreign currency exposure, cash flow management and sales volume growth. Volumes sold in foreign currency by the Group peaked at 92% in July 2023, a trend which is expected to persist into the future as ZWL\$ liquidity in the market remains constrained. Business performance in United States Dollar terms is satisfactory. The Group is seized with efforts to reduce the exchange risk arising from foreign currency denominated liabilities and to strenathen cost-containment measures in a bid to improve operating margins and maximise shareholder value.

The Group is also committed to sustained growth, underpinned by continuous raw milk growth, increased capacity and optimised production capabilities from additional expansion investments. Volume arowth will also be supported by expansion of the product portfolio through new products and line extensions and regional market opportunity discovery.

### **CHAIRMAN'S STATEMENT (continued)**

The penetration into regional markets is gaining momentum with pilot projects in selected markets already underway. This is expected to improve the foreign currency earnings of the Group and diversify some of the risk affecting the Group's current operations.

### DIVIDEND

The Board has resolved not to declare a dividend for the six months period ended 30 June 2023 and preserve funds to support the Group's volume growth agenda.

### **APPRECIATION**

On behalf of the Board of Directors, I would like to express our sincere gratitude to the Group's employees and management, whose efforts continue to arow the Group's operations despite the difficult economic environment. I would also like to thank my fellow Board Members, customers, suppliers and shareholders for their unwavering support.

J Sachikonye Chairman

12 September 2023

### AUDITOR'S REVIEW CONCLUSION **STATEMENT**

The inflation adjusted financial results for the six months ended 30 June 2023 have been reviewed by the Group's external auditors, Deloitte & Touche, who have issued a qualified review conclusion due to the non-compliance with International Financial Reporting Standard 13, "Fair Value Measurements" on the Group's investment property and freehold land and buildings, as reported in the prior six-month period ended 30 June 2022 thus impacting the comparability in the current year of the prior year statement of profit and loss and other comprehensive income, and the resulting non-compliance with IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" as the fair value gains and revaluation gains of these properties were not restated in respect of the comparative six-month period.

The partner for the review engagement is Charity Mtwazi, PAAB practice certificate number 0585.

### ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### For the six months ended 30 June 2023

As	at	30	June	2023	
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		Reviewed Inflo			istorical Cost	
		30 JUNE 2023		30 JUNE 2023	30 JUNE 2022	
	Note	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000	
Revenue from contracts with customers		305,686,648	195,596,244	99,834,335	11,528,734	ASSETS
Investment property rental income		359,681	233,559	102,656	13,708	Non-curren
Revenue	3	306,046,329	195,829,803	99,936,991	11,542,442	Property, pla
Cost of sales		(247,672,906)	(147,354,427)	(62,053,742)	(8,387,984)	Investment p
Gross profit		58,373,423	48,475,376	37,883,249	3,154,458	Right of use
Other operating income	5.1	12,853,199	1,417,632	9,873,563	239,407	Intangible a
Selling and distribution expenses		(37,352,163)	(19,548,099)	(11,935,579)	(1,118,996)	
Administration expenses		(38,583,228)	(14,520,434)	(7,445,583)	(829,367)	Current as
). Dther operating expense	5.2	(27,494,113)	(4,277,346)	(27,494,113)	(306,539)	Inventories
Allowance for expected credit losses		(163,491)	-	(163,491)	-	Prepayment
Nonetary gain		93,367,733	6,537,212	-	-	Trade and o
Operating profit before finance costs/incom	ne	61,001,360	18,084,341	718,046	1,138,963	Current tax
inance costs	8.2	(72,126,276)	(5,313,999)	(34,096,135)	(304,277)	Cash and ca
inance income		80,647	25,406	19,316	1,341	
Loss)/profit before tax		(11,044,269)	12,795,748	(33,358,773)	836,027	Total asset
ncome tax	6	6,395,051	(4,920,286)	10,830,624	(96,945)	
Loss)/profit for the year		(4,649,218)	7,875,462	(22,528,149)	739,082	EQUITY AN
Other comprehensive income					· · · · · · · · · · · · · · · · · · ·	Equity
Other comprehensive income that will not						Share capit
e reclassified to profit or loss						Share prem
Revaluation of land and buildings		23,574,945	18,827,890	91,488,938	3,274,413	Revaluatior
Deferred tax		(2,930,017)	(4,654,254)	(12,145,798)	(809,435)	Retained ea
otal other comprehensive income for the y	ear	20,644,928	14,173,636	79,343,140	2,464,978	Total equit
otal comprehensive income for the year		15,995,710	22,049,098	56,814,989	3,204,060	ordinary sl
Loss)/profit for the year attributed to:		(/ (/ 0 210)	7.075 / 62	(22 520 1 ( 0)	700.000	Non-curre
Owners of the parent		(4,649,218)	7,875,462	(22,528,149)	739,082	Interest - be
otal comprehensive profit for the year						Lease liabili
ittributable to:		15 005 710	22.040.000	56.01/.000	2 204 000	Deferred ta
Owners of the parent		15,995,710	22,049,098	56,814,989	3,204,060	
						Current lia
Loss)/earnings per share (ZW\$)	•	(12.00)	22.00	(62.02)	2.00	Trade and a
lasic	9	(12.99)	22.00	(62.93)	2.06	Contract lia
Diluted	9	(12.99)	22.00	(62.93)	2.06	Interest - be
						Lease liabili
Matalana di Sana di San		358,000,858	358,000,858	358,000,858	358,000,858	Dividend pa
Neighted average number of shares in issue Neighted average number of shares adjusted for the effect of dilution		358,000,858	358,000,858	358,000,858	358,000,858	Income tax

		Reviewed Inflo	tion Adjusted	Unaudited Hi	listorical Cost
		30 JUNE 2023	31 DEC 2022	30 JUNE 2023	31 DEC 2022
	Note	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000
assets					
t and equipment	10	153,983,719	134,410,288	105,457,378	12,704,596
operty	11	7,264,000	5,644,656	7,264,000	775,000
sset		947,531	1,624,096	96,978	167,913
ets		83,125	94,214	20	289
		162,278,375	141,773,254	112,818,376	13,647,798
ts					
	12	61,536,846	63,107,372	26,417,737	6,978,445
		16,005,657	5,056,958	4,960,086	641,874
er receivables	13	30,015,451	38,588,998	30,015,451	5,298,192
set		192,631	-	192,631	-
n equivalents		1,757,941	13,345,075	1,757,941	1,832,252
		109,508,526	120,098,403	63,343,846	14,750,763
		271,786,901	261,871,657	176,162,222	28,398,561
LIABILITIES					
		47,797	47,797	36	36
n		1,842,002	1,842,002	1,380	1,380
eserve		74,475,298	53,830,370	88,684,740	9,341,600
ings		73,428,113	78,874,695	(20,094,983)	2,791,167
attributable to					
reholders		149,793,210	134,594,864	68,591,173	12,134,183
liabilities					
ing borrowings	8	9,027,733	8,025,945	9,027,733	1,101,946
ing borrowings	•		1,225,947	-	168,320
ability		17,215,656	20,855,844	2,793,014	1,652,994
ability		26,243,389	30,107,736	11,820,747	2,923,260
ities				,0_0,1	_,,
er payables	14	75,658,632	79,579,754	75,658,632	10,926,141
ities		2,444,734	1,805,644	2,444,734	247,911
ring borrowings	8	17,224,594	13,877,865	17,224,594	1,905,403
ing contowings	0	403,452	363,410	403,452	49,895
ble		18,890	23,930	18,890	3,286
yable			1,518,454	.0,000	208,482
yabic		95,750,302	97,169,057	95,750,302	13,341,118
25		121,993,691	127,276,793	107,571,049	16,264,378
and liabilities		271,786,901	261,871,657	176,162,222	28,398,561
		211,700,901	201,071,037	170,102,222	20,390,301





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### GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the six months ended 30 June 2023

Group	Share Capital ZW\$'000	Share Premium ZW\$'000	Revaluation Reserve ZW\$'000	Retained earnings ZW\$'000	Total ZW\$'000
Inflation Adjusted					
Balance on 1 January 2022	47,797	1,842,002	16,959,228	66,096,020	84,945,047
Profit for the year	-	-	-	7,875,462	7,875,462
Other comprehensive income	-	-	14,173,636	-	14,173,636
Balance at 30 June 2022	47,797	1,842,002	31,132,864	73,971,482	106,994,145
Balance on 1 January 2023	47,797	1,842,002	53,830,370	78,874,695	134,594,864
Dividend	47,797	1,642,002	55,650,570	(797,364)	(797,364)
Loss for the year	-	-	-	(4,649,218)	(4,649,218)
Other comprehensive income	-	-	20.644.928	(4,049,210)	20,644,928
Balance at 30 June 2023	47.797	1,842,002	74,475,298	73,428,113	149,793,210
buildince ut 50 Julie 2025	41,151	1,042,002	14,413,290	75,420,115	145,755,210
Unaudited Historical Cost					
Balance on 1 January 2022	36	1,380	1,107,197	775,245	1,883,858
Profit for the year	-	-	-	739,082	739,082
Other comprehensive income	-	-	2,464,978	-	2,464,978
Balance at 30 June 2022	36	1,380	3,572,175	1,514,327	5,087,918
Balance on 1 January 2023	36	1,380	9,341,600	2,791,167	12,134,183
Dividend	-	-	-	(358,001)	(358,001)
Loss for the year	-	-	-	(22,528,149)	(22,528,149)
Other comprehensive income	-	-	79,343,140	-	79,343,140
Balance at 30 June 2023	36	1,380	88,684,740	(20,094,983)	68,591,173

### ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Reviewed Inflo		Unaudited Hi	
Note	30 JUNE 2023 ZW\$'000	30 JUNE 2022 ZW\$'000	30 JUNE 2023 ZW\$'000	30 JUNE 2022 ZW\$'000
Operating activities:	(11.0.( , 2.0.)	12 705 7/0	(22.250.772)	000 007
.oss)/profit before tax	(11,044,269)	12,795,748	(33,358,773)	836,027
djusted to reconcile profit before tax to				
et cash flows:	7 226 7/2	2 2 4 2 2 4 2	256.062	51.001
Depreciation of property, plant and equipment 4		3,943,340	356,862	51,881
Depreciation of right of use asset 4	. , .	143,125	42,593	1,883
mortisation of intangible assets 4	11,089	12,508	30	165
rofit on disposal of property, plant and equipment	-	125,938	-	10,502
inance income	(80,647)	(25,406)	(19,316)	(1,341)
mpairment loss on trade and other receivables	163,491	-	163,491	-
oan guarantee costs	-	(209,732)	-	(9,692)
air value gain on investment property	(1,619,344)	(1,287,129)	(6,489,000)	(230,014)
xchange loss 5.2		4,106,401	27,494,113	293,508
inance costs	72,126,276	5,313,999	34,096,135	304,277
Ion-cash adjustment IAS 29	(93,367,733)	6,537,212	-	-
	1,540,980	31,456,004	22,286,135	1,257,196
Vorking capital changes				
ecrease/(increase) in inventories	1,570,524	(6,851,779)	(19,439,293)	(1,337,556)
Decrease/(increase) in trade and other receivables	8,573,547	(12,302,382)	(24,717,258)	(1,794,341)
ncrease in prepayments	(10,948,699)	-	(4,318,212)	-
ncrease in contract liabilities	639,090	-	2,196,823	-
Decrease)/increase in trade and other payables	(3,921,122)	9,616,056	64,732,491	2,232,771
	(2,545,680)	21,917,899	40,740,686	358,070
ncome tax paid	(1,090,356)	(1,742,437)	(440,893)	(127,252)
let cash flow (used in)/generated				
rom operating activities	(3,636,036)	20,175,462	40,299,793	230,818
nvesting activities				
Purchase of plant and equipment	(3,336,648)	(3,597,845)	(1,602,083)	(255,147)
Proceeds from sale of property, plant and equipment	-	2,503,100	-	215,892
inance income on effective interest rate method	80,647	25,406	19,316	1,341
Prepayments for plant and equipment	(6,822,639)	-	(1,312,434)	-
let cash flows used in investing activities	(10,078,640)	(1,069,339)	(2,895,201)	(37,914)
inancing activities				
ease liability principal repaid	(705,755)	(131,400)	(151,440)	(36,204)
inance costs	(29,575,975)	(5,523,256)	(12,021,240)	(310,661)
)ividend paid	(342,396)	(44,876)	(342,396)	(3)
epayments of borrowings	(11,684,144)	(9,741,261)	(4,087,006)	(599,071)
roceeds from borrowings	20,060,130	22,081,115	5,401,634	1,096,271
let cash flow (used in)/generated				
rom financing activities	(22,248,140)	6,640,322	(11,200,448)	150,332
et (decrease)/increase in cash		- / / -	( ) - ( )	,
nd cash equivalents	(35,962,816)	25,746,445	26,204,144	343,236
ffects of exchange rate changes on	(,-,-,-,-,-,-,-,	,,	,	2.0,230
ash and cash equivalents	24,375,682	(26,431,431)	(26,278,455)	(176,205)
ash and cash equivalents at 1 January	13,345,075	2,681,637	1,832,252	107,105
ash and cash equivalents at 30 June	1,757,941	1,996,651	1,757,941	274,136
comprising of:				
ash and cash balances	1,757,941	1,996,651	1,757,941	274,136

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2023

### 1. (b) FUNCTIONAL CURRENCY ASSESSMENT

During the financial year ended 31 December 2022, the Group assessed the functional currency of the Group as the Zimbabwe Dollar. Significant developments in the economy between January and June 2023 warranted another assessment of whether the functional currency of the Group had changed from the Zimbabwe Dollar. In the period January to April 2023, the ratio of sales in local currency was on an upward trajectory. However, between May and June 2023 and due to the rapid weakening of the local currency, the sales mix was largely denominated in foreign currency in these last two months of the period under review. A comprehensive analysis was then made of the foreign currency composition of transactions and balances over an extended period of 12 months between July 2022 to June 2023 to fully discern the context and impact of the changes that have been occurring to the currency mix of the Group. The Group noted that there had been various oscillations in the foreign currency composition over the 12-months period with the percentage of foreign currency denominated sales transactions having gone above 50% in September 2022 then rapidly subsiding again in November 2022. The composition then shot up again in January 2023 but rapidly decreased in the subsequent months. This analysis highlighted a distinctly volatile currency mix trend that is prone to changes which could result in another rapid decline of foreign currency denominated transactions within a relatively short space of time as attested by the trend exhibited in the preceding 12-months.

The Group could, therefore, not reasonably and reliably conclude that the increase in foreign currency transactions and balances recorded in May and June 2023 would be sustained in the coming months. Consequently, the Board determined that the period these changes have occurred is far too limited in its extent and too susceptible to other changes, which may occur in the short-term and affect the currency mix, for the Group to justifiably conclude that the functional currency of the Group has indeed changed.

For the six months ended 30 June 2023, the Board assessed and concluded that the functional currency of the Group remains the Zimbabwe Dollar.

### 1.1 Hyper inflation

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 utilised the official interbank exchange rates as a basis for estimating the changes in the general purchasing power on the Zimbabwe Dollar and for purposes of fair presentation in accordance with IAS 29 (Financial Reporting in Hyper Inflationary Economies), these changes have been made on the historical cost financial information. The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 (Financial Reporting in Hyper Inflationary Economies) compliant. The conversion factor for January 2023 was computed from the consumer price index (CPI) data prepared by the Zimbabwe National Statistics Agency (ZIMSTAT) as reported on the Reserve Bank of Zimbabwe website. However, the conversion factors for February to June 2023 were estimated by the Directors in line with IAS 29 due to the absence of official government statistics on ZWL inflation during that period. The Directors have utilized the official interbank exchange rates as a basis for estimating what the ZWL denominated CPIs were for this period. Caution should be exercised in considering these financial results due to the use of these estimated ZWL consumer price indices for the months of February to June 2023. Below are the indices and adjustment factors used up to June 2023:

	Indices	Adjustment Factor
CPI as at 30 June 2023	99,585.62	1.00
CPI as at 31 December 2022	13,672.91	7.28
CPI as at 30 June 2022	8,707.35	11.44

### 1.2 Unaudited historical cost financial information

The historical cost financial information is shown as supplementary information. The information does not comply with the International Financial Reporting Standards in that it does not take into account the requirements of International Accounting Standard 29 – *Financial Reporting for Hyperinationary Economies*. Consequently, the auditor does not express a reviewed conclusion or an audit opinion on the historical financial information.

### SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are consistent with those used in the previous year with no significant impact arising from new and revised International Financial Reporting Standards applicable for the year ended 31 December 2022 and current period ending 30 June 2023.

### **SEGMENT INFORMATION**

### NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2023

### 1. (a) BASIS OF PREPARATION

The Group's financial statements, of which these abridged results are an extract, were prepared in accordance with the Companies and Other Business Entities Act (Chapter 24:31), International Financial Reporting Standards (IFRS) and the Zimbabwe Stock Exchange Regulations except for the valuation of property, plant and equipment and investment properties in the prior year June 2022 comparative information.

The consolidated 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's financial statements for the period ended 30 June 2023 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 (ZWS), which is the Group's functional and presentation currency. The historical financial statements are presented as supplementary information and do not form part of the reviewed financial statements.

The Group is currently organised into business units for management purposes. The Group has 3 operating segments which management uses to monitor performance and therefore inform decision making and these are:

	Aanufacturing ad distribution ZW\$'000	Properties ZW\$'000	Corporate ZW\$'000	Adjustments and eliminations ZW\$'000	Group ZW\$'000
<b>Reviewed Inflation Adjusted</b>					
Period ended 30 June 2023					
<b>Revenue</b> Revenue from contracts with					
external customers	305,686,648	-	-	-	305,686,648
Revenue from contracts with					
internal customers	3,711	-	-	(3,711)	-
Revenue from management					
services and royalties Rental income-internal customers	-	- 190,582	2,050,968	(2,050,968) (190,582)	-
Rental income-external customers	-	359,681	-	(130,302)	359,681
Total revenue	305,690,358	550,263	2,050,968	(2,245,261)	306,046,329
Desults					
<b>Results</b> Depreciation and amortisation	(7,334,222)	(6,136)	(128,501)	534,837	(6,934,022)
Operating profit	20,334,359	22,127,169	675,997	17,863,835	61,001,360
Finance income	80,647	-	2,531,056	(2,531,056)	80,647
Finance costs	(29,753,968)	-	(2,528,758)	(39,843,551)	(72,126,276)
Segment profit/(loss) before tax	(9,338,962)	22,127,169	678,295	(24,510,772)	(11,044,269)
Income tax	(950,835)	(23,755)	(115,766)	7,485,408	6,395,051
Period ended 30 June 2022					
Revenue					
Revenue from contracts with					
external customers	195,596,244	-	-	-	195,596,244
Revenue from contracts with	1.020			(1.020)	
internal customers Revenue from management	1,029	-	-	(1,029)	-
services and royalties	-	-	2,720,202	(2,720,202)	-
Rental income-internal customers	-	481,244	_, ,	(481,244)	-
Rental income-external customers		233,559	-	-	233,559
Total revenue	195,597,273	714,803	2,720,202	(3,202,475)	195,829,803
Results					
Depreciation and amortisation	(3,886,782)	(603,780)	(148,497)	540,086	(4,098,973)
Operating profit	13,003,733	233,383	1,065,810	3,781,415	18,084,341
Finance income	75,061	-	2,808,117	(2,857,772)	25,406
Finance costs	(6,013,291)	-	(2,848,707)	3,547,998	(5,313,999)
Segment profit/(loss) before tax	21,913,091	18,801,574	1,440,085	(29,359,002)	12,795,748
Income tax	(1,662,398)	(2,028,310)	(214,559)	(1,015,019)	(4,920,286)





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NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2023

### 3 SEGMENT INFORMATION (continued)

	anufacturing I distribution ZW\$'000	Properties ZW\$'000	Corporate ZW\$'000	Adjustments and eliminations ZW\$'000	Group ZW\$'000
Unaudited Historical Cost					
Period ended 30 June 2023					
Revenue Revenue from contracts with					
external customers	99,834,335				99,834,335
Revenue from contracts with	99,034,333	-	-	-	99,034,333
internal customers	1,310	-	-	(1,310)	-
Revenue from management	1,010			(1,010)	
services and royalties	-	-	1,486,470	(1,486,470)	-
Rental income - internal customers	-	40,064	-	(40,064)	-
Rental income - external customers	-	102,656	-	-	102,656
Total revenue	99,835,645	142,720	1,486,470	(1,527,844)	99,936,991
<b>D</b> II					
<b>Results</b> Depreciation and amortisation	(289,510)	(54)	(10,460)	(99,461)	(399,485)
Operating profit	(289,310)	98,089,772	(286,966)	(68,851,520)	718,046
Finance income	19,316		660,993	(660,993)	19,316
Finance costs	(11,460,594)	-	(660,505)	(21,975,036)	(34,096,135)
Segment profit before tax	(39,674,519)	98,089,772	(286,477)	(91,487,549)	(33,358,773)
Income tax	(372,526)	(13,124)	(56,021)	11,272,295	10,830,624
Period ended 30 June 2022					
Revenue					
Revenue from contracts with external customers	11 5 20 72/				11 5 20 72/
Revenue from contracts with	11,528,734	-	-	-	11,528,734
internal customers	189	_	_	(189)	_
Revenue from management	105			(105)	
services and royalties	-	-	195,807	(195,807)	-
Rental income -internal customers	-	40,064		(40,064)	-
Rental income -external customers	-	13,708	-	-	13,708
Total revenue	11,528,923	53,772	195,807	(236,060)	11,542,442
-					
Results	(/ E 00 8)	(17.756)	(2 5 9 6)	ווביי	(52,020)
Depreciation, and amortisation Operating profit	(45,098) 1,138,844	(17,756) 25.242	(2,586) 67,924	11,511 (93,047)	(53,929) 1,138,963
Finance income	3,987	25,242	156,381	(159,027)	1,158,905
Finance costs	(341,952)	-	(158,537)	196,212	(304,277)
Segment profit before tax	490,459	258,611	75.686	11,271	836,027
Income tax	(105,353)	(107,347)	(18,760)	134,515	(96,945)

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.

### OPERATING PROFIT

4.

		Reviewed Inflo	tion Adjusted	Unaudited Historical Cost		
		30 JUNE 2023 ZW\$'000	30 JUNE 2022 ZW\$'000	30 JUNE 2023 ZW\$'000	30 JUNE 2022 ZW\$'000	
		2W\$ 000	2₩\$ 000	2w\$000	2₩\$ 000	
.1	Operating profit is stated after charging the following:					
	Depreciation of property, plant and equipment	7,336,743	3,943,340	356,862	51,881	
	Depreciation of right of use asset	521,261	143,125	42,593	1,883	
	Amortisation of intangible assets	11,089	12,508	30	165	

### 8.1 INTEREST BEARING BORROWINGS

	Shor	Short Term		Term
	30 JUNE 2023	31 DEC 2022	30 JUNE 2023	31 DEC 2022
	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000
Inflation Adjusted				
Bank Ioans - ZW\$	1,438,000	7,204,301	184,294	2,378,616
Vendor Ioan - ZAR	-	-	3,679,777	3,344,412
Bank Ioan - USD	15,786,594	6,673,564	5,163,662	2,302,918
	17,224,594	13,877,865	9,027,733	8,025,946
Unaudited Historical Cost				
Bank Ioans - ZW\$	1,438,000	989,136	184,294	326,579
Vendor Ioan - ZAR	-	-	3,679,777	459,181
Bank Ioan - USD	15,786,594	916,267	5,163,662	316,186
	17,224,594	1,905,403	9,027,733	1,101,946

Interest rates range between 75 - 80% for ZW\$ loans and 11% for US\$ loans. The borrowings are secured against some properties held by the Group.

**8.2** Foreign exchange losses relating to loans included in the finance cost amount on the Profit or loss statement amount to an in inflation adjusted total of 42.55 billion (Historical 22.67 billion).

### 9 EARNINGS PER SHARE

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

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

	Reviewed Inflo	<b>Reviewed Inflation Adjusted</b>		istorical Cost
	30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE 2022
	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000
(Loss)/profit attributable to ordinary equity				
holders of the parent for basic earnings	(4,649,218)	7,875,462	(22,528,149)	739,082
	2023	2022	2023	2022
	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
Number of shares in issue	358,000,858	358,000,858	358,000,858	358,000,858
Weighted average number of ordinary shares				
for diluted earnings per share	358,000,858	358,000,858	358,000,858	358,000,858
Earnings per share (ZW\$)				
Basic	(12.99)	22.00	(62.93)	2.06
Diluted	(12.99)	22.00	(62.93)	2.06

### Headline Earnings Basis, ("HEPs")

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 basic and diluted earnings per share computations:

Reviewed Inflo	<b>Reviewed Inflation Adjusted</b>		istorical Cost
30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE 2022
ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000

#### 5 OTHER OPERATING INCOME OR EXPENSES

		<b>Reviewed Inflation Adjusted</b>		Unaudited Historical Cost	
		30 JUNE 2023	30 JUNE 2022	30 JUNE 2023	30 JUNE 2022
		ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'00
5.1	Other operating Income				
	Scrap sale	159,595	45,007	72,160	2,530
	Foreign exchange gains/(loss)-realised	3,235,618	-	3,235,618	
	Fair value gain/(loss) on investment property	1,619,344	1,287,129	6,489,000	230,014
	Sundry income	7,838,642	85,496	76,785	6,863
	Total	12,853,199	1,417,632	9,873,563	239,407
5.2	Other operating expense				
	Foreign exchange gains/(loss) unrealised	(27,494,113)	(4,106,401)	(27,494,113)	(293,508)
	Profit/(loss) on sale of PPE items	-	(170,945)	-	(13,031)
	Total	(27,494,113)	(4,277,346)	(27,494,113)	(306,539)

### 6 INCOME TAX

	Reviewed Infle	Reviewed Inflation Adjusted		istorical Cost
	30 JUNE 2023 ZW\$'000	30 JUNE 2022 ZW\$'000	30 JUNE 2023 ZW\$'000	30 JUNE 2022 ZW\$'000
The major components of income tax are shown below:				
Current tax	175,154	2,940,354	175,154	239,261
Deferred tax	(6,570,205)	1,979,932	(11,005,778)	(142,316)
	(6,395,051)	4,920,286	(10,830,624)	96,945

### CAPITAL COMMITMENTS

	Reviewed Infle	Reviewed Inflation Adjusted		listorical Cost
	30 JUNE 2023	JUNE 2023 30 JUNE 2022	30 JUNE 2023	30 JUNE 2022
	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000
Authorised and contracted for	2,652,870	823,129	948,045	74,736
Authorised but not contracted for	22,107,672	6,113,826	22,107,672	1,976,413
	24,760,542	6,936,955	23,055,717	2,051,149

#### (Loss)/profit attributable to ordinary equity (4,649,218) 7,875,462 holders of the parent for basic earnings (22,528,149) 739,082 125.938 10.502 Profit on disposal of property, plant and equipment 1,619,344 6,489,000 Fair value adjustment on investment property 1,287,129 230,014 Tax effect (400,302) (349,310) (1,604,081) (59,456) (Loss)/profit attributable to ordinary equity holders of the parent for headline earnings 8,939,219 (17,643,230) (3,430,176) 920,142 HEPs (ZW\$) (49.28) (9.58) 24.97 2.57

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

### **PROPERTY, PLANT AND EQUIPMENT**

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### 10.1 Reconciliation of opening and closing carrying amounts

		Group			
	Inflation	Adjusted	Histori	cal Cost	
	30-Jun-23 Reviewed ZW\$'000	31-Dec-22 Audited ZW\$'000	30-Jun-23 Unaudited ZW\$'000	31-Dec-22 Unaudited ZW\$'000	
Net carrying amount at 1 January	134,410,288	84,206,777	12,704,596	1,712,123	
Cost	200,159,746	146,710,351	12,856,695	1,806,714	
Accumulated depreciation and impairment	(65,749,458)	(62,503,574)	(152,099)	(94,591)	
Movement for the year:					
Additions	3,336,648	13,193,179	1,620,720	1,547,850	
Revaluation	23,574,945	41,847,572	91,488,937	9,505,564	
Net carrying amount of disposals	(1,419)	(1,591,356)	(15)	(1,144)	
Depreciation charge for the year	(7,336,743)	(3,245,884)	(356,862)	(59,797)	
Closing net carrying amount	153,983,719	134,410,288	105,457,378	12,704,596	
Cost	227,071,339	200,159,746	105,845,402	12,856,695	
Accumulated depreciation and impairment	(73,087,620)	(65,749,458)	(388,024)	(152,099)	

### 10.2 Revaluation of properties

The properties were valued by an independent external valuer, Dawn Property Consultancy (Private) Limited at 30 June 2023.

Details of the Group's investment properties and information about the fair value hierarchy as at 30 June 2023.

### Fair value hierarchy: 2023

The following table provides an analysis of properties that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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### NOTES TO THE FINANCIAL STATEMENTS (continued) For the six months ended 30 June 2023

### 10.2 Revaluation of properties (continued)

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 ZW\$	Level 2 ZW\$	Level 3 ZW\$	Fair Value at 30 June 2023 ZW\$
Land and buildings	-	-	102,306,000	102,306,000
Fair value hierarchy: 2022	Level 1 ZW\$	Level 2 ZW\$	Level 3 ZW\$	Fair Value at 31 Dec 2022 ZW\$
Land and buildings	-	-	79,666,125	79,666,125

### 11 INVESTMENT PROPERTY

	Group			
	Inflation Adjusted		Historical Cost	
	30-Jun-23 Reviewed ZW\$'000	31-Dec-22 Audited ZW\$'000	30-Jun-23 Unaudited ZW\$'000	31-Dec-22 Unaudited ZW\$'000
Reconciliation of carrying amounts				
<b>Balance at 1 January</b> Fair value adjustment recognised in profit or loss	5,644,656	2,473,344	775,000	98,786
(in other operating income)	1,619,344	3,171,312	6,489,000	676,214
Closing balance	7,264,000	5,644,656	7,264,000	775,000

### 11.1 Fair valuation of properties

The fair value of investment property was determined by an external independent property valuer, Dawn Property Consultancy (Private) Limited (Dawn) as at 30 June 2023. The valuer has appropriate and recognised professional qualifications and experience in the location and category of the properties valued.

### Fair value hierarchy: 2023

The following table provides an analysis of properties that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 1	Level 2	Level 3	Fair Value at 30 June 2023 ZWS	
Level 1	Level 2	Level 3	30 June 2023	

INVENTORIES

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14

		Group			
	Inflation I	Adjusted	Historic	al Cost	
	30-Jun-23 Reviewed ZW\$'000	31-Dec-22 Audited ZW\$'000	30-Jun-23 Unaudited ZW\$'000	31-Dec-22 Unaudited ZW\$'000	
Packaging and raw materials	31,852,747	37,748,911	15,299,823	5,139,093	
Spares and general consumables	19,479,770	18,137,905	2,885,555	900,470	
Finished goods	10,204,329	7,220,556	8,232,359	938,882	
Total inventories at lower of cost and					
net realisable value	61,536,846	63,107,372	26,417,737	6,978,445	

### TRADE AND OTHER RECEIVABLES

	Group			
	Inflation /	Inflation Adjusted		al Cost
	30-Jun-23 Reviewed ZW\$'000	31-Dec-22 Audited ZW\$'000	30-Jun-23 Unaudited ZW\$'000	31-Dec-22 Unaudited ZW\$'000
Local trade receivables	27,383,908	21,789,556	27,383,908	2,991,662
Foreign trade receivables Other receivables	644,744 2,175,167	1,067,466 15,913,166	644,744 2,175,167	146,561 2,184,846
Allowance for credit losses (trade and other receivables)	(188,368)	(181,190)	(188,368)	(24,877)
Total	30,015,451	38,588,998	30,015,451	5,298,192

Group

### TRADE, OTHER PAYABLES AND PROVISIONS

		Gro	oup	
	Inflation	Adjusted	Histor	ical Cost
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	Reviewed	Audited	Unaudited	Unaudited
	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000
Trade and other payables				
Trade payables	70,640,779	67,397,935	70,640,779	9,253,602
Payroll accruals	2,173,230	2,566,459	2,173,230	352,370
Employee bonus accrual	-	2,013,196	-	276,408
VAT and VAT withholding tax payable	207,119	2,183,615	207,119	299,806
Leave accrual	628,103	906,144	628,103	124,412
Utilities accruals	1,636,906	828,560	1,636,906	113,760
Audit fee accrual	77,756	252,648	77,756	34,688
Interest accrued	-	175,114	-	24,043
Other payables	294,739	3,256,083	294,739	447,052
	75,658,632	79,579,754	75,658,632	10,926,141

Trade and other payables are non - interest bearing and are normally settled on 14 - 30 day terms.

Other payables comprise of sundry suppliers who provide goods and services that do not directly affect the operations of the business.

### 15 GOING CONCERN

The Group's performance for the period under review resulted in a loss after tax of ZW\$4.65 billion against a profit after tax of ZW\$7.88 billion in the prior year comparative period. The current period performance was heavily weighed down by significant exchange losses on foreign currency denominated liabilities which significantly increased in ZW\$ terms between May and June 2023 when the local currency ran into a freefall. The Group is seized with efforts to restructure the balance sheet in an effort to fund operations using more affordable forms of financing. This also includes reducing the foreign currency risk exposure by appropriately hedging the risk using an appropriate value match in foreign currency denominated monetary assets. At operating profit level, the performance of the Group is notable and buttresses its status as a commercially viable operation. The Group's operating profit grew 237% to ZW\$61 billion from the ZW\$18.08 billion posted in the prior year comparative period. The net asset position increased from ZW\$134.59 billion to ZW\$149.789 billion in the period under review, an attestation of the growth in shareholder wealth. Forecasts for the next 12 months that the Group has prepared indicate that the current operations will continue to grow in market share, profitability and net assets. Given the above considerations, the Directors have evaluated that the going concern assumption is valid for the Group.

Land and buildings	-	-	5,644,656	5,644,656	16
	Level 1 ZW\$	Level 2 ZW\$	Level 3 ZW\$	Fair Value at 31 Dec 2022 ZW\$	
Fair value hierarchy: 2022					
Land and buildings	-	-	7,264,000	7,264,000	

### EVENTS AFTER THE REPORTING DATE

There were no material events subsquent to 30 June 2023.

