



**2023
INTERIM
RESULTS**



**PADENGA
HOLDINGS
LIMITED**

The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2023

Financial Highlights

For the six months ended 30 June 2023

| All figures in US\$ | 30 June 2023 reviewed | 30 June 2022 reviewed |
|---|-----------------------|-----------------------|
| Group Summary | | |
| Revenue from continuing operations | 74 420 384 | 56 865 837 |
| Operating profit before depreciation, impairment, amortisation and fair value adjustments from continuing operations (EBITDA) | 10 988 257 | 17 243 052 |
| Profit before taxation from continuing operations | 7 532 200 | 15 653 096 |
| Profit for the period from continuing operations | 5 335 820 | 11 272 730 |
| Cash generated from operations from continuing operations | 12 878 727 | 3 737 742 |
| Net cash outflow from investing activities | (8 539 528) | (4 728 510) |
| Net assets | 87 711 399 | 84 584 641 |
| Share Performance | | |
| Basic earnings per share (cents) | 0.53 | 0.98 |
| Diluted earnings per share (cents) | 0.53 | 0.95 |
| Basic headline earnings per share (cents) | 0.53 | 0.92 |
| Diluted headline earnings per share (cents) | 0.53 | 0.89 |
| Market price per share (cents) | 20.50 | 27.30 |
| Number of shares in issue at reporting date | 545 655 391 | 541 593 440 |
| Market capitalisation (US\$) | 111 859 355 | 147 855 009 |

Directors' Responsibility

The Company's Directors are responsible for the preparation and fair presentation of the Group's financial statements. The financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The principal accounting policies of the Group are consistent with those applied in the previous financial year and in the manner required by the Securities and Exchange (Victoria Falls Stock Exchange Listing Requirements) Rules.

Functional Currency

The financial statements are presented in United States Dollars (US\$), which is the functional and presentation currency of the entity.

Reviewer's Statement

These condensed consolidated interim financial results of Padenga Holdings Limited and its subsidiaries, for the six months ended 30 June 2023, have been reviewed by Messrs KPMG Chartered Accountants (Zimbabwe) (KPMG). KPMG expressed a qualified review conclusion, arising from continuing issues from prior year relating to non-compliance with International Financial Reporting Standards IAS 21, The Effects of Changes in Foreign Exchange Rates, non-compliance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, non-compliance with IFRS 3, Business Combinations and the inappropriate application of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. A copy of the reviewer's conclusion is available for inspection at Padenga Holdings Limited's registered office. The engagement partner for this review is Michael de Beer (PAAB Practising Certificate Number 0369).

OPERATING ENVIRONMENT

During the six months ended 30 June 2023, the Group continued to be impacted by several market and regulatory changes that required agile management. While global inflation rates slowed down as central banks increased interest rates to fight inflation, on the domestic market, the Zimbabwean dollar continued to depreciate against major currencies resulting in increased inflation particularly in June 2023. Tight monetary policy measures instituted by the monetary and fiscal authorities curtailed the rate of local currency devaluation post the reporting period.

Operations

Mining Operations

Dallaglio maintained its spot as one of the top three gold producers in the country after registering gold sales of 1,080kgs (933kgs - H1 2022). The volume growth of 16% was largely driven by increased plant throughput at Eureka mine.

The major capital project for the period under review was the refurbishment of the underground mine at Pickstone Peerless Mine in Chegutu. Phase one of the project was completed in August 2023.

Nile Crocodile Operations

The Nile crocodile operations recorded a 90% increase in skin harvest volumes during the first half of 2023, compared to prior period (21,280 vs 11,217) benefiting from a harvest of 10,000 premium skins carried over from 2022. This is an indication that strategies to improve skin quality over the past two years are starting to bear fruit. Skin sales in the six months at 18,709 skins were 52% above the 12,321 skins sold for the same period last year. We have extended the production season to the end of February annually to incorporate the full summer period and this will contribute towards finishing skins to the increased quality standards demanded by the market. The sale of stock skins from prior years is continuing with the expectation that these will be fully disposed of by the end of the current financial year. Capital projects during the first half of the year were mainly focused on the annual rehabilitation of crocodile pens which is central to improvement of skin quality. The 2023 rehabilitation program was completed on schedule.

The installation of the phase 3 solar array at the northern farms to bring the solar plant operating capacity to a total of 1.2MW has been concluded with commissioning works underway for completion by the end of October 2023.

Financial

Consolidated Results

The Group recorded revenue of US\$74,420,384 for the six months under review. This was a 31% increase over the US\$56,865,837 recorded in prior period.

This was a 31% increase over the US\$56,865,837 recorded in prior period. Revenue contributions from the Group's business units were as follows: Dallaglio 84% (91% in H1 2022), and Nile crocodiles 16% (9% in H1 2022).

The revenue performance for the Group was largely due to the significant contributions from Eureka Gold mine, coupled with the carry forward of skin sales from 2022.

The Group recorded a reduced EBITDA of US\$10,988,257 for the six months (US\$17,243,052 in H1 2022), impacted by an increase in operating costs.

A reduction of 15% was recognised on net interest expense for the Group at US\$3,668,641 (US\$4,328,396 in H1 2022), owing to restructuring of borrowings.

Profit before tax for the Group was recorded at US\$7,532,200 for the six months compared to US\$15,653,096 recorded in H1 2022.

The Group generated cash amounting to US\$12,878,727 (US\$3,737,742 in H1 2022) from operating activities for the year. The increase in cash generated was mainly due to improved revenues and efficiencies.

Dallaglio Financials

Dallaglio recorded a profit before tax of US\$5,247,015 down from a prior year profit of US\$ 12,902,577 of the same period in 2022.

A turnover of US\$62,659,854 was achieved (US\$ 51,718,639 H1 2022), which is a 21% increase. The incremental revenue was achieved on the strength of increased output and the effect of firmer gold price during the first half of 2023.

The Mines recorded an EBITDA of US\$11,657,228 for the period under review (US\$19,931,125 H1 2022). The decrease was mainly because of higher operating costs driven by inflationary pressures and higher stripping activity particularly at Pickstone Peerless.

A reduction of 27% was recorded on net interest expense for the unit at US\$1,844,012 (US\$2,526,351 H1 2022), largely attributable to restructuring of borrowings in H1 of 2023.

Cash generated from operations of US\$ 10,337,533 (US\$ 983,013 H1 2022) was recorded. The significant improvement was attributable to efficiencies achieved in working capital management in the first half of the year compared to the same period in 2022.

Nile Crocodile Financials

Revenue for the crocodile business for the six months to 30 June 2023 increased by 128% in comparison to same period in prior year, as a result of 10,000 skins sold from harvests carried over from prior year and a 16% improvement in average realisation per skin. Global and domestic inflationary pressures continued to impact negatively, resulting in an 11% increase in operating costs compared to prior year.

The significant devaluation of the Zimbabwean dollar during the second quarter of the year resulted in the operating unit incurring half year exchange losses of US\$985,425 compared to exchange gains of US\$1,839,995 in prior year when the operating unit benefited from significant Zimbabwean dollar denominated loans.

Consequently, a 77% improvement in EBITDA was recorded to a loss of US\$627,644 in the current year from a loss of US\$2,695,413 in the prior year.

A reduced biological asset valuation gain of US\$5,810,141 (fair value gain of US\$8,442,934 in H1 2022), was recorded due to the write down in value of prior years' stock skins being sold at discounted prices. Resultantly, a profit before taxation of US\$2,792,352 was achieved, compared to US\$2,917,924 recorded same period last year.

The crocodile operation generated US\$2,489,629 in cash from operating activities for the six months period under review (US\$2,219,437 generated H1 2022), benefiting from the improved revenues.

Sustainability and Good Husbandry Practices

Good corporate governance remains key for the Group to achieve and maintain world class standards. In addition, the Group ensures strict adherence to requisite international animal welfare norms as well as compliance with environmental, mining and sustainability obligations.

The three crocodile farms remain compliant with the International Crocodilian Farmers Association (ICFA) standards adopted by the ICFA (1001:2002). The mines hold valid Environmental Impact Assessment (EIA) Certificates.

Surrounding community sustainability activities are of paramount importance to the Group, as envisaged by the various programs undertaken during the six months under review. These activities are ongoing, covering a wide spectrum for all the communities concerned.

Prospects

An area of key focus is operationalising Pickstone Peerless underground mining. The first phase of the project was completed in August 2023, and commercial production has started. This is poised to contribute significantly to the Group's revenue and profits, going forward.

For the second year running, Eureka mine continues to deliver robust performance, contributing significantly to volume growth and profitability. Various operations and cost optimisation initiatives are in progress to further consolidate this growth.

The crocodile operation continues with its initiatives to produce high quality skins that are consistent with premium market expectations. The business has successfully concluded new contract negotiations with customers that ensure the future viability of the business. The exotic skins luxury market remains extremely resilient in the current global economic environment, and the operation is well positioned to remain a significant player in this value chain.

The Group is on a drive to reduce borrowings and the associated interest charges to sustainable levels and to improve profitability.

We expect to record meaningful profit growth for the Group for the full year to December 2023 compared to what was achieved in the prior year.

Dividend

The Board has pleasure in declaring an interim dividend of 0.19 US cents per share payable in respect of all ordinary shares of the Company. The dividend will be paid to all the shareholders of the Company registered at the close of business on the 20th of October 2023.

The payment of the dividend will take place on or around the 3rd of November 2023. The shares of the Company will be traded cum-dividend on the Victoria Falls Stock Exchange up to the market day of the 17th of October 2023 and an ex-dividend from the 18th of October 2023.

Appreciation

I thank my fellow Board members, Management and staff for their hard work, dedication and commitment towards a successful year thus far. The Group will continue to achieve positive milestones as the year draws to a close.

My profound gratitude is further extended to our suppliers, customers and other various stakeholders for their continued support and confidence in the Group.



T N Sibanda
Chairman
20 September, 2023



The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2023

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

| Note | Six months ended 30 June 2023 reviewed US\$ | Six months ended 30 June 2022 reviewed US\$ | |
|---|--|--|-------------------|
| Continuing operations | | | |
| Revenue | 8 | 74 420 384 | 56 865 837 |
| Other income | | 354 469 | 567 699 |
| Impairment (loss)/gain on trade receivables | | (2 947) | 1 569 |
| Financial (loss)/Income | 9 | (3 408 794) | 5 808 510 |
| Cost of goods sold | | (42 158 545) | (29 878 191) |
| Employee benefits expense | | (9 049 940) | (7 632 949) |
| Other operating costs | | (9 166 370) | (8 489 423) |
| Operating profit before depreciation, amortisation, impairment, and fair valuation adjustments | | 10 988 257 | 17 243 052 |
| Depreciation | | (3 440 931) | (3 434 258) |
| Depreciation-right of use assets | | (821 533) | (787 189) |
| Amortisation | | (1 335 093) | (1 483 047) |
| Operating profit before interest and fair value adjustments | | 5 390 700 | 11 538 558 |
| Fair value adjustments on biological assets | 15.2 | 5 810 141 | 8 442 934 |
| Profit before interest and tax | | 11 200 841 | 19 981 492 |
| Interest income | | 183 | 336 767 |
| Interest expense - loans | | (3 449 770) | (4 635 047) |
| Interest expense - leases | | (219 054) | (30 116) |
| Profit before tax | | 7 532 200 | 15 653 096 |
| Income tax expense | 10 | (2 196 380) | (4 380 366) |
| Profit for the period from continuing operations | | 5 335 820 | 11 272 730 |
| Discontinued operation | | | |
| Loss from discontinued operation, net of tax | | - | (959 140) |
| Profit for the period from continuing and discontinued operations | | 5 335 820 | 10 313 590 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period | | 5 335 820 | 10 313 590 |
| Profit for the period attributable to: | | | |
| Equity holders of the parent | | 2 902 055 | 5 315 224 |
| Non-controlling interest | | 2 433 765 | 4 998 366 |
| | | 5 335 820 | 10 313 590 |
| Total comprehensive income for the period attributable to: | | | |
| Equity holders of the parent | | 2 902 055 | 5 315 224 |
| Non-controlling interest | | 2 433 765 | 4 998 366 |
| | | 5 335 820 | 10 313 590 |
| Earnings per share (cents) | | | |
| Basic earnings per share | 20 | 0.53 | 0.98 |
| Diluted earnings per share | 20 | 0.53 | 0.95 |
| Basic headline earnings per share | 20 | 0.53 | 0.92 |
| Diluted headline earnings per share | 20 | 0.53 | 0.89 |
| Earnings per share from continuing operations (cents) | | | |
| Basic earnings per share | 20 | 0.53 | 1.13 |
| Diluted earnings per share | 20 | 0.53 | 1.10 |
| Basic headline earnings per share | 20 | 0.53 | 1.06 |
| Diluted headline earnings per share | 20 | 0.53 | 1.03 |

Interim Condensed Consolidated Statement of Cash Flows

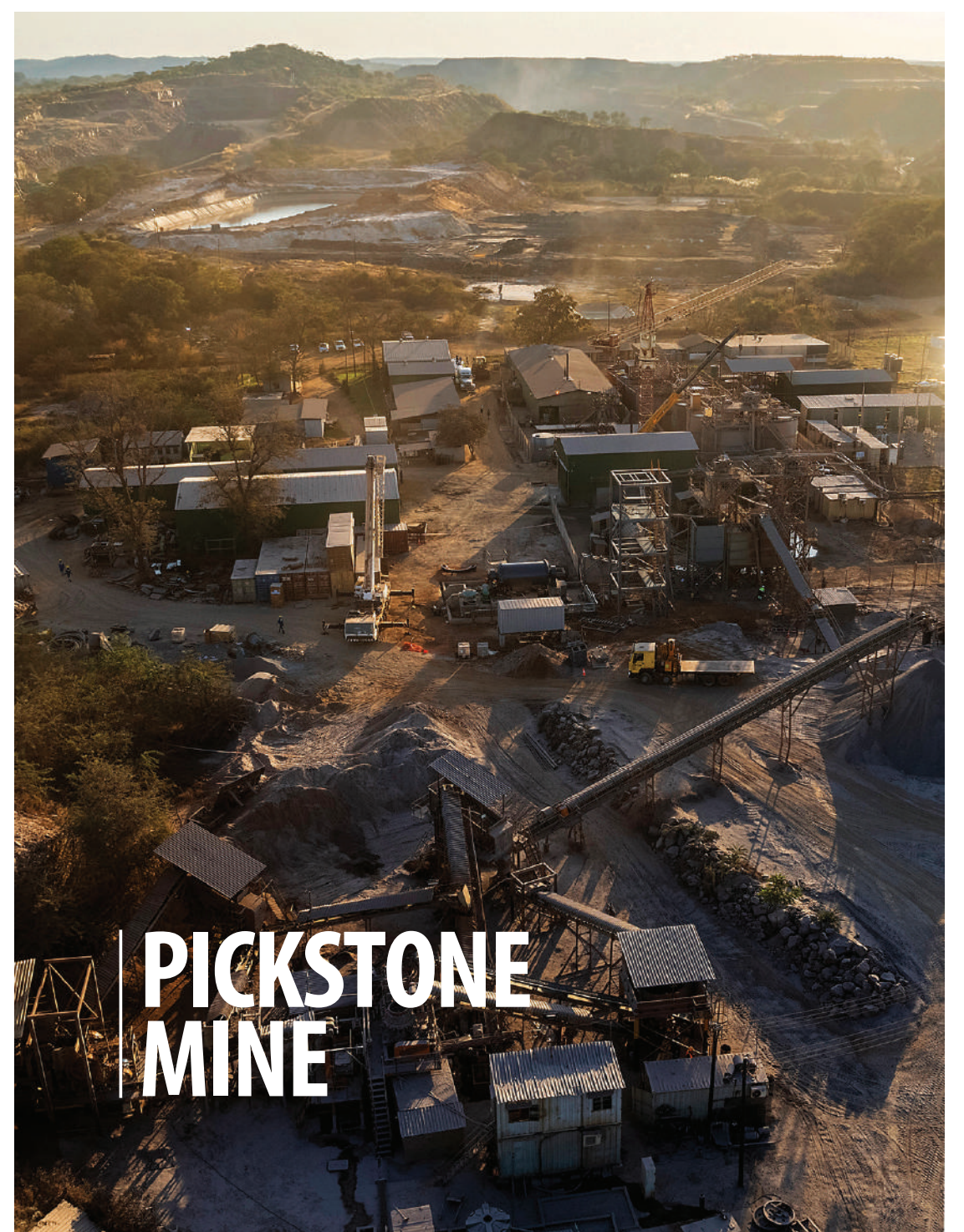
For the six months ended 30 June 2023

| Note | 30 June 2023 reviewed US\$ | 30 June 2022 reviewed US\$ | |
|---|----------------------------------|----------------------------------|--------------------|
| Cash generated from operating activities | | | |
| Interest income | 28 | 12 878 727 | 3 737 742 |
| Interest paid | 18.2 | 183 | 336 767 |
| Interest paid - leases | | (2 783 124) | (4 774 788) |
| Taxation paid | | (219 054) | (30 116) |
| | | (444 433) | (418 085) |
| Net cash generated from/(utilised in) operations | | 9 432 299 | (1 148 480) |
| Net cash utilised in investing activities | | | |
| - proceeds on disposal of property, plant and equipment | | (8 539 528) | (4 728 510) |
| - purchase of property, plant and equipment | | 101 357 | 12 808 |
| - expenditure on exploration and evaluation of assets | | (6 665 141) | (5 037 228) |
| - purchase of mine development assets | | (54 847) | - |
| - purchase of mine development assets | | (1 866 169) | - |
| - disposal of discontinued operation, net of cash disposed of | | - | 391 468 |
| - expenditure on non-current biological assets | | (54 728) | (91 026) |
| - purchase of intangible assets | | - | (4 532) |
| Net cash inflow/(outflow) before financing activities | | 892 771 | (5 876 990) |
| Proceeds from issue of ordinary shares | | 8 475 | - |
| Increase in borrowings | | 5 925 840 | 4 207 628 |
| - proceeds from borrowings | | 23 981 868 | 20 267 505 |
| - repayments of borrowings | | (16 929 183) | (15 822 168) |
| - lease payments | | (1 126 845) | (237 709) |
| Dividends paid | | (2 272 544) | - |
| By holding company | | (2 272 544) | - |
| Net cash inflow from financing activities | | 3 661 771 | 4 207 628 |
| Net increase/(decrease) in cash and cash equivalents | | 4 554 542 | (1 669 362) |
| Cash and cash equivalents at the beginning of the period | | 1 264 386 | 6 343 767 |
| Impact of changes in exchange rates on cash held | | (4 266) | (371 066) |
| Cash and cash equivalents at the end of the period | | 5 814 662 | 4 303 339 |

Interim Consolidated Statement of Financial Position

As at 30 June 2023

| Note | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ | |
|--|----------------------------------|--------------------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 16 | 73 724 972 | 70 509 518 |
| Mine development assets | | 7 271 969 | 6 716 003 |
| Exploration and evaluation assets | | 202 951 | 148 104 |
| Rehabilitation assets | 25.1 | 505 816 | 1 532 414 |
| Goodwill | | 4 594 569 | 4 594 571 |
| Intangible assets | | 54 226 | 175 662 |
| Right of use assets | | 5 795 584 | 4 068 915 |
| Biological assets | 14.1 | 11 920 804 | 11 868 447 |
| Other receivables | | 500 000 | 500 000 |
| | | 104 570 891 | 100 113 634 |
| Current assets | | | |
| Biological assets | 14.2 | 34 613 837 | 28 087 096 |
| Mines Inventories | 13.2 | 11 013 205 | 10 091 079 |
| Inventories | 13.1 | 14 748 698 | 16 786 979 |
| Trade and other receivables | | 27 609 400 | 23 053 113 |
| Current tax receivable | | 1 887 598 | 1 865 815 |
| Cash and cash equivalents | 12 | 5 814 662 | 1 264 386 |
| | | 95 687 400 | 81 148 468 |
| Total assets | | 200 258 291 | 181 262 102 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Share capital | | 54 951 | 54 430 |
| Share premium | | 27 298 871 | 27 005 023 |
| Share based payment reserve | | 332 883 | 563 768 |
| Retained earnings | | 41 281 580 | 39 903 571 |
| Change in ownership reserve | | (63 863) | (63 863) |
| Equity attributable to equity holders of the parent | | 68 904 422 | 67 462 929 |
| Non-controlling interest | | 18 806 977 | 17 121 712 |
| Total shareholders' equity | | 87 711 399 | 84 584 641 |
| Non-current liabilities | | | |
| Interest-bearing borrowings | 18.1 | 9 578 965 | 7 932 747 |
| Lease liabilities | 19 | 3 640 834 | 2 758 424 |
| Mine rehabilitation provisions | 25 | 1 856 413 | 2 701 799 |
| Deferred tax liability | | 18 363 932 | 16 353 126 |
| | | 33 440 144 | 29 746 096 |
| Current liabilities | | | |
| Bank overdraft | | 5 837 971 | 5 842 018 |
| Interest-bearing borrowings | 18.2 | 51 139 494 | 45 045 053 |
| Trade and other payables | 17 | 16 797 279 | 12 336 862 |
| Lease liabilities | 19 | 2 300 747 | 1 710 470 |
| Employee benefit accruals | 24.1 | 2 820 786 | 1 444 669 |
| Tax payable | | 210 471 | 552 293 |
| | | 79 106 748 | 66 931 365 |
| Total liabilities | | 112 546 892 | 96 677 461 |
| Total equity and liabilities | | 200 258 291 | 181 262 102 |



The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2023

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

| | Attributable to equity holders of the parent | | | | | Total reviewed US\$ | Non-controlling interest reviewed US\$ | Total equity reviewed US\$ |
|---|--|-----------------------------|-----------------------------------|--|---------------------------------|---------------------|--|----------------------------|
| | Share capital reviewed US\$ | Share premium reviewed US\$ | Change in ownership reviewed US\$ | Share based option reserve reviewed US\$ | Retained earnings reviewed US\$ | | | |
| For the six months ended 30 June 2022 | | | | | | | | |
| Balance as at 31 December 2021 previously reported | 54 159 | 27 004 245 | (63 863) | 377 244 | 38 204 871 | 65 576 656 | 14 653 307 | 80 229 963 |
| Adjustment on correction of error | - | - | - | - | (971 289) | (971 289) | (1 340 052) | (2 311 341) |
| Balance as at 1 January 2022 restated | 54 159 | 27 004 245 | (63 863) | 377 244 | 37 233 582 | 64 605 367 | 13 313 255 | 77 918 622 |
| Profit for the period | - | - | - | - | 5 315 224 | 5 315 224 | 4 998 366 | 10 313 590 |
| Share based payment scheme expense for the period | - | - | - | 187 576 | - | 187 576 | - | 187 576 |
| Balance at 30 June 2022 (reviewed) | 54 159 | 27 004 245 | (63 863) | 564 820 | 42 548 806 | 70 108 167 | 18 311 621 | 88 419 788 |
| For the six months ended 30 June 2023 | | | | | | | | |
| Balance at 1 January 2023 | 54 430 | 27 005 023 | (63 863) | 563 768 | 39 903 571 | 67 462 929 | 17 121 712 | 84 584 641 |
| Total comprehensive income | - | - | - | - | 2 902 053 | 2 902 053 | 2 433 766 | 5 335 819 |
| Dividend paid | - | - | - | - | (1 524 044) | (1 524 044) | (748 500) | (2 272 5 44) |
| Issue of ordinary shares | 521 | 293 848 | - | - | - | 294 369 | - | 294 369 |
| Share based payment scheme for the period | - | - | - | 63 484 | - | 63 484 | - | 63 484 |
| Share options exercised | - | - | - | (294 369) | - | (294 369) | - | (294 369) |
| Balance at 30 June 2023 (reviewed) | 54 951 | 27 298 871 | (63 863) | 332 883 | 41 281 580 | 68 904 422 | 18 806 978 | 87 711 400 |

Notes to the Reviewed Interim Condensed Consolidated Financial Results

For the six months ended 30 June 2023

1. Corporate Information

Padenga Holdings Limited is a Limited Liability Company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Victoria Falls Stock Exchange (VFEX). The registered office is located at 121 Borrowdale Road, Gunhill, Harare, Zimbabwe. Padenga Holdings Limited owns and manages two operating units, the Gold Mining unit and the Crocodile Farming unit.

The Group is engaged in developing and operating large scale commercial gold mines in Zimbabwe through its 50.1% stake in Dallaglio Investments Limited ("Dallaglio") as at the end of the reporting period. Post reporting period, in August 2023, the Group acquired the remaining 49.9% stake in Dallaglio (refer to note 23).

The Crocodile Farming unit is engaged in the production and rearing of crocodiles and the export of Nile crocodile skins and meat. The Group has an 82.88% stake in Tallow Creek Ranch (TCR), an unlisted company based in Texas which is now dormant following the disposal of its operating assets in July 2022.

2. Basis of preparation

The interim condensed consolidated financial results for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and in the manner required by the Securities and Exchange (Victoria Falls Stock Exchange Listing Requirements) Rules.

2.1 Going Concern

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

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

2.2 Basis of Consolidation

The interim condensed consolidated financial results comprise the financial statements of Padenga Holdings Limited and its subsidiaries as at 30 June 2023. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies except where stated.

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

3. Use of judgements and estimates

In preparing these interim condensed financial results, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

A number of the Group's accounting policies require the measurement of fair values, for both financial assets and liabilities and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 15.

4. Change in accounting policy

The accounting policies and methods adopted in the preparation of the interim condensed consolidated financial results are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Deferred tax related to assets and liabilities from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 from 1 January 2023.

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to the cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognised on a net IAS 12. There was also no impact on the opening retained earnings as at 1 January 2023 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised - this disclosure will be provided in the annual financial statements. The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2023.

5. Statement of compliance

The Group's interim condensed consolidated financial results have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting and in the manner required by the Securities and Exchange (Victoria Falls Stock Exchange Listing Requirements) Rules.

Complying with IFRSs achieves consistency with the financial reporting framework adopted by the Group since 2010. Using a globally recognized reporting framework also facilitates understandability and comparability with similar businesses and allows consistency in the interpretation of the financial statements.

The consolidated financial statements referred to above in all material respects comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) for the financial position, financial performance, and cash flows of the Group except for the following:

- International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates in Prior Period due to continuing issues from prior years in respect of non-compliance with International Accounting Standard 21,
- International Accounting Standards 8 - Accounting Policies, Changes in accounting estimates and errors; mainly correction of prior exchange rate due to non-availability of official market rates.
- International Accounting Standard 37 - Provisions, contingent liabilities and contingent assets in respect of mine rehabilitation provisions.
- In addition, the Group was non-compliant with the IFRS 3 paragraph 18 which requires Management to establish the fair values of net assets at acquisition. This arose on the acquisition of Dallaglio.

According to IAS 21, if the primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash, an entity considers the following factors in determining its functional currency the currency:

- that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and
- of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
- the currency that mainly influences labour, material, and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).
- the currency in which funds from financing activities (i.e. issuing debt and equity instruments) are generated.
- the currency in which receipts from operating activities are usually retained.

Given the context of the environment, management assessed whether there had been a change in the functional currency used by the Group. Management therefore concluded that the US dollar is still the functional currency of the Group and its subsidiaries.

6. Estimates

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

The judgements, estimates and assumptions applied in the financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last financial statements for the full year ended 31 December 2022.

7. Accounting policies

The principal accounting policies of the Group are consistent in all material respects with those applied in the previous financial year.

7.1 Revenue

Revenue Recognition - Crocodiles

The Group is in the business of production and selling of crocodile skins and meat to both the local and export markets. The Group recognises revenue from contracts with customers when the skins are collected by the customer from the farms and at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Revenue, which excludes Value Added Tax and sales between Group companies, represents the invoiced value of goods and services supplied by the Group. The Group recognizes revenue when the customer obtains control of the goods according to the terms of the contracts. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as the principal or agent. The Group has concluded that it is acting as the principal in all its revenue arrangements.

Variable Consideration

The Group earns a variable quality incentive on the sale of skins to its major customer. Under IFRS15, the quality incentive gives rise to variable consideration. The quality incentive is recognised as the difference between the prices achieved from skins delivered in the year and the guaranteed price. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Consequently, the timing of the recognition of quality incentive revenue is much later than the timing of the underlying sale.

In determining the variable consideration, the Group uses the expected value method as this better predicts the amount of the consideration to which it will be entitled. The Group uses the expected value method in estimating the variable consideration for the sale of crocodile skins.

Sale of Goods

There are no significant changes to the Group's revenue recognition policy attributable to product sales. Revenue from sale of skins and meat is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. For skin and meat sales the normal credit term is 30 to 90 days upon delivery of goods. In determining the transaction price for the sale of skins, the Group considers the effects of variable consideration in the form of quality incentive.

The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2023

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Revenue Recognition - Mining

Sale of Gold

Revenue is measured at the fair value of the consideration received or receivable in respect of the sale of gold bullion produced in the ordinary course of the Group's activities. The Group sells all of its gold mined in Zimbabwe to Fidelity Printers and Refineries (Private) Limited, of which pricing will be based on market prices. Quantities of the gold are obtained from the gold declaration form produced by the Group and agreed by the two parties.

Revenue will be recognised when the Group has fulfilled its performance obligations in terms of its agreement with its customer; i.e., on the date that gold bullion is delivered to Fidelity Printers and Refineries (Private) Limited. For gold sales the normal credit term is 10 days upon delivery of goods.

8. Revenue disaggregation from contracts with customers for continuing operations

Set out below is the Group's revenue disaggregation from contracts with customers for continuing operations:

| | Padenga Zimbabwe US\$ | Dallaglio US\$ | Total US\$ |
|----------------|-----------------------|----------------|-------------------|
| Revenue | | | |
| 30 June 2023 | 11 760 530 | 62 659 854 | 74 420 384 |
| 30 June 2022 | 5 147 199 | 51 718 638 | 56 865 837 |

| | 30 June 2023 | | | 30 June 2022 | | |
|-----------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|
| | Total US\$ | Dallaglio US\$ | Padenga Zimbabwe US\$ | Total US\$ | Dallaglio US\$ | Padenga Zimbabwe US\$ |
| Skins exports | 11 724 903 | - | 11 724 903 | 4 939 695 | - | 4 939 695 |
| Meat sales | 35 627 | - | 35 627 | 207 504 | - | 207 504 |
| Gold deliveries | 62 659 854 | 62 659 854 | - | 51 718 638 | 51 718 638 | - |
| | 74 420 384 | 62 659 854 | 11 760 530 | 56 865 837 | 51 718 638 | 5 147 199 |

| | Padenga Zimbabwe US\$ | Dallaglio US\$ | Adjustments & eliminations US\$ | Total US\$ |
|--|-----------------------|----------------|---------------------------------|-------------------|
| Segment profit/(loss) for continuing operations | | | | |
| 30 June 2023 | 962 692 | 4 886 099 | (512 971) | 5 335 820 |
| 30 June 2022 | (2 294 317) | 10 345 835 | 3 221 212 | 11 272 730 |

There was no inter-segment revenue in the period.

The following tables present assets and liabilities of the Group's operating segments as at 30 June 2023

| | Padenga Zimbabwe US\$ | Dallaglio US\$ | Other* US\$ | Adjustments & eliminations US\$ | Total US\$ |
|-----------------------|-----------------------|----------------|-------------|---------------------------------|--------------------|
| Segment assets | | | | | |
| 30 June 2023 | 105 514 514 | 110 606 152 | 543 023 | (16 405 399) | 200 258 291 |
| 31 December 2022 | 96 655 166 | 99 361 330 | 568 723 | (15 323 117) | 181 262 102 |

| | Padenga Zimbabwe US\$ | Dallaglio US\$ | Other* US\$ | Adjustments and eliminations US\$ | Total US\$ |
|----------------------------|-----------------------|----------------|-------------|-----------------------------------|--------------------|
| Segment liabilities | | | | | |
| 30 June 2023 | 35 349 288 | 68 404 561 | 4 577 448 | 4 215 595 | 112 546 892 |
| 31 December 2022 | 26 743 572 | 61 626 679 | 4 577 448 | 3 729 762 | 96 677 461 |

Classification of the segments is based on the type of production (Crocodile farming and Mining).

*Other relates to dormant Tallow Creek Ranch Operations which were reported as a discontinued operation in 2022.

| | 30 June 2023 reviewed US\$ | 30 June 2022 reviewed US\$ |
|-----------------------------------|----------------------------|----------------------------|
| 9. Financial (Loss)/Income | | |
| Net foreign exchange (loss)/gains | (3 408 794) | 5 808 510 |
| | (3 408 794) | 5 808 510 |

10. Income tax

The Group calculates the period income tax expense using the tax rate applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

| | 30 June 2023 reviewed US\$ | 30 June 2022 reviewed US\$ |
|---|----------------------------|----------------------------|
| Income taxes | | |
| Deferred income tax expense relating to origination and reversal of temporary differences | (2 116 087) | (2 463 816) |
| Current income tax charge | (80 293) | (1 916 550) |
| Income tax expense recognised in statement of profit or loss | (2 196 380) | (4 380 366) |

| | 30 June 2023 reviewed US\$ | 30 June 2022 reviewed US\$ |
|---|----------------------------|----------------------------|
| 11. Capital expenditure for the period | 6 665 141 | 5 037 228 |
| Capital expenditure commitment | | |
| Authorized but not yet contracted | 24 864 853 | 20 327 985 |
| | 24 864 853 | 20 327 985 |

The capital expenditure will be financed from the Group's own resources and borrowing facilities.

12. Cash and cash equivalents

Made up as follows:

| | 30 June 2023 reviewed US\$ | 30 June 2022 reviewed US\$ |
|---------------------------------------|----------------------------|----------------------------|
| Bank balances and cash on hand (US\$) | 5 751 300 | 1 057 483 |
| Bank balances and cash on hand (ZWL) | 63 362 | 206 903 |
| Cash and cash equivalents | 5 814 662 | 1 264 386 |

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|-------------------------------------|----------------------------|--------------------------|
| 13.1 Inventories | | |
| Raw materials and consumable stocks | 10 853 042 | 12 682 601 |
| Finished goods - skins and meat | 3 895 656 | 4 104 378 |
| | 14 748 698 | 16 786 979 |
| 13.2 Mine Inventories | | |
| Finished goods - gold bullion | 2 002 417 | 2 062 004 |
| Work in progress - ore stockpiles | 9 010 788 | 8 029 075 |
| | 11 013 205 | 10 091 079 |
| Grand Total | 25 761 903 | 26 878 058 |

At 30 June, crushed and uncrushed ore stockpiles, subject to meeting minimum estimated mineral content, are valued through a process of estimation of the volumes of material in the plant through quantity surveying techniques and estimated mineral content. The process is done by qualified experts and value was US\$ 9 010 788 (2022; US\$ 8 029 075).

14. Biological Assets

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|--|----------------------------|--------------------------|
| Reconciliation of opening and closing carrying amounts | | |
| 14.1 Non-current biological assets - Breeder Crocodiles | | |
| At the beginning of the period | 11 868 447 | 9 897 769 |
| Expenditure on non-current biological assets | 54 728 | 96 032 |
| Fair value adjustment | (10 945) | 3 417 082 |
| Biological assets disposed | - | (1 524 113) |
| Deaths of breeders | 8 574 | (18 323) |
| At the end of the period | 11 920 804 | 11 868 447 |
| 14.2 Current biological assets - Harvesting Crocodiles | | |
| At the beginning of the period | 28 087 096 | 25 424 810 |
| Slaughter (transfer to inventories) | (2 674 435) | (2 557 245) |
| Expenditure relating to births | 38 781 | 257 976 |
| Expenditure on current biological assets | 3 341 309 | 6 324 594 |
| Disposals | - | (639 466) |
| Fair value adjustment | 5 821 086 | (723 573) |
| At the end of the period | 34 613 837 | 28 087 096 |

15. Fair value measurements

15.1 Fair value of financial instruments

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

15.2 Fair Value of Biological Assets

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

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

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

Valuation Technique

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

| Type | Valuation technique | Significant unobservable Inputs (Level 3) | Quantitative information 2023 | Quantitative information 2022 |
|-----------------------------|--|--|---|---|
| Crocodiles Harvesting stock | Yearlings, Rearings Income approach. The valuation model is determined by reference to the average theoretical life span of the crocodile stock and prevailing market prices of the skin and meat. The fair value is based on the value of the skin and meat. | Price per skin, Quality grading, Age of crocodiles, Price per kg of meat, Meat yield per crocodile | Price per skin US\$97 - US\$800, Age 1 - 3 years, Meat Price/kg US\$0.50 to US\$1.45, Meat yield per crocodile 5.54 kgs | Price per skin US\$160 - US\$860, Age 1 - 3 years, Meat Price/kg US\$0.79 to US\$4, Meat yield per crocodile 5.54 kgs |
| Crocodiles Breeders | Cost approach. The valuation model is determined by reference to the average theoretical life span of the breeding stock and current replacement cost. | Replacement cost of hatchlings plus inputs at current costs up to maturity, Age of the breeders | Replacement cost per breeder US\$2 060 - US\$2 400, Age 7 - 41 years. | Replacement cost per breeder US\$ 900 - US\$1 500, Age 7 - 41 years. |

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets by the valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair Value Hierarchy - 30 June 2023

| | Level 1 US\$ | Level 2 US\$ | Level 3 US\$ | Total US\$ | Fair value gain/(loss) US\$ |
|-----------------------|--------------|--------------|-------------------|-------------------|-----------------------------|
| Harvesting Crocodiles | - | - | 34 613 837 | 34 613 837 | 5 801 567 |
| Breeders | - | - | 11 920 804 | 11 920 804 | 8 574 |
| Total | - | - | 46 534 641 | 46 534 641 | 5 810 141 |

Fair value hierarchy - 31 December 2022

| | Level 1 US\$ | Level 2 US\$ | Level 3 US\$ | Total US\$ | Fair value gain/(loss) US\$ |
|---------------------------------|--------------|--------------|-------------------|-------------------|-----------------------------|
| Harvesting Crocodiles | - | - | 28 087 097 | 28 087 097 | (723 573) |
| Breeders (including Alligators) | - | - | 11 868 448 | 11 868 448 | 3 417 082 |
| Total | - | - | 39 955 545 | 39 955 545 | 2 693 509 |

The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2023

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Sensitivity Analysis

The fair value of Harvesting crocodiles is most sensitive to the price and quality of the skin and to the age of the crop. An increase or decrease in the price of the skin will result in an increase or decrease in the fair value of the Harvesting crocodile stock. An improvement in quality will result in an increase in fair value of the Harvesting crocodile stock whilst a decrease in quality will result in a reduction in their fair value. A change in age profile towards maturity will result in an increase in fair value of the crocodile stock.

The fair value of the breeder stock is most sensitive to movements in replacement costs of inputs and to the age variation of the animals. An increase in the price of inputs will result in an increase in the fair value of the breeders whilst a decrease in the price of inputs will result in a decrease in fair value of the breeders. A change in age variation towards maturity will result in an increase in fair value of the breeders.

The table below presents the sensitivity of profit or loss before tax due to changes in market price (crocodiles) as this is considered the key input in the determination of the fair values. The sensitivities presented are favourable movements. If the sensitivity variables were unfavourable the negative impact on profit would be of a similar magnitude.

| | % change | Effect on profit before tax |
|------------------------------|----------|-----------------------------|
| Harvesting crocodiles | | |
| Fair value less cost to sell | 10% | 582 109 |
| Breeders | | |
| Fair value less cost to sell | 10% | (1 095) |

The Group has not done sensitivity analysis on quality parameters.

16. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets with a cost of US\$6 665 141 (31 December 2022: US\$10 766 351).

No borrowing costs were capitalised during the six months ended 30 June 2023 (31 December 2022: US\$Nil).

The financial information relating to property, plant and equipment is summarised below:

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|---|----------------------------|--------------------------|
| Opening balance as at 1 January | 70 509 518 | 69 654 126 |
| Additions | 6 665 141 | 10 766 351 |
| Disposals | (8 756) | (3 174 712) |
| Depreciation | (3 440 931) | (6 736 247) |
| Closing balance at the end of the period | 73 724 972 | 70 509 518 |
| 17. Trade and other payables | | |
| Trade payables | 10 884 178 | 11 471 782 |
| Accruals | 5 913 101 | 865 080 |
| | 16 797 279 | 12 336 862 |

18. Interest-bearing loans and borrowings

18.1 Non-Current interest bearing loans and borrowings

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|-----------------------------------|----------------------------|--------------------------|
| Secured | | |
| Local interest-bearing borrowings | 9 578 965 | 7 932 747 |
| | 9 578 965 | 7 932 747 |

18.2 Current interest bearing loans and borrowings

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|-------------------------|----------------------------|--------------------------|
| Secured | | |
| Foreign current portion | 8 097 813 | 8 589 867 |
| Local current portion | 43 041 681 | 36 455 186 |
| | 51 139 494 | 45 045 053 |

Total non-current and current interest bearing loans and borrowings **60 718 459** **52 977 800**

Reconciliation of interest-bearing loans and borrowings

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|---|----------------------------|--------------------------|
| Opening Balance at the beginning of the period | 52 977 800 | 62 577 517 |
| Loans received | 23 981 868 | 37 660 102 |
| Interest expense | 3 449 770 | 8 905 801 |
| Interest paid | (2 783 124) | (11 960 837) |
| Exchange loss | 21 328 | - |
| Discontinued Operations | - | (810 804) |
| Repayments | (16 929 183) | (43 393 979) |
| Closing balance at the end of the period | 60 718 459 | 52 977 800 |

Short term borrowings form part of the core borrowings of the Group and are renewed on maturity in terms of ongoing facilities negotiated with the relevant financial institutions. The facilities are secured by first charge over certain of the Group's property, plant and equipment, trade receivables and biological assets. The Group has a short-term facility with a rate of interest for local operations ranging between 10% and 15% whilst for the foreign operation ranges from 6-12%.

Borrowing Powers

In terms of the Company's Articles of Association, the Group may borrow, on the determination of the Directors, amounts that do not exceed the aggregate total equity.

19. Lease Liability

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|----------------------------------|----------------------------|--------------------------|
| Opening balance | 4 468 894 | 5 842 942 |
| Additions | 2 599 532 | 73 120 |
| Accretion of interest | 219 054 | 419 196 |
| Payments (inclusive of interest) | (1 345 899) | (1 866 364) |
| Closing Balance | 5 941 581 | 4 468 894 |
| Current | 2 300 747 | 1 710 470 |
| Non-current | 3 640 834 | 2 758 424 |

20. Earnings per share

| | Six months ended 30 June 2023 reviewed US\$ | Six months ended 30 June 2022 reviewed US\$ |
|---|---|---|
| Profit for the period attributable to: | | |
| Equity holders of the parent | 2 902 055 | 5 315 224 |
| Less Non-Core activities | | |
| Loss/(profit) on disposal of property, plant and equipment | 14 989 | (8 113) |
| Other Interest income | (183) | (336 767) |
| Headline earnings | 2 916 861 | 4 970 344 |
| Earnings per share (cents) | | |
| Basic earnings per share | 0.53 | 0.98 |
| Diluted earnings per share | 0.53 | 0.95 |
| Basic headline earnings per share | 0.53 | 0.92 |
| Diluted headline earnings per share | 0.53 | 0.89 |
| Earnings Per share from Continuing Operations (cents) | | |
| Basic earnings per share | 0.53 | 1.13 |
| Diluted earnings per share | 0.53 | 1.10 |
| Basic headline earnings per share | 0.53 | 1.06 |
| Diluted headline earnings per share | 0.53 | 1.03 |
| Weighted average shares in issue at the end of the period | 545 655 391 | 541 593 440 |
| Share options | 6 769 918 | 10 831 868 |
| Weighted average shares in issue at the end of the period adjusted for the effect of dilution at the end of the period | 552 425 309 | 552 425 308 |

Basic earnings basis

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

Fully diluted earnings basis

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

Basic headline earnings basis

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

21. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2023.

22. Functional Currency

The Group functional currency is US\$ for the period ended 30 June 2023.

23. Events after reporting period

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

Acquisition of Shareholding in Dallaglio Investments (Private) Limited (Dallaglio)

On 16 August 2023, the Group's shareholders approved the acquisition of 49.9% of the issued share capital of Dallaglio Investments (Private) Limited, being 8,982 (eight thousand nine hundred and eighty-two) ordinary shares, from the Dallaglio minorities in exchange for 253,003,361 (two hundred and fifty-three million, three thousand, three hundred and sixty-one) ordinary shares in Padenga to be issued to Dallaglio minorities or the nominees with the resultant effect that Dallaglio becomes a wholly owned subsidiary of Padenga Holdings Limited.

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

24. Related party disclosures

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

| | 30 June 2023 reviewed US\$ | 30 June 2022 reviewed US\$ |
|---|----------------------------|----------------------------|
| Transactions | | |
| Innsor Africa Limited Pension Fund - Post Employment benefits | 19 725 | 56 849 |

24.1 Employee Benefit accruals

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|------------------|----------------------------|--------------------------|
| Padenga Zimbabwe | 587 739 | 351 708 |
| Dallaglio | 2 233 047 | 1 092 962 |
| | 2 820 786 | 1 444 670 |

All current provisions related to leave pay provision and the increase in the number of staff for underground operations are not yet operational.

25. Mine Rehabilitations Provisions - non current

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|---|----------------------------|--------------------------|
| Balance at the beginning of the period | 2 701 799 | 2 480 308 |
| change in provision | (1 070 469) | - |
| Unwinding of provision | 225 083 | 221 491 |
| Balance at the end of the period | 1 856 413 | 2 701 799 |

All non-current provisions relate to future expected costs to restore the environment after the end of mining activities or at closure of the mine. The expected costs are assessed by environmental experts. The reduction in the provision relates to the reversal in the provision for mine closure costs as determined by management.

25.1 Rehabilitations assets

| | 30 June 2023 reviewed US\$ | 31 Dec 2022 audited US\$ |
|---|----------------------------|--------------------------|
| Balance at the beginning of the period | 1 532 414 | 1 723 074 |
| Reversal | (1 003 477) | - |
| Amortisation | (23 121) | (190 660) |
| Balance at the end of the period | 505 816 | 1 532 414 |

The reduction in the assets relates to an overprovision adjustment based on the current mine closure costs as determined by management.

The Directors are pleased to present the **Reviewed Interim Condensed Consolidated Financial Results** for the six months ended 30 June 2023

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26. Rehabilitation provision

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

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

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

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



27. Dividends

Dividends paid per share are based on the ordinary number of shares in issue on the effective date of declaration and entitlement of the ordinary shares to the dividend.

The following dividends were declared and paid by the Company:

| | 30 June 2023 reviewed US\$ | 30 June 2022 reviewed US\$ |
|---|----------------------------------|----------------------------------|
| US\$0.2756 cents per qualifying ordinary share (2022-Nil) | 1 524 044 | - |
| Paid to NCI (2022-Nil) | 748 500 | - |
| | 2 272 544 | - |

28. Cash generated from operating activities

Cash generated from operating activities are calculated as follows:

| | 30 June 2023 reviewed US\$ | 30 June 2022 reviewed US\$ |
|--|----------------------------------|----------------------------------|
| Profit before tax | 7 532 200 | 15 653 095 |
| Adjusted for non-cash items | | |
| Depreciation | 3 440 931 | 3 434 258 |
| Depreciation – right of use assets | 821 533 | 787 189 |
| Amortisation of intangible assets | 1 335 093 | 1 483 047 |
| Unwinding of rehabilitation provision | 225 082 | - |
| Net interest expense | 3 668 641 | 4 328 396 |
| Unrealised exchange loss | 191 157 | (2 795 994) |
| Deaths of biological assets | 10 943 | 7 673 |
| Fair value adjustment on biological assets | (5 810 141) | (8 442 934) |
| Loss/(profit) on disposal of property, plant, and equipment | 14 989 | (8 113) |
| Share based option scheme adjustment | 63 483 | 187 573 |
| Inventory write offs | 47 106 | 14 695 |
| Provisions credited to profit or loss | 236 624 | 999 950 |
| Cash generated from operations before working capital changes | 11 777 641 | 15 648 835 |
| Working capital changes | 1 101 086 | (11 911 093) |
| Decrease/(increase) in inventories | 591 649 | (4 544 593) |
| Increase in biological assets | (247 776) | (1 427 305) |
| Increase in receivables | (4 874 566) | (11 497 900) |
| Increase in payables | 5 631 779 | 5 558 705 |
| Cash generated from operating activities | 12 878 727 | 3 737 742 |

29. Approval of interim condensed consolidated financial statements

The interim condensed consolidated financial results were approved by the Board of Directors and authorized for issue on 15 September 2023.

