



**PADENGA
HOLDINGS
LIMITED**

ANALYSTS BRIEFING

For the year ended 31 December 2022



WELCOME

AGENDA



**PADENGA
HOLDINGS
LIMITED**

WELCOME

*Gary Sharp
(CEO)*



**2022
MACRO -
ECONOMIC
OVERVIEW**

*Oliver
Kamundimu
(CFO)*



**2022
OPERATIONAL
PERFORMANCE
REVIEW**

Gary Sharp



**2022
FINANCIAL
PERFORMANCE
REVIEW**

*Oliver
Kamundimu*




**2023
OUTLOOK**

*Oliver
Kamundimu*



**2023
GROUP
FOCUS
AREAS**

Gary Sharp



A quick update on the company Vision and Values

VISION & VALUES

A man in a dark suit and white shirt is shown in profile, looking through a gold-colored telescope. The background is a warm, golden sunset or sunrise sky. The overall tone is professional and aspirational.

DUAL VISION

To be the principal and preferred supplier of premium grade crocodilian skins to the luxury brand houses of the world.

To be Zimbabwe's leading gold mining company, creating value for our people now and in generations to come.

VALUES

1. Padenga operates with foresight.

Foresight includes careful planning, innovation and upgrades to the most appropriate industry systems and methodologies.

2. Padenga operates with insight.

Insight includes developing a performance related culture based on integrity, team spirit, mutual respect and fairness.

3. Padenga operates with oversight.

Oversight includes strong governance, discipline and controls to ensure positive results and to enhance shareholder value.



2022 MACRO-ECONOMIC OVERVIEW

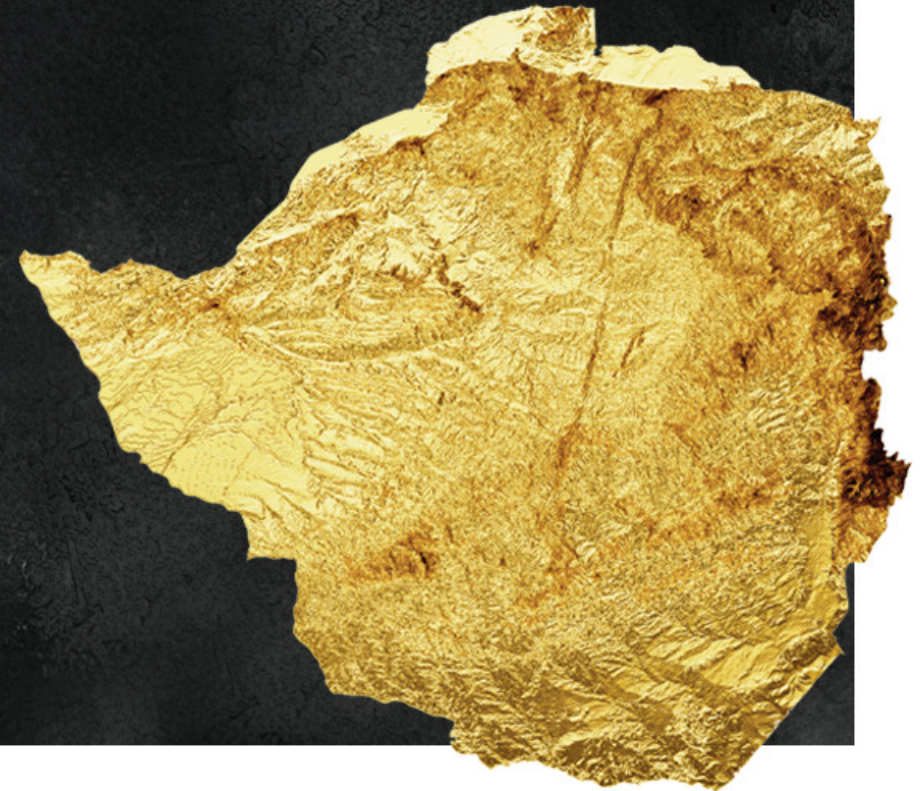
GLOBAL DEVELOPMENTS 2022

- ❖ *The Russia/ Ukraine conflict that erupted at the beginning of FY22 impacted global supply chains and escalated inflation.*
- ❖ *The costs of imported feed ingredients increased and supply was erratic.*



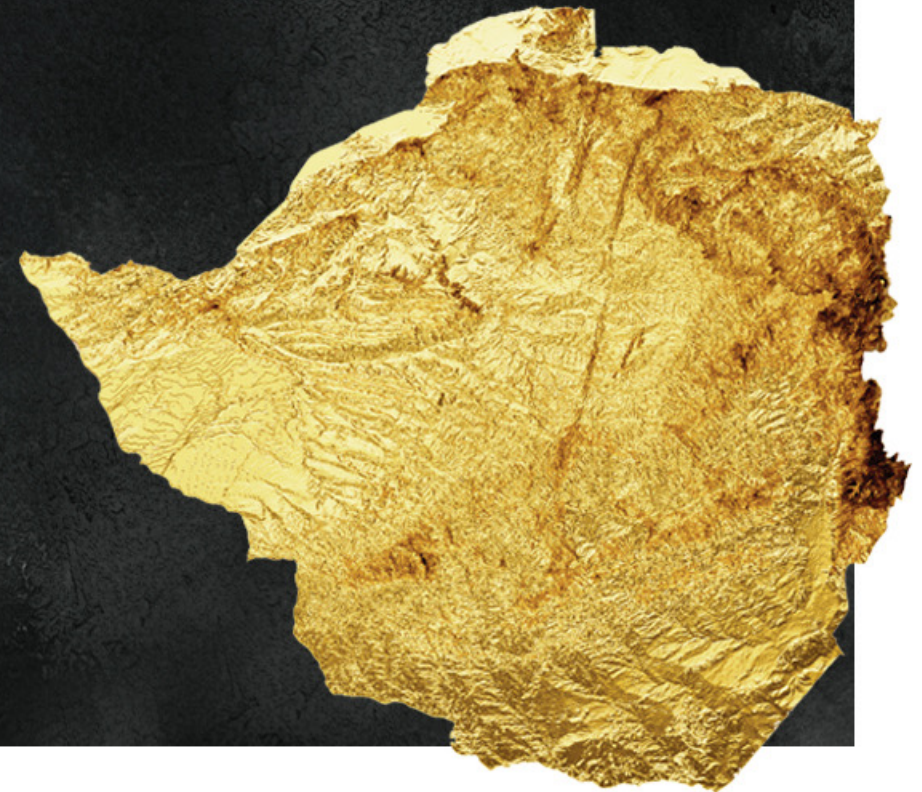
ZIMBABWE DEVELOPMENTS 2022

- ❖ *Challenging local environment due to various government policy interventions – suspension of bank lending, increase of IMTT charges on USD payments, interest rate hikes.*
- ❖ *Exchange rate distortions persisted in the economy witnessed by the disparities between the official and alternative market rates – adverse impact on formal businesses.*
- ❖ *The group benefited from the export incentives offered to companies listed on the VFEX – achieved an effective liquidation rate of 28%.*



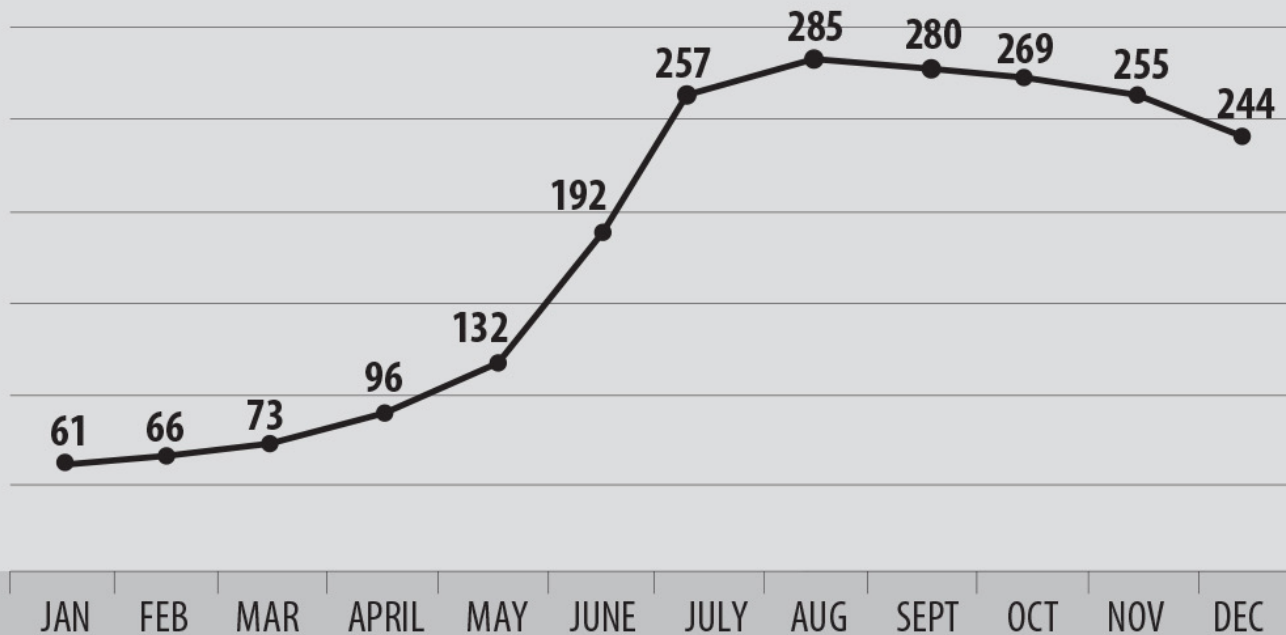
ZIMBABWE DEVELOPMENTS 2022

- ❖ *The ZWL continued to depreciate against major currencies – the ZWL lost more than 80% of its value against the USD during the year.*
- ❖ *The economy effectively re-dollarized – ZIMSTAT estimated that at least 75% of domestic transactions were conducted in USD.*



INFLATION RATES 2022

ZWL Year On Year Inflation Rates 2022

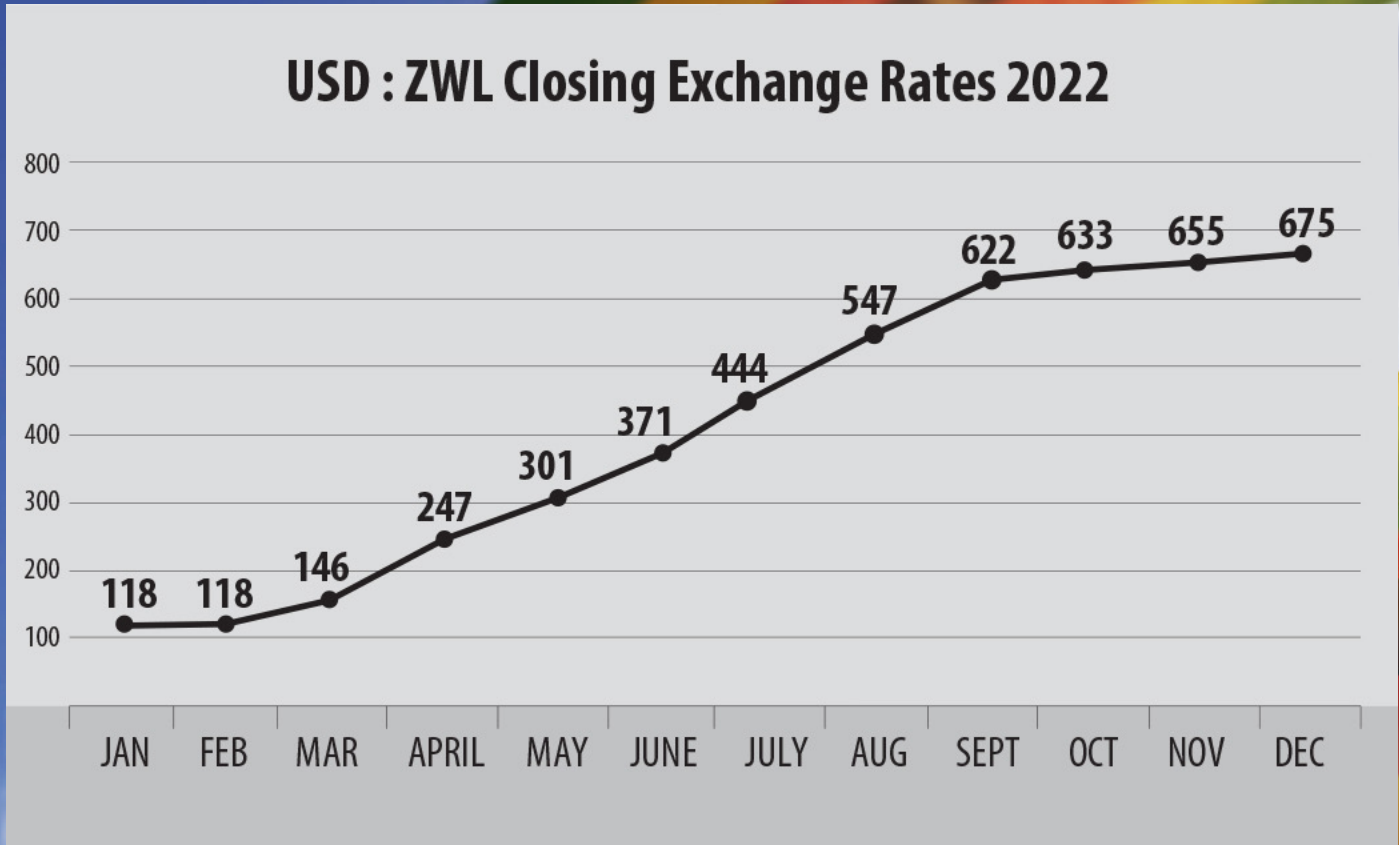


Local inflation accelerated and rose to a peak during Q3 thereby driving costs upwards.

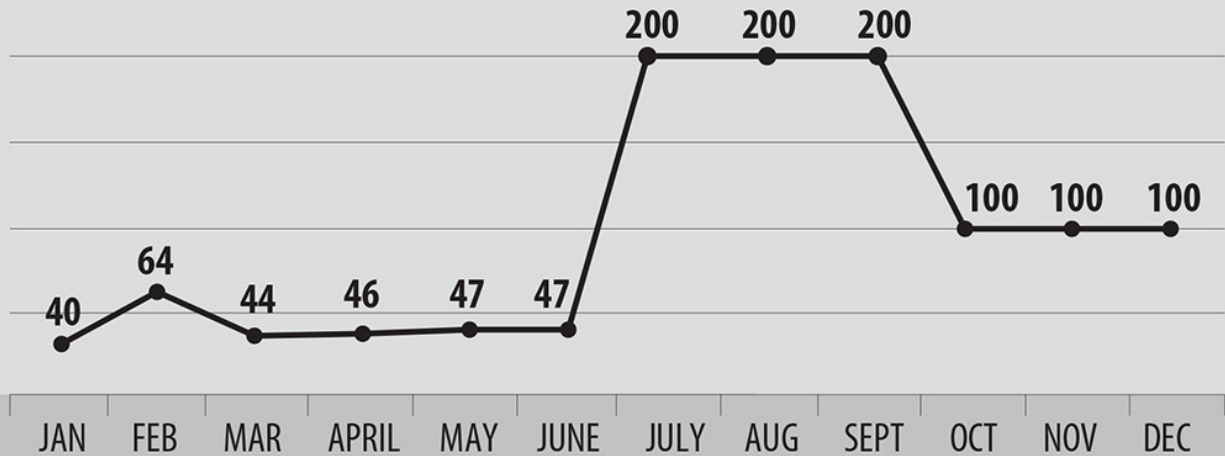
This was driven partly by the imported inflation plus the forward pricing that existed in the domestic market.

EXCHANGE RATES 2022

- ❖ *The WBWS rates witnessed accelerated devaluation between Q2-Q3.*
- ❖ *The Group leveraged on its USD earnings to mitigate cost increases.*



ZWL Year On Year Interest Rates 2022



INTEREST RATES 2022

In response to the steep devaluation of the ZWL experienced during H1, the RBZ hiked the interest rates to 200% in Q3.

These interest rates are prohibitive to businesses and the group exited from all ZWL loans.



2022 OPERATIONAL PERFORMANCE REVIEW

DALLAGLIO GOLD MINING



EUREKA MINE

DALLAGLIO GOLD MINE OPERATION

PICKSTONE MINE

DALLAGLIO OVERVIEW

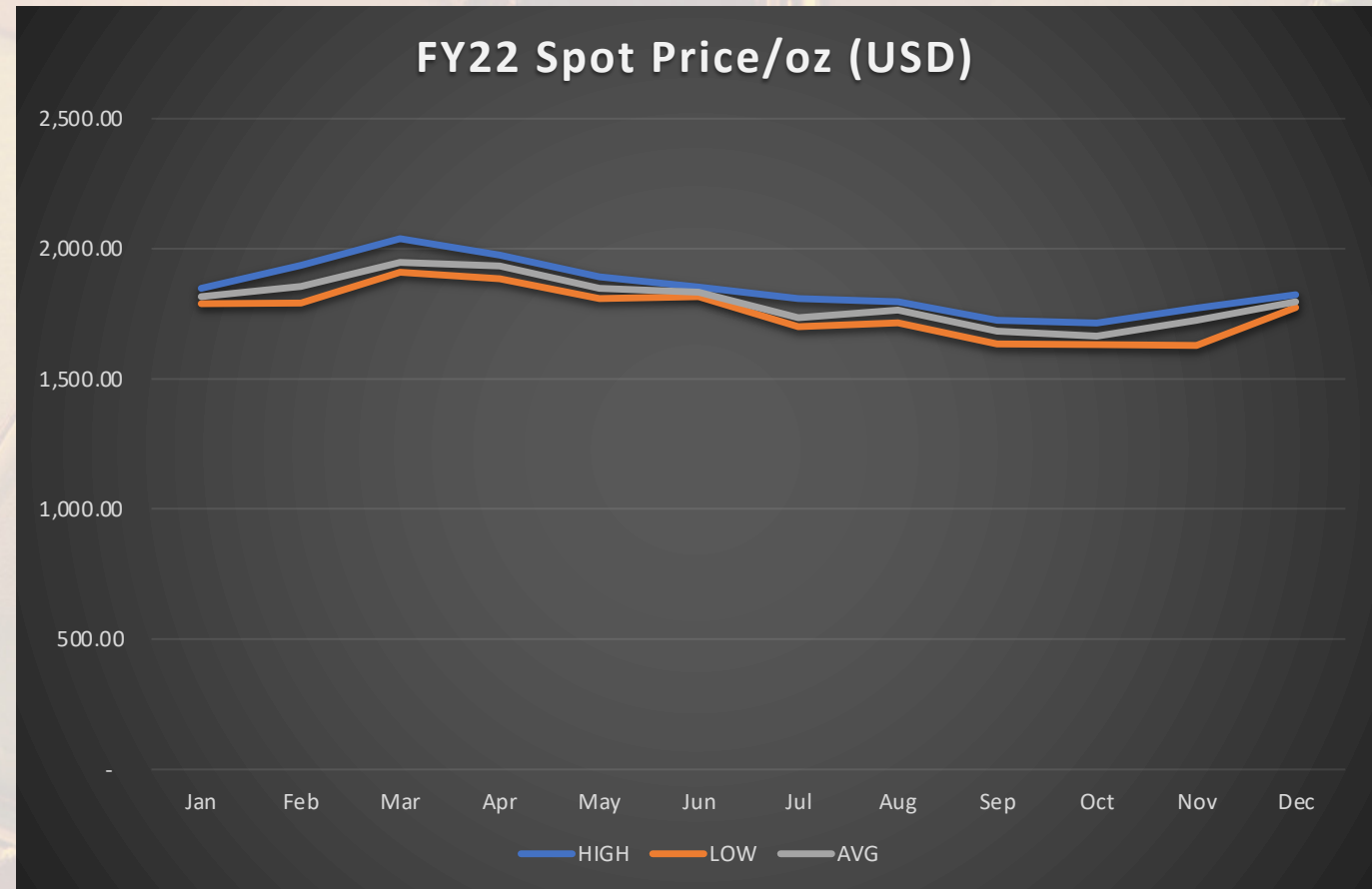


❖ *Volumes sold increased by 101% over prior year.*

GOLD SPOT PRICES 2022

Gold prices were strong throughout the year and closed the year at US\$ 1,823/oz.

This positively impacted the Division's margins and contributed to the improved performance.





EUREKA MINE

EUREKA MINE UPDATES IN 2022



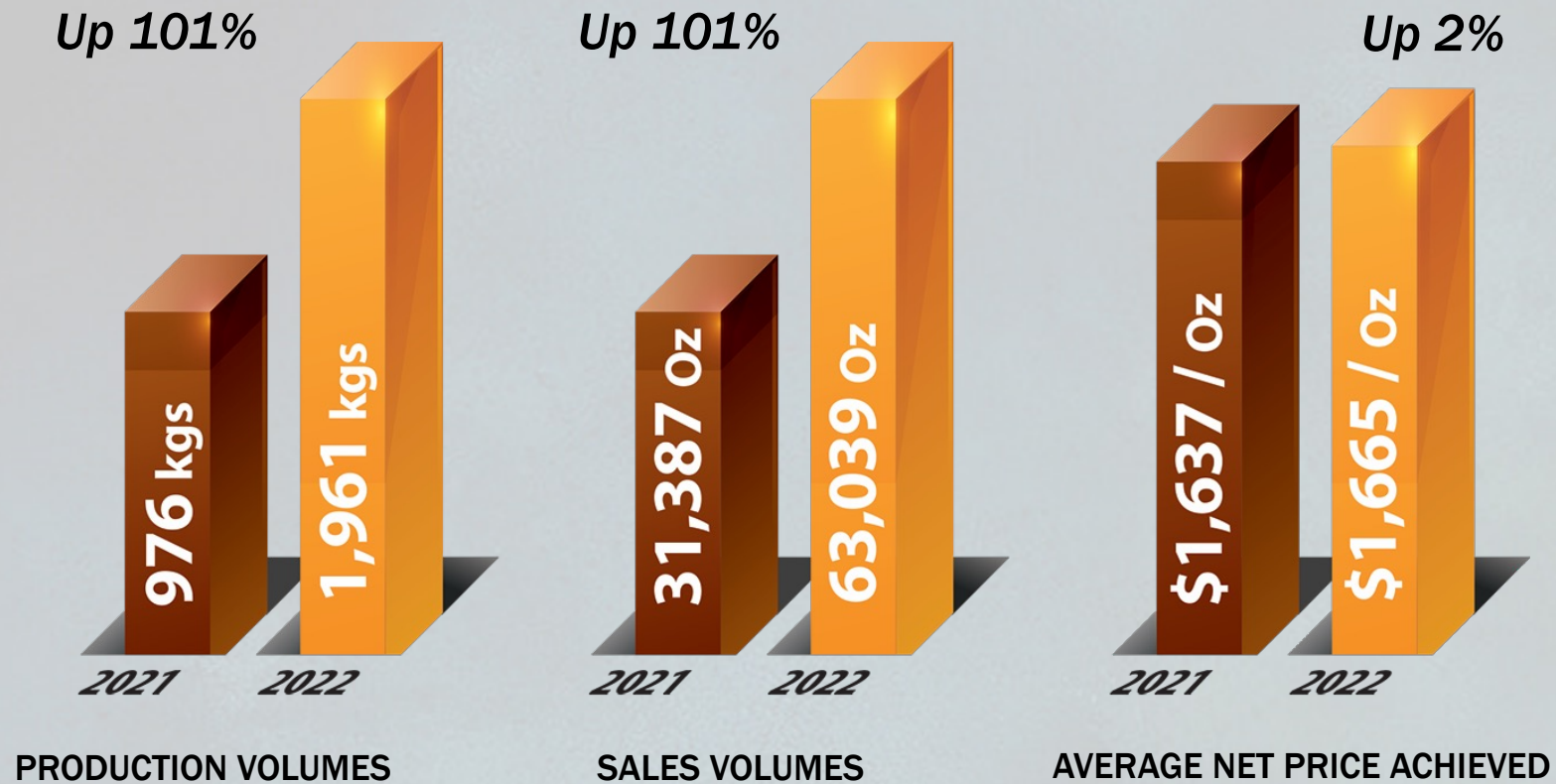
- ❖ *Dallaglio became one of the top three gold producers nationally after completing a full operating year at Eureka mine.*
- ❖ *Eureka mine is one of the most technologically advanced gold mines in Zimbabwe.*

PICKSTONE MINE

- ❖ *Commenced the refurbishment of the underground mine at Pickstone Peerless - scheduled to be completed in August 2023.*



DALLAGLIO DIVISION





PADENGA NILE CROCODILES

A close-up photograph of an alligator's head and upper body, positioned in the center-right of the frame. The alligator is looking towards the left, with its head slightly raised. The background is a soft, out-of-focus desert landscape with warm, golden-brown tones. The alligator's scales are dark and textured, with some lighter patches on its face and neck.

ICFA CERTIFICATION

*ICFA re-certification audit
was successfully completed
on all 3 farms*





Skins prices remained firm within the premium brands market.

Financial results of the principal luxury brands reinforce the resilience & strength of the premium exotic skins market.



P A D E N G A

CROCODILIAN DIVISION OVERVIEW

- ❖ *Grading stringencies were further tightened relative to prior years.*
- ❖ *Operational strategies introduced to address revised grade and size dynamics are beginning to yield positive results.*
- ❖ *The harvest season was adjusted from the previous Jan – Dec cycle to a Mar – Feb cycle in order to allow for changing seasonal temperature profiles and to include the full summer growth period. This resulted in the intended harvest of 10,000 skins being deferred into 2023.*

CROCODILIAN DIVISION OVERVIEW



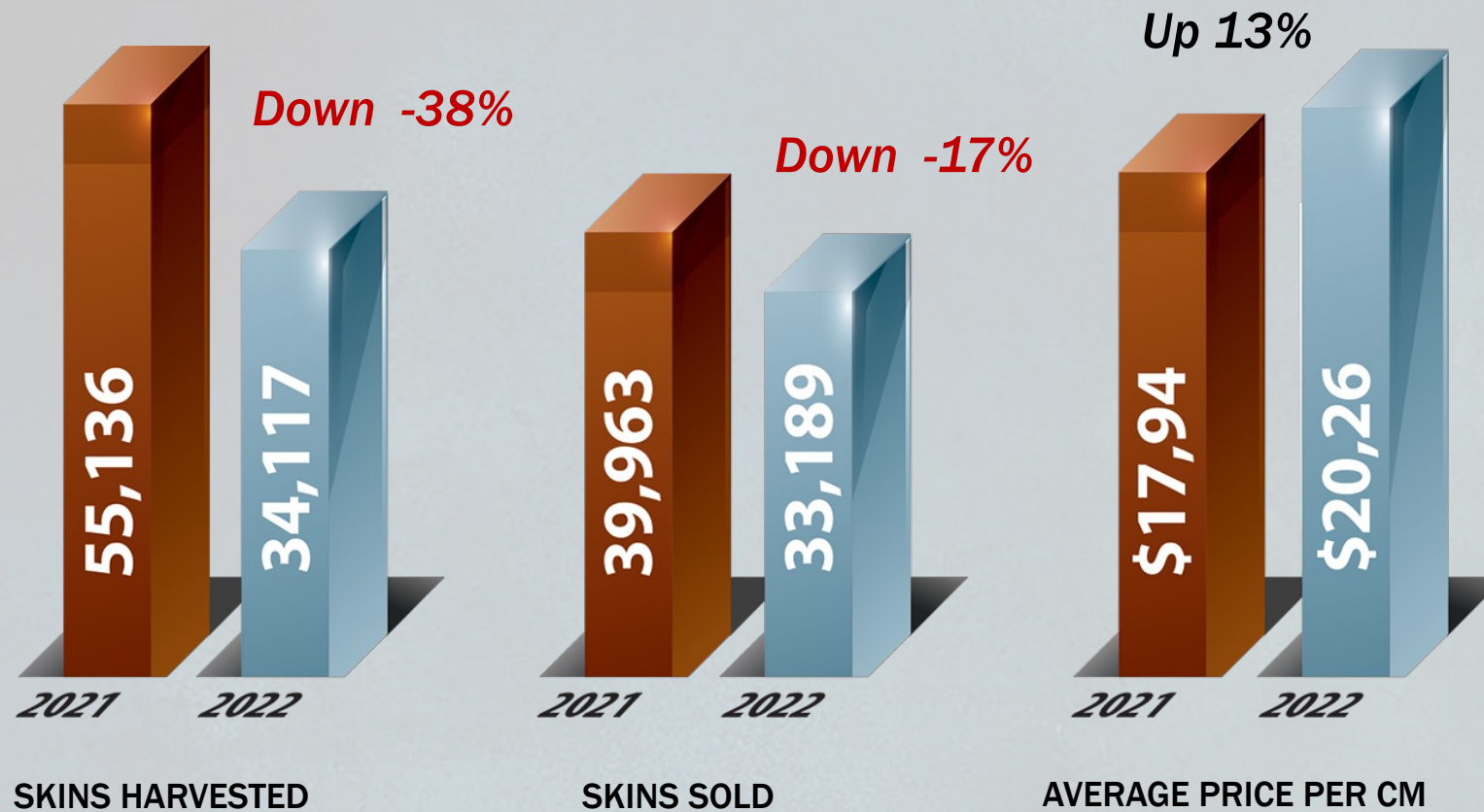
P A D E N G A

- ❖ *The division introduced new feed ball manufacturing technology that significantly improves feed efficiencies and reduces the level of organic waste in the discharge water.*
- ❖ *The division introduced methodologies to eliminate the usage of heavy metals in its pondwater treatment regimes in line with commitment to its environmental obligations.*

CROCODILE DIVISION – SKIN PRODUCTION & SALES



P A D E N G A



ALIGATOR OPERATION

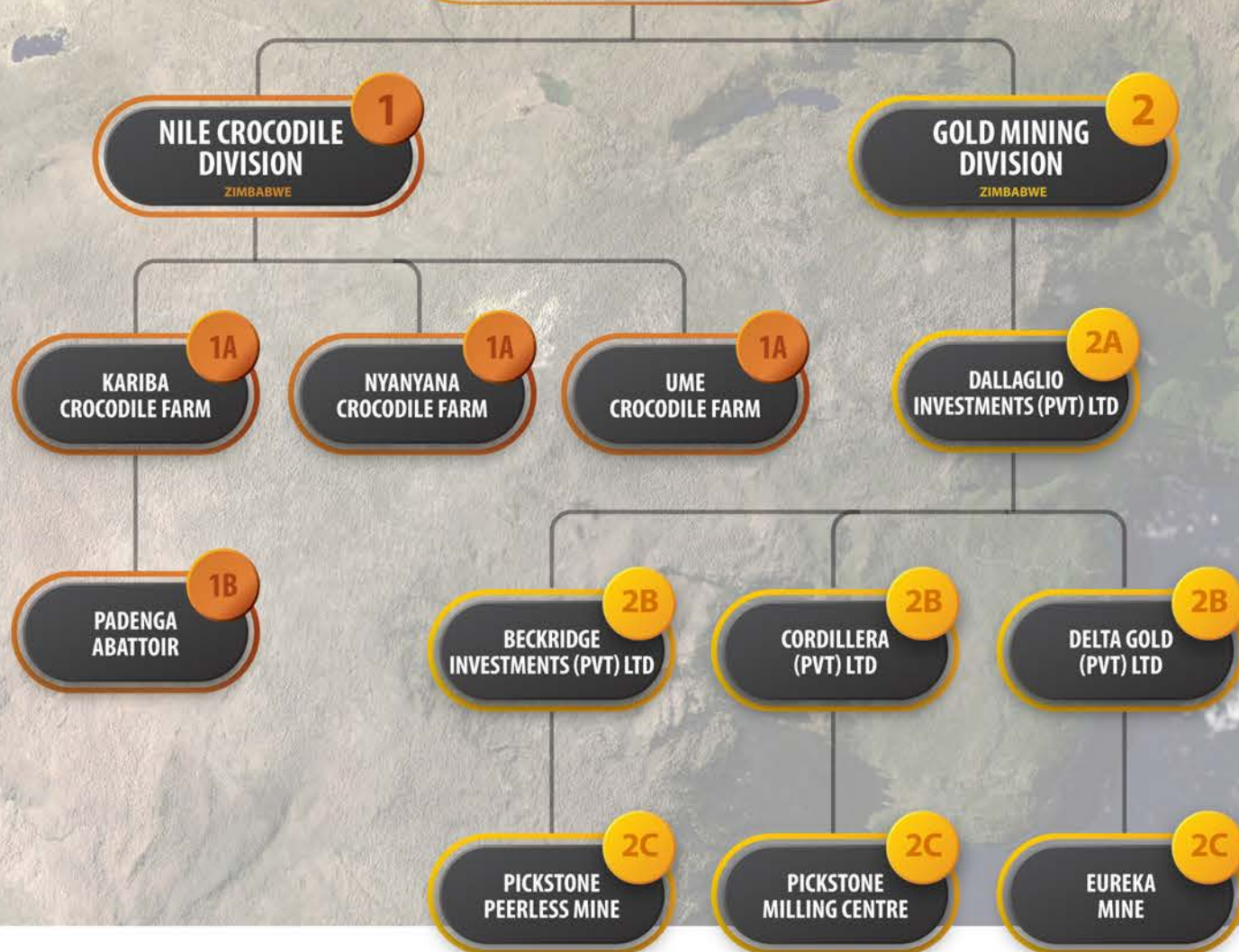
- ❖ *The continued combination of weak demand and over supply in the Alligator market persisted into 2022.*
- ❖ *Despite finally resolving the skin quality challenges that had been experienced over the last few years, low prices resulted in liquidity challenges that impacted the continuity of the business.*
- ❖ *The Board found it prudent therefore to exit the alligator business in July 2022 and the assets of Tallow Creek Ranch were sold.*



The background is a dark blue, textured surface with a mottled, painterly appearance. The colors range from deep navy blue to a slightly lighter, tealish-blue, with visible brushstrokes and graininess.

A quick look at the company organogram.

PADENGA HOLDINGS LIMITED





2022 FINANCIAL PERFORMANCE REVIEW

GROUP FINANCIAL RESULTS - CONTEXT

- ❖ *Financial results are presented in USD - local operations convert ZWL transactions using the auction rates.*
- ❖ *The Group restructured its borrowings in H2 and sought USD borrowings at lower interest rates.*
- ❖ *Due to increased numbers of livestock on hand at year end and forecast higher skin prices, a fair valuation gain on livestock was recorded.*
- ❖ *Improved revenues and efficiencies had a positive impact on profitability.*

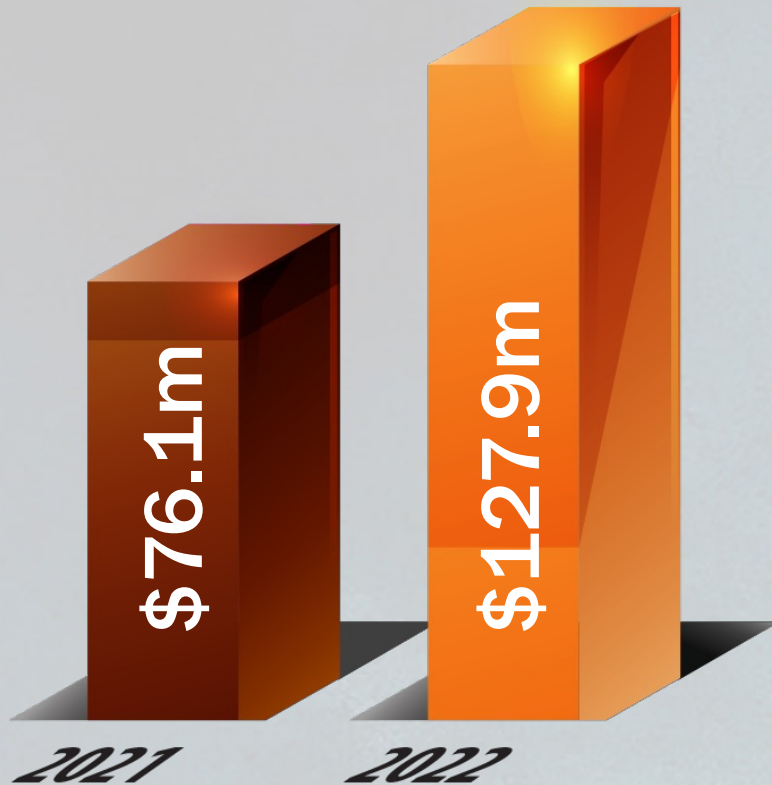
2022 GROUP FINANCIAL HIGHLIGHTS – (CONTINUING OPERATIONS)

Key Performance Drivers	FY 2022	FY 2021	CHANGE
Revenue	127 894 086	76 097 089	✓ 68%
EBITDA	32 282 038	14 168 708	✓ 128%
Profit/(loss) before taxation	13 892 552	(7 263 281)	✓ 291%
Cash generated from operations	24 604 823	15 502 776	✓ 59%
Capital expenditure	13 498 837	23 169 831	✓ (42%)
Net assets	84 584 641	77 918 622	✓ 8%
Debt	58 819 818	62 577 517	✓ 7%
Operating profit as a % of Revenue	25%	19%	✓ 25%
Dividend declared per share (US\$ cents)	0.28	-	✓ 100%

2022 GROUP PROFIT & LOSS STATEMENT

All figures in US\$	FY 2022	FY 2021
Revenue	127 894 086	76 097 089
Earnings before interest, tax, depreciation and amortization (EBITDA)	32 282 038	14 168 708
Profit/(loss) before tax	13 892 552	(7 263 281)
Profit/(loss) after tax from continuing operations	9 334 655	(8 208 131)

GROUP REVENUE GROWTH

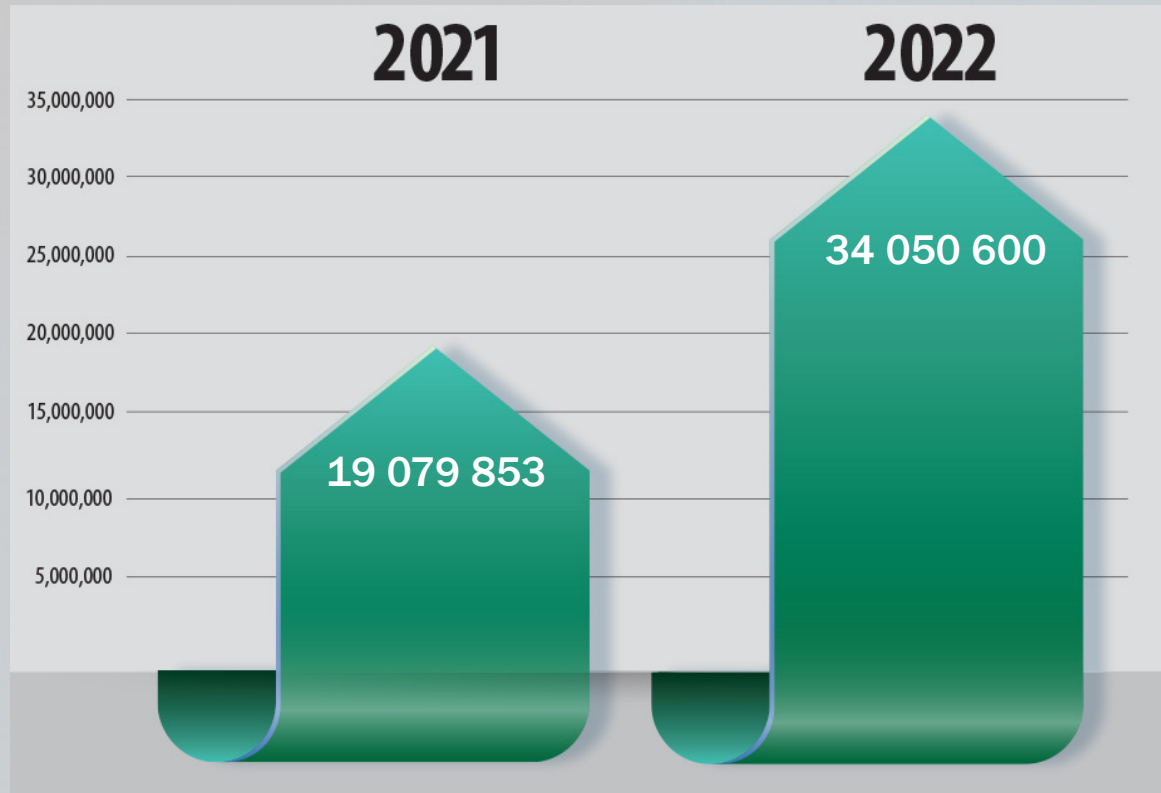


Turnover **up 68%** to \$127.9m.

Revenue increase largely driven by contribution from mining operations.

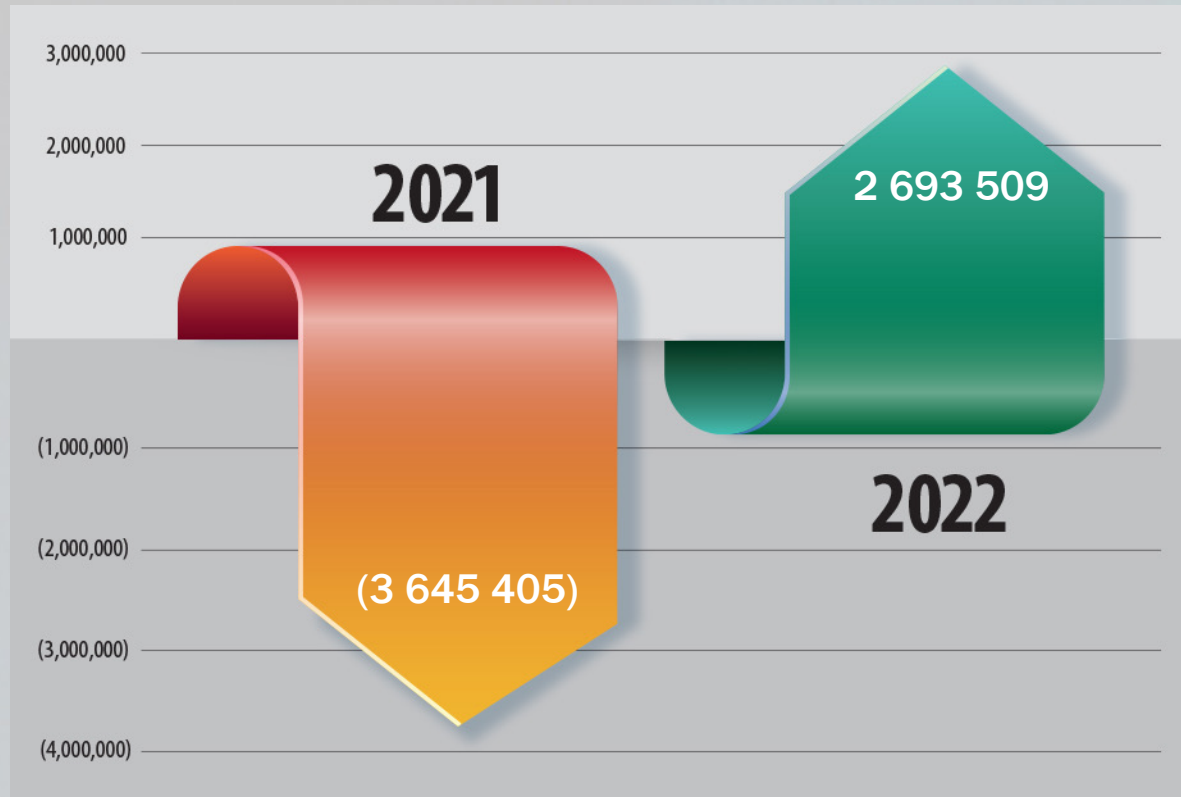
Mines contributed 82% of the revenue.

GROUP OPERATING COSTS ANALYSIS



Operating costs have gone up 78% largely driven by the additional costs from Eureka Mine as it witnessed a full year of operation.

GROUP FAIR VALUATION – FAIR VALUATION (LOSS) / GAIN



The group recognised a fair valuation gain of \$2.7m due to more livestock that we had on the ground compared to prior year.

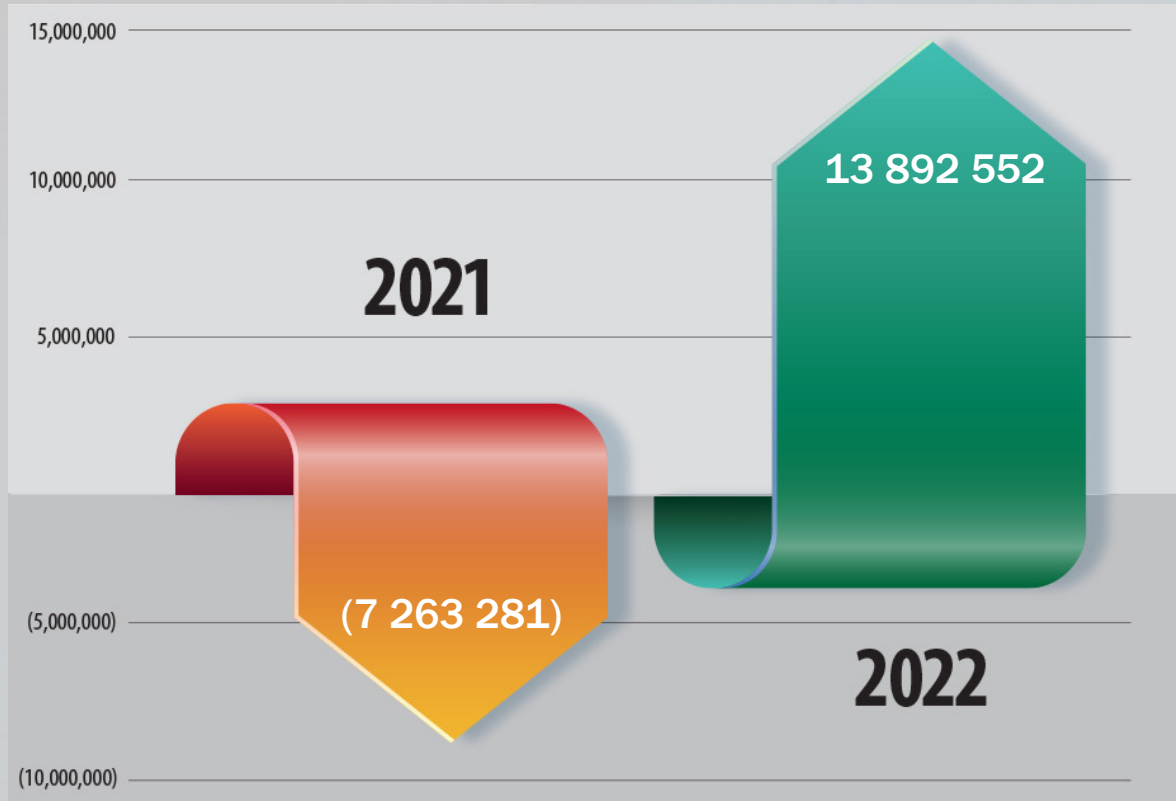
GROUP FINANCE COSTS



Finance costs **down 2%**
due to a reduction in borrowings.

The Group's effective borrowing
cost reduced from 19% to 16% as
we eliminated ZWL borrowings.

GROUP PROFITABILITY ANALYSIS – PROFIT / (LOSS) BEFORE TAX



The group reversed the loss in FY21 to register a very strong performance in FY22.

PBT as a percentage of turnover was 11% vs (10%) in prior year.

GROUP STATEMENT OF FINANCIAL POSITION – (AT 31 DEC 2022)

All figures in US\$	FY 2022	FY 2021
ASSETS		
Non-current assets	100 113 634	100 894 551
Current assets	81 148 468	69 821 510
Total assets	181 262 102	170 716 061
CAPITAL AND RESERVES		
Equity attributable to equity holders of the parent	67 462 929	64 605 367
Non-controlling interest	17 121 712	13 313 255
Total shareholders' equity	84 584 641	77 918 622
Non-current liabilities	29 746 096	47 970 837
Current liabilities	66 931 365	44 826 602
Total Liabilities	96 677 461	92 797 439
Total equity and liabilities	181 262 102	170 716 061

GROUP CAPEX INVESTMENT

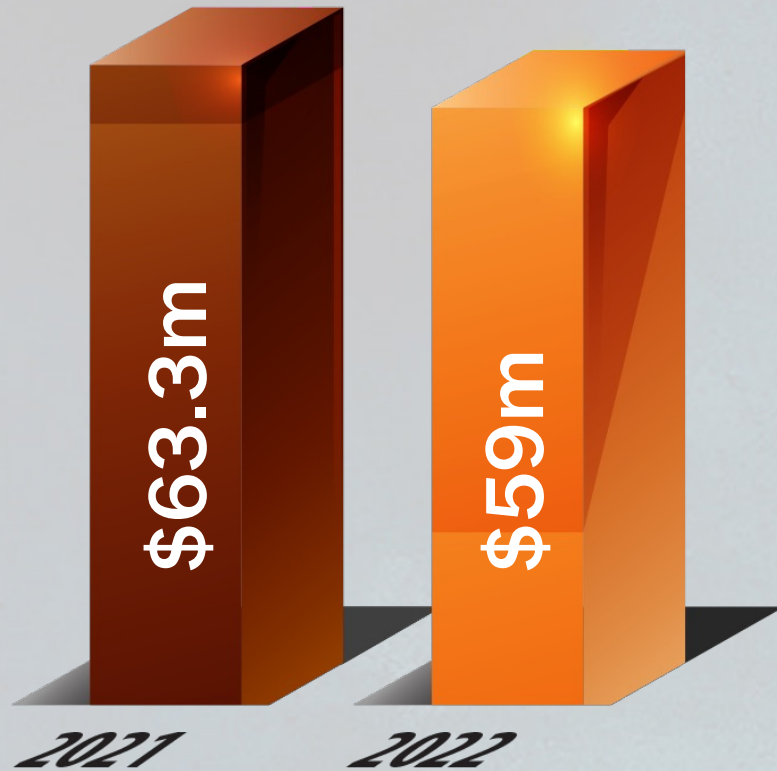


Capex investment **down 42%.**

Major capex was invested in the massive rehabilitation of the Pickstone Mine underground mining programme.

Dallaglio mining division utilized 93% of the Group capex.

GROUP DEBT POSITION



*Debt position **down 7%.***

The Group has started reducing its debt position

The Group debt to equity ratio reduced to 68% (80% in FY21)

The Group exited from all ZWL borrowings (comprised 13% of total debt in FY21)

GROUP OPERATING CASH FLOWS



*Operating cash flows **up 59%.***

Liquidity improved on the back of the revenue growth in the mines.



2023 OUTLOOK

*Gold prices are
forecast to remain
high for the
foreseeable future.*



***Crocodiles skin
prices are
forecast to
remain firm in
the premium
brands market.***



A collection of US dollar bills, including \$100 and \$20 bills, are shown falling from the top of the frame against a dark blue background. The bills are in various orientations, some partially overlapping, creating a sense of motion and abundance.

US dollar inflation will remain elevated - focus will be on mitigation of cost increments.

We will continue to lobby for the reduction of the surrender requirement for exporters as this is constraining the growth of the sector.



GROUP FOCUS AREAS INTO THE FUTURE

PICKSTONE UNDERGROUND MINING

*Dallaglio group is initiating underground mining operations at Pickstone
Peerless with a verified ore body and grades making this a viable proposition.*

Set to complete the underground mine development at Pickstone in Q3 2023.





SOLAR ENERGY INVESTMENTS

Investments into solar energy continue across our operations in line with our sustainability obligations.

Further investment into green energy will also alleviate the power challenges being faced by our operations.

CROCODILE SKIN QUALITY

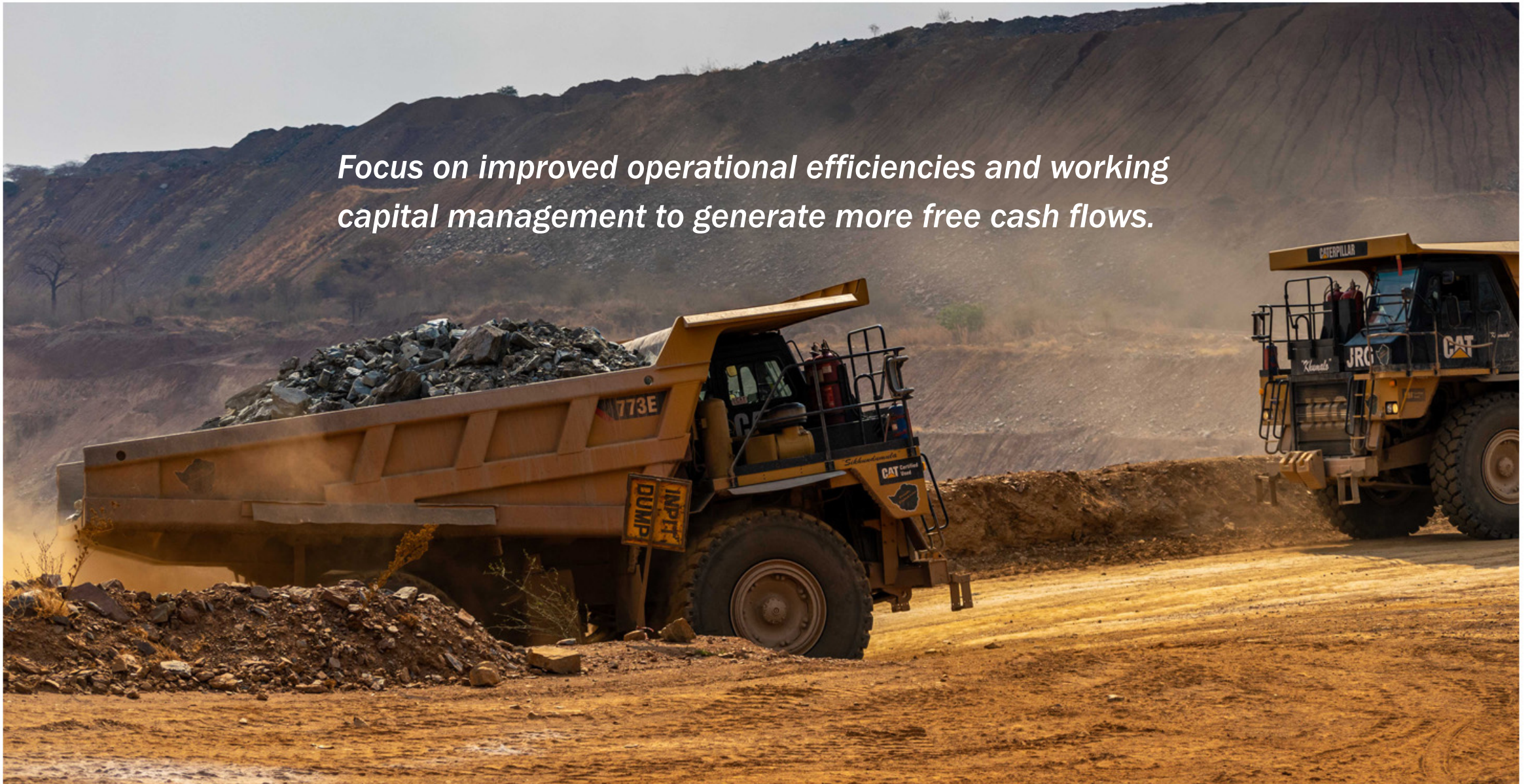
There has been considerable focus on R&D initiatives to achieve the enhanced skin quality standards demanded by the market and to meet revised volume and size profiles.

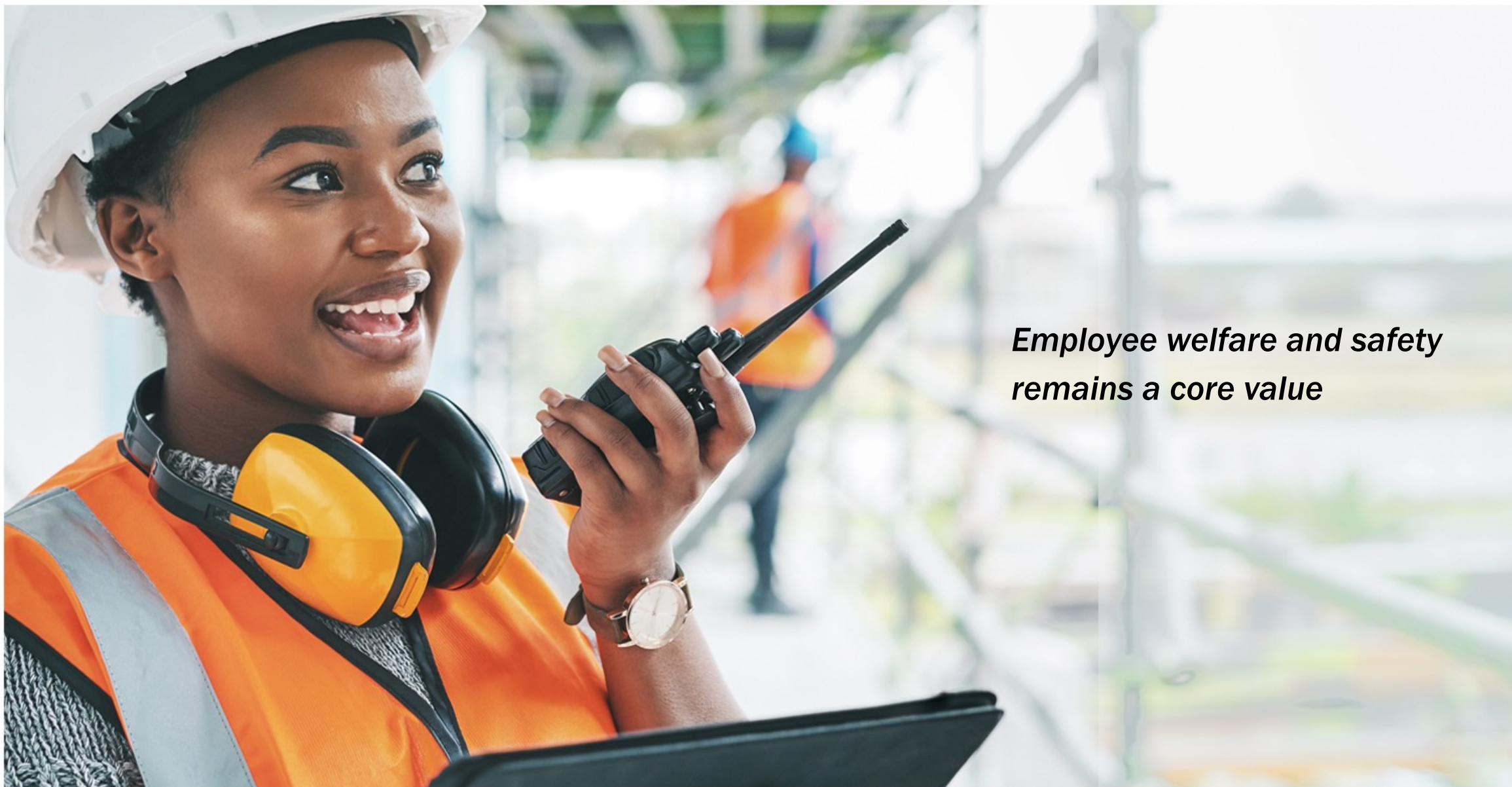
Customer demand for premium quality skins remains very strong albeit at the revised grade stringencies and size distribution mentioned. These are achievable following the initiatives introduced.

The Group structure will be revised to enhance operational effectiveness.



Focus on improved operational efficiencies and working capital management to generate more free cash flows.





*Employee welfare and safety
remains a core value*

*We remain confident in our strong fundamentals
and we will continue to focus on preserving
shareholder value whilst managing the risks
presented by the volatile environment.*



THANK YOU



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