

ABRIDGED CIRCULAR TO SHAREHOLDERS

Relating to and seeking approvals for:
The Termination of Innscor Africa Limited's listing from the Zimbabwe Stock Exchange and the Subsequent Listing by Introduction of Innscor Africa Limited on the Victoria Falls Stock Exchange ("The Proposed Transaction")

and incorporating

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice of an Extraordinary General Meeting of the members of Innscor Africa Limited ("Innscor"), to be held physically at the Royal Harare Golf Club situated at 5th Street Extension, Harare, Zimbabwe and virtually by electronic means, on Wednesday, 15 February 2023, at 1000 hours. The notice was published on Wednesday, 25 January 2023 in accordance with the Listings Requirements of the Zimbabwe Stock Exchange ("ZSE") and the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe, as set out at the end of this Document. Shareholders are asked to complete and return the attached form of proxy in accordance with the instructions printed thereon, as soon as possible, but not later than 1600 hours, on Monday, 13 February 2023.

Financial Advisors



Sponsoring Brokers



Legal Advisors



Transfer Secretaries



ACTION REQUIRED

1. Read this Document in its entirety, and if you are in any doubt as to the action you should take, you should immediately seek advice from an independent stockbroker, bank manager, legal practitioner, accountant, or any other professional advisor of your choice;
2. Attend and vote at the EGM to be held on Wednesday, 15 February 2023, at 1000 hours at Royal Harare Gold Club, or virtually by electronic means via the link, <https://escrowagm.com/eagmZim/Login.aspx>; and
3. Shareholders who are unable to attend the EGM but who wish to be represented thereat should complete and sign the Proxy Form included with this Document and ensure it is lodged at the physical offices of Innscor situated at 1 Ranelagh Road, Highlands, Harare, so that it is received by the Transfer Secretaries by no later than 1600 hours, on Monday, 13 February 2023. Proxy forms will be accepted at the discretion of the Chairman up to 1 (one) hour before the commencement of the EGM. Shareholders may attend the meeting virtually, notwithstanding the completion and return of a Proxy form.

Date of issue of this document: Wednesday, 25 January 2023

1. OVERVIEW OF THE PROPOSED TRANSACTION

At the Board meeting held on Friday, 9 December 2022, the Board of Directors of Innscor considered the termination of Innscor's ZSE Listing and simultaneous listing of the Company's shares on the VFEX by way of Introduction.

1.1. Rationale for the Proposed Transaction

- In future, Innscor will assume a greater ability to raise equity capital in foreign currency to support the Group's capital expenditure, working capital requirements and regional expansion requirements. The VFEX's potential to become a regional exchange enhances Innscor's opportunity to draw in a wider investor pool.
- VFEX listing requires USD financial reporting, which contributes to a lower risk perception of Innscor and an enhanced understanding of the Company's financial position. This will provide the Company with increased leverage to access other forms of finance at favourable terms.
- The VFEX's trading costs of 2.12% are lower than 4.63% on the ZSE, allowing shareholders to retain more of their capital and potentially stimulating the liquidity of Innscor shares.
- Foreign shareholders on the VFEX can repatriate their dividends freely in foreign currency and can settle their proceeds from share disposal offshore.
- The VFEX offers tax incentives for shareholders, which include a 5% withholding tax on dividends for foreign investors compared to a withholding tax of 10% for non-resident shareholders on the ZSE. Additionally, while capital gains at a rate of 40% apply on the ZSE, on the VFEX, no capital gains tax on share disposal is charged, thus providing optimised earnings for Innscor shareholders on the VFEX compared to the ZSE.
- The Company's migration from the ZSE to the VFEX potentially improves the Company's regional profile and commercial standing, creating pathways to the Group's local and regional prospects.
- The provision of a de facto third-party USD valuation of the Company enables Innscor's existing shareholders to realise the true value of their holdings and provide a more accurate benchmark of the stock's performance while mitigating valuation volatility.

2. TIMETABLE FOR THE PROPOSED TRANSACTION

Important Dates	
Innscor EGM Notice and Circular published	Wednesday, 25 January 2023
Record Date, Innscor share register closed (at 1600 hours)	Friday, 10 February 2023
Last day of lodging Proxy Forms (at 1600 hours)	Monday, 13 February 2023
EGM (at 1000 hours)	Wednesday, 15 February 2023
Publication of Results of Innscor EGM	Thursday, 16 February 2023
Last day of trading Innscor Shares on the ZSE	Friday, 17 February 2023
Termination of Innscor ZSE Listing	Thursday, 23 February 2023
Transfer of Innscor share register from the ZSE to the VFEX	Thursday, 23 February 2023
Estimated Completion of Innscor's VFEX Listing	Friday, 24 February 2023

3. OVERVIEW OF INNSCOR AFRICA LIMITED

3.1. Profile of Innscor Africa Limited

Innscor is a manufacturer of consumer staple and durable goods for the mass market through a managed, and where strategically appropriate, integrated portfolio of businesses. The Group commands leading market shares across a range of its categories and, over the years, has grown organically through acquisition and by venturing into new categories.

3.2. Operations

The Group's operations comprise three core operating segments, namely Mill-Bake, Protein and Other Light Manufacturing. The below information, accompanied by section 3.3, provides a summarized account of the core business units across the Innscor Africa Group, by segment.

3.2.1 Mill-Bake

The segment reports the Group's Bakery Division, and interests in Superlinx Logistics (Private), Limited, the Group's interests in National Foods Holdings Limited, and the Group's non-controlling interests in Profeeds (Private) Limited.

3.2.2 Protein

This segment reports the Group's Colcom Division and its interests in Irvine's Zimbabwe (Private) Limited and the Associated Meat Packers (Private) Limited ("AMP Group").

3.2.3 Other Light Manufacturing

The main operations in this reporting segment are the Group's controlling interests in Pro dairy (Private) Limited, Pro bottlers (Private) Limited, Natpak (Private) Limited, and non-controlling interests in Pro brands (Private) Limited.



ABRIDGED CIRCULAR TO SHAREHOLDERS

8. CONSOLIDATED FINANCIAL STATEMENTS

Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	INFLATION-ADJUSTED			HISTORICAL		
	2022 ZWS'000 June Audited	2021 ZWS'000 June Audited	2020 ZWS'000 June Restated	2022 ZWS'000 June Supplementary	2021 ZWS'000 June Supplementary	2020 ZWS'000 June Supplementary
Revenue	290,780,098	195,082,046	144,226,944	159,575,763	56,485,603	11,159,427
Cost of raw materials	(128,841,361)	(123,208,376)	(84,702,157)	(77,826,735)	(31,352,790)	(4,756,675)
Profit before operating expenses and other trading income	161,938,737	71,873,670	59,524,787	81,749,028	25,132,813	6,402,752
Other trading income	3,917,789	1,921,357	916,548	2,390,117	606,727	71,892
Operating expenses	(78,023,588)	(48,798,695)	(38,612,623)	(45,271,162)	(14,359,699)	(3,065,473)
Operating profit before the listed items below	87,832,938	24,996,332	21,828,712	38,867,983	11,379,841	3,409,171
Financial income	5,855,394	2,267,158	2,337,454	9,150,755	645,211	397,287
Depreciation & amortisation	(3,806,854)	(3,327,510)	(3,154,003)	(984,068)	(182,305)	(82,410)
Fair value adjustments on listed equities	1,922,706	(2,066,206)	1,008,054	3,589,302	106,046	696,453
Fair value adjustments on biological assets	1,111,381	(3,089,315)	(185,628)	4,611,328	396,135	282,601
Operating profit before items listed below	92,915,565	18,780,459	21,834,589	55,235,300	12,344,928	4,703,102
Interest income	954,301	437,465	213,145	528,916	131,558	12,584
Interest expense	(8,533,750)	(4,763,541)	(3,006,750)	(4,729,791)	(1,415,319)	(237,453)
Equity accounted earnings	8,166,761	5,696,001	6,696,783	4,650,806	1,880,571	858,414
Monetary (loss)/gain	(23,230,437)	(98,745)	1,359,432	—	—	—
Profit before tax	70,272,440	20,051,639	27,097,199	55,685,231	12,941,738	5,336,647
Tax expense	(16,582,527)	(8,116,006)	(5,454,528)	(9,717,938)	(2,451,245)	(920,064)
Profit for the year	53,689,913	11,935,633	21,642,671	45,967,293	10,490,493	4,416,583
Other comprehensive income - to be recycled to profit or loss						
Exchange differences arising on the translation of foreign Operations attributable to:						
Equity holders of the parent	16,215,626	1,004,562	5,701,984	16,215,626	1,004,562	1,955,681
Non-controlling interests	991,733	11,749	387,976	991,733	11,749	133,069
Other comprehensive income for the year, net of tax	17,207,359	1,016,311	6,089,960	17,207,359	1,016,311	2,088,750
Total comprehensive income for the year	70,897,272	12,951,944	27,732,631	63,174,652	11,506,804	6,505,333
Profit for the year attributable to:						
Equity holders of the parent	38,943,944	7,423,621	14,143,485	33,895,857	7,144,165	3,064,586
Non-controlling interests	14,745,969	4,512,012	7,499,186	12,071,436	3,346,328	1,351,997
Total comprehensive income for the year attributable to:	53,689,913	11,935,633	21,642,671	45,967,293	10,490,493	4,416,583
Equity holders of the parent	55,159,570	8,428,183	19,845,469	50,111,483	8,148,727	5,020,267
Non-controlling interests	15,737,702	4,523,761	7,887,162	13,063,169	3,358,077	1,485,066
Total comprehensive income for the year attributable to:	70,897,272	12,951,944	27,732,631	63,174,652	11,506,804	6,505,333

Group Statement of Financial Position

As at 30 June 2022

	INFLATION-ADJUSTED			HISTORICAL COST		
	2022 ZWS'000 June Audited	2021 ZWS'000 June Audited	2020 ZWS'000 June Restated	2022 ZWS'000 June Supplementary	2021 ZWS'000 June Supplementary	2020 ZWS'000 June Supplementary
ASSETS						
Non-current assets						
Property, plant and equipment	63,158,545	36,966,116	28,915,276	23,395,336	4,412,453	943,670
Right of use assets	3,307,678	2,087,659	1,426,008	1,475,533	300,764	43,274
Intangible assets	5,773,804	5,650,865	5,613,504	95,132	51,233	41,370
Investments in associates	29,367,595	19,077,921	15,909,111	17,660,937	4,459,909	2,120,352
Other assets	7,598,526	3,928,920	7,334,475	7,361,824	1,268,162	1,180,363
Biological assets	2,079,720	707,404	628,869	1,899,833	225,411	—
Deferred tax assets	—	—	—	2,395,333	92,320	104,378
	111,285,868	68,418,885	59,827,243	54,283,928	10,810,252	4,433,407
Current assets						
Other assets	7,028,942	—	—	7,028,942	—	—
Biological assets	9,291,351	5,895,663	6,285,171	6,377,951	1,672,688	561,641
Inventories	56,184,362	24,716,870	25,036,149	40,825,807	8,331,456	3,328,048
Trade and other receivables	45,846,681	24,898,455	16,318,141	42,949,328	8,650,159	2,555,253
Cash and cash equivalents	20,127,751	9,921,595	9,632,069	20,127,751	4,389,036	2,125,956
	138,479,087	65,432,583	57,271,530	117,309,779	23,043,339	8,570,898
Asset of disposal group classified as held for sale	—	—	191,681	—	—	7,648
Total Assets	249,764,955	133,851,468	117,290,454	171,593,707	33,853,591	13,011,953
EQUITY AND LIABILITIES						
Capital and reserves						
Ordinary share capital	761,489	761,331	761,123	5,760	5,699	5,648
Share premium	2,652,625	2,547,630	2,459,691	36,351	25,892	20,358
Other reserves	17,433,327	(274,188)	4,302,729	19,510,873	2,683,984	2,056,538
Distributable reserves	83,043,063	50,763,266	47,553,098	40,488,470	9,470,981	3,575,773
Attributable to equity of the parent	103,890,504	53,798,039	55,076,641	60,041,454	12,186,556	5,658,317
Non-controlling interests	39,167,824	24,569,336	22,695,748	16,792,619	4,230,431	1,664,099
Total Shareholders' Equity	143,058,328	78,367,375	77,772,389	76,834,073	16,416,987	7,322,416
Non-current liabilities						
Deferred tax liabilities	13,857,300	6,283,960	7,511,761	1,910,307	146,326	215,964
Lease liabilities	1,701,292	723,681	295,461	1,701,292	248,208	49,040
Interest bearing borrowings	3,055,249	1,707,330	262,952	3,055,249	585,579	43,644
	18,613,841	8,714,971	8,070,174	6,666,848	980,113	308,648
Current liabilities						
Lease liabilities	519,811	258,790	96,480	519,811	88,760	16,014
Interest-bearing borrowings	25,126,191	17,417,306	7,317,173	25,126,191	5,973,779	1,214,485
Trade and other payables	53,407,651	24,869,007	19,969,877	53,407,651	8,946,349	3,477,471
Provisions	1,102,769	642,339	388,664	1,102,769	220,309	64,510
Current tax liabilities	7,936,364	3,581,680	3,675,697	7,936,364	1,227,294	608,409
	88,092,786	46,769,122	31,447,891	88,092,786	16,456,491	5,380,889
Total liabilities	106,706,627	55,484,093	39,518,065	94,759,634	17,436,604	5,689,537
Total equity and liabilities	249,764,955	133,851,468	117,290,454	171,593,707	33,853,591	13,011,953

ABRIDGED CIRCULAR TO SHAREHOLDERS

8. CONSOLIDATED FINANCIAL STATEMENTS (continued)

Group Statement of Cash Flows for the year ended 30 June 2022

	INFLATION-ADJUSTED			HISTORICAL		
	2022 ZWS'000 June Audited	2021 ZWS'000 June Audited	2020 ZWS'000 June Restated	2022 ZWS'000 June Supplementary	2021 ZWS'000 June Supplementary	2020 ZWS'000 June Supplementary
Cash generated from operations	60,878,632	24,770,808	2,775,484	8,647,252	5,865,822	949,422
Interest income	954,301	437,465	213,145	528,916	131,558	12,584
Interest expense	(8,533,750)	(4,763,541)	(3,006,750)	(4,729,791)	(1,415,319)	(237,453)
Tax paid	(7,247,722)	(5,365,407)	(3,553,329)	(3,497,743)	(2,034,902)	(261,329)
Total cash generated from/ (utilised in) operating activities	46,051,461	15,079,325	(3,571,450)	948,634	2,547,159	463,224
Investing activities	(12,730,372)	(11,494,047)	(4,375,117)	(6,762,593)	(3,642,598)	(291,447)
Net cash (outflow)/ inflow before financing activities	33,321,089	3,585,278	(7,946,567)	(5,813,959)	(1,095,439)	171,777
Financing activities	28,681,589	10,608,971	7,333,262	14,195,297	2,652,845	813,931
Issue of new shares	158	201	796	61	51	51
Share Premium	104,995	87,918	40,192	10,459	5,534	2,546
Dividends Paid by Holding Company	(6,664,147)	(4,213,875)	(1,552,458)	(2,878,368)	(1,248,957)	(127,272)
Dividends paid to minority shareholders	(2,676,345)	(2,705,324)	(1,034,286)	(1,381,250)	(809,249)	(97,032)
Drawdowns on borrowings	50,724,492	20,081,627	20,125,445	24,479,583	5,409,810	1,480,125
Repayment of borrowings	(13,688,852)	(2,039,528)	(10,050,219)	(6,606,225)	(549,430)	(428,971)
Lease payments	(498,440)	(341,675)	(197,587)	(240,543)	(74,248)	(15,618)
Purchase of treasury shares	—	(375,686)	—	—	(111,730)	—
Cash received from non-controlling interests	1,379,728	115,313	1,379	811,580	31,064	102
Net increase / (decrease) in cash and cash equivalents before changes in currency translations	62,002,678	14,194,249	(613,305)	8,381,338	1,557,406	985,708
Effects of currency translation on cash and cash equivalents	(51,796,522)	(19,043,163)	3,245,118	7,357,377	705,674	994,142
Net increase / (decrease) in cash and cash equivalents	10,206,156	(4,848,914)	2,631,813	15,738,715	2,263,080	1,979,850
Cash and cash equivalents at the beginning of the year	9,921,595	14,770,509	7,000,256	4,389,036	2,125,956	146,106
Cash and cash equivalents at the end of the year	20,127,751	9,921,595	9,632,069	20,127,751	4,389,036	2,125,956

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Shareholders of Innskor is to be held physically at Royal Harare Gold Club situated at 5th Street Extension, Harare, Zimbabwe and virtually by electronic means, via the link "<https://escrowagm.com/eagmZim/Login.aspx>" on Wednesday, 15 February 2023, at 1000 hours, for the purpose of transacting the following business:

TO CONSIDER and, if deemed fit, to pass, with or without modification, the following Resolutions:

ORDINARY RESOLUTION 1 – DELISTING OF INNSCOR AFRICA LIMITED FROM THE ZIMBABWE STOCK EXCHANGE

THAT the Company's shares be removed from the Main Board of the Zimbabwe Stock Exchange through voluntary termination of the listing on the Zimbabwe Stock Exchange in terms of section 11 of the ZSE Listing Requirements.

ORDINARY RESOLUTION 2 – AUTHORISED BUT UNISSUED SHARES BE PLACED UNDER THE CONTROL OF THE DIRECTORS

THAT the authorised but unissued ordinary shares of the Company, be placed under the control of the Directors for a period of twelve months or until the next Annual General Meeting, to be issued in compliance with the terms of the Memorandum and Articles of Association of the Company and the VFEX listing requirements, provided that no issue will be made which would effectively transfer the control of the Company without the prior approval of the Shareholders in a general meeting.

ORDINARY RESOLUTION 3 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS

"THAT the directors be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions."

ORDINARY RESOLUTION 4 – APPOINTMENT OF BDO ZIMBABWE CHARTERED ACCOUNTANTS AS AUDITORS

"THAT BDO Zimbabwe, Chartered Accountants be appointed as the Auditors of the Company until the conclusion of the next Annual General Meeting."

BY ORDER OF THE BOARD

APPENDIX V – FORM OF PROXY

I / We.....

Of.....

Being member/members of the above Company, hereby appoint:

Mr. / Mrs. / Ms. / Dr.....

Or failing him or her/the Chairman of the EGM.....

Of.....

As my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held on Wednesday, 15 February 2023 at 1000 hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

Resolutions	For	Against	Abstain
ORDINARY RESOLUTION 1 – DELISTING OF INNSCOR AFRICA LIMITED FROM THE ZIMBABWE STOCK EXCHANGE			
THAT the Company's shares be removed from the Main Board of the Zimbabwe Stock Exchange through voluntary termination of the listing on the Zimbabwe Stock Exchange in terms of section 11 of the ZSE Listing Requirements.			
ORDINARY RESOLUTION 2- AUTHORISED BUT UNISSUED SHARES BE PLACED UNDER THE CONTROL OF THE DIRECTORS			
THAT the authorised but unissued ordinary shares of the Company, be placed under the control of the Directors for a period of twelve months or until the next Annual General Meeting, to be issued in compliance with the terms of the Memorandum and Articles of Association of the Company and the VFEX listing requirements, provided that no issue will be made which would effectively transfer the control of the Company without the prior approval of the Shareholders in a general meeting.			

Resolutions	For	Against	Abstain
ORDINARY RESOLUTION 3 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS			
"THAT the directors be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions."			
ORDINARY RESOLUTION 4 – APPOINTMENT OF BDO ZIMBABWE CHARTERED ACCOUNTANTS AS AUDITORS			
"THAT BDO Zimbabwe, Chartered Accountants be appointed as the Auditors of the Company until the conclusion of the next Annual General Meeting."			

Signed this _____ day of _____ 2023

Signature(s) of member _____

NOTE

- In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company. A director or officer of the Company shall not be appointed as a proxy for a Shareholder.
- Regulation 74 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the office of the Company not less than 48 hours before the time appointed for holding the meeting.
- Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity; this authority must take the form of a resolution of the corporate body.
- According to the approval granted by the ZSE, ordinary resolution number 1 may be passed by a threshold of 50 per centum plus 1 ordinary shares of the votes of all shareholders present or represented by proxy at the general meeting.

FOR OFFICIAL USE

NUMBER OF SHARES HELD

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

- A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the EGM", but any such deletion must be initialled by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as a proxy to the exclusion of those whose names follow.
- A Shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space/s provided as well as by means of a cross whether the shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the EGM as he/she deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.
- Deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory or signatories.
- The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
 - under a power of attorney
 - on behalf of a company
unless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than 48 hours before the meeting.
- If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted shall be regarded as the validly appointed proxy.
- When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
- The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
- In order to be effective, completed proxy forms must reach the Company's Transfer Secretaries or the registered office of the Company not less than 48 hours before the time appointed for the holding of the EGM.
- Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.