OK ZIMBABWE LIMITED

Short-Form Financial Results Announcement

for the year ended 31 March 2023

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange
This short-form financial results announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details.

Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement. A copy of the full announcement is available on the Zimbabwe Stock Exchange website www.zse.co.zw and the Company website https://okziminvestor.com/.

The full announcement is also available on request, at no charge, via email to mmunyuru@okzim.co.zw.

Financial Highlights

	Inflation Adjusted		Historical*	
	For the year ended 31 March ZWL 000	% Change Mar 2023 vs Mar 2022	For the year ended 31 March ZWL 000	% Change Mar 2023 vs Mar 2022
Revenue	311,284,479	33%	260,476,600	328%
Profit before Tax	7,402,417	-47%	5,199,390	43%
Profit for the period	5,200,606	-36%	5,065,973	112%
Share performance: ZWL cents				
• headline earnings per share	400	-37%	386	108%
• diluted earnings per share	387	-36%	377	111%
• diluted headline earnings per share	389	-36%	375	111%
Total assets	133,353,692	48%	97,490,698	351%
Total equity	59,346,317	20%	29,781,145	220%
Total Liabilities	74,007,375	82%	67,709,553	451%

* Historical cost financial results are provided only as supplementary information. The primary financial statements are the inflation adjusted results. The auditor's opinion relates only to the inflation adjusted financial results.

Dividend Announcement to Shareholders
NOTICE is hereby given that on 26 September 2023, the Board of Directors declared a final Dividend Number 34 of 0.02 US cents per share payable in respect of the qualifying ordinary shares of the company to be paid out of the profits for the year ended 31 March 2023.

The Dividend will be payable on or about 19 October 2023 to Shareholders in the Group's register at the close of business on 13 October 2023. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 10 October 2023, and ex-dividend as from 11 October 2023.

Disbursements to foreign Shareholders are subject to Exchange Control Approval and payment guidelines for foreign payments.

Shareholders are encouraged to update their payment details through our offices or our Transfer Secretaries, Corpserve Registrars (Private) Limited, 2nd Floor. ZB Centre, Kwame Nkrumah Avenue, P O Box 2208, Harare, Zimbabwe.

Auditor's Statement
The short form financial announcement should be read in conjunction with the abridged set of the Audited Group annual inflation-adjusted financial statements for the year ended 31 March 2023 which have been audited by Messrs KPMG Chartered Accountants (Zimbabwe) who expressed a qualified audit opinion because of non-compliance with International Financial Reporting Standard 16, Leases in the current year in respect of the accounting treatment of foreign currency denominated leases, the inability to conclude on the existence and valuation of inventory due to the ERP challenges noted in note [13] of the abridged set of the Audited Group annual inflation-adjusted financial statements and the consequential time limitation imposed and the impact and possible impact of these matters on the inflation adjusted balances computed in accordance with IAS 29, *Financial Reporting in Hyperinflationary Economies*.

A copy of the auditor's audit opinion is available for inspection at the Company's registered office. The engagement partner for this audit is Vinay Ramabhai (PAAB Practicing Certificate Number 0569).

By order of the Board

Mrs. Margaret Munyuru
Group Company Secretary
26 September 2023

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OK ZIMBABWE LIMITED

Audited Abridged Financial Results

for the year ended 31 March 2023

Financial Highlights

	Inflation Adjusted	Historic Cost
Revenue	Increased by **33.3%** to **ZWL311.3 Billion**	Increased by **327.6%** to **ZWL260.5 Billion**
Operating Income	Decreased by **6.0%** to **ZWL19.8 Billion**	Increased by **155.0%** to **ZWL12.4 Billion**
Basic Earnings Per Share	Decreased by **37.3%** to **398.33 ZWL cents**	Increased by **107.6%** to **388.01 ZWL cents**
Dividend Per Share	Interim dividend declared **0.13 US cents**	Interim dividend declared **0.13 US cents**
	Proposed Final dividend **0.02 US cents** per share	Proposed Final dividend **0.02 US cents** per share

Revenue

ZWL311.3bn

Revenue for the year grew by **33.3%** to ZWL311.3 billion from ZWL233.6 billion in the comparative period. In historical cost terms, revenue grew by 327.6% to ZWL 260.5 billion from ZWL60.9 billion.

Profit After Tax

ZWL5.2bn

Profit after tax decreased by **36%** to ZWL 5.2 billion (Last year: ZWL8.1 billion) whilst in historical cost terms, the profit after tax increased by 111.7% to ZWL5.1 billion (Last year: ZWL2.4 billion).

Chairman's Statement

Dear Shareholders

I wish to start by unreservedly apologising to you all our shareholders for the delay in the publication of the financial results for the year ended 31 March 2023. This delay, was occasioned by the technical challenges experienced during the implementation of a new Enterprise Resource Planning (ERP) system. However, I am pleased to advise that the technical challenges have now been resolved and measures have been taken to ensure that the Group will publish financial results within its usual timeframes and in compliance with the regulations going forward.

The operating environment of the reporting period presented significant challenges to business largely driven by exchange rate volatility and high inflation. The annual inflation which was recorded at 96% at the beginning of the financial year, peaked at 280% by September 2022 before declining to 87.6% as at 31 March 2023 following the blending of ZWL and USD inflation computations. The inflationary pressures were primarily caused by the steep volatility in exchange rates. Consumer disposable incomes were adversely impacted by rising prices of goods and services as suppliers sought to preserve value by indexing ZWL prices to foreign currency price pegs. The multiplicity of exchange rates posed a huge arbitrage challenge on both the supply and selling sides of retail business. Our key suppliers shortened their trading terms to formal retail resulting in the loss of volumes to the informal sector who were offering competitive pricing in foreign currency as they do not face the regulatory limitations that are placed on formal retailers.

The fiscal and monetary authorities implemented a raft of measures to stem the economic deterioration that was experienced in the economy by significantly increasing interest rates to mop up excess liquidity. Borrowing costs peaked at 200% before eventually easing off to levels around 80% per annum. A new "Willing Buyer, Willing Seller" platform was eventually introduced to manage foreign currency exchange rates. These moves by the authorities resulted in some relative stability, although more still needs to be done to create a more sustainable and predictable operating environment.

Notwithstanding this, the Group showed resilience and continued to forge ahead with the strategic repositioning of its offering. The strong partnerships with suppliers, banks and others, helped the business to continue forging ahead.

Group Performance

The commentary on the financial performance is based on inflation adjusted results. Historical cost figures are included as supplementary information alongside the inflation adjusted results to enhance comprehension and analysis.

Revenue for the year grew by 33.3% to ZWL311.3 billion from ZWL233.6 billion in the comparative period. In historical cost terms, revenue grew by 327.6% to ZWL260.5 billion from ZWL60.9 billion. Volumes for the year declined by 7.7% over the comparative period owing to local currency liquidity shortages and depressed consumer spending power. The informal sector continued to expand at the expense of the formal retail sector as a result of exchange rate distortions in the market.

Profit after tax decreased by 36.0% to ZWL5.2 billion (Last year: ZWL8.1 billion) whilst in historical cost terms, the the profit after tax increased by 111.7% to ZWL5.1 billion (Last year: ZWL2.4 billion). The profit performance was impacted by the increase in operating costs arising from increased usage of generator fuel due to acute power outages, inflation pressures embedded in forward pricing by market players, as well as exchange rate induced cost increments on labour, cleaning and security costs. The Group has taken measures to reduce and contain costs to improve its profitability going forward.

The Group utilised borrowings to fund its strategic growth initiatives in accordance with its medium to short-term growth plans. The increase in the interest rates resulted in the net finance charges growing by 99.7%.

Capital expenditure for the year was ZWL6.1 billion down from ZWL8.9 billion the in prior year. Most of the capital expenditure was channelled towards store refurbishments. In addition, there was an acquisition of a subsidiary amounting to ZWL3.7 billion.

The Board has taken note of the matters raised by the External Auditors in their audit opinion.

Enterprise Resource Planning System (ERP) Project

At beginning of the financial year, the business embarked on a project to upgrade its Enterprise Resource Planning (ERP) system to strengthen its reporting and internal control environment. During the implementation phase of the Microsoft Dynamic 365 (MSD365), the system experienced unexpected technical challenges that required to be resolved by the system developers. The reconfiguration of some aspects of the ERP system caused significant delays in the processing and data warehousing of the business' transactions. These unforeseen delays consequently impacted on the finalisation of the year end audit hence the delay in the publication of the financials results.

Notwithstanding these technical challenges that were experienced during the roll out phase, I am pleased to advise that these have now been resolved. The system is now working as expected. The Group will continue to optimise the new ERP system to maximise the benefits derived from this important investment. The new ERP system will form the bedrock of the group's innovation thrust going into the future. This will result in improved customer service offering, automation of processes and procedures as well as seamless integration with suppliers, banks and other key stakeholders for operational efficiencies.

Acquisition of Food Lover's Market

During the year, the Group successfully concluded the strategic acquisition of the Food Lover's Market business in Borrowdale, Avondale and Bulawayo's Bradfield shopping centre after receiving the necessary regulatory approvals. This acquisition, which comes with a Territorial License Agreement for the Zimbabwean territory, will bolster the Group's strategic thrust to expand its footprint in the premium segment of the market. This will see the Group refreshing the existing stores and expanding the brand representation in the territory. The addition of the Food Lover's Market franchise arrangement will create further supply chain and logistics optimisation that will benefit the entire Group with premium product offering.

Directors

The Group appointed Mr Wonder Stan Nyabereka as a Non-Executive Director with effect from 1 June 2022. Join me in congratulating Mr W. S. Nyabereka and wishing him success in his new role.

Sustainability

A core part of our strategy is making a tangible and lasting impact on employees, suppliers, shareholders, communities, businesses and the environment in which we operate. During the year, we began a process to gain a greater understanding of our impact and to systematically assess the risks and opportunities that are presented to our business by climate change. As part of these efforts, we are putting in place new frameworks and procedures, which also have application beyond environmental matters and will strengthen our Company's sustainability drive.

Dividend

The Board of Directors has declared a final dividend of 0.02 USD cents per share for the year ended 31 March 2023.

Outlook

The operating environment remains constrained with the local currency liquidity challenges continuing to negatively impact formal retail volume performance. The exchange rate volatility, high inflation and interest rates remain significant challenges facing the business. Overheads continue to rise driven by wage inflation and the growth of utilities and service industry expenses. The Board and Management remain vigilant in protecting the Group from the relentless shocks arising from the volatile economic environment.

I would like to thank you, our shareholders for your support and patience during the new ERP system implementation phase.

H. Nkala
Chairman
26 September 2023

Dividend Announcement to Shareholders

NOTICE is hereby given that on 26 September 2023, the Board of Directors declared a final Dividend Number 34 of 0.02 US cents per share payable in respect of the qualifying ordinary shares of the company to be paid out of the profits for the year ended 31 March 2023.

The Dividend will be payable on or about 19 October 2023 to Shareholders in the Group's register at the close of business on 13 October 2023. Disbursements to foreign Shareholders are subject to Exchange Control Approval and payment guidelines for foreign payments. The Dividend will be paid by direct or other approved forms of transfer as per the following timetable:

ACTION	DATE
1. Announcement date	28 September 2023
2. Last Date to Trade Cum-Dividend	10 October 2023
3. Share Trade Ex-Dividend	11 October 2023
4. Last record Date	13 October 2023
5. Payment Date	19 October 2023

The Group profit before tax for the year is ZWL5.2 Billion in historic cost terms.

Shareholders are encouraged to update their payment details through our offices or our Transfer Secretaries, Corpserve Registrars (Private) Limited, 2nd Floor. ZB Centre, Kwame Nkrumah Avenue, P O Box 2208, Harare, Zimbabwe.

By order of the Board

Mrs. Margaret Munyuru
Group Company Secretary
26 September 2023

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Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 March

		Inflation Adjusted		Historical*	
	Notes	2023 ZWL 000	2022 ZWL 000	2023 ZWL 000	2022 ZWL 000
Revenue		311,284,479	233,608,416	260,476,600	60,909,032
Other income		2,904,173	931,220	2,626,560	217,025
Changes in trade inventories	13.1	(10,560,136)	(5,904,525)	(26,020,493)	(4,452,111)
Merchandise and consumables used		(265,408,971)	(190,069,459)	(180,066,064)	(43,644,734)
Employee benefits expense		(21,152,851)	(14,953,400)	(17,618,607)	(3,881,839)
Depreciation and amortisation expense		(6,966,232)	(4,337,159)	(2,424,987)	(502,993)
Share-based payments expense		(207,320)	(57,710)	(186,846)	(14,326)
Exchange losses#	7.1	(2,518,059)	(374,598)#	(2,462,488)	(97,069)#
Other expenses		(28,496,211)	(16,129,663)	(24,362,993)	(4,179,664)
Finance income		9,046	23,901	7,757	6,003
Finance costs		(5,403,622)	(2,706,019)	(4,769,049)	(718,801)
Net monetary gain		33,918,121	14,014,476	—	—
Profit before income tax	7	7,402,417	14,045,480	5,199,390	3,640,523
Income tax expense	8	(2,201,811)	(5,913,622)	(133,417)	(1,247,348)
Profit for the year		**5,200,606**	**8,131,858**	**5,065,973**	**2,393,175**
Other comprehensive income (OCI)					
Items that will not be reclassified subsequently to profit or loss:					
Gains on revaluation of property		8,735,029	11,660,448	21,546,318	5,186,528
Fair value (loss)/gain on financial assets measured at FVTOCI		(3,456)	(3,100)^	8,714	2,052^
Deferred tax expense		(1,193,695)	(2,414,059)^	(3,805,903)	(1,085,970)^
Other comprehensive income net of tax		**7,537,878**	**9,243,289**	**17,749,129**	**4,102,610**
Total comprehensive income for the year		**12,738,484**	**17,375,148**	**22,815,102**	**6,495,785**
Profit for the year attributable to:					
Owners of the company		5,201,964	8,131,858	5,067,871	2,393,175
Non-Controlling Interests		(1,358)	—	(1,898)	—
		5,200,606	**8,131,858**	**5,065,973**	**2,393,175**
Total comprehensive income for the year					
Owners of the company		12,739,842	17,375,147	22,817,000	6,495,785
Non-Controlling Interests		(1,358)	—	(1,898)	—
		12,738,484	**17,375,147**	**22,815,102**	**6,495,785**
Share performance: ZWL cents					
• Attributable earnings per share		398.33	635.22	388.01	186.94
• Headline earnings per share		400.16	637.98=	385.60	185.29=
• Diluted earnings per share		386.87	608.26	376.85	179.01
• Diluted headline earnings per share		388.65	610.91=	374.51	177.43=

* IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary records. However, the historical cost results are included as supplementary information to allow for comparability and to meet most user requirements. As a result, the independent auditor has not expressed an opinion on this historical information.

\# The comparative has been restated to provide further disaggregation of other expenses to comply with the standards.

^ Prior year numbers have been correctly presented under items that will not be reclassified to the profit and loss. In the prior period these items were incorrectly classified as items that may be reclassified to the profit and loss account.

= Headline earnings and Diluted headline earnings per share were not presented in prior year and have correctly been presented in the current year per the requirements of the standards.

Audited Consolidated Statement of Financial Position

As at 31 March

		Inflation Adjusted		Historical*	
	Notes	2023 ZWL 000	2022 ZWL 000	2023 ZWL 000	2022 ZWL 000
Assets					
Non-current assets					
Property and equipment		59,511,699	47,912,695	36,847,903	10,089,876
Financial assets held at amortised cost		3	8	3	3
Goodwill	10	3,230,407	75,005	3,126,335	400
Right of use asset	11	23,121,659	12,240,866	12,522,871	1,989,891
Intangible asset		284,882	—	193,480	—
Financial assets held at FVTOCI		15,030	18,486	15,030	6,316
Total non-current assets		**86,163,680**	**60,247,060**	**52,705,622**	**12,086,486**
Current assets					
Inventories	13	34,420,000	23,999,681	34,249,863	8,037,845
Trade and other receivables		1,412,943	550,941	1,412,943	188,233
Prepayments	15	8,149,885	3,101,110	5,915,086	534,233
Current tax asset		43,193	—	43,193	—
Short-term loans receivable		41,240	81,377	41,240	27,803
Cash and cash equivalents		3,122,751	2,117,558	3,122,751	723,479
Total current assets		**47,190,012**	**29,850,667**	**44,785,076**	**9,511,593**
Total assets		**133,353,692**	**90,097,727**	**97,490,698**	**21,598,079**
Equity and liabilities					
Equity					
Share capital		22,816	22,812	131	129
Share premium		7,494,543	7,551,462	197,474	269,514
Share based payment reserve		529,250	375,028	160,341	24,842
Mark to market reserve		5,988	9,392	14,805	6,222
Revaluation reserve		17,616,109	10,074,827	23,173,383	5,432,837
Non-distributable reserves		1,841,497	1,841,497	9,820	9,820
Retained earnings		31,837,472	29,643,816	6,227,089	3,563,416
Equity attributed to equity holders of the parent		**59,347,675**	**49,518,834**	**29,783,043**	**9,306,780**
Non-controlling interests		(1,358)	—	(1,898)	—
Shareholders' equity		**59,346,317**	**49,518,834**	**29,781,145**	**9,306,780**

Audited Consolidated Statement of Financial Position (continued)

As at 31 March

		Inflation Adjusted		Historical*	
	Notes	2023 ZWL 000	2022 ZWL 000	2023 ZWL 000	2022 ZWL 000
Equity and liabilities (continued)					
Non-current liabilities					
Deferred tax liability		7,880,193	8,057,688	1,582,371	1,180,193
Long term borrowings	14.2	2,413,056	—	2,413,056	—
Long term lease liability		11,495,464	5,251,180	11,495,464	1,794,104
Total non-current liabilities		**21,788,713**	**13,308,868**	**15,490,891**	**2,974,297**
Current liabilities					
Trade and other payables	12	42,191,872	20,145,302	42,191,872	6,882,789
Provisions		1,257,770	843,761	1,257,770	288,277
Lease liability		2,272,508	910,357	2,272,508	311,030
Short term borrowings	14.1	6,288,495	5,016,618	6,288,495	1,713,964
Current tax liabilities		208,017	353,987	208,017	120,942
Total current liabilities		**52,218,662**	**27,270,025**	**52,218,662**	**9,317,002**
Total Liabilities		**74,007,375**	**40,578,893**	**67,709,553**	**12,291,299**
Total equity and liabilities		**133,353,692**	**90,097,727**	**97,490,698**	**21,598,079**

* IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary records. However, the historical cost results are included as supplementary information to allow for comparability and to meet most user requirements. As a result, the independent auditor has not expressed an opinion on this historical information.

Condensed Consolidated Statement of Changes in Equity

for the year ended 31 March

	Inflation Adjusted		Historical*	
	2023 ZWL 000	2022 ZWL 000	2023 ZWL 000	2022 ZWL 000
Shareholders' equity at the beginning of the year	49,518,834	35,778,967	9,306,780	3,636,705
Changes in share capital				
Arising from share options exercised	71,961	170,346	50,387	49,976
Arising from treasury shares issued/(acquired)	(128,876)	301,296	(122,425)	71,986
Recognition of share based payments	154,222	57,710	135,499	14,326
Changes in distributable reserves				
Dividend paid	(3,008,308)	(4,164,632)	(2,404,198)	(961,998)
Total comprehensive income for the year net of tax	12,738,484	17,375,147	22,815,102	6,495,785
Shareholders' equity at the end of the year	**59,346,317**	**49,518,834**	**29,781,145**	**9,306,780**
Attributable to:				
Owners of the company	59,347,675	49,518,834	29,783,043	9,306,780
Non-Controlling Interests	(1,358)	—	(1,898)	—
Shareholders' equity at the end of the year	**59,346,317**	**49,518,834**	**29,781,145**	**9,306,780**

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Audited Consolidated Statement of Cash Flows

for the year ended 31 March

		Inflation Adjusted		Historical*	
		2023 ZWL 000	Restated# 2022 ZWL 000	2023 ZWL 000	Restated# 2022 ZWL 000
Cash flows from operating activities					
Cash generated from trading	9	14,765,882	16,973,340	15,003,495	4,946,530
Working capital changes		5,505,032	(3,474,678)	2,907,911	(1,244,134)
Cash generated from operations		20,270,914	13,498,662	17,911,406	3,702,396
Finance cost		(5,384,473)	(2,714,647)	(4,749,900)	(721,749)
Finance income		9,046	23,901	7,757	6,003
Tax paid		(3,762,164)	(3,707,139)	(3,493,260)	(1,019,564)
Net cash generated from operating activities		**11,133,323**	**7,100,777**	**9,676,003**	**1,967,086**
Cash flows from investing activities					
Investments to maintain operations:					
Replacement of property and equipment		(635,401)	(5,148,124)	(571,221)	(1,314,227)
Proceeds from disposal of property and equipment		40,591	87,936	36,840	23,540
Increase in short-term loans receivable		40,137	(78,798)	(13,437)	(27,294)
		(554,673)	**(5,138,986)**	**(547,818)**	**(1,317,981)**
Investments to expand operations:					
Additions to property and equipment		(5,508,516)	(3,799,187)	(4,890,086)	(969,867)
Additions to intangible assets		(297,445)	—	(202,012)	—
Acquisition of Subsidiary		(3,740,287)	—	(3,705,358)	—
Proceeds financial assets at amortised cost		—	222	—	43
		(9,546,248)	**(3,798,965)**	**(8,797,456)**	**(969,824)**
Net cash used in investing activities		**(10,100,921)**	**(8,937,951)**	**(9,345,274)**	**(2,287,805)**
Cash flows from financing activities					
Dividends paid		(3,008,308)	(4,164,632)	(2,404,198)	(961,998)
Proceeds from share options exercised		71,961	170,346	50,387	49,976
Proceeds from disposal of treasury shares		—	301,296	—	71,986
Acquisition of treasury shares		(128,876)	—	(122,425)	—
Repayment of lease liabilities		(1,219,751)	(710,326)	(1,077,032)	(188,734)
Proceeds from borrowings		10,879,935	12,222,254	10,361,044	3,325,933
Repayment of borrowings		(7,553,071)	(7,232,891)	(5,470,381)	(1,895,156)
Net cash (used in) / generated from financing activities		**(958,110)**	**586,047**	**1,337,395**	**402,007**

Audited Consolidated Statement of Cash Flows (continued)

for the year ended 31 March

	Inflation Adjusted		Historical*	
	2023 ZWL 000	**2022 ZWL 000**	**2023 ZWL 000**	**2022 ZWL 000**
Cash flows from financing activities (continued)				
Net increase/(decrease) in cash and cash equivalents	74,292	(1,251,127)	1,668,124	81,288
Cash and cash equivalents at the beginning of year	2,117,558	3,743,283	723,479	739,260
Exchange gains / (losses) on foreign cash balances	930,901	(374,598)	731,148	(97,069)
Cash and cash equivalents at the end of year	**3,122,751**	**2,117,558**	**3,122,751**	**723,479**

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\# The comparative has been restated to provide further disaggregation of other expenses to comply with the standards.

Notes to the Abridged Audited Consolidated Financial Statements

for the year ended 31 March

1. General Information

The Group is a leading supermarket retailer whose business is in retail and hypermarket formats; supplying food and liquor, homeware and household goods, building material and pharmaceutical goods. At the reporting date, the Group was operating from sixty-three retail and eight hypermarket stores countrywide. The Group, OK Zimbabwe Limited, had five subsidiaries.

The Group's parent company OK Zimbabwe Ltd is a registered limited liability entity incorporated in Zimbabwe under the Companies and Other Business Entities Act ("COBE") Chapter 24:31, listed on the Zimbabwe Stock Exchange (ZSE) with its registered office at OK House, 7 Ramon Road, Graniteside, P O Box 3081, Harare, Zimbabwe

These financial results are presented in Zimbabwean Dollar (ZWL) which is the functional currency of the Group. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Enterprise Resource Planning System

At beginning of the financial year, the business embarked on a project to upgrade its Enterprise Resource Planning (ERP) system to strengthen its reporting and internal control environment. During the implementation phase, the system experienced unexpected technical challenges that required to be resolved by the software developers, which caused significant delays in the processing of transactions and completion of supporting reconciliations. Management is pleased to advise that the unexpected technical challenges were subsequently resolved, and the continued optimization of the new ERP system is expected to bring in operational efficiencies, strengthen the reporting and internal control environment going forward.

2. Basis of Preparation

The audited consolidated financial statements of OK Zimbabwe Limited have been prepared in accordance with International Financial Reporting Standards "IFRSs" and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31).

2.1 Hyper Inflation

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 (Financial Reporting in Hyperinflationary Economies) compliant. Indices used were obtained from the Zimbabwe Statistical Office for the period from April 2021 to January 2023 whilst the Group estimated the indices for February 2023 and March 2023. The conversion factors used to restate the financial results are as follows:

	Closing Indices	Movement	Conversion Factor
CPI as at 31 March 2023	13,949.9	9,183.80	1.0
CPI as at 31 March 2022	4,766.1	2,006.30	2.9
CPI as at 31 March 2021	2,759.8	1,949.40	5.1
Average CPI for the 12 months to:			
31-Mar-23			11,546.99
31-Mar-22			3,582.86
31-Mar-21			2,083.51

Estimated Consumer Price Indices (CPI)

In a move by the Government to address inflation, Zimbabwe adopted blended inflation as its official inflation statistic through Statutory Instrument (SI) 27 of 2023. Following the announcement, ZIMSTAT has not been publishing ZWL consumer price indices from February 2023.

The adoption of the blended CPI statistics was deemed not appropriate for financial reporting purposes as the business' financial statements were prepared in Zimbabwean dollars, which is the functional currency. IAS 29 par 17 permits the use of an estimate-based price index in circumstances where the rate is not available. In the absence of the official ZWL CPI indexes, the business opted to use the Total Consumption Poverty Line to estimate the missing CPIs as recommended by The Institute of Chartered Accountants Zimbabwe (ICAZ) given its very strong correlation with inflation.

CPI Sensitivity analysis

The Group considered the following four approaches in estimating the CPI for February 2023 and March 2023:

- **Trend analysis**
  This approach considered the movement of CPI in prior months to determine a trend.
- **Interbank exchange rate movement**
  This approach considered the movement in interbank exchange rate as the basis.
- **Internal exchange rate movement**
  This approach considered the movement in interbank exchange rate as the basis.
- **Total Consumption Poverty Line (TCPL)**
  This method used the movement in TCPL published by ZIMSTATS as the basis to estimate CPI. Management considered this approach to be the most appropriate in determining the CPI for the two months.

Notes to the Abridged Audited Consolidated Financial Statements (continued)

for the year ended 31 March

2. Basis of Preparation (continued)

2.1 Hyper Inflation (continued)

CPI Sensitivity analysis (continued)

The table below highlights the sensitivity analysis that was performed to determine the possible change in the CPI if the other three approaches were adopted.

	Poverty Datum Line Movement	Trend Analysis	Impact on the conversion factor	Interbank Exchange rate movement	Impact on the conversion factor	Internal Exchange rate movement	Impact on the conversion factor
CPI as at 31 March 2023	13,949.9	14,340.4	2.8%	16,220.8	16.3%	16,297.3	16.8%
Average CPI for the 12 months	11,547.0	11,598.8	0.4%	11,879.6	2.9%	11,889.0	3.0%

2.2 Currency of Reporting

The financial statements are presented in Zimbabwe dollars (ZWL), which is the functional currency of the Group. All foreign denominated transactions and balances are translated to ZWL in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) at the authorised management determined exchange rate at the time of transacting. All values are rounded to the nearest thousand except where otherwise stated.

2.3 Historical Reporting*

The historical financial disclosure is shown as supplementary information. The information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies). As a result, the auditors have not issued an audit opinion on the historic financial information.

3. Statement of Accounting Policy

The accounting policies are consistent with those used in the prior year.

	Inflation Adjusted		Historical*	
	2023 ZWL 000	**2022 ZWL 000**	**2023 ZWL 000**	**2022 ZWL 000**
4. Capital Expenditure	6,143,917	8,947,311	5,461,307	2,284,094
5. Capital Commitments				
Authorized but not contracted for	28,515,325	22,971,200	28,515,325	7,840,000
6. Revenue				
Retail	234,539,022	178,386,121#	195,925,748	46,373,150#
Hypermarket	76,745,457	55,222,295#	64,550,852	14,535,882#
	311,284,479	**233,608,416**	**260,476,600**	**60,909,032**

During the year, the Group earned revenue from sale of merchandise through its retail and hypermarket stores as shown above.

\# Comparative information has been disaggregated to comply with the requirements of the standards.

7. Profit Before Income Tax

Profit before income tax takes into account the following:

	Inflation Adjusted		Historical*	
	2023 ZWL 000	**Restated# 2022 ZWL 000**	**2023 ZWL 000**	**Restated# 2022 ZWL 000**
Other expenses				
Utilities and backup power expenses	7,164,177	3,154,490	6,125,053	817,420
Property operating costs	3,618,509	2,710,175	3,093,664	176,161
Marketing and promotional expenses	3,478,418	1,315,750	2,973,893	340,949
Maintenance expenses	2,644,462	1,918,122	2,260,897	476,648
Security expenses	2,333,540	1,204,168	1,995,073	312,035
Cleaning expenses	2,297,908	1,382,832	1,964,609	333,578
Transport and motor vehicle	1,633,303	861,532	1,396,401	223,248
Retirement benefit costs	928,440	765,652	773,315	198,760
Distribution expenses	863,671	553,234	738,400	143,359
Bank Charges	630,328	1,006,147	538,902	260,722
Licences Expenses	606,158	383,407	518,238	99,352
Consultancy fees	591,364	114,456	505,590	29,659
Stock taking expenses	484,588	208,857	414,301	54,121
Insurance expenses	411,221	347,306	351,576	89,997
Current year audit fees	95,690	116,189	81,811	30,108
Loss/(profit) on sale of property and equipment	23,939	35,392	(31,508)	(21,179)
Other^	690,495	51,954	662,778	614,726
Total	**28,496,211**	**16,129,663**	**24,362,993**	**4,179,664**

\# The comparative has been restated to provide further disaggregation of other expenses to comply with the standards. Other expenses have been renamed from other operating expenses in the prior period.

^ Due to the nature of the Group's diversified operations, other expenses include several line items that are not material enough to be reasonably aggregated.

	Inflation Adjusted		Historical*	
	2023 ZWL 000	**2022 ZWL 000**	**2023 ZWL 000**	**2022 ZWL 000**
7.1 Exchange losses	(2,518,059)	(374,598)	(2,462,488)	(97,069)

Foreign currency exchange losses were reclassified from other expenses in prior year and presented separately in the statement of profit or loss to comply with the standards as they represent a material expenditure in the current year and would provide the users of financial statements with more reliable information.

	Inflation Adjusted		Historical*	
	2023 ZWL 000	**2022 ZWL 000**	**2023 ZWL 000**	**2022 ZWL 000**
8. Income Tax Expense				
Current Income tax	3,573,002	3,922,024	3,537,142	1,113,035
Standard	3,468,934	3,807,233	3,434,118	1,080,463
AIDS Levy	104,068	114,217	103,024	32,414
Withholding tax	—	574	—	158
Deferred tax movement	(1,371,191)	1,991,598	(3,403,725)	134,313
	2,201,811	**5,913,622**	**133,417**	**1,247,348**

Notes to the Abridged Audited Consolidated Financial Statements (continued)
for the year ended 31 March

	Inflation Adjusted		Historical*	
	2023 ZWL 000	2022 ZWL 000	2023 ZWL 000	2022 ZWL 000
9. Cash Generated from Trading				
Profit before tax	7,402,417	14,045,481	5,199,390	3,640,523
Adjusted for:				
Finance costs	5,403,622	2,706,019	4,769,049	718,801
Depreciation and Amortization	6,966,232	4,337,159	2,424,987	502,993
Share based expense costs	207,320	57,710	186,846	14,326
Foreign Exchange losses	2,518,059	374,598	2,462,488	97,069
Finance Income	(9,046)	(23,901)	(7,757)	(6,003)
Profit on sale of property and equipment	23,939	35,392	(31,508)	(21,179)
Impact of inflation on cash flows	(7,746,661)	(4,559,118)	—	—
	14,765,882	**16,973,340**	**15,003,495**	**4,946,530**
10. Goodwill				
At the beginning of the year	75,005	75,005	400	400
Arising on acquisition of business interests	3,155,402	—	3,125,935	—
At the end of the year	**3,230,407**	**75,005**	**3,126,335**	**400**

Goodwill from prior year arose when the Group acquired the assets of Makro Zimbabwe at a premium. Additional, goodwill recognised during the year resulted from the acquisition of the assets of Talwant Investments (Private) Limited assets at a premium.

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (store brand and subsidiary). The opening balance of goodwill is assigned to the OKmart stores within the Group. The increase in goodwill in the current period is assigned to the subsidiary, Fresh and Green City (Private) Limited.

The Group qualitatively assessed whether it is more likely than not that the respective fair values of OKmart stores are less than their carrying amounts, including goodwill. Based on that assessment, we determined that this condition does not exist.

The Group compared the carrying amount of Fresh and Green City (Private) Limited, inclusive of assigned goodwill, to its respective fair value. The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows. The discount rate was estimated based on the Capital Asset Pricing Model (CAPM). The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The estimated recoverable amount of the CGU exceeded its carrying amount by approximately ZWL 5.7 Billion, therefore not impaired.

	Inflation Adjusted		Historical*	
	2023 ZWL 000	2022 ZWL 000	2023 ZWL 000	2022 ZWL 000
11. Right Of Use Asset				
Cost	15,441,058	9,877,524	2,379,019	966,108
Additions	1,901,336	—	1,840,844	—
Lease rental modifications	12,041,050	5,563,534	10,193,979	1,412,911
Accumulated amortisation of Right Of Use Asset	(6,261,785)	(3,200,192)	(1,890,971)	(389,128)
At the end of the year	**23,121,659**	**12,240,866**	**12,522,871**	**1,989,891**

The Group has some lease contracts on properties whose base rentals are contractually determined to reflect market dynamics in response to the hyperinflationary environment. These arrangements were effected in the f addendums to the main agreements. Whilst the base rentals effected in the addendums are based on a USD equivalent amount, the substance of the rental payments is such that the exchange rate represents an index as per IFRS 16 therefore making the contractual rentals variable lease payments to be included in the measurement of the lease liability. For these lease agreements, the Group invariably is not obligated to pay rentals in USD and the actual payment is always in ZWL based on a market linked rate of exchange at date of payment and taking into account other market variables that affect the rental market. The exchange rate is used as the best proxy for the prevailing market conditions which affect the base rentals payable on these leases on a monthly basis.

Ordinarily, a change in the contractual rental under IFRS 16.36, requires accounting for as a modification to the measurement of the lease liability and Right of Use Asset (ROUA).

IFRS 16 Appendix A defines variable lease payment as the portion of payment made by a lessee to a lessor for the right to use an underlying asset during the lease term that varies because of changes in facts or circumstances occurring after the commencement date, other than the passage of time but largely influenced by market conditions.

	Inflation Adjusted		Historical*	
	2023 ZWL 000	2022 ZWL 000	2023 ZWL 000	2022 ZWL 000
12. Trade and Other Payables				
Trade Payables	40,537,034	17,942,726	40,537,034	6,130,263
Accruals and other payables	1,654,838	2,202,576	1,654,838	752,526
	42,191,872	**20,145,302**	**42,191,872**	**6,882,789**
13. Inventories				
Consumables stocks	363,514	503,331	345,118	153,593
Merchandise	34,056,486	23,496,350	33,904,745	7,884,252
	34,420,000	**23,999,681**	**34,249,863**	**8,037,845**
13.1 Changes In Inventories				
Opening Merchandise Stock	23,496,350	17,591,825	7,884,252	3,432,141
Closing Merchandise Stock	34,056,486	23,496,350	33,904,745	7,884,252
	10,560,136	**5,904,525**	**26,020,493**	**4,452,111**

Inventories are valued at lower of cost and net realisable value. Merchandise and consumables stocks are valued at the landed cost on a first-in-first-out (FIFO) basis.

The cost of merchandise inventories recognised as an expense during the year was ZWL265.4 billion (2022: 190.1 billion). The cost of inventories recognised as an expense includes ZWL5.7 billion (2022: 563.7 million). The movement in shrinkage provision was ZWL245 million (2022: ZWL661,000).

Inventory Existence
Due to the Enterprise Resource Planning system implementation challenges described in note 1, there were delays in the finalisation of the year-end inventory valuation reports and supporting reconciliations. Management performed stock counts for all branches around the 31st of March 2023 and processed the necessary stock adjustment journals in the system. Further inventory stock counts were performed on selected branches post the year end period and rollback procedures were performed to assess the reasonableness of the stock adjustments processed in the system as at 31 March 2023. Management is satisfied with the reasonableness of the inventory balances as at 31 March 2023 as processed in the ERP system.

Inventory Valuation
Inventories are valued at lower of cost and net realisable value. Merchandise and consumables stocks are valued at the landed cost on a first-in-first-out (FIFO) basis.

Notes to the Abridged Audited Consolidated Financial Statements (continued)
for the year ended 31 March

13. Inventories (continued)

13.1 Changes In Inventories (continued)

Inventory Valuation (continued)
Management is satisfied that the year-end stock adjustments, which are a routine process in a retail business, were processed by the system at cost values consistent with First In First Out costing methodology as the new ERP system uses a weighted average cost derived from the FIFO costs as a proxy for estimating the FIFO unit costs.

	Inflation Adjusted		Historical*	
	2023 ZWL 000	2022 ZWL 000	2023 ZWL 000	2022 ZWL 000
14. Borrowings				
14.1 Short-term borrowings				
Unsecured interest bearing loans	1,703,333	5,016,618	1,703,333	1,713,964
Bank overdraft	4,585,162	—	4,585,162	—
	6,288,495	**5,016,618**	**6,288,495**	**1,713,964**
14.2 Long-term borrowings				
Unsecured interest bearing loans due in over a year	2,413,056	—	2,413,056	—

The Group took out a loan of USD 5 million on 30 August 2022 with a maturity date of 31 August 2025. The loan carries an interest of 7.5% per annum.

	Inflation Adjusted		Historical*	
	2023 ZWL 000	2022 ZWL 000	2023 ZWL 000	2022 ZWL 000
15. Prepayments				
Prepayments	8,149,885	3,101,110	5,915,086	534,233

The prepayments relate to mainly imported inventory and capital equipment paid for in advance.

16. Fair Value of Financial Instruments
The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements.

17. Segment Information
IFRS 8, Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. For the purpose of decision making, allocation of resources and assessment of performance, senior management consider the Group to be a single operating unit. Consequently no segment information is presented.

18. Financial Risk Management
The period witnessed a very volatile economic trading environment which was characterised by episodes of extreme exchange rate volatility coupled with high inflation rates and this was evidenced by the significant monetary adjustment during the period. The Group has financial control systems in place which includes checklists, policies, audits, security systems and spot checks. These are designed to mitigate any finance related risks. Our financial risk management includes credit risk, liquidity risk and control risk. The group conducts business predominantly in ZWL. Some exchange risk occurs when the Group incurs liabilities in foreign currency as the ZWL further depreciated against the hard currencies. The risk was managed by settling foreign denominated liabilities as soon the foreign currency was available to minimise exchange losses.

19. Contingent Liabilities
There were no contingent liabilities at the reporting date.

20. Subsequent Events
Dividend
On the 26th of September 2023 the Directors declared a final dividend of 0.02 US cents per share following an interim dividend of 0.13 US cents per share declared earlier in the financial year.

Exchange rate
Subsequent to year end, The Government through the Reserve Bank of Zimbabwe introduced measures to stabilize the economy. The measures included the introduction of digital gold backed tokens and determining foreign exchange rates at the interbank market determined exchange rate, this has resulted in a more liberalized exchange rate and pricing changes. The USD to ZWL exchange rate moved from USD$1: ZWL1,022 as 31 March 2023 to USD$1: ZWL5,738 at date of signing of these financial statements. The Directors have assessed the events and considered the events non adjusting events.

21. Going Concern
The Directors and Management have assessed the ability of the Group to continue as a going concern and believe the preparation of the consolidated financial results on a going concern basis is still appropriate. Despite the net current liabilities of ZWL5 billion, the Directors are satisfied that the Group is expected to continue operating profitably and is capable of settling all its obligations as they fall due. This assertion is supported by the following:

Demand for the products and services:
Management executed a volume recovery plan which is bearing fruit resulting in the recording of significant month on month growth. The Group's operating branches are located in key markets where demand for products is expected to continue. The Group's new offering in the retail premium segment, in store financial services and pharmaceuticals will continue to bolster revenue collections and profitability.

Profitability:
The economy experienced some exchange rate volatility towards the end of the financial year, ended 31 March 2023. Management prepared Group financial forecast for the twelve months subsequent to the year end. The Directors reviewed these financials forecasts and are satisfied that due considerations have been made for the continued volatility in the operating market and that adequate mitigation measures are in place.

The business adopted an agile pricing model for the business' goods and services which will improve the business' profitability prospects and cashflow generation to settle its obligations as they fall due. Management also embarked on an exercise to restructure the business' cost bases and implemented cost containment measures that are expected to bear fruit going forward.

Management prepared budgets and profit forecasts for the Group for the twelve month period subsequent to the year end. The Directors reviewed these forecasts and are satisfied that due considerations have been made for the continued volatility in the operating environment and that the Group is expected to continue operating profitably and generate positive cashflows. The Group is capable of settling all its obligations as they fall due while operating profitably. In addition, the Group has banking facilities in place which can be utilised if the need arises.

22. Audit Opinion
These financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 March 2023 which have been audited by Messrs KPMG Chartered Accountants (Zimbabwe) who expressed a qualified audit opinion because of non-compliance with International Financial Reporting Standard 16, Leases in the current year in respect of the accounting treatment of foreign currency denominated leases, the inability to conclude on the existence and valuation of inventory due to the ERP challenges noted in note [13] and the consequential time limitation imposed and the impact and possible impact of these matters on the inflation adjusted balances computed in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

A copy of the auditor's audit opinion is available for inspection at the Company's registered office. The engagement partner for this audit is Vinay Ramabhai (PAAB Practicing Certificate Number 0569).

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Independent auditor's Report

To the shareholders of OK Zimbabwe Limited

We have audited the inflation adjusted consolidated financial statements of OK Zimbabwe Limited and its subsidiaries (the Group) which comprise the inflation adjusted Consolidated Statement of Financial Position as at 31 March 2023, and the inflation adjusted Consolidated Statement of Profit or Loss and Other Comprehensive Income, the inflation adjusted Consolidated Statement of Changes in Equity and the inflation adjusted Consolidated Statement of Cash Flows for the year then ended, and notes to the inflation adjusted consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects and for the effects of the respective matters described in the Basis for qualified opinion section of our report, the inflation adjusted consolidated financial statements present fairly, in all material respects, the inflation adjusted consolidated financial position of OK Zimbabwe Limited as at 31 March 2023, and its inflation adjusted consolidated financial performance and inflation adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the manner required by the Companies and Other Business Entities Act [Chapter 24:31].

Basis for qualified opinion

a) Valuation and existence of the Group's inventory balance of ZWL34,420,000,000 as at 31 March 2023

Refer to the Enterprise Resource Planning System challenges and impact on the year-end financial reporting process as described in note [1] and management's assessment of inventory existence and valuation as described in note [14.1] to the inflation adjusted consolidated financial statements. A time limitation was imposed on our audit.

As a result, of the matters above we are unable to obtain sufficient and appropriate audit evidence that the inventory balance as at 31 March 2023 was free from material misstatement. We were unable to satisfy ourselves by alternative means concerning the Group's inventory balance in the consolidated inflation adjusted Statement of Financial Position and the related change in inventories, merchandise and consumables used and the possible impact on income tax expense in the consolidated inflation adjusted Statement of Profit or Loss and Other Comprehensive Income.

b) Non compliance with International Financial Reporting Standard IFRS 16 – Leases

The Group leases certain warehouse and retail space and has recorded a Right of Use (ROU) asset of ZWL23,121,659,000 and a corresponding lease liability of ZWL13 767,972,000 as at 31 March 2023 split between non-current and current. The contracted monthly rentals are denominated in United States dollars (USD) on some of the leases with the rental payment settled in ZWL using the spot rate at the date of payment.

As described in Note 11 to the inflation adjusted consolidated financial statements, management determined that the exchange rate represented an index per IFRS 16 with the contracted rentals treated as variable lease payments and accounted for as monthly lease modifications.

Based on our review of the lease contracts, lease rentals are denominated in USD and settled in ZWL, and the lease is considered to be a foreign currency denominated transaction and the treatment adopted by the Group is a departure from the principles of IFRS 16 for accounting for foreign currency leases. The ROU asset and liability should be calculated in USD at inception and the ROU asset should be measured at the spot ZW$ exchange rate. The lease liability should be remeasured, as a monetary liability, at the spot ZW$ exchange rate at each reporting period. The change in lease payments as a result of a change in exchange rates should not be accounted for as a lease modification due to a change in lease rentals.

As a result, the financial statements are misstated due to the ROU asset being overstated by ZWL 2,099,201,276, the corresponding accumulated lease liability is understated by ZWL 7,542,600,376 and the exchange losses are understated by ZWL 9,329,815,402. Consequently, this impacts elements of the inflation adjusted consolidated Statement of Profit or Loss and Other Comprehensive Income - the armotisation expense and the related income tax expense would have been decreased by ZWL 311,986,250 and ZWL1,864,531,000 respectively. The combined misstatements above also result in a consequential impact on retained earnings.

c) IAS 29-Financial Reporting in Hyperinflation Economies (IAS 29).

In addition, the matters noted above impact the application of, IAS 29 - Financial Reporting in Hyperinflation Economies (IAS 29).

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the inflation adjusted consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the inflation adjusted consolidated financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for qualified opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Freehold Land and Buildings

Refer to accounting policy note 3.8 - property and equipment, note 4.1- key sources of uncertainty and property and equipment note 9 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
As at 31 March 2023, the Group has freehold land and buildings valued at ZWL28,5 billion. The freehold land and buildings are stated at revalued amounts in accordance with IAS 16 - Property, Plant and Equipment (IAS 16). The process of determining the fair values inherently involves significant judgement and estimation uncertainty with significant unobservable inputs such as ZWL rental rates per square meter, comparable market prices and percentage yield. In addition, the determination of fair value is increasingly challenging in a hyperinflationary environment where there is limited market activity in the local currency. As a result, due to the degree of complexity involved in determining the fair values and the significance of the balance on the Group's consolidated financial statements, (21% of the Group's total assets), we considered this to be a key audit matter.	Our procedures included the following: • Evaluated the professional competence, capabilities and objectivity of the external valuer engaged by the directors to value the freehold land and buildings. • Engaged our own valuation specialist to assist us in the evaluation of key assumptions made, appropriateness of the valuation methods applied, including for consistency with prior periods, and the reasonableness of key inputs employed by management's property valuation specialist, for congruency with market trends. • Reperformed, with the assistance our own specialist, desktop valuations on a sample basis for comparison against the fair values as determined by the management's specialist. • Considered the adequacy of the disclosures in the financial statements in respect of the valuation of freehold land and buildings in accordance with IAS 16 and IFRS 13.

Other matter

The inflation adjusted consolidated financial statements of the Group as at and for the year ended 31 March 2022, were audited by another auditor who expressed an unmodified opinion on those inflation adjusted inflation adjusted consolidated financial statements on 20 June 2022.

Other information

The directors are responsible for the other information. The other information comprises the Report of the directors, the Directors' responsibility for financial reporting and the unaudited financial information in the inflation adjusted consolidated financial statements titled "Historical" but does not include the inflation adjusted consolidated financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for qualified opinion section above, the Group did not comply with the requirements of IFRS 16, *Leases* and as a result, the Group's right of use asset and lease liability in the inflation adjusted Statement of Financial Position and the exchange losses, armotisation and income tax expense in the inflation adjusted Statement of Profit or Loss and Other Comprehensive Income are misstated. Accordingly, we have concluded that the other information is materially misstated for the same reasons.

Further, we were unable to conclude on existence and valuation of the Group's inventory balance due to the time limitation imposed by management and consequently, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the inflation adjusted inflation adjusted consolidated financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the manner required by the Companies and Other Business Entities Act [Chapter 24:31], and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the inflation adjusted consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the inflation adjusted consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Vinay Ramabhai
Chartered Accountant (Z)
Registered Auditor
PAAB Practicing Certificate Number 0569

28 September 2023

For and on behalf of, KPMG Chartered Accountants
(Zimbabwe), Reporting Auditors

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