



Audited Abridged Financial Results

for the year ended 31 March 2024

Financial Highlights

	Inflation Adjusted	Historic Cost
Revenue	Increased by 29.44% to ZWL12.4 Trillion	Increased by 676.63% to ZWL2.0 Trillion
Operating Profit	Increased by 330.0% to ZWL2.0 Trillion	Increased by 605.0% to ZWL87.4 Billion
Basic Earnings/(Loss) Per Share	Increased by 478.25% to 70,869.66 ZWL cents	Decreased by 1 321.81% to (4,740.80) ZWL cents

Revenue

↑ **ZWL12.4tn**

Revenue for the year grew by 29.44% to ZWL 12.4 trillion from ZWL9.5 trillion in comparative year. In historical terms, revenue grew by 676.63% to ZWL 2.0 trillion from ZWL 260 billion.

Profit After Tax

↑ **ZWL931.9bn**

Profit after tax increased by 482.40% to ZWL931.9 billion (2023: 160 billion) whilst in historical cost terms, loss after tax was ZWL 62.3 billion from a profit of ZWL5.1 billion in prior year.

Chairman's Statement

Operating Environment

On behalf of the Board of Directors, I am pleased to present the financial results of OK Zimbabwe Limited ("the Group" or "the Company") for the year ended 31 March 2024.

The operating environment remained constrained throughout the course of the financial year characterised by uncertainties, currency fluctuations, price instabilities, high interest rates and volatile macroeconomic conditions. During this period, formal retailers were compelled to use the official exchange rate which created market distortions and gave impetus to the informal sector that was not bound by similar regulations. In addition, the rapid deterioration of the exchange rate, especially during the fourth quarter of the financial year, created difficulties in long-range planning and operational execution for the Company.

Group Financial 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.

Items sold declined by 29.2% against prior year driven by the market pricing distortions imposed on the group. This was compounded by constraints within the macro-economic environment that resulted in steep price increases, decline in consumer spending power as well as restrictive supplier trading terms that adversely impacted product availability.

The Group revenue grew by 29.4% to ZWL12.4 trillion (Last year: ZWL9.5 trillion), whilst in historical cost terms, revenue grew by 676.6% to ZWL2.0 trillion (Last year: ZWL260 billion) against a blended annual inflation of 55.3%. Revenue growth was muted, which in the face of imposed market pricing distortions, reflects the resilience of the business model and the loyalty of our valued customers. Our strategic initiatives to enhance product offerings, optimise supply chain efficiencies, and to expand our digital presence have yielded positive results and positioned the Group well for future growth.

Operating income¹ grew by 330% to ZWL2 trillion (Last year: ZWL468.7 billion), whilst in historical cost terms, operating income grew by 605% to ZWL87 billion (Last year: ZWL12 billion) demonstrating the operational resilience of the Group underpinned by a robust pricing model and cost containment measures.

Operating costs increased by 107% from ZWL1.67 trillion to ZWL 3.44 trillion during the financial year driven by significant increases in energy costs, utilities and property operating costs. Utilities providers such as ZESA and the local municipal authorities increased tariffs for electricity, water and rates in an unsustainable manner further increasing the cost of doing business. In addition, erratic power supply, resulted in reliance on generators which further drove energy costs higher.

¹ Operating income = Profit before tax excluding finance income, finance expense and exchange loss on financing activities.

Labour costs grew during the year in response to wage increases approved by the National Employment Council ("NEC") for the Commercial Sector.

Profit after tax grew by 482.40% to ZWL931 billion from ZWL160 billion in prior year while in historical cost terms, profit after tax declined by 1,330.59% to a loss of ZWL62 billion from a profit of ZWL5 billion. The loss after tax in historical cost terms was caused by the net exchange losses of ZWL411.7 billion (Last year: ZWL 77.5 billion) incurred by the Group on foreign currency balances, particularly on trade creditors, in line with the group's procurement approach which was meant to address availability and price competitiveness.

The Group utilised bank credit facilities to fund strategic growth initiatives in accordance with its short to medium term growth plans. Finance charges incurred increased by 23% to ZWL204.5 billion (Last year: ZWL166.3 billion).

Capital expenditure for the year was ZWL157.4 billion down from ZWL189 billion. The bulk of the expenditure was channelled towards the store footprint expansion.

Directors

The Board of Directors remained appropriately constituted, functioning effectively, with regular meetings held in accordance with the Company's governance framework. During the year, one of the non-executive Directors, Mr. Masanga, retired from the Board of Directors. The Board would like to express its sincere appreciation to Mr. Masanga for his dedicated service and valuable contributions during his tenure.

Sustainability

The Group is committed to reducing its impact on the environment and promoting social responsibility. During the year ended 31 March 2024, the Group successfully implemented a range of initiatives focusing on health and wellness, environmental sustainability, waste and emissions reduction, support for local communities and suppliers. The business continues to adopt sustainable practices in its operations, centred on promoting environmental preservation, education, health, responsible sourcing, waste management and reducing its carbon footprint in light of climate change risks.

Dividend

The Directors have considered it prudent not to declare a dividend in view of the need to restore working capital to support the business.

Outlook

Subsequent to the end of the financial year, the authorities introduced a new currency, Zimbabwe Gold (ZiG). Whilst the full impact of the introduction of the new currency are still being assessed, the Group's foreign currency collection have declined in favour of ZiG. The Group continued to implement its volume recovery strategies and is looking forward to volume growth in the coming financial year.

The business intends to sustain this volume growth trajectory through consistent availability of product, continuance of the fair price campaigns and other key volume recovery initiatives implemented by the business.

As we look ahead, the Group remains optimistic about the business landscape and remains resolute in weathering any challenges. The Group is committed to sustaining this momentum, fostering innovation, and creating long-term value for our stakeholders.

I would like to express my gratitude to our dedicated team members, loyal customers, supportive shareholders, and all our stakeholders for their

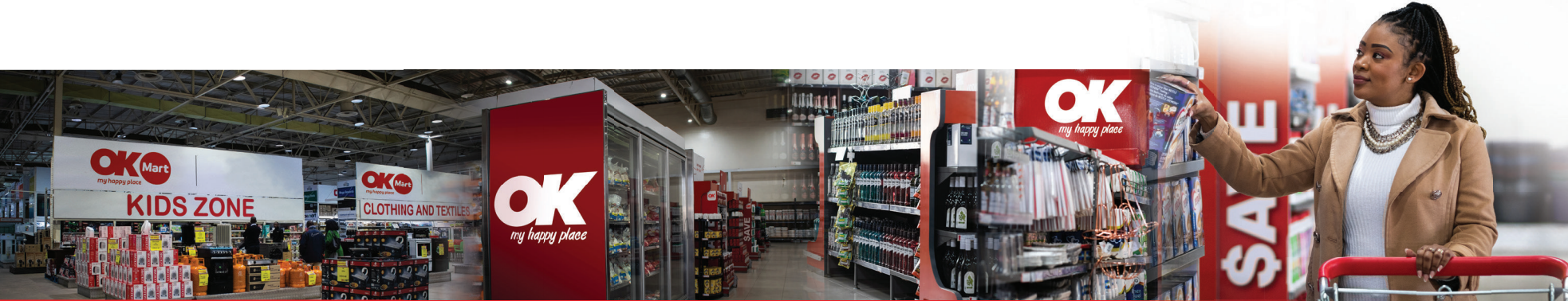
sustained trust and confidence in OK Zimbabwe Limited. Together, we will continue to build on our successes and chart a path towards sustainable growth and prosperity.



Herbert Nkala
Chairman
27 June 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March

	Note	Inflation Adjusted		Historical*	
		Audited 2024 ZWL'000	Audited 2023 ZWL'000	Unaudited 2024 ZWL'000	Unaudited 2023 ZWL'000
Revenue	6	12,397,670,500	9,577,742,333	2,022,952,137	260,476,600
Other income		212,529,882	89,356,915	33,755,693	2,626,560
Changes in trade inventories	12	168,222,750	(324,919,064)	(605,430,256)	(26,020,493)
Merchandise and consumables used	12	(11,101,897,819)	(8,166,223,852)	(676,270,763)	(180,066,064)
Employee benefits expense		(1,293,775,203)	(650,840,534)	(203,162,926)	(17,618,607)
Depreciation and amortisation expense		(314,175,992)	(214,340,192)	(19,977,597)	(2,424,987)
Share based payments expense		(5,349,990)	(6,378,916)	(489,984)	(186,846)
Exchange losses	7.2	(411,701,939)	(77,476,784)	(280,268,995)	(2,462,488)
Other expenses	7.1	(1,737,346,798)	(876,784,372)	(298,341,354)	(24,362,993)
Finance income		117,122	278,331	19,373	7,757
Finance costs		(204,502,532)	(166,261,098)	(32,274,493)	(4,769,049)
Net monetary gain		3,986,613,724	1,043,608,163	—	—
Profit/(loss) before income tax	7	1,696,403,705	227,760,930	(59,489,165)	5,199,390
Income tax expense	8	(764,472,980)	(67,746,322)	(2,851,988)	(133,417)
Profit/(loss) for the year		931,930,725	160,014,608	(62,341,153)	5,065,973
Other comprehensive income (OCI)					
Items that will not be reclassified subsequently to profit or loss:					
(Loss)/gains on revaluation of property		(59,194,054)	268,763,342	709,655,313	21,546,318
Fair value (loss)/gain on financial assets measured at FVTOCI		(30,146)	(106,336)	417,274	8714
Deferred tax credit/(expense)		26,482,069	(36,728,150)	(129,012,773)	(3,805,903)
Other comprehensive (expense)/income net of tax		(32,742,131)	231,928,856	581,059,814	17,749,129
Total comprehensive income for the year		899,188,594	391,943,464	518,718,661	22,815,102
Profit/(loss) for the year attributable to:					
Owners of the company		919,626,998	160,056,392	(63,274,113)	5,067,871
Non-controlling interests		12,303,727	(41,784)	932,960	(1,898)
		931,930,725	160,014,608	(62,341,153)	5,065,973
Total comprehensive income for the year attributable to:					
Owners of the company		886,884,867	391,985,248	517,785,701	22,817,000
Non-controlling interests		12,303,727	(41,784)	932,960	(1,898)
		899,188,594	391,943,464	518,718,661	22,815,102



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

for the year ended 31 March

	Inflation Adjusted		Historical*	
	Audited 2024 ZWL'000	Audited 2023 ZWL'000	Unaudited 2024 ZWL'000	Unaudited 2023 ZWL'000
Share performance: ZWL cents				
Basic earnings/(loss) per share	70,869.66	12,255.89	(4,740.80)	388.01
Headline earnings/(loss) per share	70,536.19	12,312.30	(4,828.69)	385.60
Diluted earnings/(loss) per share	68,335.90	11,903.40	(4,571.30)	376.85
Diluted headline earnings/(loss) per share	68,014.35	11,958.19	(4,656.05)	374.51

* 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 Financial Position

As at 31 March

	Note	Inflation Adjusted		Historical*	
		Audited 2024 ZWL'000	Audited 2023 ZWL'000	Unaudited 2024 ZWL'000	Unaudited 2023 ZWL'000
Assets					
Non-current assets					
Property and equipment	10	1,772,733,451	1,831,083,005	765,347,061	36,847,903
Financial asset held at amortised cost		3	92	3	3
Goodwill		99,394,631	99,394,631	3,126,335	3,126,335
Right of use asset	11	1,509,786,929	711,417,713	163,868,347	12,522,871
Intangible asset		10,146,958	8,765,379	1,680,816	193,480
Financial assets held at FVTOCI		432,304	462,450	432,304	15,030
Total non-current assets		3,392,494,276	2,651,123,270	934,454,866	52,705,622
Current assets					
Inventories	12	882,584,610	1,059,050,204	641,525,931	34,249,863
Trade and other receivables		6,380,049	43,474,072	6,380,049	1,412,943
Prepayments	13	78,920,031	250,759,366	44,113,528	5,915,086
Current tax asset		61,089	1,328,982	61,089	43,193
Short-term loans receivable		187,866	1,268,891	187,866	41,240
Cash and cash equivalents	14	203,196,320	96,082,222	203,196,320	3,122,751
Total current assets		1,171,329,965	1,451,963,737	895,464,783	44,785,076
Total assets		4,563,824,241	4,103,087,007	1,829,919,649	97,490,698
Equity and liabilities					
Equity					
Share capital		701,989	701,982	132	131
Share premium		232,563,599	230,595,536	407,675	197,474
Share based payment reserve		16,768,121	16,284,205	211,309	160,341
Mark-to-market reserve		154,548	184,242	425,820	14,805
Revaluation reserve		509,308,011	542,020,448	603,822,181	23,173,383
Non-distributable reserves		56,660,017	56,660,017	9,820	9,820
Retained earnings		1,884,921,408	979,589,809	(58,686,409)	6,227,089
Equity attributed to equity holders of the parent		2,701,077,693	1,826,036,239	546,190,528	29,783,043
Non-controlling interests		12,261,791	(41,784)	931,043	(1,898)
Shareholders' equity		2,713,339,484	1,825,994,455	547,121,571	29,781,145
Non-current liabilities					
Deferred tax liabilities	18	644,705,891	242,461,360	77,019,212	1,582,371
Long term borrowings	16.2	11,077,172	74,246,004	11,077,172	2,413,056
Long term lease liability	17	180,261,575	353,697,661	180,261,575	11,495,464
Total non-current liabilities		836,044,638	670,405,025	268,357,959	15,490,891
Current liabilities					
Trade and other payables	15	827,878,322	1,298,178,695	827,878,322	42,191,872
Provisions		22,672,894	38,699,639	22,672,894	1,257,770
Lease liability	17	36,829,577	69,921,559	36,829,577	2,272,508
Short term borrowings	16.1	74,426,724	193,487,272	74,426,724	6,288,495
Current tax liabilities		52,632,602	6,400,362	52,632,602	208,017
Total current liabilities		1,014,440,119	1,606,687,527	1,014,440,119	52,218,662
Total liabilities		1,850,484,757	2,277,092,552	1,282,798,078	67,709,553
Total equity and liabilities		4,563,824,241	4,103,087,007	1,829,919,649	97,490,698

For and on behalf of the board

H. Nkala
Chairman

26 June 2024

M. P. Karombo
Chief Executive Officer

Condensed Consolidated Statement of Cash Flows

for the year ended 31 March

	Note	Inflation Adjusted		Historical*	
		Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
Cash flows from operating activities					
Cash generated from trading	9	1,186,712,168	453,176,967	272,346,816	15,003,495
Working capital changes		(529,899,362)	169,381,327	(47,223,259)	2,907,911
Cash generated from operations		656,812,806	622,558,294	225,123,557	17,911,406
Finance costs		(204,502,533)	(165,671,913)	(32,274,493)	(4,749,900)
Finance income		117,122	278,331	19,373	7,757
Tax paid		(29,243,593)	(114,609,570)	(4,021,231)	(3,493,260)
Net cash generated from operating activities		423,183,802	342,555,142	188,847,206	9,676,003
Cash flows from investment activities					
Investments to maintain operations:					
Replacement of property and equipment		(2,235,242)	(19,550,307)	(329,936)	(571,221)
Proceeds from disposal of property and equipment		7,152,520	1,248,922	1,162,585	36,840
Increase in short-term loans receivable		1,081,025	1,234,953	(146,626)	(13,437)
		5,998,303	(17,066,432)	686,023	(547,818)
Investment to expand operations:					
Additions to property and equipment		(155,212,964)	(169,488,524)	(22,910,428)	(4,890,086)
Additions to intangible assets		(1,507,537)	(9,151,923)	(1,507,537)	(202,012)
Acquisition of subsidiary, net of cash acquired		—	(115,082,850)	—	(3,705,358)
		(156,720,501)	(293,723,297)	(24,417,965)	(8,797,456)
Net cash used in investing activities		(150,722,198)	(310,789,729)	(23,731,942)	(9,345,274)
Cash flows from financing activities					
Dividends paid		(14,295,551)	(92,560,988)	(1,639,404)	(2,404,198)
Proceeds from share options exercised		229,304	2,214,129	35,101	50,387
Treasury shares acquired		—	(3,965,315)	—	(122,425)
Repayment of lease liabilities		(68,239,375)	(37,529,853)	(12,835,416)	(1,077,032)
Proceeds from borrowings		29,268,775	334,758,785	31,811,044	10,361,044
Repayment of borrowings		(236,858,211)	(232,396,322)	(15,582,755)	(5,470,381)
Net cash generated from / (used in) financing activities		(289,895,058)	(29,479,564)	1,788,570	1,337,395
Net (decrease)/increase in cash and cash equivalents		(17,433,454)	2,285,849	166,903,834	1,668,124
Cash and cash equivalents at the beginning of year		96,082,222	65,153,987	3,122,751	723,479
Exchange gains on foreign cash balances		124,547,552	28,642,386	33,169,735	731,148
Cash and cash equivalents at the end of year	13	203,196,320	96,082,222	203,196,320	3,122,751

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Condensed Consolidated Statement of Changes in Equity

for the year ended 31 March

	Share capital ZWL'000	Share premium ZWL'000	Share based payments reserve ZWL'000	Market-to Market reserve ZWL'000	Revaluation reserve ZWL'000	Non-distributable reserve ZWL'000	Retained Earnings ZWL'000	Total ZWL'000	Non-Controlling interests ZWL'000	Total Equity ZWL'000
Inflation Adjusted (Audited)										
Balance at 1 April 2022	701,890	232,346,815	11,539,032	288,977	309,986,856	56,660,017	912,094,404	1,523,617,991	—	1,523,617,991
Profit for the year	—	—	—	—	—	—	160,056,392	160,056,392	(41,784)	160,014,608
Other comprehensive income, net of tax	—	—	—	(104,735)	232,033,592	—	—	231,928,857	—	231,928,857
Total	701,890	232,346,815	11,539,032	184,242	542,020,448	56,660,017	1,072,150,796	1,915,603,240	(41,784)	1,915,561,456
Transactions with owners:										
Contributions and distributions										
Share options exercised	92	2,214,036	—	—	—	—	—	2,214,128	—	2,214,128
Recognition of share-based payments	—	—	4,745,173	—	—	—	—	4,745,173	—	4,745,173
Treasury shares issued	—	(3,965,315)	—	—	—	—	—	(3,965,315)	—	(3,965,315)
Dividends	—	—	—	—	—	—	(92,560,987)	(92,560,987)	—	(92,560,987)
Total transactions with owners	92	(1,751,279)	4,745,173	—	—	—	(92,560,987)	(89,567,001)	—	(89,567,001)
Balance at 31 March 2023	701,982	230,595,536	16,284,205	184,242	542,020,448	56,660,017	979,589,809	1,826,036,239	(41,784)	1,825,994,455
Balance at 1 April 2023	701,982	230,595,536	16,284,205	184,242	542,020,448	56,660,017	979,589,809	1,826,036,239	(41,784)	1,825,994,455
Profit for the year	—	—	—	—	—	—	919,626,998	919,626,998	12,303,727	931,930,725
Other comprehensive income, net of tax	—	—	—	(29,694)	(32,712,437)	—	—	(32,742,131)	—	(32,742,131)
Total	701,982	230,595,536	16,284,205	154,548	509,308,011	56,660,017	1,899,216,807	2,712,921,106	12,261,943	2,725,183,049
Transactions with owners:										
Contributions and distributions										
Share options exercised	7	318,297	(177,580)	—	—	—	—	140,724	—	140,724
Recognition of share-based payments	—	1,649,766	661,496	—	—	—	—	2,311,262	—	2,311,262
Dividends	—	—	—	—	—	—	(14,295,399)	(14,295,399)	(152)	(14,295,551)
Total contributions and distributions	7	1,968,063	483,916	—	—	—	(14,295,399)	(11,843,413)	(152)	(11,843,565)
Total transactions with owners	7	1,968,063	483,916	—	—	—	(14,295,399)	(11,843,413)	(152)	(11,843,565)
Balance at 31 March 2024	701,989	232,563,599	16,768,121	154,548	509,308,011	56,660,017	1,884,921,408	2,701,077,693	12,261,791	2,713,339,484

	Share capital ZWL'000	Share premium ZWL'000	Share based payments reserve ZWL'000	Market-to Market reserve ZWL'000	Revaluation reserve ZWL'000	Non-distributable reserve ZWL'000	Retained Earnings ZWL'000	Total ZWL'000	Non-Controlling interests ZWL'000	Total Equity ZWL'000
Historical* (Unaudited)										
Balance at 1 April 2022	129	269,514	24,842	6,222	5,432,837	9,820	3,563,416	9,306,780	—	9,306,780
Profit for the year	—	—	—	—	—	—	5,067,871	5,067,871	(1,898)	5,065,973
Other comprehensive income, net of tax	—	—	—	8,583	17,740,546	—	—	17,749,129	—	17,749,129
Total	129	269,514	24,842	14,805	23,173,383	9,820	8,631,287	32,123,780	(1,898)	32,121,882
Transactions with owners:										
Contributions and distributions										
Share options exercised	2	50,385	—	—	—	—	—	50,387	—	185,886
Recognition of share-based payments	—	—	135,499	—	—	—	—	135,499	—	135,499
Treasury shares issued	—	(122,425)	—	—	—	—	—	(122,425)	—	(122,425)
Dividends	—	—	—	—	—	—	(2,404,198)	(2,404,198)	—	(2,404,198)
Total transactions with owners	2	(72,040)	135,499	—	—	—	(2,404,198)	(2,340,737)	—	(2,340,737)
Balance at 31 March 2023	131	197,474	160,341	14,805	23,173,383	9,820	6,227,089	29,783,043	(1,898)	29,781,145
Balance at 1 April 2023	131	197,474	160,341	14,805	23,173,383	9,820	6,227,089	29,783,043	(1,898)	29,781,145
Profit for the year	—	—	—	—	—	—	(63,274,113)	(63,274,113)	932,960	(62,341,153)
Other comprehensive income, net of tax	—	—	—	411,015	580,648,798	—	—	581,059,813	—	581,059,813
Total	131	197,474	160,341	425,820	603,822,181	9,820	(57,047,024)	547,568,743	931,062	548,499,805
Transactions with owners:										
Contributions and distributions										
Share options exercised	1	38,310	(27,183)	—	—	—	—	11,128	—	11,128
Recognition of share-based payments	—	171,891	78,151	—	—	—	—	250,042	—	250,042
Dividends	—	—	—	—	—	—	(1,639,385)	(1,639,385)	(19)	(1,639,404)
Total contributions and distributions	1	210,201	50,968	—	—	—	(1,639,385)	(1,378,215)	(19)	(1,378,234)
Total transactions with owners	1	210,201	50,968	—	—	—	(1,639,385)	(1,378,215)	(19)	(1,378,234)
Balance at 31 March 2024	132	407,675	211,309	425,820	603,822,181	9,820	(58,686,409)	546,190,528	931,043	547,121,571

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Notes to the Condensed 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-four retail and eight hypermarket stores countrywide and had five subsidiaries.

The Group's parent company OK Zimbabwe Limited 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.

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 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

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 applied and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 (Financial Reporting in Hyperinflationary Economies) compliant. Following the pronouncement of SI 27 of 2023, Census and Statistics (General) Notice, 2023 which introduced blended inflation rates replacing the ZWL inflation rates and Consumer Price Index (CPI) effective February 2023, the Group commenced to utilise an internal estimation based on the published Total Consumption Poverty Line (TCPL) to determine the Consumer Price Index (CPI). This was the case for the financial year 2024. The indices and conversion factors used to restate these financials are as follows:

2. Basis of Preparation (continued)

2.1 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies) (continued)

	Closing Indices	Movement	Conversion Factor
CPI as at 31 March 2024	429,218.0	415,268.1	1.0
CPI as at 31 March 2023	13,949.9	9,183.8	30.8
CPI as at 31 March 2022	4,766.1	3955.70	90.1

Average CPI for the 12 months to:

31 March 2024	96,760.39
31 March 2023	11,546.99
31 March 2022	3,582.86

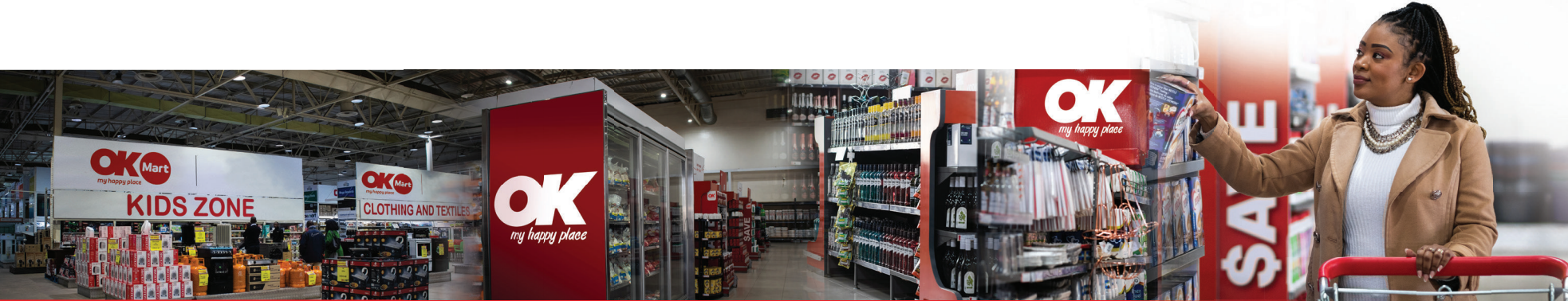
IAS 29 par 17 permits the use of an estimate-based price index in circumstances where the rate is not available. In the absence of official ZWL CPI indexes, the business opted to use the TCPL to estimate the missing CPIs as recommended by The Institute of Chartered Accountants Zimbabwe (ICAZ) given its very strong correlation with inflation.

CPI Sensitivity analysis

The Group considered the following four approaches in estimating the CPI from April 2023 to 31 March 2024:

• Trend analysis

This approach considered the movement of CPI in prior months to determine a trend.



Notes to the Condensed Consolidated Financial Statements (continued)

for the year ended 31 March

2. Basis of Preparation (continued)

2.1 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies) (continued)

CPI Sensitivity analysis (continued)

- 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.

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 2024	429,218.0	17,465.0	-95.9%	272,317.4	-36.6%	299,553.0	-30.2%
Average CPI for the 12 months	96,304.1	16,032.9	-83.4%	99,189.2	3.0%	101,708.3	5.6%

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 considered 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	
	Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
4. Capital Expenditure	157,448,206	189,038,831	23,240,364	5,461,307
5. Commitment for capital expenditure				
Authorised but not contracted	72,783,000	877,372,480	72,783,000	28,515,325
6. Revenue				
Retail	9,541,272,707	7,216,403,230	1,549,930,587	195,925,748
Hypermarket	2,856,397,793	2,361,339,103	473,021,550	64,550,852
	12,397,670,500	9,577,742,333	2,022,952,137	260,476,600

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

7. Profit before Income tax

Profit before income tax considers the following:

	Inflation Adjusted		Historical	
	Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
7.1 Other expenses				
Utilities and backup power expenses	683,496,498	220,430,665	117,371,656	6,125,053
Property operating costs	179,198,991	111,335,920	30,772,480	3,093,664
Marketing and promotional expenses	119,033,985	107,025,557	20,440,801	2,973,893
Maintenance expenses	127,636,089	81,365,995	21,917,975	2,260,897
Security expenses	106,908,036	71,799,423	18,358,504	1,995,073
Cleaning expenses	100,977,266	70,703,073	17,340,058	1,964,609
Transport and motor vehicle	84,453,684	50,254,194	14,502,589	1,396,401
Retirement benefit costs	60,870,979	28,566,660	9,558,636	773,315
Distribution expenses	69,627,814	26,573,811	11,956,655	738,400
Bank Charges	20,666,419	19,394,204	3,548,887	538,902
Licences Expenses	45,526,875	18,650,540	7,817,984	518,238
Consultancy fees	45,554,314	18,195,359	7,822,696	505,590
Stock-taking expenses	27,558,898	14,910,017	4,732,480	414,301
Insurance expenses	14,909,622	12,652,647	2,560,316	351,576
Auditor's fees – year end audit	13,118,563	2,576,155	2,252,751	71,583
Auditor's fees – other services	4,779,045	368,089	820,669	10,228
(Profit)/loss on sale of				
Property and equipment	(4,385,095)	736,566	(1,155,715)	(31,508)
Other ¹	37,414,815	21,245,497	7,721,932	662,778
	1,737,346,798	876,784,372	298,341,354	24,362,993

¹ 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.

Notes to the Condensed Consolidated Financial Statements (continued)

for the year ended 31 March

	Inflation Adjusted		Historical	
	Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
7. Profit before Income tax (continued)				
7.2 Exchange Losses	(411,701,939)	(77,476,784)	(280,268,995)	(2,462,488)

The current period exchange losses were driven by United States Dollar denominated loans (exchange loss: ZWL 60.6 billion), leases (exchange loss: ZWL 49.2 billion), trade payables (exchange loss: ZWL 428 billion) and are net of exchange gains (ZWL 126.1 billion).

	Inflation Adjusted		Historical	
	Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
8. Income Tax Expense				
Current income tax	335,746,349	109,935,750	56,427,920	3,537,142
- Standard	325,967,329	106,733,738	54,784,388	3,434,118
- Aids levy	9,779,020	3,202,012	1,643,532	103,024
Deferred tax movement	428,726,631	(42,189,428)	(53,575,932)	(3,403,725)
	764,472,980	67,746,322	2,851,988	133,417

9. Cash Generated from Trading				
Profit/(loss) before tax	1,696,403,705	227,760,931	(59,489,165)	5,199,390
Adjusted for:				
Finance costs	204,502,532	166,261,098	32,274,493	4,769,049
Depreciation and amortisation	314,175,992	214,340,192	19,977,597	2,424,987
Share based payments expense	5,349,990	6,378,916	489,984	186,846
Foreign exchange losses	411,701,939	77,476,784	280,268,995	2,462,488
Interest income	(117,122)	(278,331)	(19,373)	(7,757)
Profit/(loss) on sale of property, plant and equipment	(4,385,095)	736,566	(1,155,715)	(31,508)
Impact of inflation on cash flows	(1,440,919,773)	(239,499,189)	—	—
	1,186,712,168	453,176,967	272,346,816	15,003,495

10. Property and Equipment				
Freehold land and buildings				
Revalued amount	736,100,000	875,639,447	736,100,000	28,459,000
Accumulated depreciation	—	—	—	—
	736,100,000	875,639,447	736,100,000	28,459,000

Leasehold improvements				
Cost	206,965,631	172,182,241	9,099,665	929,696
Accumulated depreciation	(59,481,484)	(54,076,174)	(145,104)	(49,035)
	147,484,147	118,106,067	8,954,561	880,661

Equipment				
Cost	982,814,466	899,474,415	15,080,229	3,910,545
Accumulated depreciation	(517,667,532)	(472,116,304)	(1,534,394)	(518,110)
	465,146,934	427,358,111	13,545,835	3,392,435

Vehicles				
Cost	134,656,614	105,607,120	2,567,819	696,920
Accumulated depreciation	(48,604,822)	(45,345,348)	(358,663)	(101,253)
	86,051,792	60,261,772	2,209,156	595,667

Work in progress	337,950,578	349,717,608	4,537,509	3,520,140
Total Property and equipment	1,772,733,451	1,831,083,005	765,347,061	36,847,903

10.1 Revaluation Reserve

At the beginning of the period	542,020,448	309,986,856	23,173,383	5,432,837
Comprehensive income for the period	(32,712,437)	232,033,592	580,648,798	17,740,546
	509,308,011	542,020,448	603,822,181	23,173,383

Fair value measurement of the Group's freehold land and buildings

The Group's freehold land buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment. The fair value gain on property for the period was ZWL 580 billion. The fair value for all freehold land and buildings has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. There were no transfers into or out of Level 3 fair value hierarchy.

Valuation techniques and significant unobservable inputs

Market comparable approach

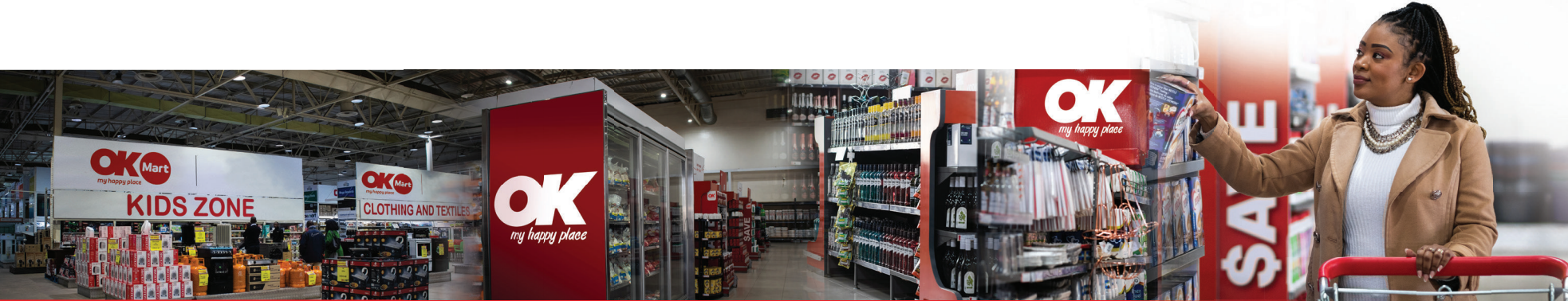
This method considered comparable market evidence i.e. the sales evidence either achieved or on the market, of similar land and buildings situated in the comparable residential suburbs and undeveloped land with that of subject land and buildings. This comprises of completed transactions as well as transactions where offers had been made but the transactions had not been completed.

Income approach

This method was applied for all land and buildings except for residential and undeveloped land. Anticipated future cash flow benefits in the form of annual market rental income were capitalised into present values using an all-risk yield. All risk yield for the different asset classes was determined by the rate/yields at which similar properties in the different asset classes traded in the recent past.

Significant unobservable inputs as at 31 March 2024

The significant unobservable inputs in the valuation of residential and undeveloped land were the rental rates per square meter ZWL480,794.84 (2023: ZWL 29,451.35) and price per square meter for land ZWL 5,513,079.65 (2023: ZWL 108,485.68) and for commercial properties were the percentage yield in market rentals 11.11% (2023: 10.8%). The fair value measurements of the Group's freehold land and buildings were performed by Dawn Properties Consultancy Limited, independent valuers not related to the Group, as at 31 March 2024.



Notes to the Condensed Consolidated Financial Statements (continued)

for the year ended 31 March

10. Property and Equipment (continued)

10.1 Revaluation Reserve (continued)

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase/(decrease) if:

- the estimated yield in market rentals were higher/(lower);
- The estimated rental rates per square metre were higher/(lower); and
- the estimated price per square metre for land was higher/(lower).

	Inflation Adjusted		Historical	
	Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
11. Right of use asset				
Cost	904,083,160	475,097,491	14,413,842	2,379,019
Additions	53,588,903	58,501,170	8,987,585	1,840,844
Remeasurement	904,965,390	370,484,499	157,954,315	10,193,979
Accumulated amortisation of Right Of Use Asset	(352,850,524)	(192,665,447)	(17,487,395)	(1,890,971)
Total	1,509,786,929	711,417,713	163,868,347	12,522,871

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 affected in the addendums to the main agreements. Whilst the base rentals effected in the addendums are either based in USD or rental units' 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 considering 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	
	Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
12. Inventories				
Consumable stocks	2,941,920	11,184,763	2,190,930	345,118
Merchandise	879,642,690	1,047,865,441	639,335,001	33,904,745
	882,584,610	1,059,050,204	641,525,931	34,249,863
Changes in trade inventories				
Opening Merchandise Stock	1,047,865,440	722,946,376	33,904,745	7,884,252
Closing Merchandise Stock	879,642,690	1,047,865,440	639,335,001	33,904,745
	(168,222,750)	324,919,064	605,430,256	26,020,493

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 and consumables inventories recognised as an expense during the year was ZWL11.1 trillion (2023: 8.2 trillion). The cost of inventories recognised as an expense was ZWL168 billion (2023: 324billion). The shrinkage provision was ZWL3.3 billion (2023: ZWL7.5 billion). During the period inventory items that had valuation errors were corrected outside the system resulting in a negative adjustment to the valuation of ZWL 51 billion.

	Inflation Adjusted		Historical	
	Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
13. Prepayments				
Prepayments	78,920,031	250,759,366	44,113,528	5,915,086
14. Cash and cash equivalents				
Foreign denominated cash on hand and in bank	142,156,554	69,694,919	142,156,554	2,585,700
Local denominated cash on hand and in bank	61,039,766	26,387,303	61,039,766	537,051
	203,196,320	96,082,222	203,196,320	3,122,751

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

	Inflation Adjusted		Historical	
	Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
15. Trade and other payables				
Trade payables	758,325,905	1,247,261,887	758,325,905	40,537,034
Accruals and other payables	69,552,417	50,916,808	69,552,417	1,654,838
	827,878,322	1,298,178,695	827,878,322	42,191,872

The average credit period on purchases is 30 days. The Group manages its financial risk by ensuring that all payables are paid within pre-agreed credit terms. The Directors believe that the carrying amounts represent the fair value.

Notes to the Condensed Consolidated Financial Statements (continued)

for the year ended 31 March

	Inflation Adjusted		Historical	
	Audited March 2024 ZWL'000	Audited March 2023 ZWL'000	Unaudited March 2024 ZWL'000	Unaudited March 2023 ZWL'000
16. Borrowings				
16.1 Short-term borrowings				
Unsecured interest-bearing loans	40,435,000	52,408,924	40,435,000	1,703,333
Bank overdraft	33,991,724	141,078,348	33,991,724	4,585,162
	74,426,724	193,487,272	74,426,724	6,288,495
16.2 Long-term borrowings				
Due in over a year	11,077,172	74,246,004	11,077,172	2,413,056
	11,077,172	74,246,004	11,077,172	2,413,056
17. Lease liabilities				
Lease liabilities				
Long term lease liability	180,261,575	353,697,661	180,261,575	11,495,464
Short term lease liability	36,829,577	69,921,559	36,829,577	2,272,508
	217,091,152	423,619,220	217,091,152	13,767,972
18. Deferred Tax Computation				
Deferred tax liability movement				
At the beginning of year	242,461,329	247,922,607	1,582,371	1,180,193
Credit to statement of profit or loss	428,726,631	(42,189,428)	(53,575,932)	(3,403,725)
Income tax relating to components of other comprehensive income	(26,482,069)	36,728,150	129,012,773	3,805,903
At the end of year	644,705,891	242,461,329	77,019,212	1,582,371
The deferred tax liability comprises of the effects of temporary differences arising from:				
Property	169,118,898	120,423,929	132,569,629	3,123,804
Inventories	62,072,610	1,294,056	—	—
Equipment	130,161,792	71,723,018	820,133	(435,033)
Quoted investments	6,485	6,937	6,485	225
Intangible assets	2,213,353	(2,633,633)	33,321	(108,190)
Right of use asset	388,770,134	175,862,459	42,196,099	3,095,654
Lease liability	(43,220,288)	(99,356,111)	(33,736,673)	(3,229,155)
Unrealised exchange loss	(58,419,199)	(14,912,424)	(58,419,199)	(484,666)
Provisions	(5,997,894)	(9,946,902)	(6,450,583)	(380,268)
	644,705,891	242,461,329	77,019,212	1,582,371
19. Fair Value of Financial Instruments				
The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements.				
20. 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.				
21. 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				
22. Subsequent events				
Introduction of new currency Zimbabwe Gold (ZiG)				
Subsequent to year end, the Government through the Reserve Bank of Zimbabwe introduced measures to stabilise the economy, including the introduction of a new currency, ZiG, on April 5, 2024. This change has resulted in a more liberalised exchange rate and pricing changes as the currency's value is based on the collective price of precious metals such as gold. The US\$ to ZiG exchange rate was determined at US\$1: ZiG13.56 and ZiG 1: ZWL2,498.72. The Directors have assessed these events and considered them as non-adjusting events.				
23. 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. 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.				
24. Audit Opinion				
These financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 March 2024 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 and prior year, in respect of the accounting treatment of foreign currency denominated leases, the inability to conclude on the existence and valuation of inventory, in current and prior year due to the current challenges 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 Practising Certificate Number 0569).



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Independent Auditors' Report

To the shareholders of OK Zimbabwe Limited

Qualified opinion

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 2024, 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 material accounting policies and other explanatory information, as set out on pages 10 to 49.

In our opinion, except for the possible 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 2024, and its inflation adjusted consolidated financial performance and inflation adjusted consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the manner required by the Companies and Other Business Entities Act [Chapter 24:31].

Basis for qualified opinion

Valuation and existence of the Group's inventory balance of ZWL882,584,610,000 as at 31 March 2024

For the year ended and as at 31 March 2024, we were unable to obtain sufficient and appropriate audit evidence that the inventory balance as at 31 March 2024 was free from material misstatement due to a limitation of scope. As a result of significant delays in management finalising their year-end inventory valuation reports we did not have sufficient time to conclude our audit work. We were unable to satisfy ourselves by alternative means concerning the Group's inventory balance in the consolidated inflation adjusted Statement of Financial Position as at 31 March 2024 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 for the year ended 31 March 2024.



We were also unable to obtain sufficient appropriate audit evidence on the inventory balance of ZWL 1,059,050,204,000 in the prior period. Any adjustment that may have been required will not have been corrected in terms of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8") and therefore continues in the current year, impacting the comparative balance.

Non-compliance with International Financial Reporting Standard IFRS 16, Leases

The Group leases warehouse and retail space, as described in notes 3.13 and 11, and has recorded, as at 31 March 2024, a Right of Use (ROU) asset of ZWL1,509,786,929,000 (2023: ZWL711,417,713,000) and a corresponding lease liability of ZWL217,091,152,000 (2023: ZWL423,619,220,000) split between non-current and current.

The contracted monthly rentals are denominated in either United States Dollars (USD) or in rental unit in some of the leases with rental payments being settled in ZWL using the spot USD exchange rate at the date of payment. In substance, we consider these leases to be foreign denominated leases. The ROU asset and lease liability should be calculated in USD at inception and the ROU asset should be measured at the spot ZWL exchange rate. The lease liability should be remeasured, as a monetary liability, at the spot ZWL 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.

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, and not as foreign denominated leases which we consider to be a departure from the requirements of IFRS 16.

We have not been able to quantify the amounts for all impacted leases but from the sample considered obtained evidence that the adjustments would be material and impact the following accounts: Right of use asset, current and non-current Lease liability, Unrealised exchange losses, Amortisation expense and Income tax expense accounts. The combined misstatements above also result in a consequential impact on Retained earnings.

This was also a basis for qualification in the prior year, which has not been corrected in terms of IAS 8, *Accounting policies, changes in accounting estimates and errors*, which has continued in the current year, thus impacting the comparatives presented.

IAS 29, Financial Reporting in Hyperinflation Economies (IAS 29)

In addition, as described in note 3.2 to the inflation adjusted consolidated financial statements, Zimbabwe became a hyperinflationary economy with effect from 1 July 2019. IAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29) has been applied to incorrect balances due to the non-compliances with the standards as noted above. However, it was impracticable for us to quantify the possible financial effects of the IAS 29 adjustments to inflation adjusted consolidated financial statements.

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 matter 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 note 3.6 - Property and Equipment, note 4.1.5 - Valuation of freehold land and buildings, and note 9 - Property and equipment

Key audit matter	How the matter was addressed in our audit
<p>At 31 March 2024, the Group has freehold land and buildings valued at ZWL 736,100,000,000 (2023: ZWL 875,639,447,000). The freehold land and buildings are stated at revalued amounts in accordance with IAS 16, <i>Property, Plant and Equipment</i> (“IAS 16”).</p> <p>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.</p> <p>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 (28% of the Group’s total assets), we considered this to be a key audit matter.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process followed by management in determining the valuation of freehold land and buildings. • Evaluated the design and implementation of controls related to the valuation of freehold land and buildings. • Engaged our own valuation specialist to assist in the evaluation of significant judgements and estimations made, the appropriateness of the valuation methods applied, including consistency with prior periods, and the completeness and accuracy of significant unobservable inputs employed by management’s property valuation specialist, for congruency with market trends and data. • Recalculated, with the assistance of our own valuation specialist, the fair values of a selected sample of properties, applying the inputs and valuation methods utilised by management’s property valuation specialist.



Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> Assessed the adequacy of the disclosures in the inflation adjusted consolidated financial statements in respect of the valuation of freehold land and buildings in accordance with IAS 16, <i>Property, plant and equipment</i> and IFRS 13, <i>Fair value measurement</i>.

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 the date of this auditors' report.

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 identified above when it becomes available 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 consolidated Statement of Financial Position and the Exchange losses, Amortisation 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.

Responsibilities of the directors for the 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 inflation adjusted 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

27 June 2024

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

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