ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CHAIRPERSON'S REPORT

Introduction

It is my pleasure to present the abridged audited financial statements for MedTech Holdings Limited for the year ended 31 December 2020.

Operating Environment

The trading, operating and economic environment remained challenging during the period under review. There has been little improvement to the trading environment. Factors as previously mentioned in our quarter 3 and half year press publications of year 2020 still largely existed. These factors included liquidity constraints, subdued demand, increases in the cost of electricity, fuel, city council rates and labour.

The Foreign Exchange Auction System had managed to limit the exchange rate movement during the second half of year 2020. However, during the full year 2020 the local currency depreciated from a rate of USD1: ZWL16.77 to USD1: ZWL81.79 as of 31 December 2020. This caused significant duty increases resulting in increased import costs and has driven subdued demand. Year on year inflation for the month of December 2020 closed at 349%. Though, the exchange rate had somewhat stabilised the market remained distorted and operating expenses continued to reflect a premium to this rate. Possible cause of this is the time lags in payment of foreign suppliers after having bid allocations on the foreign exchange auction system. This time lag results in funds being blocked for a significant period and increases the working capital finance costs. The strengthening of the South African Rand during year 2020 had also resulted in increased import costs.

The hyperinflationary environment had reduced consumers disposable income, and this resulted in decreased demand, and decreased sales volumes for the year.

The impact of COVID-19 pandemic is being felt. Governments within the region implemented lock downs to contain the spread of the corona virus. This disrupted business and led to time lags in restocking of raw materials and finished goods. Orders were unable to be fulfilled in time and this led to a reduction in sales volumes.

Financial Highlights

Financial highlights and commentary on the financials are based on the inflation adjusted numbers.

- Group revenues increased by 12% from $313,684,868 in 2019 to $352,850,105 in 2020.
- Deterioration in operating performance by 69% from an operating profit of $92,964,108 in 2019 to an operating profit of $28,972,447 in 2020

Group	2020	2019
Revenues	$352,850,105	$313,684,868
Gross Profit %	33 %	58 %

Group revenue increased by 12% compared to comparative prior period. Group sales volumes decreased by 5% compared to the corresponding prior period.

The causes of the revenue volume decrease included;

- A stance by management to restrict sales due to the continual devaluation of the debtors book with aim of preserving shareholder value,
- Decreased consumer spending as income levels have not kept up with rising general price levels and this has caused aggregate demand to remain subdued,
- Stockouts because of challenges in sourcing replacement stock of raw materials and goods due to stop supply from foreign creditors because of overdue balances and key local suppliers demanding prepayment, and
- Delays in restocking directly resulting from COVID 19 lock downs.

Margins were reduced mainly due to the reduction in real selling prices to boost sales volumes and focus was placed on ordering and selling lines with a fast stock turnover. One should also note that the margins in prior year were artificially high. Previously there was slow moving stock recorded at historical cost but due to inflation selling prices were regularly increased to cover real replacement cost resulting in artificially high margins.

The inflation adjusted net exchange rate loss included in the net finance costs for the year of $160,522,960 was mainly due to the translation of monetary liabilities (mainly foreign creditors) during the period. However, there is a possibility that these losses may reverse if the legacy debts are dealt with by the RBZ as promised.

The Group posted an inflation adjusted profit before tax for the year of $66,682,115.

FMCG Segment	2020	2019
Revenues	$239,962,215	$ 229,709,640
Gross Profit %	33%	49%

The FMCG Segment includes MedTech Distribution, Smart Retail, Choice Brands and HeyZoom. HeyZoom is a new addition to the Group and FMCG segment. HeyZoom is an online retail platform. Segment revenue increased by 4% compared to the comparative prior period. Sales volumes decreased 24% as compared to the comparative prior period. Margins decreased due to reduced real selling prices as well as promotions entered to try and increase sales volumes which had significantly decreased compared to the prior period.

The FMCG segment posted an inflation adjusted profit before tax of $36,733,315.

Manufacturing Segment	2020	2019
Revenues	$143,729,427	$122,252,030
Gross Profit %	25%	57%

The manufacturing segment comprises of Chicago Cosmetics (Private) Limited. Revenues increased by 18% compared to comparative prior. There has been a sales volume increase of 6% as compared to the corresponding prior period. The revenue increase was because of increased product offering and reduced selling prices of key lines to maintain market share against grey market imports. Margins decreased due to quick stock turn over and reduced selling prices.

The Manufacturing segment posted an inflation adjusted profit before tax of $25,961,242.

Medical Segment

There had been no activity in this segment during years 2020 and 2019. Factors contributing to no trade in this segment include working capital challenges, inadequate inventory, and no lines of credit.

Associate Company: MedTech Food and Beverages (Private) Limited

The associate's results have not been incorporated as it still reflects a cumulative loss position.

Legacy debt

The Group owes legacy debts amounting to ZAR25,5 million to foreign creditors. Of the validated debts, ZAR24,3 million is yet to be paid while appeals have been lodged for ZAR2,1million. At this stage, the Group is unsure when payments will be made in full for the debts validated which are owing and when a response will be received for appeals lodged. Delays in the payment of legacy debts limits the Groups ability to renegotiate foreign credit. This has resulted in cuts in supply and stock outs which is one of the contributing factors to the decreased sales volumes.

For prudence, these foreign creditors have been restated using the interbank rate of ZWL 81,79 at the end of the reporting period. The restatement of the foreign creditors leaves the Group in a precarious position.

Dividend

Given the Group's working capital needs, and the Group's net current liability position, the Directors resolved not to declare a dividend.

Reminder on cautionary statement

Shareholders are reminded of the cautionary statements published in the press. The latest published cautionary statement being 9 April 2021.
Shareholders are advised to exercise caution when dealing in the Company's securities until a full announcement is made.

Outlook

The trading environment and macro-economic conditions remain volatile. In quarter 1 of year 2021, it is most likely that we shall witness negative impacts due to COVID 19. These include global shortages in raw materials and increased prices of raw materials and fuel.

Uncertainty related to payment of legacy debt affects our foreign credit and with no definitive position this will result in serious challenges and our ability to continue in the future.

The Group is hopeful that the current economic policies and measures being implemented which have brought some price stability over the past few months will improve the economic environment going forward for as long as bid allocations are paid within a shorter time frame. If this can be maintained, then we do expect a better financial performance in year 2021.

We will continue to do our best to maintain market share and sales and keep up strict cost control.

Appreciation

I wish to record my appreciation to all stakeholders, strategic partners and suppliers, customers, management, and staff for their support. I also wish to thank the non-executive directors for their considerable guidance.

R. Mazula
Chairperson
27 April 2021
Directors: R. Mazula (Chairman), A. Motiwala* (CEO); F. Sheikh; T. Sheikh; V. Lapham.
(*Executive)
Company Secretary M.Y. Patel

AUDITORS STATEMENT

The Group's external auditors, AMG Global Chartered Accountants (Zimbabwe), have audited the Group's financial statements for the year ended 31 December 2020 on which this publication is based and have issued a disclaimer thereon. The basis of disclaimer was mainly due to the Group's inability to comply with International Accounting Standard 21 ("IAS 21") "The Effects Of Changes In Foreign Exchange Rates". The auditors have reported a material uncertainty related to going concern (see note 16). Key audit matters identified include the valuation of accounts receivable, the valuation and existence of inventories, the determination of amounts recognised as cost of sales and accounts payable. The financial statements were audited by Clyton Kazembe, CA(Z), a member of the Institute of Chartered Accountants Zimbabwe ("ICAZ"), Public Practice Certificate Number 0372 and a registered Public Auditor with the Public Accountants and Auditors Board, Public Auditor Registration Number 0226.

The auditor's report is available for inspection at the Company's registered office.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2020

	Inflation adjusted		Historical	
	2020 $	2019 $	2020 $	2019 $
Turnover	352,850,105	313,684,868	255,866,198	28,280,402
Cost of sales	(238,032,811)	(132,637,247)	(106,499,859)	(10,115,927)
Gross profit	114,817,294	181,047,621	149,366,339	18,164,475
Operating profit	28,972,447	92,964,108	97,660,131	10,172,224
Net financing costs	(160,922,560)	(276,952,169)	(103,175,621)	(29,874,024)
Net monetary gain	198,632,228	147,316,036	-	-
Profit / (loss) before taxation	66,682,115	(36,672,025)	(5,515,490)	(19,701,800)
Taxation	2,658,863	6,339,660	1,300,281	4,694,571
Profit / (loss) from continuing operations	69,340,978	(30,332,365)	(4,215,209)	(15,007,229)
Other comprehensive income				
Revaluation gain	724,606		14,853,805	
Foreign currency translation gain / (loss)		34,199,529		(378,464)
Total comprehensive profit / (loss) for the year	70,065,584	3,867,164	10,638,596	(15,385,693)
Attributable to:				
Owners of the parent	33,770,269	5,170,502	821,085	(7,994,119)
Non controlling interests	36,295,315	(1,303,338)	9,817,511	(7,391,574)
Total profit / (loss) for the year	**70,065,584**	**3,867,164**	**10,638,596**	**(15,385,693)**
Profit / (loss) per share	**Cents**	**Cents**	**Cents**	**Cents**
Basic profit / (loss) per share	1,111	0,17	0,027	(0,263)
Headline profit / (loss) per share	1,111	0,17	0,027	(0,263)
Ordinary shares in issue during the year	3,039,764,872	3,039,764,872	3,039,764,872	3,039,764,872

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year Ended 31 December 2020

	Inflation adjusted		Historical	
	2020 $	2019 $	2020 $	2019 $
TOTAL ASSETS				
Non current assets				
Property, plant and equipment	87,562,009	76,481,295	40,054,157	3,016,840
Intangible asset	2,506,123	1,908,737	633,673	94,123
Deferred taxation	48,925,519	35,769,511	10,577,865	7,282,640
	138,993,651	114,159,543	51,265,695	10,393,603
Current assets				
Inventories	108,960,218	86,409,644	65,944,665	7,991,851
Accounts receivable	74,476,623	33,564,071	74,476,623	7,541,458
Amounts owed by related parties	7,863,386	18,053,490	7,863,386	4,056,410
Cash and bank balances	50,288,044	5,418,628	50,288,044	1,217,503
	241,588,271	143,445,833	198,572,718	20,807,222
Total assets	**380,581,922**	**257,605,376**	**249,838,413**	**31,200,825**
EQUITY AND LIABILITIES				
Equity				
Issued share capital and reserves	48,285,245	14,514,976	(7,234,880)	(8,055,965)
Non controlling Interests	76,054,641	39,759,326	3,388,939	(6,428,572)
Total equity	124,339,886	54,274,302	(3,845,941)	(14,484,537)
Non-current liabilities				
Deferred taxation	8,177,995	3,569	5,620,313	45
	8,177,995	3,569	5,620,313	45
Current liabilities				
Accounts payable	173,341,202	159,690,765	173,341,202	35,880,647
Short term loans payable	69,239,973	23,751,416	69,239,973	5,336,668
Finance leases	-	180,850	-	40,635
Amounts owed to related parties	4,117,515	7,487,876	4,117,515	1,682,439
Taxation	1,354,745	12,216,598	1,354,745	2,744,928
Bank overdraft	10,606	-	10,606	-
	248,064,041	203,327,505	248,064,041	45,685,317
Total equity and liabilities	**380,581,922**	**257,605,376**	**249,838,413**	**31,200,825**

CONSOLIDATED STATEMENT OF CASHFLOWS

Year Ended 31 December 2020

	Inflation adjusted		Historical	
	2020 $	2019 $	2020 $	2019 $
NET CASH FLOWS FROM OPERATING ACTIVITIES				
Net cash flows from operations	199,187,225	296,337,931	109,535,880	26,774,404
Returns on investments and servicing of finance				
Net financing costs	(160,922,560)	(276,952,169)	(103,175,621)	(29,874,024)
Taxes paid				
Income tax paid	(13,422,515)	(22,576,642)	(2,642,440)	(77,883)
Net cash flows from operating activities	24,842,150	(3,190,880)	3,717,819	(3,177,503)
NET CASHFLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment	(24,693,661)	(6,551,999)	(17,981,003)	(637,108)
Acquisition of intangible assets	(597,386)	(453,508)	(539,551)	(46,695)
Net cash flows from investing activities	(25,291,047)	(7,005,507)	(18,520,554)	(683,803)
NET CASH FLOWS FROM FINANCING ACTIVITIES				
Net movement in short term loans payable	45,488,557	13,088,886	63,903,305	4,954,004
Net movement in finance leases	(180,850)	(2,282,205)	(40,635)	(47,761)
Net cash flows from financing activities	45,307,707	10,806,681	63,862,670	4,906,243
INCREASE IN CASH AND CASH EQUIVALENTS	**44,858,810**	**610,294**	**49,059,935**	**1,044,937**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2020

Inflation Adjusted

	Share capital $	Share premium $	Non Distributable Reserve $	Currency Translation Reserve $	Revaluation Reserve $	Accumulated Losses $	Total $	Non controlling interest $	Total $
Balances as at 31 December 2018	1,203,449	69,379,318	40,036,612	-	-	(101,274,905)	9,344,474	41,062,664	50,407,138
Total comprehensive profit for the year	-	-	-	12,614,193	-	(7,443,691)	5,170,502	(1,303,338)	3,867,164
Balances as at 31 December 2019	1,203,449	69,379,318	40,036,612	12,614,193	-	(108,718,596)	14,514,976	39,759,326	54,274,302
Total comprehensive loss for the year	-	-	-	-	351,046	33,419,223	33,770,269	36,295,315	70,065,584
Balances as at 31 December 2020	1,203,449	69,379,318	40,036,612	12,614,193	351,046	(75,299,373)	48,285,245	76,054,641	124,339,886

Historical

	Share capital $	Share premium $	Non Distributable Reserve $	Currency Translation Reserve $	Revaluation Reserve $	Accumulated Losses $	Total $	Non controlling interest $	Total $
Balances as at 31 December 2018	30,397	1,752,397	1,011,253	-	-	(2,855,893)	(61,846)	963,002	901,156
Total comprehensive profit for the year	-	-	-	(343,044)	-	(7,651,075)	(7,994,119)	(7,391,574)	(15,385,693)
Balances as at 31 December 2019	30,397	1,752,397	1,011,253	(343,044)	-	(10,506,968)	(8,055,965)	(6,428,572)	(14,484,537)
Total comprehensive loss for the year	-	-	-	-	7,461,869	(6,640,784)	821,085	9,817,511	10,638,596
Balances as at 31 December 2020	30,397	1,752,397	1,011,253	(343,044)	7,461,869	(17,147,752)	(7,234,880)	3,388,939	(3,845,941)

ABRIDGED AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

SUPPLEMENTARY INFORMATION

Year Ended 31 December 2020

1 Directors' responsibility and statement of compliance
The Holding Company's directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements of which this press release represents an extract. These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRSIC") interpretations applicable and in a manner required by The Companies and Other Business Entities Act (Chapter 24:31). These financial statements are based on statutory records that are maintained under the historical cost convention and adjusted to take into account the effect of inflation in accordance with the provisions of International Accounting Standard ("IAS 29") "Financial Reporting In Hyperinflationary Economies." The Group has not been able to comply with International Accounting Standard ("IAS 21") "The Effects Of Changes In Foreign Exchange Rates," due to compliance with laws and regulations stemming from Statutory Instrument 33 of 2019. Refer to note 4 below.

For the purposes of fair presentation in accordance with International Accounting Standard ("IAS 29") "Financial Reporting In Hyperinflationary Economies," the historical cost information has been restated for changes in general purchasing power of the Zimbabwean dollar ("ZWL") and appropriate adjustments and reclassifications have been made. The restatement has been calculated by means of adjusting factors derived from the consumer price index ("CPI") prepared by the Zimbabwe National Statistics Agency ("ZimStat"). Accordingly, the inflation adjusted financial statements represents the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information and have been audited. The consolidated financial statements are available for inspection at the Company's registered office and on the Company's website www.medtechholdings.co.zw.

Functional and presentation currency
2 These financial statements are presented in Zimbabwe Dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates.

Accounting policies
3 The accounting policies applied in the preparation of these consolidated financial statements are consistent with those of the previous year. Applicable new standards and interpretations did not materially either quantitatively and qualitatively affect the Groups consolidated financial statements.

("IAS 21") "The Effects Of Changes In Foreign Exchange Rates"
4 As noted in the Group's 2019 financial statements, Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as the legal tender and prescribed for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be in Zimbabwean Dollars at the rate which was at par with the United Stated Dollar (USD).

Guidance issued by the Public Accountants and Auditors Board (PAAB) note the requirements of SI 33 were contrary to the provisions of IAS 21. The Directors have always ensured compliance with IFRS but were unable to do so due to the conflict between IAS 21 and local statutory instruments. In respect of the previous financial year 2019 financial information and as a result of the absence of an observable foreign exchange market during that year, the Group was unable to meet the requirements of IAS 21 in 2019 and before. The Directors would like to advise users to exercise caution in their use of this comparative inflation adjusted financial information.

Inflation adjustment
5 The Public Accountants and Auditors Board ("PAAB") issued a pronouncement ("Pronouncement 01/2019") prescribing the application of International Accounting Standard ("IAS 29") "Financial Reporting In Hyperinflationary Economies" had become effective in Zimbabwe. Pronouncement 01/2019 covered the preparation and presentation of financial statements of entities operating in Zimbabwe for the financial periods ending on or after 1 July 2019. The Group determined the effective date of application of the standard as 1 January 2019. International Financial Reporting Interpretations Committee ("IFRIC 7"), 'Economies Becoming Hyperinflationary', requires that the entity applies IAS 29 as if the economy was always hyperinflationary. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the reporting date, and that the corresponding figures for prior periods be stated in terms of a measuring unit current at the end of the reporting date. The restatement has been calculated by means of adjusting factors derived from the consumer price index (CPI) prepared by Zimbabwe National Statistics Agency ("ZimStat"). The adjustment factors used to restate these interim financial statements are as follows:

Date		
CPI as at 31 December 2020	Indices	Adjusting factor
CPI as at 31 December 2019	2 474.50	1.00
CPI as at 31 December 2018	551.7	4.48
2020 average CPI	88.81	27,86
	1 579.09	1.57

The indices and adjusting factors have been applied to the historical cost of transactions and balances as follows: All items in income statements are restated by applying relevant monthly adjusting factors; The net effect of the inflation adjustments on the net monetary position of the Group is included in the income statement as a monetary loss or gain; Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date; The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under historical cost convention. The policies affected are;

- Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date;
- Non-monetary assets and liabilities are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor;
- Inventories are carried at the lower of indexed cost and net realizable value;
- Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities; and
- All items of cash statement are expressed in terms of measuring unit current at the reporting date.

6 Contingent liabilities
The Company had no material contingent liabilities as at 31 December 2020.

7 Supplementary information

	Inflation adjusted		Historical	
	2020 $	2019 $	2020 $	2019 $
Capital expenditure	25,291,047	7,005,507	18,520,554	683,803
Depreciation	14,575,496	19,340,877	675,097	551,891
Operating profit	28,972,447	92,964,108	97,660,131	10,172,224
Operating profit is stated after charging items of significance:				
Auditors remuneration	3,902,098	2,131,771	2,607,852	395,204
Directors fees	770,889	768,139	547,108	121,799
Revaluation gain	724,606	-	14,853,805	-
Foreign currency translation gain / (loss)	-	34,199,529	-	(378,464)

8 Approval and events after the reporting period
The underlying financial statements to these results were approved by the Board on 27 April 2021. Subsequent to the reporting period date, there were no material adjusting or non-adjusting events.

9 Property, Plant and Equipment

	Inflation adjusted		Historical	
	2020 $	2019 $	2020 $	2019 $
Capital expenditure incurred to maintain and replace existing non-current assets	24,693,661	6,551,999	17,981,003	637,108
Capital expenditure incurred on software	597,386	453,508	539,551	46,695
	25,291,047	7,005,507	18,520,554	683,803

Assets pledged as security
10 The composite credit facility is secured by a notarial general covering bond (NGCB) for $887,500 over inventories and accounts receivable.

11 Accounts payable

	Inflation adjusted		Historical	
	2020 $	2019 $	2020 $	2019 $
Accounts payable	173,341,202	159,690,765	173,341,202	35,880,647

The Group's major accounts payable are foreign suppliers and the increase is due to depreciation of the Zimbabwe dollar as illustrated by the movement in interbank rates to USD1 : 81.79 ZWL as at 31 December 2020, from USD1 : 16,77 ZWL as at 31 December 2019. Foreign creditors amounted to ZAR 27,9 million.

12 Short term loans payable

	Inflation adjusted		Historical	
	2020 $	2019 $	2020 $	2019 $
Short term loans payable	69,239,973	23,751,416	69,239,973	5,336,668

The short term borrowings were incurred to finance capital expenditure and working capital requirements. As at 31 December 2020, short term borrowings amounting to $9,239,973 (31 December 2019: $3,336,668) were unsecured, whilst $60,000,000 (31 December 2019 : $2,000,000) were secured by an unlimited guarantee issued by the holding company and NGCBs for $887,500 over inventories and accounts receivable.

13 Amounts owed to related parties
The amounts are owed to Turfgreens Investments (Private) Limited and Grillage Investments (Private) Limited. These companies are under the control of one of the holding company's major shareholders. The amounts owed which are payable in the ordinary course of business, are in respect of rentals payable for various properties leased by the Group.

14 SEGMENT INFORMATION

Year Ended 31 December 2020

	Inflation adjusted				
	FMCG $	Medical $	Manufacturing $	Unallocated items and adjustments $	Total $
Revenue - external	239,589,065	-	113,261,040	-	352,850,105
- internal	373,150	-	30,468,387	(30,841,537)	-
Total	239,962,215	-	143,729,427	(30,841,537)	352,850,105
Net financing (costs)	(137,085,832)	-	(23,836,475)	(253)	(160,922,560)
Depreciation expense	(6,609,568)	(154,904)	(7,802,370)	(8,654)	(14,575,496)
Segment profit before tax	36,733,315	3,346,096	25,961,242	641,462	66,682,115
MGL	-	-	-	-	-
Taxation	15,092,293	-	(12,443,016)	8,956	2,658,863
Segment profit after tax	51,826,238	3,346,096	13,518,226	650,418	69,340,978
Other comprehensive incomer	-	-	-	-	-
Segment total comprehensive income	51,826,238	3,346,096	13,518,226	650,418	69,340,978
Segment assets	257,456,651	7,168,973	114,040,342	1,915,956	380,581,922
Segment liabilities	216,259,899	1,535,740	41,746,464	(3,300,067)	256,242,036

Year Ended 31 December 2020

	Historical				
	FMCG $	Medical $	Manufacturing $	Unallocated items and adjustments $	Total $
Revenue - external	176,614,218	-	79,251,980	-	255,866,198
- internal	196,007	-	21,319,599	(21,515,606)	-
Total	176,810,225	-	100,571,579	(21,515,606)	255,866,198
Net financing (costs)	(90,690,989)	-	(12,484,380)	(252)	(103,175,621)
Depreciation expense	(306,858)	(5,973)	(361,516)	(750)	(675,097)
Segment (loss) / profit before tax	(30,006,263)	(5,973)	24,512,101	(15,355)	(5,515,490)
MGL					
Taxation	7,380,989	-	(6,085,088)	4,380	1,300,281
Segment (loss) / profit after tax	(22,625,274)	(5,973)	18,427,013	(10,975)	(4,215,209)
Segment assets	190,662,700	1,115,875	60,641,743	(2,581,905)	249,838,413
Segment liabilities	216,255,031	1,630,564	38,993,451	(3,194,692)	253,684,354

Year Ended 31 December 2019

	Inflation adjusted				
	FMCG $	Medical $	Manufacturing $	Unallocated items and adjustments $	Total $
Revenue - external	228,974,150	-	84,710,718	-	313,684,868
- internal	735,490	-	37,541,312	(38,276,802)	-
Total	229,709,640	-	122,252,030	(38,276,802)	313,684,868
Net financing (costs) / income	(233,331,758)	-	(43,620,589)	178	(276,952,169)
Depreciation expense	(10,689,866)	(468,021)	(8,077,404)	(105,586)	(19,340,877)
Segment (loss) / profit before tax	(99,592,282)	23,287,849	35,268,449	4,363,959	(36,672,025)
Taxation	16,850,980	-	(10,506,029)	(5,291)	6,339,660
Segment (loss) / profit after tax	(82,741,302)	23,287,849	24,762,420	4,358,668	(30,332,365)
Other comprehensive income	12,474,853	645,690	20,612,175	466,811	34,199,529
Segment total comprehensive (loss) / income	(70,266,449)	23,933,539	45,374,596	4,825,478	3,867,164
Segment assets	160,016,434	8,788,344	94,138,129	(5,337,531)	257,605,376
Segment liabilities	171,111,777	6,525,272	35,556,381	(9,862,356)	203,331,074

Year ended 31 December 2019

	FMCG $	Medical $	Historical Manufacturing $	Unallocated items and adjustments $	Total $
Revenue - external	20,083,066	-	8,197,336	-	28,280,402
- internal	62,706	-	3,603,956	(3,666,662)	-
Total	20,145,772	-	11,801,292	(3,666,662)	28,280,402
Net financing (costs) / income	(24,361,107)	-	(5,512,936)	19	(29,874,024)
Depreciation expense	(290,312)	(11,824)	(247,088)	(2,667)	(551,891)
Segment (loss) / profit before tax	(20,404,845)	(11,824)	718,938	(4,069)	(19,701,800)
Taxation	4,944,319	-	(248,558)	(1,190)	4,694,571
Segment (loss) / profit after tax	(15,460,526)	(11,824)	470,380	(5,259)	(15,007,229)
Other comprehensive (loss) / income	(1,137,383)	26,094	713,960	18,865	(378,464)
Segment total comprehensive (loss) / income	(16,597,910)	14,270	1,184,340	13,607	(15,385,693)
Segment assets	23,548,660	644,692	9,273,462	(2,265,989)	31,200,825
Segment liabilities	38,446,053	1,466,153	7,989,107	(2,215,951)	45,685,362

15 Net financing costs

	Inflation adjusted		Historical	
	2020 $	2019 $	2020 $	2019 $
Interest payable	10,121,571	5,238,668	6,757,722	556,187
Net exchange rate (losses)	150,802,082	271,717,235	96,418,856	29,318,196
Interest received	(1,093)	(3,734)	(957)	(359)
	160,922,560	276,962,169	103,175,621	29,874,024

16 Going concern
The Group's equity reserves have been significantly depleted over the last few years due to cumulative operating losses. The directors have assessed the ability of the Group to continue as a going concern and are of the opinion that the preparation of these financial statements on a going concern basis is appropriate as for the reasons disclosed in detail in the financial statements.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

MEDTECH HOLDINGS LIMITED
and its subsidiaries

Disclaimer of opinion

We have audited the consolidated financial statements of MedTech Holdings Limited and its subsidiaries ("the Group"), set out on pages 5 to 54, and comprising the following:

- Consolidated and company statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows, for the year ended 31 December 2020;
- Group and company's statements of financial position as at 31 December 2020;
- A summary of the significant accounting policies applied by the Group and company during the year ended 31 December 2020; and
- Related financial statements notes.

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion, and accordingly we do not express an opinion on the Group's financial statements.

Basis for disclaimer of opinion

The Group transacts a significant amount of business in foreign currencies (especially in the procurement of raw materials and goods for resale), and had significant foreign currency denominated assets and liabilities in its statement of financial position as at 31 December 2020. During the period under review, there was evidence of a three tier pricing system in Zimbabwe, namely for the US dollar, for the funds in the electronic transfer system ("RTGS") and for the bank notes. Therefore, the Group was unable to comply with the requirements of *IAS 21 The Effects of Changes in Foreign Exchange Rates* in the recognition and measurement of foreign currency denominated transactions and balances in its accounting records, as well as, the presentation and disclosure of same in its financial statements.

As a result of the issues discussed above and the significance thereof, we were unable to determine the adjustments that might have been necessary in respect of transactions entered into during the current financial year to satisfy ourselves concerning the fair presentation of these financial statements.

Material uncertainty related to going concern

We also draw attention note 26 on the financial statements relating to going concern. As at 31 December 2020, the Group was in a net current liability position of $6 475 770 (2019: $59 881 672). These matters, along with other matters as set forth in note 26, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue operating as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. Key audit matters are selected from the matters communicated with the Directors, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole and we do not provide a separate opinion on these matters. In addition to the matter described in the ***Material uncertainty related to going concern*** section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	**How our audit addressed the key audit matter**
Valuation of accounts receivables	
The Group's gross trade receivables amounted to \$52 145 278 (2019: \$34 025 648) at year end and trade receivables amounting to \$2 721 601 (2019:\$6 816 338) were past due but not impaired at year end. An allowance for credit losses of \$611 833 (2019:\$2 723 024) was provided for at year end. The Zimbabwean economy is currently facing liquidity challenges and the recoverability of trade receivables could be doubtful. The valuation of accounts receivables was therefore considered a key audit matter.	We focused our attention on assessing the recoverability of trade receivables and our procedures included the following: • We circularised trade receivables balances as at 31 December 2020; • We assessed the adequacy and appropriateness of the Group's policies and procedures on providing for credit losses and writing off bad debts; • We assessed the adequacy of the allowance for credit losses; • We verified bad debts written off during the year; • We assessed the trade receivables performance post year end and up to the date of our report; and • We verified the adequacy of disclosures relating to accounts receivable made in note 16 to the financial statements. We were satisfied with the results of our audit procedures.
Inventories and cost of sales	
Key audit matter	**How our audit addressed the key audit matter**
Accounts payable	
As stated previously, the Group imports a significant component of its inventories from South African based suppliers. Exchange rate differences arose because of the movements in the exchange rate between the South African Rand ("ZAR") and the United States Dollar ("US\$") during the year as well as when translating the ZAR creditors to USD at year end. The Group owed a total of ZAR27 919 537 to its foreign suppliers at year end. The ZAR – US\$ exchange rate has been volatile throughout the financial year ended 31 December 2020. As such, the determination of amounts recognized in the financial statements as accounts payable and exchange rate gains/(losses) were considered a key audit matter.	Our approach focused on verifying the completeness and valuation of foreign creditors and the exchange rate differences recognised in the financial statements. • We inspected and re-performed the foreign creditors' reconciliations and satisfied ourselves as to the amounts due to those creditors as 31 December 2020; • We considered the internal controls over the reconciliation of creditors; • We performed cut off tests for inventories, receipts and dispatches; • We verified the exchange rates used to translate the foreign currency denominated creditors to USD at year end; • We recomputed the exchange rate gains and losses recognized in the financial statements during the year; and • We verified the disclosures in respect of accounts payable in the financial statements. Except for the effect of exchange rates as described in the basis of disclaimer of opinion paragraph above, we were satisfied with the results of our audit procedures.

The Group's inventories comprise mostly of numerous imported product lines and are stored at different locations where the Group's business units operate from. In addition, the costing of imported inventories requires the translation of foreign currency denominated cost components into United States Dollars, the Group's functional currency, at varying exchange rates throughout the year. The Group's inventories are predominantly acquired from South Africa. As such, we considered the existence and valuation of inventories a key audit matter.	Our audit approach was focused on verifying the existence and condition of the Group's inventories, the valuation of inventories and the determination of amounts recognized as cost of sales during the year. We performed the following procedures, amongst others: • We attended and observed the Group's year end stock counts. We also conducted our own test counts and inspected the physical condition of the inventories during those stock count exercises; • We considered the control environment over the procurement, custody and costing and valuation of inventories; • We re-performed the costing of inventories on a test basis paying particular attention to the exchange rates used to cost imported inventories; • We also re-computed the amounts recognised as cost of sales by the Group companies; • We performed cut off tests for inventories' receipts and dispatches; • We assessed the procedures for identifying and writing off and/or providing for damaged and obsolete stocks and the adequacy of stock provisions and stock write offs done during the year; • We verified the inventories' valuation reports prepared by management as at 31 December 2020; and • We verified the disclosures relating to inventories presented in note 15. Except for the effect of exchange rates as described in the basis of disclaimer of opinion paragraph above, we were satisfied with the results of our audit procedures.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the presentation and disclosure requirements of the Companies and Other Business Entities Act (Chapter 24:31) as well as for such internal control the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group 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.

The Directors are responsible for overseeing the Group's financial reporting process.

The financial statements were prepared under the supervision of Muhammad Y Patel, ACCA member, number 1182437.

Auditor's responsibilities for the audit of the group financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's 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 consolidated financial statements.

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

- Identify and assess the risk of material misstatement of the 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 controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- 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 are required to 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 are required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly drawn up so as to comply, in all material respects, with the financial disclosure and presentation requirements of the Companies and Other Businesses Act (Chapter 24:31) and related legislation.

The engagement partner responsible for the audit resulting in this independent auditor's report is Clyton Kazembe, Registered Public Auditor - PAAB Number 0372.

Amh Global

AMG Global
Harare

27 April 2021