AUDITED ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021



HISTORICAL FINANCIAL HIGHLIGHTS

Revenue up 494% to ZWL 26.9 billion

EBITDA up 221% to ZWL 2.7 bilion

Profit for the year up 252% to ZWL 2.0 billion

Earnings per share up 245% to ZWL 1.60

Net asset value per share up 258% to ZWL 2.91

Proposed final dividend of 54 ZWL cents per share

CHAIRMAN'S STATEMENT

OVERVIEW

The operating environment for the financial year under review was affected by Covid-19, with lockdown restrictions in place throughout the period. The lockdown measures negatively impacted business through supply chain disruptions and reduced consumer disposable incomes. The Group was also unable to hold its flagship promotion, the Grand Challenge. As a result, volumes for the year declined by 13% from prior year. The improvement in volume performance relative to the decline of 27% reported for the half year is on the back of easing of the restrictions during the second half of the

Inflation levels were high particularly during the first half of the financial year, with official annual inflation peaking at 837.5% in July before gradually declining to close at 240.6% in March 2021. Foreign currency availability and exchange rate stability improved during the year mainly due to the success on the foreign currency auction system introduced in June 2020. This together with the liberalisation on the use of foreign currency for domestic sales under Statutory Instrument 185 of 2020 brought some stability into pricing and product supply. The foreign currency component of the Group's sales remained low, although this was largely adequate for the Group's inventory and capital expenditure import requirements.

The Group's capital expenditure programme continued during the year with refurbishments completed at OK Avonlea, OK Machipisa, Bon Marché Belgravia, Bon Marché Eastlea, OK Kadoma, OK Rusape and OK Hwange. Two new stores were opened, an OK store in Harare's Sanganayi Inn area and an OKmart store in Victoria Falls. The refurbished stores and new branches were well received in their respective markets and made a significant contribution to the Group's sales.

The Group embarked on a brand repositioning exercise for all its store brands, namely OK, Bon Marché and OKmart to meet emerging customer requirements and market trends.

GROUP PERFORMANCE

The results were inflation adjusted to reflect the impact of the change in the general purchasing power of the reporting currency (ZWL) in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

Revenue for the year declined by 2% to ZWL 34.3 billion from ZWL 35.0 billion in the prior year. Profit before tax of ZWL 2.0 billion was 42% below prior year's of ZWL 3.4 billion, while profit after tax declined by 46% to ZWL 1.1 billion from ZWL 2.0 billion in prior year.

Overheads grew by 6% over prior year. The measures implemented by the Group to curtail the spread of Covid-19 increased the cost base. Electricity charges, staff costs, cleaning costs and security expenses also contributed to overheads growth.

Capital expenditure for the year was ZWL 1.2 billion down from ZWL 1.5 billion in prior year. Most of the capital expenditure was on store refurbishments and equipping the new stores.

SUSTAINABLE BUSINESS PRACTICES

The Covid-19 pandemic had a strong impact on our customers, the business and supply chain. As such, we took precautionary measures to protect our customers and stakeholders while ensuring business operations are safe from Covid-19 exposure. In addition, the Group adopted sustainability reporting to reinforce our responsible business values. Sustainability will now drive our future business strategy and practices.

The Directors declared a final dividend of 54 ZWL cents per share to be paid to the shareholders on or about the 1st of July 2021. The final dividend brings the total dividend declared for the year to 80 ZWL cents per share.

The impact of Covid-19 on future operations remains uncertain. However, the Group's financial status remains solid and mitigatory measures are in place to ensure continuity and viability of operations. The health and safety of employees, customers and all stakeholders remain of paramount importance and the Group will continue to follow Covid-19 protocols for their safety.

The economy is expected to benefit from the anticipated good harvest from the 2020/2021 agricultural season, availability of foreign currency on the auction system and declining inflation. The Group has been investing in capacity enhancement and is therefore well poised to maximize on the anticipated economic rebound. The resumption of the Grand Challenge promotion in the current financial year is expected to underpin volume growth in the first guarter. The Group will also continue to pursue more innovative initiatives to grow market share profitably. The refurbishment and expansion drive will be reinforced, with a number of stores targeted for refurbishment and potential new sites under consideration.

DIRECTORATE

Mr. Alex Edgar Siyavora, the Group's Chief Executive Officer from April 2017, and a senior executive of the Group since 2001, retired on 31 March 2021 after having served the Group for twenty years. The Board extends its gratitude to Alex for his invaluable contribution to the Group.

The Board is pleased to announce the appointment of Mr. Maxen Phillip Karombo to the position of Group Chief Executive Officer with effect from 1 April 2021. Maxen joined the Group from Delta Corporation where he was Executive Director - Operations and Marketing for ten years. The Board is delighted to welcome Maxen to the Group, where he will undoubtedly apply his vast marketing and business experience to drive the Group's leadership in the retail space.

The Board also wishes to announce the resignation of Mr. Bruce Armstrong Carter as non-executive director with effect from 1 December 2020 and the appointment of Mr. Simon Masanga as a non-executive Director with effect from 1 April 2021. The Board extends its appreciation to Bruce for his service to the Group and wishes Simon success in his new role.

H. NKALA CHAIRMAN

3 June 2021

DIVIDEND ANNOUNCEMENT NOTICE TO SHAREHOLDERS

NOTICE is hereby given that on the 3rd of June 2021, the Board of Directors declared a final dividend (number 29) of 54 ZWL cents per share payable in respect of the qualifying ordinary shares of the Company to be paid out of the profits for the year ended 31 March 2021.

The dividend will be payable on or about the 1st of July 2021 to shareholders in the Group's register at the close of business on the 15th of June 2021. Disbursements to foreign shareholders is subject to Exchange Control Approval and payment guidelines for foreign payments. The dividend will be paid by direct transfers or other approved forms as per the following timetable:-

ACTION	DATE
1 Announcement date	4 June 2021
2 Last Date to Trade Cum-Dividend	15 June 2021
3 Share Trade Ex-Dividend	16 June 2021
4 Last Record Date	18 June 2021
5 Payment Date	1 July 2021

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

By the order of the Board

MARGARET MUNYURU (MRS.) GROUP COMPANY SECRETARY

3 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 March

Note	INFLATION ADJUSTED		HISTORICAL*	
	2021	2020	2021	2020
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Revenue	34,301,072	35,029,072	26,862,119	4,525,564
Changes in trade inventories	(375,361)	311,633	(2,630,730)	(672,527)
Merchandise and consumables used	(29,262,633)	(28,539,636)	(18,087,342)	(2,489,153)
Employee benefits expense	(2,045,777)	(1,367,164)	(1,680,997)	(171,065)
Depreciation and amortisation expense	(634,561)	(491,292)	(190,611)	(30,887)
Share based payments expense	(10,279)	(16,719)	(6,990)	(2,551)
Net operating costs	(2,282,155)	(2,807,126)	(1,786,908)	(360,661)
Net finance cost	(135,684)	(117,481)	(114,367)	(10,158)
Monetary gain	2,447,838	1, 447,761		
Profit before income tax	2,002,460	3,449,048	2,364,174	788,562
Income tax expense 6	(923,699)	(1,448,660)	(371,921)	(222,373)
Profit for the year	1,078,761	2,000,388	1,992,253	566,189
0(1				
Other comprehensive income (OCI)				
Will not be reclassified subsequently to profit/loss:	100 000	05.044	4 474 004	400.670
Fair value gains on property	106,200	95,814	1,174,924	408,679
Income tax expense	(18,625)	(19,802)	(206,057)	(84,466)
May be reclassified subsequently to profit/loss:	004	(4 575)	2.546	F02
Fair value gains on available for sale equity investments Income tax expense	884	(1,575) 17	3,516	593
	(9) 88,450	74,454	972,348	(6) 324,800
Other comprehensive income for the period net of tax	1,167,211	2,074,842	2,964,601	890,989
Total comprehensive income for the year	1,107,211	2,074,042	2,904,001	090,909
Weighted average number of ordinary shares in issue	1,247,778,289	1,225,085,647	1,247,778,289	1,225,085,647
Share performance - ZWL cents	1,247,770,200	1,220,000,041	1,241,110,200	1,220,000,041
attributable earnings per share	86.45	163.29	159.66	46.22
headline earnings per share	86.35	163.49	159.23	46.20
	33.30		.55.20	

82.87

566.28

155.83

514.62

153.04

291.45

44.11

81.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

diluted earnings per share

net asset value per share

AS at 31 March					
Note	INFLATION A	INFLATION ADJUSTED		HISTORICAL*	
	2021	2020	2021	2020	
	ZWL 000	ZWL 000	ZWL 000	ZWL 000	
Assets					
Non-current assets					
Property and equipment 8	5,924,593	5,015,517	2,851,939	750,186	
Financial assets at amortised cost	46	525	46	115	
Goodwill	14,813	14,813	400	400	
Right of use asset	1,664,774	730,292	846,965	96,084	
Financial assets at FVTOCI	6,947	3,520	6,947	1,032	
Deferred tax asset	-	-	40,090	-	
Total non-current assets	7,611,173	5,764,667	3,746,387	847,817	
•					
Current assets	2 554 000	0.470.400	2 540 425	000 005	
Inventories 10 Trade and other receivables	3,554,296	3,179,480	3,512,135	822,265	
	16,341 600,103	56,357 381,146	16,341 356,535	16,527 73,833	
Prepayments Short-term loans	509	361,146 95	509	73,633 28	
Cash and cash equivalents	739,260	615,290	739,260	180,437	
Total current assets	4,910,509	4,232,368	4,624,780	1,093,090	
Total assets	12,521,682	9,997,035	8,371,167	1,940,907	
	12,021,002			.,010,001	
Equity and liabilities					
Equity					
Share capital	4,502	4,498	126	123	
Share premium	1,398,195	1,288,366	147,555	38,575	
Share based payment reserve	62,667	52,388	10,516	3,526	
Mark to market reserve	2,488	1,613	4,222	741	
Revaluation reserve	163,587	76,012	1,332,227	363,360	
Non-distributable reserves	363,677	363,677	9,820	9,820	
Retained earnings	5,070,865	4,517,923	2,132,239	580,053	
Total equity	7,065,981	6,304,477	3,636,705	996,198	
Non-current liabilities					
Deferred tax	721,239	746,131	_	80,654	
Finance lease liability	744,540	267,160	744,540	78,346	
Total non-current liabilities	1,465,779	1,013,291	744,540	159,000	
Compand liabilities					
Current liabilities Trade and other payables 9	2 542 040	2,315,267	3 542 040	670 064	
. ,	3,542,848 136,416		3,542,848 136,416	678,964 21,067	
Finance lease liability Short term borrowings	283,187	71,838	283,187	21,007	
Current income tax liability	27,471	292,162	203,167 27,471	85,678	
Total current liabilities	3,989,922	2,679,267	3,989,922	785,709	
Total equity and liabilities	12,521,682	9,997,035	8,371,167	1,940,907	
	12,021,002	0,001,000	5,57 1,107	1,0-10,001	

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 March

Tor the year ended 51 march	INFLATION ADJUSTED		HISTORICAL*	
	2021	2020	2021	2020
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Cash flows from operating activities				
Cash generated from trading 7	2,373,775	3,649,379	2,778,431	832,281
Working capital changes	673,824	(552,587)	(108,502)	(205,352)
Cash generated from operations	3,047,599	3,096,792	2,669,929	626,929
Net finance costs	(135,684)	(103,081)	(114,367)	(8,906)
Tax paid	(1,231,916)	(1,199,820)	(756,964)	(159,645)
Net cash generated from operating activities	1,679,999	1,793,891	1,798,598	458,378
Cash flows from investing activities				
Investments to maintain operations				
Replacement of property and equipment	(964,263)	(1,017,367)	(794,492)	(183,256)
Proceeds from disposal of property and equipment	6,216	2,503	5,553	301
Increase in long term investments	(2,543)		(2,399)	
	(960,590)	(1,014,864)	(791,338)	(182,955)
Investment to expand operations				
Additions to property and equipment	(262,638)	(493,744)	(216, 397)	(53,187)
Proceeds from financial assets held at amortised cost	479	71,821	69	2,619
	(262,159)	(421,923)	(216,328)	(50,568)
Net cash utilised in investing activities	(1,222,749)	(1,436,787)	(1,007,666)	(233,523)
Cash flows from financing activities				
Dividends paid	(525,819)	(584,610)	(440,067)	(70,513)
Proceeds from share options exercised	2,139	45,807	1,289	3,626
(Increase)/decrease in short-term loans receivable	(414)	1,095	(481)	17
Repayment of lease liabilities	(92,373)	(39,447)	(76,037)	(9,116)
Proceeds from short term borrowings	283,187	-	283,187	-
Net cash utilised in financing activities	(333,280)	(577,155)	(232,109)	(75,986)
Net increase/(decrease) in cash and cash equivalents	123,970	(220,051)	558,823	148,869
Cash and cash equivalents at the beginning of the year	615,290	835,341	180,437	31,568
Cash and cash equivalents at the end of the year	739,260	615,290	739,260	180,437

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY For the year ended 31 March

INFLATION ADJUSTED		HISTORICAL*	
2021	2020	2021	2020
ZWL 000	ZWL 000	ZWL 000	ZWL 000
6,304,477	4,742,625	996,198	168,004
109,833	54,901	108,983	5,167
10,279	16,719	6,990	2,551
(525,819)	(584,610)	(440,067)	(70,513)
1,167,211	2,074,842	2,964,601	890,989
7,065,981	6,304,477	3,636,705	996,198
	2021 ZWL 000 6,304,477 109,833 10,279 (525,819) 1,167,211	2021 2020 2WL 000 2WL	2021 ZWL 000 2020 ZWL 000 2021 ZWL 000 6,304,477 4,742,625 996,198 109,833 54,901 108,983 10,279 16,719 6,990 (525,819) (584,610) (440,067) 1,167,211 2,074,842 2,964,601

DIRECTORS: H. Nkala (Chairman), M. P. Karombo (Chief Executive Officer), A. R. Katsande (Commercial Director), T. L. Gumbo, S. Masanga, R. A. Maunze, R. Mavima, A. S. McLeod, R. J. Moyo, K. Mtemererwa, L. Webster-Rozon







AUDITED ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021



NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL RESULTS

For the year ended 31 March 2021

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 GENERAL INFORMATION

The Group is a leading supermarket retailer whose business covers three major categories comprising groceries, basic clothing and textiles and houseware products. At the reporting date, the Group was operating from sixty-seven shops countrywide and had three wholly owned subsidiaries.

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) and the Zimbabwe Stock Exchange Listing Requirements.

2.1 Hyperinflation

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 (Financial Reporting in Hyperinflationary Economies) compliant. Indices used were obtained from the Zimbabwe Statistical Office for the period from April 2019 to March 2021. The conversion factors used to restate the financial results are as follows:

	indices	Conversion Factor
CPI as at 31 March 2021	2,759.8	1.0
CPI as at 31 March 2020	810.4	3.4

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 official interbank rate prevailing at the time of transacting. All values are rounded to the nearest thousand except where otherwise stated.

2.3 Historical reporting*

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

3 STATEMENT OF ACCOUNTING POLICY

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

		INFLATION	TION ADJUSTED HISTOR		ICAL*	
		2021	2020	2021	2020	
		ZWL 000	ZWL 000	ZWL 000	ZWL 000	
4	CAPITAL EXPENDITURE	1,226,901	1,511,111	1,010,889	236,443	
5	CAPITAL COMMITMENTS					
	Authorised but not contracted for	1,685,890	849,097	1,685,890	249,002	
6	INCOME TAX EXPENSE					
	Current income tax	966,789	1,388,647	698,451	241,330	
	: Standard	938,630	1,348,201	678,108	234,301	
	: Aids levy	28,159	40,446	20,343	7,029	
	Withholding tax	436	980	306	125	
	Deferred tax movement	(43,526)	59,033	(326,836)	(19,082)	
		923,699	1,448,660	371,921	222,373	
7	CASH CENEDATED FROM TRADING					
7	CASH GENERATED FROM TRADING Profit before tax	2,002,460	3,449,048	2,364,174	788,562	
	Adjusted for :	2,002,400	3,449,040	2,304,174	700,302	
	Finance costs	139,982	117,481	117,544	10,158	
	Depreciation and amortisation	634,561	491,292	190,611	30,887	
	Share based payments expense	10,279	16,719	6,990	2,551	
	Employee share participation costs	10,279	9,094	0,990	1,541	
	Interest income	(4,298)	(14,400)	(3,177)	(1,252)	
	(Profit) /loss on sale of property and equipment	(1,311)	2,486	(5,405)	(166)	
	Re-organisation cost	107,694	2,400	107,694	(100)	
	Effects of inflation adjustments	(515,592)	(422,341)	107,034		
		2,373,775	3,649,379	2,778,431	832,281	
		INFLATION	ADJUSTED	HISTORICAL*		
		2021	2020	2021	2020	
		ZWL 000	ZWL 000	ZWL 000	ZWL 000	
_						
8	PROPERTY AND EQUIPMENT	5.045.547	2 024 270	750 400	400.044	
	At the beginning of the year	5,015,517	3,834,378	750,186	123,641 236,443	
	Capital expenditure Revaluation	1,226,901	1,511,111	1,010,889	,	
	Disposals	106,200	95,814	1,174,924	408,679	
	Depreciation	(4,905) (419,120)	(4,989) (420,797)	(148) (83,912)	(135) (18,442)	
	At the end of the year	5,924,593	5,015,517	2,851,939	750,186	
	At the end of the year	3,324,333	3,010,011	2,001,000	730,100	
9	TRADE AND OTHER PAYABLES					
	Trade payables	3,045,805	1,528,610	3,045,805	448,273	
	Provisions	144,911	139,245	144,911	40,834	
	Accruals and other payables	352,132	647,412	352,132	189,857	
		3,542,848	2,315,267	3,542,848	678,964	
10	INVENTORIES					
	Consumable stocks	80,091	80,636	79,994	20,854	
	Merchandise	3,474,205	3,098,844	3,432,141	801,411	
		3,554,296	3,179,480	3,512,135	822,265	

11 CONTINGENT LIABILITIES

There were no contingent liabilities at reporting date.

12 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 condensed 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.

13 AUDIT OPINION

These financial results should be read in conjuction with the complete set of consolidated financial statements for the year ended 31 March 2021 which have been audited by Deloitte & Touche in accordance with International Standards on Auditing. An unmodified audit opinion has been issued thereon. The engagement partner responsible for the audit was Tumai Mafunga.











PO Box 267 Harare Zimbabwe Deloitte & Touche Registered Auditors West Block Borrowdale Office Park Borrowdale Road Borrowdale Harare Zimbabwe

Tel: +263 (0) 8677 000261 +263 (0) 8644 041005 Fax: +263 (0) 4 852130 www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OK ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the inflation adjusted consolidated financial statements of OK Zimbabwe Limited and its subsidiaries ("the Group") set out on pages 9 to 41, which comprise the inflation adjusted consolidated statement of financial position as at 31 March 2021, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, inflation adjusted consolidated statement of changes in equity, and inflation adjusted consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the inflation adjusted consolidated financial statements present fairly, in all material respects, the financial position of OK Zimbabwe Limited and its subsidiaries as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and relevant statutory instruments.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our 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 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.

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Key Audit Matters (continued)

Key audit matter

How the matter was addressed in the audit

1. Completeness and valuation of, and obligations on trade payables

As set out in note 19 to the inflation adjusted consolidated financial statements, the Group had trade payables amounting to ZWL3.5 billion (2020: ZWL2.3 billion) as at year end.

Trade payables arise in the normal course of business; the Group sources retail merchandise from a number of local and foreign suppliers. Considering the high volumes of procurement transactions across the Group, the reconciliation processes over trade payables are therefore a critical control in ensuring that trade creditors' balances are complete and valued correctly.

Accordingly, we assessed the completeness and valuation of, and obligations of trade payables to be a key audit matter.

In addressing this matter, we performed the following procedures:

- On a sample basis, we confirmed the payable balances at year end with suppliers.
- We tested reconciliations, assessing the rationale and reasonableness of reconciling items.
- We tested the completeness of trade payables by evaluating the reasonableness of explanations for significant changes in the profile and mix of the entity's key trade creditors and by performing tests of detail to ensure procurement transactions were correctly recorded in the ledger.

We are satisfied that trade payables are complete and fairly valued as at the end of the reporting period.

2. Existence and valuation of inventories

As shown in note 3.8, inventory is valued at the lower of cost and net realizable value and as at 31 March 2021, the Group held inventories valued at ZWL 3.6 billion (2020: ZWL 3.2 billion).

The valuation and existence of inventory were of significant audit focus due to the following reasons;

- The multiple locations at which inventory was held at year-end.
- The ever-changing prices of retail merchandise as a result of inflation.
- The judgement applied in the determination of inventory mark downs and inventory shrinkage provisions which are incorporated in the valuation of inventory.

The balance is also of significance to the operations of the Group, with inventories constituting 28% (2020: 32%) of total assets of the Group.

Our procedures included but were not limited to:

- We observed the year-end inventory count at selected store locations with specific consideration over those locations with high likelihood of slow moving items, high shrinkage values & new branches.
- We evaluated the design and implementation of controls around inventory management.
- We assessed the reasonableness of the assumptions made in determining the inventory mark downs and shrinkage provision recognised in current year.
- We performed pricing and net realisable value tests for a sample of inventory items.

We found the valuation and existence of inventories for the year to be fair.

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Key Audit Matters (continued)

Key Audit Matter

How the matter was addressed in the audit

3. Valuation of freehold land and buildings

As set out in note 9 to the inflation adjusted consolidated financial statements, the Group has freehold land and buildings amounting to ZWL1.6million (2020: ZWL1.6 billion).

The Management's make use of independent external valuers in determining the fair values of freehold land and buildings. Valuations by their nature require the use of judgment and estimates which involve significant unobservable inputs such as

- Occupancy rates
- Market rentals
- Risk yields
- Market values

The complexity and subjectivity of these estimates may result in material misstatement. The current economic environment is extremely volatile given the valuation intricacies impacting property in the Zimbabwean market. We identified the valuation of freehold land and buildings as representing a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the level of judgement associated with determining the fair values.

To assess the valuation of freehold land and buildings, we performed procedures that included but were not limited to:

We assessed the competence, capabilities, objectivity and independence of the management's independent valuers, and assessed their qualifications.

We made enquiries of the management's independent external valuers to obtain an understanding of the valuation techniques and judgements adopted.

We assessed the work performed by the independent external valuers in valuing of freehold land and buildings by performing the following:

- Reviewed the work performed by management's expert in valuing land and buildings at year end;
- Assessed the reasonableness and rationale of the key assumptions made and inputs applied;
- Evaluated the valuation methods used and assessed them for consistency with the reporting requirements;
- Reviewed the financial statement disclosures for appropriateness and adequacy.

We found management's assumptions to be reasonable and the valuation of the freehold land and buildings to be reasonable

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Other Information

Management is responsible for the other information. The other information comprises the Report of Management s as required by the Companies Act, Corporate Information, Accounting Philosophy, Organisational Vision, Group Profile, Corporate Governance, Management s' Responsibility Statement, Board of Management s, Shareholders' Analysis, Notice to Members, Shareholders' Calendar and historical information, which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these inflation adjusted consolidated financial statements in accordance with IFRSs and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Companies (Financial Statements) Regulations, 1996, the Zimbabwe Stock Exchange Listing Requirements and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Auditor's 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 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 inflation adjusted 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 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 management.
- Conclude on the appropriateness of management's 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 auditor's report to the related disclosures in the 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 auditor's 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.

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Inflation adjusted consolidated financial statements (continued)

We communicate with those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, 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 auditor's 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the inflation adjusted consolidated financial statements of the Group have been prepared in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Companies (Financial Statements) Regulations, 1996 and the Zimbabwe Stock Exchange Listing Requirements.

Per. Tumai Mafunga

Deloiker a Touche

(PAAB Practice Certificate Number 0442)

Deloitte & Touche Chartered Accountants (Zimbabwe)

Harare Zimbabwe

Date: 03 June 2021