

(Incorporated in Zimbabwe on 10 February 1997, Registration number 897/97)

ABRIDGED REVIEWED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

Short-Form Financial Announcement

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange

This short-form announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and or shareholders should be based on consideration of the full announcement.

A copy of the full announcement has been shared with shareholders using the latest email addresses supplied by the shareholder and is available upon request, and for inspection at no charge, at the Company's registered office or via email request to mpatel@medtechdistribution.com. The full announcement is also available on the Zimbabwe Stock Exchange website (data portal): www.zse.co.zw and the Company website www.medtechholdings.co.zw.

	Inflation adjusted			Historical		
	June 2021 \$	June 2020 \$	% Change 2021 vs 2020	June 2021 \$	June 2020 \$	% Change 2021 vs 2020
Turnover	268,004,810	155,307,402	73%	251,677,385	50,461,093	399%
Profit / (loss) before tax	68,474	(8,311,697)	101%	32,588,070	(32,395,016)	201%
Basic earnings / (loss) per share (ZWL cents)	0.19	0.87	(78%)	0.54	(0.43)	226%
Headline earnings / (loss) per share (ZWL cents)	0.19	0.87	(78%)	0.54	(0.43)	226%

	Inflation adjusted			Historical		
	June 2021 \$	December 2020 \$	% Change 2021 vs 2020	June 2021 \$	December 2020 \$	% Change 2021 vs 2020
Total Assets	456,909,722	459,317,665	(1%)	331,616,970	249,838,413	33%
Total Liabilities	303,341,740	309,254,030	(2%)	299,064,660	253,684,354	18%
Total Equity	153,567,982	150,063,635	2%	32,552,310	(3,845,941)	946%

Dividend

The Directors resolved not to declare an interim dividend.

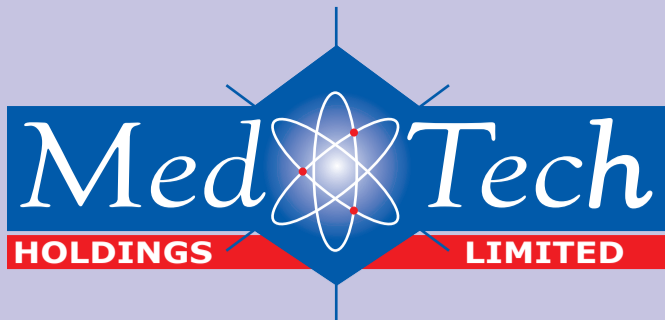
Auditors Statement

This short-form financial announcement should be read in conjunction with the complete set of the Group's half year financial statements for the half year ended 30 June 2021. The Group's half year financial statements have been independently reviewed by AMG Global Chartered Accountants (Zimbabwe) who have issued a modified review conclusion. The basis of modified conclusion was mainly due to the Group's inability to comply with International Accounting Standard 21 (The effects of changes in foreign exchange rates). The auditors have also reported on a material uncertainty related to going concern. The auditor's report is available for inspection at the Company's registered office and on the Company's website www.medtechholdings.co.zw.

R Mazula
Chairperson
27 October 2021

Registered Office
Stand 619 Comer Shumba / Hacha Road, Ruwa

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



ABRIDGED REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2021

CHAIRPERSON'S REPORT

Introduction

It is my pleasure to present the abridged reviewed financial statements for MedTech Holdings Limited for the half year ended 30 June 2021.

Operating Environment

The trading, operating and economic environment witnessed an improvement during the period under review mainly attributable to a stable currency. The Foreign Exchange Auction System limited the exchange rate movement during the period under review opening at USD1: ZWL 81.79 (01 January 2021) and closing at USD1: ZWL 85.42 (30 June 2021). The currency stability resulted in price stability leading to a slowing inflation rate. The price stability, along with increased incomes in certain sectors of the economy saw an improvement in consumer demand for our products. The stable currency had outweighed impending factors which negatively affect business such as increased distribution cost due to fuel price increases, increased city council rates and increased salaries.

Though, the exchange rate had somewhat stabilised the market remained distorted and operating expenses continued to reflect a premium to this rate. Possible causes of this are:

- 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, and
- the negative effects of legislative amendment Statutory Instrument (SI 127 of 2021).

Government implemented a lockdown during the first half of 2021 to contain the spread of coronavirus, however, the Group was categorised as an essential service provider and as such this lockdown had a minimal negative impact. The Group continues to implement WHO approved COVID-19 guidelines in its operations to safeguard the health and wellbeing of all stakeholders.

Financial Highlights

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

- Group revenues increased by 73% from \$155,307,402 in 2020 to \$268,004,810 in 2021.
- Improvement in profit before tax by 101% from a loss before tax of \$8,311,697 in 2020 to a profit before tax of \$68,474 in 2021.

Group	June 2021	June 2020
Revenues	\$268,004,810	\$155,307,402
Gross Profit %	19%	20%

Group revenue increased 73% compared to comparative prior period.

Group sales volumes increased by 67% compared to the comparative prior period because of:

- Price stability and increased incomes resulting in improved demand,
- A reduction in competition from grey imports and smuggled goods due to movement restrictions,
- Improved working capital management to reduce the impact of any currency depreciation and thereby allow for more aggressive sales, and
- Constant supply of replacement stock and less stockouts. This had enabled the Group to constantly supply products at competitive prices resulting in increased shelf space and increased market share.

Margins remained stable due to limited selling price increases and the cost of replacement stock remained stable.

The inflation adjusted net exchange rate gain included in the net financing costs for the year of \$669,426 was mainly due to the translation of monetary liabilities (mainly foreign creditors) during the period.

The Group posted an inflation adjusted profit before tax for the year of \$68,474.

FMCG Segment	June 2021	June 2020
Revenues	\$191,697,956	\$93,191,021
Gross Profit %	24%	17%

The FMCG Segment includes MedTech Distribution, Smart Retail, Choice Brands and HeyZoom. Segment revenue increased by 106% compared to the comparative prior period. Sales volumes increased by 127% as compared to the comparative prior period. Reasons for sales volume increases are the same as elaborated upon above in the Group section.

Margins improved due to changes in the sales mix and better reordering where fast moving high profit margin lines were concentrated on.

The FMCG segment posted an inflation adjusted profit before tax of \$13,094,537.

Manufacturing Segment	June 2021	June 2020
Revenues	\$99,887,894	\$69,963,919
Gross Profit %	5%	22%

The manufacturing segment comprises of Chicago Cosmetics (Private) Limited. Revenues increased by 43% compared to comparative prior. There has been a sales volume increase of 45% as compared to the corresponding prior period. Reasons for sales volume increases are the same as elaborated upon above in the Group section.

Margin is low as the inflation adjusted cost of sales is higher than the inflation adjusted revenue. This is attributable to high inventory days on raw material stocks.

The Manufacturing segment posted an inflation adjusted loss before tax of \$13,011,305.

Medical Segment and associate company

There has been no activity in the medical segment nor associate company as these did not trade during the current or comparative prior year period.

Legacy debt

The Group applied for the registration of legacy debts amounting to ZAR25,5 million to foreign creditors. Of the ZAR25,5million, ZAR23,4million had been validated while appeals have been lodged for ZAR2,1million. Of the validated debts an amount of ZAR3,8million has been paid to foreign creditors. At this stage, the Group is unsure when the remaining payments will be made 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.

For prudence, these foreign creditors have been restated using the interbank rate of ZWL 85,42 at the end of the reporting period. The restatement of the foreign creditors leaves the Group in a precarious position.

Dividend

Given the liquidity challenges and Group's working capital needs, the Directors decided not to declare a dividend.

Reminder on abridged circular

Shareholders are reminded of the abridged circular published in the press on 22 October 2021.

Outlook

The trading environment and macro-economic conditions remain mixed. In the second half of year 2021, we are most likely to see a reduction in the pace of sales volume growth due to time lags in payment of foreign suppliers after having bid allocations on the foreign exchange auction system. Most of our foreign suppliers are still on a prepayment basis and these payment time lags may result in interrupted supply and restocking. Delays in auction bid allocations are causing a severe strain on working capital funding and it is hoped that such allocations are paid within shorter timeframes in future.

Uncertainty related to payment of legacy debt affects our foreign credit and with no definitive position this may result in serious challenges. The Group is hopeful that the current economic policies and measures being implemented, which have brought some price stability, will further improve the economic environment going forward. If the economic improvements accompanied by a level of fiscal discipline can be maintained, then we do expect a better financial performance for the remainder of the year.

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
R. Mazula
Chairperson
27 October 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 reviewed the Group's interim financial statements for the half year ended 30 June 2021 on which this publication is based and have issued a modified review conclusion. The basis of modified conclusion was mainly due to the Group's inability to comply with International Accounting Standard 21 (The effects of changes in foreign exchange rates). The auditors have also reported on a material uncertainty related to going concern (see note 16). The engagement partner on the audit resulting in this review report is Clayton Kazembe, a registered Public Auditor with the Public Accountants and Auditors Board, Practising certificate number 0372.

The auditor's report is available for inspection at the Company's registered office and on the Company's website www.medtechholdings.co.zw.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half Year Ended 30 June 2021

	Inflation adjusted		Historical	
	June 2021 \$	June 2020 \$	June 2021 \$	June 2020 \$
Turnover	268,004,810	155,307,402	251,677,385	50,461,093
Cost of sales	(216,992,489)	(124,028,928)	(151,864,171)	(15,953,794)
Gross profit	51,012,321	31,278,474	99,813,214	34,507,299
Operating (loss) / profit	(23,937,768)	(14,746,289)	34,478,464	22,188,738
Net financing costs	(669,426)	(120,693,583)	(1,890,394)	(54,583,754)
Monetary gain	24,675,668	127,128,175	-	-
Profit / (loss) before taxation	68,474	(8,311,697)	32,588,070	(32,395,016)
Taxation	3,435,873	11,442,937	3,810,181	7,980,650
Profit / (loss) from continuing operations	3,504,347	3,131,240	36,398,251	(24,414,366)
Other comprehensive income	-	-	-	-
Total comprehensive profit / (loss) for the year	3,504,347	3,131,240	36,398,251	(24,414,366)
Attributable to:				
Owners of the parent	5,804,432	26,388,711	16,270,905	(13,159,606)
Non controlling interests	(2,300,085)	(23,257,471)	20,127,346	(11,254,760)
Total profit / (loss) for the year	3,504,347	3,131,240	36,398,251	(24,414,366)
Earnings / (loss) per share				
Basic earnings / (loss) per share	0.19	0.87	0.54	(0.43)
Headline earnings / (loss) per share	0.19	0.87	0.54	(0.43)
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

	Inflation adjusted		Historical	
	Reviewed June 2021 \$	Audited December 2020 \$	Reviewed June 2021 \$	Audited December 2020 \$
TOTAL ASSETS				
Non current assets				
Property, plant and equipment	115,464,553	105,677,057	54,281,518	40,054,157
Intangible asset	3,934,044	3,024,596	1,483,848	633,673
Deferred taxation	65,417,914	59,047,353	16,920,915	10,577,865
	184,816,511	167,749,006	72,686,281	51,265,695
Current assets				
Inventories	101,284,810	131,502,181	88,122,288	65,944,665
Accounts receivable	140,679,904	89,884,533	140,679,904	74,476,623
Amounts owed by related parties	6,852,162	9,490,184	6,852,162	7,863,386
Cash and bank balances	23,276,335	60,691,761	23,276,335	50,288,044
	272,093,211	291,568,659	258,930,689	198,572,718
Total assets	456,909,722	459,317,665	331,616,970	249,838,413
EQUITY AND LIABILITIES				
Equity				
Issued share capital and reserves	64,079,051	58,274,619	9,036,025	(7,234,880)
Non controlling Interests	89,488,931	91,789,016	23,516,285	3,388,939
Total equity	153,567,982	150,063,635	32,552,310	(3,845,941)
Non-current liabilities				
Deferred taxation	7,296,489	9,869,879	3,019,409	5,620,313
	7,296,489	9,869,879	3,019,409	5,620,313
Current liabilities				
Accounts payable	219,051,638	209,202,464	219,051,638	173,341,202
Short term loans payable	57,155,832	83,564,512	57,155,832	69,239,973
Amounts owed to related parties	13,353,773	4,969,357	13,353,773	4,117,515
Taxation	6,482,518	1,635,018	6,482,518	1,354,745
Bank overdraft	1,490	12,800	1,490	10,606
	296,045,251	299,364,151	296,045,251	248,064,041
Total equity and liabilities	456,909,722	459,317,665	331,616,970	249,838,413

CONSOLIDATED STATEMENT OF CASHFLOWS

Half Year Ended 30 June 2021

	Inflation adjusted		Historical	
	June 2021 \$	June 2020 \$	June 2021 \$	June 2020 \$
NET CASH FLOWS FROM OPERATING ACTIVITIES				
Net cash flows from operations	9,034,590	139,506,348	4,447,764	50,082,832
Returns on investments and servicing of finance				
Net financing costs	(669,426)	(120,693,583)	(1,890,394)	(54,583,754)
Taxes paid				
Income tax paid	(660,578)	(14,133,874)	(6,000)	(6,439)
Net cash flows from operating activities	7,704,586	4,678,891	2,551,370	(4,507,361)
NET CASHFLOWS FROM INVESTING ACTIVITIES				
Acquisition of plant and equipment	(17,790,574)	(727,858)	(16,619,647)	(233,544)
Acquisition of intangible assets	(909,448)	-	(850,175)	-
Net cash flows from investing activities	(18,700,022)	(727,858)	(17,469,822)	(233,544)
NET CASH FLOWS FROM FINANCING ACTIVITIES				
Net movement in short term loans payable	(26,408,680)	13,642,840	(12,084,141)	15,137,139
Net movement in finance leases	-	(198,301)	-	(30,973)
Net cash flows from financing activities	(26,408,680)	13,444,539	(12,084,141)	15,106,166
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(37,404,116)	17,395,572	(27,002,593)	10,365,261

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Half Year Ended 30 June 2021

	Inflation Adjusted						Total \$	Non controlling interest \$	Total \$
	Share capital \$	Share premium \$	Non Distributable Reserve \$	Currency Translation Reserve \$	Revaluation Reserve \$	Accumulated Losses \$			
Balances as at 31 December 2019	1,452,422	83,732,685	48,319,487	15,223,849	-	(131,210,572)	17,517,871	47,984,835	65,502,706
Total comprehensive profit for the year	-	-	-	-	423,671	40,333,077	40,756,748	43,804,181	84,560,929
Balances as at 31 December 2020	1,452,422	83,732,685	48,319,487	15,223,849	423,671	(90,877,495)	58,274,619	91,789,016	150,063,635
Total comprehensive loss for the year	-	-	-	-	-	5,804,432	5,804,432	(2,300,085)	3,504,347
Balances as at 30 June 2021	1,452,422	83,732,685	48,319,487	15,223,849	423,671	(85,073,063)	64,079,051	89,488,931	153,567,982
	Share capital \$	Share premium \$	Non Distributable Reserve \$	Historical Currency Translation Reserve \$	Revaluation Reserve \$	Accumulated Losses \$	Total \$	Non controlling interest \$	Total \$
Balances as at 31 December 2019	30,397	1,752,397	1,011,253	-	-	(10,506,968)	(8,055,965)	(6,428,572)	(14,484,537)
Total comprehensive profit for the year	-	-	-	(343,044)	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)
Total comprehensive loss for the year	-	-	-	-	-	16,270,905	16,270,905	20,127,346	36,398,251
Balances as at 30 June 2021	1,752,397	1,752,397	1,011,253	(343,044)	7,461,869	(876,847)	9,036,025	23,516,285	32,552,310

SUPPLEMENTARY INFORMATION

Half Year Ended 30 June 2021

1 Directors' responsibility and statement of compliance

The Holding Company's directors are responsible for the preparation and fair presentation of the Group's half year 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 under IFRS, IAS 34 "Interim Financial Reporting" and in the manner required by The Companies and Other Business Entities Act (Chapter 24:31). The 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.

2 Functional and presentation currency

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.

3 Accounting policies

The accounting policies applied in the preparation of these interim 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.

4 ("IAS 21") "The Effects Of Changes In Foreign Exchange Rates"

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 States 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.

5 Inflation adjustment

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	Indices	Adjusting factor
CPI as at 30 June 2021	2,986.44	1.00
CPI as at 31 December 2020	2,474.51	1.21
CPI as at 30 June 2020	1,445.20	2.07
2021 average CPI	2,788.73	1.07

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 30 June 2021.

7 Supplementary information

	Inflation adjusted		Historical	
	June 2021 \$	June 2020 \$	June 2021 \$	June 2020 \$
Capital expenditure	18,700,022	727,858	17,469,822	233,544
Depreciation	8,003,078	10,554,393	2,392,286	330,921
Operating (loss) / profit	(23,937,768)	(14,746,289)	34,478,464	22,188,738
Operating (loss) / profit is stated after charging items of significance:				
Auditors fees	2,404,366	2,637,371	2,223,916	984,969
Directors remuneration	295,038	390,095	275,655	124,729

8 Approval and events after the reporting period

The half year abridged financial statements were approved by the Board on 27 October 2021. Subsequent to the reporting period date, there were no material adjusting or non-adjusting events.

9 Property, Plant and Equipment

	Inflation adjusted		Historical	
	June 2021 \$	June 2020 \$	June 2021 \$	June 2020 \$
Capital expenditure incurred to maintain and replace existing non-current assets	17,790,574	727,858	16,619,647	233,544
Capital expenditure incurred on software	909,448	-	850,175	-
	18,700,022	727,858	17,469,822	233,544

10 Assets pledged as security

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	
	June 2021 \$	December 2020 \$	June 2021 \$	December 2020 \$
Accounts payable	219,051,638	209,202,464	219,051,638	173,341,202

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 : 85.42 ZWL as at 30 June 2021, from USD1 : 81.79 ZWL as at 31 December 2020. Foreign creditors amounted to ZAR25.6 million. (31 December 2020 : ZAR25.5 million).

12 Short term loans payable

	Inflation adjusted		Historical	
	June 2021 \$	December 2020 \$	June 2021 \$	December 2020 \$
Short term loans payable	57,155,832	83,564,512	57,155,832	69,239,973

The short term borrowings were incurred to finance capital expenditure and working capital requirements. As at 30 June 2021, short term borrowings amounting to \$10,155,832 (31 December 2020: \$11,151,562) were unsecured, whilst \$47,000,000 (31 December 2020 : \$72,412,950) 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

Half Year Ended 30 June 2021

	FMCG \$	Medical \$	Inflation adjusted		Total \$
			Manufacturing \$	Eliminations / Unallocated \$	
Revenue - external	190,961,037	-	77,043,773	-	268,004,810
- internal	736,919	-	22,844,121	(23,581,040)	-
Total	191,697,956	-	99,887,894	(23,581,040)	268,004,810
Net financing (costs) / income	(8,402,174)	-	7,734,411	(1,663)	(669,426)
Depreciation	(3,608,487)	(79,664)	(4,314,927)	-	(8,003,078)
Segment profit / (loss) before tax	13,094,537	102,575	(13,011,305)	(117,333)	68,474
Taxation	6,331,638	-	(2,930,115)	34,350	4,435,873
Segment profit / (loss) after tax	19,426,175	102,575	(15,941,420)	(82,983)	3,504,347
Segment total comprehensive income	19,426,175	102,575	(15,941,420)	(82,983)	3,504,347
Segment assets	286,541,115	8,490,568	164,980,797	(3,102,758)	456,909,722
Segment liabilities	217,369,753	1,589,342	93,672,000	(9,289,355)	303,341,740

Half Year Ended 30 June 2020

	FMCG \$	Medical \$	Inflation adjusted		Total \$
			Manufacturing \$	Eliminations / Unallocated \$	
Revenue - external	93,163,409	-	62,143,993	-	155,307,402
- internal	27,612	-	7,819,926	(7,847,538)	-
Total	93,121,021	-	69,963,919	(7,847,538)	155,307,402
Net financing (costs) / income	(100,142,390)	-	(20,551,196)	3	(120,693,583)
Depreciation	(5,457,315)	(112,238)	(4,987,808)	2,968	(10,554,393)
Segment (loss) / profit before tax	(21,264,378)	3,241,061	9,076,908	634,712	(8,331,697)
Taxation	19,131,307	-	(7,690,320)	1,950	11,442,937
Segment (loss) / profit after tax	(2,133,071)	3,241,061	1,386,588	636,662	3,131,240
Segment total comprehensive (loss) / income	(2,133,071)	3,241,061	1,386,588	636,662	3,131,240
Segment assets	310,719,929	8,562,108	137,633,294	2,312,334	459,317,665
Segment liabilities	261,000,290	1,853,458	50,383,077	(3,982,795)	309,254,030

Half Year Ended 30 June 2021

	FMCG \$	Medical \$	Historical		Total \$
			Manufacturing \$	Eliminations / Unallocated \$	
Revenue - external	178,553,562	-	73,123,823	-	251,677,385
- internal	21,681,151	-	21,681,823	(22,387,974)	-
Total	179,259,713	-	94,805,646	(22,387,974)	251,677,385
Net financing (costs) / income	(8,008,109)	-	6,119,232	(1,517)	(1,890,394)
Depreciation	(1,710,926)	(14,350)	(654,741)	(12,269)	(2,392,286)
Segment (loss) / profit before tax	22,509,086	(42,020)	10,293,478	(172,472)	32,588,072
Taxation	6,332,730	-	(2,556,902)	34,353	3,810,181
Segment profit / (loss) after tax	28,841,816	(42,020)	7,736,576	(138,121)	36,398,251
Segment total comprehensive income / (loss)	28,841,816	(42,020)	7,736,576	(138,121)	36,398,251
Segment assets	220,646,126	1,125,828	118,615,571	(8,770,555)	331,616,970
Segment liabilities	217,369,753	1,682,537	89,230,703	(9,218,333)	299,064,660

Half Year ended 30 June 2020

	FMCG \$	Medical \$	Historical		Total \$
			Manufacturing \$	Eliminations / Unallocated \$	
Revenue - external	30,333,512	-	20,127,581	-	50,461,093
- internal	9,007	-	2,532,766	(2,541,773)	-
Total	30,342,519	-	22,660,347	(2,541,773)	50,461,093
Net financing (costs) / income	(46,736,788)	-	(7,846,967)	1	(54,583,754)
Depreciation	(162,056)	(3,031)	(165,459)	(375)	(330,921)
Segment (loss) before tax	(37,510,569)	(3,031)	5,121,219	(2,635)	(32,395,016)
Taxation	9,258,026	-	(1,278,319)	943	7,980,650
Segment (loss) after tax	(28,252,543)	(3,031)	3,842,900	(1,692)	(24,414,366)
Segment total comprehensive (loss) / income	(28,252,543)	(3,031)	3,842,900	(1,692)	(24,414,366)
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

15 Net financing costs

	Inflation adjusted		Historical	
	June 2021 \$	June 2020 \$	June 2021 \$	June 2020 \$
Interest payable	(20,516,359)	(5,634,510)	(18,522,634)	(1,838,427)
Net exchange rate gains / (losses)	19,845,050	(115,059,327)	17,030,506	(52,745,416)
Interest received	1,883	254	1,734	89
	(669,426)	(120,693,583)	(1,890,394)	(54,583,754)

16 Going concern

The Group continues to realise successive operating losses and as at 30 June 2021, the Group was in a net current liability position of \$23,952,040 (31 December 2020 : \$7,815,492). The directors have assessed the ability of the Group to continue as a going concern and are of the view 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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Chartered Accountants
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MEDTECH HOLDINGS LIMITED

Modified review conclusion on interim financial information

We have reviewed the consolidated financial statements of MedTech Holdings Limited and its subsidiaries (“the Group”), set out on pages 3 to 52, and comprising:

- Group and Company’s statements of profit or loss and other comprehensive income, Group and Company’s statements of changes in equity and consolidated statement of cash flows for the six months ended 30 June 2021;
- Group and Company’s statements of financial position as at 30 June 2021;
- A summary of significant accounting policies applied by the Group and Company during the six months ended 30 June 2021; and
- Notes on the financial statements.

Based on our review, with the exception of matter described in the basis of modified review conclusion paragraph below, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group and Company as at 30 June 2021, and of the Group and company’s financial performance and cash flows for the six month period then ended in accordance with International Financial Reporting standards.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of modified review conclusion

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 30 June 2021. During this period, 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.





Material uncertainty related to going concern

Without qualifying our conclusion, we draw attention to note 24 on the financial statements dealing with going concern. As at 30 June 2021, the Group was in current liability position of \$23 952 040 (31 December 2020: \$7 815 492). This and other factors set forth in note 24 cast doubt on the Group's ability to continue operating as a going concern for the foreseeable future. However, as explained in note 24, these financial statements are prepared on a going concern basis.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standards. This responsibility includes:

- Designing, implementing and maintaining internal control relevant to the preparation and presentation of interim financial statements that are free from material misstatement, whether due to fraud or error;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility for the financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. The engagement partner on the review resulting in this review report is Clyton Kazembe, Registered Public Auditor – PAAB Practising Certificate number 0372.

A handwritten signature in blue ink, appearing to read 'Amy K. Whoseal'.

**AMG Global
Harare**

27 October 2021