MEIKLES

— L I M I T E D —

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED 28 FEBRUARY 2023

SALIENT FEATURES

	Inflation Adjusted*	Historical Cost*
Revenue	Grew by 45 % to ZWL 278.9 billion ▲	Grew by 356% to ZWL 230.9 billion ▲
Profit before tax	Declined by 47% to ZWL 7.6 billion ▼	Grew by 50% to ZWL 14.5 billion ▲
Total comprehensive income	Grew by 130 % to ZWL 25.4 billion ▲	Grew by 193% to ZWL 34.7 billion ▲
Net Cash generated from operating activities	Declined by 67% to ZWL 2.3 billion ▼	Grew by 340% to ZWL 12.4 billion ▲
Earnings per share	Declined by 82% to 307 ZWL cents ▼	Declined by 13% to 2 392 ZWL cents ▼

*- Financial results for period under review are for eleven months whilst the comparative period is for twelve months.

CHAIRMAN'S REPORT

It gives me pleasure to present the Chairman's Report for the eleven months ended 28 February 2023.

OPERATING ENVIRONMENT

The economy faced elevated levels of inflation, depreciating exchange rate and rising interest rates during the period under review. The resultant impact was reduced disposable income and contraction in consumer demand. The interventions implemented by both fiscal and monetary authorities led to a slowdown of inflation. However, the high interest rates brought in challenges in the supply chain and specifically unfavourable changes in supplier trading terms. Furthermore, frequent power outages during the period under review increased the cost of business operations.

GROUP FINANCIAL PERFORMANCE

The Company changed its financial year-end from March to February to align with the year-end of the main subsidiary, TM Supermarkets (Private) Limited. Therefore, the financial results presented are for eleven months to 28 February 2023 alongside twelve months to 31 March 2022. Reference to "like for like" is a comparison of eleven months ended 28 February 2023 to eleven months period of the previous financial year.

Commentary on financial performance is based on inflation adjusted figures, with comments on certain historical cost figures to enhance comprehension and analysis.

The Group demonstrated resilience to adverse changes in the operating environment as it was able to adapt and respond to the aforesaid challenges.

Group revenue grew to ZWL 278.9 billion (Previous year: ZWL 191.7 billion) representing a 45% increase (60% on a like for like basis). In historical cost terms, revenue grew by 356% (420% on a like for like basis) to ZWL 230.9 billion (Previous year: ZWL 50.7 billion). Growth in sales units was achieved at the supermarket segment under tough operating conditions characterised by declining customer disposable income during the greater part of the period under review.

Gross profit margin decreased by two percentage points to 23% from 25% in the previous year, partly reflecting the impact of the Supermarket segment's strategic thrust on responsible pricing to support customers during the challenging times. In addition, the sales mix was dominated by grocery items that have low margins.

Group net operating costs increased by 63% to ZWL 67.1 billion (Previous year: ZWL 41.3 billion). The Group reviewed employee remuneration on a regular basis to cushion employees from the rising cost of living. Consequently, employee costs increased by 64% and were 50% of total operating costs. In addition, the increases in costs denominated in foreign currency, as well as electricity and water, were ahead of revenue growth.

The Group made an operating loss of ZWL 2.0 billion (Previous operating profit: ZWL 6.5 billion) which was due to the reduction in gross profit margin combined with the increase in operating costs. On a positive note, the operating loss was surpassed by the gains from the management of the monetary assets and liabilities. In historical cost terms, operating profit increased by 299% to ZWL 14.8 billion on a like for like basis.

Investment income is largely interest on funds on deposit with banks. Last year's investment income was boosted by ZWL 3.6 billion recovered on funds placed with Reserve Bank of Zimbabwe in prior years. Finance costs are primarily interest charges on lease liabilities and increased by 72% due to inflation driven rent reviews.

Profit after tax (excluding investment income of ZWL 3.6 billion and ZWL 179.0 million profit on distribution of subsidiary equity to shareholders in the previous year) declined by 48% to ZWL 3.1 billion. In historical cost terms, profit after tax increased by 206% on a like for like basis.

Total comprehensive income was boosted by the exchange rate impact on the translation of foreign subsidiary and increased to ZWL 25.4 billion (Previous year: ZWL 11.1 billion).

Capital expenditure during the period under review was ZWL 7.9 billion (approximately US$15 million) and was all financed from internally generated cash flows. The Group had strong levels of liquidity and solvency at the end of the reporting period. The current assets ratio was 1.74 times up from 1.62 times in the previous year. Debt-to-equity ratio was flat year-on-year at 9% (Historical cost: 13%). Lease liabilities for the various store leases accounted for 84% (Previous year: 90%) of the total debt.

Segmental contribution to the Group's financial performance is set out in Note 5 of the abridged financial results.

REVIEW OF OPERATIONS

Supermarkets – trading as TM Pick n Pay

Revenue grew by 44% (60% on a like for like basis) to ZWL 275.6 billion (Historical cost, a like for like growth of 414% to ZWL 228.0 billion). Despite the declining consumer disposable income, units sold grew by 2%. "Click and collect", an online portal, was introduced during the period under review and there is ongoing improvement of the offering.

For the greater part of the period under review, the segment focused on striking a balance in advancing the needs of all stakeholders in a tough trading environment. Supplier payment terms tightened, and the cost of goods escalated in response to high interest rates and inflation.

Profit after tax decreased by 40% to ZWL 4.2 billion (Last year: ZWL 7.0 billion). In historical terms, profit after tax increased by 254% (310% on a like for like basis) to ZWL 11.8 billion.

Despite the reduction in profit margins, the segment funded its store expansion and refurbishments from operating cash flows. Three new stores, Highland Park, Madokero and Simon Mazorodze, were completed and opened during the period under review. In addition, two new stores were at an advanced stage of completion at the reporting period. The segment demonstrated resilience in working capital management as the frequent changes in supplier trading terms during the period did not adversely affect the level and quality of stocks in the stores.

Hospitality

Revenue increased by 242% (271% on a like for like basis) to ZWL 2.6 billion from ZWL 750 million last year. Revenue growth was 107% in US$ terms. The growth was on the back of an increase in room occupancy of 11.57 percentage points to 28.33%, combined with a 15% increase in the average room rate in US$ terms.

Profit after tax increased to ZWL 1.3 billion from ZWL 563 million in the previous year.

The refurbishment of 47 rooms of The Victoria Falls Hotel was completed during the period under review, a development which bodes well for the hotel's competitive positioning in the market.

Properties

The planned development and repurposing of the main property in Mutare was completed during the period under review and all the available space was taken up by tenants. In addition, the mall along South Avenue, in Harare was completed and is fully occupied by tenants. The refurbishment of the building along Robert Mugabe Road in Harare was at an advanced stage of completion at the reporting period. The works were subsequently completed in May 2023 with the anchor tenant being TM Pick n Pay. Refurbishment works on the main building in Bulawayo will commence in due course.

Security Services

Meikles Guard Services generated sufficient cash flows to fund its operations during the year under review. The segment benefits from the expansion of the supermarkets segment.

SUSTAINABILITY

We are implementing ongoing actions across our operating segments to reduce any negative impact on the environment. Some of the activities include annual tree planting, upgrades in refrigeration equipment, promoting use of biodegradable carrier bags and changes in methods of waste handling.

CORPORATE SOCIAL RESPONSIBILITY

The Group's corporate social responsibility activities are primarily conducted through the Meikles Foundation and TM Pick n Pay. Meikles Foundation's main source of funding is donations from Meikles Limited.

During the period under review, Meikles Foundation, in conjunction with its partners, increased their support for underprivileged children suffering from cancer through sponsorship of the Rainbow Children's Village. Moreover, the Foundation supported vulnerable groups with food hampers on a regular basis.

TM Pick n Pay supported old people's homes and children's homes through grocery gift vouchers and blankets. Sixty-eight homes benefited from donations of grocery gift vouchers during the period under review. Two thousand, five hundred blankets were donated to twenty homes during the winter months. Fifteen schools, spread across the country were supported with writing books, pens and other ancillary items benefiting seven thousand learners.

DIVIDEND

The Board declared a final dividend of 0.80 US$ cents per share, taking the total dividend for the financial year to 1.65 US$ cents per share, inclusive of two interim dividends of 0.25 US$ cents and 0.60 US$ cents.

DIRECTORATE

There were no changes in directorship during the period under review.

OUTLOOK

The economic direction of the country during our forthcoming financial year is difficult to assess in terms of a determination of possible financial performance of the Group, primarily due to volatile exchange rates and high inflation.

Group sales for the first three months of the financial year and trends to the date of the release of this report have exceeded expectation, as has trading profit.

The Group will continue with the planned development projects. It has the technical resources and skills together with a substantial cash resource to undertake its objectives.

APPRECIATION

I would like to extend my appreciation to our customers and suppliers for their continued support and to our shareholders, other stakeholders, including regulatory authorities, for their assistance and guidance. I would also like to extend my gratitude and appreciation to fellow Board members, management and staff for their dedication and commitment.

John Moxon

JRT Moxon
Chairman
14 July 2023

MEIKLES

— L I M I T E D —

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED 28 FEBRUARY 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 FEBRUARY 2023

		AUDITED INFLATION ADJUSTED		HISTORICAL COST*	
CONTINUING OPERATIONS	Notes	11 months to 28 Feb 2023 ZWL 000	12 months to 31 Mar 2022 ZWL 000	11 months to 28 Feb 2023 ZWL 000	12 months to 31 Mar 2022 ZWL 000
Revenue	5	**278,948,650**	191,734,157	**230,859,025**	50,666,982
Cost of sales		**(213,816,504)**	(143,949,119)	**(163,549,481)**	(36,559,717)
Net operating costs		**(67,141,889)**	(41,279,416)	**(52,511,707)**	(9,854,985)
Operating (loss) / profit		**(2,009,743)**	6,505,622	**14,797,837**	4,252,280
Investment income		**271,318**	3,618,416	**269,407**	874,082
Finance costs		**(1,211,044)**	(704,525)	**(1,014,795)**	(149,046)
Net exchange gains		**847,805**	2,514,265	**400,421**	770,992
Profit on distribution of subsidiary equity to shareholders		**-**	178,906	**-**	3,894,624
Net monetary gain		**9,688,933**	2,260,730	**-**	-
Profit before tax		**7,587,269**	14,373,414	**14,452,870**	9,642,932
Income tax expense		**(4,497,190)**	(4,584,098)	**(2,117,745)**	(1,194,709)
Profit for the period from continuing operations		**3,090,079**	9,789,316	**12,335,125**	8,448,223
DISCONTINUED OPERATIONS					
(Loss) / profit for the period from discontinued operations		**-**	(1,693,042)	**-**	427,390
PROFIT FOR THE PERIOD		**3,090,079**	8,096,274	**12,335,125**	8,875,613
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Fair value gain on investments in equity instruments designated as at FVTOCI		**-**	1,902,169	**-**	1,902,169
Items that may be reclassified subsequently to profit or loss:					
Exchange rate adjustments on translation of foreign operations		**22,359,214**	1,060,770	**22,359,214**	1,060,770
Other comprehensive income for the period, net of tax		**22,359,214**	2,962,939	**22,359,214**	2,962,939
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**25,449,293**	11,059,213	**34,694,339**	11,838,552
Profit for the period attributable to:					
Owners of the parent		**803,004**	4,494,604	**6,246,020**	7,193,701
Non-controlling interests		**2,287,075**	3,601,670	**6,089,105**	1,681,912
		3,090,079	8,096,274	**12,335,125**	8,875,613
Total comprehensive income attributable to:					
Owners of the parent		**23,162,218**	7,457,543	**28,605,234**	10,156,640
Non-controlling interests		**2,287,075**	3,601,670	**6,089,105**	1,681,912
		25,449,293	11,059,213	**34,694,339**	11,838,552
Earnings per share in cents					
Basic and diluted earnings per share		**307.59**	1,721.64	**2,392.52**	2,755.53
From continuing operations		**307.59**	2,370.16	**2,392.52**	2,591.81
From discontinued operations		**-**	(648.52)	**-**	163.72

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023

		AUDITED INFLATION ADJUSTED		HISTORICAL COST*	
ASSETS	Notes	As at 28 Feb 2023 ZWL 000	As at 31 Mar 2022 ZWL 000	As at 28 Feb 2023 ZWL 000	As at 31 Mar 2022 ZWL 000
Non-current assets					
Property, plant and equipment		**26,278,494**	25,976,478	**8,817,283**	2,508,572
Investment property		**1,322,794**	48,355	**447,333**	221
Right of use assets		**12,946,651**	11,062,817	**2,239,903**	947,664
Other financial assets		**9,558,621**	1,851,379	**9,558,621**	1,622,653
Deferred tax		**14,908**	8,346	**2,844,441**	194,105
Total non-current assets		**50,121,468**	38,947,375	**23,907,581**	5,273,215
Current assets					
Inventories		**22,552,810**	18,067,820	**22,504,128**	5,848,875
Trade and other receivables		**6,583,572**	4,249,672	**6,568,825**	1,411,562
Other financial assets		**58,778**	132,652	**58,778**	45,651
Cash and bank balances		**25,084,853**	8,953,481	**25,084,853**	4,874,509
Total current assets		**54,280,013**	31,403,625	**54,216,584**	12,180,597
Total assets	5	**104,401,481**	70,351,000	**78,124,165**	17,453,812
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		**561,450**	561,450	**2,611**	2,611
Share premium		**700,617**	700,617	**3,925**	3,925
Other reserves		**22,725,363**	366,149	**26,560,254**	4,201,040
Retained earnings		**22,031,923**	22,911,018	**8,556,174**	3,468,750
Equity attributable to equity holders of the parent		**46,019,353**	24,539,234	**35,122,964**	7,676,326
Non-controlling interests		**18,411,549**	16,351,362	**7,942,309**	2,032,541
Total equity		**64,430,902**	40,890,596	**43,065,273**	9,708,867
Non-current liabilities					
Deferred tax		**4,911,808**	7,033,520	**121**	79,807
Lease liabilities		**3,836,869**	3,077,524	**3,836,869**	1,006,660
Total non-current liabilities		**8,748,677**	10,111,044	**3,836,990**	1,086,467
Current liabilities					
Trade and other payables		**29,567,044**	18,687,573	**29,567,044**	6,430,729
Borrowings		**880,264**	359,127	**880,264**	123,591
Lease liabilities		**774,594**	302,660	**774,594**	104,158
Total current liabilities		**31,221,902**	19,349,360	**31,221,902**	6,658,478
Total liabilities	5	**39,970,579**	29,460,404	**35,058,892**	7,744,945
Total equity and liabilities		**104,401,481**	70,351,000	**78,124,165**	17,453,812

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2023

AUDITED
INFLATION ADJUSTED

	Share capital ZWL 000	Share premium ZWL 000	Other reserves ZWL 000	Retained earnings ZWL 000	Attributable to owners of parent ZWL 000	Non-controlling interests ZWL 000	Total ZWL 000
2023							
Balance at 1 April 2022	**561,450**	**700,617**	**366,149**	**22,911,018**	**24,539,234**	**16,351,362**	**40,890,596**
Profit for the period	**-**	**-**	**-**	**803,004**	**803,004**	**2,287,075**	**3,090,079**
Other comprehensive income for the period	**-**	**-**	**22,359,214**	**-**	**22,359,214**	**-**	**22,359,214**
Dividend paid – ordinary shareholders	**-**	**-**	**-**	**(1,682,099)**	**(1,682,099)**	**-**	**(1,682,099)**
Dividend paid – non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(226,888)**	**(226,888)**
Balance at 28 February 2023	**561,450**	**700,617**	**22,725,363**	**22,031,923**	**46,019,353**	**18,411,549**	**64,430,902**
2022							
Balance at 1 April 2021	561,450	700,617	(2,473,379)	41,352,521	40,141,209	14,096,671	54,237,880
Profit for the year	-	-	-	4,494,604	4,494,604	3,601,670	8,096,274
Transfer from non-distributable reserves	-	-	(123,411)	123,411	-	-	-
Other comprehensive income for the year	-	-	2,962,939	-	2,962,939	-	2,962,939
Dividend paid – ordinary shareholders	-	-	-	(2,455,709)	(2,455,709)	-	(2,455,709)
Dividend in specie – ordinary shareholders	-	-	-	(20,603,809)	(20,603,809)	-	(20,603,809)
Dividend paid – non-controlling interests	-	-	-	-	-	(1,346,979)	(1,346,979)
Balance at 31 March 2022	561,450	700,617	366,149	22,911,018	24,539,234	16,351,362	40,890,596

HISTORICAL COST*

	Share capital ZWL 000	Share premium ZWL 000	Other reserves ZWL 000	Retained earnings ZWL 000	Attributable to owners of parent ZWL 000	Non-controlling interests ZWL 000	Total ZWL 000
2023							
Balance at 1 April 2022	**2,611**	**3,925**	**4,201,040**	**3,468,750**	**7,676,326**	**2,032,541**	**9,708,867**
Profit for the period	**-**	**-**	**-**	**6,246,020**	**6,246,020**	**6,089,105**	**12,335,125**
Other comprehensive income for the period	**-**	**-**	**22,359,214**	**-**	**22,359,214**	**-**	**22,359,214**
Dividend paid – ordinary shareholders	**-**	**-**	**-**	**(1,158,596)**	**(1,158,596)**	**-**	**(1,158,596)**
Dividend paid – non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(179,337)**	**(179,337)**
Balance at 28 February 2023	**2,611**	**3,925**	**26,560,254**	**8,556,174**	**35,122,964**	**7,942,309**	**43,065,273**
2022							
Balance at 1 April 2021	2,611	3,925	1,238,673	3,524,902	4,770,111	800,576	5,570,687
Profit for the year	-	-	-	7,193,701	7,193,701	1,681,912	8,875,613
Transfer from non-distributable reserves	-	-	(572)	572	-	-	-
Other comprehensive income for the year	-	-	2,962,939	-	2,962,939	-	2,962,939
Dividend paid – ordinary shareholders	-	-	-	(580,869)	(580,869)	-	(580,869)
Dividend in specie – ordinary shareholders	-	-	-	(6,669,556)	(6,669,556)	-	(6,669,556)
Dividend paid – non-controlling interests	-	-	-	-	-	(449,947)	(449,947)
Balance at 31 March 2022	2,611	3,925	4,201,040	3,468,750	7,676,326	2,032,541	9,708,867

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 FEBRUARY 2023

		AUDITED INFLATION ADJUSTED		HISTORICAL COST*	
	Notes	11 Months to 28 Feb 2023 ZWL 000	12 Months to 31 Mar 2022 ZWL 000	11 Months to 28 Feb 2023 ZWL 000	12 Months to 31 Mar 2022 ZWL 000
Net cash generated from operating activities	7.1	**2,281,586**	6,885,964	**12,367,409**	2,811,316
Cash flows from investing activities					
Payment for property, plant, equipment and investment property – continuing operations		**(7,894,347)**	(6,314,788)	**(7,313,799)**	(1,861,145)
Payment for property, plant and equipment – discontinued operations		**-**	(963,329)	**-**	(283,843)
Proceeds from disposal of property, plant and equipment – continuing operations		**23,637**	1,091,771	**19,799**	133,354
Proceeds from disposal of property, plant and equipment – discontinued operations		**-**	11,104	**-**	2,394
Proceeds from disposal of Mentor Africa (Pty) Limited		**-**	2,483,339	**-**	2,483,339
Net movement in service assets		**(3,403)**	(1,267)	**(3,403)**	(435)
Net movement in other investments – continuing operations		**(279,699)**	(365,461)	**(175,937)**	(118,680)
Net movement on biological assets – discontinued operations		**-**	1,354,966	**-**	(13,950)
Investment income – continuing operations		**211,606**	3,542,511	**222,305**	847,960
Investment income – discontinued operations		**-**	5	**-**	1
Net cash (used in) / generated from investing activities		**(7,942,206)**	838,851	**(7,251,035)**	1,188,995
Cash flows from financing activities					
Net (decrease) / increase in interest bearing borrowings – continuing operations		**-**	(4,213)	**-**	104
Net (decrease) / increase in interest bearing borrowings – discontinued operations		**-**	(70,300)	**-**	110,057
Finance costs – continuing operations		**185,448**	87,656	**151,884**	23,140
Finance costs – discontinued operations		**-**	(285,986)	**-**	(67,803)
Lease payments – continuing operations		**(1,190,055)**	(964,618)	**(1,013,627)**	(182,907)
Dividend paid – ordinary shareholders		**(1,645,433)**	(2,455,335)	**(1,121,930)**	(580,495)
Dividend paid – non-controlling interests		**(226,888)**	(131,976)	**(179,337)**	(31,813)
Net cash used in financing activities		**(2,876,928)**	(3,824,772)	**(2,163,010)**	(729,717)
Net (decrease) / increase in cash and bank balances		**(8,537,548)**	3,900,043	**2,953,364**	3,270,594
Cash and bank balances at the beginning of the period		**8,953,481**	3,907,681	**4,874,509**	839,289
Cash and bank balances distributed to shareholders		**-**	(499,735)	**-**	(151,191)
Translation of foreign entity		**14,481,100**	244,284	**14,481,100**	244,284
Net effect of exchange rate changes on cash and bank balances		**2,462,070**	2,251,078	**2,775,880**	671,533
Effects of inflation adjustments		**7,725,750**	(849,870)	**-**	-
Cash and bank balances at the end of the period		**25,084,853**	8,953,481	**25,084,853**	4,874,509
Comprising:					
Cash and bank balances from continuing operations		**25,084,853**	8,953,481	**25,084,853**	4,874,509
Cash and bank balances from discontinued operations		**-**	-	**-**	-
Total cash and bank balances at the end of the period		**25,084,853**	8,953,481	**25,084,853**	4,874,509

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

NOTES TO THE ABRIDGED AUDITED FINANCIAL RESULTS

1. Basis of preparation

These abridged audited financial results have been extracted from the Group financial statements which have been prepared from statutory records that are maintained under the historical cost basis except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The historical costs have been adjusted for the effects of restatements arising from the application of International Accounting Standard ("IAS") 29 – *"Financial Reporting in Hyperinflationary Economies"*. Refer to note 2.2 for further details.

These abridged audited financial results have been extracted from Group financial statements prepared in compliance with the International Financial Reporting Standards ("IFRS"), the Zimbabwe Stock Exchange Listings Requirements and the Companies and Other Business Entities Act (Chapter 24:31).

These abridged audited financial results were prepared under the supervision of Thempson Muzvagwandoga CA (Z), the Finance Director of the Company, registered public accountant PAAB Number 2724.

NOTES TO THE ABRIDGED AUDITED FINANCIAL RESULTS (continued)

2. Accounting policies

These abridged audited financial results have been extracted from a full set of Group financial statements prepared from accounting policies and methods of computation which are consistent, in all material respects, with those used in the prior year. New applicable standards and improvements which became effective in the current period have been complied with.

2.1 Presentation currency

These abridged audited financial results are presented in Zimbabwe Dollars (ZWL) which is the presentation currency of the Group and functional currency of the Company. All foreign currency denominated transactions and balances have been translated to the ZWL in accordance with IAS 21- *"The Effects of Changes in Foreign Exchange Rates"* at the interbank rate prevailing on the transaction dates. Use of the interbank rate as spot rate is a management judgement and the Directors are satisfied that it is appropriate for use as a spot rate.

2.2 Hyperinflation

The Public Accountants and Auditors Board ("PAAB") pronounced on 11 October 2019 that the Zimbabwean economy was now trading under hyperinflationary conditions from 1 July 2019. Consequently, these abridged financial statements are prepared and presented in line with the requirements of IAS 29, per pronouncement from the PAAB. The Directors have made appropriate adjustments to reflect the changes in the general purchasing power on the ZWL and for the purposes of fair presentation in accordance with IAS 29, these changes have been made on the historical cost financial information. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Group. The historical cost financial statements are provided as supplementary information and as a result, the auditors have not expressed an opinion on them.

Various assumptions have been made by the Directors, with the significant assumption being the use of a general price index that reflects changes in general purchasing power. IAS 29 encourages the use of the same index to achieve the comparability objective between the financial statements of different entities operating within the same hyperinflationary economy. For the years March 2020, March 2021, and March 2022, the Group used the Consumer Price Index ("CPI") as published by the Zimbabwe National Statistical Agency ("Zimstat"). However, in February 2023, Zimstat stopped publishing the ZWL CPI opting for a blended inflation rate through the promulgation of Statutory Instrument ("SI") 27 of 2023.

At 28 February 2023, Zimstat published a blended CPI which failed to meet the requirements of a general price index for the purposes of IAS 29. In the absence of a reliable index, IAS 29 allows the use of an estimated index for the purposes of the restatement. The Group opted to estimate the index using the movement in the Total Consumption Poverty Line ("TCPL") index as published by Zimstat. This approach was chosen as the TCPL is a publicly available index and had a high correlation to the previously unblended general price index as published by Zimstat. Moreover, the Institute of Chartered Accountants of Zimbabwe has recommended the use of the TCPL index for the CPI estimation to achieve the comparability objective of financial statements in the country.

Below are the indices and adjustment factors used up to 28 February 2023:

	Indices	Adjustment Factor
CPI as at 28 February 2023	13,849.20	1.00
CPI as at 31 March 2022	4,766.10	2.91
Average CPI 2023	11,328.55	
Average CPI 2022	3,582.86	

3. Going concern

The Directors have adopted the going concern basis in preparing the Group financial statements, from whence these abridged audited financial results are based. In making the assessment for the financial statements for the period ended 28 February 2023, the Directors conducted a comprehensive review of the Group's affairs including but not limited to: the Group's financial performance for the period ended 28 February 2023; the Group's financial position as at 28 February 2023; and the Group's forecasts for the period up to 31 July 2024.

The Group is forecast to generate profits and positive cash flows for the period ending 31 July 2024 and beyond. Two new stores were completed and opened at TM Supermarkets after the end of the reporting period but before these financial statements were authorised for release. The segment funded the capital expenditure from operating cash flows. Whilst the economic environment continues to evolve making planning difficult, the Group has significant liquidity headroom as at the reporting date and sufficient cash reserves to enable the Group to meet its obligations as they fall due for a period of at least twelve months from the date of signing of these financial statements.

4. Auditor's Statement

"The consolidated inflation adjusted financial statements from which this abridged version has been extracted, have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An unqualified opinion has been issued on the inflation adjusted financial statements. The audit report also includes key audit matters with regards to Expected Credit Losses on Financial Assets and Trade Receivables and Measurement of Right of use Assets and Lease Liabilities. The auditor's report is available for inspection at the Company's registered office."

The Audit Partner for this engagement was Fungai Kuipa (PAAB Practising certificate number 335).

5. Segment information

	AUDITED INFLATION ADJUSTED		HISTORICAL COST	
	11 Months to 28 Feb 2023 ZWL 000	12 Months to 31 Mar 2022 ZWL 000	11 Months to 28 Feb 2023 ZWL 000	12 Months to 31 Mar 2022 ZWL 000
Revenue – continuing operations				
Supermarkets	**275,553,073**	191,835,372	**227,969,827**	50,681,063
Hotels	**2,568,069**	750,412	**2,171,077**	192,308
Corporate*	**2,062,778**	819,123	**1,782,045**	214,714
Eliminations	**(1,235,270)**	(1,670,750)	**(1,063,924)**	(421,103)
	278,948,650	191,734,157	**230,859,025**	50,666,982
Profit after tax – continuing operations				
Supermarkets	**4,202,128**	7,011,126	**11,821,378**	3,336,759
Hotels	**1,346,716**	563,604	**1,884,407**	388,894
Corporate*	**11,006,630**	15,751,205	**14,417,494**	11,898,077
Eliminations	**(13,465,395)**	(13,536,619)	**(15,788,154)**	(7,175,507)
	3,090,079	9,789,316	**12,335,125**	8,448,223

	As at 28 Feb 2023 ZWL 000	As at 31 Mar 2022 ZWL 000	As at 28 Feb 2023 ZWL 000	As at 31 Mar 2022 ZWL 000
Segment assets				
Supermarkets	**71,387,216**	58,589,333	**48,042,355**	11,615,989
Hotels	**4,950,275**	5,360,787	**1,965,925**	860,808
Corporate*	**58,196,520**	49,919,912	**43,513,303**	9,101,132
Eliminations	**(30,132,530)**	(43,519,032)	**(15,397,418)**	(4,124,117)
	104,401,481	70,351,000	**78,124,165**	17,453,812
Segment liabilities				
Supermarkets	**36,211,982**	27,389,340	**32,336,902**	7,552,578
Hotels	**1,193,263**	1,405,305	**1,129,593**	381,582
Corporate*	**18,222,396**	6,887,450	**16,988,296**	1,122,086
Eliminations	**(15,657,062)**	(6,221,691)	**(15,395,899)**	(1,311,301)
	39,970,579	29,460,404	**35,058,892**	7,744,945

*Corporate includes other operating segments that are immaterial to warrant separate disclosure.

6. Commitments

	AUDITED INFLATION ADJUSTED		HISTORICAL COST	
	28 Feb 2023 ZWL 000	31 Mar 2022 ZWL 000	28 Feb 2023 ZWL 000	31 Mar 2022 ZWL 000
Commitments for the acquisition of property, plant and equipments				
Authorised but not yet contracted for	38,387,384	17,039,787	38,387,384	5,855,597
Group's share of capital commitment of joint operations	1,075,726	757,328	1,075,726	260,250

7. Other cash flow information

7.1 Net cash generated from operating activities

		AUDITED INFLATION ADJUSTED		HISTORICAL COST	
		11 Months to 28 Feb 2023 ZWL 000	12 Months to 31 Mar 2022 ZWL 000	11 Months to 28 Feb 2023 ZWL 000	12 Months to 31 Mar 2022 ZWL 000
Cash flows from operating activities					
Profit before tax – continuing operations		**7,587,269**	14,373,414	**14,452,870**	9,642,932
(Loss) / profit before tax – discontinued operations		**-**	(1,618,619)	**-**	464,746
		7,587,269	12,754,795	**14,452,870**	10,107,678
Adjustments for:					
- Depreciation and impairment of property, plant and equipment; investment property and right-of-use assets – continuing operations		**6,646,280**	4,987,658	**974,854**	249,659
- Depreciation and impairment of property, plant and equipment – discontinued operations		**-**	553,745	**-**	16,730
- Net interest – continuing operations		**939,726**	(2,913,891)	**745,388**	(725,036)
- Net interest – discontinued operations		**-**	285,981	**-**	67,802
- Net monetary gain – continuing operations		**(9,688,933)**	(2,260,730)	**-**	-
- Net monetary gain – discontinued operations		**-**	1,774,354	**-**	-
- Net exchange gains – continuing operations		**(847,805)**	(2,514,265)	**(400,421)**	(770,992)
- Net exchange gains – discontinued operations		**-**	(641,356)	**-**	(171,345)
- Profit on distribution of subsidiary equity to shareholders		**-**	(178,906)	**-**	(3,894,624)
- Fair value adjustments on biological assets – discontinued operations		**-**	324,773	**-**	111,381
- Loss / (profit) on disposal of property, plant and equipment – continuing operations		**5,214**	(595,960)	**(19,610)**	(131,071)
- Profit on disposal of property, plant and equipment – discontinued operations		**-**	(8,963)	**-**	(2,288)
- Provision for expected credit losses		**41,404**	28,824	**32,829**	6,673
- Other non-cash movements		**-**	38,905	**-**	17,121
Operating cash flow before working capital changes		**4,683,155**	11,634,964	**15,785,910**	4,881,688
Increase in inventories – continuing operations		**(4,484,990)**	(5,756,537)	**(16,655,253)**	(3,442,866)
Increase in inventories – discontinued operations		**-**	(19,346)	**-**	(423,567)
Decrease / (increase) in trade and other receivables – continuing operations		**(1,548,874)**	2,478,601	**(4,675,992)**	(2,507)
Decrease / (increase) in trade and other receivables – discontinued operations		**-**	314,298	**-**	(127,166)
Increase in trade and other payables – continuing operations		**10,929,360**	5,341,812	**22,928,809**	3,559,833
Increase in trade and other payables – discontinued operations		**-**	(373,518)	**-**	(21,741)
Cash generated from operations		**9,578,651**	13,620,274	**17,383,474**	4,423,674
Income taxes paid	7.2	**(7,297,065)**	(6,734,310)	**(5,016,065)**	(1,612,358)
Net cash generated from operating activities		**2,281,586**	6,885,964	**12,367,409**	2,811,316

7.2 Income taxes paid

Balance at the beginning of the period	**(767,397)**	(1,892,820)	**(264,094)**	(377,196)
Current, capital gains and withholding taxes:				
– current tax, continuing operations	**(6,624,383)**	(5,173,711)	**(4,846,739)**	(1,362,769)
– capital gains tax, continuing operations	**-**	(387,987)	**-**	(120,788)
– withholding tax on investment revenue, continuing operations	**(1,081)**	(165)	**(1,028)**	(42)
– discontinued operations	**-**	(47,024)	**-**	(15,657)
Balance at the end of the period	**95,796**	767,397	**95,796**	264,094
Income taxes paid	**(7,297,065)**	(6,734,310)	**(5,016,065)**	(1,612,358)

8. Subsequent events

As at the date of sign-off of these financial statements, the interbank rate had moved to US$1:ZW$4,998.84. The Directors have considered this to be a non-adjusting subsequent event.

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working world

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Independent Auditor's Report

To the Shareholders of Meikles Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Opinion

We have audited the inflation adjusted consolidated financial statements of Meikles Limited and its subsidiaries (the group) set out on pages 15 to 59, which comprise the inflation adjusted consolidated statement of financial position as at 28 February 2023, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, the inflation adjusted consolidated statement of changes in equity and the inflation adjusted consolidated statement of cash flows for the period then ended, and notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the inflation adjusted consolidated financial statements present fairly, in all material respects, the inflation adjusted consolidated financial position of the group as at 28 February 2023, and its inflation adjusted consolidated financial performance and inflation adjusted consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Opinion

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

Other matter

The prior year consolidated inflation adjusted financial statements for the year ended 31 March 2022 where audited by another auditor who issued an unmodified opinion on 31 August 2022.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the *Inflation adjusted* consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the *Inflation adjusted* consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying *Inflation adjusted* consolidated financial statements.

Key Audit Matter	How the matter was addressed in the audit
Expected Credit Losses on Financial Assets and Trade Receivables	
The Group has recorded an inflation adjusted expected credit loss ("ECL") allowance on financial assets measured at armotised cost of ZWL$1 055 060 000 at 28 February 2023 (2022: Restated inflation adjusted expected credit loss ("ECL") allowance of ZWL$169 002 000) as disclosed in Note 21 and an inflation adjusted expected credit loss ("ECL") allowance on Trade Receivables of ZWL$50 166 000 at 28 February 2023 (2022: Restated inflation adjusted expected credit loss ("ECL") allowance of ZWL$50 375 000) as disclosed in Note 23. These amounts are significant to the annual financial statements due to their magnitude. The determination of a loss allowance involves several estimates and assumptions of a technical nature, such as incorporation of Macroeconomic Variables (inflation rates, unemployment rates and exchange rates) as forward-looking information and determination of probability weighted loss rates. This requires inputs by specialists. In addition, there is a growing trend of collection challenges because of increased liquidity challenges which makes it difficult to forecast the future out turn.	We performed audit procedures to assess the adequacy of the expected credit loss model which included the following: Engaged our Internal EY Quantitative experts to review the principal assumptions, methodology and computations applied by management in developing their Expected Credit Loss model for reasonableness for the determination of the expected credit losses provision for financial assets and trade receivables. We assessed the expected credit loss model, input data and related management's assumptions on the impact of macroeconomic trends and judgemental overlays for financial assets and trade receivables. We evaluated these assumptions by considering various factors including the period of historical data used in the model, observable economic data, market information and specific industry trends. We also performed testing on the relevant data quality by sample checking to the relevant data source and re-computed management's calculation of the allowance for expected credit losses.

Key Audit Matter	How the matter was addressed in the audit
Refer to the notes 21 and 23 of the consolidated inflation adjusted financial statements.	Obtained third party balance confirmations for financial assets and trade receivables as at 28 February 2023 to confirm accuracy of the exposure at default used in the expected credit losses at year end.
Modifications of Right of Use Assets and Lease Liabilities	
The Group, has recorded Right of Use Assets in Note 20 and lease liabilities in Note 28 as at 28 February 2023 amounting to an inflation adjusted amount of ZWL12 946 651 000 and ZWL4 611 463 000 (2022: ZWL 11 062 817 000 and ZWL3 380 119 000) respectively. These amounts are significant to the annual financial statements due to their magnitude. Accounting for lease modifications was a matter of most significance to our audit due to the volume of lease contracts and transactions, the level of manual intervention in the process of determining lease modifications, and the complexity surrounding the determination of the incremental borrowing rates that were used to discount lease payments.	We performed audit procedures to assess the completeness and accuracy of lease modifications which included the following: Obtaining a list of all modified leases during the audit period and tested for completeness of the list. For a sample of modifications, we determined whether the entity has appropriately accounted for the modification as a change in accounting for the existing lease, a termination of the lease or a separate lease. For a sample of modifications that resulted in a change in accounting for the existing lease, we determined that the group appropriately remeasured and reallocated the remaining consideration in the contract, remeasured the lease liabilities, and adjusted the Right of Use Assets as applicable. Engaging EY Valuation Experts to validate the incremental borrowing rate used by management to discount lease payments at each lease modification date.

Other Information

Other information consists of the Chairman's Statement, Report of the Directors, the Director's Responsibility for Financial Reporting and Company Financial Statements. Other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Inflation adjusted consolidated Financial Statements

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

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

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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the (inflation adjusted consolidated) financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Meikles Limited

The engagement partner on the audit resulting in this independent auditor's report is Mr Fungai Kuipa (PAAB Practising Certificate Number 335).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

20 July 2023