



CORPORATION LIMITED

# 2022 ANNUAL REPORT





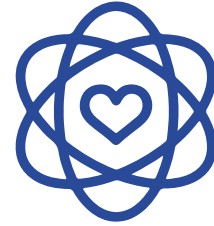
## Vision

To create value through the provision of high quality consumer and durable goods in Zimbabwe and the Region.



## Mission Statement

To sustainably and profitably distribute, market, merchandise and retail leading consumer and durable goods, thereby growing stakeholder value and to enable easier access to high quality consumer and durable goods at reasonable prices to our customers.



## Values

- Quality
- Fairness
- Integrity
- Teamwork
- Accountability
- Entrepreneurship

## ABOUT THIS REPORT

Axia Corporation Limited is pleased to present its annual report for the year ended 30 June 2022. This report integrates financial and sustainability information, enabling our stakeholders to make an informed assessment of our performance and impacts.

## REPORTING SCOPE

The report covers sustainability information for Axia Corporation Limited, presenting a balanced view of material issues and performance from our operations in Zimbabwe, Malawi and Zambia. In this document, unless otherwise noted references to 'our', 'we', 'us', 'the Company', 'the Group', 'Axia' refers to Axia Corporation Limited.

## REPORTING FRAMEWORKS

This report was compiled with due consideration of the following regulatory requirements and reporting standards:

- Companies and Other Business Entities Act [Chapter 24:31];
- ZSE Listing Requirements;
- International Financial Reporting Standards (IFRS); and
- Global Reporting Initiative ("GRI") Standards.

## SUSTAINABILITY DATA

The qualitative and quantitative data provided in this report was extracted from company records, policy documents and management personnel accountable for the key result areas in the business. Estimations and assumptions made are consistent with business operations.

## ASSURANCE

The financial statements were audited by BDO Zimbabwe Chartered Accountants, in accordance with the International Standards of Auditing (ISAs). The independent auditor's report is contained on pages 38 to 40. Sustainability information was reviewed by the Institute for Sustainability Africa (INSAF) as subject matter experts for compliance with GRI Standards but was not externally assured. A GRI Content Index is contained on pages 107 to 108.

## RESTATEMENTS

The Group did not make any restatement of data previously published.

## BOARD RESPONSIBILITY AND APPROVAL OF THIS REPORT

The Board of Directors of Axia Corporation Limited holds a collective responsibility for this report which has been compiled

by members of the management team. The Board recognizes its responsibility for ensuring the integrity of this Annual Report and Approved the report on page 37.

## REPORT DECLARATION

The Board of Directors and Management confirm that this report has been prepared in accordance with GRI Standards – 'Core' option.

## CURRENCY

All references to \$ throughout this report refer to the Zimbabwe Dollar (ZWL).

## FORWARD LOOKING STATEMENTS

This report may contain forward-looking statements which relate to the future performance and prospects of the Group. While these statements represent our assessment and the future expectations, several known and unknown risks, uncertainties and other important factors may cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and performance. Stakeholders are cautioned not to place undue reliance on any forward-looking statements contained herein. We undertake to update publicly or to release any revisions of these looking-forward statements, to reflect events or circumstances after the date of the publication of this report or to reflect the occurrence of unanticipated events through trading and website updates.

## FEEDBACK

We welcome your feedback and suggestions on our Annual report. To do so, please contact the Axia Group-finance team on:

[info@axiacorplimited.com](mailto:info@axiacorplimited.com) or Claudine Madzinga on +263 8612 130214. You can find more information about Axia online at [www.axiacorplimited.com](http://www.axiacorplimited.com).

**Luke Ngwerume**  
Chairman

**John Koumides**  
Group Chief Executive Officer

## Axia Corporation Limited Annual Report 2022

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For an online version of this report and additional information visit <http://axiacorplimited.com>



# Group Structure and Activities

## Our history

The story of Axia Corporation Limited (Axia) began on 24 February 2016 when it was incorporated through a scheme of reconstruction, whereby the net assets of Innscor Africa Limited's Speciality Retail and Distribution business were unbundled to form the Group. On 1 April 2016, Axia unbundled from Innscor Africa Limited and was listed on the Zimbabwe Stock Exchange on the 17th of May 2016. 30 June was adopted as its financial year end.

## Axia at a glance

Axia Corporation Limited operates in the retail and distribution industry. The Group has three operating business units, namely TV Sales & Home (TVSH), Transerv and Distribution Group Africa (DGA). TVSH is a leading furniture and electronic appliance retailer with sites located countrywide. Over the years, TVSH invested in manufacturing through the acquisition of 49% in Restapedic and formation of Legend Lounge.

Restapedic manufactures a wide range of quality beds for the local and export markets. Legend Lounge is a manufacturer of premium quality lounge suites. Transerv retails automotive spares and accessories, by utilising its network of home-grown retail branches and numerous fitments centres. DGA is a large and successful distribution and logistics concern, with operations in Zimbabwe, Zambia and Malawi. Its core areas of expertise lie in inbound clearing and bonded warehousing, ambient and chilled/frozen warehousing, logistics, marketing, sales and merchandising services.

## Milestones

## SPECIALITY RETAIL

### TV SALES & HOME

TV Sales & Home	52 *
Restapedic	
Legend Lounge	

### TRANSERV

Transerv Retail Shops	28
Transerv Fitment Centre	13
Clutch and Brake Specialists (CBS)	1

\* The number in front of a brand represents the total outlets open on 30 June 2022.

## DISTRIBUTION

### DISTRIBUTION GROUP AFRICA ZIMBABWE

Innscor Distribution  
Comox Trading  
Snack Sales and Distribution  
Freshpro  
Vital Logistics

### DISTRIBUTION ZAMBIA

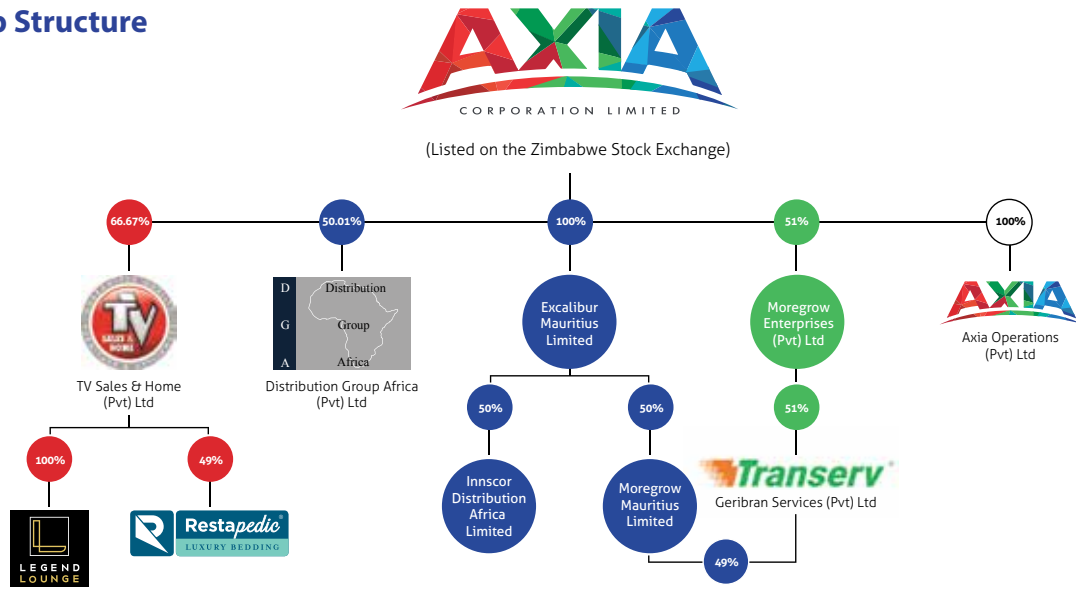
Innscor Distribution  
Comox Trading  
Mukwa Distribution

### DISTRIBUTION MALAWI

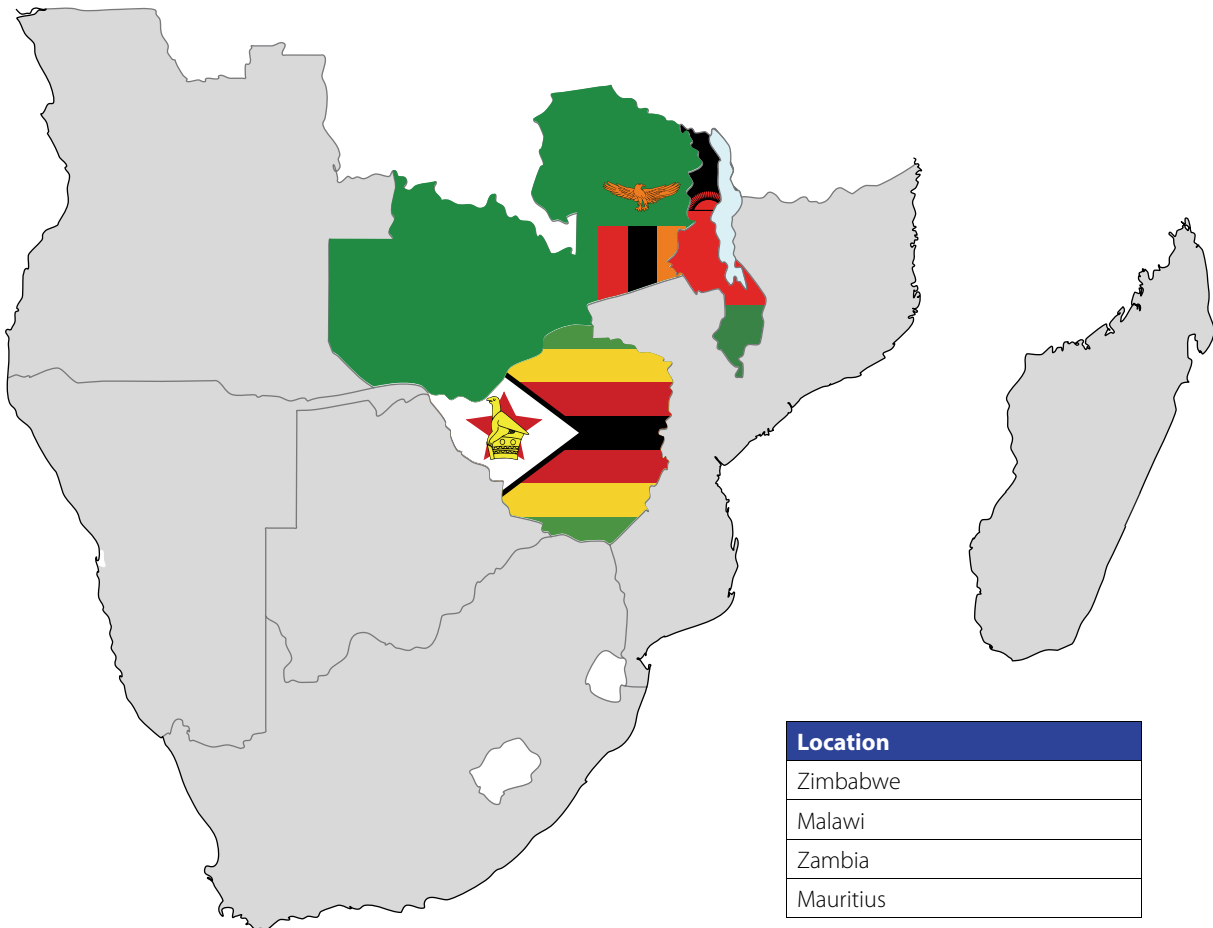
Innscor Distribution  
Comox Trading



## Group Structure



## Where we operate



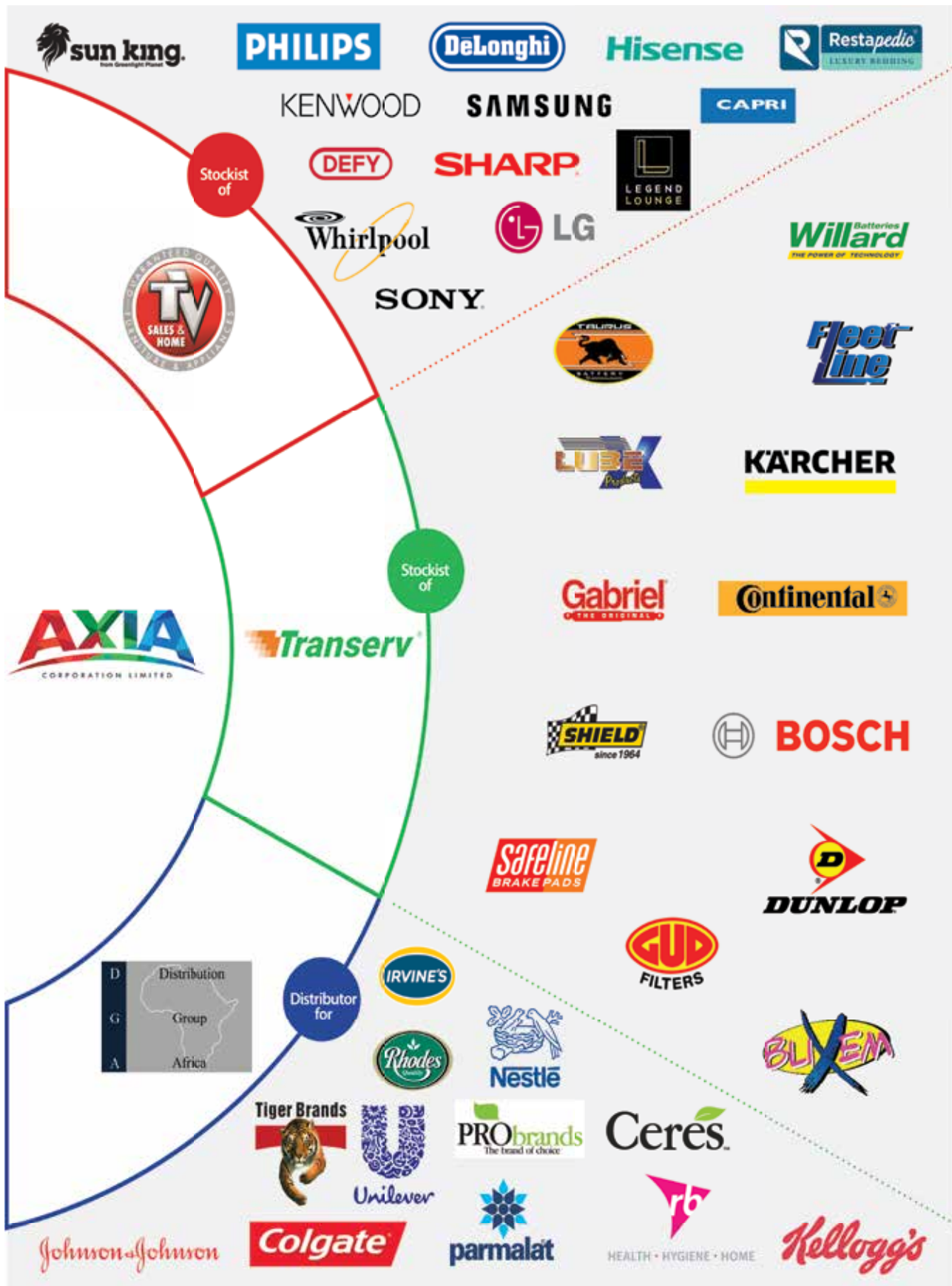
### Markets

Our extensive knowledge of the African business environment particularly Zimbabwe, Zambia and Malawi helps us meet our customers and beneficiaries at their point of need.

### Supply Chain

We depend on a network of customers and suppliers in delivering our products and services to the final consumers. These include manufacturers, distributors, vendors and merchandisers who are essential in ensuring our capacity to meet the needs of our customers. Building relations with supply chain partners is vital to delivering quality products and services, as such we are always looking for ways and feedback to strengthen these relations. Consumers increasingly want to understand where we source the products we offer them. We aim to meet our consumer needs while ensuring that our operations are anchored on ethical and sustainable pillars.

# Key brands and Operating units



# Business Association Memberships

## General

Retailers Association of Zimbabwe  
 Confederation of Zimbabwe Industries  
 National Employment Council for Motor Industry

## Other

Institute of Chartered Accountants Zimbabwe  
 Association of Chartered Certified Accountants  
 Chartered Institute of Management Accountants  
 Chartered Institute of Purchasing and Supply

# Recognitions and Awards

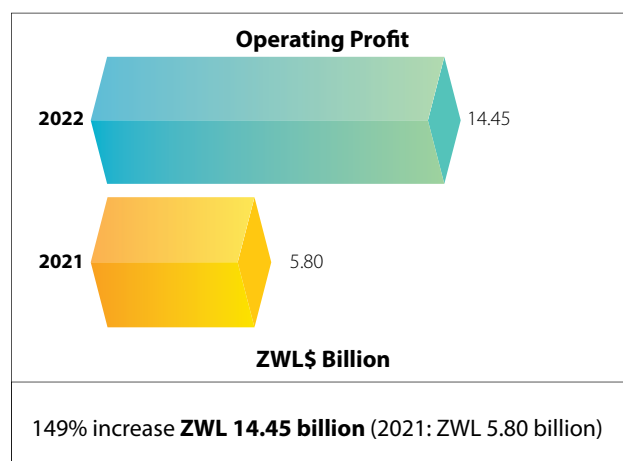
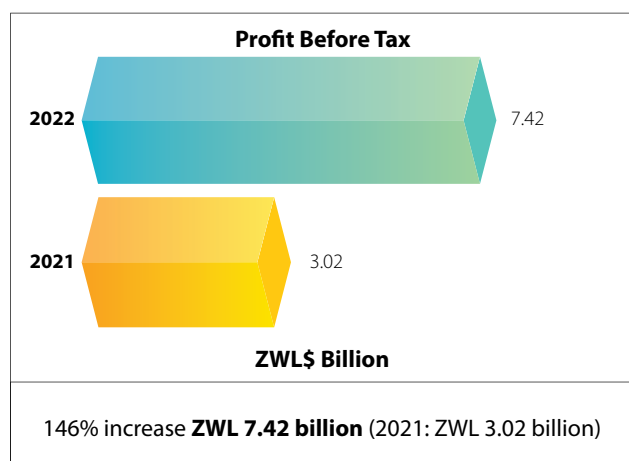
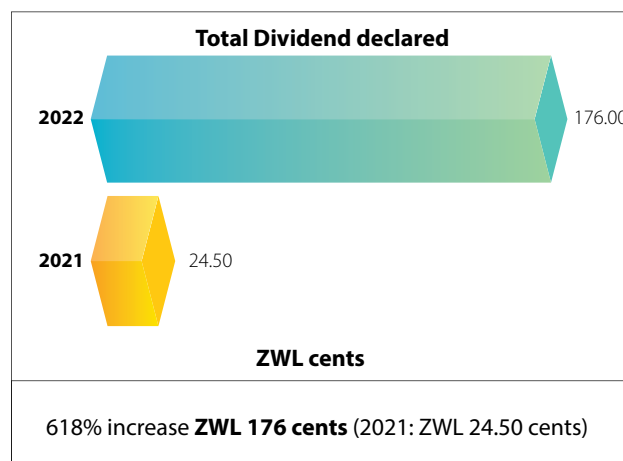
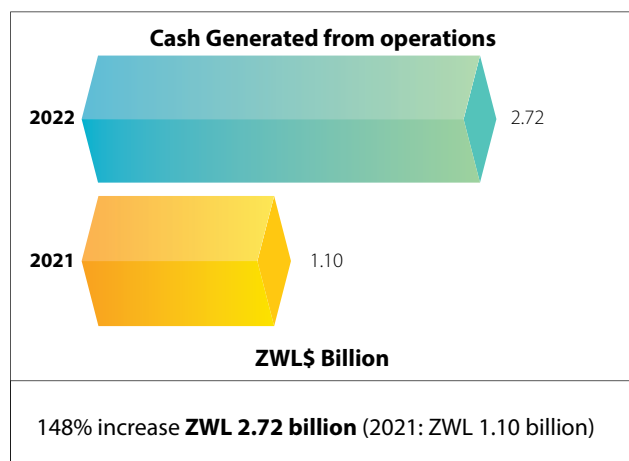
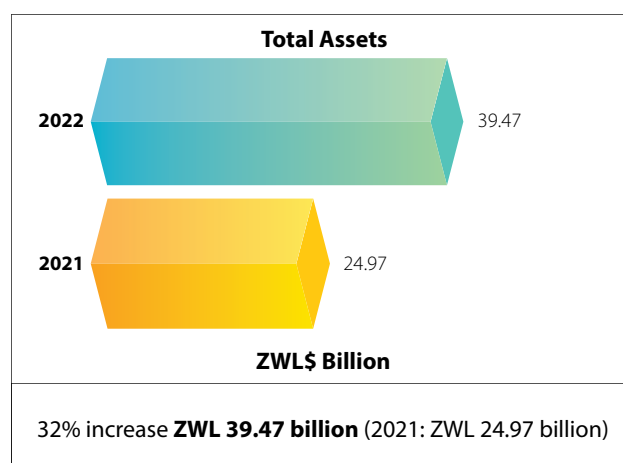
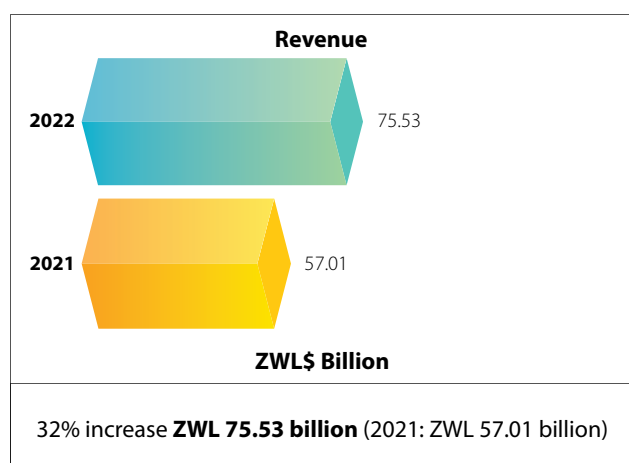
Megafest Professional service award of the year- December 2021  
 Buy Zimbabwe Awards-Customer Service Retailer of the Year (Furniture Industry)  
 Buy Zimbabwe Awards-Furniture Retailer of the Year  
 CZR National Awards-Furniture Retailer of the Year  
 CZR National Awards-Most Innovative Retailer of the Year (First Runner Up)  
 Megafest Business Awards (Masvingo Region)-Customer Focus of the Year Gold



# Summary Group Performance

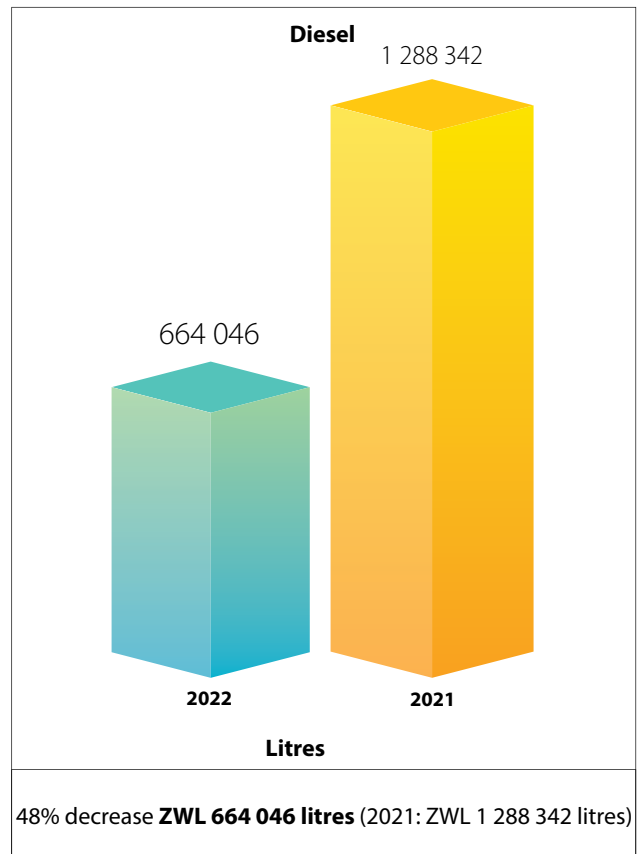
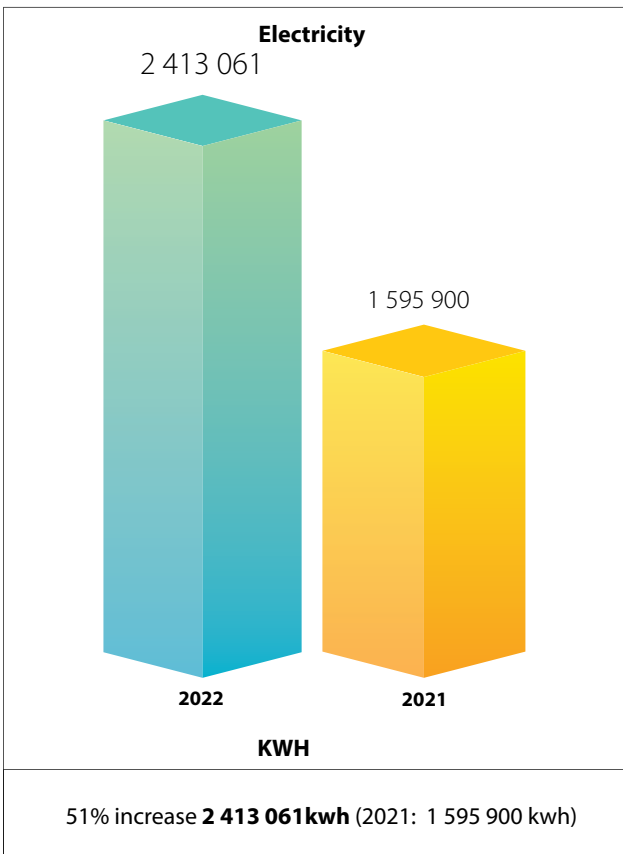
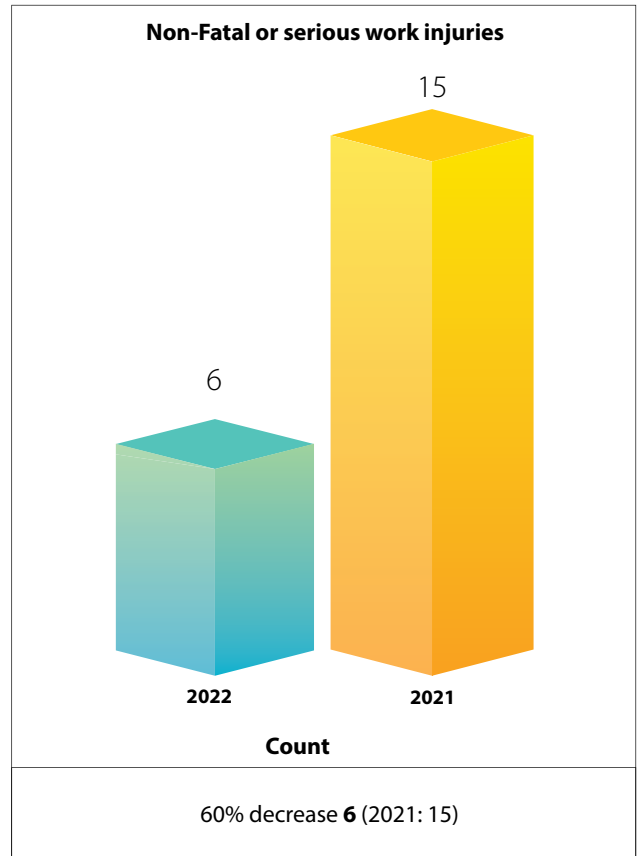
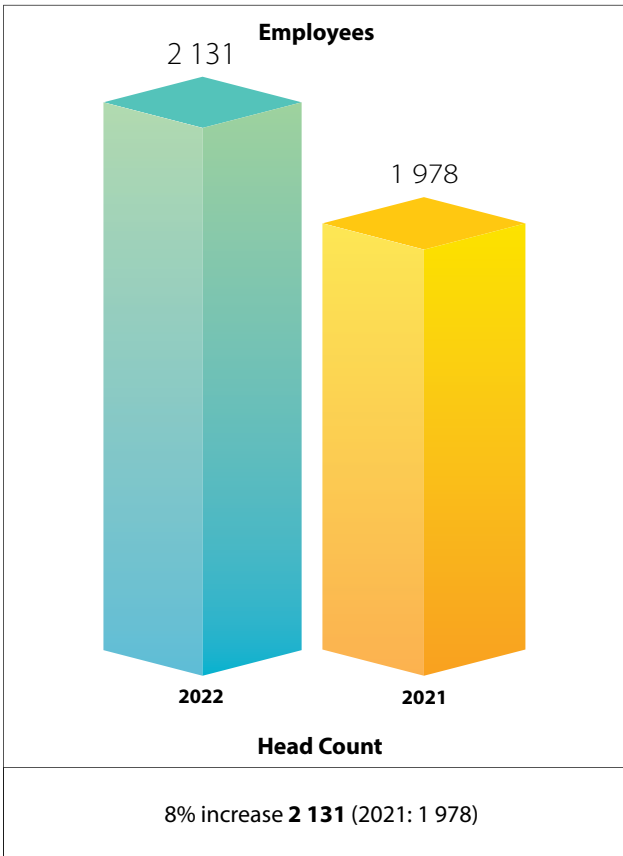
For the year ended 30 June 2022

	2022 ZWL	2021 ZWL
Total assets	39 467 958 278	24 967 560 209
Revenue	75 534 061 569	57 011 862 538
Cash generated from operations	2 723 887 311	1 098 515 646
Total dividend declared per share (cents)	176	24.5
Profit before tax	7 422 775 469	3 016 780 818
Operating profit	14 448 274 222	5 795 614 479



# Sustainability Highlights

For the year ended 30 June 2022



# Strategic Leadership & Governance



# Chairman's Statement and Review of Operations

## COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARD 29: FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

The Group adopted the Zimbabwe Consumer Price Index (CPI) as the general price index to restate transactions and balances as appropriate. Non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index. Monetary assets and liabilities and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognized in the statement of profit, or loss have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. A net monetary adjustment was recognized in the statement of profit or loss. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. Comparative amounts in the Group financial results have been adjusted to reflect the change in the general price index. Financial statements prepared under the historical cost convention have also been presented as supplementary information. The auditor has not expressed an opinion on these historical results.

The CPI increased from 2,986.44 in June 2021 to 8,707.35 in June 2022, representing a 191.56% increase in the period under audit, this is compared to the Reserve Bank of Zimbabwe Auction rate which increased by 328.77% during the same period. Due to the disparities currently prevailing in the economy, significant distortions can occur in the preparation of inflation-adjusted financial statements in accordance with the requirements of IAS 29. Of significance in the inflation-adjusted financial statements is a net monetary loss of ZWL\$ 7.04 billion in the current period. Despite this net monetary loss, the Headline Earnings Per share increased by 124%.

The indexed cost base and high interest rates had a significant impact on the Group's financial results. Management will continue to adapt business units' operating models to manage business growth and sustainability.

## OPERATING ENVIRONMENT AND OVERVIEW

The global economy continues to suffer from a series of destabilizing shocks. After more than two years of the Covid-19 pandemic, the ongoing Russia/Ukraine war in Eastern Europe has had global effects on commodity markets, supply chain and increased levels of inflation that resulted in a slowing down of global economic growth. The Zimbabwean economy was not spared as it is also impacted by the spill-over effects of these geopolitical tensions. The second half of the financial year brought about concerns of instability as inflationary pressures were being felt on the back of the volatile exchange rate. Since June 2022, the Zimbabwe

# Chairman's Statement and Review of Operations (continued)



economy has witnessed shock therapy through the measures taken by fiscal and monetary authorities and the desired effects have materialized. The lack of clarity in the legislation relating to the currency of payment of certain taxes creates uncertainties and poses business risks especially in an environment where there are material disparities in the exchange rates.

In Zambia, the consumer demand remains constrained although the economy shows signs of recovery as evidenced by a stable exchange rate and declining inflation.

Malawi, on the other hand, continues to suffer huge forex shortages, with official currency exchange rate depreciating by 25% in last quarter. Some companies are either closing or downsizing.

## FINANCIAL OVERVIEW

Commentary of the Group's financial statements is confined to the financial information prepared under inflation adjusted terms.

The impact of improved business activity during the reporting period grew demand resulting in volumes above those reported in the comparative period. The Group reported revenue of ZWL\$75.534 billion during the year to achieve a 32% growth compared to the comparative year. The revenue growth filtered into gross margin which increased by 92% on prior period. Operating expenditure increased by 57% on comparative period due to indexing of cost base to the US\$. The Group posted an operating profit of ZWL\$14.448 billion, representing a 149% increase on the comparative period. Profit before tax of ZWL\$7.423 billion was reported which was 146% ahead of prior year. Basic Earnings Per Share and Headline Earnings Per Share both improved by 123% and 124% respectively.

The Group's statement of financial position remained solid. Net borrowings increased by ZWL\$1.85 billion mainly to support strategic working capital investments. The increase however had an impact on the results through high finance charges and this is being managed going forward.

The Group generated cash of ZWL\$2.724 billion from operations which was up 148% from the comparative period. This translated into enhanced free cash generation enabling the Group to easily incur capital expenditure for the year totaling ZWL\$2.01 billion. The Group's free cash generation will enable it to execute exciting expansion opportunities like the 10,000-bed production facility.

## SUSTAINABILITY REPORTING

The Group continues to apply the Global Reporting Initiatives (GRI's) Sustainability Reporting Guidelines as part of its commitment to ensuring the sustainability of its businesses. The Group will continue to uphold these practices and values across its operations to ensure that long-term business success is achieved in a sustainable manner.

## OPERATIONS

The main operating business units in the Axia Corporation Limited Group are TV Sales & Home (TVSH), Distribution Group Africa (DGA) and Transerv. TVSH is Zimbabwe's leading furniture and electronic appliance retailer with sites located countrywide. DGAs core areas of expertise lie in inbound clearing and bonded warehousing, ambient and chilled warehousing, logistics, marketing, sales, and merchandising services. Transerv retails automotive spares and accessories through retail stores and fitment centers to service the needs of its customers.

### TV Sales & Home

Revenue growth of 38% to prior year was recorded during the year whilst volume performance increased by 8% over prior year. Year on year

# Chairman's Statement and Review of Operations (continued)



volume growth benefited from a consistent and broad product offering as well as successful market activation promotions rolled out during the financial year. Quarter four volume performance, however, was 8% below the comparative period as the June volumes and sales were below expectations due to the inconsistent pricing of goods in response to the unstable exchange rate which exerted pressure on pricing. The hiatus caused by authorities' clampdown on currency rates has resulted in a proliferation of informal trading and grey imports.

Collections on the debtors' book have remained solid. The debtors' book growth, however, has continued to slow down in the last few months given the prevailing high interest rates. Management will continuously assess the business' credit model to deliver affordable credit offerings to customers, in both local and foreign currencies.

The business increased its store network by opening a new store in Bulawayo. Plans are underway to enhance the retail store network which include opening new stores in the coming financial year coupled with upgrades to outlooks of existing stores to improve customer experience. Two new stores were opened in Harare in the months of July and August 2022. Volumes are expected to recover in the new financial year following the addition of a new home appliances and homeware distribution business at the end of the year under review.

As highlighted in the interim report, TV Sales & Home increased its shareholding in Restapedic from 49% to 60% effective 1 July 2021. An amount of US\$860,000 was paid for this additional investment. This increase in shareholding enabled Restapedic to invest in a 10,000-bed production facility which is under construction in Sunway City, Harare. Significant progress has been made in the construction of the new bedding factory facility which is set to open in January/February 2023. During the year, Restapedic experienced intermittent raw material supply gaps attributed to delays in the auction payments which negatively

impacted the imports supply chain resulting in a downturn in volumes during the fourth quarter. The bedding business attained revenue growth of 33% and marginal growth on volumes compared to prior year.

Revenue and volume performance for, Legend Lounge, the lounge suite manufacturing business increased by 212% and 231% to the comparative period respectively. The expansion of Legend Lounge's manufacturing capacity remains a key focus with sustained investment in new product development as well as re-engineering of the entire lounge suites range to enhance customer experience.

#### **Distribution Group Africa (DGA)- Zimbabwe**

Year to date volumes were 18% below the prior comparative period but fourth quarter volumes were 3% above comparative period.

Effective 1 July 2021, DGA Zimbabwe acquired a 50% stake in National Foods Logistics, a warehousing and distribution company that provides National Foods Limited with its warehousing and distribution requirements. The purchase and funding consideration for this transaction was US\$1.1 million. The transaction was approved by the Competition and Tariff Commission "CTC" on the 4th of March 2022.

The business continues to safeguard and grow shareholder value by embarking on projects that generate positive cash flows and achieve the required returns. The business remains poised to exploit opportunities from economic activities in the informal business sector that will not require extended credit terms.

#### **Distribution Group Africa - Region**

In Zambia, the consumer demand remains constrained although the economy shows signs of recovery as evidenced by a stable exchange rate and declining inflation. Year to date volumes and revenue decreased by 15% and 3% respectively compared to prior year owing to some disruptions in supply chain. The strengthening Kwacha enabled the business to take advantage of Forward Exchange Contracts thus enabling

# Chairman's Statement and Review of Operations (continued)

pricing at reasonable rates. The business increased its profit after tax by 257%. Management's focus is on business growth and new agencies will be targeted and evaluated.

Malawi continues to face shortages of foreign currency and the Malawian Kwacha depreciated by 29% during the reporting period. Despite the foreign currency challenges, the business witnessed a 46% growth in volumes which resulted in a 103% increase in revenue over the comparative year. This was primarily a result of the addition of two key distribution agencies in the first quarter of the financial year which led to improved profitability. Management's focus is on managing foreign suppliers and exploring ways to generate foreign currency to settle foreign suppliers.

## Transerv

The results of Transerv were disappointing as profits achieved were below expectation. The business experienced severe challenges in pricing and obtaining foreign currency to always ensure adequate stocking levels. Volumes increased by 7% to the comparative period which resulted in improved revenue. Management will continue to focus on improving revenue generation, obtaining the right stock mix and managing the operating costs to ensure that the business improves its profitability.

The business increased its store network throughout the country with the aim of bringing convenience to the market and providing an excellent customer service. New retail branches were opened in Chiredzi, Victoria Falls and Zvishavane as well as new fitment centres in Groombridge, Avondale (formerly Autocycle) and Chikwanha in Chitungwiza. Plans are underway to open at least six new stores during the coming financial year as part of the drive to increase footprint throughout the country to ensure that customers enjoy shopping convenience.

## IMPACT OF COVID-19

During the second half of the financial year, business operations were conducted on a 'business-as-usual' manner across all economic sectors as the economy continues to recover from outbreak of the Covid-19 because of the sustained reduction in new cases.

The Group remains focused on ensuring the safety and health of its employees, customers and other stakeholders and thus, will continue to implement and observe COVID-19 guidelines approved by the World Health Organisation and the Ministry of Health and Child Welfare, throughout its operations. The Group applauds the Government on the nationwide vaccination program for COVID-19 and has been encouraging its employees to make use of this opportunity to get vaccinated.

At present, the financial status of the Group remains healthy, and the impact of COVID-19 has not created any issues from a solvency or liquidity perspective. The Group remains resilient and determined to withstand the risks associated with COVID-19.

## PROSPECTS

The increase in prices of key inputs due to the ongoing Russia/Ukraine war and the low 2021/22 agricultural output, pose risks to the economic outlook. The operating environment remains challenging and both fiscal and monetary authorities face a huge task of continuously addressing

macro-economic adversities on the back of an unfolding global recession. We remain hopeful that progressive and consistent policies will be adopted and that they will be aimed at building confidence and promoting stability in the market.

The warranted stance taken by both fiscal and monetary authorities will assist in stabilizing the exchange rate although this will tend to dampen demand in the short term. This position taken by authorities helps to counter arbitrage gap which will have positive effects on the entire economy. The Group, however, maintains a positive long-term view and will continue to seek opportunities to preserve and grow stakeholder value. With the current strong Group balance sheet, the Group's business operations are well set to weather the challenging operating environment across all its operating regions.

The Group's management teams will continue to optimally manage gearing levels, with focus on the amount and cost of debt deployed across the Group. There will be ongoing focus on the execution and completion of the bedding and lounge suite production facilities. New retail stores will be added to the current network whilst optimizing major distribution agencies in Zimbabwe and the region will continue to be an area of focus.

## DIVIDEND

Based on the historical results, the Board has declared a final dividend of ZWL\$1.10 (ZWL 110 cents) per share in respect of all ordinary shares of the Company. This brings the total dividend paid for the year to ZWL\$1.76 (ZWL 176 cents). The final dividend is payable in respect of the financial year ended 30 June 2022 and will be paid in full to all ordinary shareholders of the Company registered at close of business on the 14th of October 2022. The payment of this dividend will take place on or around the 18th of October 2022. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the 11th of October 2022 and ex-dividend as from the 12th of October 2022.

The Board has also declared a final dividend totaling ZWL\$30 million to the Axia Employee Trust (Private) Limited which will be paid on or around the same date.

## APPRECIATION

I express my sincere gratitude to the Board of Directors, executives, management and staff for their ongoing efforts during the year under review. Their commitment, despite the challenging operating environment, is greatly appreciated. I also take this opportunity to thank the Group's valued customers, suppliers and other stakeholders for their continued support and trust.



**L E M NGWERUME**

Chairman

28 September 2022

# Governance

## Corporate Governance

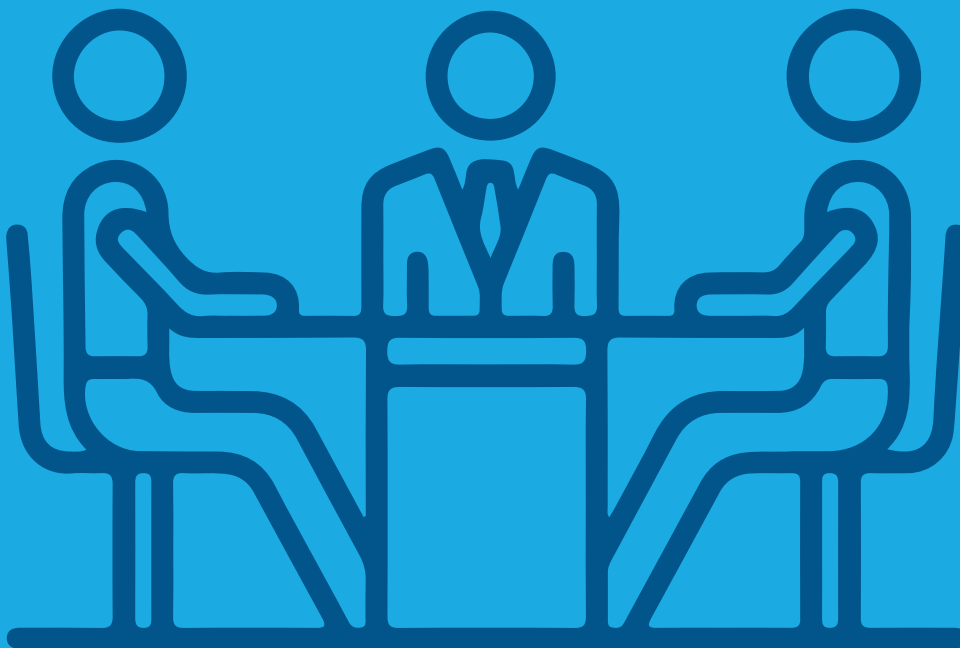
Axia is committed to the principles of good corporate governance as laid out in the King IV code and National Code on Corporate Governance in Zimbabwe. The Directors recognise the need to conduct the affairs of the Group with principles of transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of its shareholders, employees and other stakeholders. This process enables the Group's shareholders and other stakeholders to derive the assurance that, in protecting and adding value to Axia's financial and human capital investment, the Group is being managed ethically, according to prudently determined risk parameters and best practices.

## Board Responsibility

The primary responsibility of the Board is to discharge its fiduciary responsibility to the shareholders and the Company. The Board is accordingly the highest policy organ of the Company and also directly responsible for providing strategic direction. The Board meets quarterly to monitor the performance of management and to ensure proper control over the strategic direction of the Group.

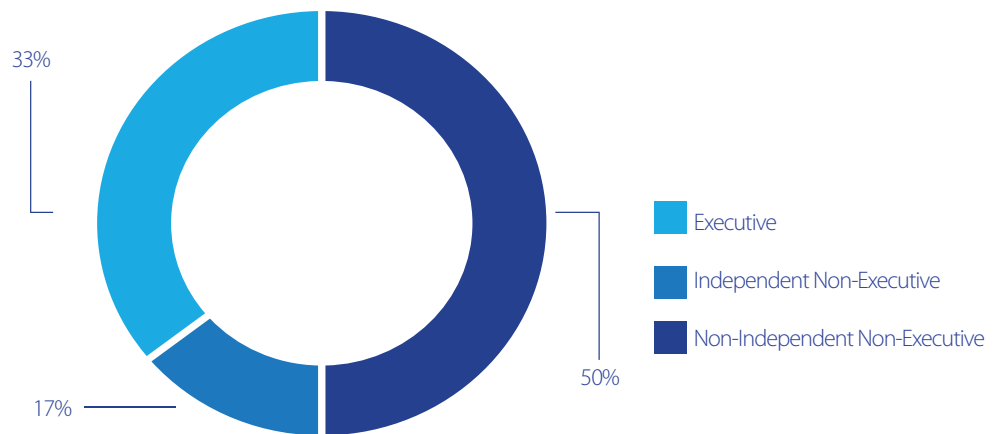
## Board Composition

The Board is comprised of two executive Directors, and three independent non-executive Directors and one non-independent non-executive Director. The Non-Executive Directors provide crucial independence and guidance to the Company's strategic decision-making process and corporate governance practices.

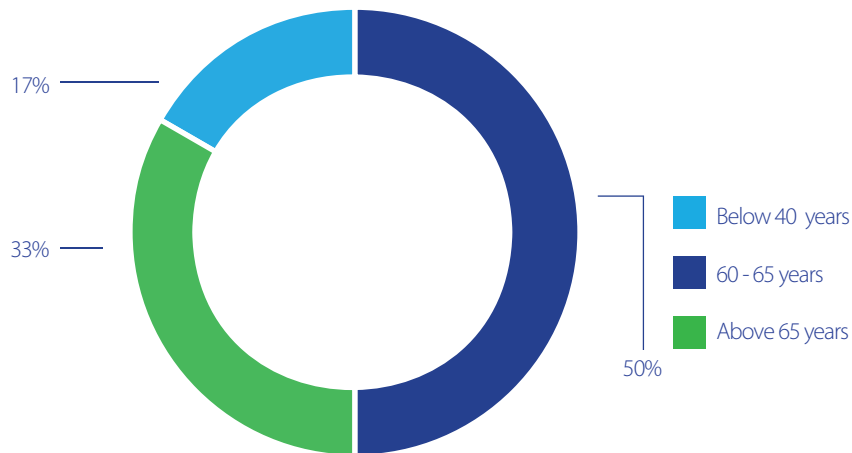


# Governance (continued)

## Board composition



## Board age profile



## Nomination of Directors

The Board is made up of individuals with proven track records and a wide range of different skills and experience, which they employ for the benefit of the Group. The Group strives to make sure that there is the right calibre of leadership at the top level thus the selection of board members considers diversity, independence and expertise, with due consideration of the business and stakeholders interests.

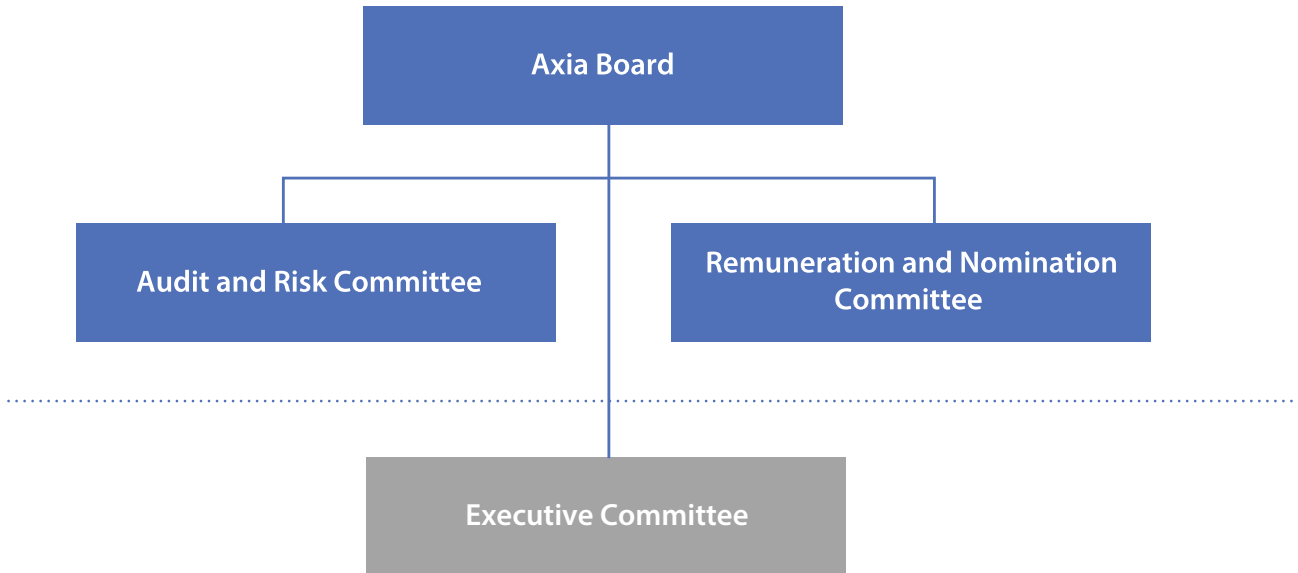
## Board Expertise

The Directors are allocated responsibilities in Sub-Committees where they have strategic strengths. Short biographies of each of the Directors are disclosed on page 18. Each business within the Group has a formal Board with clearly defined responsibilities and objectives, for the day-to-day running of its operations. A comprehensive financial reporting system ensures that each business is brought to account monthly.

# Governance (continued)

## Board Structure

The Group has established two committees to enable the board to achieve its responsibilities as follows:



The Executive Committee is responsible for formulating, directing and implementing strategic decisions. The Committee meets monthly. The Committee is composed of two Directors and Executive Directors of subsidiary Companies.



## Governance (continued)

Committee	Members	Summary Roles & Responsibilities
Executive	J. Koumides (Chairman) R.M. Rambanapasi I. Bekker S. Gorringer C. Hodgson J. Kamasho V. Mugabe	The Executive Committee is responsible for formulating, directing and implementing strategic decisions. The Committee meets monthly. The Committee is composed of two Directors and five executive from business units.
Audit and Risk	T.N Sibanda (Chairman) J. Koumides T.C. Mazingi	<p>The Group has an audit and risk committee that assists the Board in the fulfilment of its duties. The audit and risk committee of the Board deals, inter alia, with compliance, internal control and risk management. The committee currently comprises of two independent non-executive directors and one executive director.</p> <p>The committee meets at least three times a year and its responsibilities include but are not limited to the following:</p> <ul style="list-style-type: none"> <li>Ensuring that financial reporting across the Group is transparent, accurate and reliable;</li> <li>Overseeing and managing the performance, functioning and effectiveness of the organisation's finance and risk functions and internal audit functions;</li> <li>Assisting the Board in fulfilling its corporate governance oversight responsibility with regards to the identification, evaluation and mitigation of operational, strategic and external risks;</li> <li>Monitoring and reviewing the organisation's risk management practices and risk related disclosures and; Ensuring that the roles and functions of both internal and external audit are lucid and synchronised. Both the internal and external auditors meet regularly and have unrestricted access to the Audit Committee</li> </ul>
Remuneration and Nomination	T.C. Mazingi (Chairperson) L.E.M Ngwerume J. Koumides Z. Koudounaris T.N. Sibanda	<p>The remuneration and nomination committee comprises three independent non-executive Directors, one non-independent non-executive Director and one executive Director. The remuneration and nomination committee's mandate has two primary responsibilities.</p> <ul style="list-style-type: none"> <li>It is to evaluate and sanction the appointment of, and remuneration packages for, all Board members, Executive Directors and senior management. In doing so, it will assemble a structure and strategy related to the terms of employment for employees, management and board members, as well as any compensation that aims to reward in a manner that attracts and retains talented individuals, employees to constantly seek to elevate and contribute to the Group's success.</li> <li>The committee is also responsible for orchestrating succession planning within the Company, particularly that of the chief executive and executive management.</li> </ul> <p><b>Criteria for Nomination</b></p> <p>The Board is key to the Group's long term success and ensuring strong leadership is paramount. The Group strives to make sure that there is the right calibre of leadership at the top levels thus selection of board members considers diversity, independence and expertise, with due consideration of the business' stakeholders</p>

### Attendance of Meetings during the financial year ended 30 June 2022 (from 1 July 2021 to 30 June 2022)

Name of Director	Year of appointment	Main Board / AGM		Audit and Risk Committee		Remuneration and Nominations Committee	
		Attended	Possible	Attended	Possible	Attended	Possible
L.E.M. Ngwerume <sup>^</sup>	2016	5	5	N/A	N/A	1	1
J. Koumides	2016	5	5	3	3	1	1
R. M. Rambanapasi	2016	5	5	N/A	N/A	N/A	N/A
Z. Koudounaris	2016	4	5	N/A	N/A	1	1
T.C. Mazingi <sup>*</sup>	2016	5	5	3	3	1	1
T.N. Sibanda <sup>+</sup>	2016	4	5	3	3	1	1

<sup>^</sup> Chairperson of the Board

<sup>\*</sup> Chairperson of the Remuneration and Nominations Committee

<sup>+</sup> Chairperson of the Audit and Risk Committee

# Governance (continued)

## Compliance with Governance Regulations

According to the section 206 (2) of the Companies and Other Business Entities Act [Chapter 24:31] ("COBE"). A public company shall have at least 3 (three) independent non-executive directors on its Board of Directors. Axia is in compliance with this requirement as there are 3 independent non-executive directors on the Board. Section 219 of the COBE requires the Audit Committee of a public company to have at least three (3) appointees, all of whom should be independent directors. The Group Audit Committee comprises 3 appointees, of which 2 are independent directors. Additionally, Section 195 (1) of the COBE requires a public company to have at least seven (7) directors. The Axia Directorate comprises of six (6) directors. The Group has embarked on steps to ensure these requirements are met.

## Mechanisms for Communication with Stakeholders

The Group provides various platforms for its stakeholders to communicate with its Board of Directors and senior management. Such platforms include the Annual General Meeting, press release announcements, announcements of interim and year-end results, investor briefings, annual reporting to shareholders and exercise of shareholders' voting rights.

## Board and Management Ethics

The Group believes that it is the responsibility of the Board and management to lead by following acceptable ethical business practices. Therefore, all Directors and Management are required to declare interests which might be deemed in conflict with their contracts with the Group. Professional and ethical standards are an integral part of how the company conducts its business affairs. The Group recognises that investor and stakeholder perceptions are based on the manner in which the company, its Directors, management and staff conduct business and the Group therefore strives to achieve the highest standards of integrity and business ethics at all times.

## Declaration of Director's Interests

The beneficial interests of Directors and their families in the shares of the Group are disclosed under note 25.3.

## Whistle-blower Policy

In addition to abiding by its set values and principles of conduct, the Group expects high ethical standards from everyone. The Group requires all employees and other stakeholders to be attentive and confident in reporting all forms of unethical behaviour. The Group subscribes to an independently managed whistle blower system, this system serves as a channel for communicating any form of misconduct identified by our stakeholders.

## Share Dealings

The company has a policy in line with the Zimbabwe Stock Exchange Listing Requirements prohibiting dealings in shares by Directors, officers, executive management and all Group staff for a designated period which is:

- Any period when they are aware of any negotiations or in possession of price sensitive information not within the public domain; or
- The period from the end of the Group's financial year end to the date of earliest publication of the Group's preliminary report, abridged report or provisional report; or
- The period from the expiry of the first six months of the Group's financial year to the date of publication of the company's interim results; or
- Any period when the company is trading under cautionary announcement.

## Professional Advice

It is the Group's Policy that where justifiable, Directors shall be entitled to seek independent professional advice at the Group's expense on matters in the furtherance of their duties or in advance of the Group and its companies' value creation.

## Director's remuneration

Remuneration packages for Directors are determined by the Group's Remuneration Committee. These packages include a guaranteed salary as well as performance related incentives linked to the achievement of pre-set profit targets and levels of free cash flow. As at 30 June 2022, there were no loans from the Company to any Directors. As at 30 June 2022, 9 530 934 share options were granted to Directors and certain senior management and executives, and of these 3 850 000 were exercised during the year bringing a total share options exercised to 9 530 934. More details of the share option scheme are disclosed under note 25.4.2

# Board of Directors Profiles

## BOARD OF DIRECTORS PROFILES

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### LUKE NGWERUME Chairman of the Board

**Gender:** Male.  
**Nationality:** Zimbabwean  
**Qualifications:** MBA(UCT)

**Skills:** Corporate Finance, Financial Performance, Strategy, Entrepreneurship, Compliance and Governance, Banking and Financial Services and Business Management.

**Notes:** Retired CEO of Old Mutual Zimbabwe.

**Other Directorships:** Infrastructure Development Bank of Zimbabwe Limited and Old Mutual Nigeria

#### THEMBINKOSI SIBANDA Chairman of the Audit Committee

**Gender:** Male  
**Nationality:** Zimbabwean  
**Qualifications:** Chartered Accountant

**Skills:** Taxation, Corporate Finance, FMCG, Manufacturing, Financial Performance, Strategy and Business Management.

**Notes:** Principal at Schmulian & Sibanda (Chartered Accountants).

**Other Directorships:** Edgars Stores Limited (Chairman of the Board), Padenga Holdings Limited (Chairman of the Board), Innscor Africa Limited and PPC Zimbabwe Limited.

#### THEMBIWE MAZINGI Chairperson of the Remuneration and Nomination Committee

**Gender:** Female  
**Nationality:** Zimbabwean  
**Qualifications:** LLB, MBA (UZ)

**Skills:** Corporate Law, Taxation, Agriculture, Strategy, Compliance and Governance, Banking and Financial services and Business Management.

**Notes:** Partner at Coghlan, Welsh and Guest Legal Practitioners

**Other Directorships:** Ariston Holdings Limited and African Century Limited.

### NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

#### ZINONA KOUDOUNARIS

**Gender:** Male  
**Nationality:** Zimbabwean  
**Qualifications:** B.Com Business & Computer Science

**Skills:** Entrepreneurship, Strategy, Business Management, FMCG, Manufacturing, Agriculture, Banking and Financial Services and Financial Performance.

**Notes:** Founding shareholder of Innscor Africa Limited

**Other Directorships:** Innscor Africa Limited and Simbisa Brands Limited

### EXECUTIVE DIRECTORS

#### JOHN KOUMIDES Group Chief Executive Officer

**Gender:** Male  
**Nationality:** Zimbabwean  
**Qualifications:** Chartered Accountant

**Skills:** Taxation, Corporate Finance, FMCG, Manufacturing, Financial Performance, Strategy and Business Management.

**Notes:** Former Partner with Deloitte & Touche. Former COO of Delta Corporation Limited. Former Chief Executive Officer of Innscor Africa Limited

**Other Directorships:** NIL

#### RAY RAMBANAPASI Group Finance Director

**Gender:** Male  
**Nationality:** Zimbabwean  
**Qualifications:** Chartered Accountant, MBA (UCT)

**Skills:** Taxation, Corporate Finance, FMCG, Manufacturing, Financial Performance, Strategy, Compliance and Governance and Business Management.

**Other Directorships:** NIL

# Divisional Management

## SPECIALITY RETAIL

### TV Sales & Home

Sean Gorringe ^  
Joseph Kamasho ^

Chief Executive Officer  
Finance Director

### Transerv

Ilonka Bekker ^  
Lloyd Mugabe ^

Managing Director  
General Manager

## DISTRIBUTION

### Distribution Group Africa - Zimbabwe

Craig Hodgson ^  
Vengai Mugabe ^

Chief Executive Officer  
Finance Director

### Distribution Group Africa - Region

#### Innscor Distribution & Comox - Zambia

Seko Mwayungwi  
Saloni Hindocha

Managing Director  
Finance Director

#### Innscor Distribution & Comox - Malawi

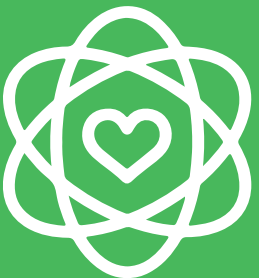
Kennedy Muchenga

Managing Director

^ Members of the executive committee.

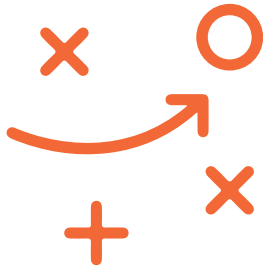


# Sustainability



# Sustainability

## Our Strategy



Axia Corporation Limited believes in creating value through sustainable business practices. Therefore, identifying, measuring and being accountable on economic, environmental and social issues defines our values. Our strategy remain focused on providing our customers with high quality and durable goods which are sustainably manufactured and environmentally friendly. As a retail and distribution business, we rely on stakeholders for identifying impacts and opportunities in our operations and supply chain. Our desire remains focused on ensuring that our operations and business activities create positive impacts on our stakeholders for long term business success.

## Supply Chain



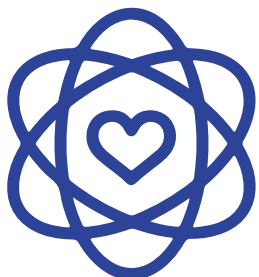
Our business plays a significant role in connecting producers and consumers, thereby augmenting risks and opportunities from the various supply chain partners. We have monitoring systems which ensure that all suppliers are screened, in addition to their track record for consideration of environmental, social and behavioural impacts, corruption, statutory compliance and human rights practices. We strive to create shared values on sustainability practices that do not harm our brands as a result of unethical practices in our supply chain.

## Sustainable Operations



The Group recognises the importance of sustainable operations that do not cause harm to the environment, waste energy and water. We encourage our subsidiaries to take precautionary measures to minimise negative impacts on the environment, society and economy. In this regard, our subsidiaries adhere to standard operating procedures that fosters sustainable practices that do not create negative impacts.

## Shared Values

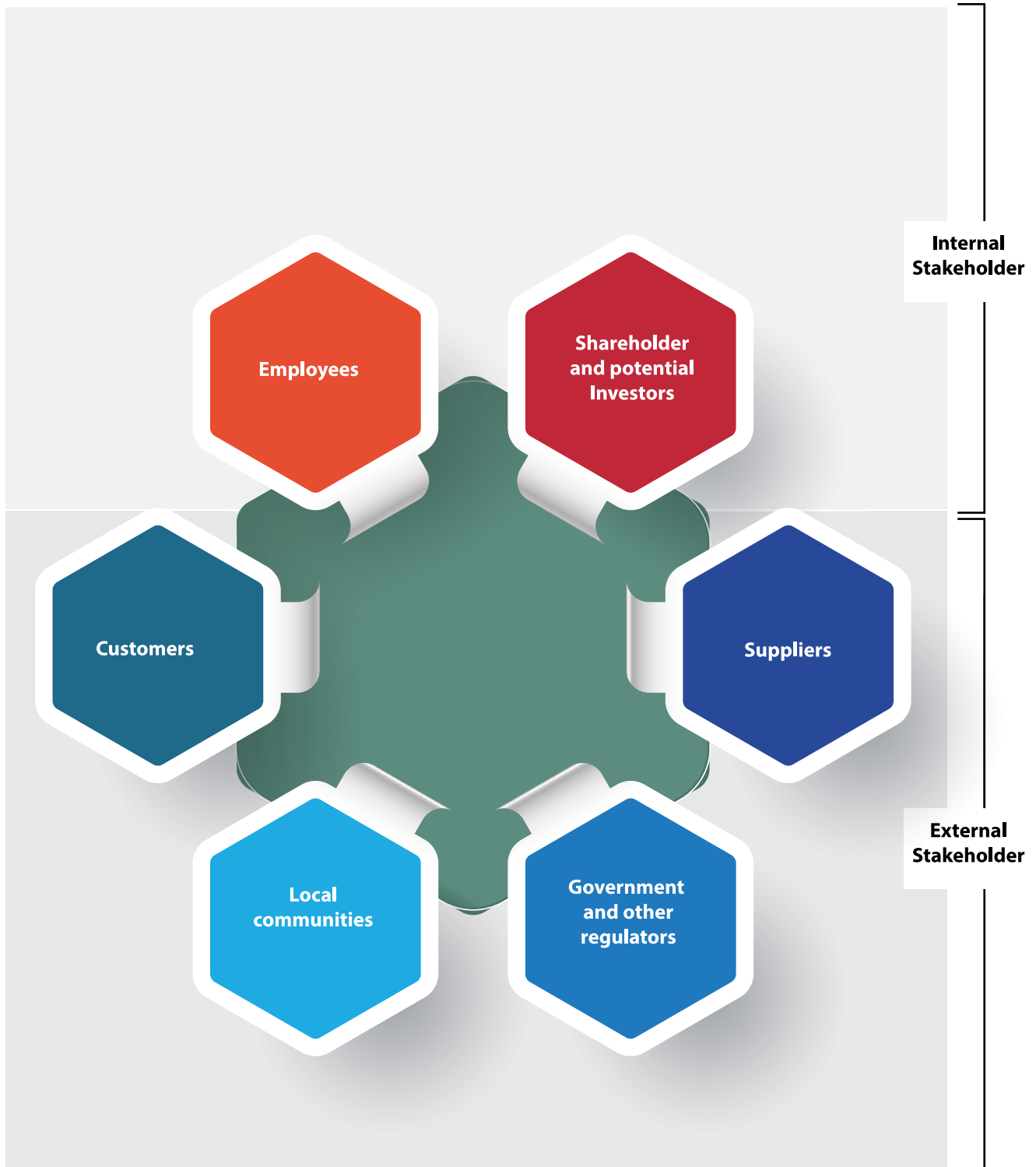


As a customer centric business, our strategy is driven by ensuring that we are inclusive and responsive to their concerns. We strive to create shared values with our customers and other stakeholders in how we respond to environmental concerns relating packaging waste when they buy our products. We encourage responsible disposal of packaging waste when they buy goods from our stores. We believe that by creating shared values, we can contribute to a better world.

# Stakeholder Engagement

Stakeholder engagement is critical for identifying key risks and opportunities for Axia. We believe that listening to stakeholder concerns provides an effective means for addressing economic, environmental and social challenges. Our stakeholder engagement approach is driven at the company and Group Level. Stakeholder engagement is a shared responsibility across our businesses.

Through internal engagements, we identified the following as key stakeholder groups.



# Stakeholder Engagement

Stakeholder	Key Concerns Raised	Our Response	Engagement Method	Frequency of engagement
<b>Employee</b>	<ul style="list-style-type: none"> <li>Inflationary pressures on salaries.</li> <li>Work life balance and mental health.</li> </ul>	<ul style="list-style-type: none"> <li>Salary review.</li> <li>Encouraging employees to take regular breaks.</li> </ul>	<ul style="list-style-type: none"> <li>Meetings.</li> <li>Memorandums.</li> <li>Staff bulletins.</li> <li>Telephone calls.</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly.</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Procurement opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Broadening supplier vetting.</li> <li>Considering local suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Emails.</li> <li>Telephone.</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Ad hoc</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Pricing.</li> <li>Promotions.</li> <li>Online stores.</li> <li>Credit facility.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous monitoring of product quality and pricing.</li> </ul>	<ul style="list-style-type: none"> <li>Radio and Newspapers.</li> <li>Social media.</li> <li>Customer website feedback.</li> <li>Telephone calls</li> </ul>	<ul style="list-style-type: none"> <li>Daily, weekly, monthly, quarterly, bi-annual and annually.</li> </ul>
<b>Shareholders and Potential Investors</b>	<ul style="list-style-type: none"> <li>Profitability and investment growth.</li> <li>Business expansion prospects.</li> </ul>	<ul style="list-style-type: none"> <li>Tracking company performance.</li> <li>Investment in production facilities and growth in store footprint.</li> </ul>	<ul style="list-style-type: none"> <li>Investor and Shareholder briefings.</li> <li>Annual General Meeting.</li> <li>Reports.</li> <li>Quarterly trading updates</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly, Bi-annual and Annually.</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>Corporate social responsibility.</li> <li>Employment opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Hiring from local communities.</li> <li>Donations and partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>Meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc</li> </ul>
<b>Financial Institutions</b>	<ul style="list-style-type: none"> <li>Lending rates and market risk.</li> <li>Availability of liquidity to support business requests.</li> </ul>	<ul style="list-style-type: none"> <li>Negotiating favourable interest rate terms.</li> <li>Diversifying funding sources.</li> </ul>	<ul style="list-style-type: none"> <li>Formal meetings.</li> <li>Quarterly briefings and publications.</li> <li>Emails.</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc</li> </ul>

# Materiality

The materiality assessment is conducted yearly to identify and prioritise significant social, economic and environmental risks and opportunities for the business. The process involves the engagement of internal and external stakeholders to assess the issues they deem critical for the business. Axia takes into consideration, key local and regional issues, topics reported by other companies in the same industry and critical areas of synergies with the sustainable development goals. During the year, the Group believes that they were no significant changes to material topics identified in the previous reporting period.

## Identified Material topics

The following topic were identified as materials and categorised as below:

Social	Environmental	Economic
<ul style="list-style-type: none"> <li>Compliance with laws and regulations.</li> <li>COVID19 Impacts Management.</li> <li>Staff Remuneration.</li> <li>Occupation Health and Safety.</li> <li>Provision of Quality Service.</li> <li>Human Rights in the Workplace.</li> <li>Customer Goods Delivery.</li> <li>Employment Creation</li> </ul>	<ul style="list-style-type: none"> <li>Responsible supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Business Growth and Performance.</li> <li>Product variety and availability.</li> <li>Foreign currency.</li> <li>Anti-corruption.</li> <li>Imports Competition.</li> <li>Supporting local Suppliers.</li> </ul>

## Prioritisation of identified topics

The identified topics are then ranked by senior management based on their perspectives of the significance of the topics to the business and its stakeholders. The final topics are verified and approved by senior management for consistency with business activities.

Review	Identification	Prioritisation	Approval
<ul style="list-style-type: none"> <li>Review of previous year materiality analysis.</li> <li>Benchmarking with companies in our industry.</li> <li>Stakeholder engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Current stakeholder concerns.</li> <li>Emerging trends in sustainability.</li> <li>Business strategy and key focal areas.</li> </ul>	<ul style="list-style-type: none"> <li>Management perspectives on priorities of issues raised based on business strategy and stakeholder interest.</li> </ul>	<ul style="list-style-type: none"> <li>Verification of prioritised topics by top management.</li> <li>Assessment of consistency of topics with business operations.</li> </ul>

## Materiality Matrix



The final topics were grouped into three categories (very high, high and moderate) indicating the level of urgency required in managing the risks and opportunities for each topic during the reporting period.

During the reporting period, business growth and performance, product variety and availability, compliance, responsible supply chain and anticorruption were the most material topics for the business and stakeholders.

# Responsible Operations

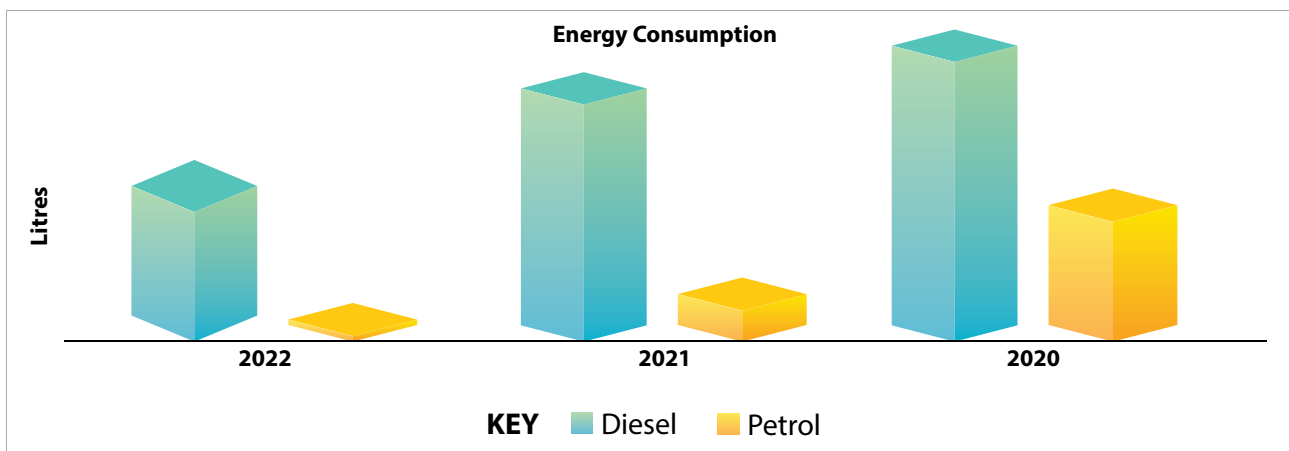
Our desire to generate positive economic, social and environmental impacts defines how our operations are managed. The Group continues to make progress in upholding standard operating procedures that ensure our operations reduce negative impacts associated with energy and water consumption. The Group believes in shared responsibility across subsidiaries to achieve responsible business operations characterised by minimum negative impacts in our business value chain.

## ENERGY

As a retail and distribution business, we use significant amount of bio-fuel and electricity in our operations particularly for lighting, refrigeration and distribution. Our business prioritise energy conservation, thus we encourage energy efficiency throughout every aspect of our business. Solar energy is used at some of our TV Sales outlets. Energy efficiency remains critical, particularly in ensuring efficiency during distribution of goods to our customers and warehouses.

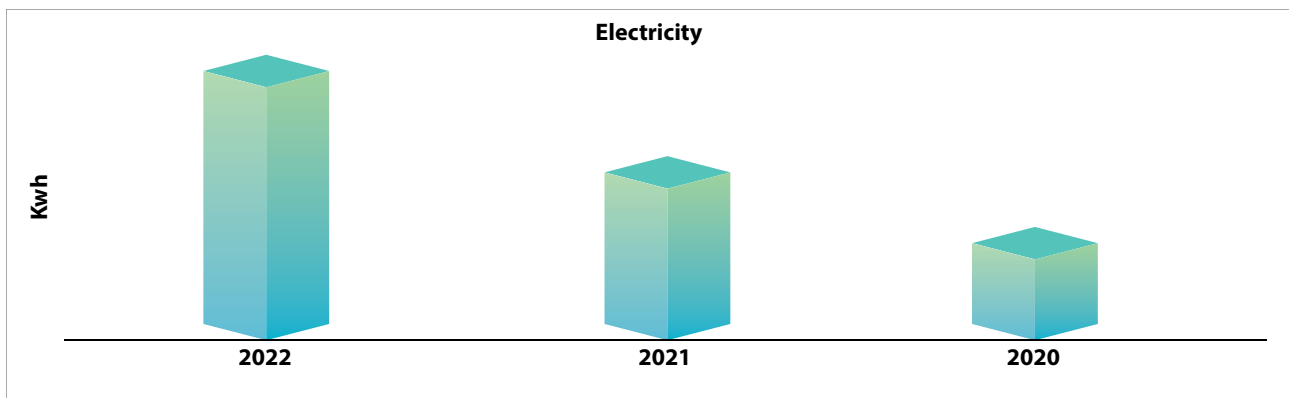
For FY2022, our energy consumption was as below:

### Liquid Fuels



Energy type	2022	2021	2020
Diesel (Litres)	664 046	1 288 342	1 784 849
Petrol (Litres)	39 330	206 481	668 012

### Electricity



	2022	2021	2020
Electricity(kWh)	2 413 061	1 555 170	946 049

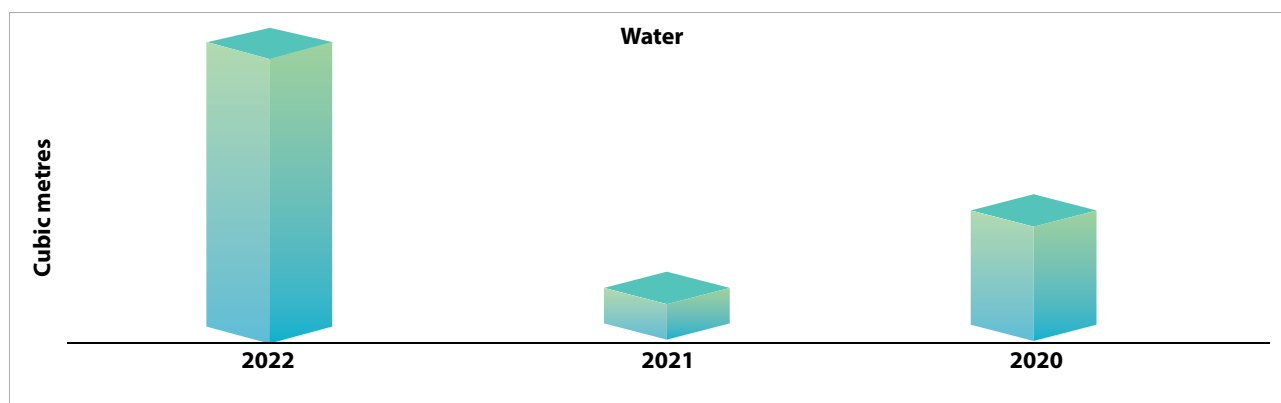
The increase in electricity and diesel for generators was associated with new retail branches opened and increased business.

# Responsible Operations (continued)

## WATER

Managing and conserving water is a critical responsibility of our staff and management in all our operations. Our approach is that we monitor water usage at any given moment and staff is encouraged to minimise water wastage. Our operations are not water intensive, however we understand that we operate in areas threatened by water scarcity and our efforts to reduce our water consumption can make a huge difference. Water is used in cleaning, sanitisation and consumption.

Water usage for FY2022 is presented below:



Water	2022	2021	2020
Municipal (m <sup>3</sup> )	1 237 871	196 316	507 765
Borehole (m <sup>3</sup> )	75 150	-	-

Water consumption increased due to the growth of new stores and operations. During the year we commenced measuring borehole water to enable tracking and managing our full water footprint.

## ENVIRONMENT AND CLIMATE CHANGE

The environment and climate change continue to present significant challenges for the society and business. Axia acknowledges its environmental responsibility and remains committed to playing its part in the value chain of waste emanating from our operations. This understanding drives our environmental stewardship practices and the role we have to play in climate change. Our use of bio-fuel and electricity contribute to climate change which requires us to take measures to mitigate the negative effects.

## WASTE

Axia Corporation Limited places a high priority to proper waste disposal by our customers and employees. Waste generated in our operations composes mostly plastics and cardboard. We dispose the waste through third party recycling and municipal facilities. The Group will continue to encourage responsible disposal of waste and its reclamation.

During FY202, waste disposed was as follows:

Waste type	Disposal method	Units	2022	2021
Plastic	City Council Waste disposal	metres	2 818	5 823
Cardboard	City Council Waste disposal	boxes	12 250	10 800
Plastic bottles	City Council Waste disposal	bottles	13 085	12 000
Glass bottles	City Council Waste disposal	bottles	5 905	6 000
Liquid waste	City Council Waste disposal	litres	2 400	1 235
Pallets	City Council Waste disposal	units	41 390	36 000

## CLIMATE CHANGE

Climate change remains a great threat to our operations and society at large. Given the nature of our business and size, we can play a significant part in mitigating climate change by reducing our dependence on fossil fuels and procuring certified forestry products. While climate change has significant implications for our businesses, we also see it as an opportunity to be innovative to promote clean energy initiatives that are efficient and sustainable. The Group realises the key role it has in reducing climate change impact and is working to promote energy efficiency initiatives in operations and shifting to renewable energy.

# Responsible Operations (continued)

## Emissions

We calculate our carbon footprint by converting energy consumption into carbon dioxide (CO<sub>2</sub>) equivalency using internationally accepted conversion factors due to the unavailability of nationally adopted standard conversion factors for Zimbabwe.

### Scope 1: Direct Emissions

These are direct emissions from operations that are owned or controlled by Axia, primarily emissions from fuel consumed by generators and vehicles in our operations. Scope 1 refers to direct greenhouse gas (GHG) emissions directly associated with business. We applied emission factors obtained from UK Government GHG Conversion Factors to convert liquid bio-fuel usage as presented below:

Source	2022	2021	2020
Diesel and Petrol (KgCO <sub>2</sub> e)	1 409 776	3 727 811	5 686 975

### Scope 2: Indirect Emissions

These are emissions resulting from the consumption of energy generated and supplied by a third party in which Axia has no control. Our Scope 2 emissions were calculated using emission factors obtained from the Southern African Power Pool 2015 using Operating Margin factors and the Global Warming Potential rates from the Intergovernmental Panel on Climate Change (IPCC) as presented below:

Source	2022	2021	2020
Electricity (KgCO <sub>2</sub> e)	848 336	3 727 811	5 686 975

## HUMAN CAPITAL MANAGEMENT

The engagement of employees and communities remain critical for our long term success. To optimise human capital contribution to our performance, the Group provides a conducive work environment grounded on the values of fairness, opportunity creation, integrity, non-discrimination, equal opportunities, empowerment, decent working conditions, good health facilities and motivation activities.

To manage human capital risks and opportunities we ensure operations comply with labour laws, voluntary and international best labour practices. The Group's approach is to identify risks, evaluate the risk and take appropriate measures to control or eliminate the risk. The Group units engage with communities and other stakeholder groups to identify potential needs and contributions. We also believe that the well-being of the society is integral in providing business opportunities and human capital, therefore the Group's investment is vital. We continue to foster employee engagements and relations to drive productivity and performance.

### Total Employees

	Unit	2022	2021	2020
Male	head count	1 765	1 576	1 680
Female	Head count	366	402	290
<b>Total Employees</b>	<b>Head Count</b>	<b>2 131</b>	<b>1 978</b>	<b>1 970</b>

### Permanent and contract employees

	2022		2021		2020	
	Male	Female	Male	Female	Male	Female
Permanent	597	104	477	66	638	55
Contract	1 173	257	1 099	336	1 042	235
<b>Total</b>	<b>1 770</b>	<b>361</b>	<b>1 576</b>	<b>402</b>	<b>1 680</b>	<b>290</b>

### Total employees by country

	2022		2021		2020	
	Permanent	Contract	Permanent	Contract	Permanent	Contract
Zimbabwe	667	1 113	513	1 222	663	1 042
Zambia	12	207	15	144	15	141
Malawi	22	110	15	69	15	94
<b>Total</b>	<b>701</b>	<b>1 430</b>	<b>543</b>	<b>1 435</b>	<b>693</b>	<b>1 277</b>

**Transerv**<sup>®</sup>



# Responsible Operations (continued)

## Employee hired

	2022	2021	2020	2019
Male	232	136	130	176
Female	50	207	80	98
<b>Total</b>	<b>282</b>	<b>343</b>	<b>210</b>	<b>274</b>

## Employee turnover

	2022	2021	2020	2019
Male	89	240	194	86
Female	40	95	63	20
<b>Total</b>	<b>129</b>	<b>335</b>	<b>257</b>	<b>106</b>

## Employee hire by age

	2022	2021
Under 30 years old	104	120
30-50 years old	178	208
Over 50 years old	-	15
<b>Total</b>	<b>282</b>	<b>343</b>

## Employee Turnover

	2022	2021
Under 30 years old	54	204
30-50 years old	75	118
Over 50 years old	-	13
<b>Total</b>	<b>129</b>	<b>335</b>

The Group continues to employ plus or minus 2000 employees with the majority of the workforce aged between 30-50 years. The composition of females in the current year is 17% of the workforce is reflective of our position to empower females and foster an equal-opportunity work environment.

## Collective Bargaining Agreements (CBA)

Axia provides a work environment where employees can freely join workers unions of their choice. Currently, the majority of employees belong to National Employment Councils for the following sectors:

- Motor industry.
- Furniture and manufacturing industry.
- Retailers and wholesalers.

Indicator	Units	2022	2021	2020	2019
Employees on CBA	Head Count	1 182	1 267	1 277	1 304
Percentage of total workforce	%	55%	64%	65%	65%

## Defined Pension Contributions

The Group's employees in Zimbabwe are covered under the Innscor Africa Pension Fund, Motor Industry Pension Fund and National Social Security Authority. Regional employees are covered by the National Pension Scheme Authority (NAPSA - Zambia) and the Group Pension Scheme operated by Nico Life in Malawi. Further details on Defined Contribution Pension Fund Coverage have been disclosed on note 38 to the financial statements.

# Responsible Operations (continued)

Our contributions to pension funds during the year are below:

	2022	2021	2020
	ZWL	ZWL	ZWL
Local Subsidiaries	59 369 368	6 258 750	2 721 153
Regional Subsidiaries	7 811 509	5 533 541	1 061 600
<b>Total</b>	<b>67 180 877</b>	<b>11 792 291</b>	<b>3 782 753</b>

## Occupational Health and Safety

The business remains committed to providing a safe working environment for employees and other stakeholders. As such, we have proactive systems to identify and eliminate hazards before they culminate into an accident. In the event of an occupational incident, we take due care to investigate and assess root causes to prevent incidences from happening again. Appropriate action is always taken where incidences that affect employees' well-being are noted.

The recordable injuries for the Group decreased by 60% as presented below:

	Unit	2022	2021	2020
Total number of accidents/Injuries	Incidence	6	15	17

## Employee Wellness

Axia Corporation Limited understands that a healthy workforce promotes a healthy and integral enterprise. As such, the Group desires to sustainably provide the highest levels of health, wellness and safety to its employees. The Group continue to create a culture of health, where its employees become responsible for their individual well-being through informed, active participation in health and wellness activities. The Group continually promote good health and safety of its employees. To this end, the Group contracts Providence Human Capital to provide HR, health and wellness services to all its employees.

These are located in Harare and Bulawayo, and the Group's employees have access to effective health and wellness services. Employees enjoy health care services ranging from primary to specialised health care. Employees also have access to voluntary counselling services.

## STAFF LEARNING AND DEVELOPMENT

Investing in human capital development ensures that employees are well motivated, and equipped to provide efficient and effective customer service and production. During the year we focussed on the training of new employees.

The average training hours per employee by gender are presented below:

Average Training hours by Gender	Unit	2022	2021	2020
Male	Hours	21	25	38
Female	Hours	20	21	28

## HUMAN RIGHTS

The Group believes that every human has rights need to be observed including our employees in the work place. The Group monitors practices in our business conduct and engagement with employees. All business units are encouraged to manage human rights issues as a risk to our business and brands by conducting human rights assessments. During the reporting period, no human rights violations were brought to the attention of management.

## MANAGING COVID-19 IMPACTS

The Group remains focused on protecting the safety and health of its employees, customers and other stakeholders and thus, will continue to implement and observe COVID-19 guidelines approved by the World Health Organisation and the Ministry of Health and Child Welfare, throughout its operations. The Group encouraged its employees to get vaccinated.

# Responsible Operations (continued)

Below are COVID-19 response in the workplace:

	2022	2021
Tests conducted	2 263	2 039
Positive Cases	44	108
Negative Cases	2 579	1 931
Deaths due to COVID19	-	6
Vaccinated Employees	1 398	405

## COMMUNITY DEVELOPMENT

The Group believes that community development is integral to our operations and strategy. As such, responding to impacts from the Group's operations is a responsibility and business objective that has potential for our long term business values.



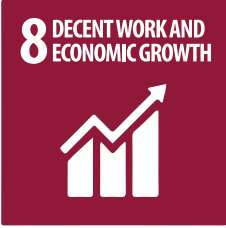
During the year under review, the Group supported the following initiatives:

Target group	Donated items
Public institutions	Stationery
Sport	Lenovo Tablets

## SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Axia is committed to contributing to sustainable development goals through its operations. We have incorporated the goals throughout our operations emphasizing their importance. The Group ensures that actions taken on implementing our sustainability strategies contribute to the implementation of SDGs in the places we operate. The business has aligned the SDGs it focuses on to the national priority SDGs adopted by the Government of Zimbabwe. Our approach is to ensure that we continue to report on our contribution to the SDGs along with our sustainability reporting using the newly launched guide manual developed by GRI and United Nations Global Compact (UNGC) for Business Reporting on SDGs.

During the year, our response to SDGs were as follows:

SDG	Theme	Our business Response
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	Ensure availability and sustainable management of water and sanitation.	We monitor our water consumption and utilisation in compliance with regulatory requirements while minimising the pollution of water sources.
 <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>	Promote sustainable and modern energy.	The Group monitors energy utilisation and continues to work towards clean energy in business operations. We have installed solar energy in some of our stores as a way to promote clean sustainable energy.
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	The Group continues to seek ways to optimise its processes to create an equal opportunity work environment for all employees. We continue to foster and sustain employment and decent working conditions through health and safety, wellness programmes.

# Responsible Operations (continued)

## ECONOMIC CONTRIBUTIONS

It is our vision to create value through the provision of high quality consumer and durable goods in Zimbabwe and the Region. Value creation entails business growth and performance. Improved business performance amplifies the distribution of wealth across our stakeholders helping alleviate societal economic challenges. Poor performance entails that the stakeholders who depend on our operations suffer reductions in wealth they can access from the business. The Group is always seeking ways to bolster performance so that it continues to add value to its shareholders, society, government, employees and suppliers among other stakeholders in our operations.

Despite our efforts to add value, the prevailing environment has an impact on the Group's performance. During the reporting period, COVID19 lockdowns had significant impacts on our varied stakeholders resulting in depressed economic activity. In line with our commitment to building a sustainable business that adds value to society, we reinforced our approach of making use of experienced teams with industry expertise, deep market knowledge and entrepreneurial creativity to sustain growth in the long term.

## Economic Value Distributed

The Group generates economic value through retail, distribution and maintenance services. The total value generated is presented in the financial statements on pages 41 to 93. This economic value is distributed through key internal and external channels that include leasing retail facilities, staff costs, distribution to customers as well as other operating costs. Externally, economic value was distributed to suppliers, government, the disadvantaged and communities in need.

## Tax Payments

The Group makes various payments to Government as part of statutory obligations for economic development through corporate tax, value added tax, import duties, levies, fees and other taxes as presented below:

	2022	2021	2020
	ZWL	ZWL	ZWL
Income and Withholding Taxes	716 265 744	523 393 755	102 993 484
Intermediary Transfer Tax (IMTT)	470 099 915	157 699 996	29 963 018
Value Added Taxes	2 542 206 661	623 591 069	122 637 601
Customs Duties	622 654 656	1 619 419 124	140 531 638
Pay As You Earn	724 434 511	190 841 986	88 964 244
<b>Total</b>	<b>5 075 661 487</b>	<b>3 114 945 931</b>	<b>485 089 985</b>

## Tax payments by country

	2022	2021	2020
	ZWL	ZWL	ZWL
Zimbabwe	3 867 634 290	2 879 265 381	448 387 494
Zambia	806 740 148	107 106 474	16 679 672
Malawi	401 287 049	128 574 076	20 022 818
<b>Total Taxes paid</b>	<b>5 075 661 487</b>	<b>3 114 945 931</b>	<b>485 089 986</b>



# Group Financial Statements

for the year ended 30 June 2022

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# Report of the Audit and Risk Committee

## The Audit and Risk Committee presents its third report to shareholders in line with sections 183 and 219 of the Companies and Other Business Entities Act (Chapter 24:31)

The Audit and Risk Committee assists the Board in the fulfilment of its duties. The Audit and Risk Committee of the Board deals, inter alia, with financial reporting, compliance, internal control, and risk management. It receives reports from the Group Finance Director, Internal Auditors, External Auditors and Company Secretary and meets at least three times a year.

### Financial Reporting

The Committee reviews the interim and full year financial statements before their submission to the Board for Approval. The Committee also advises the Board on changes in accounting standards and their implication on financial reporting. Key issues discussed in the financial year relate to:

- i) Compliance with International Accounting Standard (IAS) 21: Effects of changes in Foreign Exchange rates.  
The Reserve Bank of Zimbabwe (RBZ) foreign currency auction exchange rate for the United States Dollar (USD) to the Zimbabwe Dollar (ZWL) did not meet the definition of a spot rate as required by IAS 21. The Group translated certain foreign currency transactions using the RBZ auction rate resulting in the Group receiving an adverse opinion from external auditors regarding 2021 and 2022 financial statements. This audit conclusion was noted not to be peculiar to Axia Corporation Limited but was common market-wide position in Zimbabwe.
- ii) Compliance with International Accounting Standard (IAS) 29: Financial reporting in Hyperinflationary Economies.  
The Group continues to report under IAS 29 as directed by the Public Accountants and Auditors Board (PAAB) and continues to adopt the Zimbabwe Consumer Price Index (CPI) as the general price index to restate transactions and balances as appropriate.
- iii) Reliance on financial statements prepared in Zimbabwe for 2021/2022  
Financial information produced by the group is subject to due care and thorough validation processes. However, certain distortions may arise due to various economic factors that may affect the relevance and reliability of financial information presented in economies that are experiencing hyperinflation.

The Committee recommended to the Board of Directors that caution be exercised in the use of financial statements produced in Zimbabwe due to the material and pervasive impact of the technical difficulties brought about by the change in functional currency in February 2019 and its consequent effect on the usefulness of the financial statements for 2021/2022 financial periods as well as the adoption of reporting under IAS 29.

- iv) Key estimates, uncertainties, and judgements.  
These include determination of useful lives and residual values for property, plant and equipment, provision for obsolete stock, the calculation of the loss allowance, valuation of share options, valuation of United States Dollar denominated assets and liabilities. A detailed disclosure of these estimates, uncertainties and judgements was included in the Group Financial statements as part of the notes to the financial statements.
- v) Appropriateness of the going concern basis of accounting.  
This was discussed, noting the macro-economic challenges in Zimbabwe, hyperinflation and impact of the COVID-19 pandemic on the business.

### Risk management and internal controls

The Committee looked into a wide range of matters with management, internal auditors and external auditors with respect to identified risks and responses thereon. The Group's Risk register, which is updated and reviewed quarterly was shared with the Committee. Below is a summary of matters and work performed by the Committee:

- i) Received and reviewed regular reports from the Group Internal Auditors on work performed against the Audit plan, Audit findings, management responses, evaluation of mitigating controls (if any) and remedial action as required.
- ii) Received reports from the Group Finance Director and Group Internal Auditors on frauds and losses. Work covered special investigations on identified matters and the Committee tracked these to the point of appropriate resolution and remedial action on any control weaknesses identified.
- iii) Received and discussed regular reports from the Company Secretary and Group Finance Director on matters of compliance matters regarding corporate governance, changes in regulatory requirements (such as the new Companies and Other Business Entities Act Chapter 24:31) and specific relevant litigations.
- iv) Received updates and reviewed progress on new ERP system adoptions at the Distribution business (SAP Business One) and at TVSH (Open Bravo).
- v) Received regular reports from the Group Finance Director on Group treasury and borrowings arrangements, changes thereof specifically noting the impact of shortages in foreign currency and liquidity challenges in the banking sector.

# Report of the Audit and Risk Committee (continued)

## External Audit Independence and Effectiveness

The Committee received confirmation of independence from the Group's external auditors, BDO Chartered Accountants (Zimbabwe) as required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the relevant standards from the Public Accountants and Auditors Board.

The Committee meets separately with internal and external auditors without management.



**Mr. T. Sibanda**

Audit Committee Chairman  
28 September 2022

# Directors' Responsibility and Approval of Financial Statements

The Directors of the Company are required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cash flows for the year. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Appropriate accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The financial statements are prepared with the objective of complying fully with International Financial Reporting Standards (IFRS). Complying with IFRS achieves consistency with the financial reporting framework adopted by the Company and the Group since its inception. Using a globally recognized reporting framework also facilitates understandability and comparability with similar businesses and allows consistency in the interpretation of the financial statements.

Whilst full compliance with IFRS has been possible in previous reporting periods, only partial compliance has been achieved in 2022 and the comparative period. This is because the Group has not complied fully with IAS 21: 'The Effects of Changes in Foreign Exchange Rates' owing to conflicts between this accounting standard and local statutory requirements.

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board of Directors recognises and acknowledges its responsibility for the Group's systems of internal financial control. Axia Corporation Limited maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records.

The Group's Audit Committee has met the external auditors to discuss their reports on the results of their work, which includes assessments of the relative strengths and weaknesses of key control areas. Any breakdowns in established control procedures have been reported to the Group's Audit Committee and the Board.

The Group and Company External Auditors, BDO Zimbabwe Chartered Accountants, have audited the financial statements and their reports appear on pages 38 to 40 and 94 to 96 for the Group and Company financial statements respectively.

## Preparer of Financial Statements

The financial statements were prepared by Axia's finance department under the supervision of the Group Finance Director, Mr Ray Rambanapasi (Chartered Accountant Zimbabwe (CA (Z), PAAB Registration number 479).

## Approval of Financial Statements

The Group and Company financial statements for the year ended 30 June 2022, which appear on pages 41 to 93 and 98 to 106 respectively, have been approved by the Board of Directors and are signed on its behalf by:



**J KOUMIDES**  
Chief Executive Officer  
Harare  
28 September 2022



**R M RAMBANAPASI**  
Finance Director  
Harare  
28 September 2022

## Company Secretary's Certification

For the year ended 30 June 2022

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the Public entity in terms of the Companies and Other Business Entities Act (Chapter 24:31) of the Republic of Zimbabwe, and all such returns are true, correct and up to date. I also confirm that the Company has complied with the Zimbabwe Stock Exchange Listing Regulations.



**Prometheus Corporate Services (Private) Limited**  
Company Secretary  
Harare  
28 September 2022

# Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 30 June 2022.

## Share Capital

At 30 June 2022 the authorised share capital of the Company was comprised of 999 999 000 ordinary shares of ZWL 0.0001 each and 1 000 Non-Voting Class "A" ordinary shares of ZWL 0.0001 each. The Issued share capital was at ZWL 55 600 (historical) (2021: 55 215) divided into 556 000 308 (2021: 552 150 308) ordinary shares of ZWL 0.0001 each and 1 000 Non-voting Class "A" ordinary shares of ZWL 0.0001 each.

## Group Results

	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022 ZWL	30 June 2021 ZWL	30 June 2022 ZWL	30 June 2021 ZWL
Profit before tax	7 422 775 469	3 016 780 818	7 883 285 606	3 050 927 876
Tax expense	(2 827 158 642)	(1 177 150 103)	(2 371 460 640)	(802 950 961)
<b>Profit for the year</b>	<b>4 595 616 827</b>	<b>1 839 630 715</b>	<b>5 511 824 966</b>	<b>2 247 976 915</b>
Non-controlling interests	(2 218 775 747)	(782 662 274)	(2 357 382 679)	(996 227 611)
<b>Profit for the year attributable to equity holders of the parent</b>	<b>2 376 841 080</b>	<b>1 056 968 441</b>	<b>3 154 422 287</b>	<b>1 251 749 304</b>

## Dividends

### Ordinary shares

The Board declared an interim dividend of 66 ZWL cents per share. A final dividend of 110 ZWL cents was declared in relation to the financial year, ended 30 June 2022. The total dividend in respect of the financial year ended 30 June 2022 is 176 ZWL cents per share.

### Non-voting class "A" ordinary shares - Axia Corporation Employee Share Trust

The Board declared an interim dividend of ZWL 18 000 000 to the Axia Corporation Employee Share Trust (Private) Limited. A final dividend of ZWL 30 000 000 was declared to the Axia Corporation Employee Share Trust (Private) Limited for the financial year ended 30 June 2022.

## Directors and their Interests

In terms of the articles of association Mr. L. Ngwerume and Mr. Z. Koudounaris retire by rotation at the Annual General Meeting and being eligible offer themselves for re-election. No Directors had, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. The beneficial interests of the Directors in the shares of the Company are given in note 25.3 of the financial statements.

## Directors' Fees

Members will be asked to approve the payments of the Directors' fees in respect of the financial year ended 30 June 2022 (note 10.2.2)

## Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2022.

For and on behalf of the Board.



**J KOUMIDES**  
Chief Executive Officer  
28 September 2022



**R M RAMBANAPASI**  
Finance Director  
28 September 2022



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Zimbabwe

## REPORT OF THE INDEPENDENT AUDITORS

### TO THE MEMBERS

#### AXIA CORPORATION LIMITED

##### Adverse Opinion

We have audited the inflation adjusted financial statements of **AXIA CORPORATION LIMITED AND ITS SUBSIDIARIES**, which comprise the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in our Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly, the financial position of **AXIA CORPORATION LIMITED AND ITS SUBSIDIARIES** as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

##### Basis for Adverse Opinion

**Non-compliance with International Accounting Standard 21 (IAS 21), The Effects of Changes in Foreign Exchange Rates and International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors**

(a) **Fair statement of opening balances and comparative financial statements**

Prior to 22 February 2019, the Zimbabwean economy was characterized by a multi-tiered pricing model. Under the model, a single product had different prices depending on the mode of payment, whether United States Dollar (US Dollar), Real Time Gross Settlement (RTGS), mobile money or bond notes. The multi-tiered pricing model was evidence of the emergence of a new currency, the Zimbabwe Dollar (ZWL), which was being used alongside these modes of payment. The new currency, the ZWL, was then formally acknowledged through the issue of Statutory Instrument 33 of 2019 (S.I 33) "Presidential Powers (Temporary Measures) Amendment of Reserve Bank of Zimbabwe Act and Real Time Gross Settlement Electronic Dollars (RTGS) Regulations, 2019. The statutory instrument prescribed parity between the US Dollar and the new local currency (the ZWL) up to the effective date of 22 February 2019.

The new functional currency (ZWL) was effective from 22 February 2019, instead of the fourth quarter of 2018 as evidenced by the separation of the bank accounts into foreign currency accounts and non-foreign currency accounts. The statutory instrument also prescribed how US Dollar balances were to be translated to ZWL. The delay in recognizing the ZWL as a currency and the translation method of balances from US Dollar to ZWL resulted in misstatement of comparative financial statements and current year retained earnings balance of ZWL 8,870,917,677 and property, plant and equipment of ZWL 4,812,119,953.

These financial statements have not been restated in line with International Accounting Standards 8 (IAS 8), Accounting Policies, Changes in Accounting Estimates and Errors, to account for misstatements in the opening balances and comparative financial statements.

(b) **Inconsistent use of spot exchange rates**

The Group did not comply with the requirements of IAS 21 on the spot exchange rates used to translate similar transactions and balances in the prior and current year. IAS 21 defines spot exchange rate as the exchange rate available for immediate delivery or the exchange rate the company would have access to at the end of the reporting period. Revenues were translated to the functional currency using the auction exchange rate while some expenses were translated using internally determined exchange rates. Similarly, the Group used different internally determined exchange rates to translate monetary assets and liabilities as at reporting date.

BDO Zimbabwe, a Zimbabwean partnership, is a member of BDO International Limited, a UK company limited by guarantee and forms part of the international BDO Network of independent member firms.

A list of partner names is available for inspection at our registered office, No. 3 Baines Avenue, Harare.

Had the Group been consistent in the choice of spot exchange rates to use for similar transactions and balances, the inflation adjusted financial statements would have been materially different from the disclosed balances. The financial impact of the non-compliance has not been determined.

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 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 (Parts A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements. Except for the matters described in the Basis for Adverse of Opinion section, we have determined that there are no other key audit matters to communicate in our report.

#### **Other Information**

The directors are responsible for other information. The other information comprises the Chairman's Statement and review of operations, strategic leadership and governance report and sustainability strategy and performance report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

#### **Responsibilities of the Directors for the financial statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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 Group'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 operating 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Report on other legal and regulatory requirements**

In our opinion, due to the impact of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted financial statements were not prepared in accordance with the requirements of section 273 of the Companies and Other Business Entities Act (Chapter 24:31).



**BDO Zimbabwe**  
**Chartered Accountants**  
**Per: Davison Madhigi CA(Z)**  
**Partner**  
**Registered Public Auditor**  
**PAAB Certificate No: 0610**

**28 September 2022**

**Kudenga House**  
**3 Baines Avenue**  
**Harare**

# Group Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2022

	Notes	INFLATION ADJUSTED		* HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Revenue</b>	8	75 534 061 569	57 011 862 538	40 796 914 050	18 185 771 782
<b>Cost of sales</b>		(47 929 510 970)	(43 260 390 142)	(25 000 950 037)	(12 653 517 198)
<b>Gross profit</b>		<b>27 604 550 599</b>	<b>13 751 472 396</b>	<b>15 795 964 013</b>	<b>5 532 254 584</b>
other income	9	1 378 075 570	1 306 401 920	797 346 770	318 086 780
operating expenses	10	(14 426 590 831)	(9 125 142 889)	(8 750 542 354)	(2 815 748 175)
net impairment loss on trade and other receivables	10	(107 761 116)	(137 116 948)	(52 005 389)	(42 970 318)
<b>Operating profit before impairment, depreciation and fair value adjustments</b>		<b>14 448 274 222</b>	<b>5 795 614 479</b>	<b>7 790 763 040</b>	<b>2 991 622 871</b>
financial income	11	2 446 564 665	1 656 026 617	1 075 629 457	463 946 905
depreciation of property plant and equipment and right of use assets		(1 545 035 682)	(907 490 177)	(468 301 206)	(186 823 861)
property plant and equipment	17	(822 902 583)	(310 148 627)	(119 800 614)	(49 630 290)
right of use assets	19	(722 133 099)	(597 341 550)	(348 500 592)	(137 193 571)
net monetary loss		(7 037 959 509)	(2 772 699 938)	-	-
fair value adjustments on listed equities		18 720 384	(10 003 035)	52 744 154	53 726 524
<b>Profit before interest, equity accounted earnings and tax</b>		<b>8 330 564 080</b>	<b>3 761 447 946</b>	<b>8 450 835 445</b>	<b>3 322 472 439</b>
interest income	12	163 004 273	112 233 589	75 173 075	32 737 573
interest expense	13	(1 381 230 644)	(1 203 180 518)	(827 208 495)	(400 805 045)
equity accounted earnings	20.1	310 437 760	346 279 801	184 485 581	96 522 909
<b>Profit before tax</b>		<b>7 422 775 469</b>	<b>3 016 780 818</b>	<b>7 883 285 606</b>	<b>3 050 927 876</b>
tax expense	14	(2 827 158 642)	(1 177 150 103)	(2 371 460 640)	(802 950 961)
<b>Profit for the year</b>		<b>4 595 616 827</b>	<b>1 839 630 715</b>	<b>5 511 824 966</b>	<b>2 247 976 915</b>
<b>Other comprehensive income - to be recycled to profit or loss</b>					
exchange differences arising on the translation of foreign operations - net of tax		1 274 410 593	19 195 505	1 274 410 593	19 195 505
<b>Other comprehensive income for the year, net of tax</b>		<b>1 274 410 593</b>	<b>19 195 505</b>	<b>1 274 410 593</b>	<b>19 195 505</b>
<b>Total comprehensive income for the year</b>		<b>5 870 027 420</b>	<b>1 858 826 220</b>	<b>6 786 235 559</b>	<b>2 267 172 420</b>
<b>Profit for the year attributable to:</b>					
equity holders of the parent		2 376 841 080	1 056 968 441	3 154 442 287	1 251 749 304
non-controlling interests		2 218 775 747	782 662 274	2 357 382 679	996 227 611
		<b>4 595 616 827</b>	<b>1 839 630 715</b>	<b>5 511 824 966</b>	<b>2 247 976 915</b>
<b>Total comprehensive income for the year attributable to:</b>					
equity holders of the parent		2 842 189 278	1 056 355 677	3 619 790 485	1 251 136 540
non-controlling interests		3 027 838 142	802 470 543	3 166 445 074	1 016 035 880
		<b>5 870 027 420</b>	<b>1 858 826 220</b>	<b>6 786 235 559</b>	<b>2 267 172 420</b>
<b>Earnings per share (cents)</b>					
Basic earnings per share	6	427.49	191.43	567.35	226.70
Headline earnings per share	6	424.61	189.23	565.94	226.14
Diluted basic earnings per share	6	427.49	189.82	567.35	224.80
Diluted headline earnings per share	6	424.61	187.64	565.94	224.24

\* Historic cost results are included as supplementary information. Refer to note 2.2

# Group Statement of Financial Position

As at 30 June 2022

	Notes	INFLATION ADJUSTED		* HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>ASSETS</b>					
<b>Non-current assets</b>					
property, plant and equipment	17	4 812 119 953	3 096 138 421	1 801 692 440	385 117 739
intangible assets	18	309 636 469	94 389 067	80 739 351	5 023 008
right of use assets	19	1 466 403 950	1 121 801 931	922 448 735	246 505 771
investments in associates and joint ventures	20.1	698 697 441	1 058 333 039	304 011 408	151 023 208
deferred tax assets	31	52 098 597	143 537 015	732 238 221	119 397 863
		<b>7 338 956 410</b>	<b>5 514 199 473</b>	<b>3 841 130 155</b>	<b>907 067 589</b>
<b>Current assets</b>					
financial assets at fair value through profit or loss	22	256 283 632	264 665 958	256 283 632	90 775 007
inventories	23	17 856 793 305	9 635 211 902	12 545 324 301	3 072 349 116
trade and other receivables	24	11 153 372 997	7 832 172 868	10 273 309 596	2 711 378 595
cash and cash equivalents		2 862 551 934	1 721 310 008	2 862 551 934	691 539 544
		<b>32 129 001 868</b>	<b>19 453 360 736</b>	<b>25 937 469 463</b>	<b>6 566 042 262</b>
<b>Total assets</b>		<b>39 467 958 278</b>	<b>24 967 560 209</b>	<b>29 778 599 618</b>	<b>7 473 109 851</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
ordinary share capital	25.2	7 372 467	7 371 531	55 600	55 215
share premium	28	58 789 820	47 338 414	3 620 572	2 186 350
share based payments reserve	26	-	8 908 249	-	392 800
non-distributable reserves	27	535 705 799	70 357 601	535 705 799	70 357 601
distributable reserves	29	8 870 917 677	7 102 751 869	4 328 019 352	1 558 544 205
<b>Attributable to equity holders of the parent</b>		<b>9 472 785 763</b>	<b>7 236 727 664</b>	<b>4 867 401 323</b>	<b>1 631 536 171</b>
non-controlling interests		8 006 266 747	5 309 564 379	4 140 163 100	1 338 190 824
<b>Total shareholders' equity</b>		<b>17 479 052 510</b>	<b>12 546 292 043</b>	<b>9 007 564 423</b>	<b>2 969 726 995</b>
<b>Non-current liabilities</b>					
deferred tax liabilities	31	1 504 549 175	1 490 993 095	286 678 602	89 033 168
lease liabilities	33	617 665 829	367 576 303	617 665 829	144 386 790
		<b>2 122 215 004</b>	<b>1 858 569 398</b>	<b>904 344 431</b>	<b>233 419 958</b>
<b>Current liabilities</b>					
interest-bearing borrowings	32	5 915 639 657	2 924 705 777	5 915 639 657	1 238 526 704
lease liabilities	33	281 524 908	345 813 679	281 524 908	118 632 480
trade and other payables	34	10 732 888 925	5 806 974 644	10 732 888 925	2 365 788 578
provisions	35	451 145 867	165 910 789	451 145 867	59 751 795
current tax liabilities		2 485 491 407	1 319 293 879	2 485 491 407	487 263 341
		<b>19 866 690 764</b>	<b>10 562 698 768</b>	<b>19 866 690 764</b>	<b>4 269 962 898</b>
<b>Total liabilities</b>		<b>21 988 905 768</b>	<b>12 421 268 166</b>	<b>20 771 035 195</b>	<b>4 503 382 856</b>
<b>Total equity and liabilities</b>		<b>39 467 958 278</b>	<b>24 967 560 209</b>	<b>29 778 599 618</b>	<b>7 473 109 851</b>

\* Historic cost results are included as supplementary information. Refer to note 2.2



**LEM NGWERUME**  
Chairman  
28 September 2022



**R M RAMBANAPASI**  
Executive Director  
28 September 2022

# Group Statement of Changes in Equity

for the year ended 30 June 2022

## INFLATION ADJUSTED

	Attributable to equity holders of the parent					Total ZWL	Non- controlling Interests ZWL	Total ZWL
	Ordinary Share Capital ZWL	Share premium ZWL	Share based payments reserve ZWL	Non- Distributable Reserves ZWL	Distributable Reserves ZWL			
<b>Balance at 30 June 2020</b>	<b>7 369 373</b>	<b>5 343 364</b>	<b>44 926 460</b>	<b>70 970 365</b>	<b>6 904 909 549</b>	<b>7 033 519 111</b>	<b>5 260 867 460</b>	<b>12 294 386 571</b>
<i>Profit for the year</i>	-	-	-	-	1 056 968 441	1 056 968 441	782 662 274	1 839 630 715
<i>Other comprehensive (loss)/ income</i>	-	-	-	(612 764)	-	(612 764)	19 808 269	19 195 505
<b>Total comprehensive (loss)/ income</b>	-	-	-	<b>(612 764)</b>	<b>1 056 968 441</b>	<b>1 056 355 677</b>	<b>802 470 543</b>	<b>1 858 826 220</b>
Issue of shares through exercising share options	2 158	5 337 177	-	-	-	5 339 335	-	5 339 335
Realisation of share option reserve	-	36 657 873	(36 657 873)	-	-	-	-	-
Recognition of share based payments expense	-	-	639 662	-	-	639 662	-	639 662
Dividends declared (note 7.2)	-	-	-	-	(859 126 121)	(859 126 121)	(753 773 624)	(1 612 899 745)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>7 371 531</b>	<b>47 338 414</b>	<b>8 908 249</b>	<b>70 357 601</b>	<b>7 102 751 869</b>	<b>7 236 727 664</b>	<b>5 309 564 379</b>	<b>12 546 292 043</b>
<i>Profit for the year</i>	-	-	-	-	2 376 841 080	2 376 841 080	2 218 775 747	4 595 616 827
<i>Other comprehensive income</i>	-	-	-	465 348 198	-	465 348 198	809 062 395	1 274 410 593
<b>Total comprehensive income</b>	-	-	-	<b>465 348 198</b>	<b>2 376 841 080</b>	<b>2 842 189 278</b>	<b>3 027 838 142</b>	<b>5 870 027 420</b>
Issue of shares through exercising share options	936	2 461 146	-	-	-	2 462 082	-	2 462 082
Realisation of share option reserve	-	8 990 260	(8 990 260)	-	-	-	-	-
Recognition of share based payments expense	-	-	82 011	-	-	82 011	-	82 011
Dividends declared (note 7.2)	-	-	-	-	(608 675 272)	(608 675 272)	(1 112 150 030)	(1 720 825 302)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	781 014 256	781 014 256
<b>Balance at 30 June 2022</b>	<b>7 372 467</b>	<b>58 789 820</b>	-	<b>535 705 799</b>	<b>8 870 917 677</b>	<b>9 472 785 763</b>	<b>8 006 266 747</b>	<b>17 479 052 510</b>

# Group Statement of Changes in Equity

for the year ended 30 June 2022

\* HISTORICAL COST

	Attributable to equity holders of the parent					Total ZWL	Non- controlling Interests ZWL	Total ZWL
	Ordinary Share Capital ZWL	Share premium ZWL	Share based payments reserve ZWL	Non- Distributable Reserves ZWL	Distributable Reserves ZWL			
<b>Balance at 30 June 2020</b>	<b>54 647</b>	<b>338 511</b>	<b>773 859</b>	<b>70 970 365</b>	<b>559 221 121</b>	<b>631 358 503</b>	<b>519 917 224</b>	<b>1 151 275 727</b>
<i>Profit for the year</i>	-	-	-	-	1 251 749 304	1 251 749 304	996 227 611	2 247 976 915
<i>Other comprehensive (loss) / income</i>	-	-	-	(612 764)	-	(612 764)	19 808 269	19 195 505
<b>Total comprehensive (loss) / income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(612 764)</b>	<b>1 251 749 304</b>	<b>1 251 136 540</b>	<b>1 016 035 880</b>	<b>2 267 172 420</b>
Issue of shares through exercising share options	568	1 372 081	-	-	-	1 372 649	-	1 372 649
Realisation of share option reserve	-	475 758	(475 758)	-	-	-	-	-
Recognition of share based payments expense	-	-	94 699	-	-	94 699	-	94 699
Dividends declared (note 7.2)	-	-	-	-	(252 426 220)	(252 426 220)	(197 762 280)	(450 188 500)
<b>Balance at 30 June 2021</b>	<b>55 215</b>	<b>2 186 350</b>	<b>392 800</b>	<b>70 357 601</b>	<b>1 558 544 205</b>	<b>1 631 536 171</b>	<b>1 338 190 824</b>	<b>2 969 726 995</b>
<i>Profit for the year</i>	-	-	-	-	3 154 442 287	3 154 442 287	2 357 382 679	5 511 824 966
<i>Other comprehensive income</i>	-	-	-	465 348 198	-	465 348 198	809 062 395	1 274 410 593
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>465 348 198</b>	<b>3 154 442 287</b>	<b>3 619 790 485</b>	<b>3 166 445 074</b>	<b>6 786 235 559</b>
Issue of shares through exercising share options	385	1 007 930	-	-	-	1 008 315	-	1 008 315
Realisation of share option reserve	-	426 292	(426 292)	-	-	-	-	-
Recognition of share based payments expense	-	-	33 492	-	-	33 492	-	33 492
Dividends declared (note 7.2)	-	-	-	-	(384 967 140)	(384 967 140)	(639 205 293)	(1 024 172 433)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	274 732 495	274 732 495
<b>Balance at 30 June 2022</b>	<b>55 600</b>	<b>3 620 572</b>	<b>-</b>	<b>535 705 799</b>	<b>4 328 019 352</b>	<b>4 867 401 323</b>	<b>4 140 163 100</b>	<b>9 007 564 423</b>

\* Historic cost results are included as supplementary information. Refer to note 2.2

# Group Statement of Cash Flows

for the year ended 30 June 2022

	Notes	INFLATION ADJUSTED		* HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Cash generated from operations</b>	<b>15.1</b>	<b>2 723 887 311</b>	<b>1 098 515 646</b>	<b>3 451 780 368</b>	<b>862 063 567</b>
interest income		163 004 273	112 233 590	75 173 075	32 737 573
interest expense		(1 383 384 925)	(1 203 180 518)	(829 362 776)	(400 805 045)
tax paid	15.2	(1 484 184 572)	(1 622 847 620)	(716 265 744)	(523 393 755)
<b>Total cash generated from / (utilised in) operating activities</b>		<b>19 322 087</b>	<b>(1 615 278 902)</b>	<b>1 981 324 923</b>	<b>(29 397 660)</b>
Investing activities	15.3	(3 072 355 404)	(1 170 076 953)	(1 693 390 826)	(319 397 669)
<b>Net cash (outflow) / inflow before financing activities</b>		<b>(3 053 033 317)</b>	<b>(2 785 355 855)</b>	<b>287 934 097</b>	<b>(348 795 329)</b>
<b>Financing activities</b>		<b>4 194 275 243</b>	<b>1 166 688 561</b>	<b>1 883 078 293</b>	<b>382 736 855</b>
dividends paid by holding company	7.1	(608 675 272)	(859 126 121)	(384 967 140)	(252 426 220)
dividends paid by subsidiaries to non-controlling interests	7.2	(1 010 082 208)	(722 716 967)	(537 137 472)	(187 147 280)
issue of new shares		2 462 082	5 339 335	1 008 315	1 372 649
cash payments for the principal portion of the lease liabilities		(785 511 014)	(422 316 500)	(379 086 726)	(121 761 739)
proceeds from interest-bearing borrowings	15.4	13 240 546 242	5 804 704 917	6 389 872 178	1 719 660 738
repayment of interest-bearing borrowings	15.4	(6 644 464 587)	(2 639 196 103)	(3 206 610 862)	(776 961 293)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1 141 241 926</b>	<b>(1 618 667 294)</b>	<b>2 171 012 390</b>	<b>33 941 526</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1 721 310 008</b>	<b>3 339 977 302</b>	<b>691 539 544</b>	<b>657 598 018</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>2 862 551 934</b>	<b>1 721 310 008</b>	<b>2 862 551 934</b>	<b>691 539 544</b>

\* Historic cost results are included as supplementary information. Refer to note 2.2

# Notes to the Financial Statements

## for the year ended 30 June 2022

### 1 Corporate Information

The consolidated financial statements of Axia Corporation Limited for the year ended 30 June 2022 were authorized for issue in accordance with a resolution of the Directors on 28 September 2022. Axia Corporation Limited is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. The Group operates within the speciality retail and distribution industries selling products such as homeware furniture, electrical appliances and automotive spares and accessories as well as the distribution of many local and international branded FMCG products into the general retail and wholesale sectors whilst offering logistics, transport, marketing, merchandising, storage and maintenance services thereon. The registered office is 1st Floor, Edward Building, Corner Nelson Mandela/First Street, Harare and the physical address of the Corporate office is 8 Cambridge Avenue, Newlands, Harare.

### 2 Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements, except for adherence to International Accounting Standard ("IAS") 21, 'The Effects of Changes in Foreign Exchange Rates'. The principal accounting policies of the Group are consistent with those applied in the previous annual financial statements.

The Directors note that there are varied interpretations and applications of Statutory Instrument 85 of 2020 (SI85/2020) and Exchange control circular No.3 of 2022 with relation to pricing of goods in foreign currency and the exchange rates thereto. These interpretations have a bearing on the application of International Accounting Standard 21 (IAS 21 - The Effects of Changes in Foreign Exchange rates) with respect to converting domestic transactions conducted in foreign currencies.

#### 2.1 Going concern

The Directors have satisfied themselves that the Group and Company are in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the consolidated and separate financial statements.

#### 2.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards, the requirements of the Companies and Other Business Entities Act (Chapter 24:31), ZSE Listing rules and relevant statutory instruments. The financial records were prepared based on statutory records that are maintained under the historical cost convention and adjusted for the effects of applying International Accounting Standard 29 ("IAS") 'Financial Reporting in Hyperinflationary Economies'. The consolidated financial statements are presented in Zimbabwe Dollars (ZWL) and all values are rounded to the nearest dollar (ZWL1), except where otherwise indicated.

#### Compliance with International Accounting Standard 29: Financial reporting in hyperinflationary economies

The inflation adjusted financial statements represent the primary financial statements of the Group with historical cost financial statements have been provided by way of supplementary information.

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 balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Central Statistical Office. The conversion factors used to restate the financial statements at 30 June 2022 are as follows:

	Indices	Conversion factor
CPI on 30 June 2022	8 707.35	1.00
CPI on 30 June 2021	2 986.44	2.9156
Average CPI - 12 months to 30 June 2022	4 600.51	2.072

### 3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 3 Basis of consolidation (continued)

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss and;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

### 4 Changes in accounting policies and disclosures

#### 4.1 Adoption of new and revised standards that are relevant to the Group

Several other amendments and interpretations apply for the first time in the financial year ended 30 June 2022, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group did not receive any COVID-19 related concessions in the financial year hence this amendment had no impact on the Group financial statements.

#### 4.2 New and revised standards in issue but not yet effective that are relevant to the Group

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. These amendments are effective for the periods beginning on or after 1 January 2022.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 4 Changes in accounting policies and disclosures (continued)

#### 4.3 Adoption of new and revised standards (continued)

##### **Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).**

- a) Following the withdrawal of previous revenue standards (IAS 11, IAS 18), entities are required to apply IAS 37 instead of a revenue standard to assess whether contracts are onerous since IFRS 15 does not regulate this matter.
- b) Previously IAS 11 specified which costs to include, but IAS 37 did not.
- c) The amendment requires that all costs that relate directly to the contract, and not only incremental costs be included in calculating the provision.

The Group does not see this standard having an impact on its financial statements when it becomes effective.

##### **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)**

- a) The amendments prohibit deduction of proceeds from selling items produced before intended use (activation) of PPE from the cost of PPE.
- b) Clarification of what is “testing”.
- c) Specific guidance for measurement of cost of sold items from testing is not provided (IAS 2 applies).
- d) New disclosure requirement that if not presented separately in the Statement of Comprehensive Income, the financial statements shall also disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The Group does not see this standard having an impact on its financial statements when it becomes effective.

##### **References to Conceptual Framework (Amendments to IFRS 3)**

IFRS 3:11 amended to refer to the – 2018 version of the Conceptual Framework for Financial Reporting. IFRS 3 has also been amended in respect of the specific requirements for transactions and other events within the scope of IAS 37 or IFRIC 21:

- a) For a provision or contingent liability that would be within the scope of IAS 37, the acquirer shall apply IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.
- b) For a levy that would be within the scope of IFRIC 21, the acquirer shall apply IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred at the acquisition date.
- c) The acquirer shall not recognise a contingent asset at the acquisition date.

The Group does not see this standard having a significant impact on its financial statements when it becomes effective.

##### **Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)**

- a) The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.
- b) Further amendments explain how an entity can identify a material accounting policy.
- c) Examples of when an accounting policy is likely to be material are added.
- d) To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The Group is still assessing the full impact this standard on its financial statements when it becomes effective.

##### **Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)**

- a) In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current.
- b) The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- c) These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.
- d) The amendments also clarify that ‘settlement’ includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument.
- e) The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Group does not see this standard having an impact on its financial statements when it becomes effective.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 4. Changes in accounting policies and disclosures (continued)

#### 4.4 Adoption of new and revised standards (continued)

##### Definition of Accounting Estimates (Amendments to IAS 8)

- a) The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.
- b) Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- c) Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- d) The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Group is still assessing the full impact this standard on its financial statements when it becomes effective.

##### Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The Group is still assessing the full impact this standard on its financial statements when it becomes effective.

### 5 Summary of significant accounting policies

#### Revenue recognition

The Group recognises revenue according to the following 5 – step model:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is presented net of discounts, rebates, returned products and other customer claims. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:

##### Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Sale of goods includes sale of furniture, household appliances, automotive spares and accessories, electronics and fast-moving consumer products such as perishable and non-perishable food and beverages.

Sales-related warranties associated with furniture, electronics and automotive spares cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

##### Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period for reasons such as damaged or near expiry products delivered. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, the Group recognises a contract liability processed against revenue. The related provision (contract liability) processed against revenue was ZWL 42 585 137 (2021: ZWL 71 656 993).

##### Volume rebates

The Group (particularly in the distribution business) provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are accounted by netting-off against the related revenue.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

##### Interest income

Revenue is recognised as interest accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

##### Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is when the respective investee company shareholders have approved the dividends.

#### Employee benefits

##### Short-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions are recognised during the period in which the employee renders the related service. The Group recognises the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

##### Retirement benefit costs

Retirement benefits are provided for Group employees through the Inncor Africa Pension Fund, the National Social Security Authority, the National Employment of the Motor Industry Pension Fund, Nico Life Insurance Company Limited (Malawi) and National Pension Scheme Authority (Zambia). The Group's pension schemes are defined contribution schemes and the cost of retirement benefits is determined by the level of contributions made in terms of the rules. Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

All eligible employees contribute to the National Social Security Authority (Zimbabwe) defined contribution pension scheme, or the equivalent in foreign subsidiaries. The cost of retirement benefits applicable to the National Social Security Authority, which commenced operations on 1 October 1994, is determined by the systematic recognition of legislated contributions.

##### Share based payments

The Group issues share options to certain employees. The options are measured at fair value at the date of grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest and the corresponding equity is disclosed in a share option reserve which forms part of equity.

The fair value is determined using the binomial option pricing model. The value transferred to the share option reserve is amortised to equity as the related share options are exercised or forfeited.

##### Equity Settled Transactions

Equity settled share-based payment transactions with parties other than employees are measured at fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

#### Leases

The Group assesses at contract inception whether a contract is or contains a lease. That is, if the contract conveys substantive rights to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee applies a single recognition and measurement approach for all leases except for short term and low value leases where the Group has elected to make use of the recognition exemptions provided for in IFRS 16. For other leases which do not meet the exemption criteria, the Group recognises lease liabilities together with the corresponding right of use assets which represents the right to use underlying assets.

##### Right of use assets

The Group recognises the right of use assets at commencement date of the lease. These assets are measured at cost, less accumulated depreciation, impairment losses and any adjustment for any remeasurement of lease liabilities. The right of use cost includes amount of lease liabilities recognised present valued, initial direct costs incurred, lease payments made before or after commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying asset. These assets are also subject to impairment which is assessed in a similar way to property, plant and equipment explained under, 'Impairment of non-financial assets'.

##### Lease liabilities

At lease commencement date, the Group recognises lease liabilities measured at the present value of contractual lease payments paid over the lease term. The lease payments include in substance fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts payable under a residual value guarantee. Variable lease payments that do not depend on an index or rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Revenue recognition (continued)

The Group makes use of the incremental borrowing rate to discount future lease payments at lease commencement date as implicit interest rate is not readily determinable. The Group's borrowing rate which was used ranges from 10 to 40% for local leases and 18% for regional leases. After the commencement date, the lease liability amount is increased to reflect cumulation of interest and abated for lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification i.e. a change in contractual lease term, a change in lease payments or a change in the option to purchase the underlying asset.

#### Foreign currency translation

The Group's financial statements are presented in Zimbabwe Dollars, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss except for differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. The tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income. Non-monetary items that are measured in terms of the historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the dates when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

#### Foreign operations

Assets and liabilities of subsidiary companies denominated in foreign currencies are translated into Zimbabwe Dollars at rates of exchange ruling at reporting date and their statements of profit or loss and other comprehensive income results are translated at the average rate of exchange for the period. The average rate of exchange is calculated by dividing the summation of the opening rate to the closing rate by two. Where there are drastic movements between the opening and closing rates of exchange, the statement of profit or loss and comprehensive income results is translated on a month on-month basis using the average rate of exchange for each month. Differences on exchange arising from translation of assets and liabilities at the rate of exchange ruling at reporting date and translation of statement of comprehensive income items at average rates, are recognised in other comprehensive income. Upon divestment from a foreign operation, translation differences related to that entity are taken to profit or loss.

#### Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed, and the amount recognised for non-controlling interest. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as bargain purchase gain. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Business combinations and Goodwill (continued)

##### Common control business combinations

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Such acquisition does not meet the definition of a business combination in accordance with IFRS 3 'Business Combinations'. The Group's policy is to treat such an acquisition as a group restructuring, using the common control method, as follows:

- The assets, liabilities and reserves of the acquired entity/entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, that would otherwise be required by IFRS 3.
- No new goodwill is recognised as a result of the restructuring. The only goodwill recognised is the existing goodwill in the business as reflected in the consolidated financial statements of the selling entity; and
- The statement of profit or loss and comprehensive income reflects the results of the Group from the effective date of such transaction.

##### Property, plant and equipment

Plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are requiring replacement in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is carried at cost whereas buildings are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets such that the cost is reduced to the residual values of the assets over the useful lives of the assets.

The various rates of depreciation are listed below:

- Freehold property - 2%
- Leasehold improvements - the lesser of period of lease or 10 years
- Fittings and Equipment - 10% - 25%
- Vehicles - 12.5% - 25%

The carrying values of plant and equipment are reviewed for impairment annually, or earlier where indications are that the carrying value may be irrecoverable. When the carrying amount exceeds the estimated recoverable amount, assets are written down to the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognised.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Group, and prospectively adjusted if necessary, on an annual basis. Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal or less than the residual value.

##### Intangible assets

###### (i) Goodwill

Goodwill is measured as described in note above on business combinations

###### (ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

#### (iii) Amortisation methods and periods

The group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- IT development and software 3–5 years

#### Impairment of non-financial assets

The Group assesses at each reporting date, or earlier where indications that impairment exists, whether an asset may be impaired. This entails estimating the asset's recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. Where the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For non-financial assets including goodwill, an assessment is made at each reporting date as to whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount. However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to profit or loss.

After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

#### Investments in associates and joint ventures

The Group's investments in associates and joint ventures are accounted for using the equity method of accounting. Associates are entities in which the Group exercises significant influence and which are neither subsidiaries nor jointly controlled operations. Joint ventures are joint arrangements whereby the parties that have joint control have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment or a portion thereof, is classified as held for sale, in which case it is accounted in accordance with IFRS 5, 'Non-current Assets held for Sale and Discontinued Operations'.

Under the equity method, an investment in an associate or a joint venture are initially carried in the statement of financial position at cost. Subsequently, the investments in associates or joint ventures are carried at cost plus post-acquisition changes in the Group's share of the reserves of the associate or joint venture, less dividends received from the associate or joint venture. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment.

The statement of profit or loss and other comprehensive income reflects the share of the results of operations of the associates or joint ventures attributable to the Group.

Where there have been changes recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains or losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associate.

The financial statements of an associate or joint venture are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate or investment in joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence, and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The Group continues to use the equity method when an investment in associate becomes an investment in joint venture or when an investment in joint venture becomes an investment in associate. There is no remeasurement to fair value upon such changes in ownership interests.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Investments in associates and joint ventures (continued)

When the Group reduces its ownership interest in an associate or joint venture, but the Group continues to use the equity method, the Group reclassifies to profit or loss the portion of the gain or loss that had previously been recognised on other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on disposal of the related assets and liabilities.

#### Investments in subsidiaries (held in the separate books of the company)

Subsidiaries are companies in which the holding Company controls. Control is achieved where the Company has power over more than one half of the voting rights or the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Investments in subsidiaries are initially carried in the statement of financial position at cost. Where an indication of impairment exists, the recoverable amount of investment is assessed. Where the carrying amount of the investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to profit or loss. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### (i) Amortised cost and effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Financial instruments (continued)

#### Classification of financial assets (continued)

#### (ii) Amortised cost and effective interest rate method (continued)

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the "interest income" line item disclosed under note 12.

#### (iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

Dividends are included in the 'financial income' line item disclosed under note 11 in profit or loss.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Financial instruments (continued)

#### Financial assets (continued)

#### Classification of financial assets (continued)

##### (iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has designated the derivative financial asset (note 22) as a debt instrument at FVTPL.
- Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'financial income' line item disclosed under note 11 and "fair value adjustments on listed equities" line disclosed under note 22.

#### Foreign exchange gains or losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'financial income' line item disclosed under note 11; and
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'financial income' line item disclosed under note 11.

#### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime Expected Credit Losses ("ECL") for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

##### (i) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more default criterion is more appropriate.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Financial instruments (continued)

#### Financial assets (continued)

#### Impairment of financial assets (continued)

#### (ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower.
- b) a breach of contract, such as a default or past due event (see (i) above).
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

#### (iii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### Financial liabilities

#### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised when the proceeds are received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Financial instruments (continued)

#### Financial liabilities (continued)

#### Financial liabilities at FVTPL (continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'interest paid' line item (note 13) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in note 22.

#### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'financial income' line item in profit or loss (note 11) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the

consideration paid and payable is recognised in profit or loss.

#### Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held on call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### Inventories

Inventories are stated at the lower of cost and estimated net realisable value. In general, cost is established on a weighted average cost basis. Cost of inventories shall comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for financial services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

#### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Provisions (continued)

The expense relating to any provision is presented in profit or loss net of any certain reimbursements. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in profit or loss as a borrowing cost.

#### Provision for warranty claims

In respect of provision for warranty claims, the Group warrants its television products and certain component parts of electronic appliances as well as some automotive spares. The provision is made on the basis of previous experience of the incidence of such claims.

#### Leave pay liability

Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timings of the cash outflows are by their nature uncertain.

#### Contingent liabilities

Contingent liabilities, which include certain financial guarantees, litigation and other letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

#### Taxes

##### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or in other comprehensive income and not in profit or loss.

##### Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credit and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Taxes (continued)

#### Deferred income tax (continued)

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same tax authority.

#### Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax except where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of Value Added Tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

#### Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group's Executive Directors.

#### Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest dollar unless otherwise stated.

#### Key estimates, uncertainties and judgements

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

#### (i) Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out on property, plant and equipment policy above and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value.

#### (ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the value of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to note 31 for more information on the evidence supporting recognition of deferred tax assets.

#### (iii) Provision for obsolete stock

The provision for obsolescence is based on assessment of quality of stock through sampling. Inventory that no longer meets minimum quality standards as a result of damage or exceeding standard shelf life is classified as obsolete. Inventory relating to discontinued products is also classified as obsolete. Refer to note 23 for more information on the carrying amount of inventory and the provision for obsolete stock.

#### (iv) Allowance for Expected Credit Losses

The expected credit losses of financial assets are estimated in a way that reflects the following:

- An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information about past events, current conditions and forecasts of economic conditions that is available without undue cost or effort at the reporting date

#### (v) Valuation of United States Dollar denominated assets and liabilities

The Group applied significant judgement in estimating the rate of exchange between the Zimbabwe Dollar (ZWL) and United States Dollar (US\$) from the time that the company established that there is lack of exchangeability which is other than temporary, between the ZWL and the US\$.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 5 Summary of significant accounting policies (continued)

#### Key estimates, uncertainties and judgements

In determining the closing rate applied at year end, the Group considered the following inputs:

- The official rate of inflation
- The exchange rate at which the company was accessing foreign currency on the foreign exchange auction
- The backlog of allocated bids on the foreign exchange auction and its impact on business operations
- The amount of Free funds generated from sales to customers utilised in business operations.

### 6 Earnings per share

#### 6.1 Basic earnings basis

The indigenisation share options with an indigenus company had no dilutive effect at the end of the financial year.

#### 6.2 Diluted earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting for the conversion of share options. Share options are considered for dilution if the average market price of ordinary shares during the year exceeds the exercise price of such options.

The employee share options had a dilutive impact at year end. Refer to note 25.4 for more information on share options.

#### 6.3 Headline earnings basis

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.

The following reflects the income and share data used in the basic, headline and diluted earnings per share computations:

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>6.4 Number of shares in issue</b>				
Number of ordinary shares in issue per basic and headline earnings per share	556 000 308	552 150 308	556 000 308	552 150 308
Effect of share options	-	4 671 784	-	4 671 784
<b>Weighted average number of ordinary shares in issue adjusted for the effect of dilution</b>	<b>556 000 308</b>	<b>556 822 092</b>	<b>556 000 308</b>	<b>556 822 092</b>
<b>6.5 Reconciliation of basic earnings to headline earnings:</b>				
Profit for the year attributable to equity holders of the parent	2 376 841 080	1 056 968 441	3 154 442 287	1 251 749 304
Adjustment for capital items (gross of tax):				
Profit on disposal of equipment and motor vehicles	(41 815 358)	(19 683 216)	(20 523 979)	(5 592 753)
Impairment of goodwill	-	4 714 525	-	1 518 199
Tax effect on adjustments	10 404 440	1 096 699	5 141 212	385 758
Non-controlling interests' share of adjustments	15 406 812	1 716 000	7 549 766	551 851
<b>Headline earnings attributable to equity holders of the parent</b>	<b>2 360 836 974</b>	<b>1 044 812 449</b>	<b>3 146 609 286</b>	<b>1 248 612 359</b>
Basic earnings per share (cents)	427.49	191.43	567.35	226.70
Headline earnings per share (cents)	424.61	189.23	565.94	226.14
Diluted basic earnings per share (cents)	427.49	189.82	567.35	224.80
Diluted headline earnings per share (cents)	424.61	187.64	565.94	224.24

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 7 Dividends

Dividends paid per share are based on the ordinary number of shares in issue on the effective date of declaration and entitlement of the ordinary shares to the dividend. In addition, the current year interim dividend of 66 ZWL cents per share was declared and paid to ordinary shareholders whilst ZWL 18 100 000 was declared and paid to Axia Corporation Employee Share Trust (Private) Limited.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>7.1 Dividends declared and paid on ordinary shares</b>				
Final dividend declared relating to previous financial year	-	400 054 664	-	105 749 395
Interim dividend declared	580 057 184	420 143 537	366 867 140	135 276 825
<b>Axia employee share ownership trust (Class "A" ordinary share dividends)</b>	<b>28 618 088</b>	<b>38 927 920</b>	<b>18 100 000</b>	<b>11 400 000</b>
Final dividend declared relating to previous financial year	-	19 671 926	-	5 200 000
Interim dividend declared	28 618 088	19 255 994	18 100 000	6 200 000
	<b>608 675 272</b>	<b>859 126 121</b>	<b>384 967 140</b>	<b>252 426 220</b>

Based on the historical results, the Board has declared a final dividend of ZWL\$1.10 (110 ZWL cents) per share in respect of all ordinary shares of the Company. This brings the total dividend paid for the year to ZWL\$1.76 (ZWL 176 ZWL cents). The Board has also declared a final dividend totaling ZWL\$30 million to the Axia Corporation Employee Trust (Private) Limited. This brings the total dividend paid for the year to ZWL\$1.76 (ZWL 176 cents).

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>7.2 Dividends declared by subsidiaries to non-controlling interests</b>				
<b>Declared and paid</b>				
TV Sales & Home (Private) Limited	306 969 701	327 685 942	273 577 199	84 430 864
Equip (Private) Limited	4 137 310	6 851 368	1 996 661	1 946 779
Innscore Distribution Africa Limited	16 006 164	-	16 006 164	-
Distribution Group Africa (Private) Limited	450 668 958	361 173 951	180 758 254	93 096 112
Shipservice (Private) Limited	5 346 055	3 259 696	2 580 000	926 225
Geribrans Services (Private) Limited	226 954 020	23 746 010	62 219 194	6 747 300
<b>Total dividends declared and paid by subsidiaries to non-controlling interests</b>	<b>1 010 082 208</b>	<b>722 716 967</b>	<b>537 137 472</b>	<b>187 147 280</b>
<b>Declared but not paid at year end</b>				
Geribrans Services (Private) Limited	62 790 240	19 286 865	62 790 240	6 615 000
Distribution Group Africa (Private) Limited	-	11 769 792	-	4 000 000
TV Sales & Home (Private) Limited	39 277 581	-	39 277 581	-
<b>Total dividends for the year declared by subsidiaries to non-controlling interests</b>	<b>1 112 150 030</b>	<b>753 773 624</b>	<b>639 205 293</b>	<b>197 762 280</b>

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>8 Revenue</b>				
Sale of goods	73 875 226 710	56 530 839 175	39 928 923 222	18 074 305 925
Interest on instalment credit sales	1 658 834 859	481 023 363	867 990 828	111 465 857
	<b>75 534 061 569</b>	<b>57 011 862 538</b>	<b>40 796 914 050</b>	<b>18 185 771 782</b>

Sale of goods includes sale of furniture, household appliances and electronics and fast-moving consumer products such as perishable and non-perishable food and beverages.

The Group has disaggregated revenue by operating segments as this is the information regularly reviewed by the the Board, which is the Chief Operating Decision Maker (CODM) in order to evaluate the financial performance of the entity. Refer to note 37 for more information.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>9 Other income</b>				
Sundry income and sales	689 312 075	859 686 952	464 950 310	168 888 255
Rental income of excess space	10 222 424	5 560 842	4 933 330	1 935 612
Merchandising	678 541 071	441 154 126	327 463 130	147 262 913
	<b>1 378 075 570</b>	<b>1 306 401 920</b>	<b>797 346 770</b>	<b>318 086 780</b>

Included in sundry income is the sale of non-core business items such as sale of raw materials and commissions.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>10 Operating expenses</b>					
Staff costs		6 382 567 487	3 695 248 922	3 993 525 485	1 178 022 890
Audit fees and expenses	10.1	340 861 439	123 683 230	164 499 333	40 937 873
Operating lease charges		196 473 672	279 517 359	94 817 965	96 398 818
Distribution costs		1 007 657 896	970 343 160	637 310 569	318 856 319
Repairs and maintenance		690 573 238	347 926 597	333 269 840	109 942 577
Electricity, water and rates		328 997 421	73 904 150	158 773 772	24 094 304
Commissions		561 722 610	213 884 372	271 086 677	69 060 066
Leave pay and warranty charges		907 978 209	148 529 724	421 417 863	45 541 918
Bank charges (including IMTT)		873 493 732	721 132 884	678 949 575	230 289 339
Security		277 141 225	134 233 562	133 748 032	43 159 747
Telephone and postage		37 415 955	54 056 628	18 056 896	17 280 946
Fuel		614 645 577	186 724 780	296 627 239	60 591 703
Advertising and marketing		83 894 979	112 272 623	40 487 619	35 436 806
Directors fees		124 073 211	16 630 285	59 877 587	8 245 185
Consultancy fees		267 464 439	187 841 202	177 347 702	60 593 936
Insurance and licenses		320 774 193	143 423 923	154 805 252	47 210 925
Inventories written off and obsolescence charges		569 305 798	319 449 533	435 587 555	107 845 686
Bad debts written off and allowance for credit losses		107 761 116	137 116 948	52 005 389	42 970 318
Other*		841 549 750	1 396 339 955	680 353 393	322 239 137
		<b>14 534 351 947</b>	<b>9 262 259 837</b>	<b>8 802 547 743</b>	<b>2 858 718 493</b>
* Other operating expenses comprise of legal fees, computer expenses, cleaning, listing fees, financial reporting expenses and printing & stationery, etc.					
Operating expenses are disclosed per income statement:					
-Operating expenses					
-net impairment loss on trade and other receivables		14 426 590 831	9 125 142 889	8 750 542 354	2 815 748 175
		107 761 116	137 116 948	52 005 389	42 970 318
<b>Total operating expenses</b>		<b>14 534 351 947</b>	<b>9 262 259 837</b>	<b>8 802 547 743</b>	<b>2 858 718 493</b>
		<b>2022 ZWL</b>	<b>2021 ZWL</b>	<b>2022 ZWL</b>	<b>2021 ZWL</b>
<b>10.1 Audit fees and expenses</b>					
Current year		340 861 439	123 683 230	164 499 333	40 937 873
<b>10.2 Included in operating expenses are share based payment expenses and key management's emoluments comprising of:</b>					
<b>10.2.1 Short term employee benefits</b>					
Equity-settled share-based payments expense	26	82 011	639 662	33 492	94 699
Executive directors and key management remuneration*		1 380 023 259	1 076 047 793	985 730 899	310 706 216
		<b>1 380 105 270</b>	<b>1 076 687 455</b>	<b>985 764 391</b>	<b>310 800 915</b>
* Key management are the Company's executives and senior management of the Group's subsidiary companies.					
<b>10.2.2 Non-executive directors fees</b>					
Independent, non-executive directors - fees		124 073 211	16 630 285	59 877 587	8 245 185
Non-independent, non-executive directors - fees and emoluments for other services		9 249 761	1 250 599	7 663 050	4 687 605
		<b>133 322 972</b>	<b>17 880 884</b>	<b>67 540 637</b>	<b>12 932 790</b>
<b>11 Financial income</b>					
Realised exchange (losses)/gains		(115 000 610)	1 264 400 147	(55 499 160)	320 997 801
<b>Net unrealised exchange gains</b>		<b>2 169 661 503</b>	<b>311 157 438</b>	<b>949 799 607</b>	<b>105 518 679</b>
unrealised exchange gains on foreign denominated bank balances		3 773 205 372	397 657 971	1 432 866 600	130 888 424
unrealised exchange losses on foreign payables and receivables		(1 603 543 869)	(86 500 533)	(483 066 993)	(25 369 745)
Profit on disposal of equipment		41 815 358	19 682 775	20 523 979	5 592 753
Fair value adjustment on derivative asset (note 22)		320 785 784	52 924 864	150 497 428	29 620 908
Dividends received from listed equity investments		29 302 630	7 861 393	10 307 603	2 216 764
		<b>2 446 564 665</b>	<b>1 656 026 617</b>	<b>1 075 629 457</b>	<b>463 946 905</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>12 Interest income</b>					
Bank deposits and short term investments		-	1 378 868	-	42 282
Other loans and receivables		163 004 273	110 854 721	75 173 075	32 695 291
		<b>163 004 273</b>	<b>112 233 589</b>	<b>75 173 075</b>	<b>32 737 573</b>
<b>13 Interest expense</b>					
Bank overdrafts and interest-bearing borrowings		1 068 027 282	1 071 478 152	676 056 918	360 437 397
Lease liability unwinding		313 203 362	131 702 366	151 151 577	40 367 648
		<b>1 381 230 644</b>	<b>1 203 180 518</b>	<b>827 208 495</b>	<b>400 805 045</b>

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>14 Tax expense</b>					
<b>14.1 Income tax charge</b>					
Current income tax charge		5 475 398 945	2 189 554 394	2 642 445 813	867 080 762
Withholding tax		6 184 080	5 813 787	2 959 763	1 267 863
Deferred tax (release) / charge	31.1	(2 654 424 383)	(1 018 218 078)	(273 944 936)	(65 397 664)
		<b>2 827 158 642</b>	<b>1 177 150 103</b>	<b>2 371 460 640</b>	<b>802 950 961</b>

		INFLATION ADJUSTED		HISTORICAL COST	
		2022 %	2021 %	2022 %	2021 %
<b>14.2 Tax rate reconciliation</b>					
Statutory rate of taxation, inclusive of AIDS levy		24.72	24.72	24.72	24.72
Adjusted for:					
Tax effect of equity accounted earnings		(1.03)	(2.84)	(0.58)	(0.78)
Regional rates		1.76	1.63	1.76	1.63
Unrecognised tax losses		-	0.20	-	0.20
IMTT		13.11	16.18	5.96	4.94
Other non-taxable/non-deductible items*		(0.28)	(0.66)	(1.78)	(4.39)
Effective tax rate		<b>38.28</b>	<b>39.23</b>	<b>30.08</b>	<b>26.32</b>

\*Other non-taxable and non-deductible items include, donations, fines and non-deductible legal expenses and fringe benefits.

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>15 Cash flow information</b>					
<b>15.1 Cash generated from operations</b>					
Profit before interest, equity accounted earnings and tax		8 330 564 080	3 761 447 946	8 450 835 445	3 322 472 439
Depreciation		1 545 035 682	907 490 177	468 301 206	186 823 861
Equity-settled share-based payment expense	26	82 011	639 662	33 492	94 699
Net monetary loss		7 037 959 509	2 772 699 938	-	-
Net unrealised exchange losses		1 603 543 869	86 500 533	483 066 993	25 369 745
Net movements on derivative financial asset	11	(320 785 784)	(52 924 864)	(150 497 428)	(29 620 908)
Fair value adjustments on equity investments	22	(18 720 384)	10 003 035	(52 744 154)	(53 726 524)
Inventories written-off and obsolescence charges		569 305 798	319 449 533	435 587 555	107 845 686
Allowance for credit losses		107 761 116	137 116 948	52 005 389	42 970 318
Increase in provision for leave pay, warranty charges and contract liabilities		907 978 209	148 529 724	421 417 863	45 541 918
IFRS 3 fair value adjustment on conversion of Joint Venture to a subsidiary		-	(24 275 030)	-	(8 325 912)
Goodwill written off on conversion of Joint Venture to subsidiary		-	4 426 460	-	1 518 199
Inflation effects on cash and cash equivalents		(14 895 071 838)	7 589 446 262	-	-
Profit on disposal of fixed assets		(41 815 358)	(19 682 775)	(20 523 979)	(5 592 753)
(Increase)/decrease in inventories		(6 719 891 500)	(12 234 715 925)	(8 192 252 437)	(2 099 902 786)
(Increase)/decrease in trade and other receivables		(1 367 242 766)	(3 949 078 472)	(6 635 574 585)	(1 842 645 437)
Increase/(decrease) in trade and other payables		6 033 287 281	1 545 705 450	8 215 339 273	1 193 904 506
(Decrease)/increase in provisions and other liabilities		(48 102 614)	95 737 044	(23 214 265)	(24 663 484)
		<b>2 723 887 311</b>	<b>1 098 515 646</b>	<b>3 451 780 368</b>	<b>862 063 567</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>15.2 Tax paid</b>					
Opening balance		(1 319 293 879)	(818 078 208)	(487 263 341)	(144 240 290)
Charged to profit or loss (current and withholding taxes)	14.1	(5 481 583 025)	(2 195 368 181)	(2 645 405 576)	(868 348 625)
Acquisition of investment in joint venture/ associate	16	(186 985 801)	642 829	(65 774 824)	206 978
Exchange and other non-cash movements		3 018 186 726	70 662 061	(3 313 410)	1 724 841
Closing balance		2 485 491 407	1 319 293 879	2 485 491 407	487 263 341
<b>Tax payment</b>		<b>(1 484 184 572)</b>	<b>(1 622 847 620)</b>	<b>(716 265 744)</b>	<b>(523 393 755)</b>
<b>15.3 Investing activities</b>					
<b>Expenditure on property, plant and equipment</b>		(1 829 931 818)	(1 201 970 954)	(1 262 818 611)	(331 391 515)
To maintain operations		(441 387 998)	(995 271 755)	(337 122 731)	(274 400 779)
To expand operations		(1 388 543 820)	(206 699 199)	(925 695 880)	(56 990 736)
Proceeds on disposal of equipment		110 502 035	21 238 305	53 328 151	5 609 683
Proceeds from disposal of derivative financial asset			6 491 349	-	2 226 400
Net cash outflow on conversion of associate to Subsidiary (Maton Trading)		(1 256 516 910)	-	(441 997 086)	-
Net cash outflow on acquisition of conversion of joint venture to subsidiary (Firm Action)	16.1	-	(38 207 455)	-	(12 301 946)
Acquisition of investment in joint venture/ associate		(179 165 724)	(122 679 325)	(81 841 720)	(39 500 000)
Proceeds on disposal of listed equities	22	82 757 013	165 051 127	39 938 440	55 959 709
		<b>(3 072 355 404)</b>	<b>(1 170 076 953)</b>	<b>(1 693 390 826)</b>	<b>(319 397 669)</b>

### 15.4 Cashflows arising from interest-bearing borrowings (disclosed in financing activities)

#### INFLATION ADJUSTED

	2021 ZWL	Cashflows		Non cash changes			2022 ZWL
		Proceeds from borrowings	Repayments of borrowings	Acquisitions	Foreign exchange movements	Other non-cash movements plus impacts of inflation	
Short term financing	2 924 705 777	13 240 546 242	(6 644 464 587)	4 142 239	1 495 488 280	(5 104 778 294)	5 915 639 657
<b>Total liabilities from financing activities</b>	<b>2 924 705 777</b>	<b>13 240 546 242</b>	<b>(6 644 464 587)</b>	<b>4 142 239</b>	<b>1 495 488 280</b>	<b>(5 104 778 294)</b>	<b>5 915 639 657</b>
	<b>2020 ZWL</b>						<b>2021 ZWL</b>
Short term financing	1 277 525 393	5 804 704 917	(2 639 196 103)	99 737 914	(20 782 855)	(1 597 283 489)	2 924 705 777
<b>Total liabilities from financing activities</b>	<b>1 277 525 393</b>	<b>5 804 704 917</b>	<b>(2 639 196 103)</b>	<b>99 737 914</b>	<b>(20 782 855)</b>	<b>(1 597 283 489)</b>	<b>2 924 705 777</b>

#### HISTORICAL COST

	2021 ZWL	Cashflows		Non cash changes			2022 ZWL
		Proceeds from borrowings	Repayments of borrowings	Acquisitions	Foreign exchange movements	Other non-cash movements	
Short term financing	1 238 526 704	6 389 872 178	(3 206 610 862)	1 457 089	1 495 488 280	(3 093 732)	5 915 639 657
<b>Total liabilities from financing activities</b>	<b>1 238 526 704</b>	<b>6 389 872 178</b>	<b>(3 206 610 862)</b>	<b>1 457 089</b>	<b>1 495 488 280</b>	<b>(3 093 732)</b>	<b>5 915 639 657</b>
	<b>2020 ZWL</b>						<b>2021 ZWL</b>
Short term financing	270 550 822	1 719 660 738	(776 961 293)	32 113 379	(7 128 094)	291 152	1 238 526 704
<b>Total liabilities from financing activities</b>	<b>270 550 822</b>	<b>1 719 660 738</b>	<b>(776 961 293)</b>	<b>32 113 379</b>	<b>(7 128 094)</b>	<b>291 152</b>	<b>1 238 526 704</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 16 Net cashflows arising from acquisitions

#### 16.1 Net cash flow arising on the conversion of an Associate to a subsidiary (30 June 2022)

##### Maton Trading (Private) Limited

On 1 July 2021, Axia Corporation Limited through its subsidiary, TV Sales & Home increased its shareholding in Maton Trading (Private) Limited ("Maton Trading") from 49% to 60% for a purchase consideration of ZWL 1 508 699 207.

Maton Trading (Private) Limited was previously owned 49% by TV Sales & Home and the other 51% by Tafetta Investment (Private) Limited. This transaction resulted in the Group consolidating the results of Maton Trading effective 1 July 2021.

The net assets acquired in the transaction above are as follows:

##### Net cashflow on conversion of Associate to subsidiary

	INFLATION ADJUSTED	HISTORICAL COST
	2022	2022
	ZWL	ZWL
<b>Assets</b>		
Property, plant and equipment	(604 573 638)	(212 667 084)
Deferred tax liabilities	514 060	180 828
Inventories	(377 680 550)	(132 854 323)
Trade and other receivables	(1 844 058 986)	(648 673 085)
Cash and cash equivalents	(252 182 299)	(88 708 588)
Interest-bearing borrowings	4 142 239	1 457 089
Trade and other payables	175 385 087	61 694 114
Provisions	24 798 153	8 723 091
Current tax assets	186 985 801	65 774 824
<b>Net assets on conversion of Associate to subsidiary</b>	<b>(2 686 670 133)</b>	<b>(945 073 134)</b>
Non-controlling interests share therein	1 074 668 053	378 029 254
<b>Fair value of net assets recognised</b>	<b>(1 612 002 080)</b>	<b>(567 043 880)</b>
Fair value of previously held interest retained	318 550 273	112 054 549
Net Goodwill recorded on conversion of Associate to subsidiary	(215 247 402)	(75 716 343)
<b>Consideration paid</b>	<b>(1 508 699 209)</b>	<b>(530 705 675)</b>
Add: Cash and cash equivalents on conversion of Associate to subsidiary	252 182 299	88 708 589
<b>Net cash inflow on conversion of Associate to subsidiary</b>	<b>(1 256 516 910)</b>	<b>(441 997 086)</b>

#### 16.2 Net cash flow arising on the conversion of an Associate to a subsidiary (30 June 2021)

##### Firm Action (Private) Limited

On 1 April 2021, Axia Corporation Limited through its Subsidiary, Distribution Group Africa (Private) Limited increased its shareholding in Firm Action from 50% to 100% for a purchase consideration of ZWL15 million.

Firm Action was previously jointly owned 50% by Distribution Group Africa (Private) Limited and the other 50% by Marathon (Private) Limited. The Group increased its effective interest in Firm Action by 25.01% to 50.01% and this transaction resulted in the Group consolidating the results of Firm Action effective 1 April 2021.

	INFLATION ADJUSTED	HISTORICAL COST
	2021	2021
	ZWL	ZWL
The net assets acquired in the transaction above are as follows:		
<b>Net cashflow on conversion of Associate to subsidiary</b>		
<b>Assets</b>		
Property, plant and equipment	(3 779 341)	(1 216 874)
Deferred tax assets	(2 183 930)	(703 182)
Inventories	(79 712 463)	(25 665 859)
Trade and other receivables	(102 483 121)	(32 997 566)
Cash and cash equivalents	(8 379 557)	(2 698 054)
Interest-bearing borrowings	99 737 028	32 113 379
Trade and other payables	10 013 636	3 224 304
Provisions	3 687 269	1 187 228
Current tax assets	(642 829)	(206 978)
<b>Net assets on conversion of Joint Venture to subsidiary</b>	<b>(83 743 308)</b>	<b>(26 963 602)</b>
Fair value of previously held interest retained	41 871 483	13 481 801
Net Goodwill recorded on conversion of Joint Venture to subsidiary	(4 715 187)	(1 518 199)
<b>Consideration paid</b>	<b>(46 587 012)</b>	<b>(15 000 000)</b>
Add: Cash and cash equivalents on conversion of Joint Venture to subsidiary	8 379 557	2 698 054
<b>Net cash outflow on conversion of Joint Venture to Subsidiary</b>	<b>(38 207 455)</b>	<b>(12 301 946)</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 17 Property, plant and equipment

INFLATION ADJUSTED	Freehold property ZWL	Leasehold improvements ZWL	Fittings & Equipment ZWL	Motor vehicles ZWL	Total ZWL
<b>Cost</b>					
<b>At 30 June 2020</b>	<b>349 830 435</b>	<b>365 175 070</b>	<b>1 717 851 066</b>	<b>1 619 062 535</b>	<b>4 051 919 106</b>
Additions	46 463	76 475 572	117 653 874	1 007 795 045	1 201 970 954
Disposals	-	-	(3 383 555)	(4 952 642)	(8 336 197)
Conversion of joint venture to subsidiary	-	-	13 577 903	-	13 577 903
Exchange difference on translation of foreign entity	1 643 289	953 266	1 628 328	965 699	5 190 582
<b>At 30 June 2021</b>	<b>351 520 187</b>	<b>442 603 908</b>	<b>1 847 327 616</b>	<b>2 622 870 637</b>	<b>5 264 322 348</b>
Additions	993 814 764	19 684 804	351 079 879	465 352 371	1 829 931 818
Disposals	-	(4 228 174)	(32 852)	(166 351 949)	(170 612 975)
Conversion of associate to subsidiary	476 380 256	-	109 562 604	43 378 373	629 321 233
Exchange difference on translation of foreign entity	108 782 170	173 452 948	64 641 351	131 823 095	478 699 564
<b>At 30 June 2022</b>	<b>1 930 497 377</b>	<b>631 513 486</b>	<b>2 372 578 598</b>	<b>3 097 072 527</b>	<b>8 031 661 988</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>At 30 June 2020</b>	<b>118 225 218</b>	<b>32 865 693</b>	<b>1 023 673 520</b>	<b>680 180 435</b>	<b>1 854 944 866</b>
Disposals	-	-	(2 691 986)	(4 088 681)	(6 780 667)
Charge for the year	2 755 759	30 588 219	127 246 634	149 558 015	310 148 627
Conversion of joint venture to subsidiary	-	-	9 572 026	-	9 572 026
Exchange difference on translation of foreign entity	-	54 537	151 272	93 266	299 075
<b>At 30 June 2021</b>	<b>120 980 977</b>	<b>63 508 449</b>	<b>1 157 951 466</b>	<b>825 743 035</b>	<b>2 168 183 927</b>
Disposals	(36 220)	(4 400)	(5 984)	(101 879 695)	(101 926 298)
Charge for the year	12 104 487	15 813 317	381 156 679	413 828 100	822 902 583
Conversion of associate to subsidiary	-	-	18 517 264	6 230 329	24 747 593
Exchange difference on translation of foreign entity	52 553 048	55 634 419	76 893 993	120 552 771	305 634 230
<b>At 30 June 2022</b>	<b>185 602 292</b>	<b>134 951 785</b>	<b>1 634 513 418</b>	<b>1 264 474 540</b>	<b>3 219 542 035</b>
<b>Net carrying amount</b>					
<b>At 30 June 2022</b>	<b>1 744 895 085</b>	<b>496 561 701</b>	<b>738 065 180</b>	<b>1 832 597 987</b>	<b>4 812 119 953</b>
<b>At 30 June 2021</b>	<b>230 539 210</b>	<b>379 095 459</b>	<b>689 376 150</b>	<b>1 797 127 602</b>	<b>3 096 138 421</b>

A certain properties is encumbered as indicated in note 17.2.

HISTORICAL COST	Freehold property ZWL	Leasehold improvements ZWL	Fittings & Equipment ZWL	Motor vehicles ZWL	Total ZWL
<b>Cost</b>					
<b>At 30 June 2020</b>	<b>24 643 050</b>	<b>15 870 914</b>	<b>50 356 871</b>	<b>79 837 722</b>	<b>170 708 557</b>
Additions	13 170	23 467 759	30 819 144	277 091 442	331 391 515
Disposals	-	-	(678 391)	(319 000)	(997 391)
Impairment of motor vehicles	-	-	-	-	-
Conversion of joint venture to subsidiary	-	-	4 393 345	-	4 393 345
Exchange difference on translation of foreign entity	1 643 289	953 266	1 628 328	965 699	5 190 582
<b>At 30 June 2021</b>	<b>26 299 509</b>	<b>40 291 939</b>	<b>86 519 297</b>	<b>357 575 863</b>	<b>510 686 608</b>
Additions	646 140 176	8 422 698	313 536 361	294 719 376	1 262 818 611
Disposals	-	(10 999)	(30 417)	(34 999 629)	(35 041 045)
Conversion of associate to subsidiary	167 408 800	-	38 502 318	15 243 959	221 155 077
Exchange difference on translation of foreign entity	108 782 170	173 452 948	64 641 351	131 823 095	478 699 564
<b>At 30 June 2022</b>	<b>948 630 655</b>	<b>222 156 586</b>	<b>503 168 910</b>	<b>764 362 664</b>	<b>2 438 318 815</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>At 30 June 2020</b>	<b>6 545 313</b>	<b>1 403 358</b>	<b>24 047 805</b>	<b>41 447 018</b>	<b>73 443 494</b>
Disposals	-	-	(980 461)	-	(980 461)
Charge for the year	1 018 445	1 268 420	27 550 161	19 793 264	49 630 290
Conversion of associate to subsidiary	-	-	3 176 471	-	3 176 471
Exchange difference on translation of foreign entity	-	54 537	151 272	93 266	299 075
<b>At 30 June 2021</b>	<b>7 563 758</b>	<b>2 726 315</b>	<b>53 945 248</b>	<b>61 333 548</b>	<b>125 568 869</b>
Disposals	(36 220)	(4 400)	(9 828)	(2 186 425)	(2 236 873)
Charge for the year	1 762 207	2 302 150	55 489 927	60 246 330	119 800 614
Conversion of associate to subsidiary	-	-	6 351 099	2 136 894	8 487 993
Exchange difference on translation of foreign entity	52 553 048	55 634 419	76 893 993	199 924 312	385 005 772
<b>At 30 June 2022</b>	<b>61 842 793</b>	<b>60 658 484</b>	<b>192 670 439</b>	<b>321 454 659</b>	<b>636 626 375</b>
<b>Net carrying amount</b>					
<b>At 30 June 2022</b>	<b>886 787 862</b>	<b>161 498 102</b>	<b>310 498 471</b>	<b>442 908 005</b>	<b>1 801 692 440</b>
<b>At 30 June 2021</b>	<b>18 735 751</b>	<b>37 565 624</b>	<b>32 574 049</b>	<b>296 242 315</b>	<b>385 117 739</b>

Certain properties are encumbered as indicated in note 17.2.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 17.1 Reconciliation of opening and closing carrying amounts

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Net carrying amount at the beginning of the year</b>	<b>3 096 138 421</b>	<b>2 196 974 240</b>	<b>385 117 739</b>	<b>97 265 063</b>
Cost	5 264 322 348	4 051 919 106	510 686 608	170 708 557
Accumulated depreciation and impairment losses	(2 168 183 927)	(1 854 944 866)	(125 568 869)	(73 443 494)
<b>Movement for the year:</b>				
Additions at cost	1 829 931 818	1 201 970 954	1 262 818 611	331 391 515
Conversion of associate to subsidiary	604 573 640	4 005 877	212 667 084	1 216 874
Net carrying amount of disposals	(68 686 677)	(1 555 530)	(32 804 172)	(16 930)
Depreciation charge for the year	(822 902 583)	(310 148 627)	(119 800 614)	(49 630 290)
Exchange movements	173 065 334	4 891 507	93 693 792	4 891 507
<b>Net carrying amount at the end of the year</b>	<b>4 812 119 953</b>	<b>3 096 138 421</b>	<b>1 801 692 440</b>	<b>385 117 739</b>
Cost	8 031 661 988	5 264 322 348	2 438 318 816	507 510 137
Accumulated depreciation and impairment losses	(3 219 542 035)	(2 168 183 927)	(636 626 375)	(122 392 398)
<b>17.2 Security</b>				
Net book value of a property pledged as security for borrowings (Regional Operations)	181 560 381	86 004 313	181 560 381	29 497 981

Details of the borrowings are shown in note 32.

### 18 Intangible assets

INFLATION ADJUSTED	Goodwill on acquisition	Other intangible asset	Total
	ZWL	ZWL	ZWL
<b>Net carrying amount 30 June 2020</b>	<b>94 171 599</b>	<b>217 468</b>	<b>94 389 067</b>
Gross carrying amount	94 171 599	217 468	94 389 067
Accumulated amortisation	-	-	-
Goodwill on conversion of joint venture to subsidiary	4 715 230	-	4 715 230
Goodwill written off on conversion of joint venture to subsidiary	(4 715 230)	-	(4 715 230)
<b>Net carrying amount 30 June 2021</b>	<b>94 171 599</b>	<b>217 468</b>	<b>94 389 067</b>
Gross carrying amount	98 886 829	217 468	99 104 297
Accumulated amortisation and impairment losses	(4 715 230)	-	(4 715 230)
Goodwill on conversion of associate to subsidiary	16,1 215 247 402	-	215 247 402
<b>Net carrying amount 30 June 2022</b>	<b>309 419 001</b>	<b>217 468</b>	<b>309 636 469</b>
Gross carrying amount	314 134 231	217 468	314 351 699
Accumulated amortisation and impairment losses	(4 715 230)	-	(4 715 230)
HISTORICAL COST	Goodwill on acquisition	Other intangible asset	Total
	ZWL	ZWL	ZWL
<b>Net carrying amount 30 June 2020</b>	<b>5 021 408</b>	<b>1 600</b>	<b>-</b>
Gross carrying amount	5 021 408	1 600	-
Accumulated amortisation	-	-	-
Conversion of joint venture to subsidiary	1 518 199	-	1 518 199
Goodwill on conversion of joint venture to subsidiary	(1 518 199)	-	(1 518 199)
<b>Net carrying amount 30 June 2021</b>	<b>5 021 408</b>	<b>1 600</b>	<b>5 023 008</b>
Gross carrying amount	6 539 607	1 600	6 541 207
Accumulated amortisation and impairment losses	(1 518 199)	-	(1 518 199)
Goodwill on conversion of associate to subsidiary	75 716 343	-	75 716 343
<b>Net carrying amount 30 June 2022</b>	<b>80 737 751</b>	<b>1 600</b>	<b>80 739 351</b>
Gross carrying amount	82 255 950	1 600	82 257 550
Accumulated amortisation and impairment losses	(1 518 199)	-	(1 518 199)

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 18 Intangible assets (continued)

Goodwill arising on the conversion of Maton Trading (Private) Limited from associate to a subsidiary was recognised during the year. The other intangible asset comprised a trademark for the Transerv brand which was acquired through the conversion of Transerv from a joint venture to a subsidiary.

### 19 Right of use asset

	INFLATION ADJUSTED	HISTORICAL COST
	2022 ZWL	2022 ZWL
<b>Cost</b>		
<b>At 30 June 2020</b>	<b>227 328 757</b>	<b>13 668 634</b>
Additions	1 507 512 014	372 123 037
Exchange movements	3 251 023	1 173 223
<b>At 30 June 2021</b>	<b>1 738 091 794</b>	<b>386 964 894</b>
Additions	714 488 450	344 811 293
Remeasurement	236 842 738	622 770 053
Exchange movements	115 403 930	56 862 210
<b>At 30 June 2022</b>	<b>2 804 826 912</b>	<b>1 411 408 450</b>
<b>Accumulated depreciation</b>		
<b>At 30 June 2020</b>	<b>( 18 948 313)</b>	<b>( 3 265 552)</b>
Charge for the year	(597 341 550)	(137 193 571)
<b>At 30 June 2021</b>	<b>( 616 289 863)</b>	<b>( 140 459 123)</b>
Charge for the year	(722 133 099)	(348 500 592)
<b>At 30 June 2022</b>	<b>(1 338 422 962)</b>	<b>(488 959 715)</b>
<b>Net carrying amount</b>		
<b>At 30 June 2022</b>	<b>1 466 403 950</b>	<b>922 448 735</b>
<b>At 30 June 2021</b>	<b>1 121 801 931</b>	<b>246 505 771</b>

### 20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>20.1 Reconciliation of movements in associates and joint ventures</b>				
<b>Opening balance</b>	<b>1 058 333 039</b>	<b>660 967 145</b>	<b>151 023 208</b>	<b>20 629 853</b>
Purchases at cost	179 165 724	122 679 322	81 841 720	39 500 000
Reclassification from other receivables	171 658 753	-	78 412 585	-
Equity accounted earnings	310 437 760	346 279 801	184 485 581	96 522 909
Interest on loan adjustment	( 574 775)	-	( 197 138)	-
Conversion of associate/joint venture to subsidiary	(937 366 057)	(70 122 157)	(112 054 548)	(5 155 796)
Dividends declared	(82 957 003)	-	(79 500 000)	-
Shareholder loan	-	(1 471 072)	-	( 473 758)
<b>Balance at the end of the year</b>	<b>698 697 441</b>	<b>1 058 333 039</b>	<b>304 011 408</b>	<b>151 023 208</b>
<b>Investments in associates and joint ventures comprise of:</b>				
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Taeuca Investments (Pvt) Ltd t/a Gain Hardware	154 413 359	120 966 982	54 316 879	38 968 660
National Foods Logistics (Private) Limited	544 284 082	-	249 694 529	-
Maton Trading (Private) Limited	-	937 366 057	-	112 054 548
	<b>698 697 441</b>	<b>1 058 333 039</b>	<b>304 011 408</b>	<b>151 023 208</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 20.2 The Group has the following investments in associates and joint ventures:

#### 20.2.1 Taeuca Investments (Pvt) Ltd t/a Gain Hardware

Gain is a partnership owned 50% each between Axia and Gain Cash and Carry. Gain is involved in the provision of hardware supplies to the wholesale and retail market. The Group exercises joint control in Gain and has rights to the net assets of the arrangement. As such the joint arrangement is classified as a joint venture in accordance with International Financial Reporting Standards. The Group has equity accounted the results of the Gain Joint Venture.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Reconciliation of the investment in joint venture;</b>				
<b>Balance at the beginning of the year</b>	<b>120 966 982</b>	-	<b>38 968 660</b>	-
Acquisition of interest in joint venture	-	122 679 322	-	39 500 000
Equity accounted earnings	34 021 152	(1 712 340)	15 545 357	( 531 340)
Interest on loan adjustment	( 574 775)	-	( 197 138)	-
<b>Balance at the end of the year</b>	<b>154 413 359</b>	<b>120 966 982</b>	<b>54 316 879</b>	<b>38 968 660</b>

#### 20.2.2 Maton Trading (Private) Limited

The Group through its Subsidiary company, TV Sales & Home (Private) Limited had a 49% interest in Maton (Private) Limited t/a Restapedic, a bedding manufacturing business. The Group through its subsidiary TV Sales & Home (Private) Limited increased its shareholding to 60% effective 1 July 2021. The results of Maton have been consolidated with effect from 1 July 2021 as indicated in Note 16.1

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Reconciliation of the investment in associate;</b>				
<b>Balance at the beginning of the year</b>	<b>937 366 057</b>	<b>603 094 890</b>	<b>112 054 548</b>	<b>18 848 700</b>
Equity accounted earnings	-	335 742 239	-	93 679 606
Shareholder loan	-	(1 471 072)	-	( 473 758)
Conversion of associate to subsidiary	(937 366 057)	-	(112 054 548)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>937 366 057</b>	<b>-</b>	<b>112 054 548</b>

#### 20.2.3 Firm Action (Private) limited

The Group through its Subsidiary company, in the distribution business had a 50% interest in Firm Action (Private) Limited ("Firm Action") until 31 March 2021. Firm Action is involved in the distribution of principal's FMCG products to the retail and wholesale market. The Group exercised joint control in Firm Action and had rights to the net assets of the arrangement until 31 March 2021. As such the Joint Arrangement was classified as a Joint Venture in accordance with International Financial Reporting Standards. The Group equity accounted the results of Firm Action Joint Venture until 31 March 2021. The results of Firm Action have been consolidated with effect from 1 April 2021 as indicated in note 16.2.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Reconciliation of the investment in associate;</b>				
<b>Balance at the beginning of the year</b>	-	<b>57 872 255</b>	-	<b>1 781 153</b>
Acquisition of interest in associate	-	12 249 902	-	3 374 643
Equity accounted earnings	-	(70 122 157)	-	(5 155 796)
Shareholder loan	-	-	-	-
Conversion of associate to subsidiary	-	-	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 20.2.4 National Foods Logistics (Private) Limited

The Group, through its subsidiary Distribution Group Africa (Private) Limited had a 50% interest in National Foods Logistics (Private) Limited ("Natlog"), a warehousing and distribution company effective 1 July 2021. The Group exercises joint control in Natlog, as such the investment was classified as a Joint Venture in accordance with International Financial Reporting Standards. The Group equity accounted the results of Natlog Joint Venture with effect from 1 July 2021.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Reconciliation of the investment in joint venture;</b>				
<b>Balance at the beginning of the year</b>	-	-	-	-
Reclassification from other receivables	171 658 753	-	78 412 585	-
Acquisition of interest in joint venture	179 165 724	-	81 841 720	-
Equity accounted earnings	276 416 608	-	168 940 224	-
Dividends	(82 957 003)	-	(79 500 000)	-
<b>Balance at the end of the year</b>	<b>544 284 082</b>	<b>-</b>	<b>249 694 529</b>	<b>-</b>

### 20.3 Summarised financial information of associates and joint ventures

INFLATION ADJUSTED	Revenue	Profit/ (loss)	Non-current	Current	Non-current	Current
	ZWL	after tax ZWL	assets ZWL	assets ZWL	liabilities ZWL	liabilities ZWL
<b>Maton Trading (Private) Limited</b>						
30 June 2022	-	-	-	-	-	-
30 June 2021	1 834 437 822	685 188 020	570 882 252	1 002 580 413	13 370 083	335 856 861
<b>Taeuca Investments (Pvt) Ltd t/a Gain Hardware</b>						
30 June 2022	747 355 862	68 042 304	94 872 061	251 652 137	36 685 097	1 012 383
30 June 2021	110 702 130	(3 424 680)	85 463 907	159 358 110	-	7 114 279
<b>National Foods Logistics (Private) Limited</b>						
30 June 2022	5 525 419 827	552 833 216	435 060 836	1 055 903 402	93 017 935	919 974 765
30 June 2021	-	-	-	-	-	-
<b>Firm Action</b>						
30 June 2022	-	-	-	-	-	-
30 June 2021	216 541 263	41 862 044	5 963 324	191 180 301	-	113 439 276

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 20.3 Summarised financial information of associates and joint ventures (continued)

INFLATION ADJUSTED		"Depreciation charge ZWL"	"Interest income ZWL"	"Interest expense ZWL"	"Taxation charge / (credit) ZWL"	"Cash and cash equivalents ZWL"	
<b>Maton Trading (Private) Limited</b>							
30 June 2022	-	-	-	-	-	-	
30 June 2021	76 108 069	-	1 243 552	130 654 892	258 641 056	-	
<b>Taeuca Investments (Pvt) Ltd t/a Gain Hardware</b>							
30 June 2022	14 531 087	-	1 683 438	20 251 180	14 499 697	-	
30 June 2021	4 109 312	-	-	-	10 379 130	-	
<b>National Foods Logistics (Private) Limited</b>							
30 June 2022	20 756 494	26 726	104 900 058	235 528 400	304 558 115	-	
30 June 2021	-	-	-	-	-	-	
<b>Firm Action</b>							
30 June 2022	-	-	-	-	-	-	
30 June 2021	29 386	-	32 709 637	9 461 526	7 866 515	-	
HISTORICAL COST		Revenue ZWL	Profit / (loss) after tax ZWL	Non-current assets ZWL	Current assets ZWL	Non-current liabilities ZWL	Current liabilities ZWL
<b>Maton Trading (Private) Limited</b>							
30 June 2022	-	-	-	-	-	-	-
30 June 2021	525 844 471	191 182 659	45 258 284	339 439 421	180 828	116 649 119	-
<b>Taeuca Investments (Pvt) Ltd t/a Gain Hardware</b>							
30 June 2022	403 711 300	31 090 715	36 709 708	133 015 711	-	61 091 662	-
30 June 2021	35 819 401	(1 062 678)	24 225 100	53 930 892	-	2 440 052	-
<b>National Foods Logistics (Private) Limited</b>							
30 June 2022	2 666 561 166	337 880 447	209 959 852	509 577 750	44 890 347	443 978 749	-
30 June 2021	-	-	-	-	-	-	-
<b>Firm Action</b>							
30 June 2022	-	-	-	-	-	-	-
30 June 2021	59 387 529	6 749 289	1 920 057	65 363 952	-	2 698 054	-
		"Depreciation charge ZWL"	"Interest income ZWL"	"Interest expense ZWL"	"Taxation charge / (credit) ZWL"	"Cash and cash equivalents ZWL"	
<b>Maton Trading (Private) Limited</b>							
30 June 2022	-	-	-	-	-	-	
30 June 2021	5 662 656	-	387 122	66 099 490	88 708 588	-	
<b>Taeuca Investments (Pvt) Ltd t/a Gain Hardware</b>							
30 June 2022	6 943 783	-	812 425	9 773 196	29 200 980	-	
30 June 2021	1 323 107	-	-	-	3 559 829	-	
<b>National Foods Logistics (Private) Limited</b>							
30 June 2022	10 017 060	12 897,97	50 624 646	113 665 731	146 979 391	-	
30 June 2021	-	-	-	-	-	-	
<b>Firm Action</b>							
30 June 2022	-	-	-	-	-	-	
30 June 2021	7 968	-	9 426 967	2 344 966	2 698 054	-	

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

20.4 Reconciliation of the carrying amount of joint ventures	INFLATION ADJUSTED	HISTORICAL COST	INFLATION ADJUSTED	HISTORICAL COST
	2022 Taeuca Investments (Pvt) Ltd t/a Gain Hardware ZWL	2021 Taeuca Investments (Pvt) Ltd t/a Gain Hardware ZWL	2022 Taeuca Investments (Pvt) Ltd t/a Gain Hardware ZWL	2021 Taeuca Investments (Pvt) Ltd t/a Gain Hardware ZWL
Total shareholders equity	308 826 718	237 707 738	108 633 758	77 937 320
<b>Net assets attributable to shareholders of the joint venture</b>	<b>308 826 718</b>	<b>241 933 964</b>	<b>108 633 758</b>	<b>77 937 320</b>
Axia's effective share (%)	50.00%	50.00%	50.00%	50.00%
Axia's effective share (ZWL)	154 413 359	118 853 869	54 316 879	38 968 660
<b>Carrying amount at the end of the year</b>	<b>154 413 359</b>	<b>118 853 869</b>	<b>54 316 879</b>	<b>38 968 660</b>

20.5 Reconciliation of the carrying amount of associates	INFLATION ADJUSTED	HISTORICAL COST
	2022 National Foods Logistics (Private) Limited ZWL	2022 National Foods Logistics (Private) Limited ZWL
Total shareholders equity	477 971 537	230 668 506
<b>Net assets attributable to shareholders of the associate</b>	<b>477 971 537</b>	<b>230 668 506</b>
Axia's effective share (%)	50.00%	50.00%
Axia's effective share (ZWL)	238 985 768	115 334 253
Reconciling item: Goodwill on acquisition	305 298 314	134 360 276
<b>Carrying amount at the end of the year</b>	<b>544 284 082</b>	<b>249 694 529</b>

## 21 Description of Group Investments in Subsidiary, Associate and Joint Venture companies

Listed below are the Group's effective ordinary shareholding in the various business units:

### Speciality Retail

	2022	2021
TV Sales & Home (Private) Limited	66.67%	66.67%
Maton Trading (Private) Limited#	40.00%	32.67%
Innscor Credit Retail (Mauritius) Limited	100.00%	100.00%
Moregrow Enterprises (Private) Limited	51.00%	51.00%
Geribrans Services (Private) Limited t/a Transerv#	50.51%	50.51%
Freestyle Investments (Private) Limited#	66.67%	66.67%
Taeuca Investments (Pvt) Ltd t/a Gain Hardware*	50.00%	50.00%
Legend Lounge (Private) Limited#	66.67%	66.67%

### Distribution

Distribution Group Africa (Private) Limited	50.01%	50.01%
Innscor Distribution (Private) Limited #	50.01%	50.01%
Comox Trading (Private) Limited #	50.01%	50.01%
Eagle Agencies (Private) Limited #	50.01%	50.01%
Biscuit Company (Private) Limited t/a Snacks Sales & Distribution #	50.01%	50.01%
Tevason Investments (Private) Limited t/a FreshPro #	50.01%	50.01%
Vital Logistics Zimbabwe (Private) Limited #	50.01%	50.01%
Innscor Distribution Africa Limited	50.00%	50.00%
Innscor Distribution (Malawi) Limited #	50.00%	50.00%
Photo Marketing (Malawi) Limited t/a Comox #	50.00%	50.00%
Innscor Distribution (Zambia) Limited #	50.00%	50.00%
Comox Trading (Zambia) Limited #	50.00%	50.00%
Mukwa Distribution (Zambia) Limited #	50.00%	50.00%
Hat On Investments (Private) Limited #	50.01%	50.01%
Shipserv (Private) Limited #	40.01%	40.01%
Firm Action (Private) Limited #	50.01%	50.01%
National Foods Logistics (Private) Limited*	50.00%	-

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 21 Description of Group Investments in Subsidiary, Associate and Joint Venture companies (continued)

#### Corporate Services

	2022	2022
Axia Operations (Private) Limited	100.00%	100.00%
Excalibur Mauritius Limited	100.00%	100.00%
Moregrow Mauritius Limited	50.00%	50.00%

\* Joint Venture

# Subsidiary of subsidiary ^

^ Some group subsidiary companies, also have subsidiaries which include non-controlling interests. The Group only consolidates its direct subsidiary, which would have consolidated its related subsidiaries

### 21.1 Country of incorporation

All Group companies are incorporated in Zimbabwe, except for the following operating companies:

Company	Country of incorporation
Excalibur Mauritius Limited	Mauritius
Moregrow Mauritius Limited	Mauritius
Innscor Credit Retail (Mauritius) Limited	Mauritius
Innscor Distribution Africa Limited	Mauritius
Innscor Distribution (Malawi) Limited	Malawi
Photo Marketing (Malawi) Limited	Malawi
Innscor Distribution (Zambia) Limited	Zambia
Comox Trading (Zambia) Limited	Zambia
Mukwa Distribution (Zambia) Limited	Zambia

### 22 Financial Assets

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Financial assets comprise of:				
Listed equities	69 071 100	157 618 450	69 071 100	54 059 903
Derivative financial asset	187 212 532	107 047 508	187 212 532	36 715 104
<b>Total financial assets</b>	<b>256 283 632</b>	<b>264 665 958</b>	<b>256 283 632</b>	<b>90 775 007</b>
<b>Reconciled as follows:</b>				
<b>Balance at the beginning of the year</b>	<b>264 665 958</b>	<b>395 320 237</b>	<b>90 775 007</b>	<b>65 613 684</b>
Effects of inflation	(265 131 481)	(2 033 632)	-	-
Fair value adjustments and movement on listed equities and derivative financial asset	339 506 168	42 921 829	205 447 065	83 347 432
Proceeds on disposal of financial asset	-	(6 491 349)	-	(2 226 400)
Proceeds on disposal of listed equities	(82 757 013)	(165 051 127)	(39 938 440)	(55 959 709)
<b>Balance at the end of the year</b>	<b>256 283 632</b>	<b>264 665 958</b>	<b>256 283 632</b>	<b>90 775 007</b>

Axia Operations (Private) Limited, by way of guarantee, underwrote to Innscor Africa Limited ("IAL") an amount of US\$ 653 820 which represented the payment made by IAL to the Zimbabwe Revenue Authority for withholding tax arising from the unbundling of its Speciality Retail and Distribution businesses through a dividend in specie of Axia Corporation Limited (Axia) shares in May 2016. In respect of this withholding tax IAL retained 12 886 241 Axia Corporation Limited shares which were registered in its name. During the year ended 30 June 2018, IAL disposed of 7 000 000 shares and Axia repaid the US\$ 653 820 underwritten to IAL. As at 30 June 1 753 058 shares were still held by Innscor Africa Limited.

The financial asset which emanates from this transaction is calculated at the fair value of the remaining Axia Corporation Limited shares taking into account relevant transaction costs, less any dividends received by IAL on the shares. The resultant uplift in the value of this financial asset is included in the statement of profit or loss and other comprehensive income. At 30 June 2022, the financial asset was valued at ZWL 187 212 532 [2021: ZWL 107 047 508 (Historical: ZWL 36 715 104)].

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 22 Financial Assets (continued)

#### Fair value through profit or loss INFLATION ADJUSTED

	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
<b>30 June 2022</b>				
Listed equities	69 071 100	-	-	69 071 100
Derivative financial asset	-	187 212 532	-	187 212 532
	<b>69 071 100</b>	<b>187 212 532</b>	-	<b>256 283 632</b>
<b>30 June 2021</b>				
Listed equities	157 618 450	-	-	157 618 450
Derivative financial asset	-	107 047 508	-	107 047 508
	<b>157 618 450</b>	<b>107 047 508</b>	-	<b>264 665 958</b>

There were no transfers between levels during the year.

#### HISTORICAL

	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
<b>30 June 2022</b>				
Listed equities	69 071 100	-	-	69 071 100
Derivative financial asset	-	187 212 532	-	187 212 532
	<b>69 071 100</b>	<b>187 212 532</b>	-	<b>256 283 632</b>
<b>30 June 2021</b>				
Listed equities	54 059 903	-	-	54 059 903
Derivative financial asset	-	36 715 104	-	36 715 104
	<b>54 059 903</b>	<b>36 715 104</b>	-	<b>90 775 007</b>

There were no transfers between levels during the year 2022.

#### Valuation techniques used to determine level 2 values

	Valuation technique	Significant inputs
Derivative financial asset	Market approach	Share price Share disposal costs

### 23 Inventories

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Consumable stores	96 504 633	76 801 048	124 124 180	25 708 348
Raw materials	800 515 991	233 103 095	413 019 571	78 929 706
Finished products	14 520 812 349	8 410 067 133	9 691 615 426	2 541 213 092
Goods in transit	2 642 911 167	1 058 571 147	2 497 033 615	470 932 890
Obsolescence provision	(203 950 835)	(143 330 521)	(180 468 491)	(44 434 920)
	<b>17 856 793 305</b>	<b>9 635 211 902</b>	<b>12 545 324 301</b>	<b>3 072 349 116</b>

The total amount of inventory write-downs (provisions and write-offs) in respect of obsolescence expenses is ZWL 569 305 798 (2021: 319 449 533) [Historical ZWL 435 587 555 (2021: ZWL 107 845 686)]. The amount of inventory recognised as an expense in cost of sales is ZWL 47 929 510 970 (2021: ZWL 43 260 390 142).

Below is a reconciliation of the obsolescence provision:

<b>Opening balance on 1 July</b>	<b>143 330 521</b>	<b>186 831 583</b>	<b>44 434 920</b>	<b>19 289 063</b>
Additional provision for obsolescence	164 200 668	88 496 695	136 033 571	25 145 857
Monetary movement	(103 580 354)	(131 997 757)	-	-
<b>Closing balance on 30 June</b>	<b>203 950 835</b>	<b>143 330 521</b>	<b>180 468 491</b>	<b>44 434 920</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>24 Trade and other receivables</b>				
Trade receivables	5 763 153 366	3 128 208 067	5 763 153 366	1 218 990 046
Installment sales receivables	856 984 799	997 965 863	856 984 799	388 884 124
Prepayments	3 738 455 569	2 982 257 429	2 858 392 168	821 479 166
Rental deposits	6 218 244	6 380 845	6 218 244	2 486 467
VAT withholding tax receivable	287 405 426	499 413 532	287 405 426	194 609 857
Other receivables	654 531 173	392 268 512	654 531 173	152 857 929
	<b>11 306 748 577</b>	<b>8 006 494 248</b>	<b>10 426 685 176</b>	<b>2 779 307 589</b>
Loss allowance	(153 375 580)	(174 321 380)	(153 375 580)	(67 928 994)
	<b>11 153 372 997</b>	<b>7 832 172 868</b>	<b>10 273 309 596</b>	<b>2 711 378 595</b>

Included in other receivables are marketing claims from distribution principals, prepaid customs duties, other investments and staff loans.

The following table shows the movement in Lifetime Expected Credit Losses ("ECL") that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9:

INFLATION ADJUSTED	Collectively assessed ZWL	Individually assessed ZWL	Total ZWL
<b>Balance on 30 June 2020</b>	<b>65 637 565</b>	<b>27 009 314</b>	<b>92 646 879</b>
Transfer to credit-impaired	62 035 262	75 081 686	137 116 948
Monetary movements	(62 137 450)	5 033 613	(57 103 837)
Exchange movements	1 661 390	-	1 661 390
<b>Balance on 30 June 2021</b>	<b>67 196 767</b>	<b>107 124 613</b>	<b>174 321 380</b>
Transfer to credit-impaired	107 761 116	-	107 761 116
Monetary movements	(50 583 614)	(111 564 499)	(162 148 113)
Exchange movements	20 873 302	12 567 895	33 441 197
<b>Balance on 30 June 2022</b>	<b>145 247 571</b>	<b>8 128 009</b>	<b>153 375 580</b>
HISTORICAL COST	Collectively assessed ZWL	Individually assessed ZWL	Total ZWL
<b>Balance on 30 June 2020</b>	<b>19 028 525</b>	<b>4 268 761</b>	<b>23 297 286</b>
Transfer to credit-impaired	5 495 104	37 475 214	42 970 318
Exchange movements	1 661 390	-	1 661 390
<b>Balance on 30 June 2021</b>	<b>26 185 019</b>	<b>41 743 975</b>	<b>67 928 994</b>
Transfer to credit-impaired	52 005 389	-	52 005 389
Amounts written off	-	-	-
Exchange movements	20 873 302	12 567 895	33 441 197
<b>Balance on 30 June 2022</b>	<b>99 063 710</b>	<b>54 311 870</b>	<b>153 375 580</b>

Credit terms vary per business unit. Interest is charged on overdue accounts at varying rates depending on the business and on the credit terms. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 24 Trade and other receivables (continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. No security or collateral is held as credit is held when advancing credit facilities.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables (which are collectively assessed) based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

#### INFLATION ADJUSTED

30 June 2022	Trade receivables - days past due						Total ZWL
	Not Past due	30 days	60 days	90 days	120 days	120 days plus	
Expected credit loss rate	0.1% - 2.1%	0.1% - 4.2%	0.1% - 8.5%	0.1% - 8.5%	0.1% - 8.5%	100%	
Gross carrying amount-trade receivables plus other assets	5 314 171 639	1 852 106 274	70 462 413	25 349 879	12 579 133	-	7 274 669 338
Loss allowance							(153 375 580)
							<b>7 121 293 758</b>

30 June 2021	Trade receivables - days past due						Total ZWL
	Not Past due	30 days	60 days	90 days	120 days	120 days plus	
Expected credit loss rate	0.1% - 2.1%	0.1% - 4.2%	0.1% - 8.5%	0.1% - 8.5%	0.1% - 8.5%	100%	
Gross carrying amount-trade receivables plus other assets	2 253 110 075	1 787 963 094	303 932 451	120 569 171	22 750 250	30 117 400	4 518 442 441
Lifetime ECL							(174 321 380)
							<b>4 344 121 061</b>

#### HISTORICAL COST

30 June 2022	Trade receivables - days past due						Total ZWL
	Not Past due	30 days	60 days	90 days	120 days	120 days plus	
Expected credit loss rate	0.1% - 2.1%	0.1% - 4.2%	0.1% - 8.5%	0.1% - 8.5%	0.1% - 8.5%	100%	
Gross carrying amount-trade receivables plus other assets	5 314 171 639	1 852 106 274	70 462 413	25 349 879	12 579 133	-	7 274 669 338
Lifetime ECL							(153 375 580)
							<b>7 121 293 758</b>

30 June 2021	Trade receivables - days past due						Total ZWL
	Not Past due	30 days	60 days	90 days	120 days	120 days plus	
Expected credit loss rate	0.1% - 2.1%	0.1% - 4.2%	0.1% - 8.5%	0.1% - 8.5%	0.1% - 8.5%	100%	
Gross carrying amount-trade receivables plus other assets	1 027 120 358	417 035 286	104 243 535	41 353 125	7 802 939	10 318 927	1 607 874 171
Lifetime ECL							(67 928 994)
							<b>1 539 945 177</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 24 Trade and other receivables (continued)

The estimated credit loss rates were adjusted for forward looking information such as the impacts of:

- Inflation
- Increase in interests rates
- increase in customer default risk due to liquidity challenges
- customer credit record and credit proofing

Note 40 on credit risk of trade receivables explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Net impairment losses on trade and other receivable recognised in profit or loss</b>				
During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:				
Impairment loss				
movement in loss allowance for trade receivables	107 761 116	137 116 948	52 005 389	42 970 318
	<b>107 761 117</b>	<b>137 116 949</b>	<b>52 005 389</b>	<b>42 970 318</b>

### 25 Ordinary share capital

#### 25.1 Authorised

999 999 000 ordinary shares of ZWL 0.0001 each  
1 000 Non-Voting Class "A" ordinary shares of ZWL 0.0001 each\*

#### 25.2 Issued and fully paid

556 000 308 (2021: 552 150 308) ordinary shares of ZWL 0.0001 each

\*Class "A" shares are non-voting ordinary shares that will be allocated to the Axia Corporation Employee Share Trust.

Issued share capital increased by 3 850 000 shares during the year as a result of some share options issued to the Directors and other Key Management of the Group which were exercised. Below is the movement in shares during the year:

	2022	2021
<b>At beginning of year</b>	552 150 308	546 469 374
Issue of shares through exercising of share options	3 850 000	5 680 934
<b>At end of year</b>	<b>556 000 308</b>	<b>552 150 308</b>

#### 25.3 Directors' shareholdings

At 30 June 2022, the Directors held directly and indirectly the following number of shares:

	2022	2021
J. Koumides	3 768 983	3 418 983
Z. Koudounaris	114 612 912	114 332 912
T.C. Mazingi	861 802	581 802
T.N. Sibanda	980 000	700 000
R.M. Rambanapasi	114 985	927 885
L. E. M. Ngwerume	400 000	503 906
	<b>120 738 682</b>	<b>120 465 488</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 25 Ordinary share capital (continued)

#### 25.4 Share options

##### 25.4.1 Indigenisation Share Options

As at 30 June 2022, Axia Corporation Limited had the following two Share Option agreements arising from the Group's indigenisation transaction:

1) The first option agreement is with an indigenous company, Benvenue Investments (Private) Limited ("Benvenue"). The terms of the Benvenue Share Option are as follows:

<b>Number of shares:</b>		Fifty Million (50 000 000)
<b>Tenure:</b>		10 years (until January 2024)
<b>Pricing:</b>	The higher of -	75% of the volume weighted average price of Axia Corporation Limited shares over the previous 60 trading days, or for the first five years (until January 2019), ZWL 0.19 per share and, for the second five years, ZWL 0.28 per share.

2) The second option is with the Axia Corporation Limited Employee Share Trust. The terms of the Axia Corporation Limited Employee Share Trust Option are as follows:

<b>Number of shares:</b>	Thirty Million (30 000 000)
<b>Tenure:</b>	10 years (until January 2024)
<b>Pricing:</b>	At the volume weighted average price of Axia Corporation Limited shares over the previous 60 trading days.

At the end of the financial year, this share option scheme had a remaining contractual life of one and a half years and no shares had been issued to the Axia Corporation Limited Employee Share Trust. The share options arising from the Group's indigenisation transaction were not dilutive at the end of the financial year.

##### 25.4.2 Employee Share Option Scheme

Share options are granted to Directors and to certain executives of subsidiaries of the Group. The total number of shares available for the scheme of 54 159 344 was approved by shareholders in a General Meeting, and the number of options granted is calculated in accordance with the performance-based criteria approved by the Board's Remuneration Committee. The number of share options are limited in line with the Zimbabwe Stock Exchange (ZSE) regulations. The pertinent terms of the Axia Corporation Limited Employee Share Option Scheme are as follows:

<b>Maximum number of shares available</b>	54 159 344
<b>Vesting period</b>	Can be exercised after 3 years and before the end of 5 years
<b>Exercise price</b>	The higher of 45-day volume weighted average price of Axia Corporation Limited shares immediately preceding the offer date, or the nominal value of the shares
<b>Expiry period</b>	2 years from the date on which each option may first be exercised

Under the scheme, up to 1% of the issued share capital of the company (5 415 934 shares) are availed to Directors and Key Management of the Group annually over a 10 year period. Options are conditional on the employee completing three years of service (vesting period). The shares are awarded, subject to achievement of a Headline Earnings growth performance condition outlined in the approved scheme document. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The following reconciles share options at the beginning and at the end of the year:

	Number of options 2022	Number of options 2021
<b>Balance at the beginning of the year</b>	<b>3 850 000</b>	<b>9 530 934</b>
Granted during the year	-	-
Exercised during the year	(3 850 000)	(5 680 934)
Forfeited during the year	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>3 850 000</b>

3 850 000 shares were exercised during the year and the same number of shares vested during the year.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 25.4.3 Value of share options at the end of the year

During the current year all remaining share options were exercised hence there is no need for any valuation.

### 26 Share based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 25.4.2 above for further details. Below is a reconciliation of the movements in this reserve for the year:

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Opening balance</b>	8 908 249	44 926 460	392 800	773 859
Utilisation during the year	(8 990 260)	(36 657 873)	(426 292)	(475 758)
Equity-settled share-based payments expense	82 011	639 662	33 492	94 699
<b>Closing balance</b>	-	<b>8 908 249</b>	-	<b>392 800</b>

### 27 Non-distributable reserves

Consists of foreign currency translation reserve.

	INFLATION ADJUSTED	HISTORICAL COST
	Foreign currency translation reserve ZWL	Foreign currency translation reserve ZWL
<b>Balance on 30 June 2020</b>	70 970 365	70 970 365
Exchange differences arising on translation of foreign subsidiaries	(612 764)	(612 764)
<b>Balance on 30 June 2021</b>	<b>70 357 601</b>	<b>70 357 601</b>
Exchange differences arising on translation of foreign subsidiaries	465 348 198	465 348 198
<b>Balance on 30 June 2022</b>	<b>535 705 799</b>	<b>535 705 799</b>

#### Nature and purpose of reserves

##### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

### 28 Share premium reserve

The share options which were exercised during the year were exercised at a price which was more than the nominal share price.

This resulted in the recognition of share premium in the books of Axia Corporation Limited. The following reconciliation shows how the share premium was determined;

	INFLATION ADJUSTED	HISTORICAL COST
Number of share issued	3 850 000	3 850 000
Nominal value of each share	0,00024	0,00010
<b>Share capital issued</b>	<b>936</b>	<b>385</b>
<b>Balance at 30 June 2021</b>	<b>47 338 414</b>	<b>2 186 350</b>
<b>Total consideration paid for the options</b>	<b>11 451 406</b>	<b>1 434 222</b>
Consideration through service (share option reserve)	8 990 260	426 292
Cash consideration received	2 461 146	1 007 930
<b>Balance at 30 June 2022</b>	<b>58 789 820</b>	<b>3 620 572</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 29 Distributable reserves

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Balance at the beginning of the year</b>	<b>7 102 751 869</b>	<b>6 904 909 549</b>	<b>1 558 544 205</b>	<b>559 221 121</b>
Retained for the year	2 376 841 080	1 056 968 441	3 154 442 287	1 251 749 304
Dividends paid (note 7.1)	(608 675 272)	(859 126 121)	(384 967 140)	(252 426 220)
<b>Balance at 30 June</b>	<b>8 870 917 677</b>	<b>7 102 751 869</b>	<b>4 328 019 352</b>	<b>1 558 544 205</b>
<b>Retained in:</b>				
Holding company	58 789 820	47 338 414	3 620 572	2 186 350
Subsidiary companies	8 501 690 097	6 709 133 654	4 139 913 199	1 459 834 946
Associate companies and joint ventures	310 437 760	346 279 801	184 485 581	96 522 909
	<b>8 870 917 677</b>	<b>7 102 751 869</b>	<b>4 328 019 352</b>	<b>1 558 544 205</b>

### 30 Non-controlling interests in significant subsidiaries

The Group has the following subsidiaries that have significant non-controlling interests:

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	Distribution Group Africa (Private) Limited		Distribution Group Africa (Private) Limited		Innskor Distribution Africa Limited		Innskor Distribution Africa Limited	
	2022	2021	2022	2021	2022	2021	2022	2021
	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zambia & Malawi	Zambia & Malawi	Zambia & Malawi	Zambia & Malawi
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
<b>Principal place of business</b>								
Proportion of ownership held by non-controlling interests	49.99%	49.99%	49.99%	49.99%	50%	50%	50%	50%
Profit allocated to non-controlling interests	855 528 917	115 495 295	1 067 885 466	399 538 943	(35 074 251)	31 035 904	(35 074 251)	31 035 904
Accumulated non-controlling interests in subsidiaries	2 273 544 581	600 269 865	1 306 805 270	421 929 798	888 627 067	176 706 113	888 627 067	176 706 113
<b>Statement of profit or loss</b>								
Revenue	35 075 793 486	32 288 883 201	19 075 365 651	9 162 620 682	5 545 209 452	2 527 210 532	5 545 209 452	2 527 210 532
Operating profit (EBITDA)	4 273 708 469	1 105 495 812	3 093 727 653	979 382 511	384 286 773	201 782 494	384 286 773	201 782 494
<b>Statement of financial position</b>								
Current assets	11 293 670 459	7 017 952 462	9 932 268 791	2 350 558 782	4 378 085 565	1 167 806 523	4 378 085 565	1 167 806 523
Non-current assets	1 638 484 312	325 728 192	1 173 975 810	292 275 350	370 655 502	71 937 524	370 655 502	71 937 524
Current liabilities	8 129 170 695	4 368 522 416	8 129 170 695	1 879 499 989	1 974 159 401	923 861 011	1 974 159 401	923 861 011
Non-current liabilities	428 215 310	1 554 723 603	428 215 310	152 052 164	997 327 532	-	997 327 532	-
	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	Geribrans Services (Private) Limited		Geribrans Services (Private) Limited		TV Sales & Home (Private) Limited		TV Sales & Home (Private) Limited	
	2022	2021	2022	2021	2022	2021	2022	2021
	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
<b>Principal place of business</b>								
Proportion of ownership held by non-controlling interests	49.49%	49.49%	49.49%	49.49%	33.33%	33.33%	33.33%	33.33%
Profit allocated to non-controlling interests	388 607 481	503 955 507	376 950 210	220 209 700	1 009 713 600	172 970 679	947 621 254	345 443 065
Accumulated non-controlling interests in subsidiaries	1 380 729 528	1 119 940 542	561 069 537	307 567 918	3 463 365 620	600 269 815	1 383 661 226	404 292 418
<b>Statement of profit or loss</b>								
Revenue	13 878 405 654	8 027 070 867	4 881 919 869	2 324 567 193	21 034 652 978	14 366 436 969	11 294 419 079	4 171 373 376
Operating profit (EBITDA)	3 824 798 591	1 671 299 272	859 105 468	620 291 593	6 147 476 974	3 042 648 895	3 629 064 038	1 284 214 592
<b>Statement of financial position</b>								
Current assets	5 974 079 042	3 931 173 973	4 459 937 191	1 086 721 196	9 884 746 016	7 200 345 698	6 498 860 072	1 859 682 731
Non-current assets	1 159 730 973	279 980 361	601 784 922	6 053 767	3 920 220 754	2 505 398 704	1 499 737 731	426 264 027
Current liabilities	3 876 489 037	1 387 908 693	3 876 489 037	476 024 275	4 365 686 468	2 049 235 384	4 365 686 468	1 142 944 064
Non-current liabilities	465 250 495	239 555 428	49 375 951	82 162 609	909 217 424	158 972 686	339 748 444	252 501 580

Dividends paid to non-controlling interests have been disclosed under note 7.2

The above summarised financial information of these subsidiaries is based on amounts before inter-company eliminations.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>31 Net deferred tax (assets) / liabilities</b>				
<b>31.1 Reconciliation</b>				
Opening balance	1 347 456 080	2 364 147 355	(30 364 695)	35 736 151
Charge to profit or loss (note 14.1)	(2 654 424 383)	(1 018 218 078)	(273 944 936)	(65 397 664)
Conversion of associate or joint venture to subsidiary (note 16)	( 514 060)	( 2 302 730)	( 180 828)	( 703 182)
Effects of inflation and exchange movements on foreign subsidiaries	2 759 932 941	3 829 533	(141 069 160)	-
<b>Closing balance</b>	<b>1 452 450 578</b>	<b>1 347 456 080</b>	<b>(445 559 619)</b>	<b>(30 364 695)</b>
<b>31.2 Analysis of net deferred tax (assets) / liabilities</b>				
Accelerated depreciation for tax purposes	1 869 850 752	1 249 535 118	45 492 957	(19 109 685)
Tax losses	(60 805 969)	(87 127 860)	(60 805 969)	(28 288 698)
Derivative financial asset	46 278 938	27 953 573	46 278 938	9 075 974
Right of use assets	113 619 688	153 850 036	39 967 286	6 904 058
Net unrealised exchange (losses) / gains	(130 495 929)	58 703 318	(130 495 929)	19 059 809
Instalment credit receivables	113 683 047	250 521 059	113 683 047	81 339 246
Allowance for credit losses	(36 038 955)	(68 576 765)	(36 038 955)	(22 265 523)
Lease liabilities	(52 439 770)	(33 090 186)	(52 439 770)	(10 743 731)
Provision for obsolete inventories	(58 583 751)	(40 013 922)	(58 583 751)	(12 991 731)
Provision for leave pay, incentives and warranties	(352 617 473)	(164 298 291)	(352 617 473)	(53 344 414)
	<b>1 452 450 578</b>	<b>1 347 456 080</b>	<b>(445 559 619)</b>	<b>(30 364 695)</b>
<b>The net deferred tax (assets) / liabilities are made up as follows:</b>				
Deferred tax assets	(52 098 597)	(143 537 015)	(732 238 221)	(119 397 863)
Deferred tax liabilities	1 504 549 175	1 490 993 095	286 678 602	89 033 168
	<b>1 452 450 578</b>	<b>1 347 456 080</b>	<b>(445 559 619)</b>	<b>(30 364 695)</b>

The Group recognises deferred tax assets arising from tax losses where there is a reasonable expectation that sufficient taxable profit will be available in future through various initiatives by the Directors to utilise these losses. These assessed losses will expire in the year 2026 and 2028.

	Interest rate	INFLATION ADJUSTED		HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>32 Interest-bearing borrowings</b>					
<b>Short-term financing</b>					
<b>Secured</b>					
Regional Operations	14-18% up to 365 days	1 018 616 524	255 945 190	1 018 616 524	108 385 245
<b>Unsecured</b>					
Regional Operations	16,3% up to 365 days	471 830 066	590 190 806	471 830 066	249 928 413
<b>Unsecured</b>					
Zimbabwe Operations	36-80% up to 365 days	1 652 840 157	1 436 492 177	1 652 840 157	608 312 103
<b>Overdraft</b>	36-80% On demand	2 772 352 910	642 077 604	2 772 352 910	271 900 943
<b>Total interest-bearing borrowings</b>		<b>5 915 639 657</b>	<b>2 924 705 777</b>	<b>5 915 639 657</b>	<b>1 238 526 704</b>

As at 30 June 2022, the Board of Directors had authorised aggregate borrowing limits of ZWL 7.279 billion (2021 - ZWL 2.548 billion)

Short-term borrowings form part of the Group's core borrowings and are renewed in terms of ongoing facilities negotiated with the relevant financial institutions. The facilities expire at different dates and are reviewed and renewed when they mature. Secured facilities in the region are secured by a cession of a property worth ZWL 181,56 million (2021: ZWL 87.249 million).

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 32 Interest-bearing borrowings (continued)

#### Borrowing powers

In terms of the Articles of Association, the borrowing powers of the company and its subsidiaries (excluding inter-company borrowings) are limited to twice the aggregate of the nominal amount of the share capital of the company plus the total free reserves of the company and its subsidiaries. The level of borrowings throughout the year was adequately covered in this respect.

### 33 Lease liabilities

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Zimbabwe	828 701 693	637 674 255	828 701 693	235 103 689
Region	70 489 044	75 715 727	70 489 044	27 915 581
<b>Total</b>	<b>899 190 737</b>	<b>713 389 982</b>	<b>899 190 737</b>	<b>263 019 270</b>

#### Remaining lease terms on 30 June 2022

Zimbabwe	3-14	years
Region	1.08	years

#### Maturity analysis

	Zimbabwe 2022 ZWL	Zimbabwe 2021 ZWL	Region 2022 ZWL	Region 2021 ZWL	Total 2022 ZWL	Total 2021 ZWL
Year 1	343 565 800	64 130 444	25 694 955	54 240 176	369 260 755	118 370 619
Year 2-5	402 827 522	294 696 066	44 794 089	21 475 551	447 621 611	316 171 618
Beyond Year 5	82 308 371	278 847 745	-	-	82 308 371	278 847 745
<b>Balance on 30 June 2021</b>	<b>828 701 693</b>	<b>637 674 255</b>	<b>70 489 044</b>	<b>75 715 727</b>	<b>899 190 737</b>	<b>713 389 982</b>

#### Analysed as:

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Current portion of lease liabilities	281 524 908	345 813 679	281 524 908	118 632 480
Non-current portion lease liabilities	617 665 829	367 576 303	617 665 829	144 386 790
	<b>899 190 737</b>	<b>713 389 982</b>	<b>899 190 737</b>	<b>263 019 270</b>

The Group accounts for variations in rentals as lease modification as the substance of the lease agreements in place are ZWL leases, hence included in the lease liability is remeasurement to account for variable lease rentals amounting to ZWL620 615 773 (2021:ZWL nil). Refer to note 13 for interest expense recognised on the leases. When measuring lease liabilities that were classified as operating leases, the Group discounted the payments using its incremental borrowing rate at date of recognition. Due to the large number of leases recognised at different dates, weighted average rates applied range from 10 to 40%.

### 34 Trade and other payables

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Trade payables	8 327 936 315	4 466 747 944	8 327 936 315	1 819 773 964
Accruals	1 051 532 804	758 545 355	1 051 532 804	309 034 919
Customer deposits	499 929 509	347 970 429	499 929 509	141 764 777
Other payables	853 490 297	233 710 916	853 490 297	95 214 918
	<b>10 732 888 925</b>	<b>5 806 974 644</b>	<b>10 732 888 925</b>	<b>2 365 788 578</b>

Trade payables are non-interest bearing and are normally settled within 30 - 60 days. Other payables are non-interest bearing and have varying settlement terms.

### 35 Provisions and other liabilities

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Leave pay	94 474 505	92 791 121	94 474 505	33 435 721
Provision for warranty	314 086 225	1 462 875	314 086 225	526 495
Contract liabilities	42 585 137	71 656 793	42 585 137	25 789 579
	<b>451 145 867</b>	<b>165 910 789</b>	<b>451 145 867</b>	<b>59 751 795</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 35 Provisions and other liabilities

Reconciliation of provisions	INFLATION ADJUSTED			HISTORICAL COST		
	Leave pay ZWL	"Provision for warranties" ZWL	Contract liabilities ZWL	Leave pay ZWL	"Provision for warranties" ZWL	Contract liabilities ZWL
<b>Balance on 30 June 2020</b>	<b>80 106 290</b>	<b>8 717 429</b>	<b>14 316 877</b>	<b>10 244 629</b>	<b>1 518 282</b>	<b>2 493 517</b>
Charge for the year	93 708 831	54 820 893	78 131 194	29 196 194	16 345 724	23 296 062
Monetary movement	(60 339 115)	(3 928 262)	(20 791 278)	-	-	-
Exchange movements	371 329	-	-	133 643	-	-
Acquired through acquisition of subsidiaries	3 513 905	-	-	1 187 228	-	-
Less paid / utilised	(24 570 119)	(58 147 185)	-	(7 325 973)	(17 337 511)	-
<b>Balance on 30 June 2021</b>	<b>92 791 121</b>	<b>1 462 875</b>	<b>71 656 793</b>	<b>33 435 721</b>	<b>526 495</b>	<b>25 789 579</b>
Charge for the year	257 820 909	650 157 300	34 800 396	107 635 383	313 782 480	16 795 558
Monetary movement	(180 258 471)	(337 072 412)	(63 872 052)	-	-	-
Exchange movements	(19 280 876)	-	-	(19 280 876)	-	-
Acquired through acquisition of subsidiaries	51 381 773	-	-	24 798 153	-	-
Less paid / utilised	(107 979 951)	(461 538)	-	(52 113 876)	(222 750)	-
<b>Balance on 30 June 2022</b>	<b>94 474 505</b>	<b>314 086 225</b>	<b>42 585 137</b>	<b>94 474 505</b>	<b>314 086 225</b>	<b>42 585 137</b>

#### Contract liabilities

Contract liabilities arise from the Group's policy of revenue recognition. In the Group's distribution business, certain contracts provide a customer with a right to make claims or return the goods within a specified period for reasons such as damaged or near expiry products delivered. The Group estimates the value of such claims, processed against revenue.

	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>36 Capital expenditure commitments</b>				
Authorised and contracted	1 214 759 700	163 422 296	1 214 759 700	56 050 560
Authorised but not yet contracted	4 442 582 200	2 702 822 428	4 442 582 200	927 020 646
	<b>5 657 341 900</b>	<b>2 866 244 724</b>	<b>5 657 341 900</b>	<b>983 071 206</b>

The capital expenditure will be financed from the Group's own resources and existing borrowing facilities.

### 37 Segmental analysis

Management has determined the Group's operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The revenue, operating profit, assets and liabilities reported to the Board are measured consistently with that in the reported consolidated financial statements.

#### 37.1 Business Segments

The reporting structure is summarised as follows:

##### Speciality Retail

The main operations in this reporting silo are TV Sales & Home ("TVSH") and Transerv. TVSH is the leading furniture and electronic appliance retailer with sites located countrywide.

Transerv retails automotive spares and accessories through retail stores and fitment centers to service the needs of its customers.

##### Distribution

Distribution Group Africa is a large distribution and logistics concern with operations in Zimbabwe, Zambia and Malawi. Its core areas of expertise lie in inbound clearing and bonded warehousing, ambient and chilled/frozen warehousing, logistics, marketing, sales and merchandising services.

##### Other Segments

This segment reports the Group's head office support functions, namely company secretarial services, legal, treasury, internal audit and tax services.

##### Geographical Segments

The Group is also organised into parcels of businesses incorporated in Zimbabwe, and those incorporated in countries outside Zimbabwe. See note 21.1 for companies incorporated outside of Zimbabwe.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 37 Segmental analysis (continued)

INFLATION ADJUSTED	Speciality		Other Segments ZWL	Intersegment adjustments ZWL	Total ZWL
	Retail ZWL	Distribution ZWL			
<b>Revenue</b>					
30 June 2022	34 913 058 632	40 621 002 937	-	-	75 534 061 569
30 June 2021	17 552 317 958	39 459 544 580	-	-	57 011 862 538
<b>Operating profit / (loss) before impairment, depreciation and fair value adjustments</b>					
30 June 2022	9 972 275 565	4 657 995 243	(1 81 996 586)	-	14 448 274 222
30 June 2021	4 713 948 167	1 307 278 306	(225 611 994)	-	5 795 614 479
<b>Depreciation and amortisation</b>					
30 June 2022	(1 359 079 339)	(183 514 233)	(2 442 110)	-	(1 545 035 682)
30 June 2021	(758 466 788)	(142 533 381)	(6 490 008)	-	(907 490 177)
<b>Equity accounted earnings / (losses)</b>					
30 June 2022	-	276 416 608	34 021 152	-	310 437 760
30 June 2021	334 271 046	13 721 097	(1 712 342)	-	346 279 801
<b>Net interest expense</b>					
30 June 2022	(459 999 091)	(711 659 606)	(48 721 954)	2 154 280	(1 218 226 371)
30 June 2021	(353 274 587)	(687 938 109)	(48 725 920)	(1 008 313)	(1 090 946 929)
<b>Segment assets</b>					
30 June 2022	20 533 794 982	17 616 177 830	5 926 005 804	(4 608 020 338)	39 467 958 278
30 June 2021	13 916 898 735	10 542 889 218	4 869 125 039	(4 361 352 783)	24 967 560 209
<b>Segment liabilities</b>					
30 June 2022	9 603 414 431	11 464 154 946	1 180 839 313	(259 502 922)	21 988 905 768
30 June 2021	4 990 127 095	6 809 577 840	876 922 021	(255 358 789)	12 421 268 166
<b>Capital expenditure</b>					
30 June 2022	1 566 369 143	261 238 494	2 324 181	-	1 829 931 818
30 June 2021	290 472 986	909 260 043	2 237 925	-	1 201 970 954
<b>HISTORICAL COST</b>					
<b>Revenue</b>					
30 June 2022	16 176 338 948	24 620 575 102	-	-	40 796 914 050
30 June 2021	6 495 940 569	11 689 831 213	-	-	18 185 771 782
<b>Operating profit / (loss) before impairment, depreciation and fair value adjustments</b>					
30 June 2022	4 488 169 506	3 478 014 428	(175 420 895)	-	7 790 763 040
30 June 2021	1 904 506 185	1 181 165 004	(94 048 318)	-	2 991 622 871
<b>Depreciation and amortisation</b>					
30 June 2022	359 678 223	108 094 991	527 992	-	468 301 206
30 June 2021	135 689 885	50 710 992	422 984	-	186 823 861
<b>Equity accounted earnings / (losses)</b>					
30 June 2022	-	168 940 224	15 545 357	-	184 485 581
30 June 2021	93 679 606	3 374 643	(531 340)	-	96 522 909
<b>Net interest expense</b>					
30 June 2022	(320 051 116)	(408 435 128)	(25 703 457)	2 154 281	(752 035 420)
30 June 2021	(110 452 093)	(2 24 537 654)	(33 077 725)	-	(368 067 472)
<b>Segment assets</b>					
30 June 2022	12 655 338 113	1 242 186 915	16 045 522 590	(164 448 000)	29 778 599 618
30 June 2021	3 383 465 529	3 991 158 629	2 36 719 933	(138 234 240)	7 473 109 851
<b>Segment liabilities</b>					
30 June 2022	8 228 472 376	11 730 575 359	1 072 316 299	(260 328 839)	20 771 035 195
30 June 2021	1 465 880 441	2 811 362 444	305 448 309	(79 308 338)	4 503 382 856
<b>Capital expenditure</b>					
30 June 2022	894 173 455	366 320 976	2 324 180	-	1 262 818 611
30 June 2021	81 066 589	249 761 947	562 979	-	331 391 515

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 37.2 Geographical information

INFLATION ADJUSTED		Revenue ZWL	Operating Profit ^ ("EBITDA") ZWL	Non-current assets ZWL	Current assets ZWL	Non-current liabilities ZWL	Current liabilities ZWL
<b>Zimbabwe Operations</b>							
30 June 2022		69 988 852 117	14 079 110 779	6 749 627 851	27 148 683 961	2 051 725 961	15 728 215 072
30 June 2021		54 484 652 006	5 597 327 592	5 262 121 125	18 263 722 432	1 858 569 398	8 754 200 094
<b>Regional Operations</b>							
30 June 2022		5 545 209 452	369 163 443	589 428 559	4 980 317 907	70 489 043	4 138 475 692
30 June 2021		2 527 210 532	198 286 886	252 078 348	1 189 638 304	-	1 808 498 675
HISTORICAL COST							
<b>Zimbabwe Operations</b>							
30 June 2022		-	7 421 599 596	3251 701 596	20 957 151 556	833 855 388	16 355 799 640
30 June 2021		15 658 561 251	2 789 840 378	654 991 241	5 376 403 958	233 419 958	3 247 134 530
<b>Regional Operations</b>							
30 June 2022		5 545 209 452	369 163 444	589 428 559	4 980 317 907	70 489 043	3 510 891 124
30 June 2021		2 527 210 531	198 286 886	252 078 348	1 189 638 304	-	1 022 828 368

^ (EBITDA) - Earnings Before Interest Tax Depreciation and Amortisation

### 38 Pension funds

#### Innscor Africa Pension Fund

This is a self-administered, defined contribution fund. The Fund has been operational since 2000. Membership is compulsory for employees of the Group who are not members of other occupational pension funds. Contributions are at the rate of 14% of pensionable emoluments less NSSA of which members pay 7%. Following Axia Corporation Limited's (Axia) unbundling from Innscor Africa Limited, Axia's pensions remained part of the Innscor Africa Pension Fund.

#### National Employment of Motor Industry Pension Fund

This is a defined contribution fund which covers employees in specified occupations of the motor industry. The majority of employees at Transerv are members of this fund. The minimum contributions are 5% each for members and employer. Members have an option to elect to contribute up to a maximum of 10%.

#### National Social Security Authority Scheme (NSSA)

The scheme was established, and is administered, in terms of statutory Instrument 393 of 1993. Introduced in 1994, the Pension and Other Benefits Scheme is a defined contribution plan based on a 50/50 contribution from the employers and employees and are limited to specific contributions legislated from time to time.

#### National Pension Scheme Authority (NAPSA) – Zambia

The scheme was established and is administered, in terms of the Government of Zambia Act of 1996 and enacted effective 12th February 2000. This came after the formation of the Zambia National Provident Fund which has been in existence since 1966 with a mandate to act as the main vehicle for providing retirement and social security benefits to workers in the country. The benefits are based on a 50/50 contribution from the employers and employees and are limited to specific contributions legislated from time to time.

#### NICO Life (Group Pension Scheme) – Malawi

NICO Life was established in line with the Pensions Act of 2010 of Malawi whereby both the employer and employee contribute. This is a Defined Contribution Arrangement with employees contributing 5% and employers contributing 10% of pensionable earnings.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 38 Pension funds (continued)

Pension costs recognised as an expense for the year are as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Zimbabwe Operations</b>				
Innskor Africa Pension Fund	47 056 543	16 417 863	22 771 791	4 348 892
National Social Security Authority Scheme & Workers' Compensation Insurance Fund	75 626 702	8 342 130	36 597 577	1 909 858
	<b>122 683 245</b>	<b>24 759 993</b>	<b>59 369 368</b>	<b>6 258 750</b>
<b>Regional operations</b>				
Workers Compensation Insurance Fund (Zambia)	660 209	158 156	660 209	54 244
National Pension Scheme Authority (Zambia)	4 092 946	4 670 690	4 092 946	1 601 951
NICO Life (Malawi)	3 058 354	11 304 887	3 058 354	3 877 345
	<b>7 811 509</b>	<b>16 133 733</b>	<b>7 811 509</b>	<b>5 533 540</b>
<b>Total Pension costs</b>	<b>130 494 754</b>	<b>40 893 726</b>	<b>67 180 877</b>	<b>11 792 290</b>

### 39 Related party transactions

#### 39.1 Trading transactions

Related party activities consist of transactions between Axia Corporation Limited's consolidated entities, its associates and joint ventures. Balances and transactions between the Company and its subsidiaries, its associates and joint ventures, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between Group companies and other related parties are disclosed below.

Transactions with related parties are carried out at terms equivalent to those that prevail in an arms length transaction. The amounts outstanding are unsecured and will be settled on normal terms. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Related party transactions are summarised as follows:

#### INFLATION ADJUSTED

Name of related party	sales		purchases		rent	interest	trade & other	trade & other
	ZWL	ZWL	ZWL	ZWL	received ZWL	received ZWL	receivables ZWL	payables ZWL
<b>Firm Action (Private) Limited</b>								
30 June 2022	-	-	-	-	-	-	-	-
30 June 2021	-	-	-	-	-	32 709 347	-	-
<b>Mat On (Private) Limited</b>								
30 June 2022	-	-	-	-	-	-	-	-
30 June 2021	-	966 679 149	-	-	-	-	50 429 531	-

#### HISTORICAL COST

Name of related party	sales		purchases		rent	interest	trade & other	trade & other
	ZWL	ZWL	ZWL	ZWL	received ZWL	received ZWL	receivables ZWL	payables ZWL
<b>Firm Action (Private) Limited</b>								
30 June 2022	-	-	-	-	-	-	-	-
30 June 2021	-	-	-	-	-	9 426 967	-	-
<b>Maton (Private) Limited</b>								
30 June 2022	-	-	-	-	-	-	-	-
30 June 2021	-	278 659 083	-	-	-	-	17 296 297	-

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 39.2 Compensation of key personnel to the Group

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Short-term employee benefits (note 10.2.1)	1 380 105 270	1 076 687 455	985 764 391	310 800 915

### 39.3 Transactions with Directors

The Group has leased properties from various companies in which some of the Directors have either a financial or custodial interest. The leases are undertaken at arm's length basis. The Group also pays consultancy fees to a non-executive Director from time to time.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Lease payments	108 468 305	13 505 641	52 346 678	4 348 514
Consultancy fees to Director related entity	97 482 764	73 770 459	69 630 546	21 301 043

### 39.4 Other related party payables

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Amount payable to Axia Corporation Employee Share Trust (Private) Limited*	291 333	573 107	291 333	196 564

\*Dividends paid to the Axia Corporation Employee Share Trust (Private) Limited were held in trust by Axia Corporation Limited and earning interest amount equivalent to the Group's average cost of borrowing.

## 40 Financial risk management objectives and policies

The Group's principal financial instruments comprise financial assets, trade and other receivables, cash and cash equivalents, interest-bearing borrowings and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations or to achieve a return on surplus short-term funds. The Group has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

#### Cash flow and fair value interest rate risk

Interest rate risk arises from long term borrowings with variable rates. The Group's policy is to adopt a non-speculative approach to managing interest rate risk. Approved funding instruments include bankers' acceptances, call loans, overdrafts, commercial paper, foreign loans and where appropriate long term loans. Borrowings at fixed rates however is not feasible given current inflationary environment.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on short-term loans and overdrafts. There is a material impact on the Group's equity.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Effect on profit before tax				
Increase of 100% (2021 : 25%)	(1 690 142 295)	(641 587 289)	(1 690 142 295)	(220 053 262)
Decrease of 100% (2021 : 25%)	1 690 142 295	641 587 289	1 690 142 295	220 053 262

#### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of significant investment operations in countries outside Zimbabwe, the Group's statement of financial position can be affected significantly by movements in foreign currency exchange rates. The Group also has transactional currency exposures. Such exposure arises from the sale or purchase, by an operating unit, in currencies other than the unit's functional currency. The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases, securing forward contracts to take advantage of exchange rate movements and/or retaining stock until the foreign currency to settle the related liability has been secured.

Exposure to exchange rate fluctuations and foreign denominated loans is monitored by Group Management and subsidiaries manage short term exposures within approved parameters. The US dollar-denominated bank loans and foreign creditors are expected to be repaid with receipts from US dollar-denominated sales and receipts from the Reserve Bank foreign exchange auction.

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 40 Financial risk management objectives and policies (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

		INFLATION ADJUSTED		
		Liabilities	Assets	Net position
<b>30 June 2022</b>				
<b>Currency</b>				
<b>South African Rand</b>		(49 940 386)	7 694 671	(42 245 715)
ZWL equivalent		(1 109 368 473)	170 928 298	(938 440 175)
<b>USD</b>		(12 085 368)	16 139 628	4 054 260
ZWL equivalent		(8 459 757 600)	11 297 739 600	2 837 982 000
<b>30 June 2021</b>				
<b>Currency</b>				
<b>South African Rand</b>		(68 493 881)	31 230 385	(37 263 496)
ZWL equivalent		(1 192 978 675)	543 949 076	(649 029 598)
<b>USD</b>		(6 988 708)	10 594 700	3 605 992
ZWL equivalent		(1 740 610 865)	2 638 720 909	898 110 044

		HISTORICAL COST		
		Liabilities	Assets	Net position
<b>30 June 2022</b>				
<b>Currency</b>				
<b>South African Rand</b>		(49 940 386)	7 694 671	(42 245 715)
ZWL equivalent		(1 109 368 473)	170 928 298	(938 440 175)
<b>USD</b>		(12 085 368)	16 139 628	4 054 260
ZWL equivalent		(8 459 757 600)	11 297 739 600	2 837 982 000
<b>30 June 2021</b>				
<b>Currency</b>				
<b>South African Rand</b>		(68 493 881)	31 230 385	(37 263 496)
ZWL equivalent		(409 170 899)	186 565 056	(222 605 844)
<b>USD</b>		(6 988 708)	10 594 700	3 605 992
ZWL equivalent		(596 999 199)	905 035 296	308 036 097

The following table details the Group's sensitivity to a 45% increase in the ZWL against the United States of America Dollar, and South African Rand. The 45% represents management's assessment of reasonably possible change in foreign exchange rates. A positive number below indicates an increase in profit where the ZWL strengthens or weakens in a favorable manner against the net exposure.

#### INFLATION ADJUSTED

	Change in rate	Effect on profit before tax ZWL	Effect on equity ZWL
<b>30 June 2022</b>			
South African Rand	+45%	(203 003 997)	(419 200 085)
	-45%	549 808 270	1 119 779 776
USD	+45%	874 281 169	1 755 034 204
	-45%	(2 314 531 932)	(4 636 517 205)
<b>30 June 2021</b>			
South African Rand	+45%	(36 959 732)	(202 332 557)
	-45%	224 376 873	660 359 776
USD	+45%	86 389 919	231 873 045
	-45%	(297 360 649)	(680 907 071)

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 40 Financial risk management objectives and policies (continued)

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to debt impairment is not significant. Refer to note 24 for detailed disclosure on the ECL analysis.

There is no concentration risk as the Group trades with a wide range of customers with different risk profiles. Credit limits are set by the Group to avoid exposure to a single customer.

Where it sees fit, the Group can from time to time ask for collateral security from customers. This is done after assessing the customers' ability to honour their obligations and the level of exposure. Collateral can be properties, listed equities or other assets.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents and financial assets at fair value through profit or loss, the Group's Executive Committee approves all counterparties, sets and monitors exposure limits and terms of engagement.

The maximum exposure arising from default equals the carrying amount of the financial assets as disclosed in the statement of financial position less the market value of any security held.

#### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding through a well managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts and interest-bearing borrowings, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities

The table below summarises the maturity profile of the Group's financial assets and liabilities:

#### 30 June 2022

INFLATION ADJUSTED	Within 3 months ZWL	Between 4 - 12 months ZWL	More than 12 months ZWL	Total ZWL
<b>Liabilities</b>				
Interest-bearing borrowings	4 425 193 067	1 490 446 590	-	5 915 639 657
Trade and other payables	10 732 888 925	-	-	10 732 888 925
Contract liabilities	42 585 137	-	-	42 585 137
<b>Total</b>	<b>15 200 667 129</b>	<b>1 490 446 590</b>	<b>-</b>	<b>16 691 113 719</b>
<b>Assets</b>				
Cash and cash equivalents	2 862 551 934	-	-	2 862 551 934
Trade and other receivables excluding prepayments	7 414 917 428	-	-	7 414 917 428
Financial assets at fair value through profit or loss	-	256 283 632	-	256 283 632
<b>Total</b>	<b>10 277 469 362</b>	<b>256 283 632</b>	<b>-</b>	<b>10 533 752 994</b>

#### 30 June 2021

INFLATION ADJUSTED	Within 3 months ZWL	Between 4 - 12 months ZWL	More than 12 months ZWL	Total ZWL
<b>Liabilities</b>				
Interest-bearing borrowings	2 529 171 070	395 534 707	-	2 924 705 777
Trade and other payables	3 951 747 415	1 855 227 229	-	5 806 974 644
Contract liabilities	-	71 656 793	-	71 656 793
<b>Total</b>	<b>6 480 918 485</b>	<b>2 322 418 729</b>	<b>-</b>	<b>8 803 337 214</b>
<b>Assets</b>				
Cash and cash equivalents	1 721 310 008	-	-	1 721 310 008
Trade and other receivables excluding prepayments	4 849 915 439	-	-	4 849 915 439
Financial assets	-	264 665 958	-	264 665 958
<b>Total</b>	<b>6 571 225 447</b>	<b>264 665 958</b>	<b>-</b>	<b>6 835 891 405</b>

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 40 Financial risk management objectives and policies (continued)

HISTORICAL COST	30 June 2022			Total ZWL
	Within 3 months ZWL	Between 4 - 12 months ZWL	More than 12 months ZWL	
<b>Liabilities</b>				
Interest-bearing borrowings	4 425 193 067	1 490 446 590	-	5 915 639 657
Trade and other payables	10 732 888 925	-	-	10 732 888 925
Contract liabilities	42 585 137	-	-	42 585 137
<b>Total</b>	<b>15 200 667 129</b>	<b>1 490 446 590</b>	<b>-</b>	<b>16 691 113 719</b>
<b>Assets</b>				
Cash and cash equivalents	2 862 551 934	-	-	2 862 551 934
Trade and other receivables excluding prepayments	7 414 917 428	-	-	7 414 917 428
Financial assets	-	256 283 632	-	256 283 632
<b>Total</b>	<b>10 277 469 362</b>	<b>256 283 632</b>	<b>-</b>	<b>10 533 752 994</b>
	<b>30 June 2021</b>			
	Within 3 months ZWL	Between 4 - 12 months ZWL	More than 12 months ZWL	Total ZWL
<b>Liabilities</b>				
Interest-bearing borrowings	1 102 865 191	135 661 513	-	1 238 526 704
Trade and other payables	1 729 477 963	636 310 615	-	2 365 788 578
Contract liabilities	-	25 789 579	-	25 789 579
<b>Total</b>	<b>2 832 343 154</b>	<b>797 761 707</b>	<b>-</b>	<b>3 630 104 861</b>
<b>Assets</b>				
Cash and cash equivalents	691 539 544	-	-	691 539 544
Trade and other receivables excluding prepayments	1 889 899 429	-	-	1 889 899 429
Financial assets	-	90 775 007	-	90 775 007
<b>Total</b>	<b>2 581 438 973</b>	<b>90 775 007</b>	<b>-</b>	<b>2 672 213 980</b>

### 41 Fair value of financial instruments

The estimated net fair values of all financial instruments, including instalment debtors, approximate the carrying amounts shown in the financial statements as at the reporting date (30 June 2022).

### 42 Capital management

The primary objective of the Group's capital management is to ensure that all its companies maintain healthy capital ratios in order to support the business and maximise shareholder value.

The Group manages its capital (total equity and debt) and makes adjustment to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares as well as reduce or increase debt levels. No changes were made to the objectives, policies or processes during the year ended 30 June 2022. The Group manages capital using debt to equity ratios, which is calculated as total borrowings divided by the sum of total equity and borrowings.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Total borrowings	5 915 639 657	2 924 705 777	5 915 639 657	1 238 526 704
Cash and cash equivalents	(2 862 551 934)	(1 721 310 008)	(2 862 551 934)	(691 539 544)
<b>Net (cash)/borrowings</b>	<b>3 053 087 723</b>	<b>1 203 395 769</b>	<b>3 053 087 723</b>	<b>546 987 160</b>
<b>Equity</b>	<b>17 479 052 510</b>	<b>12 546 292 043</b>	<b>9 007 564 423</b>	<b>2 969 726 995</b>
Gross Debt to equity ratio	25%	19%	40%	29%
Net debt to equity ratio	15%	9%	25%	16%

# Notes to the Financial Statements (Continued)

## for the year ended 30 June 2022

### 43 Translation rates

The table below provides the closing translation rates used for the purpose of accounting for foreign investments' statements of financial position to the Group's reporting currency and conversion of foreign denominated balances to the functional currency:

	2022 FX : USD 1	2021 FX : USD 1
Zimbabwean Dollar : conversion of foreign operations	366.27	85.42
Zimbabwean Dollar : conversion of foreign denominated balances	700.00	130.00
South African Rand	16.49	14.30
Malawian Kwacha	1 026.00	806.02
Zambian Kwacha	17.27	22.85

### 44 Contingent liabilities

There were no contingent liabilities as at 30 June 2022.

### 45 Events after reporting date

There have been no significant events after the reporting date.



# Company Financial Statements

for the year ended 30 June 2022

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Harare  
Zimbabwe

## REPORT OF THE INDEPENDENT AUDITORS

### TO THE MEMBERS OF

### AXIA CORPORATION LIMITED

#### Adverse Opinion

We have audited the inflation adjusted financial statements of **AXIA CORPORATION LIMITED** set out on pages 4 to 22, which comprise the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in our Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly, the financial position of **AXIA CORPORATION LIMITED** as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for Adverse Opinion

#### Non-compliance with International Accounting Standard 21 (IAS 21), The Effects of Changes in Foreign Exchange Rates and International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors

##### (a) Fair statement of opening balances and comparative financial statements

Prior to 22 February 2019, the Zimbabwean economy was characterized by a multi-tiered pricing model. Under the model, a single product had different prices depending on the mode of payment, whether United States Dollar (US Dollar), Real Time Gross Settlement (RTGS), mobile money or bond notes. The multi-tiered pricing model was evidence of the emergence of a new currency, the Zimbabwe Dollar (ZWL), which was being used alongside these modes of payment. The new currency, the ZWL, was then formally acknowledged through the issue of Statutory Instrument 33 of 2019 (S.I 33) "Presidential Powers (Temporary Measures) Amendment of Reserve Bank of Zimbabwe Act and Real Time Gross Settlement Electronic Dollars (RTGS) Regulations, 2019. The statutory instrument prescribed parity between the US Dollar and the new local currency (the ZWL) up to the effective date of 22 February 2019.

The new functional currency (ZWL) was effective from 22 February 2019, instead of the fourth quarter of 2018 as evidenced by the separation of the bank accounts into foreign currency accounts and non-foreign currency accounts. The statutory instrument also prescribed how US Dollar balances were to be translated to ZWL. The delay in recognizing the ZWL as a currency and the translation method of balances from US Dollar to ZWL resulted in misstatement of comparative financial statements and current year retained earnings balance of ZWL 539,638,696.

These financial statements have not been restated in line with International Accounting Standards 8 (IAS 8), Accounting Policies, Changes in Accounting Estimates and Errors, to account for misstatements in the opening balances and comparative financial statements.

##### (b) Inconsistent use of spot exchange rates

The Company did not comply with the requirements of IAS 21 on the spot exchange rates used to translate similar transactions and balances in the prior and current year. IAS 21 defines spot exchange rate as the exchange rate available for immediate delivery or the exchange rate the company would have access to at the end of the reporting period. Revenues were translated to the functional currency using the auction exchange rate while some expenses were translated using internally determined exchange rates. Similarly, the Company used different internally determined exchange rates to translate monetary assets and liabilities as at reporting date.

BDO Zimbabwe, a Zimbabwean partnership, is a member of BDO International Limited, a UK company limited by guarantee and forms part of the international BDO Network of independent member firms.

A list of partner names is available for inspection at our registered office, No. 3 Baines Avenue, Harare.

Had the Company been consistent in the choice of spot exchange rates to use for similar transactions and balances, the inflation adjusted financial statements would have been materially different from the disclosed balances. The financial impact of the non-compliance has not been determined.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B), together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 financial statements. Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

#### **Responsibilities of the Directors for the financial statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue operating 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 Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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 Company'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 Company'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 Company's ability to continue operating 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on other legal and regulatory requirements**

In our opinion, due to the impact of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted financial statements were not prepared in accordance with the requirements of section 273 of the Companies and Other Business Entities Act (Chapter 24:31).



**BDO Zimbabwe**  
Chartered Accountants

Per: Davison Madhigi CA(Z)  
Partner  
Registered Public Auditor  
PAAB Certificate No: 0610

29 September 2022

Kudenga House  
3 Baines Avenue  
Harare

# Company statement of Profit or Loss and and Other Comprehensive Income

for the year ended 30 June 2022

	Note	INFLATION ADJUSTED		* HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Revenue</b>		-	-	-	-
<b>Cost of sales</b>		-	-	-	-
<b>Gross profit</b>		-	-	-	-
other income		8 995 001	-	5 396 359	-
operating expenses	C1	(211 643 387)	(90 601 801)	(137 081 604)	(26 806 483)
<b>Operating loss before impairment, depreciation and amortisation</b>		<b>(202 648 386)</b>	<b>(90 601 801)</b>	<b>(131 685 245)</b>	<b>(26 806 483)</b>
financial income		1 362 476 462	932 330 418	696 982 040	272 935 089
(Loss)/ gain on monetary position	C2	(369 099 096)	11 472 760	-	-
<b>Profit before interest, equity accounted earnings and tax</b>		<b>790 728 980</b>	<b>853 201 377</b>	<b>565 296 795</b>	<b>246 128 606</b>
interest income		47 201 796	78 737 535	38 795 362	22 894 732
interest expense	C3 C4	(2 074 777)	(57 016 020)	(767 263)	(15 431 153)
<b>Profit before tax</b>		<b>835 855 999</b>	<b>874 922 892</b>	<b>603 324 894</b>	<b>253 592 185</b>
tax expense	C5	(6 184 080)	(6 259 831)	(2 959 763)	(1 971 045)
<b>Profit for the year</b>		<b>829 671 919</b>	<b>868 663 061</b>	<b>600 365 131</b>	<b>251 621 140</b>
<b>Other comprehensive income</b>					
other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>829 671 919</b>	<b>868 663 061</b>	<b>600 365 131</b>	<b>251 621 140</b>
<b>Earnings per share (cents)</b>					
Basic earnings per share	C6	149.22	157.32	107.98	45.57
Headline earnings per share	C6	149.22	157.32	107.98	45.57
Diluted basic earnings per share	C6	149.22	156.00	107.98	45.19
Diluted headline earnings per share	C6	149.22	156.00	107.98	45.19

\* Accounting policy notes of the company are the same as group accounting policies. Refer to accounting policy notes on pages xx to xx

\* Historic cost results are included as supplementary information. Refer to note 2.2

# Company Statement of Financial Position

As at 30 June 2022

	Notes	INFLATION ADJUSTED		* HISTORICAL COST	
		COMPANY	COMPANY	COMPANY	COMPANY
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>ASSETS</b>					
<b>Non-current assets</b>					
investments in subsidiaries and joint ventures	C7	4 158 333 109	4 158 333 109	30 592 401	30 592 401
		4 158 333 109	4 158 333 109	30 592 401	30 592 401
<b>Current assets</b>					
trade and other receivables	C8	301 365 098	41 921 440	301 365 098	14 378 196
cash and cash equivalents		30 467 939	900 148	30 467 939	308 732
		<b>331 833 037</b>	<b>42 821 588</b>	<b>331 833 037</b>	<b>14 686 928</b>
<b>Total assets</b>		<b>4 490 166 146</b>	<b>4 201 154 697</b>	<b>362 425 438</b>	<b>45 279 329</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
ordinary share capital	24	7 372 467	7 371 531	55 600	55 215
share based payments reserve		-	8 908 249	-	392 800
share premium		58 789 820	47 338 414	3 620 572	2 186 350
non-distributable reserves		3 765 265 072	3 765 265 072	27 700 642	27 700 642
distributable reserves		539 638 696	318 642 049	211 948 533	(3 449 458)
<b>Total equity</b>		<b>4 371 066 055</b>	<b>4 147 525 315</b>	<b>243 325 347</b>	<b>26 885 549</b>
<b>Current liabilities</b>					
other payables and accruals	C9	119 100 091	37 924 251	119 100 091	13 007 194
interest-bearing borrowings			15 705 131		5 386 586
		<b>119 100 091</b>	<b>53 629 382</b>	<b>119 100 091</b>	<b>18 393 780</b>
<b>Total equity and liabilities</b>		<b>4 490 166 146</b>	<b>4 201 154 697</b>	<b>362 425 438</b>	<b>45 279 329</b>

\* Historic cost results are included as supplementary information. Refer to note 2.2



**JOHN KOUMIDES**  
Chief Executive Officer

29 September 2022



**R M RAMBANAPASI**  
Finance Director

29 September 2022

# Company Statement of Changes in Equity

for the year ended 30 June 2022

## INFLATION ADJUSTED

	Ordinary Share Capital ZWL	Share premium reserve ZWL	*Share based payments reserve ZWL	Non-Distributable Reserves ZWL	Distributable Reserves ZWL	Total ZWL
<b>Balance at 30 June 2020</b>	<b>7 369 373</b>	<b>5 343 364</b>	<b>44 926 460</b>	<b>3 765 265 072</b>	<b>309 105 109</b>	<b>4 132 009 378</b>
Profit for the year	-	-	-	-	868 663 061	868 663 061
New shares issued	2 158	5 337 177	-	-	-	5 339 335
Transfer to share capital and share premium	-	36 657 873	(36 657 873)	-	-	-
Dividends paid	-	-	-	-	(859 126 121)	(859 126 121)
Recognition of share based payments expense	-	-	639 662	-	-	639 662
<b>Balance at 30 June 2021</b>	<b>7 371 531</b>	<b>47 338 414</b>	<b>8 908 249</b>	<b>3 765 265 072</b>	<b>318 642 049</b>	<b>4 147 525 315</b>
Profit for the year	-	-	-	-	829 671 919	829 671 919
Issue of shares through exercising share options	936	2 461 146	-	-	-	2 462 082
Realisation of share option reserve	-	8 990 260	(8 990 260)	-	-	-
Dividends paid	-	-	-	-	(608 675 272)	(608 675 272)
Recognition of share based payments expense	-	-	82 011	-	-	82 011
<b>Balance at 30 June 2022</b>	<b>7 372 467</b>	<b>58 789 820</b>	<b>-</b>	<b>3 765 265 072</b>	<b>539 638 696</b>	<b>4 371 066 055</b>

## \* HISTORICAL COST

	Ordinary Share Capital ZWL	Share premium reserve ZWL	*Share based payments reserve ZWL	Non-Distributable Reserves ZWL	Distributable Reserves ZWL	Total ZWL
<b>Balance at 30 June 2020</b>	<b>54 647</b>	<b>338 511</b>	<b>773 859</b>	<b>27 700 642</b>	<b>(2 644 378)</b>	<b>26 223 281</b>
Profit for the year	-	-	-	-	251 621 140	251 621 140
New shares issued	568	1 372 081	-	-	-	1 372 649
Transfer to share capital and share premium	-	475 758	(475 758)	-	-	-
Dividends paid	-	-	-	-	(252 426 220)	(252 426 220)
Recognition of share based payments expense	-	-	94 699	-	-	94 699
<b>Balance at 30 June 2021</b>	<b>55 215</b>	<b>2 186 350</b>	<b>392 800</b>	<b>27 700 642</b>	<b>(3 449 458)</b>	<b>26 885 549</b>
Profit for the year	-	-	-	-	600 365 131	600 365 131
New shares issued	385	1 007 930	-	-	-	1 008 315
Transfer to share capital and share premium	-	426 292	(426 292)	-	-	-
Dividends paid	-	-	-	-	(384 967 140)	(384 967 140)
Recognition of share based payments expense	-	-	33 492	-	-	33 492
<b>Balance at 30 June 2022</b>	<b>55 600</b>	<b>3 620 572</b>	<b>-</b>	<b>27 700 642</b>	<b>211 948 533</b>	<b>243 325 347</b>

\*This reserve relates to the portion of share options attributable to the company under the share option scheme detailed under note 25.4 of the Group financial statements.

\* Historic cost results are included as supplementary information. Refer to note 2.2

# Company Statement of Cashflows

for the year ended 30 June 2022

		INFLATION ADJUSTED		* HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Cash generated from operations</b>	<b>C10.1</b>	<b>649 422 458</b>	<b>932 035 407</b>	<b>423 229 869</b>	<b>258 494 268</b>
interest income		3 966	78 737 535	1 775	22 894 732
interest expense		(2 074 777)	(57 016 020)	(767 263)	(15 431 153)
tax paid		(6 184 080)	(6 259 831)	(2 959 763)	(1 971 045)
<b>Total cash generated from operating activities</b>		<b>641 167 567</b>	<b>947 497 091</b>	<b>419 504 618</b>	<b>263 986 802</b>
<b>Investing activities</b>		-	-	-	-
<b>Net cash flow before financing activities</b>		<b>641 167 567</b>	<b>947 497 091</b>	<b>419 504 618</b>	<b>263 986 802</b>
<b>Financing activities</b>		<b>(611 599 776)</b>	<b>(949 793 517)</b>	<b>(389 345 411)</b>	<b>(264 208 651)</b>
dividends paid by holding company		(608 675 272)	(859 126 121)	(384 967 140)	(252 426 220)
issue of new shares		2 462 082	5 339 335	1 008 315	1 372 649
repayment of borrowings		(5 386 586)	(96 006 731)	(5 386 586)	(13 155 079)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>29 567 791</b>	<b>(2 296 426)</b>	<b>30 159 207</b>	<b>(221 849)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>900 148</b>	<b>3 196 574</b>	<b>308 732</b>	<b>530 581</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>30 467 939</b>	<b>900 148</b>	<b>30 467 939</b>	<b>308 732</b>

\* Historic cost results are included as supplementary information. Refer to note 2.2

# Notes to the Company financial statements

## for the year ended 30 June 2022

C1) Operating expenses	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Directors fees	91 284 056	45 514 821	59 877 587	12 932 790
Audit fees and expenses	20 880 330	5 745 634	15 243 000	1 700 000
Financial reporting costs	36 697 200	4 712 008	30 480 412	1 616 122
Listing fees	28 705 033	592 729	14 437 000	175 375
Intermediated money transfer tax	14 646 395	7 241 051	7 068 723	3 494 716
Dividend processing expenses	3 539 349	4 888 420	2 311 562	1 446 370
Equity-settled share-based payments expense	82 011	639 662	33 492	94 699
Consulting and legal fees	9 435 888	3 884 844	4 554 000	1 332 422
Share register maintenance fees	4 317 706	2 189 148	2 083 835	647 718
Other operating costs	2 055 419	15 193 484	991 993	3 366 271
	<b>211 643 387</b>	<b>90 601 801</b>	<b>137 081 604</b>	<b>26 806 483</b>
<b>C2) Financial income</b>				
Financial income comprises of dividend income received from subsidiary companies. This income is eliminated in full on consolidation of the Company accounts into the Group.				
<b>C3) Interest received</b>				
Interest on loans advanced to group companies	47 201 796	78 737 535	38 795 362	22 894 732
<b>C4) Interest paid</b>				
Interest-bearing borrowings	2 074 777	57 016 020	767 263	15 431 153
<b>C5) Tax expense</b>				
Withholding taxes paid	6 184 080	6 259 831	2 959 763	1 971 045
<b>C6) Earnings per share</b>				
	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
<b>Number of shares in issue</b>				
Number of ordinary shares in issue per basic and headline earnings per share	556 000 308	552 150 308	556 000 308	552 150 308
Effect of share options	-	4 671 784	-	4 671 784
<b>Weighted average number of ordinary shares in issue adjusted for the effect of dilution</b>	<b>556 000 308</b>	<b>556 822 092</b>	<b>556 000 308</b>	<b>556 822 092</b>
<b>Reconciliation of basic earnings to headline earnings:</b>				
Profit for the year attributable to equity holders of the parent	829 671 919	868 663 061	600 365 131	251 621 140
<b>Headline earnings attributable to equity holders of the parent</b>	<b>829 671 919</b>	<b>868 663 061</b>	<b>600 365 131</b>	<b>251 621 140</b>
Basic earnings per share (cents)	149.22	157.32	107.98	45.57
Headline earnings per share (cents)	149.22	157.32	107.98	45.57
Diluted basic earnings per share (cents)	149.22	156.00	107.98	45.19
Diluted headline earnings per share (cents)	149.22	156.00	107.98	45.19
<b>C7) Investments in subsidiaries and joint ventures</b>				
66.67% equity shares in TV Sales & Home (Private) Limited	1 960 097 974	1 960 097 974	14 420 226	14 420 226
51% equity shares in Moregrow Enterprises (Private) Limited	570 594 472	570 594 472	4 197 801	4 197 801
50.01% equity shares in Distribution Group Africa (Private) Limited	1 319 959 038	1 319 959 038	9 710 794	9 710 794
100% equity shares in Axia Operations (Private) Limited	13 593	13 593	100	100
100% equity shares in Excalibur Mauritius Limited	307 668 032	307 668 032	2 263 480	2 263 480
	<b>4 158 333 109</b>	<b>4 158 333 109</b>	<b>30 592 401</b>	<b>30 592 401</b>

# Notes to the Company financial statements (Continued)

## for the year ended 30 June 2022

### C8) Trade and other receivables

<i>Third party receivables</i>				
Prepayments	1 492 164	713 331	1 492 164	244 658
<b>Total third party receivables</b>	<b>1 492 164</b>	<b>713 331</b>	<b>1 492 164</b>	<b>244 658</b>
<i>Amounts due from group companies</i>				
Axia Operations (Private) Limited	280 272 934	14 967 476	280 272 934	5 133 538
Distribution Group Africa (Private) Limited	-	26 240 633	-	9 000 000
TV Sales & Home (Private) Limited	19 600 000	-	19 600 000	-
<b>Total amounts due from group companies</b>	<b>299 872 934</b>	<b>41 208 109</b>	<b>299 872 934</b>	<b>14 133 538</b>
	<b>301 365 098</b>	<b>41 921 440</b>	<b>301 365 098</b>	<b>14 378 196</b>

Amounts due from group companies are at arm's length terms with no fixed repayment dates. However, these receivables are usually settled within a period of 3 to 6 months. Outstanding balances attract interest at rates similar or above to the company's cost of borrowing.

### C9) Other payables and accruals

Other payables	6 148 885	11 878 245	6 148 885	4 073 995
Accruals	76 607 796	26 046 006	76 607 796	8 933 199
	<b>82 756 681</b>	<b>37 924 251</b>	<b>82 756 681</b>	<b>13 007 194</b>
<i>Amounts payable to group companies</i>				
Geribran Services (Private) Limited	36 343 410	-	36 343 410	-
	<b>36 343 410</b>	<b>-</b>	<b>36 343 410</b>	<b>-</b>
<b>Total other payables and accruals</b>	<b>119 100 091</b>	<b>37 924 251</b>	<b>119 100 091</b>	<b>13 007 194</b>

### C10) Cashflow information

#### C10.1 Cash generated from operations

Profit before interest and tax	790 728 980	853 201 377	565 296 795	246 128 606
Effects of inflation	(414 219 134)	11 472 760	-	-
Loss/ (gain) on monetary position	369 099 096	(11 472 760)	-	-
Share based payments expense for the year	82 011	639 662	33 492	94 699
(Increase)/ decrease in trade and other receivables	(241 119 463)	102 563 128	(248 193 315)	9 602 928
Increase/ (decrease) in other payables and accruals	144 850 968	(24 368 760)	106 092 897	2 668 035
	<b>649 422 458</b>	<b>932 035 407</b>	<b>423 229 869</b>	<b>258 494 268</b>

### C12) Financial risk management objectives and policies

The Company's principal financial instruments comprise financial assets, sundry receivables, cash and cash equivalents, interest-bearing borrowings and sundry payables. The main purpose of these financial instruments is to raise finance for the Company's operations or to achieve a return on surplus short-term funds.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

#### Interest rate risk

The Company's exposure to the risk for changes in market interest rates relates primarily to variable short-term loan and overdraft rates. The Company's policy is to manage its interest cost by limiting exposure to short-term loans and overdrafts and where borrowings are required, to borrow at favourable and fixed rates of interest. As at 30 June 2022 the company had no exposure to interest rate risk as it had no borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on short-term loans and overdrafts. There is a material impact on the Company's equity.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Effect on profit before tax				
Increase of 100% (2021: 25%)	-	(3 926 318)	-	(1 346 647)
Decrease of 100% (2021: 25%)	-	3 926 318	-	1 346 647

# Notes to the Company financial statements (Continued)

## for the year ended 30 June 2022

Due to inflationary pressures prevalent within the local economy, the Directors deem as 45%(2021:25%) movement in interest rates to be reasonable base to analyse interest rate sensitivity.

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss.

Due to the nature of the operations of the Company, loans receivables of the Company which are subject to credit risk are receivable from its subsidiary companies. This therefore reduces the Credit risk to very minimal levels since the companies in question are controlled by the same people.

The Company does not need any form of collateral on its loans receivables due to the nature of these loans. The maximum exposure arising from default equals the carrying amount of the financial assets as disclosed in the statement of financial position less the market value of any security held.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the company held a surplus of ZWL211 240 782 (2021: (ZWL:11 521 125)). The company's management of liquidity risk improved from the prior year gap through rigorous management processes of clearing the interest-bearing borrowings coupled with improved collections from group companies.

### 30 June 2022

#### INFLATION ADJUSTED

	Within 3 months ZWL	Between 4 -12 months ZWL	More than 12 months ZWL	Total ZWL
<b>Liabilities</b>				
Trade and other payables	(119 100 091)	-	-	(119 100 091)
<b>Total</b>	<b>(119 100 091)</b>	<b>-</b>	<b>-</b>	<b>(119 100 091)</b>
<b>Assets</b>				
Cash and cash equivalents	30 467 939	-	-	30 467 939
Trade and other receivables excluding prepayments	299 872 934	-	-	299 872 934
<b>Total</b>	<b>330 340 873</b>	<b>-</b>	<b>-</b>	<b>330 340 873</b>
<b>Net liquidity surplus</b>	<b>211 240 782</b>	<b>-</b>	<b>-</b>	<b>211 240 782</b>

### 30 June 2021

	Within 3 months ZWL	Between 4 -12 months ZWL	More than 12 months ZWL	Total ZWL
<b>Liabilities</b>				
Interest-bearing borrowings	(15 705 270)	-	-	(15 705 270)
Trade and other payables	(37 924 111)	-	-	(37 924 111)
<b>Total</b>	<b>(53 629 381)</b>	<b>-</b>	<b>-</b>	<b>(53 629 381)</b>
<b>Assets</b>				
Cash and cash equivalents	900 148	-	-	900 148
Trade and other receivables excluding prepayments	26 240 633	14 967 476	-	41 208 109
<b>Total</b>	<b>27 140 781</b>	<b>14 967 476</b>	<b>-</b>	<b>42 108 257</b>
<b>Net liquidity deficit</b>	<b>(26 488 600)</b>	<b>14 967 476</b>	<b>-</b>	<b>(11 521 124)</b>

# Notes to the Company financial statements (Continued)

## for the year ended 30 June 2022

HISTORICAL COST	Within 3 months ZWL	Between 4 - 12 months ZWL	More than 12 months ZWL	Total ZWL
<b>30 June 2022</b>				
<b>Liabilities</b>				
Trade and other payables	(119 100 091)	-	-	(119 100 091)
<b>Total</b>	<b>(119 100 091)</b>	<b>-</b>	<b>-</b>	<b>(119 100 091)</b>
<b>Assets</b>				
Cash and cash equivalents	30 467 939	-	-	30 467 939
Trade and other receivables excluding prepayments	299 872 934	-	-	299 872 934
<b>Total</b>	<b>330 340 873</b>	<b>-</b>	<b>-</b>	<b>330 340 873</b>
<b>Net liquidity surplus</b>	<b>211 240 781</b>	<b>-</b>	<b>-</b>	<b>211 240 781</b>
<b>30 June 2021</b>				
	Within 3 months ZWL	Between 4 - 12 months ZWL	More than 12 months ZWL	Total ZWL
<b>Liabilities</b>				
Interest-bearing borrowings	(5 386 586)	-	-	(5 386 586)
Trade and other payables	(13 007 194)	-	-	(13 007 194)
<b>Total</b>	<b>(18 393 780)</b>	<b>-</b>	<b>-</b>	<b>(18 393 780)</b>
<b>Assets</b>				
Cash and cash equivalents	308 732	-	-	308 732
Trade and other receivables excluding prepayments	9 000 000	5 133 538	-	14 133 538
<b>Total</b>	<b>9 308 732</b>	<b>5 133 538</b>	<b>-</b>	<b>14 442 270</b>
<b>Net liquidity surplus</b>	<b>(9 085 048)</b>	<b>5 133 538</b>	<b>-</b>	<b>(3 951 510)</b>

### C13 Fair value of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements as at the reporting date (30 June 2022).

### C14 Capital management

The primary objective of the Company's capital management is to ensure the company maintains healthy capital ratios in order to support the business and maximise shareholder value.

The Company manages its capital (total equity and debt) and makes adjustment to it in light of changes in the economic environment. To maintain or adjust the capital structure the Company may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares as well as reduce or increase debt levels. No changes were made to the objectives, policies or processes during the year ended 30 June 2022.

The Company manages capital using debt to equity ratios, which is calculated as total borrowings divided by the sum of total equity and borrowings.

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Total borrowings	-	15 705 131	-	5 386 586
Cash and cash equivalents	(30 467 939)	900 148	(30 467 939)	(308 732)
<b>Net borrowings</b>	<b>(30 467 939)</b>	<b>16 605 279</b>	<b>(30 467 939)</b>	<b>5 077 854</b>
<b>Equity</b>	<b>4 371 066 055</b>	<b>4 147 525 315</b>	<b>243 325 347</b>	<b>26 885 549</b>
Gross debt to equity ratio	0%	0%	0%	17%
Net debt to equity ratio	-1%	0%	-14%	16%

# Notes to the Company financial statements (Continued)

## for the year ended 30 June 2022

### C15 Translation rates

The table below provides the closing translation rates used for the purpose of conversion of foreign denominated balances to the functional currency:

	2022	2021
	FX : USD 1	FX : USD 1
Zimbabwean Dollar : conversion of USD denominated balances	700.00	130.00

### C15 Contingent liabilities

The Company did not have contingent liabilities as at year end.

### C16 Events after reporting date

There have been no significant events after the reporting date.

# GRI Content Index - 'Core'

GRI Content Index					
GRI Standard	Disclosure	Page number(s)	Omission		
			Part Omitted	Reason	Explanation
<b>GRI 101: Foundation 2016</b>					
<b>General Disclosures</b>					
<b>GRI 102: General Disclosures 2016</b>	<b>Organizational profile</b>				
	102-1 Name of the organization	Cover page			
	102-2 Activities, brands, products, and services	2,4			
	102-3 Location of headquarters	110			
	102-4 Location of operations	3			
	102-5 Ownership and legal form	2,73			
	102-6 Markets served	3			
	102-7 Scale of the organization	6-7			
	102-8 Information on employees and other workers	33			
	102-9 Supply chain	3,21			
	102-10 Significant changes to the organization and its supply chain	3,21			
	102-11 Precautionary Principle or approach	33			
	102-12 External initiatives	31			
	102-13 Membership of associations	5			
	<b>Strategy</b>				
	102-14 Statement from senior decision-maker	9-12			
	<b>Ethics and integrity</b>				
	102-16 Values, principles, standards, and norms of behaviour	IFC			
	<b>Governance</b>				
	102-18 Governance structure	13-15			
	<b>Stakeholder engagement</b>				
	102-40 List of stakeholder groups	22			
	102-41 Collective bargaining agreements	29			
	102-42 Identifying and selecting stakeholders	22			
	102-43 Approach to stakeholder engagement	22			
	102-44 Key topics and concerns raised	23			
	<b>Reporting practice</b>				
	102-45 Entities included in the consolidated financial statements	2			
	102-46 Defining report content and topic Boundaries	IFC			
	102-47 List of material topics	24			
	102-48 Restatements of information	IFC			
	102-49 Changes in reporting	24			
	102-50 Reporting period	IFC			
102-51 Date of most recent report	IFC				
102-52 Reporting cycle	IFC				
102-53 Contact point for questions regarding the report	IFC				
102-54 Claims of reporting in accordance with the GRI Standards	IFC				
102-55 GRI content index	105				
102-56 External assurance	IFC				

# GRI Content Index - 'Core' (continued)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
<b>Material Topics</b>					
<b>200 series (Economic topics)</b>					
<b>Economic Performance</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	32			
	103-2 The management approach and its components	32			
	103-3 Evaluation of the management approach	32			
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	40			
	201-3 Defined benefit plan obligations and other retirement plans	29-30			
<b>Indirect Economic Impacts</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	31			
	103-2 The management approach and its components	31			
	103-3 Evaluation of the management approach	31			
<b>Tax</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	32			
	103-2 The management approach and its components	32			
	103-3 Evaluation of the management approach	32			
<b>Tax 2019</b>	207-4 Country by country reporting	32			
<b>300 series (Environmental topics)</b>					
<b>Energy</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	25			
	103-2 The management approach and its components	25			
	103-3 Evaluation of the management approach	25			
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	25			
	302-2 Energy consumption outside of the organization	25			
<b>Water</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	26			
	103-2 The management approach and its components	26			
	103-3 Evaluation of the management approach	26			
	303-3 Water withdrawal	26			
<b>Waste</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	26			
	103-2 The management approach and its components	26			
	103-3 Evaluation of the management approach	26			
<b>Waste 2020</b>	306-3 Waste by type and disposal method	26			
<b>400 series (Social topics)</b>					
<b>Employment</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	27			
	103-2 The management approach and its components	27			
	103-3 Evaluation of the management approach	27			
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	29			
<b>Occupational Health and Safety</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	30			
	103-2 The management approach and its components	30			
	103-3 Evaluation of the management approach	30			
<b>GRI 403: Occupational Health and Safety 2018</b>	403-9 Work related injuries	30			
<b>Training and Education</b>					
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	30			
	103-2 The management approach and its components	30			
	103-3 Evaluation of the management approach	30			
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	30			

# Shareholders' Analysis and Calendar

## ANALYSIS BY INDUSTRY

AS AT : 30-June-2022

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	352 874 827	63.47	546	11.96
PENSION FUNDS	81 102 416	14.59	193	4.23
LOCAL NOMINEE	69 977 704	12.59	200	4.38
LOCAL INDIVIDUAL RESIDENT	21 575 604	3.88	3 225	70.65
FOREIGN COMPANIES	13 351 874	2.40	04	0.09
TRUSTS	4 286 715	0.77	32	0.70
NEW NON RESIDENT	3 396 549	0.61	90	1.97
INSURANCE COMPANIES	3 105 276	0.56	35	0.77
OTHER INVESTMENTS & TRUST	2 207 858	0.40	122	2.67
BANKS	1 990 719	0.36	05	0.11
FUND MANAGERS	1 449 400	0.26	13	0.28
CHARITABLE	353 747	0.06	20	0.44
FOREIGN INDIVIDUAL RESIDENT	210 877	0.04	15	0.33
DECEASED ESTATES	110 326	0.02	63	1.38
FOREIGN NOMINEE	6 416	0.00	02	0.04
<b>Totals</b>	<b>556 000 308</b>	<b>100.00</b>	<b>4 565</b>	<b>100.00</b>

## ANALYSIS BY VOLUME

AS AT : 30-June-2022

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	2 610 250	0.47	3 653	80.02
5001-10000	1 348 520	0.24	184	4.03
10001-25000	3 205 842	0.58	195	4.27
25001-50000	4 626 811	0.83	127	2.78
50001-100000	8 164 334	1.47	114	2.50
100001-200000	10 947 721	1.97	77	1.69
200001-500000	31 341 839	5.64	99	2.17
500001-1000000	31 758 752	5.71	44	0.96
1000001 and Above	461 996 239	83.09	72	1.58
<b>Totals</b>	<b>556 000 308</b>	<b>100.00</b>	<b>4 565</b>	<b>100.00</b>

## TOP 10 : SHAREHOLDERS

AS AT : 30-June-2022

Rank	Names	Country	Industry	Shares	Percentage
1	Z.M.D INVESTMENTS (PVT) LTD	ZIM	LC	107 468 922	19.33
2	H M BARBOUR (PVT) LTD	ZIM	LC	100 024 000	17.99
3	STANBIC NOMINEES (PVT) LTD	ZIM	LN	56 923 390	10.24
4	OLD MUTUAL LIFE ASS CO ZIM LTD	ZIM	LC	54 572 934	9.82
5	SARCOR INVESTMENTS (PVT) LTD	ZIM	LC	22 484 058	4.04
6	SCB NOMINEES 033663900002	ZIM	LC	18 593 452	3.34
7	PHARAOH LIMITED	BVG	FC	13 346 039	2.40
8	MINING INDUSTRY PENSION FUND	ZIM	PF	8 238 931	1.48
9	MUSIC VENTURES (PVT) LTD	ZIM	LC	7 465 382	1.34
10	CITY AND GENERAL HOLDINGS P/L	ZIM	LC	6 822 598	1.23
<b>Selected Shares</b>				<b>395 939 706</b>	<b>71.21</b>
<b>Non - Selected Shares</b>				<b>160 060 602</b>	<b>28.79</b>
<b>Issued Shares</b>				<b>556 000 308</b>	<b>100.00</b>

## Shareholders' Calendar

Seventh Annual General Meeting 22 November 2022  
Financial Year End 30 June

## Reporting and Meeting Dates

3 months to 30 September 2022 November 2022  
6 months to 31 December 2022 March 2023  
9 months to 31 March 2023 May 2023  
12 months to 30 June 2023 September 2023  
Annual Report Published November 2023  
Eighth Annual General Meeting November 2023

# Notice to Members

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting of members will be held on 22 November 2022 at 08h15 for the purpose of transacting the following business: -

**Note:** Considering health and safety considerations in light of the COVID-19 pandemic, Members will attend the meeting virtually.

## Ordinary Business

1. To receive and consider the financial statements for the year ended 30 June 2022 together with the report of the Directors and Auditors thereon.
2. To re-elect the retiring Director, Mr. Luke Ngwerume who retires by rotation and being eligible offers himself for re-election.

Luke is an MBA graduate from the University of Cape Town Business School. He is retired Group CEO of Old Mutual . He comes from an investment background and he is a seasoned business leader in Zimbabwe. He sits on the Boards of Directors of Infrastructure Development Bank of Zimbabwe and Old Mutual Nigeria.

3. To re-elect the retiring Director, Mr. Z. Koudounaris who retires by rotation and being eligible offers himself for re-election.

Born in Zimbabwe, Zinona Koudounaris ("Zed") completed his tertiary education at Rhodes University in South Africa where he attained a Bachelor of Commerce degree majoring Business and Computer Science. Zed is a founder shareholder of Innscor Africa Limited ("Innscor"). He was the driving force behind the initial creation and success of Innscor's core Quick Service Restaurant brands now Simbisa Brands Limited. Zed has held a number of positions within Innscor including Chief Executive Officer upon Innscor's listing in 1998. Zed remains highly active in pursuing strategic growth opportunities for Axia Corporation Limited and providing guidance to its management team. Zed currently sits on the Boards of Directors of Axia Corporation Limited, Innscor Africa Limited and Simbisa Brands Limited.

4. To approve Director's fees for the year ended 30 June 2022.

## Note

The full report on Director's Remuneration shall be available for inspection at the registered address of the Company.

5. To approve the remuneration of the Auditors for the year ended 30 June 2022 and to re-appoint BDO Chartered Accountants of Zimbabwe as Auditors of the Company until the conclusion of the next Annual General Meeting. This is BDO's first year as independent auditors of the Company.

## Special Business

### 6. Approval of Share Buy-Back

To approve as a special resolution, with or without amendments: "That the members authorize in advance, in terms of section 128 of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements, the purchase by the Company of its own shares upon such terms and conditions and such amounts as the Directors of the Company may from time to time determine and such authority hereby specifies that: -

- i) The authority in terms of this resolution shall expire on the date of the Company's next Annual General Meeting; and
- ii) Acquisitions shall be of ordinary shares which, in aggregate in any one financial year, shall not exceed 10% (ten per centum) of the Company's issued ordinary share capital; and
- iii) The maximum and minimum prices, respectively, at which such ordinary shares may be acquired will not be more than 5% (five per centum) above and 5% (five per centum) below the weighted average of the market price at which such ordinary shares are traded on the ZSE, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company; and
- iv) A press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between Annual General Meetings, 3% (three per centum) of the number of ordinary shares in issue prior to the acquisition; and
- v) If during the subsistence of this resolution the Company is unable to declare and pay a cash dividend, then this resolution shall be of no force and effect."

**NOTE:-**

In terms of this resolution, the Directors are seeking authority to allow the use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies and Other Business Entities Act and the regulations of the ZSE. The Directors will only exercise the authority if they believe that to do so would be in the best interest of the shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital.

## **7. Loans to Executive Directors**

To approve as an ordinary resolution, with or without amendments: "That the Company be and is hereby authorized to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company, as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director."

## **Any other business**

**8.** To transact any other business competent to be dealt with at the Annual General Meeting.

## **Proxies**

In terms of the Companies and Other Business Entities Act, a Member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his or her stead. No Director or Officer of the company may be appointed as a proxy for a Member. A proxy need not be a member of the Company.

Proxy forms must be forwarded to reach the Company's registered office not less than 48 (forty-eight) hours before the commencement of the meeting.

## **By order of the Board**



### **AXIA CORPORATION LIMITED**

Prometheus Corporate Services (Private) Limited Company Secretary

Harare

1 November 2022

# Corporate Information

## Domicile

The Company is incorporated and domiciled in Zimbabwe.

## Core Business

Speciality Retail and Distribution

## Registered Office

Edward Building  
1st Street/Nelson Mandela Avenue  
Harare, Zimbabwe

## Postal Address

8 Cambridge Avenue  
Newlands  
Harare  
Zimbabwe

## Contact Details

Telephone: +2638612130214  
Email: [info@axiacorplimited.com](mailto:info@axiacorplimited.com)

## Company Secretary

Prometheus Corporate Services (Private) Limited  
5 Dromore Road  
Highlands  
Harare

## Auditors

BDO Zimbabwe  
Chartered Accountants  
Kudenga House  
3 Baines Avenue  
Harare

## Legal Advisors

Lunga Attorneys and Corporate Advisors

## Principal Bankers

CABS  
FBC Bank Limited  
Stanbic Bank Zimbabwe Limited  
Ecobank Zimbabwe Limited  
First Capital Bank Limited  
Standard Chartered Bank Zimbabwe Limited  
People's Own Savings Bank Limited  
NMB Bank Limited

## Transfer Secretaries

Corpserve Transfer Secretaries (Private) Limited  
2nd Floor, ZB Centre  
1st Street/Kwame Nkrumah Avenue  
Harare, Zimbabwe  
Email: [enquiries@corpserve.co.zw](mailto:enquiries@corpserve.co.zw)

## Sustainability Advisors

Institute for Sustainability Africa (INSAF)  
22 Water Hill Avenue  
Eastlea  
Harare

# AXIA CORPORATION LIMITED

## CHANGE OF ADDRESS FORM

The attention of shareholders is drawn to the necessity of keeping the transfer secretaries advised of any change in name and/or address.

Shareholder's name in full \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

New address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Shareholder's signature \_\_\_\_\_

Axia Corporation Limited | Annual Report 2022



# AXIA CORPORATION LIMITED

## PROXY FORM

I/We (Block letters) \_\_\_\_\_ of \_\_\_\_\_

being an appointed member of Axia Corporation Limited hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held on the 22th November 2022 at 08:15 hours and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Signature of member \_\_\_\_\_

### Note:

1. In terms of section 171 of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their stead. A proxy need not also be a member of the Company. A Director or Officer of the Company cannot be appointed as a proxy.
2. Regulation 79 of the Company's Articles of Association provides that the instruments appointing a proxy shall be deposited at the office of the Company not less than 48 hours before the time appointed for holding the meeting.

### FOR OFFICIAL USE

### NUMBER OF SHARES HELD



**The Company Secretary  
Axia Corporation Limited**

8 Cambridge Avenue  
Newlands  
Harare  
Zimbabwe



**The Company Secretary  
Axia Corporation Limited**

8 Cambridge Avenue  
Newlands  
Harare  
Zimbabwe

