



2023 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 2023. This report covers the integrated financial and non-financial performance of Axia Corporation. It is principally aimed at our stakeholders enabling them 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. It contains relevant comparisons to previous periods and is consistent with information and performance indicators in internal management reporting. In this document, unless otherwise noted references to "our", "we", "us", "the Company", "the Group", and "Axia" refer 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];
- Victoria Falls Stock Exchange Listing Requirements;
- International Financial Reporting Standards (IFRS); and
- Global Reporting Initiative ("GRI") Standards.

SUSTAINABILITY DATA

The data presented in this report is a result of a thorough analysis of both qualitative and quantitative information extracted from various sources including company records, policy documents, and insights from management personnel responsible for the key areas of the business. The team has taken utmost care to ensure that the estimations and assumptions made in the report are consistent with the current business operations, providing an accurate and comprehensive overview of the business' performance.

ASSURANCE

The financial statements were audited by BDO Zimbabwe (Chartered Accountants), in accordance with the International Financial Reporting Standards ("IFRS"). The independent auditor's report is contained on pages 56 to 58. 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 122 to 125.

RESTATEMENTS

The Group restated some of the prior sustainability data due to improved data measurement and systems.

BOARD RESPONSIBILITY AND APPROVAL OF THIS REPORT

The Annual Report of Axia Corporation Limited has been compiled by the management team with the collective responsibility of the Board of Directors. The Board takes full accountability for the integrity of this report and has approved it on 27 October 2023.

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 United States of America Dollar (USD)

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements which relate to the future performance and prospects of the Group.

Our assessment and future expectations are subject to various known and unknown risks, uncertainties, and factors that may negatively impact our business and performance. Stakeholders are cautioned not to place undue reliance on any forward-looking statements contained herein. We commit to publicly share any revisions of the forward-looking statements to reflect changes and or events after the publication of this report through trading and website updates.

FEEDBACK

The Group values opinions and feedback from all stakeholders on how we can improve operations and reporting. We welcome your feedback and all enquiries you may have, kindly share your feedback with finance team on: finance@axiaops.com or Claudine Madzinga on admin@axiaops.com or +263 (24) 2776 998 / 2776 273. You can find more information about Axia Corporation Limited online at www.axiacorpltd.com.


Luke Ngwerume
 Chairman


Ray Rambanapasi
 Group Chief Executive Officer

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



OVERVIEW

Axia Corporation Limited at a Glance

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Axia Corporation Limited at a Glance

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 the 1st of April 2016, Axia unbundled from Innscor Africa Limited and was listed on the Zimbabwe Stock Exchange (ZSE) on the 17th of May 2016. The Group adopted a financial year ending on the 30th of June. Axia Corporation Limited was delisted from the ZSE on 28 February 2023 and subsequently listed on the Victoria Falls Stock Exchange (VFEX) on 3 March 2023.

Milestones



Year	Milestone
1 April 2016	Axia was unbundled from Innscor Africa Limited.
17 May 2016	Axia was listed on the Zimbabwe Stock Exchange.
2018	Acquired 49% shareholding in Restapedic.
2020	• Legend Lounge was established. • Increased stake to Transerv resulting in a controlling interest.
2022	Increased Shareholding in Restapedic to 60%
22023	• Axia was delisted from Zimbabwe Stock Exchange • Axia was listed on the Victoria Falls Stock Exchange

GROUP STRUCTURE AND ACTIVITIES

Group Structure and Activities

Axia Corporation Limited operates within the speciality retail and distribution sector. It 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 has invested in manufacturing through the acquisition of 60% in Restapedic and the 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.

SPECIALITY RETAIL

TV SALES & HOME

TV Sales & Home
Restapedic
Legend Lounge

TRANSERV

Retail Shops
Transerv Fitment Centre
Clutch and Brake Speciality (CBS)

DISTRIBUTION

53* **DISTRIBUTION GROUP AFRICA**

ZIMBABWE

Innscor Distribution
Comox Trading
Tiger Sales and Distribution
Freshpro
Vital Logistics

ZAMBIA

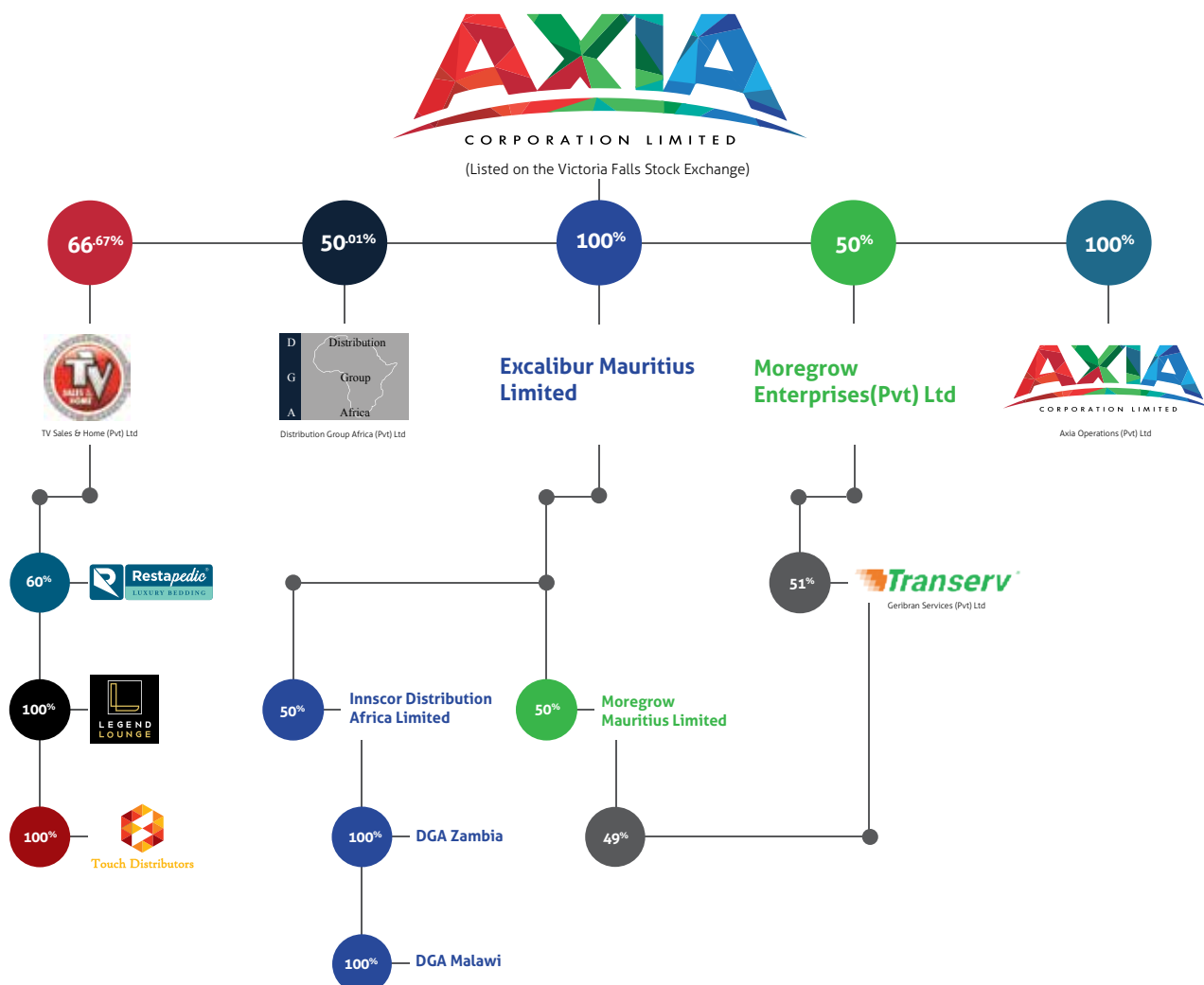
Innscor Distribution
Comox Trading
Mukwa Distribution

MALAWI

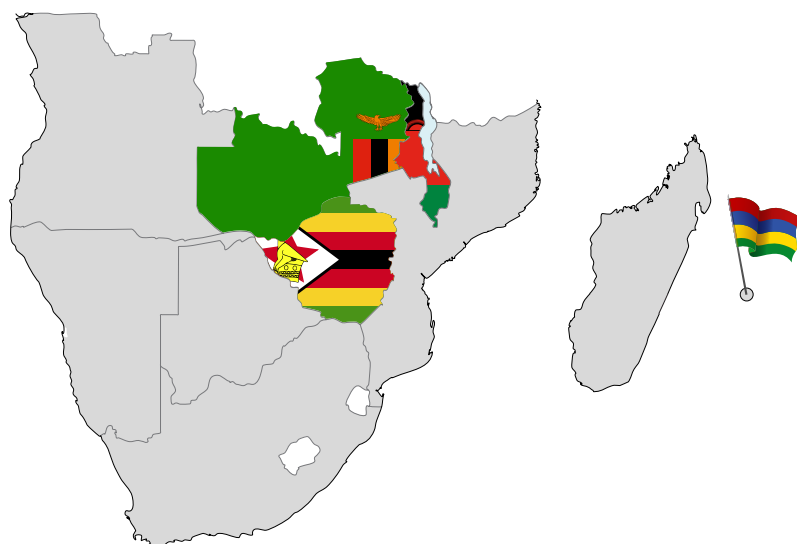
Innscor Distribution
Comox Trading

*The number in front of a brand represents the total outlets open on 30 June 2023

GROUP STRUCTURE



WHERE WE OPERATE



Location

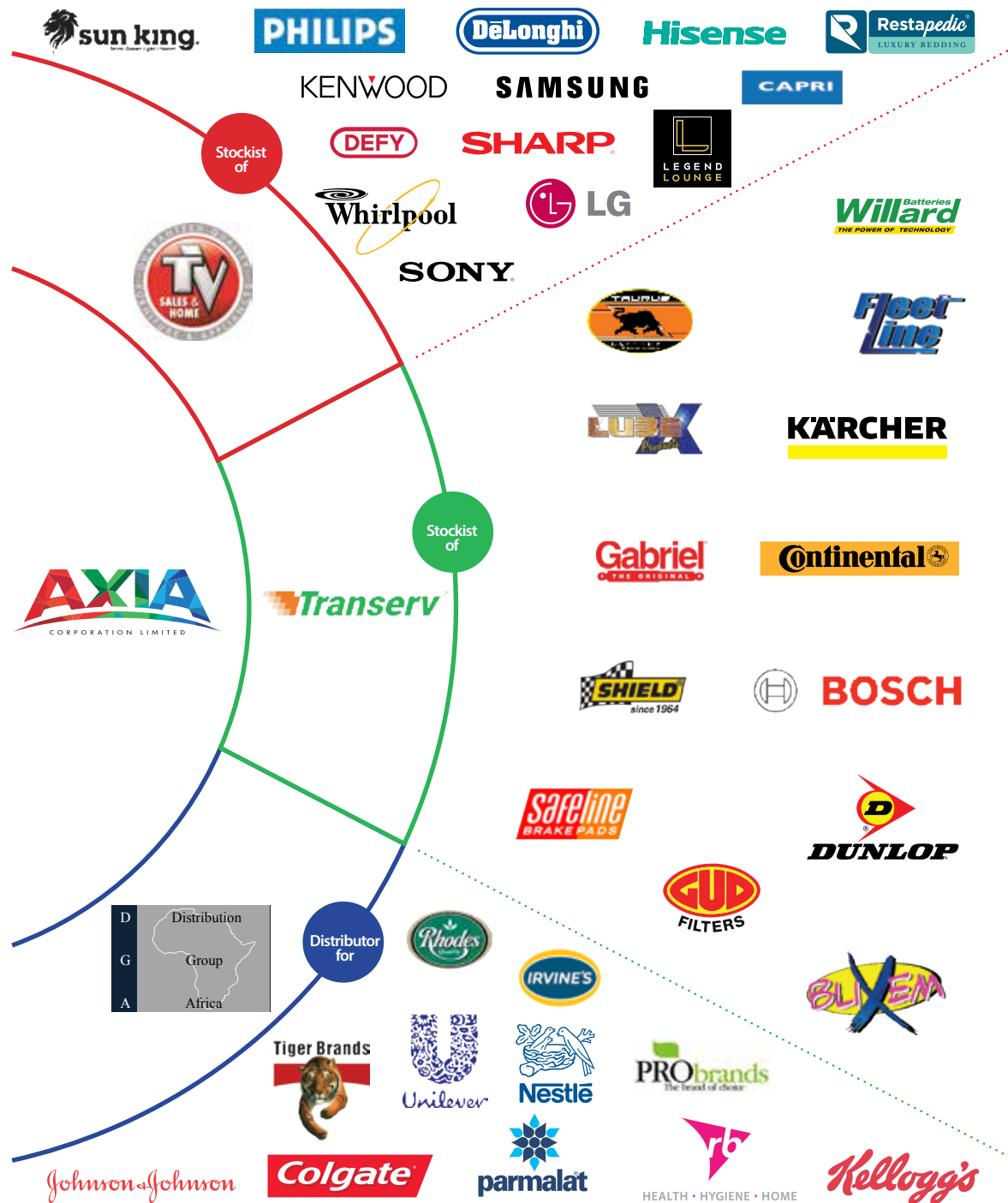
Zimbabwe

Malawi

Zambia

Mauritius

KEY BRANDS AND OPERATING UNITS



Markets

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

Supply Chain

We rely on a network of suppliers and customers to deliver our products and services to the end consumer. This network includes manufacturers, distributors, vendors and merchandisers who play an essential role in ensuring our ability to meet the needs of our customers. Strengthening our relationships with our supply chain partners is crucial to providing quality products and services. We are always looking for ways to improve and appreciate feedback to help us achieve this goal.

BUSINESS ASSOCIATION MEMBERSHIPS AND AWARDS

Business Association Memberships

GENERAL	• Retailers Association of Zimbabwe • Confederation of Zimbabwe Industries • National Employment Council for Motor Industry
OTHER	• Association of Chartered Certified Accountants (ACCA) • Chartered Institute of Management Accountants (CIMA) • Chartered Institute of Purchasing and Supply (CIPS) • Institute of Chartered Accountants Zimbabwe (ICAZ)

AWARDS

Subsidiary	Award
Transerv	• Best Motor spares retailer- Buy Zimbabwe
TV Sales & Home	• Sharp top partners award • Confederation of Zim Retailer of the year in the furniture business • Buy Zimbabwe Best Retailer of the year in the furniture business • Sony top partners award





PERFORMANCE REVIEW

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FINANCIAL HIGHLIGHTS

Revenue 'USD'

203 749 965

204 181 128 in FY2022

0.21% Decrease

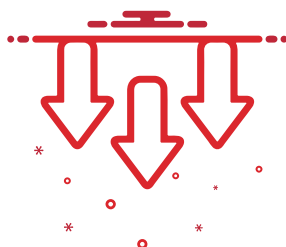


Operating Profit 'USD'

20 844 636

24 687 090 in FY2022

16% Decrease

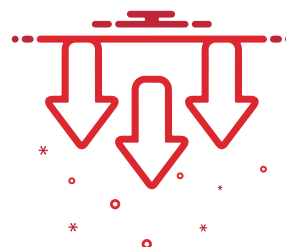


Profit Before Tax 'USD'

11 186 771

16 516 199 in FY2022

32% Decrease

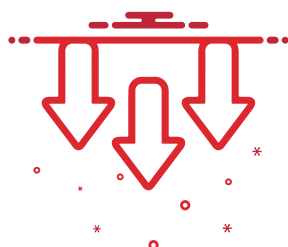


Final Dividend 'US cents'

0,10

0.16 in FY2022

38% Decrease



Total Assets 'USD'

118 177 281

96 382 472 in FY2022

23% Increase



Total Equity 'USD'

61 731 823

56 511 075 in FY2022

9% Increase



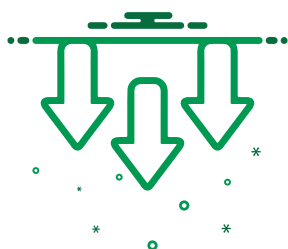
SUSTAINABILITY HIGHLIGHTS

Electricity 'Kwh'

2 319 519

2 413 061 in FY2022

4% Decrease



Diesel 'litres'

1 536 456

664 046 in FY2022

131% Increase

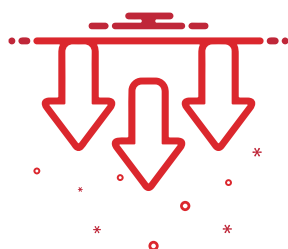


Employees 'Head count'

1 929

2 131 in FY2022

10% Decrease



Recordable work-related injuries 'Count'

10

6 in FY2022

67% Increase

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

“The Group reported revenue of US\$203.8 million during the year resulting in a marginal decline against the comparative year.”

CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

The Group had a steady increase in the use of foreign currency across its businesses and reassessed its functional currency in accordance with the requirements of IAS 21. The Group concluded that based on the primary operating environment and the Group's own operating activities, there had been a change in its functional currency from Zimbabwean Dollar (“ZWL”) to United States Dollars (“USD”) with effect from the beginning of the current financial year. IAS 21 directs that entities operating in hyperinflationary economies should translate their last reported inflation-adjusted financial statements using the closing rate of exchange at the reporting date in order to derive and present comparative financial statements under a newly assessed functional currency.

The Directors are of the opinion that using the provisions of IAS 21 to convert the Group's inflation-adjusted financial statements from previous period, as a basis for presenting comparative and opening statement of financial position information in the new functional currency, will result in material misstatement of the Group's comparative financial statements. Therefore, the Group applied alternative procedures and techniques in the translation of ZWL financial



statements to USD financial statements in an endeavour to present the best possible view of the comparative financial performance and position of the Group, in terms of the newly assessed functional currency.

The Directors have always exercised reasonable due care and applied judgments that they considered to be appropriate in the preparation and presentation of the Group's financial statements, and whilst they believe that the alternative procedures and techniques used in the translation process, as described above, provide users with the best possible view of the comparative financial performance and position of the Group, attention is drawn to the inherent subjectivities and technicalities involved in the translation of ZWL financial statements to USD financial statements.

The alternative procedures and techniques applied for the translation of ZWL financial statements to USD financial statements have been summarized in Note 2.2 of the accompanying notes to the financial statements. This has resulted in the external auditor issuing an adverse opinion on the Group's consolidated financial statements.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS (cont'd)



CHANGE IN ACCOUNTING POLICY FOR PROPERTY, PLANT AND EQUIPMENT

As part of procedures and techniques applied in the translation of ZWL financial statements to USD financial statements, the Group changed its accounting policy for Property, Plant and Equipment from cost to revaluation model. The revaluation was performed at the end of the financial year.

The revalued amounts were based on a valuation exercise performed by an independent accredited valuer, Hammer and Tongues for Zimbabwean units and R.M Fumbeshi & Co for Zambian entities and PCDA Consultants for Malawian entities. Hammer and Tongues has experience in valuing assets of the Group's nature. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The revaluation surplus, net of deferred tax, has been included under Non Distributable Reserves, with the movement for the current year shown under Other Comprehensive Income.

OPERATING ENVIRONMENT AND OVERVIEW

The operating environment was characterized by a surge in inflation which led to the adoption of a blended inflation rate, surges in market liquidity and the depreciation of the local currency which worsened during the last six months of the financial year. The Government's efforts to control excess liquidity via contractionary monetary policy measures saw increased USD transactional flow, particularly within the informal market, where consumer demand remained firm. The formal market experienced subdued aggregate demand due to pricing issues. The economy, however, benefited from government infrastructure spending, increased diaspora remittances and increased mining activities.

The stance taken by both fiscal and monetary authorities towards the end of the financial year resulted in a constrained monetary space which helped stabilize the exchange rate. During the last quarter of the financial year, the businesses faced foreign and local currency supply constraints.

In Zambia, consumer spending was under pressure throughout the year as the impact of price increases, mainly from South Africa, was felt. These shocks were largely mitigated by periodic appreciation of the local currency during the financial year.

Malawi has consistently run a current account deficit through the years resulting in foreign currency shortages. The official currency exchange rate depreciating by 41% during the year.

FINANCIAL OVERVIEW

The Group reported revenue of US\$203.8 million during the year resulting in a marginal decline against the comparative year. Despite the revenue decline, the Group realized growth in gross margin which increased by 2% on the prior year. Management made efforts to contain operating expenditure although cost push pressures were evident in fuel costs and human capital costs resulting in increases over the comparative period. The Group posted an operating profit of US\$20.84 million, representing a 16% decline to the comparative period. The financial loss line is predominantly comprised of foreign currency exchange losses resulting from the depreciation of monetary assets denominated in local currency as the local currency significantly devalued in the last quarter of the financial year. Net interest expenses amounted to US\$3.22 million, with 48% of this incurred in the first quarter of the financial year following the sharp increase in interest rates on ZWL denominated borrowings. Profit before tax was US\$11.19 million, which was 32% below the prior year. Basic Earnings Per Share and Headline Earnings Per Share both declined by 34%.

The Group's financial position remained solid. Borrowings grew by US\$3.19 million.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS (cont'd)

*The Group
generated cash
of **US\$15.932
million** from
operations which
enabled it to incur
capital expenditure
for the year of
US\$6.6 million.*

The Group generated cash of US\$15.932 million from operations which enabled it to incur capital expenditure for the year of US\$6.6 million. The Group's free cash generation will enable it to continue executing exciting expansion opportunities.

SUSTAINABILITY

As part of its commitment to ensuring the sustainability of its businesses, the Group will continue to uphold these responsible business practices and values across its operations to ensure that long-term business success is achieved in a sustainable manner. We remain committed to making positive impacts on society, natural environment, and climate by ensuring our operations have limited negative impacts.

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. DGA's 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

The fourth quarter revenue performance for TV Sales & Home was up 7% compared to the same period prior year. The year-to-date volume performance increased by 4% compared to the prior year. Revenue increased by 5% primarily a result of the generic growth of stores in the store network. Most operating costs incurred during the financial year were indexed to the US\$ resulting in significant growth against prior year. A hike in interest rates by authorities on ZWL borrowings led to high interest costs.

As previously mentioned at half year, TV Sales & Home continues to invest in volume growth initiatives with the introduction of a new product range from the group's local manufacturing units as well as imported products. The business managed to reengage Samsung Electronics as a trade partner after a very prolonged absence and the potential of this partnership is significant.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS (cont'd)



Three new stores were opened in Harare during the financial year. However, two stores were also closed in Harare as the business was given notice by the landlord. Plans are underway to continue expanding the retail store network. At least four new stores will be opened in the first half of the new financial year with a new store concept, Bedtime Store, opening two stores. The first outdoor world, garden furniture, store was opened in September 2023. Volumes are expected to improve in the new financial year, *ceteris paribus*, following the addition of new home appliances and homeware distribution business lines.

Restapedic is a bed manufacturing business unit of TV Sales & Home. Volumes for the fourth quarter at Restapedic improved by 10% resulting in quarterly turnover growth of 7% against the comparative quarter. However, year-to-date volumes and turnover decreased by 14% and 9% respectively primarily as a result of poor performance in first quarter and third quarter of the financial year. The business experienced intermittent

raw material supply gaps attributed to delays on auction payments in the third quarter. The business moved to the new bedding factory in Sunway City, Harare, in April 2023 and production volumes have improved since then. Third quarter performance was affected by disruption of production as different factory units were moved to the new factory in Sunway City, Harare. After moving to the new bedding facility in Sunway City, Harare in April 2023, production volumes are on upward trend. A new conveyor system has been delivered and is currently being installed thus improving in automation in the manufacturing process which would result in improving production volumes. Some orders were sold to new markets in the region and response from those markets has been encouraging.

Legend Lounge is a lounge suite manufacturing business unit fully owned by TV Sales & Home. The business also experienced raw material supply gaps attributed to delays in the auction payments which negatively impacted the imports supply chain. This resulted in volumes decline of 7% against the comparative year which led to a 9% decline in turnover. The new management team is focusing on volume growth, improving gross margin dollars and managing operating costs.

Distribution Group Africa (DGA)- Zimbabwe

Volumes for the year were 29% below the prior year and this resulted in a decline in revenue. This was due to weaker demand in the formal sector. The business incurred losses during the year due to exchange losses arising from delays in payments from its major customers. This led to management's decision to stop supplying to some customers as a way to manage the risk on debtors. Management is continuously working with all parties to build demand in the formal sector. We are continuously working with all parties to build demand in the formal sector.

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

Distribution Group Africa - Region

In Zambia, volumes increased by 22% on the prior year resulting in 14% revenue growth. The sales mix was skewed towards high-margin products which led to improved margins. The business increased its operating profit by 199% on a like-for-like basis, in US\$ terms. The business continues to monitor and correct its pricing positions in response to market conditions. Management will remain focused on pursuing real equity growth.

In Malawi, the economy continues to face foreign currency shortages. The foreign currency shortages resulted in the business reducing its ordering of imported stock as

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS (cont'd)

*The Board has
declared a final
dividend of
**US\$0.0010 (0.10
US cents) per share**
in respect of all
ordinary shares of
the Company.*

management decided to sell imported stock only to the extent to which they can generate foreign currency to replace it. This led to a decline in sales volumes of 15%. Operating expenditure was well managed, and this resulted in the business posting a decent profit. Plans have been implemented to generate foreign currency to settle foreign suppliers and this helped to grow the US\$ shareholders' equity. Management will continue to foster relationships with suppliers and financial institutions to manage the foreign currency situation.

Transerv

During the year under review the Company's revenue increased by 5% compared to the prior year. The increase in revenue was driven by rapid expansion in the Company's retail footprint. During the year, the Company opened seven new retail stores in Harare and one in Kadoma. The Company continues with its drive to increase its retail footprint in a bid to bring convenience and improve the overall customer shopping experience. Management is confident that in the 2024 financial year, revenue will continue to grow as the Company reaps the full benefits of footprint expansion.

PROSPECTS

The establishment of the wholesale willing buyer willing seller market has brought renewed confidence in the foreign currency auction system. The Group is hopeful that this will be a reliable source of foreign currency to enable the Group



to pay foreign suppliers and price products accordingly. The right pricing of goods will stimulate demand thus improving sales volumes.

The Group's management teams will focus on balancing pricing and volume objectives, broadening product ranges, achieving growth in margin dollars as well as managing operating costs. The Group will continue to focus on growth from existing businesses whilst looking out for new opportunities. Management in Zambia will focus on pushing volumes, looking for new distributorship agencies, monitoring and managing pricing positions in response to market conditions.

In Malawi, the authorities have pressure to officially devalue the Malawi Kwacha. Management will continuously look for opportunities to source foreign currency to adequately provide product to the business.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS (cont'd)



DIVIDEND

The Board has declared a final dividend of US\$0.0010 (0.10 US cents) per share in respect of all ordinary shares of the Company. This brings the total dividend paid for the year to US\$0.0028 (0.28 US cents). The final dividend is payable in respect of the financial year ended 30 June 2023 and will be paid in full to all ordinary shareholders of the Company registered at close of business on the 10th of November 2023. The payment of this dividend will take place on or around the 13th of November 2023. The shares of the Company will be traded cum-dividend on the Victoria Falls Stock Exchange up to the 7th of November 2023 and ex-dividend as from the 8th of November 2023.

The Board has also declared a final dividend of US\$25,000 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

27 October 2023



STRATEGIC LEADERSHIP & GOVERNANCE

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BOARD OF DIRECTORS

Luke Ngwerume **Independent Non-Executive Chairman**

Qualifications: MBA (UCT)

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

Other Commitments:
Director of Old Mutual Nigeria

Thembiwe Mazingi **Independent Non-Executive Director**

Qualifications: LLB, MBA (UZ)

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

Other Commitments:
Director of Ariston Holdings Limited and African Century Limited. Partner at Coghlan, Welsh and Guest Legal Practitioners

Thembinkosi (Themba) Sibanda **Independent Non-Executive Director**

Qualifications: Chartered Accountant

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

Other Commitments:
Director of Edgars Stores Limited (Chairman of the Board), Padenga Holdings Limited (Chairman of the Board), Innscor Africa Limited and PPC Zimbabwe Limited. Principal at Schmulian & Sibanda (Chartered Accountants).

Ray Rambanapasi **Group Chief Executive Officer***

Qualifications: Chartered Accountant, MBA (UCT)

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

* appointed on the 1st of January 2023,

Zinona (Zed) Koudounaris **Non-Independent Non-Executive Director**

Qualifications: B.Com Business & Computer Science

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

Other Commitments:
Director of Innscor Africa Limited and Simbisa Brands Limited

DIRECTORATE AND MANAGEMENT

DIVISIONAL MANAGEMENT

Executive Name	Title/ Designation
TV SALES & HOME	
Sean Gorringe	Managing Director
Joseph Kamasho	Finance Director
TRANSERV	
Lloyd Mugabe	Managing Director
DISTRIBUTION	
Distribution Group Africa-Zimbabwe	
Craig Hodgson	Managing Director
Vengai Mugabe	Finance Director
Innscor Distribution & Comox – Zambia	
Seko Mwayungwi	Managing Director
Innscor Distribution & Comox – Malawi	
Kennedy Muchenga	Managing Director



CORPORATE GOVERNANCE

Group Governance

Axia Corporation Limited is committed to upholding the principles of Corporate Governance as outlined in IS134 of 2019 Securities and Exchange Rules (Victoria Falls Stock Exchange Listing requirement), the Companies and Other Businesses Entities Act (chapter 24:31), the King IV Code, the National Code on Corporate Governance in Zimbabwe and other International Best Practices on Corporate Governance. The Directors recognise the importance of conducting the Group's affairs with transparency, integrity, accountability, and abiding with accepted corporate practices. This approach assures shareholders and other stakeholders that Axia Corporation is being managed ethically with prudently determined risk parameters and in compliance with the best international practices. This ensures value addition to the Group's financial and human capital investment.

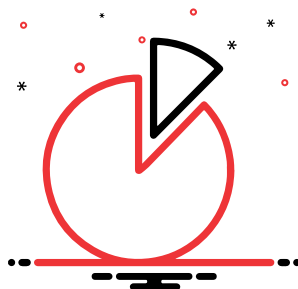
Board Responsibility

The Board's primary responsibility is to fulfil its fiduciary obligation to the shareholders and the Group. As such, it serves as the highest policy-making entity of the business and is responsible for providing strategic guidance. The Board meets quarterly to oversee management performance and uphold control over the Group's strategic direction.

Board Composition

The Board is composed of one executive director and four non-executive directors, three of them are independent. Non-executive Directors provide independent guidance and oversight for the Company's strategic decision-making process and corporate governance practices.

Gender Distribution



80% Male 20% Female

Board Composition



**20% Non-Independent Non-Executive
20% Independent Non-Executive
60% Executive**

Board Age Profile



**20% Above 65 year
60% 60-65 years
20% Below 40 year**

Board Expertise

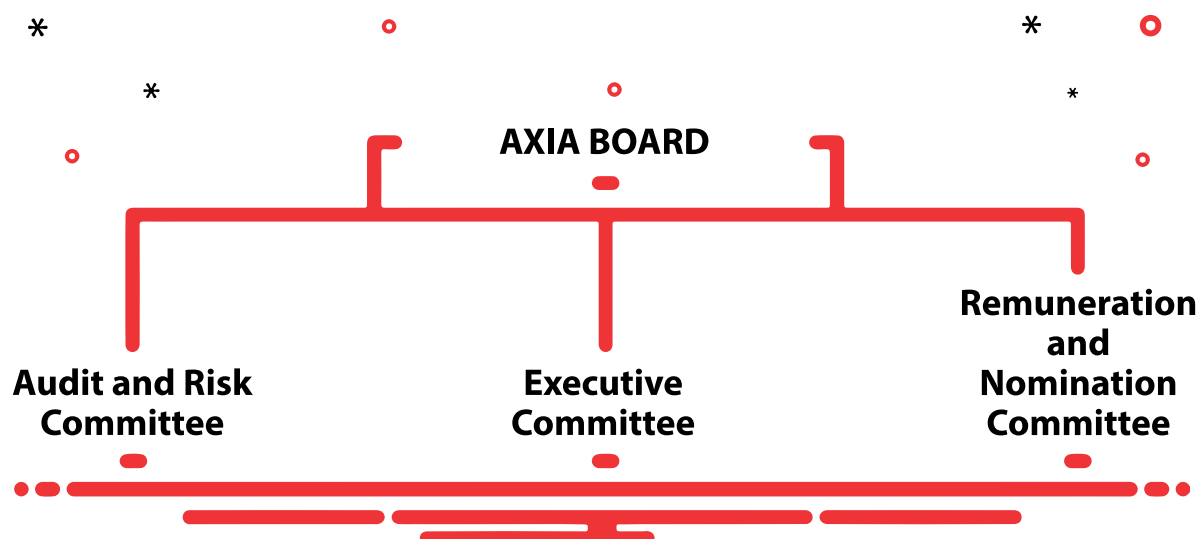
The Directors are allocated responsibilities in sub-committees where each member is assigned responsibilities based on their skills and area of expertise. Each business unit within the Group has a separate Board that is responsible for its day-to-day operations and has defined objectives. A comprehensive financial reporting system is in place to ensure that each business unit is held accountable on a monthly basis.

Nomination of Directors

The Board comprises individuals with demonstrated track records and diverse skills and experience, which they leverage for the benefit of the Group. The Group is committed to ensuring that there is top-notch leadership at the highest level. Therefore, the selection of board members considers diversity, independence, and expertise, while paying attention to the interests of the business stakeholders.

CORPORATE GOVERNANCE (cont'd)

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



Committee	Members	Summary Roles and Responsibilities
Executive	R.M. Rambanapasi (Chairman) L. Mugabe S. Gorringe C. Hodgson J. Kamasho V. Mugabe	The Executive Committee is responsible for formulating, directing, and implementing strategic decisions. The Committee meets monthly and is composed of two Directors and five executives from business units.
Audit and Risk	T.N. Sibanda (Chairman) T.C. Mazingi R.M. Rambanapasi	The audit and risk committee of the Board deals, inter alia, with compliance, internal control, and risk management. The committee currently comprises two independent non-executive directors and one executive director. The committee meets at least three times a year and its responsibilities include but not limited to the following: - Ensuring that financial reporting across the Group is transparent, accurate and reliable; - Overseeing and managing the performance, functioning, and effectiveness of the organisation's finance and risk functions and internal audit functions; - Assisting the Board in fulfilling its corporate governance oversight responsibility regarding the identification, evaluation, and mitigation of operational, strategic, and external risks; - 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
Remuneration and Nomination	T.C. Mazingi (Chairperson) L.E.M. Ngwerume Z. Koudounaris T.N. Sibanda R.M. Rambanapasi	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 the following primary responsibilities. - Evaluating and sanctioning 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, and employees to constantly seek to elevate and contribute to the Group's success. - Orchestrating succession planning within the Group, particularly that of the chief executive and executive management. Criteria for Nomination 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.

CORPORATE GOVERNANCE (cont'd)

Attendance of meetings during the financial year ended 30 June 2023 (from 1 July 2022 to 30 June 2023)

Board Member Name	Main Board/AGM		Audit and Risk Committee		Remuneration and Nomination Committee	
	Possible	Attended	Possible	Attended	Possible	Attended
Luke Ngwerume ^	5	5	N/A	N/A	1	1
Ray Rambanapasi*	5	5	3	3	N/A	N/A
Zinona (Zed) Koudounaris	4	4	N/A	N/A	1	1
Thembiwe Mazingi	5	5	3	3	1	1
Thembinkosi (Themba) Sibanda #	5	5	3	3	1	1
John Koumides**	2	2	1	1	1	1

* Executive

** He retired on 31 December 2022

^ Chairperson of the Board plus Chairperson of the Remuneration and Nomination Committee

Chairperson of the Audit and Risk Committee

Compliance with Governance Regulations

As per the Companies and Other Business Entities Act [Chapter 24:31] ("COBE"), section 206 (2), a public company must have a minimum of 3 independent non-executive directors on its Board of Directors. Axia Corporation fully complies with this requirement as its Board has 3 independent non-executive directors. According to section 219 of the COBE, the Audit Committee of a public company must have a minimum of three (3) members, all of whom should be independent directors. The Groups' Audit Committee consists of 3 members, out 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 five (5) directors. The Group has embarked on steps to ensure that 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. These platforms include the Annual General Meeting, press releases, announcements of interim and year-end results, investor briefings, annual reports to shareholders, and the 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 must disclose any interests that may be considered as conflicting with their contracts with the Group. The company considers professional and ethical standards as an essential component of its business operations. The Group acknowledges that the perception of investors and stakeholders is influenced by the way the company, its Directors, management, and staff conduct business. Therefore, the Group always strives to maintain the highest standards of integrity and business ethics.

Declaration of Director's Interests

The beneficial interests of Directors and their families in the shares of the Group are disclosed under note 23.3.

Whistle-blower policy

The Group upholds its values and principles of conduct and expects all individuals to follow ethical standards. It is mandatory for all employees and stakeholders to report unethical behaviour through an independently managed whistle-blower system. This system provides a secure channel for stakeholders to report any form of misconduct they come across without fear of any repercussions.

CORPORATE GOVERNANCE (cont'd)

Share Dealings

The Group has a policy in line with the Victoria Falls Stock Exchange Listing Requirements prohibiting dealings in shares by Directors, officers, executive management and all its employees 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.

Directors Remuneration

Remuneration packages for Directors are determined by the Group's Remuneration Committee. These packages include guaranteed salary as well as performance related incentives linked to the achievement of preset profit targets and levels of free cashflow. As at 30 June 2023, there were no loans from the Company to any Directors. As at 30 June 2023, 9 530 934 share options were granted to Directors and certain Senior Management and Executive, all of these share options were fully exercised. More details of the share option scheme are disclosed under note 23.4.2.

Professional Advice

It is the Group's Policy that where justifiable, Directors are 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.



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BUSINESS CONDUCT AND COMPLIANCE

Business Ethics and Compliance

Business ethics and compliance involves managing risks and opportunities surrounding ethical conduct. Axia Corporation Limited understands the importance of ethical practices within its value chain and by adhering to business ethics and compliance, the Group maintains a good reputation. We are guided by the Corporate Governance Policy to ensure that compliance standards are met.

The Group has senior managers who are specifically responsible for different laws and regulations. They ensure that compliance is met. To track the effectiveness of the steps taken, we carry out internal and external audit processes. After the audit processes are undertaken reports are compiled with a summary of the procedures taken, key findings and recommendations.

Anti-Corruption

We make it a priority not to tolerate any form of corruption throughout our business and relations. We believe not observing ethical principles has the potential to destroy our business through reputational damage. We have a strong control environment with zero tolerance for corrupt activities. We carry out internal and external audits in order to evaluate the efficiency of our efforts towards operating in an ethical manner. Our goal is to eliminate corruption and this will be indicated by a reduction in reported corrupt activities. For the year under review, great progress was made towards operating as an ethical and compliant business.

Human Rights

As Axia Corporation Limited, we understand that respecting human rights improves employee motivation therefore increasing their productivity levels. On the other hand, there is a potential for abuse of human rights by employees which may pose a negative impact on service delivery.

We are guided by our Human Resources Policies which require fair treatment of employees with particular attention to respecting human rights. Group companies have strong Workers' Committees that engage with management at any point in time to discuss issues relating to the topic under consideration. More so, we constantly educate employees regarding human rights-related issues and management in order to empower them.

Our goal is to ensure employees are treated fairly and that they are aware of their own rights and this is assessed by monitoring the number of complaints from employees and the Workers Committees. We constantly renew our policies to adjust to changing legislation on human rights management. We frequently engage various stakeholders to identify weak points in the management of human rights and how to address them.

Diversity and Inclusion

Our commitment to diversity and inclusion is reflected in the makeup of our board and workforce, as well as our approach to salary and remuneration. By fostering a diverse and inclusive workplace, the Group not only earns a positive reputation as a fair and ethical company but also ensures that it attracts and retains top talent. To achieve this, the Group's Human Resource Policy is guided by rigorous standards for fair recruitment and promotion, which ensure that all employees have equal opportunities for career advancement, regardless of age, gender or ethnicity. Through these efforts, we cultivate a diverse and talented workforce that is well-equipped to meet the complex challenges of the modern business landscape.

Security Practices

As businesses grow and evolve, ensuring the safety and security of their employees, customers and assets becomes increasingly critical. In this regard, Axia adopted a comprehensive security practices management approach to ensure the safety of employees, customers and assets.

Our security team is equipped with the necessary expertise to provide professional services to our customers while respecting their privacy. We regularly conduct unannounced visits to our shops to evaluate the competence of our security personnel, and we rely on customer feedback to identify areas of our security practices that require improvement.

Risk Management Framework

The Group recognises the importance of operating sustainably and acknowledges the potential for long-term business success through sustainability reporting. It aims to engage with its stakeholders, identify material issues, and respond to matters by following the Global Reporting Initiatives (GRI) Standards. Additionally, the Group seeks to build a business driven by inclusivity,

BUSINESS CONDUCT AND COMPLIANCE (cont'd)

responsiveness, and sustainable practices while contributing to sustainable development in the areas where it operates. To manage risks effectively, the Group follows a systematic and comprehensive risk profiling exercise at the beginning of each year. This process involves extensive consultations with all internal stakeholders.

Risks are identified and ranked based on their probability and scale of impact, and feasible risk management strategies are considered and implemented. Continuous audit risk reviews are conducted to ensure ongoing assessment and mitigation of risks. When selecting audit areas, a risk-based approach is adopted, considering both internal and external threats that may impact key strategic and operational objectives. We maintain a risk register, where we explain the risks identified, the planned action and the assessment of residual risk. For accountability, we continuously report on our risks during Management and Board meetings. We use the Brags rating system for the residual risk rating.

Financial Risks

The Group prioritises the management of its financial risks, focusing primarily on interest rate and liquidity risk. To mitigate interest rate risk, the Group adopts a strategy of fixed interest rates rather than variable rates. It ensures that the fixed interest rates remain lower than the expected rate of return from its invested assets. This approach provides stability and predictability in interest expenses. In terms of liquidity risk, the Group maintains a strict monitoring system for its financial instruments, continuously assessing their risk profiles and maturity. By doing so, it aims to prevent liquidity gaps from arising. In cases where liquidity gaps are anticipated, the management promptly develops plans to secure additional funding or renegotiate maturity dates for financial liabilities.

Axia Corporation Limited carefully assesses eligibility criteria for credit, taking into account current and projected micro and macroeconomic factors. Credit is extended only to credit-worthy customers with reasonable tenure and interest rates that align with inflationary conditions. We conduct periodic checks and reconciliations to manage financial risks. In addition, we have various levels of review of different information within the Group to ensure that any anomalies can be detected and escalated timeously. We have internal and external auditors, who through their various processes and reports also assist in managing financial risks.



BUSINESS CONDUCT AND COMPLIANCE (cont'd)

Significant Risks

During the reporting period, the following risks were identified:

Risk Category	Risk Description	Risk Mitigation Measures
Business	Volumes decline due to a decline in disposable incomes as a result of hyperinflation.	- Seek out new product lines. - Continue to price current products in line with changes in the economic environment. - Consider backward integration to manufacturing customer goods and fight competition.
	Business concentration risk as major operations are in the Zimbabwean market.	Consider replicating successful business models in Zimbabwe to other African countries like Kenya, Namibia and Botswana.
Government and Regulators	Regulatory risk – compliance with various laws, in particular, currency and exchange control laws and various tax legislations.	Maintaining good relationships with relevant authorities to ensure that they understand the nature of our business, our foreign currency requirements and our contribution to the fiscus to lobby for their support.
Environmental and social	Environmental pollution, hazards to human health, safety and security.	Work with the various stakeholders to ensure we have a positive impact on our communities.
Financial	- Loss of shareholder value due to inappropriate pricing. - Loss of value of monetary assets due to exchange rate fluctuations resulting in decline in shareholders value. - Lending rates and availability of liquidity to support business requests.	- Active monitoring of local monetary assets, ensuring branches generate meaningful profits. - Diversifying funding sources from not only banks to other financial institutions such as investment funds.
Operational Risk	Damage to stock.	Recovery through an insurance policy.
	IT System Errors.	System errors escalated to IT for further management.
	Fraud.	Active monitoring of physical and electronic control systems in place by management.
Strategic risk	Delays in the shipment of imported products.	Order in advance, and look for local suppliers of similar goods.
	Supply bottlenecks.	Backward integration with major suppliers.



SUSTAINABILITY

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SUSTAINABILITY APPROACH

Our Strategy

Axia Corporation Limited is committed to creating value through sustainable business practices. To achieve this, we prioritise the identification, measurement, and accountability of economic, environmental, and social issues. The primary objective is to provide our customers with eco-friendly high-quality and durable products. As a retail and distribution business, we rely on our stakeholders to help us identify impacts and opportunities in our operations and supply chain. Our ultimate goal is to create positive impacts for our stakeholders through our business activities and operations, which will lead to long-term success.

Supply Chain

The Group connects producers and consumers with a strong sense of responsibility. To ensure that our supply chain partners meet the highest standards, we have a strict monitoring system that includes thorough screening procedures. We evaluate suppliers based on their environmental impact, social responsibility, compliance with regulations, and human rights practices. Our goal is to promote sustainable practices that align with our values and do not compromise the integrity of our brands. We believe in transparency and fairness in our relationships with supply chain partners to create a mutually beneficial partnership.

Sustainable Operations

As a responsible business, we understand the significance of conducting sustainable operations that do not damage the environment. We encourage all our subsidiaries to take necessary precautions to minimise any negative impact on the environment, society, and economy. For this purpose, our subsidiaries adhere to standard operating procedures that promote sustainable practices, ensuring that they do not create any negative effects.

Shared Values

Our business strategy is centred on customer satisfaction and involves being inclusive and responsive to their concerns. In line with this, we prioritise creating shared values with our customers and other stakeholders by adopting environmentally conscious practices and ensuring responsible disposal of packaging waste. We strongly believe that by creating shared values, we can contribute to a better world.

STAKEHOLDER ENGAGEMENT

We provide an effective means for addressing economic, environmental and social challenges by considering the views of our various stakeholders. We recognise that stakeholder engagement is essential for achieving our strategic objectives, enhancing our performance and managing risks.

The Group's stakeholder engagement approach is driven at the Group level and the process is guided by the GRI Standards in stakeholder identification, prioritisation and management approach. We use various methods and channels to communicate with them and we seek to understand their expectations, interests and concerns, and to address them in a timely and constructive manner. Additionally, we monitor and evaluate the effectiveness of our stakeholder engagement activities and report on the outcomes and impacts.

STAKEHOLDER ENGAGEMENT (cont'd)

We identified the following as key stakeholder groups:



Engagement activities for the year were as follows:

Stakeholder	Material issues raised for Stakeholder Concerns	Mitigation Measures	Communication Channel	Frequency of Engagement
Employees	- Work-life balance and mental health. - Remuneration and employee welfare.	- Encouraging employees to take regular breaks and education. - Monthly salary reviews. - Indexing of salaries.	- Works Council meetings. - Internal memorandums. - Emails.	- Quarterly. - Ad hoc.
Suppliers	- Procurement or business growth opportunities. - Timely payments.	- Broadening supplier vetting and engagements. - Considering local suppliers.	- Supplier briefings and meetings - Emails. - Telephone. - Competitive tenders.	- Quarterly - Ad hoc - Monthly
Customers	- Delivery of value and competitive pricing. - Promotions. - Improving the online sales channel. - Timely payments	- Continuous monitoring of product quality and pricing. - Seeking the best procurement process.	- On- going daily engagements. - Customer feedback in-store and links on websites. - Emails - Customer meetings	- Daily - Weekly - Monthly
Government and Other Regulators	- Compliance with laws and regulations especially statutory instruments. - Payment of subscriptions	- Policy briefings. - Compliance inspections and formal meetings.	- Phone. - Email. - Memos.	Ad hoc.

STAKEHOLDER ENGAGEMENT (cont'd)

Stakeholder	Material issues raised for Stakeholder Concerns	Mitigation Measures	Communication Channel	Frequency of Engagement
Shareholders and Potential Investors	• Profitability and investment growth in real terms. • Business expansion prospects.	• Tracking Company performance in real terms in addition to regular reporting. • Investment in production facilities and growth in store footprint.	• Investor shareholder briefings. • Annual general meetings. • Publication of bi-annual results. • Trading updates.	• Quarterly • Monthly • Bi-annually • Annually
Financial Institutions	• Lending rates and market risks. • Availability of liquidity to support business.	• Negotiating more favourable interest rates as a listed blue-chip entity. • Diversifying funding sources from only banks to other financial institutions such as investment funds.	• Formal meetings. • Quarterly briefings and publications.	• Ad hoc
Local Communities	• Increase support for charity organisations. • Creating job opportunities.	• Increasing the number of beneficiaries. • Opening new business units.	• Meeting with community leaders and charity organisations.	• Ad hoc

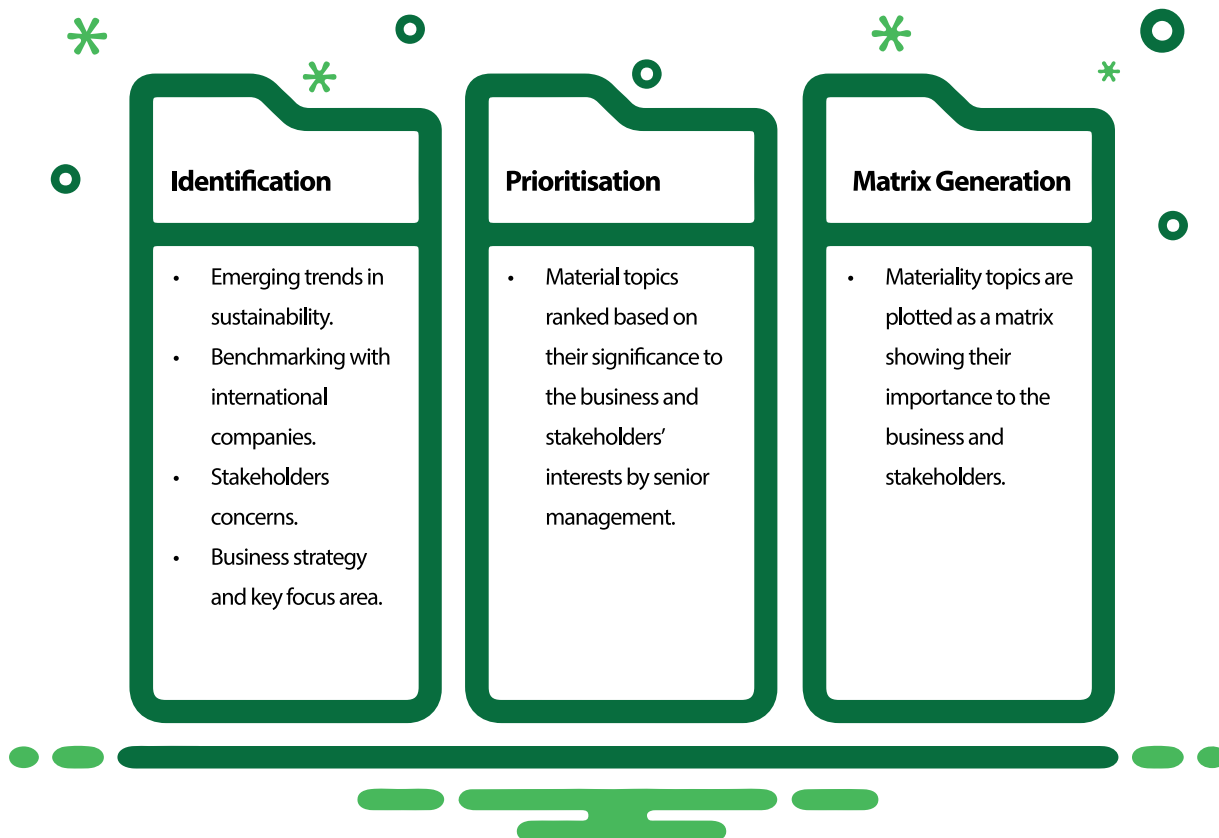
SUSTAINABILITY MATERIALITY ASSESSMENT

Our Sustainability Context

Our sustainability strategy aims to deliver positive impacts through specific activities that help address some of the most pressing concerns of its stakeholders. Our strategy is focused on the principles of environmental, social and governance (ESG) issues following the guidelines of the Global Reporting Initiative (GRI). We engage with our internal and external stakeholders, analyse our business risks and opportunities, and benchmark our performance against industry standards. This assessment informs our sustainability strategy, goals and reporting. We believe that our most important contribution to sustainable development is to operate an effective and profitable business.

Sustainability Materiality Assessment Process

Our sustainability materiality assessment is a concept that helps to identify the most significant material issues that may impact our business, values and ability to achieve our strategic aspirations. The materiality assessment was conducted through a questionnaire survey by the Group. Data collected from the survey was processed in phases that included the identification of issues relevant to the nature of operations through stakeholder assessment and benchmarking. The survey assessed the perceptions of management on the relative importance of the identified topics to Axia Corporation Limited and their influence on the decisions of stakeholders and human rights. The final topics were verified and approved by senior management for consistency with business activities.



SUSTAINABILITY MATERIALITY ASSESSMENT (cont'd)

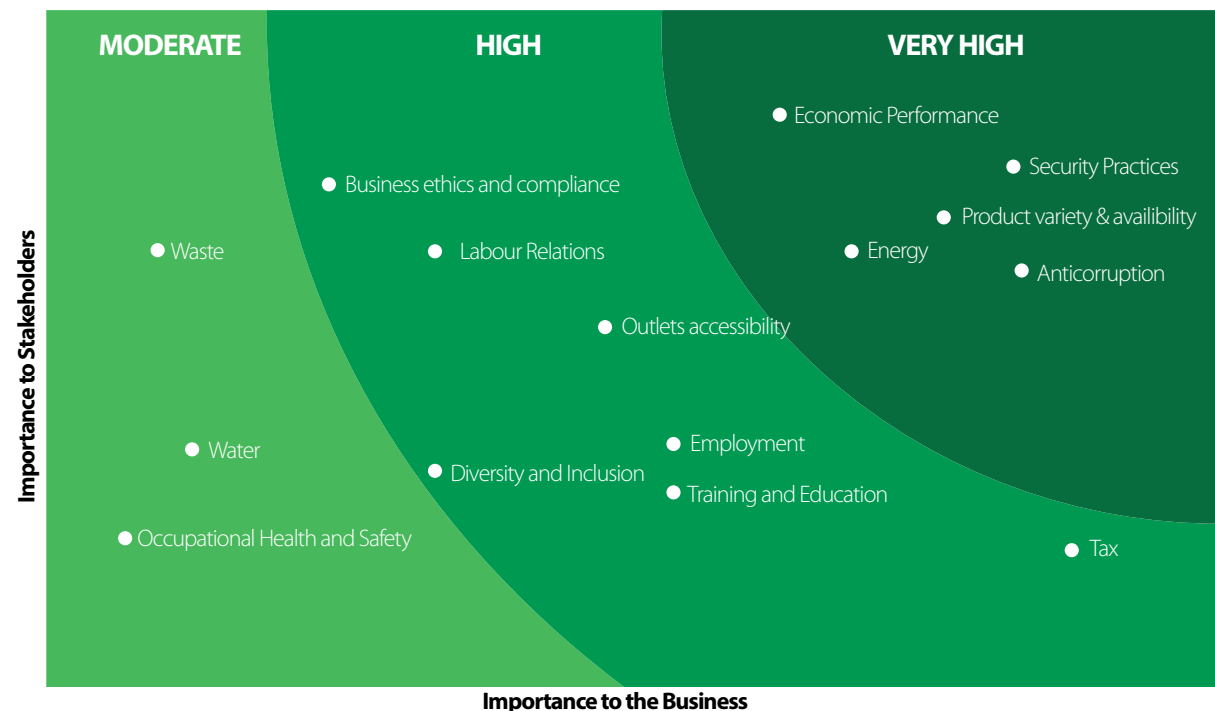
Material Topics

The material issues identified have been reaffirmed as most relevant to Axia Corporation Limited for the period ended 30 June 2023. The identified issues were categorised into economic, environmental, social and governance topics as presented below:

- **Economic category** – topics that cover the flow of capital among different stakeholders, and the main economic impacts of the Group throughout the society.
- **Social category** – topics that relate to impacts on the social systems and human rights in our area of operations.
- **Environmental category** – covers impacts on living and non-living natural systems, including land, air, water, and ecosystems.
- **Governance** – covers impacts on the system of rules, practices and processes by which the Group is directed and controlled.

Environment	Economic	Social	Governance
• Energy • Waste • Water • Emissions • Climate Change	• Tax • Economic Performance • Procurement Practices and Supply chain Management	• Diversity and inclusion • Local Communities • Occupational Health and Safety • Security Practices • Employment • Training and Education • Corporate Social Responsibility • Outlets Accessibility	• Business ethics and compliance • Anti-corruption

Materiality Matrix



From the matrix above, topics ranked as;

Very High – reflects those regarded by the business and shareholders to be of significant interest. As such, they represent both risks and opportunities for the Group.

High – reflects those where measures are in place to manage the impacts while improvements continue to be implemented.

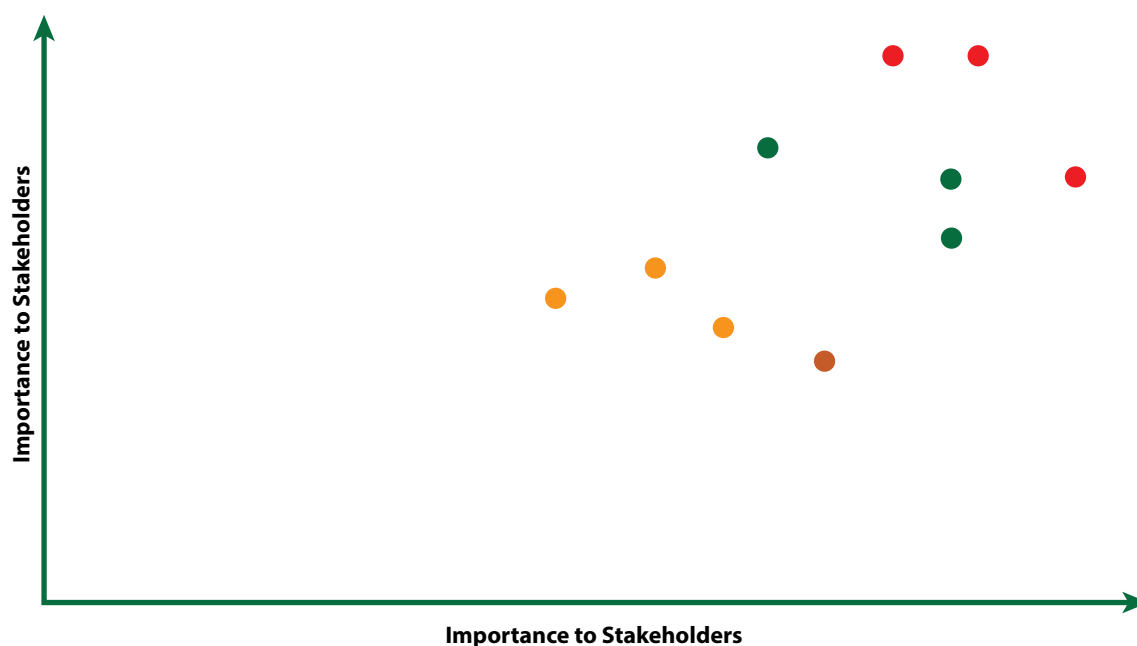
Moderate – reflects those where significant effort was made by the Group to address them.

During the reporting period, the following topics were identified as significant to both the Group and stakeholders included Tax, Economic Performance, Security Practices, Product Variety and Availability and Anti-corruption.

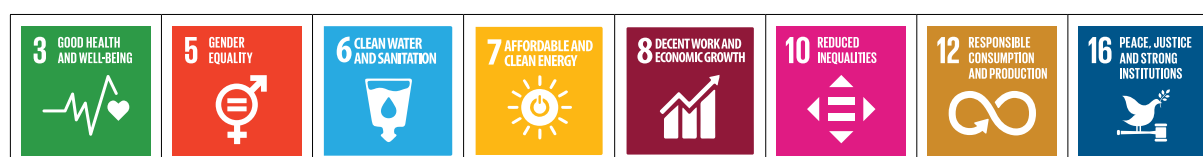
SUSTAINABILITY MATERIALITY ASSESSMENT (cont'd)

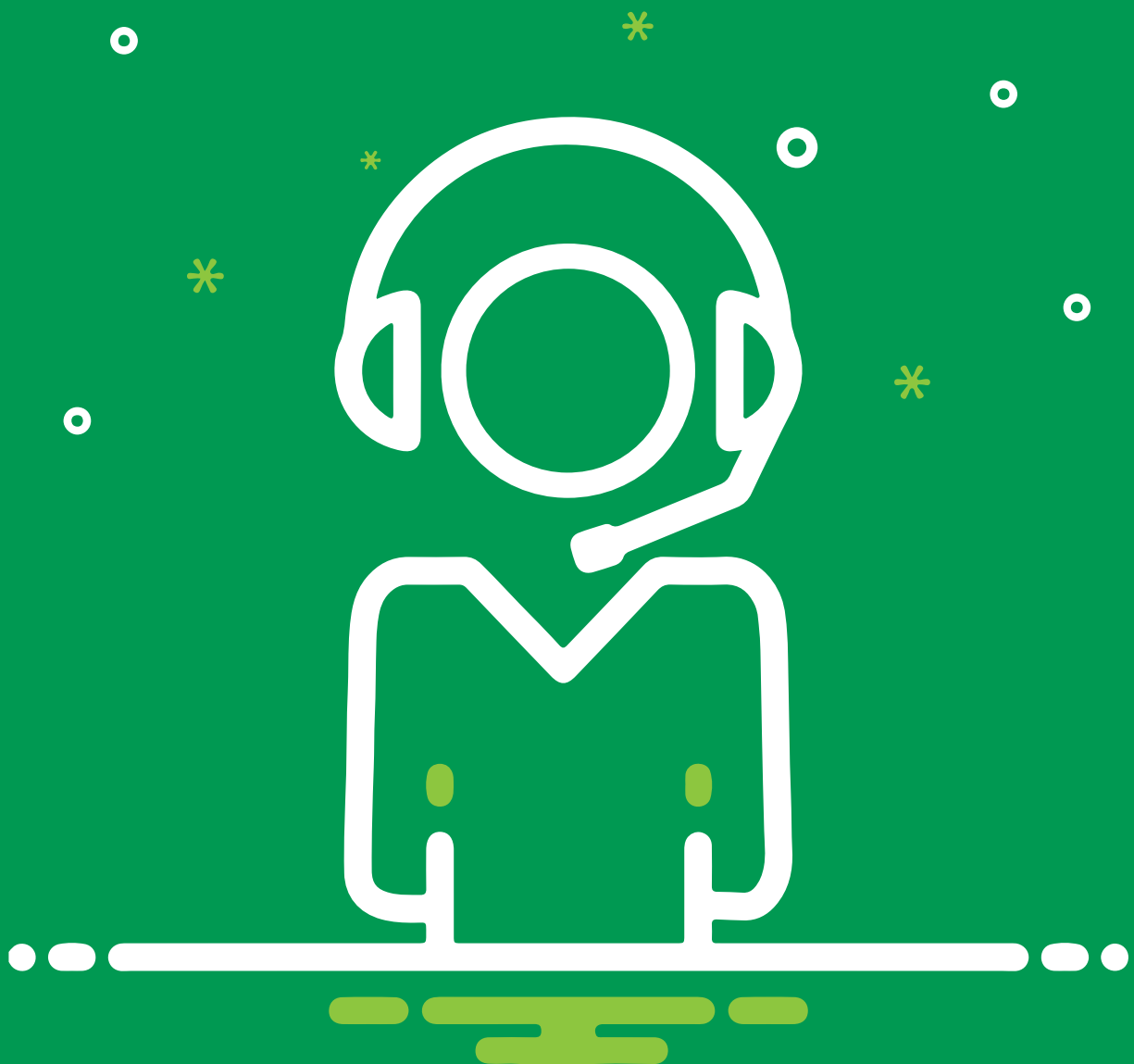
Materiality linked to SDGs

We linked our materiality matrix to the Sustainable Development Goals (SDGs) to demonstrate the significance of how actions on the topics contribute to relevant SDGs.



	Low Relevance to sustainable development		Very High	
Anti-corruption				16
Business Ethics and Compliance			16	
Diversity and Inclusion	5	10		
Economic Performance				8
Energy			7	3
Employment			8	
Labour Relations			8	
Occupational Health and Safety	3	8		
Security Practices				16
Waste		12		
Water		6		





CUSTOMER SERVICE

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Product Quality and Safety	35
Product variety and availability	35
Timely Deliveries	35

CUSTOMER SERVICE

Axia Corporation Limited understands that providing good customer service drive good relations which is crucial to its success. To achieve this, we put a lot of effort into delivering top-quality products and services that cater for our clients' needs and expectations. We value the input of our customers as it enables us to enhance performance and improve customer satisfaction. Our team is highly skilled, experienced and always available to attend to customer complaints regarding our business activities. Our goal is to establish long-term and mutually beneficial relationships with our customers, based on trust, respect, and transparency.

Customer Privacy and Security

Axia Corporation Limited implemented a robust framework for safeguarding customer data through its Customer Privacy and Security Systems. This enables the Company to uphold its reputation for maintaining high standards of integrity. To ensure the confidentiality and security of our customers' information, we have established IT policies and controls. We are dedicated to implementing adequate IT controls to safeguard the integrity of customer data stored in our systems.

We implemented strict IT access controls to ensure that only authorised personnel can access relevant information. The Group have proactive systems that ensure the IT control systems are continuously reviewed. We aim to ensure that we safeguard customer's information all the time and to avoid any cases of unauthorised access to our information systems.

Outlets Accessibility

Outlet accessibility is an important factor in providing convenience to customers, enhancing brand recognition, and driving business performance. To achieve these goals, the Group is continuously expanding its store network, with a focus on strategic locations that cater to its target customer base. Our Business Development Policy is designed to ensure that we have a presence in all key areas where our customers are located. We carefully select and manage the sites for our branches to maximise accessibility and convenience. Our strategy is informed by a rigorous performance-tracking mechanism, which enables us to evaluate the effectiveness of our approach and make data-driven decisions.

Product Quality and Safety

Product quality and safety are critical aspects for our business to thrive in a competitive market. It ensures that our customers receive top-notch products that meet their expectations and maintain the Company's reputation. We buy from legitimate sources and top brands for all our furniture, electronics and home appliances products, automotive spare parts and FMCG products. We have signed agreements with world-class reputable suppliers to maintain range of quality products.

We have a team of experts who conducts quality standard checks on all products, to avoid substandard product from being dispatched to all our outlets. The Managing Director oversees the quality of raw materials at the highest office level. For our furniture business, we have experienced quality control officers who go over each product before dispatching it to the factory. We conduct regular training on both the manufacturing team and the merchandising team to improve the quality of our products.

Product Variety and Availability

As a business, product variety and availability ensure that customers in all our speciality retail have choices. By providing customers with a wide range of options, we reduce the likelihood of customer grievances and increase the volume of sales, ultimately resulting in an increased market share.

Our procurement strategy involves pre-planning and purchasing in large quantities to guarantee the availability of products. Our finance teams also ensure the business has sufficient working capital and financing to maintain good relationships with our suppliers and prevent stock-outs. We track this metric by customer consultations to understand the tastes and preferences so that we can have variety.

Timely Deliveries

Efficiently meeting customer demands is a crucial success factor for our business, and timely delivery plays a pivotal role in achieving this objective. This ensures that customers receive their orders within the expected time frame, which not only satisfies their needs but also helps to build a positive reputation for the business. Late deliveries usually lead to customer dissatisfaction, lost sales, increased costs and an overall negative impact on the business' bottom line. Therefore, Axia recognises the need to prioritise timely delivery and have effective management strategies to ensure that products are delivered on time and in good condition.

To ensure timely delivery, we rely on our own fleet from Vital Logistics as well as distribution vehicles at TV Sales & Home. This gives us greater control over product movement and enables us to monitor and track deliveries closely. Our efficient route management strategies also help to streamline deliveries. In addition to our own fleet, we have strict arrangements with third-party transporters that include clear delivery timelines and tracking mechanisms. This ensures that our products are delivered on time, regardless of geographical location.



HUMAN CAPITAL

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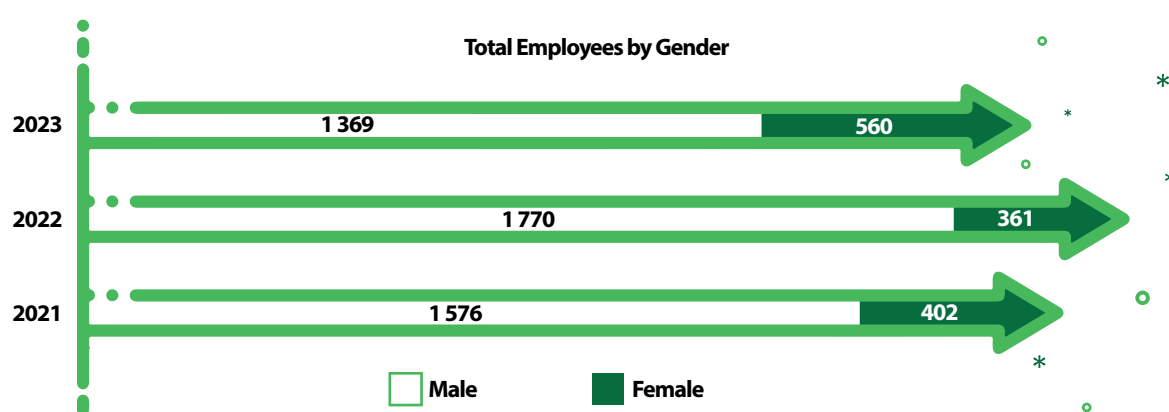
HUMAN CAPITAL

Employment

The Group employs competent and talented employees who provide excellent service to drive growth and improved performance. We understand that not managing our employment practices may pose a negative impact on the Group in terms of poor-quality service which may tarnish the Group's reputation.

Our Recruitment Policy from the Human Resources departments guides us in providing fair and equal opportunities to all potential candidates. 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. The engagement of employees remains critical for our long-term success and we ensure operations comply with labour laws and voluntary and international best labour practices. We continue to foster employee engagement and relations to drive productivity and performance.

As of 30 June 2023, our employee base was as follows;



Permanent and contract employees

	2023		2022		2021	
	Male	Female	Male	Female	Male	Female
Permanent	537	95	597	104	477	66
Contract	842	465	1 173	257	1 099	336
Total	1 369	560	1 770	361	1 576	402

Total employees by country

	2023		2022		2021	
	Permanent	Contract	Permanent	Contract	Permanent	Contract
Zimbabwe	595	1 051	667	1 113	513	1 222
Zambia	15	144	12	207	15	144
Malawi	22	102	22	110	15	69
Total	632	1 297	701	1 430	543	1 435

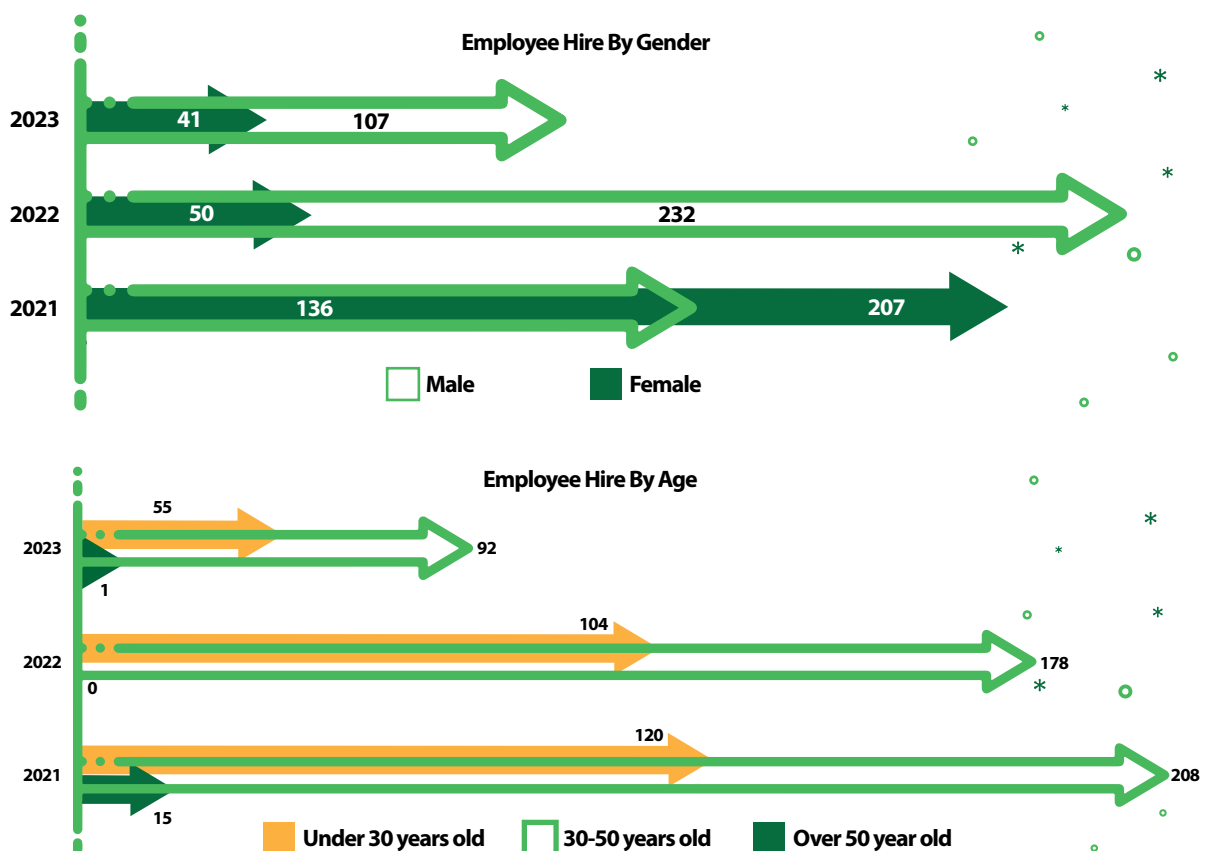
HUMAN CAPITAL (cont'd)

The following are third-party employees for the Group:

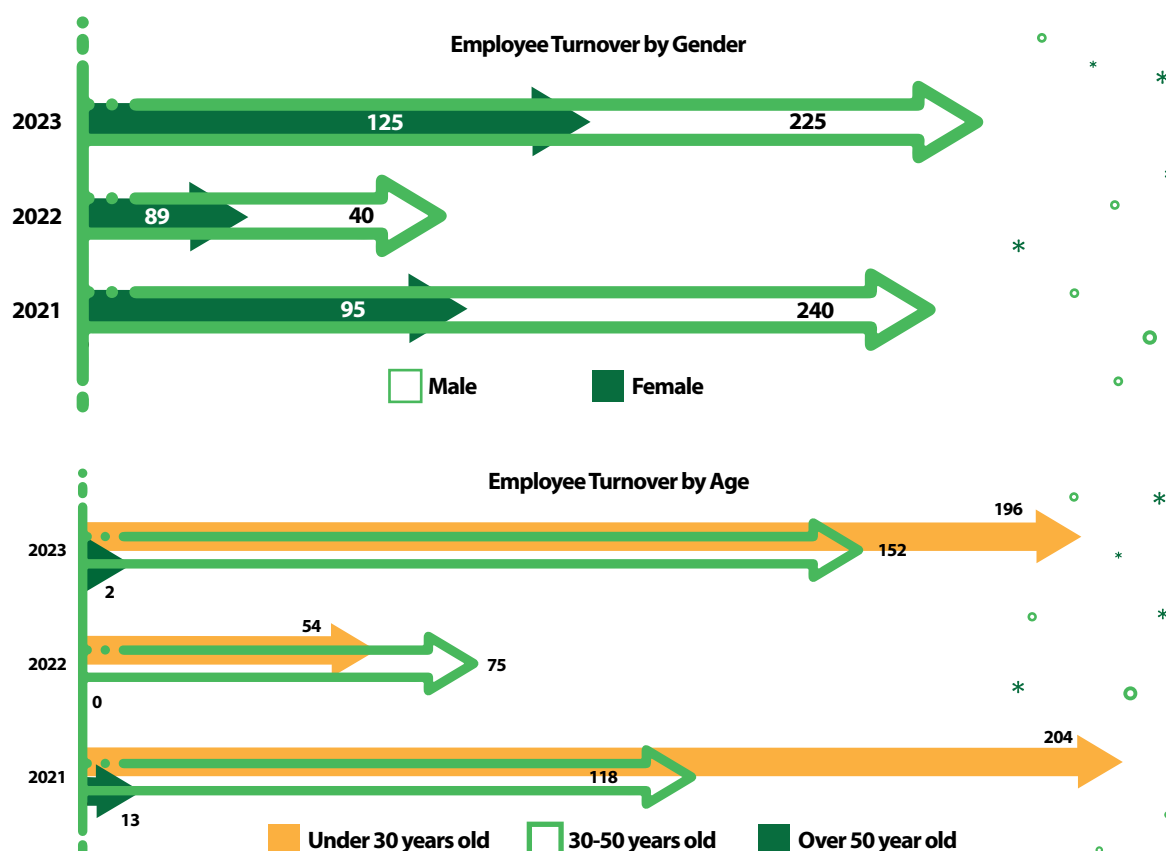
Third-Party Employees

	2023
Contractors	675
Interns	18
Graduate Trainees	2
Total Workers	695

Our employee movement was as follows:



HUMAN CAPITAL (cont'd)



Labour Relations

Labour relations are the interactions between employers and employees, or their respective representatives, in the context of the workplace. The purpose of labour relations management is to establish and maintain harmonious and productive relationships that benefit both parties, contribute to the economic and social well-being of society and assist in maintaining the Group's reputation.

Collective Bargaining Agreements (CBA)

Axia Corporation Limited 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

Below are employees under CBA:

	Unit	2023	2022	2021
Employees on CBA	Count	1 280	1 182	1 267
Percentage of total workforce	%	68%	65%	64%

HUMAN CAPITAL (cont'd)

Defined Pension Contributions

The Group's employees in Zimbabwe are covered under the Inncor 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 34 to the financial statements.

During FY2023, our pension contributions were as follows:

	2023	2022
	US\$	US\$
Regional Subsidiaries	58 504	58 123
Local Subsidiaries	285 594	228 382
Total	344 098	286 505

Occupational Health and Safety

Effective implementation of Occupational Health and Safety measures plays a critical role in maintaining a low staff turnover hence enabling business continuity. Given the nature of tasks undertaken by employees in our fitment centres and CBS facilities, which involves handling heavy tools and equipment, adherence to stringent health and safety practices becomes imperative.

Our Human Resources Policy outlines the measures and procedures we have in place to promote occupational health and safety. Our goal is to protect all stakeholders and minimise the occurrence of health and safety incidents. Reported incidents serve as an indicator of our commitment to upholding good occupational health and safety practices. Whenever an incident is reported, a thorough review is conducted to ensure that all procedures are followed and to identify ways to prevent similar incidents from recurring.

All employees are entrusted with the responsibility of ensuring proper storage, usage, and return of equipment to their designated locations. The Branch Manager serves as the primary point of contact for employees and is responsible for escalating issues to Retail Managers or, when necessary, the HR Manager or Managing Director. Our employees are required to read the employee handbook and signage posted throughout the workplace. In addition, Axia Corporation Limited provides medical aid as part of its employee welfare. Our workers' committee serves as a liaison between the employees and the management team.

For FY2023, our injuries were as

	Unit	2023	2022	2021
Fatality from work-related injury	Count	1	-	-
Recordable work-related injuries	Count	10	6	15
Lost Days due to injury	Days	7	-	-

Delivery Drivers Working Conditions

The success of our business, mainly the Distribution Group Africa subsidiary relies on the well-being and satisfaction of our drivers. As such, the Group prioritises driver working conditions and ensures the safety of all its drivers. This in return enhances their morale, reduces road accidents and ultimately improving the quality of service.

As Axia, we consider our drivers to be equal to other employees and we strive to be the employer of choice. Our approach is to provide a working environment that is not detrimental to the well-being of our drivers. We monitor our actions by evaluating departmental employee turnover rates and the causes to identify if any are related to poor working conditions.

HUMAN CAPITAL (cont'd)

Accident and Safety Management

Accident and safety management are crucial aspects of our distribution subsidiary. We aim to provide our customers with high-quality products and services while ensuring the well-being of our employees and the environment. Accidents lead to loss of business due to product damages, increased costs in repairs of our fleet and compensation for any injuries that occur to our staff or third parties. As such, all drivers are constantly reminded to adhere to road and traffic rules as this helps to reduce accidents and improve safety. Employees are encouraged to take regular breaks and leave so that fatigue does not become a cause of accidents.

Training and Education

Through our education and training initiatives, we experience improved financial performance from service delivery which increases the potential for revenue generation. Investing in human capital development ensures that employees are well-motivated, and equipped to provide efficient and effective customer service and production.

We are committed to ensuring that employees are trained at the highest level improve their skill base and are able to deliver value to the Company in line with our Human Resources Policies. We aim to ensure that all employees are knowledgeable in their line of work. For the period under review, the Group made great progress towards achieving the set goals.

Average Training hours by Gender	Unit	2023	2022	2021
Male	Hours	21	21	25
Female	Hours	26	20	21





SUSTAINABLE OPERATIONS

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SUSTAINABLE OPERATIONS

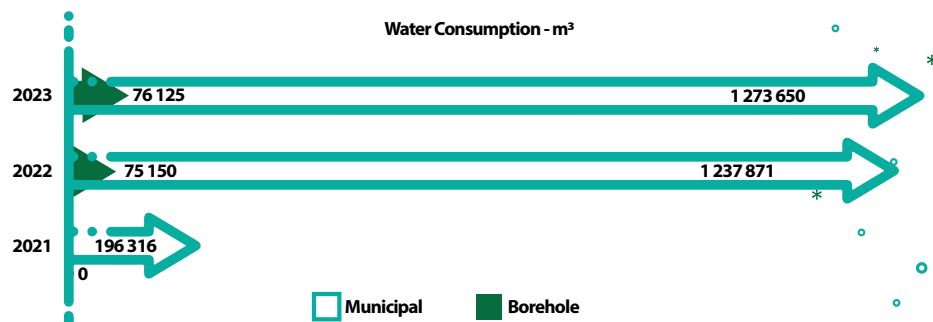
Operating in a sustainable manner is core to Axia Corporation Limited. We strongly believe that sustainable operations have significant impacts on our business, the environment and society. We take all measures to reduce negative impacts associated with water, energy, waste and our procurement.

Water

As Axia Corporation Limited, we understand that water and effluent management is a critical component of a sustainable future that has significant implications for financial performance and regulatory compliance. Proper water and effluent management practices can help in reducing our environmental footprint. 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.

As a speciality retail and distribution Group, water is mainly used for cleaning, sanitisation and consumption purposes. We are committed to ensuring that all premises have good drainage linked to the municipal pipes, to ensure proper disposal, therefore we conduct proper site inspections before securing a retail site. All effluent goes through the normal approved drainage system. Senior officials conduct site visits to our branches and fitment centres to assess water consumption. Our goal is to ensure that all employees at the various sites are using water sparingly. Water bills will show any wastages in water consumption which indicates progress towards water conservation.

For the reporting period our water consumption is below:

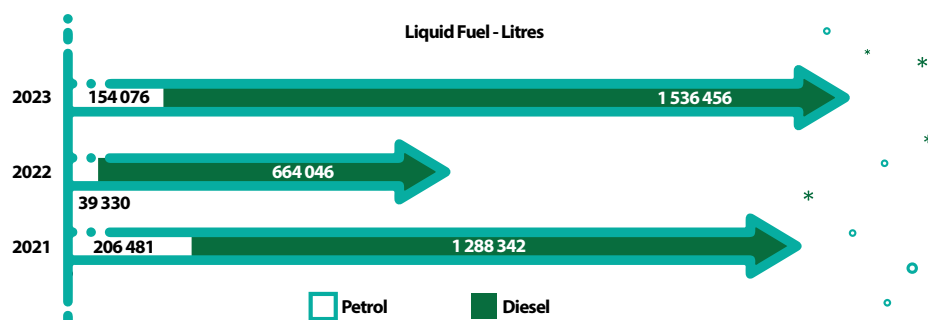


Energy

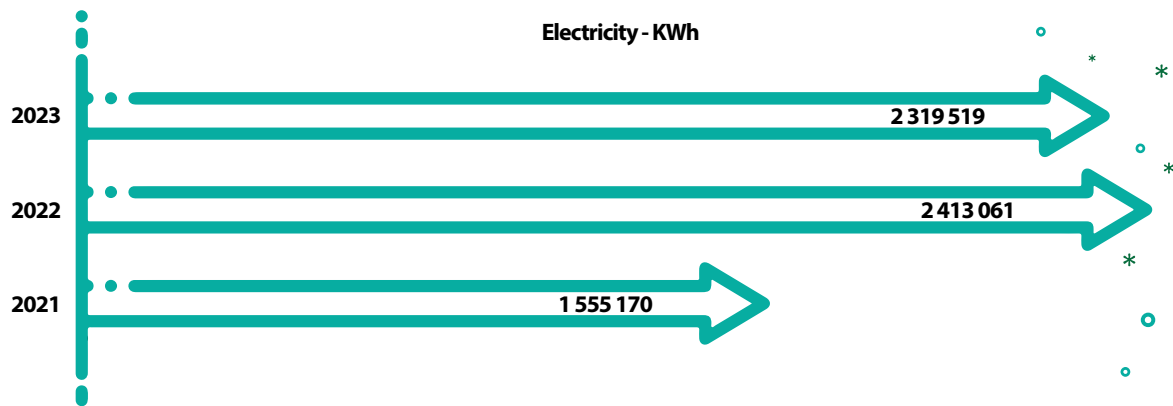
Proactively managing energy consumption brings significant benefits to Axia Corporation, by implementing responsible energy practices, we build a reputation as a sustainable business and increase profitability through cost savings. However, it's equally important to avoid the potential negative impacts of poor energy management, such as a bad reputation, increased operational costs, and reduced profitability. We use most of our energy for our gadgets, lighting, and heating in the normal course of our business.

We are committed to ensuring the optimum utilisation of energy and switching off lights when not in use. We aim to minimise energy costs by replacing electricity with solar energy, a recommendation from stakeholder engagements. We periodically conduct a review of energy costs to track our energy usage.

Our energy consumption is below:



SUSTAINABLE OPERATIONS (cont'd)



Waste

Axia Corporation Limited recognises the importance of adopting and executing strategies that effectively minimise our waste's environmental impact while keeping costs low. Therefore, we established comprehensive procedures that ensure compliance with regulatory standards and cost-effective waste management.

We are committed to ensuring that waste is disposed of in the recommended ways, to contribute to a clean city. We ensure that bins and proper ablution rooms are availed at all premises we operate from to ensure that we keep our environment clean. As a retail and distribution business, we do not generate hazardous waste and all our non-hazardous waste disposal is done through the general sewer and garbage system. Waste generated in our operations comprises mostly plastics and cardboard. We dispose of our waste through third-party recycling and municipal facilities. The Group continues to encourage responsible disposal of waste and its reclamation. Senior Company Officials conduct site visits and disciplinary action is taken against any Branch Managers with unclean premises to ensure that shops and fitment centres are clean and have bins. This has been effective as we have not had problems during the year under review.



Procurement

We make it a priority that we maintain good relations with our suppliers to reduce the risk of disruptions which may take place due to late deliveries.

Our Procurement Policies guide the decision-making processes on issues to do with responsible sourcing and supply chain management. Our commitment is to give a fair chance to all vulnerable groups and ensure we adhere to ethical procurement procedures. We carry out strict supplier vetting processes to ensure that we engage reliable, ethical and high-quality partners. Our goal is to ensure that we deal with reputable suppliers within the vulnerable groups. However, it has been difficult to be inclusive of vulnerable groups due to the nature of our products.



CLIMATE CHANGE

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Greenhouse Gas (GHG) Emissions	46

CLIMATE CHANGE

Environmental Stewardship is a key priority for Axia Corporation Limited. We recognise the importance of protecting the natural environment and reducing our impact on climate change. We are committed to implementing sustainable practices throughout our operations, and to reducing our carbon footprint.

Climate Change

Managing climate change shows our commitment to sustainability and improving our reputation as responsible corporate citizens. Non-compliance with environmental regulations can result in fines and other penalties potentially resulting in the loss of business partnerships and customers. 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 paper.

Greenhouse Gas Emissions (GHG)

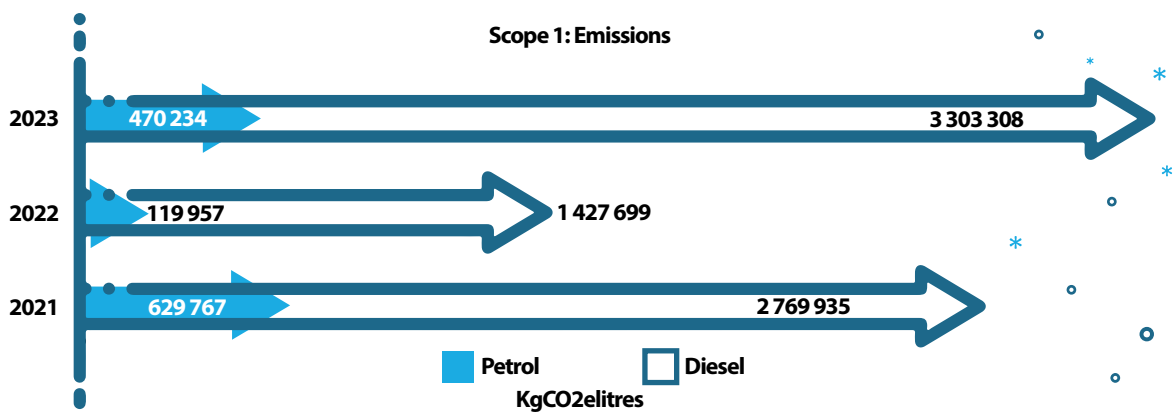
As Axia Corporation Limited, we are committed to implementing a comprehensive emissions measurement and reduction strategy to enhance our environmental impact and comply with pertinent regulations while demonstrating our commitment to corporate responsibility.

We established a comprehensive Vehicle Maintenance program that provides detailed guidelines and procedures for the maintenance and servicing of our vehicles. The primary objective of this program is to reduce our Scope 1 emissions by minimising fuel usage and optimising vehicle performance. To achieve this objective, our operations managers carry out periodic inspections of vehicles to ensure that they are in optimal working condition and that all necessary servicing and maintenance tasks are performed promptly and efficiently.

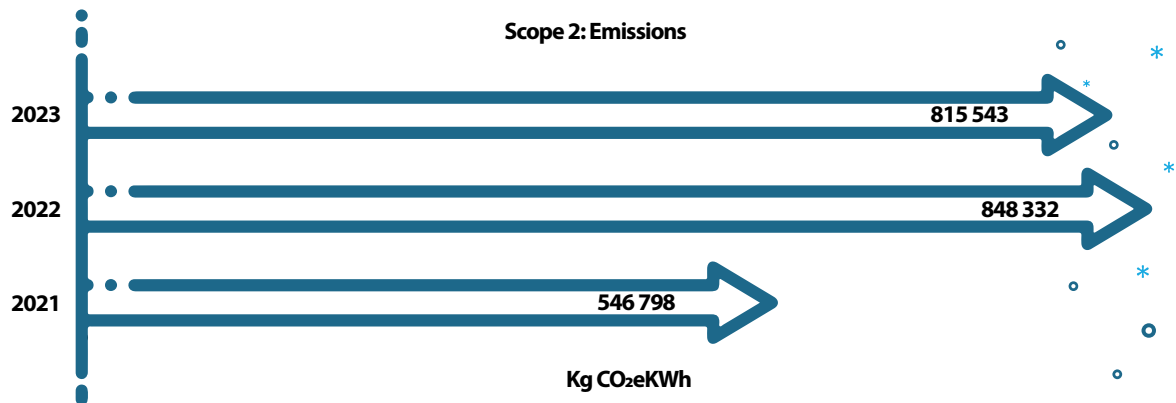
Being a responsible business, we categorised our greenhouse gas (GHG) emissions into two types - Scope 1 and Scope 2. Scope 1 emissions are the direct emissions resulting from Group's operations, including fuel consumption by generators and vehicles, which are under its control. Scope 2 emissions are indirect emissions resulting from the consumption of energy generated and supplied by a third party, over which Axia Corporation Limited Group has no control.

We calculate our carbon footprint by converting energy consumption into carbon dioxide (CO₂) equivalency using internationally accepted conversion factors. To calculate our Scope 1 and Scope 2 emissions, we used emission factors obtained from the UK Government's GHG Conversion Factors and the Southern African Power Pool 2015, respectively.

For FY23, our GHG Emissions are below:



CLIMATE CHANGE (cont'd)





COMMUNITY RESPONSIBILITY AND ECONOMIC CONTRIBUTIONS

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COMMUNITY RESPONSIBILITY

Our Corporate Social Responsibility (CSR) Programmes are designed to uplift the communities in which we operate. We educate various groups such as the youth on how to help themselves in times of emergencies such as changing car tyres. We provide financial support to organisations within our communities as part of our corporate responsibility initiatives. All this is an effort to act as good citizens and avoid reputational damage which may arise due to a lack of corporate responsibility management.

The Group believes that environmental and social factors are part of the business operations and strategy. Therefore, responding to impacts from the Group's operations is a responsibility and business objective that has the potential to maintaining our long-term business values. The Group units engage with communities and other stakeholder groups to identify potential needs and contributions. We believe that the well-being of the society is integral in providing business opportunities and human capital, therefore the Group's investment is vital.

The following are our priorities in relation to social cohesion management:

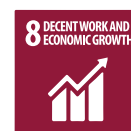
- Providing employment opportunities
- Minimise workplace health and safety incidents
- Enhancing employee well-being and capacity
- Supporting community development

We are committed to giving back to the communities in which we operate in line with our CSR Policy. The Company has a target of getting itself involved in at least 4 corporate social responsibility activities each year. At the end of each year, management reviews the number of activities conducted to assess their impact on the community. For the year under review, the Group undertook a number of initiatives aimed at assisting various social initiatives. Feedback from stakeholders has revealed how our actions have been appreciated.

For FY2023, the Group contributed the following:

Target Area	Purpose of Investing in the Theme	Beneficiaries	Items Donated	SDG
Education	Supporting education access from early education to adult education.	• HIT. • SDA Youth Camp. • Shinning Smiles School • Hellenic Primary School.	• Stationery	
Philanthropy	Supporting public institutions in the delivery of services	• Public Institution (ZRP)	• Groceries for graduation.	

COMMUNITY RESPONSIBILITY AND ECONOMIC CONTRIBUTIONS



DIRECT ECONOMIC VALUE GENERATION AND DISTRIBUTION

Axia Corporation Limited contributes to the overall economic development through payment of taxes and providing employment opportunities thus improving the well-being and standards of living in the countries we operate. Our vision is to create value through the provision of high-quality consumer and durable goods in all regions where we operate. Improved business performance amplifies the distribution of wealth across our stakeholders helping alleviate societal economic challenges.

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. 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.

Our dedication is to become a responsible Group through timeous payment of taxes and subscriptions and ensure we remain viable and able to contribute to the economy. The key indicator for success will be profit as shown in the Company's financial statements. The Group generates economic value through retail, distribution and maintenance services. The direct economic value generated and distributed is presented in the financial statements on pages 59 to 108.

Tax

Through our tax payments, we contribute to the total revenue of the nation which contribute to economic development. Tax is computed at the company level with reviews carried out from the head office every quarter. We ensure tax returns are submitted and the amount due is paid in a timely manner to reduce the risks associated with penalties. Adding on, we attend tax seminars to learn about the latest tax regulations and gain insight from experts on how to optimise tax planning and filling strategies.

We have a liaison officer who identifies and reports any risks or opportunities related to tax matters. Our goal is to remain a compliant business paying particular attention to due dates and eliminating penalties due to non-compliance.

Tax payments by country

In FY2023 our tax payments are below:

	2023	2022
	US\$	US\$
Zimbabwe	19 093 121	18 784 639
Zambia	231 366	290 005
Malawi	455 167	573 267
Total	19 779 654	19 647 911





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REPORT OF THE AUDIT AND RISK COMMITTEE

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 Directors are of the opinion that using the provisions of IAS 21 to convert the Group's inflation-adjusted financial statements from previous period, as a basis for presenting comparative and opening statement of financial position information in the new functional currency, will result in material misstatement of the Group's comparative financial statements. Therefore, the Group applied alternative procedures and techniques in the translation of ZWL financial statements to USD financial statements in an endeavour to present the best possible view of the comparative financial performance and position of the Group, in terms of the newly assessed functional currency.
- ii) 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 Zimbabwe 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.
- iii) Appropriateness of the going concern basis of accounting.
This was discussed, noting the macro-economic challenges in Zimbabwe.

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 (cont'd)

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

27 October 2023

DIRECTORS' RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The Directors of Axia Corporation Limited are responsible for the preparation and fair presentation of the Group's consolidated financial statements. The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Victoria Falls Stock Exchange ("VFEX") listing requirements except for the non-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 except for the revaluation of Property, Plant and Equipment that was changed from prior year's cost model.

The financial statements are prepared with the objective of complying fully with International Financial Reporting Standards (IFRS). Complying with IFRSs 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.

IAS 21 directs that entities operating in hyperinflationary economies should translate their last reported inflation-adjusted financial statements using the closing rate of exchange at the reporting date in order to derive and present comparative financial statements under a newly assessed functional currency.

The Directors are of the opinion that using the provisions of IAS 21 to convert the Group's inflation-adjusted financial statements from previous period, as a basis for presenting comparative and opening statement of financial position information in the new functional currency, will result in material misstatement of the Group's comparative financial statements. Therefore, the Group applied alternative procedures and techniques in the translation of ZWL financial statements to USD financial statements in an endeavour to present the best possible view of the comparative financial performance and position of the Group, in terms of the newly assessed functional currency.

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 56 to 58 and 110 to 112 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 Executive 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 2023, which appear on pages 59 to 108 and 113 to 120 respectively, have been approved by the Board of Directors and are signed on its behalf by:



LEM NGWERUME
Chairman
27 October 2023



R M RAMBANAPASI
Executive Director
27 October 2023

COMPANY SECRETARY'S CERTIFICATION

For the year ended 30 June 2023

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 Victoria Falls Stock Exchange Listing Regulations.



Prometheus Corporate Services (Private) Limited
Company Secretary
Harare
27 October 2023

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 2023.

Share Capital

At 30 June 2023 the authorised share capital of the Company was comprised of 999 999 000 ordinary shares of USD 0.0001 each and 1 000 Non-Voting Class "A" ordinary shares of USD 0.0001 each. The Issued share capital was at USD 55 600 (2022: 55 600) divided into 556 000 308 (2022: 556 000 308) ordinary shares of USD 0.0001 each and 1 000 Non-voting Class "A" ordinary shares of USD 0.0001 each.

Group Results

	30 June 2023 USD	30 June 2022 USD
Profit before tax	11 186 771	16 516 199
Tax expense	(5 003 263)	(6 455 728)
Profit for the year	6 183 508	10 060 471
Non-controlling interests	(2 423 581)	(4 441 336)
Profit for the year attributable to equity holders of the parent	3 759 927	5 619 135

Dividends

Ordinary shares

The Board declared an interim dividend of USD0.0018 (0.18 US cents) per share in respect of all ordinary shares of the Company. The Board also declared a final dividend of USD0.0010 (0.10 US cents) per share in respect of all ordinary shares of the Company in relation to the financial year ended 30 June 2023. The total dividend in respect of the financial year ended 30 June 2023 is USD 0.0028 (0.28 US cents).

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

The Board declared an interim dividend of USD50 000 to the Axia Employee Trust (Private) Limited. The Board has also declared a final dividend of USD25 000 to the Axia Corporation Employee Trust (Private) Limited for the financial year ended 30 June 2023.

Directors and their Interests

In terms of the articles of association Mr. T Sibanda and Mrs. T Mazingi 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 23.3 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 2023 (note 10.2.2)

Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2023.

For and on behalf of the Board.



LEM NGWERUME
Chairman
27 October 2023



R M RAMBANAPASI
Executive Director
27 October 2023

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF

AXIA CORPORATION LIMITED AND ITS SUBSIDIARIES

Adverse Opinion

We have audited the consolidated financial statements of **AXIA CORPORATION LIMITED AND ITS SUBSIDIARIES** which comprise the statement of financial position as at 30 June 2023, 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 consolidated financial statements do not present fairly, the financial position of AXIA CORPORATION LIMITED AND ITS SUBSIDIARIES as at 30 June 2023, 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 29 (IAS 29), Financial Reporting In Hyperinflationary Economies.

a) Comparative financial information and opening balances.

The Group's functional currency before the change to United States dollar was ZWL, which is a currency of a hyperinflationary economy. In terms of International Accounting Standard 21 (IAS 21), The Effects of Changes in Foreign Exchange Rates, the results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy shall be translated into a different presentation currency by applying the closing rate on the inflation adjusted statement of financial position on the date of the change.

The Group did not adopt as its opening balances and comparative financial information, balances derived in terms of IAS 21 and IAS 29, as described above, instead the Group converted its historical balances and transactions using the monthly average exchange rates and spots rates.

The non compliance with IAS 21 on comparative financial statements and opening balances resulted in the overstatement of property, plant and equipment by USD 13,097,407, overstatement of inventories by USD 15,649,392, and overstatement of shareholders' equity by USD 28,746,799.

Our opinion on the current year financial statements is modified because of the effects opening balances have on current year financial results and the comparability of current year financial results with those of prior year.

b) Use of monthly average exchange rates to translate transactions to functional currency.

The Group's functional currency changed from ZWL to USD on 1 July 2022 but the Group continued to record transactions in ZWL for the period 1 July 2022 to 31 May 2023. The transactions were translated to the functional currency at monthly average rates. Due to the volatility of exchange rates between the United States dollar and the Zimbabwean dollar for the period, 1 March to 31 May 2023 where the ZWL depreciated by approximately 133%, a monthly average exchange rate cannot be considered to approximate the actual rate of exchange on the day of a transaction. IAS 21 paragraph 22, states that the use of an average rate is inappropriate if exchange rates fluctuate significantly. The financial impact of the non compliance with IAS 21 could not be determined but it is considered to be material to the financial statements. Due to the significance of the non compliance, we cannot express an opinion on the accuracy of revenue, expenses and exchange gains and losses.

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 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 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.

Other Information

The Directors are responsible for other information. The other information comprises the information included in the annual report which includes the Performance Review Report, The Strategic Leadership and Governance Report, The Business Conduct and Compliance Report, The Sustainability Report, The Customer Service Report, The Human Capital Report, The Sustainable Operations Report, The Climate Change Report, The Community Responsibility and Economic Contributions Report and The Directors' Report. The other information does not include the audited financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the 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 scepticism 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 the 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 consolidated financial statements of the Group are not properly drawn up in accordance with the requirements of Section 193(1)(a) of the Companies and Other Business Entities Act (Chapter 24:31).

The audit engagement partner on the audit resulting in this independent auditors report is Davison Madhigi (PAAB Practising Number 0610)



BDO Zimbabwe
Chartered Accountants

27 October 2023

Kudenga House
3 Baines Avenue
Harare

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 USD	2022 USD
Revenue	8	203 749 965	204 181 128
Cost of sales		(147 053 667)	(148 648 068)
Gross profit		56 696 298	55 533 060
other income	9	3 811 103	3 979 050
operating expenses	10	(39 350 088)	(34 716 520)
net impairment loss on trade and other receivables	10	(312 677)	(108 500)
Operating profit before impairment, depreciation and fair value adjustments		20 844 636	24 687 090
financial loss	11	(832 115)	(662 568)
depreciation of property plant and equipment and right of use assets		(5 571 963)	(5 266 617)
property plant and equipment	16	(2 751 848)	(3 919 313)
right of use asset	17	(2 820 115)	(1 347 304)
fair value adjustments on listed financial assets		(211 382)	(323 924)
Profit before interest, equity accounted earnings and tax		14 229 176	18 433 981
interest income		40 783	107 391
interest expense	12	(3 261 348)	(2 635 686)
equity accounted earnings	18	178 160	610 513
Profit before tax		11 186 771	16 516 199
income tax expense	13	(5 003 263)	(6 455 728)
Profit for the year		6 183 508	10 060 471
Other comprehensive income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations		(875 564)	(939 926)
revaluation of property, plant and equipment		5 209 654	-
tax on fair value adjustments of property, plant and equipment		(1 476 357)	-
Other comprehensive income for the year, net of tax		2 857 733	(939 926)
Total comprehensive income for the year		9 041 241	9 120 545
Profit for the year attributable to:			
equity holders of the parent		3 759 927	5 619 135
non-controlling interests		2 423 581	4 441 336
		6 183 508	10 060 471
Total comprehensive income for the year attributable to:			
equity holders of the parent		5 190 963	5 149 172
non-controlling interests		3 850 278	3 971 373
		9 041 241	9 120 545
Earnings per share (cents)			
Basic earnings per share	6	0.68	1.02
Headline earnings per share	6	0.67	1.01
Diluted basic earnings per share	6	0.68	1.01
Diluted headline earnings per share	6	0.67	1.01

The above Group statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	2023 USD	2022 USD
ASSETS			
Non-current assets			
property, plant and equipment	16	28 949 225	19 971 864
right of use asset	17	12 915 358	2 690 745
investments in associates and joint ventures	18	1 849 953	1 907 095
deferred tax assets	28	224 443	721 670
		43 938 979	25 291 374
Current assets			
financial assets at fair value through profit or loss	20	505 782	373 521
inventories	21	38 654 485	41 159 097
trade and other receivables	22	32 238 750	23 835 444
cash and cash equivalents		2 839 285	5 723 036
		74 238 302	71 091 098
Total assets		118 177 281	96 382 472
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital		55 600	55 600
share premium		3 620 572	3 620 572
non-distributable reserves	25	(2 637 855)	(4 068 891)
distributable reserves	26	33 142 229	31 349 454
Attributable to equity holders of the parent		34 180 546	30 956 735
non-controlling interests		27 551 277	25 554 340
Total shareholders' equity		61 731 823	56 511 075
Non-current liabilities			
deferred tax liabilities	28	2 417 510	449 318
lease liabilities	17	9 086 201	1 452 780
		11 503 711	1 902 098
Current liabilities			
interest-bearing borrowings	29	12 879 341	9 689 942
lease liabilities	17	3 747 809	1 413 679
trade and other payables	30	26 021 679	21 823 403
provisions	31	519 808	960 477
current tax liabilities		1 773 110	4 081 798
		44 941 747	37 969 299
Total liabilities		56 445 458	39 871 397
Total equity and liabilities		118 177 281	96 382 472

The above Group statement of financial position should be read in conjunction with the accompanying notes.



LEM NGWERUME
Chairman
27 October 2023



R M RAMBANAPASI
Executive Director
27 October 2023

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

Attributable to equity holders of the parent								
	Ordinary Share Capital USD	NDR Share premium USD	Share based payments reserve USD	Non- Distributable Reserves* USD	Distributable Reserves USD	Total USD	Non- controlling Interests USD	Total USD
Balance at 30 June 2021	55 215	2 186 350	392 800	(3 598 928)	27 334 349	26 369 786	23 113 986	49 483 772
Profit for the year	-	-	-	-	5 619 135	5 619 135	4 441 336	10 060 471
Other comprehensive loss	-	-	-	(469 963)	-	(469 963)	(469 963)	(939 926)
Total comprehensive (loss)/ income	-	-	-	(469 963)	5 619 135	5 149 172	3 971 373	9 120 545
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)	-	-	-	-	(1 604 030)	(1 604 030)	(2 663 355)	(4 267 385)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	1 132 336	1 132 336
Balance at 30 June 2022	55 600	3 620 572	-	(4 068 891)	31 349 454	30 956 735	25 554 340	56 511 075
Profit for the year	-	-	-	-	3 759 927	3 759 927	2 423 581	6 183 508
Other comprehensive income	-	-	-	1 431 036	-	1 431 036	1 426 697	2 857 733
Total comprehensive income	-	-	-	1 431 036	3 759 927	5 190 963	3 850 278	9 041 241
Dividends declared (note 7.2)	-	-	-	-	(1 967 152)	(1 967 152)	(1 933 341)	(3 900 493)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	80 000	80 000
Balance at 30 June 2023	55 600	3 620 572	-	(2 637 855)	33 142 229	34 180 546	27 551 277	61 731 823

* Non distributable reserves is comprised of foreign currency translation reserves and revaluation reserves. See note 25.

The above Group statement of changes in equity should be read in conjunction with the accompanying notes.

GROUP STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2023

	Notes	2023 USD	2022 USD
Cash generated from operations	14.1	15 932 723	24 339 604
interest income		40 783	107 391
interest expense	12	(3 261 348)	(2 635 686)
tax paid		(5 485 350)	(5 286 786)
Total cash generated from operating activities		7 226 808	16 524 523
Investing activities	14.3	(6 616 644)	(14 335 416)
Net cash (outflow)/ inflow before financing activities		610 164	2 189 107
Financing activities		(3 493 915)	(2 597 405)
dividends paid by holding company		(1 715 124)	(1 604 030)
dividends paid by subsidiaries to non-controlling interests		(1 120 296)	(2 238 072)
issue of new shares		-	7 755
cash payments for the principal portion of the lease liabilities		(3 180 017)	(1 100 861)
proceeds from interest-bearing borrowings	14.4	13 756 927	6 547 005
repayment of interest-bearing borrowings	14.4	(11 235 405)	(4 209 202)
Decrease in cash and cash equivalents		(2 883 751)	(408 298)
Cash and cash equivalents at the beginning of the year		5 723 036	6 131 334
Cash and cash equivalents at the end of the year		2 839 285	5 723 036

The above Group statement of cashflows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1 Corporate Information

The consolidated financial statements of Axia Corporation Limited for the year ended 30 June 2023 were authorized for issue in accordance with a resolution of the Directors on 20 September 2023. Axia Corporation Limited is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Victoria Falls Stock Exchange ("VFEX"). The Group operates within the specialty retail and distribution industries selling products such as homeware furniture, electrical appliances and automotive spares and accessories as well as the distribution of many locally and internationally 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 6 Kenilworth Road, 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 Victoria Falls Stock Exchange listing requirements. The principal accounting policies of the Group are consistent with those applied in the previous annual financial statements except for the revaluation of property, plant and equipment which the Group adopted effective 30 June 2023..

2.1 Going concern

The Directors have satisfied themselves that the Group and Company are in a sound financial position and have 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), VFEX Listing rules and relevant statutory instruments. The financial records were prepared based on statutory records that are maintained under the historical cost convention except for revaluation of property plant and equipment. The Group reassessed its functional currency determination in compliance with the requirements of IAS 21, 'The Effects of Changes in Foreign Exchange Rates' and concluded that, effective from 1 July 2022, the functional currency of Axia Corporation Limited changed from the ZWL to the US dollar. The consolidated financial statements are presented in United States of America Dollars ("US\$") and all values are rounded to the nearest dollar, except where otherwise indicated. The principal accounting policies applied in the preparation of the consolidated financial statements are in terms of IFRS except for the non-compliance with IAS 21, 'The Effects of Change in Foreign Exchange Rates' and have been applied consistently in all material respects with those of the previous consolidated annual financial statements.

Change in functional and presentation currency

Change in functional currency for Zimbabwean Operations

The Group had a steady increase in the use of foreign currency across its businesses and reassessed its functional currency in accordance with the requirements of IAS 21. The Group concluded that based on the primary operating environment and the Group's own operating activities, there had been a change in its functional currency from Zimbabwean Dollar ("ZWL") to United States Dollars ("USD") with effect from the beginning of the current financial year. IAS 21 directs that entities operating in hyperinflationary economies should translate their last reported inflation-adjusted financial statements using the closing rate of exchange at the reporting date in order to derive and present comparative financial statements under a newly assessed functional currency.

The Directors are of the opinion that using the provisions of IAS 21 to convert the Group's inflation-adjusted financial statements from previous period, as a basis for presenting comparative and opening statement of financial position information in the new functional currency, will result in material misstatement of the Group's comparative financial statements. Therefore, the Group applied alternative procedures and techniques in the translation of ZWL financial statements to USD financial statements in an endeavour to present the best possible view of the comparative financial performance and position of the Group, in terms of the newly assessed functional currency.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

2 Statement of compliance (continued)

2.2 Basis of preparation (continued)

Change in functional currency for Zimbabwean Operations (continued)

The Directors have always exercised reasonable due care and applied judgments that they considered to be appropriate in the preparation and presentation of the Group's financial statements, and whilst they believe that the alternative procedures and techniques used in the translation process, as described above, provide users with the best possible view of the comparative financial performance and position of the Group, attention is drawn to the inherent subjectivities and technicalities involved in the translation of ZWL financial statements to USD financial statements.

Change in accounting policy for Property, Plant and Equipment.

As part of procedures and techniques applied in the translation of ZWL financial statements to USD financial statements, the Group changed its accounting policy for Property, Plant and Equipment from cost to revaluation model. The revaluation was performed at the end of the financial year.

The revalued amounts were based on a valuation exercise performed by independent accredited valuers, Hammer and Tongues for Zimbabwean units and R.M Fumbeshi & Co for Zambian entities and PCDA Consultants for Malawian entities. Hammer and Tongues has experience in valuing assets of the Group's nature. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The revaluation surplus, net of deferred tax, has been included under Non Distributable Reserves, with the movement for the current year shown under Other Comprehensive Income.

Conversion of Zimbabwe comparative financial statements from ZWL to USD

The Statement of Profit or loss and other comprehensive income

- Transactions were initially split by currency of origin between USD and ZWL.
- ZWL transactions were converted to USD using transactions-based average rate. Average rate is derived from the pricing rates and rates used for settlement to suppliers.
- Depreciation was based on the USD values which was based on transaction based rates when the property, plant & equipment was acquired.

The income tax charge was determined as follows:

- The current tax charge was calculated using the section 37AA method as promulgated by ZIMRA and the ZWL tax was converted using the average rate as per the same method.
- The deferred tax charge was determined from the USD deferred tax movement analysis. The opening USD deferred tax balances were recalculated from the USD net carrying amounts and tax bases.

The Statement of Financial Position

- Assets were based on transaction based rates when the items were acquired.
- Monetary assets and liabilities were converted at closing rate
- Share capital and share premium were converted based on transaction based rate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023. 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 except for the revaluation model applied for Property, Plant and Equipment as at 30 June 2023.

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:

- 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 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 amendments and interpretations apply for the first time for annual periods beginning on or after 1 January 2022. These new amendments and standards did not have a material impact on the Group.

New standards, amendments and interpretations mandatory for year ended 30 June 2023 which are relevant to the Group

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

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.

The amendment is effective for annual reporting periods beginning on or after 1 January 2024 and has not been early adopted by the Group and not expected to have any material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

4 Changes in accounting policies and disclosures (continued)

4.1 New standards, amendments and interpretations mandatory for year ended 30 June 2023 which are relevant to the Group (continued)

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment did not have any material impact on the Group

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendment did not have any material impact on the Group

Annual Improvements to IFRS Standards 2018–2020 Makes amendments to the following standards:

IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendments are effective for annual periods beginning on or after 1 January 2022.

The above amendments did not have a material impact on the Group.

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

The Group has not applied these standards and amendments for the first-time, which are effective for annual periods beginning on or after 1 January 2023. These new amendments and interpretations issued by the IASB, will not have a material effect on the Group's financial statements.

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

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. 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 does not see this standard having an impact on its financial statements when it becomes effective.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. 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 does not see this standard having an impact on its financial statements when it becomes effective.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

4 Changes in accounting policies and disclosures (continued)

4.2 Adoption of new and revised standards (continued)

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

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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.

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 (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

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 Innscor 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'.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

Leases (continued)

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.

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 is 41% 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 United States of America Dollar, 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

Business combinations and Goodwill (continued)

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.

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

Land, plant and equipment, furniture and fittings are recognised at fair value based on periodic, but at least five years, valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equity.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

Intangible assets

(i) Goodwill

Goodwill is measured as described in the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

Financial instruments (continued)

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 instrument 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

Financial assets (continued)

Classification of financial assets (continued)

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

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.

The Group classifies trade receivables and other receivables as financial assets at amortised costs, refer to note 22 for detailed disclosure.

(ii) 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 (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (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 20) 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 or loss' line item disclosed under note 11 and "fair value adjustments on listed equities" line disclosed under note 20.

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 or loss' 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 or loss' 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 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

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.

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 12) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

Fair value is determined in the manner described in note 20.

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.

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 basis. Cost of inventories 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

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. For detailed disclosure of financial liabilities at amortised costs refer to note 30.

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.

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 out-flows 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

5 Summary of significant accounting policies (continued)

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 thousand currency units 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 28 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 Zimbabwean 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 (USD) from the time that the company established that there is lack of exchangeability which is other than temporary, between the ZWL and the USD.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

6 Earnings per share

6.1 Basic earnings basis

The calculation is based on the profit attributable to equity holders of the parent and weighted average number of ordinary shares in issue for the year.

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

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:

	2023 USD	2022 USD
6.4 Number of shares in issue		
Number of ordinary shares in issue per basic and headline earnings per share	556 000 308	552 150 308
Effect of share options	-	3 850 000
Weighted average number of ordinary shares in issue adjusted for the effect of dilution	556 000 308	556 000 308
6.5 Reconciliation of basic earnings to headline earnings:		
Profit for the year attributable to equity holders of the parent	3 759 927	5 619 135
Adjustment for capital items (gross of tax):		
Profit on disposal of equipment and motor vehicles	(94 928)	(70 359)
Tax effect on adjustments	23 468	18 521
Non-controlling interests' share of adjustments	35 723	25 914
Headline earnings attributable to equity holders of the parent	3 724 190	5 593 211
Basic earnings per share (cents)	0.68	1.02
Headline earnings per share (cents)	0.67	1.01
Diluted basic earnings per share (cents)	0.68	1.01
Diluted headline earnings per share (cents)	0.67	1.01

7 Dividends

The Board declared an interim dividend of USD 0.0018 (0.18 US cents) per share in respect of all ordinary shares of the Company. The Board also declared an interim dividend of USD 50 000 to the Axia Employee Trust (Private) Limited.

	2023 USD	2022 USD
7.1 Dividends declared on ordinary shares		
Final dividend declared relating to previous financial year	873 715	-
Interim dividend declared	1 000 580	1 528 613
Axia employee share ownership trust (Class "A" ordinary share dividends)	92 856	75 417
Final dividend declared relating to previous financial year	42 856	-
Interim dividend declared	50 000	75 417
	1 967 152	1 604 030

The Board has declared a final dividend of USD 0.0010 (0.10 US cents) per share in respect of all ordinary shares of the Company. This brings the total dividend paid for the year to USD 0.0028 (0.28 US cents). The Board has also declared a final dividend of USD 25 000 to the Axia Corporation Employee Trust (Private) Limited.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

	2023 USD	2022 USD
7.2 Dividends declared by subsidiaries to non-controlling interests		
Declared and paid		
TV Sales & Home (Private) Limited	827 567	1 139 905
Equip (Private) Limited	-	8 319
Innscor Distribution Africa Limited	-	66 692
Distribution Group Africa (Private) Limited	292 729	753 159
Shipserv (Private) Limited	-	10 750
Geribrans Services (Private) Limited	-	259 247
Total dividends declared and paid by subsidiaries to non-controlling interests	1 120 296	2 238 072
Declared but not paid at year end		
Geribrans Services (Private) Limited	35 350	261 626
Distribution Group Africa (Private) Limited	657 695	-
Innscor Distribution Africa Limited	120 000	-
TV Sales & Home (Private) Limited	-	163 657
	813 045	425 283
Total dividends for the year declared by subsidiaries to non-controlling interests	1 933 341	2 663 355

	Notes	2023 USD	2022 USD
8 Revenue			
Sale of goods		200 954 131	201 130 966
Interest on instalment credit sales		2 795 834	3 050 162
		203 749 965	204 181 128

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 Board, which is the Chief Operating Decision Maker (CODM) in order to evaluate the financial performance of the entity. Refer to note 33 for more information.

	2023 USD	2022 USD
9 Other income		
Sundry income and sales	817 935	186 632
Scrap and repairs	352 606	645 602
Commissions	342 366	288 836
Rebates	1 248 557	1 228 692
Merchandising	1 049 639	1 629 288
	3 811 103	3 979 050

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

		2023 USD	2022 USD
10	Operating expenses		
	Staff costs	19 212 503	15 730 769
	Audit fees and expenses	369 823	246 733
	Cleaning	166 608	187 410
	Network charges	212 142	221 831
	Sales Commissions	906 412	1 051 894
	Debtors Clearing	362 594	253 070
	Rebates and warranty fees	104 298	175 418
	Distribution costs	3 251 262	2 967 626
	Repairs and maintenance	1 437 151	1 247 532
	Electricity, water and rates	891 324	564 508
	Delivery vehicle costs	279 570	227 708
	Legal fees	77 107	75 890
	Listing fees	111 547	104 706
	Bank charges (including IMTT)	2 984 796	2 565 773
	Security	618 351	550 192
	Telephone and postage	173 651	130 982
	Fuel	1 264 568	833 915
	Printing & Stationery	396 156	282 310
	Advertising and marketing	651 607	604 841
	Directors fees	193 180	166 250
	Operating lease charges	679 509	1 197 067
	Consultancy fees	660 254	602 084
	Insurance and licenses	874 139	687 178
	Travelling and accommodation	449 237	487 840
	Inventories written off and obsolescence charges	1 913 970	1 580 019
	Bad debts written off and allowance for credit losses	312 677	108 500
	Other*	1 062 229	1 972 974
		39 662 765	34 825 020
* Other operating expenses comprise of donations, computer expenses and financial reporting expenses etc.			
Operating expenses are disclosed per income statement :			
	-Operating expenses	39 350 088	34 716 520
	-net impairment loss on trade and other receivables	312 677	108 500
	Total operating expenses	39 662 765	34 825 020
10.2	Included in operating expenses are share based payment expenses and key management's emoluments comprising of:		
		2023 USD	2022 USD
10.2.1	Short term employee benefits		
	Equity-settled share-based payments expense	24 -	33 492
	Executive directors and key management remuneration*	4 403 661	4 032 270
		4 403 661	4 065 762
* Key management are the Company's executives and senior management of the Group's subsidiary companies.			
10.2.2	Non-executive directors fees		
	Independent, non-executive directors - fees	174 480	147 785
	Non-independent, non-executive directors - fees	18 700	18 465
		193 180	166 250
11	Financial loss		
	Net exchange losses	(927 026)	(747 652)
	Profit on disposal of equipment	94 911	70 359
	Dividends received from listed equity investments	-	14 725
		(832 115)	(662 568)
12	Interest expense		
	Bank overdrafts and interest-bearing borrowings	2 416 229	2 021 790
	Lease liabilities	845 119	613 896
		3 261 348	2 635 686

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 USD	2022 USD
13 Tax expense			
13.1 Income tax expense			
Current income tax charge		3 897 910	6 351 481
Withholding tax		41 755	33 893
Deferred tax release	28.1	1 063 598	70 354
		5 003 263	6 455 728
		2023 %	2022 %
13.2 Tax rate reconciliation			
Statutory rate of taxation, inclusive of AIDS levy		24.72	24.72
Adjusted for:			
Tax effect of equity accounted earnings		(0.39)	(0.91)
Regional rates		2.41	2.75
IMTT		6.60	3.84
Other non-taxable/non-deductible items*		11.40	8.70
Effective tax rate		44.73	39.10
*Other non-taxable and non-deductible items include, donations, fines and non-deductible legal expenses and fringe benefits.			
	Notes	2023 USD	2022 USD
14 Cash flow information			
14.1 Cash generated from operations			
Profit before interest and tax		14 229 176	18 433 981
Depreciation of property, plant and equipment and right of use assets		5 571 963	5 266 617
Equity-settled share-based payment expense		-	33 492
Net unrealised translation losses on foreign entities		(875 564)	(939 926)
Net movements on derivative financial asset	20	211 382	323 924
Inventories written-off and obsolescence charges		1 913 970	1 580 019
Allowance for credit losses		312 677	108 500
Increase in provision for leave pay		593 890	1 330 746
Profit on disposal of fixed assets		(94 911)	(70 359)
Decrease/(increase) in inventories		590 642	(7 936 166)
(Increase)/decrease in trade and other receivables		(8 715 983)	3 695 402
Increase in trade and other payables		3 230 042	3 364 278
Decrease in provisions and other liabilities		(1 034 561)	(850 904)
		15 932 723	24 339 604
14.3 Investing activities			
Expenditure on property, plant and equipment		(6 287 912)	(11 888 085)
To maintain operations		(773 338)	(3 244 328)
To expand operations		(5 514 574)	(8 643 757)
Proceeds on disposal of equipment		94 911	70 359
Purchase of investment in financial asset		(343 643)	-
Net cash outflow on acquisition of a joint venture (Natlog)	18.23	-	(1 068 000)
Net cash outflow on conversion of associate to Subsidiary (Maton Trading)	15.1	-	(1 449 690)
Net cashoutflow on investment in Subsidiary		(80 000)	-
		(6 616 644)	(14 335 416)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

14.4 Cashflow arising from interest-bearing borrowings (disclosed in financing activities)

	2022 USD	Cashflows Proceeds from borrowings	Repayments of borrowings	Non cash changes Acquisitions	Foreign exchange movements	Other non- cash movements	2023 USD
Short term financing	9 689 942	13 756 927	(11 235 405)	-	558 797	109 080	12 879 341
Total liabilities from financing activities	9 689 942	13 756 927	(11 235 405)	-	558 797	109 080	12 879 341
	2021 USD						2022 USD
Short term financing	8 002 793	6 547 005	(4 209 202)	13 016	(663 670)	-	9 689 942
Total liabilities from financing activities	8 002 793	6 547 005	(4 209 202)	13 016	(663 670)	-	9 689 942

15 Net cashflows arising from acquisitions

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

On 1 July 2021, Axia Corporation Limited through its subsidiary, TV Sales & Home increased its shareholding in Maton Trading (Private) Limited ("Maton") from 49% to 60% for a purchase consideration of USD 2 134 296. Maton was previously owned 49% by TV Sales & Home and the other 51% by Tafetta Investments (Private) Limited. This transaction resulted in the Group controlling the results of Maton Trading effective 1 July 2021.

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

Net cash flow on conversion of Associate to subsidiary

	2022 USD
Assets	
Property, plant and equipment	(2 530 862)
Inventories	(1 101 672)
Trade and other receivables	(2 918 147)
Cash and cash equivalents	(684 606)
Trade and other payables	608 002
Provisions	53 280
Interest - bearing borrowings	13 016
Deferred tax liabilities	1 391
Current tax liability	505 960
Net assets on conversion of Associate to subsidiary	(6 053 637)
Non controlling interests share therein	2 421 455
Fair value of net assets recognised	(3 632 182)
Fair value of previously held interest retained	1 497 886
Consideration paid	(2 134 296)
Add: cash and cash equivalents on conversion of Associate to subsidiary	684 606
Net cash inflow on conversion of Associate to subsidiary	(1 449 690)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

16.1 Property, plant and equipment

	Freehold property USD	Leasehold improvements USD	Fittings & Equipment USD	Motor vehicles USD	Total USD
Cost					
At 30 June 2021	1 511 347	447 688	4 796 751	3 973 065	10 728 851
Additions	5 036 101	93 586	3 483 737	3 274 661	11 888 085
Disposals	-	(122)	(338)	(388 885)	(389 345)
Conversion of joint venture to subsidiary	1 992 262	-	458 200	181 413	2 631 875
Exchange difference on translation of foreign entity	155 403	247 790	92 345	188 319	683 857
At 30 June 2022	8 695 113	788 942	8 830 696	7 228 573	25 543 323
Additions	4 573 364	13 895	1 046 011	654 642	6 287 912
Revaluation	3 645 958	-	(22 802)	1 586 498	5 209 654
Transfer to inventory	-	-	-	(3 296)	(3 296)
Disposals	-	-	-	(36 671)	(36 671)
Exchange difference on translation of foreign entity	9 345	5 609	15 952	125 080	155 986
At 30 June 2023	16 923 780	808 446	9 869 856	9 554 825	37 156 908
Accumulated depreciation and impairment losses					
At 30 June 2021	84 042	30 292	599 392	681 484	1 395 210
Disposals	-	(122)	(338)	(388 885)	(389 345)
Charge for the year	57 651	75 315	1 815 370	1 970 977	3 919 313
Conversion of joint venture to subsidiary	76 464	-	17 586	6 963	101 013
Exchange difference on translation of foreign entity	75 076	79 478	109 849	280 865	545 267
At 30 June 2022	293 232	184 963	2 541 859	2 551 404	5 571 459
Disposals	-	-	-	(36 671)	(36 671)
Charge for the year	52 149	123 706	930 115	1 645 878	2 751 848
Exchange difference on translation of foreign entity	(3 125)	(320)	(16 342)	(59 166)	(78 953)
At 30 June 2023	342 257	308 349	3 455 632	4 101 444	8 207 683
Net carrying amount					
At 30 June 2023	16 581 523	500 097	6 414 224	5 453 381	28 949 225
At 30 June 2022	8 401 880	603 979	6 288 836	4 677 169	19 971 864

Certain properties are encumbered as indicated in note 16.3.

16.2 Reconciliation of opening and closing carrying amounts

	2023 USD	2022 USD
Net carrying amount at the beginning of the year	19 971 864	9 333 642
Cost	25 543 323	10 728 852
Accumulated depreciation and impairment losses	(5 571 459)	(1 395 210)
Movement for the year:		
Additions at cost	6 287 912	11 888 085
Conversion of joint venture to subsidiary	-	2 530 861
Depreciation charge for the year	(2 751 848)	(3 919 313)
Revaluation	5 209 654	-
Transfer to inventory	(3 295)	-
Exchange movements	234 938	138 589
Net carrying amount at the end of the year	28 949 225	19 971 864
Cost	37 156 908	25 543 323
Accumulated depreciation and impairment losses	(8 207 683)	(5 571 459)

16.3 Security

Net book value of a property pledged as security for borrowings (Regional Operations)

Details of the borrowings are shown in note 29.

453 776

572 192

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

16.4 Impairment loss

The Group has made an impairment assessment as at year end on the condition of the assets and their ability to continue to produce economic benefits for the group and no impairment indicator was observed and no loss was recognised or provided for.

16.5 Revaluation, depreciation methods and useful lives

Property, plant and equipment are recorded at fair value based on periodic, but at least five years, valuations by external independent valuers, less subsequent depreciation. A revaluation surplus is credited to non distributable reserves (note 25). Refer to note 5 for depreciation rates.

16.6 Carrying amounts that would have been recognized if property, plant and equipment were stated at cost

If the property, plant and equipment were stated on historical cost basis, the amounts would be as follows:

	2023 USD	2022 USD
Freehold property		
Cost	13 158 599	8 575 890
Accumulated depreciation	(387 140)	(338 117)
Net book amount	12 771 459	8 237 773
Leasehold improvements		
Cost	808 446	788 941
Accumulated depreciation	(308 349)	(184 963)
Net book amount	500 096	603 978
Fittings and equipment		
Cost	10 020 542	8 958 579
Accumulated depreciation	(3 465 954)	(2 552 181)
Net book amount	6 554 588	6 406 399
Motor vehicles		
Cost	8 018 957	7 279 203
Accumulated depreciation	(4 105 529)	(2 555 490)
Net book amount	3 913 428	4 723 713

16.7 Recognised fair value measurements

(i) Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its property, plant and equipment at least every five years. At the end of each reporting period, the directors update their assessment of the fair value of each property, plant and equipment, taking into account the most recent independent valuations. The directors determine an asset's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for assets of a different nature or recent prices of similar assets in less active markets, adjusted to reflect those differences
- cost of building or rent purchase costs for similar assets or lease improvements or shop fittings adjusted for wear and tear

(ii) Valuation process

The Group engages external, independent and qualified valuers to determine the fair value of the group's property, plant and equipment at least every three years. As at 30 June 2023, the fair values of the property, plant and equipment have been determined by Hammer and Tongues and Intergrated Properties for Zimbabwean units and R.M Fumbeshi & Co for Zambian entities and PCDA Consultants for Malawian entities. A directors' valuation has been performed for certain smaller classes of equipment in our smaller business units. The independent valuation was done for the first time as the Group adopted revaluation model as at 30 June 2023.

The main level 3 inputs used by the group are derived and evaluated as follows:

- Freehold buildings – marketability of the property, environmental factors, town planning, title and tenure was estimated by Intergrated Properties or management based on comparable transactions and industry data.
- Leasehold improvements/fittings – cost to completion and condition and are consistent with budgets developed internally
- Motor vehicles – market comparison of similar vehicles and condition sold in the recent market activity

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

17 Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the statement of financial position

	2023 USD	2022 USD
Right of use assets		
Buildings	12 915 358	2 690 745
Lease liabilities		
Current	3 747 809	1 413 679
Non-current	9 086 201	1 452 780
	12 834 010	2 866 459

Additions or remeasurements to the right of use assets during the year were USD13 085 675 (2022- USD1 382 259).

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2023 USD	2022 USD
Depreciation charge of right of use assets		
Buildings	2 820 115	1 347 304
Interest expense (included in finance cost)	845 119	613 896
Expense relating to short term leases (included in operating expenses)	679 509	1 197 067

Total cash outflow for leases in 2023 was USD 3 180 017 (2022-USD 1 100 861).

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

18.1 Reconciliation of movements in associates and joint ventures

	2023 USD	2022 USD
Opening balance	1 907 095	1 824 512
Purchases at cost	-	1 068 000
Reclassification from other receivables	-	219 956
Equity accounted earnings	178 160	610 513
Conversion of joint venture to subsidiary	-	(1 497 886)
Dividends declared	-	(318 000)
Reclassification to other receivables	(235 302)	-
Balance at the end of the year	1 849 953	1 907 095
Investments in associates and joint ventures comprise of:		
	2023 USD	2022 USD
Taeuca Investments (Pvt) Ltd t/a Gain Hardware	-	394 874
National Foods Logistics (Private) Limited	1 849 953	1 515 221
Maton Trading (Private) Limited	-	-
	1 849 953	1 907 095

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

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

18.2.1 Taeuca Investments (Pvt) Ltd t/a Gain Hardware

The Group, through its holding company, together with its partners at Gain Cash and Carry established a hardware outlet trading as Gain Hardware ("Gain") effective 1 April 2021. Gain was a partnership owned 50%: 50% 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. Effective 1 April 2023, the Group disposed off its shareholding in Taeuca and seized to be a party to the joint venture. At year end the amount receivable was classified as other receivables.

	2023 USD	2022 USD
Reconciliation of the investment in joint venture;		
Balance at the beginning of the year	391 874	326 626
Equity accounted (loss)/ gain	(156 573)	65 247
Reclassification to other receivables	(235 301)	-
Balance at the end of the year	-	391 873

18.2.2 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 15.1.

	2023 USD	2022 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	-	1 497 886
Conversion of associate to subsidiary	-	(1 497 886)
Balance at the end of the year	-	-

18.2.3 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 logistic and distribution company. 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.

	2023 USD	2022 USD
Reconciliation of the investment in joint venture;		
Balance at the beginning of the year	1 515 221	-
Reclassification from other receivables	-	219 956
Acquisition of interest in joint venture	-	1 068 000
Equity accounted earnings	334 732	545 266
Dividends	-	(318 000)
Balance at the end of the year	1 849 953	1 515 222

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

18.3 Summarised financial information of associates and joint ventures

	Revenue USD	Profit/ (loss) after tax USD	Non- current assets USD	Current assets USD	Non- current liabilities USD	Current liabilities USD
Taeuca Investments (Pvt) Ltd t/a Gain Hardware						
30 June 2023	-	-	-	-	-	-
30 June 2022	2 107 647	130 495	243 055	438 269	-	87 274
National Foods Logistics (Private) Limited						
30 June 2023	11 471 089	669 463	3 642 557	1 362 199	76 316	1 219 716
30 June 2022	11 370 269	1 406 803	2 726 113	1 168 670	77 934	706 706
		Depreciation USD	Interest income USD	Interest expense USD	Taxation charge USD	Cash and cash equivalents USD
Taeuca Investments (Pvt) Ltd t/a Gain Hardware						
30 June 2023		-	-	-	-	-
30 June 2022		34 619	-	2 907	16 850	41 716
National Foods Logistics (Private) Limited						
30 June 2023		141 435	9	114 056	219 834	2 698 054
30 June 2022		130 087	31	182 133	461 958	666 207

18.4 Reconciliation of the carrying amount of associates

	2023 National Foods Logistics (Private) Limited USD
Total shareholders equity	3 708 724
Net assets attributable to shareholders of the associate	3 708 724
DGA's effective share (%)	50.00%
DGA's effective share (USD)	1 854 362
Reconciling items:	
Other adjustments	(4 409)
Carrying amount at the end of the year	1 849 953

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

19 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 and excludes dormant companies:

	2023	2022
Speciality Retail		
TV Sales & Home (Private) Limited	66.67%	66.67%
Maton Trading (Private) Limited#	40.00%	40.00%
Moregrow Enterprises (Private) Limited	51.00%	51.00%
Geribran Services (Private) Limited t/a Transerv#	50.51%	50.51%
Freeestyle Investments (Private) Limited #	66.67%	66.67%
Taeuca Investments (Pvt) Ltd t/a Gain Hardware*	-	50.00%
Legend Lounge (Private) Limited	66.67%	66.67%
Distribution		
Distribution Group Africa (Private) Limited	50.01%	50.01%
Innsco Distribution (Private) Limited #	50.01%	50.01%
Comox Trading (Private) Limited #	50.01%	50.01%
Eagle Agencies (Private) Limited	50.01%	50.01%
Tevason Investments (Private) Limited t/a FreshPro #	50.01%	50.01%
Vital Logistics Zimbabwe (Private) Limited #	50.01%	50.01%
Innsco Distribution Africa Limited	50.00%	50.00%
Innsco Distribution (Malawi) Limited #	50.00%	50.00%
Photo Marketing (Malawi) Limited t/a Comox #	50.00%	50.00%
Innsco 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%	50.00%
Corporate Services		
Axia Operations (Private) Limited	100.00%	100.00%
Excalibur Mauritius Limited	100.00%	100.00%
Moregrow Mauritius Limited	50.00%	50.00%

* Associates or 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

19.1 Country of incorporation

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

Company	Country of incorporation
Excalibur Mauritius Limited	Mauritius
MoregrowMauritius Limited	Mauritius
Innsco Distribution Africa Limited	Mauritius
Innsco Distribution (Malawi) Limited	Malawi
Photo Marketing (Malawi) Limited	Malawi
Innsco Distribution (Zambia) Limited	Zambia
Comox Trading (Zambia) Limited	Zambia
Mukwa Distribution (Zambia) Limited	Zambia

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

	2023 USD	2022 USD
20 Financial Assets at fair value through profit or loss		
Financial assets comprise of;		
Listed equities	374 080	98 673
Derivative financial asset	131 702	274 848
Total	505 782	373 521
Reconciled as follows:		
Balance at the beginning of the year	373 521	697 445
Acquisitions of financial asset	343 643	-
Fair value adjustments and movements on listed equities and derivative financial asset	(211 382)	(323 924)
Balance at the end of the year	505 782	373 521

Axia Operations (Private) Limited, by way of guarantee, underwrote to Innscor Africa Limited ("IAL") an amount of USD 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 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 USD 653 820 underwritten to IAL.

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 2023, the financial asset was valued at USD 131 702 [2022: USD 274 848].

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.

Fair value through profit or loss

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2023				
Listed equities	374 080	-	-	374 080
Derivative financial asset	-	131 702	-	131 702
	374 080	131 702	-	505 782
30 June 2022				
Listed equities	98 673	-	-	98 673
Derivative financial asset	-	274 848	-	274 848
	98 673	274 848	-	373 521

There were no transfers between levels during the year.

Valuation techniques used to determine level 2 values

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

	2023 USD	2022 USD
21 Inventories		
Consumable stores	110 975	288 483
Raw materials	1 354 539	2 510 571
Finished products	36 103 907	35 327 158
Goods in transit	2 681 466	4 789 861
Obsolescence provision	(1 596 402)	(1 756 976)
	38 654 485	41 159 097

The total amount of inventory write-downs (provisions and write-offs) in respect of obsolescence expenses is USD 1 913 970 (2022: USD 1 580 019).

Below is a reconciliation of the obsolescence provision:

Opening balance on 1 July	1 756 976	620 009
*Movement in provision for obsolete inventories	(160 574)	1 083 687
Acquisition of subsidiary	-	(53 280)
Closing balance on 30 June	1 596 402	1 756 976

*Movement in provision for obsolete inventory include inventory write-offs charged to statement of profit or loss amounting to USD 1 913 970 (2022: USD 1 580 019). Refer to note 10.

	2023 USD	2022 USD
22 Trade and other receivables		
Trade receivables	14 415 333	12 417 261
Instalment sales receivables	9 410 206	4 262 408
Prepayments	7 815 873	6 772 134
Rental deposits	35 852	19 723
VAT withholding tax receivable	675 274	265 934
Other receivables	167 660	358 097
	32 520 198	24 095 556
Loss allowance	(281 448)	(260 112)
	32 238 750	23 835 444

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

The Group holds trade receivable with the objective of collecting contractual cashflows and therefor measures them subsequently at amortised costs using the effective interest method as described in note 5.

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:

	Collectively assessed USD	Individually assessed USD	Total USD
Balance on 30 June 2021	27 184	174 324	201 508
movement in provision during the year*	58 605		58 605
Balance on 30 June 2022	85 788	174 324	260 112
movement in provision during the year*	21 336		21 336
Balance on 30 June 2023	107 124	174 324	281 448

Movement in provision for credit losses include actual write-offs and increase in provision amounting to USD 312 677 (2022: USD 108 500) which are disclosed in note 10.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

22 Trade and other receivables (continued)

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.

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.

30 June 2023	Trade receivables - days past due						Total
	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 receivables	9 410 206	12 131 646	242 633	123 456	1 142 186	1 213 165	24 263 292
Lifetime ECL							(281 448)
							23 981 844

30 June 2022	Trade receivables - days past due						Total
	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 receivables	12 446 148	4 337 799	165 028	59 371	29 420	-	17 037 766
Lifetime ECL							(260 112)
							16 777 654

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

22 Trade and other receivables (continued)

Note 36 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.

	2023 USD	2022 USD
Net impairment losses on trade and other receivable recognised in profit or loss		
During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:		
Impairment loss	-	-
Movement in loss allowance for trade receivables	329 241	56 231
	329 241	56 231

Due to the short term nature of the current receivables and other receivables, their carrying amount is considered to be the same as their fair value.

23 Ordinary share capital

23.1 Authorised

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

23.2 Issued and fully paid

556 000 308 (2022: 556 000 308) ordinary shares of US\$ 0.0001 each

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

	2023	2022
Opening balance	556 000 308	552 150 308
Issue of shares through exercising of share options	-	3 850 000
Closing balance	556 000 308	556 000 308

23.3 Directors' shareholdings

At 30 June 2023, the Directors held directly and indirectly the following number of shares:

	2023	2022
Z. Koudounaris	114 612 912	114 612 912
T.C. Mazingi	861 802	861 802
T.N. Sibanda	1 104 900	980 000
R.M. Rambanapasi	114 985	114 985
L. E. M. Ngwerume	45 406	400 000
J. Koumides	-	3 768 983
	116 740 005	120 738 682

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

23.4 Share options

23.4.1 Indigenisation Share Options

As at 30 June 2023, 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:

Number of shares:	Fifty Million (50 000 000)
Tenure:	10 years (until January 2024)
Pricing:	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), US\$ 0.19 per share and, for the second five years, US\$ 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:

Number of shares:	Thirty Million (30 000 000)
Tenure:	10 years (until January 2024)
Pricing:	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 half year 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.

23.4.2 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 Victoria Falls Stock Exchange ("VFEX") regulations. The pertinent terms of the Axia Corporation Limited Employee Share Option Scheme are as follows;

Maximum number of shares available	54 159 344
Vesting period	Can be exercised after 3 years and before the end of 5 years
Exercise price	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
Expiry period	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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

23.4.2 Employee Share Option Scheme (continued)

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

	Number of options 2023	Number of options 2022
Balance at the beginning of the year	-	3 850 000
Granted during the year	-	-
Exercised during the year	-	(3 850 000)
Forfeited during the year	-	-
Balance at the end of the year	-	-

23.4.3 Value of share options at the end of the year

All remaining share options were exercised hence there is no need for any valuation.

24 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.

	2023 USD	2022 USD
Opening balance	-	392 800
Utilisation during the year	-	(426 292)
Equity-settled share-based payments expense	-	33 492
Closing balance	-	-

25 Non-distributable reserves

Consists of foreign currency translation reserve.

	Revaluation reserve	Foreign currency translation reserve	Total
Balance on 30 June 2021	-	(3 598 928)	(3 598 928)
Exchange differences arising on translation of foreign subsidiaries		(469 963)	(469 963)
Balance on 30 June 2022	-	(4 068 891)	(4 068 891)
Exchange differences arising on translation of foreign subsidiaries	-	(437 782)	(437 782)
Revaluation of property, plant and equipment	1 868 818	-	1 868 818
Balance on 30 June 2023	1 868 818	(4 506 673)	(2 637 855)

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.

Revaluation surplus– property, plant and equipment

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings. See accounting policy note 5 for details.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

26 Distributable reserves

	2023 USD	2022 USD
Balance at the beginning of the year	31 349 454	27 334 349
Retained for the year	3 759 927	5 619 135
Dividends paid (note 7.1)	(1 967 152)	(1 604 030)
Balance on 30 June	33 142 229	31 349 454
Retained in:		
Holding company	(757 397)	(620 799)
Subsidiary companies	33 721 466	31 359 740
Associate companies and joint ventures	178 160	610 513
	33 142 229	31 349 454

27 Non-controlling interests in significant subsidiaries

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

	Distribution Group Africa (Private) Limited		Innsco Distribution Africa Limited	
	2023	2022	2023	2022
Principal place of business	Zimbabwe	Zimbabwe	Zambia & Malawi	Zambia & Malawi
Proportion of ownership held by non-controlling interests	49.99% USD	49.99% USD	50% USD	50% USD
Profit allocated to non-controlling interests	(762 944)	97 085	1 400 911	698 969
Accumulated non-controlling interests in subsidiaries	7 834 523	8 934 439	4 536 733	2 426 162
Statement of profit or loss				
Revenue	62 033 897	70 481 954	43 187 333	44 059 792
Operating profit (EBITDA)	1 788 691	4 752 023	4 553 251	4 022 729
Statement of financial position				
Current assets	15 622 756	21 502 506	15 355 704	11 953 211
Non-current assets	14 294 809	8 720 876	4 471 318	1 562 672
Current liabilities	10 578 736	12 374 658	10 065 163	8 471 108
Non-current liabilities	5 700 661	290 161	688 394	192 452

	TV Sales & Home (Private) Limited		Geribran Services (Private) Limited	
	2023	2022	2023	2022
Principal place of business	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe
Proportion of ownership held by non-controlling interests	33.33% USD	33.33% USD	33.33% USD	33.33% USD
Profit allocated to non-controlling interests	2 346 267	3 046 027	292 353	605 599
Accumulated non-controlling interests in subsidiaries	12 608 147	11 096 522	3 399 322	3 152 913
Statement of profit or loss				
Revenue	68 713 174	61 305 065	29 815 561	28 334 318
Operating profit (EBITDA)	12 452 337	14 471 581	2 728 821	1 970 796
Statement of financial position				
Current assets	32 077 380	25 912 100	10 214 381	10 579 255
Non-current assets	20 731 797	12 369 577	4 373 141	2 191 718
Current liabilities	15 446 384	8 869 160	4 870 513	5 612 175
Non-current liabilities	6 014 161	2 038 130	2 848 304	787 992

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 (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

		2023 USD	2022 USD
28 Net deferred tax liabilities/(assets)			
28.1 Reconciliation			
Opening balance		(272 352)	(339 120)
Charge to profit or loss (note 13.1)		1 063 598	70 354
Deferred tax on revaluation surplus		1 476 357	-
Exchange differences arising on transation of foreign subsidiaries		(74 536)	(70 431)
Conversion of associate or joint venture to subsidiary (note 15.1)		-	1 391
Closing balance		2 193 067	(272 352)
28.2 Analysis of net deferred tax liabilities / (assets)			
Accelerated depreciation for tax purposes		2 636 971	499 114
Tax losses		(261 656)	(273 289)
Derivative financial asset		32 557	66 113
Instalment credit receivables		449 540	162 404
Allowance for credit losses		(47 784)	(51 484)
Provision for obsolete inventories		(344 232)	(366 978)
Provision for leave pay, incentives and warranties		(272 329)	(308 232)
		2 193 067	(272 352)
The net deferred tax (assets) / liabilities are made up as follows:			
Deferred tax assets		(224 443)	(721 670)
Deferred tax liabilities		2 417 510	449 318
		2 193 067	(272 352)

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. All assessed losses realised during the year were from the distribution business.

			2023 USD	2022 USD
29 Interest-bearing borrowings				
Short-term financing				
Secured				
Regional Operations	14%	up to 365 days	2 847 165	2 700 743
Unsecured				
Regional Operations	12% to 22%	up to 365 days	2 032 495	1 334 716
Unsecured				
Zimbabwe Operations	12%	up to 365 days	6 848 475	3 693 888
Overdrafts	12%	On demand	1 151 206	1 960 595
Total short-term financing			12 879 341	9 689 942
Total interest-bearing borrowings			12 879 341	9 689 942

As at 30 June 2023, the Board of Directors had authorised aggregate borrowing limits of USD 13 686 million (2022 - USD 23 662 million) USD denominated facilities with interest costs of 12% while ZWL borrowings range from 75% to 85%.

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 USD 453 776 (2022: USD 572 192).

The Group does not have any covenants on its borrowing facilities.

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to the market rates or the borrowings are of a short term nature.

Details of the Group's exposure to the risks arising from borrowings are set out in note 36.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

29 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.

	2023 USD	2022 USD
30 Trade and other payables		
Trade payables	20 236 509	17 240 355
Accruals	3 682 474	3 199 034
Customer deposits	1 989 989	1 080 712
Other payables	122 707	303 302
	26 021 679	21 823 403

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.

The carrying amount of trade and other payables are considered to be the same as their fair values due to their short term nature. Trade and other payables are classified as financial liabilities at amortised costs as described in note 5.

	2023 USD	2022 USD
31 Provisions and other liabilities		
Leave pay	376 968	251 926
Performance contract liabilities-IFRS 15	142 840	708 551
	519 808	960 477

Reconciliation of provisions

	Leave pay USD	Performance contract liabilities-IFRS 15 USD	Total USD
Balance on 30 June 2021	91 404	620 009	711 413
Charge for the year	1 330 746	88 542	1 419 288
Acquired through acquisition of subsidiaries	137 416	-	137 416
Less paid / utilised	(1 307 640)	-	(1 307 640)
Balance on 30 June 2022	251 926	708 551	960 477
Charge for the year	593 889	69 079	662 968
Less paid / utilised	(468 847)	(634 790)	(1 103 637)
Balance on 30 June 2023	376 968	142 840	519 808

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.

	2023 USD	2022 USD
32 Capital expenditure commitments		
Authorised and contracted	250 000	122 990
Authorised but not yet contracted	5 291 602	7 571 328
	5 541 602	7 694 318

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

33 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

33.1 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 19.1 for companies incorporated outside of Zimbabwe.

	Speciality Retail USD	Distribution USD	Other Segments USD	Intersegment adjustments USD	Total USD
Revenue					
30 June 2023	98 528 736	105 221 229	-	-	203 749 965
30 June 2022	89 639 383	114 541 745	-	-	204 181 128
Operating profit / (loss) before impairment, depreciation and and fair value adjustments					
30 June 2023	15 181 158	6 341 942	(557 919)	(120 546)	20 844 636
30 June 2022	16 442 377	8 774 750	(530 037)	-	24 687 090
Depreciation and amortisation					
30 June 2023	(3 575 522)	(1 968 900)	(27 541)	-	(5 571 963)
30 June 2022	(2548 603)	(2 697 486)	(20 527)	-	(5 266 617)
Equity accounted earnings / (losses)					
30 June 2023	-	334 731	(156 571)	-	178 160
30 June 2022	-	545 266	65 247	-	610 513
Net interest expense					
30 June 2023	(1 542 027)	(1 840 427)	161 889	-	(3 220 565)
30 June 2022	(636 961)	(1 814 364)	(76 970)	-	(2 528 295)
Segment assets					
30 June 2023	67 396 699	49 744 587	38 843 769	(37 807 774)	118 177 281
30 June 2022	51 052 650	43 739 264	37 610 088	(36 019 530)	96 382 472
Segment liabilities					
30 June 2023	29 179 362	27 032 954	3 052 517	(2 819 375)	56 445 458
30 June 2022	17 307 457	21 328 379	2 346 691	(1 111 130)	39 871 397
Capital expenditure					
30 June 2023	5 728 643	556 068	3 201	-	6 287 912
30 June 2022	10 041 895	1 843 995	2 195	-	11 888 085

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

33.2 Geographical information

	Revenue	Operating Profit ("EBITDA")	Non-current assets	Current assets	Non-current liabilities	Current liabilities
	USD	USD	USD	USD	USD	USD
Zimbabwe Operations						
30 June 2023	160 562 632	16 291 385	79 285 956	63 183 216	15 251 520	33 259 756
30 June 2022	160 121 336	20 664 361	58 995 677	53 579 303	3 123 324	29 195 643
Regional Operations						
30 June 2023	43 187 333	4 553 251	4 471 318	15 355 704	688 394	10 065 163
30 June 2022	44 059 792	4 022 729	1 562 672	11 953 211	192 452	8 471 108

(EBITDA) - Earnings Before Interest Tax Depreciation and Amortisation

34 Pension funds

Innscore 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 Innscore Africa Limited, Axia's pensions remained part of the Innscore 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 (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

34 Pension funds (continued)

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

	2023 USD	2022 USD
Zimbabwe Operations		
Innsor Africa Pension Fund	102 383	81 873
National Social Security Authority Scheme & Workers' Compensation Insurance Fund	183 211	146 509
	285 594	228 382
Regional operations		
Workers Compensation Insurance Fund (Zambia)	5 028	4 913
National Pension Scheme Authority (Zambia)	36 684	30 458
NICO Life (Malawi)	16 792	22 759
	58 504	58 130
Total Pension costs	344 098	286 512

35 Related party transactions

35.1 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:

Name of related party	sales USD	services charge USD	rent received USD	interest received USD	trade & other receivables USD	trade & other payables USD
Instinct Risk Advisory						
30 June 2023	-	133 908	-	-	-	-
30 June 2022	-	114 372	-	-	-	-
Innsor Africa Limited						
30 June 2023	-	32 351	-	-	-	-
30 June 2022	-	30 048	-	-	-	-

Instinct provides internal audit services to the group and all its entities.

Innsor Africa Limited provides tax consultancy support services to the Group and its related companies.

35.2 Compensation of key personnel to the Group

	2023 USD	2022 USD
Short - term employee benefits (note 10.2.1)	4 403 661	4 065 762

35.3 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.

	2023 USD	2022 USD
Lease payments	346 260	258 045
Consultancy fees to Director related entity	223 716	261 872

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

35 Related party transactions (continued)

35.4 Other related party payables

	2023 USD	2022 USD
Amount payable to Axia Corporation Employee Share Trust (Private) Limited*	51 658	416

*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.

36 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.

	2023 USD	2022 USD
Effect on profit before tax		
Increase of 25% (2022 : 50%)	(604 057)	(1 010 895)
Decrease of 25% (2022 : 50%)	604 057	1 010 895

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 ZWL dollar-denominated bank loans and foreign creditors are expected to be repaid with receipts from ZWL dollar-denominated sales. For Zimbabwean entities the impact is worsened by the hyperinflationary economic situation persisting in Zimbabwe and the group hedges by maintaining a net monetary liability position in ZWL.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

36 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:

30 June 2023			
Currency	Liabilities	Assets	Net position
South African Rand	(51 921 302)	41 833 807	(10 087 495)
USD equivalent	(2 773 440)	2 234 604	(538 836)
Zimbabwean Dollars	(19 497 949 351)	11 705 280 542	(7 792 668 809)
USD equivalent	(2 785 421)	1 672 183	(1 113 238)
30 June 2022			
Currency	Liabilities	Assets	Net position
South African Rand	(57 900 835)	20 615 823	(37 285 011)
USD equivalent	(3 893 802)	1 386 404	(2 507 398)
Zimbabwean Dollars	(5 443 878 381)	5 417 097 496	(26 780 886)
USD equivalent	(7 776 969)	7 738 711	(38 258)

The following table details the Group's sensitivity to a 25% increase in the ZWL against the United States of America Dollar, and South African Rand. The 25% 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.

	Change in rate	Effect on profit before tax USD	Effect on equity USD
30 June 2023			
South African Rand	+25%	107 767	75 437
	-25%	(107 767)	(75 437)
Zimbabwean Dollar	+25%	222 648	167 609
	-25%	(222 648)	(167 609)
30 June 2022			
South African Rand	+25%	501 480	351 036
	-25%	(501 480)	(351 036)
Zimbabwean Dollar	+25%	7 652	5 760
	-25%	(7 652)	(5 760)

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 22 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

36 Financial risk management objectives and policies (continued)

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:

	Within 3 months USD	Between 4 -12 months USD	More than 12 months USD	Total USD
30 June 2023				
Liabilities				
Interest-bearing borrowings	12 879 341	-	-	12 879 342
Trade and other payables	26 021 679	-	-	26 021 679
Contract liabilities	142 840	-	-	142 840
Total	39 043 860	-	-	39 043 861
Assets				
Cash and cash equivalents	2 839 285	-	-	2 839 285
Trade and other receivables excluding prepayments	19 194 560	4 798 640	-	23 993 200
Financial assets	505 782	-	-	505 782
Total	22 539 626	4 798 640	-	27 338 266
30 June 2022				
Liabilities				
Interest-bearing borrowings	9 689 942	-	-	9 689 942
Trade and other payables	21 823 403	-	-	21 823 403
Contract liabilities	708 551	-	-	708 551
Total	31 513 346	-	-	32 221 896
Assets				
Cash and cash equivalents	5 723 036	-	-	5 723 036
Trade and other receivables excluding prepayments	13 630 212	3 407 553	-	17 037 765
Financial assets	373 521	-	-	373 521
Total	19 726 769	3 407 553	-	23 134 322

37 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 2023).

38 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 2023.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

38 Capital management (continued)

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

	2023 USD	2022 USD
Total borrowings	12 879 341	9 689 942
Cash and cash equivalents	(2 839 285)	(5 723 036)
Net borrowings	10 040 056	3 966 906
Equity	61 731 823	56 511 075
Gross Debt to equity ratio	21%	17%
Net debt to equity ratio	16%	7%

39 Contingent liabilities

There were no contingent liabilities as at 30 June 2023.

40 Events after reporting date

There have been no significant events after the reporting date.



COMPANY FINANCIAL REPORTS

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REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF

AXIA CORPORATION LIMITED

Adverse Opinion

We have audited the financial statements of AXIA CORPORATION LIMITED which comprise the statement of financial position as at 30 June 2023, 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, except for the effects of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not present fairly, the financial position of AXIA CORPORATION LIMITED as at 30 June 2023, 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 29 (IAS 29), Financial Reporting In Hyperinflationary Economies.

a) Comparative financial information and opening balances.

The Company's functional currency before the change to United States dollar was ZWL, which is a currency of a hyperinflationary economy. In terms of International Accounting Standard 21 (IAS 21), The Effects of Changes in Foreign Exchange Rates, the results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy shall be translated into a different presentation currency by applying the closing rate on the inflation adjusted statement of financial position on the date of the change.

The Company did not adopt as its opening balances and comparative financial information, balances derived in terms of IAS 21 and IAS 29, as described above, instead the Company converted its historical balances and transactions using the monthly average exchange rates and spot rates.

The non compliance with IAS 21 on comparative financial statements and opening balances resulted in the overstatement of investments in subsidiaries associates and joint ventures by USD 24,651,925 and overstatement of shareholders' equity by USD 24,476,081.

Our opinion on the current year financial statements is modified because of the effects opening balances have on current year financial results and the comparability of current year financial results with those of prior year.

b) Use of monthly average exchange rates to translate transactions to functional currency.

The Company's functional currency changed from ZWL to USD on 1 July 2022 but the Company continued to record transactions in ZWL for the period 1 July 2022 to 31 May 2023. The transactions were translated to the functional currency at monthly average rates. Due to the volatility of exchange rates between the United States dollar and the Zimbabwean dollar for the period, 1 March to 31 May 2023 where the ZWL depreciated by approximately 133%, a monthly average exchange rate cannot be considered to approximate the actual rate of exchange on the day of a transaction. IAS 21 paragraph 22, states that the use of an average rate is inappropriate if exchange rates fluctuate significantly. The financial impact of the non compliance with IAS 21 could not be determined but it is considered to be material to the financial statements.

Due to the significance of the non compliance, we cannot express an opinion on the accuracy of revenue, expenses and exchange gains and losses

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.

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 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 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 scepticism 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 matter discussed in the Basis for Adverse Opinion section of our report, the financial statements of the Company are not properly drawn up in accordance with the requirements of Section 193(1)(a) of the Companies and Other Business Entities Act (Chapter 24:31).

The audit engagement partner on the audit resulting in this independent auditors report is Davison Madhigi (PAAB Practising Number 0610)



BDO Zimbabwe
Chartered Accountants

27 October 2023

Kudenga House
3 Baines Avenue
Harare

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 USD	2022 USD
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
other income		187	15 513
operating expenses	C1	(485 483)	(438 464)
Operating loss before impairment, depreciation and amortisation		(485 296)	(422 951)
financial income	C2	2 323 450	2 164 106
Profit before interest, equity accounted earnings and tax		1 838 154	1 741 155
interest income	C3	39 969	38 338
interest expense	C4	(5 814)	(1 918)
Profit before tax		1 872 309	1 777 575
tax expense	C5	(41 755)	(33 893)
Profit for the year		1 830 554	1 743 682
Other comprehensive income			
other comprehensive income for the year		-	-
Total comprehensive income for the year		1 830 554	1 743 682
Earnings per share (cents)			
Basic earnings per share	C6	0.33	0.32
Headline earnings per share	C6	0.33	0.32
Diluted basic earnings per share	C6	0.33	0.31
Diluted headline earnings per share	C6	0.33	0.31

* Accounting policy notes of the Company are the same as Group accounting policies. Refer to accounting policy notes on pages 63 to 81.

The above Company statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	COMPANY 2023 USD	COMPANY 2022 USD
ASSETS			
Non-current assets			
investments in subsidiaries and joint ventures	C7	30 672 401	30 592 401
		30 672 401	30 592 401
Current assets			
trade and other receivables	C8	1 021 380	466 075
cash and cash equivalents		281	43 526
		1 021 661	509 601
Total assets		31 694 062	31 102 002
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	23	55 600	55 600
share premium		3 620 572	3 620 572
non-distributable reserves		27 700 642	27 700 642
distributable reserves		(757 397)	(620 799)
Total equity		30 619 417	30 756 015
Current liabilities			
other payables and accruals	C9	1 074 645	345 987
		1 074 645	345 987
Total equity and liabilities		31 694 062	31 102 002

The above Company statement of financial position should be read in conjunction with the accompanying notes.



LEM NGWERUME
Chairman
27 October 2023



R M RAMBANAPASI
Executive Director
27 October 2023

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Ordinary Share Capital USD	Share premium reserve USD	*Share based payments reserve USD	Non- Distributable Reserves USD	Distributable Reserves USD	Total USD
Balance at 30 June 2021	55 215	2 186 350	392 800	27 700 642	(760 450)	29 574 556
Profit for the year	-	-	-	-	1 743 682	1 743 682
New shares issued	385	1 007 930	-	-	-	1 008 315
Transfer to share capital and share premium	-	426 292	(426 292)	-	-	-
Dividends paid	-	-	-	-	(1 604 030)	(1 604 030)
Recognition of share based payments expense	-	-	33 492	-	-	33 492
Balance at 30 June 2022	55 600	3 620 572	-	27 700 642	(620 799)	30 756 015
Profit for the year	-	-	-	-	1 830 554	1 830 554
Dividends paid	-	-	-	-	(1 967 152)	(1 967 152)
Balance at 30 June 2023	55 600	3 620 572	-	27 700 642	(757 397)	30 619 417

*This reserve relates to the portion of share options attributable to the company under the share option scheme detailed under note 24 of the Group financial statements.

The above Company statement of changes in equity should be read in conjunction with the accompanying notes.

COMPANY STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2023

		2023 USD	2022 USD
Cash generated from operations	C10.1	1 679 481	1 634 898
interest income		39 969	38 338
interest expense		(5 814)	(1 918)
tax paid		(41 756)	(33 892)
Total cash generated from operating activities		1 671 880	1 637 426
Investing activities		-	-
Net cash flow before financing activities		1 671 880	1 637 426
Financing activities		(1 715 124)	(1 596 275)
dividends paid by holding company		(1 715 124)	(1 604 030)
issue of new shares		-	7 755
repayment of borrowings		-	-
Net (decrease)/increase in cash and cash equivalents		(43 245)	41 151
Cash and cash equivalents at the beginning of the year		43 526	2 375
Cash and cash equivalents at the end of the year		281	43 526

The above Company statement of cashflows should be read in conjunction with the accompanying notes.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

C1)	Operating expenses	2023 USD	2022 USD
	Directors fees	193 180	166 250
	Audit fees and expenses	17 781	17 673
	Financial reporting costs	28 737	8 757
	Listing fees	139 374	175 565
	Bank charges	8 187	407
	Intermediated money transfer tax	19 880	21 337
	Consulting and legal fees	14 514	23 166
	Travelling and accommodation	20 974	11 157
	Share register maintenance fees	33 262	12 420
	Gifts and donations	9 594	1 732
		485 483	438 464
C2)	Financial income		
	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.		
C3)	Interest received		
	Interest on loans advanced to group companies	39 969	38 338
C4)	Interest paid		
	Interest-bearing borrowings	(5 814)	(1 918)
C5)	Tax expense		
	Withholding taxes paid	(41 755)	(33 893)
C6)	Earnings per share	2023 USD	2022 USD
	Number of shares in issue		
	Number of ordinary shares in issue per basic and headline earnings per share	556 000 308	552 150 308
	Effect of share options	-	3 850 000
	Weighted average number of ordinary shares in issue adjusted for the effect of dilution	556 000 308	556 000 308
	Reconciliation of basic earnings to headline earnings:		
	Profit for the year attributable to equity holders of the parent	1 830 554	1 743 682
	Headline earnings attributable to equity holders of the parent	1 830 554	1 743 682
	Basic earnings per share (cents)	0.33	0.32
	Headline earnings per share (cents)	0.33	0.32
	Diluted basic earnings per share (cents)	0.33	0.31
	Diluted headline earnings per share (cents)	0.33	0.31
C7)	Investments in subsidiaries and joint ventures		
	66.67% equity shares in TV Sales & Home (Private) Limited		
	51% equity shares in Moregrow Enterprises (Private) Limited		
	50.01% equity shares in Distribution Group Africa (Private) Limited		
	100% equity shares in Axia Operations (Private) Limited		
	100% equity shares in Excalibur Mauritius Limited		
	50% equity shares in Celeste Products (Private) Ltd		

NOTES TO THE COMPANY FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

C8) Trade and other receivables

	2023 USD	2022 USD
Prepayments	-	2 132
Total third party receivables	-	2 132
Amounts due from group companies		
Axia Operations (Private) Limited	-	435 943
Distribution Group Africa (Private) Limited	664 950	-
TV Sales & Home (Private) Limited	220 022	28 000
Moregrow Enterprises (Private) Limited	21 408	-
Exculibur (Private) Limited	115 000	-
Total amounts due from group companies	1 021 380	463 943
	1 021 380	466 075

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

Accruals	406 169	118 224
	406 169	118 224
Amounts payable to group companies		
Exculibur (Private) Limited	423 983	227 763
Axia Operations (Private) Limited	67 953	-
Geribrans Services t/a Transerve (Private) Limited	176 540	-
	668 476	227 763
Total other payables and accruals	1 074 645	345 987

C10) Cashflow information

C10.1 Cash generated from operations

Profit before interest and tax	1 838 155	1 741 155
Share based payments expense for the year	-	33 492
Increase in trade and other receivables	(555 303)	(386 244)
Increase in other payables and accruals	396 629	246 495
	1 679 481	1 634 898

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. The company had no exposure to interest rate risk as it had no borrowings.

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

C12 Financial risk management objectives and policies (continued)

Credit risk (continued)

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 USD687 729 (2022: (USD499 230)). 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	Within 3 months USD	Between 4 -12 months USD	More than 12 months USD	Total USD
Liabilities				
Trade and other payables	(345 987)	-	-	(345 987)
Total	(345 987)	-	-	(345 987)
Assets				
Cash and cash equivalents	43 526	-	-	43 526
Trade and other receivables excluding prepayments	466 076	-	-	466 076
Total	509 603	-	-	509 603
Net liquidity surplus	163 616	-	-	163 616
30 June 2023	Within 3 months USD	Between 4 -12 months USD	More than 12 months USD	Total USD
Liabilities				
Trade and other payables	(1 074 645)	-	-	(1 074 645)
Total	(1 074 645)	-	-	(1 074 645)
Assets				
Cash and cash equivalents	281	-	-	281
Trade and other receivables excluding prepayments	1 021 381	-	-	1 021 381
Total	1 021 661	-	-	1 021 661
Net liquidity surplus	(52 984)	-	-	(52 984)

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 2023).

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 2023.

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS (cont'd)

FOR THE YEAR ENDED 30 JUNE 2023

C14 Capital management (continued)

	2023 ZWL	2022 ZWL
Total borrowings	-	-
Cash and cash equivalents	(281)	(43 526)
Net Cash and cash equivalents	(281)	(43 526)
Equity	30 619 417	30 756 015
Gross Debt to equity ratio	0%	0%
Net debt to equity ratio	0%	0%

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

GRI Standard	Disclosure	Page number(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	Organisational profile				
	102-1 Name of the organisation	Front Cover			
	102-2 Activities, brands, products, and services	4- 6			
	102-3 Location of headquarters	129			
	102-4 Location of operations	4- 5			
	102-5 Ownership and legal form	5			
	102-6 Markets served	6			
	102-7 Scale of the organisation	4, 9			
	102-8 Information on employees and other workers	9, 37- 41			
	102-9 Supply chain	44			
	102-10 Significant changes to the organisation and its supply chain	44			
	102-11 Precautionary Principle or approach	24- 26			
	102-12 External initiatives	49			
	102-13 Membership of associations	7			
	Strategy				
	102-14 Statement from senior decision-maker	10- 15			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behaviour	IFC , 24			
	Governance				
	102-18 Governance structure	17- 22			
	Stakeholder engagement				
	102-40 List of stakeholder groups	29			
	102-41 Collective bargaining agreements	39			
	102-42 Identifying and selecting stakeholders	29- 30			
	102-43 Approach to stakeholder engagement	28			
	102-44 Key topics and concerns raised	29- 30			
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	4			
	102-46 Defining report content and topic Boundaries	31- 33			
	102-47 List of material topics	32			
	102-48 Restatements of information	IFC , 64			
	102-49 Changes in reporting				
	102-50 Reporting period	IFC			
	102-51 Date of most recent report	-	30 June 2022		
	102-52 Reporting cycle		Annual		
	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	122- 125			
	102-56 External assurance	IFC			

GRI CONTENT INDEX (cont'd)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
200 series (Economic topics)					
Economic Performance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	50			
	103-3 Evaluation of the management approach	50			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	50, 59 – 120			
	201-3 Defined benefit plan obligations and other retirement plans	40			
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	49			
	103-3 Evaluation of the management approach	49			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	N/A			
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	44			
	103-3 Evaluation of the management approach	44			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	44			
Tax					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	50			
	103-3 Evaluation of the management approach	50			
GRI 207: Tax 2019	207-1 Approach to Tax	50			
	207-2Tax governance, control and risk management.	-			
	207-3 Stakeholder engagement and management of concerns related to tax.	50			
	207-4 Country -by country reporting	50			
300 series (Environmental topics)					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	43			
	103-3 Evaluation of the management approach	43			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	43- 44			
	302-2 Energy consumption outside of the organisation	43- 44			

GRI CONTENT INDEX (cont'd)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	43			
	103-3 Evaluation of the management approach	43			
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	43			
Waste					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	44			
	103-3 Evaluation of the management approach	44			
Waste 2020	306-3 Waste generated	-			
	306-5 Waste directed to disposal	-			
400 series (Social topics)					
Employment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	37			
	103-3 Evaluation of the management approach	37			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	37- 39			
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	40			
	103-3 Evaluation of the management approach	40			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	40			
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	24			
	103-3 Evaluation of the management approach	24			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	19, 24			

GRI CONTENT INDEX (cont'd)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
Freedom of Association and Collective Bargaining					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	39			
	103-3 Evaluation of the management approach	39			
Human Rights Assessment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	IFC, 31- 33			
	103-2 The management approach and its components	24			
	103-3 Evaluation of the management approach	24			

SHAREHOLDERS' ANALYSIS AND CALENDAR

AS AT 30 JUNE 2023

AXIA CORPORATION LIMITED: ANALYSIS BY INDUSTRY AS AT : 30-June-2023

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	339 901 975	61,13	571	12,16
LOCAL NOMINEE	87 501 100	15,74	212	4,52
PENSION FUNDS	57 032 107	10,26	137	2,92
FUND MANAGERS	20 876 577	3,75	82	1,75
LOCAL INDIVIDUAL RESIDENT	19 438 968	3,50	3 239	68,99
FOREIGN COMPANIES	11 606 548	2,09	06	0,13
CHARITABLE	8 880 180	1,60	34	0,72
TRUSTS	5 162 014	0,93	116	2,47
FOREIGN NOMINEE	1 752 776	0,32	05	0,11
INSURANCE COMPANIES	1 719 793	0,31	29	0,62
BANKS	1 150 141	0,21	06	0,13
OTHER INVESTMENTS & TRUST	592 765	0,11	103	2,19
NEW NON RESIDENT	202 601	0,04	80	1,70
DECEASED ESTATES	119 854	0,02	67	1,43
FOREIGN INDIVIDUAL RESIDENT	42 909	0,01	07	0,15
GOVERNMENT / QUASI	20 000	0,00	01	0,02
Totals	556 000 308	100,00	4 695	100,00

AXIA CORPORATION LIMITED: ANALYSIS BY VOLUME AS AT : 30-June-2023

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	2 564 124	0,46	3 737	79,60
5001-10000	1 502 966	0,27	205	4,37
10001-25000	3 251 768	0,58	198	4,22
25001-50000	4 919 298	0,88	137	2,92
50001-100000	8 507 377	1,53	119	2,53
100001-200000	11 511 854	2,07	81	1,73
200001-500000	31 952 733	5,75	100	2,13
500001-1000000	34 316 098	6,17	48	1,02
1000001 and Above	457 474 090	82,28	70	1,49
Totals	556 000 308	100,00	4 695	100,00

AXIA CORPORATION LIMITED TOP 20 : SCHEDULE AS AT : 30-June-2023

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	66 877 215	12,03
4	OLD MUTUAL LIFE ASS CO ZIM LTD	ZIM	LC	52 844 754	9,50
5	SARCOR INVESTMENTS (PVT) LTD	ZIM	LC	22 484 058	4,04
6	SCB NOMINEES 033663900002	ZIM	LN	18 751 660	3,37
7	PHARAOH LIMITED	BVG	FC	11 436 016	2,06
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
Selected Shares				402 413 536	72,38
Non - Selected Shares				153 586 772	27,62
Issued Shares				556 000 308	100,00

Shareholders' Calendar

Reporting and Meeting Dates

Eighth Annual General Meeting	21 November 2023	3 months to 30 September 2023	November 2023
Financial Year End	30 June	6 months to 31 December 2023	March 2024
		9 months to 31 March 2024	May 2024
		12 months to 30 June 2024	September 2024
		Annual report published	November 2024
		Ninth Annual General Meeting	November 2024

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of members will be held on **21 November 2023 at 08h15** at the Royal Harare Golf Club Building, Harare, for the purpose of transacting the following business: -

Ordinary Business

1. To receive and consider the financial statements for the year ended 30 June 2023 together with the report of the Directors and Auditors thereon.
2. To re-elect the retiring Director, Mrs. Thembiwe Mazingi who retires by rotation and being eligible offers herself for re-election.

Thembi is a partner in a legal firm, Coghlan, Welsh & Guest, a position she has held since 1989, having joined the firm in 1982. She is a specialist in International tax law, corporate law, compliance and governance. She currently sits on the boards of Ariston Holdings Limited and African Century Limited.

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

Themba is a Chartered Accountant who has worked in compliance, audit and advisory for the past 42 years. He is the principal at Schmulian & Sibanda Chartered Accountants (Zimbabwe) and sits on various boards of Stock Exchange listed entities such as Padenga Holdings Limited (Chairman of the Board), Edgars Stores Limited (Chairman of the Board) and PPC Zimbabwe Limited.

4. To approve Director's fees for the year ended 30 June 2023.

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 2023 and to re-appoint BDO Chartered Accountants of Harare as Auditors of the Company until the conclusion of the next Annual General Meeting. This is BDO's second 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 Victoria Falls Stock Exchange (VFEX) 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 VFEX, 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 VFEX. 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.

NOTICE TO MEMBERS (cont'd)

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 2023

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

6 Kenilworth Road
Newlands
Harare, Zimbabwe

Contact Details

Telephone: +263 (24) 2776998/2776273
Email: finance@axiaops.com

Company Secretary

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

Independent Auditors

BDO Zimbabwe Chartered Accountants
Kudenga House 3 Baines Avenue
Harare, Zimbabwe

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

Legal Advisors

Lunga Attorneys

Registrars and Transfer Secretaries

Corpserv Transfer Secretaries
(Private) Limited,
2nd floor, ZB Centre,
1st Street/Kwame Nkrumah Avenue,
Harare, Zimbabwe
Email: <https://escrowagm.com/eagmZim/Login.aspx>

Sustainability Advisors

Institute for Sustainability Africa,
65 Whitwell Road Borrowdale West
Harare, Zimbabwe
Email: admin@insafrica.org.zw

Handwriting practice lines consisting of 28 horizontal blue lines.

PROXY FORM

I/We _____ of _____

being a member of the above Company and entitled to vote, hereby appoint _____

of _____ or failing him, _____

of _____

as my/our Proxy to vote for me/us on my/our behalf at the Eighth Annual General Meeting of Axia Corporation Limited to be held on Tuesday, 21 November 2023 at 8:15 hours and at any adjournment thereof for the following purposes:-

Item on the Agenda for the AGM		For	Against	Abstain
ORDINARY BUSINESS				
1.	To receive and consider the financial statements for the year ended 30 June 2023 together with the report of the Directors and Auditors thereon..	☐	☐	☐
2.	To re-elect the retiring Director, Mrs. Thembiwe Mazingi who retires by rotation and being eligible offers herself for re-election. Thembi is a partner in a legal firm, Coghlan, Welsh & Guest, a position she has held since 1989, having joined the firm in 1982. She is a specialist in International tax law, corporate law, compliance and governance. She currently sits on the boards of Ariston Holdings Limited and African Century Limited.	☐	☐	☐
3.	To re-elect the retiring Director, Mr. Themba Sibanda, who retires by rotation and being eligible, offers himself for re-election. Themba is a Chartered Accountant who has worked in compliance, audit and advisory for the past 42 years. He is the principal at Schmulian & Sibanda Chartered Accountants (Zimbabwe) and sits on various boards of Stock Exchange listed entities such as Padenga Holdings Limited (Chairman of the Board), Edgars Stores Limited (Chairman of the Board) and PPC Zimbabwe Limited.	☐	☐	☐
4.	To approve Director's fees for the year ended 30 June 2023. 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 2023 and to re-appoint BDO Chartered Accountants of Harare as Auditors of the Company until the conclusion of the next Annual General Meeting. This is BDO's second 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 Victoria Falls Stock Exchange (VFEX) 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 VFEX, 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 VFEX. 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.	☐	☐	☐

PROXY FORM (cont'd)

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

Signed at _____ this _____ Day of _____ 2023.

Signature of Member _____

NOTES

1. Unless otherwise instructed, the proxy will vote as he thinks fit.
2. This proxy form must be signed, dated and returned so as to reach the Company no later than forty-eight hours before the Meeting.

NOTE 1:

In terms of the Companies and Other Business Entities Act [Chapter 24:31], a member of the Company is entitled to appoint one or more proxies to attend, vote and speak in his or her stead. A proxy need not be a member of the Company. Proxy forms must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time appointed for holding the meeting.

NOTE 2: ELECTRONIC ANNUAL REPORT

The Company's 2023 Annual Report will be made available on the Company's website <http://www.axiacorpltd.com/> Electronic copies of the Annual Report will also be emailed to those shareholders whose e-mail addresses are on record.

The Company Secretary Axia Corporation Limited

6 Kenilworth Road
Newlands
Harare
Zimbabwe



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 _____



The Company Secretary
Axia Corporation Limited

6 Kenilworth Road
Newlands
Harare
Zimbabwe

