



ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2020



SALIENT FEATURES

FOR THE YEAR ENDED 30 JUNE 2020

	INFLATION ADJUSTED			HISTORICAL		
	FY 2020 ZWL (\$ 000)	FY 2019 ZWL (\$ 000)		FY 2020 ZWL (\$ 000)	FY 2019 ZWL (\$ 000)	
Revenue	7 848 141	7 939 167	▼ -1%	3 656 926	557 414	▲ 556%
Operating profit before impairment depreciation and fair value adjustments	874 116	610 163	▲ 43%	740 946	72 679	▲ 919%
Profit before tax	1 119 367	492 511	▲ 127%	1 160 898	85 737	▲ 1254%
Headline earnings per share (cents)	62.50	10.75	▲ 481%	94.62	7.07	▲ 1238%
Cash generated from operations	1 109 267	293 762	▲ 278%	719 073	48 602	▲ 1380%
Final dividend declared per share (cents)	19.16	1.75	▲ 995%	19.16	1.75	▲ 995%

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

DIRECTORS' RESPONSIBILITY

The Directors of Axia Corporation Limited are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract. The audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements, except for adherence to International Accounting Standard (IAS 21) 'The Effects of Changes in Foreign Exchange Rates'. The principal accounting policies of the Group are consistent with those applied in the previous annual financial statements except for the adoption of IFRS 16 'Leases' with an effective date of 1 January 2019.

AUDITOR'S STATEMENT

The abridged audited financial results should be read in conjunction with the complete set of financial statements for the Group for the year ended 30 June 2020, audited by Deloitte & Touche, Chartered Accountants (Zimbabwe), in accordance with International Standards on Auditing. An adverse opinion has been issued thereon for non-compliance with International Accounting Standard 21 'The Effects of Changes in Foreign Exchange Rates'. There were no specific matters that were determined to be key audit matters. The auditor's report on the financial statements, which forms the basis of these abridged financial results, is available for inspection at the Company's registered office. The Engagement Partner responsible for the audit is Stelios Michael.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARD 29: FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES
The Public Accountants and Auditors Board (PAAB) through its circular 01/19 issued in October 2019 communicated that the factors and characteristics to apply the International Accounting Standard (IAS) 29 'Financial Reporting in Hyperinflationary Economies' had been met. The Group applied the requirements of IAS 29 with effect from 1 July 2019.

The Group adopted the Zimbabwe Consumer Price Index (CPI) as the general price index to restate transactions and balances as appropriate. Non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from 1 October 2018 (date of consensus for IFRS reporting when the change in functional currency occurred) to the end of the reporting period. Monetary assets and liabilities and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognized in the statement of profit or loss have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. A net monetary adjustment was recognized in the statement of profit or loss. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. Comparative amounts in the Group financial results have been adjusted to reflect the change in the general price index from 1 October 2018 to the end of the reporting period. Financial statements prepared under the historical cost convention have also been presented as supplementary information.

OPERATING ENVIRONMENT AND OVERVIEW

In the year to 30 June 2020, the operating environment was volatile and presented a number of challenges characterized by the weakening Zimbabwe dollar, re-emergence of hyperinflation, shortage of foreign currency and liquidity constraints which led to reduced consumer disposable income and demand. Foreign currency shortages have made it difficult to settle foreign obligations as well as sell imported products. These challenges necessitated management to proactively refine business models as a way to manage ever-changing operating costs, working capital levels as well as protect the business units' balance sheets in real terms. Resultantly, the Group's business units were resilient despite these adverse factors and this helped the Group to record a fair performance.

The advent of the novel Coronavirus (COVID-19) pandemic in the second half of the financial year, has changed the economic, social, and health outlook of the world. As with many other countries, Zimbabwe implemented various levels of the lockdown since 30 March 2020. These lockdown measures reduced economic activity as there were disruptions to normal business operations. The Group's retail businesses TV Sales & Home and Transerv were significantly affected as they were closed for almost the whole of April 2020. The distribution business in Zimbabwe was operating at reduced levels with minimal staff as it is part of essential services providing FMCG products to mainstream retailers and wholesalers. The regional distribution businesses were not affected as they continued operating with no effective lockdowns in Zambia or Malawi. In the midst of the COVID-19 pandemic, the Group will remain focused on ensuring the safety and health of its employees and other stakeholders and thus will continue to follow the guidelines from authorities for measures that will ensure their safety. The Group has implemented several measures to protect its staff as well as improve health and safety measures at workplaces and to mitigate the spread of this deadly virus. Axia Corporation Limited, together with its strategic partners launched an offensive joint initiative to ensure that it is in a position to assist its staff during this time by offering the necessary medical hardware, personal protective equipment, and sufficient qualified health professionals. This initiative is being administered by the Group's payroll and wellness service provider, Providence Human Capital. The Group will continue to focus on ensuring the safety and health of its employees and other stakeholders and will remain resilient and determined to withstand the effects of this dreadful pandemic.

The monetary authorities have allowed the use of foreign currency for domestic transactions since 26 March 2020. The Group welcomed this policy intervention as it facilitated trading and mitigated some of the tight liquidity. The retail operations witnessed growth in volumes since the use of foreign currency on domestic transactions.

FINANCIAL OVERVIEW (COMMENTARY BASED ON INFLATION ADJUSTED RESULTS)

The Group increased its shareholding in Transerv from an effective 26.01% to 50.51%, with effect from 1 January 2020. The acquisition was done through the Group's wholly-owned subsidiary domiciled in Mauritius, Excalibur Mauritius Limited, for a purchase consideration of US\$900,000. Goodwill amounting to ZWL\$15,630 million was recognized at the date of the transaction. This acquisition will enable Transerv to pursue strategies that maximise shareholder value with further alignment and support from the Axia group, which will enhance the long-term returns. As a result, the Group has consolidated the results of Transerv with effect from 1 January 2020.

The Group reported revenue of ZWL\$7,848 billion during the year to achieve a marginal decline compared to the prior period. The impact of inflationary price increases negatively affected demand thus turnover volumes were below those traded in the prior year resulting in a decline in revenue. An improved performance was noted in the last quarter of the

financial year, where volume growth was better than that achieved in the prior year. The Group sustained growth in profitability by recording an operating profit of ZWL\$874.116 million, representing a 43% growth in the comparative period, despite the inflationary pressures on costs. The financial income line is mainly comprised of income earned on the derivative option, unrealised exchange gains on foreign denominated cash and cash equivalents as well as profit on disposal of assets. Equity accounted earnings are mainly comprised of the results of Transerv for the first 6 months and Restapedic Bedding. Basic Earnings Per Share and Headline Earnings Per Share both improved by 494% and 481% respectively.

Net borrowings have decreased by ZWL\$481 million mainly as a result of increased positive cash and cash equivalents balances. In the face of hyperinflation, a negative net-gearing position is an unhealthy position for the Group and management will be addressing this in the new financial year.

The Group generated cash of ZWL\$1.109 billion from operations which was up 278% from the comparative period. The Group's capital expenditure for the year totaled ZWL\$124,769 million and this was limited to critical maintenance and expansion projects as these were also affected by inflationary pressures.

SUSTAINABILITY REPORTING

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

OPERATIONS

The main operating business units in the Axia Corporation Limited Group are TV Sales & Home (TVSH), Distribution Group Africa (DGA) and Transerv. TVSH is Zimbabwe's leading furniture and electronic appliance retailer with sites located countrywide. 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 by utilising multiple channels to service the needs of its customers.

TV Sales & Home

TV Sales & Home had a slow start to the year with subdued volumes in the first quarter which were later offset by improved trading in the second and third quarters. Turnover was 11% below the prior year, with volumes 23% below prior period. Quarter four performance was commendable despite not trading in the month of April and the business witnessed improved margins. The improved margins together with controlled overheads led to higher profitability for the year. Credit sales were a strong driver of volumes in the first half of the financial year but were later suspended after the COVID-19 outbreak. Whilst this affected volumes, recoveries were made when the company started to trade in US\$ for the last two months of the financial year, banking healthy margins and also having access to the much-needed foreign currency reserves.

Inventory holding remains good as access to foreign currency has improved significantly, and the local supply chain remains funded from the foreign currency auction system. Legend Lounge production has improved and was only limited by reduced working hours under lockdown. This entity is now well placed for the financial year ahead, with a complete range of lounge suites to compete locally as we gear up to increase capacity for future exports. Volumes at Restapedic were 26% below the prior year, however the business remained profitable despite trading in a challenging environment.

Three new stores were opened during this year, of which two stores – one each in Victoria Falls and in Rusape – were opened in the first half of the year whilst a third store was opened in Harare at Megawatt House. The Megawatt House store is the biggest amongst the three, it is performing very well and already making major contributions to the business. Growth remains the key focus and the business will continue to grow its store network, with a mega store scheduled to open, in the first quarter of the new financial year, in Mutare providing a new shopping experience.

Distribution Group Africa - Zimbabwe

Distribution Group Africa operations delivered a fair set of results in Zimbabwe. Turnover was down 16%, with operating profit also down from the comparative period. Volumes were 31% below the prior year and this led to a decline in turnover as the consumer spending power was negatively affected by the economic challenges. Operating costs were under control and this resulted in the business being able to maintain its profitability levels against prior year. Competition in this market remains strong with numerous independent traders. The business' strong brands and dominance in the market enabled it to weather the economic headwinds that were also worsened by the advent of the COVID-19 pandemic. The focus in the new financial year is to preserve the balance sheet in real terms and looking at measures to increase volumes.

Distribution Group Africa - Region

The regional operations reported a fairly decent set of results during the year under review with consolidated turnover going up by 11% over the prior year in US\$ terms. The growth in turnover was contributed by the acquisition of new distributorship agencies like Nestle and Blue Band in Zambia and the addition of Pro Group and Blue Band distributorship agencies in Malawi. Improved margins and a decline in operating costs led to a 63% growth in operating profit over the comparative period. The operating environments in both Malawi and Zambia continue to be considerably challenging but our businesses have shown resilience. The depreciation of the local currency in Zambia to the US\$ has negatively affected the net assets of the business and management will continue to focus on how to improve shareholder value in US\$ terms. As previously explained in the interim report, the regional business model is being aligned to the Group model on operating standards.

Transerv

Transerv remained profitable despite a challenging year. The business had to endure a month of national lockdown with no business activity thus significantly affecting the year's revenue and volumes. Overall, the business suffered a volume decline of 38% compared to prior year. The strategy to focus on fast-moving stock lines and managing operating costs despite inflationary pressures helped the business to remain profitable. The business witnessed an operating profit growth of 274% against prior year. Despite the adversities, the business maintained its 24 trading outlets, 15 Fitment Centers, a diesel pump room (ADCO), Clutch and Brake Specialists (CBS) and an Autocycle Center. Renovations were completed on 5 retail outlets and 5 fitment centers, giving a much-improved customer experience. In the coming year, management will continue to explore ways to improve volumes as well as expanding the store footprint.

PROSPECTS

At the tail end of the financial year, the authorities introduced a new foreign currency auction system. The businesses benefited from the improved access to foreign currency through the new auction system as well as domestic sales in foreign currency. The supply of key raw materials is stable although there could be logistical challenges arising from the COVID-19 restrictions.

Given the effects of Covid-19 worldwide, the Group has to embrace new technologies and management will continue to assess all supply chain constraints for imported and local goods and will be working closely with suppliers to ensure adequate product supply. The trading conditions going into the new financial year remain largely unchanged as impacted by the COVID-19 restrictions and unstable macro-economic factors. The manner in which Zimbabwe will manage and contain Covid-19 will have an impact on the short to medium term prospects of the economy and this will have an impact on the business community. This, however, will present opportunities and the Group will continue to evaluate investment opportunities to preserve and sustain value for all stakeholders.

The Group's key focus areas will be on managing gearing levels, operating costs given the inflationary pressures, foreign currency exposure and preserving the balance sheet in real terms. The Group will have to swiftly adapt to environmental changes and leverage on its strength as leading speciality retailers with wide branch networks across the country as well as a dominant distributor.

DIVIDEND

Based on the historical results, the Board has declared a final dividend of 19.16 ZWL cents per share in respect of all ordinary shares of the Company. This brings the total dividend paid for the year to 23.76 ZWL cents. The final dividend is payable in respect of the financial year ended 30 June 2020

and will be paid in full to all shareholders of the Company registered at close of business on the 16th of October 2020. The payment of this dividend will take place on or around the 29th of October 2020. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the 13th of October 2020 and ex-dividend as from the 14th of October 2020.

The Board has also declared a final dividend totaling ZWL\$5.2 million to the Axia Employee Share 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 difficult year under review. Their commitment, despite the difficult 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. M. Ngwerume

L E M NGWERUME
Chairman

28 September 2020

ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	INFLATION ADJUSTED		HISTORICAL	
	30 June 2020 audited ZWL (\$ 000)	30 June 2019 audited ZWL (\$ 000)	30 June 2020 ZWL (\$ 000)	30 June 2019 ZWL (\$ 000)
Revenue	7 848 141	7 939 167	3 656 926	557 414
Operating profit before impairment, depreciation and fair value adjustments	874 116	610 163	740 946	72 679
financial income	271 408	231 450	359 133	12 089
impairment loss	-	(531)	-	(35)
depreciation	(34 641)	(25 390)	(12 559)	(2 287)
fair value adjustments on listed equities	(7 902)	8 834	83 511	682
Profit before interest and tax	1 102 981	824 526	1 171 031	83 128
net interest expense	(70 542)	(25 105)	(38 581)	(1 916)
equity accounted earnings	40 469	39 074	28 448	4 526
net monetary gain/(loss)	46 459	(345 984)	-	-
Profit before tax	1 119 367	492 511	1 160 898	85 738
tax expense	(482 730)	(384 258)	(278 761)	(22 657)
Profit for the year	636 637	108 253	882 137	63 081
Other comprehensive income - to be recycled to profit or loss				
exchange differences arising on the translation of foreign operations	170 732	21 973	170 732	21 973
Other comprehensive income for the year, net of tax	170 732	21 973	170 732	21 973
Total comprehensive income for the year	807 369	130 226	1 052 869	85 054
Profit for the year attributable to:				
equity holders of the parent	348 852	58 238	519 313	38 274
non-controlling interests	287 785	50 015	362 824	24 807
636 637	108 253	882 137	63 081	
Total comprehensive income for the year attributable to:				
equity holders of the parent	411 700	69 042	582 161	49 078
non-controlling interests	395 669	61 184	470 708	35 976
807 369	130 226	1 052 869	85 054	
Earnings per share (cents)				
Basic earnings per share	63.84	10.75	95.03	7.07
Headline earnings per share	62.50	10.75	94.62	7.07
Diluted earnings per share	62.95	10.46	93.70	6.87
Diluted headline earnings per share	61.63	10.46	93.30	6.87

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	INFLATION ADJUSTED		HISTORICAL	
	At 30 June 2020 audited ZWL (\$ 000)	At 30 June 2019 audited ZWL (\$ 000)	At 30 June 2020 ZWL (\$ 000)	At 30 June 2019 ZWL (\$ 000)
ASSETS				
Non-current assets				
property, plant and equipment	402 362	236 235	98 006	16 640
intangible assets	15 666	-	5 023	-
investments in associates and joint ventures	109 705	192 038	20 630	11 571
right of use assets	33 460	-	10 403	-
deferred tax assets	24 506	3 176	41 912	8 955
585 699	431 449	175 974	37 166	
Current assets				
financial assets	65 614	16 786	65 614	2 005
inventories	1 900 218	1 028 542	1 017 617	111 845
trade and other receivables	902 202	1 142 932	838 359	141 909
cash and cash equivalents	657 598	199 053	657 598	29 934
3 525 632	2 387 313	2 579 188	285 693	
Total assets	4 111 331	2 818 762	2 755 162	322 859
EQUITY AND LIABILITIES				
Capital and reserves				
ordinary share capital	1 223	1 222	55	54
share premium	887	-	339	-
share based payment reserve	7 457	7 395	774	457
non-distributable reserves	70 970	8 122	70 970	8 122
distributable reserves	1 132 321	858 930	559 221	76 166
Attributable to equity holders of parent	1 212 858	875 669	631 359	84 798
non-controlling interests	988 018	523 147	519 917	54 308
Total shareholders' equity	2 200 876	1 398 816	1 151 276	139 107
Non-current liabilities				
deferred tax liabilities	384 217	165 541	77 648	6 317
lease liabilities - long term	5 508	-	5 508	-
389 725	165 541	83 156	6 317	
Current liabilities				
interest-bearing borrowings	270 551	293 299	270 551	44 785
trade and other payables	1 085 883	898 022	1 085 883	122 075
provisions and other liabilities	14 256	12 460	14 256	2 808
lease liabilities - short term	5 800	-	5 800	-
current tax liabilities	144 240	50 624	144 240	7 767
1 520 730	1 254 405	1 520 730	177 435	
Total liabilities	1 910 455	1 419 946	1 603 886	183 753
Total equity and liabilities	4 111 331	2 818 762	2 755 162	322 859



ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2020



ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	INFLATION ADJUSTED							
	Ordinary Share Capital ZWL (\$ 000)	Share premium ZWL (\$ 000)	Share Based Payments Reserve ZWL (\$ 000)	Non-Distributable Reserves ZWL (\$ 000)	Distributable Reserves ZWL (\$ 000)	Total ZWL (\$ 000)	Non-Controlling Interests ZWL (\$ 000)	Total ZWL (\$ 000)
Balance on 1 July 2018	1 222	-	3 647	(2 682)	886 053	888 240	521 517	1 409 757
IFRS 9 adoption opening balance adjustment	-	-	-	-	(5 956)	(5 956)	3 755	(2 201)
Profit for the year	-	-	-	-	58 238	58 238	50 015	108 253
Other comprehensive income for the year	-	-	-	10 804	-	10 804	11 169	21 973
Share based payments expense	-	-	3 748	-	-	3 748	-	3 748
Dividends paid	-	-	-	-	(80 015)	(80 015)	(61 950)	(141 965)
Transactions with owners in their capacity as owners	-	-	-	-	610	610	(1 359)	(749)
Balance on 30 June 2019	1 222	-	7 395	8 122	858 930	875 669	523 147	1 398 816
Profit for the year	-	-	-	-	348 851	348 851	287 785	636 636
Issue of shares through exercising share options	1	713	-	-	-	714	-	714
Other comprehensive income for the year	-	-	-	62 848	-	62 848	107 884	170 732
Utilisation of share option reserve	-	174	(174)	-	-	-	-	-
Share based payments expense	-	-	236	-	-	236	-	236
Dividends paid	-	-	-	-	(75 621)	(75 621)	(49 824)	(125 445)
Transactions with owners in their capacity as owners	-	-	-	-	161	161	119 026	119 187
Balance on 30 June 2020	1 223	887	7 457	70 970	1 132 321	1 212 858	988 018	2 200 876

	HISTORICAL							
	Ordinary Share Capital ZWL (\$ 000)	Share premium ZWL (\$ 000)	Share Based Payments Reserve ZWL (\$ 000)	Non-Distributable Reserves ZWL (\$ 000)	Distributable Reserves ZWL (\$ 000)	Total ZWL (\$ 000)	Non-Controlling Interests ZWL (\$ 000)	Total ZWL (\$ 000)
Balance on 1 July 2018	54	-	162	(2 682)	43 350	40 884	24 774	65 658
IFRS 9 adoption opening balance adjustment	-	-	-	-	(254)	(254)	(73)	(327)
Profit for the year	-	-	-	-	38 274	38 274	24 807	63 081
Other comprehensive income for the year	-	-	-	10 804	-	10 804	11 169	21 973
Share based payments expense	-	-	295	-	-	295	-	295
Dividends paid	-	-	-	-	(5 231)	(5 231)	(6 309)	(11 540)
Transactions with owners in their capacity as owners	-	-	-	-	27	27	(60)	(33)
Balance on 30 June 2019	54	-	457	8 122	76 166	84 799	54 308	139 107
Profit for the year	-	-	-	-	519 313	519 313	362 824	882 137
Issue of shares through exercising share options	1	272	-	-	-	273	-	273
Other comprehensive income for the year	-	-	-	62 848	-	62 848	107 884	170 732
Utilisation of share option reserve	-	67	(67)	-	-	-	-	-
Share based payments expense	-	-	384	-	-	384	-	384
Dividends paid	-	-	-	-	(36 290)	(36 290)	(33 062)	(69 352)
Transactions with owners in their capacity as owners	-	-	-	-	32	32	27 963	27 995
Balance on 30 June 2020	55	339	774	70 970	559 221	631 359	519 917	1 151 276

ABRIDGED GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	INFLATION ADJUSTED		HISTORICAL	
	30 June 2020 audited ZWL (\$ 000)	30 June 2019 audited ZWL (\$ 000)	30 June 2020 ZWL (\$ 000)	30 June 2019 ZWL (\$ 000)
Cash generated from operations	1 109 267	293 762	719 073	48 602
net interest paid	(70 542)	(25 105)	(38 581)	(1 917)
tax paid	(218 964)	(181 388)	(102 993)	(17 168)
Net cash generated from operating activities	819 761	87 269	577 499	29 517
Investing activities	(113 606)	(94 161)	(12 657)	(7 603)
Net cash inflow before financing activities	706 155	(6 892)	564 842	21 914
Financing activities	(247 610)	41 315	62 822	723
Increase in cash and cash equivalents	458 545	34 423	627 664	22 637
Cash and cash equivalents at the beginning of the year	199 053	164 630	29 934	7 297
Cash and cash equivalents at the end of the year	657 598	199 053	657 598	29 934

NOTES AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2020

1 Corporate Information

The Company is incorporated and domiciled in Zimbabwe.

2 Operating Segments

The following table represents the summarised financial information of the Group's operating segments for the year ended 30 June 2020:

	INFLATION ADJUSTED			
	Zimbabwe ZWL (\$ 000)	Region ZWL (\$ 000)	Intersegment adjustments ZWL (\$ 000)	Total ZWL (\$ 000)
Revenue				
30 June 2020	7 267 705	580 436	-	7 848 141
30 June 2019	7 888 802	50 365	-	7 939 167
Operating profit before impairment, depreciation and fair value adjustments				
30 June 2020	870 825	3 291	-	874 116
30 June 2019	610 130	33	-	610 163
Depreciation and amortisation				
30 June 2020	(27 824)	(6 817)	-	(34 641)
30 June 2019	(25 170)	(220)	-	(25 390)
Equity accounted earnings				
30 June 2020	40 469	-	-	40 469
30 June 2019	39 074	-	-	39 074
Profit before tax				
30 June 2020	1 098 800	20 567	-	1 119 367
30 June 2019	491 801	710	-	492 511
Segment assets				
30 June 2020	4 205 051	835 440	(929 160)	4 111 331
30 June 2019	3 451 776	78 261	(711 275)	2 818 762
Segment liabilities				
30 June 2020	1 400 178	626 985	(116 708)	1 910 455
30 June 2019	1 389 865	51 172	(21 091)	1 419 946
Capital expenditure				
30 June 2020	114 675	10 094	-	124 769
30 June 2019	33 715	29	-	33 744

NOTES AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

2 Operating Segments (continued)

	HISTORICAL			
	Zimbabwe ZWL (\$ 000)	Region ZWL (\$ 000)	Intersegment adjustments ZWL (\$ 000)	Total ZWL (\$ 000)
Revenue				
30 June 2020	3 076 490	580 436	-	3 656 926
30 June 2019	507 049	50 365	-	557 414
Operating profit before impairment, depreciation and fair value adjustments				
30 June 2020	737 655	3 291	-	740 946
30 June 2019	72 646	33	-	72 679
Depreciation and amortisation				
30 June 2020	(5 742)	(6 817)	-	(12 559)
30 June 2019	(2 067)	(220)	-	(2 287)
Equity accounted earnings				
30 June 2020	28 448	-	-	28 448
30 June 2019	4 526	-	-	4 526
Profit before tax				
30 June 2020	1 140 331	20 567	-	1 160 898
30 June 2019	85 028	711	-	85 737
Segment assets				
30 June 2020	2 087 136	835 439	(167 414)	2 755 161
30 June 2019	288 679	78 261	(44 081)	322 859
Segment liabilities				
30 June 2020	1 103 647	626 985	(126 747)	1 603 885
30 June 2019	153 626	51 172	(21 046)	183 752
Capital expenditure				
30 June 2020	48 790	10 094	-	58 884
30 June 2019	4 772	29	-	4 801

	INFLATION ADJUSTED		HISTORICAL	
	30 June 2020 audited ZWL (\$ 000)	30 June 2019 audited ZWL (\$ 000)	30 June 2020 ZWL (\$ 000)	30 June 2019 ZWL (\$ 000)
3 Commitments for capital expenditure				
Contracts and orders placed	22 080	14 857	22 080	1 774
Authorised by Directors but not contracted	234 699	162 312	234 699	19 386
	256 779	177 169	256 779	21 160

The capital expenditure is to be financed out of the Group's own resources and existing borrowing facilities.

4 Borrowings & Security

Net book value of building and motor vehicles pledged as security for interest-bearing borrowings	17 210	5 457	17 210	5 457
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Interest-bearing borrowings constitute bank loans from various financial institutions. The average cost of borrowings for the Axia Group operations at the end of the year in Zimbabwe was 47% per annum, with borrowings for regional operations averaging an interest rate of 21% in the respective local currency loans. The facilities expire at different dates and will be reviewed and renewed as they mature.

5 Leases

The Group has applied IFRS 16 using the modified retrospective approach with effect from 1 July 2019 and the comparative information has not been restated and continues to report under IAS 17 and IFRIC 4. IFRS 16 requires the recognition of a right of use asset and lease liability where the Group is a lessee and the lease term is twelve months or more.

Impact on financial results

On transition to IFRS 16, the Group recognised a right of use assets of ZWL\$ 38,026 million (inflation-adjusted) and ZWL\$ 14,574 million (historical) and the underlying lease liabilities. Right of use asset amortisation amounting to ZWL\$ 4,566 million (inflation-adjusted) and ZWL\$ 3,266 million (historical) is included under Group depreciation. Finance costs of ZWL\$ 8.7 million (inflation-adjusted) and ZWL\$ 2.8 million (historical) relate to unwinding of lease liabilities.

6 Hyperinflation Reporting

The conversion factors have been computed from the consumer price index (CPI) data prepared by the Zimbabwe Central Statistics Office as reported on the Reserve Bank of Zimbabwe website. The conversion factors used to restate the financial results are as follows:

	Indices	Conversion factor
CPI on 30 June 2020	1 445 21	1.00
CPI on 30 June 2019	172 61	8.37
Average CPI - 12 months to 30 June 2020	3 12	
Average CPI - 12 months to 30 June 2019	16 43	

7 Earnings per share

Basic 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 for the year.

Diluted earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting for the conversion of share options. Share options are considered for dilution if the average market price of ordinary shares during the year exceeds the exercise price of such options. The employee share options had dilutive effect at the end of the financial year. Indigenisation share options did not have a dilutive impact at the end of the financial year.

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.

	INFLATION ADJUSTED		HISTORICAL	
	30 June 2020 audited ZWL (\$ 000)	30 June 2019 audited ZWL (\$ 000)	30 June 2020 ZWL (\$ 000)	30 June 2019 ZWL (\$ 000)
Reconciliation of basic earnings to headline earnings				
Profit for the year attributable to equity holders of the parent	348 852	58 238	519 313	38 274
Adjustment for capital items (gross of tax):				
Impairment loss	-	577	-	35
Profit on disposal of assets	(8 295)	(1 563)	(2 659)	(95)
Profit on disposal of investment in subsidiary	(6 722)	-	(1 351)	-
Tax effect on adjustments	3 201	416	991	25
Non-controlling interests' share of adjustments	3 238	573	785	35
Headline earnings attributable to ordinary shareholders	341 552	58 241	517 079	38 274
Number of shares in issue				
Number of ordinary shares in issue per Basic and Headline Earnings				
Per Share	546 469	541 593	546 469	541 593
Effect of share options	7 736	15 232	7 736	15 232
Weighted average number of ordinary shares in issue adjusted for the effect of dilution	554 205	556 826	554 205	556 826
Basic earnings per share (cents)	63.84	10.75	95.03	7.07
Headline earnings per share (cents)	62.50	10.75	94.62	7.07
Diluted basic earnings per share (cents)	62.95	10.46	93.70	6.87
Diluted headline earnings per share (cents)	61.63	10.46	93.30	6.87

8 Contingent liabilities

There were no contingent liabilities as at 30 June 2020.

9 Events after the reporting date

There have been no significant events after reporting date at the time of issuing this press release.

INDEPENDENT AUDITOR'S REPORT
To The Shareholders of Axia Corporation Limited

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Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Axia Corporation Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 26 to 91, which comprise the inflation adjusted consolidated statement of financial position as at 30 June 2020, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, the inflation adjusted consolidated statement of changes in equity and the inflation adjusted consolidated statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, the inflation adjusted consolidated financial statements do not present fairly, the inflation adjusted consolidated financial position of the Group as at 30 June 2020, and its inflation adjusted consolidated financial performance and its inflation adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with IAS 21 "The Effects of Changes in Foreign Exchange Rates"

(i) Impact of the incorrect date of application of IAS 21 on the comparative financial information

For the financial year ended 30 June 2019, the Group did not comply with IAS 21 as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19") from 22 February 2019.

Prior to 20 February 2019, the transacting and functional currency of the Zimbabwean economy was the United States Dollar ("USD"). On 20 February 2019, a currency called the Real Time Gross Settlement ("RTGS") Dollar was legislated through SI 33/19 with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to this effective date. The rate of 1:1 was consistent with the rate mandated by the Reserve Bank of Zimbabwe ("RBZ") at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by IAS 21:

- The Group transacted using a combination of USD, electronic cash, bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the RTGS system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, and RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.
- In October 2018, banks were instructed by the RBZ to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand).

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Axia Corporation Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Basis for Adverse Opinion (continued)

Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity.

For the period up to 22 February 2019, the Group maintained its functional currency as the USD, with transactions and balances reflected using an exchange rate of 1:1 in compliance with SI 33/19. From 22 February 2019, balances and transactions were retranslated at the legislated inaugural exchange rate of 1:2.5 between the USD and the RTGS dollar in compliance with the requirements of SI 33/19.

Whilst the timing of this conversion was in line with the dictates of SI 33/19, it constituted a departure from the requirements of IAS 21, and therefore the 2019 financial statements were not prepared in conformity with IFRS. Had the Group applied the requirements of IAS 21, the 30 June 2019 comparative inflation adjusted consolidated financial statements would have been materially impacted. The financial effects of this departure on the inflation adjusted consolidated financial statements have not been determined.

Our opinion on the current year's inflation adjusted consolidated financial statements is modified because of the possible effects of the matter on the comparability of the current year's inflation adjusted consolidated financial statements with that of the prior year.

(ii) Incorrect application of the spot rate for transactions during the period 1 April 2020 to 30 June 2020 and closing rates as at 30 June 2020

IAS 21 defines the spot exchange rate as the exchange rate for immediate delivery. During the period 1 April 2020 to 30 June 2020 the Group translated certain foreign transactions using the interbank rate and/or auction rate, whilst the statement of financial positions for foreign components were translated at the closing auction rate at 30 June 2020. These interbank and auction rates did not meet the definition of spot exchange rates per IAS 21.

Had the Group applied the spot and closing rates as defined by IAS 21, many elements of the accompanying inflation adjusted consolidated financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be pervasive. The financial effects on the inflation adjusted consolidated financial statements of this departure have not been determined.

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

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Axia Corporation Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no matters determined to be key audit matters other than the matters described in the *Basis for Adverse Opinion* section of our report.

Other Information

The Directors are responsible for the other information. The other information comprises the historical cost consolidated financial information and the Axia Annual Report for the year ended 30 June 2020 which we obtained prior to the date of the auditor's report. The other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group changed its functional currency to the RTGS Dollar effective 22 February 2019. The date of change in functional currency as determined in accordance with IFRS is 1 October 2018. Consequently the USD transactions between the period 1 October 2018 to 22 February 2019 do not comply with the requirements of IAS 21 as they have not been appropriately translated. Furthermore, the interbank rates and/or auction rates applied in translating certain foreign transactions between the period 1 April 2020 and 30 June 2020 as well as foreign component balances as at 30 June 2020 do not meet the definition of spot exchange rates per IAS 21. We have determined that the other information is misstated for that reason.

Responsibilities of the Directors for the Inflation Adjusted Consolidated Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Axia Corporation Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT
To The Shareholders of Axia Corporation Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stelios Michael.



Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Stelios Michael
Partner
(PAAB Practice Certificate Number 0443)
Harare
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28 September 2020