



6 Kenilworth Road, Newlands, Harare, Zimbabwe
Tel: (+263-24) 2776998/2776273

AXIA CORPORATION LIMITED TRADING UPDATE FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

Trading Environment

Trading for the most part of the quarter was satisfactory as the operating environment was relatively stable. The policy interventions implemented by authorities in June 2023 resulted in increased use of foreign currency for domestic transactions, tight local currency liquidity and a more stable exchange rate. The Group has continued to participate on the official wholesale willing buyer willing seller market to maintain reasonable pricing to its customers.

The regional trading environment has been reasonably stable in Zambia despite increase in inflation, responding to the depreciation of the Zambian Kwacha. In Malawi, significant pressure on access to foreign currency remains crucial to attainment of our core business objectives.

TV Sales & Home

Revenue increased by 23% over the comparative period on the back of a 25% growth in volumes. The business opened a new store, "The Outdoor Centre" at Sam Levy Village, Harare, in September 2023 and this new addition to the portfolio is promising. The business will continuously make efforts to introduce new product lines that meet the ever-changing customer needs. Plans are underway to open two bedding stores and a conventional store during the second quarter of the financial year.

Restapedic

The first quarter volumes achieved were 29% above the comparative period. The business is now operating from the new factory at Sunway City, Harare. The installation of the factory conveyor system is in progress and is expected to be complete before end of November 2023 and this will bring automation of the bedding manufacturing process thus improves production process. Management will continuously assess the production process in a way that reduces production costs and will pass on the benefits through pricing to customers.

Legend Lounge

Volumes achieved during this quarter were 44% above the comparative period. Significant work has been done on the pricing and sourcing of raw materials and this will make the product much more competitive. The factory is now consistently producing the required production levels.

Touch Distributors

Turnovers and volumes continue to grow for this business unit. The business is now fully operational from its own warehouse facility at the central sorting office in Harare and will continuously review its product offerings to the customers.

Transerv

The Company's revenues were 15% above the comparative period on the back of a 22% increase in volumes. The growth in volumes and revenue is primarily a result of the benefit of the increased store network as the business opened five retail stores during the quarter, four in Harare and one in Bindura. The business opened another retail store at central sorting office in Harare in October 2023 and an express store at Snake Park. Management will continue with the expansion drive which is aimed at giving customers convenient access to best priced genuine automotive spares.



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DGA Zimbabwe

First quarter volumes were 29% below the comparative period mainly because of strict stop supply measures being applied on late paying customers. The business is striking a balance on exploiting opportunities from economic activities in both formal and informal business sector. Management's focus is to safeguard and grow shareholder value by embarking on projects that generate positive cash flows and achieve the required returns. The business is also undergoing a restructuring exercise that will facilitate cost containment and bring about effective and efficient reporting.

DGA Region

In Zambia, the Kwacha depreciated sharply off the back of low foreign currency supply. First quarter revenue increased by 16% whilst volumes increased by 10% compared to prior year. Management's focus is on business growth through targeting of new agencies.

Despite shortages of foreign currency in Malawi, the business recorded a 53% growth in volumes for the quarter against the comparative period. Management's focus is on managing foreign suppliers and exploring ways to generate foreign currency to settle foreign suppliers.

Outlook

The Zimbabwean operating environment remains challenging. Management remains hopeful that progressive policies regarding money supply, exchange rate and interest rates will be reinforced to foster stability in the market and gradual building of confidence. The Group is focused on exploring the expansion opportunities available in the market.

By Order of the Board.

AXIA CORPORATION LIMITED

A handwritten signature in black ink, appearing to be 'A. S.', written over a white background.

Prometheus Corporate Services
Company Secretary
14 November 2023