



8 Cambridge Avenue, Newlands, Harare, Zimbabwe

Tel: (+263-24) 2776998/2776273

## **AXIA CORPORATION LIMITED**

### **TRADING UPDATE FOR F2021 THIRD QUARTER ENDED 31 MARCH 2021**

#### **Trading Environment**

The trading environment during the third quarter was marked by the return to strict lockdown restrictions in January and February 2021 following an increase in COVID-19 infection rates. The lockdown measures reduced economic activity as there were disruptions to normal business operations. TV Sales & Home was particularly affected as it was not fully operational whilst Transerv and DGA were operating at reduced levels with minimal staff. The regional distribution businesses were not affected as there were no effective lockdowns in Zambia or Malawi. As a result, the Group witnessed some volume decline for the quarter but on a year-to-date basis, the Group delivered decent volume growth over the comparative period.

Management will continue to assess all supply chain constraints for imported and local goods and will thus be working closely with suppliers to ensure adequate product supply. Accessing foreign currency to pay foreign suppliers, volume growth and working capital management will remain the Group's key focus areas.

#### **TV Sales & Home**

Total volumes for the nine months to March were 19% ahead of the comparative period. This was despite volumes for the third quarter being 18% below prior year, owing to the lockdown interruptions in January and February 2021. The momentum on credit sales re-introduced in the first quarter of the financial year continues to increase. This saw the credit book increase by 36% on the second quarter. The business opened a new store in Ruwa as part of efforts to continue to expand the store network and reach as many customers as possible.

#### **DGA Zimbabwe**

Total volumes traded for the nine months by Distribution Group Africa Zimbabwe operations to March were 4% ahead of the prior comparative period. Volume performance in the third quarter was 3% above prior period and this could have been better had it not been for the reduced business trading hours during the January to February lockdown period, which affected deliveries to the market. The business continues to preserve its balance sheet in real terms and will also be focusing on improving volumes.

#### **DGA Region**

In Zambia, third quarter volumes declined 22% to the comparative period. This was a result of price increases aligned to the depreciation of the Kwacha against the United States Dollar and the South African Rand. Total volumes traded for the nine months were 10% below prior year.

In Malawi, volume performance recovered by 20% in the third quarter over the comparative period. Volume recovery was anchored by discount support from a key supplier which allowed the business to offer more competitive pricing in a market dominated by grey imports. In addition, the introduction of new agencies namely BIC and Regina contributed to the volume increase.



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### **Transerv**

Despite the disruption of the local lockdown restrictions, third quarter volumes were 42% ahead of the comparative quarter and volume performance for the nine months was 59% ahead of prior year. The business has been affected by the global slow-down in the international supply chain caused by the COVID-19 pandemic, resulting in longer lead times on inventory orders. Measures have been put in place to maintain stockholding at optimum levels. An additional retail and fitment center was opened in Kariba in March 2021. The branch has some additional lines which have been offered to service the local needs. The rebranding exercise, from Midas to Transerv, has been completed and the business is looking forward to open further new branches.

### **Impact of COVID-19**

The Group applauds the Government on the commencement of the nationwide vaccination program for COVID-19 and has been encouraging its employees to make use of this opportunity to get vaccinated.

Despite the easing of lockdown restrictions, all Group businesses will continue to implement, throughout their operations, and observe COVID-19 guidelines approved by the World Health Organisation and the Ministry of Health and Child Welfare to safeguard the health and welfare of staff and all other stakeholders.

The Group believes its businesses will continue to thrive based on its dedicated staff, adaptable business models as well as its desire to improve, win and create value. At present, the financial status of the Group remains healthy, and the impact of the COVID-19 has not created any issues from a solvency or liquidity perspective.

By Order of the Board.

**AXIA CORPORATION LIMITED**

A handwritten signature in black ink, appearing to be 'P. S.', is written over a faint circular stamp.

Prometheus Corporate Services  
Company Secretary  
12 May 2021