



8 Cambridge Avenue, Newlands, Harare, Zimbabwe

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AXIA CORPORATION LIMITED

TRADING UPDATE FOR F2023 FIRST QUARTER ENDED 30 SEPTEMBER 2022

Trading Environment

The first two months of the quarter were characterized by restrictive pricing laws which negatively impacted business operations. The warranted stance taken by both fiscal and monetary authorities helped stabilise the exchange rate during the quarter although this diminished demand especially in the retail sector.

The Group was affected the high interest rates and Management had to embark on an aggressive repayment program to reduce the finance costs thus improving profitability and free cash generation in the second half of the quarter.

In the region, the trading environment has been positive in Zambia whilst in Malawi there continues to be significant pressure on access to foreign currency.

Despite these challenges, the Group remains focussed on executing strategic initiatives and opportunities as advised in its 30 June 2022 results publication.

TV Sales & Home

Volumes decreased by 19% compared to the same period last year due to the restrictive pricing pressures experienced in the first two months of the quarter. The successful launch of the Birthday Promotion in September 2022 has stimulated demand and volumes and turnover performance has significantly improved. This recovery continued to gather steam in October and beyond.

The business remained focused on its growth initiatives by opening two new stores in Harare during the quarter. The re-introduction of US\$ smart credit has been extremely well received by the market and will significantly boost revenue in the second quarter and beyond. Plans are underway to increase the store network during the remaining part of the financial year.

As the demand in the retail business was dampened in the first two months, the manufacturing businesses were concurrently affected. Construction at the new Restapedic factory in Sunway City is progressing well and operations are still set to commence early in the third quarter.

Transerv

First quarter volumes were 9% down compared to comparative period. The business was mostly affected by pricing pressures in July 2022. The business continues to closely manage its costs and review its product and service offerings with a view to keep improving the product range and service quality provided to customers. Three new stores were opened during the quarter and plans are underway to open three new stores during the later part of the second quarter.

DGA Zimbabwe

Volumes were 27% below the prior comparative period. This has been a result of the dampened demand in the formal sector and management's decision to stop supplying some customers to manage the risk on the extent of debtor balances. Management has increased focus on exploiting opportunities from economic activities in the informal business sector and continues to safeguard and grow shareholder value by embarking on projects that generate positive cash flows and achieve the required returns.



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DGA Region

In Zambia, the inflation rate increased marginally during the quarter. Fiscal consolidation and structural reform measures supported by the International Monetary Fund programs are among the key factors expected to lower inflation. Volumes increased by 3% on the comparative period. The business continues to monitor and correct its pricing positions in response to market conditions.

The Malawian Kwacha depreciated by 15% during the quarter as Malawi continues to face shortages of foreign currency. These foreign currency shortages resulted in the business reducing its ordering of imported stock which led to a decline in sales volumes by 27%. Management is currently focused on addressing the foreign currency shortages.

Outlook

We remain hopeful that disciplined policies regarding money supply, exchange rates and interest rates will be reinforced to foster stability in the market and gradual building of confidence. The Group remains focused on executing the expansion opportunities as previously advised.

By Order of the Board.

AXIA CORPORATION LIMITED

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Prometheus Corporate Services
Company Secretary
14 November 2022