



8 Cambridge Avenue, Newlands, Harare, Zimbabwe
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AXIA CORPORATION LIMITED TRADING UPDATE FOR F2021 FIRST QUARTER ENDED 30 SEPTEMBER 2020

Trading Environment

The inflationary trading environment continued into the first quarter thus having an impact on operating costs. Added to this, local currency liquidity was a major issue during the quarter under review as most financial institutions were facing challenges to avail the required funding. Transacting in foreign currency has helped mitigate liquidity constraints somewhat.

The gradual easing of lock-down restrictions has improved people movement and business trading hours resulting, to some extent, in a general upswing in recent volumes. Volume performance against the final quarter of F2020 has been very high as retail businesses only traded for 8 weeks of the 13-week final quarter of F2020.

The introduction of the foreign currency auction system in June 2020 has been encouraging and played a critical role in stabilizing the exchange rate which has helped businesses to plan during the period. The Group welcomes the current stability in the exchange rate and is hopeful that this auction system will continue to be adapted to ensure that payments to foreign suppliers can be fully met.

TV Sales & Home

First quarter volumes at TV Sales & Home closed 48% higher than the comparative quarter which led to significant growth in turnover. As explained in the F2020 year-end statement, the business was holding reasonably good stock balances, it was able to supply the market to meet demand. The business has reviewed its credit sales offering and has just launched an enhanced credit product just in time for the Black Friday and festive season promotions. The business opened its 50th store, in Mutare, during the month of October and this is the biggest store by area.

DGA Zimbabwe

Volumes traded by Distribution Group Africa Zimbabwe operations in F2021 were similar to those achieved in the comparative period and were 52% above those recorded for the final quarter of F2020. This shows stability in the volumes traded compared to last year as the period under review was characterized by relative price stability across the value chain.

DGA Region

In Zambia, first quarter volumes were 5% above those attained in the comparative quarter.

In Malawi, first quarter volumes went down 17% compared to the comparative quarter but were 41% above those achieved in the final quarter of F2020. The decline in volumes is primarily a result of grey products coming into the market at cheap prices.



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Transerv

Transerv witnessed a decent increase in volumes over the comparative quarter. The growth in volumes has been a result of prices that were relatively stable during the quarter. The business managed to maintain its footprint and management will continue to look for lucrative new sites to grow the business. The business is in the process of rebranding its Midas franchised stores to Transerv and is hoping to complete the exercise by end of this calendar year. The ADCO unit will be rebranded to Transerv Diesel Services whilst Clutch & Brake Specialists (CBS) will be rebranded to Transerv Clutch and Brake.

Outlook

Accessing foreign currency to pay foreign suppliers remains the Group's key focus area. The Group will continue to explore ways to increase working capital funding in order to match the increased level of business activity. In addition, the Group will focus heavily on re-building its volume and revenue bases in the forthcoming period.

Impact of COVID-19

The operating environment remains uncertain due to the COVID-19 pandemic which continues to evolve. Despite the gradual easing of lock-down 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 impact of Covid-19 on businesses globally is and will continue to be significant. The Group remains resilient and determined to withstand the effects of this dreadful pandemic. 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. 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.

By Order of the Board.

AXIA CORPORATION LIMITED

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

Prometheus Corporate Services
Company Secretary
13 November 2020