



8 Cambridge Avenue, Newlands, Harare, Zimbabwe

Tel: (+263-24) 2776998/2776273

## **AXIA CORPORATION LIMITED**

### **TRADING UPDATE FOR F2022 FIRST QUARTER ENDED 30 SEPTEMBER 2021**

#### **Trading Environment**

The first two months of the quarter were characterized by a Covid 19 Level 4 Lockdown with a concomitant reduction in trading hours. Despite this, the Group's retail operations registered good volume growth. Inflation and the currency depreciation continued during the quarter. Towards the end of the quarter, foreign currency issues started to dominate the market. It is our fervent hope that sustainable, practical and progressive policies are adopted to deal with these issues and we are encouraged by the recent attempts by the Authorities to work with the Private Sector in this regard.

Despite these challenges, the Group remains focussed on executing strategic initiatives and opportunities as advised in our 30 June 2021 results publication to continue to grow stakeholder value.

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

Volumes grew by 36% compared to the same period last year and continues to trend upwards, benefiting from competitive pricing, consistent product supply, the positive momentum of credit offerings and exciting consumer promotions namely Winter Warmer, Birthday Bash and Euro 2020 that were active in the quarter.

The business acquired an additional 11% in Restapedic, a local bed manufacturer, to increase its shareholding to 60% effective 1 July 2021. This has enabled TV Sales & Home to fund the construction of a new multi-million US Dollar state of the art factory, which commenced in August 2021. This new factory will result in the business growing its production to meet increasing local demand and service export markets.

A new retail store is scheduled to open in Bulawayo by the end of the second quarter.

#### **Transerv**

Volumes continued on a positive trajectory being 25% above the comparative period. 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. New store sites have been secured in Chiredzi and Victoria Falls.

#### **DGA Zimbabwe**

Volumes were 20% below the prior comparative period mainly due to the restructuring of the original agreement with the Progroup. The resultant reduction in volume sales from the Progroup agency was partly compensated for by the new distribution agreement that was executed with National Foods Retail distribution business. This agreement is a significant addition to the business.

#### **DGA Region**

In Malawi, first quarter volumes were 58% up compared to the comparative period, owing to the impact of newly acquired distribution agencies which came on Board as follows:

- Unilever - effective 1 August 2021
- BIC and Clover - effective April 2021 and July 2021 respectively.

Malawi has now become a significant contributor to the positive performance of the regional business.



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The Zambian Kwacha appreciated against key supplier currencies such as the South African Rand and United States Dollar following the positive political sentiment after the recent Presidential election. The appreciation of the exchange rate resulted in market-wide corrections of business cost bases which led to demand for price reductions and resultantly shrunk product demand. The business has since corrected its pricing positions in response to market conditions. As a result, first quarter volumes in Zambia were 29% below those attained in the comparative period.

#### **Hardware business**

The Group is operating a hardware store as a joint venture with another industry player. The volumes in the hardware store are encouraging with focus in the quarter having been on fast-moving and essential hardware lines as well as supplying key lines for construction. Another store is set to be opened in Q2 F2022 under the same joint venture model.

#### **Outlook**

We hope the anticipated economic recovery will continue to be sustainable and will be anchored by conducive policies, which will not only support this recovery process, but will also contribute towards the stability of the exchange rate and at the same time keep inflation under control. 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  
29 October 2021