AXIA CORPORATION LIMITED

ANALYSTS PRESENTATION

AXIA CORPORATION LIMITED

Contents

Operations Review

Key highlights of FY24 – TSVH Group TV Sales & Home

- Year to date revenue was 7% above comparative year while volumes grew by 15%.
- TVSH opened 4 new bedtime stores in Borrowdale and Gweru.
- Post year end, TVSH launched their solar products offering at prices lower than Transerv and sales reached in excess of $280k in the first month(August 2024).

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Key highlights of H1FY24 – TSVH Group Restapedic

- YTD volumes are 54% up on the comparative year, while YTD revenues were 31% ahead of prior year.
- Export sales have not taken off as expected. Though the first truck was delivered in May 2024, no sales were realised up to year end and post year end, there has been slow traction on bed sales.

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Key highlights of H1FY24 – TSVH Group Legend Lounge

- Year to date volumes were 34% above comparative year. This resulted in a 16% revenue growth for the half year.
- Production volumes have improved to profitability levels
- Management restructure in the last half of FY23 resulted in better control of opex.
- Sourcing of better quality and cheaper raw materials is in progress and first consignment is expected in Q3 and this will help to better margin levels.

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Key highlights of H1FY24 Transerv

- Revenue increased by 8% compared to the prior year on the back of an 8% increase in volumes for the same period.
- The following shops were opened in the half year:
  - 6 retails branches
  - 2 fitment centres
- The Group increased its shareholding from an effective 50.51% to 87.75% after acquiring shares from the significant minority shareholder with effect from 1 July 2023.
- The business introduced solar products in mid October and the sales statistics are encouraging.
- Credit sales continue to grow and is expected to maintain that trajectory into the foreseeable future.

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Key highlights of H1 FY24
Distribution Group Africa-Zimbabwe

- Sales volumes declined by 39% against comparative year.
- Volumes were depressed due to formal traders failing to adhere to payment terms.
- Business restructured to 3 operating entities streamlined to efficiently serve in a lean structure – no anticipated retrenchment costs.
- Business will continue to redefine its operating models.

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Key highlights of H1FY24 Distribution Group Africa-Malawi

- Revenue growth of 42% in US$ terms and 90% in Kwacha terms against same period last year. Volumes recorded a 26% growth over the same period
- Key principals recorded double digit growth in spite of foreign currency challenges.
- Management remains focused on plans to generate foreign currency to settle foreign suppliers so as to improve trading.
- Distributor of the year award (Colgate).
- Most resilient distributor of the Year (Unilever)

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Key highlights of H1FY24 Distribution Group Africa-Zambia

- In Zambia, turnover **increased** by 18% in Kwacha terms and a 7% decline in US$ terms whilst volumes increased by 2% on the comparative year.
- The gross margin percentage at 19%, however, decreased by 1% due to sustained margin pressures from large customers.
- The Zambia Kwacha has depreciated 22% against the US Dollar and 24% against the South African Rand from the end of the September 2023 quarter to the end of the December 2023 quarter. The cumulative depreciation for the financial period to the US$ and South African Rand stands at 46% and 51% respectively. **Notwithstanding this, the Zambian entities have continued to source foreign currency adequate to meet their requirements.**

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Macro Economic Environment

- Elnino effect is expected to have a negative effect on the economies of the countries in which we operate.
- Exchange rate has been stable during the first five months due to measures taken by the authorities. However, the rate has been rapidly depreciating from mid-December 2023 to date.
- Awaiting the announcement of the monetary policy framework which is hoped to foster stability in the exchange rate and build market confidence.
- The Zambia Kwacha has depreciated 22% against the US Dollar and 24% against the South African Rand from the end of the September 2023 quarter to the end of the December 2023 quarter. The cumulative depreciation for the financial period to the US$ and South African Rand stands at 46% and 51% respectively
- In Malawi, The kwacha devalued by 44% on 9th November 2023, moving from 1168.78 (in October) to close at 1699.31 (in November) against the USD and from 63.63 to 92.72 against the Rand.

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FINANCIAL REVIEW

Salient Features

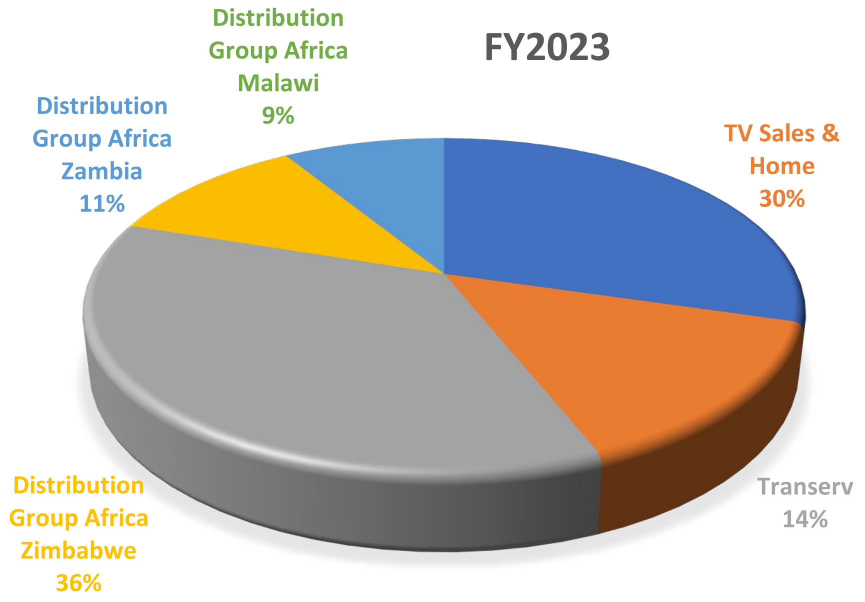
	FY 2024 USD	FY 2023 USD	
Revenue	97 246 110	100 806 340	4%
Operating profit before depreciation and fair value adjustments	12 922 361	12 348 376	5%
Profit for the period	6 029 996	5 645 978	7%
Total assets	135 439 869	118 177 281	15%
Headline earnings per share (cents)	0.64	0.58	11%
Cash generated from operations	9 742 379	5 217 837	87%
Interim dividend per share (cents)	0.18	0.18	-

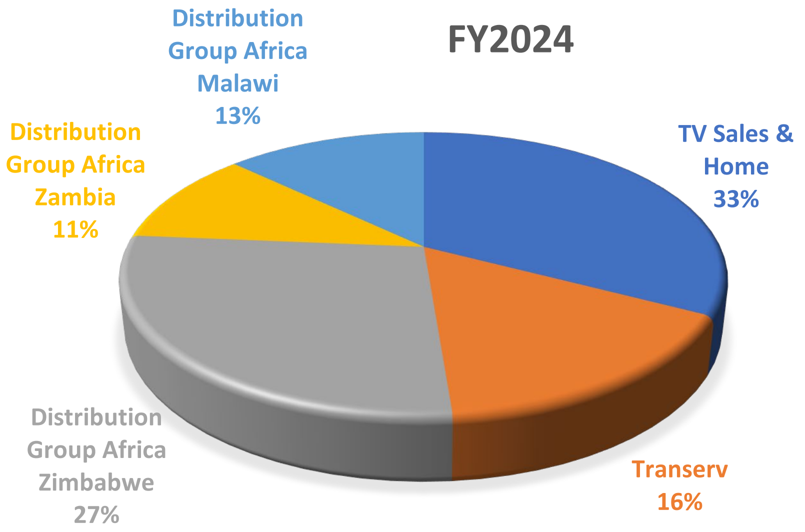
US$ Income Statement

	FY 2024 Unaudited US$	FY 2023 Unaudited US$	Growth
Revenue	**97 246 110**	**100 806 340**	**-4%**
Gross Profit	**30 671 478**	**29 391 007**	**4%**
Operating expenses	(19 522 863)	(18 601 684)	5%
EBITDA	**12 922 361**	**12 348 376**	**5%**
Financial gains	832 292	441 836	88%
Depreciation	(3 434 236)	(2 360 028)	46%
Profit before interest and tax	**10 320 417**	**10 430 184**	**-1%**
Net interest expense	(1 919 884)	(1 914 917)	0%
Equity accounted earnings	203 884	156 289	30%
Profit before tax	**8 604 417**	**8 671 556**	**-1%**
Tax expense	(2 574 421)	(3 025 578)	-15%
Profit for the period	**6 029 996**	**5 645 978**	**7%**
Dividend	0.18	0.18	-

US$ Income Statement 'continued'

Revenue Contribution by Company





Income Statement Contributors - USD

REVENUE

	REVENUE		GROWTH	
	FY2024	FY2023		
TV Sales & Home	31,756,769	29,816,529	▲	7%
Transerv	15,645,251	14,527,626	▲	8%
Distribution Group Africa Zimbabwe	26,834,327	36,417,500	▼	-26%
Distribution Group Africa Zambia	10,455,359	11,195,396	▼	-7%
Distribution Group Africa Malawi	12,554,405	8,849,290	▲	42%
	97,246,110	100,806,340	▼	-4%

Income Statement Contributors - USD

GROSS MARGIN

	GROSS MARGIN FY2024	GROSS MARGIN FY2023	GROWTH
TV Sales & Home	16,449,906	14,317,118	15%
Transerv	4,693,839	3,835,297	22%
Distribution Group Africa Zimbabwe	6,836,214	8,541,000	-20%
Distribution Group Africa Zambia	1,999,392	2,311,265	-13%
Distribution Group Africa Malawi	2,456,908	1,933,928	27%
Intercompany eliminations + Head Office	8,966	11,452	
	32,445,225	30,950,061	5%

Income Statement Contributors - USD

OPERATING EXPENSES

	OPEX		
	FY2024	FY2023	GROWTH
TV Sales & Home	8,925,936	7,006,738	27%
Transerv	3,159,446	2,842,627	11%
Distribution Group Africa Zimbabwe	4,698,303	6,625,053	-29%
Distribution Group Africa Zambia	1,462,639	1,334,756	10%
Distribution Group Africa Malawi	1,109,006	762,725	45%
Intercompany eliminations + Head Office	167,533	29,785	
Total	19,522,863	18,601,684	5%

Income Statement Contributors - USD

EBITDA

	EBITDA FY2024	FY2023	GROWTH	
TV Sales & Home	7,523,970	7,310,380	▲	3%
Transerv	1,534,393	992,670	▲	55%
Distribution Group Africa Zimbabwe	2,137,911	1,915,948	▲	12%
Distribution Group Africa Zambia	823,166	976,510	▼	-16%
Distribution Group Africa Malawi	1,016,684	1,171,203	▼	-13%
Intercompany eliminations + Head Office	(113,762)	(18,335)		
Total	12,922,361	12,348,376	▲	5%

Statement of Financial Position USD – Assets

		At	At
		31 December 2023	30 June 2023
		Unaudited	Audited
		USD	USD
ASSETS			
Non-current assets			
	property, plant and equipment	28 569 626	28 949 225
	right of use assets	11 634 892	12 915 358
	investments in associates and joint ventures	2 053 838	1 849 953
	deferred tax assets	218 692	224 443
		42 477 048	**43 938 979**
Current assets			
	financial assets	312 955	505 782
	inventories	42 591 784	38 654 485
	trade and other receivables	37 798 797	32 238 750
	cash and cash equivalents	12 259 285	2 839 285
		92 962 821	**74 238 302**
Total assets		**135 439 869**	**118 177 281**

Statement of Financial Position USD – Equity & Liabilities

		31 December 2023	30 June 2023
		Unaudited	Audited
		USD	USD
EQUITY AND LIABILITIES			
Capital and reserves			
	ordinary share capital	55 600	55 600
	share premium	3 620 572	3 620 572
	non-distributable reserves	(4 042 597)	(2 637 855)
	distributable reserves	36 872 543	33 142 229
Attributable to equity holders of parent		**36 506 118**	**34 180 546**
	non-controlling interests	25 317 342	27 551 277
Total shareholders' equity		**61 823 460**	**61 731 823**
Non-current liabilities			
	deferred tax liabilities	3 285 137	2 417 510
	lease liabilities	7 540 966	9 086 201
		10 826 103	**11 503 711**
Current liabilities			
	interest-bearing borrowings	18 934 462	12 879 341
	lease liabilities	3 862 537	3 747 809
	trade and other payables	37 624 730	26 021 679
	provisions and other liabilities	504 254	519 808
	current tax liabilities	1 864 323	1 773 110
		62 790 306	**44 941 747**
Total liabilities		**73 616 409**	**56 445 458**
Total equity and liabilities		**135 439 869**	**118 177 281**

Cashflow USD

	31 December 2023	31 December 2022
	Unaudited	Unaudited
	USD	USD
Cash generated from operations	**9 742 379**	**5 217 837**
net interest paid	(1 919 884)	(1 914 917)
tax paid	(874 642)	(950 846)
Net cash generated from operating activities	**6 947 853**	**2 352 074**
Investing activities	**(2 010 856)**	**(3 609 200)**
Net cash inflow/(outflow) before financing activities	**4 936 997**	**(1 257 126)**
Financing activities	**4 483 002**	**(729 440)**
Increase/(decrease) in cash and cash equivalents	**9 419 999**	**(1 986 566)**
Cash and cash equivalents at the beginning of the period	**2 839 286**	**5 670 827**
Cash and cash equivalents at the end of the period	**12 259 285**	**3 684 261**

QUESTIONS

CONCLUSION

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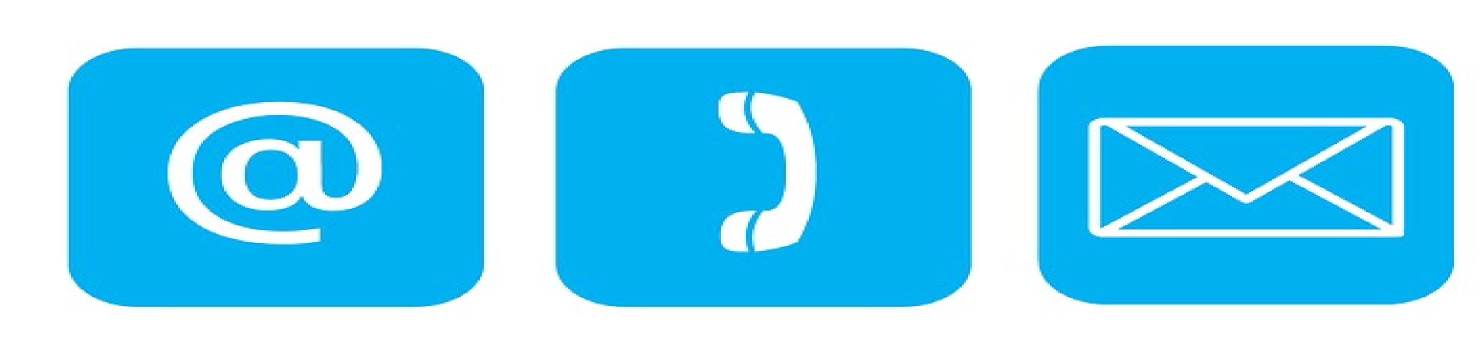

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