

TRADING UPDATE FOR THE THREE MONTHS ENDED 30 JUNE 2021



TRADING ENVIRONMENT

The business environment for the quarter under review continued to be characterised by Covid-19 induced restrictions. However, these restrictions were less severe compared to the same period in the prior year. Product supply remained stable on the back of improved availability of foreign exchange liquidity accessed through the auction system by our supply partners for both local and imported merchandise. Inflationary pressures were stoked midway through the quarter as market players reacted adversely to the promulgation of SI 127 of 2021 which seeks to criminalise dual pricing that is based on discounted US\$ prices relative to the official exchange rate. Consequently, national and internally monitored inflation rates remained high in the quarter although experiencing significant reduction to the prior year inflation rates.

BUSINESS PERFORMANCE

The Group resumed its flagship OK Grand Challenge Promotion which had been temporarily suspended in 2020 due to Covid-19 lockdown restrictions. The Group's stores were adequately stocked during the quarter as supply partners moved timeously to fulfil growing demand.

Revenue for the quarter grew by 263% in historical terms and by 49% in inflation adjusted terms. Volume performance was aided by a surge in aggregate demand across key product categories. Sales volume grew by 48% over the same corresponding period in 2020, attributed to a recovery from more stringent prior year Covid-19 restrictive regulations and the success of the OK Grand Challenge promotion.

OUTLOOK AND BUSINESS CONTINUITY

Towards the end of the quarter, the country experienced a surge in Covid-19 infections and to combat the pandemic, the authorities responded by further tightening the lockdown restrictions. Business trading hours have been reduced from an average of 11 hours to 7.5 hours per trading day. The general curtailment of mobility and economic activity impact disposable incomes and consumer spending.

The Group remains committed to operating in a sustainable and responsible manner to ensure staff and customer safety. We have intensified our alertness and responsiveness to the spike in Covid-19 infections and will continue to implement protocols to ensure the safety of the communities in which we operate.

The Covid-19 pandemic is expected to persist in the foreseeable future and this will affect businesses across the sectors. The accelerated national vaccination programme is quite commendable as it gives hope that the virus will be contained in the medium term.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Munyuru', written over a dotted line.

M. Munyuru (Mrs)
Company Secretary
July 2021



DIRECTORS: H. Nkala (Chairman), M. P. Karombo (Chief Executive Officer), P. Mushosho (Chief Finance Officer), T. L. Gumbo, S. Masanga, R. A. Maunze, R. Mavima, A. S. McLeod, R. J. Moyo, K. Mtemerwa, L. Webster-Rozon

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