

REVIEWED ABRIDGED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020



CHAIRMAN'S STATEMENT

OVERVIEW

Covid-19 was declared a pandemic and the country went into lockdown from 30 March 2020. The lockdown restrictions remained in place at different levels throughout the period under review. The containment measures affected business through limited production, supply chain disruptions, logistical bottlenecks and reduced aggregate demand.

Hyperinflation, underpinned by runaway depreciation of the local currency, continued into the current financial period with official inflation peaking at 837.5% by July. Earnings did not keep pace with increases in prices and this, in addition to the effect of Covid-19, constrained demand. As a result sales volume for the period declined by 26.9% compared to the same period in prior year in an environment where aggregate demand has declined.

With effect from April 2020, the authorities allowed the US\$ to be used to settle transactions alongside the ZWL. However, the Group's sales remained predominantly in ZWL.

The authorities introduced the foreign currency auction system to allocate foreign currency, guided by economic priorities for the country. Between allocations from the auction and the foreign currency sales generated in the business, the Group was able to pay for all its import requirements.

The Group's capital expenditure programme continued during the period and store refurbishments were completed at OK Avonlea and OK Machipisa. Customers responded positively to the improved facilities in-store, leading to improved sales.

The Group embarked on a refreshing exercise for all its three store brands, namely OK, Bon Marche' and OKmart, to reflect how it is staying abreast with customers' requirements and aspirations.

GROUP PERFORMANCE

The results were inflation-adjusted to reflect the impact of the general change in the purchasing power of the reporting currency in accordance IAS 29, Financial Reporting in Hyperinflationary Economies. The commentary is based on historical figures.

Revenue for the half year grew by 684% to ZWL 8.7 billion from ZWL 1.1 billion in the comparative period. Profit before tax of ZWL 1.3 billion was 621% up on prior year's ZWL 185 million, while profit after tax increased by 634% to ZWL 968.3 million from ZWL 131.9 million in prior year.

Overheads grew by 680.6% over prior year. The Group's response to fight Covid-19 pandemic impacted overheads, particularly RDT and PCR tests, purchase of face masks, thermometers, hand sanitizers and staff passage costs. Contingent rentals, repairs and maintenance, bank charges and cleaning expenses also significantly contributed to increase in overheads.

Capital expenditure for the half year was ZWL 384.9 million, up from ZWL 51.5 million for the same period in prior year. Most of the capital expenditure was on store refurbishments and equipping new stores.

DIVIDEND

The Directors have declared an interim dividend of 26 ZWL cents per share to be paid to the shareholders on or about the 5th of January 2021.

OUTLOOK

The Covid-19 induced restrictions have been relaxed in recent months. However, developments elsewhere around the world show that the fight against the pandemic is not yet over. The Group continues to be guided by pronouncements from the World Health Organization and the Ministry of Health and Child Care for measures that protect our staff and other stakeholders.

Post the reporting period, the Group opened a new OKmart store in Victoria Falls on 1 October 2020 and an OK Store in Harare's Sanganayi Inn area on 5 November 2020. The new stores were well received in the respective markets and are expected to contribute meaningfully to the Group's revenue. The Group's refurbishment programme will continue and eight stores have been targeted for completion by the end of the financial year.

The Group will continue to work with supplier partners to ensure the stores are adequately stocked for the festive season and beyond, our value offering to customers will assist to recover volume sales.

H. NKALA

CHAIRMAN

19 November 2020

DIVIDEND ANNOUNCEMENT NOTICE TO SHAREHOLDERS

NOTICE is hereby given that on the 19th of November 2020, the Board of Directors declared an interim dividend (number 28) of 26 ZWL cents per share payable in respect of the qualifying ordinary shares of the Company to be paid out of the profits for the period ended 30 September 2020.

The dividend will be payable on or about the 5th of January 2021 to shareholders in the Group's register at the close of business on the 15th of December 2020. Disbursements to foreign shareholders is subject to Exchange Control Approval and payment guidelines for foreign payments. The dividend will be paid by direct transfers or other approved forms as per the following timetable:-

ACTION	DATE
1 Announcement date	19 November 2020
2 Last Date to Trade Cum-Dividend	15 December 2020
3 Share Trade Ex-Dividend	16 December 2020
4 Last Record Date	18 December 2020
5 Payment Date	5 January 2021

Shareholders are encouraged to update their payment details through our offices or our Transfer Secretaries, Corpserv, 2nd Floor, ZB Centre, Kwame Nkrumah Avenue, P. O. Box 2208, Harare, Zimbabwe.

By the order of the Board

MARGARET MUNYURU (MRS.)

GROUP COMPANY SECRETARY

19 November 2020

REVIEWED ABRIDGED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six month period ended

Note	INFLATION ADJUSTED		HISTORICAL*	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	ZWL 000 Reviewed	ZWL 000 Unaudited	ZWL 000 Unaudited	ZWL 000 Unaudited
Revenue	11,647,030	13,794,772	8,734,874	1,113,835
Changes in trade inventories	(636,846)	(183,868)	(1,755,912)	(206,234)
Merchandise and consumables used	(7,620,480)	(9,472,472)	(4,466,651)	(572,181)
Employee benefits expense	(618,276)	(599,246)	(495,573)	(46,483)
Depreciation and amortisation expense	(228,342)	(208,239)	(42,784)	(10,547)
Share based payments expense	(5,270)	(7,707)	(3,894)	(931)
Net operating costs	(790,753)	(1,047,033)	(601,944)	(88,618)
Finance cost	(44,078)	(31,506)	(34,511)	(3,838)
Monetary loss	(97,738)	(418,934)	-	-
Profit before tax	1,605,247	1,825,767	1,333,605	185,003
Income tax expense	(605,764)	(328,837)	(365,311)	(53,120)
Profit for the period	999,483	1,496,930	968,294	131,883
Other comprehensive income (OCI)				
Gains on revaluation of property and equipment	268,138	906,087	1,049,136	220,044
Fair value gains on financial assets through OCI	1,055	2,444	2,830	322
Tax expense relating to components of OCI	(43,351)	(45,335)	(192,433)	(49,235)
Other comprehensive income for the period net of tax	225,842	863,196	859,533	171,131
Total comprehensive income for the period	1,225,325	2,360,126	1,827,827	303,014
Weighted average number of ordinary shares in issue	1,244,456,417	1,219,587,462	1,244,456,417	1,219,587,462
Share performance - ZWL cents				
: attributable earnings per share	80.31	122.74	77.81	10.81
: headline earnings per share	80.18	122.68	77.68	10.81
: diluted earnings per share	79.55	121.55	77.07	10.71
: net asset value per share	480.74	481.37	218.20	37.20

REVIEWED ABRIDGED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at	Note	INFLATION ADJUSTED		HISTORICAL*	
		30 Sep 2020	31 Mar 2020	30 Sep 2020	31 Mar 2020
		ZWL 000 Reviewed	ZWL 000 Audited	ZWL 000 Unaudited	ZWL 000 Unaudited
Assets					
Non-current assets					
Property and equipment	8	4,524,360	4,000,647	2,163,739	750,186
Financial asset at amortised cost		226	419	115	115
Goodwill		11,816	11,816	400	400
Right of use asset		1,289,208	582,521	260,685	96,084
Financial assets at FVTOCI		3,862	2,807	3,862	1,032
		5,829,472	4,598,210	2,428,801	847,817
Current assets					
Inventories	10	3,164,723	2,536,125	2,612,625	822,265
Trade and other receivables		108,035	44,953	108,035	16,527
Prepayments		419,187	304,023	220,347	73,833
Short-term loans		137	76	137	28
Cash and cash equivalents		200,553	490,789	200,553	180,437
		3,892,635	3,375,966	3,141,697	1,093,090
Total assets		9,722,107	7,974,176	5,570,498	1,940,907
Equity and liabilities					
Capital and reserves					
Share capital		3,590	3,588	125	123
Share premium		1,029,178	1,027,670	39,614	38,575
Share based payment reserve		47,057	41,787	7,420	3,526
Mark to market reserve		2,331	1,287	3,543	741
Revaluation reserve		285,430	60,632	1,220,091	363,360
Non-distributable reserve		290,088	290,088	9,820	9,820
Retained earnings		4,324,960	3,499,285	1,434,747	580,053
		5,982,634	4,924,337	2,715,360	996,198
Non-current liabilities					
Deferred tax		785,895	699,610	218,812	80,654
Finance lease liability		572,493	213,101	255,241	78,346
		1,358,388	912,711	474,053	159,000
Current liabilities					
Trade and other payables	9	1,988,800	1,846,782	1,988,800	678,964
Finance lease liability		21,067	57,302	21,067	21,067
Short term borrowings		50,000	-	50,000	-
Current tax liability		321,218	233,044	321,218	85,678
		2,381,085	2,137,128	2,381,085	785,709
Total equity and liabilities		9,722,107	7,974,176	5,570,498	1,940,907

REVIEWED ABRIDGED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six month period ended

	INFLATION ADJUSTED		HISTORICAL*	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	ZWL 000 Reviewed	ZWL 000 Unaudited	ZWL 000 Unaudited	ZWL 000 Unaudited
Cash flows from operating activities				
Cash generated from trading	1,452,474	1,314,652	1,412,313	200,280
Working capital changes	(664,826)	(157,568)	(718,546)	(60,652)
Cash generated from operations	787,648	1,157,084	693,767	139,628
Net finance charges	(42,523)	(30,064)	(33,605)	(3,669)
Tax paid	(474,656)	(377,155)	(184,047)	(18,528)
Net cash generated from operating activities	270,469	749,865	476,115	117,431
Cash flows from investing activities				
Investments to maintain operations				
Replacement of property and equipment	(274,655)	(553,387)	(247,372)	(48,655)
Proceeds from disposal of property and equipment	1,669	1,237	1,591	86
	(272,986)	(552,150)	(245,781)	(48,569)
Investment to expand operations				
Additions to property and equipment	(152,678)	(30,580)	(137,511)	(2,846)
Net cash utilised in investing activities	(425,664)	(582,730)	(383,292)	(51,415)
Cash flows from financing activities				
Dividend paid	(173,808)	(270,081)	(113,600)	(21,315)
Proceeds from share options exercised	1,510	37,852	1,041	3,023
(Increase)/decrease in short-term loans receivable	(61)	425	(109)	(24)
Lease payments	(12,682)	-	(10,039)	-
Increase in short term borrowings	50,000	-	50,000	-
Net cash utilised in financing activities	(135,041)	(231,804)	(72,707)	(18,316)
Net (decrease)/increase in cash and cash equivalents	(290,236)	(64,669)	20,116	47,700
Cash and cash equivalents at the beginning of the period	490,789	666,313	180,437	31,568
Cash and cash equivalents at the end of the period	200,553	601,644	200,553	79,268

REVIEWED ABRIDGED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six month period ended

	INFLATION ADJUSTED		HISTORICAL*	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	ZWL 000 Reviewed	ZWL 000 Unaudited	ZWL 000 Unaudited	ZWL 000 Unaudited
Shareholders' equity at the beginning of the period	4,924,337	3,735,135	996,198	168,004
Changes in share capital				
Arising from shares issued	1,510	37,852	1,041	3,024
Recognition of share based payment	5,270	7,707	3,894	931
Changes in distributable reserve				
Dividend paid	(173,808)	(270,081)	(113,600)	(21,315)
Total comprehensive income for the year net of tax	1,225,325	2,360,126	1,827,827	303,014
Shareholders' equity at the end of the period	5,982,634	5,870,739	2,715,360	453,658

NOTES TO THE REVIEWED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

1 GENERAL INFORMATION

The Group is a leading supermarket retailer whose business covers three major categories, comprising groceries, basic clothing and textiles and houseware products. At the reporting date, the Group was operating from sixty-five shops countrywide and had two wholly owned subsidiaries.

2 BASIS OF PREPARATION

The abridged reviewed consolidated financial statements of OK Zimbabwe Limited have been prepared in accordance with International Financial Reporting Standards "IFRSs" and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements.

2.1 Hyperinflation

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 (Financial Reporting in Hyperinflationary Economies) compliant. Indices used were obtained from the Zimbabwe Statistical Office for the period from September 2019 to September 2020. The conversion factors used to restate the financial results are as follows:

	Indices	Conversion Factor
CPI as at 31 March 2019	104.4	21.13
CPI as at 30 September 2019	290.4	7.59
CPI as at 31 March 2020	810.4	2.72
CPI as at 30 September 2020	2,205.2	1.00



DIRECTORS: H. Nkala (Chairman), A. E. Siyavora (Chief Executive Officer), A. R. Katsande (Commercial Director), T. L. Gumbo, R. A. Maunze, R. Mavima, A. S. McLeod, B. A. Carter (Alternate), R. J. Moyo, K. Mtemererwa, L. Webster-Rozon

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REVIEWED ABRIDGED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020



NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL RESULTS

For the period ended 30 September 2020

2.2 Currency of reporting

The Group's financial statements are presented in Zimbabwe dollars (ZWL), which is the functional currency of the Group. All foreign denominated transactions and balances post the change in functional currency date, are translated to ZWL in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) at the official interbank rate prevailing at the time of transacting. All values are rounded to the nearest thousand except where otherwise stated.

2.3 Historical reporting*

The historical financial disclosure is shown as complementary information. The information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies). As a result, the auditors have not issued a review conclusion on the historic financial information.

3 STATEMENT OF ACCOUNTING POLICY

The accounting policies are consistent with those used in the prior year.

	INFLATION ADJUSTED		HISTORICAL*	
	30 Sep 2020 ZWL 000 Reviewed	30 Sep 2019 ZWL 000 Unaudited	30 Sep 2020 ZWL 000 Unaudited	30 Sep 2019 ZWL 000 Unaudited
4 CAPITAL EXPENDITURE	427,333	583,967	384,883	51,501
5 CAPITAL COMMITMENTS				
Authorised but not contracted for	2,064,647	1,889,925	2,064,647	249,002
6 INCOME TAX EXPENSE				
Current income tax	562,654	341,127	419,456	72,669
: Standard	546,266	331,191	407,239	70,552
: Aids levy	16,388	9,936	12,217	2,117
With holding tax	176	70	131	15
Deferred tax movement	42,934	(12,360)	(54,276)	(19,564)
	605,764	328,837	365,311	53,120
7 CASH GENERATED FROM TRADING				
Profit before tax	1,605,247	1,825,767	1,333,605	185,003
Adjusted for :				
Net finance costs	42,523	30,064	33,605	3,669
Depreciation and amortisation	228,342	208,239	42,784	10,547
Share based payments expense	5,270	7,707	3,894	931
Employee share participation costs	-	2,512	-	180
Profit on sale of property and equipment	(1,652)	(789)	(1,575)	(50)
Impact of inflation on cash flows	(427,256)	(758,848)	-	-
	1,452,474	1,314,652	1,412,313	200,280

	INFLATION ADJUSTED		HISTORICAL*	
	30 Sep 2020 ZWL 000 Reviewed	31 March 2020 ZWL 000 Audited	30 Sep 2020 ZWL 000 Unaudited	31 March 2020 ZWL 000 Unaudited
8 PROPERTY AND EQUIPMENT				
At the beginning of the period	4,000,647	3,058,506	750,186	123,641
Capital expenditure	427,333	1,205,344	384,883	236,443
Revaluation	268,138	76,427	1,049,136	408,679
Disposals	(17)	(3,979)	(16)	(135)
Depreciation	(171,741)	(335,651)	(20,450)	(18,442)
At the end of the period	4,524,360	4,000,647	2,163,739	750,186
9 TRADE AND OTHER PAYABLES				
Trade payables	1,640,868	1,219,303	1,640,868	448,273
Provisions	171,256	111,068	171,256	40,834
Accruals and other payables	176,676	516,411	176,676	189,857
	1,988,800	1,846,782	1,988,800	678,964
10 INVENTORIES				
Consumable stocks	56,072	64,320	55,302	20,854
Merchandise	3,108,651	2,471,805	2,557,323	801,411
	3,164,723	2,536,125	2,612,625	822,265

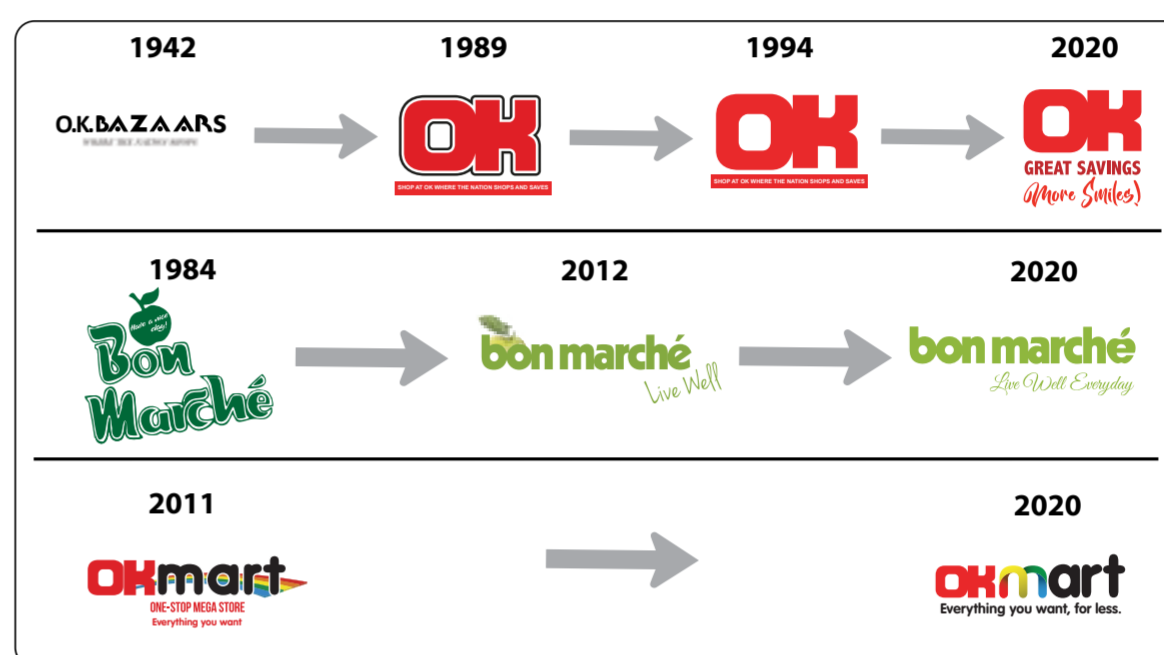
11 CONTINGENT LIABILITIES
There were no contingent liabilities at reporting date.

12 GOING CONCERN
The impact of COVID-19 is expected to persist for the foreseeable future as the vaccine to cure the pandemic is still being developed. The directors and management have assessed the ability of the Group to continue as a going concern and believe the preparation of the condensed financial results on a going concern basis is still appropriate. The Group is capable of settling all its obligations as they fall due while operating profitably. In addition, the Group has banking facilities in place which can be utilised if the need arises.

13 REVIEW CONCLUSION
The condensed interim financial results have been reviewed by Deloitte & Touche (Chartered Accountants) Zimbabwe who indicate that nothing has come to their attention that causes them to believe that these inflation adjusted condensed interim financial results do not present fairly, in all material respects, the inflation adjusted financial position of OK Zimbabwe Limited as at 30 September 2020 and its inflation adjusted financial performance and cash flows for the period and that they were prepared in accordance with IAS 34 - Interim Financial Reporting and the requirements of the Zimbabwe Stock Exchange Listing Regulations.

The engagement partner on the review resulting in this independent auditor's review report is Tumai Mafunga. The auditor's review statement is available for inspection at the Company's registered office and on the website.

REBRANDING TO RECONNECT



Great Savings, More Smiles is a promise of great value all round! With affordable prices and friendly staff on hand to assist, our customers will leave our stores with smiles on their faces. Customers save money and Save on time with our range of affordable products and services that are carefully selected for their convenience.



Live Well Everyday is the brand's lifestyle expression! This is a promise to our customers that our quality product offering and in-store experience support their everyday wellness. Living well is about having a sound and balanced Mind, Body and Soul. Bon Marche proudly takes the lead in encouraging our customers to make positive choices everyday.



Everything you want, for less. We believe that our customers want range diversity and abundance. Hence, we promise to provide a unique one-stop shopping experience to them; offering a competitively priced wide product range, delivered with the quality service they have come to know and trust.

"We continually put effort into understanding our customers' desires, aspirations and needs in order that our offering and marketing thrust can achieve customer satisfaction and loyalty. This way we ensure that our brands keep evolving in a manner which delivers promises that are meaningful, unique and compelling."

Mr. Alex E. Siyavora, OK Zimbabwe Limited CEO

RESET | REVITALIZE | REFRESH



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**Independent Auditor's Report on Review of Inflation Adjusted Condensed Interim Financial Information
To the Shareholders of OK Zimbabwe Limited
For the six-month period ended 30 September 2020**

We have reviewed the inflation adjusted consolidated interim financial information of OK Zimbabwe Limited and its subsidiaries ("the Group"), which comprise the inflation adjusted condensed consolidated interim statement of financial position as at 30 September 2020 and the inflation adjusted condensed consolidated interim statement of profit and loss and other comprehensive income, the inflation adjusted condensed consolidated interim statement of changes in equity and the inflation adjusted condensed consolidated interim statement of cash flows for the six month period ended, and selected explanatory notes.

Directors' responsibility for the inflation adjusted condensed consolidated interim financial information

The directors are responsible for the preparation and presentation of these inflation adjusted condensed consolidated interim financial information in accordance with the International Accounting Standard (IAS) 34, (Interim Financial Reporting) and the requirements of the Zimbabwe Stock Exchange (ZSE) Listings Requirements for interim financial information, and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted condensed consolidated interim financial information that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the inflation adjusted condensed consolidated interim financial information

Our responsibility is to express a conclusion on these inflation adjusted condensed consolidated interim financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the inflation adjusted condensed consolidated interim financial information are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly we do not express an audit opinion on these financial information.

**Independent Auditor's Report on Review of Inflation Adjusted Condensed Interim Financial Information
To the Shareholders of OK Zimbabwe Limited
For the six-month period ended 30 September 2020 (Continued)**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these inflation adjusted condensed consolidated interim financial information do not present fairly, in all material respects, the inflation adjusted consolidated financial position of OK Zimbabwe Limited and its subsidiaries as at 30 September 2020 and its the inflation adjusted consolidate financial performance and the inflation adjusted consolidated cash flows for the six month period then ended in accordance with IAS 34 and the provisions of the Zimbabwe Stock Exchange Listing Requirements.

The engagement partner on the review resulting in this independent auditor's review report is Tumai Mafunga.

Deloitte & Touche

**Per. Tumai Mafunga
(PAAB Practice Certificate Number 0442)
Deloitte & Touche Chartered Accountants (Zimbabwe)
Harare
Zimbabwe**

19 November 2020