

TRADING UPDATE FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2020



(Incorporated in Zimbabwe on 19 March 1963 under Company Registration Number 118/53)

TRADING ENVIRONMENT

The relaxation of Covid-19 lockdown restrictions improved the operating conditions for the business during the third quarter to December. Extension of trading hours and free movement of people resulted in increased footfall into the stores. The foreign currency auction system improved availability of foreign currency leading to relative stability of the exchange rate as well as improved supply and prices of goods. Under these conditions the Group was able to stock up its stores adequately in readiness for the quarter as well as the festive season business activity.

BUSINESS PERFORMANCE

Revenue grew by 27% for the quarter and 3% for the year to date in inflation adjusted terms and by 536% and 601% for the quarter and year to date respectively in historical terms. Sales volumes grew by 7% for the quarter but were below prior year by 15% for the nine months. While the year to date volume is negative this is an improvement from the retreat by 26.9% reported for the half year ended 30 September 2020.

The Group continues to operate profitably and margins for the third quarter were consistent with the performance reported for the half year ended 30 September 2020.

EFFECTS OF COVID-19 ON THE BUSINESS

The Covid-19 pandemic is unrelenting and the Group has installed and continues to enforce the precautionary measures as recommended by the World Health Organisation and Government of Zimbabwe through the Ministry of Health and Child Care:-

- Providing personal protective equipment to all staff;
- Testing of staff, customers and other stakeholders' temperatures on entering the company premises;
- Engaging suppliers to ensure availability of merchandise for trading in the stores;
- Allowing fewer customers in the stores at any one time to promote and maintain social distancing;
- With assistance from public health practitioners, enhanced hygienic procedures including provision of sanitizers, hand washing facilities for use by both staff and our customers and increased frequency of cleaning of facilities.

The cost of Covid-19 pandemic precautions and awareness campaigns for staff, customers and the public at large has added to the company's operating costs, but the Board and management consider this to be responsible business and worthwhile.

SOLVENCY POSITION

The Directors and management have assessed the Group's cash generating capacity and are satisfied that the Group is capable of settling all its obligations as they fall due as well as continue operating profitably. In addition, the Group has banking facilities in place which can be utilized if the need arises.

OUTLOOK AND BUSINESS CONTINUITY

Coming out of the festive season, the country experienced a surge in Covid-19 infections. Government responded by imposing extreme precautions effective 5 January 2021 in an effort to limit transmissions and outbreaks and allowed only essential services to operate. The Group is part of essential services being in the food and provisions sector and is thus allowed to operate, albeit for significantly reduced hours.

The Covid-19 pandemic is expected to persist up to the end of the financial year and beyond. While the curtailment of non-essential business activity and restrictions on people mobility impacts both the supply chain and customer activity in our stores, the business has experienced reasonable levels of trade. Our stores were reasonably stocked at the end of the festive season and manufacturers of essential products have resumed production and are delivering goods to our stores. The good rainfall received this agricultural season points to a good harvest and this is expected to result in improved consumer spending power and consumption.

By Order of the Board

M. Munyuru (Mrs.)
Company Secretary
29 January 2021



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

ADDRESS: OK House, 7 Ramon Road, Graniteside, P.O. Box 3081, Harare, Zimbabwe. Telephone: 263 (242) 7511/9, (242) 7502089/9, (242) 755617, (242) 755632, and (242) 755637 | FAX: 263 (242) 757028, (242) 757039. TELEX: 26463ZW, E-MAIL: corpserv@okzim.co.zw