

## TRADING ENVIRONMENT

The macroeconomic environment posed various challenges in the quarter under review. In spite of the myriad of challenges, the Group's stores were well stocked to deliver good quality service to our customers during the peak festive season. The Company worked with the Reserve Bank of Zimbabwe (RBZ) to co-create solutions around in-store foreign currency trading. The flexibility offered through various promotional discounts helped improve foreign currency sales revenues and managed to stem illegal forex trades by vendors in the various shopping centres where the Company operates from.

The persistent shortages of foreign currency in the broader macroeconomic environment continued to create inflationary headwinds that resulted in a 6% average month-on-month inflation rate. Debilitating power outages worsened during the trading period as supplies from the national utility ZESA became unpredictable and unbearably long. Alternative power sources remain expensive, inadequate and increase operating costs for businesses.

Covid-19 lockdown restrictions remained in place throughout the quarter as the Omicron variant caused havoc with its relatively easy transmissibility. The Company embarked on a vaccination drive that resulted in 99% of the staff getting vaccinated against COVID-19. A select number of the Company's stores hosted vaccination teams from the Ministry of Health and Child Care to help staff and customer access the much-needed vaccination shots.

## BUSINESS PERFORMANCE

Revenue grew by 29% for the quarter and 37% for the year to date in inflation adjusted terms and by 103% and 132% for the quarter and year to date respectively in historical terms. Sales volumes grew by 8% for the quarter and by 27% for the nine months.

Profit margins for the third quarter were higher than reported for the half year ended 30 September 2021 owing to improved operational effectiveness.

## OUTLOOK

The Group anticipates an improvement in the product supply environment on the back of a combination of increased foreign currency collections in-store as well as renewed commitment by authorities to improve efficiencies on the RBZ auction system. Payment of civil servants' emoluments in foreign currency, heightened agricultural activity, and resumption of normal school calendar are expected to result in an upturn in consumer spending.

While Covid-19 remains a threat, the Group will continue to implement best practice protocols to ensure the safety of its employees, customers, supplier partners and all other stakeholders.

By Order of the Board



M. Munyuru (Mrs)  
Company Secretary  
14 February 2022



**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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