



The Company hereby provides its trading update for the quarter ended 31 December 2022.

ENVIRONMENTAL OVERVIEW

The trading environment in the quarter under review was characterised by episodes of high annual inflation which hovered above 200%. However, the monthly inflation rates showed signs of slowing down towards the end of the quarter as measures instituted by fiscal and monetary authorities began to bear fruit. Liquidity constraints were witnessed in the last three months of 2022 resulting in dampened consumer demand.

The country's exchange rates relatively stabilised during the third quarter pursuant to monetary policy interventions. Resultantly, forex collections improved in direct comparison to the prior quarter.

Excessive power outages severely affected business operations and resulted in heavy reliance on generators and other alternative power sources, thereby compromising the ease of doing business and increasing operational costs.

VOLUME PERFORMANCE

Sales volumes decreased by 11.33% for the quarter and 9.37% for the nine months to December 2022 compared to the prior year driven by declining consumer spending power.

The Group embarked on a volume recovery plan which resulted in a growth of 3% being recorded for the month of December 2022 compared to the prior year.

FINANCIAL HIGHLIGHTS

The company's revenue grew by 18.3% for the quarter and 28.4% for the nine months in inflation adjusted terms compared to growth of 320.4% and 315.8% for the quarter and nine months to December 2022 respectively in historical cost terms.

Profit margins are consistent with prior year and in line with the Group's plans for the current year.

OUTLOOK

The relatively stable but fragile operating environment remains subject to frequent policy changes. We welcome the reduction in interest rates pronounced by monetary authorities, and the envisaged further liberalisation of the Willing Buyer Willing Seller foreign currency management system. We can only urge the authorities to provide more incentives for productive sectors to invest in growth projects and stave off current operational cost increases necessitated by power shortages and exorbitant fuel costs.

Despite the challenging environment, the Group continues investing in volume growth strategies embedded in various strategic projects which have a high potential to contribute to growth and improve the overall business performance in the last quarter of F23 and the coming financial years.

The business completed two strategic projects as detailed below:

- The acquisition of Food Lover's Market franchise stores from Talwant Trading (Private) Limited and its subsidiaries. Three stores namely Food Lover's Market Avondale, Borrowdale and Bulawayo were added to the OK Zimbabwe Limited stable and whose performance will be included in the final quarter of the Group's financial year.
- The first in-store pharmacy operated by OK Zimbabwe Limited was opened in Glen View, trading under the Alowell Pharmacy brand. Roll out of more pharmacies is planned in various other branches during the last quarter of 2023.

By Order of the Board


Margaret Munyuru (Feb 9, 2023 13:06 GMT+2)

M. Munyuru (Mrs)
Group Company Secretary
9 February 2023