OK ZIMBABWE LIMITED

Incorporated in Zimbabwe on 19 March 1953, under registration number 118/53
ZSE Code: OKZ.zw ISIN: ZW 000 9011 785

MARKET UPDATE

INTRODUCTION

Further to the Cautionary Statement first issued on 2 April 2025 and repeated on 2 May 2025 and 6 June 2025, the Board of Directors wishes to provide an update on the Company's operational and financial status. The Cautionary Statement highlighted that the Group was losing money and had a funding gap of US$30.5 million. The Group's audited financial results for the year ending 31 March 2025, published on 6 November 2025, underscore the financial distress of the business, which started in 2024 and continued into 2025.

As reported in previous updates, the Company separated from executive leadership and engaged an interim management team of former executives of the Company to stabilise the operations of the Group. A turnaround plan has been put in place, and a review of its progress is outlined below.

UPDATE ON THE TURNAROUND PLAN

1. RAISING CAPITAL

The Group required a minimum of US$30.5 million to correct the liquidity shortage hampering business operations. The Directors approved the amount and presented the proposal to shareholders. At an Extraordinary General Meeting ("EGM") held on 17 July 2025, the shareholders approved the capital raise composed of US$20 million by way of a Renounceable Share Rights Offer and US$10.5 million from sales of freehold properties owned by the Company.

The rights offer was successful and raised the full amount of US$20 million. However, the property sales have taken longer than expected to materialise, and as a result, the US$10.5 million funding has not yet been realised. Sale and purchase agreements on two of the properties are about to be signed, while offers on other three are being reviewed. Efforts to dispose of the other properties and improve liquidity continue.

2. ENGAGEMENT WITH BUSINESS PARTNERS

The interim Management team engaged with all suppliers to agree on amounts owing as at the end of February 2025 and put in place a settlement plan from the funds raised by the Company and from operations. The suppliers agreed to a partial settlement, after which supplies to the Company would resume. Unfortunately, trading terms that are in place have not allowed adequate stock build-up to support the required level of activity. Engagements with suppliers continue to improve credit extension periods and to build up the range of stock available. We appeal to all our suppliers to work with us during the summer trading season – our success is your success!

3. ORGANISATIONAL RESTRUCTURING

The Group has closed eleven (11) stores which were no longer viable. Included in the eleven stores are three Food Lover's Market outlets, which were wound down, and the franchise was not renewed. Three more stores are in the process of being closed. The Company will continue to operate sixty-two stores (62) that are in strategic and good locations. Close monitoring continues, and stores that cease to contribute meaningfully will also be closed.

The Chisipite Shopping Centre is being redeveloped into a bigger mall, and the Bon Marche' supermarket will be relocated to a newly constructed facility at the redeveloped Centre. OK Makoni is currently a very small store that cannot carry a meaningful product range. A new and more spacious store has been constructed for the Group to lease at Makoni Shopping Centre, which will give the store a better chance to compete for business in this busy location. Product supplies are being directed to stores in good locations that can improve stock turn and liquidity generation.

Following the reduction of the number of stores, the Head Office support staff has also been reduced, and this exercise continues. Operating costs have been reduced by 35% and will have been reduced by a further 15% by December 2025.

The Group has also closed the loss-making pharmacy business.

4. BOARD RECONSTITUTION AND LEADERSHIP TRANSITION

It was resolved at the EGM that the Board of Directors would be reconstituted. In accordance with the Articles of Association of the Company, selection of the new Directors is underway, pending regulatory approval. Announcement of the reconstituted Board of Directors will be made immediately after the upcoming Annual General Meeting ("AGM"). This is expected to introduce fresh expertise and new perspectives. The AGM Notice is available on the Company website for Shareholders' information.

The interim Management team remains in place until the operations of the Company have been restored to normal levels, after which new leadership will be appointed to manage the Company into the future. The process will follow a properly structured induction and handover to ensure the stable continuation of management of the business.

5. OUTLOOK

The Group has and will continue to rationalise operations down to a core retail focus. However, the level of revenue generation remains below break-even levels.The major constraints are limited product supply due to liquidity issues, as well as short trading terms. The delay in the disposal of property assets has hampered liquidity generation that would allow the Group to procure more products to support the required level of sales. Management is confident that some of the properties will be sold and the proceeds paid into the business soon. Staff training is continually underway to improve workers' skills in their job roles. Customer service is at the heart of the training programmes as this will assist the Group, through its employees, to better compete for customer support and sales.

The Group remains positive about the future and is fully supported by the Shareholders, with the Board of Directors and management working in concert for the recovery of the business.

BY ORDER OF THE BOARD

MARGARET MUNYURU (MRS.)
COMPANY SECRETARY
18 NOVEMBER 2025