

# MEIKLES

## — LIMITED —

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### TRADING UPDATE FOR THE QUARTER ENDED 30 JUNE 2021

#### TRADING ENVIRONMENT

Trading environment during the quarter ended 30 June 2021 was characterised by sustained disinflation that commenced in July 2020 attributable to the exchange rate stability and improved access to foreign currency by manufacturers of goods. COVID-19 lockdown restrictions during the period under review were moderate in comparison to the hard lockdown during the same period of last year. Resultantly, sales volume growth was achieved across Group operations in comparison to same period last year.

#### GROUP FINANCIAL PERFORMANCE HIGHLIGHTS

Group revenue for continuing operations grew by 21% and 198% in inflation adjusted and historical cost terms respectively. The agricultural segment was classified as a discontinued operation and an asset held for distribution to shareholders on 31 March 2021. Revenue for the agricultural segment was 41% and 248% ahead of the same period of the previous financial year in inflation adjusted and historical cost terms respectively.

Sales volume at the supermarkets segment increased by 21% for the quarter relative to same period of the previous year. During the same period of last year, sales volume was adversely impacted by stricter lockdown measures implemented by the Government in response to the outbreak of COVID-19 pandemic.

Room occupancy for the hotel segment was 11%, up from no occupancy during the same period of the previous year. The occupancy was split 66% and 34% between foreign and local guests respectively. The hotel was closed due to measures to combat COVID-19 pandemic during the period April to June 2020. The roll out of vaccination programme in Victoria Falls will play a key role in confidence building and return of international tourism.

For the agriculture segment, bulk tea production and export sales for the quarter were 15% below the same period of the previous year. Tea harvesting was affected by limited availability of labour. Most of the available labour was assigned to harvest macadamia nuts and avocados during the period under review. The segment will invest in motorised tea harvesting machines as the shortage of labour is bound to recur during the same period going forward. The average selling price per kilogram firmed up by 3% in US\$ terms from prior year's average price. Macadamia nuts harvested during the period were 65% above prior year whilst avocados harvest was 27% ahead of the prior year. Last year's harvest was reflective of the impact of the two year drought experienced prior to the just ended agricultural season.

Group operating profit margins exceeded same period of last year in both inflation adjusted and historical cost terms.

#### OUTLOOK

There is optimism that economic growth for this year will exceed initial forecast on account of higher than expected agricultural output. However, COVID-19 downside risks remain and continue to evolve.

#### By Order of the Board



T. Mpofu  
Company Secretary  
19 August 2021

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