

# MEIKLES

## — LIMITED —

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### TRADING UPDATE FOR THE QUARTER ENDED 31 DECEMBER 2021

#### TRADING ENVIRONMENT

The quarter under review commenced with increased business activity after the easing of lockdown measures by the Government. However, the restrictions were tightened after the emergence of the Omicron variant at the end of November 2021. The changes to lockdown measures had minimal disruptions to the supermarket segment but led to cancellations of regional and international festive season bookings for the hospitality segment.

On the inflation front, there was a reversal of the sustained disinflation trend witnessed during the first half of the year. The quarter was characterised by elevated inflation driven primarily by the depreciation of the exchange rate. The rising inflation led to escalations in operating costs, putting pressure on profit margins.

#### GROUP PERFORMANCE HIGHLIGHTS

Group revenue for continuing operations for the quarter under review, was ahead of the same period of the previous financial year by 123% and 39% in historical cost and inflation adjusted terms respectively. Group revenue for nine months ended 31 December 2021 grew by 131% and 33% in historical cost and inflation adjusted terms respectively.

Sales volume at the supermarkets segment increased by 32% and 29% for the quarter and nine months respectively relative to same period of the previous financial year. Stores were adequately stocked ahead of the festive season.

Despite the Omicron variant induced cancellations of regional and international bookings, there was a sustained growth in both room occupancy and revenue at the hospitality segment during the quarter under review. Room occupancy for the quarter was 17.55 percentage points above the same period of the previous financial year. The occupancy for the nine month's period closed at 17.41%, up 4.66 percentage points from room occupancy at 30 September 2021. The average room rate and revenue per available room for the quarter grew by 63% and 398% respectively in United States Dollar terms, albeit coming from low bases.

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

#### DEMERGER OF TANGANDA TEA COMPANY LIMITED

The Group's agricultural subsidiary, Tanganda Tea Company Limited was classified as a discontinued operation and an asset held for distribution to shareholders on 31 March 2021. Tanganda was subsequently demerged from the Group on 1 February 2022 and listed separately on the Zimbabwe Stock Exchange on 3 February 2022.

#### CAPITAL EXPENDITURE

The Group fared well in implementing planned capital projects during the quarter under review. The supermarket segment completed the refurbishment of Makoni and Zengeza branches before the end of the quarter under review.

#### LIQUIDITY AND SOLVENCY

The Group remains ungeared and has adequate internal financial resources to implement its plans including access to foreign currency for its import requirements.

#### OUTLOOK

Economic growth is projected in year 2022 and the Group is optimistic about its prospects during the last quarter of its financial year. Revenue growth has remained at the same level achieved during the last quarter at the supermarket segment. The Group is focussing on cost management to mitigate the adverse impact of rising inflation to profit margins. In addition, all the Group's segments are implementing various measures to reduce the adverse impact of COVID-19 to operations.

#### By Order of the Board



T. Mpofu  
Company Secretary  
15 February 2022

www.meiklesltd.com