

MEIKLES

— LIMITED —

4 Steppes Road, Highlands, Harare, Zimbabwe
Tel: +263 242 252068-71, Fax: +263 242 252065/7
Email: reception@meikles.com

TRADING UPDATE FOR QUARTER ENDED 30 JUNE 2022

TRADING ENVIRONMENT

The trading environment for the quarter under review was unstable with annual inflation soaring to 191.6% in June 2022 from 72.7% in March 2022. The official exchange rate depreciated by 157% during the quarter. On a positive note, the quarter under review had much less COVID-19 restrictions in comparison to the same period of the previous year, a development which bodes well for the Group's sales volume growth.

SALES VOLUME PERFORMANCE

The Group fared well on volume, revenue, and profit growth despite the tough trading conditions. Sales volume for the supermarket grew by 39% for the period compared to the same period in the previous financial year. Stock levels in the stores remain adequate despite disruptions on supply chain arising from both international and local factors.

Room occupancy for the hospitality segment increased from 11% to 35%, a growth of 24 percentage points in comparison to the same period in the previous year. The segment is benefiting from the continued easing of both local and international COVID-19 restrictions. The average room rate and revenue per available room grew by 36% and 327% in US\$ terms respectively. The guests mix for the period was 90% foreign and 10% local.

GROUP FINANCIAL PERFORMANCE

Group revenue grew by 88% and 354% in inflation adjusted and historical cost terms respectively. In inflation adjusted terms, profit before tax was 79% up on the same period of the previous year. The growth in profit before tax was 791% in historical cost terms, boosted by exchange gains realised on US\$ denominated cash balances held by the Group's subsidiaries. Exchange gains on the Group's US\$ 19 million cash balance from the disposal of the investment in Mentor was ZWL 6.7 billion and is included in other comprehensive income.

All operating subsidiaries generated positive cash flows during the period under review. The Group's financial stability remains strong supported by significant US\$ cash balances.

OUTLOOK

The Group is optimistic about its prospects despite the evolving challenges in the operating environment. Both expansion and replacement capital expenditure plans continue to be implemented.

By Order of the Board



T. Mpofu
Company Secretary
16 August 2022

www.meiklesltd.com