

MEIKLES

— LIMITED —

TRADING UPDATE FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2020

TRADING ENVIRONMENT

COVID-19 lockdown restrictions were moderately eased during the quarter ended 31 December 2020. Resultantly, trading hours for the Group's operations increased. In addition, the hospitality segment re-opened albeit for domestic tourism only.

Group operations were adequately stocked during the festive season as our supply chains benefited from increased trading hours and improved access to foreign currency from the auction system.

GROUP FINANCIAL PERFORMANCE HIGHLIGHTS

In inflation adjusted terms, Group revenue retreated by 7% and 8% for the quarter and nine months to date, respectively. Group revenue, in historical cost terms grew by 487% and 575% for the quarter and year to date, respectively.

Sales volume at the supermarkets segment declined by 4% and 22% for the quarter and year to date respectively, relative to same period of the previous year. Sales volume for the year to date improved by nine percentage points from 31% decline as at the half year ended 30 September 2020.

For the agriculture segment, bulk tea production benefited from early rains and grew by 41% and 6% for the quarter and year to date, respectively. Bulk tea production was 17% behind last year as at the half year ended 30 September 2020. In volume terms, bulk tea export sales were behind last year by 8% and 10% for the quarter and year to date, respectively. Average bulk tea export price for the quarter of US\$1.39/kg was on par with the average price achieved same period last year but was 6% behind last year for the year to date. Packed tea and coffee sales volume grew by 24% and 18% for the quarter and year to date respectively.

Group profit after tax for the quarter ended 31 December 2020, exceeded same period of last year in both inflation adjusted and historical cost terms.

FINANCIAL POSITION

The Group statement of financial position at 31 December 2020 reflects the Group has sufficient resources at its disposal to fund the planned capital expenditure and challenges arising from COVID-19 implications.

OUTLOOK

The start of the fourth quarter coincided with the second wave of COVID-19 affecting the country, South Africa, and major international source markets for the tourism segment. In response, the Government scaled up the restrictions on movement of people to curtail the spread of the virus. Whilst the Group's main segments are classified as essential service and continue to operate, revenue is likely to be affected by reducing volumes to the end of the financial year and beyond.

The good rains received this season bodes well for the Group's agriculture segment and growth in export crops is expected in the forthcoming financial year. Our dams are full and power, which is essential for irrigation and estate factories will be available not only from traditional sources, but also from the solar projects.

By Order of the Board



T. Mpofu
Company Secretary
12 February 2021

Registered Address
90 Speke Avenue
Harare
Zimbabwe
www.meiklesltd.com