

INNSCOR AFRICA LIMITED

TRADING UPDATE

First Quarter ended 30 September 2021



Our passion for value creation

Innskor Africa Limited hereby issues the following trading update for the First Quarter ended 30 September 2021.

TRADING ENVIRONMENT AND GROUP SUMMARY

Following a period of relative stability, the trading environment during the quarter under review was characterised by increased levels of inflation and uncertainty.

We remain hopeful that practical, progressive and consistent policies will be adopted to ensure that the recent economic gains made by the country can be sustained into the future, and that current market complexities will be eliminated by the implementation of clear, and non-conflicting, laws and regulations.

Notwithstanding current market dynamics, the Group continued to deliver positive volume growth across most categories, supported by recent investment and business optimisation initiatives. Towards the latter part of the quarter under review, the trading environment was enhanced by the gradual removal of COVID-19 lockdown restrictions; this was a positive development for the Group's operations.

The continuing agricultural recovery is pleasing to see, with the 2021 maize harvest being excellent and a promising wheat harvest currently underway. The improved agricultural output will reduce the dependency on imported raw materials, whilst also reducing the burden on the fiscus and improving household incomes.

Despite current uncertainties in the market, the Group remains optimistic, and will continue to focus on its ongoing business optimisation and expansion initiatives.

NATIONAL FOODS

Volumes at National Foods closed 24% ahead of the comparative quarter following an encouraging recovery within the maize division, whilst recent investment into broadening the product offering and plant enhancements delivered incremental growth for the business.

- Flour volumes closed 5% ahead of the comparative quarter, and consumer demand remained firm within the pre-pack and bulk categories.
- Stockfeed volumes increased 29% over the comparative quarter, as small-scale poultry production and the general recovery across the protein market continued to strengthen demand.
- The Maize division registered a pleasing 25% volume increase against the comparative quarter. The volume recovery is encouraging and indicative of the adverse impact that imported maize meal had on the business during the comparative period.
- The Snacks division delivered an 81% volume improvement against the comparative quarter, with strong demand across the increasing range of products.
- The Biscuit category operated at full capacity during the quarter under review and delivered volume growth of 16% over the comparative quarter.
- The newly established down-packing unit, which incorporates rice, salt, sugar beans, and popcorn, recorded volume growth of 59% over the comparative quarter; this was another pleasing result.

BAKERIES

The Bakery division registered an encouraging 32% increase in volumes over the comparative quarter. The Group has commenced further investment into plant automation in its Harare operations, whilst a new state of the art bakery line for Bulawayo is planned for commissioning during 2022.

COLCOM

The Colcom division, comprising Triple C Pigs and Colcom Foods, registered a 25% overall volume increase over the comparative quarter, with the processed category, in particular, delivering a very pleasing volume growth of 44%. Pig production efficiencies and performance continue to improve, and are being supported by investment into additional capacity and enhanced genetics.

IRVINE'S

At Irvine's, volumes within the day-old-chick category closed 39% ahead of the comparative quarter, driven by the firm demand in the small-scale sector, whilst frozen poultry registered volume growth of 8% over the same period. Table egg volumes remained similar to the comparative quarter.

As previously reported, capacity expansion initiatives are underway across all three core categories of the business.

ASSOCIATED MEAT PACKERS

Volumes at Associated Meat Packers were marginally lower than the comparative quarter, and this was primarily due to the restricted trading hours in the quarter brought about through the COVID-19 lockdown measures.

Additional investment into the "Texas Meats" retail network continues across the country.

NATPAK

Volume performance at Natpak remained firm, with a 13% increase in aggregate volumes recorded over the comparative quarter.

Following the successful commissioning of additional production capacity and capabilities during the final quarter of F2021, the Rigids division delivered strong volume growth of 74% over the comparative quarter, whilst good growth was also recorded in the Flexibles division. Marginal volume improvements were registered in the Sacks and Corrugated divisions.

PRODAIRY

Pro dairy continued to record excellent volume growth across all categories, with aggregate volumes being 46% above the comparative quarter. Significant expansion investment continues into raw milk production, as well as product and packaging diversifications and enhancements.

PROBOTTLERS

Pro bottlers achieved pleasing overall volume growth of 46% against the comparative quarter, with both the Cordial and CSD categories registering firm growth on the back of recent investments into additional filling capacity and capability.

PROFEEDS (ASSOCIATE)

At Profeeds, stockfeed volumes closed 17% ahead of the comparative quarter, whilst day-old-chick volumes grew 27% over the same period. Volume performance in ancillary products retailed through the popular "Profarmer" network also showed good improvement.

The recently added "Nutrimaster" fertiliser operation continues to grow and a firm order book is in place for the upcoming summer cropping season.

PROBRANDS (ASSOCIATE)

Pro brands' volumes closed 80% ahead of the comparative quarter, primarily driven by the down-packed categories. Exciting new niche FMCG products continue to be added to the operation's range.

IMPACT OF COVID-19 ON BUSINESS CONTINUITY AND STATEMENT OF SOLVENCY

The Group continues to implement and observe WHO-approved COVID-19 guidelines across its operations to safeguard the health and welfare of its employees, consumers, customers, suppliers, and stakeholders.

The Group fully supports Government's efforts in its vaccination programme, and through ongoing, extensive in-house educational initiatives, it continues to encourage its employees to get vaccinated. The Group's human capital and wellness business, Providence Human Capital, has been authorised to administer on-site vaccinations to employees. It is pleasing to see increasing numbers of fully vaccinated staff members, which has resulted in significantly lower cases being reported across our business units.

The Group continues to review its financing, capital investment and working capital models as part of its business continuity plans. Given the ongoing uncertainty around the impact and conclusion of COVID-19, it is not possible to assess, with absolute certainty, the full impact the pandemic will have on the Group's financial performance for the year ending 30 June 2022. At present, the financial status of the Group remains healthy, and the impact of the COVID-19 has not created any issues from a solvency or liquidity perspective.

By order of the Board

INNSCOR AFRICA LIMITED

AD Lorimer

Company Secretary

Harare

25 October 2021