

INNSCOR AFRICA LIMITED

TRADING UPDATE

Third Quarter ended 31 March 2025



Our passion for value creation

Innscor Africa Limited hereby issues the following trading update for the Third Quarter of the 2025 Financial Year, that ended 31 March 2025.

TRADING ENVIRONMENT AND GROUP SUMMARY

The Group operated under relatively stable market conditions during Quarter Three, with many of the trading dynamics highlighted within the Group's Interim Report remaining unchanged.

The authorities continued to maintain a tight monetary policy stance, and whilst the market experienced constrained liquidity as a result, the stable currency dynamics have ultimately benefited the end consumer through more efficient pricing discovery, and allowed for a consequential improvement in business sentiment. The Group remains hopeful that the prevailing stability will be sustained, and maintains an optimistic, yet cautious outlook, with fiscal discipline being the key determinant in mitigating inflationary pressure and currency volatility.

The Group continued to deliver pleasing volume growth across most of its core manufacturing operations for the nine-month period under review. The positive volume trajectory in the Mill-Bake segment continued through the quarter under review, enabled by improved capacity utilisation and increased distribution reach and efficiency. The Beverage and Light Manufacturing segments also recorded firm volume growth over the comparative period, driven by the commissioning of further capacity expansion projects across a number of categories, and supported by an intensified focus on optimising the bill of materials, and exit pricing for the consumer. The Protein segment, which faced headwinds in the first six months of the current financial year under review, saw volumes recover into Quarter Three; volumes in the segment are now tracking marginally ahead of the comparative nine-month period.

The continued positive volume performance across the Group's manufacturing portfolio has been largely underpinned by the considerable expansion investments reported on in prior periods. Many of these initiatives are now reaching operational scale, and are starting to contribute to volume performance. Whilst the volume momentum is encouraging, margin pressures are evident, reflecting a combination of complex commodity and procurement dynamics, ongoing operational cost-push pressure, and elevated interest rates seen during the period; overall earnings growth rates therefore remain consistent with those reported at the interim period of the current financial year.

Management remains focused toward driving volumes by ensuring pricing strategies maintain product affordability and market relevance, while pursuing targeted cost containment initiatives, enhancing procurement efficiency, and ensuring that the Group's invested capital generates the requisite returns.

BAKERIES

The Bakery division recorded volume growth of 10% over the comparative nine-month period. Consumer demand remained firm into Quarter Three, driven by stable and convenient exit pricing to the consumer, whilst the manufacturing operations continued to benefit from consistent flour supply, improved plant efficiency and capacity utilisation.

The commissioning of an additional, fully automated, state-of-the-art production line is currently underway at the division's Harare facility; this line is expected to be fully operational within the next month. Further initiatives to enhance and expand production processes at both the Harare and Bulawayo sites remain ongoing, coupled with efforts to scale up the "Baker's Inn Express Shop" network countrywide, ensuring easy access to bread for all consumers.

NATIONAL FOODS

At National Foods, volume performance for the nine-month period closed 22% ahead of the comparative period.

- In the Flour division, current nine-month aggregate volumes were 21% ahead of the comparative period, with strong demand across both the Baker's flour and "Gloria" pre-pack flour categories.
- Volumes in the Stockfeed division closed 10% ahead of the comparative period, driven by firm demand in the poultry and beef categories, particularly in the earlier part of the nine-month period under review. A slowdown in volumes was seen in Quarter Three and margins came under pressure due to the high cost of raw materials. We anticipate a recovery in volume and margins heading into the 2024/25 harvest.
- The Maize division recorded a significant volume growth of 58% over the comparative nine-month period, largely attributable to the market dynamics arising from the El Niño drought conditions experienced in the region in the 2023/24 agricultural period. Margin pressures in the category, however, continued into Quarter Three.
- In the Downpacked division, nine-month volumes closed 12% ahead of the comparative period, with a pleasing recovery recorded in Quarter Three. The relaxation of the ban on rice exports out of India in September 2024 has seen raw material prices reducing and consequent improved volume momentum heading into the second half of the year under review. National Foods continues to lobby for the removal of Value Added Tax ("VAT") on rice, on the basis that it is a basic commodity and therefore should have the same VAT treatment as other basics such as maize meal and flour.
- The Snacks division continued to register excellent growth, and on a nine-month basis, volumes closed 52% ahead of the comparative period. This performance was supported by ongoing capital expansion initiatives undertaken in both the "ZapNax" and "King Kurl" categories.
- The Cereals division, which is still in its infancy, recorded significant volume growth over the comparative nine-month period. Performance remains anchored on the "Pearlenta" instant porridge category, whilst positive growth trends were also recorded in the "NutriActive" portfolio during the current period under review.
- As previously reported, the Pasta division commissioned a state-of-the-art short-cut pasta plant in early 2024; this is the first local pasta production line in Zimbabwe; pleasing market traction continues to be recorded in both the "Primo" and "Better Buy" pasta brands.
- The Biscuit division recorded a volume contraction over the comparative nine-month period, as production transitioned to the newly installed, fully-automated production plant in the second quarter of the current financial year. Initial volume uptake in both the "Iris", and "Gloria Munchies" product ranges has been very encouraging.

COLCOM

The Colcom division, comprising Colcom Foods and Triple C Pigs, experienced a marginal recovery in Quarter Three, resulting in nine-month volumes closing 3% ahead of the comparative period. Overall volume growth was driven by the fresh pork category, which registered a 19% growth over the comparative period, whilst volumes recorded in the processed category, comprising bacon, hams, sausages, and polonies, closed 10% behind the comparative period; the performance of this category was driven largely by the intermittent trade in retail, particularly in the early part of the nine-month period under review, although a pleasing improvement was recorded in Quarter Three.

COLCOM (continued)

At Triple C Pigs, volumes delivered to Colcom Foods closed 9% ahead of the comparative period, driven by increased pig deliveries, higher pig weights, continued optimisation efforts, and enhanced genetics. Previously reported expansion efforts at both breeder and grower facilities are at an advanced stage of development, with initial additional pig deliveries to Colcom scheduled to commence at the beginning of the F2026 financial year.

IRVINE'S

At Irvine's, cumulative nine-month volumes for Frozen Poultry and Table Eggs closed 4% and 11%, respectively, ahead of the comparative nine-month period, whilst the Day-Old-Chick category closed marginally behind the comparative period. Profit margins remained compressed throughout the period under review.

ASSOCIATED MEAT PACKERS GROUP ("AMP")

AMP delivered 4% aggregate volume growth over the comparative nine-month period. The Beef category, comprising fresh and processed products, grew 8% over the comparative period, while the Chicken category recorded a marginal volume contraction. The business continued to realise an improved volume contribution of complementary protein products through its "Texas" retail network during the period. Focus remains on growing the overall basket offering and driving efficiency across both the manufacturing and retail business units.

NATPAK

At Natpak, overall packaging volumes closed 9% ahead of the comparative period, driven largely by solid performances across both the Sacks and Flexibles divisions, which recorded volume growth of 9% and 24%, respectively, ahead of the comparative nine-month period. Capacity utilisation in the Rigids division continued to improve, with demand from the beverage sector remaining reasonably firm, whilst the Corrugated division recorded volumes at consistent levels to the comparative period.

PRODAIRY

Pro dairy delivered a 27% growth in aggregate volumes for the nine-month period under review over those recorded in the comparative period. Volumes in the Milk category, under the "Life" brand, closed 9% ahead of the comparative period on the back of increased raw milk supply, and firm consumer demand across the category. The Dairy Blend and Maheu offerings, both operating under the "Revive" brand, delivered combined growth of 34% over the comparative period, driven by capacity uptake on plant extensions, and the introduction of new and exciting product formats in the Dairy Blend category. Volume trends across the butter and yoghurt categories continued to improve during the period, with positive volume growth contributions from all of these product lines.

MAFURO FARMING

At Mafuro Farming, raw milk volume momentum was maintained into Quarter Three, and closed 14% ahead of the comparative period; this performance was driven by ongoing optimisation in pasture management, as well as improved yields from a more mature milking herd.

PROBOTTLERS

At Probottlers, aggregate volumes for the current nine-month period closed at the same level as the comparative period. Both the popular "Bally House" cordial and "Fizzi" CSD product lines recorded volume declines following the imposition of the Sugar Excise Duty on products in these categories, suppressing demand for locally produced cordial and CSD beverages; adding to the situation, was the proliferation of numerous lower-priced, non-compliant local and "grey" import cordial and beverage products, which do not appear to be incurring the same regulatory costs as those being experienced by compliant local producers.

The volume contraction across the core cordial and CSD categories was somewhat recovered through volume growth achieved across the water and sports drinks offerings, under the "H2go" and "Activ8" brands, respectively, but overall profitability in the operation remained marginal as a result of the dynamics articulated above.

THE BUFFALO BREWING COMPANY ("TBBC")

TBBC's sorghum beer offering, operating under the "Nyathi" brand, continued its strong volume trajectory, with pleasing growth continuing to be recorded. Focus in the business remains directed toward exceptional product quality, further route-to-market optimisation, and exciting consumer promotions and brand awareness initiatives.

NUTRIMASTER

At Nutrimaster, fertiliser volumes for the current nine-month period closed 16% behind the comparative period. This was driven largely by the inconsistent rainfall patterns and delayed plantings in the lead-up to the 2024/25 row cropping and tobacco seasons. Prospects for the upcoming local winter wheat season are positive, and this should result in partial volume recovery toward the end of the current financial year; pleasing growth continues in the operation's agrochemical category, operating under the "Opti Chem" brand.

PROFEEDS (Associate)

At Profeeds, volumes closed 4% behind the comparative period; this performance was driven by the operation's constrained production capacity following the previously reported silo collapse in November 2023. A new world-class, full-automated stockfeed manufacturing plant was commissioned at a new site in Bulawayo in November 2024, with encouraging capacity uptake now being recorded.

The "Profarmer" retail network, comprising 61 stores nationwide, continued to deliver firm volume growth across its core product Stockfeed portfolio, whilst the Fertiliser, Seed, and Poultry categories also contributed positively to overall performance.

PROBRANDS (Associate)

Probrands recorded aggregate volume growth of 11% over the comparative period, and whilst volumes in the Rice category contracted, conversely, the other Downpacked categories delivered pleasing growth, supported by improved volume contribution from the Condiments category.

By Order of the Board

INNSCOR AFRICA LIMITED

AD Lorimer

Company Secretary
Harare
13 May 2025