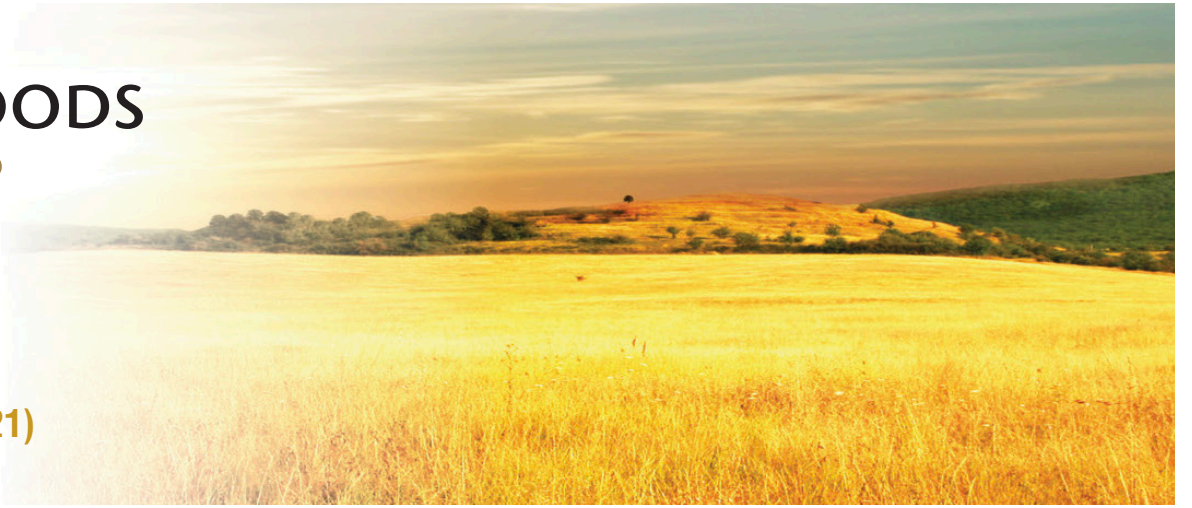


TRADING UPDATE

FIRST QUARTER (JULY-SEPTEMBER 2021)



Trading Environment

1. Consumer demand has continued on a positive trajectory and this has translated into volume growth across all categories for the period.
2. As expected, Maize volumes for the recently concluded 2020-2021 harvest were excellent and the 2021 wheat harvest (which is currently underway) promises to be the best in many years.
3. The agricultural recovery is most welcome, as requirement for imported raw materials will decrease significantly, reducing the burden on the fiscus and improving household incomes.
4. Following a period of relative stability, the last few months have seen an upturn in inflation and generally more challenging business conditions.
5. Whilst our optimism regarding the future of the economy remains, the period ahead needs to be carefully navigated to sustain the recent economic gains.

Business Performance

1. Volumes for the quarter increased by 24% compared to the same period last year to 143,000MT. The salient dynamics in each of the categories are as follows:
 - Flour volumes increased by 5% compared to last year. Demand was firm and the mills ran at capacity for most of the period.
 - Stockfeed volumes increased by 29% versus last year, as demand for poultry feed continued to remain firm, notably from small scale producers.
 - In the Maize unit, there was a recovery in volumes which increased by 25% over the same quarter last year. This was an encouraging outcome as demand is normally muted following a good harvest, and reflects the impact that imports had on demand last year.
 - Demand for Pearlenta Nutri Active instant porridge continued to increase, with volumes growing by 75% compared to last year.
 - For the newly established Down-packed unit, which houses the rice, salt, sugar beans and popcorn categories, volumes continued on an upward trajectory, increasing by 59% when compared to last year.

- Snacks demand was encouraging, as the COVID induced lock-downs eased, recording an increase of 81% over the prior period.
 - Finally, the biscuit category grew 16% versus last year, as the plant ran at maximum capacity.
2. The Group's 2 major capital development projects are on track, with the Bulawayo Flour Mill scheduled for commissioning late in 2022 and the Harare Breakfast Cereal plant scheduled to be completed by the second quarter of 2022.
 3. Turning to the outlook, it is expected that volumes will show continued growth over last year. However, it is hoped that some of the recent economic challenges can be addressed, in order to slow inflation and restore general business confidence.

Impact of COVID-19 on the Business, Business Continuity and Statement of Solvency

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

Given the ongoing uncertainty around the ultimate impact of COVID-19, it is not possible to assess, with absolute certainty, the full impact it will have on the Group's financial performance for the year ending 30th 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

NATIONAL FOODS HOLDINGS LIMITED



LC Howes
Company Secretary
Harare
25 October 2021

