INNSCOR AFRICA LIMITED
TRADING UPDATE
Third Quarter ended 31 March 2022

INNSCOR Africa Limited

Our passion for **value creation**

Innscor Africa Limited hereby issues the following trading update for the Third Quarter ended 31 March 2022.

TRADING ENVIRONMENT AND GROUP SUMMARY

The third quarter saw continued local inflationary pressures and exchange rate volatility, combined with heightened uncertainty against the backdrop of the conflict in Eastern Europe and the resultant implications felt across international commodity markets and inbound supply chains. Notwithstanding the challenging market dynamics, the Group delivered pleasing volume growth across all core manufacturing business units, underpinned by strong consumer demand in the informal trading channels and supported by diversified product portfolios and the recent investments into capacity expansion and manufacturing enhancements.

The erratic rainfall patterns have negatively impacted the prospects for the local agricultural season, and it now seems likely that the importation of maize and soya will be necessary during the course of the period ahead.

Despite the uncertain outlook and the increasingly complex trading environment, the Group remains focused on negating these impacts by driving volumes, ensuring pricing remains competitive, closely managing operating expenditure, and managing working capital positions in the most effective and efficient manner.

BAKERIES

Volumes within the Bakery division continued to recover into the third quarter and, from a nine-month cumulative perspective, were 23% ahead of the comparative period. Bread pricing remains a critical focus area in light of both local and international inflationary pressures; engagement continues with key stakeholders in ensuring that both consumer and producer pricing is balanced appropriately to allow for sustainable supply of product to the market.

As previously reported, several expansion projects are currently underway in the business, which will lead to improvements in both capacity and capability in the Harare and Bulawayo production facilities; these exciting new investments are expected to be operational by the end of the current calendar year.

NATIONAL FOODS

At National Foods, aggregate nine-month volume growth was 11% ahead of the comparative period.

- The Flour division delivered marginal volume growth ahead of the comparative period with a solid performance in the baker's flour segment, and a more subdued outcome in the prepack segment.
- In the Stockfeeds division, volume growth of 16% over the comparative period remained solid, driven by sustained demand across the poultry sector.
- The Maize division volumes continue to track moderately behind the comparative nine-month period following the favourable harvest last year and the resultant increase in household retentions. The business model of this division has been extensively re-modelled to ensure long-term sustainability of the operation.
- Rice and salt demand continue to drive favourable growth within the Downpacked division, which delivered an overall volume increase of 41% over the comparative nine-month period, albeit with some slow-down recorded in the third quarter.
- The Snacks division continues on its encouraging trajectory, recording volume growth of 33% over the comparative nine-month period.
- The newly established CCB division comprising cereals and extruded products, showed strong growth of 45% ahead of the comparative nine-month period. The division continues to enhance its product offering to support the already well-established "Pearlenta Nutri-Active" maize porridge.

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

COLCOM

The Colcom division, comprising Triple C Pigs and Colcom Foods, continued to register very pleasing volume growth through the third quarter, and from a cumulative nine-month perspective, volumes were 16% ahead of the comparative period. The processed pork category continues to deliver a strong performance, with nine-month volume growth of 25% over the comparative period being recorded, whilst improved market uptake in the pie category translated into volume growth of 34% over the same period.

Pig production remained excellent with an all-time quarterly high, in terms of animals processed, being achieved in the third quarter.

Overall focus in the business continues to be directed to driving pig production efficiencies, coupled with investment initiatives to reconfigure the current production facilities and unlock further growth and production enhancements.

IRVINE'S

At Irvine's, cumulative nine-month volumes for the day-old chick and frozen poultry categories closed 38% and 30%, respectively, ahead of the comparative period; table egg production continued to operate at full capacity, and volumes remained slightly ahead of the comparative nine-month period.

A number of exciting capacity enhancement initiatives are at various stages of progress across all three core categories of the business.

ASSOCIATED MEAT PACKERS

Volume performance at Associated Meat Packers continued to show pleasing signs of recovery across the full protein range, with overall volume growth of 16% being recorded against the comparative nine-month period. The expansion initiative within the "Texas Meats" retail network continues, with three further outlets opened during quarter three.

NATPAK

At Natpak, volume momentum was maintained into the third quarter, and on a cumulative nine-month basis, aggregate volumes in the business were 24% ahead of the comparative period.

Nine-month volumes within the Rigids division closed 66% ahead of the comparative period, with expansion investments yielding increased capacity and production capabilities. Volume growth within the Flexibles and Corrugated divisions increased 14% and 6% respectively over the same period. Volumes within the Sacks division also remain marginally ahead of the comparative nine-month period, despite subdued demand for maize packaging.

PRODAIRY

Prodairy continued to record excellent volume growth through to the third quarter, with aggregate volumes being 34% ahead of the comparative nine-month period. The Milk category delivered volume growth of 31% over the same period, while volume momentum within the dairy blend category remained excellent, closing 43% ahead of the comparative period.

During the quarter, the business commissioned additional production capacity and capability within the dairy blend category, launching the new, versatile Tetrapak "Edge" packaging format.

Raw milk production remains a critical aspect of the business, and in this regard, the business continues to make significant investment in national raw milk production both within its own operations, and in support of contract producers.

PROBOTTLERS

Probottlers delivered pleasing volume growth of 27% against the comparative nine-month period, driven primarily by the capacity expansion initiatives undertaken within the "CSD" category.

Whilst volume momentum slowed marginally in the cordials category into quarter three, nine-month volumes remain 35% ahead of the comparative period.

PROFEEDS (ASSOCIATE)

At Profeeds, stockfeed volumes closed 16% ahead of the comparative nine-month period, combined with a 30% improvement in day-old chick volumes over the same period.

The newly-established fertiliser category operating under the "Nutrimaster" brand continues to build pleasing volumes with another strong performance in the third quarter.

The "Profarmer" retail division delivered volume growth across all its ancillary farming product categories, including seed, veterinary products and farming equipment. The division continues to introduce new product offerings and drive operating efficiencies across its growing retail network.

PROBRANDS (ASSOCIATE)

At Probrands, despite aggregate volume growth being muted on a cumulative nine-month basis, encouraging growth was registered in the specialised product and condiment categories, closing 41% and 22%, respectively, ahead of the comparative nine-month period.

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 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 April 2022