



SEED CO LIMITED TRADING UPDATE FOR THE YEAR ENDED 31 MARCH 2020

TRADING ENVIRONMENT

This trading update is being done at a time when the world at large is under siege from the pandemic Covid-19 which has not spared any country including Zimbabwe. The pandemic which peaked globally and also affected Zimbabwe during the last quarter only served to worsen the already adverse socio-economic situation the country was experiencing. The Government's response in line with the global recommendations and World Health Organisation input resulted in the country being under lockdown from 30 March 2020, a noble emergency measure adopted by almost every country in the world, also crippled the Zimbabwe's socio-economic functions.

Whilst the national lockdown affected the operations of the Company, the main selling season was less impacted as most activities had already been concluded by the end of December 2019. However, other value-chain operations of the Company were and continue to be affected despite the business of the Company falling under legally protected essential services. In response to the catastrophic effects of the Pandemic on lives and business (economy, customers, labour & logistics), the Company swiftly formulated and implemented a Business Continuity Policy Framework ("BCP").

Seed Co's Business Continuity Policy (BCP) Framework

The Company's adopted Business Continuity Plan is modelled to:

- identify the major risks that emerged and/or escalated as a result of the Pandemic across the value-chain of the Company;
- measure the criticality of the identified risks as a way to highlight focus areas for mitigation measures and management;
- assign risk management and monitoring responsibility at management and Board level;
- implement mitigation measures and continuously track progress of the risk avoidance and amelioration measures;
- safeguard the lives and well-being of employees, their families and other value-chain partners that the business interfaces from time to time; and
- protect the going concern of the business and in the process save jobs.

Seed Co BCP mitigation measures

- raising Safety & Health awareness amongst employees through among other measures:
 - strict observation of lockdown rules for non-essential employees;
 - disinfecting workstations and availing Personal Protective Equipment to employees; and
 - introducing small-sized shifts to enable social distancing at the workplace.
- procuring necessary movement permits for essential employees;
- revamping IT systems and security to enable remote working and communication with customers and other key stakeholders;
- assisting our seed growers to also implement business continuity measures to mitigate disruption of seed production activities;
- advance ordering and supply chain substitution where possible to secure critical supplies;
- tightening working capital management and credit control; and
- overall, business model recalibration to ensure business continuity going forward.

PERFORMANCE UPDATE FOR THE YEAR ENDED 31 MARCH 2020

Sales volumes were 19% lower than the previous year due to:

- the slow onset of the season and unfavourable weather forecasts which discouraged farmers from purchasing seed;
- negative impact of low disposable incomes on consumer demand as the economic environment continued to deteriorate;
- reduced scale of Government agricultural input programmes ; and
- inadequate electric supplies and foreign currency induced input shortages which adversely impacted both winter and summer cropping activities.

Year end audit are still underway. The complexities arising from the adoption of IAS 29 Financial Reporting in Hyperinflationary Economies, make it difficult at this stage to provide an indication of financial position before completion of the audit.

OUTLOOK

The Zimbabwean economic outlook remains highly unpredictable in view of the absence of respite in so far as the country's macroeconomic environment is concerned. Added to this, the Pandemic, whose debilitating effects, and duration are not possible to estimate in the absence of a cure, further compounds the Zimbabwean situation and the debilitating extent and duration of, is difficult to estimate in the absence of a cure. These circumstances make it almost impossible to plan and visualize the next financial year. Accordingly, the Company wishes to draw the attention of shareholders and investors to the blanket trading cautionary imposed by the Zimbabwe Stock Exchange ("ZSE") on all counters listed on the ZSE.

In view of the highlighted adverse conditions, the uppermost priority of Management and the Board is preserving the wellbeing of employees, the assets and business of the Company. The Company appreciates the designation of agriculture as an essential sector and also welcomes the various relief measures instituted by the fiscal and monetary authorities.

Prospectively, we take some comfort from the fact that our seed business is at the beginning of the food value chain and this strategic positioning puts the business in good standing to benefit from our own resolve. The Company will therefore continue playing a critical role in ensuring food security as well as the intervention efforts of both Government and development partners to support primary food production and availability during and post the Pandemic.

By Order of the Board

T. N. Chimanya
Group Company Secretary
15 May 2020

It starts with the right seed

THE HOME OF BUMPER HARVESTS

