SEED CO LIMITED

ABRIDGED GROUP AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2021

SEED·CO

The African Seed Company

THE HOME OF BUMPER HARVESTS

HIGHLIGHTS

	INFLATION ADJUSTED	HISTORICAL COST
MAIZE SEED SALE VOLUMES	↑ 60.8%	↑ 60.8%
REVENUE	↑ 59.6%	↑ 789.0%
EBITDA	↑ 58.3%	↑ 773.0%
NET DEBT	↑ 1552.1%	↑ 5526.2%

** All inflation adjusted comparatives have been restated in terms of the measuring unit current at the end of the latest reporting period.*

^ Foreign currency translation reserve through OCI and investments in associates have been restated at the applicable exchange rates.

ABRIDGED GROUP INCOME STATEMENT

	Inflation adjusted		Historical cost	
	Audited	Restated	Unaudited	
	Mar 2021	Mar 2020	Mar 2021	Mar 2020
	ZWL'm	ZWL'm	ZWL'm	ZWL'm
Revenue	5 848.7	3 665.2	4 773.6	536.9
Cost of sales	(2 102.2)	(1 287.3)	(1 650.2)	(197.3)
Gross profit	**3 746.5**	**2 377.9**	**3 123.4**	**339.7**
Other income	907.1	745.4	812.4	156.5
Operating expenses	(1 491.7)	(935.1)	(1 060.4)	(157.9)
Operating profit	**3 215.9**	**2 188.3**	**2 875.4**	**338.3**
Net finance costs	(449.2)	(104.8)	(434.7)	(28.2)
Monetary loss	(1 910.1)	(2 370.2)	-	-
Share of profit from associates & JV	235.4	322.0	448.6	71.5
Profit before tax	**1 092.1**	**35.3**	**2 889.3**	**381.5**
Income tax expense	(262.6)	(445.2)	(574.4)	(68.4)
Profit/(loss) for the year	**829.4**	**(410.0)**	**2 314.9**	**313.1**
BEPS - cents	335.53	(167.50)	931.69	127.92
DEPS - cents	328.13	(166.11)	909.63	126.86
HEPS - cents	111.06	(176.83)	887.37	125.18

ABRIDGED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Inflation adjusted		Historical cost	
	Audited	Restated	Unaudited	
	Mar 2021	Mar 2020	Mar 2021	Mar 2020
	ZWL'm	ZWL'm	ZWL'm	ZWL'm
Profit/(loss) for the year	**829.4**	**(410.0)**	**2 314.9**	**313.1**
Exchange differences^	1 073.2	1 451.2	1 073.2	426.1
Revaluation net of tax	(461.5)	1 783.2	1 319.6	698.7
Total comprehensive income for the year	**1 441.1**	**2 824.4**	**4 707.7**	**1 438.0**

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	Inflation adjusted		Historical cost	
	Audited	Restated	Unaudited	
	Mar 2021	Mar 2020	Mar 2021	Mar 2020
	ZWL'm	ZWL'm	ZWL'm	ZWL'm
Opening shareholders' equity	**7 995.4**	**5 177.6**	**1 635.0**	**195.9**
Comprehensive income	1 441.1	2 824.4	4 707.7	1 438.0
Exercise of share options	-	3.5	-	1.0
Share based payments	2.4	5.2	2.4	1.5
Dividend paid	-	(15.4)	-	(1.4)
Closing shareholders' equity	**9 438.8**	**7 995.4**	**6 345.1**	**1 635.0**

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Inflation adjusted		Historical cost	
	Audited	Restated	Unaudited	
	Mar 2021	Mar 2020	Mar 2021	Mar 2020
	ZWL'm	ZWL'm	ZWL'm	ZWL'm
Assets	**13 344.8**	**9 865.3**	**10 056.9**	**2 024.2**
Property, plant & equipment (PPE)	2 745.0	3 510.9	2 745.0	1 030.9
Investments in associates & JV^	4 693.3	3 287.3	2 244.5	578.1
Other financial assets	423.7	17.4	423.7	5.1
Inventories	1 606.1	2 152.2	778.6	151.3
Receivables	3 342.0	782.2	3 330.5	224.9
Cash and cash equivalents	534.7	115.2	534.7	33.8
Equity and liabilities	**13 344.8**	**9 865.3**	**10 056.9**	**2 024.2**
Shareholders' equity	9 438.8	7 995.4	6 345.1	1 635.0
Loans and borrowings	2 271.7	220.3	2 271.7	64.7
Deferred tax liability	713.3	1 235.4	519.2	202.8
Payables and provisions	921.0	414.2	921.0	121.6

ABRIDGED GROUP STATEMENT OF CASH FLOWS

	Inflation adjusted		Historical cost	
	Audited	Restated	Unaudited	
	Mar 2021	Mar 2020	Mar 2021	Mar 2020
	ZWL'm	ZWL'm	ZWL'	ZWL'm
Profit before tax	1 092.0	35.3	2 889.3	381.5
Reconciling items to net cash flows	623.1	(122.9)	108.0	(38.2)
Working capital changes	(2 235.4)	(1 540.8)	(3 838.1)	(281.3)
Tax paid	(294.8)	(68.4)	(118.6)	(8.2)
Operating cash flows	**(815.8)**	**(1 696.9)**	**(959.4)**	**53.8**
PPE disposal proceeds	10.5	6.7	9.7	1.7
Purchase of PPE	(395.5)	(670.3)	(326.8)	(87.2)
Non-current financial assets changes	15.7	446.4	3.4	12.4
Dividends received	2.4	71.7	1.6	4.3
Interest received	0.7	14.1	0.7	1.5
Investing cash flows	**(366.1)**	**(131.3)**	**(311.4)**	**(67.2)**
Proceeds from exercise of share options	-	3.5	-	1.0
Net proceeds from borrowings	2 207.0	220.3	2 207.0	64.7
Dividend paid	-	(15.4)	-	(1.4)
Interest paid	(450.0)	(118.9)	(435.4)	(29.7)
Financing cash flows	**1 757.0**	**89.5**	**1 771.6**	**34.7**
Net cash flows during the year	575.1	(1 738.7)	500.8	21.2
Monetary changes effects	(155.6)	1 520.0	-	-
Opening cash and cash equivalents	115.2	333.9	33.8	12.6
Closing cash and cash equivalents	**534.7**	**115.2**	**534.7**	**33.8**

SUPPLEMENTARY INFORMATION

1. Corporate information

Seed Co Limited is a company which is incorporated and domiciled in Zimbabwe and listed on the Zimbabwe Stock Exchange.

2. Basis of preparation

The basis of preparation of these financial statements is International Financial Reporting Standards (IFRS) with the exception of IAS 8 and IAS 21 as stated in the audit report.

Inflation adjusted financial statements have been drawn up using the conversion factors derived from the Consumer Price Index (CPI) prepared by the Zimbabwe Central Statistical Office. The conversion factors used for the IAS 29 restatements are as follows:

	Index	Conversion factor
Closing as at 31 March 2021	2 759.83	1.00
Closing as at 31 March 2020	810.40	3.41
Average for the year ended 31 March 2021	2 083.51	1.49
Average for the year ended 31 March 2020	382.92	10.63

3. Accounting policies

The principal accounting policies of the Group have been consistently followed in all material respects.

	Inflation adjusted		Historical cost	
	Audited	Restated	Unaudited	
	Mar 2021	Mar 2020	Mar 2021	Mar 2020
	ZWL'm	ZWL'm	ZWL'm	ZWL'm
4. Capital expenditure (CAPEX)	395.5	670.3	326.8	87.2
5. Depreciation	399.6	95.1	120.1	4.9
			US$'m	US$'m
6. Commitments for CAPEX			3.8	3.9

7. Directorate

Fungai Ruwende stepped down from the Board in March 2021.

8. Dividend

To retain capital in the business, the Board did not declare a dividend.

9. External auditors' opinion

The Group's inflation adjusted annual financial statements from which these abridged results have been extracted have been audited by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse opinion as a result of the impact of the following prior year matters: non-compliance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard 8 "Accounting Polices, Changes in Accounting Estimates and Errors" accounting for blocked funds, equity accounting of associates and joint ventures with underlying matters; equity accounting of a foreign associate using inappropriate exchange rates; associate property, plant and equipment accounting policy unadjusted to conform with the group accounting policy; non-compliance with IAS 8 for accounting for foreign currency translation reserve arising from foreign associate and valuation of property, plant and equipment, due to lack of market evidence to support property valuation inputs; and the consequential impact on the inflation adjusted amounts determined in terms of IAS 29.

The auditor's review conclusion on the Group's inflation adjusted annual financial statements is available for inspection at the Company's registered office. The engagement partner for this review is Mr David Marange (PAAB Practicing Certificate Number 0436).

10. Approval of financial statements

The underlying financial statements from which this abridged set was extracted were approved by the Board and duly signed by the Chairman and CEO.

D. E. B Long
Chairman
19 July 2021

M. Nzwere
CEO
19 July 2021

COMMENTARY

Overview

The financial year under review was characterised by the advent and spread of COVID-19 both locally and regionally. To contain the spread of the pandemic, the various Governments instituted a cocktail of restrictive measures including lockdowns and curfews. Thankfully, the Group was not adversely affected by these measures as it continued operating due to its status as an essential business.

The introduction of the Foreign Currency Auction System by the Reserve Bank of Zimbabwe (RBZ) and the accompanying tight monetary policy stance contributed to exchange rate stability and inflation deceleration which allowed the Company to maintain its selling prices throughout the summer planting season.

The abundant rains received during the main farming season were a big boost for seed demand.

Sales volume performance

Maize and soybean seed sales volumes increased by 61% and 17% from prior year respectively driven by the heightened seed demand thanks to the better rainfall received and government programmes aimed towards ensuring food security supplemented by export opportunities across the region.

Wheat seed sales volumes were 56% higher than last year due to improved irrigation capacity and a first-time export to Nigeria.

Financial performance

The revenue growth recorded was on the back of the aforementioned sales volume increase anchored by real price stability.

Operating expenses rose steeply due to the prevailing hyperinflationary conditions.

Interest costs surged on account of the Group's increased indebtedness and the high interest rates on the Group's borrowings which averaged 45% during the reporting period.

The Group's foreign and local cotton associates both made a positive contribution to the Group's performance driven by solid volume growth. On the other hand, the local vegetable joint venture broke even weighed down by exchange losses on its foreign denominated liabilities.

The Group's profitability improved from prior year benefiting from the strong sales volume growth.

Financial position

The value of PPE grew in historical cost terms owing to CAPEX on the artificial seed dryer project which is almost complete and due for commissioning soon.

Inventories on hand at the reporting date mainly comprised of wheat seed which has since been sold during the ongoing winter growing season.

The increase in receivables at the year end date was attributable to the growing sales with the outstanding government debt then having been substantially paid off post the balance sheet date.

To finance its seed production and the artificial seed dryer CAPEX, the Group raised its borrowing levels during the period.

Outlook

Food security is expected to remain high on the agenda as long as the pandemic endures. However, the local and regional bumper harvest expected from the ongoing harvest season may weaken maize grain prices though the potential impact on next season's seed demand is still unknown.

By Order of the Board

T. N. Chimanya
Group Secretary
19 July 2021

Building a better working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of Seed Co Limited

Report on the Audit of the Consolidated Inflation Adjusted Financial Statements

Adverse Opinion

We have audited the consolidated inflation adjusted financial statements of Seed Co Limited and its associates and joint venture (the Group), as set out on pages 12 to 70, which comprise the consolidated inflation adjusted statement of financial position as at 31 March 2021, and the consolidated inflation adjusted Income Statement and consolidated inflation adjusted Statement of Comprehensive Income, consolidated inflation adjusted statement of Changes in Equity and consolidated inflation adjusted statement of Cash Flows for the year then ended, and notes to the consolidated inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated inflation adjusted financial statements do not present fairly the financial position of the Group as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates in Prior Period and Inappropriate Application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors

Historical functional currency date of application

As explained in note 2.1 to the consolidated inflation adjusted financial statements, the Group changed its functional and reporting currency from United States Dollar (US$) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

We believed that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

Management has not restated the opening balances to resolve this matter which resulted in the adverse audit report in the prior period in accordance with IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors. As a result, elements of the closing balances for the following accounts as stated on the Consolidated Statement of Financial Position remain misstated:

Consolidated inflation adjusted Statement of Financial Position
- ZWL$ 1 633 875 362 included in Investment in Associates, closing balance of ZWL$ 1 811 284 997
- ZWL$ 1 606 144 713 in Inventories closing balance
- ZWL$ 1 349 565 883 included in Share Premium, closing balance of ZWL$ 1 349 565 883
- ZWL $ 49 270 819 included in Share based payment reserve, closing balance of ZWL$ 51 638 610
- ZWL$ 2 404 420 977 included in Foreign currency translation reserve

ZWL$ 1 783 198 102 included in Asset revaluation reserve

Consolidated inflation adjusted Statement of Comprehensive Income

- Deferred tax movement stated as ZWL$ (338 551 962) as described in Note 7.1.
- Share of exchange differences stated as ZWL$ 1 204 784 323 as described in Note 10
- Cost of sales stated at ZWL$ (2 102 205 034) as stated in the inflation adjusted Income Statement
- Share of other comprehensive income stated at ZWL$ (34 220 281 as described in Note 10.2

Matter 2 : Exchange rates used in the current year

In the current year, the Group translated foreign denominated transactions and balances to ZWL using the interbank exchange rates for the period 1 April 2020 to 23 June 2020, this includes the period between March and June 2020 when the exchange rate was fixed at USD1: ZWL25. From 23 June 2020 to 31 March 2021, the Group used the exchange rates derived from the Foreign Exchange Auction Trading System. As in the prior year, we concluded that the exchange rates used did not meet the definition of a spot exchange rate as per IAS 21, as they were not available for immediate delivery.

The following amounts are impacted on the consolidated inflation adjusted Income Statement:

- Revenue stated at ZWL$ 4 773 600 704 of which approximately 1%, being ZWL$57 541 947, of the total amount in the current year consists of transactions denominated in USD$ which were translated at exchange rates obtained from the interbank and auction market
- Other Income stated at ZWL$ 907 128 178 of which approximately 39%, being ZWL$ 349 951 240, of the total amount in the current year consists of transactions denominated in USD$ which were translated at exchange rates obtained from the interbank and auction market
- Operating expenses stated at ZWL$ (1 437 660 613) in the current year consists of transactions denominated in USD$ which were translated at exchange rates obtained from the interbank and auction market
- Finance Expenses stated at ZWL$ 449 974 411

Consolidated inflation adjusted Statement of Financial Position

- Property, Plant and Equipment at ZWL$ 2,744,992,920 of which approximately 12%being ZWL$ 333 795 679 of the total amounts in current year balance denominated in USD$ which was translated at the exchange rate obtained from the auction market.
- Trade and other receivables at ZWL$ 2,845,751,268 of which approximately 2%being ZWL$ 56,446,786 of the total amounts in current year balance denominated in USD$ which was translated at the exchange rate obtained from the auction market.
- Cash and Cash Equivalents at ZWL$534,672,810 of which approximately 20%being ZWL$109,012,013 of the total amount in current year balance denominated in USD$ which was translated at the exchange rate obtained from the auction market.
- Inventory stated as ZWL$ 1 606 144 713 balance denominated in USD$ which was translated at the exchange rate obtained from the auction market.
- Amounts due to related parties ZWL$ 179 874 150 balance denominated in USD$ which was translated at the exchange rate obtained from the auction market.
- Loans and Borrowings at ZWL$ 1 060 998 241 of which approximately 99%being ZWL$1 055 001 250 of the total amount in current year balance denominated in USD$ which was translated at the exchange rate obtained from the auction market.

Consequently, Deferred tax liability, retained earnings and Income tax expenses are impacted as a result of the inappropriate use of the exchange rate.

The impact can however not be quantified due to the lack of records on appropriate rates for the period and impracticability given the volume of transactions. Our prior year audit report was modified due to this matter.

Matter 3: Valuation of Property, Plant and Equipment

The Group 's Property, Plant and Equipment are carried at ZWL$ 2 744 992 920 on the Statement of Financial Position as at 31 March 2021 and as described on Note 9. The market approach was applied for land and buildings and key inputs into the calculations include rentals per square metre and prime yield rates. Plant and Equipment were valued in terms of the cost approach. In both cases, the valuation was performed based on USD denominated inputs and converted to ZWL as the presentation currency using the closing weighted average auction rate.

We have concerns in applying a conversion rate to USD valuation inputs to calculate ZWL property, plant and equipment values as this may not be an accurate reflection of market dynamics as risks associated with currency trading do not reflect the risks associated with property trading.

There is no observable market evidence that the cashflows in the property market (whether it be rentals or sale of property), track the exchange rate. We therefore disagree with management on the inputs used in the valuation, and we are unable determine the appropriate correct inputs and therefore cannot quantify the possible impact on property, plant and equipment stated at ZWL 2 744 992 920, Asset revaluation reserve stated at ZWL 1 321 688 020 on the inflation adjusted consolidated Statement of Financial Position, and depreciation of ZWL 399 581 471 included in operating expenses stated at ZWL (1 437 660 613) and share of revaluation of PPE in OCI of ZWL 97 350 804 .Our prior year audit report was also modified due to this matter.

Matter 4: Inappropriate accounting for blocked funds

Included in total liabilities for Group of ZWL$ 279 054 419 as disclosed on Note 18 and Note 19 to the consolidated inflation adjusted financial statements for the year ended 31 March 2021 are foreign balances denominated in the Group's functional currency at a rate of 1:1 as a result of local balances amounting to ZWL8 565 495,62 which are held with the central bank. This is in contravention of IAS 21 which defines 'foreign currency' as a currency other than the functional currency of the entity. Had the correct rate been used, amounts due to related parties on the statement of financial position and other income on the Income Statement would have been materially different. Our prior year audit report was modified due to this matter.

Matter 5: Investment in local Associates and Joint venture - Equity Accounted Amounts not correct owing to underlying adverse opinions

The Group has one local associate and one joint venture whose functional currency is the ZWL and are equity accounted. The investment in associate and invest in joint venture as disclosed in Note 10.1 to the consolidated statement of financial position is stated respectively as ZWL 345 029 476 and ZWL 105 542 616. The share of profit or (loss) is stated as ZWL93 765 616 and ZWL (71 740 088) for the associate and joint venture respectively, while the share of revaluation gains/losses on PPE revaluation from joint venture is stated as ZWL45 801 047, as described in Note 10.

The statutory financial statements of the local investments are impacted by non-compliance with IAS21, inappropriate valuation of PPE, inappropriate accounting for legacy debts and consequential impact on IAS29 application as described on this report. Due to these matters, the equity accounted amounts are not reliable due to underlying investments containing errors. The impact can however not be quantified. Our prior year audit report was modified due to this matter.

Matter 6: Investment in foreign Associate - Equity Accounted Amounts translated at an inappropriate exchange rate

The Group has one foreign associate whose functional currency is the USD. The investment in foreign associate is stated as ZWL 4 242 691 310, the share of profit from associate at ZWL213 339 016 and share of exchange differences from translation of foreign associate at ZWL11 580 766, as described in Note 10.

The results of the associate were translated using interbank and auction exchange rates which, as discussed above, are not appropriate and as a result the amount included on the consolidated financial statements is not in compliance with IFRS. The impact can however not be quantified as an appropriate exchange rate has not been identified. Our prior year audit report was modified due to this matter.

Matter 7: Associate applying inconsistent accounting policies to the Group

In addition to Matter 5 above, Quton Seed, a local associate accounts for its Property, Plant and Equipment (PPE) on the cost model, which is not consistent with the Group accounting policies which require PPE to be revalued annually. The Group has not made any adjustments at consolidation as required by IAS28. This is a prior period error which has not been corrected in terms of IAS8 and is continuing in the current year. The impact can however not be quantified on the Share of profit, share of OCI and the Investment balance.

Matter 8: Foreign Currency translation exchange differences not recognized retrospectively for FY2019

As explained in note 2.5 to the consolidated inflation adjusted financial statements, a prior period error was corrected relating to exchange gains/losses recognised on the foreign associate as at 31 March 2020. However, relevant adjustments were not recorded on 1 April 2019 as required by IAS8, as a result, the restated statement of financial position as at that date has not been presented as required by IFRS. Consequently, the foreign currency translation reserve stated as ZWL 2 404 420 977 (2020: ZWL 1 331 207 739) may be materially misstated. The impact can however not be quantified as an appropriate exchange rate required to determine the misstatement for the period is not available.

Overall Consequential Impacts

Application of IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, the amounts stated in Matter 1 to 8 would have been materially different . Consequently, monetary (gains)/loss of ZWL1,856,241,885 is impacted.

Corresponding amounts and opening balances

As no restatements have been recorded in current year per IAS8 to correct the above matters, our audit report on the consolidated inflation adjusted financial statements for the year ended 31 March 2021 is further modified for the following reasons;

- All corresponding numbers remain misstated on the consolidated inflation adjusted Statement of Financial Position (except for Non-current financial assets, share capital and Short-term borrowings), consolidated inflation adjusted Statement of Cash Flows, consolidated inflation adjusted Income Statement, consolidated inflation adjusted Statement of Comprehensive Income and consolidated inflation adjusted Statement of Changes in Equity, this also impacts comparability of the current period's figures,

- As opening balances enter into the determination of cash flows and performance, our audit report is modified in respect of the impact of these matters on the consolidated inflation adjusted Statement of Cash Flows, consolidated inflation adjusted Income Statement, consolidated inflation adjusted Statement of Comprehensive Income and consolidated inflation adjusted Statement of Changes in Equity.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Inflation adjusted consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards)

(IESBA Code) and other independence requirements applicable to performing audits of consolidated financial statements of the Group in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility but does not include the consolidated inflation adjusted financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate

Governance and Responsibility is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the consolidated inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with several IFRS requirements . We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the Consolidated Inflation Adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of consolidated inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated inflation adjusted financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated inflation adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated inflation adjusted financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated inflation adjusted financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent Auditor's Report (Continued)

Seed Co Limited

- Identify and assess the risks of material misstatement of the consolidated inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group 's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated inflation adjusted financial statements, including the disclosures, and whether the consolidated inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated inflation adjusted financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

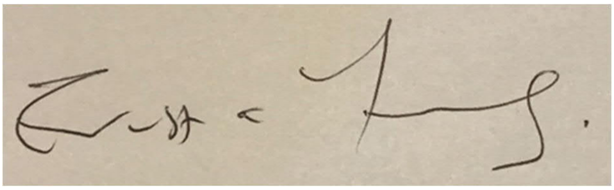
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated inflation adjusted financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

The engagement partner on the audit resulting in this independent auditor's report is David Marange (PAAB Number 0436)



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Harare

21 July 2021