



The African Seed Company

SEED CO LIMITED TRADING UPDATE FOR THE THIRD QUARTER ENDED 31 DECEMBER 2022

TRADING ENVIRONMENT

Zimbabwe's internal socio-economic issues were compounded by the continued global economic unrest to make the local business environment even more difficult and uncertain. Some of the major challenges the business is dealing with include the ongoing energy crisis, the lack of and high cost of fertilizers and agrochemicals, the loss in consumer purchasing power, and the shortage of liquidity in both local and hard currency.

Positively, value was maintained in real terms during the business's peak period of revenue generation because of the stability of the exchange rate and the increase in hard currency sales in Zimbabwe.

VOLUME PERFORMANCE

Volume increased by 14% over the past nine months compared to the same period prior year, and by 46% compared to the same quarter prior year, helped by ample stocks, exports, record local sales of wheat and soybeans as well as favourable rainfall projections towards the start of the main planting season.

FINANCIAL PERFORMANCE

In line with volume growth and the evolution of the ZWL/USD exchange rates, revenue increased by 425% during the 9 months compared to same period prior year, and by 516% during the quarter compared to same quarter prior year in historical cost terms.

When adjusted for inflation, revenue increased by 12% compared to the same 9 months period prior year, and by 14% compared to the same quarter prior year reflecting the volume rise.

OUTLOOK

In Zimbabwe the business is expected to experience volume growth as well as a notable increase in the contribution of hard currency revenue from encouraging export growth and a significant increase in domestic sales in USD.

On a regional level, a mixed volume performance is predicted, with growth forecast in some regions of Southern Africa and East Africa and a drop due to drought in other regions of East Africa.

Inflation, foreign exchange, and interest rate risks remain significant in Zimbabwe and throughout Africa as the Group nears the end of its fiscal year.

The Board and management are still dedicated to protecting and enhancing stakeholder value along the entire value chain of the Group in Zimbabwe and in the region.

By Order of the Board,

Tineyi Chatiza
Company Secretary
27 January 2023

