



TRADING UPDATE FROM 1 SEPTEMBER 2023 TO 31 JANUARY 2024

Cottco Holdings Limited (“Cottco” or “the Company”) is pleased to provide a trading update covering the period 1 September 2023 to 31 January 2024.

OPERATING ENVIRONMENT

International lint prices rebounded from a low of US\$74.85c/lb at the beginning of November 2023 to current levels of US\$85c/lb on the back of increased demand with top cotton consumer China accounting for more than half of the net sales.

Oilseed prices remained firm during the period. Locally, the demand for ginned seed from oil expressors continued to surpass the available supplies.

Liquidity in the local economy remained constrained, with Cottco unable to drawdown to the full extent of available facilities, despite having adequate security.

The Company was however able to settle USD19,6million (83%) and ZWL7,2billion (18%) of the farmer payments dues in the respective currencies with outstanding dues expected to be cleared from product receipts by 31 March 2024.

BUSINESS PERFORMANCE

The final intake figures for the 2023 Cotton Buying Season stood at 69,419mt which was a 48% increase from the 46,748 metric tonnes achieved in 2022. Erratic power supplies in the last quarter of 2023 delayed the completion of ginning. To date 58,326mt (84%) of seed cotton has been ginned with only 1,066mt (2%) having been toll ginned in the

Lowveld due to the high volumes in that area.

Local and offshore lint customer collections are still underway with 7,776mt of lint in stock. Ginned seed on hand is 4,642mt and upliftment by seed suppliers and oil expressors is underway. 475mt of lint has been converted to yarn since 1 April 2023 to date.

FINANCIAL PERFORMANCE

The Company is projecting to break even for the year ended 31 March 2024 in USD terms. This comes on the back of improved cost management through the measures highlighted in the Company's last trading update.

UPDATE ON EXTERNAL AUDITS FY 2018-FY2022

The Company is pleased to update that, following the appointment of BDO Chartered Accountants Zimbabwe as external auditors in August 2023, the audit field work for a 5-year period covering 31 March 2018 to 31 March 2022 has been completed. The process of reviewing and signing off the Financial Statements is underway and is expected to be complete within the 1st quarter of 2024 which will pave way for the commencement of successive audits. The external audits had fallen behind during a period where the Company did not have a Board of Directors in place to approve the financial statements.

MUTAPA INVESTMENT FUND

Following the promulgation of Statutory Instrument 156 of 2023, we wish to advise shareholders that Government's 37.1% shareholding in

Cottco Holdings Limited, previously held in the name of Ministry of Finance and Economic Development is now held through Mutapa Investment Fund.

MANAGEMENT UPDATES

The Board wishes to advise of the departure of the Chief Executive Officer, Mrs Priscilla Mutembwa as at 31 December 2023. Mr. Munyaradzi Chikasha (Chief Operating Officer), who previously acted in the role from June 2022 to September 2023, will continue to steer the ship during this crucial stage of Crop Establishment whilst the Board resumes its search for a Substantive Chief Executive Officer.

OUTLOOK

In November 2023 the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development (“MLAFWRD”) announced that Inputs from the Presidential Inputs Scheme for Cotton would going forward be distributed by the Grain Marketing Board. Extension Services under the MLAFWRD were also assigned to monitor cotton production. Cotton farmers who receive inputs through the Presidential Inputs for Cotton remain contracted to deliver their seed cotton to Cottco.

As a result of the El Nino conditions, the first effective rains were received in December 2023 and the 181,604 growers have so far established an estimated 128,152 hectares. The late crop will result in an estimated one-month delay in the intake.

By Order of the Board

Ms. Eunice Mupanduki
Company Secretary



1 Lytton Road, Workington, Harare, Zimbabwe

Directors: Mr S. Jabangwe (Chairperson), Dr O. Muvingi (Deputy Chairperson), Mr M. Chikasha *(Acting Accounting Officer), Dr M. T. Mushunje, Ms M. Marongwe, Mrs M. Magwenzi, Ms C. Tapera *(Executive Director)