



The African Seed Company

# SEED CO LIMITED

## TRADING UPDATE FOR THE FIRST QUARTER ENDED 30 JUNE 2024

### Trading environment update

Zimbabwe's economic environment remains strained by fiscal challenges, exacerbated by the adverse effects of the recent El Niño-induced drought, a tight monetary policy aimed at stabilizing the newly introduced Zimbabwe Gold (ZiG) currency, and external economic pressures. These factors create a challenging business climate. Despite these hurdles, the Group is well-positioned for recovery in the upcoming season, supported by more than adequate stock levels carried over from the previous season.

### Functional and reporting currency

The Board took a decision to adopt the United States Dollar ("USD") as both the functional and reporting currency for the business effective 1 April 2024.

### Performance highlights

First quarter ended 30-June-2024	USD <sup>1</sup> Millions		Change %
	FY25-Q1	FY24-Q1	
Revenue	13.1	11.2	+17%
Operating profit	5.4	4.55	+20%

<sup>1</sup>30 June 2023 prior year comparative prepared using best estimate of USD exchange rates.

	FY24-Q3	FY23-Q3	Change %
Volume sold (MT)	8,133	7,051	+15%

The first quarter generally serves as a time for accumulating costs in preparation for the main cereal seed sales season, which takes place later in the financial year.

In the first quarter, Zimbabwe saw a 15% increase in total seed sales compared to the same period last year, largely due to strong local winter maize sales and exports. Wheat and barley volumes remained consistent with the previous year.

The rise in revenue and operating profit aligns with the volume performance.

### Disclaimer

It is important to recognize that exchange rate distortions and the Group's switch to reporting in USD starting this financial year significantly affect the comparability of financial performance.

### Outlook

Despite various external challenges, the business is counting on its substantial seed stock to satisfy the demands of both local and export markets in the upcoming season, which is expected to benefit from good rainfall being forecasted.

By Order of the Board,

Tineyi Chatiza  
Group Secretary  
2 August 2024

