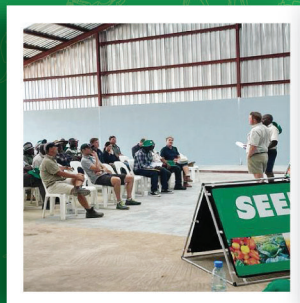
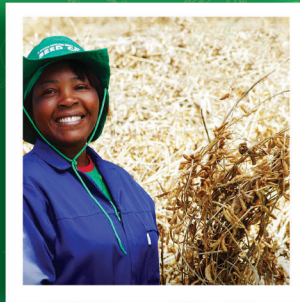




The African Seed Company

# SEED CO INTERNATIONAL LIMITED ABRIDGED GROUP AUDITED RESULTS

FOR THE YEAR ENDED 31 MARCH 2022







## SUSTAINABILITY STATEMENT

Seed Co is committed to sustainable ethical business practices, the protection of the environment, and economic development while improving the livelihoods of all its stakeholders, including but not limited to employees, farmers, consumers, and communities. To this end, the DNA of our seed-to-feed business is to innovate and make available climate-smart high-yielding seed solutions, agronomic support, and training for the efficient utilisation of arable land and other farming inputs to sustainably make both small and large scale farming profitable enterprises that feeds both people and livestock with catalytic effects on critical economic value chains.

## ABRIDGED GROUP INCOME STATEMENT

|   | Audited year ended |             |
|---|--------------------|-------------|
|   | Mar 2022           | Mar 2021    |
|   | US\$'M             | US\$'M      |
| <b>Continuing operations</b>                        |                    |             |
| Revenue   | 88.5               | 88.5        |
| Cost of sales                                       | 48.7               | (44.8)      |
| <b>Gross profit</b>                                 | <b>39.8</b>        | <b>43.8</b> |
| Other income  | 4.9                | 3.5         |
| Operating expenses                                  | (30.9)             | (29.2)      |
| <b>Operating profit</b>                             | <b>13.8</b>        | <b>18.1</b> |
| Net finance costs                                   | (3.0)              | (2.5)       |
| Share of loss from associate & JVs                  | (0.2)              | (0.3)       |
| <b>Profit before tax from continuing operations</b> | <b>10.5</b>        | <b>15.3</b> |
| Income tax expense                                  | (3.4)              | (4.0)       |
| <b>Profit after tax from continuing operations</b>  | <b>7.1</b>         | <b>11.3</b> |
| <b>Discontinued operations</b>                      |                    |             |
| Loss from discontinued operations                   | -                  | (0.2)       |
| <b>Profit for the year</b>                          | <b>7.1</b>         | <b>11.1</b> |
| BEPS - cents  | 1.80               | 2.85        |
| DEPS - cents  | 1.80               | 2.85        |

## ABRIDGED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

|  | Audited year ended |             |
|--|--------------------|-------------|
|  | Mar 2022           | Mar 2021    |
|  | US\$'M             | US\$'M      |
| <b>Profit for the year</b>                     | <b>7.1</b>         | <b>11.1</b> |
| Exchange differences                           | 5.8                | (6.8)       |
| Revaluation net of tax                         | 0.0                | 6.2         |
| <b>Total comprehensive income for the year</b> | <b>12.9</b>        | <b>10.5</b> |

## ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

|                                     | Audited year ended |             |
|-------------------------------------|--------------------|-------------|
|                                     | Mar 2022           | Mar 2021    |
|                                     | US\$'M             | US\$'M      |
| <b>Opening shareholders' equity</b> | <b>83.7</b>        | <b>73.0</b> |
| Profit for the year                 | 7.1                | 11.1        |
| Other comprehensive income/(loss)   | 5.8                | (0.6)       |
| Share based payments                | 0.2                | 0.3         |
| Issue of scrip dividend shares      | 3.0                | (0.0)       |
| Dividend paid                       | (3.7)              | (0.0)       |
| <b>Closing shareholders' equity</b> | <b>96.1</b>        | <b>83.7</b> |

## ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

|                                   | Audited as at |              |
|-----------------------------------|---------------|--------------|
|                                   | Mar 2022      | Mar 2021     |
|                                   | US\$'M        | US\$'M       |
| <b>Assets</b>                     | <b>157.6</b>  | <b>137.2</b> |
| Property, plant & equipment (PPE) | 44.7          | 39.6         |
| Intangible assets                 | 4.8           | 5.1          |
| Right-of-use assets               | 0.9           | 0.9          |
| Investments in associate & JVs    | 6.8           | 4.8          |
| Deferred tax asset                | 0.5           | 0.6          |
| Inventories and biological assets | 25.6          | 18.1         |
| Receivables                       | 54.4          | 58.3         |
| Cash and cash equivalents         | 19.9          | 9.8          |
| <b>Equity and liabilities</b>     | <b>157.6</b>  | <b>137.2</b> |
| Shareholders' equity              | 96.2          | 83.7         |
| Loans and borrowings              | 42.1          | 32.2         |
| Lease liabilities                 | 0.9           | 0.9          |
| Deferred tax liability            | 3.3           | 3.1          |
| Payables                          | 15.1          | 17.3         |

## ABRIDGED GROUP STATEMENT OF CASH FLOWS

|  | Audited year ended |              |
|--|--------------------|--------------|
|  | Mar 2022           | Mar 2021     |
|  | US\$'M             | US\$'M       |
| <b>Operating activities</b>              | <b>10.5</b>        | <b>14.7</b>  |
| Profit before tax                        | 10.5               | 14.7         |
| continuing operations                    | 10.5               | 15.3         |
| discontinued operations                  | -                  | (0.6)        |
| Reconciling items to net cash flows      | 7.5                | 7.1          |
| Working capital changes                  | (5.3)              | (5.2)        |
| Tax paid                                 | (3.6)              | (3.4)        |
| <b>Operating cash flows</b>              | <b>9.1</b>         | <b>13.2</b>  |
| <b>Investing activities</b>              | <b>(3.6)</b>       | <b>(4.4)</b> |
| PPE disposal proceeds                    | 0.2                | 0.3          |
| Subsidiaries' disposal proceeds          | -                  | 0.7          |
| Purchase of PPE                          | (4.2)              | (3.5)        |
| Investments in JVs                       | -                  | (2.4)        |
| Discontinued operations                  | -                  | 0.0          |
| Interest received                        | 0.3                | 0.4          |
| <b>Financing activities</b>              | <b>5.0</b>         | <b>(9.8)</b> |
| Proceeds from borrowings                 | 47.6               | 12.9         |
| Repayments of borrowings                 | (38.2)             | (19.2)       |
| Repayment of lease liabilities           | (0.3)              | (0.5)        |
| Dividend paid                            | (0.7)              | (0.0)        |
| Interest paid                            | (3.4)              | (2.9)        |
| <b>Financing cash flows</b>              | <b>5.0</b>         | <b>(9.8)</b> |
| Net cash flows during the year           | 10.5               | (1.1)        |
| Exchange rate changes effects            | (0.4)              | (0.1)        |
| Opening cash and cash equivalents        | 9.8                | 11.0         |
| <b>Closing cash and cash equivalents</b> | <b>19.9</b>        | <b>9.8</b>   |

## Directors

D E B Long (Chairman), M Nzwere\*, F Azanza, A G Barron, R C D Chitengu, R De Wet, R Fournier, P Gowero, C Kabaghe, J Matorofa\*, K Moswela, M S Ndoro, F Savin, P Spadin. \*Executive

## SUPPLEMENTARY INFORMATION

### 1. Corporate information

Seed Co International Limited is a Company which is incorporated and domiciled in Botswana and listed on the Botswana Stock Exchange (BSE) and the Victoria Falls Stock Exchange (VFEX). The Company has subsidiaries, an associate and joint ventures located in Botswana, Democratic Republic of Congo (DRC), Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, South Africa, Tanzania, and Zambia. Its operations in Angola, Ethiopia and parts of West Africa are in developmental stages.

### 2. Basis of preparation

The basis of preparation of these financial statements is International Financial Reporting Standards (IFRS).

### 3. Accounting policies

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

|                                | Audited year ended |          |
|--------------------------------|--------------------|----------|
|                                | Mar 2022           | Mar 2021 |
|                                | US\$'m             | US\$'m   |
| 4. Capital expenditure (CAPEX) | 4.2                | 3.5      |
| 5. Depreciation & amortisation | 3.1                | 2.6      |
| 6. Commitments for CAPEX       | 6.9                | 4.8      |
| 7. Contingent liabilities      | 0.2                | 0.2      |

### 8. Directorate

Mr. D. Jacquemond retired from the Board during the year and was replaced by R. Fournier.

### 9. Dividend

The Board resolved not to declare a dividend this year to preserve cash in light of the challenging global economic outlook.

### 10. Audit opinion

The Group auditors, Ernst & Young issued an unqualified opinion on the Group's annual financial statements which is available for inspection at the Company's Registered Office.

### 11. Approval of financial statements

The underlying financial statements from which this abridged set was extracted were approved by the Board on 10 June 2022 and duly signed by the Chairman and Chief Executive Officer (CEO) on its behalf.



D. E. B. Long  
Chairman  
29 June 2022



M. Nzwere  
CEO  
29 June 2022

## COMMENTARY

### Overview

The financial year under review was marked by the adverse effects of climate change (late and erratic rains with incidences of drought and flooding) that was at variance with normal-to-above normal rainfall forecasts. The Covid-19 pandemic, soaring fertiliser prices and currency fluctuations added to make the financial year more challenging. Resultantly, the Group's performance was negatively impacted.

### Financial performance

Revenue was flat, albeit on reduced sales volume, helped mainly by the strengthening of the Zambian kwacha against the USD and business growth in Mozambique. Volume uptake was impacted by bad weather and reduced government subsidy support in Malawi.

Gross margin was subdued on account of reduced economies. of scale and the impact of a stronger Zambian kwacha on cost of sales. Other income improved driven by debt recoveries and exchange gains. Overheads went up linked to the marketing and selling efforts in anticipation of a normal season that regrettably turned out adverse.

The Group's cash generation remained positive but at a lower level compared to prior year. Borrowings and finance costs increased from CAPEX and working capital growth.

Associate and joint venture's negative contribution halved as their mainly start up operations begin to narrow losses.

The Group's net profit reduced markedly because of above-mentioned volume decline and pressure on margins.

### Financial position

Non-current assets increased due to new CAPEX focused on enhancing seed production as well as capitalisation of the vegetable seeds joint venture.

Receivables declined mainly due to collections from related parties and long outstanding government debts. Related party indebtedness reduced significantly from a net receivable position of \$11.1m to a net payable position of just \$0.5m in FY22. The Group's net debt-to-equity ratio improved from positive cash generation.

### Outlook

Global supply shocks and imported inflation expected to impact the cost of doing business and compound the effects of climate change in Africa. Regional food security will however remain top of the agenda to mitigate global supply shocks, and the Group will step up its operations to satisfy the anticipated increase in the demand for seed in regional markets.

By Order of the Board



E. M. Kalaote  
Company Secretary  
29 June 2022