

SEED CO INTERNATIONAL LIMITED

ABRIDGED GROUP AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2023



The African Seed Company
THE HOME OF BUMPER HARVESTS

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.

OUR BUSINESS SOCIAL IMPACT AND BENEFITS:

During the year under review, our business continued to contribute positively to:

- Improved food security
- Enhanced agricultural productivity
- Empowering smallholder farmers
- Conservation of biodiversity
- Climate change adaptation
- Knowledge sharing and capacity building
- Employment generation and empowerment of local communities
- Fiscal revenue generation by being a responsible and compliant corporate citizen in all our markets

HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2023

Revenue	↑	20%
Maize seed sales volumes	↑	14%

ABRIDGED GROUP INCOME STATEMENT

	Audited year ended	
	Mar 2023	Mar 2022
	US\$'M	US\$'M
Continuing operations		
Revenue	103.5	88.5
Cost of sales	(57.5)	(48.7)
Gross profit	46.0	39.8
Net exchange (losses)/ gains	(4.5)	1.5
Other income	2.0	3.4
Operating expenses	(32.9)	(30.9)
Operating profit	10.6	13.8
Net finance costs	(3.8)	(3.1)
Share of loss from associate & JVs	(1.1)	(0.2)
Profit before tax	5.7	10.5
Income tax expense	(2.8)	(3.4)
Profit for the year	2.9	7.1
BEPS - cents	0.73	1.80
DEPS - cents	0.73	1.80

ABRIDGED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Audited year ended	
	Mar 2023	Mar 2022
	US\$'M	US\$'M
Profit for the year	2.9	7.1
Exchange differences	(13.3)	5.8
Revaluation net of tax	0.3	-
Total comprehensive income/(loss) of the year	(10.1)	12.9

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	Audited year ended	
	Mar 2023	Mar 2022
	US\$'M	US\$'M
Opening shareholders' equity	96.1	83.7
Profit for the year	2.9	7.1
Other comprehensive income/(loss)	(13.3)	5.8
Minority share capital injection	(0.2)	-
Share based payments	0.1	0.1
Issue of scrip dividend shares	-	3.0
Dividend paid	-	(3.7)
Closing shareholders' equity	86.3	96.1

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Audited as at	
	Mar 2023	Mar 2022
	US\$'M	US\$'M
Assets	156.8	157.6
Property, plant & equipment (PPE)	38.8	44.7
Intangible assets	4.5	4.8
Right-of-use assets	1.5	0.9
Investments in associate & JVs	4.0	6.8
Deferred tax asset	0.7	0.5
Inventories & biological assets	33.2	25.7
Receivables	54.8	54.3
Cash & cash equivalents	19.2	19.9
Equity and liabilities	156.8	157.6
Shareholders' equity	86.3	96.1
Loans & borrowings	46.2	42.2
Lease liabilities	1.2	0.9
Deferred tax liability	1.9	3.3
Payables & provisions	21.2	15.1

ABRIDGED GROUP STATEMENT OF CASH FLOWS

	Audited year ended	
	Mar 2023	Mar 2022
	US\$'M	US\$'M
Operating activities		
Profit before tax	5.7	10.5
Reconciling items to net cash flows	10.2	7.5
Working capital changes	(11.6)	(5.2)
Tax paid	(3.7)	(3.6)
Operating cash flows	0.6	9.2
Investing activities		
PPE disposal proceeds	0.2	0.2
Purchase of PPE	(4.2)	(4.2)
Investments in JVs	-	-
Interest received	0.4	0.3
Investing cash flows	(3.6)	(3.7)
Financing activities		
Minority share capital injection	0.2	-
Proceeds from borrowings	30.4	47.6
Repayments of borrowings	(21.7)	(38.2)
Changes in lease liabilities	(0.6)	(0.3)
Dividend paid	-	(0.7)
Interest paid	(4.3)	(3.4)
Financing cash flows	4.0	5.0
Net cash flows during the year	1.1	10.5
Exchange rate changes effects	(1.7)	(0.4)
Opening cash & cash equivalents	19.9	9.8
Closing cash & cash equivalents	19.2	19.9

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 2023	Mar 2022
	US\$'M	US\$'M
4. Capital expenditure (CAPEX)	4.2	4.2
5. Depreciation & amortisation	3.2	3.1
6. Commitments for CAPEX	10.5	6.9
7. Contingent liabilities	0.2	0.2

8. Directorate

Mr. M. S. Shongwe retired from the Board on 22 March 2023.

9. Audit opinion

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

10. Approval of financial statements

The underlying financial statements from which this abridged set was extracted were approved by the Board on 9 June 2023 and duly signed by the Chairman and Chief Executive Officer (CEO) on its behalf.

By Order of the Board

D. E. B. Long
Chairman
30 June 2023

M. Nzwere
CEO
30 June 2023

COMMENTARY

Overview

The financial year under review was of mixed fortunes evidenced record business growth in some markets, reduced business in others, and loss of value from exchange losses as regional currencies depreciated against the USD.

Despite achieving business growth that is testimony of brand resilience, external factors mainly exchange losses more than reversed business growth gains, and reduced the Group's profitability.

Financial performance

Revenue increased buoyed by good volume performance in East Africa as well as Zambia.

Gross margin was flat and faced pressure from imported global inflation that could not be passed on in pricing to our smallscale farmers.

Other income reversed significantly into negative driven by exchange losses as regional currencies weakened against the the USD.

Overheads increased in line with business growth in East Africa and in response to global inflation developments.

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 increased largely on account of exchange losses.

The Group's net profit declined mainly because of exchange losses.

Financial position

Non-current assets decreased due to the impact of depreciating regional currencies. The carrying value of investments in associate and joint ventures reduced due to FX induced losses.

Receivables increased mainly due to the growth in business this year. Included in receivables is \$5.5m due from related- parties i.e., a reduction from \$5.9m owed prior year. The Group's net debt-to-equity ratio increased because of lower profitability and the impact of exchange losses on equity.

Outlook

Turnover and volume growth registered this year confirms the strength of the Group's market standing and brand equity amidst global and regional challenges.

Global supply shocks and imported inflation remain elevated further compounding the effects of climate change in Africa. The Group however remains optimistic about the prioritization of primary food production in Africa to mitigate global shocks. Further, the Group is restructuring both its business model and balance sheet to respond to the rising cost of doing business and to hedge against weakening currencies.

By Order of the Board

E. M. Kalaote
Company Secretary
30 June 2023