



The African Seed Company

# SEED CO INTERNATIONAL LIMITED UNAUDITED ABRIDGED GROUP RESULTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2023



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## FINANCIAL HIGHLIGHTS



## ABRIDGED GROUP INCOME STATEMENT

	Unaudited period ended	
	Sept 2023	Sept 2022
	US\$'M	US\$'M
Revenue	31.3	25.5
Cost of sales	(16.1)	(14.2)
	<b>15.2</b>	<b>11.3</b>
Other income	1.4	1.1
Operating expenses	(15.3)	(15.0)
Operating (loss)/profit	<b>1.3</b>	<b>(2.6)</b>
Net finance cost	(3.4)	(1.4)
Share of loss from associate & JVs	(1.4)	(0.5)
(Loss)/profit before tax	<b>(3.5)</b>	<b>(4.5)</b>
Income tax expense	(0.4)	0.2
(Loss)/profit after tax	<b>(3.9)</b>	<b>(4.3)</b>
Basic earnings per share - cents	(1.00)	(1.09)
Diluted earnings per share - cents	(1.00)	(1.09)

## ABRIDGED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited period ended	
	Sept 2023	Sept 2022
	US\$'M	US\$'M
Profit for the period	<b>(3.9)</b>	<b>(4.3)</b>
Exchange differences	(3.5)	(0.4)
Comprehensive income/(loss) for the period	<b>(7.4)</b>	<b>(4.7)</b>

## ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited period ended	Audited year ended
	Sept 2023	Mar 2023
	US\$'M	US\$'M
Opening shareholders' equity	<b>86.3</b>	<b>96.1</b>
Profit for the period	(3.9)	2.9
Minority cash injection	-	0.2
Share-based payments	-	0.1
Other comprehensive income/(loss)	(3.5)	(13.0)
Net dividend distributed	(0.98)	(0.02)
Closing shareholders' equity	<b>77.9</b>	<b>86.3</b>

## ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited Sept 2023	Audited Mar 2023
	US\$'M	US\$'M
<b>Assets</b>	<b>156.4</b>	<b>156.9</b>
Property, plant & equipment (PPE)	37.4	38.8
Intangible assets	4.4	4.5
Right-of-use assets	0.8	1.5
Investments in associate & JVs	2.6	4.1
Deferred tax asset	0.5	0.7
Inventories & biological assets	44.0	33.2
Receivables	48.7	54.9
Cash & cash equivalents	18.0	19.2
<b>Equity and liabilities</b>	<b>156.5</b>	<b>156.9</b>
Shareholders' equity	77.9	86.3
Loans & borrowings	54.7	46.2
Lease liabilities	0.8	1.1
Deferred tax liability	1.7	1.9
Payables & provisions	21.4	21.4

## ABRIDGED GROUP STATEMENT OF CASH FLOWS

	Unaudited period ended	
	Sept 2023	Sept 2022
	US\$'M	US\$'M
<b>Operating activities</b>		
Operating (loss)/profit	1.2	(2.6)
Non-cash adjustments	1.5	1.6
Working capital changes	(14.4)	(12.3)
Tax paid	(0.8)	(0.8)
<b>Operating cash flows</b>	<b>(12.5)</b>	<b>(14.1)</b>
<b>Investing activities</b>		
PPE disposal proceeds	0.04	0.01
Purchase of PPE	(0.8)	(1.7)
Interest received	0.2	0.3
<b>Investing cash flows</b>	<b>(0.6)</b>	<b>(1.4)</b>
<b>Financing activities</b>		
Proceeds from borrowings	16.4	14.1
Repayments of borrowings	(4.0)	(7.8)
Repayment of lease liabilities	(0.4)	(0.1)
Dividend paid	(0.98)	-
Interest paid	(3.5)	(1.6)
<b>Financing cash flows</b>	<b>7.5</b>	<b>4.6</b>
Net cash flows during the year	(5.6)	(10.9)
Exchange rate changes effects	4.4	(0.1)
Opening cash and cash equivalents	19.2	19.9
<b>Closing cash &amp; cash equivalents</b>	<b>18.0</b>	<b>8.9</b>

## DIRECTORS

Directors: P Gowero (Chairman), M Nzwere (Group CEO)\*, J Matorofa (Group CFO)\*, A Barron, A Calvalho, R C D Chitengu (Mrs), M P Karombo, K Mafukidze, R Fournier, F Savin, F Azanza, R de Wet, K Moswela (Ms), C Kabaghe. \*Executive

## SUPPLEMENTARY INFORMATION

### 1. Corporate information

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

### 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.

#### Unaudited period ended

	Sept 2023	Sept 2022
	US\$'M	US\$'M
<b>4. Capital expenditure (CAPEX)</b>	0.8	1.7
<b>5. Depreciation &amp; amortisation</b>	1.2	1.5
<b>6. Commitments for CAPEX</b>	9.7	5.2
<b>7. Contingent liabilities</b>	0.2	0.2

### 8. Directorate

Mr. Patrick Spadin resigned as Non-Executive Director on 8 September 2023 and Mr. David Long retired as Non-Executive Director on 20 September 2023. Messrs. Maxen Philip Karombo, Kenias Mafukidze and Anthony Carvalho were appointed as Directors on 21 September 2023.

### 9. Dividend

No interim dividend was declared in line with the Company's dividend policy that is aligned to the seasonal nature of the business.

### 10. Approval of financial statements

These abridged financial statements were approved by Board on 17 November 2023 and duly signed on its behalf by the Chairman and Chief Executive Officer (CEO).

By Order of the Board



P. Gowero  
Chairman



M. Nzwere  
CEO

A combination of volume growth and better product mix boosted revenue by 23% compared to the comparative period. Encouraging first half maize sales were booked in Kenya, Malawi, Mozambique, Tanzania, and Zambia buoyed by firm grain prices in the region and globally.

Improved margins and containment of overheads below the USD inflation rate also helped the business to post an interim operating profit.

Net finance costs increased due to higher interest rates and more local currency borrowings facilities utilised to expunge USD denominated liabilities and manage elevated foreign exchange risk from depreciating regional currencies.

The Group's share of losses from associates and joint ventures increased significantly driven by exchange losses.

The net result is 8% better than last year's interim net loss.

### Financial position

The lower carrying value of PPE is attributed to translation losses caused by weaker regional currencies, fixed assets' depreciation and the Group's policy not to perform interim PPE revaluations.

The carrying value of investments decreased because of equity-accounted losses during the first half.

Receivables decreased by 11% as the Group collected prior year debtors but the impact of collections was partially offset by increased early sales on credit.

As is the norm, the Group's inventory levels were at peak this time of the year in preparation for the main summer selling season.

The change in shareholders' equity was primarily due to the net loss incurred during the first half of the financial year.

The increase in debt was primarily to fund working capital during this period of receiving and processing seed. In addition, local borrowings increased substituting USD liabilities in order to derisk the balance sheet from exchange rate fluctuations and benefit from local currency weaknesses.

Payables mainly relate to amounts outstanding on seed delivered by growers settled subsequent to the reporting date.

### Seed supply

Significant yield and quality gains were achieved in the previous production season. Resultantly, the Group has adequate seed stocks to satisfy anticipated demand across markets.

### Research and development

The Group continues to deliver improved products from its R&D investment over the years. Several new and improved seed varieties are being released in response to climate change and the evolving needs of our farmers.

### Outlook

Latest forecasts are indicating normal-to-above normal rainfall in most parts of East Africa, and below normal rains in Southern Africa from November 2023 to January 2024.

The Group is well prepared to respond to the needs of farmers in light of the mixed rainfall forecasts. A mixed selling season is being anticipated benefiting from the Group's diversified geographical footprint and a diverse climate-smart product portfolio with potential downside from unfavourable rains in Southern Africa.

By Order of the Board



E. M. Kalaote  
Company Secretary

## COMMENTARY

### Overview

The period was marked by continued global economic headwinds as the Russo-Ukraine and Israel-Palestine conflicts exacerbated global supply-chain disruptions and inflationary pressures. Regional currencies continue to weaken against the USD owing to unfavourable economic developments.

Despite enormous and largely exogenous challenges, the Seed Co brand continues to demonstrate resilience as evidenced by open market sales growth in our various markets.

### Financial performance

First half performance was in tandem with the seasonality of the business. However, the Group achieved an interim operating profit of \$1.3M. This outturn is a rebound from prior year's \$2.6M interim operating loss.