



The African Seed Company

SEED CO INTERNATIONAL LIMITED UNAUDITED ABRIDGED GROUP RESULTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021



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HIGHLIGHTS

MAIZE SEED SALE VOLUMES	REVENUE	EBITDA	NET DEBT
↑ 14.0%	↑ 27.3%	↑ 9.5%	↓ 1.4%

ABRIDGED GROUP INCOME STATEMENT

	Unaudited period ended	
	Sept 2021	Sept 2020
	US\$m	US\$m
Continuing operations		
Revenue	35.5	27.9
Cost of sales	(18.2)	(14.8)
Gross profit	17.3	13.1
Other income	1.3	1.7
Operating expenses	(13.8)	(10.1)
Operating profit	4.8	4.7
Net finance cost	(1.3)	(1.3)
Share of loss from associate & JVs	(0.9)	(0.4)
Profit before tax from continuing operations	2.6	3.0
Income tax expense	(1.1)	(0.1)
Profit after tax from continuing operations	1.5	2.9
Discontinued operations		
Loss from discontinued operations	-	(0.4)
Profit for the period	1.5	2.5
Basic earnings per share - cents	0.38	0.66
Diluted earnings per share - cents	0.38	0.66

ABRIDGED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited period ended	
	Sept 2021	Sept 2020
	US\$m	US\$m
Profit for the period	1.5	2.5
Exchange differences	9.2	(6.8)
Total comprehensive income/(loss) for the period	10.7	(4.3)

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited period ended	Audited year ended
	Sept 2021	Mar 2021
	US\$m	US\$m
Opening shareholders' equity	83.7	73.0
Profit for the period	1.5	11.1
Other comprehensive income/(loss)	9.1	(0.6)
Share based payments	-	0.3
Dividend distributed	(0.7)	(0.0)
Closing shareholders' equity	93.7	83.7

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 and the Victoria Falls Stock Exchange. The Company 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).

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited as at Sept 2021	Audited as at Mar 2021
	US\$m	US\$m
Assets	168.9	137.2
Property, plant & equipment (PPE)	46.1	39.6
Intangible assets	4.9	5.1
Right-of-use assets	0.8	0.9
Investments in associate & JVs	5.4	4.8
Deferred tax asset	0.4	0.6
Inventories and biological assets	33.3	18.1
Receivables	69.8	58.3
Cash and cash equivalents	8.2	9.8
Equity and liabilities	168.9	137.2
Shareholders' equity	93.7	83.7
Loans and borrowings	45.4	32.2
Lease liabilities	0.8	0.9
Deferred tax liability	3.4	3.1
Payables and provisions	25.7	17.3

ABRIDGED GROUP STATEMENT OF CASH FLOWS

	Unaudited period ended	
	Sept 2021	Sept 2020
	US\$m	US\$m
Operating activities		
Operating profit	4.8	4.1
continuing operations	4.8	4.7
discontinued operations	-	(0.6)
Non-cash adjustments	1.4	1.5
Working capital changes	(11.6)	(10.2)
Tax paid	(0.8)	(0.9)
Operating cash flows	(6.2)	(5.5)
Investing activities		
PPE disposal proceeds	0.0	0.1
Purchase of PPE	(2.3)	(0.7)
Investment in associate	-	(2.4)
Investment in joint venture	(1.5)	-
Discontinued operations	-	(0.0)
Interest received	0.1	0.2
Investing cash flows	(3.6)	(2.7)
Financing activities		
Proceeds from borrowings	34.2	7.2
Repayments of borrowings	(24.4)	(1.9)
Repayment of lease liabilities	(0.1)	(0.3)
Dividend paid	(0.7)	-
Interest paid	(1.4)	(1.5)
Financing cash flows	7.6	3.4
Net cash flows during the year	(2.2)	(4.8)
Exchange rate changes effects	0.6	(0.2)
Opening cash and cash equivalents	9.8	11.0
Closing cash and cash equivalents	8.2	6.0

3. Accounting policies

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

4. Capital expenditure (CAPEX)
5. Depreciation & amortisation
6. Commitments for CAPEX
7. Contingent liabilities

	Unaudited period ended	
	Sept 2021	Sept 2020
	US\$m	US\$m
4. Capital expenditure (CAPEX)	2.3	0.7
5. Depreciation & amortisation	1.5	1.6
6. Commitments for CAPEX	2.5	7.2
7. Contingent liabilities	0.2	0.2

8. Directorate

There were no changes to the Board of Directors during the period under review.

9. Dividend

No interim dividend was declared at half-year end per the Group's policy.

10. Approval of financial statements

These abridged financial statements were approved by the Board on 18 November 2021 and duly signed on its behalf by the Chairman and Chief Executive Officer (CEO).



D. E. B. Long
Chairman
18 November 2021



M. Nzwere
CEO
18 November 2021

COMMENTARY

Overview

The period under review witnessed the gradual relaxation of lockdown restrictions and border closures as the COVID-19 pandemic situation somewhat eased off as vaccination programmes in the various countries the Group operates gathered pace. This was a huge boost to the Group's seed movements across regional borders. During this period, the main activities are the harvest of raw seed produced by growers and its subsequent delivery to the factories for processing in preparation for the upcoming main selling season.

Financial performance

Strong sales volume growth was recorded due to early seed despatch to customers in Malawi and Tanzania thanks to a healthy stock carryover position. Effective US\$ selling price increases in Zambia, benefiting from the post-election Kwacha appreciation, further enhanced revenue and gross margin.

Other income declined on the back of the once-off non-seed sales done last year not repeating.

Operating expenses rose in line with the increase in sales because of the associated distribution costs. Furthermore, some of the savings arising from limited activities due to COVID-19 containment measures in the previous year did not recur. Additional overheads were incurred on business development activities in the nascent Ethiopian and Mozambican markets.

Net finance costs were unchanged as the Group's net debt position remained relatively flat compared to same time last year.

Associate and joint venture operations were out of season during the reporting period. The share of loss therefrom doubled as the South African associate was equity accounted for the full six months this year compared to only three months from its July 2020 inception date last year while the West African joint venture was only included for the first time having been disclosed as a discontinued operation in prior year.

The Group's tax expense surged as the Group's profitability was heavily skewed towards higher tax jurisdictions versus last year which is mainly responsible for the decrease in the profit for the period under review.

Financial position

Capital expenditure and the aforementioned strong Kwacha drove the increase in property, plant and equipment values. Notable fixed asset additions include production farm machinery in Zambia; parent seed cold room storage facility in Malawi; a delivery truck in Tanzania and a processing plant in Nigeria.

The Group recapitalised its growing vegetable business together with its joint venture partner resulting in the increase in its investment in associate and joint ventures although this was offset by the share of losses during the period.

In line with the seasonal nature of the Group's operations; the levels of inventories on hand were higher due to stocking up seed ahead of the planting window for farmers.

Receivables grew on account of increased sales though this was largely offset by collections since the last financial year end.

The movement in equity is mainly attributable to exchange differences on translation of foreign operations and profit for the period offset by the dividend distribution to shareholders.

The increase in borrowings mainly arose from the draw-down on the long-term US\$12.5m Proparco facility which will be utilised to fund the Group's expansion efforts on the continent and future capital expenditure projects in the countries it operates. The long-term nature of this loan will help match inflows from the Group's investments to repayments of the related borrowings and potentially lower costs incurred on the annual renewal of short-term facilities previously used by the Group.

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

Seed supply

In spite of the various weather challenges encountered by seed growers during the production season ranging from a severe drought in Kenya to excessive rain in Zambia; the Group is well stocked to meet demand in the forthcoming selling season with some flexibility required to achieve an optimal product mix.

Research and development

The Group's scientists are making remarkable progress in developing fall-army worm tolerant germplasm. Also, the breeding programme for the Maize Lethal Necrosis Disease (MLND) in Kenya is starting to yield positive results. Joint trials are in progress in Ghana with a local institution with a focus towards the release of a rice hybrid for the West African region.

Outlook

Management is cautiously optimistic of achieving earnings growth from prior year underpinned by sustained regional seed demand driven by the need to achieve food security amidst the pandemic and save foreign currency on food imports. The unfavourable weather forecast in East Africa poses a downside risk though this should be offset by availability of early maturing seed varieties which are suitable in drought conditions in that market. Normal to above-normal rainfall is expected elsewhere.

By Order of the Board



E. M. Kalaote
Company Secretary
18 November 2021