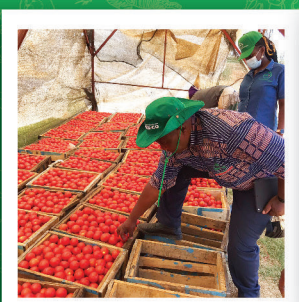
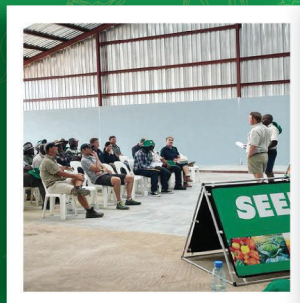
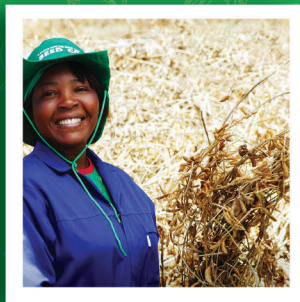




The African Seed Company

# 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

## **Independent Auditor's Report**

### ***To the Shareholders of Seed Co International Limited***

#### **Report on the Audit of the Consolidated and Separate Financial Statements**

##### ***Opinion***

We have audited the consolidated and separate financial statements of Seed Co International Limited and its subsidiaries (the Group) and company set out on pages 11 to 84, which comprise the consolidated and separate statements of financial position as at 31 March 2022, and the consolidated and separate income statements, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Seed Co International Limited as at 31 March 2022, and of its consolidated and separate financial performance and of its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

##### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the group and company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with other ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
<p><b>Credit impairment of trade and other receivables</b></p> <p>As at 31 March 2022, the Group and Company recognised net trade and other receivables amounting to USD47.0 million (2021: USD40.1) and USD0.78 million (2021: USD1.8 million) respectively net of allowances for impairment (estimation of credit losses) of USD12.1 million (2021: USD12.6 million) and USD5.9 million (2021: USD6.0 million) respectively.</p> <p>The determination of expected credit losses (ECL) on trade, and other receivables as required by IFRS 9: Financial Instruments, requires significant management judgement and assumptions across the multiple African regions in which the Group operates.</p> <p>The continued significance of the balance and the environmental factors in the current year meant that this required significant audit focus. These factors included estimation uncertainty that was further increased by ongoing economic volatility owing to the continued impact of COVID-19 second-order effects in the geographical locations in which the Group operates.</p> <p>Specifically, our attention was focused on:</p> <ul style="list-style-type: none"> <li>• Considering various scenarios that may have an impact on the recoverability of the trade and other receivable balances. This necessitated the involvement of our internal IFRS technical experts and increased robust discussions with management and increased focus on the variables in the scenarios.</li> <li>• The Group uses different models in each geographic region. The status of subsequent settlement determined whether an impairment provision was required thus necessitating an increase in procedures and effort to assess the subsequent settlements and collections.</li> </ul> <p>Evaluating management's assumptions and judgements was complex in some instances and required significant audit effort in others. Accordingly, we have identified the ECL on trade and other receivables to be a key audit matter.</p> <p>The disclosures associated with respect to the application of IFRS 9 in determining the allowance for expected credit losses are disclosed in:</p> <ul style="list-style-type: none"> <li>• Note 2 "Summary of significant accounting policies"</li> <li>• Note 4 "Significant accounting judgements, estimates and assumptions"</li> <li>• Note 17 "Trade and other receivables"</li> <li>• Note 29 "Financial Instruments"</li> </ul>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>➤ We obtained an understanding of management's process over credit origination, monitoring and remediation and assessed the appropriateness of the accounting policies and impairment methodologies with reference to the requirements of IFRS 9 and tested the design and the operating effectiveness of the key controls over the process of credit assessment, classification and impairment assessment.</li> <li>➤ With the assistance of our internal IFRS experts, we assessed the ECL models developed by management and the assumptions applied in the calculation of allowances for impairment by assessing the reasonableness of the underpinning assumptions, inputs and formulae used. This included a combination of evaluating the appropriateness of model design and model used.</li> <li>➤ We reconciled the data from the core systems of each jurisdiction to the relevant ECL models.</li> <li>➤ Our assessment also included the evaluation of the macroeconomic environment by considering trends in the economy, trends in the collection patterns as part of the working capital assessments by management and comparing with information developed by management as model inputs for each jurisdiction.</li> <li>➤ To evaluate the data quality, we compared the ECL calculation data points to source system reports including testing, on a sample basis, that cash received was allocated to the appropriate receivables related invoices.</li> <li>➤ We assessed the appropriateness of the default rates, recovery rates and formulae used in the best case, worst case and base case scenarios considered by management.</li> </ul>



	<ul style="list-style-type: none"> <li>➤ We further assessed the reasonability of the ECL provision by testing extended samples for outstanding balances as at year end and tracing them to subsequent payments.</li> <li>➤ We held discussions with management to understand the ECL balance changes experienced in the geographical locations in which the Group operates due to the continued impact of COVID-19 related economic volatility and our understanding of the operations as gained through our audit.</li> <li>➤ We discussed with management and assessed the exposure to concentration risk management actions taken by management, including management mitigative actions.</li> <li>➤ We assessed the adequacy of the disclosures regarding the allowance for impairment of trade and other receivables in the consolidated and separate financial statements to determine whether they were in accordance with IFRS 9: Financial Instruments.</li> </ul>
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#### **Other Information**

Other information comprises the information included on pages 3 to 5 of the document titled "Seed Co International Limited Consolidated and Separate Financial Statements 31 March 2022", which includes the Directors' Statement of Responsibility and Approval of the Financial Statements, Company Information and the Directors' Report as required by the Companies Act (CAP 42:01), which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The directors are responsible for the other information. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the Directors for the Consolidated and Separate Financial Statements***

The directors are responsible for the preparation of the consolidated and separate financial statements which give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting processes.

### ***Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ernst & Young

Firm of Certified Auditors

Practising Member: Thomas Chitambo (CAP 0011 2022)

Gaborone

30 June 2022