



SEED CO INTERNATIONAL LIMITED ABRIDGED GROUP AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2023



THE HOME OF BUMPER HARVESTS



It starts with the right seed

www.seedcoonlineshop.com/zw



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%
EBITDA	↓	-36%
Net debt	↑	21%

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

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 83, which comprise the consolidated and separate statements of financial position as at 31 March 2023, 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 2023, 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><i>Credit impairment of trade and other receivables (Consolidated and separate financial statements)</i></p> <p>As at 31 March 2023, the Group and Company recognised net trade and other receivables amounting to USD 48.8 million (2022: USD47.0 million) and USD 1.1 million (2022: USD0.78 million) respectively net of allowances for impairment (estimation of credit losses) of USD 6.0 million (2022: USD12.1 million) and USD0.2 million (2022: USD5.9 million) respectively.</p> <p>The estimation of credit losses is inherently uncertain and is subject to significant judgements and estimates. Furthermore, models used to determine credit impairments require certain inputs and assumptions that are not fully observable for the determination of expected credit losses (ECL) on trade, and other receivables as required by IFRS 9.</p> <p>The continued significance of the balance and the environmental factors including changes in macro-economic fundamentals across the multiple African regions in which the group operates in the current year meant that this required significant audit focus.</p> <p>Specifically, our attention was focused on:</p> <ul style="list-style-type: none"> • Considering the estimation uncertainty surrounding the forward-looking information, increased by the ongoing volatility in geographical sectors in which the group operates in light of the changing economic and operating environment induced by inflation and exchanges rate fluctuations, and other various scenarios that may have an impact on the recoverability of the trade and other receivable balances. This necessitated the involvement of our internal experts and increased robust discussions with management and increased focus on the variables in the scenarios. • 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. <p>Given the combination of inherent subjectivity in the preparation of the expected credit loss models, and the judgement and estimates involved in determining the inputs into the models, we considered the calculation of the expected credit loss allowance in accordance with IFRS 9 -Financial Instruments as applicable to the trade and other receivable balances to be a key audit matter in our audit of the consolidated and separate financial statements</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> ➤ 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 evaluated the design and the operating effectiveness of the key controls over the process of credit assessment, classification and impairment assessment. ➤ We assessed the appropriateness of the models and methodologies against generally accepted industry principles. ➤ With the assistance of our internal 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. ➤ 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. ➤ We evaluated the appropriateness of the forecast information developed by management for each jurisdiction by comparing it against historical data in relation to support measures and considering other macroeconomic factors of the various jurisdictions which we have benchmarked against external evidence. ➤ To evaluate the data quality, we compared the ECL calculation data points to source

<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"> • Note 2 "Significant accounting policies" • Note 4 "Significant accounting judgements, estimates and assumptions" • Note 16 "Trade and other receivables" • Note 28 "Financial Instruments" 	<p>system reports including testing, on a sample basis, that cash received was allocated to the appropriate receivables related invoices including extended samples for outstanding balances as at year end and tracing them to subsequent payments</p> <ul style="list-style-type: none"> ➤ We reperformed the staging test distribution for a sample of trade and other receivables to assess the accuracy of the staging applied in the models against the criteria indicated by management. ➤ 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. ➤ We discussed with management and assessed the exposure to concentration risk management actions taken by management, including management mitigative actions. ➤ 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.
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Other Information

Other information consists of the information included in the 83-page document titled "Seed Co International Limited Consolidated and Separate Financial Statements 31 March 2023", 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). Other information does not include the consolidated or the separate financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

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:

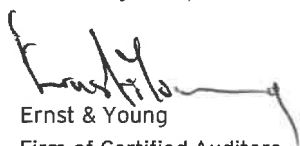
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 2023)

Gaborone

30 June 2023