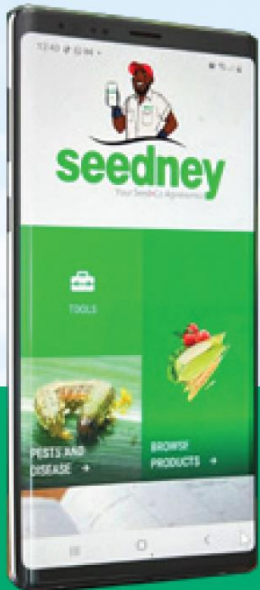
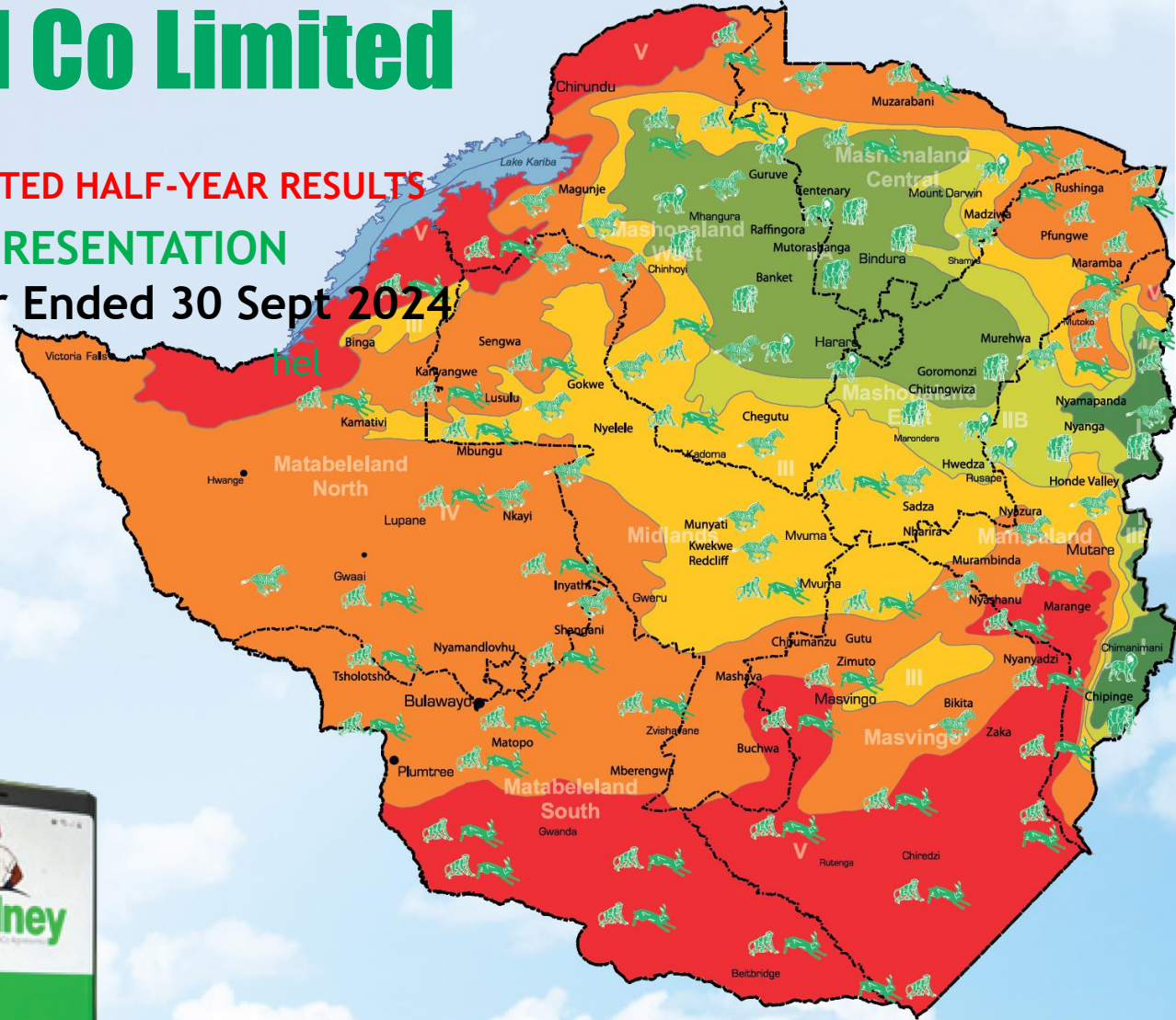


# Seed Co Limited

UNAUDITED HALF-YEAR RESULTS

PRESENTATION

Half-Year Ended 30 Sept 2024



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# Seed Co Group Operations Review

By  
Morgan  
Nzwere  
GCEO

SEED CO

## SC400 Series

- Wide adaptation
- Drought Tolerant
- Closed tip



# GENERAL ENVIRONMENT

## Zimbabwe:

- Tough business environment for the formal sector
- Real value pricing conundrum for the formal sector
- Official ZWG devaluation and sliding further on the alternative markets
- Liquidity constraints both ZWG and USD – high interest rates
- Adverse economic effects of last season drought (food/imports & power)

## Region

- Inflationary pressures
- Local currency devaluations
- Mozambique disputed elections
- Southern Africa last season drought adverse effects
- East Africa relative stability save for Ethiopia



# RESEARCH AND DEVELOPMENT

Strong pipeline of new products in the face of climate change



## New varietal releases:

### Maize: SC673

- medium maturing hybrid variety
- Cobrot & drought tolerance
- high yield of up to 15MT/ha

### Soybean: SC SZ08

- medium maturity
- Short rain & hot regions
- Drought tolerance
- High yield of up to 4.9MT/ha

### Wheat: SC W9104 white flour colour

- High yield of up to 10MT/ha

### SC Shungu

- Widely adapted & drought tolerance
- High yield of up to 12MT/ha

**Sunflower:**  
LG50745  
hybrid

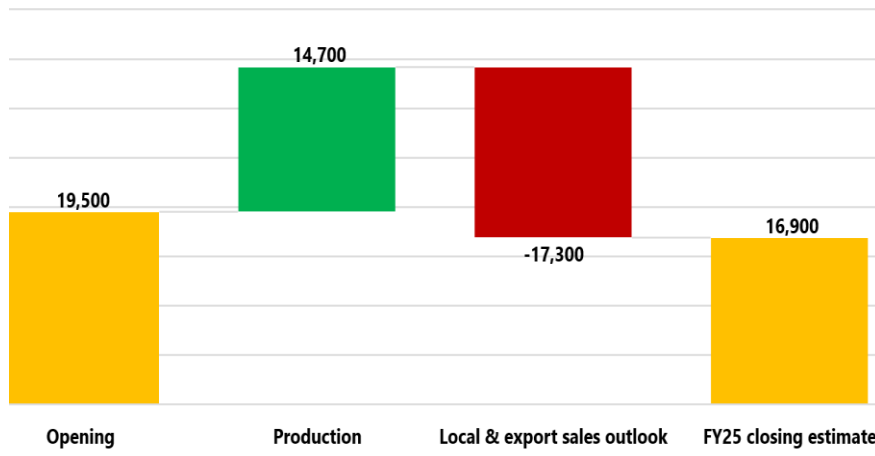


Cob rot and fall armyworm tolerant maize hybrid development work bearing fruit

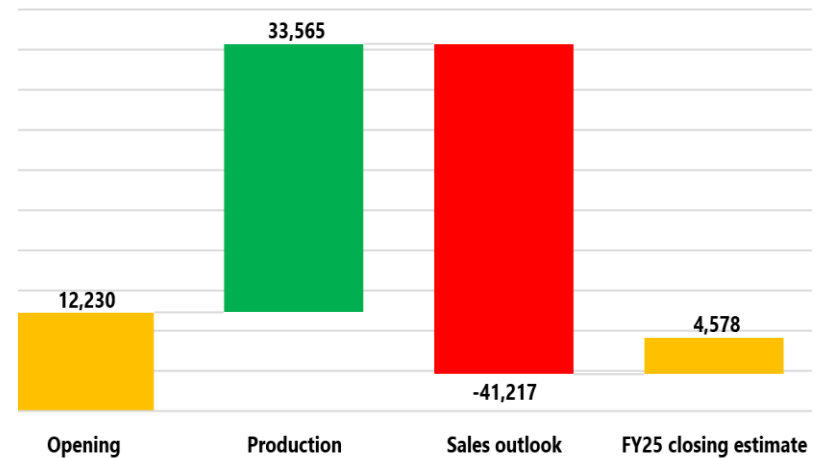


# PRODUCTION

Zimbabwe maize inventory (metric tons)



Regional maize stocks (metric tons)



- Drought reduced regional production by about **40%**
- Zimbabwe fortunately had a significant carryover from FY23
- Zimbabwe helping mitigate regional supply-demand deficit
- PYr (full-year) Zimbabwe sold **10,240MT** maize in total and this year's **90%** expected growth is driven by exports
- PYr (full-year) the region sold **42,300MT** -marginal reduction this year due to shortages
- Processing capacity being scaled up in Tanzania
- Completed warehouse expansion in Zambia



# Sales & Marketing

## ❖ Zimbabwe sales: -

- ✓ 1<sup>st</sup> half volume grew **24%** to **10,625MT** from **8,572MT** PYr because of:
  - **9%** increase in wheat volume to **6,473MT**
  - Growth in exports from just **625MT** PYr half to **2,700MT** this half
- ✓ 27% reduction in barley from **865MT** PYr to **632MT** diluted total sales volume growth to **7,105MT** (3% growth)
- ✓ At least **80%** business denominated in USD

## ❖ Regional sales: -

- ✓ **27%** volume growth from **13,867MT** to **17,642MT**
- ✓ A good start in Zambia, Tanzania, Malawi, Ethiopia and Nigeria dominated by maize with volume increase
  - Ethiopia first commercial sales this year
- ✓ Slow start in Mozambique because of election uncertainty and Botswana waiting for the rains



# Seed Co Limited

30 Sept 2024

Half-Year  
Financial  
Review

by

Tineyi Chatiza  
Group CFO



## THE MIGHTY 7 SERIES

- Late Maturing Maize Hybrids
- Yielding in excess of 16MT per hectare
- Reaches Physiological maturity in 150 - 158 days
- Suitable for Green Mealies
- High Shelling Percentage



# SEED CO LIMITED USD REPORTING CAUTIONARY

## Comparative financials for the period ending 30 September 30 2023:

- ❖ *Converted using the best estimate of US\$ exchange rates*
- ❖ *Exchange rate disparities impact the reliability of comparative financials*
- ❖ *Prior period financials include inflation adjusted data converted to USD using closing estimated exchange rates, whereas current period financials are based on USD functional currency-derived numbers.*
- ❖ *Even with IAS 21 and IAS 29 adjustments for inflation and exchange rates, financial results may not fully reflect economic realities in hyperinflationary context.*

## Conversion process of functional and reporting currency to USD:

- ❖ *Prospectively applied the relevant translation procedures on the adoption of the new functional currency.*
- ❖ *Early adopted IAS 21 amendments allowing the use of alternative exchange rates*
- ❖ *The inflation-adjusted financial statements as of 31 March 2024 were translated to US\$ using the official exchange rate. For PPE, Inventory, and Prepayments, alternative rates were applied, and adjustments were made to align translated values with fair values, reflecting the economic reality of the assets.*



# SEED CO LIMITED **Group 1<sup>st</sup> Half ended 30 Sept 2024** [USD REPORTING]

## ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

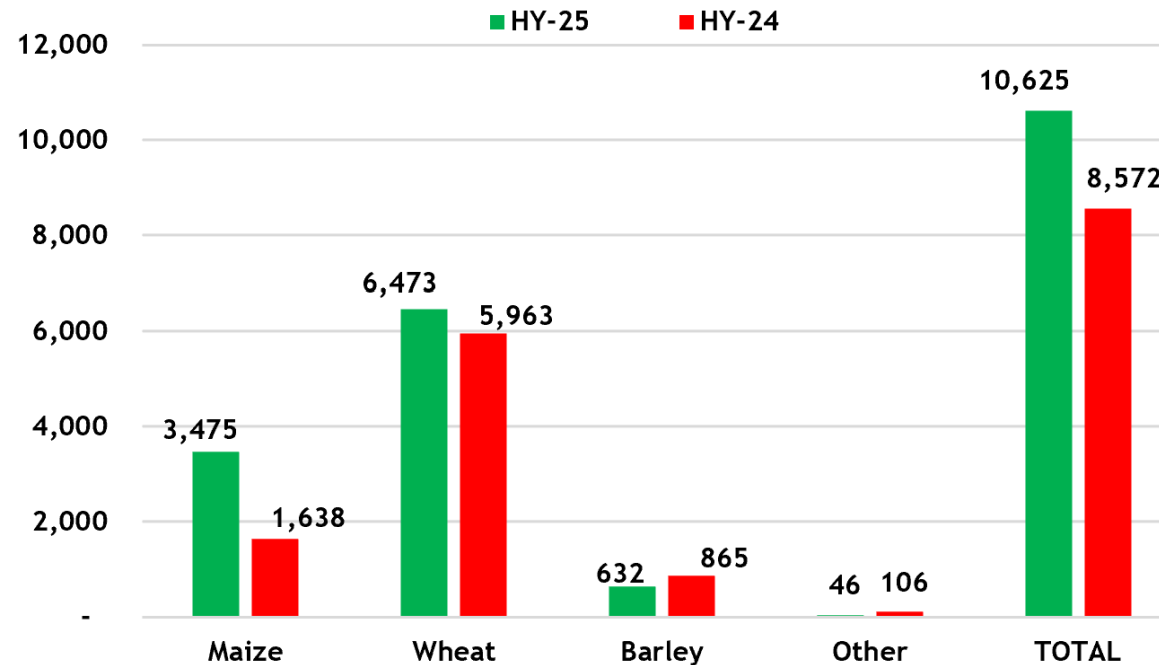
	Unaudited 30 Sept 2024 US\$	*Restated Unaudited 30 Sept 2023 US\$
Revenue	18,913,046	10,921,913
Cost of sales	(9,471,270)	(3,859,076)
<b>Gross profit</b>	<b>9,441,776</b>	<b>7,062,836.07</b>
Other income	4,102,023	48,943,928
Operating expenses	(9,924,363)	(7,015,522)
<b>Operating profit</b>	<b>3,619,436</b>	<b>48,991,242</b>
Net finance costs	(1,478,418)	(1,785,162)
Monetary loss	-	(18,366,741)
Share of profit/(loss) from associates & JV	(290,592)	966,367
<b>Profit before tax</b>	<b>1,850,426</b>	<b>29,805,705</b>
Income tax expense	(637,662)	(13,835,971)
<b>Profit for the year</b>	<b>1,212,764</b>	<b>15,969,735</b>
BEPS - cents	0.48	6.24
DEPS - cents	0.47	6.18
HEPS - cents	0.48	6.23

- ❖ **US\$18.9M revenue is 73% above PYr**
  - ✓ Increase due to **24%** volume growth plus coming off a currency distorted PYr base
  - ✓ **50% Gvt related, 31% open market and 19% exports**
- ❖ **Gross margin normalized at 50%** compared to **65%** PYr diluted by exports and trading in USD
- ❖ **Volume increased by 24%** to **10,625MT** driven by local wheat and maize exports
  - ✓ **52%** Gvt related (wheat volume) and **25%** exports and balance open market
- ❖ **PYr other income** distorted by FX gains while CYr includes royalties & FX gains on ZWG debt
- ❖ **41% Opex increase to US\$9.9M** as costs harden in USD coupled with PYr distortion
- ❖ Reduction in **finance costs** by **33%** to **US\$1.5M** due to lower interest rates and reduced local loans
- ❖ **US\$1.2M PAT** largely from **other income** i.e., **royalties & FX gains** from revaluing ZWG loans.



# Seed Co Limited Group 1<sup>st</sup> Half ended 30 Sept 2024

## SALES VOLUME [MT]



❖ **Wheat** rose by **9%** to **6,473MT** despite drought and power challenges

❖ **Barley** Sales dropped **27%** to **632MT** as the sole customer lowered intake

❖ **Maize** increased by **112%** driven by which increased to **2,700MT** from **625MT** PYr and more than offset the **23%** decrease in local sales to **775MT** from **1,013MT** PYr



## ASSOCIATES & JV CONTRIBUTION

- ❖ **Negative share from Associates & JV** this half against positive PYr contribution due to:
  - ✓ **SCI's US\$2.8M** negative but **28%** reduced loss outturn during off season in real terms more than cancelled share of profits from Prime and Quton.
  - ✓ **Prime Seed Co Zim**- Reduced profit free of PYr FX distortions
  - ✓ **Quton Zim** profit driven by FX gains on USD denominated receivables (ZWG reporting currency)



# Seed Co Limited Financial Position as at 30 Sept 24

## ABRIDGED STATEMENT OF CASH FLOWS

	Unaudited 30 Sept 2024 US\$	*Restated Unaudited 30 Sept 2023 US\$
Profit before tax	1,850,426	29,805,705
Reconciling items to net cash flows	3,442,232	(16,561,493)
Working capital changes	(4,648,264)	(35,470,432)
Tax paid	(2,968,990)	(593,806)
<b>Operating cash flows</b>	<b>(2,324,595)</b>	<b>(22,820,026)</b>
PPE disposal proceeds	-	8,355
Purchase of PPE	(1,958,954)	(686,400)
Non-current financial assets changes	(262,834)	(1,234,481)
Interest received	361	1,625
<b>Investing cash flows</b>	<b>(2,221,427)</b>	<b>(1,910,901)</b>
Net proceeds from borrowings	7,778,001	12,141,549
Interest paid	(1,478,779)	(1,786,787)
<b>Financing cash flows</b>	<b>6,299,222</b>	<b>10,354,761</b>
Net cash flows during the year	1,753,199	(14,376,165)
Effects of exchange rate movements	1,152,771	15,063,169
Opening cash & cash equivalents (1 April)	288,896	434,067
<b>Closing cash and cash equivalents</b>	<b>3,194,866</b>	<b>1,121,070</b>

- ❖ **Operating cash flows: US\$2.3M** negative in line with the season (low sales against increase in inventory)
- ❖ **Borrowings increased by US\$7.78M** to fund the intake of seed and processing
- ❖ **Finance costs: reduction from US\$1.8M to US\$1.5M** reflecting relatively lower interest rates and reduced ZWG borrowings
- ❖ **US\$7.8M net in increase in loans** bridged the seasonal funding gap



# Seed Co Limited Financial Position as at 30 Sept 24

## ABRIDGED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Sept 2024 US\$	*Restated Unaudited 31 Mar 2024 US\$
<b>Assets</b>	<b>150,214,003</b>	<b>147,663,042</b>
Property, plant & equipment (PPE)	40,304,095	39,908,227
Investments in associates & JV^	24,254,798	26,601,041
Other financial assets	2,268,178	2,148,496
Inventories	36,391,690	28,922,532
Trade & other receivables	43,800,376	49,793,850
Cash and cash equivalents	3,194,866	288,896
<b>Equity and liabilities</b>	<b>150,214,003</b>	<b>147,663,042</b>
Shareholders' equity	92,472,105	92,979,653
Loans and borrowings	29,605,502	21,827,501
Deferred tax liability	19,517,701	19,517,701
Payables and provisions	8,618,695	13,338,187

❖ **Borrowings:** The increase aligns with seasonal working capital needs during this period to fund intake of raw seed and processing. **(32% gearing)**

❖ About **10%** i.e., **US\$2.8M** of the **US\$29.6M** borrowings were in ZWG as at 30 Sept 2024

❖ USD debt backed by exports, open market, royalties & Gvt (50% settled in USD)

❖ **PPE:** Flat carrying value in the absence of capital expenditure during the first half

❖ **Investments:** Lower carrying value because of 1<sup>st</sup> half combined share of loss

❖ **Inventory:** Higher carrying value contributed by deliveries and processing value addition

❖ **Receivables:** The decrease in receivables is mainly attributable to collections

✓ FY24 closing Gvt-related debt **US\$25M** and **US\$16.4M** has been settled **(\$8.6M)**

✓ Collecting balance with the delivery of CYr orders



# Significant Associate Seed Co International Limited Half-Year Financial Review



## THE ROBUST 6 SERIES



- Medium Maturing Maize Hybrids
- Yielding up to 15MT per hectare
- Reaches Physiological maturity in 139 - 149 days
- Wide Regional Adaptation
- Good Standing Ability



# Seed Co International Limited

## ABRIDGED GROUP INCOME STATEMENT

	Unaudited period ended	
	Sept 2024	Sept 2023
	US\$'M	US\$'M
<b>Revenue</b>	<b>40.0</b>	<b>31.3</b>
Cost of sales	(19.9)	(16.1)
Gross profit	20.1	15.2
Other income	0.1	1.4
Operating expenses	(19.2)	(15.3)
<b>Operating profit</b>	<b>1.0</b>	<b>1.3</b>
Net finance cost	(2.4)	(3.4)
Share of loss from associate & JVs	(1.0)	(1.4)
<b>Loss before tax</b>	<b>(2.4)</b>	<b>(3.5)</b>
Income tax expense	(0.4)	(0.4)
<b>Loss after tax</b>	<b>(2.8)</b>	<b>(3.9)</b>
Basic earnings per share - cents	(0.71)	(1.00)
Diluted earnings per share - cents	(0.71)	(1.00)

- ❖ **US\$40M revenue** increased by 28% driven by **27%** volume growth to **17,642MT** as the season started early
- ❖ **50% gross margin** slightly improved from **49%**
- ❖ **US\$19.2M Opex** increased **25%** in line with business growth
- ❖ **US\$1M operating profit** is a **23%** decline mainly because of drop in other income on lower commodity sales
- ❖ **US\$2.4M finance costs** are a **US\$1M** saving from PYr due to lower loans which were substantially localized
- ❖ **US\$2.8M net loss** is a **28%** seasonal loss reduction mainly helped by revenue growth, reduced finance costs as well as reduced JV losses (RSA & Vegetables).



# Seed Co International Limited

## ABRIDGED GROUP STATEMENT OF CASH FLOWS

	Unaudited period ended	
	Sept 2024	Sept 2023
	US\$'M	US\$'M
<b>Operating activities</b>		
Operating (loss)/profit	1.0	1.3
Non-cash adjustments	1.5	1.5
Working capital changes	(11.1)	(14.4)
Tax paid	(1.3)	(0.8)
<b>Operating cash flows</b>	<b>(9.9)</b>	<b>(12.4)</b>
<b>Investing activities</b>		
Purchase of PPE	(3.7)	(0.8)
Interest received	0.1	0.1
<b>Investing cash flows</b>	<b>(3.6)</b>	<b>(0.7)</b>
<b>Financing activities</b>		
Proceeds from borrowings	25.0	16.4
Repayments of borrowings	(16.6)	(4.0)
Repayment of lease liabilities	(0.2)	(0.4)
Dividend paid	(1.2)	(1.0)
Interest paid	(2.5)	(3.5)
<b>Financing cash flows</b>	<b>4.5</b>	<b>7.5</b>
Net cash flows during the year	(8.9)	(5.6)
Exchange rate changes effects	(1.2)	4.4
Opening cash and cash equivalents (1 April)	22.8	19.2
<b>Closing cash &amp; cash equivalents</b>	<b>12.6</b>	<b>18.0</b>

❖ First half **operating cash outflows (negative cash generation)** improved from **US\$12.4M** from **US\$9.9M** same period PYr driven mainly by favourable working capital changes (lower inventory and receivables).

❖ However, paid more **tax** because of last year's profitability.

❖ More Capex than same period mainly Zambia warehouse expansion and Tanzania construction activities.

❖ **Reduced finance costs of US\$2.5M** compared to **\$3.5M** prior period.

❖ **US\$4M** reduction in **net loans** from **US\$12.4M** same period PYr to **US\$8.4M**



# Seed Co International Limited

## ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited Sept 2024 US\$'M	Audited Mar 2024 US\$'M
<b>Assets</b>	<b>143.7</b>	<b>143.1</b>
Property, plant & equipment (PPE)	43.8	40.5
Intangible assets	4.1	4.3
Right-of-use assets	0.6	0.7
Investments in associate & JVs	1.5	2.2
Deferred tax asset	1.0	1.1
Inventories & biological assets	33.4	26.1
Receivables	46.7	45.4
Cash & cash equivalents	12.6	22.8
<b>Equity and liabilities</b>	<b>143.7</b>	<b>143.1</b>
Shareholders' equity	75.1	80.1
Loans & borrowings	44.0	36.5
Lease liabilities	0.6	0.7
Deferred tax liability	2.8	2.6
Payables & provisions	21.2	23.2

### Significant movements:

❖ **PPE:** Increased by **US\$3.3M** because of **\$3.7M** capital projects in Zambia and Tanzania, **US\$2M** revaluations and offset by **US\$1.2M** depreciation and \$1.2M translation losses.

❖ **Associate & JV:** Carrying value declined from **US\$2.2M** to **US\$1.5M** due to losses (**RSA & Vegetables**).

❖ **Inventories:** Increased from seasonal intake and processing value addition

**Receivables:** Increased to **US\$47M** from **US\$45M** last year-end because of 1<sup>st</sup> half sales and advances to growers of **US\$6.3M**

✓ **US\$3.5M** Gvt debt includes **US\$2.4M** Mozambique, **US\$0.7M** Botswana and **US\$0.3M** Zambia

❖ **Equity:** Decreased by **US\$5M** because of 1<sup>st</sup> half **US\$2.8M** loss, **US\$1.2M** dividend payout and net translation losses

❖ **Total borrowings + leases:** decreased by **US\$10.8M** to **US\$44.6M** from **US\$55.4M** same period PYr because of better cash generation.

❖ **Gearing 59%** (PYr 70% HY & FY 46%)



# OUTLOOK

by

**Morgan Nzwere**  
**Group CEO**



# Zimbabwe Outlook



## Market conditions:

Cautiously optimistic about economic prospects  
Pricing conundrum given the exchange rate disparities  
Uncertain La Nina impact



## Strategic position

Proprietary seed technology adapting to varied climatic conditions  
Strong regional presence  
Good brand equity



## Growth drivers

Focus on food security following El Niño drought last year  
Huge regional demand for seed this year anchoring attainment of annual volume target  
Set to export 8,500MT this year compared to 2,242MT PYr  
Shipments have crossed 7,000MT  
Exports a good real value hedge



# Regional Outlook



## Market conditions:

Growing economies battling inflation and currency devaluations

Relatively good rainfall prospects in East Africa

Uncertain La Nina impact in Southern Africa



## Strategic position

Proprietary seed technology adapting to varied climatic conditions

Strong regional presence

Good brand equity



## Growth drivers

Focus on food security following El Niño drought in Southern Africa last year

Huge demand for seed this year

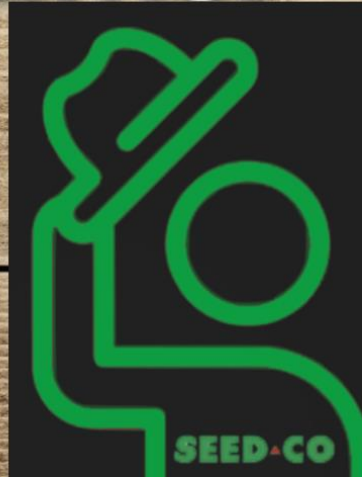
Banking on Zimbabwe to satisfy regional demand – stocked out in the region

Prioritising cash sales on the open market given the shortages





**If you ate today,  
thank a Farmer**



**Questions & Answers**

**THE END**