

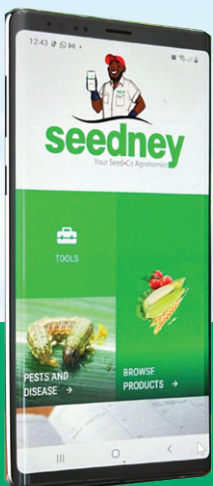
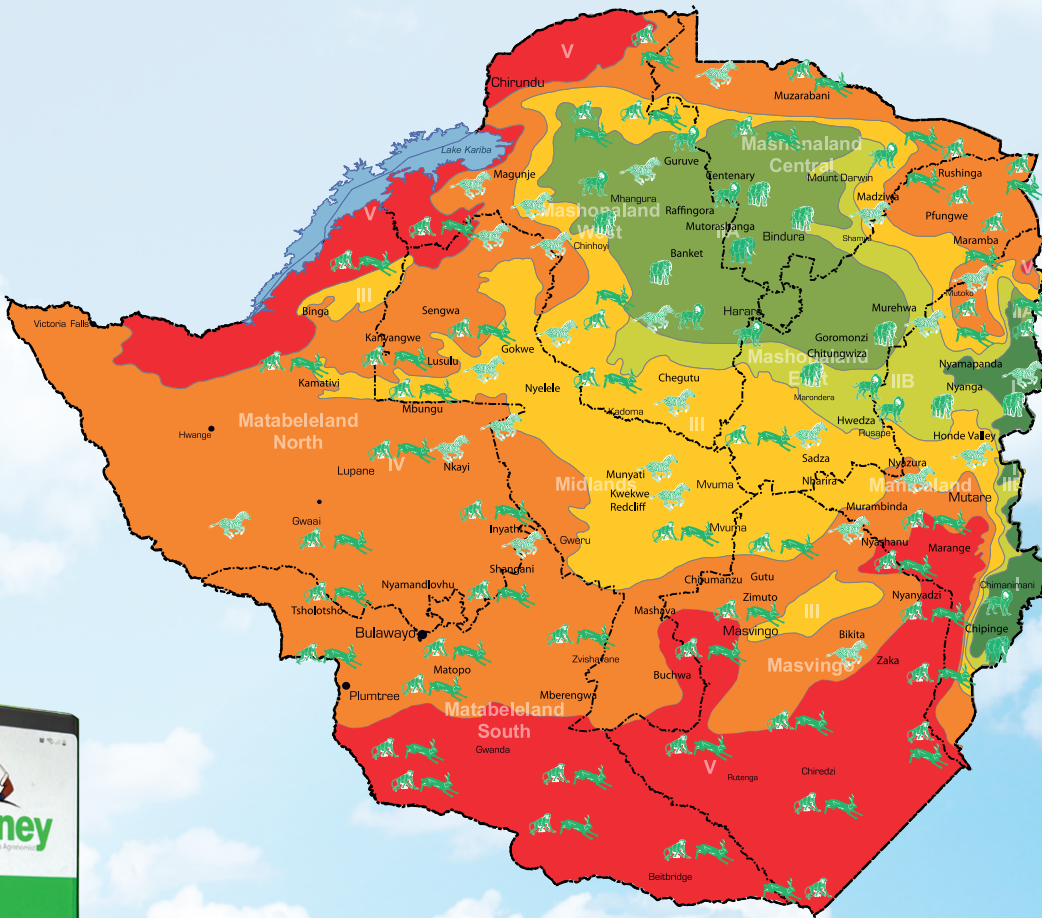


The African Seed Company

SEED CO LIMITED

UNAUDITED ABRIDGED COMPANY RESULTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024



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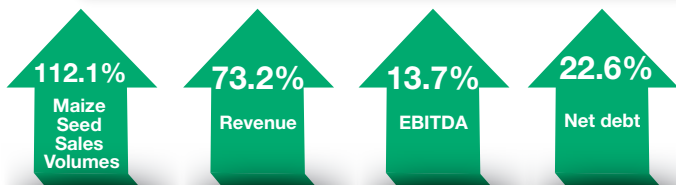
LIMITED

UNAUDITED ABRIDGED COMPANY RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024

SHORT-FORM FINANCIAL ANNOUNCEMENT

Issued in terms of practice Note 13 of the Zimbabwe Stock Exchange (ZSE)

KEY METRICS



*The September 2023 financials were previously reported in ZWL. The comparative financials have been restated by converting to the Company's new presentation currency, US\$. Refer to Note 4, for details regarding the change in presentation currency.

^Foreign currency translation reserve through Other Comprehensive Income (OCI) and investments in associates have been restated at the applicable exchange rates.

ABRIDGED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Sept 2024 US\$	*Restated Unaudited 31 Mar 2023 US\$
Assets	150,214,003	147,663,042
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
Equity and liabilities	150,214,003	147,663,042
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

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)
Gross profit	9,441,776	7,062,836.07
Other income	4,102,023	48,943,928
Operating expenses	(9,924,363)	(7,015,522)
Operating profit	3,619,436	48,991,242
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
Profit before tax	1,850,426	29,805,705
Income tax expense	(637,662)	(13,835,971)
Profit for the year	1,212,764	15,969,735
BEPS - cents	0.48	6.24
DEPS - cents	0.47	6.18
HEPS - cents	0.48	6.23

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)
Operating cash flows	(2,324,595)	(22,820,026)
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
Investing cash flows	(2,221,427)	(1,910,901)
Net proceeds from borrowings	7,778,001	12,141,549
Interest paid	(1,478,779)	(1,786,787)
Financing cash flows	6,299,222	10,354,761
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
Closing cash and cash equivalents	3,194,866	1,121,070

ABRIDGED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 30 Sept 2024 US\$	*Restated Unaudited 30 Sept 2023 US\$
Profit for the year	1,212,764	15,969,735
Exchange differences	(1,720,312)	9,700,275
Total comprehensive	(507,548)	25,670,010

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	Unaudited 30 Sept 2024 US\$	*Restated Unaudited 30 Sept 2023 US\$
Opening shareholders' equity	92,979,653	46,773,457
Comprehensive income	(507,548)	25,670,010
Exercise of share options	-	6,566
Share based payments	-	60,605
Closing shareholders' equity	92,472,105	72,510,638

Disclaimer on restated comparative financial information presented in US\$

Comparative financials for the period ending September 30, 2023 were converted using the best estimate of US\$ exchange rates in a market with wide exchange range differences. These disparities have an impact on the reliability of comparative financial information, as the prior period's performance includes inflation adjusted data converted to US\$ using the closing official exchange rate, whereas the current period's financial performance is based on US\$ functional currency-derived numbers. Even though the company followed the procedures outlined in IAS 21 "Effects of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyperinflationary Economies" to produce theoretically valid results by accounting for inflation and exchange rates, the resulting figures may still not fully capture the economic reality of a company's performance in a hyperinflationary environment.

DIRECTORS

P Gowero (Chairman), M Nzwere (Group CEO)*, T Chatiza (Group CFO)*, A Carvalho, R C D Chitengu (Mrs), Dr D Garwe (Mrs), M P Karombo, K Mafukidze, N C Bennett, F Savin. *Executive

**SUPPLEMENTARY INFORMATION****Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange**

This abridged financial results notification has been prepared and authorised by the Board of Directors. It provides a condensed overview of the full announcement and does not contain comprehensive details. All investment decisions by shareholders and investors should be made after careful consideration of the complete financial results publication. A copy of the full announcement is available on the Zimbabwe Stock Exchange website at www.zse.co.zw as well as on the Company's website at www.seedcoogroup.com for further reference and analysis.

1. Corporate information

Seed Co Limited is a company which is incorporated and domiciled in Zimbabwe and is listed on the Zimbabwe Stock Exchange (ZSE). The Company is involved in the breeding, multiplication and distribution of hybrid seeds.

2. Statement of Compliance

The abridged company financial statements have been prepared in accordance with IFRS® Accounting Standards, as issued by the International Accounting Standards Board (IFRS Accounting Standards) and interpretations developed and issued by the International Financial Reporting Interpretations Committee IFRIC®. Compliance with IFRS Accounting Standards is intended to achieve consistency and comparability.

The comparative information for the abridged Statement of Profit or Loss and Other Comprehensive Income, the Abridged Statement of Cash Flows, the Abridged Statement of Changes in Shareholders' Equity and related Supplementary Information have been restated to reflect a change in the presentation currency for the Group, as stipulated by IAS 21 following the change in functional currency with effect from 1 April 2024.

These unaudited abridged financial statements have been prepared under the supervision of Mr Sakurai Mbanda CA(Z), Executive Finance Director registered Public Accountant PAAB Number 0405.

3. Material Accounting Policies.

The accounting policies adopted in the preparation of the interim condensed company financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2024 and adheres to applicable amendments to IFRS, except the modifications related to the change in presentation currency outlined in note 4.

4. Basis of Preparation

The interim company financial statements for the six months ended 30 September 2024 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies adopted in the preparation of the interim condensed company financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2024 with no significant impact arising from new and revised International Financial Reporting standards applicable for the half year ended 30 September 2024. The interim condensed company financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the company's annual financial statements as at 31 March 2024.

4.1 The Company's functional and presentation currency

The Directors conducted an assessment as required by International Accounting Standard (IAS) 21 to determine whether the use of the Zimbabwe Dollar as the functional currency remained appropriate. This assessment led to the conclusion that a change in functional currency from Zimbabwe Dollar (ZWL) to United States Dollars (US\$) was required effective 1 April 2024.

The Directors considered the following provisions of IAS 21 when determining the Company's functional currency:

- The currency that mainly influences sales prices for goods or services.
- The currency used by its competitive forces and regulations that mainly determine the sale price of its goods and service.
- The currency that mainly influences labour materials and other costs of providing goods or services.
- The currency in which funds from financing activities (i.e. issuing debt and equity instruments) are generated.
- The currency in which receipts from operating activities are usually retained.

4.2 Conversion process of functional and reporting currency to United States Dollars (US\$)

In accordance with International Accounting Standard IAS29 "Financial Reporting in Hyperinflationary Economies" and International Accounting Standard IAS21, the company prospectively applied the relevant translation procedures on the adoption of the new functional currency. Amendments to IAS 21 were introduced by the International Accounting Standards Board (IASB) in August 2023. The amendments are effective for annual periods beginning on or after 1 January 2025. According to the IASB, early application of the amendments is permitted, and the business is electing to early adopt the amendments effective from 1 April 2024. The amendment concerns the determination of the exchange rate in the absence of long-term exchangeability. Early adoption during the transition of functional currency from ZWL to US\$ enabled the business to align financial reporting with these updated provisions at the point of change and will be applied where exchange rates are not easily observable due to lack of exchangeability.

The inflation-adjusted financial statements for 31 March 2024 were translated to US\$ using the official prevailing exchange rate. The business used another estimation technique to estimate exchange rates for property, plant, equipment, inventory and prepayments and translated values were compared to fair values which was deemed more appropriate and adjustments were made to reflect the true economic reality of the assets. The hyperinflated comparative financial information for the six months ending 30 September 2023 were converted to US\$ using the spot rate as of 30 September 2023.

The conversion factors used to restate the financial statements are as follows:

	Index	Conversion Factor
30 September 2023	94,571	4.03
31 March 2023	381,544	1.00
Average CP1 for the six (6) months to 30 September 2023	67,141	5.68

4.3 Exchange rates used to translate prior year financial information

IAS 21, requires businesses operating in hyperinflationary economies to translate previously reported inflation-adjusted financial statements using the the closing exchange rate for the reporting period when changing presentation currency.

The exchange rates used to convert the financial information are as follows:

	ZWL Exchange Rate
September 2023	5,466.75
March 2024	22,055.47

4.4 Introduction of a new currency the, Zimbabwe Gold (ZWG)

With effect from 5 April 2024, the Reserve Bank of Zimbabwe introduced a new currency called Zimbabwe Gold (ZWG). The swap rate of ZWG1: ZWL 2,498.7242 was guided by the closing interbank exchange rate and the price of gold as at 5 April 2024. The swap rate was used to make legitimate conversions of all ZWL deposits in the banking sector, all ZWL loans and advances made by the sector, all outstanding auction allotments, all export surrender obligations, all prices of goods and services in ZWL and any other ZWL denominated obligations. As a result of these developments, the Company re-evaluated its functional currency in accordance with IAS 21 and concluded that its functional currency remained United States Dollars(US\$).

	30 September 2024 US\$	30 September 2023 US\$
5. Capital expenditure (CAPEX)	1,958,954	686,400
6. Depreciation on property, plant and equipment (PPE)	1,174,405	634,506

7. Contingent Liabilities

There were no contingent liabilities for the period under review.

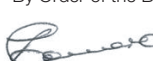
8. Dividend

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

9. Approval of financial statements

These abridged financial statements were approved by the Board on 22 November 2024.

By Order of the Board,


P. Gowero
Chairman


M. Nzwere
CEO

**COMMENTARY****Overview**

The first half of the trading year was highlighted by the continuation of uncertainty around economic fundamentals. The economy continues to grapple with inflation, official and alternative market exchange rate disparities, and liquidity challenges. It has been a challenge to balance preserving value and maintaining viable pricing. The continuation of the Reserve Bank of Zimbabwe interventions efforts to inject more foreign exchange into the market is an encouraging policy thrust.

Financial Performance

Revenue for the half-year increased by 73% to US\$18.9m primarily driven by growth in winter cereal sales and exports which contributed to the overall 24% volume increase to 10,625mt.

Wheat seed sales went up by 9% over the previous year despite drought-related water shortages, power outages, and high prices for essential inputs such as fertiliser.

Other income increased due to exchange gains on ZWG denominated borrowings.

Operating expenses surged due to the current hyperinflationary environment as pricing index to the US\$ became the norm.

Finance costs constituted 8% of the turnover, down from 16% from the previous year. The Group remained reliant on borrowings to fund the cash flow gap created by delayed settlement of Government related receivables and the inflationary increase in operating costs.

The loss from joint ventures and associates was primarily attributable to Seed Co International Limited in line with subdued trading during this off season period.

Financial position

The carrying value of PPE was flat in the absence of capital expenditure during the first half.

Inventories mainly comprised of higher maize seed stocks carried over due to the drought prior year coupled with this year's maize and other seed production deliveries.

The decrease in receivables is mainly attributable to reduced prior year sales and collection of debtors.

The increase in borrowings aligns with the seasonal working capital cycle during this period when funding is needed to pay growers for seed deliveries as well as finance the commencement of processing.

Research and Development

Research and Development remains the business' key distinctive advantage lever. Various research initiatives are underway to ensure an optimal product pipeline adaptable to the constantly changing climate.

The maize seed basket has been expanded with the release of SC661 and SC 657 and a high yielding wheat variety, SC W9104, was also released.

Outlook

The business maintains a cautiously optimistic outlook on economic prospects in Zimbabwe and the broader region, acknowledging persistent challenges across several markets while recognising the potential benefits of recent fiscal and monetary policy measures aimed at fostering economic stability and growth. Agriculture, as a cornerstone of many African economies, stands to gain from these policy interventions and projected weather patterns, though the impact of La Niña on rainfall remains uncertain. While La Niña typically brings higher rainfall, forecasts are mixed for Zimbabwe and Southern Africa, highlighting the need for flexible crop planning and adaptive strategies.

The Company is well-positioned to meet the diverse needs of farmers by offering a resilient seed mix designed to perform in both drought-prone and high-rainfall conditions. This adaptability strengthens the business's value proposition, ensuring farmers have dependable options irrespective of climatic fluctuations. Additionally, the Company will continue expanding its regional export opportunities, building on synergies with its regional affiliate, Seed Co International Limited.

Both farmers and development partners have shown strong demand for increased seed orders this coming season, driven by a commitment to food security following the recent El Niño-induced drought that severely impacted Southern Africa. The Company is strategically positioned to harness potential improvements in agricultural performance and strengthen its regional export business by leveraging advanced seed technologies tailored for both harsh and favourable climates.

F. Sithole
Group Secretary

DIRECTORS

P Gowero (Chairman), M Nzwere (Group CEO)*, T Chatiza (Group CFO)*, A Carvalho, R C D Chitengu (Mrs), Dr D Garwe (Mrs), M P Karombo, K Mafukidze, N C Bennett, F Savin. *Executive