The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Agriterra Limited / Ticker: AGTA / Index: AIM / Sector: Agriculture

**Agriterra Limited ('Agriterra' or the 'Company')**

**Interim Results**

Agriterra Limited, the AIM listed African agricultural company, announces its unaudited results for the six months ended 30 September 2022.

## CHAIR'S STATEMENT

I am pleased to provide an update on our performance in the first half of the 2023 financial year ('HY-2023'). These results will be made available on the Company's website.

**Operational update**

**Grain division**

The Grain division commenced the period with more than 7,000 tons of maize in silos valued at MZN 87.5 million (US$ 1.4 million) which was not milled in the prior year due to low sales volumes caused by cheap raw maize imports flooding the informal market.

Grain strategy was revised with the main objective being to reduce the level of debt, thus allowing grain division to break even by:

- Reducing finance costs,
- Further cost reductions amounting to MZN 3m (US$ 47,000) per month.
- Building on prior year operating initiatives such as:
    - Buying cheap maize during the harvest period.
    - Ensuring maize meal extraction rates remain above 78%.
    - Milling from Compagri which has access to cheaper maize.

In August 2022, Grain division bank debt was refinanced with a shareholder loan amounting US$ 6.1 million which reduced finance costs by MZN 6 million (US$ 90 000) per month. In addition, the Grain division managed to cut MZN 2 million (US$ 31,000) operational costs of the targeted MZN 3 million (US$ 47,000) by September 2022.

Grain division sales volumes were in line with the prior year at 7,947 tons (HY-2022: 7,981 tonnes) generating revenue of US$ 3.6 million (HY-2022: US$ 3.6 million). Meal sales volume were ahead of the budget of 7,563 tons (HY-2022: 12,530 tons). Budgeted volumes have been reduced, as compared to prior period, to avoid unnecessary interest and stock holding expenses.

An additional US$ 1.5m shareholder loan was secured, to fund maize working capital for the season. The business, as at 30 September 2022, has in silo a total stock of 7,444 tons of maize (HY-2022: 18,942 tons), which will be rolled over continuously to fund maize requirements through to April 2023. This will necessitate the purchase of a further 5,000 tons to meet the milling requirements until the next harvest.

Operating costs decreased by US$ 0.2m to US$ 0.5m following a further aggressive cost cutting exercise. EBITDA decreased to US$ 0.1m (HY-2022: EBITDA of US$ 0.2m) due to a higher cost of maize as compared to the prior year. Average cost of maize is 19% higher than prior year at US$ 227 per ton (HY-2022: US$ 191 per ton). Finance costs increased to US$ 0.8m (HY-2022: US$ 0.7m) and depreciation cost remained constant at US$ 0.25m. Grain incurred a loss of US$ 0.87m for the 6 months period ending 30 September 2022 (HY-2022: Loss US$ 0.75m).

In response to the shrinking margins, Grain division is evaluating alternative ways of sourcing maize and increasing other milling revenues. The following mitigating actions have been implemented:

- Reduce finance costs and stock holding costs by borrowing less and rolling over maize inventories equivalent to US$ 1.5 million;
- Sourcing milling services from non-governmental organisations. As at 30 September, Grain division won a contract to mill 600 tons of maize for World Food Programme (WFP); and
- Further extend the service milling to commercial customers.

**Beef division**

Improvement in the performance of the Beef division has been limited by a shortage of animals in the feedlot due to a lack of working capital. At the beginning of the period, the feedlot had 1,334 animals operating at 44% of the feedlot capacity.

The number of animals dropped to 961 by July 2022 in response to stronger customer demand. In August 2022, Beef division received an advance amounting to US$ 300,000 as working capital funding for the purchase of animals. The advance enabled Beef division to purchase 1,000 animals and sales volumes are expected to increase within 90 days, and this will enable Beef division to be profitable thereafter.

As at 30 September 2022, Beef division had 1,513 animals and cash resources which can buy an additional 400 animals. With the additional funding, Beef division will be able to operate at 64% of the feedlot capacity.

Beef division generated US$ 1.7m revenue resulting in an increase of US$ 0.2m as compared to same period last year. 455 tons of beef were sold during the period (HY-2022: 452 tons) compared to a budget of 653 tons. Cumulative gross profit of 23.49% was achieved (Budget: gross profit of 25.24%). This is the second year Beef division has achieved gross profit above 20% due to the following measures which were implemented:

- Effective monitoring of animal travel mass losses;
- Careful selection and purchase of healthy animals with high growth potential by the farm manager;
- Aggressive pricing to meet customer demand;
- Consistent monitoring animal meat dress out ratio to achieve a minimum of 52% of the animal weight;
- Streamlining processes and reducing costs.

Operational loss for the period decreased from US$ 0.276 million to US$ 0.264 million as compared to prior year. Finance costs decreased to US$ 27,000 (HY-2022: US$ 29,000) and the loss after tax decreased to US$ 0.272m (HY-2022: loss US$ 0.284m).

Beef division is creating several revenue streams by diversifying and/or creating new markets. The following initiatives are increasing revenue for the Beef division:

- Diversifying into the supply of goat meat. The challenge being faced is to secure sustainable supply of goats to meet customer demand. Management is searching for new areas to buy goats to meet the demand.
- Pushing more carcass sales to supermarkets in northern Mozambique, where the imported South African meat cannot be supplied at competitive rates.
- Offering of a new economy cut stewing meat package for retailers to purchase and sell in smaller portions in the informal markets. This is proving to be very popular, and the sales are increasing rapidly each month, driving up the value attributed to each carcass.
- Commenced the production of free-range pigs at the farms to improve farm productivity and reduce cost per kg. As at 30 September 2022, Mozbife has 162 pigs. Beef division is targeting to slaughter 40 pigs per month which will produce 5 tons of pork per month from April 23 onwards.

**Snax Division**

The Snax division has seen strong market penetration reflecting a superior quality product and has been operating above 75% of the installed plant capacity. In August 2022, Snax division purchased a new extruder to increase the production capacity from 110 000 bales to 150 000 bales per month. The new extruder has been funded by internally generated funds and Snax division has plans to expand into new geographical markets in Mozambique.

Snax division generated US$ 1.3m revenue (HY-2022: US$ 0.7m). Mozambique has not been immune to global price pressures which have affected the cost of cooking oil, fuel and packaging materials. Consequently, gross margin decreased from 32% to 19.60% as compared to prior year. However, due to significant increase in sales volumes, gross profit increased from US$ 206,629 to US$ 250,165. Operating expenses increased by US$ 63,925 due to a 5% management fee payable to Grain division. DECA Snax is a joint venture and based on International Financial Reporting Standards, revenue is not consolidated but the profit portion attributable to the group is included as share of profit in equity accounted investee in the Consolidated Income Statement.

Deca Snax reported a profit of US$ 70,000 (HY-22: US$ 94,000) and the group's share of profit in equity accounted investee is US$ 35,000 (HY-22: US$ 47,000).

**Group Results**

Group revenue for the half-year ended 30 September 2022 increased by 2% to US$ 5.0m (HY-2022: US$ 4.9m). As a result of increase in the cost of fuel and packaging in all divisions, gross profit decreased to US$ 1.1m (HY-2022: US$ 1.3m) achieving a group gross margin of 22% (HY-2022: Gross margin of 27%). Aggressive cost cutting in Grain and Beef division decreased operating expenses from US$ 1.9m to US$ 1.6m as compared to prior period. Decrease in the operating expenses mitigated the decrease in gross profit and operating loss decreased to US$ 466,000 from US$ 510,000.

Finance costs increased by 28% to US$ 0.918m (HY-2022: US$ 0.715m). Significant decrease in finance cost is expected from October 2022 to March 2023 resulting from the refinancing of external bank debt with the shareholder loans amounting in total to US$ 7.9m. At least a US$ 0.5 million saving is expected by year end.

During the period, inventories have decreased by US$ 0.051m to US$ 2.125m as compared to 31 March 2022. Grain division is keeping low inventory levels as a result of the revised strategy to reduce stock holding cost and finance cost in Grain division. Net debt at 30 September 2022 was US$ 10.9m (31 March 2022: US$ 10.7m).

**Outlook for H2-2023**

The Grain business is entering H2-2023 with over 7,000 tons of grain in silo which is not sufficient to take us to the next harvest and the strategy is to rollover the working capital until we link to the next grain buying season. This will reduce finance cost for the group as well as stock holding expenses. On the other hand, Beef division has already set the platform for ramping up operations and will increase feedlot capacity utilisation to 64%. All divisions have been striving to be self-sustaining at low-capacity utilisation and now are expanding into profitable operations as volumes increase after rightsizing. Management will continuously monitor operations for profitability and seize new market opportunities creating a group basket of products to effectively lower overheads per product in the medium to long term.

Grain remains the core group business and management will seek to add value by creating additional product lines building on the success of Deca Snax. Additionally, for the FY-23 period, we are working on a financing programme to rebuild the beef stocks and to improve our overall distribution of products for Deca Snax and Mozbife.

**CSO Havers**
**Chair**
**14 December 2022**


**FOR FURTHER INFORMATION PLEASE VISIT WWW.AGRITERRA-LTD.COM OR CONTACT:**

| **Agriterra Limited** | | **Strand Hanson Limited** | |
|---|---|---|---|
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## Consolidated income statement

| | Note | 6 months ended 30 September 2022 Unaudited | 6 months ended 30 September 2021 Unaudited | Year ended 31 March 2022 Audited |
|---|---|---|---|---|
| | **Note** | **$000** | $000 | $000 |
| **CONTINUING OPERATIONS** | | | | |
| Revenue | 2 | **4,964** | 4,869 | 10,277 |
| Cost of sales | | **(3,883)** | (3,512) | (7,715) |
| (Decrease)/Increase in fair value of biological assets | | **-** | (32) | 1 |
| Gross profit | | **1,081** | 1,325 | 2,563 |
| Operating expenses | | **(1,603)** | (1,900) | (3,490) |
| Other income | | **56** | 57 | 86 |
| Profit on disposal of property, plant and equipment | | **-** | 8 | 20 |
| **Operating loss** | | **(466)** | (510) | (821) |
| Net finance costs | 3 | **(918)** | (715) | (1,627) |
| Share of profit in equity-accounted investees, net of tax | | **35** | 47 | 55 |
| **Loss before taxation** | | **(1,349)** | (1,178) | (2,393) |
| Taxation | | **-** | - | 123 |
| **Loss for the period** | 2 | **(1,349)** | (1,178) | (2,270) |
| **Loss for the period attributable to owners of the Company** | | **(1,349)** | (1,178) | (2,270) |
| **LOSS PER SHARE** | | | | |
| Basic and diluted loss per share – US Cents | 4 | **(6.35)** | (5.54) | (10.70) |

## Consolidated Statement of comprehensive income

| | 6 months ended 30 September 2022 Unaudited | 6 months ended 30 September 2021 Unaudited | Year ended 31 March 2022 Audited |
|---|---|---|---|
| | **$000** | $000 | $000 |
| Loss for the period | **(1,349)** | (1,178) | (2,270) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign exchange translation differences | **(490)** | 711 | 932 |
| Items that will not be reclassified to profit or loss | | | |
| Revaluation of Property, plant and equipment | **-** | - | - |
| Other comprehensive (loss)/income for the period | **(490)** | 711 | 932 |
| **Total comprehensive (loss)/income for the period attributable to owners of the Company** | **(1,839)** | (467) | (1,338) |

## Consolidated statement of financial position

| | Note | **30 September 2022 Unaudited** | 30 September 2021 Unaudited | 31 March 2022 Audited |
|---|---|---|---|---|
| | **Note** | **$000** | $000 | $000 |
| **Non-current assets** | | | | |
| Property, plant and equipment | | **24,682** | 25,464 | 25,051 |
| Intangible assets | | **10** | 40 | 18 |
| Equity-accounted investees | | **91** | 47 | 56 |
| | | **24,783** | 25,551 | 25,125 |
| **Current assets** | | | | |
| Biological assets | | **421** | 436 | 463 |
| Inventories | | **2,125** | 4,380 | 2,176 |
| Trade and other receivables | | **1,190** | 1,595 | 824 |
| Cash and cash equivalents | | **350** | 283 | 107 |
| | | **4,086** | 6,694 | 3,570 |
| **Total assets** | | **28,869** | 32,245 | 28,695 |
| **Current liabilities** | | | | |
| Borrowings | 5 | **4,287** | 8,575 | 8,809 |
| Trade and other payables | | **1,530** | 2,330 | 960 |
| | | **5,817** | 10,905 | 9,769 |
| **Net current liabilities** | | **(1,731)** | (4,211) | (6,199) |
| **Non-current liabilities** | | | | |
| Borrowings | 5 | **6,968** | 2,418 | 1,003 |
| Deferred tax liability | | **6,243** | 6,371 | 6,243 |
| | | **13,211** | 8,789 | 7,246 |
| **Total liabilities** | | **19,028** | 19,694 | 17,015 |
| **Net assets** | | **9,841** | 12,551 | 11,680 |
| Share capital | 6 | **3,373** | 3,373 | 3,373 |
| Share premium | | **151,442** | 151,442 | 151,442 |
| Share based payments reserve | | **67** | 87 | 67 |
| Revaluation reserve | | **12,186** | 12,563 | 12,312 |
| Translation reserve | | **(16,498)** | (16,229) | (16,008) |
| Accumulated losses | | **(140,729)** | (138,685) | (139,506) |
| **Equity attributable to equity holders of the parent** | | **9,841** | 12,551 | 11,680 |

The unaudited condensed consolidated financial statements of Agriterra Limited for the six months ended 30 September 2022 were approved by the Board of Directors and authorised for issue on 14 December 2022.

Signed on behalf of the Board of Directors:

**CSO Havers**
**Chair**

## Consolidated statement of changes in equity

| | Note | Share capital | Share premium | Share based payment reserve | Translation reserve | Revaluation reserve | Accumulated losses | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | | US$000 | US$000 | US$000 | US$000 | US$000 | US$000 | US$000 |
| Balance at 1 April 2021 | | 3,373 | 151,442 | 87 | (16,940) | 12,563 | (137,507) | 13,018 |
| Loss for the period | | - | - | - | - | - | (1,178) | (1,178) |
| Other comprehensive income: | | | | | | | | |
| Exchange translation gain on foreign operations restated | | - | - | - | 711 | - | - | 711 |
| Total comprehensive loss for the period | | - | - | - | 711 | - | (1,178) | (467) |
| Transactions with owners | | | | | | | | |
| Share based payments | | - | - | - | - | - | - | - |
| Total transactions with owners for the period | | - | - | - | - | - | - | - |
| **Balance at 30 September 2021** | | **3,373** | **151,442** | **87** | **(16,229)** | **12,563** | **(138,685)** | **12,551** |
| Loss for the period | | - | - | - | - | - | (1,092) | (1,092) |
| Other comprehensive income: | | | | | | | | |
| Exchange translation gain on foreign operations | | - | - | - | 221 | - | - | 221 |
| Total comprehensive income for the period | | - | - | - | 221 | - | (1,092) | (871) |
| Transactions with owners | | | | | | | | |
| Share based payments | | - | - | (20) | - | - | 20 | - |
| Revaluation surplus realised | | - | - | - | - | (251) | 251 | - |
| Total transactions with owners for the period | | - | - | (20) | - | (251) | 271 | - |
| **Balance at 31 March 2022** | | **3,373** | **151,442** | **67** | **(16,008)** | **12,312** | **(139,506)** | **11,680** |
| Loss for the period | | - | - | - | - | - | (1,349) | (1,349) |
| Other comprehensive income: | | | | | | | | |
| Exchange translation (loss) on foreign operations | | - | - | - | (490) | - | - | (490) |
| Total comprehensive loss for the period | | - | - | - | (490) | - | (1,349) | (1,839) |
| Transactions with owners | | | | | | | | |
| Share based payments | | - | - | - | - | - | - | - |
| Revaluation surplus realised | | - | - | - | - | (126) | 126 | - |
| Total transactions with owners for the period | | - | - | - | - | (126) | 126 | - |
| **Balance at 30 September 2022** | | **3,373** | **151,442** | **67** | **(16,498)** | **12,186** | **(140,729)** | **9,841** |

## Consolidated cash flow statement

| | Note | **6 months ended 30 September 2022 Unaudited** | 6 months ended 30 September 2021 Unaudited | Year ended 31 March 2022 Audited |
|---|---|---|---|---|
| | | **$000** | $000 | $000 |

| | | | | |
|---|---|---|---|---|
| Loss before tax for the period | | **(1,349)** | (1,178) | (2,393) |
| Adjustments for: | | | | |
| Amortisation and depreciation | **2** | **435** | 425 | 874 |
| Profit on disposal of property, plant and equipment | | **-** | (8) | (20) |
| Foreign exchange (loss)/gain | | **(493)** | 226 | 162 |
| Decrease / (increase) in value of biological assets | | **-** | 32 | (1) |
| Net decrease / (increase) in biological assets | | **42** | 15 | (12) |
| Share of profit in associate | | **(35)** | (47) | (55) |
| Net Finance costs | | **918** | 715 | 1,627 |
| **Operating cash flows before movements in working capital** | | **(482)** | 180 | 182 |
| Decrease / (increase) in inventories | | **51** | (3,447) | (1,243) |
| (Increase) / decrease in trade and other receivables | | **(366)** | 157 | 928 |
| Increase / (decrease) in trade and other payables | | **570** | 284 | (1,086) |
| **Cash used in operating activities** | | **(227)** | (2,826) | (1,219) |
| Corporation tax paid | | **-** | - | - |
| Interest received | | **-** | - | - |
| **Net cash used in operating activities** | | **(227)** | (2,826) | (1,219) |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Proceeds from disposal of property, plant and equipment, net of expenses incurred | | **-** | 48 | 20 |
| Acquisition of property, plant and equipment | | **(58)** | (368) | (79) |
| Acquisition of intangible assets | | **-** | (3) | - |
| **Net cash used in investing activities** | | **(58)** | (323) | (59) |
| | | | | |
| **Cash flow from financing activities** | | | | |
| Finance costs | **3** | **(918)** | (715) | (1,627) |
| Net (repayment) / drawdown of overdrafts | **5** | **(6,255)** | 4,087 | 2,236 |
| Net drawdown / (repayment) of loans and finance leases | **5** | **7,701** | (171) | 545 |
| **Net cash generated from/(used in) financing activities** | | **528** | 3,201 | 1,154 |
| | | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **243** | 52 | (124) |
| Effect of exchange rates on cash and cash equivalents | | **-** | - | - |
| Cash and cash equivalents at beginning of period | | **107** | 231 | 231 |
| **Cash and cash equivalents at end of period** | | **350** | 283 | 107 |

## GENERAL INFORMATION

Agriterra Limited ('Agriterra' or the 'Company') and its subsidiaries (together the 'Group') is focussed on the agricultural sector in Africa. Agriterra is a non-cellular company limited by shares incorporated and domiciled in Guernsey, Channel Islands. The address of its registered office is Connaught House, St Julian's Avenue, St Peter Port, Guernsey GY1 1GZ.

The Company's Ordinary Shares are quoted on the AIM Market of the London Stock Exchange ('AIM').

The unaudited condensed consolidated financial statements have been prepared in US Dollars ('US$' or '$') as this is the currency of the primary economic environment in which the Group operates.

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the 6 months ended 30 September 2022 (the 'H1-2023 financial statements'), which are unaudited and have not been reviewed by the Company's Auditor, have been prepared in accordance with the International Financial Reporting Standards ('IFRS'). The accounting policies adopted by the Group are set out in the annual report for the year ended 31 March 2022 (available at www.agriterra-ltd.com). The Group does not anticipate any significant change in these accounting policies for the year ended 31 March 2023.

This interim report has been prepared to comply with the requirements of the AIM Rules of the London Stock Exchange (the 'AIM Rules'). In preparing this report, the Group has adopted the guidance in the AIM Rules for interim accounts which do not require that the interim condensed consolidated financial statements are prepared in accordance with IAS 34, *'Interim financial reporting'*. Whilst the financial figures included in this report have been computed in accordance with IFRSs applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as that term is defined in IFRSs.

The financial information contained in this report also does not constitute statutory accounts under the Companies (Guernsey) Law 2008, as amended. The financial information for the year ended 31 March 2022 is based on the statutory accounts for the year then ended. The Auditors reported on those accounts. Their report was unqualified and referred to going concern as a key audit matter. The Auditors drew attention to note 3 to the financial statements concerning the Group's ability to continue as a going concern which shows that the Group will need to renew its overdraft facilities, maintain its current borrowings and raise further finance in order to continue as a going concern.

The H1-2023 financial statements have been prepared in accordance with the IFRS principles applicable to a going concern, which contemplate the realisation of assets and liquidation of liabilities during the normal course of operations. Having carried out a going concern review in preparing the H1-2023 financial statements, the Directors have concluded that there is a reasonable basis to adopt the going concern principle.

## 2. SEGMENT INFORMATION

The Board considers that the Group's operating activities during the period comprised the segments of Grain, Beef and Snax, undertaken in Mozambique. In addition, the Group has certain other unallocated expenditure, assets and liabilities.
The following is an analysis of the Group's revenue and results by operating segment:

| **6 months ended 30 September 2022 – Unaudited** | **Grain** | **Beef** | **Snax** | **Unallo-cated** | **Elimina-tions** | **Total** |
|---|---|---|---|---|---|---|
| | **$000** | **$000** | **$000** | **$000** | **$000** | **$000** |
| Revenue | | | | | | |
| External sales[2] | **3,309** | **1,655** | **-** | **-** | **-** | **4,964** |
| Inter-segment sales[1] | **245** | **-** | **-** | **-** | **(245)** | **-** |
| | **3,554** | **1,655** | **-** | **-** | **(245)** | **4,964** |
| Segment results | | | | | | |
| - Operating loss | **(141)** | **(264)** | **-** | **(127)** | **-** | **(532)** |
| - Interest expense | **(776)** | **(27)** | **-** | **(115)** | **-** | **(918)** |
| - Share of profit in equity accounted investees | **-** | **-** | **35** | **-** | **-** | **35** |
| - Other gains and losses | **47** | **19** | **-** | **-** | **-** | **66** |
| (Loss)/Profit before tax | **(870)** | **(272)** | **35** | **(242)** | **-** | **(1,349)** |
| Income tax | **-** | **-** | **-** | **-** | **-** | **-** |
| (Loss)/Profit for the period | **(870)** | **(272)** | **35** | **(242)** | **-** | **(1,349)** |

| 6 months ended 30 September 2021 – Unaudited | Grain | Beef | Snax | Unallo-cated | Elimina-tions | Total |
|---|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 | $000 |
| Revenue | | | | | | |
| External sales[2] | 3,361 | 1,508 | - | - | - | 4,869 |
| Inter-segment sales[1] | 247 | - | - | - | (247) | - |
| | 3,608 | 1,508 | - | - | (247) | 4,869 |
| Segment results | | | | | | |
| - Operating loss | (121) | (276) | - | (188) | - | (585) |
| - Interest expense | (686) | (29) | - | - | - | (715) |
| - Share of profit in equity accounted investees | - | - | 47 | - | - | 47 |
| - Other gains and losses | 54 | 21 | - | - | | 75 |
| (Loss)/Profit before tax | (753) | (284) | 47 | (188) | - | (1,178) |
| Income tax | - | - | - | - | - | - |
| (Loss)/Profit for the period | (753) | (284) | 47 | (188) | - | (1,178) |

| **Year ended 31 March 2022 - Audited** | Grain<br>US$000 | Beef<br>US$000 | Snax[1]<br>US$000 | Unallo-cated<br>US$000 | Elimina-tions<br>US$000 | Total<br>US$000 |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| External sales[2] | 7,118 | 3,159 | - | - | - | 10,277 |
| Inter-segment sales[1] | 226 | - | - | - | (226) | - |
| | 7,344 | 3,159 | - | - | (226) | 10,277 |
| Segment results | | | | | | |
| - Operating loss | (55) | (444) | - | (429) | - | (928) |
| - Interest expense | (1,548) | (79) | - | - | - | (1,627) |
| - Other gains and losses | 88 | 19 | - | - | - | 107 |
| -Share of profit in equity-accounted investees | - | - | 55 | - | - | 55 |
| (Loss)/Profit before tax | (1,515) | (504) | 55 | (429) | - | (2,393) |
| Income tax | 111 | 12 | - | - | - | 123 |
| (Loss)/Profit after tax | (1,404) | (492) | 55 | (429) | - | (2,270) |

(1) Inter-segment sales are charged at prevailing market prices
(2) Revenue represents sales to external customer and is recorded in the country of domicile of the Company making the sales. Sales from the Grain and the Beef divisions are principally for supply to the Mozambique market.

The segment items included within continuing operations in the consolidated income statement for the periods are as follows:

| | **Grain**<br>**$000** | **Beef**<br>**$000** | **Unallo-cated**<br>**$000** | **Elimina-tions**<br>**$000** | **Total**<br>**$000** |
|---|---|---|---|---|---|
| **6 months ended 30 September 2022 – Unaudited** | | | | | |
| **Depreciation and amortisation** | **257** | **178** | **-** | **-** | **435** |
| 6 months ended 30 September 2021 – Unaudited | | | | | |
| Depreciation and amortisation | 247 | 178 | - | - | 425 |
| Year ended 31 March 2022 – Audited | | | | | |
| Depreciation and amortisation | 502 | 359 | 13 | - | 874 |

## 3. NET FINANCE COSTS

| | **6 months ended 30 September 2022 Unaudited**<br>**$000** | 6 months ended 30 September 2021 Unaudited<br>$000 | Year ended 31 March 2022 Audited<br>$000 |
|---|---|---|---|
| Interest expense: | | | |
| Bank loans, overdrafts and finance leases | **918** | 715 | 1,627 |
| Interest income: | | | |
| Bank deposits | **-** | - | - |
| | **918** | 715 | 1,627 |

## 4. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

| | 6 months ended 30 September 2022 Unaudited US$000 | 6 months ended 30 September 2021 Unaudited US$000 | Year ended 31 March 2022 Audited US$000 |
|---|---|---|---|
| Loss for the period/year for the purposes of basic and diluted earnings per share attributable to equity holders of the Company | **(1,349)** | (1,178) | (2,270) |
| Weighted average number of Ordinary Shares for the purposes of basic and diluted loss per share | **21,240,618** | 21,240,618 | 21,240,618 |
| Basic and diluted loss per share - US cents | **(6.35)** | (5.54) | (10.70) |

The Company has issued options over ordinary shares which could potentially dilute basic loss per share in the future. There is no difference between basic loss per share and diluted loss per share as the potential ordinary shares are anti-dilutive.

## 5. BORROWINGS

| | 30 September 2022 Unaudited $000 | 30 September 2021 Unaudited $000 | 31 March 2022 Audited $000 |
|---|---|---|---|
| **Non-current** | | | |
| Shareholder loan | **6,215** | - | - |
| Bank loans | **595** | 2,148 | 783 |
| Leases | **158** | 270 | 220 |
| | **6,968** | 2,418 | 1,003 |
| **Current** | | | |
| Shareholder loan | **1,800** | - | - |
| Bank loans | **2,377** | 288 | 2,438 |
| Leases | **110** | 105 | 115 |
| Bank overdrafts | - | 8,182 | 6,256 |
| | **4,287** | 8,575 | 8,809 |
| | **11,255** | 10,993 | 9,812 |

**Group**

During the period, Agriterra Limited secured shareholder loans amounting to US$ 7.9 million from Magister Investments Limited at an interest rate of SOFR+3% to reduce the finance cost which has been increasing over the years and has been used to pay commercial borrowing in Mozambique which were charged interest above 18% per annum. The Group will save more than US$ 792,000 per annum. The shareholder loans are made up of:

- US$ 6.1m convertible loan facility with a 3-year tenure maturing August 2025.
- US$ 1.8m convertible loan facility with a 12-month tenure maturing in August 2023.

**Grain division**

Grain division has two outstanding commercial bank loans amounting to US$ 2.9 million. Bank loan with an outstanding balance of US$ 2.2 million was issued in May 2019. The loan facility which was originally issued as an overdraft facility has been restructured several times and now is a term loan incurring an interest rate of Bank's prime lending rate less 1.75% and matures in July 2023. The second debt facility with an outstanding balance of US$ 0.7 million is a 5-year term loan maturing on 31 December 2026. The facility was restructured into a term loan on 1 December 2021 with an interest of prime lending rate plus 1.5%. The above-mentioned facilities are secured by land and buildings.

In addition, Grain division has a finance lease for 6 vehicles maturing on 05 December 2023 with an outstanding balance amounting to MZN 4.7m (US$ 73,587). Grain division incurs interest of 18.6% on this facility. During the period MZN 4.2m (US$ 65,876) of the outstanding balance was repaid.

**Beef division**

The outstanding balance on agricultural equipment finance lease is MZN 12.3m (US$ 0.194m). During the period, MZN 6.8 million (US$ 106,431) of the principal balance was repaid. The finance lease is repayable over 5 years maturing in July 2024 and is secured against certain agricultural equipment.

### Reconciliation to cash flow statement

| | At 31 March 2022 | Cash flow | Foreign Exchange | At 30 September 2022 |
|---|---|---|---|---|
| | US$000 | US$000 | US$000 | US$000 |
| **Non-current shareholder loan** | - | 6,215 | - | **6,215** |
| **Non-current bank loans** | 783 | (188) | (1) | **594** |
| **Non-current finance leases** | 220 | (61) | - | **159** |
| **Current shareholder loan** | - | 1,800 | - | **1,800** |
| **Current bank loans** | 2,438 | (60) | (1) | **2,377** |
| **Current finance leases** | 115 | (5) | - | **110** |
| **Overdrafts** | 6,256 | (6,255) | (1) | **-** |
| | 9,812 | 1,446 | (3) | **11,255** |

## 6. SHARE CAPITAL

| | Authorised Number | Allotted and fully paid Number | US$000 |
|---|---|---|---|
| **At 31 March 2022, 30 September 2022 and 2021** | **23,450,000** | **21,240,618** | **3,135** |
| **At 31 March 2022, 30 September 2022 and 2021** | | | |
| Deferred shares of 0.1p each | **155,000,000** | **155,000,000** | **238** |
| Total share capital | **178,450,000** | **176,240,618** | **3,373** |

The Company has one class of ordinary share which carries no right to fixed income.

The deferred shares carry no right to any dividend; no right to receive notice, attend, speak or vote at any general meeting of the Company; and on a return of capital on liquidation or otherwise, the holders of the deferred shares are entitled to receive the nominal amount paid up after the repayment of £1,000,000 per ordinary share. The deferred shares may be converted into ordinary shares by resolution of the Board.