

18 August 2022
Company announcement

SEEKA SIX MONTHS UNAUDITED INTERIM RESULTS

30 June 2022

Listed New Zealand produce company Seeka, reports its unaudited interim results for the six months ended 30 June 2022.

\$49.4m EBITDA - up 5.3% on six months to June 2021, (previous corresponding period (pcp))

\$21.5m NPAT - up 4.3% on pcp

Seeka has announced its results with a backdrop of Covid-19, adverse weather events, extreme labour shortages, machine commissioning delays, shipping disruption, lower fruit yields and poor quality. It has been a tough six months and the company has hunkered down, toughed it out and focussed on the immediate job of optimising its operations and results in a volatile environment with significant inflationary pressure and geopolitical events affecting key markets.

The company has focussed on core business having completed the acquisition and integration of OPAC, Orangewood and NZ Fruits in the last twelve months.

While revenue was up by 10% to \$247.3m, earnings were impacted by increased costs and lower than expected fruit volumes. Labour was extremely tight through key main harvest periods with Seeka having to innovate to maintain operations. Loyal personnel were redeployed to "play out of position" at peak stress load to ensure the continuity of operations.

Fruit volumes were lower than expected reflecting a late 2021 storm in the Ōpōtiki region along with a seasonal reduction in yields across all catchments. In addition, the Gisborne region was later than normal in maturing and then was hit with persistent rain events.

Fruit quality in 2022 is unseasonably poor and this has created industry-wide issues.

The new highly-automated MAF Roda packing machine was commissioned later than expected adding to capacity challenges. The new machine brings together the latest automation as previously trialled by the company. The KKP machine alongside other automation investments and Seeka's operations in Gisborne and Oakside provide the capacity to handle the expected 2023 crop volumes.

In June Seeka delivered its first sustainability report including three years of verified carbon footprint calculations. Seeka is committed to reducing its carbon footprint by 30% by 2030, 50% by 2050 and to be net carbon neutral by 2050.

Dividend

The Board has determined that no dividend is payable at this time, with the dividend to be reconsidered later in the year.

Full year operational guidance

Seeka's full year outlook is dynamic, with a challenging second six months forecast. Full year net profit before tax is forecast to be between \$9.0m and \$11.0m.

New Zealand dollars (\$ millions)	FY22 Guidance Lower range	FY22 Guidance Upper range	FY21 Audited
Net profit before tax	9.0	11.0	23.5

Seeka reminds stakeholders that it operates in a seasonal industry with substantial earnings occurring in the first six months as fruit is harvested in New Zealand and Australia.

Operational performance

The following table outlines Seeka's performance to 30 June.

New Zealand dollars	6 months to June 2022 Unaudited	6 months to June 2021 Unaudited	Change
Total revenue (millions)	\$ 247.3	\$ 224.5	10.2%
EBITDA before impairments and revaluations (millions)	\$ 49.4	\$ 46.9	5.3%
EBIT (millions)	\$ 35.4	\$ 34.7	2.0%
NPAT (millions)	\$ 21.5	\$ 20.6	4.3%
Basic earnings per share (cents)	\$0.52	\$0.65	(20.0%)
Net bank debt (millions)	\$ 161.3	\$ 127.8	26.1%

This announcement should be read in conjunction with Seeka Limited's June 2022 interim report (unaudited), and December 2021 annual report (audited). Seeka reports can be found on Seeka's website www.seeka.co.nz/reports.

EBITDA

EBITDA before revaluations and impairments is considered by Seeka's Board to be a key measure of performance.

New Zealand dollars (\$000s)	6 months to June 2022 Unaudited	6 months to June 2021 Unaudited	Change	12 months to December 2021 Audited
Net profit before tax	30,065	30,761	(2%)	23,488
Interest expense	3,124	1,664		4,082
Lease interest expense	2,207	2,275		4,610
EBIT	35,396	34,700	2%	32,180
<i>Impairments and revaluations</i>				
Impairment of PPE	111	1,136		1,188
Depreciation expense	8,794	7,056		15,185
Lease depreciation expense	4,824	3,911		7,943
Amortisation of intangible assets	235	91		294
EBITDA before impairments and revaluations	49,360	46,894	5%	56,790

Reconciliation before and after applying NZ IFRS 16 Leases.

New Zealand dollars (\$000s)	6 months to June 2022 Unaudited	6 months to June 2021 Unaudited	Change	12 months to December 2021 Audited
EBITDA pre NZ IFRS 16	42,211	40,928	3%	44,087
Capitalised lease costs (cash cost)	7,149	5,966	20%	12,703
EBITDA after applying NZ IFRS 16	49,360	46,894	5%	56,790

ENDS

For more information, visit www.seeka.co.nz or please call:

Michael Franks
Chief executive

+ 64 21 356 516

Nicola Neilson
Chief financial officer

+ 64 21 841 606