

MIWA SUGAR LIMITED AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 31 MARCH 2024

Miwa Sugar sustains a good performance through better prices in Kenya, despite one-off challenges in Tanzania

UNAUDITED GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 3 months ended 31 Mar 2024	Unaudited 3 months ended 31 Mar 2023	Unaudited 9 months ended 31 Mar 2024	Unaudited* 9 months ended 31 Mar 2023
	USD'000	USD'000	USD'000	USD'000
REVENUE	35,504	49,389	152,793	100,273
Earnings before interest, taxes, depreciation and amortisation	9,403	23,449	69,182	49,563
Depreciation, amortisation and release of deferred income	(2,382)	(2,998)	(8,338)	(5,873)
Earnings before interest and taxation	7,021	20,451	60,845	43,690
Finance costs	(3,441)	(2,685)	(7,919)	(4,790)
Profit before taxation	3,580	17,766	52,925	38,900
Taxation	(2,164)	(5,948)	(21,128)	(14,226)
Profit for the period	1,416	11,818	31,797	24,674
Other comprehensive income / (loss) for the period	1,679	(3,706)	(2,157)	(8,992)
Total comprehensive income for the period	3,095	8,112	29,641	15,682
Profit attributable to:				
- Equity holders	382	5,549	13,974	10,864
- Non-controlling interests	1,034	6,269	17,823	13,810
	1,416	11,818	31,797	24,674
Total comprehensive income attributable to:				
- Equity holders	2,072	3,269	13,737	3,983
- Non-controlling interests	1,023	4,843	15,904	11,699
	3,095	8,112	29,641	15,682
Earnings per share	USD 0.001	0.02	0.04	0.03
Dividend per share	USD -	0.008	-	0.008

*Results for the period Oct 2022 - Mar 2023 only

UNAUDITED GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Mar 2024	Audited 30 Jun 2023
	USD'000	USD'000
ASSETS EMPLOYED		
Non-current assets		
Property, plant and equipment and right-of-use assets	112,144	101,927
Intangible assets	18,159	17,553
Financial assets at amortised cost	1,965	4,495
	132,268	123,975
Current assets	123,163	105,214
TOTAL ASSETS	255,431	229,189
EQUITY AND LIABILITIES		
Shareholders' interest	23,780	20,277
Non-controlling interests	33,887	38,758
Non-current liabilities	92,960	90,155
Current liabilities	104,804	79,999
TOTAL EQUITY AND LIABILITIES	255,431	229,189
Interest-bearing debt	123,888	93,330
Net asset value per share	USD 0.075	0.063
Number of ordinary shares in issue	No 318,492,120	318,492,120

UNAUDITED GROUP SEGMENTAL INFORMATION

Country analysis	Revenue				Profit*			
	Unaudited 3 months ended 31 Mar 2024	Unaudited 3 months ended 31 Mar 2023	Unaudited 9 months ended 31 Mar 2024	Unaudited** 9 months ended 31 Mar 2023	Unaudited 3 months ended 31 Mar 2024	Unaudited 3 months ended 31 Mar 2023	Unaudited 9 months ended 31 Mar 2024	Unaudited** 9 months ended 31 Mar 2023
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Tanzania	16,872	30,975	67,479	55,877	3,752	11,211	18,932	21,099
Kenya	18,633	18,414	85,315	44,396	(2,336)	607	12,865	3,575
	35,504	49,389	152,793	100,273	1,416	11,818	31,797	24,674

*Profit after tax is adjusted for internal group costs and will not tally with the breakdown in the commentary

** Results for the period Oct 22-Mar 23

UNAUDITED GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 31 Mar 2024	Unaudited 31 Mar 2023
	USD'000	USD'000
Net cash flow from operating activities	24,230	27,637
Net cash flow used in investing activities	(33,417)	(5,005)
Net cash flow used in financing activities	(21,837)	(9,299)
Net (decrease)/increase in cash and cash equivalents	(31,024)	13,333
Opening balance at 01 July	5,041	(13,929)
Cash and cash equivalents at 31 March	(25,983)	(596)

UNAUDITED GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders	Non-controlling interests	Total equity
	USD'000	USD'000	USD'000
At 01 July 2023	20,277	38,758	59,035
Total comprehensive income for the period	13,737	15,904	29,641
Change in shareholding without loss of control	(10,233)	(14,459)	(24,692)
Dividends	-	(6,317)	(6,317)
At 31 March 2024	23,780	33,887	57,667
Transfer from Alteo Limited	26,936	35,798	62,734
Total comprehensive income for the period	3,983	11,699	15,682
Dividends	(2,548)	(4,940)	(7,488)
At 31 March 2023	28,371	42,557	70,928

FINANCIAL PERFORMANCE REVIEW GROUP

Miwa Sugar Limited ("Miwa Sugar" or "the Group") recorded revenue and a net profit of USD 152.8m and USD 31.8m, respectively for the period ended 31 March 2024. EBITDA was USD 69.2m, representing a margin of 45%. Given that Miwa Sugar was a newly listed company on the Development and Enterprise Market of the Stock Exchange of Mauritius from 28 November 2022, there are no equivalent statutory comparatives. The figures disclosed for the prior year represent the performance of only the second and third financial quarters of activity. Caution should also be exercised when analysing the Group's financial performance given revenue and costs do not accrue evenly throughout the financial year.

Tanzanian operations contributed USD 67.5m of Group revenue, with the balance of USD 85.3m attributable to Kenyan operations. Corresponding profitability was USD 18.9m and USD 12.9m, respectively. TPC Limited ("TPC") achieved a good profitability margin from its revenue, despite facing several operational issues from the end of the second quarter. The increase in revenue achieved by Transmara Sugar Company Limited ("TSCL") in Kenya is noteworthy and was delivered through a sustained and reliable harvesting and crushing operation which allowed TSCL to benefit fully from the high one-off sugar prices prevailing in the first half of the financial year. These prices have since normalised, following the reopening of sugar mills in the country.

The decrease in cash flow from operations comprise of a negative working capital movement offset by higher profitability. The minority shareholding buy-out at TSCL and investment in capex formed the bulk of investing cashflows of USD 33.4m whilst payment on long term loans and dividends to non-controlling interests explain the outflows in financing, albeit compensated by inflows of USD 12.7m from new debt facilities.

The other comprehensive loss of USD 2.2m relates to the retranslation in USD of Miwa Sugar's foreign subsidiary assets, denominated in their respective currencies.

GROUP PROFORMA

Miwa Sugar, as a new group, started consolidating results of its subsidiaries from the second quarter of FY 22/23. To aid understanding of the progress in the performance of its underlying entities, the following proforma has been drawn, providing comparative results for the 9-month period to 31 March 2023.

	3 months to 31 Mar 2024	3 months to 31 Mar 2023	9 months to 31 Mar 2024	9 months to 31 Mar 2023
Revenue	35,504	49,389	152,793	144,883
EBITDA	9,403	23,449	69,182	73,498
PAT	1,416	11,818	31,797	37,371

Part of these comparative results were disclosed as discontinued operations in the quarter 1 results of Alteo Limited and represented its African operations which today comprise Miwa Sugar. Over the period under review, revenue increased by 5% to USD 152.8m with net profit down by a corresponding USD 5.6m (15%). The decrease in profit and EBITDA as compared to last year has several key drivers which are elaborated in the two sections which follow. These cover the independent performance of the Miwa Sugar subsidiaries.

TPC

	3 months to 31 Mar 2024	3 months to 31 Mar 2023	9 months to 31 Mar 2024	9 months to 31 Mar 2023
Revenue	16,872	30,974	67,479	76,907
EBITDA	8,530	17,473	39,658	51,908
PAT	4,160	10,263	21,757	30,345

Whilst TPC remains profitable with an attractive margin, it has faced several setbacks from the end of the second quarter that have impacted its usual performance. Two breakdowns on its main and spare turbo alternators (that generate electricity) at the factory has meant TPC having to rely on mains power from the grid. This has caused reduced output, with frequent production stoppages. Cane harvesting was also impacted due to heavy rains from the El Nino phenomenon. Consequently, TPC saw lower production of c. 35k tonnes of sugar compared to last year, with average yield falling by c. 2% and extraction by c. 10%. Sales of sugar fell by c. 12k tonnes with lower production also preventing any inventory build-up for the off-crop. Whilst average prices achieved were 4.9% higher in local currency, the depreciation of the Tanzanian shilling meant that prices fell 2% compared to the prior year in USD terms. The lack of inventory caused a negative stock movement of USD 6.9m compared to the corresponding prior year period, which impacted EBITDA (a decrease of USD 12.3m over the 9-month period), with profitability also down by USD 8.6m.

TSCL

	3 months to 31 Mar 2024	3 months to 31 Mar 2023	9 months to 31 Mar 2024	9 months to 31 Mar 2023
Revenue	18,632	18,415	85,314	67,976
EBITDA	784	4,328	29,711	18,713
PAT	(940)	1,524	16,256	8,067

The 9-month performance for TSCL continues to be excellent largely as a result of the robust first half of the financial year. As previously disclosed, TSCL benefited from an increase in sugar prices due to the constrained national supply of sugar in Kenya, driven by poor cane availability in regions outside Transmara. For the year to date however, cane crushed and sugar produced/sold decreased by 5% and 1%, respectively compared to last year. The decrease is primarily attributable to reduced crushing in the third quarter due to cane scarcity and heavy rainfall impacting harvests. Despite the slow-down in activity for Q3, TSCL saw a USD 17.3m increase in revenue to USD 85.3m, an EBITDA up 59% to USD 29.7m and profitability reaching USD 16.3m from USD 8.1m in the prior corresponding period.

OUTLOOK

Over the final quarter, both operations will undergo a period of off-crop and will therefore see reduced production. An enhanced availability of sugar nationally in Kenya has seen prices reduced significantly from the highs of the first half of the year. TSCL will continue to produce sugar consistently and aim to maximise its revenue through judicious sales in the market, despite the constraints of fluctuating prices.

The factory outages at Tanzania, together with disruptive El Nino rains, have been sufficiently impactful that a clawback on sugar production to year end is not possible. TPC will see production curtailed for the year, although mitigating measures such as a reduction in the off-crop period and the recommissioning of one turbo alternator are expected to have a positive impact. Local market conditions remain challenging with large supplies of imported sugar also putting pressure on prices.

Management remains actively focused on optimising revenue for the forthcoming quarter despite the challenges encountered. Over the medium term, generating additional shareholder value through income stream diversification and exploring new ventures in the region remains the main focus.

By Order of the Board 14 May 2024

Notes:

The condensed financial statements for the 9 months ended 31 March 2024 are unaudited and have been prepared using the Group's accounting policies.

The condensed unaudited financial statements are issued pursuant to the DEM Rule 17. Copies of these condensed unaudited financial statements and the statement of direct and indirect interests of Officers of Miwa Sugar Limited are available to the public, free of charge, at the registered office of Miwa Sugar Limited at Viva Business Park, Saint Pierre, Mauritius upon request made to the Company Secretary.

The Board of Directors of Miwa Sugar Limited accepts full responsibility for the accuracy of the information contained in these condensed unaudited financial statements.