

MIWA SUGAR LIMITED AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 30 JUNE 2023

Miwa Sugar posts a strong performance on the back of highly efficient Tanzanian operations and a material turnaround at its Kenyan factory

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

	Audited 9 months to 30 Jun 2023 USD'000
REVENUE	142,293
Earnings before interest, taxes, depreciation and amortisation	58,590
Depreciation, amortisation and release of deferred income	(9,185)
Earnings before interest, taxes, and allowance for expected credit losses	49,405
Allowance for expected credit losses	(281)
Earnings before interest and taxation	49,124
Finance income	340
Finance costs	(5,967)
Profit before taxation	43,497
Taxation	(15,893)
Profit for the period	27,604
Other comprehensive loss for the period	(13,064)
Total comprehensive income for the period	14,540
Profit attributable to:	
- Equity holders	11,241
- Non-controlling interest	16,363
	27,604
Total comprehensive income attributable to:	
- Equity holders	1,927
- Non-controlling interest	12,613
	14,540
Earnings per share	USD 0.035
Dividend per share	USD 0.018

AUDITED GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Audited 30 Jun 2023 USD'000
ASSETS EMPLOYED	
Non-current assets	
Property, plant and equipment and right-of-use assets	101,927
Intangible assets	17,553
Financial assets at amortised cost	4,495
	123,975
Current assets	105,214
TOTAL ASSETS	229,189
EQUITY AND LIABILITIES	
Shareholders' interest	20,277
Non-controlling interest	38,758
Non-current liabilities	90,155
Current liabilities	79,999
TOTAL EQUITY AND LIABILITIES	229,189
Net interest-bearing debt	93,330
Net asset value per share	USD 0.063
Number of ordinary shares in issue	No 318,492,120

AUDITED GROUP SEGMENTAL INFORMATION

	Revenue Audited 9 months to 30 Jun 2023 USD'000	Profit Audited 9 months to 30 Jun 2023 USD'000
Country analysis		
Tanzania	76,726	19,681
Kenya	65,567	7,923
	142,293	27,604

AUDITED GROUP CONDENSED STATEMENT OF CASH FLOWS

	Audited 30 Jun 2023 USD'000
Net cash flow from operating activities	45,871
Net cash flow used in investing activities	(13,420)
Net cash flow used in financing activities	(15,296)
Net increase in cash and cash equivalents	18,970
Transfer from Alteo through the Scheme of Arrangement*	(13,929)
Cash and cash equivalents at 30 Jun 2023	5,041

AUDITED GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders USD'000	Non-controlling interest USD'000	Total equity USD'000
Transfer from Alteo through the Scheme of Arrangement*	26,936	35,799	62,735
Total comprehensive income for the period	1,927	12,613	14,540
Change in shareholding without loss of control	(2,852)	2,852	-
Dividends	(5,733)	(12,506)	(18,239)
At 30 Jun 2023	20,277	38,758	59,035

*The transfer from Alteo represents the opening balances as at 1 October 2022 for both the statement of cash flows (opening cash balance) and the statement of changes in equity (opening net assets).

GROUP

As a newly listed entity on the Development and Enterprise Market ("DEM") of the Stock Exchange of Mauritius from November 2022, Miwa Sugar Limited ("Miwa Sugar" or "the Group") delivers its first set of year-end results for the initial period covering 1 October 2022 to 30 June 2023. Over the 9 months, the Group recorded revenue and a net profit of USD 142.3m and USD 27.6m respectively. EBITDA stood at USD 58.6m, a clear demonstration of the Group's strong operating performance at an attractive profit margin.

Tanzanian operations contributed to USD 76.7m of Group revenue, with the balance of USD 65.6m coming from Kenyan operations. Corresponding profitability stood at USD 19.7m and USD 7.9m respectively. These results showcase the consistency of TPC Limited ("TPC") in Tanzania in achieving excellent income, cash and profit generation. They also evidence the material turnaround for Transmara Sugar Company Limited ("TSCL") in Kenya which posted a remarkable growth in revenue and profitability.

The other comprehensive loss of USD 13.1m relates to the retranslation in USD of Miwa Sugar's foreign subsidiary assets, denominated in their respective currencies.

The company paid an interim dividend of 0.80 US\$ cent on 6 February 2023 and declared a final dividend of 1.00 US\$ cent in June 2023 which was paid on 31 July 2023. This represented a dividend yield of 6.4% based on the quoted share price at year end.

GROUP PROFORMA

As a newly incorporated entity, the Group does not have any comparative for the prior year. It has 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 pro-forma has been prepared, providing results for the 9-month period to 30 June 2023.

	3 months to 30 Jun 2023	3 months to 30 Jun 2022	9 months to 30 Jun 23	9 months to 30 Jun 22
USD'000				
Revenue	42,020	29,704	142,293	133,029
EBITDA	9,027	(1,205)	58,590	48,854
PAT	2,930	(6,737)	27,604	18,782

Over the period under review, revenue increased by 6.9% to USD 142.3m with net profit up by a corresponding USD 8.8m 47.0%. The growth in revenue was primarily driven by higher prices of sugar in Kenya. This was caused by a lack of cane and sugar production in certain regions outside Transmara, which impacted national supply. The higher revenue had a corresponding flow-through impact to profitability, despite inflationary cost pressures compared to last year.

The following two sections provide the independent performance of Miwa Sugar subsidiaries. To help comparability, the 9-month period as disclosed under the Group results are included, as well as the full 12 months of operation – caution should be exercised not to compare these entity level results to the segmental information in the statutory accounts as some internal group costs are excluded below.

TPC

	9 months to 30 Jun 2023	9 months to 30 Jun 2022	12 months to 30 Jun 2023	12 months to 30 Jun 2022
USD'000				
Revenue	76,726	78,147	97,757	100,139
EBITDA	39,369	40,594	56,034	55,226
PAT	21,387	21,137	30,978	29,777

TPC achieved an excellent performance, with record sugar production. The results also benefitted from a higher price of sugar which boosted revenue in local currency, edging it higher than last year. However, the depreciation of the Tanzanian shilling by 3% meant that revenue was down compared to last year in USD terms. Corresponding EBITDA nonetheless saw a USD 0.8m increase over the 12-month period, with profitability also up by USD 1.2m.

TSCL

	9 months to 30 Jun 2023	9 months to 30 Jun 2022	12 months to 30 Jun 2023	12 months to 30 Jun 2022
USD'000				
Revenue	65,567	54,883	89,146	77,417
EBITDA	16,639	7,000	23,410	10,612
PAT	9,783	(74)	12,617	323

The ongoing progress at TSCL continues to improve sales revenue and profitability. The current financial year also saw significant tailwinds from a higher price of sugar achieved on the local market that helped to deliver, over the 12-month period, a USD 11.8m increase in revenue to USD 89.1m, an EBITDA up 120.6% to USD 23.4m and record profitability reaching USD 12.6m from USD 0.3m the prior year.

OUTLOOK

Over the near-term, both operations are expected to continue to perform strongly in their respective markets, which remain in a sugar deficit. Management is actively focused on generating additional shareholder value through income stream diversification and exploring new ventures in the region.

By Order of the Board 22 September 2023

The condensed financial statements for the 9 months ended 30 June 2023 are audited and have been prepared using the Group's accounting policies.

The condensed audited financial statements are issued pursuant to the DEM Rule 18.

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

Copies of the above condensed audited financial statements, the full audited financial statements and statement of direct and indirect interests of Officers of the Company are available to the public, free of charge, at the registered address of the Company at Vivéa Business Park, Saint Pierre.