

MIWA SUGAR LIMITED AND ITS SUBSIDIARIES FOR THE PERIOD ENDED 31 DECEMBER 2023

Miwa Sugar sustains a good performance through increased production and better prices in Kenya, despite some challenges in Tanzania in the second quarter

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

	Unaudited 3 months ended 31 Dec 2023	Unaudited 3 months ended 31 Dec 2022	Unaudited 6 months ended 31 Dec 2023	Unaudited* 6 months ended 31 Dec 2022
	USD'000	USD'000	USD'000	USD'000
REVENUE	45,548	50,884	117,289	50,884
Earnings before interest, taxes, depreciation and amortisation	18,693	26,114	59,779	26,114
Depreciation, amortisation and release of deferred income	(3,007)	(2,875)	(5,956)	(2,875)
Earnings before interest and taxation	15,686	23,239	53,823	23,239
Finance costs	(2,328)	(2,104)	(4,478)	(2,104)
Profit before taxation	13,358	21,135	49,345	21,135
Taxation	(6,610)	(8,278)	(18,964)	(8,278)
Profit for the period	6,748	12,857	30,381	12,857
Other comprehensive income/(loss) for the period	1,054	(5,284)	(3,836)	(5,284)
Total comprehensive income for the period	7,802	7,573	26,545	7,573
Profit attributable to:				
- Equity holders	3,289	5,315	13,592	5,315
- Non-controlling interests	3,459	7,542	16,789	7,542
	6,748	12,857	30,381	12,857
Total comprehensive income attributable to:				
- Equity holders	4,078	716	11,665	716
- Non-controlling interests	3,724	6,857	14,880	6,857
	7,802	7,573	26,545	7,573
Earnings per share	USD 0.01	0.02	0.04	0.02
Dividend per share	USD -	0.008	-	0.008

*Results for the period Oct-Dec 2022 only

UNAUDITED GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 2023	Audited 30 Jun 2023
	USD'000	USD'000
ASSETS EMPLOYED		
Non-current assets		
Property, plant and equipment and right-of-use assets	103,121	101,927
Intangible assets	16,942	17,553
Financial assets at amortised cost	3,719	4,495
	123,782	123,975
Current assets	113,107	105,214
TOTAL ASSETS	236,889	229,189
EQUITY AND LIABILITIES		
Shareholders' interest	21,709	20,277
Non-controlling interests	32,862	38,758
Non-current liabilities	93,852	90,155
Current liabilities	88,466	79,999
TOTAL EQUITY AND LIABILITIES	236,889	229,189
Interest-bearing debt	108,157	93,330
Net asset value per share	USD 0.068	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 Dec 2023	Unaudited 3 months ended 31 Dec 2022	Unaudited 6 months ended 31 Dec 2023	Unaudited 6 months ended 31 Dec 2022	Unaudited 3 months ended 31 Dec 2023	Unaudited 3 months ended 31 Dec 2022	Unaudited 6 months ended 31 Dec 2023	Unaudited 6 months ended 31 Dec 2022
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Tanzania	17,600	24,902	50,607	24,902	1,681	9,888	15,180	9,888
Kenya	27,948	25,982	66,682	25,982	5,067	2,969	15,201	2,969
	45,548	50,884	117,289	50,884	6,748	12,857	30,381	12,857

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

UNAUDITED GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 2023	Unaudited 31 Dec 2022
	USD'000	USD'000
Net cash flow from operating activities	35,441	11,462
Net cash flow used in investing activities	(35,164)	(2,121)
Net cash flow used in financing activities	(10,250)	(1,402)
Net (decrease)/increase in cash and cash equivalents	(9,973)	7,939
Opening balance at 01 July	5,041	(13,929)
Cash and cash equivalents at 31 December	(4,932)	(5,990)

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	11,665	14,880	26,545
Change in shareholding without loss of control	(10,233)	(14,459)	(24,692)
Dividends	-	(6,317)	(6,317)
At 31 December 2023	21,709	32,862	54,571
Transfer from Alteo Limited	26,936	35,798	62,734
Total comprehensive income for the period	716	6,857	7,573
Dividends	(2,548)	(4,940)	(7,488)
At 31 December 2022	25,104	37,715	62,819

GROUP

Miwa Sugar Limited ("Miwa Sugar" or "the Group") publishes its accounts for the period ended 31 December 2023. The Group recorded revenue and a net profit of USD 117.3m and USD 30.4m respectively. EBITDA was USD 59.8m, representing a margin of 51%, displaying the strong cash generating potential of the underlying operations. 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 financial quarter of activity. Whilst it is noteworthy that, for the period ended 31 December 2023, Miwa Sugar has already recorded 82% and 110% of last year's 9 months of revenue and profit after tax respectively, caution should be exercised when analysing its financial performance given revenue and costs do not accrue evenly throughout the financial year.

Tanzanian operations contributed USD 50.6m of Group revenue, with the balance of USD 66.7m attributable to Kenyan operations. Corresponding profitability was USD 17.6m and USD 17.2m respectively. These results showcase the efficiency of TPC Limited ("TPC") in achieving excellent margins from its revenue. The increase in revenue achieved by Transmara Sugar Company Limited ("TSCL") in Kenya bears testament to the material turnaround that has ensured consistent cane availability and sustained crushing and thus allowed TSCL to benefit fully from favourable pricing conditions in the country.

Higher profitability contributed majorly to the positive cash inflows in operating activities by USD 28.2m. The minority shareholding buy-out at Transmara and investment in capex formed the bulk of investing cashflows of USD 35.1m whilst payment on long term loans and dividends to non-controlling interests explain the outflows in financing, albeit compensated by inflows of USD 15.6m from new facilities.

The other comprehensive loss of USD 3.8m relates to the retranslation in USD of Miwa Sugar's foreign subsidiary assets, denominated in their respective currencies.

In October, the Group successfully acquired the remaining 24% of minority shareholding in TSCL, now owning 100% of the shareholding.

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 pro-forma has been drawn, providing comparative results for the 6-month period to 31 December 2022.

	3 months to 31 Dec 2023	3 months to 31 Dec 2022	6 months to 31 Dec 2023	6 months to 31 Dec 2022
Revenue	45,548	50,884	117,289	95,494
EBITDA	18,693	26,114	59,779	50,049
PAT	6,748	12,857	30,381	25,553

Part of these comparative results were disclosed as discontinued operations in the quarter 1 results of Alteo Limited and represent the African operations which today comprise Miwa Sugar. Over the period under review, revenue increased by 23% to USD 117.3m with net profit up by a corresponding USD 4.8m (19%). The drivers for this performance are elaborated in the two sections which follow, representing the independent performance of the Miwa Sugar subsidiaries.

TPC

	3 months to 31 Dec 2023	3 months to 31 Dec 2022	6 months to 31 Dec 2023	6 months to 31 Dec 2022
Revenue	17,600	24,902	50,607	45,933
EBITDA	8,178	17,772	31,128	34,435
PAT	3,578	10,492	17,597	20,082

TPC achieved a good performance for the semester despite a lower production of c. 23k tonnes of sugar compared to last year. Increased breakdowns, although covered by insurance, and heavy rains accounted for 70% of this drop in production, with a fall of 5% in yield and sugar content contributing to the remainder of the fall. Nonetheless, higher revenue was achieved due to the sale of an extra 5,200 tonnes of sugar over 6 months at average prices that were 5% higher in local currency. The depreciation of the Tanzanian currency reduced this price increase in USD terms, losing 2% compared to the prior year. A negative stock movement of USD 8.7m compared to the corresponding prior year period impacted EBITDA which saw a USD 3.3m decrease over the semester, with profitability also down by USD 2.5m.

TSCL

	3 months to 31 Dec 2023	3 months to 31 Dec 2022	6 months to 31 Dec 2023	6 months to 31 Dec 2022
Revenue	27,948	25,982	66,682	49,561
EBITDA	10,921	7,852	28,927	14,385
PAT	6,212	3,708	17,196	6,543

The ongoing progress at TSCL continues to deliver excellent results. Cane crushed and sugar produced/sold increased by 7% and 5% respectively with better recovery and factory crushing availability over the period compared to last year. The national supply of sugar in Kenya remains constrained, with poor cane availability in regions outside Transmara resulting in sugar prices increasing significantly over the period compared to last year. As a result, TSCL saw a USD 17.1m increase in revenue to USD 66.7m, an EBITDA up 101% to USD 28.9m and profitability reaching USD 17.2m from USD 6.5m in the prior corresponding period.

OUTLOOK

Over the remainder of the year, TSCL is expected to continue to perform strongly with steady production although an enhanced availability of sugar nationally in Kenya has seen prices normalised to usual levels. For TPC, a recent power outage due to a damaged turbo alternator at the factory will impact production. In addition, continued heavy rainfall is expected to impact harvests and consequently sales for the third quarter. Management remains actively focused on mitigating the impact of these challenges, especially in the fourth quarter, and the production variance at TPC should not worsen to year end. 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 13 February 2024

Notes:

The condensed financial statements for the 6 months ended 31 December 2023 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.