

Miwa Sugar's performance significantly impacted by distorted market conditions in Tanzania and challenging operating conditions in Kenya

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

	Unaudited 3 months ended 30 Sept 2024	Unaudited 3 months ended 30 Sept 2023
	USD'000	USD'000
REVENUE	28,783	71,741
Earnings before interest, taxes, depreciation and amortisation	14,358	41,086
Depreciation, amortisation, and release of deferred income	(3,286)	(2,949)
Earnings before interest and taxation	11,072	38,137
Net finance costs	(3,647)	(2,150)
Profit before taxation	7,425	35,987
Taxation	(2,572)	(12,354)
Profit for the period	4,853	23,633
Other comprehensive loss for the period	(928)	(4,890)
Total comprehensive income for the period	3,925	18,743
Profit attributable to:		
- Equity holders	1,609	10,303
- Non-controlling interests	3,244	13,330
	4,853	23,633
Total comprehensive income attributable to:		
- Equity holders	1,225	7,587
- Non-controlling interests	2,700	11,156
	3,925	18,743
Earnings per share	USD 0.01	0.03
Dividend per share	USD -	-

UNAUDITED GROUP SEGMENTAL INFORMATION

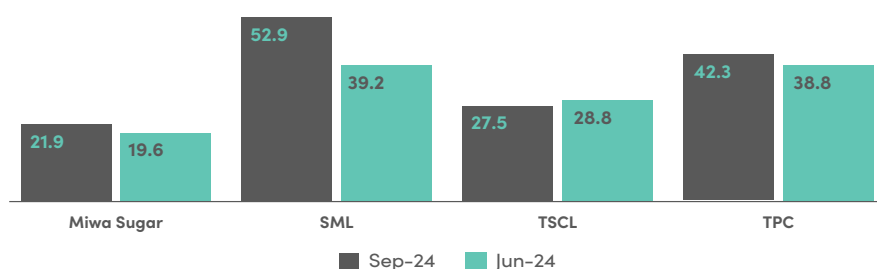
	Revenue		EBITDA		Profit/(loss)	
	Unaudited 3 months ended 30 Sept 2024	Unaudited 3 months ended 30 Sept 2023	Unaudited 3 months ended 30 Sept 2024	Unaudited 3 months ended 30 Sept 2023	Unaudited 3 months ended 30 Sept 2024	Unaudited 3 months ended 30 Sept 2023
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
TPC Ltd ("TPC")	10,827	33,007	12,393	22,950	6,226	14,019
Transmara Sugar Company Ltd ("TSCL")	17,956	38,734	2,954	18,006	851	10,984
Mauritius holding companies	-	-	(989)	130	(2,224)	(1,370)
	28,783	71,741	14,358	41,086	4,853	23,633

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 2024	15,198	29,263	44,461
Total comprehensive income for the period	1,225	2,700	3,925
Acquisition of subsidiary	-	3,237	3,237
At 30 September 2024	16,423	35,200	51,623
At 01 July 2023	20,277	38,758	59,035
Total comprehensive income for the period	7,587	11,156	18,743
At 30 September 2023	27,864	49,914	77,778

UNAUDITED GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 30 Sept 2024	Unaudited 30 Sept 2023
	USD'000	USD'000
Net cash flow from operating activities	10,157	29,554
Net cash flow used in investing activities	(21,003)	(3,902)
Net cash flow from/(used) in financing activities	13,519	(3,835)
Net increase in cash and cash equivalents	2,673	21,817
Opening balance	(35,778)	5,041
Cash and cash equivalents	(33,105)	26,858

GROUP GROSS DEBT BY COMPANY (USD'M)

UNAUDITED GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Sept 2024	Audited 30 June 2024
	USD'000	USD'000
ASSETS		
Non-current assets		
Property, plant and equipment and right-of-use assets	126,107	112,287
Intangible assets	19,709	19,158
Financial assets at amortised cost	1,871	1,866
	147,687	133,311
Current assets	124,616	122,172
TOTAL ASSETS	272,303	255,483
EQUITY AND LIABILITIES		
Shareholders' interests	16,423	15,198
Non-controlling interests	35,200	29,263
Non-current liabilities	133,054	106,719
Current liabilities	87,626	104,303
TOTAL EQUITY AND LIABILITIES	272,303	255,483
Interest-bearing debt	144,528	126,321
Net asset value per share	USD 0.052	0.048
Number of ordinary shares in issue	No 318,492,120	318,492,120

FINANCIAL PERFORMANCE REVIEW

Note: Caution should be exercised in interpreting these results in isolation, especially considering the cyclical recognition of revenue and costs over the crop period.

GROUP

Miwa Sugar Limited ("Miwa Sugar" or "the Group") recorded revenue of USD 28.8 million and a net profit of USD 4.9 million for the quarter ended 30 September 2024. EBITDA fell by USD 26.7m to USD 14.4m (a margin of 50% on revenue compared to 57% for the same period last year). Corresponding PAT decreased by 79% to USD 4.9 million.

The Group's results should be seen in the context of circumstantial events that boosted last year's results, thus worsening the year-on-year impact of this year's diminished performance.

The decrease in profitability directly affected cash flow from operations. The final payment to minority shareholders of TSCL and investments in capital expenditures constituted the majority of the investing cash flow movement of USD 17.1 million. Financing outflows were primarily due to payments on long-term loans and dividend distributions, partially offset by inflows of USD 54 million. These were mostly through a debt restructuring in the Group's subsidiary, Sucrière des Mascareignes ("SML"), which successfully raised USD 49.3 million of notes on the market at competitive rates, thus improving its finance servicing costs over the medium term.

TPC

Following last year's operational challenges, crushing operations at TPC have stabilised. Production resumed strongly and has progressed beyond expectation in terms of factory throughput. This has led to over additional 4,000 tonnes of sugar being bagged this quarter compared to the same period last year.

However, excessive sugar imports into the country have significantly increased supply and pressured market prices downwards. Consequently, sales volumes decreased by 28,000 tonnes, with average prices achieved being 2% lower in local currency terms and 9% lower in USD terms. As a result, EBITDA decreased by USD 10.6 million to USD 12.4 million, with net profitability also declining by USD 7.8 million to USD 6.2 million.

TSCL

TSCL experienced reduced cane availability during the first quarter, primarily due to some farmers' reluctance to harvest their cane until they reached a certain maturity. This situation adversely impacted cane crushing and sugar production volumes, which declined by 39% and 42%, respectively, compared to the same period last year which represented a record performance.

Sales volume for the quarter decreased by 24%, in stark contrast to the exceptional circumstances of the previous year when mill closures in Kenya led to reduced supply and significantly higher prices. As a result, TSCL reported a USD 20.8 million decrease in revenue for the quarter, reducing it to USD 18.0 million. EBITDA fell by 84% to USD 3.0 million. Net profitability declined to USD 0.9 million from USD 11.0 million in the prior year.

Outlook

The impact of current adverse market conditions, especially when compared to the prior year, has been significantly felt by both of Miwa Sugar's operations in the first quarter. While sales figures have been lower, it is important to note that TPC currently holds a substantial amount of sugar inventory. This stock is anticipated to be sold once prices recover to normal levels, following the depletion of the imported sugar that has temporarily distorted the national supply/demand.

Building on last year's carry-over of cane, TPC is experiencing excellent yields, and current production capacity and factory throughput are expected to continue robustly over the crop period. Additionally, insurance claims related to last year's operational breakdowns are expected to be successfully concluded within the current financial year.

For TSCL, cane availability is projected to improve in the coming quarters as cane maturity reaches optimal levels over the next few months. The local price of sugar is also expected to improve, particularly in the context of tightening supply and the shielding impact of better world sugar prices. In addition, the commissioning of an additional mill as well as the completion of the briquetting plant in the first quarter of the financial year will improve sugar recovery and provide diversified income respectively over the rest of the financial year.

Management remains committed to maximising performance in the upcoming quarters and returning profitability to normal levels.

By Order of the Board
November 13, 2024

Notes:
The condensed financial statements for the quarter ended 30 September 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 Vivea 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 audited financial statements.