

TONGAAT HULETT LIMITED

Incorporated in the Republic of South Africa)

Registration number: 1892/000610/06

Share code: TON

ISIN: ZAE000096541

("Tongaat Hulett" or "the Company" or "the Group")



UNAUDITED CONSOLIDATED FINANCIAL AND OPERATIONAL UPDATE FOR THE YEAR ENDED 31 MARCH 2022 ("FY22")

DISCLAIMER

*Readers should note that the unaudited and unreviewed financial information included in this announcement ("**Financial Information**") has not been reviewed nor approved by any audit sub-committee of the board of directors of Tongaat Hulett ("**Board**"), **nor has it been audited, reviewed or otherwise reported on by the Company's external auditor.** The Financial Information is being released to shareholders of the Company in the interest of transparency and in response to requests received from shareholders. Given such requests, the JSE has agreed to the release of the unaudited Financial Information. The business rescue practitioners of the Company ("**BRPs**") are satisfied that to the best of their knowledge and belief, the Financial Information is not misleading, and no facts have been omitted or untrue statements made that would make the Financial Information false or misleading, noting that they were neither involved with the Company during the period being reported on, nor have they had any involvement in the preparation or review of the Financial Information. In the circumstances no representation or warranty, express or implied, is or will be given by the BRPs as to the accuracy, completeness or fairness of the Financial Information and, except in the case of fraud, no liability whatsoever is accepted for the accuracy of the Financial Information nor for any errors, omissions or misstatements relating thereto.*

BACKGROUND

Tongaat Hulett shares were suspended from trading on the JSE on 20 July 2022, pending the release of the audited annual financial statements for FY2022 ("**2022 AFS**"), and remain suspended.

On 27 October 2022, the Board resolved to commence with voluntary business rescue proceedings ("**Business Rescue**"). The Board appointed Trevor Murgatroyd, Peter van den Steen and Gerhard Albertyn of Metis Strategic Advisors as the BRPs to investigate the affairs of the Company, consider the various options available and develop a business rescue plan ("**BR Plan**") for consideration by the "affected persons" (as defined in the Companies Act 71 of 2008 ("**Companies Act**")) of the Company.

The Company's BR Plan was initially published in terms of section 150 of the Companies Act on 31 May 2023. The BR Plan is being amended to include details of a strategic equity partner who, subject to various suspensive conditions, intends to acquire the Company's sugar businesses. The meeting to consider the approval thereof was adjourned until a later date not later than 30 November 2023.

While Tongaat Hulett's 2022 AFS, including the audit thereof, had largely been finalised and completed in the appropriate time frames it has not been possible to publish these statements to date, as the auditors of the Company ("**Auditors**") have not yet concluded on the going concern assumption applied in the preparation of the 2022 AFS, to be able to sign off on the 2022 AFS. This requires comfort as to the content of the BR Plan and the Company's solvency and liquidity position for at least twelve to fifteen months, which remains uncertain to date.

The Auditors will only be able to consider a conclusion on the going concern assumption applied in the preparation of the 2022 AFS after the publication and approval of the updated BR Plan, as this is an important component of the Auditors' assessment of the Company's ability to continue as a going concern. Moreover, after approval of the BR Plan, some execution risk will remain in terms of the successful implementation of the BR Plan.

The delay in the finalisation of the 2022 AFS has also resulted in Tongaat Hulett being unable to publish its interim results for the six months ended 30 September 2022 and its audited annual financial statements for the financial year ended 31 March 2023.

Following requests from shareholders and engagement with the JSE, the unaudited and unreviewed Financial Information and updates contained in this short form announcement and the full announcement are being released, in the interest of transparency. The Financial information in this short form announcement and the full announcement should be considered together with the qualifications set out herein.

IMPORTANT TO NOTE

When considering the Financial Information in this short form announcement and the full announcement, the following context should be borne in mind:

- **The going concern assumption has been applied in the preparation of the Financial Information, despite the fact that material uncertainties exist regarding the Company's ability to continue operating as a going concern.**

In evaluating the financial performance of Tongaat Hulett, the following complexities should be considered:

- The comparative financial information includes contributions from the starch, Eswatini and Namibian operations for seven months, eight months and three months, respectively.
- The Eswatini and Namibian operations did not meet the requirements to be classified as discontinued operations for accounting purposes. Consequently, the results from continuing operations for the financial year ended 31 March 2021 ("FY21") include a total contribution of R445 million to revenue and R93 million to Adjusted EBITDA from these operations. To improve comparability, the results of the Eswatini and Namibian operations have been separately disclosed in the segmental analysis.
- Certain financial information in the comparative period has been restated.
- Hyperinflation and currency dynamics materially impacted the results of the Zimbabwe operation.

SALIENT FEATURES

- Strong local sugar demand and good market share maintained across all geographies.
- Ongoing improvements in Environmental, Social and Governance ("ESG") matters.
- Net finance costs of R1.2 billion were reduced by 25%, due to lower debt levels and favourable exchange rate movements.
- Dividends and management fees received from Zimbabwe decreased by 65% to R139 million.
- Cash flow from operations deteriorated by R1.1 billion.

FINANCIAL RESULTS

The following items had a negative impact on the financial results in FY22, relative to FY21:

- Lower raw sugar production.
- Continued negative effects of hyperinflation and currency devaluation in Zimbabwe.
- Property transactions constrained by COVID-19 pandemic conditions and social unrest.
- Civil unrest negatively impacted on profits of the South African sugar operation by R158 million.
- Restatements arising from a review of technical accounting matters following the transition to new auditors.
- Contributions from the disposal of starch, Namibia and Eswatini operations in the prior year.

- Benefit from lower borrowings following asset disposals offset by remaining operations continuing to utilise cash.

Group financial results

Basic loss per share of 790 cents
(FY21: earnings per share of 1 918 cents,
restated)

Headline loss per share of 585 cents
(FY21: headline loss per share of 508 cents,
restated)

Group results from continuing operations

- Revenue unchanged at R15.5 billion
(FY21: R15.5 billion *restated*)
- Operating profit of R584 million
(FY21: Profit R1.4 billion *restated*)
- Adjusted EBITDA2 down 67% to R591 million
(FY21: R1.8 billion *restated*)
- Hyperinflationary net monetary gain of R86 million
(FY21: loss of R91 million, *restated*)
- Basic loss from continuing operations increased to R1.07 billion
(FY21: loss of R762 million *restated*)
- Basic loss per share from continuing operations increased to 790 cents
(FY21: loss of 565 cents *restated*)
- Headline loss from continuing operations decreased to R789 million
(FY21: loss of R942 million *restated*)
- Headline loss per share from continuing operations decreased to 585 cents
(FY21: loss of 699 cents *restated*)
- Free cash outflow of R297 million
(FY21: cash inflow of R802 million *restated*)
- No dividend was declared in the current financial year

SHORT-FORM ANNOUNCEMENT

This short form announcement contains only a summary of the information in the full announcement and does not contain full or complete details. The full announcement can be found at:
<https://senspdf.jse.co.za/documents/2023/JSE/ISSE/THGL/FY2022.pdf>.

A copy of the full announcement is also available for viewing on the Company's website at www.tongaat.com

Tongaat
31 October 2023

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