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Camellia PLC
06 June 2024

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Camellia Plc
(the "Company" or the "Group")

Trading update

Tea
India: Production in May in all regions has been severely affected by very dry weather which is also expected to impact yields in June. While there are some early signs that prices for Assam and Darjeeling teas may be improving, it is too early in the season to adjust our forecasts. In the face of a substantial tightening of regulations around the use of chemicals in the growing process, the India subsidiary companies have decided to materially reduce bought leaf production as a risk mitigation strategy.

Bangladesh: Following industry discussions with the Bangladesh Tea Board, a fair pricing mechanism is being developed with the objective of improving prices and margins for producers. Other initiatives to support the industry, are also under consideration by government. While these are positive developments they are at an early stage and the scale of impact is not clear.

Kenya: Favourable weather meant crops in May were higher than expected. However, as mentioned in our annual report, significant stocks of tea have been building up in the Kenya industry over recent years. With the revised minimum pricing mechanism, these are now being released to the market for sale with a significantly bigger impact on tea prices in the last month than expected. It looks like these lower prices are likely to continue for the remainder of this year. There is no obvious catalyst for prices to improve and in fact they may further weaken. Estimating the scale of this and hence the impact on our prices is difficult at this early stage in the year. The strength of the Kenya shilling remains a headwind.

Malawi: Weaker prices in Kenya have also impacted Malawi tea demand with further softening of prices in this market too. Production volumes in Malawi remain in line with expectations.

Other crops
Other crops are performing in line with the guidance previously given.

BF&M
As mentioned in the annual report, the disposal of our interest in BF&M to Argus Group has been more complex and the approval process more protracted than expected. While we are still confident the sale of our stake will go ahead, further delays in the regulatory approval process mean we now expect completion in the latter part of 2024. The sale of BF&M is expected to result in cash consideration of $100m payable to Camellia, before expenses.

Bardsley
Progress has been made in the closure of the Bardsley's operation. We have now exited the two major leases and negotiations with the remaining landlords are ongoing. Asset disposals are also underway and we are on track to conclude the winding up process before the end of the year.

We expect to report a reduced loss for the year from Bardsley in the range of £3.5-4.5 million (2023: Loss £15.6 million). This includes the trading loss as well as the estimated cost of exiting leases, impairments, closure costs and the results of asset disposals. We expect a net cash recovery from the closure of £4-5 million. It is expected that Bardsley will be accounted for as a 'Discontinued operation' in 2024.

Outlook for the year for continuing operations
Forecasting the outcome for the year at this stage in the year is difficult, not least because the majority of our production and sales occurs in the second half of the year. That said, despite reduced tea production expectations in India and further reductions in tea prices in Kenya and Malawi we continue to expect revenue above that of 2023. However, the outlook for the adjusted loss before tax for continuing operations has worsened from our previous guidance and is now at between £10-12 million (2023: £2.5 million loss).

Camellia had net cash of £21.7 million and investment portfolios with a market value of £38.1 million at 31 March 2024.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation.

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