



## PROFIT WARNING

Unga Group Plc (the Company) makes this announcement pursuant to Regulation G.05 (1) (f) and (2) of the Nairobi Securities Exchange Listing Manual and Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations, 2002.

Based on the Company's unaudited financial results for the first six months ended 31 December 2019 and the Company's second half forecast, profit for the full year is likely to be at least 25% lower than prior year.

The decline in profitability is attributable to reduced volumes in the animal nutrition segment and increased cost of maize and wheat grains, attributable to unfavourable local weather conditions and rallying world wheat prices. In addition to low consumer demand, local farmers faced increased competition from imports of farm produce from the region, specifically in the poultry and dairy sectors. Lastly, finance costs increased due to capital expenditure and working capital related borrowing.

The continued low consumer demand coupled with excess production capacity, aggressive finished product pricing across the industry and restricted maize grain supply will remain a challenge.

The Board and management will continue to work on strategies to deliver improved performance in the future.

**BY ORDER OF THE BOARD**

**W Jumba**

**Company Secretary**

**12 March 2020**