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SUGAR ILLOVO MALAWI

ILLOVO THRIVING COMMUNITY

A LEGACY OF SWEET SUCCESS

ILLOVO SUGAR (MALAWI) PLC • ANNUAL REPORT 2025

2025
Illovo Sugar (Malawi) Plc

Annual Report for the year ended 31 August 2025

ILLOVO THRIVING COMMUNITY

A LEGACY OF SWEET SUCCESS

SUGAR ILLOVO MALAWI

We seek to deepen customer relationships, ensure steady sugar availability in the domestic market, and deliver higher volume and value to our stakeholders.

Contents

Why We Exist

To create a thriving Malawian community through the provision of affordable food and energy.

What We Will Be

To be a sustainable, resilient, consumer and customer-centric performance focused business that delivers outstanding value for all our stakeholders.

Core Values

Inclusiveness
Embracing Diversity

Integrity
Upholding Our Values

Empowerment
Empowering Our People

Accountability
Delivery Focused

Commitment
Working Collaboratively

Our Purpose

Our "Thriving Community" purpose is integral to who we are as a business, and underpins our corporate positioning.

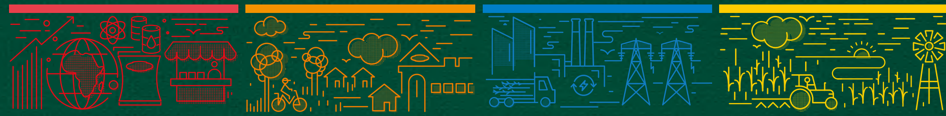
Illovo Sugar Malawi (ISM) recognises that for our business to be successful we must evolve alongside the **Malawi market**, whilst creating **shared economic value.**

We will ensure this through our commitment to fulfil our purpose in creating a **thriving Malawian community through the provision of affordable food and energy.** Integral to this is ensuring the long-term sustainability of the business through its practices that will secure the **business's profit while safeguarding the planet and people.**

Our purpose is supported by the four pillars: **Sugar Market Leader, Community Connected, Value and Quality Driven Industry and Sustainable Agriculture.**

ILLOVO
THRIVING COMMUNITY

Purpose Pillars



SUGAR MARKET LEADER

Quality branded products consistently delivered to vibrant local markets.

Positioned to serve and meet local customer and consumer needs. This underpins Illovo Sugar Malawi's market, financial & business sustainability, and license to operate.

COMMUNITY CONNECTED

Collaborative and cooperative stimulation of economic activity.

Collective community engagement strengthens the growth and the development of the THRIVING MALAWIAN COMMUNITY, evidenced by increased opportunities which bring about positive socio-economic impact and benefit.

VALUE AND QUALITY-DRIVEN INDUSTRY

Encouraging innovative commercial community opportunities along our manufacturing value chain.

Unlock national growth in Malawi aligned to the company's core agri-business expertise.

SUSTAINABLE AGRICULTURE

Creating mutually-beneficial and commercial value from agricultural community projects.

Promote rural economic development and growth by sharing agricultural expertise and facilitating community access to resources, including water, power and farming inputs. We prioritise sustainable cane developments through inclusive growth models and shared value in our supply chain to bring mutual benefit to both business and society.

Key Features (Consolidated)

Results (K million)

REVENUE		OPERATING PROFIT		NET PROFIT	
K476 736	52% GROWTH	K127 007	114% GROWTH	K77 215	241% GROWTH
FY'24 : K313 689		FY'24 : K59 327		FY'24 : K22 632	

Share Performance

YEAR-END MARKET PRICE (TAMBALA)		HEADLINE EARNINGS PER SHARE (TAMBALA)		DIVIDENDS DECLARED AND PAID PER SHARE (TAMBALA)	
179 140	32% GROWTH	10 823	241% GROWTH	850	(54%) DECLINE
FY'24 : 135 511		FY'24 : 3 172		FY'24 : 1 840	

Performance Statistics (K Tons)

CANE CRUSHED		PRODUCTION		DOMESTIC SALES	
1 809.6	(6%) DECLINE	203.8	(8%) DECLINE	210.9	18% GROWTH
FY'24 : 1923.5		FY'24 : 222.2		FY'24 : 178.8	

EXPORT SALES (TONS)	
12.2	(55%) DECLINE
FY'24 : 27.2	

About Illovo Sugar (Malawi) Plc

Illovo Sugar (Malawi) Plc (the group) was incorporated in Malawi as a private company, (The Sugar Corporation of Malawi (SUCOMA) Limited), on 31 May 1965 and then converted to a public company on 15 September 1997.

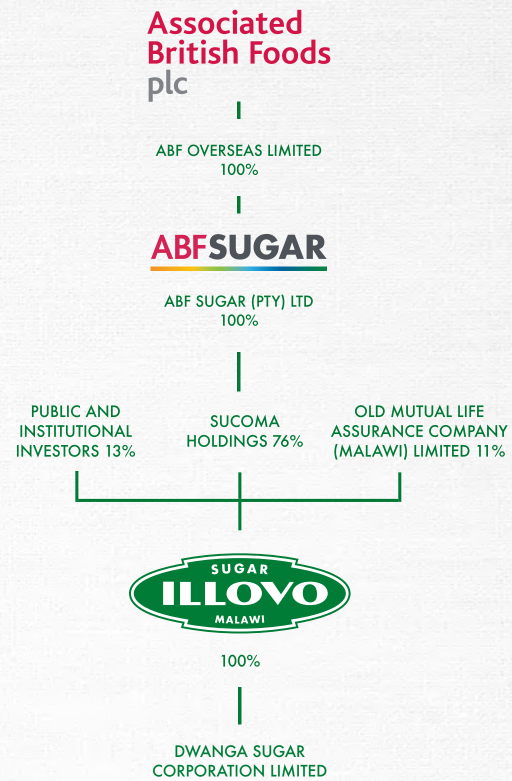
Illovo Group Holdings Limited (Illovo) through Sucoma Holdings Limited, holds 76% of the issued share capital of Illovo Sugar Malawi with the balance of the shares being held by the public and other institutional investors. The ultimate holding company is Associated British Foods plc (ABF), in the United Kingdom.

Ownership Structure

ABF Sugar Division, which includes all of ABF's sugar interests, employs around 35 000 people and operates in 9 countries across 27 locations globally. In addition to the African operations, its business units consist of Azucarera and British Sugar.

In Africa, the division is the largest sugarcane producer and has extensive agribusiness operations in five African countries: Malawi, Zambia, Tanzania, South Africa, and Eswatini.

Through its business units and their respective operations, the ABF Sugar Division manufactures sugar and downstream products from cane supplied by its own agricultural operations and local growers.



Illovo Sugar Malawi aspires to create a thriving Malawian community through the provision of affordable food and energy. It is the country's biggest producer of sugar and plays a major role within the Malawian economy.

It has developed significant agricultural and milling assets at the Dwangwa Sugar Estate in the central region in Nkhotakota and at the Nchalo Sugar Estate situated in the south of the country in Chikwawa.

The Dwangwa factory produces refined and brown sugar, while the Nchalo factory produces brown and value-added specialty sugars. Both operations also produce molasses (a by-product of the sugar manufacturing process), which is currently sold as a fermentation raw material to the two fuel alcohol distilleries in Malawi.

Illovo Sugar Malawi is one of the country's largest single private-sector employers providing permanent, seasonal and casual employment opportunities for over 10 000 people and an additional 5 000 through its supply chain creating a total of 12 000 jobs. The company further supports 5 628 smallholder cane farmers through various smallholder schemes.

Many local industries are dependent upon Illovo Sugar Malawi for their viability, and the employment created by these businesses provides an income base for many families.

During the peak of the growing season, Illovo Sugar Malawi typically cultivates around 1.81 million tons of sugarcane across both estates, with Malawian growers contributing an average of 337 642 tons.

Product Portfolio

Illovo Sugar Malawi produces a comprehensive range of products, offering the right product, at the right location, to meet consumers' needs, as well as addressing affordability across our various consumer categories.

It is the only refined and specialty sugar manufacturer in Malawi, producing brown and refined sugar, as well as specialty sugars customised to meet customer specifications for domestic and export markets.

In the current financial year 203 786 tons of sugar were produced, with 201 923 tons fortified with vitamin A sold into the local direct consumption market under the renowned Tseketseke brand.

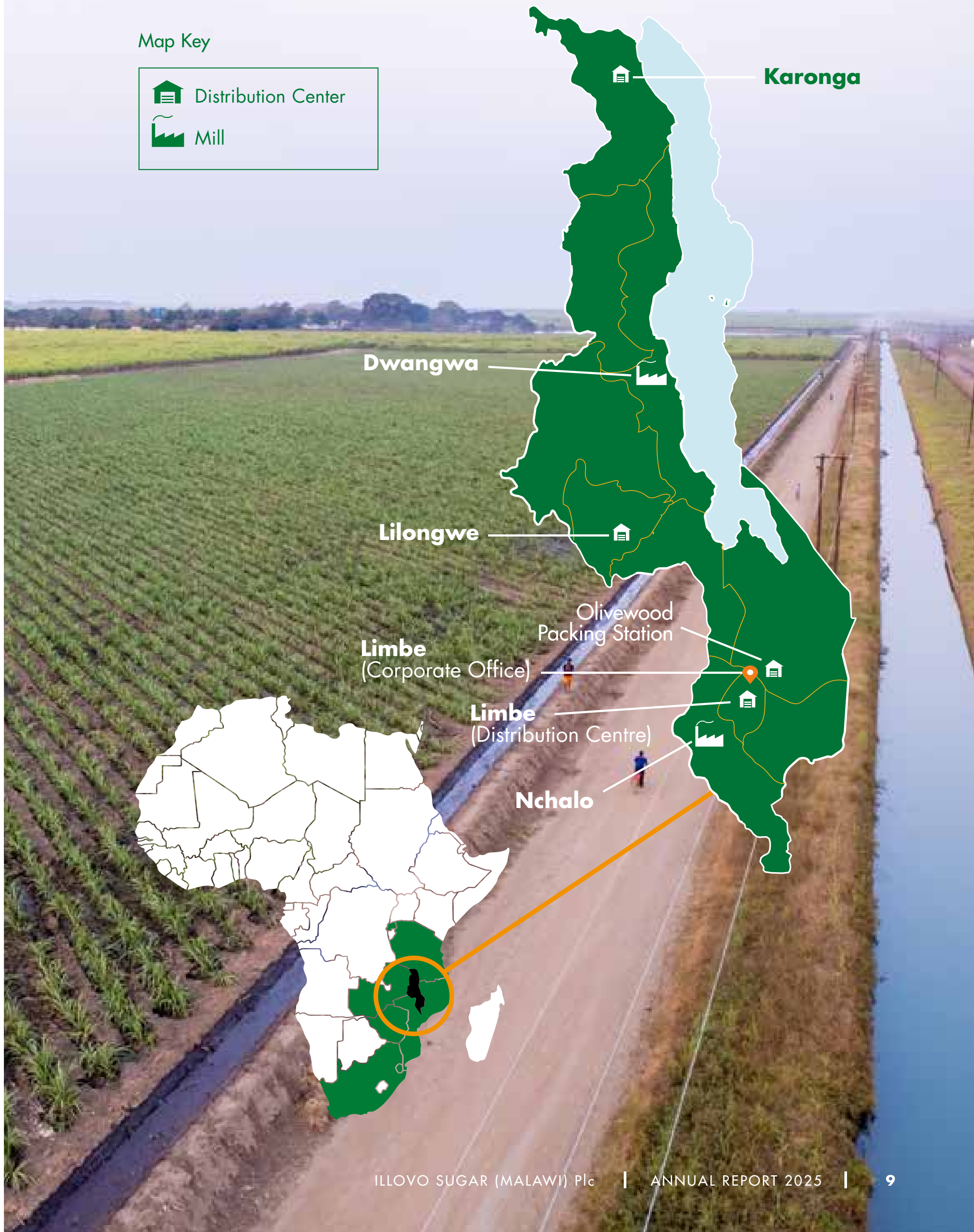
These sales, together with local artisanal and industrial market sales, were effected through the company's established distribution channels and resellers.

Some sugar was exported to regional African, European Union (EU) markets and also markets in the United States of America (USA).

Illovo Sugar Malawi is a major contributor to the Malawian tax collections through direct and indirect taxes, and as an outcome of its export sales, it generates valuable foreign exchange for the country.

Our export market is mature, and we have been supplying our products to Belgium, Burundi, DRC, Germany, Greece, Italy, Kenya, Poland, Rwanda, South Africa, UK, USA and Zimbabwe.

Operating Locations



ESG at Illovo Sugar (Malawi) Plc

Illovo Sugar (Malawi) Plc's Environmental, Social, and Governance (ESG) priorities are guided by the ABF Sugar "Local Minds, Global Champions" framework, while being shaped by local context, stakeholder expectations, and national development goals. The ESG strategy is anchored in three core focus areas:

- Building rural economies
- Fostering thriving and healthy communities
- Consuming resources responsibly

The company aims to produce quality, affordable food that acts as a catalyst for environmental, social, and economic progress across Malawi. This ambition is driven by Illovo Sugar Malawi Plc's purpose: to create a thriving Malawian community through the provision of affordable food and energy.

Four operational pillars uphold this purpose:

- Promoting sustainable agricultural practices
- Becoming the market leader in sugar
- Driving a value and quality-led industry
- Remaining deeply connected to surrounding communities

ESG reporting is designed to provide stakeholders with transparent insights into how Illovo Sugar Malawi Plc manages risks, seizes opportunities, and delivers impact across its operations and value chain. The company is committed to fostering sustainable development and contributing to a better future for its business, customers, and the wider Malawian society. These efforts are aligned with the Malawi Vision 2063, particularly its goals for industrialization, agricultural productivity, and commercialisation, and contribute meaningfully to the UN Sustainable Development Goals (SDGs), illustrated above.

Illovo Sugar Malawi Plc reports with reference to the Global Reporting Initiative (GRI) Standards as we work toward meeting all relevant requirements to report in accordance with these standards within the next two years. This approach ensures that our disclosures are transparent, globally comparable, and aligned with best practice.

Reporting Period

This report covers FY2025, which runs from 1 September 2024 to 31 August 2025.

Standards Applied

The report draws on GRI 13: Agriculture, Aquaculture, and Fishing Sector Standard and relevant GRI Topic Standards, as highlighted in the GRI Content Index on page 221.

Reporting Practices

We report annually, and all queries regarding this report can be directed to info@illovo.co.za. Copies of the report are:

- Sent to shareholders by the Transfer Secretaries
- Distributed during Investor Days
- Available upon request as electronic versions via email or physical copies from our Limbe Head Office

MATERIAL ESG TOPICS

To ensure ESG efforts remain focused and relevant, Illovo Sugar Malawi Plc undertook a materiality assessment designed to provide granular insights into the interests and concerns of our key stakeholders and the impacts across our value chain. This process helps us identify the most significant environmental, social, and governance issues that influence our business and stakeholders.

Our Materiality Process

We structured our approach around four key steps:

Step 1: Identification of Impacts, Risks & Opportunities (IROs)

We began by mapping our full value chain—from agriculture and manufacturing to distribution and customer engagement—to understand where sustainability issues arise. This was complemented by a review of external signals, including regulatory developments, industry benchmarks, and global sustainability frameworks. We referenced GRI Standards, European Sustainability Reporting Standards (ESRS), and other relevant guidelines to compile a comprehensive list of potential impacts, risks, and opportunities.

Step 2: Internal Assessment and Validation

Each identified issue was assessed for its significance, likelihood, and potential impact on people, the environment, and our operations. We appointed ESG Champions from key functions—Agriculture, Factory Operations, HR, Supply Chain, Commercial, Estate Support, and SHERQ—to review and validate the mapping. This collaborative approach ensured that operational realities and stakeholder expectations were fully considered.

Step 3: Executive Oversight and Independent Verification

The consolidated list of material topics was reviewed by Executive Management and Heads of Department, who are responsible for the respective areas. An independent verification process was also conducted, including scoring to confirm prioritization and consistency.

Step 4: Alignment and Disclosure

The final set of material topics was aligned with our strategic focus areas and validated against relevant reporting standards.

These topics will inform our ESG disclosures, risk oversight, and sustainability programme design going forward.

Continuous Improvement

Our materiality process is ongoing. We commit to reviewing and refining it in the upcoming year, including greater involvement of stakeholders to ensure it reflects evolving expectations, regulatory changes, and business priorities.

FY2024/25 SUSTAINABILITY FOCUS AREAS

Illovo Sugar Malawi Plc's sustainability programme for FY2024/25 continued to build on previous years' efforts. The materiality assessment validated the relevance of the company's strategic focus, which is structured under the ABF Sugar "Local Minds, Global Champions" framework:

1. Building Rural Economies

- Strengthening community resilience through improved land stewardship, water access, air quality, and local safety initiatives

2. Fostering Thriving and Healthy Communities

- Building vibrant and diverse working environments by engaging and supporting employees
- Prioritizing the safety, health, and well-being of employees and contractors
- Ensuring the provision of safe and affordable products

3. Consuming Resources Responsibly

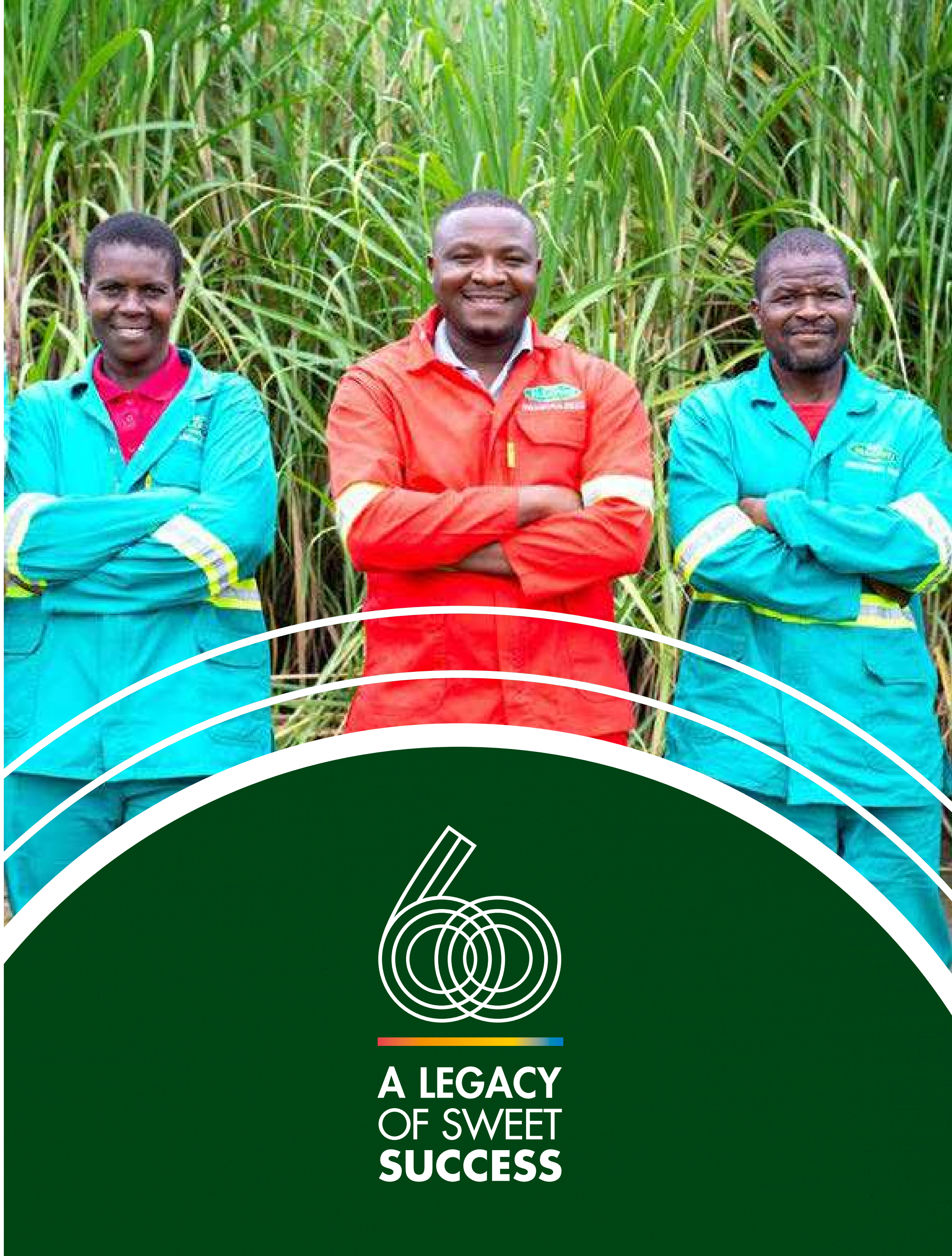
- Reducing end-to-end supply chain water usage by 30%
- Contributing to the ABF Group's Science-Based Targets for CO_2 emissions reduction
- Tackling plastic pollution and improving waste management systems

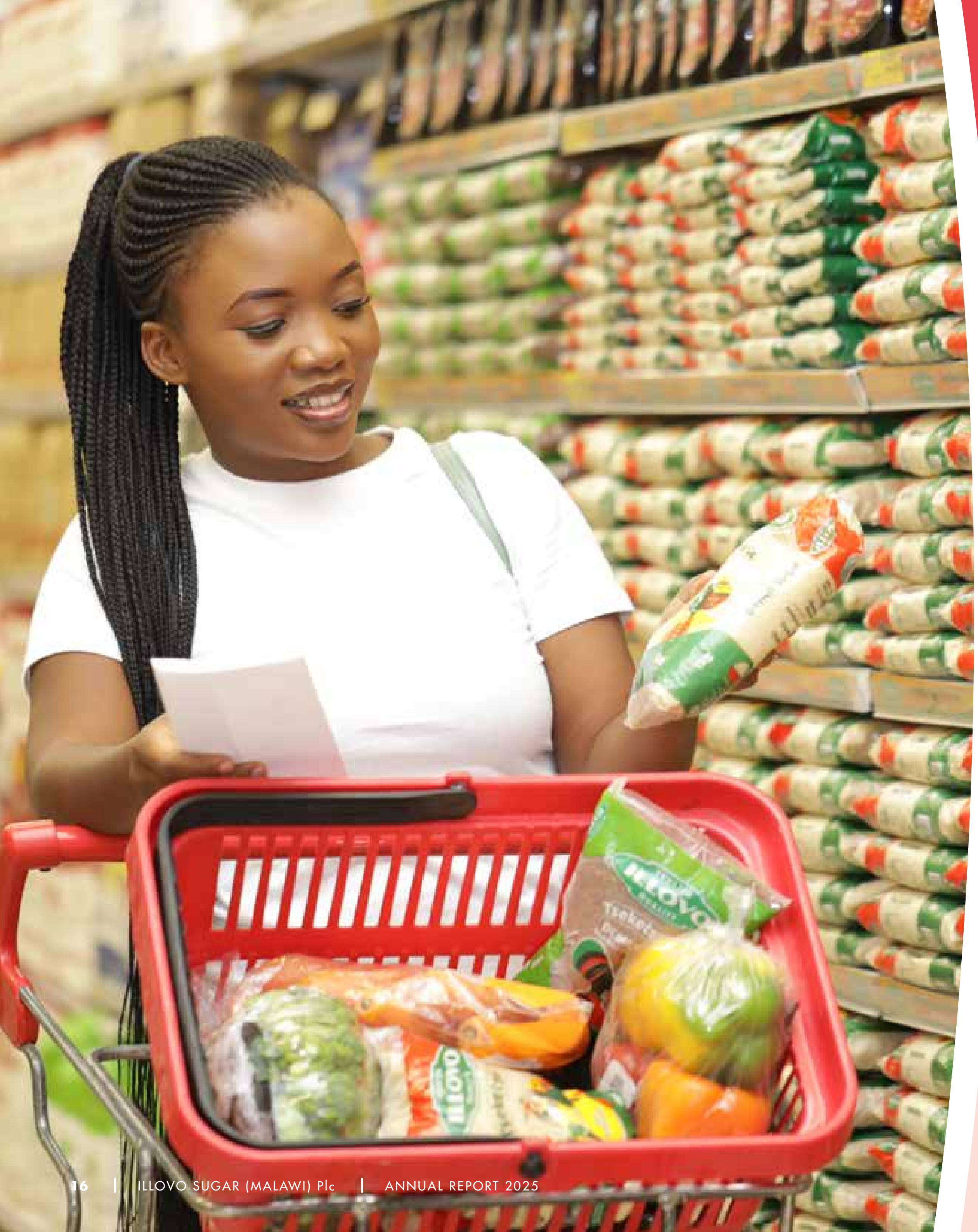
GOVERNANCE OF ESG

Illovo Sugar Malawi Plc is working towards a more comprehensive governance framework that integrates ESG-related impacts, risks, and opportunities into its decision-making processes. This evolving framework ensures that ESG considerations are embedded in strategic planning and operational execution.

- The Executive Team has oversight of and responsibility for ESG risks and opportunities that are material to the company
- The Board, together with the Managing Director, is responsible for setting strategies and action plans based on material risks, local regulatory requirements, and customer expectations

Illovo Sugar Malawi Plc is actively working to ensure that identified material topics are systematically integrated into both stakeholder engagement processes and enterprise risk management. This ongoing alignment will strengthen the ESG governance framework and enhance the company's ability to respond to emerging risks, opportunities, and stakeholder expectations.





Sugar Market Leader

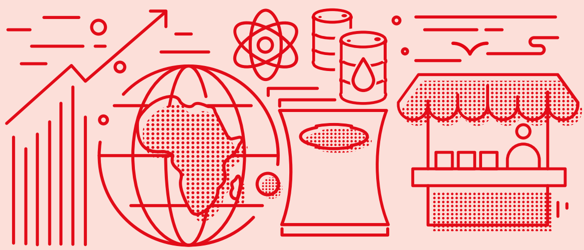
Illovo Sugar Malawi Plc continues to lead the domestic sugar market through a purpose-driven approach that combines commercial excellence with community impact. As one of Malawi's largest agro-processors, the company creates value by consistently serving customers with quality products in the formats they require and at a price they can afford, but also through its integrated partnerships with growers, distributors, and retailers.

In FY2025, Illovo's value creation extended across multiple dimensions:

- Incentives to distributors that improve market reach and product availability
- Grower payments that support livelihoods and agricultural productivity
- Dividends paid to shareholders, reinforcing investor confidence
- Interest cover and financial discipline that ensure long-term sustainability
- Tax contributions to government
- Revenue streams from domestic and export sugar sales

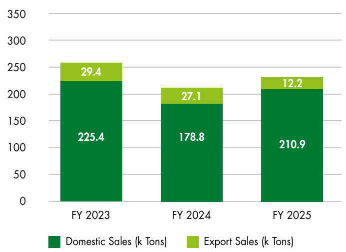
This multi-layered approach supports Illovo's license to operate and its contribution to Malawi's industrialisation and commercialisation goals under Vision 2063, while directly advancing SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, and SDG 12: Responsible Consumption and Production.

Despite operating in a constrained macroeconomic environment, marked by foreign exchange shortages, fuel supply disruptions, and rising input costs, Illovo Sugar Malawi Plc remained resilient. The company continued to deliver consistent supply, and expand its footprint, particularly in underserved areas in the country.

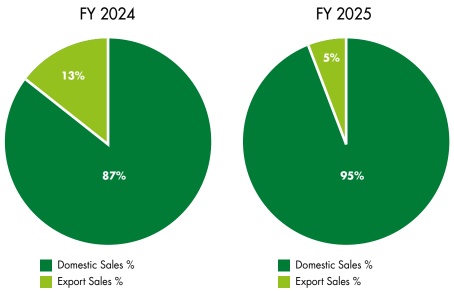


COMMERCIAL HIGHLIGHTS

Sales Volumes by Market



Sales by Market



UPHOLDING MARKET CONDUCT AND REGULATORY INTEGRITY

Illovo Sugar Malawi Plc is committed to fair market practices and regulatory integrity. In FY2025, the company was subject to a limited number of regulatory reviews related to competition and commercial conduct. These matters were addressed transparently and in accordance with national legal frameworks.

Following these reviews, Illovo strengthened its internal compliance protocols and expanded competition law training across commercial teams. The company remains focused on ethical business conduct and maintaining stakeholder trust, contributing to SDG 16: Peace, Justice and Strong Institutions.

PROVIDING NUTRITIOUS AND AFFORDABLE SOLUTIONS

Illovo Sugar Malawi Plc continues to prioritize affordability and nutrition in its product strategy.

In FY2025:

- The 90g pack size remained a key offering for low-income households
- Strategic pricing ensured sugar remained accessible across income levels
- Distribution was optimized to reach remote and underserved areas
- Vitamin A fortification continued to address micronutrient deficiencies, especially among children and pregnant women

These efforts support SDG 2: Zero Hunger and SDG 3: Good Health and Well-being.

Importance of Vitamin A

Immune System Support:
Prevents stunting, underweight, and wasting.

Eye Health:
Prevents eye damage.

Infection Recovery:
Reduces severity of infections like measles and diarrhoea, speeding up recovery.

Epithelial Tissue Maintenance:
Forms a protective layer around organs, including the eyes.

Malnutrition Indicators

Children under 5:

- Stunting (too short for age)
- Underweight (too thin for age)
- Wasting (too thin for height)

Repeated Infections:

- Acute respiratory infections
- Diarrhoea
- Malaria

CAUSES OF MALNUTRITION[3]

FOOD INSECURITY

LACK OF SAFE DRINKING WATER

POOR SANITATION

POOR HYGIENE

VITAMIN A FORTIFICATION - JOURNEY SO FAR

K10.8 billion SPENT ON THE FORTIFICATION PROGRAMME SINCE 2014

FY 25 **201 923 TONS** AND
FY 24 (RESTATED)* **170 402 TONS**
CUMULATIVE **372 325 TONS**

* The previously reported figure for sugar fortified was incorrect as it included the total sugar sold on domestic market including unfortified.

EXPANDING MARKET REACH AND CUSTOMER ACCESS

Illovo refined its route-to-market strategy to improve product availability and customer experience. Key achievements included:

- Opening a total of 54 (10 in FY 25) new container depots in strategic locations
- Scaling up secondary distribution to rural areas
- Enhancing relationships with stockists and resellers

This expansion supports SDG 10: Reduced Inequalities and SDG 11: Sustainable Cities and Communities.

COMMITMENT TO QUALITY AND FOOD SAFETY

Illovo Sugar Malawi Plc maintained robust quality assurance systems aligned with the Malawi Bureau of Standards and international benchmarks. Both mills retained certification under FSSC 22000, with Kosher, Halaal, and FDA compliance for export markets.

The **"Quality Way"** programme continued to deliver improvements in:

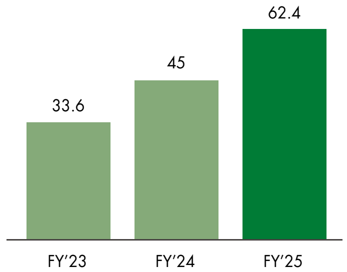
- Product consistency and shelf presence
- Reduction in customer complaints
- Ongoing training, audits, and investment in food safety systems

These efforts contribute to SDG 12: Responsible Consumption and Production

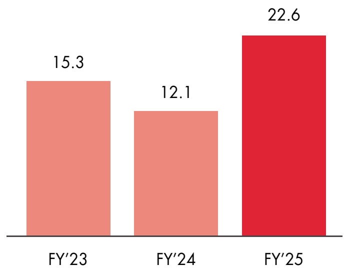
ECONOMIC IMPACT

Illovo Sugar Malawi Plc continues to play a catalytic role in Malawi's economy through its integrated agro-processing operations. The company's economic footprint spans direct, indirect, and induced impacts—each contributing to national growth, rural development, and inclusive value creation.

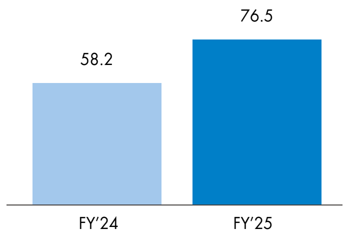
Economic Impact Highlights



Payments to Growers
(K Billions)



Incentives to Distributors
(K Billions)



Taxes Paid
(K Billions)

Direct Economic Impacts

Illovo's direct impacts reflect the financial and employment contributions made through its core operations and capital flows. These are measurable and form the foundation of the company's economic value.

MWK 66.30 BILLION
paid in salaries and employee benefits

MWK 23.48 BILLION
paid in taxes to national and local government

MWK 7.15 BILLION
paid in interest to lenders and dividends to shareholders

MWK 85.7 BILLION
invested in infrastructure, equipment, and operational expansion

Indirect Economic Impacts

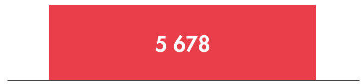
Indirect impacts capture the economic activity generated through Illovo's procurement practices and its relationships with growers and suppliers. These reflect the company's role in enabling broader agricultural and commercial ecosystems.

- MWK 62.4 billion paid to independent sugarcane growers under cane supply agreements
- MWK 297.9 billion spent on local sourcing, representing 82% of total procurement for the company

Induced Economic Impacts

Induced impacts represent the ripple effects of Illovo's operations, particularly through spending by employees and suppliers that stimulates local consumption and employment in other sectors. According to Illovo's 2022 Environment, Social, and Economic Impact Assessment, the company's operations contributed to:

- An estimated 5 678 additional indirect and induced jobs
- Support to approximately 104 994 individuals across surrounding communities



indirect and induced jobs results in
104 994
INDIVIDUALS SUPPORTED

Induced Employment and Community Support

Together, these layers of impact demonstrate Illovo Sugar Malawi Plc's role as an anchor institution in Malawi's economy, supporting livelihoods, enabling enterprise development, and contributing to national revenue. The company's economic footprint aligns with SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, and SDG 10: Reduced Inequalities.

Value and Quality-Driven Industry

Illovo Sugar (Malawi) Plc is committed to driving value and quality in the industry through our operations. We firmly believe in creating innovative opportunities within our manufacturing value chain to foster a value-driven industry. The company recognises that long-term value creation depends on the safety, well-being, and empowerment of our workforce, the integrity of our supply chain, and the sustainability of our production systems.

We deliver on this commitment by fostering a diverse and inclusive workplace, investing in employee development, and minimizing our environmental footprint. Our efforts to reduce plastic waste, improve water efficiency, and lower CO_2 emissions are central to how we operate. These actions reflect our belief that quality and value are created when people, planet, and performance are aligned.

OUR PEOPLE

We firmly believe that people are the cornerstone of our business success, and their safety, well-being and development remain our utmost priority. As we strive to create long-term value for our investors, it is imperative to recognize that our employees' skills, capabilities, and dedication are the foundational elements that drive innovation and foster sustainable growth.

Our Approach to Safety

To ensure Illovo Sugar (Malawi) Plc is a safe place to work we have put in place measures such as safety hazards identification, safe work procedures, safety engagements (PTO, coaching, awareness, training). These aim to ensure that every employee adheres to our safety standards and behaves consistently safely. Our aim is to engage with all our employees and share our Safety Journey with everyone and ensure that Safety is everyone's business.

By making safety a priority we strive to achieve:

- ZERO fatalities
- Zero overdue safety actions and
- Zero non-compliance

Our Safety Performance this Year

In September 2023, we initiated several strategic actions as part of the ABF Sugar Safety Journey. These actions focus on enhancing behavioural safety and competence, integrating a comprehensive safety management system, and managing fatal risks, among other initiatives. Our ultimate vision is to create a safe environment for both working and living.

Fatalities, Lost Time Injury Frequency Rate's (LTIFR) and Incidents

We have always been serious about safety, and it is imperative that our operations must be a safe place to work. Despite our efforts, we sadly still suffer fatalities and Lost Time Injuries. Loss of life in our operations cannot be accepted and we expect all colleagues to return home after work as well as when they arrived. The company is pleased to report that during the year, we did not experience any fatalities across our operations. This achievement reflects our unwavering commitment to safety and the collective efforts of all employees and contractors to maintain a safe working environment. While this milestone is encouraging, we recognize that Lost Time Injuries (LTIs) still occurred, and we remain focused on eliminating all incidents. Our goal is zero harm, and we continue to invest in initiatives that safeguard the wellbeing of everyone on our sites.

Metric (Nchalo)	2023	2024	2025
Employee LTIFR (per 1 million hours)	0.14	0.28	0.34
Contractor LTIFR (per 1 million hours)	0.25	0.66	0.34
Employee Fatalities	1	1	0
Contractor Fatalities	0	1	0
Metric (Dwangwa)	**2023**	**2024**	**2025**
Employee LTIFR (per 1 million hours)	0.17	0.18	0.11
Contractor LTIFR (per 1 million hours)	0.15	0.13	0.43
Employee Fatalities	0	0	0
Contractor Fatalities	0	0	0

Safety Milestones

Current Safety Enhancements	
Leadership	Conducting task observations and coaching sessions.
Gemba Walks	Each department completes at least four Gemba walks; Heads of Department (HODs) conduct weekly walks.
Audit Action Plans	Tracking closure of findings from various external audits (Legal Compliance, ABF Sugar Level 2 Assurance, ERM, MRG, NOSA Gap Assessment, NOSA Audit, Group Risk Audit, ExploLabs Hazardous Areas Audit).
Contractor Management	New standards introduced to enhance contractor safety.
Cognitive Task Analysis	Engaged a service provider to build safety and technical competency skills.
Safety Leadership Training	Focus on developing safety leadership competencies.
Near-Miss Reporting System	An online system was launched in March 2024 to improve reporting and analysis of near miss data to be proactive in managing risk.

Key Safety Training Highlights and Investement in Safety Training

In FY25, our company demonstrated a strong commitment to safety and quality through comprehensive training programs and proactive leadership initiatives.

4 703 NCHALO
1 806 DWANGWA
PEOPLE TRAINED

MWK 1.279 BILLION NCHALO
MWK 242 MILLION DWANGWA
TOTAL INVESTMENT

The safety and quality interventions at Illovo Sugar Malawi cover a broad spectrum of areas including air quality monitoring, fire safety, water management, chemical handling, communicable diseases, emission sustainability, first aid, hazard identification and risk assessment, high voltage operations, and various aspects of quality and food safety. Additional focus areas include safety commitment, rescue operations, waste management, and comprehensive risk assessment.

Leadership commitment

The company's commitment to safety is further demonstrated by the Managing Director and leadership team through routine Gemba walks across all sites. During these walks, employees are encouraged to speak up about any safety concerns, which are then promptly addressed.

Health, Water and Sanitation

In FY25, our company continued to prioritise the health and well-being of our employees through initiatives aimed at improving hygiene and sanitation in our field operations. Below are the key highlights of our initiatives:

Mobile Toilets: mobile toilets have been procured.

Water Provision: To ensure the well-being of our field workers, we provide water bowsers and issue drinking water bottles to all employees. Water taps are clearly marked to distinguish between raw and drinking water.

Shade for Field Workers: While we do not currently provide permanent shade structures, where possible we provide gazebos and tents for resting places and assembly points.

Hygiene and Sanitation Awareness: We conduct SHERQ and Public Health awareness programs, which include the use of signs in toilets to promote hygiene and sanitation. These topics are also transmitted through our drama groups and mobile public address systems, especially during outbreaks of diseases.

Additional Initiatives:

- Provision of soap to chemical handlers.
- Availability of changerooms.
- Periodic medical checkups for employees.

Quality Assurance and Customer query resolution

In FY25, our company has maintained a strong focus on quality assurance and timely customer query resolutions. Below are the key highlights:

Metric	2024	2025
Number of Complaints Received	7 total (Dwangwa:3 & Nchalo:4)	2 total (Dwangwa:0 & Nchalo:2)
Consumer Complaints	1 (Nchalo)	1 (Nchalo)
Customer Complaints	6 (Dwangwa:3 & Nchalo:3)	1 (Nchalo)
Number of Complaints Resolved	6 resolved	2 resolved
Number of Complaints Still Under Investigation	Dwangwa: 1 Nchalo: 0	Dwangwa: 0 Nchalo: 0
Regulator Findings	Dwangwa: 0 Nchalo: 1 (resolved)	Dwangwa: 0 Nchalo: 0

EMPLOYEE WELLBEING

In FY25, Illovo Sugar Malawi deepened its commitment to employee wellbeing through a comprehensive set of health, wellness, and workplace integrity initiatives. These efforts reflect our belief that a safe, supported, and empowered workforce is essential to operational excellence and long-term business success.

We focused on creating a workplace that prioritizes four key areas:

Menstrual Health Support

We recognize that menstrual health is a critical component of dignity, inclusion, and productivity, especially in field-based operations. Through targeted partnerships and I.WILL (Illovo Women in leadership Forum), we provided sustainable menstrual solutions to women across our sites and surrounding communities.

Highlights:

- 400 women recieved a menstrual cup
- 1 286 women received period panties through a partnership with Primark (UK)

Health Screenings and Outreach

Preventive healthcare is essential to early detection and long-term wellbeing. We expanded access to screenings and rehabilitation services, ensuring employees and community members could receive timely support.

Highlights:

- 230 women screened for breast cancer
- 300 individuals participated in cervical cancer screening
- 54 patients supported through physiotherapy outreach with Malawi Against Physical Disability

Workplace Integrity and Safety

We are committed to maintaining a respectful and transparent workplace. This includes proactive governance, ethical contractor oversight, and awareness campaigns to protect employees and uphold trust.

Highlights:

- Ethical audits completed for industrial contractors
- Sexual harassment committee appointed; training and visibility campaigns launched
- Estate-wide sensitisation campaigns conducted to prevent recruitment fraud

Performance and Development

We ensure that employees are supported in their growth through structured performance reviews and development planning. Our goal-setting processes are aligned with strategic priorities and tailored to individual aspirations.

Highlights:

- End-of-year performance reviews completed
- Goal-setting aligned with strategic priorities and individual development plans

These initiatives are part of our broader effort to foster a respectful, transparent, and health-conscious workplace, one where employees feel safe, valued, and equipped to thrive.

WORKFORCE COMPOSITION AND EMPLOYMENT PRACTICES

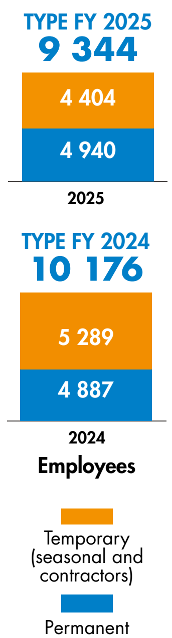
As of FY25, Illovo Sugar Malawi employed a total of 9 344 people, comprising 4 940 permanent and 4 404 non-permanent employees. Of these, 1 376 were women (15%) and 3 employees self-identified as living with a disability. The workforce spans multiple functions, with the largest numbers in estate agriculture, manufacturing, and human resources.

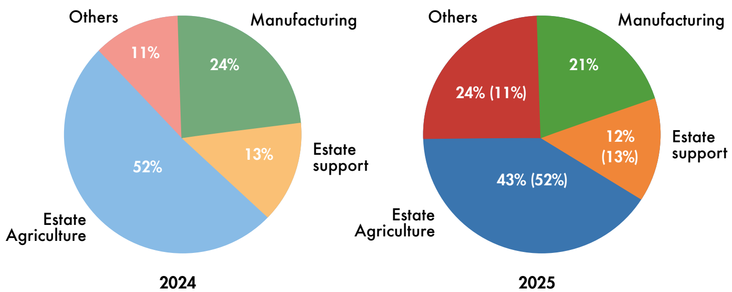
- Collectively bargained employees: 6 663
- Permanent leavers in FY25: 157 (3% attrition rate)
- Headcount change from FY24: –743 employees (–7.3%), due to retirements, dismissals, deaths, and resignations

We uphold the principles of fair employment, including:

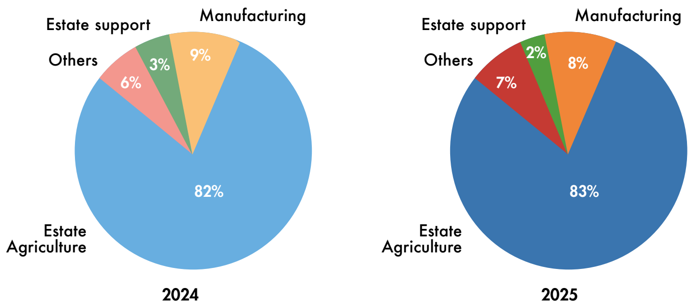
- Freedom of association and collective bargaining through recognized unions
- Prohibition of forced or compulsory labour across all operations and contractors
- Zero tolerance for child labour, with strict age verification and contractor compliance audits

HEADCOUNT BY CONTRACT





Permanent Employees



Temporary Employees (seasonal and contractors)

Employee Contract and Headcount Overview

Category	2024	2025
Contract Types	Seasonal, Permanent, Fixed-Term	Seasonal employees maximum 10months, permanent employees, fixed term employees
Collective Bargaining	6,638 employees	6,663 employees
Total Headcount	10,176	9,344
Headcount by Contract Type	4,887 permanent 5,289 temporary	4,940 permanent 4,404 temporary seasonal and contractors
Headcount by Gender	1,630 female 8,546 male	1,376 Female 7,968 Male
Permanent Employee Turnover	433 leavers (8.8% of permanent workforce)	157 in last 12 months representing 3% of the total permanent headcount
Workforce Reduction	Decreased by 281 in FY24 (3% reduction) due to retirements, dismissals, resignations, and other terminations	Decrease in the total headcount by 743 in FY25 from FY24 representing a 7.3% decrease due to various terminations from retirements (Early and normal) dismissals, deaths and resignations that took place in the just ended year.

Recruitment Practices and Ethical Hiring

Illovo Sugar Malawi is committed to ethical, inclusive, and transparent recruitment practices that uphold human rights, promote diversity, and prevent exploitation. The company's Recruitment & Selection Policy outlines clear procedures and principles that guide the hiring of all employees, including seasonal and fixed-term workers.

Ethical Recruitment Commitments

- **Ethical Recruitment Policy:** Illovo Sugar Malawi has a formal Recruitment & Selection Policy that promotes fair hiring, equal opportunity, and non-discrimination. The policy is implemented by the Human Resources Department and applies to all sites and employment types.
- **No Recruitment Fees:** The policy does not permit the charging of recruitment fees to job applicants. All recruitment-related costs are borne by the company.
- **Prohibition of Identity Document Withholding:** The company does not withhold identity documents such as national IDs or passports at any stage of the recruitment process.
- **Written Contracts in Understandable Language:** All employees receive written contracts that clearly outline job descriptions, working conditions, and terms of employment. Contracts are provided in a language understood by the worker.

- **Conflict of Interest Declarations:** All interview panel members are required to declare any conflicts of interest, including prior relationships with candidates, to ensure impartiality in hiring decisions.

Monitoring and Non-Compliance

- **Verification Checks:** Pre-employment checks include identity verification, criminal background screening, medical assessments, and reference checks. These are mandatory for all new hires and for internal transfers into positions of trust.
- **Non-Compliance Handling:** Any deviations from policy, such as biased hiring, unapproved headcount, or procedural breaches, are escalated to the HR Director and addressed through internal governance mechanisms.

Child Labour and Young Worker Safeguards

Illovo Sugar Malawi maintains a zero-tolerance policy toward child labour and all forms of modern slavery:

- **High-Risk Operations and Suppliers:** The company has identified seasonal agricultural operations and third-party labour providers as areas requiring heightened vigilance.
- **Geographic Risk Areas:** Rural sourcing zones in Malawi are considered at elevated risk due to socio-economic vulnerabilities.

Preventive Measures:

- Strict age verification during recruitment
- Prohibition of hazardous work for young workers
- Ongoing training for HR and line managers on child labour risks
- Supplier due diligence and contractual clauses prohibiting child labour

These practices reflect Illovo Sugar Malawi's broader commitment to decent work, human rights, and responsible business conduct across its operations and supply chain.

WORKER COMPENSATION AND OVERTIME MANAGEMENT

Illovo Sugar Malawi's approach to worker compensation includes responsible overtime management and transparent reward structures, aligned with operational excellence and employee wellbeing. In FY25, the company conducted a comprehensive review of reward structures, resulting in the lowest-paid employees now earning MWK1,137.50/hour more than twice the government minimum wage. This adjustment also clarified progression rates across grades, strengthening the company's reward proposition in line with the rising cost of living and reinforcing its commitment to fair pay and career development.

In parallel, a robust Overtime Policy was implemented to promote accountability, efficiency, and governance. Key achievements include:

- 24% year-on-year reduction in both shift and non-shift overtime hours
- Real-time monitoring via the Qlik Overtime Tool, integrating Kronos and CanePro data systems
- Weekly and fortnightly reports issued to line managers, highlighting approved and unapproved overtime
- Targeted interventions addressing scheduling inefficiencies, plant reliability, and governance gaps

This integrated approach ensures that compensation practices are not only fair and competitive, but also operationally sustainable and aligned with Illovo Sugar Malawi's broader goals for workforce wellbeing and performance.

DECENT WAGE

Illovo Sugar Malawi recognises that fair and equitable compensation is foundational to sustainable business and community wellbeing. The company continues to advance its commitment through a locally grounded Decent Wage Framework, informed by national benchmarks and global best practices. At present, 71.3% of employees and workers are covered by collective bargaining agreements that include terms related to wage levels and payment frequency, reinforcing the company's commitment to wage transparency and structured remuneration.

Framework and Methodology

The Decent Wage Framework integrates insights from two key studies:

- **Anker Living Income Study 2025:** Establishes a rural benchmark of MWK420,804/month for a decent living in Central Malawi, reflecting the income required for a family of five to meet basic needs.
- **ECAM Cost of Living Studies:** Offers an urban perspective on decent wage thresholds, providing a practical lens into employee expenditure patterns.

Illovo Sugar Malawi's current lowest wage levels successfully meet the 2024 benchmark, reflecting the company's commitment to fair compensation. While the 2025 standard sets a higher target, this presents an opportunity for continued improvement and alignment with evolving market expectations. The company's proactive approach—modeling inflation and currency devaluation scenarios—demonstrates foresight and dedication to ensuring wage adequacy and long-term sustainability, even in a dynamic economic environment.

Employee Engagement

Illovo Sugar Malawi continues to foster a respectful, transparent, and inclusive workplace culture. In FY25, the company deepened its commitment to employee wellbeing and voice through structured engagement initiatives and policy reinforcement.

The 2025 Employee Engagement Survey, conducted using the Willis Towers Watson framework, reflects a strong overall engagement score of 81%, showcasing resilience and commitment across the organization. Employees expressed high levels of Energy (80%), Enablement (78%), and confidence in Strategy and the Future (80%), reinforcing a solid foundation for growth. While the results indicate shifts compared to 2022, these insights provide a valuable opportunity to strengthen alignment, enhance leadership effectiveness, and re-energize teams. The evolving employee segmentation further highlights the dynamic nature of our workforce, offering a clear path for targeted initiatives that will drive engagement to even greater heights.

These insights have informed targeted action plans focused on strengthening support systems and operational enablers. Key interventions include:

- Remuneration reviews to address equity and motivation
- SAP enablement to improve digital workflows and reduce frustration
- Internet access expansion to support productivity and connectivity across sites

In parallel, Illovo Sugar Malawi continues to reinforce a safe and supportive environment through briefings on Sexual Harassment and Speak Up policies. The Speak Up initiative remains a cornerstone of the company's commitment to open communication, allowing employees to report concerns confidentially and without fear of retaliation.

Employee Learning and Development

Illovo Sugar Malawi remains committed to fostering a culture of continuous learning and development. In FY25, the company expanded its efforts to build a future-ready workforce through functional, safety, technical, and leadership development initiatives. These programs are designed to support multi-skilling, succession readiness, and strategic transformation across estates and departments.

Learning Highlights

Over 3 500 employees benefited from targeted learning and development interventions. Key achievements include:

- 130 employees trained in technical trades across Lilongwe, Salima, and Nkhotakota
- 80 employees pursuing MSCE qualifications to enhance foundational education
- 18 operators completed multi-skilling programs at Comboni Technical College
- 484 employees trained in engineering, customer care, and troubleshooting
- 159 students hosted for internships from local colleges and universities
- 320 managers completed over 1 100 online courses via LinkedIn and AB Sugar platforms, driven by the #LevelUp challenge

Talent Management and Succession Planning

Illovo Sugar Malawi continues to strengthen its leadership pipeline through structured talent development programs.

Manager-in-Training (MIT) Programme:

- 32 MITs enrolled (63% male, 37% female)
- 5 MITs advanced to Phases 2 and 3
- 1 appointed as Farm Manager, 1 as Learning & Development Officer
- Reliability MIT Pathway introduced to develop future reliability engineers

Additional initiatives:

- Education sponsorships for 15 managers
- Study loans for 18 managers
- TEVETA certifications awarded to 41 employees
- Pan Boiler Development Programme launched to enhance factory recovery performance

Strategic Workforce Planning and Succession Readiness

With 750 retirements projected over the next five years, Illovo Sugar Malawi has proactively responded to demographic shifts by:

- Establishing 2:1 succession coverage for critical roles
- Conducting psychometric assessments and developing tailored development plans
- Expanding internal capability through education sponsorships and study loans

Agricultural Transformation and Curriculum Innovation

To future-proof estate leadership and address technical gaps, Illovo Sugar Malawi is spearheading the development of a new Agricultural Engineering curriculum in partnership with LUANAR and MUST. This initiative:

- Is benchmarked against Stellenbosch University and UKZN
- Shifts focus from traditional agriculture to engineering-led mechanisation, robotics, and soil health
- Supports the long-term goal of building a diverse, skilled, and resilient agricultural workforce

FY25 Progress and Focus Areas

This year, we made measurable progress in strengthening gender representation and leadership:

- Female workforce representation increased to 15%, up from 14%
- Female managers rose to 18.4%, up from 16%
- We now have 3 employees who self-identify as living with a disability, and we continue to explore ways to improve accessibility and inclusion across our operations

Succession Planning with a DEIB Lens

Succession planning remains a strategic DEIB priority, especially in light of the aging workforce with average age of 42 years and 750 retirements projected over the next five years. To address leadership gaps and build a more inclusive talent pipeline, the busines has partnered with MUST through the endowment program that will see female leaders in STEM roles get access to full scholarships, we anticipate 97 girls in year 1 of their STEM studes to benefit. This initiative is designed not only to strengthen technical capacity in estate operations, but also to encourage greater female participation in agriculture and STEM fields ensuring that more women are equipped to step into leadership roles in the future.

I.WIL Forum: Driving Women's Empowerment

Our internal Illovo Women in Leadership (I.WIL) Forum continues to lead impactful initiatives that support women's growth, confidence, and wellbeing:

- 360-degree assessments completed for all female senior leaders
- Mentorship and reverse mentorship programmes launched to foster cross-level learning and support
- Menstrual health pilots reached over 1600 women across sites and surrounding communities, including menstrual cup trials and distribution of period panties in partnership with Primark (UK)

These efforts reflect our ongoing commitment to creating a workplace where every individual regardless of gender, background, or ability can thrive, lead, and contribute meaningfully to our shared success.

DEIB FY25 SNAPSHOT

Section 1: Gender Representation & Leadership

15% TOTAL WORKFORCE (DOWN FROM 16%)

18% MANAGERS ARE FEMALE (UP FROM 16%)

3 EMPLOYEES SELF-IDENTIFY AS LIVING WITH A DISABILITY

42 YEARS AVERAGE AGE OF PERMANENT WORKFORCE

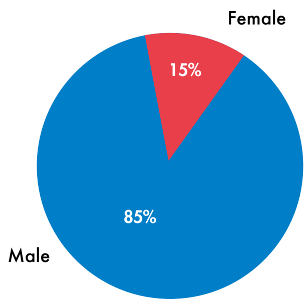
Section 2: I.WIL Forum Impact

360° ASSESSMENTS COMPLETED FOR ALL FEMALE SENIOR LEADERS

1 600+ WOMEN REACHED THROUGH MENSTRUAL HEALTH PILOTS

MENTORSHIP & REVERSE MENTORSHIP PROGRAMS LAUNCHED

2025 Gender Representation



In the 2024 financial year, women represented 16% (1 630) of the workforce.

OUR OPERATIONS

Climate Action and Decarbonisation

Illovo Sugar Malawi is aligning its climate strategy with ABF Sugar's SBTi-validated targets, which commit the group to achieving net-zero greenhouse gas (GHG) emissions across the value chain by 2050. These targets guide the company's transition planning, investment priorities, and operational innovations.

ABF Sugar's Science-Based Targets

Near-term targets (by 2030):

- 52% reduction in absolute Scope 1 and 2 GHG emissions (Energy & Industrial)
- 30% reduction in absolute Scope 3 emissions (value chain activities)
- 36.4% reduction in absolute Scope 1, 2, and 3 FLAG emissions (Forest, Land, and Agriculture)
- No deforestation across primary commodities

Net-zero targets (by 2050):

- 90% reduction in Scope 1 and 2 GHG emissions
- 90% reduction in Scope 3 GHG emissions (Energy & Industrial)
- 90% reduction in Scope 1 and 2 FLAG emissions
- 72% reduction in Scope 3 FLAG emissions

Transition Planning and Strategic Alignment

As part of ABF Sugar's five-year planning process initiated in 2023, Illovo Sugar Malawi is developing a site-level transition plan to reduce GHG emissions across operations and agriculture. This plan is being crafted in collaboration with Group Functional Directors and the Chief Transformation Officer, and will be aligned with the broader ABF Sugar strategy ratified in September 2024.

The plan will be structured across three timeframes:

- Immediate term: Energy efficiency, operational GHG reduction
- Short term (to 2030): Technology pairing and targeted site interventions
- Long term (to 2050): Low-emission technologies, climate risk management, and innovation partnerships

Projects Supporting Carbon Reduction

Illovo Sugar Malawi is identifying and implementing projects that contribute to ABF Sugar's decarbonisation goals. These include:

Site	PROJECTS	SBTi Category
Nchalo	Vertical Expansion / Drip conversion Program 1 (2017-2022)	FLAG (1&2)
Nchalo	Vertical Expansion / Drip conversion Program 2 (2022-2027)	FLAG (1&2)
Nchalo	Shire Valley Transformation Project	FLAG (1&2)
Dwangwa	VSDs and VSD upgrades	FLAG (1&2)

FLAG Emissions and Agricultural Transformation

Illovo Sugar Malawi is also contributing to the reduction of FLAG emissions through sustainable farming practices. These include:

- Reduced synthetic nitrogen fertiliser use
- Precision agriculture tools (e.g., irrigation scheduling, soil health monitoring)
- Mechanisation and chopper harvesting
- Ratoon management and yield optimization

The company is also leading the development of a new Agricultural Engineering curriculum in partnership with LUANAR and MUST, benchmarked against Stellenbosch and UKZN. This initiative supports long-term decarbonisation by shifting from traditional agriculture to engineering-led mechanisation, robotics, and soil health innovation.

Investment and Budgeting

The group has committed 6% of its planned capex to support climate change strategy and ESG initiatives.

Water

Illovo Sugar Malawi recognizes the critical importance of water for its crop growing activity and factory operations, making water management a key focus area. This year, the company has focused its activities in two main areas: improving the accuracy of water measurement and investing in irrigation efficiency to ensure every drop of water can reach the crop.

The company is committed to optimizing water use and investing in improved irrigation systems across its estates. To reduce water consumption, it focuses on three key areas: reducing bulk water losses, minimizing infield water losses, and improving irrigation schedules. Each site has an action plan to enhance outcomes in reducing water loss, increasing water productivity, and fostering sustainable water use expertise.

To improve water efficiency and deliver more water to crops, the company continues to invest in Smart Water Irrigation Systems (SWIM). Water productivity is prioritized through irrigation scheduling, metering, and in-field technologies. Additionally, the company promotes sustainable water management by launching training sessions and workshops on irrigation scheduling. The plan includes converting non-performing dragline systems (65% efficient) to subsurface drip systems (95% efficient).

TACKLING PLASTIC AND PACKAGING

Illovo Sugar Malawi acknowledges the detrimental impact of plastic pollution on ecosystems and remains committed to reducing its environmental footprint through responsible packaging and waste management practices.

The company has successfully achieved 100% recyclability of the plastic used in its packaging. However, it recognizes that recyclability alone is not sufficient—true circularity depends on the effective collection and recycling of post-consumer plastic waste.

To reduce reliance on single-use materials, Illovo Sugar Malawi has expanded the use of multi-trip 1-tonne bags, significantly lowering the volume of new packaging required. Once these bags reach end-of-life, they are repurposed into tarpaulins for use during sugar distribution, extending their utility and reducing waste.

Further progress includes:

- 90% of prepack secondary packaging baler bags are now made from reusable polypropylene (PP)
- The remaining 10% are made from recyclable low-density polyethylene (LDPE)
- ABF Sugar continues to explore sustainable packaging innovations through dedicated work streams

ProCycle: Advancing Circularity Through Post-Consumer Waste Management

Illovo Sugar Malawi is currently exploring partnerships and systems to address post-consumer plastic waste through a new initiative ProCycle. This programme aims to establish a responsible producer approach to plastic recovery and recycling.

Key objectives of ProCycle include:

- Developing mechanisms to recover and recycle an equivalent volume of plastic to what the business places on the market annually
- Extending recovery efforts to include other plastics of similar type and volume, not just Illovo's own packaging
- Supporting the long-term goal of achieving a net-zero plastic footprint

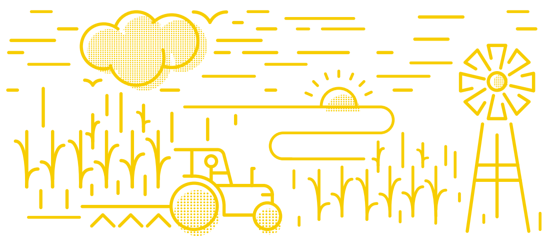
In FY25, Illovo Sugar Malawi placed approximately 3 500 metric tons of plastic packaging into the environment. Through ProCycle, the company aims to recover and recycle this volume, contributing to ecosystem restoration and circular economy principles.

SUSTAINABLE AGRICULTURE AND ENVIRONMENTAL STEWARDSHIP

Illovo Sugar Malawi's agricultural strategy is designed to build a resilient cane supply while protecting natural resources and supporting rural livelihoods. As one of Malawi's largest agro-processor, our operations depend on productive soils, reliable water sources, and strong partnerships with growers. We are committed to improving sustainability across our estates and supply base, guided by group-level environmental policies and evolving local priorities.

Key commitments:

- Forest guarding and re-afforestation in designated reserves
- Water stewardship targets: 30% reduction in water use intensity by 2030
- Adoption of efficient irrigation systems to optimise water use
- Reduction in fertilizer and pesticide use through integrated pest management (IPM)



RESPONSIBLE LAND AND RESOURCE USE

We are committed to halting the conversion of natural ecosystems across our operations. Our two main estates Dwangwa and Nchalo, are located near ecologically sensitive areas and include protected fragments that require careful land-use planning. While we do not yet have site-level biodiversity assessments or mapping systems in place, we are in the process of recruiting a dedicated biodiversity specialist to strengthen our capacity and develop estate-specific plans.

Estate-level highlights:

- **Dwangwa:** 13 forest reserves 782 ha - 23 flora varieties; active forest guarding and re-afforestation
- **Nchalo:** Nyala Park 350 ha)- 8 mammal species; 50 flora species; anti-poaching and habitat management

Total protected area under active management: 1 132 ha

INTEGRATED PEST MANAGEMENT (IPM)

As part of Illovo Sugar Malawi's five-year strategic plan to enhance agricultural sustainability and productivity, both Nchalo and Dwangwa estates are implementing a comprehensive Integrated Pest Management (IPM) and agronomic improvement programme. This initiative reflects our commitment to reducing chemical inputs, improving soil health, and increasing sugarcane yield through nature-based and precision farming practices.

Both estates are transitioning to IPM systems that reduce pesticide reliance by leveraging ecological interactions:

- **Companion cropping:** Strategic use of plants that repel pests or attract beneficial predators is central to our approach.
- Marigold, now planted across both estates, repels yellow aphids and attracts beetles that prey on them.
- At Dwangwa, lemon grass is planted along canal banks as a trap crop to attract Yellow Sugarcane Aphids effectively luring them away from the sugarcane.

These practices are reducing chemical use, improving biodiversity, and contributing to safer working environments.

SOIL HEALTH AND YIELD IMPROVEMENT

Illovo's agronomic enhancements are designed to regenerate soil vitality, optimise resource use, and increase cane yield and quality across both estates.

Cover cropping with sunhemp

Sunhemp is used to improve soil structure, fix nitrogen, suppress weeds, and increase organic matter. These benefits enhance microbial activity, water retention, and long-term soil fertility.

- **Dwangwa:** 455 ha under regenerative practices
- **Nchalo:** 387.8 ha under regenerative practices
- **Total:** 842.8 ha under regenerative practices

Early planting for biomass and sucrose gains

Early planting allows cane to benefit from extended sunlight exposure, increasing biomass accumulation and sucrose content while improving crop establishment.

Speedlings method for efficient establishment

Nursery-grown seedlings (speedlings) ensure uniform germination, better root development, and higher survival rates. This method also enables more efficient use of water, nutrients, and labour during the grow growing phase.

Grower Support and Sustainable Practices

Illovo Sugar Malawi promotes sustainable agriculture among growers through training, resource access, and market facilitation. In FY2025, we delivered targeted support to strengthen grower capacity and align with international sustainability standards.

Training and workshops:

- **Dwangwa:** 24 sessions | 653 participants
- **Nchalo:** 4 sessions | 35 participants
- **Total:** 28 sessions | 647 participants

Topics covered: fertilizer planning, pest and disease control, and herbicide application, complemented by field demonstrations and refresher courses

Resource access:

- Technical Expertise: regular farm visits for inspections, dry-off planning, plant population checks, harvesting coordination, and provided machinery support for land preparation and haulage road grading.
- Financial support: linkage to credit schemes and input financing
- Market access: facilitation of Fairtrade certification and buyer connections

Irrigation upgrades for water efficiency

Sugarcane is a water-intensive crop. Upgraded irrigation systems are improving water-use efficiency, reducing losses, and supporting consistent growth critical for climate resilience and yield stability. Irrigation upgrades include:

- **Dwangwa:** 84 ha converted to drip irrigation 210 farrow irrigation to Pivot
- **Nchalo:** 3 457.8 ha converted to drip irrigation

Overall irrigation practices include:

- **Nchalo:** Additional actions include improved irrigation scheduling, canal loss reduction, and energy-efficient pumping systems.
- Row spacing optimisation

Based on successful trials within the ABF Sugar group, both estates have adopted:

- 2.4m x 0.9m spacing across standard fields, replacing the previous 1.9m x 0.4m configuration.
- 2.4m x 0.7m spacing in drip-irrigated fields, which has shown increased plant population and yield potential.

Full conversion to optimized spacing is underway as part of the strategic plan. Drip-specific spacing will be implemented by 2032, aligned with the drip tape replacement cycle, which occurs every eight years.

- Varietal trials for site-specific performance

Trials are underway to identify sugarcane varieties best suited to the soil and climatic conditions of each estate. These trials aim to enhance pest resistance, water efficiency, and overall yield performance.

ESG Spotlight

ESG Spotlight: Shire Valley Transformation Programme (SVTP)

Illovo Sugar Malawi is a lead anchor tenant in the Shire Valley Transformation Programme (SVTP), a flagship public-private partnership transforming irrigation infrastructure in the Lower Shire. The project is converting Nchalo Estate's bulk water supply from an energy-intensive pumping system to a gravity-fed, pressurized pipeline network.

Strategic benefits:

- Reliable water supply, even in drought years
- Power demand reduced from 17 MW to 1.4 MW
- Irrigation cost savings of US$26 per ton of cane
- Annual GHG reduction of 5 600 tCO_2e
- Elimination of dredging and restoration of Shire River ecology

Community impact:

- 300 local jobs created during construction
- Gravity-fed clean water to boost productivity and crop diversification
- Improved land tenure and reduced contamination and malaria risk

Estimated Project timeline:

- Capital approval: July 2025
- IFC funding: September 2025
- Operational handover: February 2028
- Project close: March 2028

SVTP reflects Illovo's long-term commitment to climate-smart agriculture, inclusive development, and sustainable water management.

Community Connected

To achieve our goal of creating a thriving and diverse working environment that benefits our community, we believe in collaborating and cooperating with various stakeholders, including the people, civic structures, and local governments. This collective effort strengthens the growth and development of Malawi. By aligning our endeavours with Malawi's 2063 agenda, we aim to create opportunities that contribute to the overall progress of our country. As a company, Illovo Sugar Malawi is committed to investing in our relationships with communities and key stakeholders. Our estates are deeply connected to the communities where we operate, and we actively support our workforce and our communities by providing clinics, schools, and other local services.

Human Rights Within Our Operations

Illovo Sugar Malawi recognizes that its long-term success depends on upholding the dignity, safety, and rights of its workforce, supply chain partners, and surrounding communities. As part of the ABF Sugar group, we operate in a sector that is inherently vulnerable to human rights risks due to its reliance on labour-intensive and seasonal activities such as weeding, planting, and cane harvesting.

In FY2025, we continued to embed human rights into our governance, operations, and stakeholder engagement processes. ABF Sugar have launched a Human Rights Policy that guides this approach further. The policy aligns with international frameworks including:

- The UN Guiding Principles on Business and Human Rights (UNGPs)
- The OECD Guidelines for Multinational Enterprises
- The ILO's Decent Work Agenda
- The Universal Declaration of Human Rights

Subject to compliance with local legal requirements and operational conditions, Illovo Sugar Malawi will adopt a locally determined approach. ABF Sugar's Human Rights Policy will act as a reference point to ensure consistency and alignment with international standards and commitments.

We use the **Decent Work Agenda** to guide our operations, ensuring fair wages, safe working conditions, and the promotion of dignity and equality across our workforce and supply chain.

Risk Assessment and Governance

In response to evolving regulatory requirements and stakeholder expectations, Illovo Sugar Malawi refined its country-level human rights risk assessment methodology in 2023/24. This includes the use of external tools to identify potential risks across our operations, supply chains, and community activities. Insights from this process will be integrated into our procurement and operational planning to strengthen due diligence and responsible business conduct.

As part of this process, Illovo Sugar Malawi has appointed a Single Point of Contact for Human Rights to lead implementation of the divisional Human Rights Due Diligence Framework. This framework will guide our risk identification, mitigation, and reporting processes, and forms part of our five-year ESG priorities.

Policies and Codes

At Illovo Sugar Malawi, the ABF Supplier Code of Conduct and Modern Slavery and Human Trafficking Statement supports our approach to human rights.

We are in the process of refreshing our policies tailored to the Malawian context, for example we have our own Sexual Harassment Policy launched earlier this financial year.

Our ambition is that our policies are well communicated, they are displayed at our site, our people are inducted on them.

Training remains a key pillar of ABF Sugar's approach to mitigate human and labour rights-related risks. All head office and business unit staff complete online training every three years, with additional sessions for new starters, in-person training for relevant teams and training for grower partners. Topics include child labour, forced labour and workplace safety.

LAND STEWARDSHIP

Illovo Sugar Malawi's operations are underpinned by long-term access to land, which is essential for agricultural productivity, business continuity, and community stability. We operate on leased customary land, secured through formal agreements with traditional authorities and government institutions. This leasehold tenure arrangement is legally recognized and reflects Malawi's land governance framework, where customary land comprises the majority of rural territory and is held in trust by local chiefs on behalf of communities.

Our two estates, Dwangwa (approximately 13 000 hectares) and Nchalo (20 921.8 hectares), are located in regions where surrounding land is governed by customary tenure and used for communal farming, grazing, and forest access. This proximity requires careful management of boundaries, infrastructure, and water resources to avoid unintended impacts on neighboring communities.

Strategic Governance and Risk Mitigation

While our leases provide long-term operational certainty, we are committed to respecting informal and collective land rights in adjacent areas.

Illovo Sugar Malawi is actively assessing potential risks and reviewing measures to strengthen governance and mitigation

practices. This includes evaluating how land-use planning, environmental safeguards, and community engagement can be enhanced to ensure responsible operations and alignment with best practice standards. Our goal is to integrate these considerations into future strategies and reporting frameworks, reinforcing our commitment to sustainable land management.

GRIEVANCE MECHANISMS

Illovo Sugar Malawi maintains a robust grievance management ecosystem that is embedded within our Human Rights Policy and Due Diligence Framework. This system supports our broader risk management, prioritization, and mitigation efforts, ensuring that concerns raised by employees, contractors, and community stakeholders are addressed transparently and effectively.

All grievances are logged, investigated, and resolved in line with our internal guidelines. Residents may raise concerns anonymously or directly through our formal community grievance mechanism.

Internal Grievance System

Our Grievance Policy and Procedure, updated and effective from 1st September 2024, applies to all ISM employees, including contract workers. It outlines clear roles and responsibilities for employees, line managers, trade unions, and Human Resources, and includes:

- Defined channels for submitting grievances
- A digital tracker for logging and monitoring cases
- Escalation protocols involving senior management where necessary

Grievances are primarily managed by the HR department, with oversight from senior leadership to ensure timely and fair resolution.

Community and Stakeholder Mechanisms

Beyond internal systems, Illovo Sugar Malawi has established a range of formal and informal grievance channels to engage with external stakeholders:

- **Village Stakeholder Committees:** villages regularly share concerns with ISM representatives
- **Community Grievance Mechanism:** Guides respectful and constructive engagement with local communities and grievances are channeled through the local leadership to the bussiness
- **Agricultural Committee Forums:** Cane cutters, growers, and cooperatives meet regularly to raise and resolve issues
- **Contractor Mechanisms:** Key partners in security, logistics, and labour services maintain their own grievance systems
- **CSR/CSV Committee Meetings:** for CSR Projects approval with the Dc, Senior Chief, Council Chair and Officer incharge

A designated Single Point of Contact (SPOC) oversees all grievance mechanisms—internal and external—ensuring alignment, resolution tracking, and data management across the ecosystem.

Escalation and Independent Channels

Where internal or community mechanisms are insufficient, stakeholders are encouraged to use the ABF Sugar 'SpeakUp' system, a confidential and independent hotline and online platform for reporting labour rights-related issues across the workplace and supply chain.

OUR APPROACH TO COMMUNITY RELATIONS

Illovo Sugar Malawi's commitment to community development is rooted in our purpose: creating shared value and driving inclusive growth. Our operations are embedded within rural communities, and we recognize both the opportunities and risks this presents. We aim to maximize positive impact through inclusive planning, proactive engagement, and responsive development programming, while identifying, managing, and mitigating potential negative impacts. We invest in education, health, housing, infrastructure, local enterprise and support thriving communities around our estates.

COMMUNITY ENGAGEMENT AND DEVELOPMENT PROGRAMS

In FY2025, our operations implemented structured local community engagement. We held 74 stakeholder engagements with local chiefs, district commissioners, NGOs, and business owners. These sessions informed 10 community development initiatives focused on disaster relief, infrastructure, women empowerment, and enterprise development.

Impact assessments, and development programs

These included:

- Social impact assessments, including gender-sensitive consultations, conducted through participatory processes
- Environmental impact assessments and ongoing monitoring
- Stakeholder engagement plans based on detailed stakeholder mapping
- Consultation committees that include vulnerable groups such as women, youth, and persons with disabilities
- Formal grievance mechanisms accessible to all community members
- Works councils and health & safety committees that address community-related impacts

We prioritize inclusive planning and ensure that vulnerable groups are meaningfully involved. Where literacy or access barriers exist, we provide materials in alternate formats and languages.

COMMUNITY INVESTMENT HIGHLIGHTS

Education: Investing in future generations

Illovo Sugar Malawi recognizes that education is a cornerstone of sustainable development and long-term community resilience. Our investments in school infrastructure, digital access, and learning environments aim to improve educational outcomes for children of employees and surrounding communities. These projects reflect our commitment to inclusive growth, youth empowerment, and the development of skilled future leaders.

Kalulu and Mwanza Primary School Block Construction

Constructed new classroom blocks to reduce overcrowding and enhance learning environments.

Stakeholders: Illovo, School Management Committee, Parent Teacher Association, Community

Location: Nchalo, Chikwawa

Outcome: Safer, less crowded classrooms

Malikopo Primary School Rehabilitation

Renovated classrooms and facilities to improve safety and learning conditions.

Stakeholders: Illovo, School Management Committee, Parent Teacher Association, Community

Location: Nchalo, Chikwawa

Outcome: Enhanced classroom safety and usability

Construction of Solar-Powered Classroom Blocks – Bowa Primary School

Built two modern classroom blocks and provided desks.

Stakeholders: Nkhotakota Council, Community

Location: Bowa Community

Outcome: Improved education standards

Namikasi Secondary School Support

Rise for Girls program and donations were reusable sanitary pads, buckets and soap.

Stakeholders: Namikasi Secondary School

Location: Blantyre

Outcome: Improved hygiene, safety, and wellbeing for female students

Catholic University Computer Donation

Donated computers to enhance digital literacy and access to online resources.

Stakeholders: Catholic University

Location: Chiradzulu

Outcome: Enhances Learning and Research

Kalulu Primary School Kitchen

Constructed a kitchen to support the school feeding programme, improving child nutrition and attendance.

Stakeholders: Illovo, School Management Committee, Parent Teacher Association, Community

Location: Nchalo, Chikwawa

Outcome: Improved nutrition and school attendance

Natural Disaster: Responding to crises with compassion and urgency

Illovo Sugar Malawi is committed to supporting communities in times of crisis. Our disaster response initiatives—including food relief and housing support—help vulnerable households recover from climate-related shocks and emergencies. These investments reflect our values of solidarity, resilience, and responsible corporate citizenship.

Relief Maize Distribution

Provided emergency maize to vulnerable households during crisis periods.

Stakeholders: Illovo, Traditional Authorities, Government
Location: Chikwawa District
Outcome: Prevented hunger and supported food security

Infrastructure: Building pathways to opportunity

Infrastructure development is essential to improving mobility, safety, and access to services in rural communities. Illovo Sugar Malawi's investments in bridges, roads, and public facilities help connect people to schools, clinics, markets, and workplaces—supporting both economic activity and social inclusion. These projects also enhance operational efficiency and strengthen our social license to operate.

Cyclone Freddy Survivors House Construction

Donated funds for construction of houses for survivors.

Stakeholders: Chikwawa District Council
Location: Chikwawa-Nchalo
Outcome: Disaster recovery and shelter provision

Bridge construction

Constructed a bridge to restore safe passage and improve community access.

Stakeholders: Illovo, Community
Location: Nchalo, Chikwawa
Outcome: Improved connectivity and safety

Potable Water: Delivering clean water for health and dignity

Access to safe and reliable water is a basic human right and a critical enabler of public health. Illovo Sugar Malawi continues to invest in water infrastructure—through boreholes, solar-powered reticulation systems, and estate-based treatment facilities—to serve both employees and surrounding communities. These efforts reduce waterborne diseases and support sanitation, education, and productivity.

Nkhwazi Water Project	Solar-Powered Water Reticulation – Bowa Primary School	Borehole Drilling – Bowa Primary School
Provided clean and reliable water supply to the Nkhwazi community.	Installed water system to serve learners and teachers.	Drilled four boreholes to serve surrounding communities.
Stakeholders: Illovo, Community **Location:** Nchalo, Chikwawa **Outcome:** Improved health and sanitation	**Stakeholders:** KK Council, Ministry of Education **Location:** Bowa Community **Outcome:** Reduced waterborne diseases	**Stakeholders:** KK Council, Ministry of Education **Location:** Bowa Community **Outcome:** Improved access to clean water

Other Category Initiatives: Creating shared value through innovation and inclusion

Beyond core sectors, Illovo Sugar Malawi invests in diverse initiatives that promote environmental sustainability, economic empowerment, and social inclusion. From reforestation and recycling to beekeeping and support for vulnerable groups, these projects reflect our holistic approach to community development and our commitment to long-term impact.

Beekeeping Project – Nyala Park

Introduced sustainable beekeeping to support livelihoods and conservation

Stakeholders: Illovo, Community
Location: Nchalo, Chikwawa
Outcome: Income generation and conservation awareness

Donation of 20,000 Tree Seedlings – Nkhotakota

Supported reforestation and environmental management.

Stakeholders: KK Council, WESM, Community
Location: Nkhotakota District
Outcome: Reforestation of depleted forests

FY2025 Community Investment Summary

EDUCATION
K 581.2 million
(2024: K 292.6 million)

HEALTH
K 161.9 million
(2024: K 62.8 million)

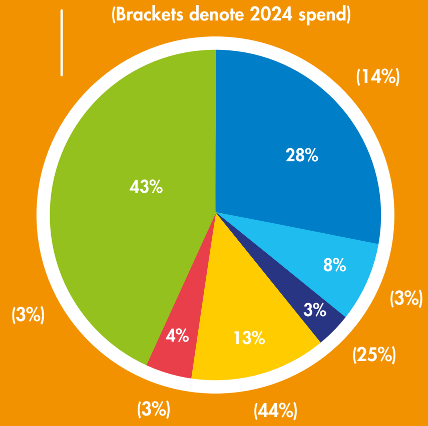
INFRASTRUCTURE
K 67.8 million
(2024: K 527.4 million)

NATURAL DISASTER
K 272.2 million
(2024: K 943.1 million)

POTABLE WATER
K 91.0 million
(2024: K 57.8 million)

OTHER
K 897.8 million
(2024: K 68.8 million)

TOTAL SPEND **K 2.07 billion**
(2024: K 2.13 billion)



EMPLOYEE ACCOMMODATION AND COMMUNITY SERVICES

Illovo Sugar Malawi's estates are located in rural and remote areas, which necessitates the provision of accommodation and essential services for a significant portion of our workforce and their families. The ABF Sugar Housing and Living Standards framework guide our housing programme, which sets minimum standards for occupancy, room allocation, and access to amenities such as washing, cooking, and sanitation facilities.

FY2025 Housing Programme Update

In FY2025, Illovo Sugar Malawi continued to implement the programme across both estates, focusing on three key streams:

House Allocation:

- 2 560 Dwangwa | 1 712 Nchalo employees housed
- 119 Dwangwa | 110 Nchalo contractors employees housed
- 65 teaching staff housed

Spend in the last financial year on Housing & utilities:

- MWK11.2 billion Dwangwa | MWK6 billion Nchalo Capex (Upgrades)
- MWK3.57 billion Dwangwa | MWK4 billion Nchalo Opec (maintenance)
- Total is MWK14.77 Billion

Immediate Housing Interventions:

- 950 Dwangwa | 1 122 Nchalo new houses
- 231 Dwangwa | 297 Nchalo new entry level houses handed over
- 21 Dwangwa | 96 Nchalo new houses under way
- Capital application for 200 Dwangwa | 80 Nchalo new houses in progress for FY26

Community Infrastructure and Services

Illovo Sugar Malawi recognises that its sugar estates are a key part of the communities where it operates. This is reflected in our activities to support those communities such as providing clinics, schools, and local service to support its workforce, and in some cases their communities and surrounding neighbours.

Utilities

During the crushing season, electricity generated from our factories is used to power estate operations and support employee housing and services. We continued to invest in infrastructure that benefits both employees and local communities such as treatment facilities that provide potable water to employees and surrounding villages through projects such as Lengwe where water is pumped, treated, and distributed to nearby communities, benefiting over 4500 people. As part of our CSR programme, we are actively pursuing additional potable water solutions, including small-scale treatment systems.

Health Services

Our estate-based clinics and health centres serve both employees and community members, offering a range of essential services:

- HIV testing and treatment, including counselling and access to antiretroviral therapy

- Under-5 clinics, which include routine immunisation drives, growth monitoring, and nutrition support
- Maternal and child health services, including antenatal care and safe delivery support
- General outpatient care, staffed by qualified medical personnel
- Lung Functionality Tests: For employees exposed to dust and fumes
- Hearing Tests: For employees exposed to excessive noise

Category	Nchalo	Dwangwa
Clinics	5	3
Beds	36	36
Medical Staff	1 doctor, 11 nurses, 3 clinical technicians/officers, 6 medical assistants, 29 support staff	1 doctor, 15 nurses, 3 clinical technicians/officers, 2 medical assistants, 41 support staff

In addition to general healthcare services, the clinics also offer:

Medical Aid	Details	Coverage
Employees based at our Limbe head office, Olivewood packing station, as well as distribution centres in Limbe, Lilongwe, and Karonga are all provided with medical aid.	Junior to Executive Management	80%
	Non-Managerial Positions	100%

To ensure the health and well-being of our employees, our business provides medical services at the Nchalo and Dwangwa sites. These services are available to both employees and the community.

Community Safety

Safety and security are essential to maintaining stable working environments and fostering trust with local stakeholders. Security remains a critical operational priority for Illovo Sugar Malawi, particularly at our Nchalo estate, which has experienced increased incidents of sugarcane and equipment theft during FY2025. These incidents pose a direct risk to productivity, asset integrity, and supply chain continuity making security a material concern for our business and stakeholders.

In response, we have strengthened our community safety and policing programmes, which are designed to foster collaboration between Illovo, local law enforcement, and surrounding communities. These programmes aim to deter criminal activity, promote shared responsibility, and build trust with local stakeholders.

In FY2025

- Our community policing programme engaged 120 Dwangwa local police officers and volunteers
- We invested MWK41.25 million in training, equipment, and patrol coordination
- We continue to work closely with local authorities, including district police and traditional leaders, to improve intelligence sharing and response time.

Thriving Community Foundation (TCF) – Driving Shared Value in Nchalo and Dwangwa

Background

Recognizing the need for a structured approach to address complex socio-economic challenges, Illovo established the Thriving Communities Framework (TCF). The Thriving Community Foundation (TCF) is an initiative designed to create sustainable, positive socio-economic impact in communities connected to Illovo's operations. It serves as a structured platform for driving development programs that improve livelihoods, strengthen partnerships, and promote shared value between the business and the communities it supports.

Governance Framework

Governance is central to TCF's operations and is anchored in its Governance Charter, which sets out clear roles and responsibilities to ensure accountability and impact. Guided by core values that include community-based, partnership-focused, shared-value inspired, impact-driven, and sustainably minded, TCF ensures that all decisions and actions align with these principles.

TCF's governance framework is designed to provide strong leadership, strategic oversight, and operational accountability. It ensures that the Foundation Operates in a transparent manner, complies with all legal and regulatory requirements, and engages stakeholders inclusively. At its heart, governance at TCF is about creating trust, fostering partnerships, and driving sustainable impact in the communities it serves.

The governance structure is led by a **Board of Directors**, which provides strategic direction, approves policies and budgets, oversees compliance, and will appoint the Chief Executive Officer (CEO). The CEO, once appointed, will manage day-to-day operations, lead the management team, and ensure delivery of programs aligned with

TCF's mission and values. Supporting the Board will be specialized committees that strengthen oversight and execution:

- **Program Committee** – guides program design and implementation.
- **Fundraising Committee** – drives resource mobilization and donor engagement.
- **Ad-hoc Committees** – formed as needed to address specific governance or operational priorities.

The management team will execute projects, ensure operational compliance, and drive community engagement.

Key Milestones so far

- **June 2024:** Full TCF team hired for Nchalo Chapter
- **December 2024:** Full TCF team hired for Dwangwa Chapter
- **February 2025:** Official registration with NGO Regulatory Authority (NGORA)
- **August 2025:** First official Board meeting

What TCF Does

TCF works with partners to co-design and co-fund strategic activities that create shared value. It addresses local barriers and risks impacting Illovo operations while building opportunities for communities adjacent to the estates. Through a partnership model, TCF co-implements transformative programs that foster cohesion, stabilize the operating environment, and contribute to local economic growth.

Why It Matters for Illovo

The TCF provides Illovo with a structured, governance-driven platform to address complex socio-economic challenges that affect community well-being and long-term business sustainability. Rather than relying on ad-hoc philanthropy, TCF enables systemic interventions through partnerships and shared-value initiatives. This approach creates opportunities for inclusive growth and strengthens relationships with stakeholders. Through its governance framework, TCF ensures transparency, accountability, and strategic alignment with Illovo's commitment to building resilient communities.

Dwangwa Chapter Highlights

Building on lessons from Nchalo, the Dwangwa chapter launched in December 2024 with a focus on livelihood diversification and environmental resilience. Key initiatives include:

- **Apiary Program & Fisheries Development:** Designed to boost household incomes through honey production and aquaculture, reducing reliance on estate employment.
- **Clean Cooking Solutions & Afforestation:** Promoting sustainable energy and environmental stewardship.
- **Strengthening Local Governance:** Supporting district structures to improve service delivery and community-led development.
- **Kasasa Game Ranch & Farmer Field Schools:** Creating eco-tourism and agricultural learning hubs to stimulate local economies.

Investment & Impact

For 2025–2026, Dwangwa's operational budget is projected at MWK 1.85 billion, with major allocations to livelihood programs (MWK 656 million) and clean cooking solutions (MWK 130 million). These programs aim to reduce poverty, improve food security, and enhance community resilience.

How TCF Delivers Results

1. **Unlocking Investment:** Attracting co-financing and leveraging Illovo's seed funding to amplify impact.
2. **Attracting Expertise:** Partnering with NGOs and government agencies for technical support.
3. **Building Development Platforms:** Creating participatory structures for long-term transformation.
4. **Monitoring & Accountability:** Using household surveys and continuous engagement to measure impact.

Looking Ahead

TCF's work in Nchalo and Dwangwa demonstrates Illovo's commitment to **shared value creation** moving beyond traditional CSR to systemic solutions that benefit both the business and surrounding communities. By 2026, TCF aims to scale its programs, deepen partnerships, and strengthen its role as a catalyst for sustainable development.

NCHALO CHAPTER IMPACT METRICS (2024–2025)

Cotton Project

- 825 farming families contracted
- 8-month engagement period
- Projected forex earnings for Illovo
- MWK 1.73 billion invested in 2024–2025 season

Housing Initiative

- 3 demo houses constructed
- Partnerships with Standard Bank & NBS for affordable financing
- MWK158 million allocated for housing development

Community Surveys

- 147 000+ people living adjacent to Nchalo estate
- 30% households employed by Illovo
- 21% households engaged in crime (baseline)

DWANGWA CHAPTER IMPACT METRICS (2024–2025)

Apiary Program

- Targeting 500+ households for honey production
- Budget: MWK73 million (2025–2026)

Fisheries Program

- Aquaculture development for income diversification
- Budget: MWK182 million

Livelihood Programs

- MWK656 million allocated for community income generation

TOTAL DWANGWA BUDGET: MWK 1.85 BILLION FOR 2025–2026

Corporate Information

Secretary	M S Kachingwe
Business address and registered office	Illovo Sugar (Malawi) Plc, Churchill Road, Limbe, Malawi
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Website address	www.Illovo.co.mw
Transfer secretaries	Standard Bank Malawi plc Transfer Secretaries, Transactional Products and Services, Kaomba Centre, corner Sir Glyn Jones Road & Victoria Avenue, Blantyre, Malawi
Postal address	P O Box 1111, Blantyre, Malawi
Telephone	+265 111 820 144
E-mail address	custodymalawi@standardbank.co.mw
Auditors	Ernst & Young (EY)
Principal attorneys	Ritz Attorneys at Law Knight and Knight Attorneys Tembenu & Kilembe
Bankers	Standard Bank Malawi plc National Bank of Malawi plc

The Board

J K Lipunga

Chairman (Independent) | *FCCA , CA, Certified PPP Specialist*

Mr Jimmy Lipunga was appointed as a Director of Illovo Sugar Malawi on 19 August 2021.

Mr Jimmy Lipunga is a Chartered Accountant with over thirty five years post qualification experience. He presently operates a consulting firm known as La Vita Nuova Limited which focuses on executive leadership, corporate strategies, corporate governance, business restructuring and valuations.

Jimmy is also a Public Private Partnership Specialist with over twenty years of hands on experience in structuring and implementing PPP transactions. He was in fact the first Chief Executive Officer of the Public Private Partnership Commission and served in this role from 2006 to September 2019 when he decided to take early retirement from public service. He is a past President of the Institute of Chartered Accountants in Malawi (2004 to 2006). He is also a past Chairman of the Malawi Accountants Board (2015-17).

Until June 2025 Jimmy was the Chairman of the National Bank of Malawi, the largest commercial bank in Malawi listed on the Malawi Stock Exchange. He has served on several other high-profile boards including Old Mutual Malawi, Old Mutual Life Assurance Malawi (Chairman), Reserve Bank of Malawi, Malawi Revenue Authority, Competition and Fair Trading Commission, Malawi Airlines Limited, Lafarge Malawi Limited, Sunbird Tourism, MPICO Limited and Power Market Limited.

Ronald Ngwira

Managing Director | *BSc, MSc*

Ronald Ngwira was appointed Managing Director of Illovo Sugar Malawi Plc on 8 September 2025. He holds a Bachelor of Science in Statistics and Computer Science, a Master of Science in Project Management, and has completed a Global Executive Master Class.

Ronald has over 30 years of experience in agribusiness management in Malawi. He began his career as Business Development Manager at the National Smallholders Farmers Association of Malawi (NASFAM), where he supported smallholder farmer development and market access. He then joined Alliance One Tobacco, where he held various leadership roles over an eight-year period, focusing on operational efficiency and supply chain optimisation. Prior to joining Illovo Sugar Malawi, Ronald served as Managing Director of Pyxus Agriculture for six years, leading strategic transformation initiatives and overseeing large-scale agricultural operations. Ronald is well-versed in good agricultural practices, value chain optimisation, customer management, and regulatory and ESG compliance. He also serves on several boards and is a respected figure in Malawi's agribusiness sector.

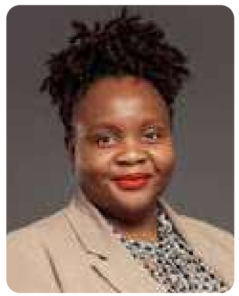
K Msimuko

Executive Director | *FCCA, CA(Mw)*

Kondwani assumed the role of Finance Head at Illovo Sugar Malawi in September 2021. Before his tenure at Illovo, he held positions at Deloitte Malawi, where he served as an Audit Partner and Professional Practice Director. In his role as an Audit Partner, he had the responsibility of providing audit and assurance services across various sectors of the economy. As a Professional Practice Director, he took charge of promoting high-quality financial reporting and audit standards through various formal initiatives. He also served as a key point of contact for accounting, audit and regulatory consultations within the firm. His tenure with the firm spanned over 11 years. In 2016, he was seconded to the Accounting and Audit Technical Department of Deloitte Africa, where his responsibilities included advising and training audit teams throughout Africa on matters related to technical and audit quality. Kondwani is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a Practising Resident Member of the Institute of Chartered Accountants in Malawi (ICAM) and the Malawi Accountants Board (MAB). Additionally, he is a Certified Information Systems Auditor (CISA). Kondwani is a board member of LifeCo Holdings Ltd.

K Ntambo-Banda

Executive Director | *BSoc, BA(Psych), MA(HRM), CTP, FCIPD*



Khumbo Ntambo-Banda joined Illovo Sugar Malawi in 2018, bringing extensive experience in human capital strategy and organizational development. She currently serves as Human Resources Director, a role she assumed in April 2020, after holding key positions in Organisational Development and Business Improvement within the company.

Her career spans leadership roles in multinational organizations, including Unilever, where she served as HR Business Partner for Supply Chain in South Africa and as part of the Southern Africa Leadership Team, supporting Malawi, Mozambique, Zimbabwe, and Zambia. She has also held HR and management roles at Airtel Malawi and Carlsberg Malawi.

Khumbo is a Chartered Fellow of the Chartered Institute of People Development (CIPD) and a Certified Talent Practitioner (CTP). She holds master's degrees in Global People Management (University of Liverpool) and Human Resources & Industrial Relations (University of Malawi), alongside qualifications in Industrial Psychology and Social Sciences. She is currently pursuing an MBA in Sustainability at the University of Hertfordshire. Beyond her corporate role, Khumbo serves as Chairperson of the Board of Trustees at Phoenix International School, reflecting her commitment to education and community development.

The Board (continued)

C Jensen

Non-Executive Director | *BSc Engineering (Chemical), PhD Engineering (Chemical)*

Craig Jensen was appointed to the Illovo Sugar Malawi Plc board as a non-executive director on 27th November 2024. He is currently the ABF Sugar Group Operations and Agriculture Director.

Craig grew up in Durban, South Africa and completed his BSc at the University of Natal and his Doctorate in Chemical Engineering through the University of Cambridge. Craig then joined the Tongaat Hulett group where he was the process engineer at the Maidstone and Felixton sugar mills. He held various positions with Tongaat including Technology Development Group Leader, Head of Sugar Technology, Business Turnaround Project Executive, before taking on the role of General Manager at the Tongaat Refinery. Craig joined ABF Sugar (then Illovo Sugar Africa) as the Group Operations Director in 2022 and assumed his current position in 2024. Besides being a director on Illovo Sugar Malawi , Craig is a director on several boards such as Zambia Sugar and Kilombero Sugar Company.

G Kabango

Non-Executive Director (Independent) | *PhD(Econ), MPhil(Development Economics), Post-Graduate Diploma(Development Policy), BSocSc(Econ)*

Dr Kabango was appointed as Director of Illovo Sugar Malawi in November 2022. An economist with over 40 years of experience in the Reserve Bank of Malawi, and appointed Deputy Governor for two consecutive 5-year terms: first term, May 2012 to April 2017, as Deputy Governor responsible for Supervision of Financial Institution's, second term, May 2017 to April 2022, as Deputy Governor responsible for Economics and Regulation. Prior to being appointed as Deputy Governor, he served in various other senior positions in the Reserve Bank of Malawi, including as Senior Economist covering Balance of Payments and External Debt, Divisional Chief responsible for Foreign Exchange Reserves Management and Exchange Control Operations, Director of International Operations, Director of Research and Statistics, Executive Assistant in the Governor's Office and General Manager, Economic Services.

During his career in the Reserve Bank of Malawi, he contributed to the various stages of macroeconomic and development policy formulation and implementation, through research and technical analyses of economic information pertaining to price and financial stability. He holds a PhD(Econ), an MPhil(Development Economics) and a Post-Graduate Diploma(Development Policy), all from the University of Glasgow in Scotland, United Kingdom, as well as a BSocSc(Econ) degree from Chancellor College, University of Malawi. He is also a recipient of various accolades covering myriad facets of economics and finance from international financial institutions, which include the World Bank, International Monetary Fund, Federal Reserve System, Bank for International Settlement and Citigroup. He has further been involved in research in various fields of economics and has co-authored, presented, and published several articles in international academic journals. He retired from the Reserve Bank of Malawi in April, 2022. He is the current Chairman of National Bank of Malawi Plc, the largest commercial bank in Malawi listed on the Malawi Stock Exchange. He is also a board member of General Alliance Insurance, and Smile Life Insurance.

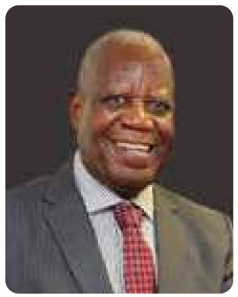
L L Katandula

Non-Executive Director | *BAcc, FCCA, CA(Mw), CFA, CISA, MBA*

Lekani joined Illovo Sugar Malawi in August 2015 as Finance Director and served in this capacity until 1 December 2017 when he was appointed Human Resources Director. Effective 1 April 2020, Lekani assumed the role of Managing Director for the Malawi business until 31 December 2024. Effective 1 January 2025 Lekani transitioned to his new role as Chief Finance Officer for ABFSugar. Prior to joining the group, Lekani was employed by Deloitte Malawi for 19 years, where he was Audit and Advisory Partner in the final 11 years. He has a wealth of knowledge and experience in financial management, reporting and control, and leadership having operated in senior managerial and partnership levels in a reputable external audit practice. Lekani previously served as a non-Executive Director at First Capital Bank Malawi. He chaired the credit committee and also served as Chairman of the board of Trustees at Phoenix International School until June 2019. He also served as President of the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) until April 2024. Additionally, he served as a Chairman of the Public Private Partnership Commission until September 2023. Lekani also served on the board of Telkom Networks Malawi where he was chairing the audit committee. Additionally Lekani served as a member of the Monetary Policy Committee (MPC) of the Reserve Bank of Malawi and a member of the Presidential Private Sector Council. Lekani is also a board member at Zambia Sugar plc, Kilombero Sugar Company, Ubombo Sugar Limited (all sister companies to Illovo Sugar (Malawi) Plc, and Czarnikow Ltd an ABF plc associate company.

A R Mpungwe

Non-Executive Director | *BA(Hons), PGD International Law and Diplomacy, SMP, LCP*

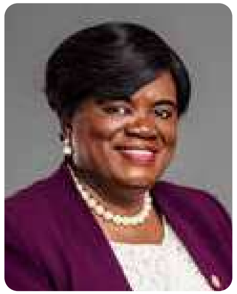


Ami spent 25 years in the Tanzanian diplomatic service and has consequently during this time accumulated a wealth of political and commercial experience from operating on the African continent. He was the first Tanzanian High Commissioner to South Africa and retired from the service in 1999. He was a previous non-Executive Director of Illovo Sugar Africa Proprietary Limited and in addition to being appointed as a non-Executive Director of Illovo Sugar Malawi in October 2006, he also still remains on the boards of Illovo's operating subsidiaries in Zambia - at Zambia Sugar Plc, which is listed on the Lusaka Stock Exchange and in Tanzania, at Kilombero Sugar Company Limited. Apart from overseeing his own investments in infrastructure development; real estate, shipping, mining services and DTH media, Ami is also a director of a number of other companies and advisory boards in Tanzania and around the region.

The Board (continued)

A M Malata

Non-Executive Director (Independent) | *PhD, MSc, BSc, FAAN*



Professor Address Mauakowa Malata holds position of Vice-Chancellor at the Malawi University of Science and Technology, first woman to hold a position of Vice Chancellor of Public University in Malawi; NYU Rory Meyers College of Nursing Courtesy Appointment, October 2023, former Vice President of International Confederation of Midwives, former President of Africa Honor Society of Nursing of Sigma Theta Tau International; former Principal of Kamuzu College of Nursing and spearheaded it to become a World Health Organization Collaborating Centre for Inter Professional Education and Leadership in 2016. A receipient of the 2024 University of Carlifornia Sanfrancisco (UCSF) award and appointed as a distinguished visiting professor in the UCSF Department of Epidemiology and Biostatistics.

She has spearheaded the Development and implementation of various Undergraduate and Postgraduate in the fields of Nursing, Midwifery, Health, Science, Innovation and Technology and has facilitated capacity building for faculty and other staff in various fields. A renowned international speaker, author and editor of various journals in the field of health, nursing, midwifery, and health workforce. She serves on various international, regional and national boards. She is an advocate for girls and women empowerment through education. Her research work focuses on maternal and new-born health, quality of care, health workforce and innovation and technology.

She is a Virginia Henderson Fellow of Sigma Theta Tau International (STTI), an Adjunct Professor at Michigan State University, a Fellow of the American Academy of Nursing (FAAN); a Global Health Fellow at University of California San Francisco University; an Adjunct Professor in the Department of Obstetrics and Gynaecology, Baylor College of Medicine. She was awarded a Doctor Honoris Causa by University of Oslo in Norway, 2018 ECU Distinguished Alumni and ECU Honorary Award of Doctor of Nursing honoris causa, 2019 in Australia. She was in 2022 nominated as one of the Champions for Malawi Vision 2063 under Enabler, Human Capital development. In 2023 she was in receipt of National Outstanding award (Educational Achievements, women change Makers Science and Research) under Pan African Learning and Global Network and Plan Malawi International. A receipient of the Malawi Comsumer Choice award 2024 - Most Inspiring Female Corporate Leader of the year. A committee member of the U.S. National Academy of Medicine's (NAM) Scholars in Global Women's Health Research program.

L Nkunika

Non-Executive Director (Independent) | *MBA Marketing, BSOC Soc*

Levie Emmanuel Nkunika was appointed to the Illovo Sugar Malawi Plc board as a non-executive director on 28th August 2024.

Levie is an experienced marketing, sales and business development professional with over 23 years management and leadership experience drawn from Malawi and the United Kingdom. He holds a Master of Business Administration in Strategic Marketing from the East London Business School (University of East London), a Bachelor of Social Science Degree (University of Malawi), post-graduate certificates: Financial Analysis and Management Accounting from London School of Economics and Political Science; Digital Marketing from the University of Cape Town, Artificial Intelligence Driven Marketing from the University of Northwestern(USA), Green Finance Certificate from Frankfurt School of Finance and Management and attended the Executive Leadership Development Program at University of Stellenbosch Business School. Currently, Levie works as a Group Head of Marketing and Communication for FDH Financial Holdings Limited (FDH Bank Plc, FDH Money Bureau Limited, FDH Properties Limited and the First Discount House Limited) for the past 7 years. His previous roles include Group Sales and Marketing Manager for Sunbird Hotels and Resorts, Group Sales and Services Manager and Senior Brands Marketing Manager for Carlsberg Malawi Limited (Carlsberg Malawi Brewery, Southern Bottlers and Malawi Distilleries Limited), Lecturer for Malvern House International in London and Consultant in strategy development and planning both in private and public sectors including consultancy assignments for United Nations agencies. Levie has a solid track record in financial services, fast moving consumer goods (FMCGs), airline, hospitality, and media industries; and leading and managing global brands such as Carlsberg and Coca Cola. He brings a wealth of experience in strategic analysis and strategy development, brand development and positioning, new product development, market development, digital transformation, customer experience and customer journey mapping, route-to-market(RTM) and commercial excellence projects, culture journeys, ESGs and sustainability, public relations and stakeholder engagement among others.

C Rees

Non-Executive Director | *BSc Natural Sciences (Mathematics and Physics)*

Christian Rees was appointed to the Illovo Sugar Malawi Plc board as a non-executive director on 23 August 2025.

Christian Rees brings extensive strategic and commercial expertise to the board. He joined Illovo Sugar Plc Ltd in 2011 as Strategy and Business Development Director, a role he held until March 2019. From April 2019, he transitioned to ABF Sugar as Divisional Strategy and Business Development Director, expanding his portfolio across the group.

Prior to Illovo, Christian spent 14 years at Tate & Lyle Plc, serving as Commercial Director for Africa and Asia Pacific. He also represented Tate & Lyle as a non-executive director on various European molasses and sugar joint ventures. Currently, Christian serves on the boards of several ABF Sugar entities, including Zambia Sugar Plc, Kilombero Sugar, Illovo Sugar (South Africa), and lactulose boards, reflecting his deep involvement in the sugar industry across multiple regions.

Key Management Personnel

Ronald Ngwira
Managing Director
BSc, MSc

K Ntambo-Banda
Human Resources Director
BSoc, BA(Psych), MA(HRM), CTP, MCIPD

K Msimuko
Finance Director
FCCA, CA(Mw), CISA

M Kachingwe
Company Secretary, Legal counsel and Head of Corporate Affairs
LLB(Hons), MBA

N Msowoya
Export Manager Refined and Speciality Sugar
BBA, Post Grad Dip Marketing (CIM), MBA

C Munthali
Business Improvement Head
BSc(Chem)

R Pillay
General Manager Nchalo Estate
BCom, NDIPP, CIMMA

M Njowoka
Supply Chain Head
BBA

M Debwe
General Manager Dwangwa Estate
BSc(Chem), BSc(Hon)(Chem), Dip Mgt

P Russell
Agriculture Head
B.Agric.Mgt, B.Agric. Mgt(Hons), Post Grad Marketing.Mgt, Masters BusAdmin

N Musyani Chipeta
Commercial Head
BSc Social Science, Post Grad Dipl Marketing (CIM), MA Marketing & Media

J Geddes
Health, Safety & Environmental Head
Chartered Member of Institute of Occupational Safety and Health (CMIOSH)

Ashveer Raghunandan
Manufacturing Head
BSc Eng (Chemical), M Eng (Project Management)

Directorate Attendance

Attendance at board and committee meetings during the year ended 31 August 2025

DIRECTOR	Board Meeting		Audit Committee Meeting		Risk Committee Meeting		Remuneration / Nomination Committee Meeting		Annual General Meeting	
	A	B	A	B	A	B	A	B	A	B
K Ntambo – Banda	4	4	2	2	2	N/A	3	3	1	1
L Katandula	4	4	2	2	2	2	3	3	1	1
A Lubbe	4	3	2	N/A	2	2	3	N/A	1	1
A Mpungwe	4	3	2	N/A	2	1	3	3	1	1
K Msimuko	4	4	2	2	2	2	3	3	1	1
J Lipunga	4	4	2	N/A	2	N/A	3	N/A	1	1
G Kabango	4	3	2	2	2	1	3	N/A	1	1
A Venters	4	2	2	1	2	1	3	2	1	1
L Nkunika	4	4	2	N/A	2	N/A	3	1	1	1
A Malata	4	4	2	N/A	2	N/A	3	3	1	1
R Ngwira	4	1	2	N/A	2	N/A	3	N/A	1	N/A
C Jensen	4	4	2	N/A	2	1	3	N/A	1	1
C Rees	4	1	2	N/A	2	N/A	3	N/A	1	N/A

Column A indicates the number of meetings held during the year.

Column B indicates the number of meetings attended by the Director.

N/A signifies that the Director was not a member of the Committee.

A Venters left the business in March 2025.

Andre Lubbe left the business in August 2025.

C Jensen joined the board in November 2024.

C Rees joined the board in August 2025.

L Nkunika joined the Remuneration and Nomination Committee in August 2024.

R Ngwira joined the Company in September 2025.

Chairman's Report

JIMMY KAJANIKE LIPUNGA
CHAIRMAN

"In a world that's constantly changing, the greatest risk is standing still."
Reed Hastings

ECONOMIC OVERVIEW

Malawi ushered in a new administration following the September 16 September 2025 elections, in which former President Peter Mutharika secured a decisive victory over Lazarus Chakwera, winning 56.8% of the vote. While the new government's optimistic manifesto has raised public expectations, many Malawians will be waiting to see these promises translated into tangible actions. Nonetheless, there remains a strong sense of hope and anticipation for meaningful progress under the new administration.

During the financial year ended 31 August 2025, the Group recorded a substantial increase in turnover, reaching K476.7 billion, up from K313.7 billion in the previous year. Additionally, profit before tax rose significantly to K126.2 billion, compared to K55.95 billion in the prior period. This remarkable growth was achieved despite a number of operational and environmental challenges.

Sugar production for the year declined slightly to 203 786 tons, down from 222 190 tons in the previous year. This reduction was primarily due to unusually heavy and persistent rainfall between April and July 2025, which disrupted cane harvesting, haulage, and overall supply to the factory. Consequently, agricultural operations were scaled back during this period. However, from mid-July to the end of the financial year, favourable weather conditions and sufficient water availability contributed to an improvement in overall cane yield.

The Group undertook extensive off-crop maintenance to prepare the mills for the 2025/2026 crushing season, originally scheduled to commence in mid-April 2025. Factory start-up was delayed due to irregular and inconsistent cane supply, a consequence of the unusually heavy rainfall earlier in the year. Full-scale production resumed from mid-July and sustained through the end of the year.

The Group recorded an increase in total sales volumes, reaching 223 140 tons, up from 206 017 tons in the previous year. This growth was largely driven by the domestic market, which delivered a strong performance with 210 910 tons, compared to 178 821 tons in the previous year. In contrast, export volumes declined to 12 229 tons, down from 27 196 tons in the prior year due to lower product availability. The strong performance in the domestic market was driven by targeted initiatives, including the Route to Consumer programme, enhanced marketing and branding strategies, and the influence of informal cross-border trade. While this trade helped to expand reach, it however continued to pose challenges to domestic product availability despite adequate production levels.

Between March and July 2025, the country experienced sugar shortages due to delayed factory operations prompting traders to limit stock levels and constrain sales. To support domestic availability, the government issued export permits for lower tonnages than initially requested by the Group, aiming to curb informal cross-border trade and stabilize the local market. We acknowledge the government's role in regulating exports during scarcity and emphasize the importance of data-driven, well-executed interventions to avoid unintended effects—such as limiting foreign exchange earnings and affecting our international trade reputation. The Group ensures exports are drawn from surplus after meeting domestic demand and continues to work with the Ministry of Industrialisation Business Trade and Tourism to address informal trade, which remains a key factor impacting local supply despite sufficient production.

Additionally, persistent shortages of foreign currency and fuel continued to exert pressure on the Group's operations and overall cost structure.

TARIFFS

According to the IMF's October 2025 World Economic Outlook, the global economy is navigating a volatile landscape shaped by shifting policy measures. While some extreme tariffs have been moderated through new agreements, temporary factors that supported growth earlier in the year—such as front-loading—are now fading.

Malawi's preferential access to the U.S. sugar market under the Sugar Tariff-Rate Quota (TRQ) has been significantly eroded by the imposition of a 15% reciprocal tariff in August 2025 on all Malawian exports. This country-specific regime has introduced serious challenges, including a loss of price competitiveness, reduced export volumes, and the potential collapse of a key market—threatening foreign exchange earnings, employment, and support to rural livelihoods through various projects.

In response, the Group is actively engaging with the Ministry of Industrialization, Business, Trade and Tourism and the Malawi Confederation of Chambers of Commerce and Industry to advocate for a coordinated, data-driven strategy aimed at mitigating immediate damage and building a more resilient export economy.

CREATING SHARED VALUE

As part of its broader Corporate Shared Value initiatives, the Group launched a cotton farming support project in the Nchalo community, covering a total of 427 hectares—175 hectares allocated by the Group and 252 hectares owned by local farmers. The initiative yielded 559.9 tons of cotton, which produced 189.6 tons of lint and 331.7 tons of seed. This output is earmarked for export to boost the Group's access to foreign currency.

The Cotton initiative reinforces our strategic intent to diversify into alternative crops beyond sugar. By doing so, the Group aims to strengthen its foreign currency generation capacity while supporting inclusive economic development within surrounding communities.

Unlocking value through acquisition or access to a ginnery presents a strategic opportunity for the Group to deepen its diversification efforts, particularly in light of the promising results from the cotton trials in Nchalo. By investing in or partnering with a ginnery, the Group can capture greater value across the cotton value chain—from raw cotton to lint and seed—enhancing its ability to generate foreign currency through exports. This move aligns with our broader strategy to explore alternative crops that not only complement sugar production but also offer fewer regulatory constraints, increased market flexibility, and potential for scalable community impact. The Group purchased the cotton from participating growers and intends to share a portion of the proceeds from the final sales with them, reinforcing its commitment to inclusive economic empowerment.

DIVIDEND

In recognition of the Group's strong performance for the year ended 31 August 2025, the Board of Directors is pleased to declare a third interim and final dividend totalling K8.00 per share. The third interim dividend of K7.00 per share will be paid in December 2025, while the final dividend of K1.00 per share will be presented for shareholder approval at the Annual General Meeting in February 2026 and paid in March 2026. This brings the total dividend for the year to K18.50 per share, a significant increase from the previous year's total of K5.00 per share.

STAKEHOLDER ENGAGEMENT

During the year, the Group maintained strong relationships with key stakeholders—including shareholders, employees, the Union, government agencies, regulators, communities, growers, customers, consumers, suppliers, and the media. We believe that sustainable growth in the sugar industry depends on effective regulation, supported by ongoing dialogue and collaboration with authorities.

Greater market stability, underpinned by clear and predictable policies, is essential to enable long-term planning, investment, and growth. Support for value chain strengthening, and fair market access remains critical to achieving this stability.

The Group welcomes the recent passage of the Sugarcane Industry Bill and views it as a critical step toward establishing a fair, transparent, and resilient regulatory framework for the sector. Although the Bill is not yet in effect, its implementation is expected to enhance governance, promote equitable competition, and protect the interests of all stakeholders across the value chain.

We remain committed to working collaboratively with government authorities, shareholders, Growers and other partners to ensure the successful rollout of this legislation. Through shared effort and data-driven engagement, we aim to support a more stable and sustainable sugar industry that delivers long-term value to the economy and the communities we serve.

SHARE PRICE PERFORMANCE

The 2024/2025 financial year, Illovo Sugar (Malawi) Plc demonstrated a period of notable price stability with modest gains. In the 2024 calendar year, the company registered a capital gain of 7.54%, closing the year at MK1,355.08. The Company's market capitalisation grew from MK966.78 billion at the end of 2024 to a peak of MK1.28 trillion by August 2025, reflecting a significant increase in its overall market valuation alongside its share price gains.

THE BOARD AND THE LEADERSHIP TEAM

I am excited to announce that Ronald Ngwira joined the Group on 8th September 2025, taking over from Lekani Katandula, who had served as Managing Director since April 2020. Lekani has since taken up a new role as Chief Financial Officer for ABF Sugar, based in the United Kingdom.

Those who worked with Lekani know what a visionary and results-driven leader he was. Under his stewardship, Illovo Sugar (Malawi) Plc achieved significant milestones, including enhanced operational efficiency, and strengthened market presence. His legacy is one of innovation, resilience, and unwavering commitment to excellence.

We thank Lekani for his outstanding contributions and wish him continued success in his new role. At the same time, we warmly welcome Ronald Ngwira and look forward to his leadership as we continue to build on our strong foundation and pursue sustainable growth for the benefit of all stakeholders. Ronald brings with him unique skills having worked in agribusiness management for over 30 years. Before joining the Group, Ronald served as Managing Director of Pyxus Agriculture for six years, leading strategic transformation initiatives and overseeing large-scale agricultural operations. Ronald is well-versed in good agricultural practices, value chain optimisation, customer management, and regulatory and ESG compliance. The Board is confident that Ronald's leadership will further strengthen the Group's strategic direction and operational excellence, positioning us to deliver continued value to our shareholders, employees, and the communities we serve.

I would also like to pay tribute to Kondwani Msimuko, who served as Acting Managing Director from December 2024 to August 2025. Kondwani stepped into the role with professionalism and confidence, providing steady leadership during a critical transition period. As noted by Paul Kenward, CEO of ABF Sugar, Kondwani's financial acumen, strategic insight, and calm leadership helped maintain stakeholder confidence throughout his tenure.

I would also like to thank the leadership team for their unwavering support to Kondwani and for their continued commitment and hard work, which have been instrumental in delivering a strong performance this year.

The directors who served during the year are listed on page 66 to 71. During the year, Mandy Venters and Andre Lubbe stepped down from the board in March and August 2025 respectively. The Board is deeply grateful to both for their exceptional contributions, strategic insight, and unwavering commitment to the Group's success. On behalf of the board, we extend our best wishes to Mandy and Andre in their future endeavours to support the Group's growth.

We are also pleased to welcome Christian Rees to the board during the year, succeeding Andre Lubbe. Christian brings valuable experience and perspective, and we look forward to his contributions as we continue to strengthen governance and drive sustainable value for all stakeholders.

PROSPECTS

The Group remains steadfast in its commitment to enhancing livelihoods within surrounding communities and contributing meaningfully to national development. Going forward, strategic focus will continue to be placed on improving agricultural yields, optimizing factory performance, driving sales growth, and elevating customer satisfaction. Investment in staff development, training, and—above all—ensuring the safety of employees and all stakeholders remains a top priority.

As a key private sector partner in the Shire Valley Transformation Project, the Group is proud to play a pivotal role in driving inclusive socio-economic development across the region. This strategic initiative, aimed at unlocking the agricultural potential of the Shire Valley, aligns closely with the Group's long-term vision of sustainable growth and community empowerment.

Through its involvement, the Group is contributing to improved irrigation infrastructure, enhanced farming practices, and increased productivity—benefiting thousands of smallholder farmers and stimulating local enterprise. The project also supports job creation, food security, and rural income generation, thereby fostering resilience and reducing poverty in one of Malawi's most economically vulnerable areas.

Our continued engagement reflects a deep commitment to national development priorities and underscores the Group's role not only as a commercial entity but as a catalyst for transformation and shared prosperity.

However, several macroeconomic factors continue to pose challenges to operational performance and overall results delivery. These include foreign currency availability and exchange rate volatility, high bank interest rates, inflationary pressures, fuel supply constraints, and inconsistent electricity provision.

Despite these headwinds, the Group remains focused on building resilience and sustainability to deliver long-term value for all stakeholders.

CONCLUSION

In conclusion, I extend my sincere appreciation to the Board and our employees for their dedication, resilience, and passion. Their unwavering commitment continues to be the foundation of our success and the momentum behind our progress.

We are equally grateful to our customers and consumers for their continued trust in the Illovo 'Trusted Quality Brand'. Your loyalty inspires us to keep innovating and delivering products that meet your evolving needs in both quality and convenience.

We also acknowledge the valuable support of our surrounding communities, regulators, and all other stakeholders whose engagement and collaboration have been instrumental in our success.

To our shareholders, thank you for your continued confidence in our vision. Your active participation—especially through forums such as the Annual General Meeting and the Investor meetings—drive us to pursue excellence and sustainable growth.

Together, we remain focused on building a stronger, more resilient business that creates lasting value for all.

TOGETHER, WE CAN.

JIMMY KAJANIKE LIPUNGA

CHAIRMAN

Managing Director's Report

Ronald Ngwira

"I step into this role not to rewrite the story, but to add a meaningful chapter – one that builds on the foundations laid before me and leads our group to greater heights."

This report reflects the outstanding leadership of Kondwani Msimuko, who served as Acting MD from December 2024 to August 2025 following my predecessor's departure.

His tenure was marked by stability, strategic focus, and a commitment to continuity that ensured the business remained on course during a transitional period. This report is a testament to his capable stewardship and the collective efforts of the team under his leadership which has enabled me to land in the role with clarity and confidence, building on the momentum he and the team sustained. I can only say, **"THANK YOU, KONDWANI."**

STRATEGY

Illovo Sugar (Malawi) Plc is a part of the ABF Sugar Division and ultimately ABF plc Group which is the ultimate holding company. Consequently, our strategy is aligned to the divisional strategy although it is localised to market.

We remain committed to our vision to create a thriving Malawian community through the provision of affordable food and energy with particular focus on safety for our people, contractors, the communities around us, including visitors. The business is also committed to efficiency improvement, market focus, and self-sufficiency. In addition, the enablers of our strategy – Capability through People, Process and Plant and Proactive Advocacy, will support our efforts to execute the plan effectively, helping us overcome any challenges along the way.

We are actively exploring several strategic opportunities, including the Shire Valley Transformation Project (SVTP), which presents significant potential to expand grower areas, enhance cane supply, and achieve substantial energy savings from the current consumption from 17 MW to 1.4 MW. Additionally, the project is expected to deliver broader socio-economic benefits such as job creation.

We also intend to support the government's initiative to revitalize the dormant cotton industry, contributing to regional and national development. Our long-term goal is to eventually access a ginnery to efficiently process cotton seed into a tradable commodity. In the last financial year, we cultivated 175 hectares of cotton on the estate, while an additional 240 hectares were grown by the community through cotton club contracts.

Despite facing considerable delays and ongoing challenges in stakeholder engagement, which continue to hinder progress on our power generation ambitions, we remain committed to this initiative. Power generation is central to our strategy for achieving energy self-sufficiency, driven by in-house production and optimization of factory operations through the resolution of existing bottlenecks.

Given the persistent challenges in accessing foreign exchange and the uncertainty surrounding their resolution, the group will prioritize projects with forex generation potential, such as the cotton initiative. Another promising opportunity under consideration is forward integration into ethanol production. This project is particularly attractive as it aligns with our current supply chain and offers additional forex generation benefits.

Our strategic development remains exciting however we are mindful of the numerous challenges we face in our efforts to fully deliver our strategy and we remain committed to overcoming these obstacles through resilience, adaptability and engagement.

OUR OPERATING ENVIRONMENT

In the last financial year, the business environment remained challenging, marked by persistently high inflation averaging 28% in 2025. A severe shortage of foreign exchange contributed to fuel scarcities, which in turn disrupted logistics and strained the supply of goods and services. Additionally, the poor condition of road infrastructure connecting our estates to key distribution centres continued to impede transportation efficiency. Transporters reported elevated vehicle maintenance costs, prompting many to consistently demand premium rates to offset their rising operational expenses.

FINANCIAL PERFORMANCE

For the financial year ending August 31, 2025, the group recorded a turnover of K476.7 billion, up from K313.7 billion in the previous year, reflecting strong market positioning despite economic challenges. The Group achieved Profit Before Tax of K126.2 billion from K55.9 billion. Some of the challenges the business endured were: unusually high rainfall between April and July which adversely affected cane harvesting and haulage, and overall cane supply to the factory leading to a reduced and intermittent cane supply and delays in factory start up.

Export sales volumes dropped from 27kt in the prior year to 12kt due to the following:

- A government-imposed export ban (lifted in July 2025) aimed at curbing domestic sugar shortages caused by high local demand and illegal cross border sales.
- A 15% reciprocal tariff by the US from August 2025, impacting customer liquidity and delaying shipments to this key preferential market.
- Zimbabwe's introduction of a 30% surtax on sugar imports, which halted planned exports.
- Extended transit times (up to 90 days for the US, 60 days for the EU) and elevated sea freight costs due to Mediterranean conflict.

The country experienced sugar shortages in the domestic market mostly between March and July 2025 as traders tried to ration their stocks and sales, impacted by the incessant rains. In what the government described as a bid to stabilize the domestic sugar market, the government, in November 2024, stepped in by issuing export permits for lower tonnages than those applied for by the group. In addition, the time taken to get approval for an export license resulted in significant operational challenges as it was characterised by inordinate delays. This also resulted in other unintended consequences, such as constraining the group's ability to generate its own foreign exchange at a time when access to foreign exchange from commercial banks was severely constrained. Through many hours of stakeholder engagement some approvals were secured though later than would have been ideal for some customers, and less tonnage than applied for. However, the group remains alive to its corporate responsibilities and always prioritises the domestic market.

The Group's financial performance underscores the business's resilience, operational agility, and strategic focus, demonstrating its ability to navigate adverse conditions while delivering robust financial performance. The Group's continued investment in infrastructure, innovation, and stakeholder engagement has positioned it well for sustainable growth in a dynamic economic environment.

OPERATIONS

The 2024/2025 agricultural season was characterized by a blend of challenges and achievements across both Nchalo and Dwangwa Estates. Despite disruptions caused by abnormal weather patterns and operational constraints, both estates demonstrated resilience, innovation, and strategic execution, resulting in commendable progress toward long-term agricultural goals.

At Nchalo Estate, the season commenced with delays due to persistent wet weather, which impacted the initial start of operations. Once conditions improved, crushing progressed steadily, with the estate recording a total of 789,992 tons of MCP cane at an average yield of 89.83 tons per hectare. Growers contributed an additional 200,808 tons at a comparable yield of 89.89 tons per hectare. Replant Drip irrigated fields performed extremely well above estimate with nine fields yielding above 200.1 tons cane per hectare and the highest at 222.2 tons cane per hectare. Yield Recovery plan is on track through Irrigation and Drainage upgrade projects, new farming Systems, Fallow with green crop, early replant and use of the Estate Master Planner.

Operational adjustments were necessary during the replanting phase due to a strategic shift in irrigation systems under the Phase 3 Programme Irrigation Conversion Project. The transition from drip to pivot irrigation was prompted by foreign exchange constraints, as drip systems are foreign exchange intensive. This shift required restarting capital approval and procurement processes, resulting in delays. Additionally, Nchalo faced high pest infestation during the latter part of the season, exacerbated by the withdrawal of the fixed-wing aircraft previously used for pest control. The issue was resolved by introducing helicopter-based pest control services.

Moreover, security challenges, including cane theft, pivot cable theft, and dragline irrigation equipment theft, remain a concern. Mitigation efforts such as drone surveillance, fencing, and stakeholder engagement meetings have shown promising progress and will continue as part of a long-term strategy.

In contrast, Dwangwa Estate delivered an outstanding performance, earning the prestigious ABF Sugar Agricultural Performance Award for the 2024/25 financial year. This recognition highlights Dwangwa's leadership in yield performance, strategic execution, sustainable farming practices, and innovation in agricultural technology. The estate exceeded yield projections by 9.3 tons per hectare and is on track to achieve a record yield of 118 tons per hectare—the highest in five years. Dwangwa also achieved a historic milestone in its replant programme, successfully planting 1,000 hectares of sugarcane by the end of July 2025. This represents the estate's highest early season planting achievement and reflects exceptional planning, execution, and team coordination. Furthermore, the estate launched a two-phase horizontal expansion project covering 170 hectares to increase cane supply to the factory. Phase 1, comprising 90 hectares, was completed in August 2025, while Phase 2 (80 hectares) is currently underway. This expansion is expected to contribute an additional 19,750 tons of cane annually, supporting the estate's long-term growth strategy.

Despite these successes, Dwangwa faced challenges due to above-normal rainfall in May and July, which disrupted early-season harvesting and haulage operations. Wet weather harvesting initiatives were implemented to mitigate the impact, however, cane supply remained inconsistent, resulting in a three-week loss of production time and a significant reduction in sugar output during the early part of the season. Nevertheless, Dwangwa continues to lead in agricultural innovation, particularly in the use of drone

technology, which is now widely used for spraying, fertilizing, surveying, crop monitoring, and precision agriculture.

At the same time, 2024/2025 production season also presented significant operational challenges for the Factories, primarily due to adverse weather and logistical constraints. Nchalo experienced 35 days of production loss due to record wet weather at the start of the 2025 season, resulting in a 26,000-ton reduction in sugar output during the second half of the season. In contrast, Dwangwa Sugar Factory achieved a total sugar output of 104,000 metric tons, exceeding the budgeted 98,000 tons. This was largely enabled by a dry December, which allowed for uninterrupted crushing during the festive period. Effective operational planning also helped mitigate early-season flooding impacts in February 2025, although this affected factory time efficiency due to a delayed restart. Combined, the estates lost 86,000 tons of sugar during the season due to wet weather at the beginning of the 2025 production season.

Both estates demonstrated remarkable operational efficiency and improvements. Notably, Dwangwa's refinery line was commissioned ahead of schedule, producing 4,000 tons of refined sugar and enhancing product value and diversification. However, recurrent fuel shortages during the year disrupted sugar uplifts, leading to reduced warehouse space and logistical bottlenecks. Theft of irrigation equipment remains a key concern, particularly at Nchalo, which continued to experience cane theft, pivot cable theft, and dragline irrigation equipment theft. Mitigation efforts included drone surveillance, fencing, and stakeholder engagement meetings.

Despite these hurdles, both factories demonstrated resilience, achieving notable production milestones, safety improvements, and strategic advancements in infrastructure and process efficiency. These achievements position the business for continued growth and enhanced operational performance in the upcoming financial year.

ROUTE TO CONSUMER MODEL

Over the past five years, Illovo Sugar (Malawi) Plc's Route to Consumer (RTC) model has delivered strategic gains, notably enhancing market penetration. A key achievement in FY25 was the shift to Active Selling, with the majority of sales now driven by Last Mile Resellers rather than traditional passive channels such as chain stores and supermarkets. The deployment of 54 container depots across rural markets has significantly expanded our footprint, while secondary distribution—currently above 70%—has facilitated the transfer of best practices across our trading network.

During the year, we also began directly engaging with industrial customers, marking a strategic move to own this specialized segment. This approach is expected to deepen our market understanding and improve customer experience.

Furthermore, despite its past success, the Route to Consumer model now faces key challenges. These issues highlight the need for a strategic review to realign the model with current realities and ensure we meet Malawi's estimated domestic sugar demand of 190,000 MT while supporting government effort to address illicit cross border trade of 30,000–40,000 MT.

On the export front our route to consumer involved focusing resources on markets and partners with the highest potential return and selling of smaller packing to generate value and convenience to our distribution partners and consumers for speciality (EU & USA). Smaller packing constituted 74% and 49% sales volume contribution to USA and Europe respectively. The contribution is designed to grow and increase the regional footprint.

ADVOCACY & STAKEHOLDER ENGAGEMENT

Over the years, we have come to realise that for our business to thrive, advocacy and stakeholder engagement are not just strategic tools—they are essential drivers of sustainable growth. In an increasingly complex regulatory and socio-economic environment, our ability to proactively engage with policymakers, communities, industry peers, and civil society has enabled us to safeguard our licence to operate, shape favourable policy outcomes, and build enduring relationships rooted in trust and transparency.

These efforts have directly contributed to the resilience of our operations and the long-term value we deliver to our shareholders. By aligning our corporate objectives with stakeholder expectations, we continue to reinforce our reputation, mitigate risks, and unlock opportunities that support both business performance and societal progress. During the year, Parliament passed a number of laws that will have an impact on the business. Notably, the Sugarcane industry Bill which is aimed at regulating the sugar industry.

While the legislation represents a progressive and welcome development for the sector, continued stakeholder engagement remains critical to ensure its implementation supports industry growth rather than inadvertently constraining it. Constructive dialogue with regulators and other key stakeholders will help align policy intent with practical realities, fostering an enabling environment for sustainable growth.

SAFETY AND SECURITY

Safety remains the number one priority for the business as well as the whole ABF plc group and all divisions. As a business, we recognise that unless we keep our people safe, we cannot sustainably operate, grow, or deliver value. The wellbeing of our employees is fundamental to our success, and we are committed to fostering a culture where safety is embedded in every aspect of our operations.

In previous years, we encountered significant safety challenges, largely attributable to the inherent complexity of our operational environment characterized by a large workforce and limited automation. Compounding these risks were external factors such as land encroachment, which further complicated our ability to manage safety effectively.

Historically, our safety approach was primarily compliance oriented. However, we have since embarked on a transformative journey toward a proactive, and culture-driven safety model. This shift has been supported by substantial investments in leadership development and safety awareness training. Looking ahead, we will continue to embed safety into every layer of our operations, fostering a culture of accountability and continuous improvement. Our goal is to evolve beyond compliance, ensuring that safety becomes an integral part of how we work, lead, and grow as a business.

Recognising that a significant proportion of safety incidents occur within contractor-managed areas, we are strengthening our contractor management processes. This includes more rigorous pre-qualification vetting, increased frequency of scheduled audits, and the implementation of green banding protocols.

We are unwavering in our commitment to creating a safe working environment. No effort or cost will be spared in addressing safety concerns, and the timely closure of audit findings will remain non-negotiable. Overall, we continue to uphold our ZERO COMPROMISE safety culture, ensuring that the wellbeing of our people remains at the forefront of everything we do.

During the year both estates earned a 5-star NOSA rating, the first in its history, highlighting a strong commitment to workplace safety and

compliance. NOSA is widely recognized for its comprehensive safety, health, and environmental (SHE) auditing systems, particularly the NOSA Five Star System.

PEOPLE - OUR PEOPLE, OUR SWEETEST ASSETS

At Illovo Sugar (Malawi) Plc, our people are the cornerstone of our success. Their passion, resilience, and collective ingenuity continue to drive our business forward. In 2025, we deepened our commitment to creating a supportive, inclusive, and high-performing workplace through a range of strategic initiatives focused on wellbeing, engagement, development, and diversity.

We advanced fair and equitable compensation through a locally grounded Decent Wage Framework, informed by the Anker Living Income and ECAM Cost of Living studies.

Our Overtime Management Policy, aligned with operational excellence goals, delivered a 24% reduction in overtime hours. Real-time monitoring via Qlik tools and targeted interventions improved scheduling, plant reliability, and governance.

As part of our commitment to making Illovo Sugar (Malawi) Plc a great place to work, we launched the 2025 Employee Engagement Survey to gather honest feedback on leadership, development, teamwork, and wellbeing—helping us better support our people and create a thriving workplace.

We made meaningful progress in Diversity, Equity, and Inclusion programme with female workforce representation rising to 15% and female managers increasing to 18.4%. Recognising a shifting demographic, we partnered with LUANAR and MUST to develop a future-ready Agricultural Engineering curriculum, addressing succession gaps and future-proofing estate leadership.

Over 3,500 employees benefited from Learning and Development initiatives, including technical training, academic advancement, multi-skilling, internships, and digital learning. Through the #LevelUp challenge, 320 managers completed over 1,100 online courses.

Our Talent Management and Succession Planning efforts were strengthened through the Manager-in-Training Programme, education sponsorships, technical certifications, and the launch of targeted development pathways, including reliability engineering and factory performance enhancement.

In line with our commitment to employee wellbeing and a safe, inclusive workplace, we prioritised health and wellness through targeted initiatives that support physical, emotional, and ethical wellbeing across our operations through impactful initiatives such as menstrual health pilots, cancer and physiotherapy screenings, and sexual harassment awareness campaigns.

Together, these initiatives reflect our unwavering belief that our people are our sweetest assets—empowered by collaboration, diversity, and shared purpose to drive sustainable growth and operational excellence.

The following leadership changes were implemented during the year:

- Lekani Katandula left in December 2024 to take up a position at ABF Sugar as Chief Finance Officer
- Ronald Ngwira replaced Lekani Katandula as Managing Director. He joined on 8th September 2025
- Ashveer Raghunandan – Manufacturing Head effective from August 2024
- Jason Geddes – Safety Head effective from 2nd February 2025
- Paul Russell – Agriculture Head effective from 6th August 2025
- Following the departure of Lekani Katandula, Kondwani Msimuko acted as Managing Director, while Joaquim Vazi acted as the Finance Director, both for nine months.

As the incoming Managing Director, I look forward to working with the board and my colleagues to strengthen collaboration, drive innovation, and achieve our shared goals. I am deeply committed to ensuring that everyone returns home safely each day, just as they arrived.

CREATING SHARED VALUE(CSV)/ CORPORATE SOCIAL RESPONSIBILITY (CSR)

To foster a thriving and inclusive working environment that positively impacts surrounding communities, the group collaborates with local stakeholders, civic bodies, and government institutions. Through its Creating Shared Value and Corporate Social Responsibility initiatives, the group invested K2.0 billion in 2024/2025 across key areas including health, education, infrastructure, potable water, disaster relief, enterprise development, and other community-focused projects. An additional K1.78 billion was invested through the Thriving Community Foundation (TCF) mainly on the cotton project.

During the year, the TCF was formally registered with the Non-Governmental Organisations Regulatory Authority (NGORA), and seven trustees were appointed to guide its strategic direction. Adopting a catalytic development model, the TCF successfully attracted partners and co-funding for impactful social and economic projects. Its agricultural initiatives included cotton, honey, aquaculture, regenerative agriculture trials, and irrigation commercialization, aimed at improving farming practices and market access. Additionally, TCF promoted resilient housing solutions for flood-prone areas.

On the other hand, the Community Development Trust (CDT) continued its work through the Kaombe Community Development Trust Farm, established in 2010, which grows sugarcane for the Nchalo mill. The Kaombe Community Development Trust (KCDT) was established by a partnership between Agricane Malawi Ltd, Illovo Sugar (Malawi) Plc and Total Malawi with the main objective to provide social development support to communities in Chief Mbenje's area, the wider Nsanje and other parts of Chikwawa around Bereu.

The Trust Farm is managed by Cattle Feedlot Company and the sugarcane is sold and delivered to Nchalo Sugar Factory. Since completing repayment of the initial debt that was incurred for the development of the irrigated sugarcane fields in 2013 to Illovo, funds became available for investment into community development projects. Todate a total sum of nearly MWK600 million has been donated to the fund.

OUTLOOK

A new government took office in September 2025, prioritising fertiliser, fuel, foreign currency, and food security—recognising that shortages in these areas directly affect daily life, market stability, and the economy.

The overall growth projection remains weak in spite of the GDP growth projection of 2.8 percent in 2025, up from 1.7 percent in 2024—a weakness mainly attributed to low agricultural productivity, supply chain constraints, and limited industrial capacity.

Despite facing significant weather-related and logistical challenges, both Dwangwa and Nchalo Sugar Factories delivered commendable performance in the 2024/2025 season. Strategic investments, process improvements, and operational agility have laid a strong foundation for recovery and growth in the upcoming financial year. The planned extension of the production season, infrastructure upgrades, and continued focus on safety and efficiency are expected to drive further improvements in FY26.

The capital projects portfolio for the year are focused on addressing key reliability risks and improvement. Some notable projects which have capacity to transform the business in terms of efficiency and reliability are; Rehabilitation of Grower Schemes, Flood Protection Infrastructure Upgrades, Sugarcane Breeding & Selection project, Shire Valley Transformation Project, Nchalo Irrigation System Conversion project and Nchalo Factory Transformation project.

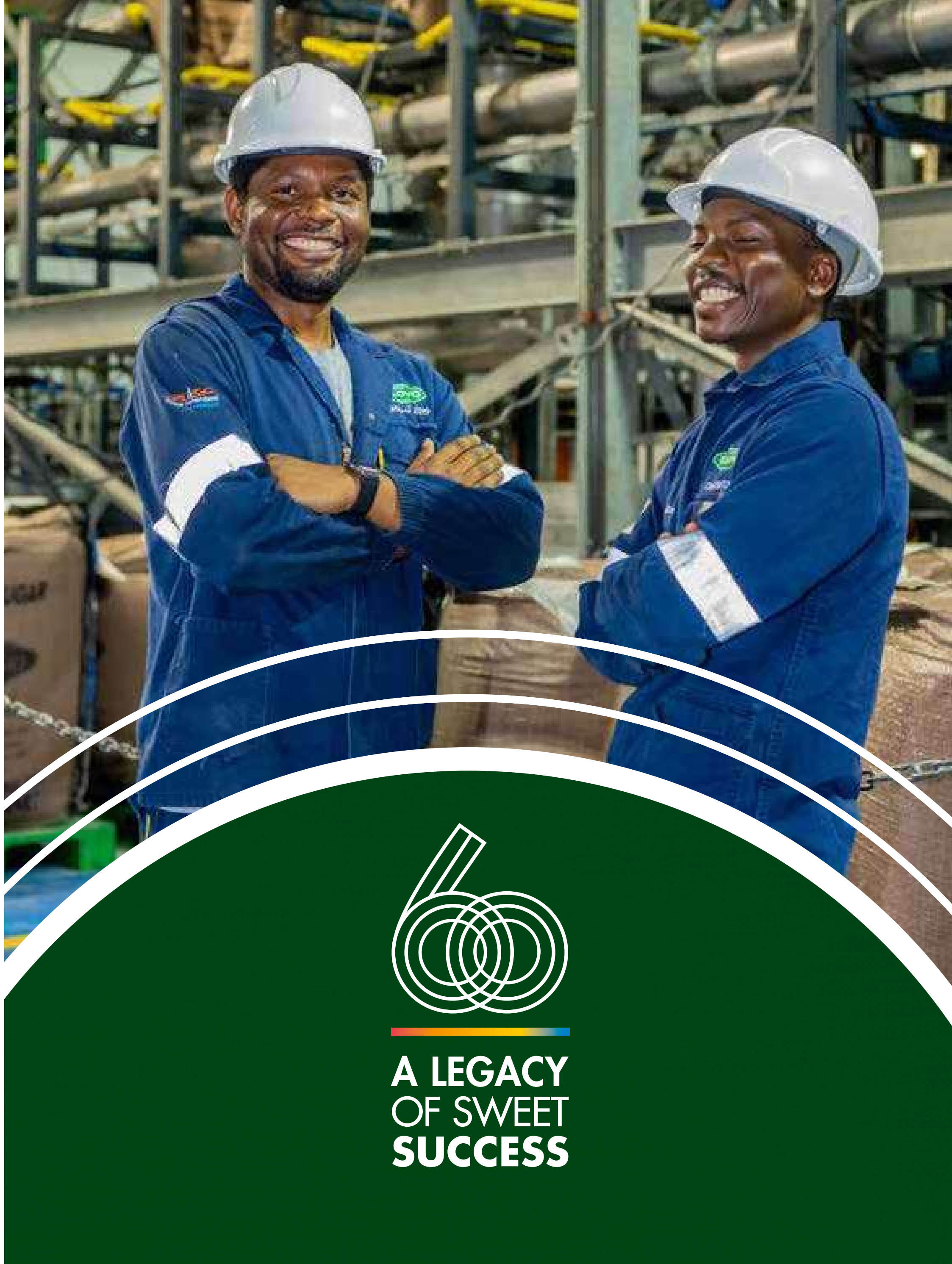
The Process Improvement Plans (PIPs) portfolio initiated in 2025 delivered good value in the season, the most notable one being the Nchalo Bagasse Make initiative, which resulted in the highest bagasse output since 2018. This achievement enabled improved extraction performance and more stable factory operations. Other PIP initiatives also yielded positive results, including reductions in molasses loss and enhancements in operational efficiency. Building on this momentum, the Business Improvement Unit will continue to drive targeted interventions across both factories, focusing on recovery optimization, waste reduction, and energy efficiency. These efforts will be aligned with the broader strategic goals of enhancing throughput, improving sustainability, and ensuring readiness for future seasonal demands.

We therefore look to the future with optimism.

TOGETHER, WE CAN.

RONALD NGWIRA

MANAGING DIRECTOR



Corporate Governance

Compliance / Governance

The Board of Directors is committed to continually ensure sustainable long-term success and implementation of corporate governance best practices within the Company. Through its oversight functions, the board is committed to delivering value to all stakeholders in the Company whilst also driving initiatives to actualise the

The governance of Illovo Sugar (Malawi) Plc and its subsidiary (Dwangwa Sugar Corporation Ltd is principally guided by the provisions of the Malawi Companies Act, (No. 15 of 2013), its Constitution, its Board Charter (the "Charter") the Malawi Stock Exchange Listing Requirements (as amended in April 2023), the Securities Act 2010, Code of Best Practice for Corporate Governance in Malawi – (The Malawi Code) and any other applicable corporate governance rules promulgated from time to time.

As far as it concerns the business of the group the directors confirm that, to the best of their knowledge, Illovo Sugar (Malawi) Plc has complied with all of its obligations and the requirements under the 2013 Act, the MSELR and The Code in all material respects for the year ended 31 August 2025.

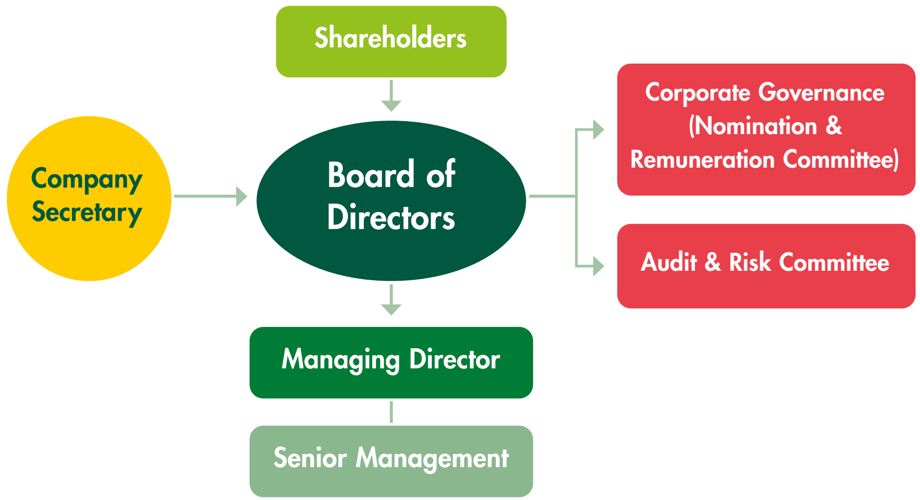
Governance Structure

The board seeks to maintain strong corporate governance structures and processes by working within a clearly defined governance framework, which enables the delivery of sustainable growth to all shareholders and other stakeholders. A board committee structure has been established under the governance framework to support and assist the board in discharging its duties through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the board, as set out below.

The Group is governed by a unitary Board of Directors, comprising a balanced mix of executive and non-executive directors. This structure ensures a cohesive and effective leadership team, where executive directors bring in-depth operational insight, while non-executive directors provide independent oversight and strategic guidance. The balance between the two enhances robust decision-making, promotes accountability, and supports the long-term success of the group.

The board is responsible for the overall stewardship of the group and provides strategic direction, oversight, and control. It ensures that the group's business and affairs are managed in a manner that promotes sustainable value creation for all stakeholders. The board exercises independent judgment and enterprise leadership, grounded in integrity, accountability, and ethical conduct.

In fulfilling its mandate, the board considers both the short-term and long-term strategic objectives of the group and actively oversees their implementation by executive management. It ensures that the necessary human and financial resources are in place to achieve these objectives, while monitoring performance against agreed targets. The Board also ensures that robust governance structures and risk management frameworks are in place to support responsible decision-making and safeguard the group's reputation and assets.



The board meets at least once in each quarter with additional meetings held when appropriate. At each board meeting a complete update on the affairs and business of the group is presented by executive management.

In addition, the articles of association provide for decisions taken between meetings to be confirmed by way of directors' resolutions.

The roles of the Chairman and the Managing Director are separated, and the Chairman is a non-executive director. The board has three executive directors and eight non-executive director's five of whom are independent.

No member of the board has unfettered powers of decision making. The Chairman does not possess a casting vote on matters before the board. This approach reinforces the principle of collective decision-making and ensures that all board resolutions are passed by a majority of directors present and voting.

The Board

There were several changes to the board since the start of the last financial year. Amanda (Mandy) Venters resigned from the board in March 2025 while Andre Lubbe left in August 2025. Christian Rees joined the board in August 2025 replacing Andre Lubbe. Craig Jensen was appointed Chairman of the Risk Management Committee replacing Andre Lubbe while Christian Rees was appointed as a member of the Audit Committee. Both appointments became effective on 22nd October 2025. Dr Grant Kabango who chairs the Audit Committee was appointed a member of the Audit Committee with effect from 25 October 2025.

Gender Diversity

The Board firmly believes that diversity is essential to the success of the group as it strengthens decision making and enhances the group's ability to respond to the various stakeholders' needs. In this regard three out of the eleven members of the board (including the Company Secretary) are female and the Remuneration and Nominations Committee is chaired by a female. The board will continue to strive to achieve balanced representation of gender, skills, experience and perspectives to contribute to the board's collective strength while being mindful of the challenges and opportunities facing the group.

As at August 31 2025 the composition of the board was as follows:

Director	Type of Director	Date of appointment
Ron Ngwira	Executive Director	8 September 2025
Kondwani Msimuko	Executive Director	23 November 2021
Khumbo Ntambo – Banda	Executive Director	27 February 2020
Lekani Katandula	Non-Executive Director	14 August 2015
Craig Jensen	Non-Executive Director	27 November 2024
Ami Mpungwe	Non-Executive Director	25 October 2006
Christian Rees	Non-Executive Director	21 August 2025
Jimmy Lipunga	Independent Non-Executive Director	19 August 2021
Grant Kabango	Independent Non-Executive Director	19 November 2022
Address Malata	Independent Non-Executive Director	22 August 2022
Levie Nkunika	Independent Non-Executive Director	5 August 2024

Appointment to the Board

The Board's Remuneration and Nomination Committee (REMCO) has the primary responsibility for initiating Board appointments. New members to the board are selected based on their wealth of experience, relevant leadership skills, and competence amongst others. The minority shareholders have a seat on the board, which is currently held by Levie Nkunika as their representative. Once the board has appointed a board member the process is concluded when the nominees are duly approved by Shareholders at the Annual General Meeting.

Induction of New Board Members

The Group has in place a robust Induction and Onboarding Programme to familiarize newly appointed Directors with their role, duties and responsibilities; the group's business and operations; and the nature of the sugar industry amongst others. The induction program involves the whole Executive members and a tour of the mills. On an on going basis directors receive Competition and anti Bribery and Corruption training and other relevant training as appropriate.

Shareholder Rights

General meetings are important platforms for the board to engage shareholders to facilitate greater understanding of the group's business, governance and performance. This also offers an opportunity for to allow shareholders to exercise their rights and responsibilities as owners. Shareholders are actively encouraged to participate in general meetings of shareholders and to exercise their voting rights appropriately. The Group also provides an appropriate communication channel with its shareholders.

During the year the group held two investor meetings aimed at sharing interim and final results for FY24. The interactions are always cordial and provide a less formal atmosphere for a two way engagement than the Annual General Meeting.

Board Meetings

The Board of Directors held four (4) meetings during the year in November 2024, February 2025, May 2025 and August 2025. The Committees also held the following meetings;

- Remuneration and Nominations Committee 3
- Risk Management Committee 2
- Audit Committee 2

Executive management

Executive management meets regularly to discuss issues material to the operations of the group. The Group's strategy and business model are developed by the executive team and approved by the board. The executive team, led by the Managing Director, is also responsible for implementing the strategy and managing the business at an operational level.

To ensure that there is adequate interaction between management and the board, three members of executive management are directors.

Audit committee

The Audit Committee comprises of not less than three (3) members at any time all of whom are non-executive and the Chairman of the Board is not eligible to be a member of the committee. The committee meets twice a year, in May and November, and has both external and internal auditors in attendance.

The committee sets materiality and reviews annual audited financial statements, the interim financial results and the external and internal auditors' reports and details its findings to the board for consideration when approving the financial statements for delivery to the shareholders.

The Audit Committee, on behalf of the board, reviews the scope and coverage of internal audit together with its findings. In terms of section 4 63(e) of the Malawi Stock Exchange listing requirements the audit committee has considered the appropriateness of the experience and expertise of the Financial Director and will report at the annual general meeting of members that they are satisfied that Kondwani Msimuko has the relevant experience and expertise in this role.

Risk Management Committee

Managing risks is integral to achieving our strategic objectives and safeguarding the interests of our stakeholders. In the ever-evolving sugar industry landscape, effective risk management is essential for maintaining the resilience and sustainability of our organisation.

The Risk Management Committee consists of at least four non-executive directors, the Managing Director and the Financial Director and is chaired by a non-executive director. The committee meets twice a year, in May and November and may from time to time require other persons with the requisite skills and expertise to attend the meetings of the Committee.

A comprehensive risk assessment audit is undertaken twice per annum of factors which could have a material impact on the group results. As well as financial assessment, other audited areas include agricultural, electrical and mechanical risk, health and safety, quality and food safety, environmental compliance and exposure to changes in the economic environment. The reports are reviewed by the committee to ensure that risk identification, mitigation and management are undertaken. A comprehensive enterprise risk management strategy has been adopted by the group with robust risk improvement plans developed and business continuity planning and testing regularly undertaken.

Nomination/Remuneration committee

The remuneration and nomination committee comprises four non-executive directors. The committee meets three times a year, in November, February and August. The committee is responsible for reviewing compensation of the executive directors and executive management of the group and recommending the appointment / reappointment of directors.

Ethical standards

The group has adopted a code of management practices that applies to the group's management and staff. The code provides a benchmark against which employee conduct can be assessed to ensure that the highest ethical standards are met.

Fraud control

The group has an established and well-publicised fraud hotline that enables employees and members of the public to raise evidence of irregular activity directly with an independent entity. The group has implemented a comprehensive Anti-bribery and Corruption Policy which has been implemented throughout the organisation to all officers and employees as well as contractors and has adopted a zero-tolerance approach to corruption and fraud.

Internal control

The board has overall responsibility for the group's systems of internal control and for monitoring their effectiveness. The systems are designed to safeguard the group's assets and shareholders' investments. The Group's external auditors are granted unrestricted access to all information that may be required in the execution of their duties. Reports from the external auditors are regularly monitored to assess the effectiveness of the group's systems of internal control.

Stakeholder Engagement

Strong, collaborative relationships with key stakeholders—including growers, government, and local communities —are vital to the sustainable success of the sugar industry. Engaging regularly with these stakeholders enables us to align our strategy with their expectations, inform our ESG and materiality assessments, and ensure our value creation efforts are both inclusive and responsible.

Related Party Transactions

For details on related party transactions, please refer to the Notes to the Financial Statements on page 192. Furthermore, in compliance with the Listing Rules of the MSE, shareholders of the Company are informed of related party transactions through the issue of cautionary announcements and circulars.

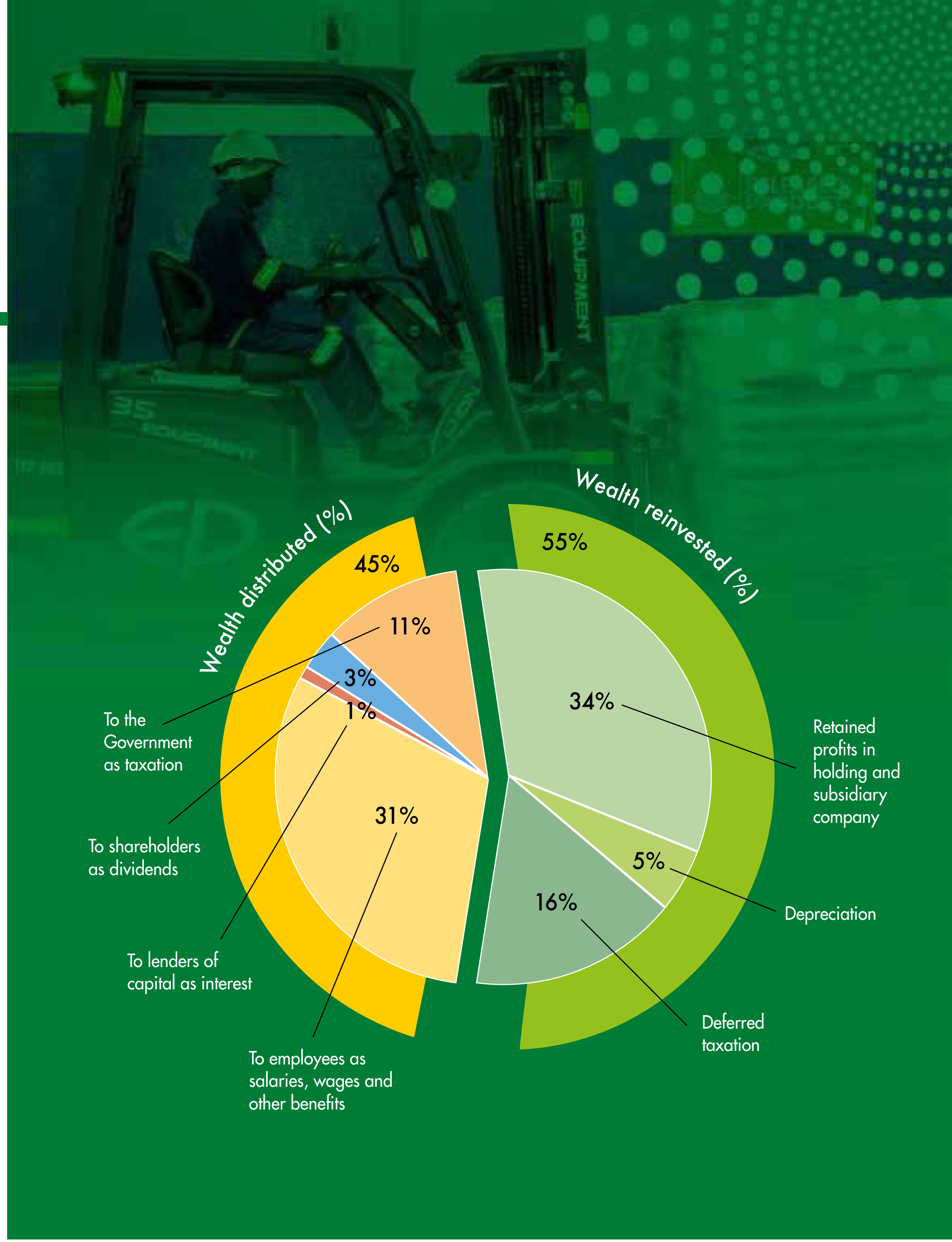
Environmental Social and Governance Reporting

As of December 31, 2024, all companies listed on the MSE are required to include ESG performance metrics in their annual reports. This requirement was introduced through the revised MSE Listing Requirements (2023). This move aligns Malawi's capital markets with global sustainability standards and reflects a broader commitment to responsible business practices.

Value Added Statement

The value added statement shows the wealth the group has been able to create through manufacturing, trading and investing operations and its subsequent distribution and reinvestment in the business.

	2025 K million	2024 K million
Wealth created		
Revenue	476 736	313 689
Income from investments	289	207
Paid to growers for cane purchases	(62 444)	(45 565)
Cane growing and manufacturing costs	(202 349)	(125 726)
	212 232	142 605
Wealth distributed		
To employees as salaries, wages and other benefits	66 300	59 246
To lenders of capital as interest	1 090	3 574
To shareholders as dividends	6 064	13 127
To the Government as taxation	23 148	26 986
	96 602	102 933
Wealth reinvested		
Retained profits in holding and subsidiary company	71 151	9 505
Depreciation	11 330	8 960
Deferred taxation	33 149	21 207
	115 630	39 672
	212 232	142 605
Analysis of taxes paid to and collected on behalf of the government		
Central and local government		
Current taxation	10 923	17 051
Customs duties, import surcharges and other taxes	12 225	9 935
Total contribution to central and local government	23 148	26 986
The above amount contributed excludes the following:		
- employees taxation deducted from remuneration	12 547	8 893
- net VAT amount collected on behalf of the government	31 309	15 658
- withholding taxes	9 503	6 672
	53 359	31 223
Total contributed to government	76 507	58 209



Review of Five Periods

K million	Year ended 31-Aug -25	Year ended 31-Aug-24	Year ended 31-Aug-23	Year ended 31-Aug-22	Year ended 31-Aug-21
Statements of comprehensive income					
Revenue	**476 736**	313 689	272 457	186 642	163 259
Operating profit	**127 007**	59 326	81 923	39 505	31 941
Dividend income	**289**	207	75	60	71
Net finance costs	**(1 090)**	(3 574)	(221)	(1 087)	(2 674)
Profit before taxation	**126 206**	55 959	81 777	38 478	29 338
Net profit for the period	**77 215**	22 632	56 758	26 630	20 469
Headline earnings	**77 215**	22 632	56 758	26 630	20 469
Dividends paid	**(6 064)**	(13 127)	(18 721)	(13 955)	(4 281)
Statements of financial position					
Shareholders' equity	**215 302**	148 808	139 091	100 935	88 171
Deferred tax	**87 803**	54 519	33 144	26 792	21 273
Malawi government vitamin A grant	**176**	183	191	198	205
Interest-bearing debt	**8 407**	8 220	8 151	9 849	13 890
Total funding	**311 688**	211 730	180 577	137 774	123 539
Property, plant and equipment	**186 362**	130 068	87 136	67 989	58 190
Right of use assets	**7 977**	7 640	7 597	8 991	9 458
Investments	**1 733**	1 257	876	739	604
Current assets - cash	**134 703**	49 725	77 217	15 160	3 922
Current assets - other	**257 375**	208 790	124 839	104 511	92 351
Total assets	**588 150**	397 480	297 665	197 390	164 525
Other current liabilities	**(276 462)**	(185 750)	(117 088)	(59 616)	(40 986)
Net assets	**311 688**	211 730	180 577	137 774	123 539

Review of Five Periods
(continued)

	Note		Year ended 31-Aug -25	Year ended 31-Aug-24	Year ended 31-Aug-23	Year ended 31-Aug-22	Year ended 31-Aug-21
Earnings and dividends							
Basic and diluted earnings per share	1	tambala	**10 823**	3 172	7 955	3 733	2 869
Headline earnings per share	2	tambala	**10 823**	3 172	7 955	3 733	2 869
Dividends declared and paid per share		tambala	**850**	1840	2 624	1 956	600
Dividend cover on headline earnings	3	times	**13**	2	3	2	478
Financial statistics							
Return on average shareholders' equity	4	%	**42.4**	15.7	47.3	28.2	25.6
Return on net assets	5	%	**48.5**	30.2	51.5	30.2	27.2
Debt to equity	6	%	**(58.7)**	(27.9)	(49.7)	(5.3)	11.3
Gearing	7	%	**(141.9)**	(38.7)	(98.6)	(5.6)	10.2
Interest cover	8	times	**(116.6)**	16.6	370.7	36.3	11.9
Net asset value per share	9	tambala	**30 178**	20 858	19 496	14 148	12 358

Notes

1 **Basic and diluted earnings per share**
Net profit for the year divided by the weighted average number of ordinary shares in issue.

2 **Headline earnings per share**
Headline earnings divided by the weighted average number of ordinary shares in issue.

3 **Dividend cover on headline earnings**
Headline earnings per share divided by dividends per share.

4 **Return on average shareholders' equity**
Net profit for the year expressed as a percentage of average shareholders' equity.

5 **Return on net assets**
Operating profit expressed as a percentage of average net operating assets.

6 **Debt to equity**
Interest-bearing debt (net of cash) expressed as a percentage of shareholders' equity.

7 **Gearing**
Interest-bearing debt (net of cash) expressed as a percentage of Interest-bearing debt plus shareholders' equity.

8 **Interest cover**
Operating profit divided by net financing costs.

9 **Net asset value per share**
Shareholders' equity divided by the number of shares in issue at the end of the year.

Review of Five Periods
(continued)

	Year ended 31-Aug -25	Year ended 31-Aug-24	Year ended 31-Aug-23	Year ended 31-Aug-22	Year ended 31-Aug-21
Operational statistics					
Cane harvested (hectares)	14 291	17 484	19 359	15 358	19 089
Nchalo	8 794	11 714	12 475	9 289	13 178
Dwangwa	5 497	5 770	6 884	6 069	5 911
Tons cane per hectare (weighted average)	100	84	94	98	98
Nchalo	90	77	88	92	94
Dwangwa	118	98	106	110	107
Cane crushed (tons)	1 809 630	1 923 480	2 316 783	1 970 279	2 410 529
Nchalo	789 992	898 911	1 095 650	850 273	1 242 324
Dwangwa	641 996	562 574	723 319	659 619	624 303
Growers	377 642	461 995	497 814	460 387	543 902
Sucrose percent (weighted average)	13.89	14.12	14.12	14.25	14.10
Nchalo	13.85	13.86	13.54	13.74	13.76
Dwangwa	13.91	14.55	15.04	14.91	14.69
Growers	13.92	14.09	14.09	14.24	14.19
Sugar produced (tons)	203 786	222 190	264 119	229 658	279 278
Nchalo	108 353	128 049	143 868	115 354	167 713
Dwangwa	95 433	94 141	120 251	114 304	111 565
Analysis of sugar sales by destination (tons)	223 140	206 017	254 881	279 282	297 010
Domestic market	210 910	178 821	225 432	213 550	172 578
Export market	12 229	27 196	29 449	65 732	124 432

A LEGACY OF SWEET SUCCESS

ILLOVO SUGAR (MALAWI) PLC

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2025

Statutory Information

Nature of Business

The principal activities of the group are the growing of sugar cane and the manufacture of sugar. This is more fully described under the group profile appearing on page 7 to 8.

Review of Operations

Detailed commentary is given in the directors' report on pages 77 to 96.

Acquisitions

There were no acquisitions of investments in the current year.

Share Capital

Full details of the current authorised and issued share capital are set out in the consolidated and separate statements of changes in equity on pages 156 to 159 of the financial statements. There have been no changes in the current year.

Shareholders

An analysis of shareholders and their shareholdings is given on page 213.

The register of members reflects five beneficial shareholdings equal to or greater than 1% of the issued ordinary share capital. Details are given on page 213.

Dividends

Given the business performance for the year ending 31 August 2025, the Directors are pleased to declare a third interim dividend of K7.00 per share to be paid in December 2025. A final dividend of K1.00 per share will be presented to shareholders for approval at the AGM and will be paid in March 2026. This brings the total dividend for the year to K 18.50 per share, compared to the previous year's total dividend of K5 per share.

The directors of the wholly owned and only subsidiary of the company, Dwangwa Sugar Corporation Limited, paid dividends amounting to K0 billion during the year (2024: K20.8 billion) to the company

Subsidiary Company

Information concerning the subsidiary of the company is set out in note 7 to the financial statements.

Secretaries and Directorate

The names of the secretaries and compliance officer together with the company's business and postal addresses and the directors in office at the date of this report, are set out on pages 65 to 71.

At the 60th Annual General Meeting, Jimmy Lipunga, Address Malata and Grant Kabango were re - elected through rotation, while Craig Jensen who was appointed on 27 November 2024 was confirmed as a director. Mandy Venters resigned from the board on 31 March 2025.

In terms of the company's articles of association, a third of the non-executive directors who have been appointed as directors since the last annual general meeting; or

(b) who were not appointed or reappointed at one of the preceding two annual general meetings, shall retire from office and may offer themselves for reappointment by the members. Accordingly, Lekani Leslie Katandula and Levie Emmanuel Nkunika will retire and being eligible, and after consideration and recommendation by the Nomination/Remuneration Committee, they offer themselves for re-election.

In terms of Section 169 (4) of the Companies Act 2013 the office of a director of a public company or a subsidiary of a public company shall become vacant at the conclusion of the annual general meeting commencing next after the director attains age of seventy years.

However by Section 169 (6) the director shall by ordinary resolution be reappointed to hold office until the next annual meeting of the company. Director Ami Mpungwe attained the age of seventy-three years during the year. At the forthcoming annual general meeting the directors will seek the approval of the shareholders that Ami Mpungwe should be re-appointed for another year.

The beneficial interests of the directors holding office in the issued ordinary share capital of Illovo Sugar Malawi Plc were as follows:

	2025		2024	
	Direct	Indirect	Direct	Indirect
L L Katandula	400 000	-	400 000	-
K Ntambo - Banda	30 000	15 000	30 000	-
K Msimuko	-	10 000	-	13 000
M Kachingwe	8 745	-	816	-
A Malata	3 650	52 750	7 851	145 503

The register of shares of the company is available for inspection at the registered office.

Statutory information

Directors' Fees

At the forthcoming annual general meeting it will be proposed that director's fees payable to independent non-executive directors only be increased from K14 400 000 to K17 200 000 per annum for the Chairman and from K12 600 000 to K15 120 000 per annum for other directors and that sitting allowances be increased from K660 000 to K792 000 per meeting for the Chairman and from K540 000 to K648 000 per meeting for the other directors.

Holding Company

SUCOMA Holdings Limited (incorporated in Mauritius) is the holding company of Illovo Sugar (Malawi) Plc (incorporated in Malawi) with a 75.98% interest in its issued share capital. Illovo Sugar Africa Holdings Limited (incorporated in the United Kingdom) owns 100% shareholding in Illovo Group Holdings Limited which in turn, owns 100% shareholding in SUCOMA Holdings Limited. The ultimate holding company is Associated British Foods plc (incorporated in the United Kingdom).

Auditor

Subject to re-appointment at the AGM, EY will continue in office in accordance with the provisions of the Companies Act, 2013.

Special Resolutions

During the financial year there were no special resolutions adopted.

Post Balance Sheet / Year End Events

Refer to Note 28.

Approval of Annual Financial Statements

The directors of Illovo Sugar (Malawi) Plc are responsible for the preparation and the integrity of the annual financial statements of the group and the company and the objectivity of other information presented in the annual financial statements. In order to fulfil this responsibility, the group maintains internal accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the group's policies and procedures.

The going-concern basis has been adopted in preparing these financial statements. The directors have no reason to believe that the group and the company will not be a going-concern in the foreseeable future.

The group's external auditors, Ernest & Young (EY), audited the financial statements and the auditor's report is represented on pages 118 to 123.

The annual financial statements of the group and the company which appear on pages 124 to 212 were approved by the board of directors on 26 November 2025 and are signed on its behalf by:

J K Lipunga
Chairman

26 November 2025

R Ngwira
Managing Director

Chartered Accountants (Malawi)
Apex House
Kidney Crescent
PO Box 530
Blantyre, Malawi

Independent auditor's report to the shareholders of Illovo Sugar (Malawi) Plc

Opinion

We have audited the consolidated and separate financial statements of Illovo Sugar (Malawi) Plc (the group) set out on pages 124 to 212 which comprise the consolidated and separate statements of financial position as at 31 August 2025 and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 August 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act, 2013.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the key audit matter noted below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies equally to the audit of the consolidated and separate financial statements.

Key Audit Matter

Group and company: Growing cane valuation

The Consolidated and Separate Statement of Financial Position carries growing cane of K116.8 billion and K69.4 billion respectively.

This represents 19.85% of total assets and 29.78% of current assets for the consolidated statement of financial position and 6.22% of total assets and 6.97% of current assets for the separate statement of financial position.

As described in Note 1.11 of the financial statements, the value of growing cane is based on the estimated sucrose content from the expected yield valued at the estimated sucrose price less estimated relevant costs.

The valuation process is complex and requires management to exercise significant judgement regarding certain assumptions and inputs in the valuation. These assumptions are disclosed in Note 9 to the financial statements.

The key assumptions and inputs in determining the growing cane valuation were:

- expected cane yield taking into account the average maturity of cane
- estimated sucrose content
- estimated sucrose price
- estimated relevant costs

Estimation of sucrose price is based on forecasted revenue, forecasted marketing taking into account distribution and packaging costs. On the other hand, the estimated sucrose content takes into account estimated recoverable sugar, estimated cane to be crushed, estimated production and estimated opening and closing inventory for the following period.

Given the level of judgement involved in estimating the growing cane valuation and the significance of the growing cane balance to the financial statements as a whole, we considered the valuation of growing cane to be a key audit matter.

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Independent auditor's report to the shareholders of Illovo Sugar (Malawi) Plc (continued)

How the matter was addressed in the audit

Our procedures for the valuation of growing cane, amongst others, included:

- Holding discussions with management, to obtain an understanding of the methods used to determine the valuation of growing cane and compared this to prior year's methods applied.
- Evaluating the objectivity, competence and capabilities of management by reference to their qualifications and professional experience in the relevant industry, and the scope of work as agreed with management.
- Evaluating the assumptions used by management, which included cane crushed and sucrose content;
  - For cane crushed, we compared the sugar production tonnage to the cane yield best practice agricultural data available.
  - For sucrose content, we compared prior period estimates to actual output.
- Further evaluated the key assumptions applied by management concerning the estimates of growing cane yield and average maturity of cane by comparing the estimates to historical standing input data on the model.
- Evaluated the sucrose price by performing the following procedures, amongst others:
  - Compared the historic estimates of sales quantities to actuals. We further agreed the sugar and molasses revenue and related costs for the previous season to actual sales and costs.
  - Ensured that the cost estimates reflected the current economic variables influencing input costs.
- Assessed whether the disclosures of growing cane included in the financial statements comply the requirements of the IFRS Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises why we exist, what we will be, core values, our purpose, key features, about Illovo Sugar Malawi, operating locations, ESG at Illovo Sugar (Malawi) Plc, sugar market leader, value and quality-driven industry, sustainable agriculture, community connected, corporate information, the board, key management personnel, directorate attendance, chairman's report, managing director's report, corporate governance, value added statement, review of five periods, statutory information, approval of annual financial statements, and analysis of shareholders included in the annual report of Illovo Sugar (Malawi) Plc for the year ended 31 August 2025. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act, 2013, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

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Independent auditor's report to the shareholders of Illovo Sugar (Malawi) Plc (continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities within the group as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chartered Accountants (Malawi)
MacDonald Kamoto - Partner
Registered Practicing Accountant
27 November 2025

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Accounting Policies

1. MATERIAL ACCOUNTING POLICIES

The principal accounting policies of the group conform to IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and have been consistently applied. The principal accounting policies adopted are set out below:

1.1 Basis of preparation

These consolidated and separate financial statements have been prepared on the historical cost basis except where specifically stated.

The financial statements have been prepared in accordance with IFRS accounting standards as issued by the IASB, IAS 29 Directive as issued by the institute of Chartered Accountants in Malawi (ICAM) and in a manner required by the Companies Act, 2013.

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the IASB requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1 to the financial statements.

These consolidated and separate financial statements are presented in Malawi Kwacha (K) and rounded to the nearest one million.

1.2 Accounting framework

The consolidated and separate financial statements (collectively referred to as "the financial statements") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in compliance with the Companies Act 2013, of Malawi.

The basis of preparation is consistent with the prior year, except for the adoption of the new and revised standards which have been disclosed in note 2 of the Accounting Policies.

1.3 Underlying concepts

The financial statements are prepared on the going-concern basis. Assets and liabilities, as well as income and expenses, are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset, and the net amount reported, only when a legally enforceable right to set off the amounts exists and the intention is to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The financial statements have been prepared on the historical cost basis except for biological assets and certain financial instruments that are measured at fair value at the end of each reporting period, as explained in 1.4 below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

1.4 Fair value measurement

In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of International Financial Reporting Standard (IFRS) 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

> Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date.
>
> Level 2 inputs: Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
>
> Level 3 inputs: Unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Accounting Policies

1.5 Foreign currencies

The individual financial statements of the group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Malawi Kwacha (K), which is the functional currency and the presentation currency of the entities within the group.

In preparing the financial statements, transactions in currencies other than the entities' functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Consolidated Financial Statements

1.6 Basis of consolidation

The separate financial statements reflect the investment in subsidiary controlled by the company at cost less accumulated impairment.

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the company and all entities controlled by the company as if they are a single economic entity.

Control is achieved when the company has power over the entity; is exposed or has rights to variable returns from its involvement with the entity; and has the ability to use its power to affect its returns. The company reassesses whether or not it controls an entity if the facts and circumstances indicate that there are changes to one or more of these elements.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary.

Non-controlling interests in the net assets of consolidated subsidiaries are shown separately from the group's equity therein.

On acquisition, the non-controlling interests are measured as their proportionate share of the fair value of the entity's identifiable assets and liabilities. Subsequent to acquisition, the non-controlling interests are allocated a proportionate share of the subsidiary's profit or loss and each component of other comprehensive income even if this will result in the non-controlling interest having a deficit balance, unless there is doubt as to the recoverability of the deficit balance.

A change in the group's ownership interest in a subsidiary that does not result in the group losing control is accounted for as an equity transaction. The carrying amounts of the group's interest and the non-controlling interest are adjusted to reflect the change in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest, and

(ii) The previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets and liabilities of the subsidiary (i.e., reclassified to profit or loss). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments and when applicable the cost on initial recognition of an investment in an associate or joint venture.

When necessary, adjustments are made to the financial statements of a subsidiary to bring the accounting policies into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Accounting Policies

1.7 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value.

Fair value is calculated as the sum of the acquisition date fair values of the assets transferred by the group, the liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except for:

- Deferred taxation assets or liabilities that are measured in accordance with IAS 12 Income Taxes;
- Assets or liabilities related to employee benefit arrangements that are recognised and measured in accordance with IAS 19 Employee Benefits;
- Liabilities or equity instruments related to share-based payments arrangements of the acquiree, or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree, are measured in accordance with IFRS 2 Share- based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity at the date of acquisition. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is recognised as an asset, is stated at cost less impairment losses and is not amortised. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently, when there is an indication that the unit may be impaired. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1.8 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Owner-occupied properties in the course of construction are carried at cost, and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy.

Cane roots meet the definition of a bearer plant and are accounted for as property, plant and equipment using the cost model.

Depreciation is charged so as to write-off the cost of assets to their residual value over their useful estimated lives, using the straight-line method. Depreciation commences when the assets are ready for their intended use, and is calculated at rates appropriate in terms of management's current assessment of useful lives and residual values. Freehold land is not depreciated.

The group's depreciation rates are as follows:

Buildings	60 years
Cane roots	7 years
Plant, equipment and furniture	3 – 60 years
Vehicles and aircraft	5 – 15 years

The methods of depreciation, useful lives and residual values are reviewed annually.

Management considers market conditions and projected disposal values when assessing residual values and maintenance programmes and technological innovations when assessing useful lives.

Leasehold properties are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Any gain or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Accounting Policies

1.9 Inventory

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method, except in the case of downstream products where the "first in first out" basis is used.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Redundant and slow-moving inventories are identified and written down to their net realisable values.

Factory overhaul costs

The factory overhaul costs/off-season costs are costs incurred to prepare the production facilities and equipment for the upcoming milling season. The off-season costs are therefore indispensable for normal production activities in the subsequent seasons. The Illovo policy is to present factory overhaul costs under inventory as the factory overhaul costs are assets in the form of materials or supplies to be consumed in the production process.

Factory overhaul costs incurred are written off in the following production season, as sugar production progresses.

1.10 Investment property

The cost model is applied in accounting for investment property (i.e., the investment property is recorded at cost less any accumulated depreciation and impairment losses).

1.11 Biological assets

Biological assets are measured at fair value less costs to sell.

Growing cane

The fair value of growing cane is determined as the estimated sucrose content in the sugar cane at 31 March, valued at the estimated sucrose price for the following season, less any farm management costs from year end to 31 March.

The estimated sucrose price is adjusted for the estimated costs of harvesting the sugar cane and transporting it from the field to the mill.

The sucrose content is estimated in tons and is adjusted by a factor to reflect the growth of the cane at 31 March (i.e. the cane growth percentage). The cane growth percentage reflects the long-term average climate and agricultural conditions at each operation and will not fluctuate for year-on-year changes in milling season length or weather events (e.g. floods or drought). Rather, such changes are embodied in the fair value through a revision to the estimated sucrose content to which the cane growth percentage is applied.

The valuation as at August is derived from the March valuation by deducting the costs, necessarily incurred to farm sugar cane until the commencement of the following season and the expected profit margin on the cane growing activity.

1.12 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, for which it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, where the effect of the time value of money is material.

1.13 Post-retirement obligations

The group provides retirement benefits for its employees through a defined contribution plan., the SUCOMA Group Pension Scheme. Contributions by group companies to defined contribution retirement plans are recognised as an expense in the year in which the related services are rendered by employees.

1.14 Impairment of non-financial assets

At each reporting date, the group reviews the carrying amounts of its tangible, intangible and right of use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Accounting Policies

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.15 Deferred taxation

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

A deferred tax asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A deferred tax liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax liabilities are recognised for all taxable temporary differences, unless specifically exempt.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

1.16 Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit and loss with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Accounting Policies

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the group. The group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The group's financial assets at amortised cost are trade receivables, amounts due from related parties and bank balances.

Financial assets at fair value through OCI (debt instruments)

The group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The group did not have any financial assets at fair value through OCI as at 31 August 2025.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group elected to classify irrevocably its non-listed equity investment in Ethanol Company Limited under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The group did not have any financial assets classified as financial assets at fair value through profit or loss as at 31 August 2025.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired.

Or

- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Accounting Policies

Impairment of financial assets

Aside from this note, other disclosures relating to impairment of financial assets (trade receivables) are included in Notes 10 and 27.5.2.

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the group applies a simplified approach in calculating ECLs.

Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Accounting Policies

Derivative financial instruments

The group enters into derivative financial instruments, largely foreign exchange forward contracts, to manage its exposure to foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.
- Hedges of a net investment in a foreign operation.
- At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.
- The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Equity

Equity instruments issued by the company are recorded at the value of the proceeds received, net of direct issue costs. Debt and equity instruments are classified as either financial liabilities or as equity based on the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1.17 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset, by equal annual instalments.

1.18 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods. The group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Accounting Policies

Sale of sugar

Revenue from sale of sugar is recognised at the point in time when control of the sugar is transferred to the customer, generally upon collection of sugar by the customer from the group's warehouse. The normal credit terms vary between 14 to 90 days upon collection from the warehouse.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., provision of warehouse services, arrangement of freight and insurance). In determining the transaction price for the sale of sugar, the group considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Some contracts provide customers with retrospective volume rebates to certain customers once the quantity of sugar purchased during the period exceeds a threshold specified in the contract. The volume rebates give rise to variable consideration.

To estimate the variable consideration for the expected volume rebates, the group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

(ii) Cost to obtain a contract

The group pays sales commission to IGMS for each contract that they obtain for export sales of sugar. The group has elected to apply the optional practical expedient for costs to obtain a contract which allows the group to immediately expense sales commissions because the amortisation period of the asset that the group otherwise would have used is one year or less.

(iii) Principal vs agent considerations

The group has certain contracts with customers to sell sugar at Cost, Insurance, Freight (CIF) incoterms. The group has assessed that there are three performance obligations in the contracts; sale of sugar, arrangement of freight, and arrangement of insurance. The group has concluded that it acts in the capacity of principal when selling the sugar and as an agent in arranging insurance and arranging freight on behalf of the customer. However, even though there are three performance obligations, for two of the performance obligations (i.e. arranging insurance and arranging freight), no commission/profit is earned on these obligations as the amount included in the pricing is merely passed on to the customer through CIF pricing.

Costs of insurance and freight are therefore reimbursed expenses and are deducted from revenue as they reduce the amount of consideration Illovo expects to receive.

Sale of molasses

Molasses are a by-product of the sugar production process. These are sold for the production of ethanol mostly to two major customers located near the two mills under the group.

Revenue from sale of molasses is recognised at the point in time when control of the molasses is transferred to the customer, generally upon collection of molasses by the customer from the group's premises. The normal credit terms are 30 days upon collection from the group's premises.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer.

If the group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are non-interest bearing and are generally on terms of 14 to 90 days.

Accounting Policies

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the group transfers goods to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the group performs under the contract.

Performance obligations

The group's performance obligations are summarized below:

The performance obligation for domestic revenue is satisfied upon dispatch of sugar from the warehouses. Performance obligations for export revenue are satisfied when legal title or risk and rewards of ownership have been transferred to the customer through reference to the incoterms.

The group also has bill and hold arrangement and performance obligations are satisfied when the following conditions are met;

- The customer requests for the goods to be warehoused and stored at a warehouse at the port of shipment while the customer arranges for a logistics service provider to transport the sugar
- The sugar is stored separately in the warehouse, in a separate demarcated area so the sugar can be identified as the customer's inventory at any point in time
- The sugar is packaged and ready for physical transfer to the customer
- When the sugar is at the warehouse, the group does not have the ability to use the product or direct the goods in any way

1.19 Employee benefit costs

The cost of providing employee benefit costs is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal and constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

1.20 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.21 Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt from taxation, expenses that are not deductible for taxation purposes and items that are taxable in other financial years. The charge for current tax is calculated using the tax rates that have been enacted or substantively enacted by the reporting date.

1.22 Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 3 to 7 years
- Buildings 2 to 10 years
- Land up to 99 years

If ownership of the leased asset transfers to the group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.23 Earnings per share

The calculation of basic and diluted earnings per share is based on the net profit attributable to the shareholders and the weighted average number of ordinary shares in issue during the year. Where new equity shares are issued for no consideration, the profit is apportioned over the shares in issue after the issue and the corresponding figures for the earlier periods are adjusted accordingly

1.24 Dividend per share

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the company's board of directors.

Dividends that are declared after the reporting date but before the financial statements are authorised for issue by the company's board of directors, are not recognised as a liability at the end of the reporting date.

This is because no obligation exists at that reporting date. Such dividends are however, disclosed in a note to the financial Statements. The calculation of dividend per share is based on the dividends declared to shareholders during the period divided by the number of ordinary shares of shareholders on the date of payment.

Accounting Policies

2. Adoption of new and revised International Financial Reporting Standards

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

The group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the group's financial statements..

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the group's financial statements.

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the group's financial statements.

2.2 New and amended standards and Interpretations and standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below.

The group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

Effective date Effective for annual period beginning or after	Standard, Amendment or Interpretation
1 January 2025	**Lack of exchangeability – Amendments to IAS 21** In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the group's financial statements.

Accounting Policies

Effective date Effective for annual period beginning or after	Standard, Amendment or Interpretation
1 January 2026	**Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7** In May 2024, the board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which: • Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met • Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features • Clarifies the treatment of non-recourse assets and contractually linked instruments • Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments. The amendments are not expected to have a material impact on the group's financial statements.

Effective date Effective for annual period beginning or after	Standard, Amendment or Interpretation
1 January 2026	**Annual Improvements to IFRS Accounting Standards - Volume 11** In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows. The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed. The amendments are not expected to have a material impact on the group's financial statements.

Effective date Effective for annual period beginning or after	Standard, Amendment or Interpretation
1 January 2026	**Contracts Referencing Nature- dependent Electricity- Amendment s to IFRS 9 and IFRS 7** In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments: • Clarify the application of the 'own-use' requirements for in-scope contracts • Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts • Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures. The group does not expect that the amendments will have a material impact on its financial statements.

Effective date Effective for annual period beginning or after	Standard, Amendment or Interpretation
1 January 2027	**IFRS 18 – Presentation and Disclosure in Financial Statements** In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Accounting Policies

Effective date Effective for annual period beginning or after	Standard, Amendment or Interpretation
1 January 2027	**IFRS 19 – Subsidiaries without Public Accountability: Disclosures** In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 August 2025

	Notes	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Revenue from contracts with customers	2	476 736	313 689	264 463	180 780
Operating profit	3	127 007	59 326	44 657	9 015
Dividend income		289	207	-	20 800
Finance costs	4a	(12 664)	(13 015)	(10 570)	(10 990)
Interest income	4b	11 574	9 441	11 574	9 441
Profit before taxation		126 206	55 959	45 661	28 266
Income tax expense	5	(48 991)	(33 327)	(18 592)	(11 266)
Net profit for the year		77 215	22 632	27 069	17 000
Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods:					
Net gain on equity instruments designated at fair value through other comprehensive income	7	476	381	-	-
Tax effect on valuation of unlisted investment	7	(135)	(169)	-	-
Other comprehensive income relating to valuation of unlisted investments	7	341	212	-	-
Total other comprehensive income	7	341	212	-	-
Total comprehensive income for the year		77 556	22 844	27 069	17 000
Basic and diluted earnings per share (tambala)	22	10 823	3 172		

Consolidated and Separate Statements of Financial Position

as at 31 August 2025

	Notes	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
ASSETS					
Non-current assets					
Property, plant and equipment	6	186 362	130 068	112 991	92 509
Right of use Assets	20	7 977	7 640	6 332	4 500
Investments	7	1 733	1 257	324	324
		196 072	138 965	119 647	97 333
Current assets					
Inventories	8	115 029	113 729	64 935	69 301
Growing cane	9	116 767	71 705	69 446	44 782
Trade and other receivables	10	24 153	21 923	23 645	19 057
Amount due from related parties	15.7.1	1 426	1 421	703 352	377 747
Derivative financial assets	17	-	12	-	12
Cash and cash equivalents	11	134 703	49 725	134 702	49 609
		392 078	258 515	996 080	560 508
Total assets		588 150	397 480	1 115 727	657 841
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital and premium		782	782	782	782
Fair value reserve		1 111	770	-	-
Hedging reserve		-	4	-	4
Retained earnings		213 409	147 252	69 624	53 613
		215 302	148 808	70 406	54 399
Non current liabilities					
Malawi Government Vitamin A Grant	12	176	183	151	157
Lease liabilities	20	6 382	3 749	5 256	932
Deferred tax	13	87 803	54 519	48 064	33 173
		94 361	58 451	53 471	34 262
Current liabilities					
Trade and other payables	14	110 805	70 357	82 033	45 756
Contract liabilities	14.1	4 158	518	4 158	518
Lease liabilities	20	2 025	4 471	1 277	3 768
Amount due to related parties	15.7.2	146 791	105 086	901 357	519 138
Income tax liability		14 708	9 789	3 025	-
		278 487	190 221	991 850	569 180
Total equity and liabilities		588 150	397 480	1 115 727	657 841

The responsibilities of the group's directors with regard to the preparation of the financial statements are set out on page 117. The financial statements on pages 124 to 212 were approved and authorised for issue by the board of directors on 26 November 2025 and were signed on its behalf by:

J K Lipunga (Chairman)

R Ngwira (Managing Director)

Consolidated and Separate Statements of Changes In Equity

for the year ended 31 August 2025

	Share Capital K million	Share Premium K million	Fair Value Reserve K million	Hedging Reserves K million	Retained Earnings K million	Total K million
GROUP						
Balance at 1 September 2023	14	768	558	4	137 747	139 091
Total comprehensive income for the year	-	-	212	-	22 632	22 844
- profit for the year	-	-	-	-	22 632	22 632
- fair value gain on investment	-	-	212	-	-	212
Dividends declared	-	-	-	-	(13 127)	(13 127)
Balance at 31 August 2024	14	768	770	4	147 252	148 808
Balance as at 1 September 2024	**14**	**768**	**770**	**4**	**147 252**	**148 808**
Total comprehensive income for the year	**-**	**-**	**341**	**-**	**77 215**	**77 556**
- profit for the year	**-**	**-**	**-**	**-**	**77 215**	**77 215**
- fair value gain on revaluation of investment	**-**	**-**	**341**	**-**	**-**	**341**
Dividends declared	**-**	**-**	**-**	**-**	**(11 058)**	**(11 058)**
Recycling of hedging reserve to P&L	**-**	**-**	**-**	**(4)**	**-**	**(4)**
Balance at 31 August 2025	**14**	**768**	**1 111**	**-**	**213 409**	**215 302**

Consolidated and Separate Statements of Changes In Equity

for the year ended 31 August 2025 (continued)

	Share Capital K million	Share Premium K million	Fair Value Reserve K million	Hedging Reserves K million	Retained Earnings K million	Total K million
COMPANY						
Balance at 1 September 2023	14	768	-	4	49 740	50 526
Total comprehensive loss for the year	-	-	-	-	17 000	17 000
- profit for the year	-	-	-	-	17 000	17 000
Dividends declared	-	-	-	-	(13 127)	(13 127)
Balance at 31 August 2024	14	768	-	4	53 613	54 399
Balance as at 1 September 2024	14	768	-	4	53 613	54 399
Total comprehensive income for the year	-	-	-	-	**27 069**	**27 069**
- Profit for the year	-	-	-	-	**27 069**	**27 069**
Dividends declared	-	-	-	-	**(11 058)**	**(11 058)**
Recycling of hedging reserve to Profit and Loss	-	-	-	**(4)**	-	**(4)**
Balance at 31 August 2025	**14**	**768**	-	-	**69 624**	**70 406**

ANALYSIS OF SHARE CAPITAL AND PREMIUM

	GROUP AND COMPANY	
	2025 K million	2024 K million
Authorised share capital		
1 000 000 000 (August 2024: 1 000 000 000) ordinary shares of 2 tambala each	**20**	20
Issued share capital		
713 444 391 (August 2024: 713 444 391) ordinary shares of 2 tambala each	**14**	14
Share premium	**768**	768
	782	782

The hedging reserve arises in respect of foreign currency forward sales contracts in place at 31 August 2025 which mature in the new financial year.

The fair value reserve relates to fair valuation as at 31 August 2025 in respect of the investment in Ethanol Company Limited.

Consolidated and Separate Statements of Cash Flows

for the year ended 31 August 2025

	Notes	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Cash flows from operating activities					
Cash operating profit	a	103 527	55 412	35 856	10 166
Working capital requirements	b	77 276	10 404	91 327	4 360
Cash generated from operations		180 803	65 816	127 183	14 526
Finance costs	c	(12 675)	(12 681)	(10 580)	(10 656)
Interest income	4b	11 574	9 441	11 574	9 441
Income tax paid	d	(10 923)	(17 051)	(676)	(4 624)
Net cash inflows from operating activities		168 779	45 525	127 501	8 686
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(67 623)	(51 892)	(28 334)	(37 499)
Proceeds on disposal of plant and equipment		417	83	420	48
Dividend income		289	207	-	20 800
Net cash outflows from investing activities		(66 917)	(51 602)	(27 914)	(16 651)
Net cash inflows/(outflows) before financing activities		101 862	(6 077)	99 587	(7 965)
Cash flows from financing activities					
Dividends paid	23	(6 064)	(13 127)	(6 064)	(13 127)
Lease liabilities paid	20	(10 820)	(8 288)	(8 430)	(6 515)
Net cash outflows from financing activities		(16 884)	(21 415)	(14 494)	(19 642)
Net increase/(decrease) in cash and cash equivalents		84 978	(27 492)	85 093	(27 607)
Cash and cash equivalents at beginning of year		49 725	77 217	49 609	77 216
Cash and cash equivalents at end of year	11	134 703	49 725	134 702	49 609
Comprising of:					
Bank balances and cash	11	134 703	49 725	134 702	49 609
		134 703	49 725	134 702	49 609

Notes to the Consolidated and Separate Statements of Cash Flow

for the year ended 31 August 2025

		Notes	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
a Cash operating profit is calculated as follows:						
Profit before tax			126 206	55 959	45 661	28 266
Add/ (subtract):	Finance costs		12 664	13 015	10 570	10 990
	Finance income		(11 574)	(9 441)	(11 574)	(9 441)
	Dividends received		(289)	(207)	-	(20 800)
Operating profit			127 007	59 326	44 657	9 015
Add back :	Depreciation of property, plant and equipment	6	11 330	8 960	7 852	6 185
	Depreciation of right of use assets	20	10 676	7 980	8 436	6 197
	(Profit) on disposal of property, plant and equipment	3	(417)	(83)	(419)	(45)
	Change in fair value of growing cane	9	(45 062)	(20 763)	(24 664)	(11 180)
	Grant amortisation	12	(7)	(8)	(6)	(6)
Cash operating profit			103 527	55 412	35 856	10 166
b Working capital requirements comprise the following:						
(Increase)/Decrease in inventories			(1 300)	(63 475)	4 366	(40 027)
(Increase)/Decrease in trade and other receivables			(2 230)	304	(4 588)	1 639
Net increase in amounts due to related parties			41 700	55 579	56 614	45 500
Increase in trade and other payables			35 466	21 381	31 295	634
Increase/(Decrease) in contract liabilities			3 640	(3 385)	3 640	(3 385)
Working capital requirements			77 276	10 404	91 327	4 360

Notes to the Consolidated and Separate Statements of Cash Flow

for the year ended 31 August 2025

	Notes	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
c Finance costs paid:					
Bank short-term facilities	4	**(5 179)**	(8 464)	**(5 179)**	(8 461)
Other - Illovo Sugar Africa Proprietary Limited :Procurement	15.8.3	**(6 327)**	(4 867)	**(4 220)**	(3 264)
Interest on lease liabilities	20	**(888)**	(1 225)	**(595)**	(806)
Foreign exchange gains		**(281)**	1 875	**(586)**	1 875
Finance costs paid		**(12 675)**	(12 681)	**(10 580)**	(10 656)
d Income tax paid is reconciled to the amounts disclosed in the financial statements as follows:					
Amounts payable at beginning of year		**(9 789)**	(14 720)	**-**	(4 624)
Current year charge		**(17 996)**	(11 670)	**(3 701)**	-
Amounts payable at end of year		**14 708**	9 789	**3 024**	-
Prior year over-provision/(under-provision)		**2 154**	(450)	**-**	-
Taxation (paid)		**(10 923)**	(17 051)	**(677)**	(4 624)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 August 2025

1. Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements made by management

In the process of applying the group's accounting policies, management has made the following judgements below, apart from those involving estimations, that affect the amounts recognised in the financial statements and related disclosures:

Impairment of assets

In making its judgement, management assesses at each reporting date whether there is an indication that items of property, plant and equipment and other assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

Key sources of estimation uncertainty

In the process of applying the group's accounting policies, management has made the following key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date:

Property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight-line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 6 to the financial statements.

Growing cane valuation

Growing cane is valued at the estimated sucrose content, valued at the estimated sucrose price for the following season, less the estimated costs for harvesting and transport. The value of growing cane is further adjusted for the cane maturity as at the balance sheet date, the costs necessarily incurred to farm the sugar cane until maturity and the expected profit margin on the cane growing activity. The estimated sucrose content requires management to assess the expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes. In reviewing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and establish domestic and export prices as well as the related foreign currency exchange rates. The cane maturity as at the balance sheet date is based on an internationally validated model of sugar cane growth using historical climatic inputs from the sugar estates. In addition, management prepares detailed costs forecasts to determine the costs to farm the sugar cane to maturity as well as the expected profit margin. The carrying value of growing cane is disclosed in Note 9 to the financial statements.

Expected Credit Losses

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for Groupings of various customer segments with similar loss patterns (i.e product type, customer type and rating, and coverage by letters of guarantee or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Note 27 includes additional information on judgements involved in determining the expected credit losses.

Estimating the incremental borrowing rate (IAS 1.125(b))

The group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the group's functional currency). The group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million
2. Revenue from contracts with customers				
Revenue represents the proceeds receivable from the sale of:				
Sugar	463 206	304 166	256 748	174 978
Molasses and other products	13 530	9 523	7 715	5 802
	476 736	313 689	264 463	180 780
Analysed by market segment:				
Domestic market	461 787	283 520	256 170	163 394
European Union preferential quotas	426	5 371	237	3 096
USA quota	5 556	13 175	3 082	7 593
Regional market	8 967	11 623	4 974	6 698
	476 736	313 689	264 463	180 780
3. Operating profit				
Revenue	476 736	313 689	264 463	180 780
Change in fair value of growing cane	45 062	20 763	24 664	11 180
Cost of sales	(298 943)	(199 577)	(190 287)	(139 894)
Distribution expenses	(21 461)	(19 513)	(11 558)	(11 246)
Administrative expenses	(74 387)	(56 036)	(42 624)	(31 805)
Operating profit after changes in fair value of biological assets	127 007	59 326	44 657	9 015
Less fair value adjustments:				
- growing cane (see note 9)	(45 062)	(20 763)	(24 664)	(11 180)
Operating profit/(loss) before changes in fair value of biological assets	81 945	38 563	19 993	(2 165)

Included in cost of sales for group are raw materials that were expensed, amounting to K158.3 billion (2024: K93 billion).
Included in cost of sales for company are raw materials that were expensed, amounting to K104.9 billion (2024: K65 billion).

3. Operating profit (continued)

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Administrative expenses comprise:				
Operating costs	(29 052)	(24 028)	(17 431)	(14 421)
IT Costs	(2 880)	(2 077)	(1 728)	(1 246)
Human Resources costs	(13 455)	(11 279)	(8 384)	(6 463)
Security costs	(8 165)	(6 060)	(5 855)	(3 683)
Healthcare costs	(3 187)	(2 543)	(1 533)	(1 111)
Risk and loss control costs	(3 970)	(2 627)	(1 961)	(1 435)
Civils costs	(8 645)	(6 418)	(2 712)	(2 582)
Other overheads	(4 090)	(716)	(2 454)	(679)
Depreciation	(943)	(288)	(566)	(185)
	(74 387)	(56 036)	(42 624)	(31 805)
Operating costs comprise:				
Salaries	(9 196)	(8 659)	(5 518)	(5 195)
Operational support service fees analysed as:				
Technical support	(1 234)	(1 268)	(740)	(761)
Business support	(3 113)	(2 238)	(1 868)	(1 343)
Procurement services	(1 261)	(1 196)	(757)	(717)
	(5 607)	(4 702)	(3 364)	(2 821)

3. Operating profit (continued)

Operating profit has been determined after taking into account the following items:

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Depreciation of Property, Plant and Equipment (see note 6)	(11 330)	(8 960)	(7 852)	(6 185)
Depreciation of Right of Use assets (see note 20a)	(10 676)	(7 980)	(8 436)	(6 197)
Profit on disposal of plant and equipment	417	83	419	45
Amortisation of factory overhaul costs	(11 607)	(10 521)	(5 957)	(6 445)
Directors' fees	(99)	(87)	(99)	(87)
Auditor's remuneration:				
- statutory audit fees	(292)	(266)	(190)	(203)
- fees for other services - hyperinflation review	(23)	-	(15)	-
- expenses	(15)	(31)	(9)	(26)
Operational support service fees (see note 15.8.1)	(5 607)	(4 702)	(3 364)	(2 821)
Expense relating to short-term leases & leases of low value assets	(281)	(151)	(81)	(17)
Expected credit loss	(119)	(798)	(119)	(798)
Contribution to retirement benefit funds	(3 573)	(2 401)	(2 431)	(2 401)
Foreign exchange differences on Cash, Cash Equivalents, Overdrafts and Intercompany Call Accounts	(17 867)	(24 372)	(17 417)	(23 973)

	Note	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
4.a Finance costs					
Recyling of hedged item		4	-	4	-
Bank short-term facilities		(5 179)	(8 464)	(5 179)	(8 461)
Other - Illovo Sugar Africa Proprietary Limited:					
Procurement		(6 327)	(4 867)	(4 220)	(3 264)
Lease liabilities		(879)	(1 228)	(586)	(808)
Foreign exchange (losses)/gains recognised in finance costs		(283)	1 544	(589)	1 544
Total finance costs		(12 664)	(13 015)	(10 570)	(10 990)
4.b Interest income					
Interest income - interest income on short-term bank deposits		11 574	9 441	11 574	9 441

	Note	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
5. Income tax expense					
Current tax		17 996	11 670	3 701	-
Prior year (over-provision)/under-provision		(2 154)	451	-	-
Effect of change in tax rates	13	-	10 840	-	7 209
Deferred tax charge to profit and loss	13	33 149	10 366	14 891	4 057
Total income tax recognised in the year		48 991	33 327	18 592	11 266
		%	%		
Reconciliation of rate of taxation:					
Malawi minimum corporation rate of taxation		30.0	30.0		
Increase in charge for year due to:					
Disallowable expenditure		1.2	1.9		
Prior year (over-provision)/under-provision		(1.7)	1.6		
Increase in tax expense due to increase in tax rates		7.9	6.8		
Difference between average tax rates for deferred tax measurement purposes and current tax rate		1.4	-		
Effect of change in tax rates		-	19.3		
Effective rate of taxation		38.8	59.6		

For income tax purposes the Malawi Revenue Authority treats the group as one tax paying entity, therefore all tax balances and charge relating to the subsidiary have been transferred to the group in the year under review.

In 2024, an additional tax of 10% was introduced on taxable profits above K10 billion.

6. Property, plant and equipment

GROUP

	Land and buildings K million	Vehicles K million	Plant, equipment and furniture K million	Capital work in progress K million	Cane roots K million	Total K million
Cost						
Opening balance at 1 September 2023	8 611	7 169	57 944	12 723	48 139	134 586
Additions	1 902	1 552	13 458	18 079	16 901	51 892
Transfers	1 565	462	6 213	(8 240)	-	-
Disposals	(209)	(80)	(346)	-	-	(635)
Closing balance at 31 August 2024	11 869	9 103	77 269	22 562	65 040	185 843
Opening balance at 1 September 2024	11 869	9 103	77 269	22 562	65 040	185 843
Additions	16 006	2 504	10 532	17 522	21 059	67 623
Transfers	1 036	87	14 503	(15 626)	-	-
Disposals	-	(411)	-	-	-	(411)
Reclassifications/Adjustments*	2 110	1 093	-	(2 454)	-	749
Closing balance at 31 August 2025	31 021	12 376	102 304	22 004	86 099	253 804
Depreciation						
Opening balance at 1 September 2023	1 156	5 317	12 735	-	28 242	47 450
Charge for the year	331	263	2 514	-	5 852	8 960
Disposals	(209)	(80)	(346)	-	-	(635)
Closing balance at 31 August 2024	1 278	5 500	14 903	-	34 094	55 775
Opening balance at 1 September 2024	1 278	5 500	14 903	-	34 094	55 775
Charge for the year	343	242	4 190	-	6 555	11 330
Disposals	-	(411)	-	-	-	(411)
Reclassifications/Adjustments*	353	1 420	(1 025)	-	-	748
Closing balance at 31 August 2025	1 974	6 751	18 068	-	40 649	67 442
Net book value						
Closing balance at 31 August 2024	10 591	3 603	62 366	22 562	30 946	130 068
Closing balance at 31 August 2025	27 047	5 625	84 236	22 004	45 450	186 362

*During the current reporting period, the group undertook a reclassification of certain items within Property, Plant and Equipment to enhance the accuracy of valuation, depreciation, and disclosure. This reclassification aligns asset presentation with their nature, functional use, and associated risk profiles, in accordance with the requirements of IAS 16. The reclassification/adjustment arose on alignment of the fixed asset register to the note. Comparative figures for the prior period have not been reclassified to conform with the current period's presentation as the amounts involved were considered immaterial to warrant reclassification. Accordingly, the financial statements for the current period reflect the revised asset classification, while prior period figures remain as previously reported. This change affects only the presentation within the notes to the financial statements and does not impact the face of the financial statements or the group's reported financial position, performance, or cash flows. Expenditure on assets under construction is initially shown as capital work in progress and is transferred to the relevant class of asset when commissioned.

The group's sugar and cane growing activities are situated on land under 99 year lease from the government of Malawi as follows:

	2025 Hectares	2024 Hectares
Commencement:		
1 January 1965	4 763	4 763
1 March 1966	4	4
1 October 1974	12 391	12 391
1 March 1977	13 300	13 300
1 July 1992	3 767	3 767

6. Property, plant and equipment (continued)

COMPANY

	Land and buildings K million	Vehicles K million	Plant, equipment and furniture K million	Capital work in progress K million	Cane roots K million	Total K million
Cost						
Opening balance at 1 September 2023	4 389	4 875	41 747	8 758	35 841	95 610
Additions	615	862	8 860	15 049	12 113	37 499
Transfers	1 565	462	5 447	(7 474)	-	-
Disposals	(209)	-	(337)	-	-	(546)
Closing balance at 31 August 2024	6 360	6 199	55 717	16 333	47 954	132 563
Opening balance at 1 September 2024	6 360	6 199	55 717	16 333	47 954	132 563
Additions	3 310	1 632	6 184	9 640	7 568	28 334
Transfers	763	87	12 081	(12 931)	-	-
Disposals	-	(411)	-	-	-	(411)
Reclassifications/Adjustments**	1 807	(155)	(1 090)	172	-	734
Closing balance at 31 August 2025	12 240	7 352	72 892	13 214	55 522	161 220
Depreciation						
Opening balance at 1 September 2023	704	4 217	7 387	-	22 105	34 413
Charge for the year	127	153	1 785	-	4 120	6 185
Disposals	(209)	-	(335)	-	-	(544)
Closing balance at 31 August 2024	622	4 370	8 837	-	26 225	40 054
Opening balance at 1 September 2024	622	4 370	8 837	-	26 225	40 054
Charge for the year	210	235	2 669	-	4 738	7 852
Disposals	-	(411)	-	-	-	(411)
Reclassifications/Adjustments**	506	(271)	499	-	-	734
Closing balance at 31 August 2025	1 338	3 923	12 005	-	30 963	48 229
Net book value						
Closing balance at 31 August 2024	5 738	1 829	46 880	16 333	21 729	92 509
Closing balance at 31 August 2025	10 902	3 429	60 887	13 214	24 559	112 991

**During the current reporting period, the Company undertook a reclassification of certain items within Property, Plant and Equipment to enhance the accuracy of valuation, depreciation, and disclosure. This reclassification aligns asset presentation with their nature, functional use, and associated risk profiles, in accordance with the requirements of IAS 16. The reclassification/adjustment arose on alignment of the fixed asset register to the note. Comparative figures for the prior period have not been reclassified to conform with the current period's presentation as the amounts involved were considered immaterial to warrant reclassification. Accordingly, the financial statements for the current period reflect the revised asset classification, while prior period figures remain as previously reported. This change affects only the presentation within the notes to the financial statements and does not impact the face of the financial statements or the Company's reported financial position, performance, or cash flows. Expenditure on assets under construction is initially shown as capital work in progress and is transferred to the relevant class of asset when commissioned.

The company's sugar and cane growing activities are situated on land under 99 year lease from the government of Malawi as follows:

	2025 Hectares	2024 Hectares
Commencement:		
1 January 1965	4 763	4 763
1 March 1966	4	4
1 October 1974	12 391	12 391
1 March 1977	13 300	13 300
1 July 1992	3 767	3 767

7. Investments

Investment in subsidiary company

The only subsidiary of the company is Dwangwa Sugar Corporation Limited, a company registered in Malawi.

Interest in the subsidiary is as follows:

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Issued capital			42	42
Effective percentage holding			100%	100%
Shares at cost			324	324

Other investments

Ethanol Company Limited

210 000 Ordinary shares of K 1 each, representing 7.64% of issued share capital.

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Fair valuation at the beginning of the year	1 257	876		
Fair value gain	476	381		
Fair valuation at the end of the year	1 733	1 257		

The fair value of the other investments is determined using inputs that are unobservable. The fair value of the other investments is based on net asset values which make use of the net movements in the assets and liabilities of the investee. The net asset value was the best information available in the circumstances and therefore fall into the level 3 fair value category. If profit after tax was 5% higher/lower and all other variables held constant, the group's investment in Ethanol Company Limited would move by K34.7 million for the year ended 31 August 2025 (August 2024: K21.6 million).

The fair values shown in the statement of financial position are disclosed as follows:

Unlisted investment at fair value	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Fair value gain	476	381	-	-
Deferred tax on fair value gain of unlisted investment (see note 13)	(135)	(169)	-	-
Fair value gain of unlisted investment net of deferred tax	341	212	-	-

8. Inventories

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Consumables	43 731	35 400	25 000	20 801
Sugar	62 630	74 854	35 201	46 416
Factory overhaul costs	8 668	3 475	4 734	2 084
	115 029	113 729	64 935	69 301

The group deducted inventory provisions of K342 million (August 2024: K295 million) to arrive at these numbers.

During 2025, K257 million (August 2024: K131 million) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost sales.

The company deducted inventory provisions of K217 million (August 2024: K181 million) to arrive at these numbers.

Movement in inventory provisions	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Opening balance	(295)	(304)	(181)	(185)
Provision	(304)	(228)	(216)	(147)
Provision utilised	257	237	180	151
Closing balance	(342)	(295)	(217)	(181)

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million
9. Growing cane				
The carrying value of growing cane is reconciled as follows:				
Carrying value at beginning of year	71 705	50 942	44 782	33 602
Change in fair value	45 062	20 763	24 664	11 180
Carrying value at end of year	116 767	71 705	69 446	44 782

The fair value of the growing cane is determined using inputs that are unobservable, using the best information available in the circumstances and therefore fall into the level 3 fair value category.

	GROUP		COMPANY	
	2025	2024	2025	2024
The following are the key assumptions in the valuation of growing cane:				
Expected area to harvest the following season (ha)	17 574	18 025	10 950	11 480
Estimated yield (tons cane/ha)	101	85	96.2	76
Average maturity of cane at 31 March	67%	67%	71.1%	71.1%

A 1% change in the sucrose content (%) and sucrose price (K/ton) could increase or decrease the fair value of the growing cane to the following values:

	GROUP		COMPANY	
	2025 K million	2025 K million	2025 K million	2025 K million
	+ 1%	-1%	+ 1%	-1%
Estimated sucrose content	117 535	115 999	69 978	68 915
Estimated sucrose price	118 543	114 991	70 497	68 397

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million
10. Trade and other receivables				
Trade receivables	14 905	14 965	14 710	14 835
Other receivables	9 048	6 958	8 746	4 222
Prepayments	200	-	189	-
Balance at end of year	24 153	21 923	23 645	19 057

	GROUP			
	Financial instruments (gross)	Expected Credit Loss	Financial instruments in statement of financial position (net)	Net
2025				
Trade receivables	17 395	(2 490)	14 905	14 905
Other sundry financial assets	9 048	-	9 048	9048
Total	26 433	(2 490)	23 953	23 953
2024				
Derivative financial instruments	12		12	12
Trade receivables	17 336	(2 371)	14 965	14 965
Other sundry financial assets	6 958		6 958	6 958
Total	24 306	(2 371)	21 935	21 935

10. Trade and other receivables (continued)

	COMPANY			
	Financial instruments (gross)	Expected Credit Loss	Financial instruments in statement of financial position (net)	Net
2025				
Trade receivables	17 200	(2 490)	14 710	14 710
Other sundry financial assets	8 746	-	8 746	8 746
Total	28 946	(2 490)	23 456	23 456
2024				
Derivative financial instruments	12	-	12	12
Trade receivables	17 206	(2 371)	14 835	14 835
Other sundry financial assets	4 222	-	4 222	4 222
Total	21 440	(2 371)	19 069	19 069

10. Trade and other receivables (continued)

The directors consider that the carrying amount of trade and other receivables approximates their fair value. Trade and other receivables include trade receivables denominated in foreign currencies amounting to K1,038 million (August 2024: K2,203 million). Set out below is the movement in the allowance for expected credit losses of trade receivables.

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
As at 1 September 2024	(2 371)	(1 573)	(2 371)	(1 573)
Provision for expected credit losses	(119)	(798)	(119)	(798)
As at 31 August 2025	(2 490)	(2 371)	(2 490)	(2 371)
The foreign debtors are denominated in the following currencies:				
European Euro	470	1 537	470	1 537
South African Rand	568	-	568	-
United States Dollar	-	666	-	666
	1 038	2 203	1 038	2 203

	Current K million	Trade receivables days past due >30 days K million	>60 days K million	>90 days K million	Total K million
31 August 2025					
Expected credit loss rate	1.49%	8.51%	0.00%	100.00%	-
Estimated total gross carrying amount at default	15 211	1 174	-	2 184	17 394
Expected credit loss	(206)	(99.9)	-	(2 184)	(2 490)
Net Carrying amount	15 005	1 074	-	-	14 904
31 August 2024					
Expected credit loss rate	3,55%	0,00%	0,00%	100,00%	-
Estimated total gross carrying amount at default	15 511	-	-	1 825	17 336
Expected credit loss	(546,)	-	-	(1 825)	(2 371)
Net Carrying amount	14 965	-	-	0	14 965

Trade receivables are either secured over real property or bank performance guarantees or unsecured depending on the specific customer credit risk assessment by the group's credit committee. They have fixed repayment terms ranging from 14 to 90 days and do not bear interest. The balances will be settled by cash payments.

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million
11. Cash and cash equivalents				

The group and the company have overdraft and guarantee facilities with various Malawian banking institutions. Local facilities attract interest rates of between 18% and 25% (August 2024: 18% and 25%)

Bank balances and cash are made up of the following currencies:

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
European Euro	14	1	14	1
British Pound	-	12	-	12
Malawi Kwacha	126 136	47 004	126 135	46 888
South African Rand	6 725	2 610	6 725	2 610
United States Dollar	1 828	98	1 828	98
Total cash and cash equivalents	134 703	49 725	134 702	49 609
Amount unused	15 500	26 900	15 500	26 900
Total bank overdraft facilities	15 500	26 900	15 500	26 900

The overdraft facilities are unsecured. The related finance costs are outlined in note 4.

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million
12. Malawi government vitamin A grant				
At beginning of year	183	191	157	163
Amortised during the year	(7)	(8)	(6)	(6)
At end of year	176	183	151	157

This balance relates to government grants received from IrishAID and United Nations Children's Fund through the Malawi Government in 2013.The money was used by the group to buy equipment for fortifying domestic sugar with vitamin A.

13. Deferred tax

The movement in the year is analysed below:

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Balance as at 1 September	54 519	33 144	33 173	21 906
Current year other comprehensive income charge - change in fair value of unlisted investment	135	169	-	-
Effect of change in tax rates	-	10 840	-	7 209
Deferred tax charge to profit or loss	33 149	10 366	14 891	4 057
Balance at end of year	87 803	54 519	48 064	33 173
Analysis of deferred tax liability:				
Excess capital allowances over depreciation	36 596	25 219	24 619	9 724
Growing cane	46 707	28 682	27 779	17 913
Other	4 026	279	(4 334)	5 536
Fair valuation of unlisted investment	474	339	-	-
Balance at end of year	87 803	54 519	48 064	33 173

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million
14. Trade and other payables				
Trade payables	25 912	20 940	13 639	10 570
Other payables and accruals	79 899	49 417	63 400	35 186
Dividend Payable	4 994	-	4 994	-
	110 805	70 357	82 033	45 756
Other payables and accruals comprise:				
Accrued expenses	64 475	39 766	48 398	26 557
VAT payable	5 548	3 644	7 538	5 027
Payroll creditors	3 169	3 522	2 023	2 269
Leave pay accruals	1 775	1 267	1 155	851
Sundry accruals	4 932	1 218	4 286	482
	79 899	49 417	63 400	35 186

Trade and other payables include payables denominated in foreign currencies amounting to K539 million (August 2024: K896 million).

The foreign creditors are denominated in the following currencies:

	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
South African Rand	479	517	436	517
United States Dollar	60	379	60	379
	539	896	496	896

The average credit period for purchases of goods and services included under payables is 30 days. No interest is charged on overdue amounts.

Other payables are non-interest bearing and have an average term of two months. The group has financial risk management policies in place to ensure that all payables are paid within the preagreed credit terms.

For explanations on the group's liquidity risk management processes, refer to Note 27.

14. Trade and other payables (continued)

	GROUP		
	Financial instruments (gross)	Financial instruments in statement of financial position (net)	Net
2025			
Trade payables	25 912	25 912	25 912
Other sundry financial liabilities	72 576	72 576	72 576
Total	98 488	98 488	98 488
2024			
Trade payables	20 940	20 940	20 940
Other sundry financial liabilities	49 417	49 417	49 417
Total	70 357	70 357	70 357

14. Trade and other payables (continued)

	COMPANY		
	Financial instruments (gross)	Financial instruments in statement of financial position (net)	Net
2025			
Trade payables	13 639	13 639	13 639
Other sundry financial liabilities	54 708	54 708	54 708
Total	68 347	68 347	68 347
2024			
Trade payables	10 570	10 570	10 570
Other sundry financial liabilities	35 186	35 186	35 186
Total	45 756	45 756	45 756

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
14.1 Contract liabilities				
Advance receipts from customers	4 158	518	4 158	518
Revenue recognised during the period that was included in the contract liability balance as at the beginning of the year	518	3 903	518	3 903

15 Related parties

Illovo Sugar (Malawi) Plc ("the group"), in the ordinary course of business, enters into various transactions with related parties.

15.1 Holding companies

The group is controlled by the following entities:

Names	Type	Effective ownership interest 2025	Effective ownership interest 2024
SUCOMA Holdings Limited, incorporated in Mauritius	Immediate holding company	75.98%	75.98%
Illovo Group Holdings Limited, incorporated in Mauritius	Intermediate holding company	75.98%	75.98%
Illovo Sugar Africa Holdings Limited, incorporated in United Kingdom	Illovo Group holding company	75.98%	75.98%
Associated British Foods Plc, incorporated in United Kingdom	Ultimate holding company	75.98%	75.98%

15.2 Ultimate holding company

Associated British Foods Plc holds 100% (August 2024: 100%) of the issued share capital of Illovo Sugar Africa Holdings Limited and therefore has an effective ownership interest of 75.98% (August 2024: 75.98%) in the group.

15.3 Illovo Group Holding company

Illovo Sugar Africa Holdings Limited holds 100% of the issued share capital of Illovo Group Holdings Limited which in turn owns 100% of the issued share capital of Sucoma Holdings Limited and therefore has an effective ownership interest of 75.98% in Illovo Sugar (Malawi) Plc.

15.3.1 Transactions and balances with ABF Sugar (Pty) Ltd (Formerly Illovo Sugar Africa Proprietary Limited) related to procurement services:

The group utilises a centralised procurement office located in Johannesburg, South Africa, to share in the benefit of the bulk purchasing power that arises from ABF Sugar (Pty) Ltd combining the procurement requirements of six operations to negotiate preferential supply arrangements. On receipt of an order from the group, the centralised procurement office sources and purchases the required goods and services from third party suppliers. The cost of the procurement services, together with any transport costs, is recovered from the group and is disclosed in note 15.8.1 below. No mark-up is charged on the recovery of the procurement expenditure and any pricing benefit negotiated with the third party supplier by the centralised procurement office is passed on to the group.

The trading balance owing in respect of procurement expenditure on goods and services (as disclosed in note 15.7.2 below) is unsecured, is repayable within 30 days of statement and only bears interest if the repayment terms have been exceeded, after which a market-related interest (9% per annum) is charged (as disclosed in note 15.7.2 below). Interest is not raised on goods that have not been received, or damaged in transit, and for which there are legitimate queries pending. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments.

15.4 Other transactions and balances with ABF Sugar (Pty) Ltd (Formerly Illovo Sugar Africa Proprietary Limited)

Operational support service fees are charged to the group in order to recover the costs of providing technical support, business support and operating a centralised procurement office. Technical support includes services rendered to monitor and improve agricultural and manufacturing performance as well as technical engineering services. Business support covers the provision of a range of services including legal, taxation, treasury, governance, human resources and information technology. The services provided by the centralised procurement office are detailed above. Operational support service fees charged to the group during the current and prior year are disclosed in note 15.8.1 below. Operational support service fees are charged on cost-plus basis, allowing a margin of 8% for technical and business support services and 15% for procurement services.

15.4 Other transactions and balances with ABF Sugar (Pty) Ltd (Formerly Illovo Sugar Africa Proprietary Limited) (continued)

Various third party costs incurred by the group are paid for on its behalf by Illovo Sugar Africa Proprietary Limited for which it is reimbursed with no mark-up charged. The recovered costs are disclosed in note 15.8.1 below.

The trading balance owing by the group as disclosed in note 15.7.2 below represents amounts outstanding for transactions detailed above. The trading balance is unsecured, has no fixed repayment terms and does not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments.

With effect from 1 September 2017 Illovo Sugar Africa Proprietary Limited (now ABF Sugar (Pty) Ltd) became the group's appointed agent to coordinate and manage the marketing, sale and distribution of all the group's export sugar for which it received 1% commission which is disclosed in note 15.8.1 below.

15.5 Immediate holding company

Transactions between the group and Sucoma Holdings Limited (SHL) relate to the payment of dividends. Dividends paid to SHL the current period have been disclosed on Note 15.8.1. There are no outstanding balances owing to or by Sucoma Holdings Limited.

15.6 Transactions and balances with fellow subsidiaries

Illovo Group Marketing Services Limited

Illovo Group Marketing Services Limited ("IGMS") is the group's appointed agent to coordinate and manage the marketing, sale and distribution of all the group's export sugar for which it received a 1% commission which is disclosed in note 15.8.1 below.

Third party export logistics costs incurred by the group are paid for on its behalf by Illovo Group Marketing Services Limited for which it is reimbursed with no mark-up charged (as disclosed in note 15.8.1 below).

There is also a distributor agreement in place between IGMS and the group. A 3% rebate is given to IGMS on sales to Rwanda.

15.6 Transactions and balances with fellow subsidiaries (continued)

East African Supply Proprietary Limited

East African Supply Proprietary Limited is a fellow subsidiary company recovers the cost of air services provided to the group necessary to facilitate the provision of operational support and director services by Illovo Sugar Africa Proprietary Limited (refer to note 15.8.1).

The trading balances owing by the group as disclosed in note 15.7.2 and 15.8.1 below represent amounts outstanding for air services. The trading balances are unsecured, have no fixed repayment terms and do not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised.

Other cost recoveries

Operating costs incurred by the group are paid for on its behalf by fellow subsidiary companies such as Kilombero Sugar Company Limited, Ubombo Sugar Limited and Zambia Sugar Plc for which these fellow subsidiaries are reimbursed with no mark-up charged. In addition, the group recovers any operating costs paid on behalf of fellow subsidiaries. The recovered costs are disclosed in note 15.7 below.

The outstanding balances between the group and fellow subsidiary companies such as Kilombero Sugar Company Limited and Zambia Sugar Plc arising from cost recoveries are disclosed in notes 15.7.1 and 15.7.2 below. The balances are unsecured, have no fixed repayment terms and do not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments.

Sales transactions

During the current and prior year, amounts of sugar as disclosed in note 15.8.2 were sold to Illovo Group Marketing Services Rwanda on the same commercial terms and conditions that would be available to third party customers.

The outstanding trading balances between the group and fellow subsidiary companies arising from sugar sales are disclosed in note 15.7.1 below. The trading balances are unsecured, but have repayment terms in line with those applicable to third party customers. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments.

15.6.1 Subsidiary companies

The company owns 100% of the issued share capital of Dwangwa Sugar Corporation Limited, a company registered in Malawi.

The outstanding trading balances between the company and Dwangwa Sugar Corporation Limited are disclosed in note 15.7.2 below. The trading balances are unsecured, have no fixed repayment terms and do not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balances will be settled by cash payments.

		GROUP		COMPANY	
		2025 K million	2024 K million	2025 K million	2024 K million
15.7 Amounts due from related parties					
15.7.1 Amounts due from related parties:					
ABF Sugar (Pty) Ltd	2	1 400	1 400	1 400	1 400
Kilombero Sugar Company Limited	2	21	21	-	-
Dwangwa Sugar Corporation Limited	3	-	-	701 951	376 347
Zambia Sugar Plc	2	4	-	-	-
East African Supply Proprietary Limited	2	1	-	1	-
		1 426	1 421	703 352	377 747
Amounts due from related parties are denominated in the following currencies:					
United States Dollar		25	21	-	-
Malawi Kwacha		-	-	701 951	376 347
South African Rand		1 401	1 400	1 401	1 400
		1 426	1 421	703 352	377 747

	Note	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
15.7.2 Amounts due to related parties:					
Dwangwa Sugar Corporation Limited	3	-	-	797 254	441 059
Holding company and fellow subsidiaries		146 791	105 086	104 103	78 079
		146 791	105 086	901 357	519 138
Holding company and fellow subsidiaries comprise:					
East African Supply Proprietary Limited	2	-	361	-	361
Illovo Group Marketing Services Limited	2	7 468	3 677	7 468	3 677
ABF Sugar (Pty) Ltd - Corporate Division	1	34 890	23 951	29 473	20 090
ABF Sugar (Pty) Ltd - Procurement Division	1	103 272	75 517	66 003	52 371
Maragra Acucar Limited	2	-	48	-	48
Kilombero Sugar Company Limited	2	5	41	5	41
AB Azucarera Iberia S.L.	2	918	1 372	918	1 372
British Sugar Plc	2	236	98	236	98
Ubombo Sugar Limited	2	2	4	-	4
Zambia Sugar Plc	2	-	17	-	17
		146 791	105 086	104 103	78 079

Amounts due to Dwangwa Sugar Corporation Limited are denominated in Malawi Kwacha.

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
15.7.2 Amounts due to related parties: (continued)				
Amounts due to holding company and fellow subsidiaries are denominated in the following currencies:				
Great British Pound	236	98	236	98
European Euro	918	1 372	918	1 372
South African Rand	138 164	99 833	95 476	72 826
United States Dollar	7 473	3 783	7 473	3 783
	146 791	105 086	104 103	78 079

Notes

1 - Holding companies (refer to note 15.1 - 15.3)

2 - Fellow subsidiaries of holding companies (refer to note 15.4 - 15.6)

3 - Subsidiary of Illovo Sugar (Malawi) Plc (refer to note 15.7)

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15.8 Related party transactions

	Note	Transaction	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
15.8.1 The annual payment transactions with related parties are as follows:						
British Sugar Plc	2	Cost recoveries	102	-	102	-
East African Supply Proprietary Limited	2	Flight charges recoveries	812	132	812	132
ABF Sugar (Pty) Ltd	2	Export agency commission	147	300	83	172
ABF Sugar (Pty) Ltd (Rwanda rebate)	2	Export agency commission	-	319	-	319
Illovo Group Marketing Services Limited	2	Logistics cost recoveries	31 016	7 440	31 016	7 440
Zambia Sugar PLC	2	Cost recoveries	53	-	53	
Ubombo Sugar Limited	2	Cost recoveries	16	-	16	
ABF Sugar (Pty) Ltd	2	Cost recoveries	31	-	31	
ABF Sugar (Pty) Ltd - Corporate Division	1	Operational support service fees	5 607	4 702	3 364	2 821
ABF Sugar (Pty) Ltd - Corporate Division	1	Cost recoveries	21 826	9 214	21 826	920
ABF Sugar (Pty) Ltd - Procurement Division	1	Procurement of goods and services	93 125	44 140	55 875	26 484
Kilombero Sugar Company Limited	2	Cost recoveries	1 881	166	1 881	166
Sucoma Holdings Limited	1	Dividend	8 402	9 974	8 402	30 774
			163 018	76 387	123 461	69 228
15.8.2 The annual sugar sales transactions with related parties are as follows:						
Illovo Sugar Kigali Limited	2		554	4 602	554	4 602
			554	4 602	554	4 602
15.8.3 The annual interest payable with related parties is as follows:		Effective interest rate (%)				
ABF Sugar (Pty) Ltd - Procurement Division	1	9% on overdue balances	6 327	4 868	4 220	3 264
			6 327	4 868	4 220	3 264

Notes

1 - Holding companies (refer to note 15.1 - 15.3)

2 - Fellow subsidiaries of ABF Sugar (Pty) Ltd (refer to note 15.4 - 15.6)

3 - Fellow subsidiaries of Associated British Foods Plc (refer to note 15.6)

4 - Associate of Associated British Foods Plc (refer to note 15.6)

5 - The compensation of key management personnel is disclosed in Note 24

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million

16. Nico Asset Managers Limited and Old Mutual Investment Group Loans

The group started and closed the year to August 2025 without any new short-term money market facilities.

17. Derivative financial instruments

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Forward exchange contracts	-	12	-	12
Comprising:				
Assets	-	42	-	42
Liabilities	-	(30)	-	(30)
At end of the year	-	12	-	12

The derivative assets/(liabilities) relate to foreign exchange contracts (FECs) designated as held for trading. These FECs are associated with forecast purchases in Euros, Rands, and Dollars, which are highly probable transactions. Since these contracts are held for trading, they are not booked through the hedge reserve, and hedge effectiveness testing is not required.

The fair value of FECs, as calculated by the banks, is measured using a forward pricing model. The significant inputs into the Level 2 fair value of FECs include yield curves, market interest rates, and foreign exchange rates. The estimated fair values of recognised financial instruments approximate their carrying amounts. Further disclosures regarding the derivative financial instruments used to manage currency risk are provided in Note 27.4.

Since the FECs are held for trading and not designated as hedging instruments, there is no requirement to establish an economic relationship between hedged items and hedging instruments, nor is hedge effectiveness testing applicable. The focus is solely on the fair value changes in the trading derivatives, which are recognised directly in profit or loss.

There were no derivatives held for trading as of 31 August 2025. The derivatives held for trading as of 31 August 2024 were measured at fair value, and the unrealized gain was recognized in the income statement for the period.

17. Derivative financial instruments (continued)

The breakdown of changes in fair value recognized in profit or loss is provided below.

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Currency forward contracts	-	12	-	12
Total	-	12	-	12

The group is holding the following foreign exchange contracts (highly probable forecast purchases) with the following maturity dates:

	Maturity					
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
As at 31 August 2025						
Notional amount (€000)	-	-	-	-	-	-
Notional amount ($000)	-	-	-	-	-	-
Notional amount (R000)	-	-	-	-	-	-
Average forward rate (MWK/EUR)	-	-	-	-	-	-
Average forward rate (MWK/USD)	-	-	-	-	-	-
Average forward rate (MWK/ZAR)	-	-	-	-	-	-
As at 31 August 2024						
Notional amount (€000)	-	825	-	-	-	825
Notional amount ($000)	-	2276	-	-	-	2276
Notional amount (R000)	-	508	-	-	-	508
Average forward rate (MWK/EUR)	-	2138	-	-	-	-
Average forward rate (MWK/USD)	-	1772	-	-	-	-
Average forward rate (MWK/ZAR)	-	107	-	-	-	-

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million
18. Capital commitments				
Contracted	20 016	1 950	6 119	1 843
Approved but not contracted	148 649	117 226	143 469	109 115
	168 665	119 176	149 588	110 958

Capital expenditure commitments are to be financed from internal resources and existing facilities. These capital commitments relate to items of property, plant and equipment.

19. Contingent liabilities

Various claims of an industrial relations nature totalling K73.8 million (August 2024: K774 million) have been made against the group in the ordinary course of business, the outcome of which is uncertain.

20. Leases

The Group's accounting policy for leases has been discussed under Note 1.22.

The group has lease contracts for various items of plant and machinery used in its operations as well as lease contracts for land and buildings. Leases of plant and machinery generally have lease terms between 3 and 15 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the group is restricted from assigning and subleasing the leased assets. The group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

20. Leases (continued)

a Right of Use Assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings K million	Plant, equipment and furniture K million	Total K million
Group			
As at 1 September 2023	1479	6118	7 597
Additions	157	7 866	8 023
Depreciation charge	(633)	(7 347)	(7 980)
As at 31 August 2024	1003	6 637	7 640
As at 1 September 2024	1 003	6 637	7 640
Additions	1 065	9 948	11 013
Depreciation charge	(853)	(9 823)	(10 676)
As at 31 August 2025	1 215	6 762	7 977
Company			
As at 1 September 2023	1 392	2 985	4 377
Additions	157	6 163	6 320
Depreciation charge	(632)	(5 565)	(6 197)
As at 31 August 2024	917	3 583	4 500
As at 1 September 2024	917	3 583	4 500
Additions	1 065	9 203	10 268
Depreciation charge	(851)	(7 585)	(8 436)
As at 31 August 2025	1 131	5 201	6 332

20. Leases (continued)

b Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group K million	Company K million
Lease Liability		
As at 1 September 2023	8 151	4 563
Additions	8 023	6 320
Accretion of interest	1 228	808
Foreign currency exchange loss	331	331
Payment of principal portion	(8 288)	(6 515)
Payment of interest	(1 225)	(806)
As at 31 August 2024	8 220	4 701
Split into:		
Current	4 471	3 768
Non-current	3 749	932
	8 220	4 709
As at 1 September 2024	8 220	4 701
Additions	11 013	10 268
Accretion of interest	879	586
Foreign currency exchange loss	3	3
Payment of principal portion	(10 820)	(8 430)
Payment of interest	(888)	(595)
As at 31 August 2025	8 407	6 533
Split into:		
Current	2 025	1 277
Non-current	6 382	5 256
	8 407	6 533

The group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As at 31st August 2025, the group had short term leases amounting to K75 million (2024: K57 million) and low value leases amounting to K206 million (2024: K94 million). The company had short term leases amounting to Knil million (2024: Knil million). The company had low value leases amounting to K81 million (2024: K17 million).

	GROUP & COMPANY	
	2025 K million	2024 K million

21. Exchange rates and inflation

The closing year-end of the buying and selling rates of the foreign currencies most affecting the performance of the group is stated below, together with the increase in the consumer price index for the year, which represents an official measure of inflation.

	2025	2024
Kwacha/European Euro	1 819	1 998
Kwacha/South African Rand	102	95
Kwacha/United States Dollar	1 751	1 751
Overall Consumer Price Inflation	28.2%	33.9%

The average for the year of the buying and selling rates of the foreign currencies most affecting the performance of the group is stated below, together with the increase in the consumer price index for the year, which represents an official measure of inflation.

	2025	2024
Kwacha/European Euro	1 847	1 998
Kwacha/South African Rand	100	88
Kwacha/United States Dollar	2 084	1 634
Overall Consumer Price Inflation - average	29.3%	32.4%

22. Basic and diluted earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the group is based on the following data:

	K million	K million
Earnings	77 215	22 632
Number of shares ('000s)		
Weighted average number of ordinary shares for the purpose of basic/diluted earnings per share	713 444	713 444
Basic and diluted earnings per share (tambala)	10 823	3 172
Reconciliation of headline earnings:		
Net profit for the year	77 215	22 632
Headline earnings	77 215	22 632
Headline earnings per share (tambala)	10 823	3 172

Headline earnings are defined as profit after tax.

	GROUP & COMPANY	
	2025 K million	2024 K million

23. Dividend per share

Dividend per share is calculated by dividing the total dividends declared in the year by the weighted average number of ordinary shares in issue during the year.

	2025 K million	2024 K million
First interim dividend paid (for current year)	2 497	-
Second interim dividend paid (for previous year)	-	8 989
Final dividend paid (for previous year)	3 567	4 138
	6 064	13 127
Balance of dividend declared but not paid	4 994	
Number of shares in issue ('000)	713 444	713 444
Weighted average number of shares on which dividend per share is based ('000)	713 444	713 444
Dividend paid per share (tambala)	850	1 840

The directors recommended a second interim dividend of K4.99 billion as dividend for the year ended 31 August 2025 (Aug 2024: K3.57 billion).

24. Compensation of key management personnel

The remuneration of directors and key management during the year was as follows:

	2025 K million	2024 K million
Short-term benefits	8 816	6 562
Post-retirement benefits	552	388
Other long-term benefits	2 861	2 489
	12 229	9 439

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

25. Retirement benefit plans

The group operates one defined contribution plan effective January 2020. This is the SUCOMA Group Pension Scheme which is managed internally by trustees. It is a defined contribution scheme and the contributions by employees and the group are 7.5% (August 2024: 7.5%) and 12.4% (August 2024: 12.4%) of the fund member's basic pensionable salaries, respectively. Before January 2020, the company had the SUCOMA Group Pension Scheme as above and the Illovo Sugar Malawi (Plc) Pension Fund, which were both managed internally by trustees, and were also defined contribution schemes. The contributions by employees and the group were 5.0% (August 2024: 5.0%) and 12.5% (August 2024: 12.5%) of the fund member's basic pensionable salaries, respectively. The trustees for the current scheme are employees of the group. The administration of the pension fund has been subcontracted to Nico Pension Services Company Limited. Nico Asset Managers Limited is the investment manager for the merged fund.

The total expense recognised in profit or loss of K3,573 million (August 2024: K2,401 million) represents contributions payable to the plan by the group.

26. Segmental analysis

Segment reporting is presented in respect of the group's operating segments.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segmental capital expenditure represents the costs incurred during the year to acquire segment assets that are expected to be used for more than one year.

Management has determined the operating segments and reports on the operating segments as follows:

Cane growing : Growing of sugar cane for use in the sugar production process.
Sugar production : Manufacture and sale of sugar from sugar cane.

26. Segmental analysis (continued)

GROUP year to 31 August 2025	Sugar production K million	Cane growing K million	TOTAL K million
Revenue			
External customers	476 736	-	476 736
Inter-segment	(257 658)	257 658	
Total Revenue	219 078	257 658	476 736
Operating profit	70 780	56 227	127 007
Dividend income	289	-	289
Finance costs	(6 965)	(5 699)	(12 664)
Interest income	6 366	5 208	11 574
Taxation	(26 945)	(22 046)	(48 991)
Statements of financial position			
Non-current assets	78 272	108 090	186 362
Property, plant and equipment	78 272	108 090	186 362
Current assets	222 717	169 361	392 078
Inventories	62 630	52 399	115 029
Growing cane	-	116 767	116 767
Trade and other receivables	23 958	195	24 153
Amount due from related parties	1 426	-	1 426
Financial instrument - assets	-	-	-
Bank balances and cash	134 703	-	134 703
Current liabilities	253 688	21 471	275 159
Trade and other payables	98 366	15 294	113 660
Amount due to related parties	146 791	-	146 791
Taxation payable	8 531	6 177	14 708
Non-current liabilities	51 102	36 877	87 979
Malawi government vitamin A grant	176	-	176
Deferred taxation	50 926	36 877	87 803
Shareholders equity	(3 801)	219 102	215 302
Property, plant and equipment transactions are categorised as follows:			
Purchases during the year	46 564	21 059	67 623
Depreciation	5 478	5 852	11 330

Revenue from key customers from the sugar production segment amounted to K251.3 billion (August 2024: K152.9 billion).

The geographical breakdown of revenue has been disclosed on note 2.

26. Segmental analysis (continued)

GROUP year to 31 August 2024	Sugar production K million	Cane growing K million	TOTAL K million
Revenue			
External customers	313 689		313 689
Inter-segment	(161 522)	161 522	-
Total Revenue	152 167	161 522	313 689
Operating profit	68 194	(8 868)	59 326
Dividend income	207	-	207
Finance costs	(7 549)	(5 466)	(13 015)
Interest income	5 476	3 965	9 441
Taxation	(19 330)	(13 997)	(33 327)
Statements of financial position			
Non-current assets	54 629	75 439	130 068
Property, plant and equipment	54 629	75 439	130 068
Current assets	147 740	110 775	258 515
Inventories	74 854	38 875	113 729
Growing cane	-	71 705	71 705
Trade and other receivables	21 728	195	21 923
Amount due from related parties	1 421	-	1 421
Derivative financial assets	12	-	12
Bank balances and cash	49 725	-	49 725
Current liabilities	165 827	19 405	185 232
Trade and other payables	55 063	15 294	70 357
Amount due to related parties	105 086	-	105 086
Short-term borrowings	-	-	-
Bank overdrafts	-	-	-
Taxation payable	5 678	4 111	9 789
Non-current liabilities	31 778	23 081	54 859
Malawi government vitamin A grant	157	183	340
Deferred Taxation	31 621	22 898	54 519
Shareholders equity	4 763	143 728	148 492
Property, plant and equipment transactions are categorised as follows:			
Purchases during the year	34 991	16 901	51 892
Depreciation	4 653	4 307	8 960

The geographical segment of the group's business has not been prepared because all the group's operations are held within Malawi. There were no significant non-cash transactions during the current or prior years.

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million

27. Financial instruments

Introduction and overview

The group has exposure to the following risks arising from its transactions in financial instruments:

Capital
Treasury
Foreign currency
Interest rate
Credit
Liquidity

This note, in addition to notes 10,11, 14,15 and 16 presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for identification, measurement, monitoring and controlling risk and the group's management of capital.

27.1 Categories of financial instruments

	GROUP 2025 K million	GROUP 2024 K million	COMPANY 2025 K million	COMPANY 2024 K million
Financial assets				
Financial assets carried at armotised cost	160 082	73 069	861 510	446 413
Unlisted equity investment at FVTOCI	1 733	1 257	-	-
Derivative financial assets at FVTPL	-	12	-	12
	161 815	74 338	861 510	446 425
The details of financial assets at armotised cost are as follows:				
Trade and other receivables	23 953	21 923	23 456	19 057
Cash and cash equivalents	134 703	49 725	134 702	49 609
Amount due from related parties	1 426	1 421	703 352	377 747
	160 082	73 069	861 510	446 413
Financial liabilities				
Financial liabilities measured at amortised cost	266 003	183 663	989 923	569 594
The details of financial liabilities at amortised costs are as follows:				
Trade and other payables	98 488	70 357	68 347	45 756
Amount due to related parties	146 791	105 086	901 357	519 138
Lease liabilities	8 407	8 220	6 533	4 701
	253 686	183 663	976 237	569 594

27.1 Categories of financial instruments (continued)

The following table illustrates the fair value measurement hierarchy for assets and liabilities as at 31 August 2025:	Total K million	Quoted prices in active markets (Level 1) K million	Significant observable inputs (Level 2) K million	Significant unobservable inputs (Level 3) K million
Assets /(liabilities) measured at fair value:				
Unlisted investment (note 7)	1 733	-	-	1 733
2024				
Assets /(liabilities) measured at fair value:				
Foreign exchange forward contracts (note 17)	12	-	12	-
Unlisted investment (note 7)	1 257	-	-	1 257

For trade receivables, trade payables, short term borrowings and amounts due from related parties, the carrying amounts approximate their fair values.

27.2 Capital risk management

The group manages its capital to ensure that it remains a going concern whilst maximising the returns to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt (which includes bank overdraft facilities net of cash balances) and equity.

27.3 Treasury risk management

A treasury risk management committee, consisting of senior executives in the group, meets periodically to analyse currency and interest rate exposures and formulate treasury management strategies in the light of prevailing market conditions and current economic forecasts. This committee operates within group policies approved by the board.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a regular basis. The group does not enter into nor trade in financial instruments, including derivative financial instruments, for speculative purposes.

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million

27.4 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts, where possible. Foreign currency exposures are carefully monitored and management utilises foreign currency export proceeds to settle foreign currency denominated obligations.

The carrying amounts of the group's unhedged and uncovered foreign currency denominated assets and monetary liabilities at the reporting date are as follows:

	Group 2025 K million	Group 2024 K million	Company 2025 K million	Company 2024 K million
Assets				
Great Britain Pound	-	12	-	12
European Euro	484	1 539	484	1 539
South African Rand	7 292	2 610	7 292	2 610
United States Dollar	1 828	764	1 828	764
	9 604	4 925	9 604	4 925
Liabilities				
Great Britain Pound	236	98	236	98
European Euro	918	1 372	918	1 372
South African Rand	138 643	100 350	95 912	73 343
United States Dollar	(7 533)	4 162	(7 533)	4 162
	132 264	105 982	89 533	78 975

27.4.1 Foreign currency sensitivity analysis

The group is largely exposed to the European Euro, South African Rand and United States Dollar.The following table details the group's sensitivity to a 10% increase and decrease in the Malawi Kwacha (K) against the relevant foreign currencies. A 10% movement is the usual sensitivity rate used when reporting foreign currency risk internally to key personnel and represents management assessment of the change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. A positive/(negative) number below denotes an increase/(decrease) in profit before tax where the Kwacha weakens/strengthens against the relevant currency. The impact on the group's pre-tax equity due to changes in the fair value of forward exchange contracts designated as cash flow hedges is not material.

27.4.1 Foreign currency sensitivity analysis (continued)

	European Euro impact		South African Rand impact		United States Dollar impact	
	2025 K million	2024 K million	2025 K million	2024 K million	2025 K million	2024 K million
Profit or loss	(43)	17	(13 135)	(9 774)	936	(340)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the average exposure during the season. Purchases from foreign suppliers are seasonal with higher purchases towards the last quarter of the year in order to meet demand.

27.5 Interest rate risk management

Taking cognisance of the seasonality of the group's cash flow and long-term interest rate forecasts, the risk management committee positions the group's interest rate exposures according to expected movements in local and international interest rates.

27.5.1 Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates on the financial assets and liabilities at the reporting date and a 5% interest rate change taking place at the beginning of the year.

If interest rates had been 500 basis points higher/lower and all other variables held constant, the group's profit before tax for the year ended 31 August 2025 would move by K90 million (August 2024: K1,388 million). The effect on profit or loss and equity is the same.

27.5.2 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the performance of its counterparties are continuously monitored.

Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by credit insurance obtained from financial institutions

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any one time during the year. The credit risk on liquid funds is limited because the counterparties are reputable banks.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for Groupings of various customer segments with similar loss patterns (i.e.geographical region, product type, customer type and rating, and coverage by bank guarantees or security over real property). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and foreign exchange rates) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

27.5.2 Credit risk management (continued)

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.The highest credit exposure outside the bank balances without collateral was K4,753 million (August 2024: K9,534 million) in relation to trade receivables. The bank guarantees and security over real property are considered integral part of trade receivables and considered in the calculation of impairment. The groups expected credit losses are disclosed on Note 10.

There are no off-statement financial position credit exposures.

27.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity requirements. The group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows and matching of the maturity profiles of financial assets and liabilities. Included in note 11 is a listing of additional undrawn facilities that the group has access to if the need arises.

	GROUP		COMPANY	
	2025 K million	2024 K million	2025 K million	2024 K million
Net Liquidity position analysis				
Lease liabilities	8 407	8 220	6 533	4 701
Trade and other payables	98 488	70 357	68 347	45 756
Amount due to related parties	146 791	105 086	104 103	78 079
Cash and cash equivalents	(134 703)	(49 725)	(134 702)	(49 609)
	118 983	133 938	44 281	78 927

27.6.1 Liquidity risk tables

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the actual cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments.

	Weighted average effective rate	1 year	1 - 5 years	Total
	%	K million	K million	K million
31 August 2025				
Trade and other payables		98 488	-	98 488
Amount due to related parties		146 791	-	146 791
Lease liabilities	14.5	2 025	35 221	37 246
		247 304	35 221	282 525
31 August 2024				
Trade and other payables		70 357	-	70 357
Amount due to related parties		105 086	-	105 086
Lease liabilities	14.5	4 471	20 690	25 161
		179 914	20 690	200 604

27.6.1 Liquidity risk tables (continued)

The following table details the group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	1-3 months	3 months to 1 year	1 - 5 years	5+ years	Total
	K million	K million	K million	K million	K million
31 August 2025					
Trade and other receivables	24 153	-	-	-	24 153
Amount due from related parties	1 426	-	-	-	1 400
Derivative financial assets	-	-	-	-	-
Cash and cash equivalents	134 703	-	-	-	134 703
	160 282	-	-	-	160 282
31 August 2024					
Trade and other receivables	21 923	-	-	-	21 923
Amount due from related parties	1 421	-	-	-	1 421
Derivative financial assets	12	-	-	-	12
Cash and cash equivalents	49 725	-	-	-	49 725
	73 081	-	-	-	73 081

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting year.

The group has access to other unutilised financing facilities as described in note 11. The group expects to meet its obligations arising from operating cash flows and proceeds of maturing financial assets.

27.7 Equity price risk

The group's non-listed equity investment in Ethanol Company Limited is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk by placing limits on individual and total equity instruments. The group's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to non-listed equity investments at fair value was K1,733 million (2024: K1,257 million). Sensitivity analysis of this investment has been provided in Note 7.

28 Events after the reporting period

Intercompany Loan Received

Subsequent to year-end, Illovo Sugar (Malawi) Plc received an intercompany loan of K91 billion from Sucoma Holdings Limited. The proceeds were used to settle overdue balances with ABF Sugar (Pty) Ltd (formerly Illovo Sugar (Pty) Ltd)

IFC Loan Facility Secured

The company secured a senior unsecured loan of US$81 million (K140.5 billion) from the International Finance Corporation (IFC). The 8-year facility includes a 1.5-year grace period and is structured as a local currency-linked loan, disbursed and repaid in U.S. dollars but denominated in Malawi kwacha. The facility is backed by a corporate guarantee from Associated British Foods plc, the parent company of Illovo Sugar (Malawi) Plc.

Change in Government

Presidential and Parliamentary elections were held in Malawi on 16 September 2025, resulting in a change of government. As of the date of approval of these financial statements, no substantive policy changes have been enacted. Accordingly, the change in government has not had a direct impact on the financial position or performance of the Group as at the reporting date.

Dividend Declaration

The Board of Directors declared and approved a third interim dividend of K4.9 billion, representing K7.00 per share to be paid in December. A final dividend of K1.00 per share will be presented to shareholders for approval at the Annual General Meeting and is scheduled for payment in March 2026.

Analysis of shareholders

31 August 2025

Category			Shareholders Number	Shareholders %	Ordinary Shares Number held	Ordinary Shares % of shares issued
Individuals						
1	–	5 000	2 471	80.9	2 786 552	0.39
5 001	–	10 000	275	9.1	2 187 678	0.31
10 001	–	50 000	221	7.3	4 344 410	0.61
50 001	–	100 000	18	0.6	1 301 815	0.18
100 001	–	200 000	19	0.6	2 882 926	0.40
200 001	–	500 000	19	0.6	6 262 987	0.88
500 001	–	and over	29	1.0	693 678 023	97.23
			3 052	100	713 444 391	100.00
Banks and nominees			583	19.08	25 163 199	4
Holding company and non-residents			53	1.73	542 431 297	76.03
Individuals			2 290	74.93	19 454 030	2.73
Insurance, investment and trust companies			53	1.74	10 986 271	1.54
Other corporate bodies			41	1.34	5 929 968	0.83
Pension and provident funds			32	1.05	109 013 878	15.28
			3 052	100.00	713 444 391	100.00

Shareholders holding 1% or more of the equity		
SUCOMA Holdings Limited	542 084 186	75.98
Old Mutual Life Assurance Company	77 542 602	10.87
Fund Public Services Pension Trust	9 660 867	1.35
Ramesh Haridas Savjani	9 598 000	1.35
First Capital Bank	8 665 541	1.21

Shareholders' Diary

Financial / Statutory

Financial year-end	August
Annual general meeting	February

Reports and profit statements

Profit announcement for the year	November
Annual report and financial statements	February
Interim report	May

Notice and Agenda of the 61st Annual General Meeting

Notice is hereby given that the 61st Annual General Meeting of members of Illovo Sugar (Malawi) Plc (the Company) will be held physically at Ryalls Hotel, Blantyre on Wednesday, 25 February 2026 at 14:00 hours to transact the following business.

NOTICE TO MEMBERS

1. Members who wish to receive the AGM pack via email should no later than 2nd February 2026 notify the office of the company Secretary through the following means:

   By email: infomalawi@illovo.co.za or ariwera@illovo.co.za

   By WhatsApp: +265 885 78 55 00

   Members who wish to receive the AGM pack through email should send their email address to the following:

   email: infomalawi@illovo.co.za or ariwera@illovo.co.za or custodymalawi@standardbank.co.mw

   By WhatsApp: +265 885 78 55 00

2. Alternatively, members can collect the AGM pack from the following:

   Registered Office - Illovo Sugar (Malawi) Plc's corporate office at Churchill Road, Limbe

   Transfer Secretaries - Standard Bank Malawi plc, Kaomba Centre, corner Sir Glyn Jones Road and Victoria Avenue.

BUSINESS TO BE TRANSACTED AT THE MEETING

To consider and, if deemed appropriate, to pass with or without modification the following ordinary resolutions:

1. MINUTES

To approve the minutes of the 61st Annual General Meeting held on 25th February 2025.

2. FINANCIAL STATEMENTS

To receive and if deemed appropriate to adopt the annual financial statements for the year ended 31st August 2025 along with the Auditor's report.

3. DIVIDEND

To declare a final dividend of K713.44 million representing K1.00 per share in respect of the financial year ended 31st August 2025 as recommended by the Board of Directors. This is additional to the first interim dividend of K2.49 billion representing K3.50 per share paid in June 2025, a second interim dividend per share of K4.9 billion representing K7 per share paid in September 2025 and a third interim dividend for K4.9 billion representing K7 per share paid in December 2025. The total dividend will therefore be K13.19 billion representing K18.50 per share.

4. RE – APPOINTMENT OF AUDITORS

To approve the re-appointment of Ernst & Young (EY) as auditors for the year ending August 2026 and to authorize the Directors to determine their remuneration.

5. APPOINTMENT AND RE-ELECTION OF DIRECTORS

5.1 To confirm the appointment of Christian Rees who was appointed during the year to fill a casual vacancy pursuant to Article 73(b).

Christian Rees was appointed to the Illovo Sugar (Malawi) Plc Board on 23 August 2025.

Christian joined Illovo Sugar Plc Ltd in January 2011 and served as Strategy and Business Development Director until 31 March 2019. Effective 1 April 2019, Christian expanded his strategic and development portfolio to ABF Sugar's division and transitioned to his current role as Divisional Strategy and Business Development Director. Prior to joining the group, Christian was employed by Tate & Lyle Plc for 14 years, where he was Commercial Director (Africa and Asia Pacific). He has a wealth of knowledge and experience in assess business strategies and commercial performance having operated in senior managerial roles across the African continent and other sugar producing regions. Christian previously served as Tate & Lyle's nominated non-Executive Director on numerous European molasses based businesses and sugar joint venture companies. ABF Sugar has nominated Christian to serve on the board's of Zambia Sugar Plc., Kilombero Sugar, Illovo Sugar (South Africa), and lactulose boards.

5.4 To re-elect Lekani Leslie Katandula and Levie Emmanuel Nkunika who retire by rotation in terms of Article 74 (1) of the Company's Articles of Association but being eligible have offered themselves for re-election. The Board recommends their re-election.

5.5 To re-appoint Ami R. Mpungwe (73) who has exceeded the age limit of seventy (70) years in terms of Section 164 (2) (b) of the Companies Act 2013, that he holds office until the next Annual General Meeting in line with Section 169 (6) (a) of the Companies Act, 2013. The Board recommends that he be re-appointed.

5.6 To note that during the year Amanda Venters and Andre Lubbe stepped down from the board.

6. NON – EXECUTIVE DIRECTORS' REMUNERATION

To approve the fees and sitting allowances for the non-executive directors for the year ending 31st August 2026.

6.1 Annual fees

Chairman – K17,200,00 (2025: K14,400,000 per annum).

Directors – K15,120,00 (2025: K12,600,000 per annum).

6.2 Sitting allowances

Chairman – K792 000 (2025: K660 000) for each committee and / or board meeting attended.

Directors – K648 000 (2025: K540 000) for each committee and / or board meeting attended.

6.3 Remuneration of the executive directors

To authorise the non-executive directors to determine the remuneration of the executive directors for the year ending 31st August 2026.

7. APPROVALS REQUIRED FOR RESOLUTIONS

All resolutions require the approval by a simple majority of votes cast by shareholders of the company as are entitled to vote, voting in person or by proxy at a general meeting.

8. PROOF OF IDENTIFICATION REQUIRED

Any shareholder or proxy who intends to attend or participate at the annual general meeting must, when requested, be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the annual general meeting. A national identity card issued by the government state, valid driver's license or passport will be accepted at the annual general meeting as sufficient identification.

9. OTHER BUSINESS

To transact such other business as may be transacted at an Annual General Meeting of members.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the company. Proxy forms should be forwarded to reach the company's registered office or the office of the transfer secretaries at Standard Bank of Malawi, Kaomba Centre, Corner Victoria Avenue & Sir Glyn Jones Road, Blantyre, not later than 16h00 on Thursday , 20 February 2026.

Dated 2 February 2026

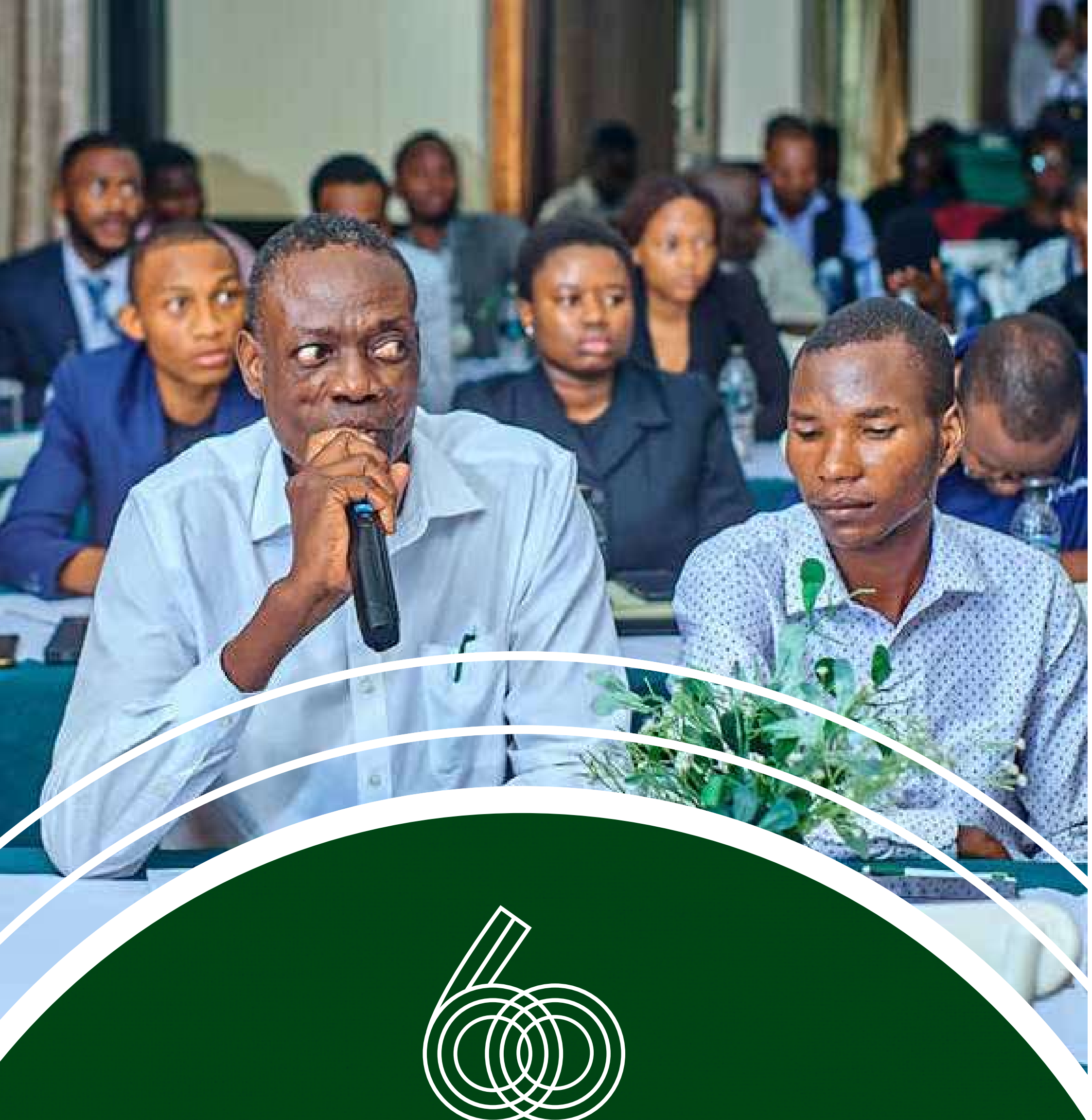
By order of the board

Maureen Kachingwe

Company Secretary

Registered Office

Churchill Road, Limbe, Malawi



A LEGACY OF SWEET SUCCESS

Illovo Sugar (Malawi) Plc

FORM OF PROXY FOR THE 61ST ANNUAL GENERAL MEETING

I/We ____

(Name/s in block letters)

of ____

(Address)

being the shareholder/member of the above named company and entitled to

Number of votes [ ] 1 share = 1 vote

do hereby appoint

1. ______________________ of ______________________ or failing him/her;
2. ______________________ of ______________________ or failing him/her;
3. the chairman of the meeting as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the annual general meeting of the company to be held at Ryalls Hotel, Blantyre, Malawi on 25 February 2026 at 14h00 and at any adjournment thereof as follows:

Agenda Item		Mark with X where applicable		
		In favour	Against	Abstain
1	Approval of minutes			
2	Adoption of 2025 annual financial statements.			
3	Dividend			
4	Re-appointment of Ernst & Young as auditors.			
5	Confirmation of directors			
	5.1 Christian Rees			
	5.2 Ronald Ngwira			

continued overleaf

FORM OF PROXY FOR THE 61ST ANNUAL GENERAL MEETING (continued)

Agenda Item		Mark with X where applicable		
		In favour	Against	Abstain
6	Re-election of directors			
	5.3 Lekani Leslie Katandula			
	5.4. Levie Emmanuel Nkunika			
	Annual Re-appointment of Directors reaching age 70			
	5.5 Ami Mpungwe			
7	Determination of directors' remuneration			
	6.1 Fixing directors' annual fees.			
	6.2 Fixing directors' sitting allowance.			
	6.3 Executive Directors' remuneration.			

Signed at ________________ on this ______________ day of ________________ 2026

Signature ____

Assisted by me (where applicable) (see note 3) ____________________________

Full name/s of signatory/ies if signing in a representative capacity (see note 4)

____

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.
2. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. A minor must be assisted by his/her guardian.
4. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the company has already recorded that authority.
5. In order to be effective, proxy forms must reach the registered office of the company (Illovo Sugar (Malawi) Plc, Illovo House, Churchill Road, Private Bag 580, Limbe, Malawi) or the transfer secretaries (Standard Bank Limited Transfer Secretaries, Transactional Products and Services, Kaomba Centre, corner Sir Glyn Jones Road & Victoria Avenue, P O Box 1111, Blantyre, Malawi) by no later than 16h00 on Wednesday, 2nd February 2026.
6. The delivery of the duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
7. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, or whose name is not deleted, shall be regarded as the appointed proxy.

GRI CONTENT INDEX

Statement of use	**Illovo Sugar (Malawi) Plc has reported the information cited in this GRI content index for the period 1st September 2024 to 31st August 2025 with reference to the GRI Standards.**
GRI 1 used	**GRI 1: Foundation 2021**

GRI 3: Material Topics 2021	3-1 Process to determine material topics	13
	3-2 List of material topics	-
	3-3 Management of material topics	14
GRI 101: Biodiversity 2024	"101-1 Policies to halt and reverse biodiversity loss"	-
	101-2 Management of biodiversity impacts	40
	101-3 Access and benefit-sharing	-
	101-4 Identification of biodiversity impacts	-
	101-5 Locations with biodiversity impacts	40
	101-6 Direct drivers of biodiversity loss	-
	101-7 Changes to the state of biodiversity	-
	101-8 Ecosystem services	-
GRI 102: Climate Change 2025	102-1 Transition plan for climate change mitigation	34
	102-2 Climate change adaptation plan	36
	102-3 Just transition	-
	102-4 GHG emissions reduction targets and progress	
	102-5 Scope 1 GHG emissions	35 to 36
	102-6 Scope 2 GHG emissions	35 to 36
	102-7 Scope 3 GHG emissions	35 to 36
	102-8 GHG emissions intensity	-
	102-9 GHG removals in the value chain	-
	102-10 Carbon credits	-
GRI 103: Energy 2025	103-1 Energy policies and commitments	-
	103-2 Energy consumption and self-generation within the organization	-
	103-3 Upstream and downstream energy consumption	-
	103-4 Energy intensity	-
	103-5 Reduction in energy consumption	-
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	20 to 21, 58 & 63
	201-2 Financial implications and other risks and opportunities due to climate change	87
	201-3 Defined benefit plan obligations and other retirement plans	-
	201-4 Financial assistance received from government	-
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-
	202-2 Proportion of senior management hired from the local community	-
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	21, 58 & 63
	203-2 Significant indirect economic impacts	21
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	21

GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	-
	205-2 Communication and training about anti-corruption policies and procedures	101
	205-3 Confirmed incidents of corruption and actions taken	-
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-
GRI 207: Tax 2019	207-1 Approach to tax	132 & 143
	207-2 Tax governance, control, and risk management	-
	207-3 Stakeholder engagement and management of concerns related to tax	-
GRI 301: Materials 2016	207-4 Country-by-country reporting	-
	301-1 Materials used by weight or volume	-
	301-2 Recycled input materials used	36 to 37
GRI 302: Energy 2016	301-3 Reclaimed products and their packaging materials	-
	302-1 Energy consumption within the organization	
	302-2 Energy consumption outside of the organization	-
	302-3 Energy intensity	-
	302-4 Reduction of energy consumption	-
	302-5 Reductions in energy requirements of products and services	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	-
	303-2 Management of water discharge-related impacts	36
	303-3 Water withdrawal	-
	303-4 Water discharge	-
	303-5 Water consumption	-
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	40
	304-2 Significant impacts of activities, products and services on biodiversity	-
	304-3 Habitats protected or restored	40
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	-
	305-2 Energy indirect (Scope 2) GHG emissions	-
	305-3 Other indirect (Scope 3) GHG emissions	-
	305-4 GHG emissions intensity	-
	305-5 Reduction of GHG emissions	-
	305-6 Emissions of ozone-depleting substances (ODS)	-
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-

GRI 306: Effluents and Waste 2016	306-3 Significant spills	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	-
	306-2 Management of significant waste-related impacts	-
	306-3 Waste generated	-
	306-4 Waste diverted from disposal	-
	306-5 Waste directed to disposal	-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	-
	308-2 Negative environmental impacts in the supply chain and actions taken	-
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	28 to 29
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
	401-3 Parental leave	-
GRI 402: Labor/ Management Relations 2016 GRI	402-1 Minimum notice periods regarding operational changes	-
403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	24 to 26
	403-2 Hazard identification, risk assessment, and incident investigation	-
	403-3 Occupational health services	27
	403-4 Worker participation, consultation, and communication on occupational health and safety	-
	403-5 Worker training on occupational health and safety	-
	403-6 Promotion of worker health	27
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-
	403-8 Workers covered by an occupational health and safety management system	-
	403-9 Work-related injuries	26
	403-10 Work-related ill health	-
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	-
	404-2 Programs for upgrading employee skills and transition assistance programs	32 to 32
	404-3 Percentage of employees receiving regular performance and career development reviews	-
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	34
	405-2 Ratio of basic salary and remuneration of women to men	-
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	-
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	-
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	47 to 50
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	-
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	-
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	51
	413-2 Operations with significant actual and potential negative impacts on local communities	47 to 50
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	-
	414-2 Negative social impacts in the supply chain and actions taken	-
GRI 415: Public Policy 2016	415-1 Political contributions	-
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	-
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	-
	417-2 Incidents of non-compliance concerning product and service information and labeling	-
	417-3 Incidents of non-compliance concerning marketing communications	-
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-

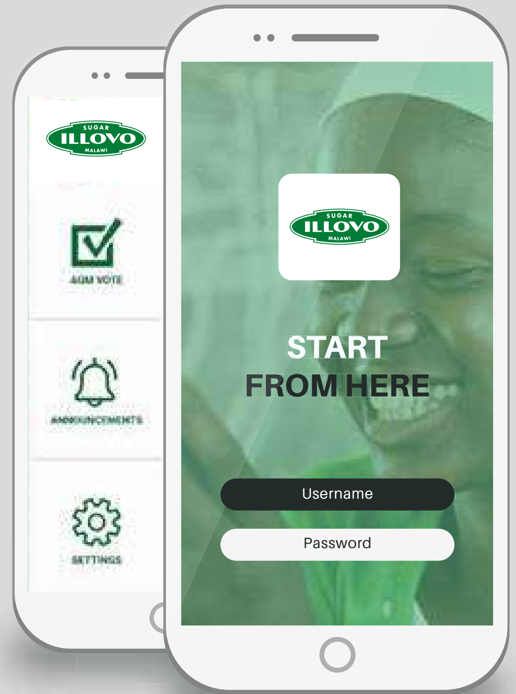
A LEGACY
OF SWEET
SUCCESS

ISM AGM APP

Download on the App Store | GET IT ON Google Play

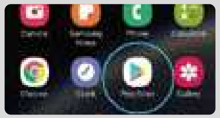
HERE IS AN EASY STEP BY STEP GUIDE ON THE VOTING PROCESS TO THE 2026 ISM AGM.

While we will do a short demonstration of the voting during the AGM, it is advisable that you should **download the App before the meeting**. Please note that you will need **a smart phone in order to vote**.



DOWNLOAD

HOW TO INSTALL THE APP



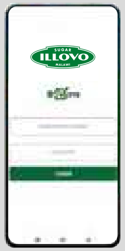
1. Open **Google Play Store** or **Apple Store** on your phone and search for " ISM AGM App"

2.

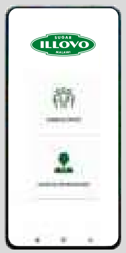
3. INSTALL

Install **Mobile App** to device

HOW TO LOGIN



2. Once you open the app you will be prompted to select your role **Proxy or Shareholder**

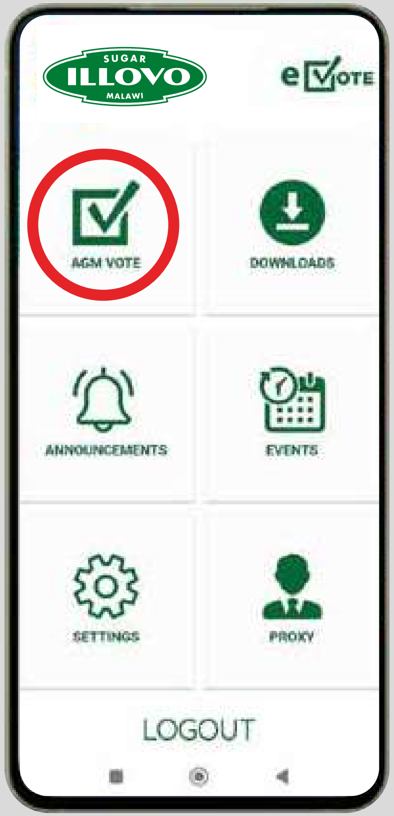


2. To access the app you will need the following:

   1. **Shareholder certificate number**
   2. Default Password. **"12345"**

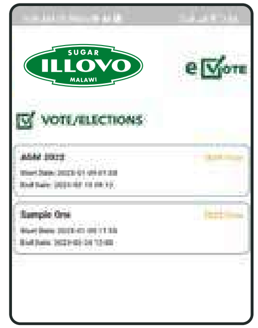
Once you login for the first time using the default password, you will be requested to change it before you proceed

HOW TO VOTE DURING THE AGM



1. To vote for the AGM resolutions select **"AGM VOTE"** icon then proceed to select the active AGM on the list.

2.



3.

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