



SUGAR AVAILABILITY RESPONSE Q&A SHEET

a. Resellers Adjudication Process

1. How many territories did you advertise for new resellers?

Ans: We advertised all territories across the country. In total, we have 28 territories

2. How many resellers in total do you currently have?

Ans: Currently, there are 11 resellers with contracts expiring on 28 December 2025. Following the adjudication process, this number will increase to 15, all of whom will commence operations on 29 December 2025

3. From the list of resellers scheduled to become operational on 29 September, how many are new and how many are existing (retained) resellers?

Ans: 9 retained resellers and 6 new resellers

4. To what extent can we be confident that the selection process was conducted in a fair and transparent manner?

Ans: To guarantee fairness and accuracy, two committee teams were established to supervise the selection process. Their role was to review all parameters and confirm that the right candidates were selected for each territory.

b. Sugar Scarcity

1. What is causing the sugar scarcity?

Ans: We are aware of the concerns regarding sugar not being available in certain areas. While our production and dispatch operations continue to meet local demand, we have reason to believe that some of the current scarcity may be attributed to unauthorized exports and deliberate hoarding by certain actors within the supply chain. These actions undermine market stability and distort the availability of sugar to consumers.

2. What is being done to address the challenges?

Ans: We are working with relevant authorities and stakeholders to address the situation and ensure that corrective measures are implemented. Our production and distribution systems remain robust and responsive, and we continue to monitor market dynamics closely. The public can be assured that we are fully engaged in resolving this issue and maintaining consistent availability of sugar across all regions.



3. When should we expect the situation to normalize?

Ans: While it's difficult to provide an exact timeline, we want to assure you that we are actively working with authorities and stakeholders to address the root causes of the current scarcity. Our production and distribution systems remain strong, and corrective measures are being implemented to restore normal availability as quickly as possible.

4. Reports indicate that you are exporting more hence the crisis.

Ans: This is not true. It is important to note that our priority is the domestic market and we do not export at the expense of local supply in fact our exports have reduced substantially compared to previous years. We remain committed to ensuring that our product reaches all intended local markets in line with demand.

5. How much are you producing at the moment?

Ans: Our production levels are aligned with domestic demand. However, the current availability is being adversely affected by unauthorized exports and deliberate stockpiling in the domestic market.

6. What is the actual price of sugar in the market

Ans: Our recommended wholesale price for a 1kg bale of sugar is MK69,386, and the recommended retail price for 1kg is MK3,700. Please note that these are recommended prices; our role is to recommend prices, not to enforce pricing in the market

7. There are reports circulating on social media suggesting that some traders are spending nights at sugar depots to secure purchases. What is your response to these claims?

Ans: Illovo remains focused on satisfying local demand and maintaining nationwide sugar availability. Due to our competitive pricing, currently lower than neighboring countries, there has been significant cross-border movement, resulting in a supply gap. To address this, we are collaborating with local authorities to safeguard supply and ensure Malawian consumers retain reliable access to sugar



C Sugarcane Theft

1. How much revenue has Illovo lost due to the development?

Sugarcane theft remains a recurring challenge throughout the year. Based on recoveries reported in the last financial year, Nchalo Estate lost at least 20,000 tons of sugarcane due to theft. Overall, annual losses exceed 120,000 tons of sugarcane, equivalent to approximately 14,000 tons of sugar. These losses stem not only from sugarcane theft but also from stolen fertilizer, irrigation equipment, and electric copper cables, all of which negatively impact yields.

Importantly, the reported figure reflects only what was recovered, actual losses are likely higher. While exact revenue figures for the current year are not yet finalized, these losses represent a significant operational and financial impact. Our cane haulage vehicles are also targeted; drivers are stoned to force trucks to stop, enabling thieves to steal cane. Additionally, we lose sugarcane to animal grazing by wildlife such as buffaloes and monkeys from nearby national parks.

2. How is the loss in revenue worrisome to the company as well as to the nation?

Sugarcane theft undermines production efficiency and increases operational costs, including security and community engagement measures. For the company, this affects profitability and long-term sustainability.

For the nation, the impact has the potential to be significant because Illovo is a major contributor to Malawi's economy. Continued rampant sugarcane theft means lower production, which can impact our ability to maintain a consistent sugar supply for the domestic market, critical for food security. Ultimately, it could also limit our capacity to export and earn foreign exchange, which



supports national reserves. In addition, lower production can affect tax revenues and employment opportunities, weakening the broader economic contribution Illovo makes to the country.

3. How is Illovo dealing with the challenge?

Illovo Sugar has implemented a multi-pronged approach to curb theft:

- **Enhanced security patrols**, use of technology, and drone surveillance to monitor fields.
- **Fencing off high-risk areas**, including pump stations.
- **Hiring police** to strengthen enforcement.
- **Community outreach programs**, such as health camps and food support, to build goodwill. We also use our sugarcane fields to grow irrigated maize for distribution to surrounding communities. However, we have found that even when we grow irrigated maize for distribution to surrounding communities, this maize is also subject to theft.
- **Vendor licensing and market regulation** in partnership with local authorities to reduce illicit trade.
- **Public awareness campaigns** to educate communities on the impact of theft.
- **Support for community policing forums** to encourage vigilance and reporting.

These measures reflect our commitment to protecting our assets while fostering positive relationships with surrounding communities.