SUGAR ILLOVO MALAWI

(Incorporated in Malawi on 31 May 1965 under registration number 839)

EXTRACTS FROM THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2026 (COMPARATIVES ARE FOR THE SIX MONTHS ENDED 28 FEBRUARY 2025)

FINANCIAL PERFORMANCE

Condensed consolidated and separate statements of comprehensive income	GROUP Unaudited 6 month period ended 28-Feb-26 K'm	GROUP Unaudited 6 month period ended 28-Feb-25 K'm	GROUP Audited Year ended 31-Aug-25 K'm	COMPANY Unaudited 6 month period ended 28-Feb-26 K'm	COMPANY Unaudited 6 month period ended 28-Feb-25 K'm	COMPANY Audited Year ended 31-Aug-25 K'm
Revenue	307,149	205,390	476,736	179,344	111,895	264,463
Gross profit	103,258	57,187	179,904	55,785	(18,805)	84,907
Fair value change (growing cane)	70,336	46,097	45,062	44,979	24,399	24,664
Foreign exchange loss	(32,716)	(18,856)	(23,572)	(28,603)	(16,569)	(22,290)
Other administrative expenses	(51,783)	(39,115)	(74,387)	(30,225)	(21,493)	(42,624)
Operating profit	89,095	45,313	127,007	41,937	(32,468)	44,657
Dividend income	-	-	289	-	-	-
Net finance (cost)/income	7,660	(4,142)	(1,090)	8,332	(2,963)	1,004
Profit before taxation	96,755	41,171	126,206	50,269	(35,431)	45,661
Taxation	(38,634)	(14,846)	(48,991)	(20,108)	(5,477)	(18,592)
Net profit for the period	58,121	26,325	77,215	30,161	(40,908)	27,069
Other comprehensive income	-	-	341			-
Total comprehensive income	58,121	26,325	77,556	30,161	(40,908)	27,069
Adjusted for:						
Other comprehensive income	-	-	(341)	-	-	-
Headline earnings	58,121	26,325	77,215	30,161	(40,908)	27,069
Number of shares in issue ('000)	713,444	713,444	713,444			
Weighted average number of shares on which net profit per share is based ('000)	713,444	713,444	713,444			
Net profit per share (tambala)	8,147	3,690	10,823			
Headline earnings per share (tambala)	8,147	3,690	10,823			
Dividend per share (tambala)	-	-	850			
Quality of earnings statement						
Operating profit/(loss)	89,095	45,313	127,007			
Adjust for:						
Foreign exchange loss	32,716	18,856	23,572			
Change in fair value of growing cane	(70,336)	(46,097)	(45,062)			
Operating profit excluding fair value changes and exchange movement,	51,475	18,072	105,517			
Business segmental analysis						
Revenue						
Sugar production	126,765	75,076	219,078			
Cane growing	180,384	130,314	257,658			
	307,149	205,390	476,736			
Operating profit/(loss)	-	-	-			
Sugar production	30,654	(883)	70,781			
Cane growing	58,441	46,196	56,226			
	89,095	45,313	127,007			
	-	-	-			
Condensed consolidated and separate statements of financial position						
ASSETS						
Property, plant and equipment	209,028	161,851	194,339	128,797	108,844	119,323
Investment	1,733	1,257	1,733	324	324	324
Non-current assets	210,761	163,108	196,072	129,121	109,168	119,647
Current assets	541,494	281,453	392,078	415,873	194,542	292,728
Total Assets	752,255	444,561	588,150	544,994	303,710	412,375
SHAREHOLDERS' EQUITY AND LIABILITIES						
Shareholders' equity	358,741	171,566	215,302	185,885	9,924	70,406
Taxation	125,568	70,122	87,803	55,619	29,622	48,064
Non-current liabilities	65,807	2,336	6,558	65,783	816	5,407
Current liabilities	202,139	200,537	278,484	237,707	263,347	288,498
Total shareholders' Equity and Liabilities	752,255	444,561	588,150	544,994	303,710	412,375
Depreciation	14,882	10,005	22,006			
Capital expenditure	27,129	26,515	67,623			

Condensed consolidated and separate statements of cash flows	GROUP Unaudited 6 month period ended 28-Feb-26 K'm	GROUP Unaudited 6 month period ended 28-Feb-25 K'm	GROUP Audited Year ended 31-Aug-25 K'm	COMPANY Unaudited 6 month period ended 28-Feb-26 K'm	COMPANY Unaudited 6 month period ended 28-Feb-25 K'm	COMPANY Audited Year ended 31-Aug-25 K'm
Cash generated from operations before working capital changes	33,641	9,405	103,525	7,054	(49,496)	35,856
Working capital requirements	(50,398)	39,055	77,277	(35,935)	81,106	91,327
Finance costs/(income)	7,660	(4,142)	(1,100)	8,332	2,856	994
Taxation	(15,577)	(9,032)	(10,923)	(15,577)	(14,846)	(676)
Net cash flows from operating activities	(24,675)	35,286	168,779	(36,126)	19,620	127,501
Net cash flows used in investing activities	(27,129)	(26,515)	(66,917)	(17,362)	(11,760)	(27,914)
Net cash flows before financing activities	(51,804)	8,771	101,862	(53,488)	7,860	99,587
Net cash flows generated from/(used) in financing activities	137,048	(4,722)	(16,884)	138,732	(3,698)	(14,494)
Increase in cash and cash equivalents	85,244	4,049	84,978	85,244	4,162	85,093
Condensed consolidated and separate statements of changes in equity						
Share capital and premium						
Balance at beginning and end of the period	782	782	782	782	782	782
Retained earnings						
Balance at beginning of the period	213,409	147,252	147,252	69,624	53,613	53,613
Net profit for the period	58,121	26,325	77,215	30,161	(40,908)	27,069
Dividends declared	(5,708)	(3,567)	(11,058)	(5,708)	(3,567)	(11,058)
Balance at end of the period	265,822	170,010	213,409	94,077	9,138	69,624
Non-distributable reserve						
Balance at beginning of the period	1,111	774	774	-	4	-
Fair value gain on revaluation of investment	-	-	337	-	-	
Shareholder Loan	91,026			91,026		
Balance at end of period	92,137	774	1,111	91,026	4	-
Shareholders' equity	358,741	171,566	215,302	185,885	9,924	70,406

OVERVIEW

In the half year ended 28 February 2026, the Group recorded a turnover of K307.1 billion, representing a 49.6% increase compared to K205.3 billion for the previous corresponding period. The Group also reported a profit after tax of K58.1 billion, compared to K26.3 billion in the prior year, reflecting improved operational performance, stronger market demand, and focused execution against strategic priorities.

Agricultural operations progressed well during the early part of the period but were adversely affected by extreme and unseasonal rainfall, reinforcing the growing impact of climate change on agricultural production systems. On 30 December 2025, Dwangwa Estate experienced above average rainfall that resulted in multiple breaches of the dyke protecting the estate, allowing the overflowing Dwangwa River to flood a significant portion of fields located along the riverbank. The main access road to the estate was cut off on both the northern and southern approaches, disrupting inbound and outbound logistics for several days.

Similarly, Nchalo Estate experienced heavy rainfall and flooding from the Shire, Mwanza, and Mkombezi rivers on 19 March 2026. Excluding the affected areas, overall estate yields remain encouraging for both the current agricultural season and the full financial year.

These events underscore the urgent need to strengthen agricultural resilience in response to increasing climatic volatility. The Group is therefore intensifying its focus on sustainable flood defence systems, enhanced drainage and catchment mapping, and estate wide water management planning. These initiatives are critical to protecting crop yields, safeguarding infrastructure, sustaining production continuity, and supporting long term value creation for stakeholders.

The Group extended the 2025 crushing season through to December; however, operations were curtailed earlier than planned due to the heavy rainfall experienced at both estates in late December 2025. Following completion of the season, extensive off crop maintenance programmes commenced immediately to ensure factory readiness for the 2026 crushing season, which was scheduled to begin in mid April 2026. These activities were undertaken in a challenging operating environment characterised by constrained foreign currency availability and escalating input and service costs.

The domestic market continued to contribute significantly to Group revenue, supported by the Route to Consumer initiative and focused marketing and branding efforts. Total sales for the period amounted to 113,202 tons, of which 96,657 tons were sold in the domestic market and 16,545 tons in export markets. This compares with 104,870 tons in the prior year period, comprising 98,466 tons domestic and 6,404 tons export sales. While export markets continue to demonstrate strong potential, the Group prioritised domestic supply to ensure national sugar availability and market stability during a period of economic pressure.

In the light of ongoing macroeconomic challenges, the Group recognises the strategic importance of strengthening foreign exchange generation capability to enhance self sufficiency and sustain access to critical inputs. Export growth, productivity improvements, operational efficiencies, and prudent capital allocation remain central to mitigating foreign currency constraints and managing exchange rate risks.

The Group continues to demonstrate strong corporate citizenship through initiatives supporting education, health, agriculture, infrastructure development, and community welfare. During the recent flooding events, the Group provided shelter, accommodation, food, and other essential supplies to affected communities surrounding its operations at both Dwangwa and Nchalo estates. Meaningful and continuous engagement with Government, growers, communities, customers, and development partners remains a cornerstone of the Group's operating model, particularly during periods of climatic and economic stress.

In February 2026, Illovo Sugar (Malawi) plc celebrated 60 years of contribution to Malawi's sugar industry. Established in 1965 through the creation of the Sugar Corporation of Malawi (SUCOMA) by Lonrho, the Company laid the foundation for one of the country's most significant agricultural and industrial sectors. Over six decades, Illovo has driven sustained investment, employment creation, and local value addition, while forging enduring partnerships with communities in the Lower Shire and Nkhotakota regions. The sugarcane industry continues to underpin livelihoods and regional development, affirming the Company's enduring legacy.

PROSPECTS

The Group has secured a US$36 million facility from the International Finance Corporation (IFC) to support the Shire Valley Transformation Project at Nchalo, reinforcing its role as a committed corporate partner in driving inclusive economic transformation within the Valley. At Dwangwa, the Group has identified an opportunity to increase cane supply by 128,500 tons through the rehabilitation of four grower schemes—Liwaladzi, Tipate, Kazilira, and Kasitu—covering a combined area of 1,285 hectares. This initiative will be implemented in three phases aligned with the Group's growth strategy, with development planned across 308 hectares in 2026, 430 hectares in 2027, and 575 hectares in 2028.

The Group will continue integrating climate change considerations into strategic and operational planning, with emphasis on resilient agricultural systems, flood mitigation and recovery infrastructure, advanced drainage and land use mapping, and the adoption of climate smart agronomic practices to sustain yields under increasingly volatile conditions.

Strengthening foreign exchange earning capacity remains a strategic imperative to support long term self sufficiency in an environment characterised by high inflation, elevated interest rates, power supply constraints from EGENCO, and exchange rate volatility. Export capability, diversification initiatives—including the continued evaluation of cotton production—and operational efficiencies will support this objective.

Strong stakeholder engagement will remain central to executing the Group's strategy. Collaboration with Government will continue across infrastructure development, irrigation expansion, and policy alignment. Engagement with growers will focus on productivity, resilience, and inclusive growth, while sustained dialogue with communities will support social stability and shared value creation. Ongoing engagement with customers will ensure reliable supply while navigating prevailing economic challenges.

Despite the ongoing pressures arising from climatic uncertainty, macroeconomic instability, and infrastructure constraints, the Group remains confident that its adaptive strategies, disciplined execution, and stakeholder partnerships will support sustained performance, long term growth, and value creation for shareholders and all stakeholders.

DIVIDEND

Notice is hereby given that an interim dividend of MK8.00 per share (2025: MK3.50) has been declared for the six month period ended 28 February 2026.

Jimmy Lipunga
Chairman

Ronald Ngwira
Managing Director

19th May 2026