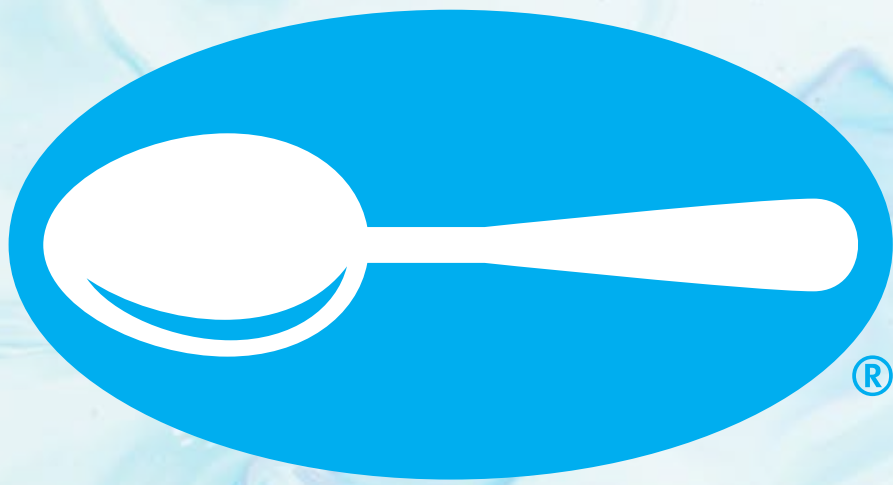




Zambia Sugar

ANNUAL INTEGRATED REPORT 2025

2025 Financial Performance Highlights:

REVENUE

K8.897 BILLION

2024: K7.530 BILLION

OPERATING PROFIT

K1.987 BILLION

2024: K 2.567 BILLION

PROFIT AFTER TAX

K1.634 BILLION

2024: K2.058 BILLION

EARNINGS PER SHARE

516.1 NGWEE

2024: 650 NGWEE

DIVIDEND PER SHARE

109.6 NGWEE

2024: 161 NGWEE

SALES

391 674 TONNES

2024: 400 631 TONNES

CANE SUGAR RATIO

8.57

2024: 8.35

CANE PRODUCTION

3.191 MILLION TONNES

2024: 3.544 MILLION TONNES

SUGAR PRODUCTION

372 328 TONNES

2024: 425 531 TONNES

REFINED SUGAR

88 935 TONNES

2024: 89 310 TONNES

EXPORT SALES

76 554 TONNES

2024: 80 212 TONNES

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Zambia Sugar

Zambia Sugar PLC is Zambia's leading sugar and sugar products producer and continues to achieve great milestones in the country. Drawing on the hard work and commitment of the employees, growers and contractors, and the resilience of the Zambian people, the strong support from domestic and multilateral partners, sound economic and governance policies as well as leveraging Zambia's landlinked position, the business will continue to consolidate its leadership position.

Zambia is a landlinked country in south-central Africa, neighbouring with 8 countries, namely Angola, Botswana, Democratic Republic of Congo (DRC), Namibia, Malawi, Mozambique, Tanzania and Zimbabwe. It is situated on a high plateau and takes its name from the Zambezi River. Zambia has an area of **752,618** square kilometres.

TOTAL AREA: 752 618 sq km

LAND: 743 398 sq km

WATER: 9 220 sq km

NATURAL RESOURCES: Copper, cobalt, zinc, lead, coal, emeralds, gold, silver, uranium, hydropower.

The country is known for its rich mineral reserves and is the world's 8th largest and Africa's 2nd largest producer of copper. Copper comprises **70%** of Zambia's total export earnings, and the country produces about **20%** of the world's emeralds.

CAPITAL: Lusaka

COUNTRY POPULATION:
21.135 million

OFFICIAL LANGUAGE: English

INDEPENDENCE DAY

Zambia attained political independence on 24 October 1964. The national emblem is the African fish eagle.

FORM OF GOVERNMENT: it is a Multiparty Republic with a single legislative house, and independent Executive, Legislative and Judiciary branches. The country's population is **21.135 million** and its capital city is Lusaka. Zambia has 10 provinces namely; Central, Copperbelt, Eastern, Luapula, Lusaka, Muchinga, Northern, Northwestern, Southern and Western

Province. Each province has a provincial centre from where the government is administered.

HEAD OF STATE AND GOVERNMENT:

President:

Hakainde Hichilema
(2021- present).

Zambia holds a record of peace and political stability. The country has recorded peaceful transition of power from one party to another since political independence.

ZAMBIA'S HEADS OF STATE SINCE INDEPENDENCE INCLUDE:

- **Kenneth Kaunda**
October 1964 - November 1991
- **Frederick Titus Chiluba**
November 1991 - January 2002
- **Levy Patrick Mwanawasa**
January 2002 - August 2008
- **Rupiah B Banda** (acting President)
August 2008 - November 2008
- **Rupiah B Banda**
November 2008 - September 2011
- **Michael Chilufya Sata**
September 2011 - October 2014
- **Guy Lindsay Scott** (acting President)
October 2014 - January 2015
- **Edgar Chagwa Lungu**
January 2015 - August 2021
- **Hakainde Hichilema**
2021 - Present

LANGUAGES:

English is Zambia's official language. Other languages include Bemba, Bisa, Chewa, English Kaonde Lamba, Lala,

Lenje, Lozi, Lunda, Luvale, Mambwe, Namwanga, Nyanja, Nsenga, Tonga, and Tumbuka.

SPORTS:

Football, boxing, tennis, cycling, athletics, rugby, darts, chess, and martial arts including karate, judo.

CULTURAL PRACTICES:

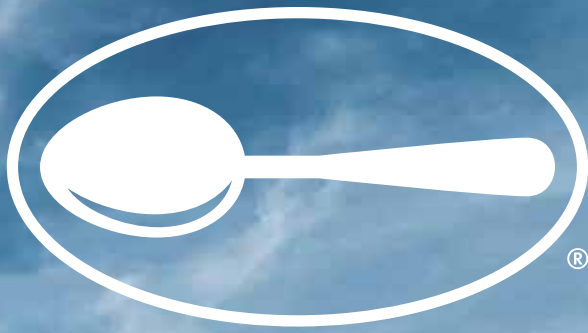
Always greet before starting a conversation, and if a person approaches you, offer the initial greeting. Men should withhold their hands when greeting a woman, until the woman offers her hands. Gifts are presented as a sign of honour, friendship or appreciation.

TIPPING GUIDELINES: Tip 10% in restaurants. Tip guides directly at the end of a tour \$5-10 (USD) per person per day.

SOUVENIRS: Wood and stone carvings, handmade pottery and glassware, basket ware, batik fabric and decorative items; wrought iron sculptures and copperware; carved tribal items including masks, drums, and animals; beadwork and handmade jewelry; local gemstones.

TRADITIONAL CUISINE:

Nshima - a dough-like porridge made from ground maize used to scoop upside dishes such as soups, stews, sauces, or relishes.



Zambia Sugar

Zambian Tourism

Zambia is home to one of the natural wonders of the world, the Victoria Falls. Other amazing attractions are the Zambezi River, Kafue River, Luangwa River, South Luangwa National Park, North Luangwa National Park, Kafue National Park, Lusaka National Museum, Lake Kariba and Blue Lagoon National Park.

More than 30% of the country's land area is reserved for wildlife. There are 21 national parks and 36 game management areas in the country. Kafue, Lower Zambezi and South Luangwa, rank among the finest national parks in the world.

Mosi-oa-Tunya National Park, near Victoria Falls, is regarded as a zoological park as it has a well-managed population of antelopes, elephants, giraffes and rhinos. It does not have any predators.

There are great hospitals, schools, colleges and universities dotted across the country. These include private and government schools and hospitals. With Government - funded education, citizens have the privilege of free education for children in grades 1 to 12.

The country enjoys relatively good infrastructure and continues to develop countrywide.

Zambia is a safe place with relatively safe areas to visit all across the country. As with all cities in the world, you are required to observe vigilance and diligence when travelling to the country's cities.

Zambians are friendly people who look forward to welcoming you when you visit. You would need to apply for a visa according to the requirements and this can be done ahead of your visit or at the port of entry.

Check for visa requirements for your respective situation on <https://www.zambiaimmigration.gov.zm/>.

Read more: <https://www.zambiasugar.com/>

(Sources: Ministry of Tourism, Ministry of Finance and National Planning, Encyclopaedia Britannica).

At a Glance

ZAMBIA SUGAR PLC PRODUCES a wide range of products under the renowned Whitespoon brand. This includes direct consumption sugar enriched with VITAMIN A, brown and household, refined sugar for industrial customers, syrup, speciality sugars as well as molasses for both local and export markets.

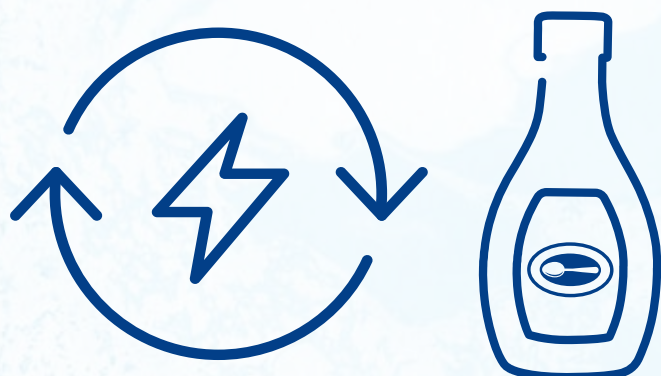
OWNS A HOUSING ESTATE with over **3 000** households.

SUPPLIES **8 000 000** LITRES of bulk water daily directly to residents of Mazabuka district.

ZAMBIA SUGAR IS THE LARGEST EMPLOYER in the southern province with **7 555** direct employees and over **4 774** indirect employees. The outgrower scheme made up of 379 small holder farmers in 3 schemes and 24 commercial farmers employs 3 885 people.

450 000 Tonnes per annum sugar production capacity

40MW Power generation co-generation (bagasse).



Associated
British Foods
plc

ASSOCIATED BRITISH FOODS (ABF) is a diversified international food, ingredients and retail group with sales of nearly £20 BILLION, 138 000 employees and operations in 55 countries across Europe, Africa, the Americas and Asia.

ABF SUGAR IS A DIVISION OF ASSOCIATED BRITISH FOODS which is listed on the London stock exchange.

ZAMBIA SUGAR IS LISTED on the Lusaka Securities Exchange (LuSE) with 25% held as free float by institutional and private investors. 75% of the Company's shares are held by ABF.

28 000 Ha under sugar cane cultivation





ABFSUGAR

RECORD SUGAR PRODUCTION AT
425 531 TONNES (achieved in 2024)

RECORD DOMESTIC SUGAR SALES
320 419 TONNES (achieved in 2024)

RECORD SUGAR SALES AT
400 631 TONNES (achieved in 2024)

RECORD SALES REVENUE AT
K8.897 BILLION (achieved in 2025)



WINNER OF 4 2020
ILLOVO SUGAR AFRICA AWARDS

1. Best Factory Performance
2. Safety Award
3. Financial Management Award
4. Best Country Performance

WINNER OF ZAMBIA
INSTITUTE OF DIRECTORS' 2022
Overall Corporate Governance Award

WINNER OF 3 2024
ABF SUGAR AWARDS

1. Best Country Performance
2. Best Commercial Performance Award
3. Best Agricultural performance Award

WINNER OF 2 2025
ABF SUGAR AWARDS

1. Best Commercial Performance Award
2. Best Factory Performance Award



ALLIANCE FOR
WATER STEWARDSHIP

A MEMBER OF THE ALLIANCE
WATER STEWARDSHIP (AWS)
BOARD and commenced the
implementation of the AWS STANDARD,
becoming the second organisation in
Zambia to implement this standard.

A MEMBER OF THE END MALARIA
COUNCIL and has eradicated Malaria
from its sites with ZERO reported
incidents for several years running.

ZAMBIA'S LEADING
CONTRIBUTOR to non-traditional
exports (NTEs).

Chairperson's Statement



HIGHLIGHTS

- **Earnings per share of 516 Ngwee**
- **Dividend per share of 110 Ngwee**
- **Share price increase from K34 to K48 per share at financial year end**
- **Unfortunately, recorded a contractor fatality**

On behalf of the Board, I am pleased to present the business' results for the financial year ended 31 August 2025. Despite the challenging economic conditions exacerbated by the unprecedented drought in the 2023/24 season, our management, staff, and partners, have once again delivered a strong performance that demonstrates resilience, agility, and unwavering commitment to value creation.

The business continued to build on the momentum established in the prior year to deliver another strong performance in 2025. Our manufacturing and agricultural operations once again provided a sound foundation for commercial performance by ensuring that Whitespoon products were readily available in the market. This achievement is particularly commendable given the residual effects of the drought, which significantly impacted both irrigation capacity and power supply. Through resilience, teamwork, and unwavering commitment, the business successfully navigated these headwinds demonstrating the strength of the business in challenging conditions.

The Managing Director's Statement provides

a comprehensive overview of the business' operational, commercial, and financial performance during the year under review.

The safety and wellbeing of all employees, contractors, visitors, and local communities remains a top priority. During the year, the business made significant strides in embedding a safety culture across the organisation, focusing on activities that promote sound personal choices in everyday decisions. While we continue to make progress in our safety journey, it is with immense regret that I report the passing of Mr. Joseph Kunda on 21 August 2025. Mr. Kunda, a third-party contractor employed by Kal Tire, tragically lost his life while repairing a tyre at the Nakambala Transport Workshop. Kal Tire is the company engaged to provide tyre maintenance services for the our fleet. We extend our heartfelt condolences to Mr. Kunda's family, friends, and colleagues.

While this devastating event adversely impacted our safety performance, we remain committed to the goal of ensuring that employees and contractors go home safely every day, everywhere, without exception. The business continues to strengthen its safety protocols and processes through the elimination of unsafe working conditions,

enhanced leadership visibility, increased supervisory oversight, comprehensive near-miss reporting, and implementation of the Busongo behavioural safety training program. With all these measures in place, the Board is pleased with the progress we are making on our safety journey.

Focus on sustainability remains front of mind, exemplified through various activities that align with Environmental, Social and Governance (ESG) principles. Despite significant challenges, including the adverse effects of harsh weather conditions and power supply constraints, the business maintained its firm commitment to sustainable practices across both agricultural and manufacturing operations.

ECONOMIC REVIEW

The country fell short of the 6%-8% inflation target due largely to the lingering effects of the 2023/24 drought, which significantly impacted agricultural output and electricity supply. Despite these challenges, inflation has been trending downwards on account of declining fuel prices, a strengthening Kwacha, easing of supply chain constraints, and notably, lower food prices following a bumper maize harvest of 3.7 million tonnes in 2025. These developments should have a positive

impact on input costs in areas such as logistics, fertilisers and agrochemicals in 2026.

The appreciation of the Kwacha during the third quarter of the calendar year, negatively impacted both industrial sugar demand and export proceeds realisation. Additionally, this resulted in a marked increase in sugar imported illegally into the border towns which increased competition with Whitespoon products in those markets reducing sales.

SHARE PRICE

In August 2024, the share price was K34 per share, reflecting a market capitalisation of K10.6 billion. By financial year-end, on 31 August 2025, this had risen to K48 per share, increasing market capitalisation to K15.2 billion.

This sustained growth in share price continues to reinforce market confidence and positions the business as a strong contender to cross the US\$1 billion valuation threshold in the near future. The Board is deeply grateful for the trust placed in our stock and remains committed to pursuing strategic growth and long-term value creation.

DIVIDEND

The Dividend policy is anchored on distributing up to 50% of free cash flow, after meeting all operational obligations and capital investment requirements.

Following a Board meeting held on 31 October 2025, I am pleased to report that a final Dividend of 109.6 Ngwee per share was recommended for the 2025 financial year. This decision reflects the Board's continued confidence in the business' ability to generate sustainable value for shareholders.

DIRECTORATE

I would like to announce the following changes to the Board directorate.

Ms Susan M'Kandawire Mulikita was appointed as a Non-Executive Independent Director of the Board effective 26 February 2025. In addition, Mr Lekani Katandula was appointed as a Non-Executive Director of the Board effective 1 April 2025 following his appointment as Chief Financial Officer of ABF Sugar. These appointments are subject to ratification by the shareholders at the Annual General Meeting.

During the year, Ms. Amanda Venters resigned from the Board following her departure as Interim Chief Financial Officer of ABF Sugar on 31 March 2025. On 4 August 2025, Mr. Andre Lubbe resigned from the Board following his departure from ABF Sugar.

Please join me in welcoming Ms. Mulikita and Mr. Katandula, to the Board. I wish to thank Ms Venters and Mr. Lubbe for their contributions during their time on the Board and wish them success in their future endeavours.

OUTLOOK

The weather forecasts indicate a normal 2025/26 rainy season. Power reliability and water security continue to be major areas of focus for the business, and initiatives are in place to address the risks associated with these critical resources.

As a market and customer-led business, we remain focused on expanding our product portfolio to serve the diverse needs of our customer base across all market segments and in the regional export market. Consequently, the business is well positioned to remain the supplier of choice, trusted by customers and consumers alike for quality, reliability, and value.

Looking ahead, Zambia's projected GDP growth of 5.8%–6.0% for 2025 reflects a continued recovery in agriculture, alongside strong performance in mining and services. This momentum together with a stable Kwacha and declining inflation provides sound macro-economic conditions for the business to thrive. Our business is well positioned to take full advantage of these positive economic developments to create value for our shareholders in the year ahead and beyond.

CONCLUSION

I would like to extend my sincere gratitude to my fellow Directors for their unwavering support and diligence throughout the year. I offer my heartfelt congratulations to the Managing Director, Mr Oswald Magwenzi, the Leadership Team and our dedicated employees. Their commitment and resilience have been instrumental in enabling the business to deliver yet another strong performance, despite the challenging economic environment and lingering effects of the 2023/24 drought.

I would also like to extend deep appreciation to our valued customers and consumers for

their continued loyalty and support. This is what drives the business' success.

On behalf of the Board, I want to thank you all for the confidence you continue to place in our stewardship. We pledge our steadfast support and guidance to the management team, to ensure we fulfil our mission of feeding the nation and the region.



ROSETA CHABALA
CHAIRPERSON

Managing Director's Statement



HIGHLIGHTS

- Increased estate cane yield per hectare, 13%
- Improved factory reliability and performance-breaking 23 records
- Embedment of SAP in daily operations
- ABF Sugar 2025 Best Factory Performance of the Year Award
- ABF Sugar 2025 Best Commercial Performance of the Year Award
- Tragic, contractor fatality

I am pleased to present to you, operational, commercial, and financial results achieved under challenging economic conditions worsened by the residual effects of the unprecedented drought experienced in the 2023/24 rainy season. These results demonstrate the business' resilience and ability to perform under challenging conditions.

SAFETY

Safety continues to be a top priority at Zambia Sugar as we strive to create a safe place to work for all our employees and contractors. While we continue to make progress on our safety journey, we are saddened by the tragic loss of Mr Joseph Kunda, a Kal Tire third party contractor employee, who was fatally injured on 21 August 2025, while repairing a tyre at the Nakambala Transport Workshop. This tragic loss of a husband and father of two, is a painful reminder of how important safety is and strengthens our resolve to do everything possible to continue to improve safety in the entire supply chain. We sent our deepest condolences to his family, friends, and colleagues.

This fatality, and the eight Lost Time Injuries (LTIs) that were recorded during the period

under review, highlight that we still have a lot of work to do and that we need to scale up efforts to improve safety by all our contractors. We continue to place greater focus on personal choices through our Busongo Safety Behaviour Programme which enables our people to make safe choices in their workstations every day. Rigorous focus on leading indicators including reporting of near misses and increased frequency of toolbox talks continue to be enhanced as we strive to achieve our goal of ensuring that everyone in our supply chain goes home safely every day, everywhere, without exception.

Our Safety Week, which is conducted at the start of the crushing season, was again a resounding success. It highlighted the importance of integrating safety into every aspect of our work activities and the importance of making sound personal choices. The focus on Behavioural Safety Awareness and strong leadership have been invaluable in raising awareness and ensuring that safety remains a top priority.

We also made substantial investments in safety infrastructure, including the construction of pedestrian walkways and roads to separate vehicles and people. Additionally, we continued to bolster our fire prevention and detection systems, ensuring

that we are well-prepared to deal with the ever-present risk of fire. There was a focus on engineering out unsafe installations across all our operations and considerable progress has been made in this regard.

The commitment to safety continues to be reinforced through the authorisation of all employees and contractors to stop doing any work deemed unsafe. This message continues to be communicated in all interactions with employees and contractors.

HEALTH

The health and well-being of our employees and surrounding communities remains a top priority and our hospital leadership and staff, once again, led from the front on health matters. We commemorated the Satellite World Aids Day, which will now be commemorated annually at Nakambala. We made significant upgrades to the Chuula Clinic, including the installation of a solar-powered borehole to ensure clean water is available reliably. We all know that productive work is underpinned by employee health. We remain immensely proud of the work that our doctors and health teams are doing at our hospital, clinics, and communities. Our most sincere gratitude goes to them for working day and night to protect our health and that of our

family members.

FINANCIAL PERFORMANCE

Total revenue for the year ended 31 August 2025 increased by 18% from K7 530 million to K8 897 million. This growth was driven by a 23% increase in domestic revenue and a 9% improvement in export sales realisation, reflecting enhanced value capture and sales mix optimisation across both market segments.

Due to the effects of the drought, sugar production declined following the drop in cane supply. Coupled with escalating costs due to inflationary pressures on key inputs such as electricity, fertilisers, chemicals, packaging, fuel, and employee costs, cost of producing sugar per ton consequently increased. The significant increase in operating expenditure resulted in a 23% decline in operating profit for the year, from K2 567 million in the prior year to K1 987 million.

The drought caused a crippling shortage of power in the country that needed a swift response to safeguard agricultural and factory operations. Through the Power Supply Agreement (PSA) with ZESCO, the business secured foreign currency denominated imported emergency power. While critical to sustaining operations, the premium on the cost of this power resulted in a 67% cost escalation which translated to a K100 million increase in cost of power that contributed to the year on year drop in profit.

Finance costs rose to K116.6 million from K38.7 million, largely due to increased interest expense associated with working capital facilities, lease arrangements, and statutory obligations. Although Interest coverage ratio remains sound at 17, it was lower than the 66.3 in the prior year. The business expanded its investment in core capital projects and secured a K700 million three-year loan to support working capital and climate resilience initiatives. This is expected to stimulate broader economic activity across the value chain. The business closed the year with a robust cash position of K1 016 million.

As a result of the adverse effects of the drought and the consequent drop in profit, the business reported a 48% reduction in income tax expense, which reduced from K451 million in the prior year to K233 million.

Similarly, Profit after Tax decreased from K2 058 million in prior year to K1 634 million resulting in Headline Earnings per share declining by 21%, from 650 Ngwee to 516.1 Ngwee.

OPERATIONS

Although power challenges continue to impact the whole country, the good relationship enjoyed with ZESCO resulted in the business securing adequate power for irrigation, guaranteeing continued production which supported the attainment of the production and commercial objectives for the financial year. However, growers who produce approximately half of the crop were negatively impacted by power shortages. Consequently, cane yield across the cane supply area was adversely impacted by the drought and attendant power shortages resulting in both quantity of cane harvested, and sugar production declining compared to the prior year. Sugar cane supply for the year was 3.191 million with 1.59 million tonnes of cane from own estate, while outgrowers supplied 1.6 million tonnes of cane, accounting for 49.9% and 50.1% of total supply, respectively. Notably, the estate exceeded its budgeted cane supply by 5.5%, reflecting strong agronomic performance and operational efficiency following investment in irrigation systems and introduction of a more sustainable farming system.

The factory recorded one of the best performances on record including the highest cane crush per week, cane crush per day, cane crushed on a stop day and refined sugar produced per day. This strong performance partly mitigated the drop in cane supply, to produce 372 328 metric tonnes of sugar and 88 935 tonnes of refined sugar for the financial year.

Strong leadership, teamwork, regular engagement with employees, a commitment to operational excellence and a focus on asset reliability were key contributors to operational performance.

COMMERCIAL

Commercial performance in the 2025 financial year was exceptional taking into account challenging weather as well as macroeconomic and business headwinds faced during the year. Although performance declined marginally compared to the prior year, the Commercial and Logistics teams delivered an exceptional performance in meeting customer and consumer needs,

ensuring that domestic demand was fully satisfied.

Due to limited stocks, export sales were moderate due to prioritising the domestic market. Additionally, the appreciation of the Kwacha in the third quarter of the calendar year, created pressure on the competitiveness of Zambian exports. This resulted in a decline in export volumes of Non-Traditional Exports (NTEs) including sugar while at the same time stimulating illicit imports of sugar into the domestic market further reducing the business' sales. The effective management of logistics ensured availability of Whitespoon products to fully meet demand across the country.

As we continue to broaden our product portfolio to meet the needs of all consumer segments, we successfully launched the 70g minipack which the business will leverage to penetrate new domestic market segments.

The Last Mile Resellers (LMRs) initiative which is aimed at improving service delivery resulted in significant growth in secondary distribution and played an instrumental role in the achievement of domestic sales volume of 315 120 tonnes, an incredible performance by all the teams despite the challenges experienced throughout the year.

STAKEHOLDER ENGAGEMENT

As part of our continued engagements with stakeholders within the area of operations and across the country, we constructively resolved several issues and formed new relationships aimed at driving the business forward. Productive engagements continued to be held with the Water Resource Management Authority (WARMA), Zambia National Farmers Union (ZNFU), growers and ZESCO as we continued to collaborate to minimize the impact of the drought on the sugar industry and supply of sugar in the country.

We continued to provide support to local communities through the refurbishment of roads, clinics, schools, sponsorship of sports and material support to traditional ceremonies across the country. I am particularly pleased with the Walk a Mile in My Shoes school initiative done jointly with ZAMBEEF Products Plc which is focused on providing needy school children with shoes. The smiles this initiative put on the children's faces at the beneficiary schools in Mazabuka renewed our commitment to

continue with this project into the new year.

Our commitment to environmental sustainability continued unabated throughout the year. We focused on efficient water management, including the reuse of factory wastewater for irrigation, which helped to reduce volume of water abstracted from the Kafue River. A major highlight among the initiatives during the year was the tree planting campaign which continues to support efforts aimed at greening the estate and contributing to tackling climate change countrywide. We planted 7 000 indigenous trees during the financial year to support ecosystem preservation. We remain confident that the target of 12 000 trees by the end of the calendar year will be achieved as we continue to focus on environmental stewardship and sustainability.

NEW ENTERPRISE RESOURCE PLANNING SYSTEM - SAP S/4HANA

One year after introducing the Enterprise Resource Planning (ERP) system, S4HANA (SAP), we are now using it successfully throughout the organisation. As can be expected with a project of this magnitude, we experienced some challenges which we are working to resolve to ensure that we realize the full benefits of our investment in SAP. We have put together a dedicated team working closely with the ABF Sugar Group to support this process.

As part of creating an excellent operation, we remain committed to ensuring that SAP is used effectively in all our operations to achieve the efficiencies that it is designed to enable in our business operations.

LEADERSHIP TEAM

To strengthen leadership capacity for safety and reaffirm its strategic importance to the organisation, Safety became a stand-alone function with a direct reporting line to the Managing Director. I am happy to announce that Mrs. Priscilla Msiska joined the Leadership Team as Safety Director in September 2025. I wish her every success in her role.

OUTLOOK

We anticipate an increase in economic activity in the rural areas due to the bumper 2025 maize harvest in the country which should spur strong demand for our direct consumption products. Due to inflation continuing to show a downward trend and the improvement in mining activity, Gross

Domestic Product (GDP) is forecast to grow by 6% this year which bodes well for our business.

Although the power situation continues to be a challenge, the business has secured power for irrigation and has introduced effective electricity load management initiatives which will drive higher cane production while helping to mitigate the cost of power in the short term.

Our improved farming systems, including the installation of drip irrigation systems, have started bearing fruit and we have recorded cane yields above 200 tonnes per hectare in some fields which shows the potential that exists to improve overall yields on the estate. We are confident that this trend will continue as these systems are rolled out across the estate in the future.

The approval of the long-awaited K2 billion Twazabuka Project was a significant milestone, and we should see significant progress in implementation and execution in 2026. Having successfully completed the Falling Film Evaporator (FFE) project on time, we are excited that commissioning is progressing well, and that the equipment will be ready for the 2026 crushing season ensuring that we realize the benefits of this investment as planned.

The continued appreciation of the Kwacha is a double-edged sword. On the positive side, it reduces costs denominated in foreign currencies while at the same time it adversely impacts exports in terms of both volume and price realization. In addition, a strong Kwacha increases illegal imports through the border towns as well as legally imported products which reduce industrial sugar demand by the beverage and confectionary products manufacturers. Concerted efforts are in place to help address these challenges in the new financial year.

Our local and regional market demand for sugar remains strong and the business is well positioned to serve customers and consumers with a strengthened Route to Consumer and expanded product portfolio following the introduction of the 70g mini pack for low-income consumers.

ACKNOWLEDGMENT

Our Whitespoon brand remains a household name and the preferred choice among consumers. We are grateful to our customers and consumers for their continued support,

trust, and loyalty, and we appreciate the efforts of our employees in serving them. I would like to express my sincere gratitude to the Board for their ongoing support, guidance, and commitment, which enables us to effectively serve customers and consumers.

Our Management and employees are dedicated, and committed to continue creating value for our shareholders and stakeholders in the years ahead as we fulfil our mission to feed the nation and the region.



OSWALD MAGWENZI
MANAGING DIRECTOR



Who we are

Zambia Sugar PLC is the producer of the renowned Whitespoon sugar brand and is the country's leading sugar producer, serving the domestic and regional markets. The business' wide range of sugar and sugar products include direct consumption sugar enriched with Vitamin A, brown and household sugar, refined sugar for industrial customers, syrup, speciality sugars and molasses sold as animal feed for both the local and export markets.

Zambia Sugar PLC is listed on the Lusaka Securities Exchange (LuSE) with 25% held as free float taken up by institutional and private investors. 75% is directly held by ABF.

Zambia Sugar operates a very large estate 135 km south of the country's capital city, Lusaka, with over 28 000 hectares under sugar cane cultivation. It is the country's leading private sector employer and operates one of the world's most successful Outgrower models, a collaboration of 403 outgrowers made up of 24 Commercial farmers and 379 smallholders in 3 schemes. There are over 3 885 people employed by outgrowers.

Zambia Sugar is focusing on innovation to create long-term value for all stakeholders, from customers, employees and suppliers to shareholders. In line with the business' Environmental, Social and Governance (ESG) commitments, the business continues to innovate and place more care on daily operations and striving to use resources more efficiently and in a way that protects the environment, for the benefit of all stakeholders today and in the future.

ABF SUGAR

Zambia Sugar forms part of the ABF Sugar Division, which is a division of the international food, ingredients and retail group, Associated British Foods plc (ABF). Within the ABF Sugar Division there are operations in Africa, Spain and the UK. In Africa there are sugar cane operations in Eswatini, Malawi, South Africa, Tanzania and Zambia, and a packing operation in Rwanda. The operations in Spain and in the UK are the largest sugar producers in their respective regions while Zambia Sugar is the largest single sugar mill in Africa.

ABF Sugar's sugar-making plants are efficient bio-refineries that enable the production of a range of products including sugar, animal feed, biofuels and a number of speciality products. It has the market leading consumer brands in over half its markets, including Silver Spoon in the UK, Azucarera in Spain, Bwana Sukari in Tanzania, Whitespoon in Zambia and Illovo in multiple markets. ABF Sugar is also a large-scale power generator, with renewable sources providing 60% of own energy use as well as significant renewable energy exports into national grids.

Although the ABF Sugar Division has a global portfolio, it operates on a local basis, working together to do what is right in each location and market. As ABF Sugar continues to evolve to meet the changing needs of customers, growers and others, its role is to ensure it uses resources responsibly, builds strong rural economies and supports local communities.

ASSOCIATED BRITISH FOODS plc

Associated British Foods is a highly diversified group with a wide range of food and ingredients businesses, more than 40 well-known grocery brands, and the flagship retail brand, Primark. It has a strong social purpose: to provide safe, nutritious and affordable food, and clothing that is great value for money.

ABF is a global organisation with 138 000 employees, operations in 56 countries, suppliers in many more, and customers in more than 100 countries. More than half of the senior leaders are non-UK citizens, representing 26 different nationalities among them. With the breadth of its business, brands and global reach, ABF aims to consistently deliver value to all its stakeholders.



100% Owned, Est 1903



100% Owned, Est 1912

KILOMBERO
SUGAR COMPANY

75% Owned, Est 2013



60% Owned, Est 1903



100% Owned, Est 2018



65% Owned, Est 1965

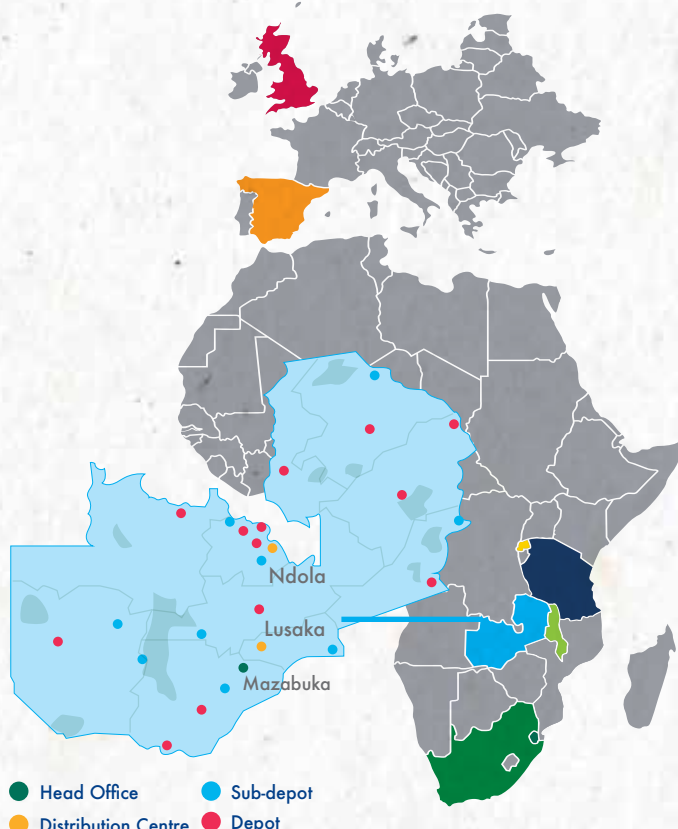


100% Owned, Est 1891



Zambia Sugar

75% Owned, Est. 1964



A Rich History

1955

Local Mazabuka farmer, Tony Dahl, plants sugar cane at his Better Ole Farm (later called Dahlia Sugar estate). This was later to be taken over by Zambia Sugar PLC

1960

Cane is first planted in Chirundu on the Southern Rhodesia side with the refinery located in Ndola.

1966

Tate & Lyle develop Nakambala Estate.

1967

the first commercial cane planted at Nakambala.

1968

Raw sugar is produced at Nakambala and refined at Ndola Refinery.

1995

The Company is privatised Tate & Lyle (50.9%), CDC (31%) & GRZ-ZPTF (18.1%).

1996

Zambia Sugar PLC is listed on the Lusaka Securities Exchange, Lusaka Stock Exchange (LuSE).

2001

Illovo acquires a 50.9% share in Zambia Sugar PLC, and later increases it to 89.71%.

2006

Following its successful acquisition of British Sugar, ABF sought to expand its presence in the sugar industry and purchased a 51% stake in Illovo, a sugar company based in Africa.

2007 - 2009

Zambia Sugar PLC undergoes the biggest expansion project since its inception, increasing its sugar production capacity from 200 000 tonnes to 445 000 tonnes annually. This expansion included both agriculture and milling capacity in 2009. It is the largest single investment outside the Mining sector in Zambia.

2016

The Company increases production capacity of refined sugar from 40 000 tonnes per year to 90 000 tonnes per year. The Commissioning is held in July 2016 by the then Head of State, His Excellency President Edgar Lungu.

2016

Zambia Sugar PLC increases free-float to 25% thereby reducing Illovo's shareholding from 89.71% to 75%.

ABF acquires the additional 49% stake in Illovo to take full ownership.

2021

After 24 years of service, Rebecca Katowa retires as Zambia Sugar PLC Managing Director. Oswald Magwenzi, former Managing Director of Eswatini, Ubombo Sugar Limited, assumes Managing Director role.

2023

Record domestic sugar sales of 276 000 tonnes.

2024

Record domestic sugar sales of 320 419 tonnes. Record Annual sugar production of 425 531 tonnes.

Zambia Sugar PLC commemorates 60 Anniversary commissions 3500 Ha outgrowers expansion with event graced by the Republican President, Mr Hakainde Hichilema.

2025

Record revenue generation of K8.897 Billion. Record share price of K48 resulting in a market capitalisation of over K15 Billion.

Vision, Mission & Values

Zambia Sugar PLC aims to make a lasting contribution to society, delivering for the people, suppliers, communities, customers, consumers, and the environment. It does so by every employee embodying the following established Company and Group values:

VISION

To be a safe, healthy, and respectful workplace, a beautiful estate and a diversified agribusiness which is the best at serving customers and consumers.

MISSION

To make safe and high-quality food, that is abundant, available, and affordable for consumers.

HOW

By harnessing people's talents, abilities, natural resources, facilities, processes, and technology.

VALUES

RESPECT

ESTEEMING OTHERS

We value the opinion of others and promote an open and transparent discussion regardless of background, age, gender or position. We show respect in the way we speak and or behave towards others including our friends, family, colleagues and neighbours in every interaction. We listen to what others have to say and objectively respond with our views, making sure that we value every contribution. We also explain why we have to say "no" when the situation requires it.

ACCOUNTABILITY

DELIVERY FOCUSED

We find ways to break through resistance and obstacles, and strive to seek new methods in order to continuously improve. We align our day-to-day work with the ABF Sugar vision and strategic intent, and our objectives, action plans and commitments are delivery focused. We also engage in celebrating our achievements.

INCLUSIVENESS

EMBRACING DIVERSITY

We leverage on our diversity in order to maximise performance by actively supporting transformation initiatives. Because we value innovation, creativity and inclusion, we respect each other's opinions and perspectives, treat people with dignity and respect, and build culturally diverse teams.

EMPOWERMENT

EMPOWERING PEOPLE

We are committed to the development of our people through the continued acquisition of new knowledge and skills. We use various methodologies to enhance the learning experience and the transfer of skills. We earn each other's trust, provide constructive feedback and hold ourselves and others accountable for performance development.

COMMITMENT

WORKING COLLABORATIVELY

We are committed to the success of the whole and together look

for ways to co-operate and support each other, even when the immediate benefit is one-way. We value strong networks and working relationships that are underpinned by teamwork, open communication, trust and respect. We invest time and other resources to build and nurture high-performing teams.

INTEGRITY

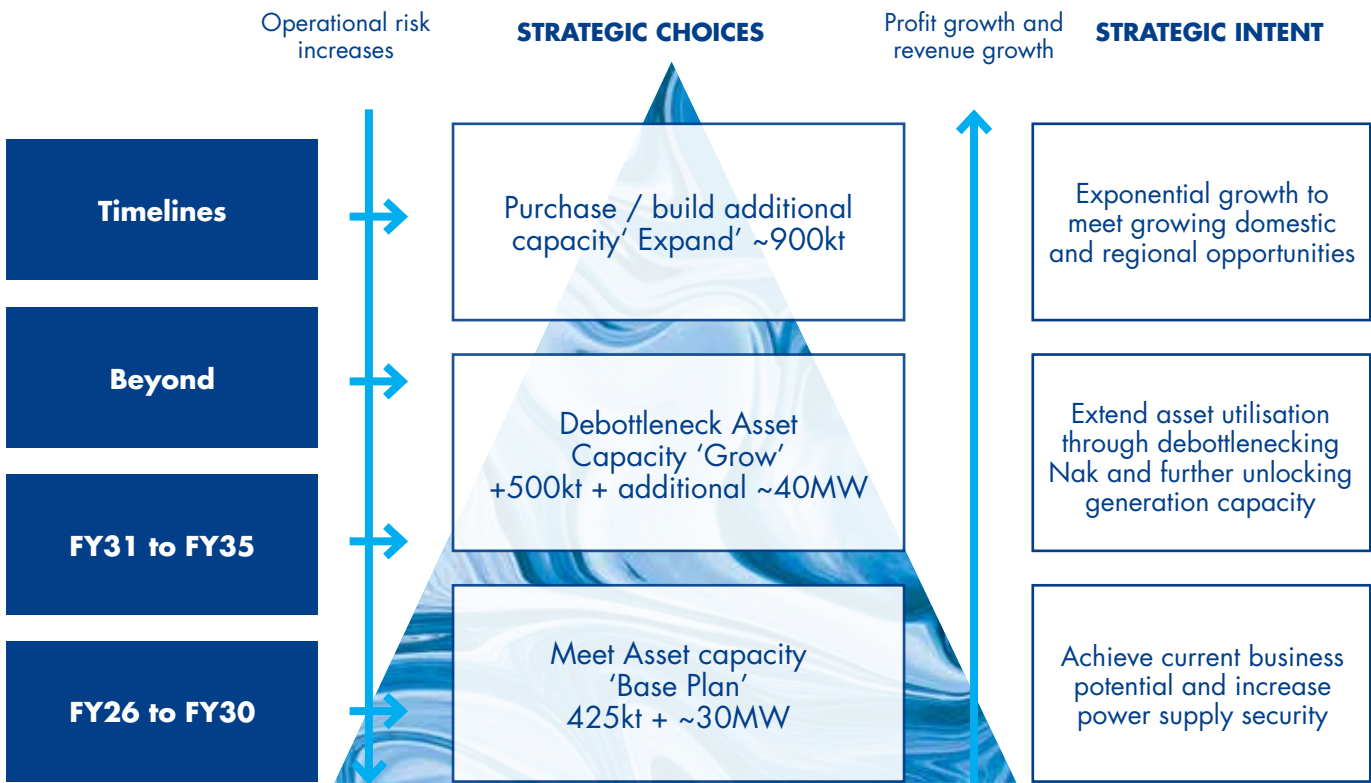
UPHOLDING VALUES

We consistently live our values, treat all individuals in a fair and consistent manner, as well as act in accordance with ethical guidelines and statutory requirements. We are welcomed by the communities in which we operate, are trusted by investors, and our employees are proud to work for us.

Our Strategy

Our strategy aims to maximize the current asset potential through debottlenecking, investing in new consumer serving infrastructure and horizontally growing agricultural capacity and finally building or expanding processing capacity. The growth trajectory is aimed at achieving our vision to be the best at serving customers and consumers locally and in the region, sustainably.

The infographic below highlights the timelines of our strategic choices.



Execution of the strategy is through unlocking value of the four Must Win Battles (MWBs) which have increased from three in the previous year. A key component of sustainable supply is anchored on the business’s ability to generate electricity to fully supply its needs and that of its outgrowers. The outcome and response to that need is the addition of the fourth Must Win Battle: Expand Renewable Energy. Value is further unlocked through the safe wellbeing of the people, operational efficiencies, and right first-time market supply.

The four MWBs of the strategy are summarised below:

MAKE ZAMBIA SUGAR (ZS) A SAFE AND GREAT PLACE TO WORK:

Driven by the safety of staff, we aim to build a high-performance culture that promotes diversity, equity, and inclusion while attracting and retaining the best talent and capabilities in the industry.

CREATE AN EXCELLENT OPERATION

The business strives to create operational efficiencies through innovative agricultural practices at scale which include technologies such as Synergistic Short Furrow Irrigation and Drainage (SSID) and new farming systems. Continuous improvement in the factory will unlock additional throughput with increased overall time efficiency (OTE) and overall sugar recovery (OR).

MEET DOMESTIC AND EXPORT DEMAND SUSTAINABLY

This component of the strategy ensures that products are safely packaged and available in appropriate sizes for the right markets, at competitive prices.

EXPAND RENEWABLE ENERGY

The business has added expansion of renewable energy as a key MWB. The ability to continuously supply energy to the business and some of its major stakeholders is key to value creation, mitigation of value erosion risk, and protection of current value generated.

Below is an infographic which shows the different components of the strategy to 2030



VALUE CREATION

Commitment to value creation has required continuous alignment with the evolving needs of the customers and the demand for operational efficiency. The Results Delivery Office (RDO) continues to provide a cross functional platform to ensure value realization.

INVESTMENT IN CORE COMPETENCIES

Investment in operational excellence, including prudent capital allocation to strengthen the balance sheet continues to be put in effect. To ensure commercial capability expansion, the business has commenced the construction of a modern packing and warehousing facility (Project Twazabuka) in line with the MWB of Meeting Domestic and Export Demand Sustainably. This facility will enable flexible packing for 52

weeks annually, up from the current 36 weeks. In the factory, the Falling Film Evaporator Project aimed at improving overall time efficiency is currently undergoing commissioning.

VALUE THROUGH PEOPLE

People are the most valuable asset. Aligned with the MWB of making Zambia Sugar a Safe and Great Place to Work, employee welfare remains paramount in the value creation process. Current initiatives include talent attraction and retention, refurbishing of employee housing across the estate, and other infrastructure upgrades across the business.

RENEWABLE ENERGY

The business has invested in the development of 13 MW

of power expected to come online in the first quarter of the next financial year. As part of our energy diversification strategy, the business is currently in the early stages of assessing the feasibility of an additional 15 MW of renewable power.

VALUE EROSION

The business proactively measures, manages, and addresses value erosion to safeguard its operations. Economic downturns, market fluctuations, and regulatory changes are potential risks which are being mitigated through the focus on creating a safe place to work, effective risk mitigation, and adaptability to changes in the business environment.

FOREIGN CURRENCY EXPOSURE

Currency fluctuations have caused some costs to exceed budget. However, a proactive approach to managing costs denominated in United States Dollars and South African Rands using export proceeds as a hedge, continues to be implemented.

VALUE PRESERVATION

The following are key areas of focus that support efforts to preserve value and mitigate against risks across the value chain:

PRODUCT QUALITY AND COMPLIANCE

The business's commitment to maintaining high product standards is supported by risk-based quality management and strict compliance. Successful food safety audits and reduced customer complaints reflect Zambia Sugar's dedication to meeting both domestic and export demands sustainably.

OPERATIONAL EFFICIENCY

Ensuring projects are delivered on time, within scope and budget, is essential to protecting profitability and enhancing shareholder value.

SAFETY AND ENVIRONMENTAL RESPONSIBILITY

Recognizing the risks of safety and environmental incidents, we prioritize robust Safety, Health, Environment, Risk and Quality (SHERQ) systems and climate resilience measures. These are key to making Zambia Sugar a safe, sustainable, and excellent place to work.

STRATEGY EXECUTION

The Results Delivery Office (RDO) remains core to strategy execution and maintains focus towards Zambia Sugar's 2030 ambition.



Commercial

Zambia Sugar PLC's mission is to make safe and high-quality food that is abundant, available and affordable by consumers

Zambia Sugar's commercial performance in the 2025 financial year (FY25) remained exceptional amid the macroeconomic and operational headwinds faced during the year. Although performance declined marginally compared to the prior year, the business outperformed forecasts across all key segments.

In the Domestic market, the business navigated macroeconomic volatility, including an appreciating Kwacha and inflationary pressures, ensuring the protection of margins by optimizing the sales mix. The competitive landscape was characterised by intensified pressure from both formal and informal channels, particularly in border regions and rural markets. The Whitespoon brand retained its leadership position in terms of brand preference and availability.

The most significant competitive threat came from illegal imports, particularly from Malawi. The appreciation of the Zambian Kwacha made imported sugar materially cheaper, with some Malawian brands landing at prices up to 33% lower than Whitespoon. This price differential, combined with reduced consumer Willingness To Pay (WTP) amid economic strain, led to increased switching behaviour, particularly in rural and peri-urban markets where affordability often outweighs brand loyalty.

Despite these challenges, Whitespoon remained the preferred brand, with 96% of surveyed households identifying it as their brand of choice. This loyalty was underpinned by perceptions of quality, sweetness, and trust. Research conducted in the year also identified product availability and the optimization of the price ladder as the two most important drivers of consumer choice, underscoring the critical importance of consistent supply and the maintenance of all strategic price points in the market.

ROUTE TO CONSUMER (RTC) REMAINS A STRATEGIC PRIORITY

The business places the consumer at the center of its strategy and, in FY25,

reinforced this commitment by focusing on enhancing product accessibility through improvements to its RTC model and nationwide service delivery.

RTC remained a strategic priority for the business given the value it creates. As a result, the Commercial function has continued to focus on implementing initiatives intended to improve its effectiveness. Guided by commercial imperatives, the introduction of Local Area Representatives (LARs), a strategic intermediary layer designed to bridge the gap between Last Mile Resellers (LMRs) and the broader trading system, strengthening coordination and execution at local level. This initiative is expected to drive the growth in secondary distribution and, therefore, lead to enhanced revenue generation.

Further to the roll out of LARs, complementary enablers were implemented to increase the effectiveness of the RTC model. This included the expanded use of digital platforms and the strategic placement of 40 foot containers in underserved rural markets to improve availability of Whitespoon products. The Sales Force Automation (SFA) system was customized to better reflect the way the Commercial team manages its sales force and resellers, and the business took significant steps in commencing with the rollout of a Distributor Management System (DMS) to transform reseller management and service delivery.

Retail chains, with their national reach and growing presence in suburbs and townships, represent a key growth channel for the business. To leverage opportunities in this segment, a third party solution to enhance service delivery to retail chains was implemented, to increase on shelf availability and to grow share of shelf across stores.

As a result of these initiatives, Whitespoon sustained a strong national availability score averaging 97% during the year, a slight improvement from 96% in the previous year.

Together, these initiatives strengthen consumer access, improve trade servicing and position the business to sustain commercial growth and competitiveness.

WE ARE A MARKET LED BUSINESS

In keeping with Steve Job's famous quote, "You have got to start with the customer experience and work back to technology, not the other way around", the business commissioned a comprehensive consumer study early in FY25 to probe evolving behaviors, preferences and perceptions in the sugar category amid economic pressure, shifting health perceptions, and intensified competition. The research confirmed that affordability remains the primary purchase driver and identified a clear shift toward daily purchase versus weekly or monthly purchases. That shift has increased purchase frequency and driven strong demand for smaller pack formats.

In response, the business introduced a 70g pack in FY25 to meet disposable incomes among low-income consumers, support daily usage patterns and formalize informal tie bag trade by providing a hygienic and branded solution. Demand for the very small format (70g) and small formats (195g and 330g) significantly exceeded installed production capacity, adversely impacting supply reliability, with the availability score of the 70g format falling to as low as 15% in some regions.

The commissioning of the K2 billion Twazabuka project will address these constraints and will allow the business to pack on demand and improve supply



reliability. Once implemented, this investment will deliver a long-term solution to supply reliability across various packaging sizes, including the 70g, 195g and 330g formats.

THE BUSINESS HAS BEEN SELECTIVE ON THE EXPORT FRONT.

The export performance was shaped by a complex mix of global market volatility, regional currency dynamics, and deliberate strategic intent. The global sugar market experienced a significant downturn during the year, with prices falling from highs of 23 US cents per pound to lows of approximately 15 US cents. In response, the business adopted a cautious and selective export approach. The business focused on growing its market share in primary markets. The business successfully navigated a turbulent global environment, exceeded its export targets, and laid the groundwork for a more resilient and value-driven export model in the years ahead.

Whitespoon continued to retain market leadership, recording 96% brand preference, approximately 70% brand equity and a Net Promoter Score of 76%. FY25 highlighted the need for continued innovation and investment in the Whitespoon brand.



Agriculture

SUGAR CANE SUPPLY

The total sugarcane supplied to the factory over the two growing seasons during the financial year was 3.191 million tonnes, reflecting a 10% decrease from August 2024 (3.544 million tonnes). The decline in tonnage was primarily attributed to the residual effects of the severe drought experienced in the 2023/24 season, especially early in the growing period. However, the total supply exceeded its target of 3.113 million tonnes by 2.4%, indicating strong agronomic performance and operational efficiencies. Of the total sugarcane supplied, own estate operations contributed 1.591 million tonnes (August 2024: 1.824 million tonnes), while other growers supplied 1.600 million tonnes (August 2024: 1.720 million tonnes), representing 49.9% and 50.1% of total deliveries, respectively.

SUGAR CANE QUALITY

The sucrose (Pol) content for the financial year under review was 14.09%, which was marginally below the forecast of 14.19% due to wet weather conditions at the start of the harvest season that adversely impacted natural cane ripening, and below the 14.38% recorded in August 2024. Nonetheless, this decline was offset by higher yields.

IRRIGATION

During the year under review, the water levels of the Kafue River, which is the primary irrigation water source at the Nakambala intake point, were generally below the long-term mean (LTM) of 976.92 m by an average of 1.32 m for the year, but slightly above the previous year's level. The irrigation water year-to-date supply exceeded demand at 102% of the budgeted requirement and experienced minimal interruptions despite national load-shedding challenges, thanks to secured premium power from ZESCO, along with improved pump availability and

infrastructure enhancements. The full year's controllable pump Lost Time Incidents (LTI) closed at 1.6%, well below the target of 4%. Major capital projects, including pump replacements, fire system upgrades, and the desilting of Dam 9 and Dam 50, further strengthened irrigation capacity and asset reliability.

OWN ESTATE CROP PRODUCTION

The sugarcane crop across Nakambala estate or miller-cum-planter (MCP) showed robust growth and good health during the year. The estate achieved yields of 129 tonnes per hectare (August 2024: 114 tonnes/hectare), while the growers achieved cane yields of 120 tonnes per hectare (August 2024: 124 tonnes/hectare).

This improved own cane yield was due to the benefit of autumn-replanted fields that averaged 163 tonnes per hectare, exceeding the estimate of 160 tonnes per hectare. Additionally, converting furrow irrigation systems to drip and implementing the Synergistic Short Furrow Irrigation and





Drainage (SSID) systems contributed significantly to boosting cane yield to an average of 185 tonnes of cane per hectare for replanted fields during the year.

Although early-season rains and higher-than-average temperatures promoted growth, they adversely impacted cane quality.

The business achieved its target of planting 1,718 hectares for the season. A further 21 hectares will be planted in the new financial year.

The level of pests and diseases remained under control during the financial year. Yellow Sugarcane Aphid (YSA) and smut infections continue to be below economic thresholds, demonstrating the effectiveness of ongoing preventative measures.

The theft of sugarcane and irrigation infrastructure continued to be a growing concern. To address this, measures such as increased drone surveillance in high-risk areas have

been introduced. Additionally, the production team temporarily assigned workers to guard vulnerable Centre Pivot installations, leading to notable improvements in theft deterrence, especially in the risk prone areas. Despite these efforts, theft levels of cane and irrigation infrastructure have risen during the period under review. The business has engaged the Municipal Council and the community in formulating ways of collaboration to help avert this problem.

INBOUND LOGISTICS - MARSHALLING YARD

Phase One of the sugarcane haulage system platform, which includes an 'automated weighbridge calling system' known as 'Cane Logistics Management System' (CLM), was successfully installed and became operational.

Phase Two, involving the introduction of electronic consignment notes, is scheduled to be implemented in the 2026 financial year (beginning April 2026).

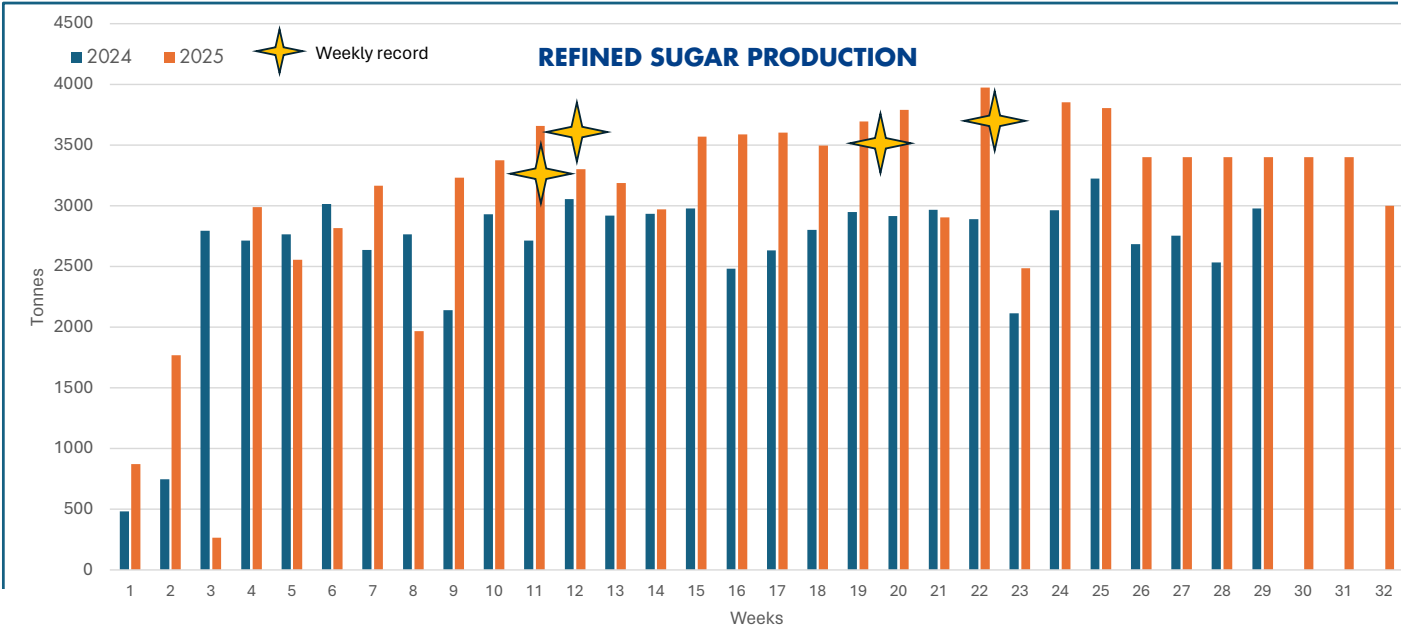
SMALLHOLDER GROWER DEVELOPMENT

During the period, Mazabuka Sugarcane Growers Trust (MSCGT) provided support to the Manyonyo smallholders through the Manyonyo Irrigation business (MIC) resulting in 63 hectares being planted, with a further 21 hectares to be fallowed and planted with a green manure crop of sun hemp in readiness for sugarcane planting in April 2026. An additional 24 hectares of virgin land will be planted at the start of the 2026 season.

To facilitate a scoping exercise of a potential expansion area in Mazabuka, an external consultant was engaged to evaluate smallholder community land in Mwanachingwala, Manyonyo and, Mazabuka. The business remains committed to phased implementation of viable projects following the review of the evaluation report.

Factory Operations

During the 2025 financial year, the factory achieved an average crush rate of 730 tonnes of cane per hour, exceeding its design rate of 700 tonnes of cane per hour while refined sugar throughput increased by 22 % compared to the prior year (Figure 1). This resulted in 3 191 074 tonnes of cane being crushed producing 372 328 tonnes of sugar while the downstream sugar refinery produced 88 935 tonnes of refined sugar.



The factory achieved several production records (table 1) indicating a world class performance by maximizing the plant and equipment availability and operational performance, supported by strong leadership, teamwork, regular engagements with employees and a commitment to operational excellence.

PRODUCTION RECORDS (TONNES)	
TONNES CRUSHED PER WEEK	121 860
WEEKLY SUGAR PRODUCTION	15 735
DAILY REFINED SUGAR PRODUCTION	691
WEEKLY REFINED SUGAR PRODUCTION	3 970

During the period under review, several energy improvement initiatives contributed to an increase of own power generation to 109 GWh compared to 103 GWh the previous period. Further energy efficiency initiatives continue to be implemented to increase own power generation to 146 GWh in the short term, while exploring capital intensive projects in parallel with these initiatives which are aligned to Zambia Sugar’s strategic focus of becoming power self-sufficient. The balance of electrical power required by the Nakambala Estate was imported from Zambia electricity supply cooperation (ZESCO), further enabling operations throughout the year.

Zambia Sugar PLC has continued to advance its capital investment programme, reinforcing its commitment to sustainable strategic growth and operational excellence. In the factory alone, a total of 22 projects were completed at a cost of K185 million; 8 % of which was for safety, 9 % on cost reduction initiatives and 83 % on essential replacement. Operational excellence will be enhanced by the recently completed K400 million Falling Film Evaporator Project which is currently being commissioned. This project will increase throughput and unlock more opportunities for improving energy efficiency.

The factory remains focused on the strategy to establish a safe, robust, resilient, reliable and efficient factory that

will sustainably crush 3.5 million tonnes of cane in 34 weeks and produce over 100 000 tonnes of refined sugar.

To ensure effective operations and the attainment of these strategic objectives, the factory team will continue to focus on best maintenance practices to improve asset reliability, operational excellence and increase own power generation. Aligned to this is a structured learning and development plan providing employees with the essential skills and knowledge to work safely and efficiently.



Supply Chain

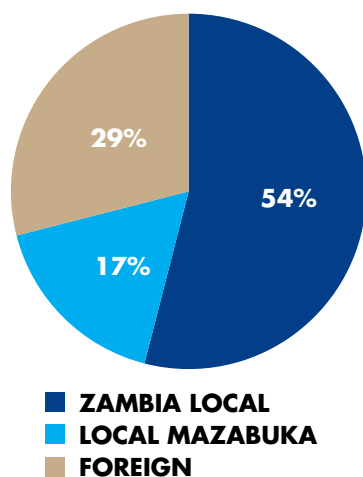
During the year under review, the Supply Chain team prioritized effective procurement and inventory management, guided by the principles of “buy better” and “spend better.” This strategic focus ensured cost efficiency and value optimization across the sourcing process. Additionally, the team maintained a strong performance in outbound logistics, ensuring timely delivery of sugar to all customer segments, including trade and industrial, within both local and export markets. Other key focus areas included demand and supply planning, employee and product safety, sustaining product quality, and supplier development.

PROCUREMENT AND INVENTORY

The business successfully completed the second phase of its Supplier Development Programme which was done in collaboration with the National Council for Construction (NCC). This initiative reflects a strong commitment to building local supplier capacity and enhancing the quality-of-service delivery. As the programme progresses, the focus is shifting towards contractor safety, particularly during on-site project execution, reinforcing the organisation’s dedication to responsible and sustainable operations.

Seventy-one percent (71%) of the annual

FY25 PROCUREMENT SPEND



procurement expenditure was directed toward local suppliers, with 17% of this local spend allocated to suppliers based in Mazabuka. The remaining expenditure was incurred through Original Equipment Manufacturers (OEMs) and suppliers of specialised factory spare parts located in South Africa, Europe, and Asia.

SALES AND OPERATIONS PLANNING

Sales and Operations Planning (S&OP) is an integrated planning process that aligns demand, supply, and financial planning, and is managed as part of Zambia Sugar’s planning process. The business continues to strengthen its decision-making framework by leveraging the collaborative pillars of its Sales and Operations Planning (S&OP) platforms. This integrated approach has enhanced forecasting capabilities, enabling forward-looking decisions that ensure consistent market supply of sugar throughout the year.

CUSTOMER SERVICE CENTRE

Customer engagement remains a strategic priority for the Customer Service Centre (CSC) team, with a clear focus on delivering the right sugar packs at the right time. The implementation of the Transport Management System (TMS) during the year, is a significant step forward, enhancing delivery reliability and supporting the organisation’s commitment to meeting and exceeding customer expectations.

WINNING OUTBOUND LOGISTICS ORGANISATION

The Winning Outbound Logistics Organisation (WOLO) initiative continues to deliver strategic value through enhanced logistics operations. By prioritizing product safety, warehouse optimization, transport efficiency, and robust distribution models, the organisation has achieved measurable improvements in logistics cost performance. Additionally, the sustained focus on employee safety underscores a holistic approach to operational excellence.

TRANSPORT

ROAD

During the year under review, the business maintained adequate road transport capacity to support the movement of sugar from the mill to warehouses and selling points. Infrastructure developments, particularly the Lusaka–Ndola dual carriageway project, have contributed positively to logistics efficiency. In the export segment, compliance with Statutory Instrument No. 35 was achieved through the use of local Zambian transporters, reinforcing regulatory alignment and supporting local industry.

RAIL

The country’s statutory requirement as espoused under Statutory Instrument No. 98 of 2020, which mandates that 30% of heavy goods including sugar be transported by rail, continued to be a challenge to meet. The shortfall was due to the inability of Zambia Railways Limited (ZRL) to provide the necessary rolling stock. However, ZRL has indicated that efforts to secure additional locomotives and wagons are progressing, signalling potential improvements in rail logistics capacity and compliance with the regulations in the foreseeable future.



Human Resources

Zambia Sugar PLC conducted training for 7 268 employees in the year under review compared to 8 651 employees trained in 2024. A total of 116 288 man-hours were spent in training in 2025 compared to 1 278 406 man-hours in 2024. The decline in the man-hours was attributed to the prior year's New Enterprise Resource Planning System, SAP S4 HANA, training which was conducted as a companywide training for users in readiness for its implementation. In addition, during the 2025 Financial Year, we embarked on the roll out of Business Alignment Sessions (BAS) which was a programme implemented in 4 months with a total attendance of 1 318 employees and was not captured in the system as training. Training modules alignment and resource control efforts resulted in prioritising training for safety, production and statutory related trainings between the months of May to August 2025 and further adversely impacted this parameter.

Among the key learning interventions with the highest training attendance were, Safety, Health, Environment, Risk and Quality (SHERQ) Safety online induction, Technical Operating Practices - TOPS, Basic Firefighting training, Confined Space Entry, Basic First Aid Training and Defensive driving training, which were coordinated with support from Learning and Development under the Human Resources department.

Among the training conducted, the major ones were:

MANUFACTURING

- Technical Operating Practices (TOPs): Nakambala continued with TOPS which was one area of the training with the highest number of attendees in the year under review. The training continued to cover all operators from front end, steam and power, clarification, crystallization, refinery, packing station and laboratory as this helps to align all targeted employees with the operational upgrades that take place during Off-Crop maintenance.
- Pan Boiling and Pan automation: During the year, Nakambala continued with Pan Boiler's training with the intention of optimizing operations and increasing through-put (increased production).
- Root Cause Analysis for Supervisors training: The programme targeted Maintenance Supervisors and their peers to do effective root cause analysis in support of the focused improvement drive and analysis using a causal tree for a real-life scenario.

- Falling Film Evaporator training: During the year, this training was done in readiness for the commissioning of the Falling Film Evaporator Project.
- Artisan Development Program (ADP): The business continued to upskill and renew the skills of all maintenance artisans under this program and for the introduction of ADP Low Voltage Electrical Installation Inspection and Testing.
- Sugar technology refresher course – In the period under review, Nakambala continued with utility days training to address challenges that come from Root Cause Analysis (RCA).

Food Safety Training included:

- Quality and Food Safety
- Food Safety System Certification (FSSC) 22 000,
- FSSC 22000 V5.1 understanding and implementation of Food safety.
- Food fraud and food defence
- Introduction to Food Safety
- SHERQ Food Safety training

AGRICULTURE

During the year under review, the Learning and Development section commenced the roll out of the Competency Based Approach to development with the agriculture team, targeting both senior and middle managers. Among the key training programmes during the 2025 financial year were:

- Agriculture Abridged Academy Course
- Drone Technology Training
- Drip Operations Training

- WAP- Pest & Disease and Fertilizer Application
- Pump Operation and Maintenance Training
- Boat Operations Training

FINANCE

Members of the Finance team participated in various training interventions which targeted employees across the business from different departments. These trainings included Basic First Aid training, Personal Choices training- Busongo, Defensive driving, and business Report Writing training.

COMMERCIAL

The following training was conducted for the Commercial department as a way of improving delivery in their operations:

- Customer Service Training

HUMAN RESOURCES

The key training supported and conducted by Human Resources was:

- Kronos for Line Managers
- Amended Disciplinary and Grievance Training
- Re-launch of the Speak Up Programme
- Launch of the Sexual Harassment Programme

Additionally, the Human Resources Department, through the Learning and Development section, played a critical part in the roll out of business Alignment Sessions (BAS) which was a strategic business initiative.

SUPPLY CHAIN

The key training supported and conducted by Supply Chain included:

- Material Handling Equipment (MHE) Training
- Logistics Academy
- Procurement Tender Adjudication Training
- Forklift Training for Operators
- Winning Outbound Logistics Organisation (WOLO) Digitalization.
- Transport Management System (TMS) training for Super Users and User Acceptance Testing (UAT).

BUSINESS IMPROVEMENT

The key trainings supported and conducted by business Improvement (BI) were:

- Project Management Training.
- Scheduling and Cost Control training.

LEGAL AND SERVICES

The key training supported and conducted by Legal & Services included:

- Compliance Training

In conclusion, Zambia Sugar has continued to make significant strides

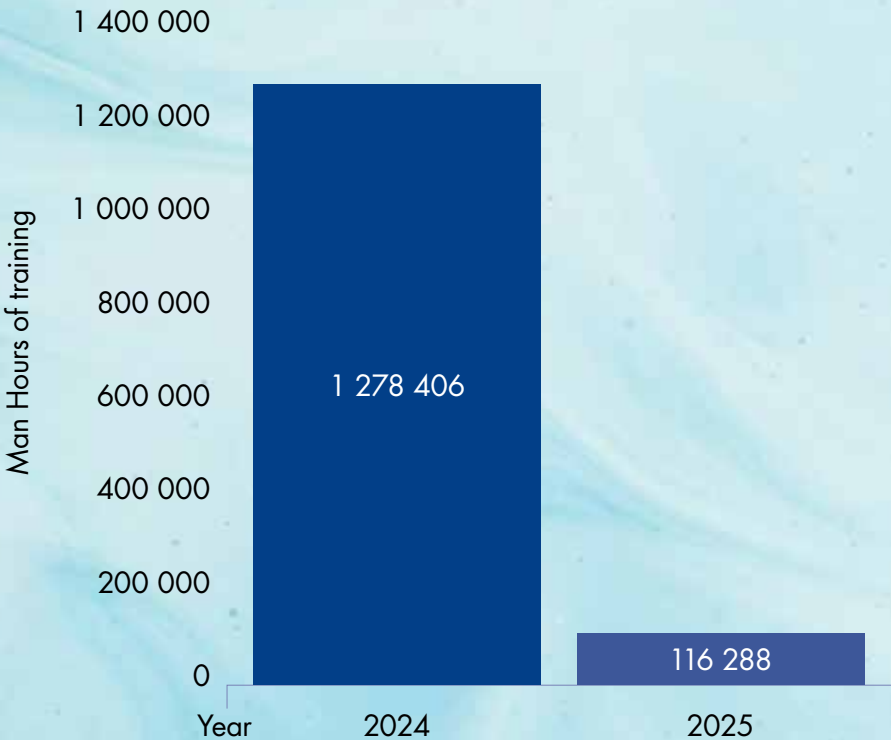
in investing and implementing training interventions as part of its broader strategic priority to create a safe place to work, give customers what they need, and be as efficient as possible.

The awards won by Zambia Sugar during the year under review included Best Factory Performance Award and Best Commercial Performance Awards courtesy of the ABF Sugar Division.

These reflect the impact of learning and development initiatives across all departments.



MAN HOURS OF TRAINING IN 2024 AND 2025



Safety, Health, Environment, Risk & Quality

Safety and well being: protecting what matters most .

Safety remains Zambia Sugar’s top priority, the foundation on which every success rests. Our goal of Zero Harm drives every decision, every shift, and every person across the organisation. The year under review demonstrated both the strength of our safety culture and the depth of our compassion. Following a tragic contractor fatality in August 2025, Zambia Sugar immediately halted operations for two days to reflect, learn, and reaffirm our commitment that no job is worth a life. The Managing Director and senior leaders personally addressed teams across the estate, underscoring that safety is not negotiable.

Indicator	Lost Time Injury Frequency Rate		Total Injury Frequency Rate		Fatality		Lost Time incidents		Medical Treatment Case		Near miss Reporting	
	(LTIFR)		(TIFR)		(F)		(LTI)		(MTC)		(NR)	
Group Target	≤0.09		≤1.00		0		4					
Period	Aug 2024	Aug 2025	Aug 2024	Aug 2025	Aug 2024	Aug 2025	Aug 2024	Aug 2025	Aug 2024	Aug 2025	Aug 2024	Aug 2025
Actual	0.21	0.34	0.79	0.58	1	1	6	8	4	3	22 279	33 196

While we recorded eight lost-time injuries (LTIs) compared to six the previous year, proactive reporting and leadership visibility reached record levels. More than 296 supervisors completed the Supervising and Coaching Safer Teams (SCST) programme, while new behavioural-safety training helped employees understand the subconscious drivers behind unsafe acts. Our multi-channel near-miss reporting platform, via email, WhatsApp and SMS significantly increased engagement, raising reporting from 10% to over 80% of the workforce. Fire safety was strengthened through new investments, including a dedicated fire centre, a modern fire engine, and people-vehicle separation systems.

Nakambala Estate earned ABF Sugar’s Top Safety Recognition in the second quarter and was third runner-up, while the Zambia Red Cross recognized our ongoing first-aid programme. These achievements highlight a culture where everyone is a brother or sister’s keeper because nothing matters

more than the safety of our people every day and everywhere.

ENVIRONMENTAL STEWARDSHIP: GROWING SUSTAINABLY TOGETHER

Zambia Sugar continues to strengthen its position as a leader in responsible agriculture and manufacturing. Guided by the International Financial Reporting Standards (IFRS) S2 and Global Reporting Initiative (GRI) Standards, our sustainability journey focuses on decarbonization, efficient resource use, and biodiversity restoration.

During the year, greenhouse gas emissions fell by 24% to 74 539 tCO₂e, thanks to increased internal power generation from bagasse, improved fuel efficiency, and smarter farming systems. Our validated Science-Based Target commits us to a 36% reduction in emissions by 2030, and several renewable energy projects are already under way.

Water, the lifeblood of agriculture and all our operations, was used more efficiently than ever before. Withdrawals from the Kafue River dropped 18% due to improved

rainfall and continued conversion from flood to more efficient irrigation systems.

Zambia Sugar also hosted the launch of Zambia’s first national guidelines for sustainable wetland utilization, reflecting our leadership in water stewardship.

Waste recycling reached 80%, with bagasse, filter cake, and boiler ash reused as renewable fuel and soil enhancers. New waste segregation and plastic take-back initiatives are positioning the business to achieve near-zero landfill waste in the years ahead.

Biodiversity protection remains at the heart of our environmental strategy. Through reforestation of over 7 000 indigenous trees and partnerships with World Wildlife Fund (WWF) and community nurseries in Magoye, we are restoring degraded land and empowering youth and women in the process. A biodiversity survey by The Lionheart Experience (South Africa) recorded more than 400 observations and 300 species, laying the groundwork for our new Biodiversity Management Plan.

Indicator	FY 2025	FY 2024	Change %
Green House Gas (GHG) Emissions (Scope 1 & 2) tCO ₂ e	74 539	98 000	-24%
Water Withdrawal (m ³)	217 234 025	264 674 082	-18%
Waste Generated (tonnes)	1 040	835	+15%
Waste Recycled (tonnes)	834	710	+17%
Biodiversity Projects (hectares)	6	2	+200%
Major Environmental Incidents	0	0	–

QUALITY AND FOOD SAFETY: DELIVERING TRUST EVERY DAY

Zambia Sugar plays a central role in the nation's food security, producing over 90% of the country's sugar and fortifying it with Vitamin A in support of Zambia's National Nutrition Strategy (2023–2027). We are proud to report that all Quality and Food Safety certifications were maintained,

including FSSC 22000, Zambia Compulsory Standards Agency (ZCSA), Kosher, Halaal, Kenya Bureau of Standards (KEBS), and Coca-Cola supplier permits; each achieved with zero major findings.

Customer complaints dropped to just three during the year, while Right-First-Time performance improved to 98.7%. New Pre-requisite Verification Programmes, supplier

audits, and enhanced Hazard Analysis Critical Control Point (HACCP) and Food Defence training further strengthened the quality culture. Government recognition of our contribution to public health was reflected in the tax exemption granted on Vitamin A premix and fortification equipment, reinforcing our leadership in nutrition and product integrity.

QUALITY AND FOOD SAFETY

KPI	2025	Target
Customer Complaints	3	≤18
Right First Time (RFT) %	98.7	98
On-Shelf Pre-Pack Quality %	95.29	95
Certification Audits Success %	100	100



SECURITY: BUILDING A SAFER AND MORE RESILIENT ESTATE

Zambia Sugar's investment in smart security technologies continues to improve the Nakambala Estate security operations despite an increase in crime rates in surrounding communities. Drone surveillance now covers vast cane fields, deterring theft and monitoring activity with real-time precision. A thermal imaging system installed along Relocation Road has drastically reduced break-ins and night-time thefts, while data-driven patrol coordination ensures faster, safer responses. Major theft incidents declined sharply, and assault cases dropped from 11 to 1. Collaboration with the Zambia Police,

Mazabuka Council, and local leaders has improved community participation and significantly reduced cane theft. Fire outbreaks were also curtailed, falling from 23 to 11 field cases thanks to community awareness and joint operations. To prevent estate encroachment, we have partnered with local agricultural and environmental teams to identify vulnerable areas, introduce tree-lined natural boundaries, and conduct awareness on sustainable land use.

COMMUNITY EMPOWERMENT: GROWING OPPORTUNITIES BEYOND THE FIELDS

Zambia Sugar's purpose extends far beyond

producing sugar; it's about improving lives and unlocking opportunities within our host communities. Through our Community Women Empowerment Programme, 150 women and youths are now benefitting from market gardening and beekeeping projects designed to build income, resilience, and confidence.

The success of these projects has inspired further investment in community initiatives. 2025 marked the revival of community sports across the estate including football, volleyball, netball, chess, and draft tournaments that brought together employees, families, and neighbours in a celebration of unity, wellness, and positive engagement. Beyond recreation, these



events served as a platform to raise awareness against substance abuse and gender-based violence, reinforcing Zambia Sugar's holistic approach to social development.

Gender-based violence (GBV) cases declined from 7 to 4 during the year, supported by stronger partnerships with Young Women's Christian Association (YWCA), World Vision, and Zambia Police, and the introduction of a new Sexual Harassment Policy (2025).

SUSTAINABLE HOUSING AND ESTATE TRANSFORMATION

At Zambia Sugar, we believe that dignified living drives dignified work. The Entry-Level Housing Upgrade Project continued to transform lives in 2025, with 150 homes modernized from aging legacy employee quarters into safe, self-contained residences. Each home now includes internal sanitation, modern roofing, reinforced foundations, electrification, and better ventilation thereby creating cleaner, healthier spaces for families to thrive.



The Beautiful Estate Transformation initiative is reshaping Nakambala into a vibrant, green, and well-planned community. Upgraded Water, Sanitation and Hygiene (WASH) facilities, landscaped gardens, and new recreational areas have elevated the estate's aesthetic appeal while promoting well-being, pride, and community cohesion.

WATER FOR LIFE: SUSTAINING NAKAMBALA AND MAZABUKA

As the primary provider of both potable and raw water in Mazabuka District, Zambia Sugar continued to ensure reliable supply to more than 17 000 estate residents and the Mazabuka town at large. Our water treatment facilities operated consistently, delivering safe, 24/7 water supply even amid power and climatic challenges.



Pipeline replacements and treatment-plant refurbishments improved pressure and reduced leakages, while all samples met World Health Organisation (WHO) and national standards.

We also maintained compliance with WARMA abstraction permits, and future plans include digital monitoring systems and climate resilience projects to safeguard water availability for both agriculture and communities.

ELECTRICAL SAFETY AND INNOVATION

Innovation continues to enhance both safety and efficiency across the estate. In 2025, Zambia Sugar achieved 100% electrical certification compliance. Every new or rewired home was independently inspected and certified before energization.

The transition from copper to aluminium cabling has delivered remarkable benefits: a 75% reduction in material costs per household, significantly fewer vandalism cases, and the capacity to connect more homes at lower cost. To further strengthen safety discipline, new Permit-to-Work Systems and Electrical Contractor Safety Enhancement Procedures were introduced, setting rigorous standards for all high- and low-voltage work.

LOOKING AHEAD

Zambia Sugar's journey is one of growth with purpose to feed and empower communities while safeguarding people and the planet. From life-saving safety culture to community empowerment, from sustainable agriculture to modern living environments, we are building a future that delivers shared value to all stakeholders.

Our focus for the years ahead remains clear: continue to lead responsibly, invest sustainably, and make Zambia Sugar a model of inclusive, long-term prosperity.

Sugar Fortification

Zambia Sugar continues to support the country's supplementation programme to aid the lowering of the nutrient deficiency gap in children. The programme helps to reduce infant and maternal mortality caused by Vitamin A deficiency.

Food fortification is a strategy governments employ to improve dietary micronutrient intakes and prevent deficiencies. In the case of Zambia, the country has a mandatory sugar fortification with Vitamin A. Zambia Sugar continues to support the country's supplementation programme to help with the lowering of the nutrient deficiency gap in children. The programme, implemented at the business' own cost, is aimed at reducing infant and maternal mortality caused by Vitamin A deficiency.

The fortification programme runs in conjunction with Government's nutrient supplementation programme targeted at children under 5-years. Zambia Sugar actively participates in this programme with its Whitespoon products being fortified with Vitamin A.

The Business recorded a major milestone during the 2020 - 2021 COVID-19 pandemic. As a result of incidents of COVID-19, the country experienced challenges in continuing with the children's supplementation programme. The Government began to rely on the sugar fortification as a means of administering Vitamin A. Consequently, Government designated the Business as an essential goods supplier during the COVID-19 pandemic.



Making sense of sugar

As a responsible business, Zambia Sugar PLC is actively contributing to the debate around the role sugar can play in one's diet through the Making Sense of Sugar campaign, developed by AB Sugar which manages all of ABF's global sugar interests, including ABF sugar in Africa.

The campaign, initiated in 2014, is committed to provide access to objective scientific advice on sugar, diet and health to over 25 million people around the world by 2030. The campaign has since been expanded to reach a global audience. In December 2019, Zambia Sugar joined sugar-producing companies in countries like Malawi and Tanzania in this effort to reach the African audience and offer content adapted to the Zambian reality.

Making Sense of Sugar helps inform and educate people about sugar and the role it can play as part of a healthy, balanced diet. The aim of this campaign is to provide factual information based on robust science for everyone so that they can make their own informed choices about what they choose to consume. For more information on Making Sense of Sugar in Zambia, visit: <https://makingsenseofsugar.com/zm/>



Community Development & Stakeholder Engagement

Zambia Sugar continues to focus on establishing strong engagements with all stakeholders including customers, employees, growers, contractors, suppliers, regulatory authorities, local communities, local authorities and traditional leaders, Government and the media. This enables alignment on shared interests, goals and expectations with all stakeholders that regularly interact with the business. These engagements remain key in enabling us to attain its vision, mission and objectives

The business remains committed to being a good neighbour and responsible corporate citizen in all areas where it operates. This includes Mazabuka, the entire Southern Province, as well as the many other areas where the business extends its footprint, both within the country and the surrounding region.

The business continues to support interests and activities of the various stakeholders in those areas. Initiatives supported during the year included traditional ceremonies, awards ceremonies, sporting activities, workshops and other sponsorship programmes that are in line with our objectives.

EMPLOYEE COMMUNICATIONS

The internal communication channels continue to be used to promote employee engagement, align goals and communicate expectations, as well as to confirm that we have acted on the feedback. The initiatives to communicate with employees across the organisation and to ensure alignment with the objectives through a programme called Business Alignment Sessions (BAS). The BAS was among the channels that had a significant impact during the year, resulting in a major shift in our engagement efforts with all employees across the organisation.

An additional engagement programme was Busongo – A Personal Choices safety behaviour programme. This initiative represents a significant advancement in the business' commitment to fostering a strong safety culture in a safe place to work that prioritizes the well-being of all employees. Safe behaviour is fundamentally linked to the choices employees make on an hourly and daily basis. By examining these choices, particularly regarding habits, risk perception, and the balance of time versus risk, employees are empowered to make

informed, better decisions which can ensure that we go home unharmed every day.

The Busongo programme covered the impact of personal choices on behaviour and the development of engaging relatable drama scripts that illustrate key safety concepts and highlight the benefits of making safer choices. This initiative aims to connect with our colleagues in a meaningful way and encourage a culture of safety throughout the organisation and has been extended to other topics beyond safety.

Other communication channels included the use of the platform with Unions where the Managing Director regularly meets with them to provide business updates and listen to concerns that they might have, and discuss how we may address them. Any matters that relate to Collective Agreements are referred to the appropriate Human Resources channels. These initiatives have resulted in the Unions and employees being regularly updated on general business events and encouraging their involvement as a means to improve participation and commitment, as well as ensuring harmonious relations to enable the business to achieve its objectives.

COLLABORATION

The business continues to be a major contributor to the Southern Province economy as well as the national economy. In addition to being a leading employer in the province, Zambia Sugar was the largest taxpayer in the fiscal calendar yet again. The business contributed to a number of initiatives to ensure that the manufacturing sector continues to be a significant contributor to the Gross Domestic Product (GDP) of the country and to the local economy.

The business provided active support to the Private Public Dialogue Forum (PPDF) during the year, leveraging its position

as a member of the Technical Working Group representing Manufacturing. The PPDF's objectives include providing a mechanism for structured interaction between Government and the private sector on various policy matters concerning the economy.

In addition, the business continues to be a strong and active member of several apex institutions which include the Sugar Association, the Zambia Association of Manufacturers (ZAM), the Zambia Chamber of Commerce and Industry (ZACCI) and Zambia National Farmers Union (ZNFU). Working closely with all these institutions, the business continues to provide several productive engagements with policy makers including the Local Municipal Council to help address a number of challenges that affect industry and business in general.

DONATIONS AND OTHER SUPPORT

The business provides essential support to various stakeholders in the area where it operates including Mazabuka district and the other areas where we have a commercial footprint. The business continued to support the Local Municipality in its service delivery through the provision of bulk water supply to the entire Mazabuka district. It also supports in the grading of community roads and the provision of crane services to aid in the clearing of accident scenes. This relieves the blockage of main access roads and the main highway, thereby averting the risk of disruption of traffic flow and commerce. This service was provided on a number of occasions during the year.

Zambia Sugar, as a member of the End Malaria Council (EMC), sponsored various awareness activities, including golf tournaments and World Malaria Day commemorations as well as donating bicycles to support malaria outreach workers to conduct their work more effectively in the remotest parts of Zambia. The business has

been particularly active in raising awareness about malaria, the country's leading cause of death.

The Company donated hospital furniture to the Mazabuka District Health Management Team (MDHMT) and continued its efforts to promote public health.

COMMUNITY INFRASTRUCTURE DEVELOPMENT

The business rehabilitated community roads in the Chief Mwanachingwala area which were done at a cost of K1.6 million. Other community infrastructure projects included refurbishing works at Nakambala School. The rehabilitation works included replacement of the roofing, renovation and equipping of the laboratory and the replacement of toilets at the public institution which serves the communities of Nakambala.

The business supported the rehabilitation of Shimungalu Police Post as well as purchasing furniture to be used there. The Ndeke Clinic, which provides services to several hundred people every day, was renovated.

The business funded the renovation of several schools affected by severe storms, with two schools experiencing complete roof damage.

The business supported the community through its education pillar with a donation of 100 computers and 100 desks to schools in the Mazabuka area.

Working in partnership with ZAMBEEF, we supported the 'Walk a Mile in My Shoes' campaign by providing school shoes to over 350 pupils at 4 schools in Mazabuka. The campaign was spearheaded by the ZAMBEEF Chief Executive Officer, Ms. Faith Mukutu and the Managing Director, Mr. Oswald Magwenzi, who pledged to provide more opportunities to many other boys and girls across the province and the country to have shoes.

SPORTS

Zambia Sugar continued to provide support in the area of sport through use of the Nakambala Stadium and all medical emergency services during league matches as a form of ongoing assistance to the premier Division Football Club, (FC) Muza.

The business supported a number of other sporting activities including men and women's grass roots soccer within the district, notable





Community Development & Stakeholder Engagement

among these was the assistance to the up-and-coming Young Nakambala Leopards which was promoted from the Football Association of Zambia (FAZ) Amateur League to Division three.

Other sporting activities that we sponsored included various indoor and outdoor sports disciplines, namely darts, cycling, netball, chess, boxing, karate, and athletics. All the clubs sponsored during the year performed very well with some clubs receiving national and international awards. It was pleasing to witness that the Nakambala Athletics Club participated in all national marathons such as 2025 TotalEnergies half Marathon, the FNB Marathon on the Copperbelt, and the 2025 ABSA Marathon.

Zambia Sugar partnered with Total Energies to host the inaugural 2025 TotalEnergies half Marathon and was one of the leading sponsors of the 2025 Absa Marathon which was host to over 8 000 runners, the nation's largest marathon to date.

The Zambia Sugar 2025 Invitational golf tournament was, yet again, a success, attracting over two hundred golfers from across the country. The event attracted over 30 organisations as sponsors with proceeds from the event being used to upgrade the golf course, install a new irrigation system as well as to support the development of Junior Golf in the Mazabuka area.

COMPANY RECOGNITION AND AWARDS

The business continues to be recognised for its performance in the various areas of its operations. The business was awarded numerous accolades during the year for its operational excellence, commercial performance, and Corporate Social Investment (CSI) initiatives. These included recognition for Water and Environmental Stewardship at the Lusaka Water Security Initiative (LuWSi) Awards, recognising its commitment to sustainability and environmental management. Zambia Sugar played a pivotal role in the development and launch of the inaugural Kafue Flats Joint Action Group (KFJAG) Five-Year Strategic Plan (2025–2030). It also

supported the launch of the Guidelines for Sustainable Utilization of Wetlands in Zambia, which was held at Nakambala officiated by the Minister of Lands and Natural Resources, Hon. Sylvia Masebo, MP.

The business received two prestigious awards from the Zambia Association of Manufacturers (ZAM) during the 2025 Manufacturers Month marking a 40-year history of the Association: the ZAM Ambassador of the Year Award and the ZAM @ 40 Honorary Award, celebrating its consistent support for ZAM's advocacy efforts to foster a conducive business environment and policy framework for the manufacturing sector.

The business was recognised by the Lusaka Stock Exchange (LuSE), for its long-standing commitment to the capital market of Zambia. In addition, received the 2025 Sustainability Award at the inaugural Zambia Capital Market Conference and Awards held in Livingstone.

Zambia Sugar actively participated in and supported several national and international conferences and events, including the PANOS Water and Sanitation Conference, Zambia National ESG and Sustainability Summit, Society of Women in Safety, Health and Environment - Africa (SOWSHE-A)'s African Women in Environment, Health and Safety Conference in Tanzania, and the AFRISAFE Conference held in Livingstone where the business received respective awards for its safety leadership within the country, the continent and beyond.

Zambia Sugar was recognised for its performance in the ABF Sugar Group. The business was awarded the Best Factory Performance Award and the Best Commercial Performance Award at the 2025 ABF Sugar Leadership Conference in South Africa, a testament to the teams' resilience, strong leadership, teamwork and commitment to excellence.

Investment In Malaria

Zambia Sugar PLC is a proud member of the End Malaria Council (EMC). The EMC is a country led and country owned mechanism that brings together senior leaders from government, the private sector, civil society and the community to champion malaria, advocate for it to remain high on the national development agenda and mobilise commitments to close gaps in national malaria strategic plans.

In the year under review, Zambia Sugar PLC significantly contributed to the malaria elimination efforts under the EMC mandates of Advocacy, Resource mobilisation and Action & Accountability:

ADVOCACY

Notable efforts in the year 2025 include supporting advocacy through high level engagements. The President of the Republic of Zambia, participation at international and local platforms to showcase its malaria elimination efforts, supporting the mass media engagements such as sponsoring and featuring on various national and community radio programs to champion the malaria fight.

RESOURCE MOBILISATION

The Company has been instrumental in the End Malaria fundraising initiatives, having hosted 2 golf tournaments in the year under review; the second one being specifically the "End Malaria" golf tournament. The company mobilised clients, contractors and partner entities to get on board in raising

funds towards malaria elimination efforts across the country.

ACTION AND ACCOUNTABILITY

The Company implements malaria programs in line with the National Malaria Elimination Strategic Plans. The programs include vector control, such as indoor residual spraying, distribution of nets and environmental management to control mosquito breeding (Laval Source Management). The Company also implements both community and health facility malaria case management to ensure that all community members are tested and treated if found with malaria. Other interventions include social behaviour change communication, through community sensitisations at various platforms.

WHY EVERY PRIVATE SECTOR ENTITY SHOULD INVEST IN THE MALARIA FIGHT

Malaria can indirectly impact productivity due to sick leave, lost work productivity, and time spent seeking treatment. Malaria causes a lot of absenteeism in which the affected individual fails to report for work.

By investing in the malaria elimination interventions, the company can contribute significantly towards ending malaria for good. These efforts also enhance productivity and create a more resilient workforce which positively contributes to the national economy.

Let's put our efforts together and end malaria for good.

For more details about the end malaria council, get in touch with the EMC secretariat:

Dr Elizabeth Chizema, EMC Coordinator;
Cell: 0979-788776/0966-788776
Email: Echizema@alma2030.org



Corporate Governance

The Board of Directors of Zambia Sugar PLC holds ultimate responsibility for the governance of the Company, including oversight of Environmental, Social, and Governance (ESG) matters. In alignment with Group-wide priorities, Zambia Sugar has embedded ESG and strategic Key Performance Indicators (KPIs) into performance agreements of its leadership team. This initiative is designed to enhance accountability and drive performance in areas critical to long-term sustainability.

To support effective implementation, the business benefits from the expertise of various Group technical teams, ensuring that governance and ESG objectives are consistently advanced across operations.

COMMITMENT TO COMPLIANCE AND ETHICAL CONDUCT

Compliance remains a top priority for Zambia Sugar. The business is firmly committed to strengthening corporate governance as a cornerstone of sustainable growth and responsible corporate citizenship. This commitment is reflected in adherence to key governance principles, including **fairness, accountability, transparency, responsibility, and integrity.**

The business maintains a robust compliance culture, ensuring alignment with all applicable laws, regulations, and internal policies. These include, but are not limited to, **the Companies Act, Employment Code Act, and Factories Act.**

The business is also guided by the **Lusaka**

Securities Exchange (LuSE) Governance Code, which informs its governance practices and regulatory obligations. In support of its zero-tolerance stance on bribery and corruption, the business continues to enforce its **Gifts and Hospitality and Anti-Bribery and Corruption policies**, reinforcing ethical conduct across all levels of the organisation.

CORPORATE GOVERNANCE FRAMEWORK

The business governance framework is designed to promote prudent management, effective oversight, and the protection of stakeholder interests. It provides a structured approach to decision-making, risk management, and performance monitoring, ensuring that governance standards are upheld throughout the business.

This report provides a high-level overview of Zambia Sugar’s governance practices. Additional details are available in the accompanying reports and financial statements forming part of the Annual Report.

BOARD COMPOSITION AND LEADERSHIP STRUCTURE

The Board of Directors currently comprises **TEN members, including FOUR Independent Non-Executive Directors.** The Board operates under a formal Charter that ensures a balanced distribution of power and authority, fostering objective decision-making and strategic oversight.

Appointments to the Board are conducted transparently, based on recommendations from the **Remuneration and Nominations Committee.** Following Board approval, appointments are subject to shareholder ratification at the next **Annual General Meeting.**

The roles of **Chairperson and Managing Director** are clearly separated in accordance with the LuSE Governance Code and best practices for corporate governance. The Chairperson is an **Independent Non-Executive Director**, ensuring impartial leadership and effective Board governance.

THE BOARD COMPOSITION

At the date of this report, the Board comprised the following Directors:

DIRECTOR	TITLE	DATE OF APPOINTMENT
Roseta Chabala	Non-Executive Independent Director and Chairperson	01 February 2020
Fidelis Banda	Non-Executive Independent Director	17 May 2001
Dipak Patel	Non-Executive Independent Director	08 December 2006
Susan M’Kandawire Mulikita	Non-Executive Independent Director	26 February 2025
Ami Mpungwe	Non-Executive Director	27 October 2006
Amanda Venters	Non-Executive Director	28 February 2024 (Resigned on 31 March 2025)
Lekani Katandula	Non-Executive Director	1 April 2025
Craig Jensen	Non- Executive Director	31 October 2024
Andre Lubbe	Non-Executive Director	23 February 2022 (Resigned on 4 August 2025)
Oswald Magwenzi	Managing Director	18 August 2021
Marc Pousson	Executive Director	01 June 2020
Hezron Musonda	Executive Director	28 February 2024

A brief curriculum vitae of Directors has been included in this report.

The Board of Directors is confident that all members dedicate sufficient time and attention to their roles, ensuring that the business does not rely excessively on any single individual. This balanced engagement supports effective governance and strategic oversight.

BOARD EFFECTIVENESS AND MEETING PROTOCOLS

BOARD MEETINGS

The **Zambia Sugar Board** convenes formally **four times per year**, in accordance with the **Company's Articles of Association**, which also provides for decision-making between meetings through **written resolutions approved via round robin**, when necessary. All formal meetings during the reporting period were chaired by the **Board Chairperson**, an Independent Non-Executive Director.

Meeting notices, agendas, and supporting documentation were circulated in a timely manner, enabling Directors to prepare adequately and contribute meaningfully to discussions. The **Company Secretary** ensured that minutes were accurately recorded, circulated for review, and formally approved at subsequent Board meetings, in line with best governance practices.

Four meetings were convened in 2024/25, and attendance was as shown in the table below:

DIRECTORS' NAME	276th Board Meeting (31/10/24)	277th Board Meeting (26/02/25)	278th Board Meeting (22/05/25)	279th Board Meeting (27/08/25)	Total Meetings Attended	Total Meeting Held
Roseta Chabala	✓	✓	✓	✓	4	4
Fidelis Banda	✓	✓	✓	✓	4	4
Susan M'Kandawire Mulikita	BA	BA	✓	✓	2	4
Ami Mpungwe	✓	✓	✓	✓	4	4
Dipak Patel	✓	✓	✓	✓	4	4
Lekani Katandula	BA	BA	✓	✓	2	4
Amanda Venters	✓	✓	RS	RS	2	4
Andre Lubbe	✓	✓	✓	RS	3	4
Craig Jensen	BA	✓	✓	✓	3	4
Oswald Magwenzi	✓	✓	✓	✓	4	4
Hezron Musonda	✓	✓	✓	✓	4	4
Marc Pousson	✓	✓	✓	✓	4	4

KEY	✓	Attended	ACX	Apologies	BA	Before Appointment
	X	Absent	RS	Resigned		

BOARD COMMITTEES

The Board is supported by three key committees:

1. Audit Committee

Oversees financial reporting, internal controls, and audit processes.

2. Risk Management Committee

Monitors and evaluates the Company's risk profile and mitigation strategies.

3. Remuneration and Nominations Committee

Handles executive compensation, succession planning, and board nominations.

Each committee operates under formally approved mandates and terms of reference that clearly define their roles and responsibilities. After each meeting, the Committee Chair reports to the Board, presenting activities and recommendations as appropriate.

Minutes of all Committee meetings are promptly shared with all Directors to ensure transparency and informed decision-making. Non-Executive Directors actively participate in all Committees, enhancing oversight and independence.

Additionally, the **Executive Committee**, comprising senior management, meets bi-weekly to support the Board by coordinating, guiding, and monitoring the business operational performance and strategic execution.

Corporate Governance

AUDIT COMMITTEE

The **Audit Committee** plays a critical role in supporting the Board's oversight responsibilities in the following areas:

- **Financial Reporting:** Ensures the integrity and transparency of the Company's financial statements.
- **Internal Controls:** Monitors the adequacy and effectiveness of internal control systems.
- **Compliance:** Oversees the process for ensuring adherence to applicable laws and regulations.

COMPOSITION

The Committee comprises four members, all of whom are independent of management, ensuring objectivity and impartiality in oversight.

Internal Audit Engagement

- The **Head of Internal Audit** reports directly to the Committee during its meetings.
- The Head has **unrestricted access** to the **Chairperson of the Audit Committee**, reinforcing independence and accountability.

- The Internal Audit Department maintains a **robust and continuous training program**, ensuring high professional standards and up-to-date expertise.

Board Assessment

Based on the Committee's performance and structure, the Board has **satisfied itself of the effectiveness** of the Audit Committee's contributions to the business and **endorses its current composition** as appropriate.

AUDIT COMMITTEE ATTENDANCE SCHEDULE

AUDIT COMMITTEE ATTENDANCE	CATEGORY	31 OCTOBER 2024 MEETING	15 MAY 2025 MEETING
FB Banda	Chairman	✓	✓
A Mpungwe	Member	✓	✓
A Venters	Member	✓	RS
L Katandula	Member	BA	✓
SM Mulikita	Member	BA	✓

KEY	✓	Attended	ACX	Apologies	BA	Before Appointment
	X	Absent	RS	Resigned		

RISK MANAGEMENT COMMITTEE

The **Risk Management Committee** is tasked with ensuring that the business maintains a sound and proactive approach to risk oversight. Its responsibilities include:

Strategic Oversight

- Reviewing the business **risk philosophy, strategy, and policies**.
- Ensuring **compliance** with approved risk policies and frameworks.

Operational Risk Management

- Evaluating the **adequacy and effectiveness** of the business risk management function.
- Overseeing the **implementation of a continuous process** for risk identification, mitigation, and management.
- Ensuring the establishment of a comprehensive system of **internal controls**.

Awareness and Legal Oversight

- Promoting **risk awareness** across the organisation.

- Reviewing **significant legal matters** that may impact the business.
- Assessing the **adequacy of insurance coverage** to mitigate potential exposures.

Reporting

- Providing **regular reports to the Board** on risk-related matters, including emerging risks and mitigation strategies.

During the year under review, the Committee satisfied its responsibilities.

RISK MANAGEMENT COMMITTEE ATTENDANCE SCHEDULE

NAME	CATEGORY	31 OCTOBER 2024 MEETING	22 MAY 2025 MEETING
A Lubbe	Chairman	✓	✓
AR Mpungwe	Member	AC	✓
A Venters	Member	✓	✓
L Katandula	Member	BA	✓
C Jensen	Member	BA	✓
O Magwenzi	Member	✓	✓
H Musonda	Member	✓	✓

KEY	✓	Attended	ACX	Apologies	BA	Before Appointment
	X	Absent	RS	Resigned		

REMUNERATION AND NOMINATIONS COMMITTEE

- The **Remuneration and Nominations Committee** is responsible for providing strategic oversight on matters relating to:

Executive Compensation

- Reviewing and recommending **remuneration and compensation policies** for senior management.
- Ensuring that compensation structures are designed to attract, **retain, and motivate** high-performing staff.
- Aligning remuneration with the **business' strategic objectives** and performance expectations.

Governance and Independence

- The Committee is **chaired by an Independent Non-Executive Director**, reinforcing objectivity and governance best practices.

REMUNERATION AND NOMINATIONS COMMITTEE ATTENDANCE SCHEDULE						
NAME	CATEGORY		31 OCTOBER 2024 MEETING	26 FEBRUARY 2025 MEETING	27 AUGUST 2025 MEETING	
SM Mulikita	chairperson		BA	BA	✓	
RM Chabala	Member		✓	✓	✓	
AR Mpungwe	Member		ACX	✓	✓	
L Katandula	Member		BA	BA	✓	
A Venters	Member		BA	✓	RS	
KEY	✓	Attended	ACX	Apologies	BA	Before Appointment
	X	Absent	RS	Resigned		

Retirement and Election of Directors

Newly appointed Directors are subject to **confirmation at the first opportunity** following their appointment. All **Non-Executive Directors** are subject to **retirement and re-election on a rotational basis**, with one-third of the Board being re-elected annually, in line with the Company's Articles of Association and best governance practices.

Performance Evaluation of the Board

The Board remains committed to **continuous improvement** and will implement necessary changes to **enhance its performance and effectiveness**.

Performance Evaluation of the Board

The Board remains committed to **continuous improvement** and will implement necessary changes to **enhance its performance and effectiveness**.

Board induction and development.

Newly appointed directors are taken through the Company's Articles of Association, the Board Charter, Codes of conduct, policies, listing regulations and

applicable acts such as Companies Act and Securities Act. They follow a tailored induction programme facilitated by the Company Secretary which includes a scheduled trip to tour the factory and other head office operations.

Company Secretary

- The Company Secretary plays a pivotal role in implementing and sustaining high standards of Corporate Governance.
- Keeps abreast of legislative, regulatory, and governance developments that may impact the business.
- All Directors have direct and unrestricted access to the Company Secretary for guidance and support.

STAFF DEVELOPMENT, TRAINING AND INFORMATION TECHNOLOGY

Zambia Sugar is committed to staff development and training as this is a key ingredient to continued and improved operations.

The business places emphasis on information technology as key in its strategy of delivering quality products which are the first choice of our customers and consumers. To this end, the business has, over the last two years, invested in the automation of all key processes from

raw material and packaging receipts to manufacturing, sales & distribution and final payment system for our goods and services. All the outlining Depots in the country are connected via satellite.

STAKEHOLDER RELATIONS

Zambia Sugar places considerable importance in maintaining active investor relations through open, fair and transparent communications. The business ensures timely dissemination of information to its investors and other stakeholders through various media.

A dedicated shareholders unit, through the Transfer Secretaries, is responsible for active interaction with the shareholders. The business organizes a shareholders' day every year to augment and harness the relationship with the shareholders. The business decided to defer this year's event to 2026 to highlight the completed projects to the shareholders, including the progress of the new farming system, the falling film evaporator project and the progress on Twazabuka.

The business considers the AGM to be key in providing shareholders with the opportunity to ask the Board, including the Chairperson of the Audit Committee, questions concerning the affairs of the business. Accordingly, all legal

Corporate Governance

and regulatory requirements, notices and information are released well in advance to shareholders, regulators, stock exchange and Company websites.

The business ensures that copies of the Annual Report, which includes the Annual Financial Statements, are made available well before the AGM as this ensures that the shareholders have insight into the business performance.

The business considers effective internal communication as being critical to the success of the business. The business communicates actively with its internal stakeholders including employees and contractors, making sure that strategy is fully understood, and the various functions are implementing their various actions in line with the attainment of this strategy. Any update from Management to this internal audience is communicated and feedback is received using the various internal communications channels that are available. Similarly, the business communicates with external stakeholders on a regular basis for the benefit of enhancing its image among the various stakeholders and attaining the business objectives.

INTERNAL AUDITORS

Internal audit function is in place at Zambia Sugar, and it aims to add value to the Company and improve operations. The function provides an independent assurance service to the Board, the Audit Committee and Management. The function is formally defined and seeks to help the Company accomplish its objectives by ensuring the governance, risk management and control processes that Management has put in place, are effective. The Head of the Internal Audit function attends the Audit Committee meetings and has unrestricted access to the Chairperson of the Audit Committee.

EXTERNAL AUDITORS

Every year external Auditors are appointed by the shareholders and are subject to reappointment at the AGM. The current external auditors of the Company are EY Zambia. As a reassurance, EY Zambia confirms in a formal report to the Audit Committee that processes to ensure compliance with the policy are in place and that these processes are monitored on an ongoing basis.

The business, together with External Auditors, ensures that quality and independent audits are undertaken through regular and systematic Audit Planning, in addition to a rotation of client staff engaged on the audits.

ORGANISATIONAL INTEGRITY

To foster integrity within the organisation, the business continues to enforce the Code of Conduct and encourages all employees to make a declaration of their assets and/or business involvements every year. Employees are also encouraged to declare all the gifts received in the course of employment by way of a gift register.

INTERNAL CONTROL

The control systems are designed to help safeguard its assets, maintain proper accounting records and ensure the reliability of management and financial information produced. These control systems are based on established Illovo Sugar Africa and ABF Group policies and procedures and are implemented by trained personnel, with an appropriate segregation of duties.

The business monitors the effectiveness of these internal controls and systems through the internal audit department, with the aid of self-assessment audit checklists. The Independent External Auditors, through the audit work they perform, confirm that the above-mentioned monitoring procedures are being effectively applied.

Nothing has come to the attention of the Directors or the Independent External Auditors to indicate that any material breakdown in the functioning of abovementioned internal controls and systems has occurred during the year under review.

ETHICS

Zambia Sugar's objective is to conduct its business with honesty and integrity and in accordance with the highest legal and ethical standards. The Company has a Code of Conduct and Business Practices, determining the minimum standards required of all staff, which is disseminated throughout the business and reviewed annually by senior management, and is also available on the website: www.zamsugar.co.zm

All managers are required to give written assent to this Code. In any instance where ethical standards are called into question, the circumstances are investigated and resolved by the appropriate executive.

FRAUD CONTROL

The business has in place a hotline called Speak Up where people are invited from within and outside the business to anonymously report any wrongdoings. The service is operated by independent forensic accountants, and all matters arising are then appropriately investigated and reported upon.

ANTI BRIBERY AND CORRUPTION

The business has rolled out an Anti-Bribery and Corruption Policy (ABC). The ABC policy is embedded in the business operations and widely disseminated, with employees required to assent that they understand and abide by the provisions of the policy. Appropriate ABC training for employees is on-going and visibility of the policy is sustained in communication briefs. The business has embarked on embedding the relevant ABC provisions in supply agreements and suppliers, transporters, sugar distributors and agents are required to assent to these provisions. The Company liaises with the national Anti-Corruption Commission (ACC) where required and from time to time shares best practices with them and other entities operating in Zambia.

LEGAL COMPLIANCE AND COMPETITION

The Board requires management to submit an annual declaration confirming that the business operations complied with the applicable Laws of Zambia. In addition, the organisation complies with the competition requirements of the Competition and Consumer Protection Act, No. 24 of 2010 and all relevant employees make annual declarations confirming that they were not involved in any anti-competitive practices. The business has recourse to the group Company secretary and external legal advice on matters of legal compliance.

INSIDER TRADING

Directors and officers of the organisation who have access to unpublished, price sensitive information, in respect of the business, are prohibited from dealing in the shares of the organisation, during

defined restricted periods, including those periods immediately prior to the announcement of interim and final financial results.

SHARE DEALING

In terms of the business Code of Conduct for Dealing in Securities, the Directors and Company Secretary are required to obtain clearance from either the Chairman or Managing Director before dealing in the securities of the business. Additionally, the organisation has a

formal Share Dealing Policy approved by the Board and implemented by the Company Secretary.

MARKET DISCLOSURE

The business prepares interim and final results as required by Lusaka Securities Exchange (LuSE) and SEC rules and prepares a detailed narrative statement to accompany the results. Our results are disseminated widely through the LuSE, newswires and our own distribution lists.

CONTROLLING SHAREHOLDER

The organisation controlling shareholder has complied with the LuSE free float requirement which is 75% held by majority shareholder and 25% is held as free float. At the date of the report the organisation had met its compliance requirement.



Zambia Sugar 2025 Showcase







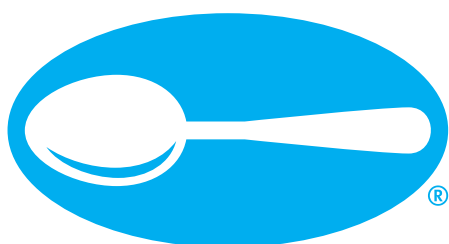
Value Added Statement

The value added statement reflects the wealth that the Group and the Company has been able to create through its agricultural, manufacturing and commercial operations, and its subsequent distribution and reinvestment in the business.

During the period under review, **K3 039 million** (2024: K3 274 million) was created. Of this amount, **K1 443 million** (2024: K1 095 million) was distributed to employees, providers of capital and to government. Of the wealth created, 34% (2024: 21%) was paid to employees.

The balance of the wealth created was retained and reinvested in the business towards ongoing working capital requirements.

	Group		Company	
	August 2025 K '000	August 2024 K '000	August 2025 K '000	August 2024 K '000
Wealth created				
Revenue	8 896 755	7 529 545	8 896 755	7 529 545
Dividend income	-	-	99 864	46 833
Paid to growers for cane purchases	(2 436 085)	(2 176 410)	(1 922 336)	(1 755 306)
Manufacturing and distribution costs	(3 437 668)	(2 078 874)	(4 272 201)	(2 754 559)
	3 023 002	3 274 261	2 802 082	3 066 513
Wealth distributed				
To employees as salaries, wages and other benefits	1 033 158	702 150	982 876	665 258
To lenders of capital as interest	116 621	38 692	168 870	65 122
To government as corporate taxation	293 268	354 036	250 748	329 816
	1 443 047	1 094 878	1 402 494	1 060 196
Wealth reinvested				
Retained profits	1 633 729	2 057 590	1 460 136	1 889 199
Depreciation	170 842	139 557	153 396	123 675
	1 804 571	2 197 147	1 613 532	2 012 874
Amounts paid to government for taxation excludes the following:				
Employees tax deducted from remuneration	175 257	128 752	172 230	126 912
Net VAT amount paid to government	481 781	469 819	436 641	422 883
Customs and excise duties	1 441	51 752	1 441	50 949
Withholding taxes and Withholding VAT collected on behalf of government	428 832	438 565	411 679	430 263
	1 087 311	1 088 888	1 021 991	1 031 007



Zambia Sugar

Board of Directors

BOARD COMMITTEE KEY

RN - Remuneration & Nominations Committee

RM - Risk Management Committee

AC - Audit Committee

C - Committee Chair



ROSETA CHABALA (45) BA Ed, MSc
Chairperson {RN} {AC} {C}

Roseta was appointed to the Board on 1 February 2020 and was appointed Chairperson of the Board on 28 February 2024. She has held the position of Chairperson of the Remuneration and Nominations Committee. With over 18 years of executive experience, Roseta brings deep expertise in:

- Policy and Trade: Policy analysis, trade policy formulation, and regulatory engagement
- Strategy and Markets: Strategic planning, new market development, product differentiation, and brand management
- Operational Excellence: Key operational management and institutional performance improvement

Roseta's boardroom leadership extends to British American Tobacco Zambia PLC (Chairperson), Klaption Insurance, Titanium Oil, and the Italian School (Chair of Finance & Administration Committee). Her previous board engagements include the Bank of Zambia, Zambia Development Agency, Lusaka Multi Facility Economic Zone, COMESA Business Council, and several other national institutions—each benefitting from her hallmark of performance turnaround and strategic clarity.

Roseta is a seasoned strategic leader and transformative force in Zambia's

corporate and policy landscape. Her industry leadership includes eight years as Managing Director of Metal Fabricators of Zambia, where she spearheaded operational transformation and growth. Prior to that, she served as CEO of the Zambia Association of Manufacturers, leading the country's foremost business membership organisation with a focus on lobbying, capacity building, and regional business linkages. Her contributions to private sector development were nationally recognized in 2013 with an award for distinguished service.

Roseta is an Independent Consultant, currently advising the World Bank/IFC, the European Union, and the Livelihood Impact Fund. She is the immediate past Acting Director General of the Public Private Dialogue Forum, where she led high-level policy engagement between government and private sector actors. Her career is defined by strategic foresight, boardroom impact, and a consistent record of revitalizing institutions across sectors. Roseta Chabala stands as one of Zambia's most respected voices in business leadership and economic transformation.

Roseta is a Zambian National and holds a Master of Science in International Trade Policy and Trade Law from Lund University, and a Bachelor of Arts with Education from the University of Zambia.



OSWALD MAGWENZI (57) BSc, MSc, PGDipM, MBA
Executive Director {RN} {RM}

Oswald Magwenzi is Managing Director of Zambia Sugar PLC and leads the Nakambala Leadership Team. He was appointed to the Board on 18 August 2021. He is former Managing Director of Ubombo Sugar Limited. He spearheaded an industrywide effort to improve water use efficiency in the Eswatini sugar industry.

Oswald played an instrumental role in the development, financing and implementation of the Lower Usuthu Smallholder Irrigation Project (LUSIP) and the Komati Downstream Development Project, vital to Eswatini's growth.

Oswald has had an exemplary career spanning over 30 years in the sugar, irrigation and international finance sectors. He worked first for the Illovo Sugar Africa Group and then left to spend three years with the World Bank's International Finance agribusiness investments in Eastern and

Southern Africa. He returned to Illovo in 2012 and in 2013 took up the role of Managing Director at Ubombo Sugar in Eswatini.

He focused on value creation and developed new opportunities through a dedicated diversification strategy that included power generation.

Oswald is a Zimbabwean National and holds a BSc Agriculture Honours degree from the University of Zimbabwe, a Diploma in Marketing from the London Chamber of Commerce and Industry, an MSc in Irrigation Engineering and Postgraduate Certificate in Civil Engineering from the University of Southampton in the UK and an MBA (Finance) from the University of Southern Queensland in Australia.



HEZRON MUSONDA (35)
BAcc, MPAcc, PDBF, FCCA, FZICA
Executive Director

Hezron Musonda joined the Nakambala Leadership Team as Finance Director on 25 January 2024. He is responsible for leading the Finance function to ensure the achievement of the company's ambitious financial goals and to provide the business support needed "to become a diversified agri-business." Hezron was appointed to the Board on 28 February 2024, following his appointment as Finance Director.

Hezron has a wealth of experience, acquired mainly from the banking sector, including spearheading strategic commercial decision-making processes alongside Strategic business Units as a key member of the Executive Management Team, overseeing financial and management accounting, taxation, balance sheet management, capital structure management, investor relations, capital raising, financial and regulatory reporting and supporting mergers and acquisitions. He previously served as Chief Finance Officer for Access Bank and prior to this held a similar position at Bank of China.

Hezron is a Zambian National and holds an MSc in Professional Accountancy (MPAcc) from the University of London (UoL)/ University College London (UCL), UK, a Bachelor of Accountancy (BAcc) from the Copperbelt University (CBU), Professional Diploma in Banking and Financial Services (PDBF) and is a Fellow of the Association of Certified Chartered Accountants (ACCA), UK and the Zambia Institute of Chartered Accountants (ZICA).



MARC POUSSON (59)
NHD ElecEng, GCC (Elec)
Executive Director

Marc Pousson joined the Nakambala Leadership Team as Factory Director in June 2020. He is responsible for factory operations and manufacturing at Nakambala Sugar Estate. He was appointed to the Board on 1 June 2020.

Marc has over 27 years' sugar milling experience and has held a number of leadership positions within the Illovo Sugar Africa/ABF Sugar Group. Prior to this he served as General Manager of Nchalo Sugar Estate for 3 years and as a Director of Illovo Sugar (Malawi) PLC.

Marc is a South African National and holds a Higher National Diploma from Durban University of Technology and a Government Certificate of Competency in Electrical Engineering.

Non-Executive Directors



DIPAK K. A. PATEL (72)

Independent Non-Executive Director

Dipak Patel was appointed to the Board on 8 December 2006. He is a businessman and chairman of boards of various companies. He previously served as a Member of Parliament for Lusaka Central Constituency for 15 years and held ministerial positions during this time including Minister of Commerce, Trade and Industry.

He is a Zambian National and an advocate for the need to address third-world poverty through fair trade. In addition, Dipak was a member of the Board of Trustees of the Investment Climate Facility, nominated by the Department for International Development of the United Kingdom



FIDELIS M. BANDA (74)

ACIS, FCMA, CGMA, FZICA

Independent Non-Executive Director {AC} {C}

Fidelis Banda was appointed to the Board on 17 May 2001. He is Chairperson of the Audit Committee. He is a seasoned Accountant whose association with Zambia Sugar PLC. He began in the early 70's when he was appointed as a management trainee.

He rose through the ranks to eventually become Finance Director/Company Secretary in 1995. He held this position until his retirement in 2002. He is a Zambian National and is also a member of the Board of several other companies within the country.



AMI R. MPUNGWE (74)

BA(Hons)

Non-Executive Director {RN} {AC} {RM}

Ami Mpungwe was appointed to the Board on 27 October 2006. He brings a wealth of experience as a Non-Executive Director of two ABF Sugar subsidiaries, namely Illovo Sugar (Malawi) Limited and Kilombero Sugar Company Limited in Tanzania.

Ami is a Tanzanian National and also serves as Director of a number of other companies in Tanzania and has had over 25 years' experience in the Tanzanian Government, which included serving as a Deputy High Commissioner accredited to Zambia from 1979 to 1985.



LEKANI KATANDULA (50)

BAcc, FCCA, CFA, MBA

Non- Executive Director {AC} {RM}

Lekani was appointed to the Board on 1 April 2025. He serves as Chief Financial Officer of the ABF Sugar Division, a position assumed on 1 January 2025, overseeing financial operations across Azucarera (Spain), British Sugar (UK), Illovo Sugar Malawi plc, Zambia Sugar plc, Kilombero Sugar (Tanzania), Ubombo Sugar (Eswatini), Illovo Sugar South Africa, and Kigali Sugar (Rwanda).

Previously, he led Illovo Sugar Malawi plc as Managing Director from April 2020 to December 2024, achieving a successful business turnaround and securing top honors in the Illovo Africa performance awards (six of ten categories, including overall best country, in FY 2022; five of ten, including best country, in FY 2023).

He joined Illovo in August 2015 as Finance Director, implementing internal control enhancements that earned the “most improved financial control environment” recognition in 2017, and served as Human Resources Director from December 2017, driving remuneration reforms that positioned the Malawi team as the division’s top performer in 2018. Prior to Illovo, Lekani spent 19 years at Deloitte, including 11 as an Assurance and Advisory Partner, delivering services across industries in Africa and the UK.

Lekani has held influential roles, including member of the Reserve Bank of Malawi’s Monetary Policy Committee; Non-Executive Director and Audit Committee Chair at Telekom Networks Malawi plc; Chairman of the Malawi Public Private Partnership Commission (2020–2023); President of the Malawi Confederation of Chambers of Commerce and Industry (2022–2024); and member of the Malawi Presidential Private Sector Council (2023–2024).

A Malawian national, he is a Chartered Accountant (Fellow of ACCA and ICAM member), CFA Charterholder, and holds a Bachelor of Accountancy (with distinction) from the University of Malawi and an MBA (with merit) from the University of Bradford. He previously served as President of the Society of Accountants in Malawi (now ICAM) for two years.



SUSAN M. MULIKITA (55)

AC, C

Independent Non- Executive Director

Susan was appointed to the Board on 26th February 2025 as an Independent Non-Executive Director. She has a strong background in Telecommunications, Legal and Regulatory Affairs, Advocacy, Planning, and Leadership. Her diverse experience and expertise bring significant value to the Company.

She previously served as Chief Executive Officer at Liquid Telecommunications Zambia and held key positions at Airtel Networks Zambia including the role of Legal and Regulatory Director. She was also the Company Secretary at Zambia Towers Limited, Director of Markets, Competition & Licensing at the Zambia Information and Communications Technology Authority (ZICTA), Legal Officer at the Communications Authority of Zambia, she was also Chief Regulatory Officer at Bandwidth and Cloud Services Group (East and Southern Africa).

Susan is a Zambian National and holds several certificates including a Certificate of Admission as an Advocate of the Superior Courts of Zambia, a Finance for Non-Finance Managers certification from Zambia Centre for Accountancy Studies (ZCAS) University. She is a holder of a Master of Laws in Information and Communication Technology (ICT) Law from Buckinghamshire New University, United Kingdom, a Certificate in Telecommunications Policy, Regulation, and Management from Witwatersrand University, South Africa, and a Bachelor of Laws from the University of Zambia.



CRAIG JENSEN (55)

PHD Eng, B.Sc. Eng.

Non-Executive Directors {RM} {C}

Craig is the ABF Sugar Divisional Operations Director. He was appointed to the Board on 31 October 2024 and is the Chairperson of the Risk Management Committee. Craig has more than 25 years of sugar experience including production, design, research and development, and project management.

Craig worked at Tongaat Hulett from 1997 to 2022, starting as an engineer-in-training; working in both line management and support functions; and serving in various senior leadership capacities including General Manager Refinery, Head of Technology Development and Head of Sugar Technology. He has also played an integral role in the design and implementation of various key projects, such as the Xinavane Refinery.

Craig joined the Illovo Sugar Africa Group as Operations Director in 2022 and assumed his current role at ABF Sugar in 2024.

He is a South African National and holds a Bachelor of Science Degree in Chemical Engineering, graduating Summa Cum Laude from the University of Natal, Durban, South Africa. Most notably, Craig is a holder of a PhD in Chemical Engineering conferred by the University of Cambridge, United Kingdom.



ANDRE LUBBE (61)

BCom, BA

Non-Executive Director {RM} {C}

Andre was appointed to the Board on 23 February 2022. He is chairperson of the Risk Management Committee. He is the Illovo Sugar Africa Group Commercial Director. Andre has many years of experience in commercial, logistics and business operations which he attained in various leadership roles.

He worked for SABMiller, joining in 1987 and serving in various senior capacities including Regional Sales and Trade Marketing Manager for the North and Western Cape Regions, Regional Manager for the Eastern and Southern Cape Regions. He also has 3 years' experience with PARMALAT South Africa as Divisional Manager- Inland Region, from 2008 to 2010 before returning to SABMiller Africa. Andre served as Commercial Director in the Nigeria business unit from 2011 to 2012. He then assumed the role of Head of Distribution and Route to Market Development at SABMiller Africa from 2012 to 2016 before leaving to join the Illovo Group.

Andre is a South African National and holds a Bachelor of Commerce Degree majoring in Economics and Marketing from University of Pretoria and a Business Administration Honours degree from the University of Stellenbosch, Business School.

Nakambala Leadership Team



**OSWALD
MAGWENZI**

*Managing Director
Refer to Profile
under Board of Directors*



**HEZRON
MUSONDA**

*Finance Director
Refer to Profile under
Board of Directors*



**MARC
POUSSON**

*Factory Director
Refer to Profile under
Board of Directors*



EMMANUEL SIMWINGA

Agriculture Director

Emmanuel Simwinda joined the Nakambala Leadership Team on 1 August 20024 in the capacity of Agricultural Director-Designate. Following the retirement of Anthony Domleo in February 2025, Emmanuel took full leadership of the Agriculture team and will continue rolling out strategic initiatives such as the New Farming System, Irrigation System Upgrades and optimization of agricultural operations as we strive to consistently grow the 3.6 million tonnes of cane required to produce 425,000 tonnes of sugar every year. As part of his role, he will ensure strong collaboration with the factory, grower community and other stakeholders.

Emmanuel is not new to Zambia Sugar, having previously worked in the Agriculture Department in various roles including Farm Manager, Agronomist, and Field Technical Manager over a career of 13 years. He left Zambia Sugar in 2014 to pursue his passion in Agronomy with reputable agribusiness firms such as Syngenta, Amiran, and BASF.

Prior to re-joining Zambia Sugar, Emmanuel's responsibilities, as Managing Director of BASF

Zambia, included overseeing the Agricultural Solutions businesses interests across Southern Africa. In this capacity he actively contributed to industry organisations like CropLife in Africa & the Middle East whilst serving as a board member in local organisations.

Emmanuel is a Zambian National, and a proficient agricultural professional with competencies in agronomy, crop production and project management. He is skilled in supply chain management, sustainable agriculture, strategic planning, agribusiness analysis and management.

He is currently pursuing a PhD in Management and holds an MBA from Management College of Southern Africa (MANCOSA) which complements his Bachelor of Science Degree in Agriculture from the University of Zambia. Furthermore, he has Senior Certification in Sugarcane Agriculture from the South African Sugarcane Research Institute. He also participated in the Safety for Senior Managers as well as the Management Development Programme (MDP) offered by Illovo Sugar Africa.



EUGENE CHUNGU

Corporate Affairs Director

Eugene Chungu joined the Nakambala Leadership Team as Corporate Affairs Director on 1 December 2019. He is responsible for advocacy, stakeholder management, internal and external communications, corporate social responsibility, as well as media relations. He is a graduate of the Illovo Global Leadership Development Programme (GLDP) offered by the Gordon Institute of Business Science (GIBS), University of Pretoria.

Eugene has more than 22 years' experience covering the manufacturing, construction, telecommunications and mining sectors. He has held leadership roles including Corporate Affairs General Manager at Konkola

Copper Mines PLC, Corporate Affairs and communications Director at Lafarge Zambia and Lafarge South East Africa as well as National Marketing Manager at Telecel, what is today, MTN.

Eugene is a Zambian National and holds a Bachelor of Agricultural Sciences degree majoring in Economics from the University of Zambia and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (CIM) in the UK. He also holds a Master of Business Administration degree majoring in Marketing from Oxford Brookes University.

Nakambala Leadership Team



SHARON MWELWA LIMA

Human Resources Director

Sharon joined the Nakambala Leadership Team on 8 January 2024. She is a highly skilled professional in the field of human resources management. Her primary role involves overseeing and managing the human resources functions within Zambia Sugar. She will lead the Human Resources team in delivering the People Leadership metrics which are critical to achieving Zambia Sugar's objectives and creating a great place to work.

Sharon has over 20 years of experience working in the United Kingdom and Zambia as a senior human resources practitioner. In her

previous roles, she was responsible for executing and driving employee engagement, talent development strategies and promoting diversity and inclusion, and change management. She has worked across different industries such as manufacturing, agriculture, government, and NGOs.

Sharon is a Zambian National and holds a BA Hons Degree in Human Resources Management and Business Law from London Metropolitan University, U.K. and a B- Tech National Diploma in Business Studies from Stanmore College, U.K.



HARRIET KAPEKELE-KATONGO

Legal Director and Company Secretary

Harriet joined the Nakambala Leadership team on 1 June 2024. She currently serves as Legal Services Director and Company Secretary at Zambia Sugar Plc, where she leads the legal function, advises the executive team and board on legal strategy, and ensures compliance with regulatory frameworks governing listed companies.

Harriet is a distinguished legal executive with over 20 years of progressive experience in corporate law, governance, and regulatory compliance across multiple sectors including construction, manufacturing, and agribusiness.

Her career is marked by high-impact roles at Chilanga Cement PLC, where she served as Legal & Compliance Director and Company Secretary

for a decade, and at PwC Zambia and Corpus Legal Practitioners, where she handled complex commercial transactions, insolvency matters, and strategic legal advisory.

Harriet is a Zambian National and holds a Master of Laws (LLM) from King's College London and a Bachelor of Laws (LLB) from the University of Zambia and is an Advocate of the Superior Courts of Zambia. She is also a member of the Institute of Directors of Zambia and the Legal Practitioner's Committee of the Law Association of Zambia, reflecting her commitment to professional excellence and ethical leadership.



CHEMBE KABANDAMA

Commercial Director

Chembe Kabandama joined the Nakambala Leadership Team as the Marketing Director on 1 September 2015. Chembe is responsible for sales and marketing operations in respect of domestic markets and new market opportunities. He is a graduate of the Illovo Global Leadership Development Programme (GLDP) offered by the Gordon Institute of Business Science (GIBS), University of Pretoria.

He has more than 26 years' experience covering the petroleum, manufacturing, construction and sugar sectors. Chembe has held leadership roles

at Agip Petroleum, Kobil Petroleum and Lafarge Zambia PLC before joining Zambia Sugar PLC.

Chembe is a Zambian National and holds a Bachelor of Engineering degree from the University of Zambia and is a Chartered Management Accountant from the Chartered Institute of Management Accountants (CIMA). He also holds a Master of Business Administration degree from the Eastern and Southern African Management Institute.

Nakambala Leadership Team



RICHARD CHIPONDA

Supply Chain Director

Richard Chiponda joined the Nakambala Leadership Team as the Supply Chain Director on 1st September 2023. Richard is responsible for inbound Logistics, which involves procurement, inventory and for outbound logistics, covering customer service centre, transport management, warehouse management, sales and operations planning and logistics analytics.

He is a Zambian national with more than 29 years' experience in among others, Computer software marketing, Customs clearing, Freight and Forwarding, Marketing and Logistics (Warehouse and Transport Management) in various companies

before joining Zambia Sugar PLC in 2006. He is a graduate of the Illovo Fast Track Development Programme (FTDP) offered by Gordon Institute of Business Science (GIBS), University of Pretoria and of the Illovo Logistics Academy.

Richard holds a Bachelor of Business Administration degree from the Copperbelt University. He also holds a Post Graduate Diploma in Business Administration from Copperbelt University, a Diploma in Marketing from Evelyn Hone College



COLLINS UNDI PHIRI

Estate Support Services Director

Collins Phiri joined the Nakambala Leadership Team as Estate Support Services Director in October 2023.

He is responsible for Safety & Health, Environment, Enterprise Risk Management, Quality & Food Safety, Community Services, Security and Emergency Response Management.

Collins is a Zambian National with more than 10 years' experience in the Sugar Industry. Most recently, Collins has been the Organisation Effectiveness Manager within the Business Improvement Department. He has previously held strategic positions within the broader Illovo Group in South Africa and Malawi, predominantly in Process Optimisation, Change Management and

Transformational Project Management. One of his strategic roles was to serve as Group Results Delivery Office (RDO) Lead, driving the Group-wide Fit4Future Programme for the Illovo Sugar Africa Group. Prior to moving to South Africa as a secondee, Collins gained his sugar experience in Production Management at the Nakambala factory and later in Process Optimisation at the Nchalo factory in Malawi.

Collins holds a BSc in Chemical Engineering from Université des Sciences et de la Technologie Houari Boumediene, Algeria. He is also a Certified Scrum Master (CSM), a Lean Six Sigma Black belt (LSSB), Certified Machine Learning Developer and a candidate for the Business Strategy Professional Charter.



SIMBARASHE GARABA

Business Improvement Director

Simbarashe Garaba joined Nakambala Leadership Team on 9 May 2023 as Business Improvement Director. Simbarashe's role involves end-to-end business improvement from seed to plate and ensuring quantifiable roll out of country strategy.

He is a Zimbabwean national whose 14 years of operational and strategic experience comes from endeavours in sub-Saharan Africa in the construction and engineering sectors.

He has a BSc Hons Quantity Surveying qualification from the University of KwaZulu-Natal, a Master's in Business Administration from University of Witwatersrand's Wits Business School, a Project Management Institute PMP qualification and an executive leadership programme qualification from Oxford University's Saïd Business School.

2025 Annual Financial Statements

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Report of the Directors

for the year ended 31 August 2025

The Directors have the pleasure in presenting their report which forms part of the Annual Financial Statements of Zambia Sugar PLC ("the Company") and its subsidiary ("Nanga Farms Limited") for the year ended 31 August 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the growing of sugar cane and the production of sugar and other speciality products for sale into domestic and export markets.

REVIEW OF OPERATIONS

Agriculture

The total sugarcane delivered to the factory over the two growing seasons during the financial year amounted to **3.191 million tonnes** (2024: 3.544 million tonnes). Of this, our own Estate operations contributed **1.591 million tonnes** (2024: 1.824 million tonnes), while other growers supplied **1.600 million tonnes** (2024: 1.720 million tonnes), representing 49.9% and 50.1% of total deliveries, respectively.

The decrease in tonnage is primarily attributed to the residual effects of the severe 2023/24 drought, particularly in the first part of the financial year's growing season. Growers achieved cane yields of **120 tonnes per hectare** (2024: 124 t/ha), while the Estate achieved yields of **129 tonnes per hectare** (2024: 114 t/ha). Notably, the estate performance exceeded expectation, reflecting strong agronomic performance and operational efficiencies. Regarding cane quality, the sucrose content for the current financial year was **14.09%**, down from the **14.38%** recorded in 2024. However, this was offset by the increased yields.

Production

Sugar production during the financial year was **372 328 tonnes** (2024: 424 531 tonnes). Refined sugar production for the year was **88 935 tonnes** (2024: 89 310 tonnes). This drop in production was driven by constrained cane supply due to the residual effects of the 2023/24 drought that was widely regarded as the most severe

in recent history. Cane yield was negatively impacted by the drought which occurred during the peak growth period for the crop. Consequently, both quantity of cane harvested, and sugar production declined accordingly compared to the prior year. This year's results reflect the full impact of the drought on physical output.

Nonetheless, the factory broke 23 production records including cane crush per week, cane crush per day, cane crushed on a stop day and refined sugar produced per day, to produce 372 328 tonnes of sugar and 88 935 tonnes of refined sugar for the financial year, an impressive feat considering the effect of the drought experienced in 2023/24 crop season which impacted cane supply. The strategic focus to improve the efficient use of energy in the factory had a positive impact on managing operating costs.

Strong leadership, teamwork across the supply chain, regular engagement sessions with employees, a commitment to operational excellence and a focus on asset reliability were key contributors to this outstanding performance despite the drought.

Commercial

The total revenue for the year amounted to **K8 897 million** (2024: K7 530 million), representing an 18% increase over the previous financial year.

This increase was supported by improved value capture through better product mix and revenue realisation on both domestic and export markets. Domestic demand for sugar remained largely strong during the financial year, despite a 2% decline in domestic sales compared to the previous year. The reduction was primarily driven by constrained supply of certain Stock Keeping Units (SKUs) during parts of the off crop period and into the start of the 2026 crushing season. In addition, appreciation of the Kwacha reduced the competitiveness of locally produced

The details of the Company's business and postal addresses are:

BUSINESS ADDRESS:

Plot No. 118a, Lubombo Road, Nakambala Estate, Mazabuka, Zambia.

POSTAL ADDRESS:

P.O. Box 670240,
Mazabuka,
Zambia.

EMAIL:

Corporate@zamsugar.zm

WEBSITE:

www.zamsugar.co.zm

sugar based products in regional markets, weakening export opportunities for local manufacturers and creating an incentive for illegal imports especially around towns. Local competitors likewise ceased exports in response to reduced export earnings, redirecting products to the domestic market and increasing competitive pressure on prices and volumes.

To mitigate the impact of currency appreciation, the business implemented strategic push and pull promotional activities to stimulate demand and preserve volumes that would otherwise have declined significantly in comparison to 2024. Having fully optimised the Last Mile Reseller (LMR) model which started realising the ensuing benefits, the business further embarked on a project to roll out containers to expand its distribution footprint during the year and drive further improvement in availability of Whitespoon products across the country. In addition, the optimised product portfolio helped maintain affordability across consumer segments, driving revenue growth through optimisation of the sales mix.

Export sales declined by 5% as the business prioritised markets that deliver optimal margin realisation, focusing on countries within its primary market segment. However, the imposition of tariffs on sugar imports in some of these markets reduced the competitiveness of Whitespoon products. The company remains committed to its primary markets and expects export volumes to stabilise in the next financial year, on the back of improved inventory levels sufficient to meet anticipated demand.

Supply Chain

The Winning Outbound Logistics Organisation (WOLO) team consistently delivered on its commitment to meeting customer expectations by providing the right products, at the right time, in the most cost-effective manner. This was achieved

while upholding the highest standards of employee safety, product quality, and customer service excellence.

In alignment with statutory obligations, the business maintained full compliance with all applicable regulations, including the requirement to transport a minimum of 30%

of sugar production via rail.

Human Resources

The Group remained a significant contributor to employment, maintaining an average workforce of 6 479 during the year (2024: 6 396). Workforce numbers

peaked at 7 555 (2024: 7 310), reflecting the Group's ongoing role in supporting job creation and economic participation across its operations.

The average number of employees engaged in each month of the period under review was as follows:

Year	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
August 2025	7 098	7 159	7 555	7 320	5 141	5 214	5 622	6 627	6 347	6 353	6 303	7 008
August 2024	6 816	6 835	6 842	7 310	5 140	5 387	5 533	6 581	6 343	6 351	6 531	7 081

The total remuneration paid in respect of the above employees was **K725 million** (2024: K649 million).

Prospects

The Group anticipates increased economic activity in rural areas following the country's bumper maize harvest, which is expected to drive strong demand for direct consumption products. With inflation trending downwards and mining activity showing signs of recovery, Gross Domestic Product (GDP) is projected to grow by 6%.

Although power supply remains a challenge, the business has secured electricity for irrigation and implemented effective load management initiatives. These measures are expected to support higher cane production while helping to mitigate short-term energy costs.

Enhanced farming systems, including the

installation of drip irrigation, have begun yielding positive results. In some fields, cane yields have exceeded 200 tonnes per hectare, demonstrating the potential for further productivity gains as these systems are expanded.

The successful and timely completion of the Falling Film Evaporator (FFE) project marks a key milestone, with commissioning progressing well and the equipment expected to be operational for the 2026 crushing season. Additionally, the approval of the long-awaited Twazabuka project represents a significant achievement, with notable progress anticipated in 2026 financial year.

The appreciation of the Kwacha during the last quarter of the current 2025 financial

year presents a mixed impact. While it lowers costs for foreign-denominated inputs, it also adversely affects export volumes and price realisation thereof. Furthermore, a stronger Kwacha has led to increased illegal imports through border towns, alongside a rise in legally imported sugary products.

The Group remains focused on its strategic vision, robust operational foundations and a commitment to sustainable growth. It considers itself well-positioned to capitalise on emerging opportunities while effectively navigating market challenges. Looking ahead, the business remains focused on delivering long-term value for stakeholders and driving continued success across all areas of operation.

FINANCIAL RESULTS

The Group's results are as follows:

Group		2025	2024
	Note	K' 000	K' 000
Revenue	4	8 896 755	7 529 545
Operating profit	5	1 986 783	2 566 629
Exchange movements on leases	30	(3 543)	(18 932)
Net financing costs	6	(116 621)	(38 692)
Profit before taxation		1 866 619	2 509 005
Taxation charge	7	(232 890)	(451 415)
Profit for the year		1 633 729	2 057 590
Profit attributable to:			
Shareholders of Zambia Sugar PLC		1 633 729	2 057 590
Earnings per share (Ngwee per share)	8	516.1	650

DIVIDENDS

A Dividend of **109.6 Ngwee per share** is being proposed for the year ended 31 August 2025 (2024: 161.0 Ngwee per Share).

DIRECTORATE AND SECRETARIAT

The names of the Directors and the Company Secretary in office during the financial year are reflected below:

Roseta Chabala	Chairperson
Susan M’Kandawire Mulikita*	Non-Executive Independent Director
Dipak Patel	Non-Executive Independent Director
Fidelis Banda	Non-Executive Independent Director
Ami Mpungwe	Non-Executive Independent Director
Craig Jensen*	Non-Executive Director
Lekani Katandula*	Non-Executive Director
Amanda Venters*	Non-Executive Director
Andre Lubbe*	Non-Executive Director
Oswald Magwenzi	Executive Director (Managing Director)
Hezron Musonda	Executive Director
Marc Pousson	Executive Director
Harriet Kapekele-Katongo	Company Secretary

APPOINTMENTS AND RESIGNATIONS

During the year under review the following changes were made:

- Mr Craig Jensen was appointed as Non-Executive Director of the Board effective 31 October 2024.
- Ms Susan M’Kandawire Mulikita was appointed as an Non-Executive Independent Director of the Board effective 26 February 2025.
- Ms Amanda Venters resigned as a Non- Executive Director of the Board effective 31 March 2025.
- Mr Lekani Katandula was appointed as an Non-Executive Director of the Board effective 1 April 2025.
- Mr Andre Lubbe resigned as a Non- Executive Director of the Board effective 4 August 2025.

DIRECTORS’ INTERESTS AND EMOLUMENTS

None of the Directors had any interest in any contract with the Group during the period under review. The Director that held beneficial interests in the Issued Ordinary Share Capital of the business as at 31 August 2025 was as follows:

	Number of Shares	
	2025	2024
Fidelis M. Banda	7 176	7 176

DIRECTORS’ LOANS

There were no Directors’ loans during the current and previous year.

PROPERTY, PLANT AND EQUIPMENT

The significant additions to Property, Plant and Equipment for the Group were:

	2025	2024
	K’000	K’000
Opening Capital Work in Progress	453 672	177 901
Additions to Capital Work in Progress	1 104 642	613 276
	1 558 314	791 177
Items Capitalised During the Year		
- Buildings	(17 205)	(72 548)
- Plant & Equipment	(238 073)	(244 722)
- Motor Vehicles	(42 460)	(17 225)
- Furniture & Fittings	(11 753)	(3 010)
	(309 491)	(337 505)
Closing Capital Work in Progress	1 248 823	453 672
Cane Roots Capitalised During the Year	(152 152)	(141 578)

During the year, expenditure valued at **K1 105 million** (2024: K613 million) was added to Property, Plant and Equipment as Capital Work in Progress while **K309 million** (2024: K338 million) was completed and transferred to the applicable categories of assets. During the year **K152 million** (2024: K142 million) was added in respect of cane roots.

SHARE CAPITAL

A detailed analysis of the shareholding is shown below:

Range	Number of holders	Number of shares	%	Classification	Number of holders	Number of shares	%
1 - 1 000	2 885	880 243	0.3%	Illovo Group Holdings Ltd	1	237 428 539	75.00%
1001 - 5 000	573	1 231 056	0.4%	Pension Funds	71	61 227 298	19.34%
5 001 - 10 000	107	754 175	0.2%	Local Companies	61	667 503	0.21%
10 001 - 100 000	89	3 013 621	1.0%	Local Individuals	3 201	3 266 584	1.03%
100 001 - 1 000 000	35	12 425 832	3.9%	Foreign Individuals	331	665 827	0.21%
> 1 000 001 - 100 000 000	6	60 837 919	19.2%	Foreign Companies	31	13 315 634	4.21%
> 100 000 001	1	237 428 539	75.0%				
Total	3 696	316 571 385	100%	Total	3 696	316 571 385	100%

SIGNIFICANT SHAREHOLDING

As at 31 August 2025, the business has been advised of the following notable interests in its ordinary share capital:

	Number of Shares	%
Illovo Group Holdings Limited	237 428 539	75.00
National Pension Scheme Authority	30 788 021	9.73
Standard Chartered Zambia Securities Nominees Ltd	16 911 458	5.34

Other than the shareholdings listed above, the Directors are not aware of any individual shareholding that exceeds 5% of the issued share capital.

EXPORTS

The value of products exported by the Group during the year was **K1 561 million** (2024: K1 427 million).

DONATIONS

The Group made donations to the value of **K1.8 million** (2024: K5.0 million) in respect of various charitable activities. No donation was of a political nature.

SAFETY

Safety remains a strategic priority of the organisation, as the business continues to foster a safe and secure environment for all employees, contractors, and visitors. While the business has made commendable progress, it is deeply saddening to witness incidents that have negatively impacted the pursuit of a zero-harm workplace.

These experiences underscore the need for continued improvement and vigilance. At the same time, it reinforces the unwavering commitment to achieving the zero-harm objective. To this end,

the business intensified its focus on the Personal Choices Safety Behaviour Programme, which empowers all its stakeholders to make safe, informed decisions at their workstations every day.

The 2025 Safety Week was again a resounding success. It highlighted the importance of integrating safety into every aspect of the work culture. The focus on Behavioural Safety Awareness and strong leadership have been invaluable in raising awareness and ensuring that safety remains a top priority. Substantial investments in safety infrastructure have also been made. Additionally, the business continued to foster fire prevention and detection systems, ensuring adequate preparation to deal with the ever-present risk of fire.

OCCUPATIONAL HEALTH

The health and well-being of employees and surrounding communities remain a core priority for the Group. The hospital leadership and medical teams continue to lead with dedication and excellence in advancing healthcare outcomes.

This year marked the inaugural Satellite World AIDS Day at Nakambala Estate, which will now be commemorated annually. Significant improvements were made to Chula Clinic, including the installation of a solar-powered borehole to mitigate electricity challenges. Through partnership with MaxCare Hospital, employees now benefit from faster and enhanced access to healthcare services.

ENVIRONMENT

The Group's commitment to environmental sustainability continued throughout the year. It focused on efficient water management, including the reuse of factory wastewater for irrigation, which helped reduce reliance on fresh water. A major highlight among the initiatives during the year was the Group's tree planting campaign which continues to support efforts aimed at greening the estate and contributing to tackling climate change. The Group planted 7 000 indigenous trees during the financial year to support ecosystem preservation. The Group remains confident that the target of 12 000 trees by the end of the calendar year of

2025 will be achieved as it continues to focus on environmental stewardship and sustainability.

FOOD SAFETY AND QUALITY

The quality and food safety performance for the period under review was satisfactory. The business successfully achieved high pass rates in all key food safety audits, including Food Safety System Certification (FSSC) 22000, Zambia Compulsory Standards Agency (ZCSA), Kosher and Halaal certifications, evidencing that the highest standards in food safety continue to be met. The Group has also seen a significant reduction in customer complaints in line with the customer centricity pillar of its strategy.

The business continues to look at ways of enhancing its food safety and quality procedures and ensuring that it maintains food safety management system which meets the requirements of Food Safety System Certification (FSSC).

TECHNOLOGY, RESEARCH AND DEVELOPMENT

As of 1 September 2024, the business successfully transitioned to the SAP S/4 HANA ERP system, representing a pivotal milestone in our digital transformation journey. This state-of-the-art platform has delivered significant value by enhancing operational visibility,

streamlining processes and driving overall performance and competitiveness across the business.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the year, the Board of Directors implemented an internal control framework over financial reporting in accordance with section 147 of the Securities Act of 2016, following a successful 5 year transition period. The board is responsible for ensuring the effectiveness of the Group's internal control systems, including those related to financial reporting and disclosure controls. Management has provided the Board of Directors, through the Audit Committee, with disclosures regarding the effectiveness of these controls for the reporting period. After reviewing these disclosures, the Board of Directors confirms that the internal controls over financial reporting and disclosure controls are operating effectively to ensure the reliability and accuracy of the Group's financial statements.

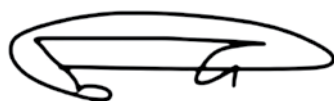
AUDIT AND NON-AUDIT REMUNERATION

In the current year, the Auditor's remuneration amounted to **K4.01 million** (2024: K3.88 million) and non-audit fees amounted to **K330 000** (2024 K330 000).

AUDITOR

In accordance with the provisions of section 171(3) of the Companies Act of Zambia, 2017, the Auditor, Messrs EY Zambia, will retire as Auditor of the Group at the forthcoming Annual General Meeting, and having expressed their willingness to continue in office, a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board,



Roseta Chabala

Chairperson

31 October 2025



Oswald Magwenzi

Managing Director

31 October 2025

Statement of Directors' Responsibilities

The Zambia Companies Act requires the Directors to prepare financial statements for each financial year that present fairly the state of the financial affairs of the company as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company. The Directors are further required to ensure the organisation adheres to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act of Zambia, 2017.

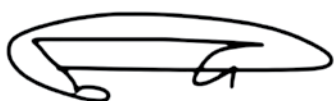
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards issued by the International Accounting Standards Board and the requirements of the Companies Act of Zambia, 2017. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the Group and of its profit in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and the requirements of the Companies Act of Zambia, 2017. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act of Zambia, 2017.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

APPROVAL OF THE FINANCIAL STATEMENTS

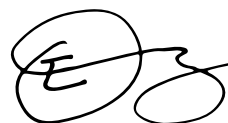
The financial statements of the Group as indicated above, were approved by the Directors on 31 October 2025 and are signed on its behalf by:



Roseta Chabala

Chairperson

31 October 2025



Oswald Magwenzi

Managing Director

31 October 2025

Independent Auditor's Reasonable Assurance Report on the Internal Controls over Financial Reporting

To the shareholders of Zambia Sugar PLC

SCOPE

We have been engaged by Zambia Sugar Plc ("the Company") to perform a 'reasonable assurance engagement', as defined by International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and Securities (Internal Controls Over Financial Reporting) Guidelines, 2024 hereafter referred to as the engagement, to report on the effectiveness of Zambia Sugar Plc's Internal Controls over Financial Reporting (the "Subject Matter").

DEFINITION AND LIMITATIONS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal controls over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of their inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

CRITERIA APPLIED BY ZAMBIA SUGAR PLC

In designing, establishing and operating the Internal Control Over Financial Reporting (ICFR), Zambia Sugar Plc applied the requirements of Internal Control-Integrated Framework (2013) of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework and Securities (Internal Controls Over Financial Reporting) Guidelines, 2024. Such Criteria were specifically designed to enable organisations effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organisation. As a result, the subject matter information may not be suitable for another purpose.

ZAMBIA SUGAR PLC'S RESPONSIBILITIES

Zambia Sugar Plc management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. Management is also responsible for maintaining effective Internal Controls Over Financial Reporting, in accordance with the criteria.

EY'S RESPONSIBILITIES

Our responsibility is to express an opinion the effectiveness of Zambia Sugar Plc's Internal Controls over Financial Reporting as at 31 August 2025 (the "Subject Matter") based on the evidence we have obtained.



Shape the future
with confidence

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') and Securities (Internal Controls Over Financial Reporting) Guidelines, 2024 and the terms of reference for this engagement as agreed with Zambia Sugar Plc on 27 June 2025. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements..

DESCRIPTION OF PROCEDURES PERFORMED

Our reasonable assurance engagement of the company's internal controls included obtaining an understanding of internal controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe that our procedures provided a reasonable basis for our opinion.

OUR OPINION

In our opinion, Zambia Sugar Plc's Internal Controls Over Financial Reporting as of 31 August 2025 are adequately designed and operating effectively, in all material respects, based on the Committee of Sponsoring Organisations Framework (COSO) and Securities (Internal Controls Over Financial Reporting) Guidelines, 2024.

We also have audited, in accordance with the International Standards on Auditing, the financial statements of Zambia Sugar Plc, which comprise the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statement of financial position as at 31 August 2025, the consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended and notes to the consolidated and separate financial statements including a summary of material accounting policy information and our report dated 03 November 2025, which expressed an unmodified opinion.

EY ZAMBIA

EY Zambia
Chartered Accountants

The engagement partner on the audit resulting in this independent auditor's Reasonable Assurance Report on the Internal Controls over Financial Reporting is;

John Sakala
Partner - Practicing certificate number: AUD/F009687

3 November 2025
Lusaka

Management Report on Internal Controls over Financial Reporting

for the financial year ended 31 August 2025

MANAGEMENT RESPONSIBILITY

Management of the Group is responsible for establishing and maintaining adequate internal controls over financial reporting. Our internal control over financial reporting is a process designed under the supervision of our Managing Director and Finance Director to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's financial statements for external reporting purposes in accordance with International Financial Reporting Standards. Internal Controls over Financial Reporting include our disclosure controls and procedures designed to prevent misstatements.

RISKS IN FINANCIAL REPORTING

The main risks in financial reporting are that it is possible that either financial statements do not present a true and fair view due to inadvertent or intentional errors or fraud or that the publication of financial statements is not done on a timely basis. These risks may reduce investor confidence or cause reputational damage and may have legal consequences including banking regulatory interventions. A lack of fair presentation arises when one or more financial statements or disclosures contain misstatements or omissions that are material. Misstatements or omissions are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the financial statements

INTERNAL CONTROLS EVALUATION FRAMEWORK

To confine the risks of financial reporting, management of the Group has established Internal Controls over Financial Reporting with the aim of providing reasonable, but not absolute, assurance against material misstatements or omissions and has conducted an assessment of the effectiveness of the Group's internal controls over financial reporting based on the framework established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design, and evaluate the adequacy, of a control system. As a result, in establishing internal controls over financial reporting, management has adopted the following financial statement objectives:

- Completeness - all transactions are recorded, and account balances are included, in the financial statements.
- Valuation - assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts.
- Rights and obligations of ownership - rights and obligations are appropriately recorded as assets and liabilities.
- Presentation and disclosures - classification, disclosure and presentation of financial reporting is appropriate; and
- Safeguarding of assets - unauthorised acquisition, use or disposition of assets is prevented or detected in a timely manner.

However, any internal control system, including Internal Controls over Financial reporting, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for Internal Control over Financial reporting may not prevent all errors and fraud. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Management Report on Internal Controls over Financial Reporting

for the financial year ended 31 August 2025

ORGANISATION OF THE SYSTEM OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

Controls within the system of internal controls over financial reporting are performed by all business functions with an involvement in reviewing the reliability of the books and records that underlie the financial statements. As a result, the operation of internal controls over financial reporting involves staff in the following departments: Agriculture, Factory, Commercial, Supply Chain, Estate Support Services, Finance, Human Resources, Safety, Corporate Affairs, Business Improvement and Legal.

The Finance department is responsible for the periodic preparation of financial statements and operates independently from the Group's businesses. Within the Finance department, different functions have control responsibilities which contribute to the overall preparation process:

- Financial reporting specialists (internal and external) are responsible for reviewing the quality of financial data by performing validation and control. They are in close contact with business, infrastructure and legal entity management and employ their specific knowledge to address financial reporting issues arising on products and transactions, as well as validating, reserving and other adjustments based on judgement.
- The Finance department is also responsible for Group-wide activities which include the preparation of the Group financial and management information, forecasting and planning and risk reporting. Finance sets the reporting timetables, performs the consolidation and aggregation processes, effects the elimination entries for internal and intercompany activities, controls the period end and adjustment processes, compiles the financial statements, and considers and incorporates comments as to content and presentation made by senior management and external advisors.
- The Finance department is also responsible for developing the Group's interpretation of International Financial Reporting Standards and their consistent application within the Group and is responsible for the timely resolution of corporate and transaction-specific accounting issues.
- The Finance department is further responsible for producing income tax related financial data that is covering the assessment and planning of current and deferred income taxes and the collection of tax related information. It monitors the income tax position and controls the provision for tax risks.

CONTROLS TO MINIMIZE THE RISK OF FINANCIAL REPORTING MISSTATEMENT

The system of internal controls over financial reporting consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties.
- operate on a periodic basis such as those which are performed as part of the Annual Financial Statement preparation process.
- are preventative or detective in nature.
- have a direct or indirect impact on the financial statements themselves. Controls which have an indirect effect on the financial statements, include Information Technology General Controls such as system access and deployment controls. An example of a control with direct impact would be a reconciliation which directly supports a balance sheet line item.

Management Report on Internal Controls over Financial Reporting

for the financial year ended 31 August 2025

- feature automated or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as for the authorization of transactions.

The combination of individual controls encompasses each of the following aspects of the system of internal controls over financial reporting:

- accounting policy design and implementation. Controls to promote the consistent recording and reporting of the Group's business activities in accordance with authorised accounting policies.
- reconciliation controls, both external and internal. Inter-system reconciliations are performed between relevant systems for all transactions, positions or relevant parameters. External reconciliations include bank accounts, warehouse inventory, agriculture cane-pro system and cane-lab/scalability under factory reconciliations.
- taxation controls. These are designed to ensure that taxation calculations are performed properly and that taxation balances are appropriately recorded in the financial statements.
- reserving and adjustments based on judgement. Controls are designed to ensure that reserving and other adjustments based on judgement are authorised and reported in accordance with the approved accounting policies.
- balance sheet substantiation. Controls relating to the substantiation of balance sheet accounts to promote the integrity of general ledger account balances based on supporting evidence.
- consolidation and other period end reporting controls. At period end, the subsidiary submits financial data to the Company for consolidation. Controls over consolidation include the validation of accounting entries required to eliminate the effect of inter- and intra- company activities. Period end reporting controls include general ledger month end close processes and the review of late adjustments; and
- financial statement disclosure and presentation. Controls over compilation of the financial statements themselves including preparation of disclosure checklists and compliance with the requirements thereof, and review and sign-off of the financial statements by senior finance management. The financial statements are also subject to approval by Management, and the Board with its Audit Committee.

MEASURING EFFECTIVENESS OF INTERNAL CONTROLS

Each year, the Management of the Group undertakes a formal evaluation of the adequacy and effectiveness of the system of internal controls over financial reporting. This evaluation incorporates an assessment of the effectiveness of the control environment as well as individual controls which make up the system of internal controls over financial reporting taking into account:

- the financial misstatement risk of the financial statement line items, considering such factors as materiality and the susceptibility of the particular financial statement line item to misstatement; and
- the susceptibility of identified controls to failure considering such factors as the degree of automation, complexity, risk of management override, competence of personnel and the level of judgement required.

Management Report on Internal Controls over Financial Reporting

for the financial year ended 31 August 2025

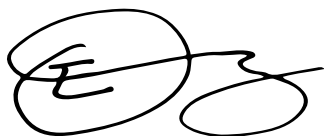
These factors, in aggregate, determine the nature and extent of evidence that Management requires in order to be able to assess whether or not the operation of the System of Internal Controls over Financial Reporting is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the internal controls over financial reporting evaluation. Information from other sources also forms an important component of the evaluation since such evidence may either bring additional control issues to the attention of Management or may corroborate findings. Such information sources include

- reports on audits carried out by or on behalf of Regulatory Authorities.
- External Auditor reports; and,
- reports commissioned to evaluate the effectiveness of outsourced processes to third parties.

In addition, the Group's Internal Audit evaluates the design and operating effectiveness of Internal Controls over Financial Reporting by performing periodic and ad-hoc risk-based audits. Reports are produced summarizing the results from each audit performed which are distributed to the responsible managers for the activities concerned. These reports also provide evidence to support the annual evaluation by management of the overall operating effectiveness of the internal controls over financial reporting.

As a result of the evaluation, management has concluded that internal controls over financial reporting are appropriately designed and operating effectively as of 31 August 2025.

- The Group's External Auditor, EY Zambia, which audited the Financial Statements, has issued an External Auditor's Report on our assessment of the Group's Internal Controls over Financial Reporting and is included on pages 62 to 63 of this Annual Integrated Report.



Signature:

Name: Oswald Magwenzi

Position: Managing Director

Date: 31 October 2025



Signature:

Name: Hezron Musonda

Position: Finance Director

Date: 31 October 2025

BUSINESS ADDRESS:

Plot No. 118a, Lubombo Road,
Nakambala Estate, Mazabuka,
Zambia.

POSTAL ADDRESS:

P.O. Box 670240,
Mazabuka,
Zambia.

EMAIL:

Corporate@zamsugar.zm

WEBSITE:

www.zamsugar.co.zm

Independent Auditor's Report

To the shareholders of Zambia Sugar PLC

AUDIT REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2025

OPINION

We have audited the consolidated and separate financial statements of Zambia Sugar PLC and its subsidiaries ('the Group') and company set out on pages 72 to 129 which comprise the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of financial position as at 31 August 2025, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

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 its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Zambia Companies Act, 2017 and the Zambia Securities Act, 2016.

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 Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits in Zambia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Zambia Sugar PLC. 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 each matter 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.



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Key Audit Matters	How KAM was addressed in the audit
Fair value of growing cane The Group and Company carries its growing cane at fair value in accordance with IAS 41 Agriculture. The growing cane valuation is based on the estimated sucrose content (adjusted for the Company's long-term view of the average maturity of the cane) and the estimated sucrose price for the following season, less the estimated costs for harvesting and transport. There is significant management judgement in the estimation of the sucrose content and price, expected cane yield and average maturity of the Growing Cane. As at 31 August 2025, the fair value of the Growing Cane held by the Group and Company amounted to ZMW1,246m and ZMW1,050m respectively. We have considered this as a key audit matter because the determination of the fair value involves significant judgement and estimates. A management expert was utilized in the determination of the sucrose content values that will be extracted from the area under the Cane. The Group and Company disclosures about significant judgements and estimates related to fair value of Growing Cane are included in note 16 which details assumptions and key inputs used by management.	Our audit procedures among others included: • Evaluated the sucrose price per ton, the direct costs (Haulage and harvest (crop removal costs) per ton against the approved 2025/26 budget and to the industry norms. • Evaluated the production inputs utilised in the calculation of the fair value such as estimated sucrose content to the signed factory production reports. • Performed a retrospective review of the inputs above by assessing the March 2026 forecast against prior years actual results and investigating any material differences. • Assessed the accuracy of management's valuation by re-performing the mechanics of the valuation calculation. • For area under cane, we obtained the field maps and then used google earth to recalculate the size of the area under cane and comparing this to management's position and for any differences determined whether this was reasonable. • Performed the profit adjustment calculation which is based on the inputs from the March 2026 Valuation. • Obtained an understanding of the competence and expertise of management's expert involved in the budgeting of the growing cane inputs. • Reviewed the financial statements pertaining to the growing cane and ensured that disclosures relating to growing cane were properly and adequately disclosed in line with IAS 41. • Assessed the Ratoon Maintenance costs to the forecasts prepared by Management by agreeing the prior year estimates to actual results to assess the reasonableness of management forecasts.

OTHER INFORMATION

The Directors are responsible for the other information. The other information consists of the information included in Zambia Sugar PLC Annual report for the year ended 31 August 2025, other than the consolidated and separate financial statements, our auditor's report and our reasonable assurance report on the internal controls over financial reporting 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.



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RESPONSIBILITIES OF THE DIRECTORS FOR THE 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 (IASB) and the requirements of the Zambia Companies Act, 2017 and the Zambia Securities Act, 2016 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 company or to cease operations, or have no realistic alternative but to do so. The Directors are also responsible for overseeing Zambia Sugar PLC's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE 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 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 skepticism 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 Zambia Sugar PLC'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 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 a 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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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, related safeguards.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

ZAMBIA COMPANIES ACT, 2017

As required by Section 259(3) of the Zambia Companies Act, 2017, we report to you based on our audit that:

- We have no relationship, interest or debt we have with the company; and
- Based on our audit, we did not come across any serious breaches of corporate governance principles or practices contained in Part VII of the Zambia Companies Act, 2017 by the Directors.

ZAMBIA SECURITIES ACT, 2016

As required by Part III, Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Zambia Securities Act, 2016 we report that:

- The consolidated annual financial statements of the Group have been properly prepared in accordance with Securities and Exchange Commission rules;
- The Group has, throughout the financial year, kept proper accounting records in accordance with the requirements of the Securities and Exchange Commission rules;
- The consolidated statement of financial position and consolidated statement of comprehensive income are in agreement with the Group's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief are necessary for the purpose of our audit.

EY ZAMBIA

EY Zambia
Chartered Accountants

The engagement partner on the audit resulting in this independent auditor's report is:

John Sakala

Partner - Practicing certificate number: AUD/F009687

3 November 2025
Lusaka

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

for the year ended 31 August 2025

	Notes	Group		Company	
		2025 K'000	2024 K'000	2025 K'000	2024 K'000
Revenue	4	8 896 755	7 529 545	8 896 755	7 529 545
Cost of sales		(5 306 615)	(3 591 603)	(5 581 942)	(3 829 537)
Gross profit		3 590 140	3 937 942	3 314 813	3 700 008
Profit on disposal of plant and equipment		707	426	784	-
Distribution expenses		(478 748)	(519 661)	(478 748)	(519 660)
Administration expenses		(1 121 548)	(846 170)	(1 116 723)	(825 926)
Expected credit loss expense on financial assets	17	(3 768)	(5 908)	(3 768)	(5 908)
Operating profit	5	1 986 783	2 566 629	1 716 358	2 348 514
Dividend income		-	-	99 864	46 833
Lease liability foreign exchange loss	30	(3 543)	(18 932)	(3 543)	(18 932)
Net finance costs	6	(116 621)	(38 692)	(168 870)	(65 122)
Finance costs		(120 846)	(55 769)	(173 091)	(82 197)
Finance income		4 225	17 077	4 221	17 075
Profit before taxation		1 866 619	2 509 005	1 643 809	2 311 293
Taxation expense	7	(232 890)	(451 415)	(183 673)	(422 094)
Profit for the year		1 633 729	2 057 590	1 460 136	1 889 199
Profit for the year attributable to:					
Equity holders of the parent		1 633 729	2 057 590	1 460 136	1 889 199
		1 633 729	2 057 590	1 460 136	1 889 199
Total comprehensive income for the year attributable to:					
Equity holders of the parent		1 633 729	2 057 590	1 460 136	1 889 199
		1 633 729	2 057 590	1 460 136	1 889 199
Basic and diluted earnings per share (Ngwee per share)	8	516.1	650.0	461.2	596.8

The Notes on pages 76 to 129 form an integral part of these Financial Statements.

Consolidated and Separate Statement of Financial Position

as at 31 August 2025

		Group		Company	
	Notes	2025 K'000	2024 K'000	2025 K'000	2024 K'000
ASSETS					
Non-current assets		4 016 004	2 935 601	3 902 482	2 841 047
Property, plant and equipment	11	3 801 004	2 718 049	3 581 565	2 514 234
Intangible asset	13	67 902	67 902	-	-
Right-of-use assets	30	147 098	149 650	143 754	149 650
Investment in subsidiary	14	-	-	177 163	177 163
Current assets		4 770 954	4 100 595	4 495 475	3 885 862
Inventories*	15	1 885 144	1 996 352	1 848 639	1 968 323
Growing cane	16.1	1 246 318	909 787	1 050 492	768 317
Livestock*	16.2	13 849	11 497	-	-
Trade and other receivables	17	609 127	628 632	581 234	596 556
Amounts due from related parties	24	224	496	224	496
Cash and bank balances	18	1 016 292	553 831	1 014 886	552 170
Assets classified as held for sale		-	209	-	209
Total assets		8 786 958	7 036 405	8 397 957	6 727 118
EQUITY AND LIABILITIES					
Share capital and premium	19	247 338	247 338	247 338	247 338
Capital redemption reserve		40	40	40	40
Retained earnings		5 781 675	4 657 626	5 162 329	4 211 873
Total equity attributable to shareholders of Zambia Sugar PLC		6 029 053	4 905 004	5 409 707	4 459 251
Non-current liabilities		746 732	553 419	702 445	516 433
Long-term borrowings	20	381 241	-	381 241	-
Lease liabilities	30	62 891	189 725	62 287	189 725
Deferred tax liability	21	302 600	363 694	258 917	326 708
Current liabilities		2 011 173	1 577 982	2 285 805	1 751 434
Trade and other payables	22	1 293 324	932 180	1 186 280	902 670
Lease liabilities	30	64 273	28 113	61 245	28 113
Current portion of long-term borrowings	20	319 565	-	319 565	-
Contract liabilities	23	86 945	122 355	86 945	122 355
Amounts due to related parties	24,4	156 609	141 628	567 034	361 796
Current tax liability	7	42 072	249 184	16 351	237 433
Bank overdraft	18	406	50 904	406	50 904
Provisions	26	47 979	53 618	47 979	48 163
Total liabilities		2 757 905	2 131 401	2 988 250	2 267 867
Total equity and liabilities		8 786 958	7 036 405	8 397 957	6 727 118

* The amounts from the previous year were reclassified to ensure coherence in the reporting of livestock and withholding tax liabilities. Comprehensive disclosures are included in the notes accompanying the relevant balance sheet items. The responsibilities of the

Directors with regard to the preparation of the Financial Statements are set out on page 61.

The Financial Statements on pages 72 to 129 were approved and authorised for issue by the Board of Directors on 31 October 2025 and were signed on its behalf by:

The Notes on pages 76 to 129 form an integral part of these Financial Statements.


Roseta Chabala
Chairperson


Oswald Magwenzi
Managing Director

Consolidated and Separate Statement of Changes in Equity

for the year ended 31 August 2025

		Share capital and premium	Capital redemption reserve	Retained earnings	Attributable to shareholders of Zambia Sugar PLC
	Notes	K'000	K'000	K'000	K'000
Group					
Balance at 1 September 2023		247 338	40	3 704 870	3 952 248
Total comprehensive income for the year		-	-	2 057 590	2 057 590
Dividends paid	9	-	-	(1 104 834)	(1 104 834)
Balance at 31 August 2024		247 338	40	4 657 626	4 905 004
Balance at 01 September 2024		247 338	40	4 657 626	4 905 004
Total comprehensive income for the year		-	-	1 633 729	1 633 729
Dividends paid	9	-	-	(509 680)	(509 680)
Balance at 31 August 2025		247 338	40	5 781 675	6 029 053
Company					
Balance at 1 September 2023		247 338	40	3 427 508	3 674 886
Total comprehensive income for the year		-	-	1 889 199	1 889 199
Dividends paid	9	-	-	(1 104 834)	(1 104 834)
Balance at 31 August 2024		247 338	40	4 211 873	4 459 251
Balance at 01 September 2024		247 338	40	4 211 873	4 459 251
Total comprehensive income for the year		-	-	1 460 136	1 460 136
Dividends paid	9	-	-	(509 680)	(509 680)
Balance at 31 August 2025		247 338	40	5 162 329	5 409 707

The Capital Redemption Reserve was created on the redemption of preference shares in 1996.

Dividends worth **K509.680 million** were paid during the year ended **31 August 2025** (2024: K1 104.834 million) and, therefore, the dividend per share, calculated on a cash basis was **161 Ngwee per share** (2024: 349 Ngwee).

The Notes on pages 76 to 129 form an integral part of these Financial Statements.

Consolidated and Separate Statements of Cash Flows

for the year ended 31 August 2025

		Group		Company	
	Notes	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Cash flows from operating activities					
Profit before tax		1 866 619	2 509 005	1 643 809	2 311 293
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant & equipment	11	111 774	94 593	102 831	84 833
Depreciation of right-of-use asset	30	64 922	51 762	64 030	51 762
Depreciation of cane roots	11	59 068	44 964	50 565	38 842
Net impairment (gain)/loss on financial assets	17	(10 368)	5 908	(10 368)	5 908
Finance income	6	(4 225)	(17 077)	(4 221)	(17 075)
Finance costs	6	120 846	55 769	173 091	82 197
Dividend income	24.3	-	-	(99 864)	(46 833)
Gain in fair value of biological assets	12	(338 883)	(316 675)	(282 175)	(276 987)
Lease liability foreign exchange	16	3 543	18 932	3 543	18 932
Provisions raised during the year	30	15 785	22 736	14 333	19 644
Provisions utilised during the year	26	(21 424)	(8 898)	(14 517)	(8 095)
Movement on other tax liabilities reclassification	26	-	(321)	-	(321)
Profit on disposal of property and equipment		(707)	(426)	(784)	-
Cash operating profit		1 866 950	2 460 272	1 640 273	2 264 100
Working capital movements					
Decrease/(increase) in inventories	15	403 869	(611 553)	520 885	(514 325)
Increase in amounts due to related parties	24	111 208	(753 800)	119 684	(750 911)
Decrease/(increase) in amounts due from related parties	24	14 981	97 537	205 238	194 094
Increase in trade and other receivables	17	272	(164)	272	(164)
Increase in trade and other payables	22	(48 326)	(72 302)	(52 509)	(68 444)
Decrease in contract liabilities	4.2	361 144	245 821	283 610	239 745
		(35 410)	(128 645)	(35 410)	(128 645)
Cash generated from operations					
		2 270 819	1 848 719	2 161 158	1 749 775
Finance income received	6	4 225	17 077	4 221	17 075
Finance costs paid		(126 867)	(13 214)	(181 262)	(32 985)
Payment of interest portion of lease liabilities	30	(44 961)	(35 831)	(44 134)	(35 831)
Taxation paid	7	(467 536)	(248 792)	(438 988)	(230 703)
Net cash inflows from operating activities					
		1 635 680	1 567 959	1 500 995	1 467 331
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(1 261 245)	(771 371)	(1 227 814)	(710 492)
Dividends received		-	-	99 864	46 833
Proceeds from disposal of plant and equipment		1 072	1 611	788	-
Net cash outflows from investing activities					
		(1 260 173)	(769 760)	(1 127 162)	(663 659)
Net cash inflows before financing activities					
		375 507	798 199	373 833	803 672
Cash flows from financing activities					
Dividends paid to shareholders of Zambia Sugar PLC	9	(509 680)	(1104 834)	(509 680)	(1104 834)
Drawdown of borrowings	20	700 000	-	700 000	-
Payment of principal portion of lease liabilities	30	(62 890)	(47 541)	(62 287)	(47 541)
Net cash outflows from financing activities					
		127 430	(1152 375)	128 033	(1152 375)
Net increase/(decrease) in cash and cash equivalents					
		502 937	(354 176)	501 866	(348 703)
Net cash and cash equivalents at beginning of period		502 927	838 863	501 266	837 201
Net foreign exchange differences		10 022	18 240	11 348	12 768
Net cash and cash equivalents at end of period					
		1 015 886	502 927	1 014 480	501 266
Bank and cash balances		1 015 886	502 927	1 014 480	501 266
Comprising of:					
Cash and bank balances	18	1 016 292	553 831	1 014 886	552 170
Bank overdraft	18	(406)	(50 904)	(406)	(50 904)

The Notes on pages 76 to 129 form an integral part of these Financial Statements.

Notes to the Annual Financial Statements

for the year ended 31 August 2025

1. GENERAL INFORMATION

Zambia Sugar PLC is a public limited company duly incorporated and domiciled in Zambia. It operates as a subsidiary of Illovo Sugar (Proprietary) Limited, with Associated British Foods plc serving as its ultimate holding company. Details regarding the registered office and principal place of business are disclosed in the corporate information section on page 1 of these Annual Financial Statements. The principal activities of the Company and its subsidiary (collectively referred to as 'the Group') are described in the Directors' Report.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The Consolidated Annual Financial Statements are prepared in accordance with IFRS accounting standards issued by the International Accounting Standards Board (IASB) and the requirements of the Zambian Companies Act 2017, using the historical cost convention except for certain financial instruments and biological assets that are stated at fair value. All principal accounting policies have been applied on a basis consistent with those of the previous year, except for the application of the revised standards which have been described in Note 2.3. The application of these standards has had no material impact on the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of their acquisition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. 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 Consolidated Financial Statements is determined on such a basis.

These financial statements are presented in Zambian Kwacha ("K") in units of Thousands. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The principal accounting policies are set out below apply to both consolidated and separate financial statements.

2.1 Basis of consolidation

The consolidated financial statements of the Company and Nanga Farms Limited (its subsidiary) have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB). The investment in the subsidiary is held at cost in the Company financial statements. Control is achieved where the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of consolidation (continued)

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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in net assets since the date of the combination. Non-controlling interests are allocated their proportionate share of total comprehensive income even if this results in the non-controlling interest having a deficit, unless there is doubt as to the recoverability of the deficit.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. The Group did not have any such transaction during the financial year under review.

2.2 Summary of material accounting policy information

2.2.1 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period,

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.2 Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability; or

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are 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 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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.

2.2.3 Revenue from contracts with customers

The Group is in the business of selling sugar and sugar related products. 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, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.3 Revenue from contracts with customers (continued)

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

(a) Sale of goods

Revenue from the sale of sugar and sugar related products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 days upon delivery.

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., rebates). In determining the transaction price for the sale of sugar and sugar related products, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

• 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 for the sale of sugar provide customers with volume rebates. The amounts are determined by the respective contractual terms the Group has with the customer.

• Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. These amounts may subsequently be repaid in cash to the customer or are offset against amounts payable by customer. To estimate the variable consideration for the expected future 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.

(b) Advances received from customers

Generally, the Group receives only short-term advances from its customers. They are presented as contract liabilities. The Group does not receive long-term advances from customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods to the customer and when the customer pays for that good or service will be one year or less.

(c) Contract balances

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is received. Contract liabilities are recognised as revenue when the Group performs under the contract.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.4 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 accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of initial measurement of the lease liabilities, 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:

- | | |
|--------------------|----------|
| • Land leases | 17 years |
| • Warehouse leases | 2 years |
| • IT leases | 4 years |

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments that are not paid at that date. 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.

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.

The Group's lease liabilities are included in the IFRS 16 disclosure Note (see Note 30).

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.4 Leases (continued)

(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). 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.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

2.2.5 Foreign currencies

The financial statements of the Group are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Consolidated and Separate Financial Statements, the results and financial position are expressed in Zambian Kwacha ('K'), which is the functional currency of the Company and its subsidiary, as well as the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the Company and its subsidiary, transactions in currencies other than the Company and its subsidiary's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.2.6 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Additional disclosures are provided in Note 12.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.7 Borrowing 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.

2.2.8 Employee benefits

(i) Retirement benefits

The Group's employees are members of a separately administered defined contribution pension scheme. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group also contributes to the National Pension Scheme Authority (NAPSA), a defined contribution scheme, for its eligible employees as provided for by law. Membership is compulsory and monthly contributions are made by both employer and employees. The employer's contribution is charged to profit or loss in the year in which it arises.

(ii) Short-term employee benefits

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Examples include wages, salaries, bonuses and non-monetary benefits paid to current employees.

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognised in the profit and loss (Note 5). The expected cost of short-term compensated absences is recognised as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts an entity expects to pay as a result of unused entitlements at the end of the period.

2.2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.9 Taxation (continued)

Deferred tax is provided using the liability method on temporary differences between the tax bases of the assets and liabilities and their carrying amounts for the financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with the investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investment in subsidiaries, deferred tax assets are recognised only to the extent it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.10 Property, Plant and Equipment

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised accumulated impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are initially shown as capital work in progress and are later classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost of assets (other than assets under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Group's depreciation rates are as follows:

• Leasehold buildings	2 - 60 years
• Canals and domestic water works	2 - 60 years
• Furniture, fittings and equipment	5 - 12 years
• Plant and machinery	15 - 50 years
• Vehicles	5 - 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement 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.

In Zambia, land is held on lease from the Government of the Republic of Zambia for a period of 99 years. The IFRS 16 standard does not differentiate between an operating lease and a finance lease for the lessee. The standard requires that for any lease a right of use asset and lease liability be recognised unless the Group deems the lease as short-term lease or of low value. The Group considers the amounts paid for Ground rates as a "Low Value" lease. Any advance payment is treated as a prepayment and amortised over the period of the lease on a straight line basis.

Bearer plants comprising of cane roots are stated at cost less accumulated depreciation and accumulated impairment losses. Costs capitalised to cane roots include land preparation costs, seed cane costs and other costs related to establishing new area under cane. Depreciation of bearer plants commences when they are ready for their intended use and capitalisation to recognise the cane roots has occurred. Crop establishment costs are recognised in the Statement of Profit and Loss. At the end of each reporting month the amounts are reallocated to capital work in progress. At the end of the planting season the entire amount in capital work in progress is capitalized and depreciated over the remaining useful life of the respective fields.

Depreciation on bearer plants is recognised so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the bearer plants has been determined to be 12 years.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually at the cash-generating unit level.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.2.12 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets and forecast calculations. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.13 Cash and short-term deposits

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term bank overdrafts on which interest is charged.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at hand and bank, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is disclosed when the Group has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.

2.2.15 Biological Assets

Growing cane

The fair value of growing cane is determined as the estimated sucrose content in the sugarcane at 31 March, valued at the estimated sucrose price for the following season. The estimated sucrose price is adjusted for the estimated costs of harvesting the sugarcane 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 due to 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 sugarcane until the commencement of the following season and the expected profit margin on the cane growing activity.

Livestock

The fair value of livestock is determined based on market prices of livestock of similar age and breed.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.16 Factory overhaul costs

Factory overhaul costs comprise expenditure actually incurred on plant and equipment for the overhaul of the factory in preparation for the new sugar season commencing after financial year end. This expenditure is written off in full over its expected useful life being the duration of one sugar season.

2.2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises 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. Costs of inventory are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories 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 value and obsolete inventories are written off.

2.2.18 Segmental analysis

Segment reporting is presented in respect of the Group's business segments (reportable segments). The business segments format is based on the Group's management and internal reporting structure and combines businesses with common characteristics. Inter segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segmental capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one year.

The group is comprised of the following business segments:

Cane growing - the growing of sugar cane for use in the sugar production process;

Sugar production - the manufacture of sugar from sugar cane.

2.2.19 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit and loss) are added to the fair value of the financial asset on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognized immediately in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.19 Financial instruments – initial recognition and subsequent measurement (continued)

a) Financial Assets (continued)

Initial recognition and measurement (continued)

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, 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 are measured at the transaction price determined under IFRS 15. A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration).

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.

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 OCI 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

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 mainly comprises trade receivables and other receivables.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.19 Financial instruments – initial recognition and subsequent measurement (continued)

a) Financial Assets (continued)

Impairment of Financial Assets

Expected Credit Losses (ECL's) 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's).

For trade receivables, the Group applies a simplified approach in calculating ECL's. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's 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 such as inflation, growth in gross domestic product and interest rates.

The Group considers a financial asset in default when contractual payments are 365 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.

The default classification of 365 days is made on the following basis:

- Customers at times exceed their payments terms for various reasons. Often, debt falls into 120 days due to reconciling issues/WHVAT related issues/misallocations/disputes over commissions being applied. It takes extensive engagement and reconciling to resolve some of these issues. The recoverability in most instances is not in question.
- In certain circumstances, customers go through temporary cash flow challenges, but they are fully committed to settling the debts. In these instances, payment plans are entered into. In certain instances, these payment plans can extend even beyond 12 months.
- The default classification of 365 days gives Management a strong indication that the debt is potentially irrecoverable. Debt that falls into the category of 120-365 days old provides Management with an indication of potential irrecoverability.
- This should always be considered against the backdrop of agreed upon payment plans with customers, or other relevant information specific to that customer. If there are payment plans which are being met, then Management may make specific adjustments to expected default.

b) Financial Liabilities

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 payables, other payables, amounts due to related parties, loans and borrowings including bank overdrafts, and derivative financial instruments (refer to Note 2.2.20).

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.19 Financial instruments – initial recognition and subsequent measurement (continued)

b) Financial Liabilities (continued)

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, 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 Effective Interest Rate (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. For more information, refer to Note 20 and Note 22.

c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2.20 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its 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.

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.20 Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

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.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described as follows:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income (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.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. The ineffective portion relating to foreign currency contracts is recognised as other expense. Refer to Note 28 for more details.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Summary of material accounting policy information (continued)

2.2.20 Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) on a basis consistent with the prior year, except for the adoption of the following revised accounting standards and amendments applicable to the Group:

2.3.1 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments published are effective for annual periods beginning on or after 1 January 2024.

The Group's current practice is in line with these amendments and they have no impact on the consolidated financial statements of the Group.

2.3.2 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. They specify disclosure requirements to enhance the current requirements, which 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 amendment is effective for annual reporting periods beginning on or after 1 January 2024 and has no impact on the consolidated financial statements of the Group.

2.3.3 Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The amendments published are effective for annual periods beginning on or after 1 January 2024 and are expected to have an impact on the consolidated financial statements of the group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 IFRS Accounting Standards issued by the International Accounting Standards Board in issue, but not yet effective

2.4.1 Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. They require that when an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses 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 published are effective for annual periods beginning on or after 1 January 2025 and are expected to not have an impact on the consolidated financial statements of the group.

2.4.2 IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

The amendments published are effective for annual periods beginning on or after 1 January 2027 and are expected to have an impact on the consolidated financial statements of the group.

2.4.3 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.
- Clarifies 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 amendments published are effective for annual periods beginning on or after 1 January 2026 and are expected to have an impact on the consolidated financial statements of the group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 IFRS Accounting Standards issued by the International Accounting Standards Board in issue, but not yet effective (continued)

2.4.4 Annual improvements to IFRS accounting standards - volume 11

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11.

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting Standards—Volume 11:

1. IFRS 1 First-time adoption of international financial reporting standards -hedge accounting by a first-time adopter

Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9.

These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

2. IFRS 7 Financial instruments: disclosures - gain or loss on derecognition

The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.

3. Guidance on implementing IFRS 7 financial instruments: disclosures -introduction

The amendments to paragraph IG1 of the Guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.

Guidance on implementing IFRS 7 financial instruments: disclosures -disclosure of deferred difference between fair value and transaction price

Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.

Guidance on implementing IFRS 7 financial instruments: disclosures -credit risk disclosures

Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.

4. IFRS 9 Financial instruments -lessee derecognition of lease liabilities

Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognise any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 IFRS Accounting Standards issued by the International Accounting Standards Board in issue, but not yet effective (continued)

2.4.4 Annual improvements to IFRS accounting standards - volume 11 (continued)

IFRS 9 Financial instruments - transaction price

Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9.

5.IFRS 10 consolidated financial statements - determination of a 'De Facto Agent'

Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents.

6. IAS 7 statement of cash flows - cost method

Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

The amendments published are effective for annual periods beginning on or after 1 January 2026 and are expected to have an impact on the consolidated financial statements of the group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 2, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities and contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

In making its judgement, management has assessed at each reporting date whether there is any indication that the group's tangible and intangible 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.

3.1.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the Cash Generating Unit (CGU) being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

3.1.2 Provision for Expected Credit Losses (ECL's) of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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) 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. The information about the ECLs on the Group's trade receivables is disclosed in Note 17.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.1 Critical judgements in applying accounting policies (continued)

3.1.3 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 28 for further disclosures.

3.1.4 Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group is reasonably certain that the renewal option will be exercised for all its lease contracts and therefore factors this into its lease asset and liability amounts. See Note 30.

3.1.5 Leases-estimating the incremental borrowing rate

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 or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates and inflation rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). Refer to Note 30.

3.1.6 Assets held for sale

Assets are classified as held for sale if they meet the following criteria;

- (1) the assets are available for immediate sale and can be sold to the buyer in their current condition
- (2) the actions to complete the sale were initiated and expected to be completed within one year from the date of initial reclassification
- (3) A potential buyer has been identified and negotiations are at an advanced stage
- (4) the shareholders have approved the plan to sale

The Group had assets classified as held for sale in the current and prior financial period.

Management have liquidated all balances in the current year under this category. For more details on the asset classified as held for sale, refer to Note 12.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 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 uncertainty at the reporting date that have the most significant effect on the amounts recognised in the financial statements.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.1 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 11 to the financial statements.

Cane roots valuation

The escalated average costs of planting cane roots are adjusted for the remaining expected life. This requires an estimation by management of the average number of ratoons expected from the crop. The carrying value of cane roots is disclosed in Note 11 to the financial statements.

3.2.2 Growing cane valuation

Growing cane is valued at the estimated sucrose content valued at the estimated sucrose price for the following season, less estimated costs for harvesting and transport. The value of growing cane is further adjusted for the estimated cane growth percentage, the costs necessarily incurred to farm the sugar cane until the commencement of the following season 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 assessing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and assess the domestic and export prices as well as related foreign currency exchange rates. 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 16 to the financial statements.

3.2.3 Income taxes

At the time of preparing the annual financial statements, estimates are used to determine the income tax charge for the year. When the income tax computation is finalised and submitted to the Zambia Revenue Authority, any differences to the estimate will be recognised in profit or loss in the period in which such determination is made. The tax charge is only considered final once submitted to the Zambia Revenue Authority in June. See Note 7.

There are no other key assumptions concerning the future, or key sources of estimation uncertainty at the reporting date, that Management have assessed as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

3.2 Key sources of estimation uncertainty (continued)

3.2.4 Provision for Expected Credit Losses (ECL's) of trade receivables

The Group uses a provision matrix to calculate ECL's for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

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. 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 ECL's is a significant estimate. The amount of ECL's 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.

The information about the ECL's on the Group's trade receivables is disclosed in Note 17.

	Notes	Group		Company	
		2025 K'000	2024 K'000	2025 K'000	2024 K'000

4. REVENUE

4.1 Disaggregated revenue information

From secondary business segments as follows:

Local market	7 336 211	6 102 187	7 336 211	6 102 187
Export market	1 560 544	1 427 358	1 560 544	1 427 358
Total revenue	8 896 755	7 529 545	8 896 755	7 529 545

From geographical business segments as follows:

Zambia	7 336 211	6 102 187	7 336 211	6 102 187
Democratic Republic of Congo	1 525 205	1 305 685	1 525 205	1 305 685
Kenya	-	9 349	-	9 349
South Africa	-	64	-	64
Rest of Africa	35 339	112 260	35 339	112 260
Total revenue	8 896 755	7 529 545	8 896 755	7 529 545

The Group recognised rebates on its revenue amounting to **K141.7 million** for the year ended 31 August 2025 (2024: K595.2 million).

4.2 Contract balances

Contract liabilities opening balance	122 355	251 000	122 355	251 000
Amount prepaid by customers during the year	1 525 134	842 567	1 525 134	842 567
Amounts invoiced to customers during the year	(1 560 544)	(971 212)	(1 560 544)	(971 212)
Contract liabilities closing balance	86 945	122 355	86 945	122 355

Contract liabilities relate to amounts received in advance from customers in relation to sales contracts.

5. OPERATING PROFIT

Operating profit	1 986 783	2 566 629	1 716 358	2 348 514
Determined after charging/(crediting) the following:				
Employees remuneration expenses	971 810	649 023	923 764	613 802
Foreign exchange losses on trading balances*	10 022	18 240	11 348	11 528
Depreciation expense	170 842	139 557	153 396	123 675
Factory overhaul costs expensed	225 505	262 894	225 505	262 894
Employer contributions to pension funds	61 348	53 127	59 112	51 456
National Pension Scheme Authority (NAPSA)	35 044	27 112	32 808	25 441
Zambia Sugar PLC pension scheme	26 304	26 015	26 304	26 015
Operational support fees	86 005	82 093	86 005	82 093
Lease expenses	101 258	89 637	99 539	89 637
Depreciation expense of right-of-use assets	64 922	51 762	64 030	51 762
Interest expense on lease liabilities	36 336	37 875	35 509	37 875
Short-term lease charges	253 301	175 237	227 815	169 673
Directors' emoluments for services as directors	1 468	1 368	1 468	1 368
Auditors' remuneration	4 007	3 553	2 805	2 773
Profit on disposal of plant and equipment	(707)	(426)	(784)	0
Charitable donations	1 789	4 952	1 693	4 726
Fair value movements gain				
Livestock	2 352	2 664	-	-
Growing cane	336 531	314 011	282 175	276 987

*Comprises realised and unrealised balances on foreign exchange losses on trading balances which were presented separately in the prior year financial statements

	Group		Company	
Notes	2025 K'000	2024 K'000	2025 K'000	2024 K'000
6. NET FINANCING COSTS				
Finance costs				
Withholding tax payment - assessment on interest	35 468	-	35 468	-
Withholding tax payment - self disclosure on interest	59 836	-	59 836	-
Related party borrowings and supplier balances	2 872	471	56 906	26 899
Bank overdraft and short-term facilities	7 423	25 868	6 460	25 868
Other*	15 247	29 430	14 421	29 430
Total interest charged	120 846	55 769	173 091	82 197
*Other finance costs comprise interest on lease liabilities and foreign currency gains and losses on bank transactions.				
Finance Income				
Finance income from an effective interest rate on cash and bank	(4 225)	(17 077)	(4 221)	(17 075)
	116 621	38 692	168 870	65 122

7. TAXATION

Current tax					
Current year charge		293 268	354 036	250 748	329 816
Deferred taxation (see Note 21)					
Current year charge	21	(60 378)	97 379	(67 075)	92 278
Total taxation charge		232 890	451 415	183 673	422 094
Included under current liabilities:					
Taxation payable at beginning of period		(249 184)	(143 914)	(237 433)	(138 294)
Current year charge		(293 268)	(354 036)	(250 748)	(329 816)
Prior year over/(under) provision in tax liability		32 844	(26)	32 842	(26)
		(509 608)	(497 976)	(455 339)	(468 136)
Paid during the year		467 536	248 792	438 988	230 703
Taxation payable at end of period		(42 072)	(249 184)	(16 351)	(237 433)
Reconciliation of taxation rate :		%	%	%	%
Statutory taxation rate applicable to agricultural entities		10.0	10.0	10.0	10.0
Increase/(decrease) in charge due to:					
Expenses disallowed for tax purposes		4.3	1.4	3.3	0.8
Tax rate differential on non-farming income		2.5	6.1	2.5	7.3
Other adjustments*		(4.3)	0.1	(4.6)	0.2
Effective rate of taxation		12.5	17.6	11.2	18.3

*Other adjustments comprise of the blended rate adjustment and the under/(over) provision in prior year.

The Group's effective tax rate for the year is **12.5%** (August 2024 17.6%) as a result of the tax effect of the varying tax rates on different streams of income. Taxable business profits are currently split and taxed as follows:

- Agriculture 10%;
- Non-traditional exports 20%;
- Manufacturing 30%; and
- Rental Income 16%

The under/over provisions in taxation liabilities arises on account of differences in the financial year end, which is set at 31 August, and the taxation year end.

The Group had no deductible interest in the prior and current financial year.

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000

8. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Earnings per share (Ngwee per share)	516.1	650.0	461.2	596.8
Headline earnings per share (Ngwee per share)	515.9	649.8	461.0	596.8
Number of shares	Shares '000	Shares '000	Shares '000	Shares '000
Weighted average number of ordinary shares for the purposes of basic earnings, and headline earnings per share	316 571	316 571	316 571	316 571
Reconciliation of earnings	K'000	K'000	K'000	K'000
Profit attributable to shareholders of Zambia Sugar PLC	1 633 729	2 057 590	1 460 136	1 889 199
Earnings for the purposes of earnings per share	1 633 729	2 057 590	1 460 136	1 889 199
Reconciliation of headline earnings				
Profit attributable to shareholders of Zambia Sugar PLC	1 633 729	2 057 590	1 460 136	1 889 199
Gain on sale of property, plant and equipment	(707)	(426)	(784)	-
Tax effect of adjustments	71	43	78	-
Headline earnings for the year	1 633 093	2 057 207	1 459 430	1 889 199

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

There are no transactions that gave rise to Diluted Earnings per Share.

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000

9. DIVIDENDS PAID

Dividends of **K509.678 million** were paid in the current year (2024:K1 104.834 million)

Dividends proposed per share - final 2025 to be proposed at AGM (Ngwee)	109.6	161.0	109.6	161.0
Number of Ordinary Shares in Issue ('000)	316 571	316 571	316 571	316 571

10. SEGMENT ANALYSIS

The Group's inter segmental revenue generated from cane sales is eliminated on consolidation of segments

YEAR ENDED 31 AUGUST 2025	Group			Company		
	Sugar Production	Cane Growing	Total	Sugar Production	Cane Growing	Total
	K'000	K'000	K'000	K'000	K'000	K'000
External customers	8 896 755	-	8 896 755	8 896 755	-	8 896 755
Inter segment	(2 772 616)	2 772 616	-	(2 204 511)	2 204 511	-
Revenue	6 124 139	2 772 616	8 896 755	6 692 244	2 204 511	8 896 755
Material items of expense						
Employee costs	(335 961)	(354 141)	(690 102)	(335 961)	(306 095)	(642 056)
Electricity and fuel	(20 191)	(356 539)	(376 730)	(20 191)	(316 111)	(336 302)
Operating costs	(697 864)	(646 697)	(1 344 561)	(697 864)	(469 832)	(1 167 696)
Refining, packing & storage	(2 145)	-	(2 145)	(2 145)	-	(2 145)
Cane haulage	-	(182 651)	(182 651)	-	(132 183)	(132 183)
Operating profit	1 272 810	713 973	1 986 783	1 272 807	443 551	1 716 358
Property, Plant and Equipment	2 157 817	1 643 187	3 801 004	2 124 312	1 457 253	3 581 565
Balance at beginning of period	1 655 762	1 062 287	2 718 049	1 624 407	889 827	2 514 234
Additions at cost	618 600	642 645	1 261 245	608 842	618 972	1 227 814
Assets transfers/disposals	(3 966)	(3 117)	(7 083)	(3 966)	(3 117)	(7 083)
Depreciation charge for the period	(112 576)	(58 266)	(170 842)	(104 969)	(48 427)	(153 396)
Net book value of disposals	(2)	(363)	(365)	(2)	(2)	(4)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary	-	-	-	-	177 163	177 163
Right-of-use assets	147 098	-	147 098	143 754	-	143 754
Current assets	2 631 582	2 139 372	4 770 954	2 631 582	1 863 893	4 495 475
Inventories	1 035 238	849 906	1 885 144	1 035 238	813 401	1 848 639
Growing cane	-	1 246 318	1 246 318	-	1 050 492	1 050 492
Livestock	-	13 849	13 849	-	-	-
Trade and other receivables	581 234	27 893	609 127	581 234	-	581 234
Amounts due from related parties	224	-	224	224	-	224
Cash and cash equivalents	1 014 886	1 406	1 016 292	1 014 886	-	1 014 886
Current liabilities	1 194 725	816 448	2 011 173	1 602 122	683 683	2 285 805
Trade and other payables	664 317	629 007	1 293 324	664 317	521 963	1 186 280
Lease liabilities	64 273	-	64 273	61 245	-	61 245
Contract liabilities	86 945	-	86 945	86 945	-	86 945
Current portion of long-term borrowings	178 956	140 609	319 565	178 956	140 609	319 565
Amounts due to related parties	156 609	-	156 609	567 034	-	567 034
Current tax liability	16 351	25 721	42 072	16 351	-	16 351
Bank overdrafts	406	-	406	406	-	406
Provisions	26 868	21 111	47 979	26 868	21 111	47 979
Non-current liabilities	589 126	157 606	746 732	588 522	113 923	702 445
Long-term borrowings	381 241	-	381 241	381 241	-	381 241
Lease liabilities	62 891	-	62 891	62 287	-	62 287
Deferred tax liability	144 994	157 606	302 600	144 994	113 923	258 917
Net asset value	3 152 646	2 876 407	6 029 053	2 709 004	2 700 703	5 409 707

The Group's business operating units are segmented up to operating profit stage.

10. SEGMENT ANALYSIS (continued)

The Group's inter segmental revenue generated from cane sales is eliminated on consolidation of segments

YEAR ENDED 31 AUGUST 2024	Group			Company		
	Sugar Production	Cane Growing	Total	Sugar Production	Cane Growing	Total
	K'000	K'000	K'000	K'000	K'000	K'000
External customers	7 529 545	-	7 529 545	7 529 545	-	7 529 545
Inter segment	(2 490 421)	2 490 421	-	(2 032 293)	2 032 293	-
Revenue	5 039 124	2 490 421	7 529 545	5 497 252	2 032 293	7 529 545
Material items of expense						
Employee costs	(276 437)	(311 924)	(588 361)	(276 437)	(276 703)	(553 140)
Electricity and fuel	(46 267)	(204 329)	(250 596)	(46 267)	(187 011)	(233 278)
Operating costs	(564 687)	(548 849)	(1 113 536)	(564 687)	(435 521)	(1 000 208)
Refining, packing & storage	(281 354)	-	(281 354)	(281 354)	-	(281 354)
Cane haulage	-	(235 760)	(235 760)	-	(182 646)	(182 646)
Operating profit	1 782 770	783 859	2 566 629	1 782 774	565 740	2 348 514
Property, plant and equipment	1 655 762	1 062 288	2 718 049	1 624 407	889 827	2 514 234
Balance at beginning of period	1 415 728	694 264	2 109 992	1 398 075	553 099	1 951 174
Additions at cost	354 684	416 687	771 371	333 673	376 819	710 492
Assets transfers/disposals	(23 757)	-	(23 757)	(23 757)	-	(23 757)
Depreciation charge for the period	(90 893)	(48 664)	(139 557)	(83 584)	(40 091)	(123 675)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary	-	-	-	-	177 163	177 163
Right-of-use assets	149 650	-	149 650	149 650	-	149 650
Assets classified as held for sale	209	-	209	209	-	209
Current assets	2 251 483	1 849 112	4 100 595	2 251 483	1 634 379	3 885 862
Inventories	1 102 261	894 091	1 996 352	1 102 261	866 062	1 968 323
Growing cane	-	909 787	909 787	-	768 317	768 317
Livestock	-	11 497	11 497	-	-	-
Trade and other receivables	596 556	32 076	628 632	596 556	-	596 556
Amounts due from related parties	496	-	496	496	-	496
Cash and cash equivalents	552 170	1 661	553 831	552 170	-	552 170
Current liabilities	1 112 899	465 083	1 577 982	1 333 067	418 367	1 751 434
Trade and Other Payables	505 495	426 685	932 180	505 495	397 175	902 670
Lease Liabilities	28 113	-	28 113	28 113	-	28 113
Contract liabilities	122 355	-	122 355	122 355	-	122 355
Amounts due to Related Parties	141 628	-	141 628	361 796	-	361 796
Current Tax Liability	237 433	11 751	249 184	237 433	-	237 433
Bank overdrafts	50 904	-	50 904	50 904	-	50 904
Provisions	26 971	26 647	53 618	26 971	21 192	48 163
Non-current liabilities	372 681	180 738	553 419	372 681	143 752	516 433
Lease liabilities	189 725	-	189 725	189 725	-	189 725
Deferred tax liability	182 956	180 738	363 694	182 956	143 752	326 708
Net asset value	2 571 522	2 333 482	4 905 004	2 320 000	2 139 251	4 459 251

The Group's business operating units are segmented up to operating profit stage.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Capital work in progress	Cane roots	Capital work in progress cane roots	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
GROUP								
Cost								
Balance at 1 September 2023	787 084	1 850 462	79 176	28 370	177 901	296 508	47 941	3 267 442
Additions	-	11 249	-	-	613 276	-	146 846	771 371
Capitalisation	72 548	244 722	17 225	3 010	(337 505)	141 578	(141 578)	-
Transfers	-	-	-	-	-	-	-	-
Disposals	-	(24 366)	-	-	-	(19 824)	-	(44 190)
Balance at 31 August 2024	859 632	2 082 067	96 401	31 380	453 672	418 262	53 209	3 994 623
Additions	-	-	-	-	1104 642	-	156 603	1 261 245
Capitalisation	17 205	238 073	42 460	11 753	(309 491)	152 152	(152 152)	-
Transfers/movements	(5 615)	(6 156)	4 688	-	-	-	-	(7 083)
Disposals	-	(1 282)	(19 317)	-	-	-	-	(20 599)
Balance at 31 August 2025	871 222	2 312 702	124 232	43 133	1 248 823	570 414	57 660	5 228 186
Accumulated depreciation								
Balance at 1 September 2023	183 034	770 984	56 200	23 927	-	123 305	-	1 157 450
Charge for year	13 591	73 323	6 929	750	-	44 964	-	139 557
Transfers/movements	-	(609)	-	-	-	-	-	(609)
Disposals	-	-	-	-	-	(19 824)	-	(19 824)
Balance at 31 August 2024	196 625	843 698	63 129	24 677	-	148 445	-	1 276 574
Charge for year	15 035	84 172	10 414	2 153	-	59 068	-	170 842
Disposals	-	(1 201)	(19 033)	-	-	-	-	(20 234)
Balance at 31 August 2025	211 660	926 669	54 510	26 830	-	207 513	-	1 427 182
Net carrying amount								
Balance at 31 August 2025	659 562	1 386 033	69 722	16 303	1 248 823	362 901	57 660	3 801 004
Balance at 31 August 2024	663 007	1 238 369	33 272	6 703	453 672	269 817	53 209	2 718 049

Expenditure on assets under construction is initially shown as capital work in progress and is transferred to the relevant class of asset when commissioned.

Cane roots have been split to show movements in Capital Work in Progress. The prior year transfer in both Group and Company demonstrates the movement of the respective closing balance on the Capital Work in Progress for the Cane Roots from the main asset account for the Cane Roots. This was to ensure more visibility in each respective asset category.

In accordance with Companies Act of Zambia, 2017, the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered office of the company.

The Directors consider that the fair value of the Property, Plant and Equipment as at 31 August 2025 is at least equal to their carrying values as reflected in the statement of financial position.

Leasehold Land

On 1 April 2007, the Company entered into land leasehold agreements with six local farmers for the purposes of growing sugar cane. The agreements are for a period of 17 years and the total leasehold land area is 2 055 ha. The leases have since been reclassified under IFRS 16 upon adoption on 1 September 2019 and are disclosed in Note 30.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Capital work in progress	Cane roots	Capital work in progress cane roots	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
COMPANY								
Cost								
Balance at 1 September 2023	698 580	1 756 566	57 008	27 121	176 887	260 998	45 068	3 022 228
Additions	-	11 249	-	-	575 757	-	123 486	710 492
Capitalisation	66 929	266 618	11 558	3 010	(348 115)	118 191	(118 191)	-
Transfers	-	-	-	-	-	-	-	-
Disposals	-	(24 366)	-	-	-	(19 824)	-	(44 190)
Balance at 31 August 2024	765 509	2 010 067	68 566	30 131	404 529	359 365	50 363	3 688 530
Additions	-	-	-	-	1 087 217	-	140 597	1 227 814
Capitalisation	17 205	230 370	36 276	11 753	(295 604)	138 746	(138 746)	-
Transfers/movements	-	(7 083)	-	-	-	-	-	(7 083)
Disposals	-	(1 112)	(12 689)	-	-	-	-	(13 801)
Balance at 31 August 2025	782 714	2 232 242	92 153	41 884	1 196 142	498 111	52 214	4 895 460
Accumulated Depreciation								
Balance at 1 September 2023	180 309	722 030	40 369	23 150	-	105 196	-	894 128
Charge for year	13 312	65 799	4 977	745	-	38 842	-	123 675
Transfers	-	-	-	-	-	-	-	-
Disposals	-	(609)	-	-	-	(19 824)	-	(20 433)
Balance at 31 August 2024	193 621	787 220	45 346	23 895	-	124 214	-	1 174 296
Charge for period	14 785	77 888	8 008	2 150	-	50 565	-	153 396
Disposals	-	(1 108)	(12 689)	-	-	-	-	(13 797)
Balance at 31 August 2025	208 406	864 000	40 665	26 045	-	174 779	-	1 313 895
Net carrying amount								
Balance at 31 August 2025	574 308	1 368 242	51 488	15 839	1 196 142	323 332	52 214	3 581 565
Balance at 31 August 2024	571 888	1 222 847	23 220	6 236	404 529	235 151	50 363	2 514 234

Expenditure on assets under construction is initially shown as capital work in progress and is transferred to the relevant class of asset when commissioned.

In accordance with Companies Act of Zambia, 2017 the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered office of the company.

The Directors consider that the fair value of the property, plant and equipment as at 31 August 2025 is at least equal to their carrying values as reflected in the statement of financial position.

Leasehold Land

On 1 April 2007, the Company entered into land leasehold agreements with six local farmers for the purposes of growing sugar cane. The agreements are for a period of 17 years and the total leasehold land area is 2 055 ha. The leases have since been reclassified under IFRS 16 upon adoption on 1 September 2019 and are disclosed in Note 30.

These land leasehold agreements expired in April 2025 and their right-of-use was derecognised during the year as detailed in Note 30.

12. ASSETS HELD FOR SALE

On 30 May 2016, Management completed the construction of the refinery and decided to discontinue the internal use of the heavy duty machinery (cranes), contractors' camp and other assets directly connected to the construction of the refinery. This decision was taken in line with the company's strategy to focus on its sugar business and related products. Consequently, all excess assets were classified as a disposal group. There were no liabilities associated with this decision. Measurement of the disposal group's assets at fair value less costs to sell did not result in a profit or loss.

The Group agreed to reclassify all these assets back under Property, Plant and Equipment following the approval of major capital projects during the 2023 financial year. This was expected to be a more cost effective method of mobilisation relating to the major capital projects which commenced in the 2024 financial year.

The opening balance of remaining assets was repurposed to support ongoing capital projects within the business.

The carrying amounts of assets in the disposal group is analysed as follows:

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Property, plant and equipment				
Balance at start of year	209	209	209	209
Assets classified as held for sale reclassified	(209)	-	(209)	-
Balance at end of year	-	209	-	209

13. INTANGIBLE ASSET

Balance at the beginning and end of year	67 902	67 902	-	-
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The intangible asset (Goodwill) represents a strategic cane supply arrangement arising from the acquisition of a controlling interest in Nanga Farms Limited. The arrangement provides security over cane supply to Zambia Sugar PLC, is considered to have an indefinite useful life, and is tested for impairment annually. The intangible is considered to have an indefinite useful life as the cane supply agreement has no time frame to it.

The Group conducted its annual impairment test in August 2025, evaluating key performance indicators over a five-year period. The indicators assessed included production parameters, sales volumes, pricing, currency, and inflation. As of 31 August 2025, there was no indication of impairment for this asset. The investment in Nanga Farms Limited secures a reliable source of cane supply, as the Group maintains control over the product, preventing access by other entities.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for the investment in Nanga Farms is most sensitive to the following assumptions:

- Discount rates
- Raw materials price inflation
- Operational parameters
- Gross and EBITDA margins

Discount rates - Discount rates represent the current market assessment of the specific risks taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the pre-tax discount rate by +0.5% would not result in impairment. A rise or decline in the discount rate by +0.5% would not result in impairment.

13. INTANGIBLE ASSET (Continued)

Production inputs price inflation - Estimates are obtained from published indices in Zambia, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual raw material price movements are used as an indicator of future price movements. Management has considered the possibility of greater than forecast increases in raw material price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers. If prices of raw materials increase on average by 0.5% more than the forecast price inflation, the Group will still have no impairment.

Operational parameters - Operational parameters include Cane Tonnages, Cane Yields, Sucrose Percentage in Sugar Cane, Sucrose Price, Overall Recovery, Currency and Inflation. Management have used the average for the past five years to assess if the Group has impairment indicators. A significant adverse movement in operational parameters would result in an indication of impairment in the investment.

14. INVESTMENTS IN SUBSIDIARIES

The principal subsidiaries of Zambia Sugar PLC are as follows:

	Issued capital	Effective percentage holding	Shares at cost	Amounts due by subsidiary
	K'000	%	K'000	K'000
August 2025				
Direct Investment				
Nanga Farms Limited	487	100	177 163	413 839
August 2024				
Direct Investment				
Nanga Farms Limited	487	100	177 163	220 316

	Group		Company	
Notes	2025 K'000	2024 K'000	2025 K'000	2024 K'000

15. INVENTORIES

Maintenance stores				
Provision for obsolescence	433 529	399 701	396 147	370 783
	(17 448)	(12 755)	(16 571)	(11 866)
	416 081	386 946	379 576	358 917
Factory overhaul costs	111 069	84 627	111 069	84 627
Finished goods - Sugar (at cost) and Molasses	1 357 994	1 524 779	1 357 994	1 524 779
Total inventories at the lower of cost and net realisable value	1 885 144	1 996 352	1 848 639	1 968 323
Movement in provision for slow moving stocks				
Balance at beginning of year	12 755	10 123	11 866	9 765
Provision raised during the year	4 693	2 632	4 705	2 101
Balance at end of year	17 448	12 755	16 571	11 866

The costs of individual items of inventory are determined using weighted average costs. A total cost of **K1 027 million** (August 2024: K1 049 million) was recognised to the income statement during the financial year.

15. INVENTORIES (continued)

15.1 Factory overhaul cost

Balance at beginning of year
Capitalised during the year

Amortised during the year
Balance at end of year

Group		Company	
2025 K'000	2024 K'000	2025 K'000	2024 K'000
84 627	83 026	84 627	83 026
251 947	264 495	251 947	264 495
336 574	347 521	336 574	347 521
(225 505)	(262 894)	(225 505)	(262 894)
111 069	84 627	111 069	84 627

Factory overhaul costs are classified under Inventory in Note 15 as they satisfy the definition of inventory in the form of materials or supplies to be consumed in the production process. Factory overhaul costs represents expenditure actually incurred on plant and equipment for the overhaul of the factory in preparation for the new sugar season commencing after the year-end. The expenditure is written off in full over its expected useful life being the duration of one sugar season.

16. BIOLOGICAL ASSETS

16.1 Growing cane

The carrying value of growing cane is reconciled as follows:

Carrying value at beginning of year
Change in fair value
Carrying value at end of year

Group		Company	
2025 K'000	2024 K'000	2025 K'000	2024 K'000
909 787	595 776	768 317	491 330
336 531	314 011	282 175	276 987
1 246 318	909 787	1 050 492	768 317

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 (see Note 2.2.15).

The following are the key assumptions in the valuation of growing cane:

Net sucrose price (K)	9 660	7 199	9 660	7 199
Expected area to harvest (hectares)	15 283	14 966	12 763	12 411
Estimated yield (tonnes cane per hectare)	118.8	114.9	116.5	113.3
Sucrose content in cane (%)	14.30	14.50	14.30	14.50
Average maturity of cane at 31 March (%)	65.70	65.7	65.70	65.70

A 1% change in the unobservable inputs could increase or decrease the fair value of the standing cane by the following values:

Estimated sucrose content	16 392	11 714	11 317	9 334
Estimated sucrose price	18 335	13 667	12 594	10 816

16.2 Livestock

The carrying value of livestock is reconciled as follows:

Carrying value at beginning of year
Livestock sales
Change in fair value
Carrying value at end of year

11 497	8 833	-	-
(4 129)	(3 329)	-	-
6 481	5 993	-	-
13 849	11 497	-	-

16. BIOLOGICAL ASSETS (continued)

16.2 Livestock (continued)

The fair value of the Livestock is determined using inputs that are observable, using the best information available in the circumstances and therefore fall into the level 2 fair value category (see Note 2.2.15).

The fair value of livestock was determined based on market prices of livestock of similar age and breed. At 31 August 2025, the Company had **1 139 cattle** (2024: 1 090). The average market price of livestock as at 31 August 2025 was **K40.73 per kg** (2024: K 30.70 per kg). The Company sold a total of **311 head of cattle** (2024: 316 head) for **K4.13 million** (2024: K3.33 million)

Group		Company	
2025 K'000	2024 K'000	2025 K'000	2024 K'000

17. TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts receivable in respect of the sale of sugar and molasses:

Gross trade receivables and other receivables	402 854	333 505	402 854	333 505
Allowance for expected credit losses	(6 364)	(16 732)	(6 364)	(16 732)
	396 490	316 773	396 490	316 773
VAT receivable	89 473	170 081	77 826	140 060
Prepayments and staff recoveries	22 621	120 646	21 164	120 271
Grower receivables (water sales and store requisites)	85 686	21 132	85 004	19 452
Other receivables	14 857	-	750	-
Balance at end of year	609 127	628 632	581 234	596 556

Movement in the allowance for expected credit losses

Balance at beginning of year	(16 732)	(18 996)	(16 732)	(18 996)
Net impairment gain on financial assets	10 368	2 264	10 368	2 264
Amounts raised during the year	(3 768)	(5 908)	(3 768)	(5 908)
Amounts released during the year	14 136	-	14 136	-
Amounts utilised during the year	-	8 172	-	8 172
Balance at end of year	(6 364)	(16 732)	(6 364)	(16 732)

The Group's receivables are mainly categorised into sugar credit customers, industrial customers, retail chain stores, molasses customers, sundry credit customers, transporters, growers and staff sales.

The Group's other receivables are mainly comprised of supplier prepayments, staff debtors and amounts to be recovered from suppliers and growers for fuels and consumables.

The reduction in the allowance for expected credit losses is due to enhanced collection methods implemented by the Finance team and better cash flow from customers. Additionally, an unrecoverable debt of nil (2024 K8.2 million) was written off this year.

The directors consider that the carrying amount of trade and other receivables approximates their fair value. Additional disclosures concerning the management of credit risk have been provided in Note 28.4

Group		Company	
2025 K'000	2024 K'000	2025 K'000	2024 K'000

18. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

Bank and cash balances	1 016 292	553 831	1 014 886	552 170
Bank overdraft - unsecured	(406)	(50 904)	(406)	(50 904)
Cash and cash equivalents at end of year	1 015 886	502 927	1 014 480	501 266

The Group presently maintains overdraft facilities with various local banks in Zambia amounting to **K400 million** (2024: K400 million). As of 31 August 2025, **K399.6 million** (2024: K349 million) of this facility remains unutilised.

19. SHARE CAPITAL AND PREMIUM

Authorised:

350 000 000 (2024: 350 000 000) ordinary shares of K0.01 each (2024: K0.01 each)

3 500	3 500	3 500	3 500
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Issued and fully paid

316 571 385 (2024: 316 571 385) ordinary shares of K0.01 each (2024: K0.01 each)

3 166	3 166	3 166	3 166
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Share premium

244 172	244 172	244 172	244 172
247 338	247 338	247 338	247 338

20. BORROWINGS

	Note	Interest Rate	Years of Repayment	Group		Company	
				2025 K'000	2024 K'000	2025 K'000	2024 K'000
Term loan facility			2025 - 2028				
Principle portion				700 000	-	700 000	
Interest portion		14.0%		806	-	806	
Total borrowings	a			700 806	-	700 806	-
Current portion of long-term borrowings	b			319 565	-	319 565	
Long-term borrowings				381 241	-	381 241	-

Summary of borrowing arrangements

- During the year, the Group secured a Term Loan Facility of K700 million from Absa Bank Zambia PLC, effective 29 August 2025. The facility is structured on climate resilience concessional terms, with interest pegged at the Bank of Zambia policy rate minus 0.5%. The loan has a tenure of three years from the effective date and is repayable in twelve quarterly capital instalments of K58.3 million, commencing three months after the initial drawdown.
- Comprise the capital and interest portions of the term loan facility that are due for repayment within one year.
- There have been no breaches of any financial covenants of any interest-bearing loans and borrowing in the current or previous year.

Group		Company	
2025 K'000	2024 K'000	2025 K'000	2024 K'000

21. DEFERRED TAX LIABILITY

Balance at beginning of year

Charged to profit or loss:

Current year income statement charge

Prior year (under)/over provision in deferred tax liability

Balance at end of year

Analysis of liability:

Property, plant and equipment

Right of use assets, lease liabilities

Cane roots

Factory overhaul costs

Growing cane

Provisions

Tax losses

Deferred income

Unrealised exchange differences

Balance at end of year

363 694	266 314	326 708	234 429
(60 378)	97 379	(67 075)	92 278
(716)	1	(716)	1
302 600	363 694	258 917	326 708
353 503	258 723	334 851	239 675
4 257	(8 141)	4 257	(8 141)
37 127	18 156	32 334	15 580
23 381	15 564	23 381	15 564
124 632	59 577	105 050	49 133
(25 576)	(12 829)	(25 576)	(12 829)
(181 689)	-	(181 689)	-
(24 560)	(63 869)	(24 560)	(63 869)
(8 475)	96 513	(9 131)	91 595
302 600	363 694	258 917	326 708

22. TRADE AND OTHER PAYABLES

Trade payables comprise amounts outstanding for trade purchases and on-going costs.

Trade payables	348 686	121 802	314 486	111 589
Growers	462 785	520 369	462 785	520 369
Accruals	279 350	239 049	278 606	222 626
Payroll	51 269	39 252	51 269	39 199
Other payables	151 234	11 708	79 134	8 887
Balance at end of year	1 293 324	932 180	1 186 280	902 670

The Group's other payables mainly comprise provisions for import duty, clearing charges, gratuity and voluntary separation and withholding tax.

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

The Group has financial risk management policies in place to ensure that suppliers are paid within the pre-agreed credit terms.

23. CONTRACT LIABILITIES

Contract liabilities relate to amounts received in advance from customers in relation to sales contracts.

Deferred Income	86 945	251 000	86 945	122 355
Currency Split:				
Deferred income amounts in USD	40 381	55 480	40 381	55 480
Deferred income amounts in ZAR	-	293	-	293
Deferred income amounts in EUR	-	97	-	97
Deferred income amounts in ZMW	46 564	66 485	46 564	66 485

Ageing of contract balances

All contract balances are current (within 12 months)

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES

The Group, in the ordinary course of business, enters into various transactions with related parties.

24.1 Holding Companies

The Group is controlled by the following entities:

Name	Type	Ownership Interest in Zambia Sugar PLC	
		August 2025	August 2024
Illovo Group Holdings Limited (IGHL), incorporated in Mauritius	Immediate holding Company	75%	75%
Illovo Sugar Africa Holdings Limited (ISAHL), incorporated in United Kingdom	Illovo holding Company	75%	75%
Associated British Foods PLC, incorporated in United Kingdom	Ultimate holding Company	75%	75%

24.1.1 Ultimate Holding Company

Associated British Foods plc (ABF) holds 100% of the issued share capital of ISAHL and therefore holds an effective ownership interest of 75.0% in the Group. This is compliant with the minimum free float requirement, where 25% of the shares should be in public hands. There were no transactions between the Group and Associated British Foods plc in either the current year or the previous year.

24.1.2 Illovo Holding Company

Illovo Sugar Africa Holdings Limited ("ISAHL") holds 100% of the issued share capital of Illovo Group Holdings Limited and therefore has an effective ownership interest of 75% in the Group effective September 2019.

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 and molasses into Rwanda for which it receives a commission of 1% of export revenue. IGMS is owned by Illovo Group Holdings Limited (IGHL).

24.1.3 Illovo Group Marketing Services Limited ("IGMS")

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Trading balances owing by the Group	-	-	-	-
Export sugar sales	-	2 384	-	2 384
Export agency commission	-	-	-	-
Logistics cost reimbursement	-	4 514	-	4 514

The trading balance that was owing by the Group to Illovo Group Marketing Services Limited ("IGMS") represented amounts outstanding for commissions and logistics costs yet to be settled. All trading balances with IGMS were unsecured, had no fixed repayment terms and did 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 are settled by cash payments.

During the current year, no sugar was sold to IGMS. When sold, the commercial terms and conditions are the same as what would be available to third party customers.

Certain third party export logistics costs incurred by the Group were paid for on its behalf by IGMS and for which IGMS was reimbursed with no mark-up charged.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (continued)

24.2 Fellow Subsidiaries of the Group

24.2.1 Illovo Sugar Africa (Proprietary) Limited ("ISAPL")

The Group had transactions with this related party facilitated by a Group operational support agreement between the parties.

Transactions and balances with Illovo Sugar Africa (Proprietary) Limited - Procurement Division

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Trading balances owing by the Group	55 731	104 779	52 317	104 631
Procurement of goods and services	426 362	605 190	418 902	594 250
Interest paid: procurement	2 871	471	2 798	439

The Group utilises the centralised procurement office to share in the benefit of the bulk purchasing power that arises from ISAPL 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 goods and services procured, together with any transport costs, is recovered from the Group. 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 is unsecured, is repayable within 30 days from statement date and only bears interest if the repayment terms have been exceeded, after which a market-related interest is charged. 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 balance will be settled by cash payments.

Transactions and balances with Illovo Sugar Africa (Proprietary) Limited - Corporate Division

Trading balances owing by the Group	100 762	36 149	100 762	36 149
Operational support fees	86 005	82 093	86 005	82 093
Cost reimbursement (general)	67 579	64 698	67 579	64 698
Export agency commission	-	14 704	-	14 704
Export and BI Staff cost recoveries and Illovo Conference	(4 179)	(4 849)	(4 179)	(4 849)

Operational support 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 fees are charged on a cost-plus basis, allowing a margin of 8% with the exception of procurement services component for which the margin is 15%.

The trading balance owing by the Group 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 balance will be settled by cash payments.

Illovo Sugar Africa (Proprietary) Limited ("ISAPL") is the agent to co-ordinate and manage the marketing, sale and distribution of all the Group's export sugar and molasses (excluding distribution into Rwanda) for which it receives a commission of 1% of export revenue.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (continued)

24.2 Fellow Subsidiaries of the Group (continued)

24.2.2 East African Supply (Proprietary) Limited ("EAS")

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Trading balances owing by the Group	-	536	-	536
Air services	364	6 281	364	6 281

EAS 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.

The trading balance owing by the Group to EAS in respect of air services 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 balance will be settled by cash payments.

24.2.3 Other fellow subsidiaries

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Trading balances owing to/(from) the Group				
Illovo Sugar (Malawi) PLC	51	(248)	51	(248)
Kilombero Sugar Company Limited ("KSC")	(224)	(248)	(224)	(248)
Ubombo Sugar Limited	50	32	50	32
Illovo Sugar (South Africa) (Proprietary) Limited	15	132	15	132
Cost recoveries (general) transactions				
Ubombo Sugar Limited	-	(202)	-	(202)
Illovo Sugar (Malawi) PLC	-	(248)	-	(248)
Kilombero Sugar Company Limited ("KSC")	(224)	(248)	(224)	(248)
Cost reimbursement transactions				
Ubombo Sugar Limited	194	364	194	364
Illovo Sugar (South Africa) (Proprietary) Limited	17	374	17	374

Various costs are paid for by the Group on behalf of other fellow subsidiaries. Similarly, various costs are paid for by other fellow subsidiaries on behalf of the Group. All such costs are recovered and/or reimbursed with no mark-up charged.

All trading balances related to cost recoveries and/or reimbursements 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.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (continued)

24.3 Subsidiary of Zambia Sugar PLC

The Company holds 100% of the ordinary share capital of Nanga Farms Limited. Furthermore, it has established a long-term agreement with Nanga Farms Limited for the supply of sugarcane and provision of management services.

Nanga Farms Limited	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Trading balances owing by the Company	-	-	413 839	220 316
Operational support fees received	-	-	(10 601)	(8 284)
Cane purchases	-	-	513 749	421 104
Dividend income	-	-	(99 864)	(46 833)
Interest paid on overdue balances	-	-	54 108	26 460

Operational support income is received by the Company from Nanga Farms Limited for costs incurred in providing technical support and business support. Technical support includes services rendered to monitor and improve agricultural performance. Business support covers the provision of a range of services including legal, taxation, treasury, governance, human resources and information technology.

The trading balance owing by the Company represents amounts outstanding for the supply of sugarcane. The trading balance is unsecured, has no fixed repayment terms and bears interest at variable market-related rates. The balance will be settled by cash payments.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (continued)

24.4 Related Party Balances - Summary

			Group		Company	
	Notes	Nature of transaction	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Amounts due from related parties						
Illovo Sugar Africa (Proprietary) Limited - Corporate	24.2.1		-	-	-	-
Illovo Sugar (Malawi) PLC	24.2.3		-	(248)	-	(248)
Kilombero Sugar Company Limited	24.2.3		(224)	(248)	(224)	(248)
			(224)	(496)	(224)	(496)
Amounts due from related parties						
Illovo Sugar Africa (Proprietary) Limited						
- Procurement	24.2.1		55 731	104 779	52 317	104 631
Illovo Sugar Africa (Proprietary) Limited						
- Corporate	24.2.1		100 762	36 149	100 762	36 149
Illovo Sugar (Malawi) PLC	24.2.3		51	-	51	-
East African Supply (Proprietary) Limited	24.2.2		-	536	-	536
Ubombo Sugar Limited	24.2.3		50	32	50	32
Nanga Farms Limited	24.3		-	-	413 839	220 316
Illovo Sugar (South Africa) (Proprietary) Limited	24.2.3		15	132	15	132
			156 609	141 628	567 034	361 796
Income						
Illovo Group Marketing Services Limited ("IGMS")	24.2.2	Export revenue	-	2 384	-	2 384
Illovo Sugar Africa (Proprietary) Limited						
- Corporate	24.2.1	Export and BI Staff cost recoveries	4 179	4 849	4 179	4 849
Kilombero Sugar Company Limited	24.2.4	Cost recoveries	224	248	224	248
Illovo Sugar (Malawi) PLC	24.2.4	Sale of stores Item	-	202	-	202
Nanga Farms Limited	24.3	Operational support fees received	-	-	10 601	8 284
Nanga Farms Limited	24.3	Dividend income	-	-	99 864	46 833
			4 403	7 683	114 868	62 800
Expenditure						
Illovo Sugar Africa (Proprietary) Limited						
- Procurement	24.2.1	Goods and services procured	426 362	605 190	418 902	594 250
Illovo Sugar Africa (Proprietary) Limited						
- Corporate	24.2.1	Operational support	86 005	82 093	86 005	82 093
Illovo Sugar Africa (Proprietary) Limited						
- Corporate	24.2.1	Cost reimbursement	67 579	64 698	67 579	64 698
Illovo Sugar Africa (Proprietary) Limited			-	14 704	-	14 704
- Corporate	24.2.1	Export agency commission	-	-	-	-
Illovo Group Marketing Services Limited	24.1.3	Export agency commission	-	-	-	-
Illovo Group Marketing Services Limited	24.1.3	Cost reimbursement	-	4 514	-	4 514
East African Supply (Proprietary) Limited	24.2.2	Air services	364	6 281	364	6 281
Ubombo Sugar Limited	24.2.3	Cost reimbursement	194	364	194	364
Nanga Farms Limited	24.3	Sugar cane purchases	-	-	513 749	421 104
Illovo Sugar South Africa (Proprietary) Limited	24.2.3	Cost recoveries	17	374	17	374
			580 521	778 218	1086 810	1 188 382
Financing costs						
Illovo Sugar Africa (Proprietary) Limited - Procurement	24.2.1	Overdue trading balances	2 871	471	2 798	439
Nanga Farms Limited	24.3	Overdue trading balances	-	-	54 108	26 460
			2 871	471	56 906	26 899

24. AMOUNTS DUE TO/(BY) RELATED PARTIES (continued)

24.5 Compensation of key management

(a) Compensation for the year to 31 August 2025

	Note	Earnings (K'000)	*Allowances (K'000)	Bonuses and Performance related payments (K'000)	Pension and Medical Contributions (K'000)	Total (K'000)
Non-Executive						
Roseta Chabala	10	382	-	-	-	382
Fidelis Banda		335	-	-	-	335
Susan M'kandawire	7	93	-	-	-	93
Ami Mpungwe		335	-	-	-	335
Dipak Patel		325	-	-	-	325
Amanda Venters	1,5,6	-	-	-	-	-
Lekani Katandula	1,13	-	-	-	-	-
Andre Lubbe	1,12	-	-	-	-	-
Craig Jensen	1,14	-	-	-	-	-
Executive						
Oswald Magwenzi	4,8,9	6 709	3 251	3 904	787	14 651
Hezron Musonda	3,8,11	2 508	-	515	411	3 434
Marc Pousson	3,8,9	3 617	1 447	1 746	417	7 227

(b) Compensation for the year to 31 August 2024

Non-Executive						
Norman Mbazima	2	169	-	-	-	169
Fidelis Banda		298	-	-	-	298
Roseta Chabala	10	318	-	-	-	318
Ami Mpungwe		298	-	-	-	298
Dipak Patel		285	-	-	-	285
Gavin Dalgleish	1,4	-	-	-	-	-
Amanda Venters	1,5	-	-	-	-	-
Andre Lubbe	1	-	-	-	-	-
Executive						
Oswald Magwenzi	3,8,9	5 668	2 679	1 132	632	10 111
Hezron Musonda	3,8,11	1 379	-	-	87	1 466
Marc Pousson	3,8,9	3 121	2 159	328	401	6 010

*Allowances is comprised of Housing Allowance, Car Allowance, Education Allowance, Out of Country allowance, Relocation allowance and Air fares allowance.

1. Fees earned by these directors, who are nominated by the Group's majority shareholder, have been waived.
2. Resigned as Chairperson and Non- Executive director of the Board on 28 February 2024
3. The Executive Director's qualify for a bonus based on the financial performance of the company for the reporting period and on their personal performance related to predetermined objectives. The values indicated relate to performance as at 31 August 2025 and 31 August 2024 for the comparative year numbers where applicable.
4. Resigned as Non-Executive Director of the Board on 30 August 2024.
5. Appointed as a Non Executive Director of the Board on 23 February 2022
6. Resigned as Non-Executive Director of the Board on 31 March 2025.
7. Appointed as a Non Executive Independent Director of the Board on 25 February 2025
8. The Executive Directors are compensated with a Company Car and Company House
9. Movements in earnings comprising of basic salary are impacted by exchange rates in respective months of payment for the current and comparative financial year.
10. Appointed Chairperson of the Board on 28 February 2024.
11. Appointed as Executive director of the Board on 28 February 2024
12. Resigned as Non Executive Director of the Board on 4 August 2025.
13. Appointed as Non Executive director of the Board on 1 April 2025.
14. Appointed as Non Executive director of the Board on 31 October 2024.

25. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps and foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

The fair values of derivative instruments are determined using inputs that are observable, either directly (i.e. as prices), or indirectly (i.e. derived from prices), other than quoted prices in an active market and therefore fall into the level 2 fair value category.

The Group did not have any derivative financial instruments for the financial year ended 31 August 2025.

In the prior year, on 12 December 2023, the Group did obtain an interest rate swap agreement with a notional amount of USD10,000,000 at a fixed rate of K23.75. The swap was used to hedge the exposure to changes in the currency fluctuations. The swap matured on 12 June 2024 at a settlement rate of K26.25

The impact of the hedging instrument on the statement of financial position as at 31 August 2024 was, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
	USD '000	K '000		K 000
Swap (Far leg)	10 000	237 530	Other current financial liability	24 970

The ineffectiveness loss of K24.97 million was recognised in the statement of profit or loss.

Derivative financial instruments - amounts reclassified to profit and loss

The terms of the foreign currency forward contracts did not match the terms of the expected highly probable forecast transactions. As a result, the Group did not have any cash flow hedges in the financial year ended 31 August 2025.

There were no cash flow hedges of the expected future sales in 2025 and 2024.

26. PROVISIONS

At beginning of period

Provisions made during the period

Utilised during the period

At end of period

Analysed as follows:

Provision for VAT

Provision for leave pay

Group		Company	
2025 K'000	2024 K'000	2025 K'000	2024 K'000
53 618	39 780	48 163	36 614
15 785	22 736	14 333	19 644
(21 424)	(8 898)	(14 517)	(8 095)
47 979	53 618	47 979	48 163
-	15 238	-	15 238
47 979	38 380	47 979	32 925
47 979	53 618	47 979	48 163

Provisions include amounts for annual leave and potential unrecoverable VAT receivable amounts.

The provision for annual leave is calculated at current salary and wage rates multiplied by the number of available leave days.

The provision on potentially unrecoverable VAT tax amounts is calculated based of the Group's anticipated potential liability following engagements and consultations done internally and externally with Zambia Revenue Authority and Taxation Experts. The provision for VAT was utilised during the financial year.

Group		Company	
2025 K'000	2024 K'000	2025 K'000	2024 K'000

27. CAPITAL COMMITMENTS

Contracted

700 438	171 897	681 403	163 890
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Capital commitments are financed from cash resources, short-term borrowings and external debt financing

28. FINANCIAL RISK MANAGEMENT

Financial instruments consist primarily of cash deposits with banks, trade and other receivables, trade and other payables, derivative financial instruments and both short-term and long-term borrowings. Financial instruments are carried at fair value or amounts that approximate fair value.

Financial assets

Financial assets measured at amortised cost

1 521 313	1 012 878	1 517 768	1 009 162
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Financial liabilities

Financial liabilities measured at amortised cost

2 127 075	1 330 842	2 498 924	1 524 321
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Reconciliation to the statement of financial position:

Trade and other receivables*

504 797	458 551	502 658	456 496
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Amounts due from related parties

224	496	224	496
------------	-----	------------	-----

Cash and bank balances

1 016 292	553 831	1 014 886	552 170
------------------	---------	------------------	---------

Financial assets measured at amortised cost

1 521 313	1 012 878	1 517 768	1 009 162
------------------	-----------	------------------	-----------

Long-term borrowings

700 806	-	700 806	-
----------------	---	----------------	---

Lease liabilities

127 164	217 838	123 532	217 838
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Trade and other payables*

1 142 090	920 472	1 107 146	893 783
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Amounts due to related parties

156 609	141 628	567 034	361 796
----------------	---------	----------------	---------

Bank overdraft

406	50 904	406	50 904
------------	--------	------------	--------

Financial liabilities measured at amortised cost

2 127 075	1 330 842	2 498 924	1 524 321
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*Trade and other payables have been adjusted for payables that do not meet the definition of financial liabilities. Trade and other receivable have also been adjusted for receivables that do not meet the definition of financial assets.

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, and forward rate curves of the underlying commodity. The derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Group's own non-performance risk.

28. FINANCIAL RISK MANAGEMENT (continued)

28.1 Liquidity risk management

In terms of the Company's Articles of Association, the Directors may from time to time, at their discretion, contract loans or otherwise borrow for the purpose of the Group as they deem fit.

The Group has access to the following unsecured local banking facilities at year end:

	Group	Company
	2025 K'000	2024 K'000
Unsecured bank overdraft facility, reviewed annually and payable at call:		
Amount utilised	406	50 904
Amount unutilised	399 594	349 096
Total local bank overdraft facilities	400 000	400 000

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 August 2025	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Interest-bearing loans	-	94 966	269 338	615 739	980 043
Lease Liabilities	-	-	82 878	111 818	194 696
Unsecured bank overdraft facility	406	-	-	-	406
Trade and other payables	-	1 142 090	-	-	1 142 090
Amounts due to related parties	-	156 609	-	-	156 609
	406	1 393 665	352 216	727 557	2 473 845

Year ended 31 August 2024	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Lease liabilities	-	-	28 113	335 557	363 670
Unsecured bank overdraft facility	50 904	-	-	-	50 904
Trade and other payables	-	920 471	-	-	920 471
Amounts due to related parties	-	141 628	-	-	141 628
	50 904	1 062 099	28 113	335 557	1 476 673

28. FINANCIAL RISK MANAGEMENT (continued)

28.2 Interest rate risk management

Taking cognisance of the seasonality of the Group's cash flow and long term interest rate forecasts, the treasury risk management committee positions the Group's interest rate exposures according to expected movements in interest rates in the economic environment it operates in.

The interest rate profile at **31 August 2025** was as follows:

	Floating Rate		Total borrowings
	Less than 1 Year	Greater than 1 year	
Overdrafts (K 'million)	0.8	0	0.8
% total borrowings	0%	0%	0%

The interest rate profile at 31 August 2024 was as follows:

Overdrafts (K 'million)	51	0	51
% total borrowings	100%	0%	100%

The Group has no fixed rate facilities.

Interest rate sensitivity

The Group is exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings.

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
If interest rates had been 50 basis points higher/lower and all other variables held constant, profit before tax for the period would decrease/increase by:	583	193	844	326

28.3 Currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecast sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecast up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

28. FINANCIAL RISK MANAGEMENT (continued)

28.3 Currency risk management (continued)

In the normal course of business, the Group enters into 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. The carrying amount of uncovered foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Group	Assets		Liabilities	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
US Dollars	198 898	1 009	(118 088)	(32 059)
SA Rands	6 235	12	(31 986)	(154 703)
Euros	4 038	1 479	-	-

Company	Assets		Liabilities	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
US Dollars	198 691	976	(117 969)	(24 515)
SA Rands	6 235	12	(31 986)	(154 395)
Euros	4 038	1 479	(7 408)	-

Foreign currency sensitivity

The Group's exchange rate exposure relates mainly to the US Dollar, Rand and the Euro. The following sensitivity analysis indicates the impact on profit before tax resulting from the revaluation of uncovered foreign currency denominated monetary items outstanding on the reporting date for an assumed 10% movement in the US Dollar, Rand and the Euro. A positive/(negative) number indicates an increase/(decrease) in profit before tax where the Kwacha strengthens by 10% against the relevant currency. For a 10% weakening of the Kwacha against the relevant currency, there would be an equal and opposite impact on profit before tax.

10% foreign currency sensitivity

All figures in K'000

Group	US Dollar		SA Rand		Euro	
	2025	2024	2025	2024	2025	2024
Monetary assets	19 890	101	624	1	404	148
Monetary liabilities	(11 809)	(3 206)	(3 199)	(15 470)	-	-
	8 081	(3 105)	(2 575)	(15 469)	404	148

Company	US Dollar		SA Rand		Euro	
	2025	2024	2025	2024	2025	2024
Monetary assets	19 869	98	624	1	404	15
Monetary liabilities	(11 797)	(2 452)	(3 199)	(15 440)	(741)	-
	8 072	(2 354)	(2 575)	(15 438)	(337)	15

The following tables demonstrate the sensitivity to a reasonably possible change in USD, SA Rand and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

28. FINANCIAL RISK MANAGEMENT (continued)

28.3 Currency risk management (continued)

		US Dollar		Euro		SA Rand	
	Change in rate	Effect on profit before tax	Effect on pre-tax equity	Effect on profit before tax	Effect on pre-tax equity	Effect on profit before tax	Effect on pre-tax equity
		K'000	K'000	K'000	K'000	K'000	K'000
2025	-/+ 10%	8 081	8 081	404	404	(2 575)	(2 575)
2024	-/+ 10%	(3 105)	(3 105)	148	148	(15 469)	(15 469)

Exchange rates most affecting the performance of the Group and the Company are as follows:

	Rates at year-end		Average for year	
	2025	2024	2025	2024
Kwacha/Rand	1.34	1.47	1.46	1.33
Kwacha/US Dollar	23.70	26.14	26.41	24.74
Kwacha/Euro	27.64	28.95	29.23	26.76

The Group has not entered into any forward exchange contracts to cover forecast foreign currency proceeds not yet receivable.

28.4 Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables comprise a widespread customer base, and the Group undertakes ongoing credit evaluations of the financial condition of their customers. Trade receivables overdue in excess of 120 days has decreased since the prior year. The Group does not consider there to be any material credit risk that has not been insured or adequately provided for.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 18. The Group holds collateral as security for certain credit customers and this is considered in the calculation of future estimated credit losses.

28. FINANCIAL RISK MANAGEMENT (continued)

28.4 Credit risk management (continued)

The ECL rate used for the creation of provisions is calculated incorporating macro economic forward factors of inflation, interest rates and Gross Domestic Product (GDP) rates. This is weighted over a 5 year historical period to derive the rate. A specific probability adjustment rate is applied to customers whose debts are in default and known to be irrecoverable.

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Current	367 181	268 687	367 181	268 687
0-30 days	28 196	47 762	28 196	47 762
31-60 days	851	42	851	42
61-90 days	7	395	7	395
91-120 days	-	101	-	101
More than 120 days	6 619	16 519	6 619	16 519
	402 854	333 505	402 854	333 505
Less : allowance for doubtful debts	(6 364)	(16 732)	(6 364)	(16 732)
Total trade receivables	396 490	316 773	396 490	316 773

The Group liquidated **K3.8 million** in trade receivables in the current financial year (2024: Nil).

31 August 2025	Trade Receivables Days past due						
	Current	30 days	60 days	90 days	120 days	365 days	Total
Sugar Trade Receivables							
Expected credit loss rate %	0.1	0.2	2.2	10.8	47.3	100.0	
Estimated total gross carrying amount	326 220	24 374	786	-	-	1	351 381
Expected credit loss amount	361	54	18	-	-	1	434
Non Sugar Trade Receivables							
Expected credit loss rate %	2.0	3.9	8.5	20.6	54.1	75.0	
Estimated total gross carrying amount	40 958	3 823	66	7	-	6 619	51 473
Expected credit loss amount	808	150	6	2	-	4 964	5 930
Total Expected credit loss amount	1 169	204	24	2	-	4 965	6 364

The provision created for Trade receivables is considered to be within the tolerable limits for expected credit loss amounts.

31 August 2024	Trade Receivables Days past due						
	Current	30 days	60 days	90 days	120 days	365 days	Total
Sugar Trade Receivables							
Expected credit loss rate %	0.2	0.4	5.3	27.6	75.9	100.0	
Estimated total gross carrying amount	250 530	48 066	3	-	-	11 386	309 985
Expected credit loss amount	462	177	-	-	-	11 386	12 025
Non Sugar Trade Receivables							
Expected credit loss rate %	4.0	8.1	20.5	53.5	96.1	100.0	
Estimated total gross carrying amount	30 326	1 396	201	355	-	3 137	35 415
Expected credit loss amount	1 225	113	41	191	-	3 137	4 707
Total Expected credit loss amount	1 687	290	41	191	-	14 523	16 732

No specific trade receivables were placed under liquidation in either the current or the previous year.

28. FINANCIAL RISK MANAGEMENT (continued)

28.4 Credit risk management (continued)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Credit Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. See Note 18.

The Group did not invest any surplus funds for extended periods during the year.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 August 2025 and 2024 is the carrying amounts as illustrated in this Note.

28.5 Capital risk management

The Group manages its capital to ensure that the company and its subsidiary will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity and debt, which includes borrowings net of cash and bank balances.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	Group		Company	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Debt (see Note i)	700 806	-	700 806	-
Bank overdraft	406	50 904	406	50 904
Cash and bank balances	(1 016 292)	(553 831)	(1 014 886)	(552 170)
Net borrowings	(315 080)	(502 927)	(313 674)	(501 266)
Equity (see Note ii)	6 029 053	4 905 004	5 409 707	4 459 251
Net debt to equity ratio %	(5.2)	(10.3)	(5.8)	(11.2)

- (i) Debt is defined as long and short-term borrowings as described in Note 20.
- (ii) Equity includes all capital and reserves of the Group that are managed as capital.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current or previous year.

No changes were made in the objectives, policies or processes for managing capital during the years ended **31 August 2025 and 2024.**

28. FINANCIAL RISK MANAGEMENT (continued)

28.6 Fair Values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2025		2024	
	Carrying Amount K'000	Fair Value K'000	Carrying Amount K'000	Fair Value K'000
Financial assets				
Trade and Other Receivables	504 797	504 797	458 551	458 551
Amounts due from Related Parties	224	224	496	496
Total	505 021	505 021	459 047	459 047
Financial liabilities				
Long-term borrowings	381 241	381 241	-	-
Current portion of long-term borrowings	319 565	319 565	-	-
Lease Liabilities	127 164	127 164	217 838	217 838
Trade and other payables	1 142 090	1 142 090	920 472	920 472
Amounts due to related parties	156 609	156 609	141 628	141 628
Total	2 126 669	2 126 669	1 279 938	1 279 938

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Group's financial assets are derived from quoted market prices in active markets.

28.7 Changes in liabilities arising from financing activities

	1 September 2024	Cash flows	Exchange rate	Interest capitalised	31 August 2025
Non current interest bearing loans and borrowings	-	700 000	-	-	700 000
Total liabilities from financing activities	-	700 000	-	-	700 000

The 'Cash flows' column includes the initial capital disbursement of the loan and accrued interest.

There was no loan outstanding balance in the prior financial year.

29. RETIREMENT BENEFITS

Defined Contribution Pension Scheme

Zambia Sugar PLC provides retirement benefits for its employees through a defined contribution pension scheme which was established on 1 May 2002. The employer's contribution is recognised as an expense in the year in which the related services are rendered by the employees. The Group expensed an amount of **K26.3 million** (2024: K26.0 million) during the year in respect of this scheme.

The Group also contributes to the National Pension Scheme Authority (NAPSA), a defined contribution scheme, for its eligible employees as required by law. Membership is compulsory and monthly contributions are made by both employer and employees. The employer's contribution is expensed in the year in which it arises. The Group expensed an amount of **K35.0 million** (2024: K27.1 million) during the year in respect of this scheme.

30. LEASES

The Group has lease contracts for land used in its agricultural cane growing operations, warehouses for storage of sugar, IT leases for hardware equipment used in its business operations and vehicle leases for its vehicle scheme policy to qualifying employees. Leases of land are for 17 years, while warehouses are for 1 year and IT equipment leases are for 4 years. The vehicle leases are financed by Stanbic bank and Absa bank with lease tenures varying between 4 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 land rentals are denoted in United States Dollar and the IT Equipment leases are denoted in South African Rand.

The effective discounting rate used for land leases is 31.86%, 23.42% for the warehouse leases, 8.03% for the IT equipment leases and 16.13% for the vehicle leases.

The business derecognised the land leases in April 2025, at the expiration of the lease agreements, following a mutual agreement with lease owners to convert to growers. The business continues to provide managerial support to ensure a smooth transition.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group			Company		
	Land and Buildings	Equipment and Vehicles	Total	Land and Buildings	Equipment and Vehicles	Equipment and Vehicles
	K'000	K'000	K'000	K'000	K'000	K'000
As at 1st Sep 2023	41 735	81 763	123 498	41 734	81 763	123 498
Additions	39 901	38 013	77 914	39 901	38 013	77 914
Depreciation expense	(28 597)	(23 165)	(51 762)	(28 597)	(23 165)	(51 762)
As at 31st Aug 2024	53 039	96 611	149 650	53 038	96 611	149 650
Additions	33 795	32 221	66 016	29 559	32 221	61 780
Depreciation expense	(36 360)	(28 562)	(64 922)	(35 468)	(28 562)	(64 030)
Disposals	(706)	(2 940)	(3 646)	(706)	(2 940)	(3 646)
As at 31st Aug 2025	49 768	97 330	147 098	46 423	97 330	143 754

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group			Company		
	Land and Buildings	Equipment and Vehicles	Total	Land and Buildings	Equipment and Vehicles	Equipment and Vehicles
	K'000	K'000	K'000	K'000	K'000	K'000
As at 1st Sep 2023	(71 732)	(88 124)	(159 856)	(71 732)	(88 124)	(159 856)
Additions	(39 901)	(38 013)	(77 914)	(39 901)	(38 013)	(77 914)
Foreign exchange loss	(18 264)	(668)	(18 932)	(18 264)	(668)	(18 932)
Lease liability - payments	29 011	18 530	47 541	29 011	18 530	47 541
As at 31st Aug 2024	(100 886)	(108 275)	(209 161)	(100 886)	(108 275)	(209 161)
Additions	(33 795)	(32 221)	(66 016)	(29 559)	(32 221)	(61 780)
Disposals	84 118	4 600	88 718	84 118	4 600	88 718
Foreign exchange loss	(375)	(3 168)	(3 543)	(375)	(3 168)	(3 543)
Lease liability - payments	33 214	29 676	62 890	32 611	29 676	62 287
As at 31st Aug 2025	(17 724)	(109 388)	(127 112)	(14 091)	(109 388)	(123 479)

30. LEASES (continued)

	Group			Company		
	Land and Buildings	Equipment and Vehicles	Total	Land and Buildings	Equipment and Vehicles	Equipment and Vehicles
	K'000	K'000	K'000	K'000	K'000	K'000
Accretion of interest						
As at 1 Sep 2023	(6 633)	-	(10 653)	(6 633)	-	(10 653)
Lease liability - interest expense	(24 442)	(13 433)	(37 875)	(24 442)	(13 433)	(37 875)
Lease liability - payments	22 398	13 433	35 831	22 398	13 433	35 831
As at 31 Aug 2024	(8 677)	-	(8 677)	(8 677)	-	(8 677)
Lease liability - Interest expense	(2 359)	(33 977)	(36 336)	(1 532)	(33 977)	(35 509)
Lease liability - Payments	10 984	33 977	44 961	10 157	33 977	44 134
As at 31 Aug 2025	(52)	-	(52)	(52)	-	(52)
Current as at 31 August 2025	-	(62 891)	(62 891)	-	(62 287)	(62 287)
Non-current as at 31 August 2025	(17 776)	(46 497)	(64 273)	(14 143)	(47 101)	(61 244)
Current as at 31 August 2024	(99 980)	(89 745)	(189 725)	(99 980)	(89 745)	(189 725)
Non-current as at 31 August 2024	(9 583)	(18 530)	(28 113)	(9 538)	(18 530)	(28 113)

The following are the amounts recognised in profit or loss:

	Group		Company	
	August		August	
	2025 K'000	2024 K'000	2025 K'000	2024 K'000
Depreciation expense of right-of-use assets	(64 922)	(51 762)	(64 030)	(51 762)
Interest expense on lease liabilities	(36 336)	(37 875)	(35 509)	(37 875)
Foreign exchange loss	(3 543)	(18 932)	(3 543)	(18 932)
Total amount recognised in profit or loss	(104 801)	(108 569)	(103 082)	(108 569)

31. CONTINGENT LIABILITIES

The Group currently has an outstanding matter with the Zambia Revenue Authority (ZRA) concerning Value Added Tax (VAT). As a result of a historical dispute related to VAT Rule 18, an assessment of K320 million has been raised in connection with the standard rating of export sales.

Additionally, the ZRA has withheld VAT claims amounting to **K96 million** as at 31 August 2025 (August 2024: K96 million). This matter has been under continuous engagement with both the ZRA and the Ministry of Finance and National Planning since 2014.

Given that the issue remains unresolved and further processes are required before a final determination can be made, management considers it prudent to disclose a contingent liability for this potential exposure. Due to the complexity of the matter, a definitive value has not yet been established regarding the recoverability of the VAT refunds from the ZRA.

Furthermore, during the year, the Group successfully concluded a legacy transfer pricing matter with the ZRA, relating to the audit covering the period 2012/2013 to 2016/2017. The initial assessment issued by ZRA amounted to K293.64 million. Following constructive engagement and resolution discussions, the matter was settled at a final value of K64 million. The case is now formally closed, with no further obligations arising from the audit period in question.

32. EVENTS AFTER THE REPORTING DATE

There are no significant events occurring after the reporting date of 31 August 2025 which would require adjustment or disclosure in these financial statements.

Five Year Review

PRODUCTION & SALES

Own estate cane produced

Total cane milled

Sugar production

Cane sugar ratio

Sugar sales

Local

Export

Molasses sales

Local

Export

FINANCIAL

Notes

Statement of comprehensive income

Revenue

Operating profit

Exchange movement on leases

Net financing costs

Profit before taxation

Taxation

Profit for the year

Profit attributable to shareholders of Zambia Sugar PLC

Total comprehensive income for the year attributable to shareholders of Zambia Sugar PLC

Statement of financial position

Property, plant and equipment

Intangible asset

Rou asset

Current assets

Net cash and bank balances

Borrowings

Deferred tax liability

Rou liability

Current liabilities

Net asset value

Profitability and asset management

Operating margin

Return on net assets

Liquidity and borrowings

Current ratio

Interest cover

Net debt : equity

Gearing

Earnings and dividends per share

Earnings per share

Headline earnings per share

Dividend per share

Dividend cover

Dividend paid

LuSE Statistics

Ordinary shares in issue

Weighted average number of shares

Net asset value per share

Market price per share at year end

Dividend yield at year end

Price : headline earnings ratio

		2025	2024	2023	2022	2021
		Tonnes '000	Tonnes '000	Tonnes '000	Tonnes '000	Tonnes '000
Own estate cane produced		1 591	1 824	1 667	1 669	1 727
Total cane milled		3 191	3 544	3 167	3 169	3 216
Sugar production		372	425	368	385	397
Cane sugar ratio		8.58	8.34	8.61	8.23	8.10
Sugar sales		392	401	390	382	413
Local		315	320	255	276	263
Export		77	80	136	106	150
Molasses sales		115	127	103	91	104
Local		115	127	95	89	66
Export		-	-	8	2	38
		K '000	K '000	K '000	K '000	K '000
Revenue		8 896 755	7 529 545	5 827 704	5 111 776	4 988 980
Operating profit		1 986 783	2 566 629	1 248 171	1 242 498	1 614 962
Exchange movement on leases		(3 543)	(18 932)	(12 658)	11 174	11 251
Net financing costs		(116 621)	(38 692)	(39 658)	(74 196)	(274 761)
Profit before taxation		1 866 619	2 509 005	1 195 855	1 179 476	1 351 452
Taxation		(232 890)	(451 415)	(260 223)	(174 328)	(265 385)
Profit for the year		1 633 729	2 057 590	935 632	1 005 148	1 086 067
Profit attributable to shareholders of Zambia Sugar PLC		1 633 729	2 057 590	935 632	1 005 148	1 086 067
Total comprehensive income for the year attributable to shareholders of Zambia Sugar PLC		1 633 729	2 057 590	935 632	1 005 148	1 086 067
Property, plant and equipment		3 801 004	2 718 049	2 109 992	1 924 825	1 864 665
Intangible asset		67 902	67 902	67 902	67 902	67 902
Rou asset		147 098	149 650	123 498	47 800	56 338
Current assets		3 755 068	3 597 877	2 449 001	2 783 902	2 211 564
Net cash and bank balances		1 015 886	502 927	838 863	75 126	175 719
Borrowings		(381 241)	-	-	(54 602)	(417 069)
Deferred tax liability		(302 600)	(363 694)	(266 314)	(261 441)	(287 800)
Rou liability		(62 891)	(189 725)	(146 554)	(49 350)	(66 425)
Current liabilities		(2 011 173)	(1 577 982)	(1 224 140)	(1 218 703)	(1 027 080)
Net asset value		6 029 053	4 905 004	3 952 248	3 315 459	2 577 814
Operating margin	%	22.3	34.1	21.4	24.3	32.4
Return on net assets	1 %	18.3	25.3	14.0	14.8	17.8
Current ratio	2 Times	2.4	2.6	2.7	2.3	2.3
Interest cover	3 Times	17.0	66.3	31.5	16.7	5.9
Net debt : equity	4 %	(11)	(10)	(21)	(1)	9
Gearing	5 %	(12)	(11)	(27)	(1)	9
Earnings per share	6 Ngwee	516.07	649.96	295.55	317.51	343.07
Headline earnings per share	7 Ngwee	515.87	649.96	295.41	319.09	342.25
Dividend per share	8 Ngwee	110	161	349	94	85
Dividend cover	9 Times	5	4	1	3	4
Dividend paid	K '000	509 680	1 104 834	298 843	267 503	75 977
Ordinary shares in issue	000	316 571	316 571	316 571	316 571	316 571
Weighted average number of shares	000	316 571	316 571	316 571	316 571	316 571
Net asset value per share	10 K	19.04	15.49	12.48	10.47	8.14
Market price per share at year end	K	48.00	34.00	18.00	18.00	5.00
Dividend yield at year end	11 %	2.3	4.7	19.4	5.2	16.9
Price : headline earnings ratio	12 %	9.3	5.2	6.1	5.6	1.4

Five Year Review Notes

1. RETURN ON NET ASSETS

Profit from operations expressed as a percentage of average net operating assets.

2. CURRENT RATIO

Current assets divided by current liabilities.

3. INTEREST COVER

Profit from operations divided by net financing costs.

4. NET DEBT: EQUITY RATIO

Interest-bearing liabilities (net of cash and cash equivalents) divided by total equity.

5. GEARING

Interest-bearing liabilities (net of cash and cash equivalents) expressed as a percentage of total equity and interest-bearing liabilities (net of cash and cash equivalents).

6. EARNINGS PER SHARE

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

7. HEADLINE EARNINGS PER SHARE

Headline earnings divided by the weighted average number of ordinary shares in issue.

8. DIVIDEND PER SHARE

Dividends for the year (interim: paid and declared; final: proposed) divided by number of shares in issue.

9. DIVIDEND COVER

Headline earnings per share divided by dividend per share (interim: paid and declared; final: proposed).

10. NET ASSET VALUE PER SHARE

Total assets less total liabilities divided by the number of shares in issue.

11. DIVIDEND YIELD AT YEAR-END

Dividends per share (interim: paid and declared; final: proposed) as a percentage of year-end market price.

12. PRICE: HEADLINE EARNINGS RATIO AT YEAR-END

Year-end market price divided by headline earnings per share.

Internal Controls Over Financial Reporting

MANAGING DIRECTOR SELF CERTIFICATION FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

I, Oswald Magwenzi, certify that —

1. I have reviewed the Annual Report as defined in Section 14 of the Securities (Internal Controls Over Financial Reporting) Guidelines of Zambia Sugar PLC, as of 31 August 2025.
2. Based on my knowledge, the annual report does not contain any untrue statement of a material fact. Nor does it omit to state a material fact which would make the statement misleading in light of the circumstance under which it was made.
3. Based on my knowledge, the financial statements and other financial information included in this annual report, fairly presents, in all material respects, the financial condition and results of operations of the Group as of, and for, the periods presented in this annual report;
4. The other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting as by the Securities (Internal Controls Over Financial Reporting) Guidelines the Group and we have
 - a) designed or caused to be designed under our supervision such disclosure controls and procedures to ensure that material information relating to the Group and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual report is being prepare;
 - b) designed or caused to be designed under our supervision such disclosure controls and procedures to ensure that information required to be disclosed under the Securities Exchange Act of 2016 (as amended) is recorded, processed, summarised and reported within the time periods specified in the SEC's rules and forms, including without limitation that information required to be disclosed in the SEC filings is accumulated and communicated to management, including the Managing Director (MD), and Finance Director (FD), as appropriate, to allow for timely decisions regarding required disclosure.
 - c) designed or caused to be designed under our supervision such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - d) evaluated the effectiveness of the Group's disclosure controls and procedures and internal control over financial reporting after the ninety (90) days prior to this annual report (the "Evaluation Date");
 - e) Disclosed in this report any change in the Group's internal control over financial reporting and disclosure controls and procedures that occurred during the Group's most recent fiscal quarter (the Group's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Group's internal control over financial reporting
 - f) presented in this annual report, our conclusions about the effectiveness of the disclosure controls and procedures and internal control over financial reporting based on our evaluation as of the Evaluation Date.
5. The Group's other certifying officer and I have disclosed, based on our most recent evaluation, to the Group's Auditor and the audit committee of the Group's board of directors (or persons performing similar functions)—
 - a) all significant deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting which would adversely affect the Group's ability to record, process, summarise and report financial data and have identified for the Group's Auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Group's internal controls; and
6. The Group's other certifying officer and I have evaluated the effectiveness of the Group's disclosure controls and procedures, and Internal Controls Over Financial Reporting as required under Securities (Internal Controls Over Financial Reporting) Guidelines. Based on this evaluation we have concluded that as of 31 August 2025, the Group's disclosure controls and procedures and Internal Controls of Financial Reporting are effective.

Date: 31 October 2025

Name: Oswald Magwenzi

Position: Managing Director

Signature:



Internal Controls Over Financial Reporting

FINANCE DIRECTOR SELF CERTIFICATION FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

I, Hezron Musonda, certify that —

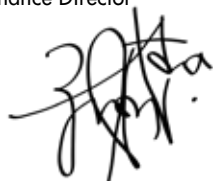
1. I have reviewed the Annual Report as defined in Section 14 of the Securities (Internal Controls Over Financial Reporting) Guidelines of Zambia Sugar PLC, as of 31 August 2025.
2. Based on my knowledge, the annual report does not contain any untrue statement of a material fact. Nor does it omit to state a material fact which would make the statement misleading in light of the circumstance under which it was made.
3. Based on my knowledge, the financial statements and other financial information included in this annual report, fairly presents, in all material respects, the financial condition and results of operations of the Group as of, and for, the periods presented in this annual report;
4. The other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting as by the Securities (Internal Controls Over Financial Reporting) Guidelines the Group and we have
 - a) designed or caused to be designed under our supervision such disclosure controls and procedures to ensure that material information relating to the Group and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual report is being prepare;
 - b) designed or caused to be designed under our supervision such disclosure controls and procedures to ensure that information required to be disclosed under the Securities Exchange Act of 2016 (as amended) is recorded, processed, summarised and reported within the time periods specified in the SEC's rules and forms, including without limitation that information required to be disclosed in the SEC filings is accumulated and communicated to management, including the Managing Director (MD), and Finance Director (FD), as appropriate, to allow for timely decisions regarding required disclosure.
 - c) designed or caused to be designed under our supervision such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - d) evaluated the effectiveness of the Group's disclosure controls and procedures and internal control over financial reporting after the ninety (90) days prior to this annual report (the "Evaluation Date");
 - e) Disclosed in this report any change in the Group's internal control over financial reporting and disclosure controls and procedures that occurred during the Group's most recent fiscal quarter (the Group's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Group's internal control over financial reporting
 - f) presented in this annual report, our conclusions about the effectiveness of the disclosure controls and procedures and internal control over financial reporting based on our evaluation as of the Evaluation Date.
5. The Group's other certifying officer and I have disclosed, based on our most recent evaluation, to the Group's Auditor and the audit committee of the Group's board of directors (or persons performing similar functions)—
 - a) all significant deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting which would adversely affect the Group's ability to record, process, summarise and report financial data and have identified for the Group's Auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Group's internal controls; and
6. The Group's other certifying officer and I have evaluated the effectiveness of the Group's disclosure controls and procedures, and Internal Controls Over Financial Reporting as required under Securities (Internal Controls Over Financial Reporting) Guidelines. Based on this evaluation we have concluded that as of 31 August 2025, the Group's disclosure controls and procedures and Internal Controls of Financial Reporting are effective.

Date: 31 October 2025

Name: Hezron Musonda

Position: Finance Director

Signature:



Internal Controls Over Financial Reporting

CERTIFICATION BY SIGNING OFFICERS TO THE AUDITORS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

EY Zambia

EY Place, Plot 354437
P.O Box 35483
Alick Nkhata Roads
Lusaka, Zambia

Disclosure to the Auditor

The other certifying officer and I hereby disclose, based on our most recent evaluation of the Group's disclosure controls and procedures and internal control over financial reporting, to the Group's auditors that –

- (i) all significant deficiencies in the design or operation of the Group's disclosure controls and procedures and internal control over financial reporting which would adversely affect the company's ability to record, process, summarise and report financial information and thereby identify any material weakness in disclosure controls and procedures and internal control over financial reporting;
- (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's disclosure controls and procedures and internal control over financial reporting have been disclosed.

Further, the other certifying officer and I have not become aware of any significant changes in disclosure controls and procedures and internal control over financial reporting or other factors that could significantly affect disclosure controls and procedures and internal control over financial reporting subsequent to the date of our evaluation.

Signature:



Name: Oswald Magwenzi

Position: Managing Director

Date: 31 October 2025

Signature:



Name: Hezron Musonda

Position: Finance Director

Date: 31 October 2025

Internal Controls Over Financial Reporting

RISK COMMITTEE OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2025

Audit and Risk Committee (Zambia Sugar PLC Board of Directors)

Zambia Sugar PLC
Plot No. 118a, Livingstone/Lubombo Roads,
Nakambala Estate,
P.O Box 670240
Lusaka, Zambia

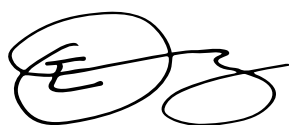
Disclosure to the Audit and Risk Committee/Board of Directors

The other certifying officer and I hereby disclose, based on our most recent evaluation of the Group's disclosure controls and procedures and internal control over financial reporting, to the Group's auditor that –

- (i) all significant deficiencies in the design or operation of the Group's disclosure controls and procedures and internal control over financial reporting which would adversely affect the company's ability to record, process, summarise and report financial information and thereby identify any material weakness in disclosure controls and procedures and internal control over financial reporting; and
- (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Group's disclosure controls and procedures and internal control over financial reporting.

Further, the other certifying officer(s) and I have not become aware of any significant changes in disclosure controls and procedures and internal control over financial reporting or other factors that could significantly affect disclosure controls and procedures and internal control over financial reporting subsequent to the date of our evaluation.

Signature:



Name: Oswald Magwenzi

Position: Managing Director

Date: 31 October 2025

Signature:



Name: Hezron Musonda

Position: Finance Director

Date: 31 October 2025

Company Directory

Secretary: Mrs Harriet Kapekele-Katongo

**Business address
& Registered
Office:** Nakambala Estate, Plot No: 118a, Livingstone /
Lubombo Roads

Postal address: P O Box 670240, Mazabuka, Zambia

Telephone: +260 21 3 230 394

Fax: +260 21 3 230 116

Email address: corporate@zamsugar.zm

Website address: www.zamsugar.co.zm

**Transfer
secretaries:** Corpserve Transfer Agents Ltd
2760, Lulu Road, Long Acres, Lusaka, Zambia
P.O. Box 37522, Lusaka, Zambia
Telephone: +260 21 1 256 969, 256 970
Fax: +260 21 1 256 975
E-mail: corpservezambia@corpservezambia.com.zm

Auditors: EY Zambia

Bankers: Absa Bank Zambia
Citibank Zambia
FNB Zambia
Stanbic Bank Zambia
Standard Chartered Bank Zambia
Zambia National Commercial Bank
Ecobank
Access Bank Zambia
Indo Zambia Bank



Notice of 64th annual general meeting

Notice is hereby given that the 64th annual general meeting of the members of the Company will be held virtually on <https://eagm.creg.co.zw/eagm/Login.aspx> and at the **Intercontinental Hotel, Lusaka, Zambia on Thursday, 27 November 2025 at 10h00**. The voting at the Annual General Meeting will be electronically on <https://eagm.creg.co.zw/eagm/Login.aspx>

1. MINUTES OF THE PREVIOUS MEETING

To receive and confirm the minutes of the 63rd Annual General Meeting held on 28 November 2024.

2. FINANCIAL STATEMENTS

To receive and adopt the Directors' Report and the Financial Statements for the year ended 31 August 2025, together with the Auditor's Report thereon.

3. ORDINARY RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions:

3.1 ORDINARY RESOLUTION NUMBER 1: APPOINTMENT OF DIRECTORS

To appoint Christian Rees as a Non-Executive Director to the Board with immediate effect

3.2 ORDINARY RESOLUTION NUMBER 2: RATIFICATION OF APPOINTMENT OF DIRECTORS

To ratify the appointment of Susan M'kandawire Mulikita who was appointed by the Board as an Independent Non-Executive Director effective from 26 February 2025.

3.3 ORDINARY RESOLUTION NUMBER 3: RATIFICATION OF APPOINTMENT OF DIRECTORS

To ratify the appointment of Lekani Katandula who was appointed by the Board as a Non-Executive Director effective from 1 April 2025..

3.4 ORDINARY RESOLUTION NUMBER 4: RE-ELECTION OF A DIRECTOR RETIRING BY ROTATION

To re-elect Dipak Patel, who retires by rotation, and who, being eligible, offers himself for re-election. Based on the recommendations of the Remuneration and Nomination Committee, which has conducted a formal assessment of Mr Patel, the Board recommends his re-election to shareholders. His details are set out in the Annual Report

3.5 ORDINARY RESOLUTION NUMBER 5: RE-ELECTION OF A DIRECTOR RETIRING BY ROTATION

To re-elect Roseta Chabala, who retires by rotation, and who, being eligible, offers herself for re-election. Based on the recommendations of the Remuneration and Nomination Committee, which has conducted a formal assessment of Mrs Chabala, the Board recommends her re-election to shareholders. Her details are set out in the Annual Report.

3.6 ORDINARY RESOLUTION NUMBER 6: APPROVAL OF DIRECTORS' FEES

That the fees for Independent Non-Executive Directors for the year ending 31 August 2026 remain unchanged from the prior year as follows

- K 356 250 for a Board member;
- K 371 875 for a Board member/Committee member; and
- K 423 438 to for the Board Chairman.

3.7 ORDINARY RESOLUTION NUMBER 7: APPOINTMENT OF THE INDEPENDENT AUDITOR

Pursuant to the requirements of sections 257(1) of the Companies Act No. 10 of 2017, and as nominated by the Company's Audit Committee, to resolve that EY be re-appointed as the Company's Independent Auditor for the financial year ending 31 August 2026 and to authorise the Directors to determine their remuneration.

4. ORDINARY RESOLUTION NUMBER 8: DECLARATION OF FINAL DIVIDEND

The Directors recommend that a dividend of 109.6 ngwee per share be paid for the financial year ending 31 August 2025. It is noted that in terms of Company's Articles, the Company may only declare a dividend if the Directors have recommended a Dividend.

5. 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 so as to reach the Company's registered office or the share transfer secretaries not later than 48 hours before commencement of the Annual General Meeting

DETAILED INSTRUCTIONS ON HOW TO PARTICIPATE IN THE AGM VIRTUALLY

For any members who would like to participate virtually the proceedings of the Annual General Meeting will be streamed live.

1. The Members are required to sign up in advance at <https://eagm.creg.co.zw/eagm/login.aspx>
2. To sign up for the AGM, a Member must have a working email and active cell phone number.
3. After signing up, Members will receive a confirmation email and SMS containing information about joining the AGM.
4. After registering, Members will also receive their Lusaka Securities Exchange (LuSE) ID number which they must have on the day of the AGM in order to vote on the resolutions.
5. On the day of the AGM, Members will require to confirm their attendance with the login details that will be provided after signing up.
6. To fully participate in the AGM, a Member must have a reliable internet connection.
7. Queries on the registration process, how to login to the meeting or voting process must be sent to info@corpservezambia.com.zm or telephone number +260 950 968 435, +260 979 420 470 or +260 979946143
8. Queries pertaining to shareholders relations such as change of address or bank details are to be channelled through the Transfer Secretaries, whose contact address is:

Corpserve Transfer Agents Limited
6 Mwaleshi Road, Olympia Park, Lusaka, Zambia
Telephone: +260 211 256969/70
Facsimile: +260 (211) 256975
Email: info@corpservezambia.com

By order of the Board



Mrs Harriet Kapekele-Katongo
Company Secretary

Minutes

MINUTES OF THE 63RD ANNUAL GENERAL MEETING OF MEMBERS HELD ON 28 NOVEMBER 2024 AT 09:00 HOURS AT THE INTERCONTINENTAL HOTEL, LUSAKA, ZAMBIA.

1. PRESENT

DIRECTORATE:

R Chabala (Chairperson), O Magwenzi (Managing Director), H Musonda (Finance Director), A Lubbe, A Mpungwe, A Venters, C Jensen, D Patel, F Banda, and M Pousson.

COMPANY SECRETARY:

Harriet Kapekele-Katongo

(Lists of members present as attached)

2. CALL TO ORDER / QUORUM

A quorum being present, the meeting was called to order at 09:15 hours.

3. 3 APOLOGIES FOR ABSENCE

No apologies.

4. PROXIES AND CORPORATE APPOINTMENT

The Company Secretary indicated that 75 valid proxies and 1 corporate appointment by Illovo Group Holdings Limited appointing Mr Paul Kenward, had been received.

5. AGENDA

The notice and agenda were adopted as presented.

6. MINUTES OF THE PREVIOUS MEETING

The minutes of the Annual General Meeting held on 28 November 2023 were confirmed as the correct record of the proceedings and accordingly approved as circulated.

7. MATTERS ARISING

No matters arose for discussion from the minutes of the previous meeting.

8. THE DIRECTORS REPORT AND FINANCIAL STATEMENTS

The Directors' report and Annual Financial Statements for the year ended 31 August 2024 were presented. It was resolved that the Directors' report and financial statements for the year ended 31 August 2024 be approved and adopted and that all matters undertaken and discharged by the Directors on behalf of the company be confirmed.

9. APPOINTMENT OF DIRECTORS

9.1 It was resolved that Ms Amanda Venters and Mr Hezron Musonda who were appointed by the Board as non-executive director and Executive Director, respectively, effective 28 February 2024 be confirmed.

9.2 It was further resolved that Mr Craig Jensen who was appointed by the Board as non-executive director effective 31 October 2024 be confirmed.

9.3 It was resolved that Messrs Fidelis Banda, Ami Mpungwe and Andre Lubbe who retired by rotation, be re-elected as directors.

10. DIRECTORS' FEES

It was resolved that the Independent Directors' fees for the year ending 31 August 2024 be increased by 25% as follows:

Board Chairperson	Committee Member	Board Member
K423,438	K371,875	K356,250

11. AUDITORS' REMUNERATION AND RE-APPOINTMENT

It was resolved that Messrs EY (Zambia) be re-appointed as auditor of the company for the financial year ending 31 August 2025 and that the Board of Directors be authorised to approve their fees.

12. DECLARATION OF FINAL DIVIDEND

Upon recommendation by the Board of Directors, it was resolved that a final dividend of 161 ngwee per share for the year ended 31 August 2024 be declared.

The final Dividend declared would be paid to all shareholders registered in the books of the Company at close of business on 13 December 2024 and payable on or about 16 December 2024.

13. ANY OTHER BUSINESS

There being no further business to transact, the meeting closed at 11:41 hours.



Roseta Chabala
Chairperson



Mrs Harriet Kapekele-Katongo
Company Secretary

Form of Proxy Zambia Sugar PLC

I/We _____

(Name/s in block letters)

of _____

(address)

being a member/ members of the above-named Company hereby appoint

1. _____ of _____

or in his absence

2. _____ of _____

or in his absence

3. the Chairman of the meeting

As my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held virtually on

<https://eagm.creg.co.zw/eagm/Login.aspx> and at the **Inter Continental Hotel**, Lusaka, Zambia on

Thursday, 27 November 2025 at 09h00 and at any adjournment thereof as follows:

MARK WITH X WHERE
APPLICABLE

No.	AGENDA ITEM	IN FAVOUR	AGAINST	ABSTAIN
1	Appointment of Christian Rees as a Non-Executive Director.			
2	Ratification of Appointment of Susan M'kandawire Mulikita as an Independent Non-Executive Director.			
3	Ratification of Appointment of Lekani Katandula as a Non-Executive Director.			
4	Re-election of Dipak Patel as an Independent Non-Executive Director.			
5	Re-election of Roseta Chabala as an Independent Non-Executive Director.			
6	Maintain the fees for Independent Non-Executive Directors as follows: - K356 250 for a Board member; - K371 875 for a Board member/Committee member; and - K423 438 to for the Board Chairman			
7	Pursuant to Section 257 of the Companies Act, to reappoint EY as the Independent Auditor and authorise the Directors to determine the Auditor's fees.			
8	The Directors recommend that a final Dividend of 109.6 Ngwee per share, for the year ended 31 August 2025, be declared to all shareholders registered in the books of the Company, at close of business on 12 December 2025 and payable on 16 December 2025.			

Unless otherwise instructed, the proxy will vote as he thinks fit.

Signed at _____ on this _____ day of _____ 2025.

Signature _____ Assisted by me (where applicable) _____

Full name/s of signatory/ies if signing in a representative capacity _____

Notes to the Form of Proxy

- 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.
- 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.
- A minor must be assisted by his/her guardian.
- 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.
- 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.
- If two or more proxies attended the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted, shall be regarded as the validly appointed proxy.



Zambia Sugar

Physical Address

Zambia Sugar PLC, Nakambala Sugar Estate, Plot No: 118a, Livingstone/Lubombo Roads, Mazabuka, Zambia

Postal Address

Zambia Sugar PLC, PO Box 670240, Mazabuka, Zambia

Tel: +260 771 491 998 **Fax:** +260 21 3 280 116 **Email:** info@zambiasugar.com

www.zambiasugar.com



**THRIVING
COMMUNITY**