ANNUAL REPORT 2024

60 YEARS of GROWING STRONGER TOGETHER

Zambia Sugar



CELEBRATING 60 YEARS OF BUILDING OUR FUTURE





2024 Financial Performance Highlights:

REVENUE **K 7.530 BILLION** 2023: K5.828 BILLION	OPERATING PROFIT **K 2.567 BILLION** 2023: K1.248 BILLION	PROFIT AFTER TAX **K2.058 BILLION** 2023: K0.936 BILLION
EARNINGS PER SHARE **650 NGWEE** 2023: 296 NGWEE	DIVIDEND PER SHARE **161 NGWEE** 2023: 349 NGWEE	SALES **401 631 TONNES** 2023: 390 170 TONNES
CANE/SUGAR RATIO **8.35** 2023: 8.61	PRODUCTION **424 531 TONNES** 2023: 367 832 TONNES	CANE SUPPLY **3.544 MILLION TONNES** 2023: 3.167 MILLION TONNES
REFINED SUGAR **89 310 TONNES** 2023: 78 058 TONNES		

CONTENTS

Zambia at 60!

Zambia Sugar turns 60 at the same time that Zambia celebrates it's 60th anniversary. Join Zambia and Zambia Sugar in celebrating this great milestone.

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.

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

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

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

HEADS 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.

THE COUNTRY'S HEAD 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 to January 2015
- Edgar Changwa Lungu - January 2015 – August 2021
- Hakainde Hichilema 2021 – present

CAPITAL: Lusaka

COUNTRY POPULATION:

21.135 million

FORM OF GOVERNMENT:

Multiparty Republic with one legislative house, Executive, Legislature and Judiciary.

OFFICIAL LANGUAGE: English

ETHNIC GROUPS:

Bemba 21%, Tonga 13.6%, Chewa 7.4%, Lozi 5.7%, Nsenga 5.3%, Tumbuka 4.4%, Ngoni 4%, Lala 3.1%, Kaonde 2.9%, Namwanga 2.8%, Lunda (North Western) 2.6%, Mambwe 2.5%, Luvale 2.2%, Lamba 2.1%, Ushi 1.9%, Lenje 1.6%, Bisa 1.6%, Mbunda 1.2%, other 13.8%, unspecified 0.4% (2010 est.)

LANGUAGES:

Bemba 33.4%, Nyanja 14.7%, Tonga 11.4%, Lozi 5.5%, Chewa 4.5%, Nsenga 2.9%, Tumbuka 2.5%, Lunda (North Western) 1.9%, Kaonde 1.8%, Lala 1.8%, Lamba 1.8%, English (official) 1.7%, Luvale 1.5%, Mambwe 1.3%, Namwanga 1.2%, Lenje 1.1%, Bisa 1%, other 9.7%, unspecified 0.2% (2010 est.)

MAJOR SPORTS:

Soccer, boxing, tennis.

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, basketware, 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.

Zambian Tourism

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

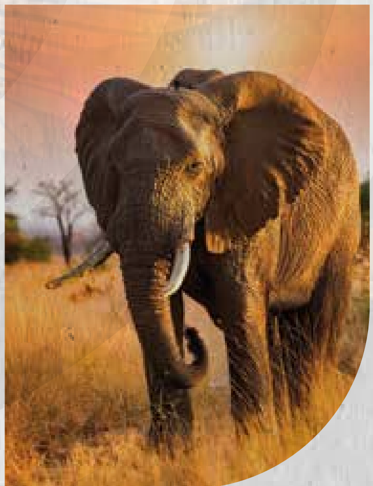
More than 30% of the country's land area is reserved for wildlife. There are 21 national parks and 36 game management areas in the country. Kafue, Lower Zambezi and South Luangwa, rank among the finest national parks in the world.

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.zamsugar.co.zm/

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

At a Glance

ZAMBIA SUGAR 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.

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 56 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.

OWNS A HOUSING ESTATE WITH OVER 3 000 HOUSEHOLDS AND SUPPLIES 8 000 000 LITRES OF BULK WATER DAILY DIRECTLY TO RESIDENTS OF MAZABUKA DISTRICT.

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 the ABF.

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.

LARGEST PROPERTY RATES PAYER
in the Southern Province.

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

Largest single cane sugar mill in ABF Sugar Division and in Africa. **7 310** direct employees and **4 774+** indirect employees. Outgrower scheme made up of 385 small holder farmers in 3 schemes.18 commercial farmers employing **3 885.**

ZAMBIA SUGAR IS THE LARGEST EMPLOYER IN THE SOUTHERN PROVINCE.

450 000
tonnes per annum sugar production capacity.

40MW
power generation.
co-generation (bagasse).

ADMINISTERS FIVE SCHOOLS
(Primary and Secondary) on the estate.

ONE OF THE LEADING COMPANIES ON LUSAKA SECURITIES EXCHANGE (LuSE).

28 000 HA **UNDER SUGAR CANE CULTIVATION.**

K1.1 BILLION
shareholder payment in 2023, the highest in the history of the LuSE

Record production at
424 531 TONNES

Record total sales at
400 631 TONNES.

Record domestic sales volume at
320 419 TONNES.

Record sales revenue at
K7.530 BILLION.

Record operating profit at
K2.567 BILLION.

1 500
direct consumption customers.

19
industrial refined sugar customers.

K9 MILLION
in social investment.

Zambia Sugar

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.

ZAMBIA SUGAR PLC CELEBRATING 60 YEARS ANNIVERSARY

Chairperson's Statement

Happy 60th anniversary Zambia. Happy 60th anniversary Zambia Sugar!

- **Share price increase, from K20 to K35 per share.**
- **Earnings per Share up by 120%.**
- **Dividend per share of 161 ngwee.**
- **Unfortunately recorded a contractor fatality.**

It is with great pleasure that I present to you outstanding results in a year that marks both the 60th anniversary of Zambia's political independence and the 60th anniversary of Zambia Sugar PLC.

We were privileged to celebrate Zambia Sugar's 60th anniversary at Nakambala Estate, graced by the President of the Republic of Zambia, Mr Hakainde Hichilema. The President took time to engage with various stakeholders including traditional leaders and the community before touring the operations where he commissioned the agricultural expansion programme designed to add another 3 500 hectares using the outgrower model. The President committed his support to the outgrower programme and implored the Company to share its successes with other economic sectors.

The Managing Director's Statement provides a detailed overview of the Company's operational, commercial, and financial performance during the period under review. I invite you to join me in commending the Management team, employees, and staff for the exceptional performance, achieved despite the challenging economic environment and the devastating weather conditions that have affected the region.

Let me from the onset address the resignation of Mr. Norman Mbazima as Chairman of the Board effective 28 February 2024. Mr. Mbazima shared that he was scaling down his post-retirement activities to focus on a limited number of challenging assignments and spend more time with his family. We thank him for his immense contribution during the time he was Chairman of the Board.

I am honoured to have been given the opportunity to replace him as Chairperson and I look forward to your continued support as we build upon the solid foundation Mr. Mbazima helped to build over the years.

Safety remains a top priority and a core value, encompassing the well being of all employees, contractors, visitors, and local communities. Whilst the business is encouraged by the significant strides made in embedding a safety culture, I am saddened to report that on 4 June 2024, Mr Morris Muchimba, an electrical contractor, suffered a fatal electrocution while working on a 33 kV high voltage line at Nakambala estate. Mr Muchimba was married with two children and had previously been an employee of Zambia Sugar. We sent our deepest condolences to his family.

While this devastating event adversely impacted our improving safety record, we remain committed to the goal of zero harm to employees and contractors. Following this tragic incident, the business has subsequently strengthened its safety protocols and processes through enhanced leadership visibility, increased supervisory oversight, comprehensive near-miss reporting, and implementation of expanded behavioural safety training. The Board is satisfied that these measures, combined with individual safety accountability, will help to prevent similar incidents happening in the future. Sustainability remains a key area of focus, exemplified through various activities that align with Environmental, Social and Governance (ESG) principles. The business has maintained its unwavering commitment to sustainable practices across both agricultural and manufacturing operations.

ECONOMIC REVIEW

The devastating effects of the drought have significantly impacted the social and economic performance of the country. This has prompted the downward revision of Zambia's Gross Domestic Product (GDP) growth rate for 2024 from 4.8% to 2.3%, with current estimates indicating that it will be lower. The drought has adversely impacted agricultural production as well as power generation leading to cost pressures that have driven inflation up from 12% in September 2023 to 15.5% in August 2024.

The continued depreciation of the Kwacha exerted pressure on the agriculture and manufacturing sectors, among others, due to the reliance on imported raw materials and inputs, including, power, diesel, fertilisers, and various chemicals used in the production process. This resulted in significant increases in cost of electricity, fuel, fertiliser, and maintenance.

SHARE PRICE

In 2023, the Company's share price was K20 per share, reflecting a market capitalisation of K6.3 billion. I am pleased to report that the share price has since risen to K35, increasing the market capitalisation to over K11 billion. This rise in the Company's share price continues to generate confidence in the market, with many shareholders choosing to hold their positions rather than cashing out for short-term profits. The Board appreciates the market's confidence in the value of the Company's stock and remains committed to pursue opportunities for growth and further value creation.

DIVIDEND

The dividend policy is based on paying up to 50% of free cash flow generated by the Company after meeting all obligations and capital requirements. Last year, the Company paid a record dividend in the history of the Lusaka Stock Exchange, totalling K1.1 billion. This included a special dividend of 158 ngwee per share, in addition to the base dividend of 191 ngwee per share. I am pleased to report that during a meeting held on 31 October 2024, the Board recommended a final dividend for the year of 161 ngwee per share for FY24. This decision to pay a dividend reflects the Board's confidence in the ability of the Company to continue creating value for shareholders.

DIRECTORATE

Mr. Norman Mbazima resigned from the Board effective 28 February 2024.

Mr. Gavin Dalgleish resigned from the Board following his departure as Chief Executive Officer of Illovo Sugar Africa in August 2024. We thank him for his immense contribution to Zambia Sugar's success and, in particular, for overseeing the factory expansions in 2009 and 2016 which made the Nakambala factory the biggest single site cane sugar factory on the African continent.

Ms. Amanda Venters was appointed to the Board as a Non-Executive Director on 28 February 2024. She is currently ABF Sugar Group Interim Chief Financial Officer, a role she has held since 20 September 2023.

Mr. Hezron Musonda joined the Nakambala Leadership Team on 25 January 2024 following his appointment as Finance Director and was appointed to the Board as an Executive Director on 28 February 2024.

Please join me in welcoming Ms. Venters and Mr. Musonda to the Board and wish them every success in their roles. Similarly, we wish Mr. Mbazima and Mr. Dalgleish success in their future endeavours.

OUTLOOK

The weather forecast continues to provide renewed hope, with indications that the country will experience a normal rainy season. Water security and power reliability have become major areas of focus for the Company, and initiatives are in place to address the risks associated with these critical resources.

I am particularly pleased with the innovations implemented in Agriculture, including efficient irrigation systems, new farming methods, and greater collaboration between water users and regulators. These initiatives are aimed at providing practical solutions that benefit the Company now and in the future.

In the factory the focus on improving plant reliability, throughput, sugar quality and recoveries has continued with the outstanding results achieved during the period under review expected to continue in FY25. Consistent factory performance is critical to meeting customer demand in both the domestic and regional markets.

As a customer led business, I am pleased with the progress we have made in our Route to Consumer with the launch of the Last Mile Reseller initiative and the continued expansion of our product portfolio to meet the needs of all categories of customers. Consequently, the Company is well positioned to continue being the supplier of choice for our customers and consumers.

CONCLUSION

In closing, I would like to extend my sincere gratitude to my fellow Directors for their diligence and unwavering support throughout the year. I offer my heartfelt congratulations to the Managing Director, Mr Oswald Magwenzi, the Leadership Team and our dedicated employees. Their resilience and commitment have been instrumental in enabling the Company to deliver yet another stellar performance, despite the challenging economic environment and adverse weather conditions.

I would also like to express the Company's deep appreciation to our valued customers and consumers for their continued loyalty and support. This is what drives the Company's success. On behalf of the Board, I want to thank you all for the confidence you have placed in our stewardship. We pledge our steadfast support and guidance to the Management team, to ensure we fulfil the Company's mission of feeding the nation and the region.

Roseta Chabala
Chairperson

Managing Director's Statement

On the 60th anniversary of the Company, I am delighted to present to you a set of record-breaking financial, operational, and commercial results achieved despite weather and economic challenges during the year under review.

- Record sugar cane production **3.54 million tonnes.**
- Record sugar production **424 531 tonnes.**
- Record refined sugar production **89 310 tonnes.**
- Record project execution
- Record domestic sales performance **320 419 tonnes.**
- Embracing innovation Implementation of SAP.
- ABF Sugar Business of the Year recipient
- Tragic electrical contractor fatality.

SAFETY

Safety is a strategic priority and the foundation of everything that we do at Zambia Sugar. The tragic loss of an electrical contractor, Mr. Morris Muchimba, while working on a 33kV high voltage overhead line at the estate, is a stark reminder of how important safety is and provides further evidence why it is a top business priority. We sent our deepest condolences to his family. In addition to the tragic fatality, the Company regrettably recorded six (6) Lost Time Injuries (LTIs) which is a disappointing outcome given the progress made over the years to reduce these injuries.

While the business has placed significant emphasis on safety in all aspects, the tragic fatality provided further impetus for specific attention to employee and contractor safety in electrical work. Rigorous reporting of near misses, increased frequency of toolbox talks and training on behavioural safety have all been enhanced as we strive for our goal of zero harm to employees and contractors. The commitment to safety is further demonstrated 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.

FINANCIAL PERFORMANCE

Total revenue for the year ended 31 August 2024 increased by 29% from K5 827 million to K7 530 million on account of a 26% increase in domestic sales volume supported by a 15% increase in sugar production from 368 000 tonnes to a record 425 000 tonnes and better price realisation in the export market.

The increase in domestic sales volume to 320 419 tonnes from 254 521 tonnes in the prior year was due to strategic enhancements in the Route-to-Consumer within the domestic market. Additionally, the depreciation of the Kwacha resulted in a decline in illegal imports and an increase in of finished products by local manufacturers which translated into higher demand for industrial sugar. Due to prioritisation of the domestic market, export sales volume declined by 41%. However, the impact on revenue generation was mitigated by the 43% increase in export price realisation. The record sugar production achieved during the year enabled the Company to adequately meet the considerable increase in domestic demand.

As a result of the strong operational and commercial performance, operating profit for the year increased by 106% to K2 567 million from K1 248 million in the prior year. The improvement in performance was due to improved revenue from higher domestic sales, better than budgeted export price realisation, cost efficiencies both in inbound and outbound logistics and cost dilution from increased production volume despite the significant inflationary pressure on key input costs such as fertilisers, chemicals, electricity, employee costs, packaging, and fuel.

The increase in profitability has resulted in a 73% increase in income tax expense from K260 million in the prior year to K451 million in FY24.

Profit after-tax increased from K936 million to K2 058 million partly due to a 3.8% decrease in the effective tax rate resulting from a higher agricultural profit that is taxed at 10%. The increase in profit from Agriculture makes a compelling case for the potential benefits from tax harmonisation which can enable further out-grower scheme expansion.

Headline earnings for the year increased to K2 058 million from K935 million for the previous year as earnings per share increased by 120% from 296 ngwee per share to 650 ngwee per share.

OPERATIONS

Sugar cane supply reached a record 3.544 million tonnes, driven by significant improvements in yields. The estate contributed 1.824 million tonnes, while outgrowers supplied 1.720 million tonnes, representing increases of 9% and 15%, respectively. Notably, outgrowers achieved an average yield of 124 tonnes cane per hectare, while the estate yield was 114 tonnes cane per hectare.

Supported by the record supply of cane, the factory produced a record 424 531 tonnes of sugar, surpassing the previous record of 424 024 tonnes set in the 2015 financial year. Additionally, the downstream sugar refinery achieved a record output of 89 310 tonnes of refined sugar. Strong teamwork, a focus on asset reliability, and a commitment to operational excellence were key contributors to this outstanding performance.

COMMERCIAL

The Commercial and Logistics teams delivered exceptional performance in meeting customer needs and ensuring that domestic demand was fully satisfied. Thanks to effective logistics management, products were supplied to consumers timeously and reliably. As part of ongoing efforts to enhance product availability, the third phase of the Route to Consumer (RTC) transformation was launched in the fourth quarter of 2023 and was completed in 2024. This phase involved the selection of Last Mile Resellers (LMRs) to improve service delivery. The introduction of LMRs has resulted in significant growth in secondary distribution and played an instrumental role in the achievement of record domestic sales volume in FY24.

STAKEHOLDER ENGAGEMENT

Engagements with stakeholders and collaborating with the community continued to yield satisfactory results. We engaged with the growers and Local Authorities constructively to resolve several issues including the proposed 1000% plus increase in cane levy. We remain hopeful that this matter will be resolved amicably and to the satisfaction of all stakeholders. Productive engagements were also held with the Water Resource Management Authority (WARMA), Zambia National Farmers Union (ZNFU), growers and ZESCO Limited as we collaborated 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.

NEW ENTERPRISE RESOURCE PLANNING SYSTEM - SAP S/4HANA

As part of creating an excellent operation, work to change the Enterprise Resource Planning (ERP) system from Tranquility to SAP S4HANA commenced during the period under review and is progressing according to plan. SAP will enhance the ability to simplify and standardise business processes and improve information processing efficiencies to enable timely decision making.

LEADERSHIP TEAM CHANGES

I am happy to announce that Mr. Hezron Musonda and Mrs. Sharon Lima joined the Leadership Team as Finance Director and Human Resources Director, respectively. I wish both of them success in their roles.

I would also like to announce the retirement of Mr. Anthony Domleo, the Agriculture Director, following a successful career with Illovo Group and Zambia Sugar. We are deeply grateful for his contributions to the success of the Company and for developing teams that will continue his legacy of excellence.

Mr. Emmanuel Simwinga who previously worked for the Company, will be taking over from Mr. Domleo and I wish him success in his new role.

OUTLOOK

We anticipate negative residual effects of the drought such as weakened rural economies, slow GDP recovery, reduced availability of water for irrigation, electricity load management, rising production costs and lower cane yields for the 2025 season.

On the upside, local and regional market demand for sugar remains strong and the Company is well positioned to serve customers and consumers with a strengthened Route to Consumer and expanded product portfolio.

ACKNOWLEDGMENT

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

Our Management and employees are dedicated and committed to continue creating value for our shareholders in the years ahead.

OSWALD MAGWENZI
MANAGING DIRECTOR

Who we are

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

The Company is listed on the Lusaka Securities Exchange (LuSE) with 25% held as free float taken up by institutional and private investors. 75% is held by Associated British Foods (ABF) group of companies.

Zambia Sugar operates a very large estate 135 km south of the country's capital city, Lusaka. It is supplied by sugarcane cultivated from over 28 000 hectares. 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 18 commercial farmers and 385 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 to employees and suppliers to shareholders. In line with the Company's Environmental, Social and Governance (ESG) commitments, the Company 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

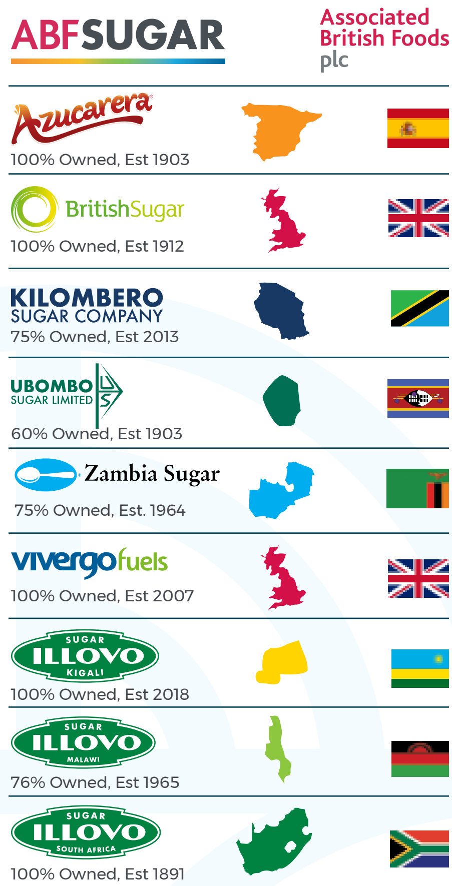
Zambia Sugar forms part of the ABF Sugar division, which is a division of the international food, ingredients and retail group, Associated British Foods plc (ABF). Within the ABF Sugar division, there are operations in Africa, Spain and the UK. In Africa there are sugar cane operations in Eswatini, Malawi, Mozambique, 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. In the UK, the division includes one of the largest bioethanol producers.

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

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.



OPERATING LOCATIONS

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.

1964

Zambia Sugar established.

1966

Tate and 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 and 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

Nakambala estate record agricultural performance, with cane yield per hectare peaking at 200 tonnes per hectare .

2024

Record domestic sugar sales of 320 419 tonnes. Record Annual sugar production 424 531 tonnes. Record revenue generation of K7.530 billion.

Vision, Mission and Values

Zambia Sugar aims to make a lasting contribution to society, delivering for the people, suppliers, communities, customers, 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.

MISSION

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

Zambia Sugar

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 Illovo vision and strategic intent, and our objectives, action plans and commitments are delivery focused. We also engage in celebrating our achievements.

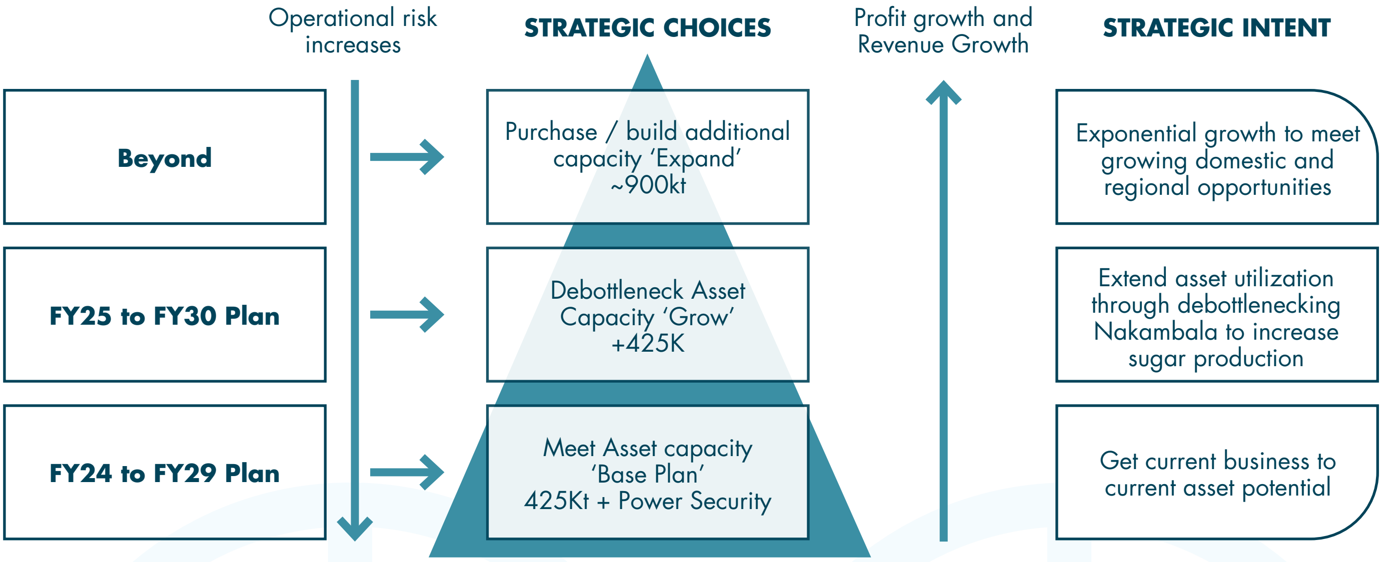
INCLUSIVENESS -
EMBRACING DIVERSITY
We leverage on our diversity in order to maximise performance by actively supporting transformation initiatives. Because we value innovation, creativity and inclusion, we respect each other's opinions and perspectives, treat people with dignity and respect, and build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

Our Strategy

With a shared vision to be the best at serving customers and consumers locally and in the region, and 60 years of commitment behind it, the Company acknowledges that its achievements reflect the sustained evolution of the business and serve as a strong foundation for future growth. The Company recognises the necessity of continuous evolution and understands that embracing change and growth is essential for securing its position well into the next 60 years. In the journey to the next 60 years, the business is making certain choices to preserve, and increase value for shareholders as shown in the figure below.



The first phase is to meet full capacity of the current factory followed by a second phase to debottleneck in critical areas of the factory and thereafter phase three involves building additional capacity. The strategy is based on unlocking value through operational efficiencies before significant allocation of capital. The three Must Win Battles (MWBs) of the strategy are summarised below:

Make Zambia Sugar (ZS) a Safe and Great Place to Work: Driven by the safety and engagement of its staff, the Company aims 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 for operational efficiencies through innovative agricultural practices at scale which include technologies such as Short Furrow System- Synergistic Surface Irrigation and Drainage (SSID) and new farming system. 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.

VALUE CREATION

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

Enterprise Resource Planning (ERP)

Implementation for Efficiency: During the period under review, the business implemented a new enterprise resource paning system, SAP S/4HANA, which went live at year-end. Its implementation impacts every aspect of the business with the intention to improve efficiency and governance. Early wins are visible as the business moves to embed the change.

Investment in Core Competencies: Investment in operational excellence, including prudent capital allocation to strengthen the balance sheet continues to be put into effect. To ensure commercial capability expansion, the business will build 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 under implementation.

Below is an infographic which shows the different components of the strategy to 2029:

Vision

A diversified agribusiness which is the best at serving its customers and consumers.

5-Year Strategic Goals

Produce sufficient sugar to meet domestic market demand by 2029.

Clear road map to 500kt that can be executed on.

Reduce LTI to Zero.

Build a unified culture based on a common understanding of our values.

Pack 52 weeks in a year and flexibly supply the market exact needs and packs with the largest margins.

Build an estate that reflects the value we place on our people`s wellbeing and comfort.

Must Win Battles

Make Zambia Sugar a Safe and Great Place to Work.	Create an Excellent Operation.	Exponential growth to meet growing domestic and regional opportunities.
Healthy & Safe Employees.	Robust & Efficient Factory	Route to Consumer.
Capability & Skills.	Cane and Sucrose. Yield Improvement.	Flexible supply capability.
Incentive scheme that motivates.	Cost Management.	Quality food safe products.
ZS Values Culture Alignment.	Improved Processes & Systems.	Community and Advocacy.
Beautiful Estate, Talent attraction and retention.	Power Supply Security.	

Value through People: People are the Company`s 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.

Innovation for Consumer Value:
In the last quarter, a new 70g pack was launched to the market, driven by the Company`s mission to ensure Whitespoon sugar is available, accessible, abundant and affordable for the consumers.

VALUE EROSION

The Company 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.

Climate and Energy Challenges:
Climate change and fluctuating weather patterns pose risks to operational continuity, including power unavailability due to drought. While power agreements with ZESCO have helped mitigate these risks, the cost remains a challenge. To enhance power security, alternative power solutions are being explored, with implementation expected to commence in Q2 of 2025 financial year. This initiative is part of the MWB to Create an Excellent Operation.

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 is being implemented.

VALUE PRESERVATION

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

Safety and Environment:
Environmental and safety incidents are recognized risks, reinforcing the need for robust Safety, Health, Environment and Quality management systems and climate response measures. These are embedded within MWB of making Zambia Sugar a Safe and Great Place to Work.

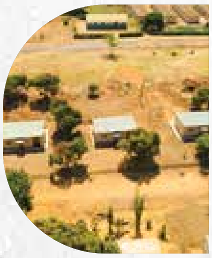
Product Quality and Compliance:
Product and service quality maintenance prioritization underpinned by risk management and compliance anchors the entity`s commitment to Whitespoon consumers. All food safety audits carried out in the year received a pass rating combined with a reduction of customer complaints. This falls under the Creating an Excellent Operation MWB.

Operational Efficiency: Managing operational efficiencies and delivering projects on time, on budget and in full protects profitability and shareholder value.

Strategy Execution: Executing the strategy is overseen by the Results Delivery Office (RDO). This dedicated office focuses on driving strategy forward and monitoring progress and project milestones meticulously. By establishing the RDO, dedicated oversight, capital governance and coordination is guaranteed, enabling progress to be tracked toward the 2029 goals. Additionally, a central Project Management Office (PMO) to drive capital projects, which is a critical enabler of strategic objectives, has been created and is fully functional.

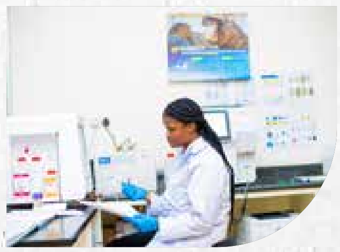








SAFETY

Safety is a strategic priority for Zambia Sugar and remains a key area of focus in the pursuit of the objective of zero-harm to employees, visitors, and contractors. Regrettably, on 4 June 2024, we recorded a fatal incident involving a contractor who was electrocuted while inspecting the mechanical high voltage electrical isolation switch on the 33 kV ring main, between the Northwestern and Northeastern overhead line at the estate.

Following this tragic incident, Zambia Sugar held a safety stand down, suspending all operations. The Managing Director leading his team held face to face meetings with all employees and contractors where he conveyed the sad news. This companywide in-person interaction in addition to the safety stand down for 4 days, demonstrated the Company's unwavering commitment to the safety of employees, contractors and other stakeholders in the workplace. Foregoing 4 days of production demonstrated that life and safety were more precious than production and that nothing should be done unsafely.

Many actions and measures have since been implemented to prevent similar incidents from recurring. The measures include reviewing contractor management procedures and processes, communicating high risk activities/jobs through departmental weekly dash boards for leadership to conduct scheduled planned task observations/planned job observations (PTOs/PJOs) audits, spot checks and reviews of completed Risk Base Assessments. The revised practice is for all high-risk jobs to be done in the presence of a Safety Manager.

Although the safety performance of Zambia Sugar was negatively impacted by the fatality and the recording of six (6) lost time injuries (LTIs), great progress had been achieved during the year under review. Zambia Sugar's Balanced Scorecard and Safety KPIs Table comparing two periods under review is shown below.

These are rolling 12-month figures:

Indicator	Closing Balanced Scorecard		Lost Time Injury Frequency Rate (LTIFR)		Total Injury Frequency Rate (TIFR)		Fatality		Lost Time Incidents (LTI)		Medical Treatment Case		Near Miss Reporting	
Period	Aug 2023	**Aug 2024**	Aug 2023	**Aug 2024**	Aug 2023	**Aug 2024**	Aug 2023	**Aug 2024**	Aug 2023	**Aug 2024**	Aug 2023	**Aug 2024**	Aug 2023	**Aug 2024**
Actual	80%	73%	0.02	0.03	0.09	0.11	0	1	5	6	11	3	4 664	23 100

Recording six (6) lost time injuries was disappointing. The major contributor of these accidents as established from the management investigation is behaviour issues. Consequently, measures and initiatives have been instituted to address the behaviour aspect of safety. The headline initiative is called Busongo - Personal Choices Safety Behaviour Programme and is aimed at empowering employees and contractors in making informed, wise, and safe choices to ensure that employees go home every day unharmed.

Review and enhancement of all the safety procedures and processes surrounding all work assignments continues unabated. The overall safety performance continues to be enhanced in many sections by the following interventions:

- Successfully celebrated the 2024 safety week in April which is a companywide event to raise awareness and understanding of the value of safety and health programs in our workplaces. It is a week set aside during the year to learn more about safety, review and re-sign workplace safety policies. It is also a time to reflect on when we can achieve our goal of "zero harm to employees, visitors, contractors and host communities."
- Successfully completed first phase of behavioural safety awareness programme which included Visionary Leadership training and co-design approach of the programme. Planning for phase two where Currencies will be unpacked, and training conducted for the coaches, is in progress.
- Launch of Busongo - Personal Choices Safety Behaviour programme. This initiative represents a significant advancement in the commitment to fostering a strong safety culture aimed at creating a safe place to work that prioritizes the well-being of all employees.
- Rolling out "what a safe place to work means" starting from Zambia Sugar Managing Director cascading to shopfloor employees. Issuing of "safe place to work" badges and hardhat stickers to demonstrate commitment to safety.
- Giving feedback to employees and contractors reporting near misses on closures of actions. This has resulted in an upward trajectory and there is a notable improvement in both reporting and closing of findings in many sections.
- Structured leadership Gemba walks in all departments have led to swift resolution of unsafe conditions and a general improvement in housekeeping business wide.
- Recognising good safety behaviour and performance through safety awards.

A SAFE PLACE TO WORK
Zambia Sugar
MARKED AS SAFE

COMMERCIAL

During the year under review, the business continued to adapt to external market changes proactively. Jack Welch, the former CEO of General Electric, highlighted the importance of keeping pace with change when he said: "If the rate of change on the outside exceeds the rate of change on the inside, the end is near."

The Seven Commercial Imperatives have continued to provide the framework within which the Commercial function adapts to change internally. They have served as the compass that guides the response to consumer demand and tastes and has helped the business to stay ahead of competition and to be the preferred supplier of sugar to customers.

To stay competitive, the business has been proactive in gathering insights from various stakeholders, including customers, distributors, and consumers, through multiple platforms including the annual Brand health tracker, annual trade audit, market surveys and trade visits.

Insights from these activities have helped to embed on customer centricity in pursuit of the goal to become the best at serving customers and consumers. The Company aims to create a value proposition that ensures affordability for all consumer segments while maintaining product availability nationwide.

In its quest to enhance product availability, the business rolled out the third phase of its Route to Consumer (RTC) transformation in the fourth quarter of the 2023 fiscal year and completed in the first quarter of the 2024. The third phase of this transformation involved appointing Last Mile Resellers (LMRs) to enhance service delivery.

These resellers are incentivised to deliver products to the market effectively, which has led to significant growth in secondary distribution and reseller volumes.

In 2024, the business recorded growth in secondary distribution from 13% in September 2023 to 50% by August 2024 and reseller volumes by 20% compared to the previous year. As a result, the business achieved high product availability rates (around 99%) for most of the year, which is crucial for consumer satisfaction, despite experiencing transient supply challenges earlier in the year. This contributed to the business achieving record domestic sales and revenue.

Following the successful implementation of the LMRs, the business is introducing Local Area Representatives (LARs) to bridge the gap between the last mile and the first mile. This initiative aims to enhance operational efficiency and reduce stockouts, especially for small businesses, thereby accelerating value creation by the LMR model.

While ensuring product availability is critical, it is insufficient for the business to claim the status of being the best at serving its consumers. Equally critical, is to ensure that sugar is affordable for all categories of consumers across the country. Insights gathered from the Brand Health Tracker and market surveys have highlighted the need to have price points which cover the entire consumer base.

In response to this dynamic landscape, the business has focused on developing solutions that offer both affordability and flexibility to adapt to ever-changing consumer demands. After successfully launching small formats (195g and 330g) in 2018, which achieved record sales in each subsequent year, the business is ready to produce and launch the Very Small Format (VSF) in the 2025 fiscal year.

What began as a conceptual idea within the Commercial department has rapidly progressed into a value adding tangible initiative and is a shining example of responding to consumer needs. The business has invested in capabilities for Very Small Format (VSF) packaging in 2024 financial year, ensuring sufficient stocks are available for the launch in the first quarter of 2025 financial year. The first stock keeping unit (SKU) to be launched is the 70g pack which will be priced at K2 per unit, to address affordability for low-income consumers.

The business is committed to continuous innovation and adaptation to market dynamics, leveraging its knowledge of the market and strategic initiatives to enhance operational effectiveness and, hence, customer satisfaction. An effective RTC forms the main stay of the business' competitiveness and will always be a Commercial priority as the business strives to be the best at serving customers and consumers.

AGRICULTURE

SUGAR CANE SUPPLY MILESTONE

This financial year marked a significant milestone in sugar cane supply, reaching a record-breaking 3.544 million tonnes which represents a 12% increase from August 2023. This growth is due to improvements in sugar cane yields following investments in a new farming system, more reliable electricity and bulk water and introduction of more efficient irrigation systems. The Company's own estate contributed 1.824 million tonnes while out-growers supplied 1.720 million tonnes of sugar cane, representing year-on-year increases of 9% and 15%, respectively. Out-growers achieved 124 tonnes cane per hectare with own estate at 114 tonnes cane per hectare. Coupled with consistent factory performance and high plant availability, each tonne of cane was effectively processed into sugar.

While there was a slight decrease in sucrose content to 14.38%, just below the target of 14.45%, the increased tonnage led to a high total sucrose yield. This outcome reflects a balanced approach to sucrose quality and quantity, reinforcing commitment to productivity.

IRRIGATION

During the year under review, water supply exceeded demand at 105% of the budgeted demand and sustained uninterrupted irrigation despite national load-shedding challenges. Securing premium power, along with proactive pump reliability and infrastructure improvements all contributed to the exceptional water supply performance. The full year's controllable pump Lost Time Incidents (LTI) closed at 1.6% against the target of 4%. Major capital projects, including pump replacements and fire system upgrades, further bolstered irrigation capacity and asset reliability.

NEW FARMING SYSTEMS

Since expanding the factory in 2008 and 2016, sugar cane supply has not met the installed factory capacity of 3.6 million tonnes. There is a shortfall of 300,000 tonnes per year which the estate and out-growers are working hard to close.
To bridge this gap and realize the vision of "safely and consistently filling the mill," expanding sugar cane production whether through horizontal or vertical growth is essential. Given limited estate land, horizontal growth through partnerships with community growers is being prioritised, while also advancing vertical initiatives to increase yields across both the estate and out-growers.
A key vertical growth initiative is the "New Farming System" (NFS), designed to counter declining yields caused by monocropping, soil health degradation, pest and disease buildup, soil compaction, and other agronomic challenges that negatively






impact cane yield and profitability. Key NFS practices currently being implemented include field fallowing before replanting, integrating cover crops like Sun-hemp, and applying Mill Organics—a mix of filter cake and ash—to improve soil structure and nutrient levels. Additional measures encompass controlled traffic to prevent soil compaction, early planting to extend crop age at harvest, pest and disease management, and improvements in irrigation and drainage—all geared towards increasing cane yields.

Through NFS, the Company has expanded replanting areas and shifted toward higher-yielding cane varieties. Supporting initiatives include logistics optimization, drone technology, speedlings, short furrow irrigation pilots, and Geographic Information System (GIS) tools.

SHORT FURROW SYSTEM - SYNERGISTIC SURFACE IRRIGATION AND DRAINAGE (SSID)

One noteworthy improvement in irrigation and drainage systems is the Short Furrow Irrigation pilot, known as Synergistic Surface Irrigation and Drainage (SSID), currently being implemented at Nakambala Estate. This technology, inspired by research from South Africa and Zimbabwe, requires minimal energy, uses water efficiently and incorporates subsurface drains. By combining short, blocked furrows with extended fields, it ensures uniform water application, reduces waste, and improves machine operation efficiency. Together, these features are expected to increase cane yield and improve resource use efficiency.

INBOUND LOGISTICS - MARSHALLING YARD

During the financial year, a Marshalling Yard with a calling system was implemented to enhance efficiency in cane supply inbound logistics. The calling system coordinates vehicle dispatches to the weighbridge, ensuring a smooth cane supply chain. The system tracks vehicle arrivals and departures, manages wait times, and optimizes logistics to minimize bottlenecks. The Marshalling Yard has transformed sugar cane supply flow, improving fleet management and reducing queuing at the weighbridge. Future enhancements to be implemented in due course, include electronic consignment and scheduling to streamline inbound logistics.

SMALLHOLDER GROWER DEVELOPMENT

Efforts to expand the cane-growing area horizontally include plans to expand small grower projects like Manyonyo and Mwanachingwala and engaging the government on tax harmonization to enable further growth of out-grower area under cane. Although the Manyonyo smallholder irrigation project faced funding challenges, alternative plans are being reviewed to support the project. The Mazabuka Sugar Cane Growers Trust is well-positioned to assist in replanting 110 hectares at Manyonyo once land use agreements are finalized.

MANUFACTURING

The factory crushed 3 544 033 tonnes of cane during the period producing a record 424 531 tonnes of sugar which exceeded the previous record of 424 024 tonnes achieved in the 2014/15 season while the downstream sugar refinery produced a record 89 310 tonnes of refined sugar. Continued strong teamwork and a focus on asset reliability as well as operational excellence contributed significantly to the record performance.

During the annual shut-down period, maintenance progressed ahead of schedule with numerous continuous improvement initiatives being carried out across the plant. Major capital projects were executed within budget, on time and included significant projects to improve boiler reliability and to align with emission standards. A specialised technical team was employed to support, train, and embed quality maintenance inspections across the factory during the year.

The factory started crushing cane at the beginning of April after a successful annual shut-down period. Numerous significant operational improvement initiatives were commissioned during the season; the improved automation of the raw house pans decongested the factory allowing for increased cane throughput while the automation of the refinery pans increased refined sugar output.

Several energy improvement initiatives contributed to an increase in own power generation to 103 GWH compared to 80 GWh from the previous season. Subsequently the amount of power imported from ZESCO reduced from 120 GWh to 97 GWh resulting in cost savings. The reliable power supply from ZESCO contributed significantly to stable operations throughout the year.

The factory remains on track with implementation of strategies to establish a robust, resilient and efficient factory that will crush 3.5 million tonnes of cane in 34 weeks and produce 90 000 tonnes of refined sugar sustainably. 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 increasing own power generation to reduce cost of electricity. Aligned to this, is a structured development plan providing employees with the essential skills, knowledge and desired mind set change to achieve these goals.

SUPPLY CHAIN

The Supply Chain team managed the inbound and outbound logistics with a particular focus on minimising the total cost of logistics (TCOL). Another key area of focus was the planning and matching of demand and supply of sugar to meet customer requirements. Priority areas remained employee safety, product safety, product quality, and strong stakeholder management and improved customer service.

The Company complied with all applicable statutory requirements.

1. PROCUREMENT AND INVENTORY

The development of local contractors continued to be an area of focus with the business partnering with the National Council for Construction in upskilling contractors in the civil construction space. Further efforts are being made to ensure that qualifying women entrepreneurs are provided with opportunities to do business with the Company.

Forty-eight percent (48%) of the annual procurement spend was from local suppliers and the rest of the spend spread across various suppliers from South Africa, Europe and Asia who supplied specialised spares for the factory which are not available locally and come from original equipment manufacturers (OEMs).

2. SALES AND OPERATIONS PLANNING

The decision-making process for the business continues to be governed by robust principles of sales and operations planning which seek to balance demand and supply of sugar. This was well executed and guided sales and supply decisions in the Company accordingly. Best practices in the sales and operations planning area continue to be gathered for sharing across the ABF Sugar Division.

3. CUSTOMER SERVICE CENTRE

The Customer Service Centre (CSC) continues to engage with all customers on the deliveries of sugar and sugar products. The CSC is also instrumental in ensuring that customer relationship management is enhanced by ensuring timely communication and attending to customer queries timeously.

4. WINNING OUTBOUND LOGISTICS ORGANISATION

The Winning Outbound Logistics Organisation (WOLO) initiative continued to improve the logistics operations by increasing the focus on modernisation of operations, warehouse networks optimisation, transport route optimization and cost efficiencies. The benefits from this initiative translated into logistics savings which contributed to profitability.

5. TRANSPORT

ROAD

During the year under review, supply of road trucks was exceptionally good and enabled reliable deliveries. The commitment by the transporters to meet set sugar movement targets exceeded expectations. Despite the poor state of road infrastructure to the areas where sugar is delivered, most transporters opted to move the sugar albeit at a higher transport rate. With respect to the sugar destined for the foreign markets, the Company complied fully with the provisions of Statutory Instrument Number 35, which requires that 50% of such movements are done by Zambian registered transporters. In 2024 financial year, 90% of these movements were done by locally registered transporters.

RAIL

Zambia Railways Limited (ZRL) failed to provide the needed wagon capacity and thereby negatively impacting the amount of sugar that was moved by rail. This had a direct impact on Statutory Instrument Number 98 compliance levels.

The business is very keen to use rail transport and remains hopeful that on-going efforts by ZRL to improve wagon and locomotive capacity will bear fruit in the years ahead.

HUMAN RESOURCES

Zambia Sugar conducted training for 8 474 employees in the year under reviewcompared to 4 381 employees trained in 2023. A total of 1 278 406 man-hours were spent in training in 2024 compared to 86 072 man-hours in 2023. The steep increase in the man-hours of training was attributed to financial literacy and SAP S4 training which had significant numbers of trainees.

In the period under review, the SAP project was one of the major milestones which saw a total of 521 users trained with training completion rate of 99.9%.

The financial fitness training was a major intervention to assist employees in this important area of life skills which was coordinated by Learning and Development under the Human Resources department.

Among the training conducted, the major ones were:

MANUFACTURING

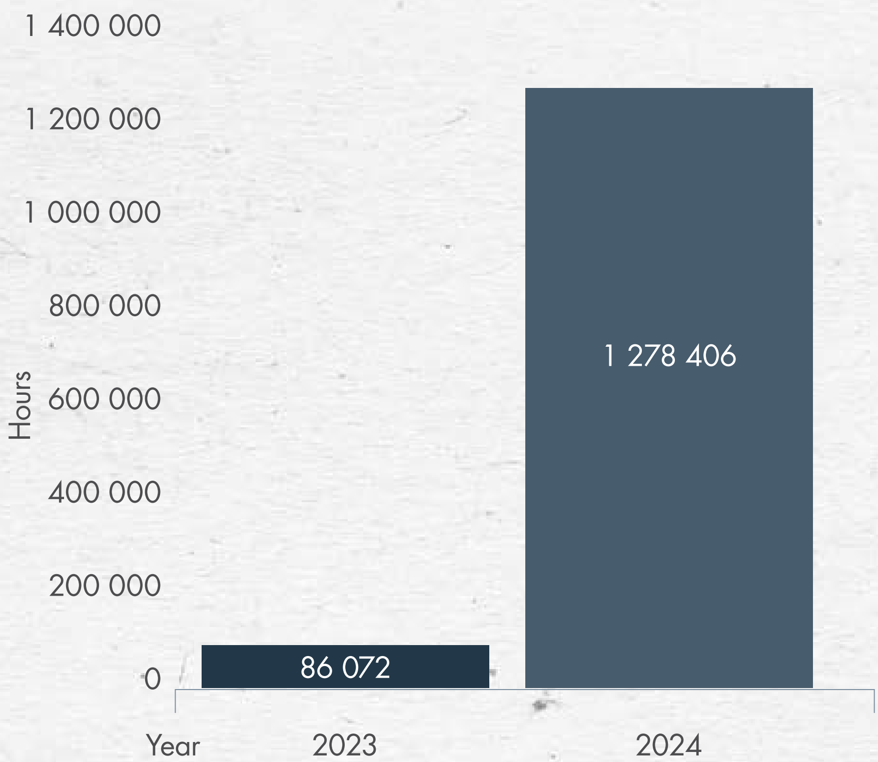
- Pan Boiling and Pan Automation, with all the Pan Boilers for Raw House and refinery undergoing training with the aim of optimizing operations and increasing through-put (increased production).
- Technical Operating Practices (TOPs), which covered all Operators from front end, steam and power, clarification, crystallisation, Refinery, Packing Station and Laboratory. This is a very critical course which helps to align all affected employees with the operational upgrades that take place during Off-Crop maintenance. It also addresses the challenges that could have been encountered during the previous crop.
- Sugar technology refresher course - Utility days was done during On-Crop to sort out all challenges that come from Root Cause Analysis (RCA). The training covered all Operators and the maintenance team.
- Falling Film Evaporator training - done in anticipation of the new equipment being installed under the on-going Falling Film Evaporator Project.
- Artisan Development Program (ADP) - a programme meant to renew the skills of all Maintenance Artisans.

ESTATE SUPPORT SERVICES

National Occupation Safety Association (NOSA) training included the following.

- Hazard Identification and Risk Assessment (HIRA)
- Incident Investigation
- Internal Auditors Training
- NOSA Navigator Training
- ICAM Methodology - This training will enable employees to develop competencies in the area of risk management with an objective of reintroducing the NOSA system to further improve the effectiveness of the Health, Safety and Environment (HSE) management system covering the Five Star System (CMB253 2018).
- Hazard Analysis and Critical Control points (HACCP)
- FSSC 22000 V5.1 understanding and implementation of Food safety.
- Food fraud and food defence - This training was meant to provide the framework for the identification and control of food safety hazards. FSSC 22000 has been upgraded from version 5.1 to 6.0. Therefore, the training was a bridging course.

MAN HOURS OF TRAINING



AGRICULTURE:
To help the Agriculture Department achieve its objectives which include new ways of farming, the Learning and Development section provided support to Agriculture field staff through competency development training and skills development. Among the key training programmes during the 2024 financial year were:

- CanePro integration into Success Factors.
- CanePro e-learning.
- Wireless Application Protocol (WAP) activities for supervisors.
- High Voltage for Irrigation.

FINANCE:
Information security and awareness training was conducted for selected employees. This was focused on awareness of Cybersecurity, necessitated by a rise in Cybercrime around the globe.

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

- Defensive Driving.
- Logistics Academy.

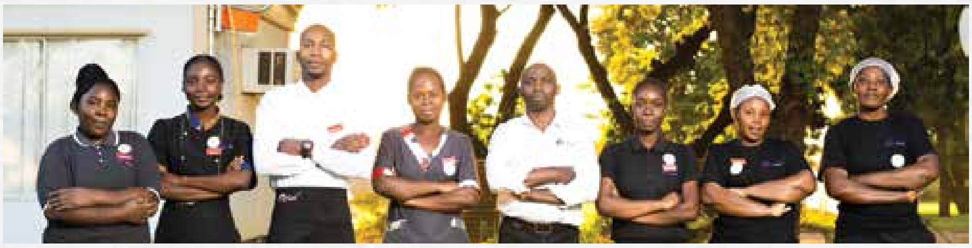
HUMAN RESOURCES:
The most critical training for the HR department was the implementation of Success Factors which was a major component of SAP 4 Hana, as it covered all aspects of the employee life cycle. Subsequently, the Human Resources Department through the Learning and Development section played an integral part in the roll out of SAP 4 Hana which is the Enterprise Resource Planning system for the whole business.

SUPPLY CHAIN:
To help upskill Supply Chain employees, the Learning and Development Section conducted training on Scan market, an advanced digital tool aimed to support not only the supply chain team but all the employees in the area of purchasing and contracts creation.

Other training included Safe Chemical Handling, Legal framework, Locomotive training, Web Management training, CanePro navigation training, emergency firefighting, ABC, SMRI Laboratory training, Artisans Development Program for electrical staff among many others.

Zambia Sugar continues to focus on training staff in various disciplines aimed at developing staff and improving performance thereby contributing effectively to the attainment of the Zambia Sugar objectives.

Onboarding training for new joiners ensures that policies such as Conflict of Interest Procedure, Fraud Policy, Internal Code of Conduct, IT Usage Policy, Speak Up are fully understood by staff.



SUGAR QUALITY AND FOOD SAFETY

As the world population continues to grow, more effort and innovation is urgently needed to sustainably increase food production, improve supply chain, decrease food losses and waste, and ensure that all have access to nutritious food. A sustainable food system that prioritizes food safety to control potential food safety hazards and deliver food security and nutrition for all is key. Food Safety remains a public health priority worldwide and plays a crucial role in the 2030 agenda for sustainable development.

As a leading manufacturer of over 90% of raw and refined sugar that is sold both locally and internationally, Zambia Sugar continues to play a crucial role in ensuring food security in the country.

This is consistent with the Company's mission "to make high quality and safe food that is abundant, available and affordable for customers and consumers."

Through fortifying sugar with Vitamin A as mandated, Zambia Sugar has unwavering focus on quality and food safety and has continued to support Zambia's National Nutrition Strategy (2023–2027) which aims to provide abundant, safe and healthy food to all which is well-aligned with the Company's mission.

To achieve this vision and in pursuit of continuous improvement in food safety, Zambia Sugar developed quality and food safety policies that take into consideration all stages of the supply chain, best available scientific knowledge, and applicable legal requirements. The food safety management systems are based on Food Safety System Certification (FSSC) 22 000, a global best-practice framework employed to proactively identify and control food safety hazards, threats, and vulnerabilities.

During the year under review exceptional performance was achieved which exceeded all Quality and Food safety targets. Consequently, it is pleasing to report that all the Quality and Food Safety (QFS) certifications and permits were retained. Following successful engagement with the Government and in recognition of the role that Zambia Sugar plays in large-scale Vitamin A fortification programme, the Government through the available statutory instrument allowed tax relief on Vitamin A premix and fortification equipment.
The Key Performance Indicators (KPIs) achieved during the year under review are shown in the table below.

QUALITY AND FOOD SAFETY KPIS

KPI	2024	TARGET
Customer complaints	3	≤18
Right First Time (RFT) %	98.7%	98%
On Shelf Pre-Pack Quality (%)	99.9%	95%
QFS Audits - FSSC and other Certification	Pass	Pass

Assurance audits on both internal and external systems as well as legal based ones used to evaluate conformance to the standard requirements were undertaken as scheduled and planned. The Company passed all audits, retaining all licences and permits to operate. The key permits retained included: FSSC - the main Quality and Food Safety certification, Zambia Compulsory Standards Agency (ZCSA) – Permit to supply on Zambian market, KOSHER - Permit to supply Jewish community, Halaal – Permit to supply the Muslim community, KEBS – Permit to Supply East Africa community, Coca Cola – Permit to supply Coke bottling plants.

FSSC conducted an unannounced audit on the latest FSSC 22 000 Version 6 in July 2024, while ZCSA audits were conducted in May and October, KOSHER in September, and Halaal in October.

These external audits were supplemented by internal audits conducted by trained internal auditors in July and September 2024 with a 100% completion rate. The table below shows External Quality and Food Safety Audit performance.

Quality and Food Safety External Audits:

ASSURANCE BODY	OBJECTIVES	FINDINGS 2024	OUTCOME
SGS	Maintain FSSC 22000 Certification	0 Major findings	FSSC Permit maintained - valid up to August 2025
Zambia Compulsory Standards Agency (ZCSA)	Maintain Permit to Supply Certification	0 Majors	Permit to Supply maintained
KOSHER	Maintain Kashrut Certification	No Finding	KOSHER Certificate maintained
Kenyan Bureau of Standards (KEBS)	Maintain Permit to Supply Certification	Exempted from Audit	Permit to Supply maintained
Zambian Halaal Certifiers	Maintain Halaal Certification	0 Findings	Halaal Certificate maintained
Coca Cola Company	Maintain Permit to Supply Certification	0 Findings	Permit to Supply maintained

KEY INITIATIVES:

The key initiatives that were undertaken in the year 2024 included:

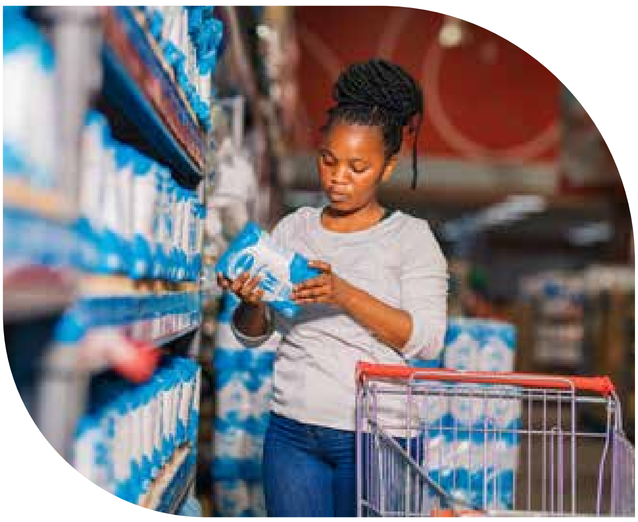
(a) Introduction of Pre-requisite Verification Programmes (PRP).

(b) Self and Supplier Audits.

(c) Development of Quality and Food Safety (QFS) Induction Video.

(d) Capacity building trainings:
- Hazard and Critical Control Point (HACCP).
- Prerequisite programs (PRPs).
- Food Fraud Food Defence.
- FSSC 22000 V6.

(e) QFS Gemba walks.




ENERGY FOR LIFE
Household
Sugar

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 Company's 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 Company 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 Company as an essential goods supplier during the COVID-19 pandemic.

A
Fortified with
VITAMIN
For a healthy body
& good eyesight

Making sense of *sugar*

As a responsible business, the Company 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 ABF Sugar which manages all of ABF's global sugar interests, including the Illovo Sugar Africa Group.

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/

ENVIRONMENT

WATER USE

Managing the water used by the estate and growers in the cane supply chain is critical for sustainable production of sugar cane.
In 2024, Zambia Sugar abstracted 264.7 million m3 of water for use in irrigation and operations, a 5% increase compared with last year. The increase was driven by the severe drought experienced during the 2023/2024 rainy season which increased demand for water abstraction from the Kafue River to meet the crop water requirements. However, the water abstracted was within the limits of WARMA abstraction permits. From the water abstracted, 33% was reused before being returned to the watercourse.

The Company has continued to invest in irrigation systems upgrades and as part of the 5-year strategic plan of converting over 2 000 hectares of flood irrigation to efficient irrigation methods such as drip irrigation and Synergistic Surface Irrigation and Drainage (SSID) also known as short furrow system which is more efficient than the traditional furrow system. To date, over 1 000 hectares has been converted from furrow to drip irrigation and SSID. Further, initiatives such as such runoff water harvesting, sub-surface drainage, cover crop planting and sugar cane residue management are being implemented to minimise water wastage and reduce irrigation needs. By implementing these innovative practices, the Company continues to reduce its water footprint while ensuring the health and productivity of the sugar canecrops.

The Company recognises that effective water stewardship requires a collective effort from all stakeholders, including government, businesses, communities, and environmental organizations. To this effect, Zambia Sugar is a member and current chair for the Kafue Flats Joint Action Group (KFJAG), a Water Stewardship platform that coordinates players in the Kafue basin catchment towards water security. The Company sponsored the development of the KFJAG Strategic Plan and Communication Strategy which was completed during the year under review.

WASTE AND CIRCULARITY

Effective waste management is a cornerstone of the Company's commitment to sustainability of operations. As the Company strives to minimise the environmental impact, it recognises that transforming waste into valuable resources not only enhances operational efficiency but also contributes to a circular economy.

The Company generated 835 tonnes of waste in 2024 across all the operations, an increase of 14% compared with 731 tonnes generated in 2023. The increase in waste generated was due to the increase in sugar production and introduction of a new packaging line. Of the total generated waste, 85% was sent for recycling or beneficial use, a 3% increase in waste recycled compared with 2023.

During the year under review, three environmental performance improvement projects were implemented which included organic waste compositing facility, bioremediation facility and upgrading of the packaging waste baling facility. These projects will help reduce the amount of waste taken to the landfill by 5%. The Company continues to explore options to reduce, reuse and recycle waste materials where possible. The Company continued to partner with the local council and community on the "Keep Mazabuka Clean Campaign" by donating 50 waste bins and taking part in the clean-up exercises. In addition, the Company supported the council in the dredging of canals to ensure there was reduced risk of flooding during the rainy season.

CARBON EMISSION

As the sugar industry continues to address the realities of climate change, managing carbon emissions has become a paramount priority. The Company recognises its role in contributing to greenhouse gas emissions and remains committed to implementing effective strategies that promote sustainability and reduce its environmental footprint.

Greenhouse gas (GHG) reduction continues to be an area of focus across the operations. The Company has established near-term science-based targets and net-zero targets aligned to the Science Based Targets initiative (SBTi), a corporate climate action organisation that enables companies worldwide to play their part in combating the climate crisis. In line with the SBTi, the Company quantifies and classifies emissions into three scopes which include: Scope 1 which are direct GHG emissions from sources that are owned or controlled by the company, Scope 2 which accounts for GHG emissions from the generation of purchased electricity and Scope 3 an optional reporting category that allows for the treatment of all other indirect emissions.

During the year, scope 1 and scope 2 decreased by 7% from 111 thousand tonnes of CO2e last year.

The Company remains committed to reducing its carbon footprint based on near term 2030 validated Science Based Targets which focuses on reducing scope 1 and 2 GHG emissions by at least 36%.

Key levers have been identified within the decarbonisation project plans built across low, medium and high durability solutions:

- Energy efficiency projects to reduce power usage and switch to carbon-free electricity (hydro and solar) .
- New farming system (Precision fertiliser application and sprayer upgrade, installation of drainage systems and planting sun-hemp).

BIODIVERSITY AND ECOSYSTEM PROTECTION

Biodiversity is vital to the health of the planet and the resilience of agricultural systems. In the Company's operations, it is recognised that many of the activities have a direct impact on local ecosystems. The Company is committed to preserving natural habitats that sustain diverse plant and animal species.

The Company has embarked on a tree planting campaign of planting 1 000 trees per month with 3 200 trees planted this year. The campaign is aligned with efforts to protect and enhance biodiversity through habitat restoration by establishing forest reserves, sustainable land management practices and community engagement initiatives. The tree planting exercise is on-going with a target of planting 12 000 trees by 2025 being done in collaboration with various stakeholders among them WWF, Forestry Department, Local authority, Solidaridad, Schools, People's Action Forum, Disaster Management and Mitigation Unit. In addition, initiatives to protect endangered species such as bees and snakes are being explored through beekeeping and safe snake handling. By integrating biodiversity protection and conservation into Company operations, environmental impacts will be reduced while contributing to the overall health of the ecosystems that form part of the cane supply area.

COMMUNITY DEVELOPMENT

STAKEHOLDER ENGAGEMENT

Zambia Sugar recognises the need for strong engagements all with stakeholders to align on shared goals, expectations and interests. These efforts are key in enabling the Zambia Sugar to attain its vision and objectives. The Company, therefore, remains committed to being a good neighbour and responsible corporate citizen in the area where it operates. This includes Mazabuka area as well as the many other areas where the Company extends its footprint, either within the country or the surrounding region.
The Company continues to support interests and activities of various stakeholders in those areas. Some of the initiatives that the Company supported included sporting activities, traditional ceremonies, awards ceremonies, workshops and other sponsorship programmes that are in line with the Company's strategy.

COMPANY AWARDS

It was befitting for Zambia Sugar at 60 years, to be able to win the Lifetime Contribution Award at the 2024 Zambia Association of Manufacturers (ZAM) Manufacturers' Gala. The Award was in recognition of Zambia Sugar's contribution towards the achievements of the ZAM mandate and key objectives, among other things. The Company was proud a recipient of another award, the Exporters' Award, presented at the same event. This was an award, the Exporter with Outstanding Trade Performance despite the challenging economic environment.

Following all round record production, commercial and financial performance in 2024, Zambia Sugar won the Best Agricultural Performance award, the Best Commercial Performance Award and the Best Country Performance award presented at the ABF Sugar 2024 Leadership Conference that was recently held at Ciela Resort, Lusaka, Zambia.
To be acknowledged by the Group as a leading business within the ABF Sugar Division continues to motivate Zambia Sugar staff and demonstrates that the Company is not only well run but is also recognized as a well-run business internally and externally.

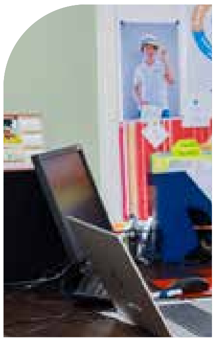
COLLABORATION

The Company 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 thrives in the local economy. Zambia Sugar is a member of the Technical Working Group Private Public Dialogue Forum (PPDF) representing Manufacturing. The PPDF's objectives include providing a mechanism for structured interaction between Government and the private sector on various matters concerning the economy. Working closely with other stakeholders such as the Zambia Chamber of Commerce and Industry (ZACCI), Zambia National Farmers Union (ZNFU), the Sugar Association and the Manufacturers' Association of Zambia, several productive engagements were held with Policy makers including the Local Municipality to help address a number of challenges that affect business. Zambia Sugar led engagements with WARMA, ZNFU, growers and ZESCO to fight the drought and minimise its impact on the industry and supply of sugar in the country which resulted in a satisfactory outcome for the benefit of all stakeholders

DONATIONS AND OTHER SUPPORT

Zambia Sugar provided essential support during the year under review to various stakeholders. These included support to the Local Municipality in the form of grading of community roads, contribution to fighting the Cholera epidemic in 2024, refurbishment of clinics and schools and refurbishing the COVID-19 Isolation Centre following a resurgence of cases in the district. Other support included a donation of 30 beds, medical supplies, food stuffs and cleaning reagents to the National and district centres that were tasked with the fight against Cholera.

The Company remains committed to working with all stakeholders in the fight against pandemics.



COMMUNITY INFRASTRUCTURE DEVELOPMENT

Zambia Sugar officially handed over the newly rehabilitated Nakambala Medical Centre which was renovated at a cost of K1 million. The rehabilitation works included general painting works, replacement of the roofing, renovation and equipping of the laboratory and replacement of toilets at the public institution which serves the communities of Nakambala. The company assisted the facilities to equip the centre with hospital furniture and basic medical equipment.

SPORTS

The Company continued to sponsor MUZA Football Club through the use of the Nakambala Football Stadium and various other requirements during the year. The Company continues to sponsor a number of other sporting clubs including men and women's grass roots soccer, athletics, boxing, karate, chess, darts, cycling and netball. All the clubs that the Company sponsored during the year performed very well with some clubs receiving national and international awards. It was pleasing to witness the Young Nakambala Leopards being promoted from the Football Association of Zambia (FAZ) amateur League to Division three.

The Nakambala Karate Club hosted a national tournament at Nakambala Estate as well as participating in all national tournaments with several karatekas winning Gold, Silver and Bronze Medals. Subsequently, the team's impressive performance at national level team resulted in an invitation to the Kurai Kofukan karate competition held in Harare, Zimbabwe and the Botswana AJAPI Karate Open Championship where the team did well. Nakambala Athletics participated in all national marathons such as the FNB Marathon, Lusaka Marathon, Intercompany Relay and the ABSA Marathon. The young athletes from the club won first and second position in many of these events, in the 21 Kilometers and 10 Kilometers categories. The club is committed to performing even better in future.

The Zambia Sugar 2024 Invitational golf tournament held in April 2024 was a great success attracting over two hundred golfers from across the country. The event also attracted twenty-two corporations as sponsors. The proceeds from the event went to upgrade the golf course, install a new irrigation system as well as the development of Junior Golf in the area.

EMPLOYEE COMMUNICATIONS

The Company's internal communication channels continue to be used to promote employee engagement, align goals and communicate expectations as well as confirm that we have acted on the feedback. Channels that have had significant impact in the year include the MD brief and the Union and MD Meetings. The Managing Director's Brief is a weekly update to employees that is generated by the Managing Director every Monday. The brief highlights the safety performance of the previous week and guides the performance for the ensuing week. It also presents the factory, agricultural and commercial performances comparing actual performance vs plan. The section heads are encouraged to discuss the brief during toolbox talks.

Other communication channels include the platform with Unions where the MD regularly meets with the Unions to provide business updates and listen to concerns that the unions might have, and how the Company 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 getting their involvement as a means to improve participation and commitment as well as ensure harmonious relations to enable the company to achieve its objectives.

MALARIA FREE ZAMBIA
MALARIA ENDS WITH ME.

END MALARIA COUNCIL

Did you know that malaria is still a burden and claims more lives on daily basis in Zambia? Although children and pregnant women are the most vulnerable, productive workers are not spared at all.

Zambia continues to a record high number of malaria cases, averaging 30,000 per day. Its negative impact on the productive workforce cannot be ignored because, on average workers miss about 2.5 days due to malaria. This is compounded by insufficient resources, biological threats such as insecticide and drug resistance, and the impact of climate change that threaten the progress towards malaria elimination.

Through strong country ownership, multisectoral action, resource mobilization and rapid introduction and scale up of new tools, we can defeat malaria!

Zambia Sugar is a member of the Zambia End Malaria Council (EMC). The EMC is a multisectoral, strategic body strategic convened by His Excellency the President to coordinate multisectoral action (private and public) in support of the National Malaria Elimination Programme. The EMC supports the malaria program through advocacy, resource mobilization, action, and accountability. The EMC remains committed to support Government effort to fight malaria.

Investment in the malaria fight is evidently paying off! We have contributed to the reduction in the incidence. (https://scorecardhub.org/best-practices/zambia-sugar-private-sector-investing-in-malaria-as-a-core-business-strategy/ ; Zero Malaria - The Malaria Dividend ONLINE FINAL.pdf)

Zambia Sugar has reduced the incidence of malaria within the catchment area from 660 malaria cases per 1,000 people in 2000 to 1.8 malaria cases per 1,000 people of malaria in 2023.

The financial burden on the Company-supported health facilities has also reduced following the significant reduction of malaria cases at the estate, thereby increasing productivity.

The Company has also been reporting zero 'local/indigenous' malaria cases from our sites for several years running and new cases are now primarily 'imported cases' – from employees who recently travelled out of town, visitors to the estate or school children returning from boarding school.

Improved employee productivity

Zambia Sugar recognised a significant impact on investment in malaria prevention and elimination, including reduction of the number of sick days taken due to malaria, decreased health costs (including the costs associated with hospitalisation of malaria cases at the company supported clinics and hospital), improved employee morale and improved employee productivity.

Enhanced impact of malaria initiatives beyond company boundaries

By leveraging the resources from the company, Zambia Sugar is contributing more to the efforts of the Zambian government especially Mazabuka District Health Office. The Government can offer more community health outreach services than before and their efforts towards malaria elimination are becoming more impactful.

Commitment to the mandates of the End Malaria Council

We have strengthened our commitment to the mandates of the End Malaria Council, which are Advocacy, Resource Mobilisation, Action and Accountability through active participation at national and subnational levels.

Embrace innovative approaches and best practices by other private sector companies

We continue to join efforts with all EMC members and other stakeholders fighting to end malaria by sharing best practices.

We have been hosting fellow private sector companies who have come to learn lessons on how to invest in the malaria fight. We believe that sharing lessons learned with other private sector companies and corporate partners not only benefits those organisations but also contributes to broader efforts to combat malaria effectively.

Please come on board and join us to end malaria for good.

More information is available at https://endmalaria.org.zm or contact **+260979788776 or visit** www.zamsugar.co.zm

Additional:

We are running a "Buy a bicycle campaign" and so far, we have received positive response but the gap is still wide. Hence the need to call for support.

ESTATE SUPPORT SERVICES

FOSTERING SOCIAL ENTERPRISES DEVELOPMENT THROUGH HOUSING ESG PROJECT

The Company is dedicated to sustainable development and corporate social responsibility, and we are proud to highlight the ongoing Housing ESG Project at the Nakambala Estate. This initiative not only addresses critical housing deficiencies but also aligns seamlessly with the United Nations Sustainable Development Goals (SDGs), demonstrating commitment to fostering social equity and environmental sustainability.

The Nakambala Estate comprises 1 270 entry-level houses, which are being upgraded to meet modern standards of housing.

Aligning with the SDGs

The Housing Project directly contributes to several SDGs, particularly Goal 11: Sustainable Cities and Communities, and Goal 8: Decent Work and Economic Growth. By upgrading 900 entry-level houses to meet ILO standards, employees and their families will have safe, and sustainable living conditions, enhancing their overall quality of life and well-being.

To create sustainable housing, there is significant focus on environmental sustainability, which aligns with Goal 13: Climate Action. By replacing outdated materials and construction practices with environmentally friendly alternatives, we are reducing the Company's ecological footprint and promoting resilience within the community.

Key Partnerships and Local Supplier Development

A cornerstone of the Housing ESG Project is our commitment to local economic development. In this project, sourcing building materials from locally domiciled reputable hardware suppliers is being prioritized.
By contracting these suppliers to provide consignment stock for building materials, we ensure a steady supply chain that not only supports construction needs but also stimulates local enterprise development.
In addition, we have formed partnerships with local quarries to reduce construction costs while fostering economic growth within the community. This collaboration not only lowers expenses for the housing project but also empowers local businesses, creating a more resilient and self-sufficient local economy.

Moreover, through the Company's Supplier Development Programme in partnership with the National Council for Construction (NCC), skills of local artisans are being developed and enhanced. This initiative provides certification for artisans participating in the program, ensuring they meet national standards for quality and safety in construction.

Job Creation and Community Impact

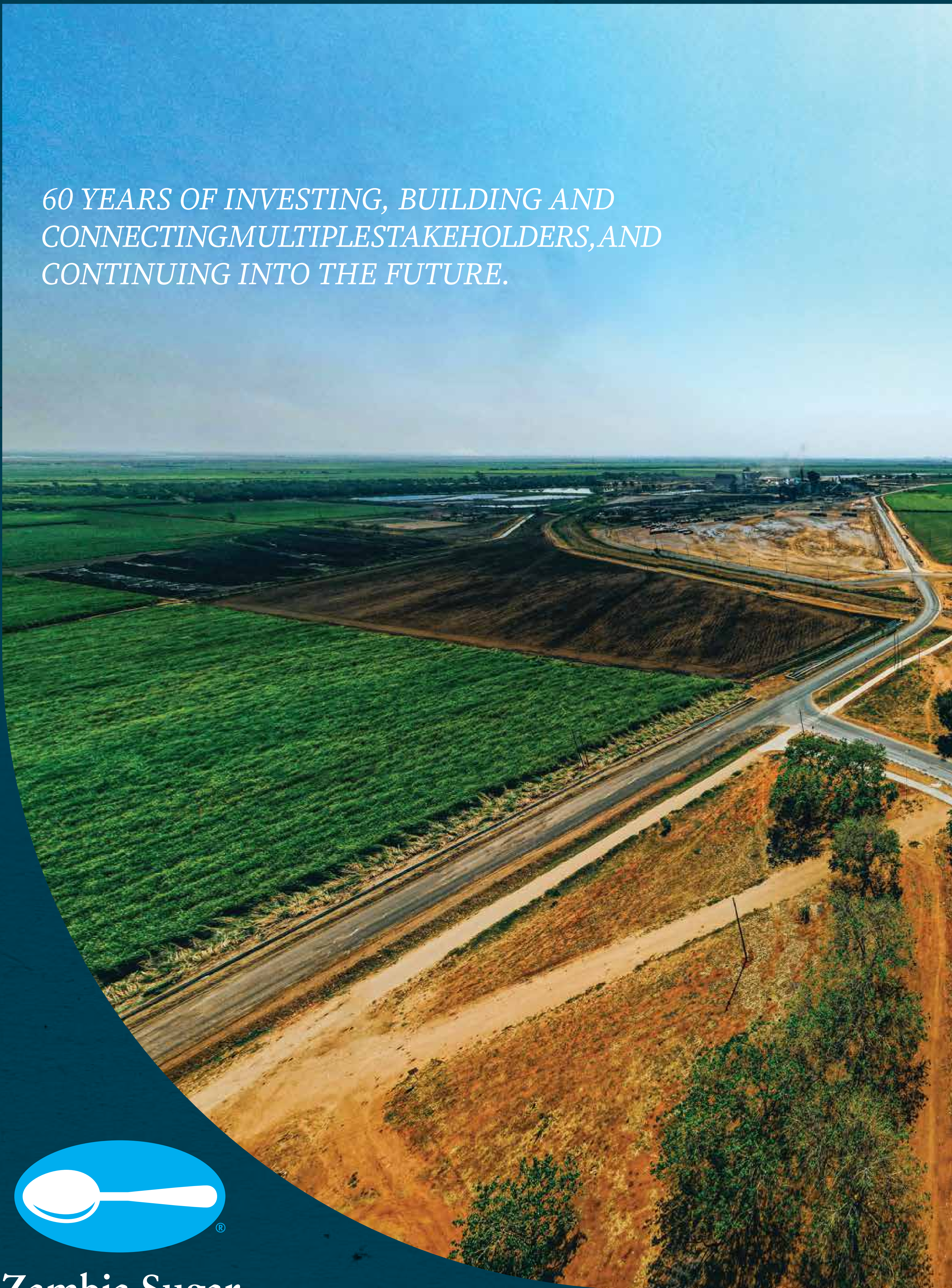
One of the most significant outcomes of the Housing ESG Project has been the creation of over 200 jobs for local community members, including bricklayers, painters, electricians, and other skilled trades. This employment generation is not just about providing jobs; it is about empowering local workers and fostering skills development that will have lasting impacts on the community.
By engaging local contractors in construction work, we contribute to economic stability and promote social mobility within Mazabuka. This initiative supports local families and enhances community cohesion as residents take pride in their contributions to improving housing standards.

Enhancing Artisanal Construction Skills

The NCC certification of artisans under the Local Supplier Development Programme has been transformational for the community.
By equipping local contractors with the skills and knowledge necessary to execute high-quality construction projects, we ensure that Mazabuka's workforce is prepared for the demands of the modern economy. This emphasis on skill development elevates the overall quality of construction, enhancing standards not only for Zambia Sugar but for the entire region.

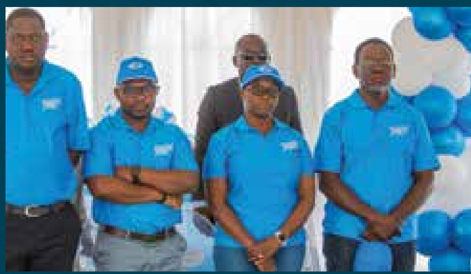
The Housing ESG Project at Nakambala Estate represents a comprehensive approach to sustainable development, addressing critical housing challenges while aligning with key SDGs. Through strategic partnerships, local supplier development, and job creation, Zambia Sugar is making meaningful contributions to the community in Mazabuka. As we work towards our Vision 2030 goals, we remain committed to building a sustainable future that supports both our employees and the communities we serve. Together, we are not merely constructing homes; we are building a brighter, more equitable future for all.

60 YEARS OF INVESTING, BUILDING AND CONNECTINGMULTIPLESTAKEHOLDERS,AND CONTINUING INTO THE FUTURE.



Zambia Sugar

Zambia Sugar 2024 Events In Pictures









mini pack


mini pack








CORPORATE GOVERNANCE

The Zambia Sugar Board has overall responsibility for overseeing governance within the Company, which includes ESG. To help drive effective implementation, the Company is supported by various Group technical teams. The Group has ESG as a Strategic KPI element in the incentive plans of its leaders to be able to influence and drive the outcomes that the Group is targeting to achieve.

At Zambia Sugar compliance is one of the highest priorities

The Company is committed to the improvement of corporate governance as a priority for management with the aim of enhancing sustainable growth and good corporate citizenship by adhering to the relevant codes of governance, principles of fairness, accountability, responsibility, transparency and integrity.

The Company believes that embedding a corporate culture of compliance with applicable laws, regulations, internal policies and procedures is a core component of good Corporate Governance. Consequently, the Company adheres to the laws applicable to it, including among others, the Companies Act, Employment Code Act and Factories Act.

The Company is guided by the Lusaka Securities Exchange (LuSE) Governance Code. It continues to enforce the Gifts and Hospitality policy which is in place to strengthen the Company's commitment to zero tolerance to Bribery and Corruption. In addition to compliance with regulatory requirements, the Company endeavours to ensure that standards of ethical and responsible conduct are met throughout the organization.

Framework

The Company's Corporate Governance framework aims to provide for prudent management and enable strong oversight of the business in addition to ensuring adequate protection of the interests of all stakeholders.

This report aims to provide an overview of the Company's governance practices. To avoid duplication of information, other relevant information will be contained in the other reports and financial statements that form part of the Annual Report for the year.

The Board of Directors

The Board currently comprises of nine Directors, including three Independent Non-Executive Directors. The Board is mandated in terms of its Charter, which requires that there is an appropriate balance of power and authority on the Board. New appointments to the Board are carried out in a transparent manner and are subject to the recommendations of the Remuneration and Nominations Committee and, following approval of the Board, are subject to confirmation by Shareholders at the next Annual General Meeting. The roles of the Chairperson and the Managing Director are separated, and the Chairperson is a Non-Executive Independent Director.

The Board Composition

The Board comprised the following Directors during the course of the Financial year:

Director	Title	Date of Appointment
Norman Mbazima	Chairperson	26 February 2019 (Resigned 28 February 2024)
Roseta Chabala	Non-Executive Independent Director & Chairperson	01 February 2020 (Appointed as Chairperson 28 February 2024)
Fidelis Banda	Non-Executive Independent Director	17 May 2001
Dipak Patel	Non-Executive Independent Director	08 December 2006
Amanda Venters	Non-Executive Director	28 February 2024
Ami Mpungwe	Non-Executive Director	27 October 2006
Gavin Dalgleish	Non-Executive Director	29 August 2012 (Resigned on 30 August 2024)
Andre Lubbe	Non-Executive Director	23 February 2022
Oswald Magwenzi	Managing Director	18 August 2021
Marc Pousson	Executive Director	01 June 2020
Hezron Musonda	Executive Director	28 February 2024

A brief profile of Directors has been included in this report.

The Board is satisfied that all the Directors have sufficient time to devote to their roles and that it is not placing undue reliance on key individuals.

Board Meetings

The Zambia Sugar Board meets formally four times annually and the Company's Articles of Association make provision for decisions to be taken between meetings through written resolutions, where necessary. The meetings of the Board were presided over by the Chairperson.

Written notices of Board meetings, agendas and other management reports were circulated timeously. The minutes of the meetings were appropriately recorded by the Company Secretary, circulated, and approved at subsequent Board meetings.

Four meetings were convened in 2023/24 and attendance was as shown in the table below:

Director's Name	272nd Board Meeting (31/10/23)	273rd Board Meeting (28/02/24)	274th Board Meeting (15/05/24)	275th Board Meeting (27/08/24)	Total Meetings Attended	Total Meetings Held
Norman Mbazima	✓	✓	RS	RS	2	4
Fidelis Banda	✓	✓	✓	✓	4	4
Roseta Chabala	✓	✓	✓	✓	4	4
Ami Mpungwe	✓	✓	✓	✓	4	4
Dipak Patel	✓	✓	✓	✓	4	4
Gavin Dalgleish	✓	ACX	✓	✓	3	4
Amanda Venters	BA	✓	✓	✓	3	4
Andre Lubbe	✓	✓	✓	✓	4	4
Oswald Magwenzi	✓	✓	✓	✓	4	4
Hezron Musonda	BA	✓	✓	✓	3	4
Marc Pousson	✓	✓	✓	✓	4	4
KEY						
✓	Attended					
RS	Resigned					
ACX	Apologies					
BA	Before Appointment					

Board Committees

The Board is assisted in the discharge of its responsibilities by three committees namely:

- The Audit Committee.
- The Risk Management Committee.
- The Remuneration and Nominations Committee.

The Board Committees operate under approved mandates and terms of reference, which define their functions and responsibilities. Following each meeting, the Committee Chair reports to the Board on the Committee's activities and makes such recommendations as are deemed appropriate in the circumstances.

Minutes of Committee meetings are made available to all Directors on a timely basis. Non-Executive Directors actively participate in all Committees. Through the Company's Executive Committee, Management meets weekly and serves to assist the Board in coordinating, guiding, and monitoring the management and performance of the Company.

Audit Committee

The Audit Committee supports the Board in fulfilling its oversight responsibility with regard to financial reporting, the system of internal controls and the process for monitoring compliance with laws and regulations. It is composed of three members, all of whom are independent of management.

The Internal Audit function reports to the Audit Committee and has unrestricted access to the Chairperson of the Audit Committee. The Department has a robust and continuous training program.

As a consequence of the foregoing, the Board has satisfied itself of the effectiveness of the Audit Committee's input to the business and therefore deems appropriate the composition of the Audit Committee.

AUDIT COMMITTEE ATTENDANCE SCHEDULE			
Audit Commitee Attendance	Category	23 October 2023 Meeting	8 May 2024 Meeting
FB Banda	Chairman	✓	✓
A Mpungwe	Member	ACX	✓
A Venters	Member	BA	✓
KEY			
✓	Attended		
ACX	Apologies		
BA	Before Appointment		

Risk Management Committee

The Risk Management Committee is responsible for reviewing the Company's risk philosophy, strategy and policies; ensuring compliance with such policies; reviewing the adequacy and overall effectiveness of the Company's risk management function; ensuring the implementation of an on-going process of risk identification, mitigation and management; ensuring the establishment of a comprehensive system of controls, pursuing measures for increasing risk awareness, reviewing significant legal matters, reviewing adequacy of insurance coverage and providing reports to the Board.

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

RISK MANAGEMENT COMMITTEE ATTENDANCE SCHEDULE			
Name	Category	31 October 2023 Meeting	15 May 2024 Meeting
A Lubbe	Chairman	✓	✓
AR Mpungwe	Member	✓	✓
GB Dalgleish	Member	✓	✓
A Venters	Member	BA	✓
O Magwenzi	Member	✓	✓
KEY			
✓	Attended		
BA	Before Appointment		

Remuneration and Nominations Committee

The Remuneration and Nominations Committee provides oversight on the remuneration and compensation for senior management so as to retain and motivate staff to perform at the level of the quality required. The Committee is chaired by an Independent Non-Executive Director.

REMUNERATION AND NOMINATIONS COMMITTEE ATTENDANCE SCHEDULE				
Name	Category	23 October 2023 Meeting	28 February 2024 Meeting	27 August 2024 Meeting
RM Chabala	Chairperson	✓	✓	✓
AR Mpungwe	Member	ACX	✓	✓
GB Dalgleish	Member	ACX	ACX	✓
N Mbazima	Member	✓	✓	RS
A Venters	Member	BA	✓	✓
KEY				
✓	Attended			
RS	Resigned			
ACX	Apologies			
BA	Before Appointment			

CORPORATE GOVERNANCE (continued)

Retirement and Election of Directors

It is the Board's policy that new 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.

Performance Evaluation of the Board

The Board will continue to implement necessary changes to enhance its performance.

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 is responsible for implementing and sustaining high levels of Corporate Governance and keeps abreast of legislation, regulations and corporate governance developments which may impact on the business.
All Directors have direct access to the Company Secretary.

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 Company 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 Company has over the last two years invested in the automation of all key processes from raw and packaging material receipts to manufacturing, sales and 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 Company 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. Although the COVID-19 pandemic has had an impact on this activity over the past few years, the Company does organize a shareholders' day every year to augment and harness the relationship with the shareholders.

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

Ultimately, the Company 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 Company considers effective internal communication as being critical to the success of the business. The Company 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 Company communicates with external stakeholders on a regular basis for the benefit of enhancing its image among the various stakeholders and attaining the Company objectives.

Internal Auditors

An 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 generally 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 policies are in place and that these processes are monitored on an ongoing basis.

The Company, 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

In an effort to foster integrity within the organization, the Company continues to enforce the Code of Business 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.

CORPORATE GOVERNANCE (continued)

Internal Control

The Company's control systems are designed to help safeguard its assets, maintain proper accounting records and ensure the reliability of management and financial information produced by the Company. 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 Company 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 Company and reviewed annually by senior management, and is also available on the websites:
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 Company has in place a hotline called Speak Up where people are invited from within and outside the Company 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 Company has rolled out an Anti-Bribery and Corruption Policy (ABC). The ABC policy is embedded in the Company's 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 Company 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 Company's operations complied with the applicable Laws of Zambia. In addition, the Company 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 Company has recourse to the group Company secretary and external legal advice on matters of legal compliance.

Insider Trading

Directors and officers of the Company who have access to unpublished, price sensitive information, in respect of the Company, are prohibited from dealing in the shares of the Company, during defined restricted periods, including those periods immediately prior to the announcement of interim and final financial results.

Share Dealing

In terms of the Company's 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 Company. Additionally, the Company has a formal Share Dealing Policy approved by the Board and implemented by the Company Secretary.

Market Disclosure

The Company prepares interim and final results as required by Lusaka Securities Exchange (LuSE) and SEC rules and also 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 Company's 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 Company had met its compliance requirement.

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 selling operations, and its subsequent distribution and reinvestment in the business.

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

During the period under review, **K3 274 million** (2023: K1 865 million) was created. Of this amount, **K1 095 million** (2023: K913 million) was distributed to employees, providers of capital and to government. Of the wealth created, **21%** (2023: 33%) was paid to employees.

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

	Group		Company	
	August 2024 K '000	August 2023 K '000	**August 2024 K '000**	August 2023 K '000
Wealth created				
Revenue	**7 529 545**	5 827 704	**7 529 545**	5 827 704
Dividend income	**-**	-	**46 833**	78 972
Paid to growers for cane purchases	**(2 176 410)**	(1 395 150)	**(1 755 306)**	(1 145 680)
Manufacturing and distribution costs	**(2 078 874)**	(2 567 107)	**(2 754 559)**	(2 921 837)
	3 274 261	1 865 447	**3 066 513**	1 822 108
Wealth distributed				
To employees as salaries, wages and other benefits	**702 150**	617 763	**665 258**	586 170
To lenders of capital as interest	**38 692**	39 658	**65 122**	52 452
To Government as corporate taxation	**354 036**	255 352	**329 816**	242 891
	1 094 878	912 773	**1 060 196**	900 066
Wealth reinvested				
Retained profits	**2 057 590**	935 632	**1 889 199**	941 283
Depreciation	**139 557**	124 370	**123 675**	111 342
	2 197 147	1 060 002	**2 012 874**	1 052 625
Amounts paid to government for taxation excludes the following:				
Employees tax deducted from remuneration	**128 752**	112 805	**126 912**	111 229
Net VAT amount paid to government	**469 819**	275 607	**422 883**	265 890
Customs and excise duties	**51 752**	26 501	**50 949**	26 034
Withholding taxes and Withholding VAT collected on behalf of government	**438 565**	492 442	**430 263**	479 319
	1 088 888	907 355	**1 031 007**	882 472

Board of Directors

Board Committee Key
RN - Remuneration & Nominations Committee
RM - Risk Management Committee
AC - Audit Committee
C - Committee Chair

ROSETA CHABALA (44) BA Ed, MSc
Chairperson {RN} {AC} {C}

Roseta Chabala was appointed to the Board on 1 February 2020. She was appointed Chairperson of the Board in 28 February 2024.
She has held the position of Chairperson of the Remuneration and Nominations Committee. Roseta was Chief Executive Officer of Zambia Association of Manufacturers (ZAM) for four years. She later joined Metal Fabricators of Zambia as Managing Director, a role she held until July 2021. She currently serves as Deputy Chief Executive Officer of the Private Public Dialogue Forum (PPDF).

Roseta has a wealth of experience and expertise in lobbying and advocacy, capacity building and business linkages both local and regional for the manufacturing industry. Her contribution in promoting the manufacturing industry and development of the private sector has been recognised by both the private sector and Government.

Roseta is a Zambian National and holds a Master of Science degree in International Trade Policy and Trade Law.

Executive Directors

OSWALD MAGWENZI (56) BSc, MSc, PGDipM, MBA
Executive Director {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 Corporation focusing on 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 (34) - 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 team to ensure the achievement of the company's ambitious financial goals and to provide the business support needed "to create an excellent operation." He was appointed to the Board on 28 February 2024, following his appointment as Finance Director of Zambia Sugar PLC.

Hezron comes with a wealth of experience in the Finance field acquired mainly from the banking sector. He is an experienced finance executive, having worked as Chief Finance Officer for Access Bank and prior to this held a similar position at Bank of China. In his previous role, he was responsible for 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.

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 (58) 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 26 years' sugar milling experience and has held a number of leadership positions within the Illovo Sugar Africa 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 Independent Directors

DIPAK K. A. PATEL (71)
Independent Non-Executive Director

Dipak Patel was appointed to the Board on 8 December 2006. He is a businessman and chairman 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, he 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 (73) 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 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.

Non-Executive Directors

AMI R. MPUNGWE (73) 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 Illovo 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 to1985.

AMANDA (MANDY) VENTERS (60) BComm, H Dip Acc, CA (SA)

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

Amanda Venters was appointed to the Zambia Sugar PLC Board as a Non-Executive Director on 28th February 2024. She is currently ABF Sugar Division Interim Chief Financial Officer, a role she has held since 20 September 2023.

Mandy was born and educated in Zimbabwe before attending Rhodes University where she gained her Bachelor of Commerce and Post graduate diploma in Accounting and then completed her articles with Arthur Andersen & Co in South Africa where she qualified as a Chartered Accountant.

As a dual British/Zimbabwean national she moved to London and, based there, gained extensive experience in senior finance roles across a range of global multinational listed and privately owned companies, starting with 4 years at The Northwest Division of The Coca-Cola Company in both accounting and FP&A roles and subsequently spending 11 years at Pepsico as Finance Director (Europe) before specialising in Interim work with an interest in Transformation taking roles such as Interim Group CFO at Pentland Brands, Interim Finance Director at Hearst Magazines and prior to joining ABF Sugar in the United Kingdom, 2 ½ years as interim Group Finance Director for The Co-Operative Group in the UK.

During her career Mandy has worked in countries across Europe, Middle East, Far East, USA and Africa as well as managing finance teams operating across large territories within Fast Moving Consumer Goods (FMCG), retail and media sectors. She has considerable experience supporting acquisitions, disposals and organic growth while improving efficiency and financial controls including designing and executing significant transformation programs.

In addition to her paid roles, Mandy is an active member of various voluntary committees including being Chairman and Treasurer of the award-winning charity 'Live Life Give Life' for the last 16 years, being a member (and for 6 years vice-Chairman) of the Imperial College Healthcare Trust Medical Ethics Committee as well as being co-opted onto the Ethics committee of the British Transplant Society for 7 years and has also studied Medical Ethics and the Law at the University of Edinburgh.

GAVIN B. DALGLEISH (58) BSc, MSc Chem Eng

Non-Executive Director {RN} {RM}

Gavin Dalgleish was appointed to the Board on 29 August 2012. He is Managing Director of Illovo Sugar Africa (Pty) Ltd, a role he has held since September 2013. He joined Illovo in 1988 and has since held a number of technical, business development, operational and general management positions within the Illovo Sugar Africa Group.

Gavin also spent three years leading the Australia based global technology unit of AB Mauri, a yeast business which is a subsidiary of Illovo's holding company, Associated British Foods plc, before returning to Illovo in December 2010. He was appointed Operations Director for Illovo Sugar Limited (ISL) (now Illovo Sugar Africa (Pty) Ltd) in 2012 before assuming his current role.

Gavin is a South African National and holds a Bachelor of Science degree in Chemical Engineering and a Master of Science degree in Chemical Engineering.

Mr Dalgleish resigned in August 2024.

ANDRE LUBBE (61) BCom, BA

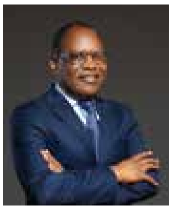
Non-Executive Director {RM} {C}

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.

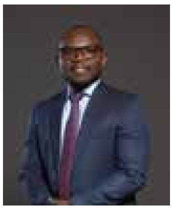
He worked for SABMiller, joining in 1987 and serving in various senior capacities including Regional Sales and Trade Marketing Manager for the North and Western Cape Regions, Regional Manager for the Eastern and Southern Cape Regions. He also has 3 years' experience with PARMALAT South Africa as Divisional 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.

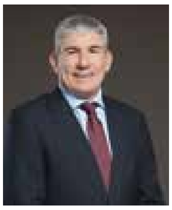
Executive Management Committee



OSWALD MAGWENZI
Country 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

HARRIET KAPEKELE-KATONGO
Senior Legal Counsel and Company Secretary

Harriet joined the Nakambala Leadership team on 1 June 2024. She is responsible for providing legal advice and guidance to the Management team and business professionals, ensuring the Company's adherence with legal compliance standards, drafting and reviewing of legal contracts and overseeing all general legal operations as well as reviewing business and tax strategies to help identify potential risk or opportunity.

Harriet has extensive experience as an executive and is a seasoned legal practitioner with over 19 years, gained in consultancy services, construction and cement manufacturing subsectors. She serves on the Legal Practitioners Committee of the Law Association of Zambia (LAZ) and is a trustee on the Zambia Sugar Pension Scheme.

Harriet is a Zambian National and holds a Bachelor of Laws Degree from the University of Zambia, a Master of Laws from King's College, London and is an Advocate of the Superior Courts of Zambia.

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.

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.

EMMANUEL SIMWINGA

Agriculture Director-Designate

Emmanuel Simwinga joined the Nakambala Leadership Team following his appointment as Agriculture Director-Designate on 1 August 2024. He takes over from Anthony Domleo who, after a sterling career in Agriculture, is retiring in February 2025.

Emmanuel will lead the Agriculture team to continue rolling out strategic initiatives such as the New Farming System, Irrigation System Upgrades and optimization of agricultural operations as we strive to produce 3.6 million tonnes required to produce 425,000 tonnes consistently before 2029. As part of his role, he will ensure strong collaboration with the factory, grower community and other stakeholders.

Emmanuel is not new to the sugar industry having previously worked for Zambia Sugar in the Agriculture Department for 13 years. He started his career as manager in training (MIT) at Zambia Sugar from 2001 to 2003. From 2003 to 2014, he held various roles, including Farm Manager, Agronomist, and Field Technical Manager. 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 was with BASF Group, overseeing the Agricultural Solutions business in Southern Africa and serving as the Managing Director of BASF Zambia. He was actively contributing to industry organizations like CropLife in Africa and the Middle East while lending his expertise by serving as a board member in local organizations.

Emmanuel is a Zambian National and a proficient agricultural professional with competencies in agronomy, crop production, project management and 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 Sugar cane Agriculture from the South African Sugar cane Research Institute. He also participated in the Safety for Senior Managers as well as the Management Development Programme (MDP) offered by Illovo Sugar Africa.

ANTHONY H. DOMLEO

Agriculture Director

Anthony Domleo joined the Nakambala Leadership Team as the Agriculture Director on 1 April 2012. He is responsible for agricultural operations and smallholder development.

Anthony has over 40 years' experience in the agricultural sector having held the position of Agricultural Manager of Ubombo Sugar Limited of Eswatini from 2005 before transferring to Zambia Sugar. Anthony began his career with Illovo Sugar Ltd (CG Smith Sugar Ltd at the time) in 1983 at the Sezela Mill of South Africa where he held positions of Farm Manager and Field Manager for Small Grower Development, respectively.

Anthony is a South African National and holds a Bachelor of Commerce degree as well as a Diploma in Agriculture.

Anthony will be retiring in February 2025.

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.

Executive Management Committee (continued)

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 and Health, Environment, Enterprise Risk Management, Quality and 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.


Zambia Sugar
NAKAMBALA REFINERY
SATWANT

2024 Annual Financial Statements

Contents

Report of the Directors
for the year ended 31 August 2024

The Directors have pleasure in presenting their report which forms part of the Annual Financial Statements of Zambia Sugar PLC ("the Company") and the subsidiary (together, "the Group") for the year ended 31 August 2024.

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
www.zamsugar.co.zm

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 sugar cane delivered to the factory over the two growing seasons during the financial year amounted to **3.544 million** tonnes (2023: 3.167 million tonnes). Of this, our own operations contributed **1.824 million** tonnes (2023: 1.667 million tonnes), while other growers supplied **1.720 million** tonnes (2023: 1.500 million tonnes). The increase in tonnage is primarily attributed to the overall improved sugar cane yields. Growers achieved cane yields of **124 tonnes per hectare** (2023: 120 tch), while the Estate maintained yields of **114 tonnes per hectare** (2023: 114 tch). Additionally, strong factory performance throughout the financial year ensured high plant availability and reliability during the season.

Production

Sugar production during the financial year was **424 531 tonnes** (2023: 367 832 tonnes). Refined sugar production for the year was **89 310 tonnes** (2023: 78 058 tonnes) The 2024 financial year's sugar production marks a historic milestone for the Group, showcasing the unwavering dedication, meticulous maintenance and strategic planning executed by our production teams. This record achievement underscores the Group's unrelenting efforts and resilience, resulting in unprecedented success.

Commercial

Total revenue for the year was **K7 530 million** (2023: K5 828 million).

Domestic sales grew by 26% over the course of the year. This strong domestic sales volume was attributable to strategic enhancements implemented within the domestic route-to-consumer, including the deployment of the Last Mile Reseller initiative. The effective Last Mile Reseller model, coupled with an optimised product portfolio, enabled the business to capitalise on the opportunities presented by the favourable macroeconomic environment. Furthermore, this growth was supported by the exchange rate, which promoted exports of finished sugar-based products by local manufacturers into the region, while also providing a hedge against the importation of foreign brands from around the region, including illegal sugar imports from neighbouring countries.

This exponential increase in domestic sales necessitated the restriction of sugar to the regional market. Consequently, export sales declined by 41%.

Supply Chain

The winning outbound logistics organisation (WOLO) team continued to deliver what our customers want, when they want it, in the most cost effective manner possible while ensuring employee safety, product quality and stellar customer service. The business continued to comply with applicable statutory requirements including complying with the threshold for use of local transporters.

Human Resources

Zambia Sugar continued to be a significant provider of employment, with an average workforce of **6 396** (2023: 6 229) during the year with numbers peaking at **7 310** (2023: 7 408).

The average number of employees employed 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 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**
August 2023	7 251	7 248	7 408	6 273	4 674	4 654	5 349	5 913	6 034	6 098	6 876	6 971

The total remuneration paid in respect of the above employees was **K649 million** (2023: K594 million).

Prospects

In the 2025 financial year, Zambia Sugar anticipates facing a combination of tailwinds and headwinds.

The weather forecast is providing renewed hope, with indications that the country will experience a normal rainy season. Water security and power reliability have become major areas of focus for Zambia Sugar , and initiatives are in place to address the risks associated with these critical resources.

It is also expected that domestic demand will remain relatively stable, while regional demand is projected to increase due to challenges in sugar production in Brazil, a major supplier to the region. The anticipated stable exchange rate will further promote the exportation of locally manufactured products and provide a natural hedge against illegal imports.

On the other hand, Zambia Sugar expects to face several challenges, including the impact of 2023/4 drought, continued electricity load management, rising production costs, and the effects of inflationary pressure. Drought conditions have negatively impacted water availability for irrigation and cane growth, resulting in expected reductions in both yields and quality. Concurrently, electricity load management disrupts manufacturing processes, leading to increased downtime and maintenance costs, which ultimately affect productivity.

To address these issues, Zambia Sugar has invested in advanced irrigation infrastructure and implemented effective strategies. Additionally, it has secured power at a premium rate to minimize disruptions in the production process. However, rising production costs, driven by higher prices for inputs and tight liquidity, will further strain profit margins.

To navigate this complex landscape, Zambia Sugar will focus on optimizing its supply chain and enhancing operational efficiencies to retain competitiveness and position itself for future growth.

FINANCIAL RESULTS

The Group's results are as follows:

Group	Notes	**2024**	**2023**
		K' 000	K' 000
Revenue	4	**7 529 545**	5 827 704
Operating profit	5	**2 566 629**	1 248 171
Exchange movements on leases	30	**(18 932)**	(12 658)
Net financing costs	6	**(38 692)**	(39 658)
Profit before taxation		**2 509 005**	1 195 855
Taxation charge	7	**(451 415)**	(260 223)
Profit for the year		**2 057 590**	935 632
Profit attributable to:			
Shareholders of Zambia Sugar PLC		**2 057 590**	935 632
Earnings per share (ngwee per share)	8	**650.0**	295.6

DIVIDENDS

A dividend of **161 ngwee** per share is being proposed for the year ended 31 August 2024 (2023: 349 ngwee).

Directorate and Secretary

The names of the directors and the company secretary in office during the financial year are reflected below:

Roseta Chabala	Chairperson	Appointed 28 February 2024
Fidelis Banda	Non-Executive Independent Director	
Norman Mbazima	Non-Executive Independent Director	Resigned 28 February 2024
Dipak Patel	Non-Executive Independent Director	
Amanda Venters	Non-Executive Director	Appointed 28 February 2024
Ami Mpungwe	Non-Executive Director	
Gavin Dalgleish	Non-Executive Director	Resigned 30 August 2024
Andre Lubbe	Non-Executive Director	
Oswald Magwenzi	Executive Director (Managing Director)	
Hezron Musonda	Executive Director	Appointed 28 February 2024
Marc Pousson	Executive Director	
Harriet Kapekele-Katongo	Company Secretary	

Directors' Interests and Emoluments

None of the Directors had any interest in any contract with the Group during the period under review. The Directors that held beneficial interests in the issued ordinary share capital of the Company as at 31 August 2024 were as follows:

	2024	2023
	No. of shares	
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:

	2024	2023
	K'000	K'000
Opening Capital Work in Progress	**177 901**	32 388
Additions to Capital Work in Progress	**613 276**	239 030
	791 177	271 418
Items Capitalised during the year		
- Buildings	**(72 548)**	(24 447)
- Plant and equipment	**(244 722)**	(67 393)
- Motor vehicles	**(17 225)**	(161)
- Furniture and Fittings	**(3 010)**	(1 516)
	(337 505)	(93 517)
Closing Capital work in progress	**453 672**	177 901
Cane Roots Capitalised during the year	**(141 578)**	(49 315)

During the year, expenditure valued at **K613 million** (2023: K239 million) was added to property, plant and equipment as capital work in progress while **K338 million** (2023: K93.517 million) was completed and transferred to the relevant category of assets. During the year **K142 million** (2023: K49 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	%
1 - 1 000	2 885	880 243	0.3%
1001 - 5 000	573	1 231 056	0.4%
5 001 - 10 000	107	754 175	0.2%
10 001 - 100 000	89	3 013 621	1.0%
100 001 - 1 000 000	35	12 425 832	3.9%
> 1 000 001 - 100 000 000	6	60 837 919	19.2%
> 100 000 001	1	237 428 539	75.0%
Totals	**3 696**	**316 571 385**	**100%**

Classification	Number of holders	Number of shares	%
Illovo Group Holdings Ltd	1	237 428 539	75.00%
Pension Funds	71	61 227 298	19.34%
Local Companies	61	667 503	0.21%
Local Individuals	3 201	3 266 584	1.03%
Foreign Individuals	331	665 827	0.21%
Foreign Companies	31	13 315 634	4.21%
Totals	**3 696**	**316 571 385**	**100%**

SIGNIFICANT SHAREHOLDING

As at 31 August 2024, the Company 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 428 million** (2023:K1 728 million).

DONATIONS

Zambia Sugar made donations to the value of **K4.952 million** (2023: K2.319 million) in respect of various charitable activities. No donation was of a political nature.

OCCUPATIONAL HEALTH

Providing a safe and healthy workplace is a key strategic priority and is underpinned by a robust Health and Safety policy. Safety remains a key area of focus as the Group continues to pursue the objective of "Zero harm to employees and contractors". Occupational health and safety policies help to support implementation of activities and practices that advance the promotion of health and reduction in risk behaviours. Significant investments have been made in the health and safety of our people and community. Not only are measures in place to protect workers against occupational health and safety hazards and to safeguard the general health and well-being of employees, but also to ensure that the measures impact all those who come into contact with our operations such as visitors and our communities. We live and promote the culture of Zero compromise to safety.

ENVIRONMENT

The performance of the Group in environmental management practises was satisfactory relative to the environmental regulations on air, land, water, ecology and noise. Compliance to regulatory and legislative obligations was satisfactory. The Group embeds and implements best practices in environmental management throughout the operations. It enhances monitoring and performance mechanisms and measures performance against environmental regulations. There is strong commitment to the environmental governance best practices and accountability from the operations through to the Board of Directors.

Our underlying environmental philosophy is to continually investigate means to reduce the impact of our operations on the environment and there were no major contraventions on regulated environmental aspects recorded in the year.

QUALITY AND FOOD SAFETY

The Quality and Food Safety performance for the period under review was satisfactory. The business successfully retained supply certifications by institutions such as Zambia Compulsory Standards Agency (ZCSA) and the South African Bureau of Standards (SABS). Further, the business's Quality Management Systems (QMS) continue to be impressive with continuous improvement consolidation on the main systems' enhancers. These were reflected in effective customer complaint closures, enhanced internal incidence management, as well as good performance on the Quality and Food Safety Scorecard.

The Company continues to look at ways of enhancing our food safety and quality procedures and ensuring that we maintain our food safety management system which meets the requirements of Food Safety System Certification (FSSC).

TECHNOLOGY, RESEARCH AND DEVELOPMENT

To optimise returns from the current installed capacity, the Group continues to leverage the well-established resources of the Illovo Group, which provide technical expertise in agriculture and sugar production across all operations. A centralised core of expertise is established to ensure that technical standards are optimised and maintained for both existing equipment and new agricultural and factory installations, while also keeping up with technological innovations. Benchmarking efforts aimed at improving productivity and reducing unit costs remain a significant focus across all operations, with additional resources recently allocated to enhance operational performance and benchmarking throughout the Illovo Group.

Effective September 2024, the Group will transition to the SAP S/4HANA ERP system, marking a significant milestone in our digital transformation journey. The cutting edge platform is anticipated to deliver substantial value and enhance process efficiencies across the business, thereby improving overall performance and competitiveness.

AUDIT AND NON-AUDIT REMUNERATION

In the current year, the Auditors' remuneration amounted to **K3.88 million** (2023: K3.43 million).

Additionally, they conducted non-audit work related to the Internal Controls Financial Reporting Framework for Issuers of Registered Securities to ensure compliance with Sections 146, 147, and 149 of the Securities Act No. 41 of 2016, along with the supporting guidelines published in the gazette as "the Securities Guidelines" in July 2019.

AUDITORS

In accordance with the provisions of section 171(3) of the Zambian Companies Act, the auditors, Messrs EY Zambia, will retire as auditors of the Company 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.

Further, a resolution to authorise the Directors to set the Auditors remuneration will be put to the annual general meeting.

By order of the Board,

Roseta Chabala
Chairperson
31 October 2024

Oswald Magwenzi
Managing Director
31 October 2024

Statement of Directors' Responsibilities

The Zambia Companies Act, 2017 of Zambia requires the Directors to prepare financial statements for each financial year that present fairly the state of the financial affairs of the Group as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Group. The Directors are further required to ensure the Group 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, 2017 of Zambia. 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 financial performance 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 2017, of Zambia.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these annual financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Group as indicated above, were approved by the Directors on 31 October 2024 and are signed on its behalf by:

Roseta Chabala
Chairperson
31 October 2024

Oswald Magwenzi
Managing Director
31 October 2024

EY Zambia
EY Place
Plot No. 354437
PO Box 35483
Alick Nkhata Road
Lusaka 10101, Zambia

Tel: +260 211 378300/1/3/4
Fax: +260 211 378302
Email: info@zm.ey.com

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 2024

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 55 to 121 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 2024, 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 2024, 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 Companies Act of Zambia, 2017 and the Securities Act of Zambia, 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.

Building a better working world

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 2024, the fair value of the Growing Cane held by the Group and Company amounted to K 909.787million and K 768.317 million 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 2024/25 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 2025 forecast to the actual results and investigating of any material difference. • 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 2025 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 comprises the Report of the Directors, Statement of Directors' responsibilities and Five-Year Review and Five-Year review notes as required by the Companies Act of Zambia, 2017. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the 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 Companies Act of Zambia No.10, 2017 and the Securities Act of Zambia, 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 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 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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.

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.

Building a better
working world

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 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

Companies Act of Zambia, 2017

As required by Section 259(3) of the Companies Act of Zambia No.10, 2017, we report to you based on our audit that:

- We have no relationship, interest or debt in 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, sections 82 to 122 of the Companies Act of Zambia No.10, 2017 by the directors.

Securities Act of Zambia, 2016

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

- The annual consolidated and separate financial statements have been properly prepared in accordance with Securities and Exchange Commission rules;
- The Company has throughout the financial year, kept proper accounting records in accordance with the requirements of the Securities and Exchange Commission rules;
- The statement of financial position and statement of comprehensive income agree the Company 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:

Mark M Libakeni
Partner - Practicing certificate number: AUD/F000397

1 November 2024
Lusaka

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

for the year ended 31 August 2024

	Notes	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Revenue	4	**7 529 545**	5 827 704	**7 529 545**	5 827 704
Cost of sales		**(3 591 603)**	(3 282 017)	**(3 829 537)**	(3 374 685)
Gross profit		**3 937 942**	2 545 687	**3 700 008**	2 453 019
Profit on disposal of plant and equipment		**426**	487	**-**	487
Distribution expenses		**(519 661)**	(567 666)	**(519 660)**	(567 666)
Administration expenses*		**(846 170)**	(728 188)	**(825 926)**	(709 187)
Expected credit loss expense on financial assets*	17	**(5 908)**	(2 149)	**(5 908)**	(2 149)
Operating profit		**2 566 629**	1 248 171	**2 348 514**	1 174 504
Dividend income	24.3	**-**	-	**46 833**	78 972
Lease liability foreign exchange loss	30	**(18 932)**	(12 658)	**(18 932)**	(12 658)
Net finance costs	6	**(38 692)**	(39 658)	**(65 122)**	(52 452)
Finance costs		**(55 769)**	(40 610)	**(82 197)**	(53 404)
Finance income		**17 077**	952	**17 075**	952
Profit before taxation		**2 509 005**	1 195 855	**2 311 293**	1 188 366
Taxation expense	7	**(451 415)**	(260 223)	**(422 094)**	(247 083)
Profit for the year		**2 057 590**	935 632	**1 889 199**	941 283
Profit for the year attributable to:					
Equity holders of the parent		**2 057 590**	935 632	**1 889 199**	941 283
		2 057 590	935 632	**1 889 199**	941 283
Total comprehensive income for the year attributable to:					
Equity holders of the parent		**2 057 590**	935 632	**1 889 199**	941 283
		2 057 590	935 632	**1 889 199**	941 283
Basic and diluted earnings per share (ngwee per share)	8	**650.0**	295.6	**596.8**	297.3

* An amount of K 2.1 million from the previous year has been reclassified from administrative expenses to ensure coherence in the reporting of expected credit losses in the current year.

The notes on pages 68 to 121 form an integral part of these financial statements.

Consolidated and Separate Statements of Financial Position

as at 31 August 2024

	Notes	Group		Company	
		2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
ASSETS					
Non-current assets		**2 935 601**	2 301 392	**2 841 047**	2 251 835
Property, plant and equipment	11	**2 718 049**	2 109 992	**2 514 234**	1 951 174
Intangible asset	13	**67 902**	67 902	**-**	-
Right-of-use assets	30	**149 650**	123 498	**149 650**	123 498
Investment in subsidiary	14	**-**	-	**177 163**	177 163
Current assets		**4 100 595**	3 287 655	**3 885 862**	3 119 356
Inventories*	15	**1 996 352**	1 242 552	**1 968 323**	1 217 412
Growing cane	16.1	**909 787**	595 776	**768 317**	491 330
Livestock*	16.2	**11 497**	8 833	**-**	-
Trade and other receivables	17	**628 632**	562 238	**596 556**	534 020
Amounts due from related parties	24	**496**	332	**496**	332
Cash and bank balances	18	**553 831**	877 924	**552 170**	876 262
Assets classified as held for sale	12	**209**	209	**209**	209
Total assets		**7 036 405**	5 589 256	**6 727 118**	5 371 400
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		**4 657 626**	3 704 870	**4 211 873**	3 427 508
Total equity attributable to shareholders of Zambia Sugar PLC		**4 905 004**	3 952 248	**4 459 251**	3 674 886
Non-current liabilities		**553 419**	412 868	**516 433**	380 983
Lease liabilities	30	**189 725**	146 554	**189 725**	146 554
Deferred tax liability	21	**363 694**	266 314	**326 708**	234 429
Current liabilities		**1 577 982**	1 224 140	**1 751 434**	1 315 531
Trade and other payables*	22	**932 180**	686 359	**902 670**	662 925
Lease liabilities	30	**28 113**	19 935	**28 113**	19 935
Contract liabilities	23	**122 355**	251 000	**122 355**	251 000
Amounts due to related parties	24	**141 628**	44 091	**361 796**	167 702
Current tax liability*	7	**249 184**	143 914	**237 433**	138 294
Bank overdraft	18	**50 904**	39 061	**50 904**	39 061
Provisions	26	**53 618**	39 780	**48 163**	36 614
Total liabilities		**2 131 401**	1 637 008	**2 267 867**	1 696 514
Total equity and liabilities		**7 036 405**	5 589 256	**6 727 118**	5 371 400

* The amounts from the previous year have been 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 Company's Directors with regard to the preparation of the financial statements are set out on page 59.

The financial statements on pages 55 to 121 were approved and authorised for issue by the Board of Directors on 31 October 2024 and were signed on its behalf by:

The notes on pages 68 to 121 form an integral part of these financial statements.

Roseta Chabala
Chairperson

Oswald Magwenzi
Managing Director

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 August 2024

	Notes	Share capital and premium K'000	Capital redemption reserve K'000	Retained earnings K'000	Total attributable to shareholders of Zambia Sugar PLC K'000
Group					
Balance at 1 September 2022		247 338	40	3 068 081	3 315 459
Total comprehensive income for the year		-	-	935 632	935 632
Dividends paid	9	-	-	(298 843)	(298 843)
Balance at 31 August 2023		247 338	40	3 704 870	3 952 248
Balance at 01 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**
Company					
Balance at 1 September 2022		247 338	40	2 785 068	3 032 446
Total comprehensive income for the year		-	-	941 283	941 283
Dividends paid	9	-	-	(298 843)	(298 843)
Balance at 31 August 2023		247 338	40	3 427 508	3 674 886
Balance at 01 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**

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

Dividends worth **K1 104.8 million** were paid during the year ended 31 August 2024 (2023: K298.8 million) and therefore the dividend per share, calculated on a cash basis, was **349 ngwee** per share (2023: 94 ngwee).

The notes on pages 68 to 121 form an integral part of these financial statements.

Consolidated and Separate Statements of Cash Flows

for the year ended 31 August 2024

	Notes	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Cash flows from operating activities					
Profit before tax		**2 509 005**	1 195 855	**2 311 293**	1 188 366
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	11	**94 593**	87 992	**84 833**	80 375
Depreciation of right-of-use asset	30	**51 762**	30 948	**51 762**	30 948
Depreciation of cane roots	11	**44 964**	36 378	**38 842**	30 967
Net impairment loss on financial assets	17	**5 908**	2 149	**5 908**	2 149
Finance income	6	**(17 077)**	(952)	**(17 075)**	(952)
Finance costs	6	**55 769**	40 610	**82 197**	53 404
Dividend income	24.3	**-**	-	**(46 833)**	(78 972)
Assets classified as held for sale movements	12	**-**	621	**-**	621
(Gain)/loss in fair value of biological assets	16	**(316 675)**	(5 392)	**(276 987)**	998
Lease liability foreign exchange loss	30	**18 932**	12 658	**18 932**	12 658
Provisions raised during the period	26	**22 736**	43 171	**19 644**	40 260
Provisions utilised during the period	26	**(8 898)**	(4 562)	**(8 095)**	(3 260)
Movement on other tax liabilities reclassification		**(321)**	-	**(321)**	-
Profit on disposal of property, plant and equipment		**(426)**	(487)	**-**	(487)
Cash operating profit		**2 460 272**	1 438 989	**2 264 100**	1 357 075
Working capital movements		**(611 553)**	306 039	**(514 325)**	287 180
(Increase)/decrease in inventories		**(753 800)**	143 674	**(750 911)**	146 312
Increase/(decrease) in amounts due to related parties		**97 537**	15 725	**194 094**	(4 552)
(Increase)/decrease in amounts due from related parties		**(164)**	832	**(64)**	832
(Increase)/decrease in trade and other receivables		**(72 302)**	136 574	**(68 444)**	128 312
Increase/(decrease) in trade and other payables		**245 821**	(25 171)	**239 745**	(18 129)
(Decrease)/increase in contract liabilities		**(128 645)**	34 405	**(128 645)**	34 405
Cash generated from operations		**1 848 719**	1 745 028	**1 749 775**	1 644 255
Finance income received	6	**17 077**	952	**17 075**	952
Finance costs paid		**(13 214)**	(66 719)	**(32 985)**	(78 296)
Payment of interest portion of lease liabilities	30	**(35 831)**	(22 345)	**(35 831)**	(22 345)
Taxation paid	7	**(248 792)**	(231 273)	**(230 703)**	(216 679)
Net cash inflows from operating activities		**1 567 959**	1 425 643	**1 467 331**	1 327 887
Cash flows from investing activities					
Purchase of property, plant and equipment	11	**(771 371)**	(308 407)	**(710 492)**	(289 278)
Purchase of biological assets (Livestock)	16.2	**-**	(25)	**-**	-
Dividends received	24.3	**-**	-	**46 833**	78 972
Proceeds from disposal of plant and equipment		**1 611**	735	**-**	735
Net cash outflows from investing activities		**(769 760)**	(307 697)	**(663 659)**	(209 571)
Net cash inflows before financing activities		**798 199**	1 117 946	**803 672**	1 118 316
Cash flows from financing activities					
Dividends paid to shareholders of Zambia Sugar PLC	9	**(1 104 834)**	(298 843)	**(1 104 834)**	(298 843)
Repayment of borrowings	20	**-**	(54 602)	**-**	(54 602)
Payment of principal portion of lease liabilities	30	**(47 541)**	(26 873)	**(47 541)**	(26 873)
Net cash outflows from financing activities		**(1 152 375)**	(380 318)	**(1 152 375)**	(380 318)
Net (decrease)/increase in cash and cash equivalents		**(354 176)**	737 628	**(348 703)**	737 998
Net cash and cash equivalents at beginning of period		**838 863**	75 126	**837 201**	74 311
Net foreign exchange differences		**18 240**	26 109	**12 768**	24 892
Net cash and cash equivalents at end of period		**502 927**	838 863	**501 266**	837 201
Bank and cash balances		**502 927**	838 863	**501 266**	837 201
Comprising of:					
Cash and bank balances	18	**553 831**	877 924	**552 170**	876 262
Bank overdraft	18	**(50 904)**	(39 061)	**(50 904)**	(39 061)

The notes on pages 68 to 121 form an integral part of these financial statements.

1. GENERAL INFORMATION

Zambia Sugar PLC is a public limited company incorporated and based in Zambia. Its parent company is Illovo Group Holdings Limited (IGHL), while its ultimate holding company is Associated British Foods plc. The addresses of its registered office and principal place of business are provided in the corporate information section on pages 55 and 124 of these annual financial statements. The principal activities of the Company and its subsidiary (the Group) are outlined in the Directors' report.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The 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 set out below apply to both consolidated and separate financial statements.

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and Nanga Farms Limited (its subsidiary).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 subsidiaries to bring their 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 significant accounting policies (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 are 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 significant accounting policies (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 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 after 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, non-cash 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.

2.2 Summary of significant accounting policies (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 significant accounting policies (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 and 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 difference 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 subsidaires, 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 average useful lives of the bearer plants has been determined to be 8-10 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 sugar cane 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 sugar cane and transporting it from the field to the mill. The sucrose content is estimated in tonnes and is adjusted by a factor to reflect the growth of the cane at 31 March (i.e. the cane growth percentage). The cane growth percentage reflects the long-term average climate and agricultural conditions at each operation and will not fluctuate for year-on-year changes in milling season length or weather events (e.g. floods or drought). Rather, such changes are embodied in the fair value through a revision to the estimated sucrose content to which the cane growth percentage is applied.

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

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.

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.

- 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.

2.2 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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

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

2.2 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 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.

2.2 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 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 2023.

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

2.3.2 Reference to the Conceptual Framework (Amendments to IFRS 3)

The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;
- and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments had no impact on the consolidated financial statements of the Group.

2.3.3 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments are effective for annual periods beginning on or after 1 January 2023 and are expected to have an impact on the consolidated financial statements of the Group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.3.4 Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendments are effective for annual periods beginning on or after 1 January 2023 and are expected to have an impact on the consolidated financial statements of the Group.

2.3.5 2.3.5 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. This standard is not applicable to the Group.

2.3.6 Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

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 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 have no impact on the consolidated financial statements of the Group.

2.4.2 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.

2.4.3 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.

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

2.4.5 IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 was issued in June 2023 and applies to annual reporting periods beginning on or after 1 January 2024.The changes are expected to have an impact on the consolidated financial statements of the group.

2.4.6 IFRS S2 – Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 was issued in June 2023 and applies to annual reporting periods beginning on or after 1 January 2024.The changes 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 judgments, 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 application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgments, 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.

3.1.1 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 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 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 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 sell.

The Group has assets classified as held for sale in the current financial period. However, following the approval of major capital projects in the 2023 financial year, Management approved the reclassifcation of these assets to Property, Plant and Equipment. Management are still actively committed to have the reminder of the items sold.

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.

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

3.2 Key sources of estimation uncertainty (continued)

3.2.4 Provision for expected credit losses 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).

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 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.

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.

	Notes	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000

4. REVENUE

4.1 Disaggregated revenue information

	Notes	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
From secondary business segments as follows:					
Local market		**6 102 187**	4 099 631	**6 102 187**	4 099 631
Export market		**1 427 358**	1 728 073	**1 427 358**	1 728 073
Total revenue		**7 529 545**	5 827 704	**7 529 545**	5 827 704
From geographical business segments as follows:					
Zambia		**6 102 187**	4 099 631	**6 102 187**	4 099 631
Democratic Republic of Congo		**1 305 685**	955 776	**1 305 685**	955 776
Kenya		**9 349**	433 809	**9 349**	433 809
South Africa		**64**	0	**64**	0
Rest of Africa		**112 260**	338 488	**112 260**	338 488
Total revenue		**7 529 545**	5 827 704	**7 529 545**	5 827 704

The Group recognised rebates on its revenue amounting to **K595.2 million** for the year ended 31 August 2024 (2023: K202.2 million).

4.2 Contract balances

	Notes	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Contract liabilities opening balance		**251 000**	219 765	**251 000**	251 000
Amounts prepaid by customers during the year		**842 567**	1 378 764	**842 567**	1 728 073
Amounts invoiced to customers during the year		**(971 212)**	(1381 934)	**(971 212)**	(1728 073)
Contract liabilities (closing date)	23	**122 355**	251 000	**122 355**	251 000

Contract liabilities relate to amounts received in advance from customers in relation to sales contracts. These liabilities were previously disclosed under trade and other payables (note 22).

5. OPERATING PROFIT

	Notes	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Operating profit		**2 566 629**	1 248 171	**2 348 514**	1 174 504
Determined after charging/(crediting) the following:					
Employees remuneration expenses		**649 023**	594 446	**613 802**	564 329
Unrealised exchange (gain)/loss on trading balances		**(7 838)**	12 759	**(8 623)**	11 974
Realised exchange loss on trading balances		**26 078**	13 350	**21 391**	12 918
Depreciation expense	11	**139 557**	124 370	**123 675**	111 342
Factory overhaul costs expensed	15.2	**262 894**	162 643	**262 894**	162 643
Employer contributions to pension funds	29	**53 127**	47 471	**51 456**	45 995
National Pension Scheme Authority (NAPSA)		**27 112**	23 317	**25 441**	21 841
Zambia Sugar PLC pension scheme		**26 015**	24 154	**26 015**	24 154
Operational support fees	24	**82 093**	58 194	**82 093**	58 194
Lease expenses	30	**89 637**	54 326	**89 637**	54 326
Depreciation expense of right-of-use assets		**51 762**	30 948	**51 762**	30 948
Interest expense on lease liabilities		**37 875**	23 378	**37 875**	23 378
Short-term lease charges		**175 237**	97 960	**169 673**	95 492
Low value lease charges (property and ground rates)		**4 094**	4 289	**4 091**	4 286
Directors' emoluments for services as directors		**1 368**	1 438	**1 368**	1 439
Auditors' remuneration		**4 248**	3 474	**3 468**	2 550
- Audit fees		**3 553**	3 079	**2 773**	2 155
- Other expenses		**695**	395	**695**	395
(Profit) on disposal of plant and equipment		**(426)**	(487)	**-**	(487)
Charitable donations		**4 952**	2 319	**4 726**	2 196
Fair value movements gain/(loss)					
- Livestock	16.2	**2 664**	(821)	**-**	-
- Growing cane	16.1	**314 011**	6 238	**276 987**	(998)

	Notes	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000

6. NET FINANCIAL COSTS

Finance Costs					
Interest charged on:					
Related party borrowings and supplier balances		**471**	5 955	**26 899**	18 747
Bank overdraft and short-term facilities		**25 868**	36 171	**25 868**	36 171
Other*		**29 430**	(1 516)	**29 430**	(1 514)
Total interest charged		**55 769**	40 610	**82 197**	53 404

*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		**(17 077)**	(952)	**(17 075)**	(952)
		38 692	39 658	**65 122**	52 452

7. TAXATION

Current tax					
- current year charge		**354 036**	255 352	**329 816**	242 891
Deferred taxation					
- current year charge	21	**97 379**	4 871	**92 278**	4 192
Total taxation charge		**451 415**	260 223	**422 094**	247 083
Included under current liabilities:					
Taxation payable at beginning of period		**(143 914)**	(119 836)	**(138 294)**	(112 082)
Current year charge		**(354 036)**	(255 352)	**(329 816)**	(242 891)
Under provision in current tax liability		**(26)**	-	**(26)**	-
		(497 976)	(375 188)	**(468 136)**	(354 973)
Paid during the year		**248 792**	231 274	**230 703**	216 679
Taxation payable at end of period*		**(249 184)**	(143 914)	**(237 433)**	(138 294)

*For the financial year ended 31 August 2024, the Group reclassified amounts under withholding tax and turnover tax on rent from current tax liability to trade and other payables in the statement of financial position. This was to ease reconciliation of current tax liability and disclosures with key stakeholders.

The reclassification resulted in a K531 561 decrease in current tax liability (2023: K209 538) and a corresponding increase in trade and other payables. This adjustment does not affect the statement of profit and loss for either the current or prior financial year.

	%	%	**%**	%
Statutory taxation rate applicable to agricultural entities	**10.0**	10.0	**10.0**	10.0
Increase in charge due to:				
- Expenses disallowed for tax purposes	**1.4**	2.7	**0.8**	.8
- Tax rate differential on non-farming income	**6.1**	6.5	**7.3**	7.7
- Other adjustments*	**0.1**	2.6	**0.2**	0.1
Effective rate of taxation	**17.6**	21.8	**18.3**	20.6

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

The Group's effective tax rate for the year is 17.6% (2023 21.8%) as a result of tax effect of the varying tax rates on different streams of income. Taxable business profits are currently split and taxed as follows:

a) Agriculture, 10%;
b) Non-traditional exports, 15%;
c) Manufacturing, 30%; and
d) Rental Income, 12.5%"

The under/over provisions in taxation liabilities arises on account of differences in the financial year end and the taxation year end.

The Group had no deductible interest in the prior and current financial year.

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 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)	**650.0**	295.6	**596.8**	297.3
Headline earnings per share (ngwee per share)	**649.8**	295.4	**596.8**	297.2
	SHARES	SHARES	**SHARES**	SHARES
Number of shares	**'000**	'000	**'000**	'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	**2 057 590**	935 632	**1 889 199**	941 283
Earnings for the purposes of earnings per share	**2 057 590**	935 632	**1 889 199**	941 283
Reconciliation of headline earnings				
Profit attributable to shareholders of Zambia Sugar PLC	**2 057 590**	935 632	**1 889 199**	941 283
Gain on sale of property, plant and equipment	**(426)**	(487)	**-**	(487)
Tax effect of adjustments	**43**	49	**-**	49
Headline earnings for the year	**2 057 590**	935 194	**1 889 199**	940 845

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.

9. DIVIDENDS PAID

Dividends of **K1 104.8 million** were paid in the current year (2023:K 298.8 million)

Dividends proposed per share - final 2024 to be proposed at AGM (ngwee)	**161**	349	**161**	349
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 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 and 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	1 679 519	1 062 288	2 741 806	1 648 164	889 827	2 537 991
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
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**	**1 645 876**	**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	**2 595 280**	**2 333 482**	**4 928 761**	**2 343 757**	**2 150 748**	**4 483 008**

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 2023	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	5 827 704	-	5 827 704	5 827 704	-	5 827 704
Inter segment	(1 401 388)	1 401 388	-	(1 144 682)	1 144 682	-
Revenue	**4 426 316**	**1 401 388**	**5 827 704**	**4 683 022**	**1 144 682**	**5 827 704**
Material items of expense						
Employee costs	(215 838)	(245 116)	(460 954)	(215 838)	(213 665)	(429 503)
Electricity and fuel	(42 134)	(160 443)	(202 577)	(42 134)	(147 748)	(189 882)
Operating costs	(382 398)	(408 849)	(791 247)	(382 398)	(319 588)	(701 986)
Refining, packing and storage	(193 162)	-	(193 162)	(193 162)	-	(193 162)
Cane haulage	-	(155 496)	(155 496)	-	(120 830)	(120 830)
Operating profit	**1 199 038**	**49 133**	**1 248 171**	**1 199 043**	**(24 539)**	**1 174 504**
Property, plant and equipment	1 415 728	694 264	2 109 992	1 398 075	553 099	1 951 174
Balance at beginning of period	1 378 786	546 039	1 924 825	1 363 682	408 426	1 772 108
Additions at cost	135 235	174 550	309 785	127 273	163 383	290 656
Depreciation charge for the period	(98 154)	(26 216)	(124 370)	(92 741)	(18 601)	(111 342)
Net book value of disposals	(139)	(109)	(248)	(139)	(109)	(248)
Intangible assets	**-**	**67 902**	**67 902**	**-**	**-**	**-**
Investment in subsidiary	**-**	**-**	**-**	**-**	**177 163**	**177 163**
Right-of-Use assets	**123 498**	**-**	**123 498**	**123 498**	**-**	**123 498**
Assets classified as held for sale	**209**	**-**	**209**	**209**	**-**	**209**
Current assets	**2 092 365**	**1 195 290**	**3 287 655**	**2 092 365**	**1 026 991**	**3 119 356**
Inventories	681 751	560 801	1 242 552	681 751	526 828	1 208 579
Growing cane	-	595 776	595 776	-	491 330	491 330
Livestock	-	8 833	8 833	-	-	-
Trade and other receivables	534 020	28 218	562 238	534 020	-	534 020
Amounts due from related parties	332	-	332	332	-	332
Cash and cash equivalents	876 262	1 662	877 924	876 262	-	876 262
Current liabilities	**884 215**	**339 925**	**1 224 140**	**1 007 826**	**307 705**	**1 315 531**
Trade and other payables	371 120	315 029	686 149	371 120	291 595	662 715
Lease liabilities	19 935	-	19 935	19 935	-	19 935
Contract liabilities	251 000	-	251 000	251 000	-	251 000
Short-term borrowings	-	-	-	-	-	-
Amounts due to related parties	44 091	-	44 091	167 702	-	167 702
Current tax liability	138 504	5 620	144 124	138 504	-	138 504
Bank overdrafts	39 061	-	39 061	39 061	-	39 061
Provisions	20 504	19 276	39 780	20 504	16 110	36 614
Non-current liabilities	277 834	135 034	412 868	277 834	103 149	380 983
Lease liabilities	146 554	-	146 554	146 554	-	146 554
Deferred tax liability	131 280	135 034	266 314	131 280	103 149	234 429
Net asset value	**2 469 750**	**1 482 498**	**3 952 248**	**2 328 486**	**1 346 400**	**3 674 886**

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 as at 1 September 2022	762 645	1 749 842	111 652	26 854	32 388	276 781	27 879	2 988 041
Additions	-	1 378	-	-	239 030	-	69 377	309 785
Capitalisation	24 447	67 393	161	1 516	(93 517)	49 315	(49 315)	-
Transfers	-	31 849	(31 849)	-	-	-	-	-
Disposals	(8)	-	(788)	-	-	(29 588)	-	(30 384)
Balance as at 31 August 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/adjustments	-	(1 123)	-	-	(23 243)	-	-	(24 366)
Disposals	-	-	-	-	-	(19 824)	-	(19 824)
Balance as at 31 August 2024	**859 632**	**2 105 310**	**96 401**	**31 380**	**430 429**	**418 262**	**53 209**	**3 994 623**
Accumulated depreciation								
Balance as at 1 September 2022	170 136	677 882	75 343	23 340	-	116 515	-	1 063 216
Charge for period	12 904	67 765	6 736	587	-	36 378	-	124 370
Transfers	-	25 337	(25 337)	-	-	-	-	-
Disposals	(6)	-	(542)	-	-	(29 588)	-	(30 136)
Balance as at 31 August 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/adjustments	-	(609)	-	-	-	-	-	(609)
Disposals	-	-	-	-	-	(19 824)	-	(19 824)
Balance as at 31 August 2024	**196 625**	**843 698**	**63 129**	**24 677**	**-**	**148 445**	**-**	**1 276 574**
Net carrying amount								
Balance as at 31 August 2024	**663 007**	**1 261 612**	**33 272**	**6 703**	**430 429**	**269 817**	**53 209**	**2 718 049**
Balance as at 31 August 2023	604 050	1 079 478	22 976	4 443	177 901	173 203	47 941	2 109 992

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 as at 1 September 2022	**675 198**	**1 667 941**	**89 645**	**25 605**	**32 378**	**244 422**	**26 767**	**2 761 956**
Additions	-	1 378	-	-	224 813	-	64 465	290 656
Capitalisation	23 390	55 398	-	1 516	(80 304)	46 164	(46 164)	-
Transfers	-	31 849	(31 849)	-	-	-	-	-
Disposals	(8)	-	(788)	-	-	(29 588)	-	(30 384)
Balance as at 31 August 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	243 375	11 558	3 010	(324 872)	118 191	(118 191)	-
Transfers/adjustments	-	(1 123)	-	-	(23 243)	-	-	(24 366)
Disposals	-	-	-	-	-	(19 824)	-	(19 824)
Balance as at 31 August 2024	**765 509**	**2 010 067**	**68 566**	**30 131**	**404 529**	**359 365**	**50 363**	**3 688 530**
Accumulated Depreciation								
Balance at 1 September 2022	167 659	634 675	61 130	22 567	-	103 817	-	894 128
Charge for period	12 656	62 018	5 118	583	-	30 967	-	111 342
Transfers	-	25 337	(25 337)	-	-	-	-	-
Disposals	(6)	-	(542)	-	-	(29 588)	-	(30 136)
Balance as at 31 August 2023	**180 309**	**722 030**	**40 369**	**23 150**	**-**	**105 196**	**-**	**1 071 054**
Charge for period	13 312	65 799	4 977	745	-	38 842	-	123 675
Transfers/adjustments	-	(609)	-	-	-	-	-	(609)
Disposals	-	-	-	-	-	(19 824)	-	(19 824)
Balance as at 31 August 2024	**193 621**	**787 220**	**45 346**	**23 895**	**-**	**124 214**	**-**	**1 174 296**
Net carrying amount								
Balance as at 31 August 2024	**571 888**	**1 222 847**	**23 220**	**6 236**	**404 529**	**235 151**	**50 363**	**2 514 234**
Balance as at 31 August 2023	518 271	1 034 536	16 639	3 971	176 887	155 802	45 068	1 951 174

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 2024 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 were for a period of 17 years and the total leasehold land area is 2 055 ha, 5 of the agreements have been renewed for 1 year. The leases have since been reclassified under IFRS 16 upon adoption on 1 September 2019 and are disclosed 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 the bulk of these assets back under Property, Plant and Equipment following the approval of major capital projects during the 2023 financial year. This is expected to be a more cost effective method of mobilisation relating to the major capital projects that commenced in the 2024 financial year.

The assets were measured at the lower of their respective carrying amounts before being classified as held for sale and their recoverable amounts on the date of the subsequent decision not to sell. The accumulated depreciation from May 2016 to July 2023 had been recognised in profit and loss. The total amount recognised in profit and loss was K621 327.

The current balance of remaining assets is scheduled for disposal in an auction before the end of the 2024 crop season.

The carrying amounts of assets in the disposal group are analysed as follows:

Property, plant and equipment	**Group**		**Company**	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Balance at start of year	209	1 701	209	1 701
Assets classified as held for sale reclassified	-	(1 492)	-	(1 492)
Balance at end of year	**209**	209	**209**	209

13. INTANGIBLE ASSET

Balance at the beginning and end of year	**67 902**	67 902	**-**	-

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 2024, evaluating key performance indicators over a five-year period. The indicators assessed included production parameters, sales volumes, pricing, currency, and inflation. As of August 31, 2024, there was no indication of impairment for this asset. The investment in Nanga Farms 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
- Production inputs 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	Amounts due by subsidiary
	K'000	%	K'000	K'000	K'000
August 2024					
Direct Investment					
Nanga Farms Limited	**487**	**100**	**177 163**	**-**	**220 316**
August 2023					
Direct Investment					
Nanga Farms Limited	487	100	177 163	-	124 191

15. INVENTORIES

		Group		Company	
		2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
15.1 Maintenance Stores		**399 701**	294 336	**370 783**	268 836
Provision for obsolescence		**(12 755)**	(10 123)	**(11 866)**	(9 765)
		386 946	284 213	**358 917**	259 071
Factory overhaul costs	15.2	**84 627**	83 026	**84 627**	83 026
Finished goods - sugar (at cost) and molasses		**1 524 779**	875 313	**1 524 779**	875 315
Total inventories at the lower of cost and net realisable value*		**1 996 352**	1 242 552	**1 968 323**	1 217 412
Movement in provision for slow moving stocks					
Balance at beginning of year		**10 123**	6 083	**9 765**	5 565
Provision raised during the year		**2 632**	4 040	**2 101**	4 200
Balance at end of year		**12 755**	10 123	**11 866**	9 765

The costs of individual items of inventory are determined using weighted average costs. A total cost of **K1 049 million** (2023: K748 million) was recognised to the income statement during the financial year.

*For the financial year ended 31 August 2024, the Group reclassified Livestock from Inventories to Biological assets to meet IAS 41 disclosure requirements.

The reclassification resulted in a **K11.5 million** decrease in inventories (2023: K8.8 million) and a corresponding increase in biological assets. This adjustment does not affect the statement of profit and loss for either the current or prior financial year.

15. INVENTORIES (continued)

15.2 Factory overhaul cost

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Balance at beginning of year	**83 026**	62 683	**83 026**	62 683
Capitalised during the year	**264 495**	182 986	**264 495**	182 986
	347 521	245 669	**347 521**	245 669
Amortised during the year	**(262 894)**	(162 643)	**(262 894)**	(162 643)
Balance at end of year	**84 627**	83 026	**84 627**	83 026

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:

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Carrying value at beginning of year	**595 776**	589 538	**491 330**	492 328
Change in fair value	**314 011**	6 238	**276 987**	(998)
Carrying value at end of year	**909 787**	595 776	**768 317**	491 330

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)	**7 199**	5 921	**7 199**	5 921
Expected area to harvest (hectares)	**14 966**	15 700	**12 411**	13 035
Estimated yield (tonnes cane per hectare)	**114.9**	114.0	**113.3**	112.4
Sucrose content in cane (%)	**14.50%**	14.54%	**14.50%**	14.54%
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	**11 714**	9 971	**9 334**	8 042
Estimated sucrose price	**13 667**	11 732	**10 816**	9 314

16.2 Livestock

The carrying value of livestock is reconciled as follows:

Carrying value at beginning of year	**8 833**	9 654	**-**	-
Livestock purchases	**-**	25	**-**	-
Livestock sales	**(3 329)**	(1 855)		
Change in fair value	**5 993**	1 009	**-**	-
Carrying value at end of year	**11 497**	8 833	**-**	-

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000

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 2024, the Company had **1 090 cattle** (2023: 1 166). The average market price of livestock as at 31 August 2024 was **K30.70 per kg** (2023: K 27.78 per kg). The Company sold a total of **316 heads** of cattle (2023: 384 heads) for **K3.33 million** in the year ended 31 August 2024. (2023: K3.32 million)

For the financial year ended 31 August 2024, the Group reclassified Livestock from Inventories to Biological assets to meet IAS 41 disclosure requirements.

The reclassification resulted in a **K11.5 million** decrease in inventories (2023: K8.8 million) and a corresponding increase in biological assets. This adjustment does not affect the statement of profit and loss for either the current or prior financial year.

17. TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts receivable in respect of the sale of sugar and molasses:

	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Gross trade receivables	**333 505**	385 053	**333 505**	385 053
Allowance for expected credit losses	**(16 732)**	(18 996)	**(16 732)**	(18 996)
	316 773	366 057	**316 773**	366 057
VAT receivable	**170 081**	118 772	**140 060**	95 145
Other receivables	**141 778**	77 409	**139 723**	72 818
Balance at end of year	**628 632**	562 238	**596 556**	534 020

*Trade and other receivables have been adjusted for receivables that do not meet the definition of financial instruments

Movement in the allowance for expected credit losses	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Balance at beginning of year	**(18 996)**	(16 847)	**(18 996)**	(16 847)
Net impairment (gain)/loss on financial assets	**2 264**	(2 149)	**2 264**	(2 149)
Amounts raised during the year	**(5 908)**	(2 149)	**(5 908)**	(2 149)
Amounts utilised during the year	**8 172**	-	**8 172**	-
Balance at end of year	**(16 732)**	(18 996)	**(16 732)**	(18 996)

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 among from customers. Additionally, an unrecoverable debt of K8.2 million was written off this year after all recovery attempts were unsuccessful.

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	
	2024 K'000	2023 K'000	**2024 K'000**	2023 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:

	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Bank and cash balances	**553 831**	877 924	**552 170**	876 262
Bank overdraft - unsecured	**(50 904)**	(39 061)	**(50 904)**	(39 061)
Cash and cash equivalents at end of year	**502 927**	838 863	**501 266**	**837 201**

The Group presently maintains overdraft facilities with various local banks in Zambia amounting to **K400 million** (2023: K450 million). As of August 31, 2024, **K349 million** (2023: K411 million) of these facilities remains unutilised.

19. SHARE CAPITAL AND PREMIUM

	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Authorised:				
350 000 000 (2023: 350 000 000) ordinary shares of **K0.01** each (2023: K0.01 each)	**3 500**	3 500	**3 500**	3 500
Issued and fully paid				
316 571 385 (2023: 316 571 385) ordinary shares of **K0.01** each (2023: K0.01 each)	**3 166**	3 166	**3 166**	3 166
Share premium	**244 172**	244 172	**244 172**	244 172
	247 338	247 338	**247 338**	247 338

20. BORROWINGS

a. There were no interest-bearing loans and borrowings as at the end of the current and previous financial year.

b. The final portion of the related party debt with ABF ZMW Finance Limited amounting to K54.6 million was settled in August 2023.

21. DEFERRED TAX LIABILITY

	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Balance at beginning of year	**266 314**	261 441	**234 429**	230 238
Charged to profit or loss:				
- Current year income statement charge	**97 379**	4 871	**92 278**	4 192
- Under/(over)provision in deferred tax liability	**1**	2	**1**	(1)
Balance at end of year	**363 694**	266 314	**326 708**	234 429
Analysis of liability:				
Property, plant and equipment	**258 723**	258 723	**239 675**	239 675
Right of use assets, lease liabilities	**(8 141)**	(8 141)	**(8 141)**	(8 141)
Cane Roots	**18 156**	18 156	**15 580**	15 580
Factory overhaul costs	**15 564**	15 564	**15 564**	15 564
Growing cane	**59 577**	59 577	**49 133**	49 133
Provisions	**(12 829)**	(12 829)	**(12 829)**	(12 829)
Deferred Income	**(63 869)**	(63 869)	**(63 869)**	(63 869)
Unrealised exchange differences	**96 513**	(867)	**91 595**	(684)
Balance at end of year	**363 694**	266 314	**326 708**	234 429

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000

22. TRADE AND OTHER PAYABLES

Trade payables comprise amounts outstanding for trade purchases and on-going costs.

Trade payables	**121 802**	78 565	**111 589**	76 039
Growers	**520 369**	332 163	**520 369**	332 163
Accruals	**239 049**	194 503	**222 626**	183 918
Payroll	**39 252**	28 975	**39 199**	28 253
Other payables	**11 709**	51 943	**8 887**	42 342
Balance at end of year*	**932 180**	686 149	**902 670**	662 715

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.

*For the financial year ended 31 August 2024, the Group reclassified amounts under withholding tax and turnover tax on rent from current tax liability to Trade and other payables in the statement of financial position. This was to ease reconciliation of taxation current liability and disclosures with key stakeholders. The reclassification resulted in a K531 561 decrease in Current tax liability (2023: K209 538) and a corresponding increase in Trade and other payables. This adjustment does not affect the statement of profit and loss for either the current or prior financial year.

23. CONTRACT LIABILITIES

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

Deferred Income	**122 355**	251 000	**122 355**	251 000
Currency Split:				
Deferred income amounts in USD	**55 480**	211 923	**55 480**	211 923
Deferred income amounts in ZAR	**293**	1 934	**293**	1 934
Deferred income amounts in EUR	**97**	97	**97**	97
Deferred income amounts in K	**66 485**	37 046	**66 485**	37 046

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 2024	2023
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 3% of export revenue. IGMS is owned by Illovo Group Holdings Limited (IGHL).

24.1.3 Illovo Group Marketing Services Limited ("IGMS").

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Trading balances owing by the Group	**-**	3 710	**-**	3 710
Export sugar sales	**2 384**	142 763	**2 384**	142 763
Export agency commission	**-**	1 889	**-**	1 889
Logistics cost reimbursement	**4 514**	4 948	**4 514**	4 948

Trading balance owing by the Group to Illovo Group Marketing Services Limited ("IGMS") represent amounts outstanding for commissions and logistics costs yet to be settled. All trading balances with IGMS 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.

During the current year, sugar was sold to IGMS on the same commercial terms and conditions that would be available to third party customers.

Certain third party export logistics costs incurred by the Group are paid for on its behalf by IGMS and for which IGMS is reimbursed with no mark-up charged.

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES (continued)

24.2 Fellow Subsidiaries of the Group

24.2.1 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	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Trading balances owing by the Group	**104 779**	23 875	**104 631**	23 295
Procurement of goods and services	**605 190**	262 548	**594 250**	257 074
Interest paid: procurement	**471**	390	**439**	368

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	**36 149**	14 503	**36 149**	14 503
Operational support fees	**82 093**	58 194	**82 093**	58 194
Cost reimbursement (general)	**64 698**	37 146	**64 698**	37 146
Export agency commission	**14 704**	17 611	**14 704**	17 611
Export and BI Staff cost recoveries and Illovo Conference	**(4 849)**	(3 259)	**(4 849)**	(3 259)

Operational support fees are charged to the Group in order to recover the costs of providing technical and 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 ABF ZMW Finance Limited

ABF ZMW Finance Limited -Interest disclosure

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Aggregation B Loans	**-**	5 565	**-**	5 565
Interest paid - Loan B1	**-**	5 565	**-**	5 565

B Loans

The are no balances owing on the B loans as capital amount as at August 2024 (2023: nil) and accrued interest (2023: nil). The loan was been fully settled in August 2023. The loans were denominated in Zambian Kwacha, unsecured and attracted interest at the annual yield rate quoted by the Bank of Zambia, from time to time, in respect of the most recent 182 day treasury bills rate, plus 2.25% (two point twenty five percent), with such rate being set on the Effective Date and reset on 31 March and 30 September each year. Interest was paid on 24th of each month or if that date is not a business day, the next business day.

24.2.3 East African Supply (Proprietary) Limited ("EAS")

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Trading balances owing by the Group	**536**	1 055	**536**	1 055
Air services	**6 281**	3 077	**6 281**	3 077

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. AMOUNTS DUE TO/(FROM) RELATED PARTIES (continued)

24.2 Fellow Subsidiaries of the Group (continued)

24.2.4 Other fellow subsidiaries

	Group		Company	
Trading balances owing to/(from) the Group	**2024 K'000**	2023 K'000	**2024 K'000**	2023 K'000
- Illovo Sugar (Malawi) Plc	**(248)**	-	**(248)**	-
- Kilombero Sugar Company Limited ("KSC")	**(248)**	(332)	**(248)**	(332)
- Ubombo Sugar Limited	**32**	-	**32**	-
- Ilovo Sugar (South Africa) Proprietary Limited	**132**	948	**132**	948
Cost recoveries (general) transactions				
- Ubombo Sugar Limited	**(202)**	-	**(202)**	-
- Illovo Sugar (Malawi) Plc	**(248)**	-	**(248)**	
- Kilombero Sugar Company Limited ("KSC")	**(248)**	(332)	**(248)**	(332)
Cost reimbursement transactions				
- Ubombo Sugar Limited	**364**	299	**364**	299
- Ilovo Sugar (South Africa) Proprietary Limited	**374**	948	**374**	948

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.

24.3 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 Ltd for the supply of sugar cane and provision of management services.

Nanga Farms Limited	Company	
	2024 K'000	2023 K'000
Trading balances owing by the Company	**220 316**	124 191
Operational support fees received	**(8 284)**	(8 088)
Cane purchases	**421 104**	249 470
Dividend income	**(46 833)**	(78 972)
Interest paid on overdue balances	**26 460**	12 814

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 sugar cane and working capital requisites. 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

	Notes	Nature of transaction	Group 2024 K'000	Group 2023 K'000	Company 2024 K'000	Company 2023 K'000
Amounts due from related parties						
Illovo Sugar (Malawi) Plc	24.2.4		**(248)**	-	(248)	-
Kilombero Sugar Company Limited	24.2.4		**(248)**	(332)	(248)	(332)
			(496)	(332)	(496)	(332)
Illovo Sugar Africa Proprietary Limited - Procurement Division	24.2.1		**104 779**	23 875	**104 631**	23 295
Illovo Sugar Africa Proprietary Limited - Corporate Division	24.2.1		**36 149**	14 503	**36 149**	14 503
Illovo Group Marketing Services Limited	24.1.3		**-**	3 710	**-**	3 710
East African Supply Proprietary Limited	24.2.3		**536**	1 055	**536**	1 055
Ubombo Sugar Limited	24.2.4		**32**	-	**32**	-
Nanga Farms Limited	24.3		**-**	-	**220 316**	124 191
Illovo Sugar (South Africa) Proprietary)Limited			**132**	948	**132**	948
			141 628	44 091	**361 796**	167 702
Income						
Illovo Group Marketing Services Limited ("IGMS")	24.2.2	Export revenue	**2 384**	142 763	**2 384**	142 763
Illovo Sugar Africa Proprietary Limited - Corporate Division	24.2.1	Export and BI Staff Cost Recoveries	**4 849**	3 259	**4 849**	3 259
Kilombero Sugar Company Limited	24.2.4	Cost recoveries	**248**	332	**248**	332
Illovo Sugar (Malawi) Plc	24.2.4	Sale of Stores Item	**202**	-	**202**	-
Nanga Farms Limited	24.3	Operational support fees received	**-**	-	**8 284**	8 088
Nanga Farms Limited	24.3	Dividend income	**-**	-	**46 833**	78 972
			7 683	146 354	**62 800**	233 414
Expenditure						
Illovo Sugar Africa Proprietary Limited - Procurement Division	24.2.1	Goods and services procured	**605 190**	257 074	**594 250**	257 074
Illovo Sugar Africa Proprietary Limited - Corporate Division	24.2.1	Operational support	**82 093**	58 194	**82 093**	58 194
Illovo Sugar Africa Proprietary Limited - Corporate Division	24.2.1	Cost reimbursement	**64 698**	37 146	**64 698**	37 146
Illovo Sugar Africa Proprietary Limited - Corporate division	24.2.1	Export agency commission	**14 704**	17 611	**14 704**	17 611
Illovo Group Marketing Services Limited	24.1.3	Export agency commission	**-**	1 889	**-**	1 889
Illovo Group Marketing Services Limited		Cost reimbursement	**4 514**	4 948	**4 514**	4 948
East African Supply Proprietary Limited	24.1.3	Air services	**6 281**	3 077	**6 281**	3 077
Ubombo Sugar Limited	24.2.3	Cost reimbursement	**364**	299	**364**	299
Nanga Farms Limited	24.2.4	Sugar cane purchases	**-**	-	**421 104**	249 470
Illovo Sugar (South Africa) Proprietary Limited	24.3	Cost recoveries	**374**	948	**374**	948
	24.2.4		**778 218**	**381 187**	**1188 381**	**630 657**
Financing costs						
Illovo Sugar Africa Proprietary Limited - Procurement Division	24.2.1	Overdue trading balances	**471**	390	**439**	368
ABF Overseas Limited	24.2.2	Funding balances	**-**	5 565	**-**	5 565
Nanga Farms Limited	24.3	Overdue trading balances	**-**	-	**26 460**	12 814
			471	5 955	**26 899**	18 747

24. AMOUNTS DUE TO/(BY) RELATED PARTIES (continued)

24.5 Compensation of key management

(a) Compensation for the year to 31 August 2024

	Notes	Earnings (K'000)	*Allowances (K'000)	Bonuses and Performance related payments (K'000)	Pension and Medical Contributions (K'000)	Total (K'000)
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	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**

(b) Compensation for the year to 31 August 2023

Non-Executive						
Norman Mbazima		322	-	-	-	322
Fidelis Banda		283	-	-	-	283
Roseta Chabala		280	-	-	-	280
Ami Mpungwe		283	-	-	-	283
Dipak Patel		271	-	-	-	271
Gavin Dalgleish	1	-	-	-	-	-
Doug Kasambala	1,7	-	-	-	-	-
Andre Lubbe	1	-	-	-	-	-
Executive						
Oswald Magwenzi	8,9	5 572	854	1 193	39	7 658
Raphael Chipoma	3,6,8	1 216	1 217	330	22	2 785
Marc Pousson	3,8,9	3 773	396	626	28	4 823

*Allowances is comprised of 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 2024 and 31 August 2023 for the comparative year numbers where applicable.
4 Resigned as Non Executive Director of the Board on 30 August 2024.
5 Appointed as Non Executive Director of the Board on 28 February 2024.
6 Resigned as Executive Director of the Board on 30 April 2023.
7 Resigned as Non Executive Director of the Board on 30 June 2023.
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.

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.

On 12 December 2023, the Group obtained a foreign currency rate swap agreement with a notional amount of **USD10 million** (2023: $nil) at a fixed rate of K23.7530. 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 is 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.

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.

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 2024.

The were no cash flow hedges of the expected future sales in 2024 and 2023.

26. PROVISIONS

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
At beginning of period	**39 780**	21 257	**36 614**	20 545
Provisions made during the period	**22 736**	23 085	**19 644**	19 329
Utilised during the period	**(8 898)**	(4 562)	**(8 095)**	(3 260)
At end of period	**53 618**	39 780	**48 163**	36 614
Analysed as follows:				
Provision for VAT	**15 238**	-	**15 238**	-
Provision for leave pay	**38 380**	39 780	**32 925**	36 614
	53 618	39 780	**48 163**	36 614

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.

	Group		Company	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000

27. CAPITAL COMMITMENTS

Contracted	**171 897**	43 015	**163 890**	43 015

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	**1 012 878**	1321 722	**1 009 162**	1315 469
Financial liabilities				
Financial liabilities measured at amortised cost	**1 330 841**	883 847	**1 524 321**	993 625
Reconciliation to the statement of financial position:				
Trade and other receivables	**458 551**	443 466	**456 496**	438 875
Amounts due from related parties	**496**	332	**496**	332
Cash and bank balances	**553 831**	877 924	**552 170**	876 262
Financial assets measured at amortised cost	**1 012 878**	1 321 722	**1 009 162**	1 315 469
Lease Liabilities				
Trade and other payables*	**217 838**	166 489	**217 838**	166 489
Amounts due to related parties	**920 471**	634 206	**893 783**	620 373
Bank overdraft	**141 628**	44 091	**361 796**	167 702
	50 904	39 061	**50 904**	39 061
Financial liabilities measured at amortised cost	**1 330 841**	883 847	**1 524 321**	993 625

*Trade and other payables have been adjusted for payables that do not meet the definition of financial instruments.

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, raise loans or otherwise borrow for the purpose of the Company as they deem fit.

The Group has access to the following unsecured local banking facilities at year end:

	Group	Company
	2024	2023
	K'000	K'000
Unsecured bank overdraft facility, reviewed annually and payable at call:		
- Amount utilised	**50 904**	39 061
- Amount unutilised	**349 096**	410 939
Total local bank overdraft facilities	**400 000**	450 000

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's debt matured and was settled in August 2023. 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 2024	**On Demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
Lease Liabilities	-	-	28 113	335 557	363 670
Trade and other payables*	-	920 471	-	-	920 471
Amounts due to related parties	-	141 628	-	-	141 628
	-	**1 062 099**	**28 113**	**335 557**	**1 425 769**

Year ended 31 August 2023	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Lease Liabilities	-	-	19 935	269 541	289 476
Trade and other payables*	-	634 206	-	-	634 206
Amounts due to related parties	-	44 091	-	-	44 091
	-	678 297	19 935	269 541	967 772

*Trade and other payables have been adjusted for tax liabilities that do not meet the definition of financial instruments.

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.

	Floating Rate		
The interest rate profile at 31 August 2024 was as follows:	Less than 1 Year	Greater than 1 year	Total borrowings
Overdrafts (K 'million)	**51**	**-**	**51**
% total borrowings	**100%**	**0%**	**100%**
The interest rate profile at 31 August 2023 was as follows:			
Overdrafts (K 'million)	39	-	39
% 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	
	2024 K'000	2023 K'000	**2024 K'000**	2023 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:	**193**	198	**326**	262

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:

	Assets		Liabilities	
Group	**2024 K'000**	2023 K'000	**2024 K'000**	2023 K'000
US Dollars	**1 009**	181	**(32 059)**	(35 769)
SA Rands	**12**	12	**(154 703)**	(52 208)
Euros	**1 479**	1 479	**-**	-

	Assets		Liabilities	
Company	**2024 K'000**	2023 K'000	**2024 K'000**	2023 K'000
US Dollars	**976**	148	**(24 515)**	(28 225)
SA Rands	**12**	12	**(154 395)**	(51 900)
Euros	**1 479**	1 479	**-**	-

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	US Dollar		SA Rand		Euro	
Group	**2024**	2023	**2024**	2023	**2024**	2023
Monetary assets	**101**	18	**1**	1	**148**	148
Monetary liabilities	**(3 206)**	(3 577)	**(15 470)**	(5 221)	**-**	-
	(3 105)	(3 559)	(15 469)	(5 220)	**148**	148
Company						
Monetary assets	**98**	15	**1**	1	**15**	15
Monetary liabilities	**(2 452)**	(2 823)	**(15 440)**	(5 190)	**-**	-
	(2 354)	(2 808)	**(15 438)**	(5 189)	**15**	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)

	Change in rate	US Dollar Effect on profit before tax K'000	US Dollar Effect on pre-tax equity K'000	Euro Effect on profit before tax K'000	Euro Effect on pre-tax equity K'000	SA Rand Effect on profit before tax K'000	SA Rand Effect on pre-tax equity K'000
2024	-/+ 10%	**(3 105)**	**(3 105)**	**148**	**148**	**(15 469)**	**(15 469)**
2023	-/+ 10%	(3 559)	(3 559)	148	148	(5 220)	(5 220)

Exchange rates most affecting the performance of the Group and the Company are as follows:

	Rates at year-end		Average for year	
	2024	2023	**2024**	2023
Kwacha/Rand	**1.47**	1,08	**1.33**	1.01
Kwacha/US dollar	**26.14**	20,19	**24.74**	18.14
Kwacha/Euro	**28.95**	22,04	**26.76**	19.21

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 reflected in the carrying value of each class of financial assets, as disclosed in the relevant notes for each asset class. 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 creation of provision 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	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Current	**268 687**	320 235	**268 687**	320 235
0-30 days	**47 762**	47 762	**47 762**	47 762
31-60 days	**42**	42	**42**	42
61-90 days	**395**	395	**395**	395
91-120 days	**101**	101	**101**	101
More than 120 days	**16 519**	16 519	**16 519**	16 519
	333 505	385 053	**333 505**	385 053
Less : allowance for doubtful debts	**(16 732)**	(18 996)	**(16 732)**	(18 996)
Total trade receivables	**316 773**	366 057	**316 773**	366 057

No specific trade receivables were placed under liquidation in either the current or the previous year.

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	-	-	11 385	**309 984**
Expected credit loss amount	462	177	-	-	-	11 385	**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**	**-**	**14 522**	**16 732**

The provision created for Trade receivables is considered to be within the tolerable limits for expected credit loss amounts.

31 August 2023	**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%	5.5%	36.5%	77.0%	100.0%	
Estimated total gross carrying amount	297 214	38 635	41	394	-	14 118	350 401
Expected credit loss amount	597	152	2	118	-	14 118	14 988
Non Sugar Trade Receivables							
Expected credit loss rate	4.0%	8.8%	23.0%	58.4%	87.5%	100.0%	
Estimated total gross carrying amount	18 043	9 127	1	1	101	2 401	29 674
Expected credit loss amount	715	801	0	1	90	2 401	4 008
Total Expected credit loss amount	1 311	954	3	119	90	16 519	18 996

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 unit of the finance 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 17.

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 2024 and 2023 is the carrying amounts as illustrated in note 28.4.

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	
	2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Debt (see note i)	**-**	-	**-**	-
Bank overdraft	**50 904**	39 061	**50 904**	39 061
Cash and bank balances	**(553 831)**	(877 924)	**(552 170)**	(876 262)
Net Borrowings	**(502 927)**	(838 863)	**(501 266)**	(837 201)
Equity (see note ii)	**4 905 004**	3 952 248	**4 459 251**	3 674 88
Net debt to equity ratio	**(10.3%)**	(1.2%)	**(11.2%)**	(22.8%)

(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 borrowing 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 2024 and 2023.

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:

	2024		2023	
	Carrying Amount K'000	**Fair Value K'000**	Carrying Amount K'000	Fair Value K'000
Financial assets				
Trade and other receivables	**458 551**	**458 551**	443 466	443 466
Amounts due from related parties	**496**	**496**	332	332
Total	**459 047**	**459 047**	443 798	443 798
Financial liabilities				
Lease Liabilities	**217 838**	**217 838**	166 489	194 952
Trade and other payables	**920 471**	**920 471**	634 206	634 206
Amounts due to related parties	**141 628**	**141 628**	44 091	44 091
Total	**1 279 937**	**1 279 937**	844 786	1 861 671

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables,lease liabilities 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 2022	**Cash flows**	**Exchange rate**	**Interest capitalised**	**31 August 2023**
Non current interest bearing loans and borrowings	54 602	(54 602)	-	-	-
Total liabilities from financing activities	**54 602**	**(54 602)**	**-**	**-**	**-**

The 'Cash flows' column includes both capital and interest repayments.
There was no loan outstanding balance in the current and prior financial year as it was settled in August 2023.

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 **K26.0 million** (2023: K24.2 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 **K27.1 million** (2023: K23.3 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 2 years 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 denominated in United Stated Dollars and the IT Equipment leases are denominated in South African Rands.

The effective discounting rate used is 31.86% for the land leases, 23.42% for the warehouses leases, 8.03% for the IT equipment leases and 16.13% for the vehicle leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and Buildings	Plant, Equipment and Vehicles	Total
	K'000	K'000	K'000
As at 1 Sep 2022	46 386	1 414	47 800
Additions	13 503	93 143	106 646
Depreciation expense	(18 154)	(12 794)	(30 948)
As at 31 Aug 2023	**41 735**	**81 763**	**123 498**
Additions	39 901	38 013	77 914
Depreciation expense	(28 597)	(23 165)	(51 762)
As at 31 Aug 2024	**53 039**	**96 611**	**149 650**

Below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	Land and Buildings	Plant, Equipment and Vehicles	Total
	K'000	K'000	K'000
As at 1Sep 2022	(64 007)	(3 418)	(67 425)
Additions	(13 503)	(93 143)	(106 646)
Foreign exchange loss	(11 798)	(860)	(12 658)
Lease liability - Payments	17 576	9 297	26 873
As at 31 Aug 2023	**(71 732)**	**(88 124)**	**(159 856)**
Additions	(39 901)	(38 013)	(77 914)
Foreign exchange loss	(18 264)	(668)	(18 932)
Lease liability - Payments	29 011	18 530	47 541
As at 31 Aug 2024	**(100 886)**	**(108 275)**	**(209 161)**

30. LEASES (continued)

	Land and Buildings	Plant, Equipment and Vehicles	Total
	K'000	**K'000**	**K'000**
Accretion of interest			
As at 31 Aug 2022	(5 600)	-	(5 600)
Lease liability - Interest expense	(16 661)	(6 717)	(23 378)
Lease liability - Payments	15 628	6 717	22 345
As at 31 Aug 2023	**(6 633)**	**-**	**(6 633)**
Lease liability - Interest expense	(24 442)	(13 433)	(37 875)
Lease liability - Payments	22 398	13 433	35 831
As at 31 Aug 2024	**(8 677)**	**-**	**(8 677)**
Current as at 31 August 2024	**(9 583)**	**(18 530)**	**(28 113)**
Non-current as at 31 August 2024	**(99 980)**	**(89 745)**	**(189 725)**
Current as at 31 August 2023	(10 638)	(9 297)	(19 935)
Non-current as at 31 August 2023	(67 727)	(78 827)	(146 554)

The following are the amounts recognised in profit or loss:

	Group	
	August	
	2024 K'000	2023 K'000
Depreciation expense of right-of-use assets	**(51 762)**	(30 948)
Interest expense on lease liabilities	**(37 875)**	(23 378)
Foreign exchange loss	**(18 932)**	(12 658)
Total amount recognised in profit or loss	**(108 569)**	(66 984)

31. CONTINGENT LIABILITIES

The Company currently has a matter pending with the Zambia Revenue Authority (ZRA) regarding Value Added Tax (VAT). Due to the historical dispute on VAR Rule18, K320 million has been assessed at the standard rate relating to export sales . In addition, the ZRA has withheld the related VAT claims amounting to K96 million as at 31 August 2024 (2023:K96 million). There has been ongoing engagement with the ZRA and the Ministry of Finance and National Planning on this matter from 2014 to date. In view of the fact that the matter has not yet been resolved and there are still processes to follow prior to resolution, Management has thought it prudent to disclose a contingent liability for this potential exposure. Due to the complexity of the matter, a definitive value has not been established for the purposes of the recoverability of the VAT refunds from the ZRA.

Further to the above, the Company has a second matter pending with the Zambia Revenue Authority (ZRA) following a Transfer Pricing audit covering the period 2012/2013 to 2016/2017. The audit resulted in an assessment value of K293.64 million. The Transfer Pricing case is yet to be closed. A definitive value of any liable amount will only be established once responses to the assessments are concluded and agreed by both the Company and ZRA.

32. EVENTS AFTER THE REPORTING DATE

There are no significant events occurring after the reporting date of 31 August 2024 which would require adjustment or disclosure in these financial statements.

Five Year Review

PRODUCTION and SALES			2024	2023	2022	2021	2010
			Tonnes '000	Tonnes '000	Tonnes '000	Tonnes '000	Tonnes '000
Own estate cane produced			**1 824**	1667	1 669	1 727	1 673
Total cane milled			**3 544**	3167	3 169	3 216	3 367
Sugar production			**425**	368	385	397	398
Cane sugar ratio			**8.35**	8.61	8.23	8.10	8.46
Sugar sales			**401**	390	382	413	378
Local			**320**	255	276	263	209
Export			**80**	136	106	150	169
Molasses sales			**127**	103	91	104	116
Local			**127**	95	89	66	69
Export			**-**	8	2	38	47

FINANCIAL	Notes*		K '000	K '000	K '000	K '000	K '000
Statement of comprehensive income							
Revenue			**7 529 545**	5 827 704	5 111 776	4 988 980	3 334 924
Operating profit			**2 566 629**	1 248 171	1 242 498	1 614 962	774 841
Exchange movement on leases			**(18 932)**	(12 658)	11 174	11 251	
Net financing costs			**(38 692)**	(39 658)	(74 196)	(274 761)	(325 891)
Profit before taxation			**2 509 005**	1 195 855	1 179 476	1 351 452	448 950
Taxation			**(451 415)**	(260 223)	(174 328)	(265 385)	(214 076)
Profit for the year			**2 057 590**	935 632	1 005 148	1 086 067	234 873
Profit attributable to shareholders of Zambia Sugar PLC			**2 057 590**	935 632	1 005 148	1 086 067	234 873
Other comprehensive (loss)			**-**	-	-	-	(23 567)
Total comprehensive income for the year attributable to shareholders of Zambia Sugar PLC			**2 057 590**	935 632	1 005 148	1 086 067	211 306
Statement of financial position							
Property, plant and equipment			**2 718 049**	2 109 992	1 924 825	1 864 665	1 891 307
Intangible asset			**67 902**	67 902	67 902	67 902	67 902
ROU Asset			**149 650**	123 498	47 800	56 338	42 385
Current assets			**3 597 877**	2 449 001	2 783 902	2 211 564	1 819 680
Net cash and bank balances			**502 927**	838 863	75 126	175 719	75 145
Borrowings			**-**	-	(54 602)	(417 069)	(1 134 022)
Deferred tax liability			**(363 694)**	(266 314)	(261 441)	(287 800)	(229 432)
ROU Liability			**(189 725)**	(146 554)	(49 350)	(66 425)	(65 933)
Current liabilities			**(1 577 982)**	(1 224 140)	(1 218 703)	(1 027 080)	(899 308)
Net asset value			**4 905 004**	3 952 248	3 315 459	2 577 814	1 567 724
Profitability and asset management							
Operating margin		%	**34.1**	21.4	24.3	32.4	23.2
Return on net assets	1	%	**25.3**	14.0	14.8	17.8	4.1
Liquidity and borrowings							
Current ratio	2	times	**2.6**	2.7	2.3	2.3	2.1
Interest cover	3	times	**66.3**	31.5	16.7	5.9	2.4
Net debt : equity	4	%	**(10)**	(21)	(1)	9	68
Gearing	5	%	**(11)**	(27)	(1)	9	40
Earnings and dividends per share							
Earnings per share	6	ngwee	**649.96**	296	317.51	343.07	74.19
Headline earnings per share	7	ngwee	**649.84**	295.41	319.09	342.25	72.41
Dividend per share	8	ngwee	**161**	349	94	85	24
Dividend cover	9	times	**4**	1	3	4	3
Dividend paid		K '000	**1 104 834**	298 843	267 503	75 977	25 326
LuSE statistics							
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	**15.49**	12.48	10.47	8.14	4.95
Market price per share at year end		K	**34.00**	18.00	18.00	5.00	2.51
Dividend yield at year end	11	%	**4.7**	19.4	5.2	16.9	9.6
Price : headline earnings ratio	12	%	**5.2**	6.1	5.6	1.4	3.5

* Refer to page 123 for five year review notes

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.

Company Directory

Secretary: Mrs. Harriet Kapekele-Katongo

Business address and Registered Office: Nakambala Estate, Plot No: 118a, Lubombo Road

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
6 Mwaleshi Road, Olympia Park
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 (formerly, Atlas Mara Bank)
Indo Zambia Bank

NOTICE OF 63rd ANNUAL GENERAL MEETING

Notice is hereby given that the 63rd annual general meeting of the members of the Company will be held virtually onhttps://eagm.corpservezambia.com.zm/eagm and at the Intercontinental Hotel, Lusaka, Zambia on Thursday, 28 November 2024 at 09h00. The voting at the Annual General Meeting will be electronically on https://eagm.corpservezambia.com.zm/eagm

1. Minutes of the previous meeting

To receive and confirm the minutes of the 62nd Annual General Meeting held on 28 November 2023.

2. Financial statements

To receive and adopt the Directors' Report and the Financial Statements for the year ended 31 August 2024, 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: Confirmation of appointment of Directors

To confirm the appointment of Amanda Venters who was appointed by the Board as Director with effect from 28 February 2024

3.2 Ordinary resolution number 2: Confirmation of appointment of Directors

To confirm the appointment of Hezron Musonda who was appointed by the Board as Director effect from 28 February 2024

3.3 Ordinary resolution number 3: Confirmation of appointment of Directors

To confirm the appointment of Craig Jensen who was appointed by the Board as Director on 31 October 2024.

3.4 Ordinary resolution number 4: Re-election of a Director retiring by rotation

To re-elect Fidelis Banda, who retires by rotation, and who, being eligible, offers himself for re-election. Based on the recommendations of the Remuneration and Nominations Committee, which has conducted a formal assessment of Mr Banda, the Board recommends his re-election to shareholders. His details are set out on page 46 of the Annual Report.

3.5 Ordinary resolution number 5: Re-election of a Director retiring by rotation

To re-elect Ami Mpungwe, who retires by rotation, and who, being eligible, offers himself for re-election. Based on the recommendations of the Remuneration and Nominations Committee, which has conducted a formal assessment of Mr Mpungwe, the Board recommends his re-election to shareholders. His details are set out on page 46 of the Annual Report.

3.6 Ordinary resolution number 6: Re-election of a Director retiring by rotation.

To re-elect Andre Lubbe, 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 Lubbe, the Board recommends his re-election to shareholders. His details are set out on page 47 of the Annual Report.

3.7 Ordinary resolution number 7: Approval of Directors' fees

That the fees for Non-Executive Directors for the year ending 31 August 2025 be revised upwards by 25 % as follows:

- from K 285 000 to K 356 250 for a Board member.
- from K 297 500 to K 371 875 for a Board member/Committee member; and
- from K 338 750 K 423 438 to for the Board Chairman.

3.8 Ordinary resolution number 8: 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 Zambia be re-appointed as the Company's Independent Registered Auditor for the financial year ending 31 August 2025 and to authorise the Directors to determine their remuneration.

4. Declaration of final dividend

The Directors recommend that a dividend of 161 ngwee per share be paid for the financial year ending 31 August 2024. 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.

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.corpservezambia.com.zm/eagm

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
P.O. Box 37522, Lusaka, Zambia
Telephone: +260 211 256969/70
Facsimile: +260 (211) 256975
Email: info@corpservezambia.com.zm

By order of the Board

Mrs Harriet Kapekele-Katongo
Company Secretary

Minutes

MINUTES OF THE 62ND ANNUAL GENERAL MEETING OF MEMBERS HELD ON 28 NOVEMBER 2023 AT 09:00 HOURS AT THE INTERCONTINENTAL HOTEL, LUSAKA, ZAMBIA.

1 PRESENT

Directorate:
N Mbazima (Chairman), O Magwenzi (Managing Director), D Patel, A Lubbe, M Pousson, G Dalgleish, F Banda, and R Chabala.

Company secretary:
Harriet Kapekele-Katongo

In attendance:
N Chimai-Mukosa (Acting Finance Director)

2 CALL TO ORDER / QUORUM

A quorum being present, the meeting was called to order at 09:10 hours.

3 APOLOGIES FOR ABSENCE

Apologies were received from Mr. Ami Mpungwe who could not attend the meeting.

4 PROXIES AND CORPORATE APPOINTMENT

The Company Secretary indicated that 65 valid proxies and 1 corporate appointment by Illovo Group Holdings Limited appointing Mr Gavin Dalgleish, 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 24 November 2022 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 2023 were presented. It was resolved that the Directors' report and financial statements for the year ended 31 August 2023 be approved and adopted and that all matters undertaken and discharged by the Directors on behalf of the company be confirmed.

9 ELECTION OF DIRECTORS

It was resolved that Dipak Patel and Roseta Chabala 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 maintained in line with the prior year as outlined in the annual report on page 132.

11 AUDITORS' REMUNERATION AND RE-APPOINTMENT

It was resolved that Messrs EY (Zambia) be re-appointed as auditors of the company for the financial year ending 31 August 2024 and that the Board of Directors be authorised to approve their fees.

12 DECLARATION OF FINAL DIVIDEND

The Board of Directors recommended that a final dividend of 349 ngwee per share for the year ended 31 August 2023 be considered for approval by shareholders. This consisted of a base dividend of 191 ngwee and a special dividend of 158 ngwee. The total dividends amounted to K1 104 million.

Accordingly, a final dividend of 349 ngwee per share for the year ended 31 August 2023 was declared to all shareholders registered in the books of the Company at close of business on 15 December 2023 and would be payable on or about 18 December 2023.

13 ANY OTHER BUSINESS

There being no further business to transact, the meeting closed at 11:25 hours.

Norman Mbazima
CHAIRMAN

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, 28 November 2024 at 09h00** and at any adjournment thereof as follows:

MARK WITH X WHERE APPLICABLE IN...

No.	AGENDA ITEM	IN FAVOUR	AGAINST	ABSTAIN
1.	Confirmation of Appointment of Amanda Venters			
2.	Confirmation of Appointment of Hezron Musonda			
3.	Confirmation of appointment of Craig Jensen			
4.	Re-election of Fidelis Banda as a Director			
5.	Re-election of Ami Mpungwe as a Director			
6	Re-election of Andre Lubbe as a Director			
7	To revise the Directors' fees for the year ending 31 August 2025 as follows: • From K 285 000 to K356 250 for a Board member; • From K 297 500 to K371 875 for a Board member/Committee member; and • From K 338 750 to K423 438 for the Board Chairperson			
8	Pursuant to Section 257 of the Companies Act to reappoint EY Zambia as the Independent Auditor and authorise the Directors to determine the Auditor's fees			
9	The Directors recommend that a final dividend of 161 ngwee per share, for the year ended 31 August 2024, be declared to all shareholders registered in the books of the Company, at close of business on 13 December 2024 and payable on 16 December 2024			

Unless otherwise instructed, the proxy will vote as he thinks fit.

Signed at ______________________ on this __________ day of __________ 2024.

Signature ______________________ Assisted by me (where applicable) (see note 3) ______________________

Full name/s of signatory/ies if signing in a representative capacity (see note 4) ______________________

Notes 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.

Physical Address
Zambia Sugar PLC,
Nakambala Sugar Estate,
Plot No: 118a, Lubombo Road,
Mazabuka, Zambia

Postal Address
Zambia Sugar PLC,
PO Box 670240,
Mazabuka, Zambia

Tel: +260 21 3 230 394
Fax: +260 21 3 230 116
Email: corporate@zamsugar.zm

www.zamsugar.co.zm