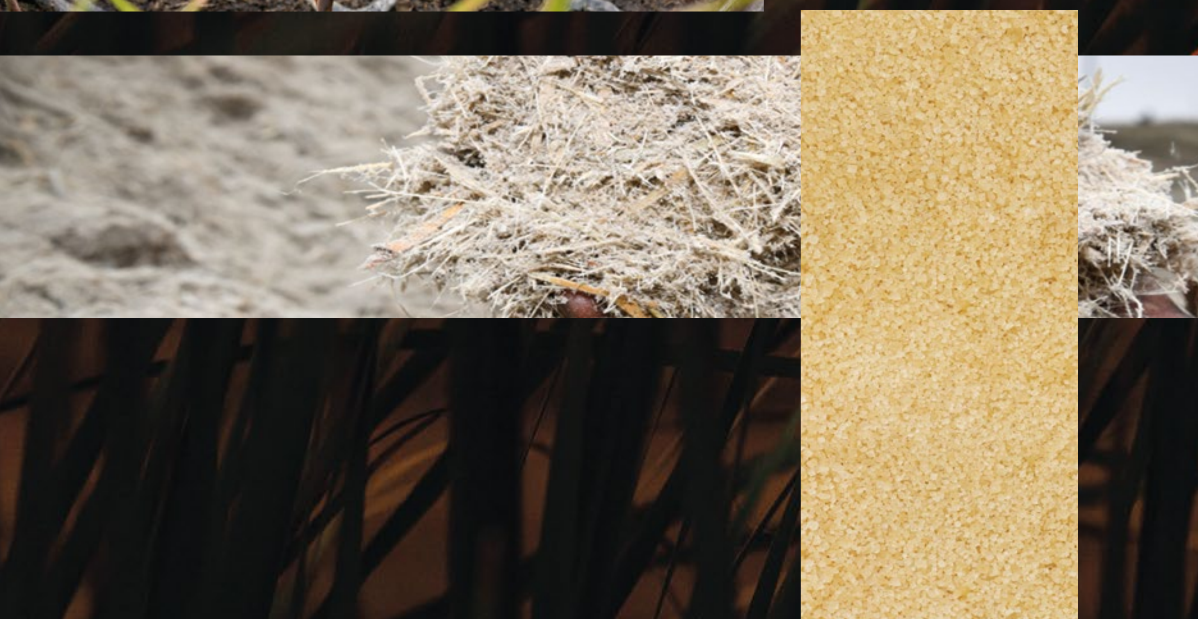
ANNUAL REPORT 2023

Zambia Sugar

INVESTING FOR TOMORROW **DELIVERING TODAY**



Zambia Sugar

AN ILLOVO SUGAR AFRICA COMPANY

Contents

REVENUE
K 5.83 BILLION
2022: K 5.112 billion

OPERATING PROFIT
K 1.248 BILLION
2022: K 1 242 billion

PROFIT AFTER TAX
K 0.936 BILLION
2022: K 1 005 billion

EARNINGS PER SHARE
296 NGWEE
2022: 317.5 ngwee

DIVIDEND PER SHARE
349 NGWEE
2022: 94.4 ngwee

SALES
390 170 TONNES
2022: 382 337 TONNES

CANE SUGAR RATIATION
8.61
2022: 8.24

PRODUCTION
367 832 TONNES
2022: 385 164 TONNES

CANE SUPPLY
3.167 MILLION TONNES
2022: 3.169 MILLION TONNES

REFINED SUGAR
78 058 TONNES
2022: 78 630 tonnes

At a Glance

SCALE

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.

OWNS AND OPERATES A 40 MW **ELECTRICITY POWER CAPACITY PLANT** which uses bio-renewable sources (cane fibre (bagasse)).

OPERATES THE LARGEST **SINGLE CANE SUGAR MILL IN AFRICA.**

Consumer-centric agricultural and agro-processing business, with a **VISION TO BE THE BEST AT SERVING CUSTOMERS.**

EMPLOYS, 6 385 **DIRECT AND** 4 774 **INDIRECT EMPLOYEES.**

ZAMBIA SUGAR IS THE COUNTRY'S LEADING SUGAR PRODUCER serving the domestic market and regional markets.

STRUCTURE

ILLOVO SUGAR AFRICA is owned 100% by **ASSOCIATED BRITISH FOODS** which is listed on the London Stock Exchange.

ASSOCIATED BRITISH FOODS (ABF) is a diversified international food, ingredients and retail group with sales of nearly £14 BILLION , 133 000 employees and operations in 53 countries across Europe, Africa, the Americas, Asia and Australia.

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 Illovo Sugar Africa Group.

SOCIAL IMPACT

A member of the **END MALARIA COUNCIL** and has eradicated Malaria from its sites with ZERO reported incidents for several years running.

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.

OWNS a housing estate with over **3 000 HOUSEHOLDS AND SUPPLIES** 8 000 000 **LITRES OF BULK WATER DAILY DIRECTLY TO** 232 045 **RESIDENTS OF MAZABUKA DISTRICT.**

OPERATES ONE OF THE WORLD'S LEADING OUTGROWER SCHEMES involving commercial and small holder farmers which is a collaboration of 403 outgrowers with 3 885 people employed by 18 Commercial farmers and 385 smallholders in 3 schemes.

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

Zambia Sugar is the country's leading sugar producer serving the domestic market and regional markets.

COUNTRY IMPACT

LARGEST PROPERTY RATES PAYER

in the Southern Province.

ZAMBIA'S LEADING CONTRIBUTOR

to non-traditional exports (NTE).

ZAMBIA SUGAR IS THE LARGEST EMPLOYER IN THE SOUTHERN PROVINCE.

28 000 Ha UNDER SUGAR CANE CULTIVATION.

ONE OF THE LEADING

performing Companies on Lusaka Securities Exchange (LuSE).

RECOGNITION

WINNER OF 4 2020 ILLOVO SUGAR AFRICA AWARDS

Best Factory Performance.
Safety Award.
Financial Management Award.
Best Country Performance.

WINNER OF 2021 ILLOVO SUGAR AFRICA SAFETY AWARD

WINNER of Zambia Institute of Directors' 2022 Overall Corporate Governance Award.

WINNER OF 1 2023 ILLOVO SUGAR AFRICA AWARD

Best Agricultural Performance.

Chairman's Statement

- **ZERO FATALITIES AND COMMENDABLE SAFETY PERFORMANCE**
- **ECONOMIC CONTRIBUTION TO SOCIETY OF K 8.2 BILLION INCLUDING MULTIPLIER EFFECTS.**
- **OPERATING PROFIT OF K 1.248 BILLION**
- **EARNINGS PER SHARE OF 296 NGWEE**
- **DIVIDEND PER SHARE OF 349 NGWEE**

Commendable results from hardworking teams focused on ensuring the Company's resilience amid diverse challenges.

In a year characterised by ongoing uncertainty and volatility, we continued to prove the value of our strategy that enables Zambia Sugar to capitalise on the company's strengths and opportunities in the business environment.

The past year presented many challenges driven by both local factors and geopolitical events. Arriving so soon after the disruptions caused by the COVID-19 pandemic, the geopolitical tensions following the Russia-Ukraine war had a massive effect on commodity prices and supply chains that in turn continued to fuel inflation and depressed global economic growth rates. In Zambia, the impact of these challenges was to drive depreciation of the Kwacha in the latter half of the financial year and to drive inflation to double digit levels. The appreciation of the Kwacha in the first half of the financial year resulted in a significant rise in volumes of Illicit sugar imports which eroded our market share especially in the border areas, negatively impacting domestic sales.

Against this background, Zambia Sugar has produced commendable results, driven by focused, resolute leadership and the hard work and diligence of committed teams, to create value for shareholders and stakeholders.

While we made good progress towards the strategic objectives including strong performance in safety, agriculture and commercial propositions, there is still much work to be done to realise the full potential of the business and in particular improving factory capacity utilisation and capitalising on opportunities in the regional export market.

We are particularly pleased with the progress made to embed safety as a strategic priority. Safety is our number one strategic priority, and our Safety Journey will include use of effective initiatives such as the Safety Week which has been embedded in our annual calendar. This promises to continue producing impactful outcomes in the behaviours of all our teams as we pursue our safety goal of "zero harm to employees and contractors." Our safety outcomes this year were quite pleasing but we still have a long way to go.

I am very pleased to report that we are focused on the Environmental, Social and Governance (ESG) issues as we implement our strategy. Our approach to sustainability has always acknowledged the need to address our impact on the natural environment and communities. Our ESG ambitions include reducing water use by 30% and reducing Scope 1 and 2 emissions by 30% from a 2018 baseline, by 2030. We can only achieve these ambitions if we deliver on our strategic priorities to consolidate our market position in the domestic and regional markets, maximise value from our assets and core business, take a leadership position in ESG practices, and go beyond compliance in addressing ESG issues. In other words, doing all these things well is good business.

We believe local communities should benefit from our presence in the area where we operate which is why we support community development, stimulate employment opportunities, and practice local supplier development. I am especially pleased that we are fundamentally changing the way in which we engage with and support our communities, centred on respect and collaboration. We aim to co-create a shared vision of sustainable livelihoods, grounded in a shared view and understanding of what our communities need and why. A growing number of companies that provided services to the business in the past year are based in Mazabuka and the bulk of services and products used by the Company were supplied by Zambian registered companies. Out of a total procurement spend of K 1.85 billion 14% of this, K 262 million, was attributed to Mazabuka based suppliers while Zambian based suppliers including citizen empowered, influenced and owned, accounted for close to 60% or K 1 billion of the total spend.

The Board remains cognisant of the Company's potential to influence positive outcomes in the country including driving socio-economic and environmental change. We have recently released our 2020/21 Social Economic and Environmental Impact Report. Our economic contribution for the period was K 8.2 billion or 2.2% of the country's then Gross Domestic Product (GDP). We will continue to promote the inclusive growth that is key to a sustainable business operation and our goal is to support the development of a local economy that is not solely reliant on our operations.

RESULTS

The Country Managing Director details our operational and financial performance in the review period (pages 9-11). Salient features from the Board's perspective include:

- Commendable safety performance, with reduction in total injuries and medical treatment cases, and zero fatalities at our site.
- Successful containment of COVID-19 pandemic with zero fatalities and minimal disruption on business operations resulting in all the cases recorded being managed through home-based care.
- Strong performance in commercial, logistics and agriculture including the innovative short furrow synergistic irrigation and drainage (SSID) or short furrow system and record-breaking cane yield per ha in some of our fields.
- Strong Commercial strategy delivering on both demands from foreign and domestic consumers.

I am proud of the performance of the Company, yet again, given that it was on the backdrop of a year filled with many challenges in both the operational and economic environments. I congratulate the staff for their resilience and commitment to hard work during the period under review. Their actions have resulted in the Company being able to deliver another strong performance despite the challenging business environment.

ECONOMIC OVERVIEW

The country adjusted its 2023 Gross Domestic Product (GDP) growth forecast to 2.7% largely driven by the impacts of global events. These global impacts resulted in the inflation rate rising above 12% while the Kwacha continued to experience volatility moving from an average of K 17 to the US dollar in the first half of the financial year to an average of K 19 in the second half.

The Government has continued to make progress in tackling the major macro economic issues facing the country. Agreements have now been reached with the country's creditors to restructure the outstanding foreign debt, including that owed on dollar denominated bonds, and this will provide significant relief to the fiscus. The country's international reserves continued to be above $3 billion providing at least 3 months of import cover.
Disputes with the country's largest copper producer were settled in 2022 resulting in commencement of new investments and also declaration of significant dividends. We understand that the resolution of ownership issues at both Mopani Copper Mines and Konkola Copper Mines is close to being concluded. In addition, several announcements on exploration investments have been made. These developments, coupled with strong copper prices, should result in increased production and improved foreign currency inflows, and we trust this will help to stabilise the exchange rate. The spin off from the mining industry positively impacts all other sectors including contributing to increased demand for sugar from consumers.
We saw a relatively well managed power supply to economic sectors with little disruption to business operations including to ourselves.

SHARE PRICE OF ZAMBIA SUGAR

The Company's share price remained largely at K 18.00 per share for much of the year. Zambia Sugar's share price has now risen to K 20.00 per share resulting in a market capitalization of K 6.3 billion. The Board remains committed to safeguarding all the fundamentals related to the Company's overall performance which should enhance the value of the stock.

DIVIDEND

The Company has a dividend policy of distributing up to 50% of free cash flow after meeting company obligations and capital requirements.

At its October 2023 meeting, the Board recommended a total dividend of 349 ngwee per share (2022: 94.44 ngwee) to be submitted for approval by shareholders at the Annual General Meeting. This consists of a base dividend of 191 ngwee and a special dividend of 158 ngwee.

Distributing up to 50% of free cash flow results in a maximum base dividend of 191 ngwee per share. Recognising the strength of the balance sheet following 3 years of earnings above K 1 billion and the repayment of all long-term debt, the Board recommended a once off special dividend of 158 ngwee per share which is over and above the base dividend. Consequently, the total dividend amounts to 349 ngwee per share or K 1 104 million.

THE BOARD

Mr Raphael Chipoma resigned from the Board on 10 May 2023 following his resignation as Finance Director of Zambia Sugar. His replacement will be announced soon.

Mr. Doug Kasambala resigned from the Board as a Non-Executive member on 16 August 2023 following his resignation from the Illovo Sugar Africa Group.

The Board would like to wish both Mr Kasambala and Mr Chipoma well as they pursue interests outside the Group.

OUTLOOK

Zambia Sugar has consolidated its position as a leading company in the economy. The Company remains well positioned to leverage opportunities in the Zambian economy resulting from its strengths in Agriculture, Factory Operations, Sales and Marketing, and Logistics.

The expected stability in the exchange rate will allow us to plan with greater predictability during the course of business operations.

We are pleased that good progress continues to be made in the energy sector and Zambia Sugar remains committed to explore opportunities for investment in electricity cogeneration to become energy self-sufficient.

Our objective in the ensuing year will be to continue to improve our agricultural and manufacturing operations with a view to ultimately utilising the capacity of the assets to the fullest.

CONCLUSION

In closing, I deeply appreciate the valuable input and diligence of my fellow Directors. On behalf of the Board, I thank our Country Managing Director, Oswald Magwenzi, the senior management team and all our people for their ongoing commitment to our strategic goals as we play our role in feeding the nation and the region. I would like to thank you all for your support and commitment and I assure you of the Board's continued guidance to the Management team in pursuit of the growth strategy, rooted in strong corporate governance principles.

Many thanks to the customers and consumers for their loyalty during the financial year as well as employees, growers and suppliers for their diligence, resilience, hard work, and commitment. I would also like to thank the Illovo Group and Associated British Foods (ABF) for their continued support and guidance, and all the other stakeholders for their continued confidence in Zambia Sugar Plc.

NORMAN MBAZIMA
CHAIRMAN

Country Managing Director's Statement

"Through our spirit of never giving up and our commitment to teamwork, we faced the challenges that came our way in 2023 with courage and conviction, just as we did successfully in 2022."

I am proud of how we responded to the many challenges presented by the uncertainties in the economic and operating environment within Zambia over the past year. Our people once again demonstrated resilience, commitment and the propensity for hard work. Our financial performance this year more than ever is attributable to the resilience of our employees and the loyalty of our customers. This comes from the strength of our diverse teams, commitment to deliver results, our proven commercial strategy, responsiveness to the diverse needs of our customers in the domestic and regional markets, together with our size and our commitment to excellence across the value chain.

Company revenue for the year ended August 2023 was 14% higher than last year at K 5.83 billion compared to K 5.1 billion in FY22, with operating profit of K 1.248 billion compared to K 1.243 billion in FY22. This outcome can be largely attributable to a very credible performance by our teams against the background of various challenges experienced especially in the first half of the year.

SAFETY, HEALTH & ENVIRONMENT

We continue to reaffirm our commitment to the health and safety of our employees, contractors and all other stakeholders who visit our site or live in the communities in which we operate. This is demonstrated in several ways including the continuing focus on our safety journey and the pursuit of the vision of "zero harm to employees and contractors". Our objective is to ensure that every person who comes to work or visits any of our sites returns home every day without harm. It was encouraging to see the progress we continue to make in the critical areas of safety throughout the year.

Although an improvement over last year, regrettably, we recorded five (2023:5) lost time injuries (LTI's) and fifteen (2023:12) medical treatment cases (MTC's), highlighting that there is still much work to be done in order to achieve our "zero harm" goal. This is no more evident than in the increase in the number of "Near Miss Reporting" cases – a discipline encouraged among employees to report on "near miss" events. These are then investigated and mitigation measures are deployed to prevent them from translating into safety incidents and injuries in the future. A total of 4 842 cases were reported against 4 664 cases recorded the previous year.

The production season commenced with a successful Safety Week where everyone reaffirmed their commitment to safety. The Safety Week has now been embraced as a best practice by both contractors and employees and has been incorporated in the Company's strategy.

We believe that the attainment of a culture of zero harm is achievable, and our immediate safety objective is to embed the ABF Safety Journey within Zambia Sugar. ABF Safety Journey is a programme to take the Company to safety maturity where employees are not reactive but proactive when addressing safety, and also ensures that people are being at least interdependent, in terms of their safety behaviour. The programme is designed to consolidate safety as a strategic priority and enhances the safety culture in the Company where every employee embeds it in their daily practice regardless of their role. Every employee and contractor must contribute to "zero harm to employees and contractors" which is demonstrated by the commitment that he or she gives to all safety practices and rules that are in place.

Zambia Sugar is aligned with this priority and staff and contractors remain committed to making sure this is a reality, leveraging the '4 steps to safety' and upholding our slogan, 'Safety, My Responsibility, Our Way of Life', in every action, whether at home, on the road, or at work.

I am proud that the efforts made by both the Company and employees in managing the COVID-19 pandemic kept everyone safe, with no significant impact on the business. During the financial year a total of 1 086 tests were conducted, and 203 positive cases were recorded, resulting in a positivity rate of 18.6%. These COVID-19 incidents had a significant impact on drugs, public health, and employee time off, resulting in man-hour losses. All the cases recorded were of minor to moderate severity and we managed them through home-based care. Fortunately, no COVID-related fatalities were recorded during this period.
Our hospital staff remained vigilant

and at the forefront of the fight against COVID-19, with an exceptional effort to vaccinate employees and their dependants. This resulted in a vaccination rate of over 98%. Our hospital staff yet again achieved another year of dedicated service in creating a healthy workplace and promoting good health in the community, for which we owe them a debt of gratitude.

We adhered to all regulatory requirements and successfully passed all the audits conducted during the year, including the E&Y/ABF Assurance audit and the FSSC 22000 audit. Both audits are pivotal to our mission of "providing safe and high-quality food that is abundant, accessible, and affordable for consumers." We also retained all mission-critical certifications and permits without major findings which is a remarkable achievement. These accomplishments are cause for celebration and collective pride.

As we celebrate 60 years of existence next year, we can be proud of our commitment to sustainability which is a cornerstone of all our operations. To further this commitment into the future, we will continue to be a leader in management of all Environment, Social and Governance (ESG) priorities, including providing quality interventions, improved accuracy of measurement and use of innovation, in the markets in which we operate.

FINANCIAL PERFORMANCE

For the third year running, we are pleased to have achieved an operating profit above 'one billion' Kwacha, consolidating our position of being a 'billion Kwacha profit business.' This was a solid performance thanks to all our stakeholders including our customers, growers, suppliers, contractors, the Board, and employees of Zambia Sugar.

Revenue for the year was up 14% at K 5.8 billion compared to K 5.1 billion the previous year. Although the year was impacted by increased imports of illegal sugar due to the appreciation of the Kwacha, we had a strong commercial performance in the second half of the year. To mitigate the effects of this competitive domestic landscape, we increased exports from 106 000 tonnes in 2022 to 136 000 tonnes, 28% up from the previous year. A total sales volume of 390 170 tonnes was recorded during the year compared to 382 337 tonnes in 2022. Our commercial strategy, specifically our Route to Consumer (RTC) and Last Mile Distribution initiatives in the domestic market supported the strong revenue generation during the year. We conducted increased promotional activities to recover our market share especially in border areas where we experienced significant volumes of illegally imported sugar.

The Company's strong commercial performance especially in the second half of the year and continued focus on cost management resulted in an operating profit of K 1.248 billion, up from K 1.243 billion the previous year. The taxation for the year increased from K 174 million in 2022 to K 260 million, up 50%.

The profit after tax was marginally down from K 1.01 billion in 2022, to K 0.94 billion. Our cash and bank balance significantly increased from K 75 million in 2022 to K 858 million at the end of FY23 with zero debt.

Zambia Sugar's earnings per share marginally declined from 317.5 ngwee in 2022 to 295.55 ngwee. The increase in dividend pay-out this year is testament to the Company's commitment to uphold shareholder value and ensure Zambia Sugar continues to be the investment of choice.

OPERATIONS

We experienced strong economic headwinds during the year characterised by rising inflation which reached double-digits levels, a fluctuating exchange rate, together with rising petrol and diesel costs. During the first half of the year, the Kwacha appreciated considerably which adversely impacted exports of sugar, beverages and confectionary products in addition to the increased competitiveness in the domestic sugar market created by an influx of illegally imported sugar.

Operations for the production season commenced at a slow pace resulting in production falling behind budget at the end of the financial year. Despite significant production challenges, we continued to see exceptional teamwork, employee dedication and resilience which significantly mitigated the production losses.

Strong agricultural performance for the year resulted in delivery of 3.167 million tonnes to the factory which was similar to the previous year. We promoted innovation by testing new approaches which yielded promising benefits. We successfully replanted 1 200 hectares, marking a significant milestone in the execution of our autumn replant programme. We introduced another major innovation known as short furrow synergistic irrigation and drainage (SSID) or short furrow system which is currently being tested in specific fields at Nakambala Estate with very promising results.

We broke the cane yield performance record in Field 0216 which achieved a yield of 205.5 tch, the highest yield recorded in the estate's history for an annual cane crop.

The outstanding agricultural performance culminated in Nakambala scooping the 2023 Illovo Sugar Africa Best Agriculture Performance Award in recognition of cutting-edge work in irrigation, replanting, use of drones, and geographical information systems (GIS). This is an achievement we can all be proud of.

By the end of the financial year, the factory had crushed 3 166 628 tonnes of cane and produced 367 832 tonnes of sugar, of which 78 058 tonnes was refined sugar. This performance fell below prior year performance which recorded cane crush of 3.169 million tonnes and 385 000 tonnes of sugar of which 78 630 tonnes was refined sugar. We have put mitigation measures and a recovery plan in place to ensure we improve production for FY24. Pleasingly, the sucrose content was 14.45% compared to 14.40% in 2022.

STAKEHOLDER ENGAGEMENTS

During the year, we maintained good relations with all our stakeholders including shareholders, employees, Unions, local communities, growers, suppliers and regulators. We successfully hosted a Shareholder Day, the first one post COVID-19.

We were certified by the Zambia Revenue Authority (ZRA) as an Authorised Economic

Operator (AEO), one of the first four companies to be certified in Zambia. The benefits of this status include reduced clearance time and operating costs, release of shipment with reduced scrutiny, preferential clearance at borders, pre-clearance of goods, periodic settlement of taxes and reduced frequency of customs audits. This certification is testament to the good relationship we enjoy with the regulator. We were awarded a prize for the largest tax contributor in Southern Province having contributed K 260 million in 2023 and K 174 million in taxes in the previous year.

We supported Mazabuka Municipal Council in its new business and residential development programme where the Council is providing an opportunity to more people to own property in the district. We intend to leverage this opportunity as we focus on our sustainability agenda with respect to providing our employees with good accommodation and housing. We further supported the Council in grading of 20 kilometers of roads in the area. We engaged the contractor working on the upgrade of roads to bituminous standards in the district to extend the road in front of the Nakambala Estates Main gate and a further 3 kilometers into the estate as part of ongoing efforts to make Nakambala a beautiful and safe estate we can all be proud of.

We provided support for the refurbishment of Nakambala Urban Clinic, situated in the district, which offers service to over 600 patients daily. This was done in a collaborative manner with the Government to help improve health care delivery in the district. In addition, the Ministry of Health recognized the support we continue to render in the district through our drive to eradicate malaria from Nakambala and Mazabuka in general.

We remain fully dedicated to our sustainability ambitions and continue to work closely with the ABF, ABF Sugar and Illovo Group ESG teams . We will continue to leverage support from the Group to consolidate our ESG leadership position in the country.

OUTLOOK

The economy is projected to grow in response to various macroeconomic interventions being implemented by the Government and the significant progress they have made in tackling national debt through a ground breaking agreement with creditors supported by the IMF and World Bank. These developments should lead to a stable Kwacha and boost domestic demand for food which should translate into higher domestic sales for sugar. Cost escalations driven by exchange rate volatility and geopolitical events are expected to remain a challenge in the short to medium term. Cross border inflows of illegal sugar into border towns will continue to negatively impact domestic sales. The Company is well positioned to deal with these challenges through anticipated improvement in sugar production and the robust route-to-consumer strategy developed in the past 5 years.

We remain focused on creating a safe, healthy, and respectful workplace underpinned by our "zero harm" goal as we leverage the Whitespoon brand to serve our customers.

Through the hard work and commitment of all employees, we are well positioned to deliver another strong performance in the year ahead.

ACKNOWLEDGEMENTS

We value the immense trust, commitment and support of our customers and acknowledge the efforts of our employees in serving them. I wish to express my sincere gratitude to the Board for the guidance, support and tireless effort to enable us to serve our customers and consumers with diligence and great customer service.

Our employees and management continue to demonstrate care, commitment, resilience and dedication which will help us to create value for shareholders and stakeholders.

OSWALD MAGWENZI
COUNTRY MANAGING DIRECTOR

Who We Are:

Zambia Sugar Plc is the producer of the renowned Whitespoon sugar brand and is the country's leading sugar producer, serving the domestic and regional markets. The 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 and taken up by institutional and private investors. 75% is held by the Illovo Sugar Africa Group. Illovo Sugar Africa is 100% owned by Associated British Foods (ABF). ABF is a diversified international food, ingredients, and retail group with annual sales of nearly £14 billion, 133 000 employees and operations in 53 countries across Europe, Africa, the Americas, Asia and Australia.

Zambia Sugar operates a very large estate 135 km south of the country's capital city, Lusaka, with over 28 000 hectares under sugar cane cultivation. It is the country's leading private sector employer and operates one of the world's most successful outgrowers models, a collaboration of 403 outgrowers with 3 885 people employed by outgrowers,18 Commercial farmers and 385 smallholders in 3 schemes.

Zambia Sugar is investing for tomorrow by working hard to create long-term value for all stakeholders, from customers, employees and suppliers to shareholders. The Company is delivering today by placing more care on daily operations by making sure that the resources are used efficiently and in a way that does not harm the environment, for the benefit of all stakeholders today and in the future in line with the Company's Environmental, Social and Governance (ESG) ambitions.

Zambia Sugar Plc - Ownership Structure and Operating Locations

Associated British Foods plc

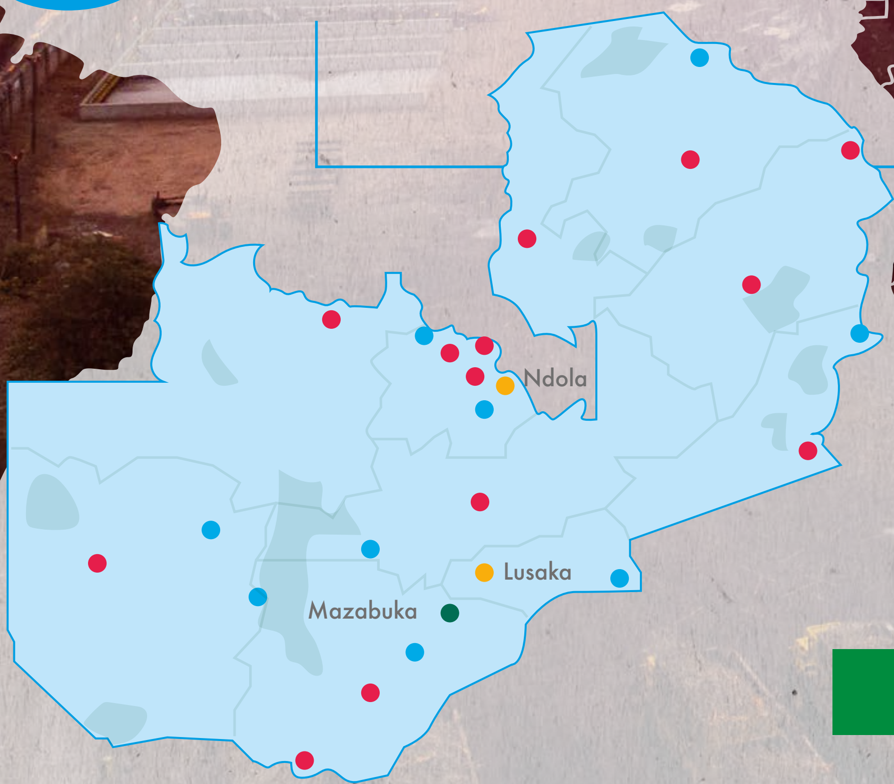
100%

ABFSUGAR

SUGAR ILLOVO AFRICA

75%

Zambia Sugar



OPERATING LOCATIONS

- Head Office
- Distribution Centre
- Depot
- Sub-depot

SHAREHOLDING

Associated British Foods (ABF Sugar) owns 100% of Illovo.

Illovo Sugar Africa Holdings Limited owns 75% of Zambia Sugar Plc.


INVESTING FOR TOMORROW **DELIVERING TODAY**
NAKAMBALA FACTORY
NAKAMBALA FACTORY

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 133 000 employees, operations in 53 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.

Associated British Foods plc

ABF SUGAR

ABF Sugar is a wholly owned subsidiary of international food, ingredients and retail group, Associated British Foods plc (ABF). ABF Sugar produces a range of products derived from sugar beet and sugar cane. Its businesses operate across 21 manufacturing sites in nine countries, employing around 35 000 people. The Group is made up of operating businesses around the world, plus a head office in the UK:

- British Sugar (United Kingdom)
- Illovo Sugar Africa (Southern Africa)
- AB Sugar China (China)
- Azucarera (Spain)
- Vivergo Fuels (United Kingdom)

Its portfolio of sugar products includes granulated sugar for consumers and refined sugar for industrial customers, as well as ethanol, animal feeds and speciality products used in agriculture, pharmaceuticals and healthcare. Its products are also sold into the food and drink, fuels, horticulture, power and energy industries. ABF Sugar produces around 4.5 million tonnes of sugar annually. Illovo is the largest cane sugar producer in Africa and British Sugar is the sole processor of the UK sugar beet crop.

The company produces a diverse portfolio of products from the processing of sugar cane and beet, including ethanol, which is produced to mix with petrol or used within alcoholic drinks and a range of animal feed products beneficiating from molasses, betaine, raffinate and vinasse, an ingredient for use within children's medicine, from the horticultural operations. ABF Sugar is also a renewable power generator selling surplus electricity to local grids, and much more. Simply for ABF Sugar, there is no such thing as waste. The company sells its products into a range of industry sectors, including food and drink, fuels, pharmaceutical, agriculture and horticulture, power and energy.

ABFSUGAR

Azucarera · BritishSugar · ILLOVO Sugar Kigali · KILOMBERO SUGAR COMPANY · ILLOVO Sugar Malawi · MARAGRA AÇÚCAR SA · ILLOVO Sugar South Africa · UBOMBO SUGAR LIMITED · vivergofuels · Zambia Sugar

ILLOVO SUGAR AFRICA EMPLOYEES:

33 000

TONNES OF SUGAR PRODUCED ANNUALLY:

1.7 MILLION

With a presence in 7 countries, Illovo Sugar Africa is a Pan-African, consumer centric agri-business with roots in growing and making sugar and related products, sustainably.

Illovo Sugar Africa Group

Illovo Sugar Africa Holdings Limited (Illovo Sugar Africa), a wholly owned subsidiary of Associated British Foods plc, is a Pan-African, consumer-centric agri-business with over 130 years in operation that has roots in growing and making sugar and related products, sustainably. The company is Africa's leading and most diversified sugar Group with operations in Eswatini, South Africa, Mozambique, Malawi, Tanzania, Zambia and most recently, Rwanda.

The Illovo Group employs over 33 000 people across its six locations, excluding Rwanda. As a significant employer, producer of sugar distributed to principally domestic markets, and purchaser of agricultural raw materials, Illovo Sugar Africa can positively shape the socio-economic fabric of the economies and communities of which it is part.

The company focuses on supplying a diverse range of sugar products to the domestic markets in which it operates and to the regional neighbours, with high sea exports of bulk and speciality sugars to long standing international customers. Illovo also produces syrup, together with a range of downstream products including furfural and furfuryl alcohol, natural flavourants, high quality ethyl alcohol and lactulose.
Through own internal electricity generating capability, using bio-renewable boiler-feedstock such as the cane fibre residue post the extraction process, Illovo aims to ensure reliable, cost-effective energy supply to all of its own operations and where economically viable, to export power into the national grids of the countries in which the company operates.

The company takes enormous pride in the people employed across a range of disciplines in the countries of operation, with the focus on Values- Driven Leadership, talent management, leadership growth and an active learning and development process underscored by the Group's customised Engaged Performance Management Approach which tracks the professional growth and achievement of strategy-aligned personal objectives of every single employee.

The Group-wide safety programme under the brand name of "ABF Safety Journey" and based on the premise of safety as a number one strategic priority, is focused on creating a safe working environment and is in alignment with the occupational health and safety legislation of all the countries of operation.

As a major private investor in Africa, the company operates and markets products in countries which face considerable challenges in the form of poverty, unemployment, inequality and disease. The Group has a significant positive impact on the rural communities in the areas where it operates, by creating valuable jobs and economic opportunities, and providing accommodation, health care, educational assistance and basic services to employees.

In areas where no such facilities exist, Illovo provides medical care to communities, assists in education delivery, provides municipal and civic services and access to water and sanitation, and participates in community outreach programmes.
The company's continuing ambition is to create an African sugar company that is anchored on delivering value to customers and consumers, promoting sustainable agricultural and sound manufacturing processes mindful of the impacts on the environment and through the collaborative weight of the employees, resources and skills, supporting the needs and aspirations of the many communities and stakeholders through the Thriving African Community purpose.

Business Model and Strategy

The Company's entrepreneurial way of operating including financial prudence and focus on the long term, has achieved growth over the years and creates long-term value for the shareholders and other stakeholders alike.

DEVOLVED OPERATING MODEL:

As a member of the ABF Group and a subsidery of the Illovo Sugar Africa Group, Zambia Sugar operates a devolved operating model and believes the best way to create enduring value involves setting objectives from the bottom up rather than the top down. Zambia Sugar's operational decisions are made locally, because decisions are most successful when made and owned by the people with the best understanding of their customers and markets.

This accountability is highly motivating for the Zambia Sugar Management team and encourages an entrepreneurial approach that drives innovative business thinking.

The same is true of the ESG agenda, which is shaped by the Board who are closest to the opportunities and risks, and who benefit from detailed local knowledge, customer insights, and clear ownership of actions. It means ESG factors are part of the business strategy as well as put into effect by people who are trusted and empowered to exercise good judgement.

Zambia Sugar is in constant dialogue with the Group, leveraging the comprehensive overview of the material opportunities and risks and enabling collaboration, where appropriate.

CREATING LONG-TERM VALUE

The Company takes a long-term view to create long-term value for shareholders, business partners, employees and the communities in which it operates. The strategy is to achieve sustainable growth over the long term and manage its balance sheet to ensure long-term financial stability. The Company is committed to increasing shareholder value through sound commercial and responsible business decisions that deliver steady growth in earnings and dividends.

PEOPLE, CULTURE AND VALUES

The leadership understands the value of good people, strong and accountable teams, the power of brands, the need for continuous investment and the need to maintain strong and enduring relationships with customers and suppliers as well as the need to work collaboratively with local communities while upholding all regulatory requirements.

Demonstrating values through the work done every day, from investing in the health and safety of colleagues, to promoting diversity and respecting human rights. The Company's values include Respect, Integrity, Accountability, Inclusiveness, Empowerment and Commitment. These align with the groups values of respecting everyone's dignity; acting with integrity; progressing through collaboration; delivering with rigour.

The Company prides itself on being a first-class employer, working actively to develop people and create opportunities for progression. As a result, employees tend to stay with the Company for a long time, building exciting careers that help them fulfil their goals at work, at home and in the community. The high standards of integrity enable the Company to drive a strong culture, recognising that acting responsibly is the only way to build and manage a business over the long term.




Zambia Sugar's Must Win Battles

The Company's vision, which includes being the best at serving customers, continues to be underpinned by several strategic objectives including maximizing milling capacity utilization, ensuring reliable power supply and being the best at serving customers.

To effectively attain these objectives, the Company has identified "Must Win Battles" (MWB). These are a formalised and structured means of supporting execution of actions by the various teams leveraging collaboration and skills transfer. The MWB initiatives include, actions focused on employee health and safety, capability, and skills development of our staff, having incentive schemes that motivate, creating a beautiful estate at Nakambala and employing a talent attraction and retention programme that supports our vision to make Zambia Sugar a Safe and attractive Place to work.

Creating an excellent operation remains key to achieving our vision. Initiatives identified to support meeting this include developing a robust and efficient factory. This involves the continued focus on improved refinery throughout, enhanced recoveries and sustained plant reliability, supported by a reliable and efficient power supply. In addition to this, the Company has a focus on cost management, improved processes and systems as well as a drive for cane and sucrose yield improvement. The Company continues to focus on innovation which includes the new farming systems, new supporting initiatives, seed cane propagation using the speedling concept, new irrigation systems on the agricultural side specifically Drip and Centre Pivot Irrigation as well as the novel Short Furrow System or SSID.

Optimising these actions will result in a journey towards the attainment of sustainable sugar production beginning with 425 000 tonnes from 3.6 million tonnes of sugar cane cultivated at Nakambala Estate and supported by the strong network of growers at Mazabuka.

Our continued focus on meeting the domestic and export markets sustainably will be addressed by route to consumer initiatives, creating a flexible supply capability as well as enhanced assurance of quality and food safe products. Focus will be on additional supply from brown and green fields.

These actions translate into major investment decisions that include investment in new warehousing at Nakambala and other locations such as Lusaka, introduction of very small packs to cater to the various needs and increased capacity for refined sugar which continues to fuel the confectionery and beverage manufacturing subsectors.

The drive to self-sufficiency in power supply is the focus of our must win battle to expand our renewable energy generation. Once the factory and entire operation have been adequately supplied, the focus will be to export power to the grid, leveraging the improved regulations and attractive market opportunities in the sector. The Company will ensure continued focus on enhancing its relationship with ZESCO with a commitment to honouring agreements already in place.

Additional work will continue to focus on exploring ethanol opportunities as well as brown leaf processing. Advocacy will continue to be key as well as a focus on enhancing community relations to help secure our social licence to operate.

Zambia Sugar's Strategy simplified using MWB for effective delivery of results.

VISION	A Diversified Agribusiness that is Best at Serving its Customers and Consumers			
MUST WIN BATTLES	Make ZS a Great Place to Work	Create an Excellent Operation	Meet Domestic and Export Demand Sustainably	Expand Renewable Energy
INITIATIVES	Healthy & Safe Employees Capability & Skills Incentive Scheme that Motivates Beautiful Estate Talent Attraction & Retention	Robust & Efficient Factory Cane and Sucrose Yield Improvement Cost Management Improved Processes & Systems	Additional supply from brown/green fields Route to Consumer Flexible supply capability Quality / food safe products Community & Advocacy	Self- sufficiency in power supply Export power to the grid Explore Ethanol opportunities Brown Leaf Processing

The market perfectly embodied the concept of VUCA, which stands for Volatile, Uncertain, Complex, and Ambiguous. Currency volatility, in particular, added a layer of complexity to the environment. On the one hand, there was an influx of illegally imported sugars from neighbouring countries, on the other hand, local competitors shifted their focus to the domestic market as their earnings from exports declined. The market landscape remained very competitive throughout the year. In addition, the business recorded a significant decline in industrial sales due to the influx of foreign sugar-based products and the decrease in exports of finished sugar-based products especially beverages and confectioneries, by the local industry.

Despite these challenges, the Company remained committed to ensuring that Whitespoon products are accessible by all consumers by making them available and affordable. To enhance product availability, the business implemented the third phase of Route to Consumer (RTC) development, which includes the introduction of the Last Mile Reseller (LMR) initiative. Through this initiative, retailers across the country can easily order and receive Whitespoon products through door-to-door deliveries. The LMRs have been successfully deployed throughout the entire country, including rolling out into difficult-to-serve markets, unlocking their potential and expanding the brand's reach.

Keeping the Resellers engaged and motivated to continue pushing Whitespoon products through the distribution chain remains a key priority. For the third year running, the business hosted all Resellers at its loyalty event, rewarding the top performing resellers with various awards. The business intends to make this event worthwhile and exciting by investing in different prizes from time to time.

In alignment with the Illovo Group's purpose of building thriving communities, the Company has prioritized affordability for all consumers. The launch of small formats has since brought this ambition to life, despite supply challenges which are yet to be effectively mitigated. The Company focused on stabilizing the supply of these critical

Stock Keeping Units (SKUs) in the last financial year. The Zambia Express project, which involved investing in new and modern packing units specifically designed for small formats, was commissioned in June and has been operational since then. As a result, the supply of small formats has stabilized, and the Company expects sustained supply throughout the year and beyond.

The Whitespoon brand has consistently generated significant value for the Company by fostering goodwill among traders and consumers. To maintain the brand's prominence in the minds of consumers, the Company has continued to increase it investment in the brand. The new revised packaging to reflect the "Stir Up" theme and "energy for life," with an inclusion of a family on the pack, depicting the energy Whitespoon products provide to the whole family in a convenient and affordable manner, continues to speak to this investment in the brand in the market.

The key objectives for the year focused on establishing an emotional connection with the brand, particularly among younger consumers, and creating a strong desire for the brand through relevant communication and engagement that fosters brand loyalty.

As a result, the Whitespoon brand successfully secured the Gold sponsorship at the Kids Festival for the second consecutive year. This sponsorship garnered extensive media coverage, reached a wide range of families, including young ones, and significantly increased brand interactions with children. Furthermore, the festival provided an opportunity for artisanal traders to highlight their creativity by utilizing the Whitespoon range to create various food items for the audience.

Additionally, the Company has prioritized positioning itself for growth by investing in the development of its human resources. In collaboration with the Group's Commercial Division, the Company introduced the Winning Sales Organisation (WSO) programme, which represents the second phase of building Winning Sales Organizations within the Group.

The focus of this programme was to enhance the knowledge and skills of Sales Managers, with the aim of cultivating strong commercial leadership capable of propelling the Company to the next level. The training emphasized the importance of developing strategic commercial acumen and equipping leaders with the ability to analyse and understand market insights, creating long-term value for the business.

Zambia Sugar strategic pillars:

SAFETY

CONSUMER CENTRICITY/MARKET FOCUS/ ROUTE TO CUSTOMER

ADVOCACY

SUSTAINABLE CANE SUPPLY

OPERATIONAL EXCELLENCE

PEOPLE CAPABILITY DEVELOPMENT

DIVERSIFIED INVESTMENT

SUSTAINABLE COST CONTROL

Major Milestones

1955
Local Mazabuka farmer, Tony Dahl, plants sugar cane at his Better Ole Farm (later called Dahlia Sugar estate). This was later to be taken over by Zambia Sugar Plc.

1960
Cane is first planted in Chirundu on the Southern Rhodesia side with the refinery located in Ndola.

1966
Tate & Lyle develop Nakambala Estate.

1967
the first commercial cane planted at Nakambala.

1968
Raw sugar is produced at Nakambala and refined at Ndola Refinery.

1995
The Company is privatised Tate & Lyle (50.9%), CDC (31%) & GRZ-ZPTF (18.1%).

1996
Zambia Sugar Plc is listed on the Lusaka Securities Exchange, Lusaka Stock Exchange (LuSE).

2001
Illovo acquires a 50.9% share in Zambia Sugar Plc, and later increases it to 89.71%.

2006
Following its successful acquisition of British Sugar, ABF sought to expand its presence in the sugar industry and purchased a 51% stake in Illovo, a sugar company based in Africa.

2007/09
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 Country Managing Director. Oswald Magwenzi, former Managing Director of Eswatini subsidiary of Illovo Sugar Africa, Ubombo Sugar Limited, assumes Country Managing Director role.

2022
Record domestic sugar sales of 276 000 tonnes.

2023
Nakambala estate achieves best agricultural performance in the group with record sucrose levels and highest yield per hectare in history.

Operating Review

AGRICULTURE

Over the past few years, the Company has successfully incorporated several key elements of the Integrated Farming System (IFS) into the planting programmes, specifically focusing on cover crops, planting dates, and the ageing of cane. These adjustments have not only improved crop yields but have also had a positive impact on water use efficiency. As a result, the Company has been able to achieve higher crop yields with the same or even reduced water usage, demonstrating commitment to sustainable water resource management.

One noteworthy achievement worth mentioning is the exceptional yield achieved on one of the fields during the last autumn replant programme. Following the successful implementation of the IFS methodology, this particular field produced an outstanding yield of over 200 tonnes per hectare, setting a remarkable benchmark for the sugar estate. This success story serves as a testament to the effectiveness of the sustainable farming practices currently in place. On average, the entire 1,300-hectare programme has achieved an impressive yield of 160 tonnes per hectare, showcasing the consistent positive outcomes of adopting the IFS approach. These results not only underscore the impact of sustainable farming methods but also highlight the potential for further improvements in the Company's agricultural practices.

Zambia Sugar's ongoing journey towards controlled traffic and minimum tillage is also in alignment with the principles of the IFS. Although there are currently trials underway of these practices, there are already benefits being observed in terms of soil health and structure. The reduced compaction and soil disturbance associated with controlled traffic and minimum tillage are crucial components of sustainable agriculture. They help prevent soil erosion, enhance water infiltration, and reduce nutrient loss, ensuring the long-term productivity of the fields.

To further improve water use efficiency, the Company is implementing an irrigation conversion plan that will significantly enhance irrigation practices. This plan involves converting our current long furrow irrigation system to a more water-efficient drip irrigation system, complemented by a short furrow synergistic irrigation design (SSID). This transition to drip irrigation will allow for precise water delivery directly to the root zones of the plants, minimizing water wastage and reducing the risk of over-irrigation. The SSID design will further optimize water distribution, ensuring that every drop is used effectively.

In addition to these infrastructure changes, the Company is also working on enhancing the efficiency of the long furrow infrastructure. This includes measures to reduce water leakage, improve distribution uniformity, and ensure that every drop of water counts. By addressing these aspects of the irrigation system, it aims to minimize water loss and enhance water use efficiency, further contributing to sustainable agricultural practices.

Overall, the commitment to the principles of the Integrated Farming System (IFS) has not only led to improved crop yields and soil health but has also resulted in significant progress in water use efficiency. With the ongoing transition to controlled traffic and minimum tillage practices and the upcoming irrigation conversion plan, the Company is well on the way to achieving even greater sustainability in agricultural operations. These efforts reflect the dedication to responsible and efficient water resource management, ensuring a more sustainable and profitable future for the sugar estate.

MANUFACTURING

Zambia Sugar conducts all of its operations with safety of its customers, employees, contractors, communities and all other stakeholders in mind. The manufacturing operations follow a defined set of objectives in the pursuit of the Company's vision. Every employee is committed to the attainment of the manufacturing objectives which include:

Sustainably improving the overall recovery from the current 83.6% to 85% by 2027. This will involve improvements in extraction while working within a 34-week season. The factory is targeted to be crushing 3.6 million tonnes of cane by 2027. The Company has introduced a series of initiatives to support this improvement. Some of the initiatives are plant reliability initiatives to minimise prolonged downtime, leaks and overflow elimination as well as C- shed scaling up. The Company has also planned other capital investments to improve mill reliability as well as help mitigate any molasses losses.

Achieving energy self-sufficiency by improving average own- generation capacity utilization from 21 MVA to 30 MVA by 2027 and reducing steam % per tonne of cane processed. This interesting journey will be reinforced by Government's enhanced focus on the energy sector. This has been supported by the investment in the Zambia-Tanzania- Kenya connector that is currently being given focus. There is further legislation pertaining to net metering which will promote investment in private power generation projects. Zambia Sugar anticipates being an active participant in the energy sector with prospects of exporting into the national grid by 2027.

Increase refined sugar production from 85 000 tonnes to 95 000 tonnes. This will be achieved through debottling initiatives with plans for further capacity expansion by 2028.

Sustainably reduce Loss Time Available (LTA) from 12% to 5% by 2027. The sugar industry has a specified measurement of downtime or production lost. It is called Loss Time Available (LTA) and is expressed as a percentage. LTA measures the lost time or plant unavailability for production due largely to two internal factors, equipment failures or breakdown, and operational impact due to operational errors.

An assessment of LTA excludes all planned maintenance downtime such as the stop days or any stoppages due to external factors such as bad weather, non-availability of sugar cane, etc. A Major contributor to LTA is plant failures. LTA is a measure of how successful the assets of a sugar mill are managed. The lower the LTA the better the mill is being operated.

Zambia Sugar's milling complex maximises the use of all input materials with very few waste products.

In good conditions, sugar cane contains between 13% and 16% sucrose, which is used in sugar mills to produce household, brown and refined sugar.

Cane fibre or bagasse, the fibrous residue following the sugar extraction process, is used as a bio-renewable fuel source in the factory boilers to produce steam for processing requirements and to generate electricity.

Water contained in sugar cane amounts to between 68% and 72% of total content. During the extraction process, this water is released and recycled for use within the factory, reducing reliance on external water resources and in line with our commitment to reducing our water use.

Organic and non-organic impurities captured in the form of "filtercake" during the manufacturing process are returned to the cane fields for use as a fertiliser.

Sugar cane is a large grass variety which

SUGAR CANE

1. Sugar cane is a large grass variety which grows well in tropical and sub-tropical climates across the globe, absorbing around 18 t CO_2 per hectare per annum.

2. Harvesting in the southern hemisphere takes place between April and December when the cane is 12 to 24 months old (12 months in Zambia).

3. Once harvested, the cane commences a new growing cycle from its existing roots; this re-growth is called a "ratoon". Replanting takes place only every seven to ten years, minimising soil disturbance and exposure to wind and water erosion.

4. In regions where irrigated cane yields are significantly high such as in Zambia, water for irrigation is sourced from secure and sustainable water resources such as large rivers, lakes and dams within permitted rights of use.

INTEGRATED SUGAR CANE PROCESSING

1. Zambia Sugar's sugar milling complex maximises the use of all input materials with very few waste products.

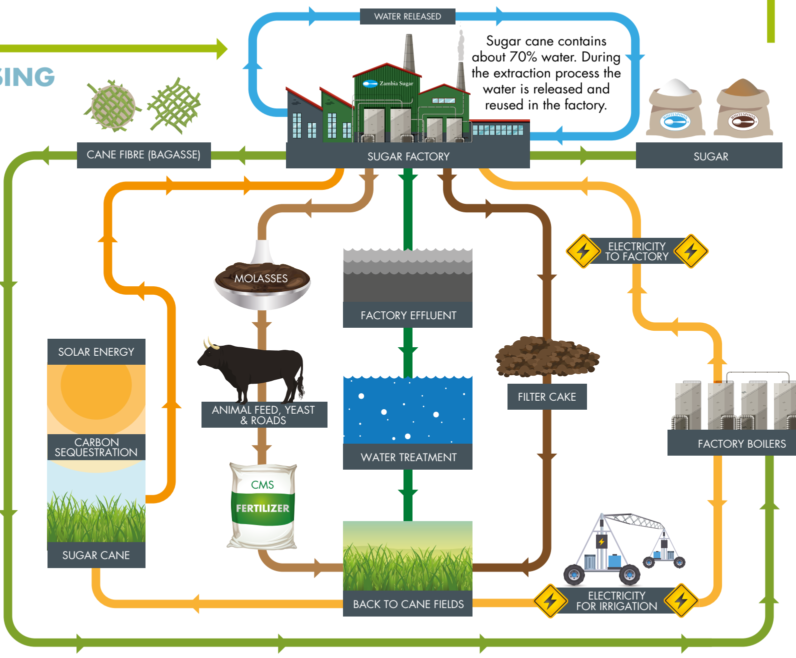
2. In normal to good conditions, sugar cane contains between 13% and 16% sucrose, which is used in sugar mills to produce household, brown and refined sugar.

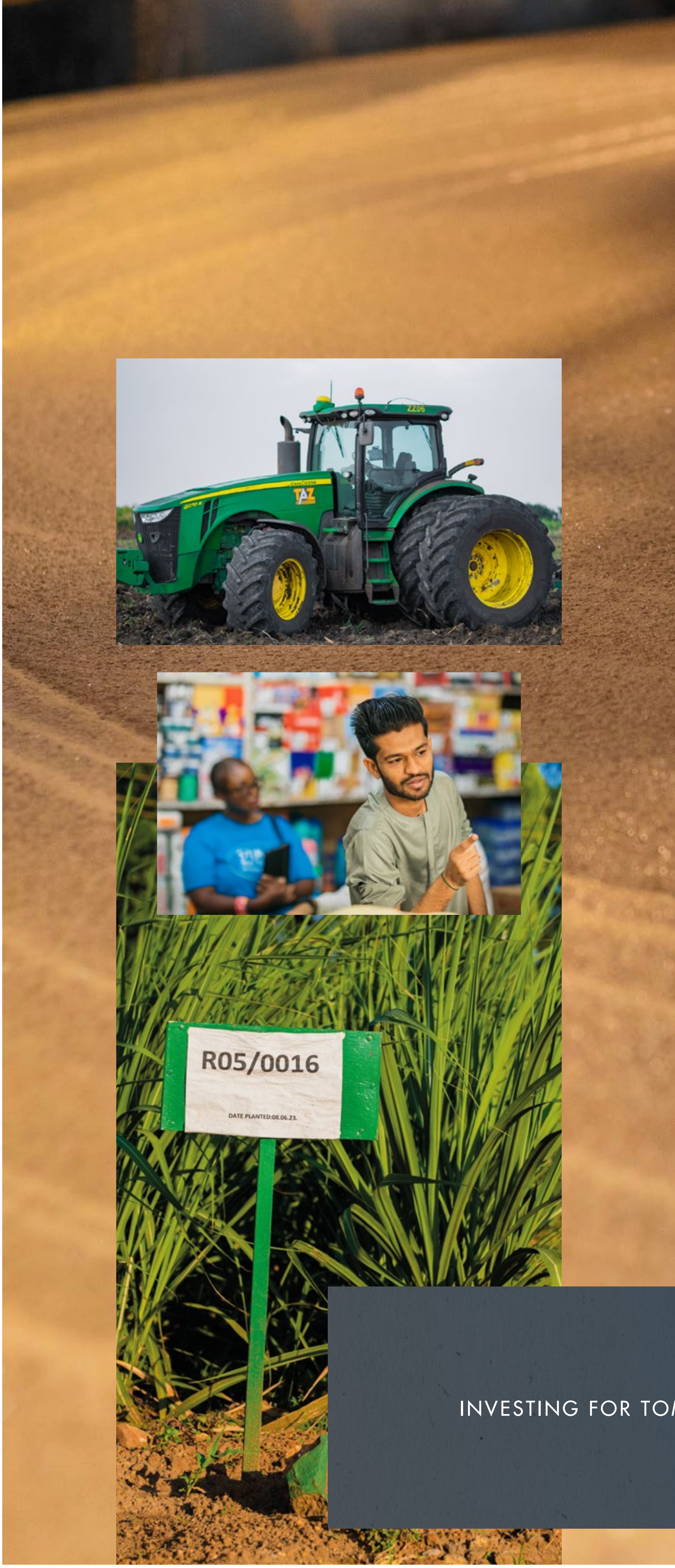
3. Cane fibre or bagasse, the fibrous residue following the sugar extraction process, is used as a bio-renewable fuel source in the factory boilers to produce steam for processing requirements and to generate electricity.

4. Water contained in sugar cane amounts to between 68% and 72% of total content. During the extraction process, this water is released and recycled for use within the factory, reducing reliance on external water resources.

5. Organic and non-organic impurities captured in the form of "filtercake" during the manufacturing process are returned to the cane fields for use as a fertiliser.

6. Molasses is a by-product of the sugar manufacturing process. Zambia Sugar sells molasses to farmers to be used as an animal feed supplement and is used as a key ingredient in the manufacture of yeast. It is also used as a dust suppressant on gravel/dirt roads. Molasses is also a rich source of potassium (K) and can be used as a fertilizer and be applied directly to sugar cane fields.





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Molasses is used as a dust suppressant on gravel/dirt roads. It is also a rich source of potassium (K) and can be used as a fertilizer and be applied directly to sugar cane fields.

During the 2023 financial year the factory produced 368 000 tonnes of sugar, a 5% reduction compared to previous year due to operational challenges at the start of the production season.

Major challenges impacting sugar production in the year were attributed to factory reliability challenges. The Capability development in processes, systems, people, plant, and design remain key priorities. The Company remains committed to maximising production and is focusing on continuous improvements in energy efficiencies, cost optimisation, quality, plant reliability and sugar recoveries.

INVESTING FOR TOMORROW **DELIVERING TODAY**


838
BAGASSE MILL

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 strong customer service.

The Company continued to comply with applicable statutory requirements and Company Policies including:

1. PROCUREMENT AND INVENTORY

70% of overall procurement was paid to the Zambia Suppliers. This excludes cane purchases.

Local procurement/sourcing		
SOURCE	Amount (million)	% of Total Spend
Illovo Johannesburg South Africa	298	16
Mazabuka Based Citizen Owned Suppliers	262	14
Zambian Based - citizen empowered, influencers and/or owned suppliers	668	36
Zambian Based Suppliers	359	20
Foreign Based Suppliers	256	14
TOTAL Procurement Spend	**1 846**	**100**

The development of the Mazabuka based suppliers continues to grow having contributed to about 14% of the total procurement spend in the financial year ending August 2023. This is in line with the objective of Supplier development commitment by the Company as well as in the aim to empower local businesses and bring about economic development in the area meeting the Group's purpose of creating thriving communities.

2. SALES AND OPERATIONS PLANNING

The process of balancing supply and demand has progressed very well to the next stage allowing the business to forecast the requirements for the market.

a. The decisions to supply sugar to better revenue realisation is governed by the process of sales and operations planning.
b. The training for the sales and operations planning team in lean manufacturing practices have provide a new dimension to the process of ensuring supply meets demand.

3. CUSTOMER SERVICE CENTRE

The customer relationship has been enhanced by a dedicated team in the Customer Service Centre who monitor the sales and engage customers on all the sales requirements. The centre has taken up responsibilities which the sales team were doing. This has allowed the commercial team to solicit for more sales and thereby increase sales turnover.

a. The WOLO journey has fostered the introduction of man-machine separation bollards at all the distribution centres.
b. Warehouse network optimisation has resulted in repositioning of the distribution centres in response to the Route to Consumer strategy.

4. WINNING OUTBOUND LOGISTICS ORGANISATION

The Winning Outbound Logistics Organisation (WOLO) continue to modernise the logistics operations across the business in terms of conditions of the buildings and the machinery to aid operations.

5. TRANSPORT

ROAD

a. Despite the continued poor state of the road infrastructure to the areas where we deliver the sugar, the supply of sugar across the national and to the regional markets continued very well in the period under review.
b. The business has continued to comply with Statutory Instrument number 35 which requires at least 50% of a manufacturer's exported and /or imported goods to be moved by local transporters. In the year under review, 69% of the sugar exports were done by local transporters.
c. When the construction of the Lusaka to Ndola road and the Mufulira to Mokambo border are complete, the turnaround of trucks will improve and thereby impact positively on sales.

RAIL

a. The engagement with Zambia Railways continued with a common objective to move as much sugar by rail in order to comply with the provisions of the Statutory number 98.
b. Zambia Railways Limited has continued to rehabilitate their rolling stock in order to provide more wagons and locomotive power to the business.

Zambia Sugar Plc Values, Vision & Mission

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:

Values

ACTING WITH INTEGRITY -
We proudly promote and protect a culture of trust, fairness and accountability that puts ethics first. From farms and factories right through to our boardroom, we are committed to embedding integrity into every action.

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.

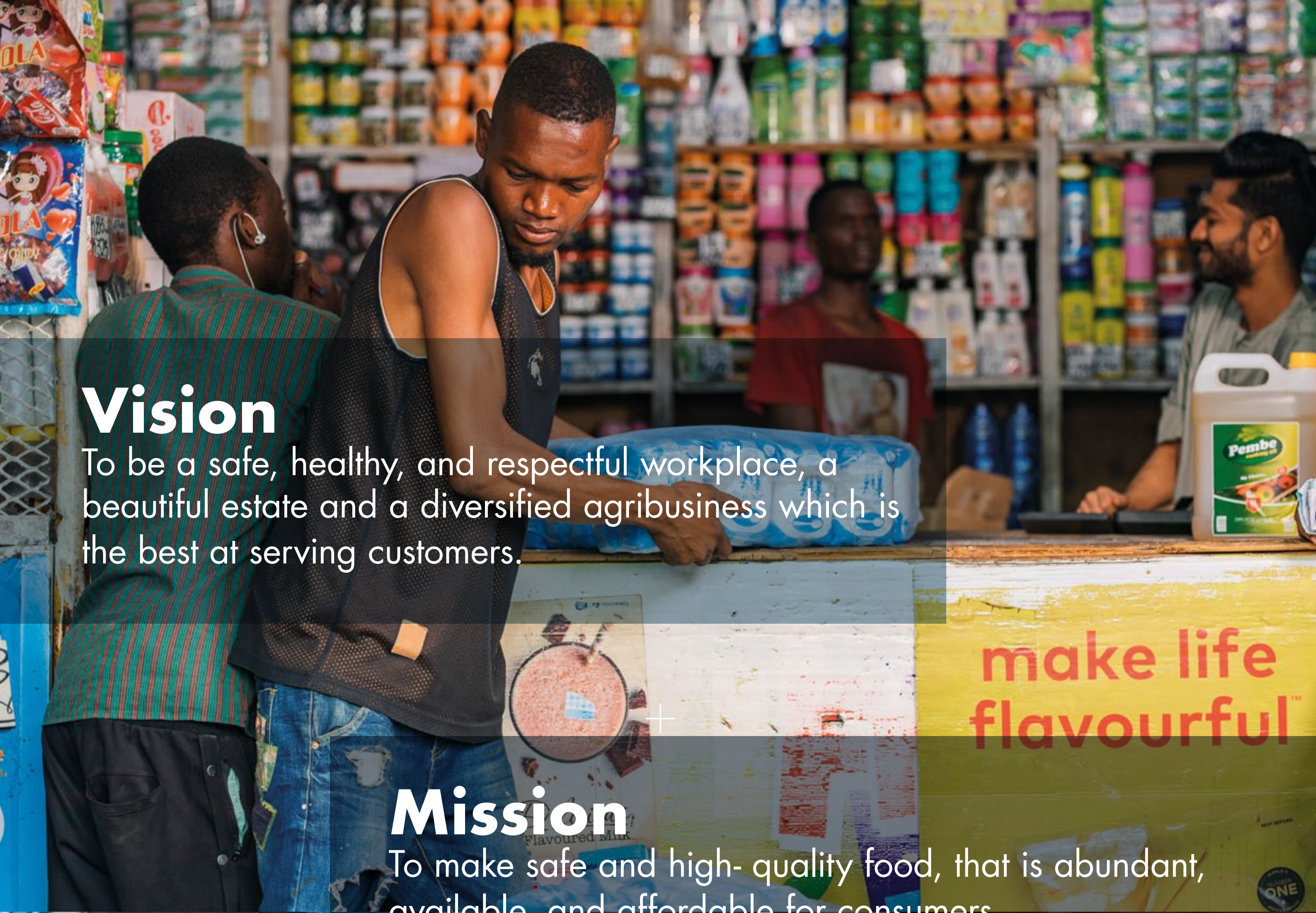
COMMITMENT -
WORKING COLLABORATIVELY
We are committed to the success of the whole and together look for ways to co-operate and support each other, even when the immediate benefit is one-way. We value strong networks and working relationships that are underpinned by teamwork, open communication, trust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

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.

DELIVERING WITH RIGOUR -
From the products we make, to the way we preserve the resources we rely on and support the people we work with, we are always learning and incorporating better practices. Across our businesses, we are partnering with industry experts to help us work towards the highest standards.

PROGRESSING THROUGH COLLABORATION -
We work with others to leverage our global expertise for local good. Through collaboration with our stakeholders, including non-governmental organisations (NGOs), we are working to create safer, fairer working environments and promoting thriving, resilient communities.

RESPECT EVERYONE'S DIGNITY -
We strive to protect the dignity of everyone within and beyond our operations, so that the people who make our products feel safe, respected, and included.



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.

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

Our People

Our people have the opportunity to develop their career across our sugar businesses and the wider ABF Group.

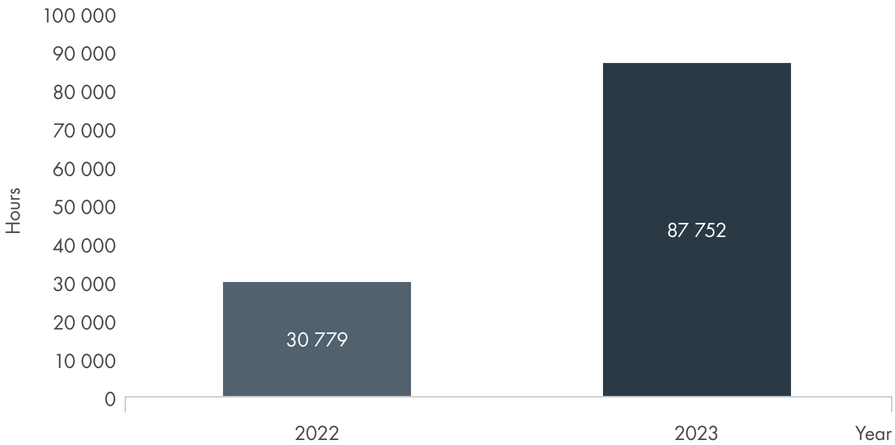
Zambia Sugar is the country's leading private sector employer. In 2022 the Company had 6 379 direct employees rising marginally in 2023 to 6 385 direct employees. The Company had an employment impact totalling at least 13 782 people, making it a significant provider of employment in the country and the largest outside the public service.

Zambia Sugar is committed to growing a sustainable future for its employees, customers and communities and shareholders. It is on a journey to create a more sustainably orientated business focusing on key priorities. These include keeping the Company's people safe, reducing its carbon footprint and water use, using sustainable farming practices, using raw materials more efficiently, better supporting its supply chain and educating consumers on healthy diets. To achieve this development takes centre stage.

'Global Mind, Local Champions' is the Group's sustainability framework with ambitious 2030 commitments. Local Champions drive environmental, social and economic benefits by creating high quality sugar and a range of co-products for today and for future generations. By encouraging collaboration, sharing knowledge and innovation across the Group, the programme aims to create a global mindset to tackle key issues locally and across the Group.

The Company conducted training for 4 281 employees in the year vs 2 024 employees trained in 2022. A total of 87 752 man-hours were spent in training in 2023 compared to 30 779 man-hours in 2022. The steep increase in the man-hours of training reflect the enhanced focus the Company places on training especially following the removal of restrictions due to COVID-19 pandemic experienced in much of 2022. The Human Resources function working closely with line, identifies the gaps and training needs and prepares training needs and the specific programmes by engaging with the necessary institutions across the country and the globe.

Man Hours Of Training



Various types of training were conducted both in-person and virtually. In-person training was held in the United Kingdom, South Africa, Tanzania, Malawi, Eswatini and Zambia. These included:

- **SHERQ** – annual pre-season start refreshers and preparations for all Safety Representatives.
- **Data Management skills training** – MS Excel for new supervisory layer.
- **Farm Supervisor Onboarding** – support to learn new Ways of working under new Op Model.
- **Fatigue Management Training** – new programmes to drive new Employee Wellness initiatives.
- **Speak Up** – to roll out the new policy moving from Anonymous Tip Offs.
- **Business Alignment Strategy** sessions for Agric Crop production employees.
- **TOPs** – pre-season start technical refreshers and new learnings for Factory employees.
- **Competency Framework** develop programmes to support embedding of the new Op Model.
- **Security Training** – pre-season start skills enhancement training.

Other training included Financial Literacy, Modern slavery, Project Management, FSSC 22000, emergency firefighting, ABC, Anti-trust and Competition Law, Risk Assessment, workshop equipment management, Water Quality Monitoring, Board Competition law, precision training and leadership.

The Company continues to focus on training staff in various disciplines aimed at developing staff and improving performance thereby contributing effectively to the attainment of the Company objectives. Refresher training takes place annually to encourage employees' understanding of the Company's policies which include:

- Conflict of Interest Procedure
- Fraud Policy
- Internal Code of Conduct
- IT Usage Policy
- Social Media Policy
- Speak Up Policy

Speak Up

The Speak Up Policy provides a route for the employees to confidentially raise concerns about inappropriate behaviour at work. Speak Up empowers people to tell the Company whenever they see anything inappropriate, improper, dishonest, illegal or dangerous and ensures that their concerns will be handled confidentially and professionally.

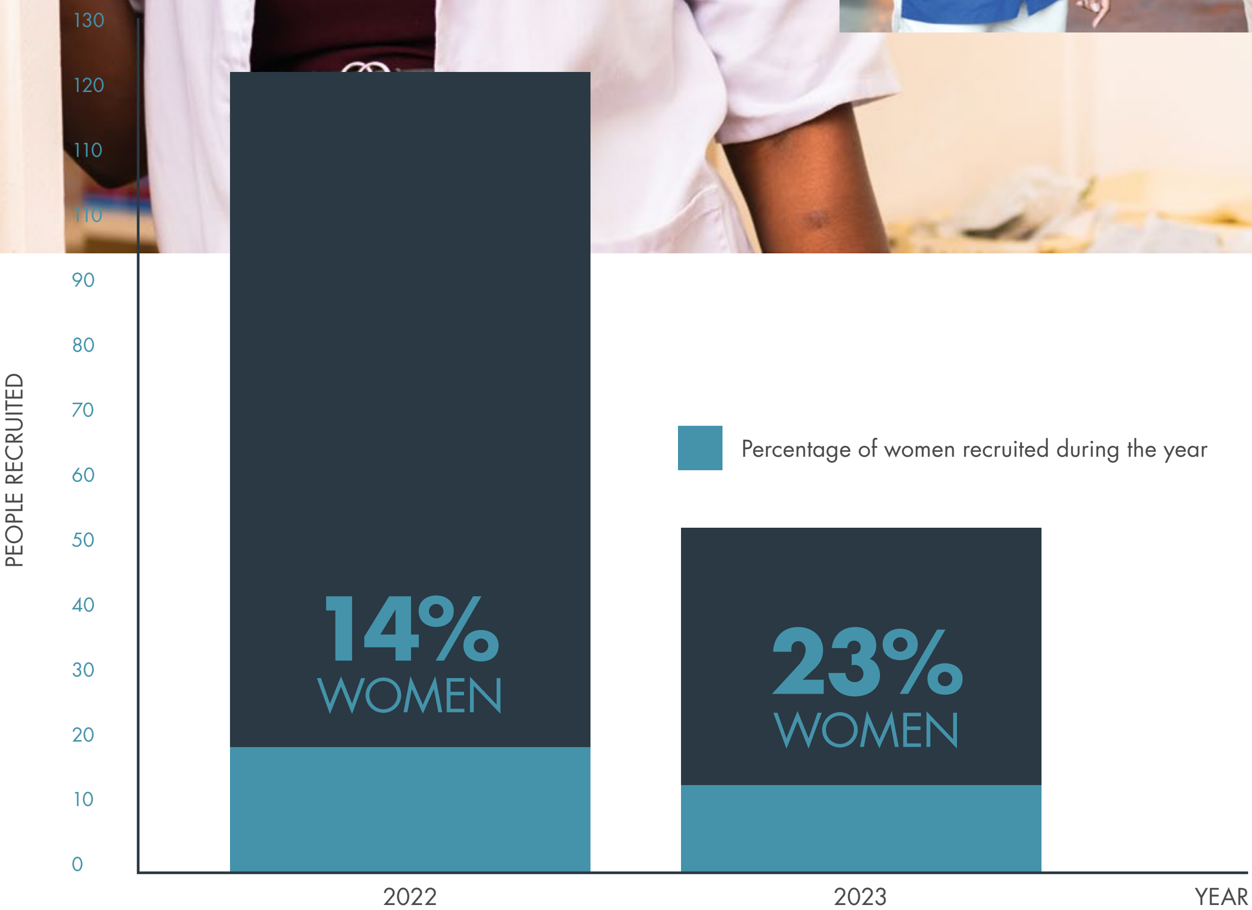
Speak Up includes both a telephone line and a web reporting device managed by a leading independent provider, People Intouch. The Company encourages all individuals working in any capacity to Speak Up, including employees at all levels, directors, officers, part-time and fixed-term workers, casual and agency workers, seconded workers and volunteers.

Any contact made via Speak Up is disseminated to the senior management team responsible for investigating the issues raised. An investigation is then undertaken and any remediation agreed

The Company recruited 50 people in 2023 compared to 123 people in 2022. Of those recruited, 14 % and 23% were women in 2022 and 2023, respectively

The Company continued to be a significant provider of employment, with an average employee base of 5 566 (2022: 5 410) during the year, with the number peaking at 6 385 (2022: 6 379).

The Company endeavours to have appropriate succession and development plans for people; supporting the creation of a diverse employee base as well as recruiting and training talent to build a pipeline of future business leaders. Zambia Sugar looks to maintain a pipeline of talent across a wide range of functions; from agriculture to engineering, analysts to technicians; as well as across a wide range of disciplines; from Safety to Commercial, HR to Finance, Logistics, Marketing and Advocacy.



Safety, Health, Environment, Risk & Quality (SHERQ)

HEALTH AND SAFETY

At Zambia Sugar plc, Safety is the number one strategic priority and underpins everything the Company does. The Company's focus is on being a safe and healthy place to work, with zero fatalities, zero overdue actions and zero non-compliance to procedures and standards. A key component of the Company's vision is to create a safe, healthy, and respectful workplace. This means a place where employees live a culture of zero compromise towards safety, where they feel secure, valued, and empowered to prioritise safety more than anything else.

Zambia Sugar leadership commitment to Safety is unmistakable and continues to be demonstrated daily by the behaviours of the leaders. As a strategic priority the Company has included Safety in the Company's corporate vision which continues to see Zambia Sugar win commendations from the Government as well as from its private sector partners for this strategic positioning of safety.

Indicator	Closing Balanced Scorecard		Lost Time Injury Frequency Rate (LTIFR)		Total Injury Frequency Rate (TIFR)		Lost Time incidents (LTI)		Medical Treatment Case		Near miss Reporting	
Group Target	≥ 85%		≤0.09		≤1.00		4		-		-	
Period	Aug 2022	**Aug 2023**	Aug 2022	**Aug 2023**	Aug 2022	**Aug 2023**	Aug 2022	**Aug 2023**	Aug 2022	**Aug 2023**	Aug 2022	**Aug 2023**
Actual	88%	80%	0.03	0.11	0.71	0.38	3	5	14	12	4 664	4 842

Every employee of Zambia Sugar is required to internalise this Safety vision which should be demonstrated by the way they behave both at work and away from work. The Company will continue to ensure that the workplace is conducive and that necessary training continues for every employee with the right level of coaching by line and the safety teams. This approach to Behavioural Safety Journey has the following important elements:

- **Awareness:** Behavioural Safety starts with everyone understanding why it is important to Speak up and Listen.
- **Application:** Practical techniques are shared to encourage participation and make it safe to speak up.
- **Verification:** The implementation is audited by external consultants to determine how well it has worked.

Although there was an increase in the number of Lost Time Injuries (LTIs), which inherently drove the Lost Time Injury Frequency Rate (LTIFR) upward, it was comforting to observe that medical treatment cases and Total Injuries Frequency Rate (TIFR) reduced. Introduction of internal SHERQ Alerts to recall, action, and draw learnings from incidents shared during Group monthly safety meetings, current and past incidents, has enhanced safety.

Management is focusing on lead indicators to reverse the trend of increasing LTIs while at the same time working to engineer out unsafe workplaces. In line with the Company vision of making Zambia sugar a safe place to work, the Company has arranged programmes under the MUST WIN BATTLES initiative to enhance safety, health, and well-being of employees.

Major Health and Safety Highlights during the year included:

Staff participated in many safety enhancing activities during the year.

1. Introduction of 4 Critical lifesaving rules models used for first-hand/ practical training away from classroom training during safety week. The Country Managing Director and his executives visiting the exhibition site. Training has been conducted during the season. Reduction of accidents have been noted in the factory.
2. Hazards of the Job identification and briefings introduced. Initiative has reduced accidents in the factory.
3. Safety awareness through song and Drama. The Song will be used more effectively to reinforce every employee's Safety commitment regardless of their background.
4. Appointing of Zambia Sugar Fatal risk champions, Development of Bowtie risk assessment for the 10 Fatal risks. Identification of critical controls.
5. Awards presentation for safety and environmental innovations.
6. Introduction of leadership Gemba walks in all departments. This has contributed to resolving unsafe conditions and improving housekeeping in sections.
7. Audits and statutory inspections. The Company hosted two risk audits from Wills Towers Watson (MRG Risk broker) and ABF/Swiss Re underwriting respectively with no major findings. E&Y assurance data integrity audit was held with no major finding on Health and safety KPIs. The company complied with the statutory inspection requirements and reporting resulting in zero fines, litigations, or citations.
8. Safety awards. Choice award presented to Zambia sugar for exemplary contribution towards improvement of H,S,E, and wellbeing by AfriSAFE in November 2022.
9. Zambia hosted international Vision Zero safety, health, and well-being conference 2023, Themed "Vision zero-investing in safety & health beyond compliance". Delegates from seventeen regions attended the conference in Livingstone. Zambia sugar was invited to give a presentation on the theme "Manufacturing: The implementation of vision zero". Zambia Sugar highlighted how they have translated the 7 Vision Zero golden principles in their safety and health system.

Zambia Sugar observed its second safety week commemoration under the theme "Values Driven Safety in Action" following the inaugural one in 2022. The idea of the safety week is to dedicate one week out of 52 weeks to exclusively review safety practices, progress, and challenges. Safety week is a companywide event to raise awareness and understanding of the value of safety and health programmes in the workplaces. It is a week set aside during the year to learn more about safety, review and resign workplace Health and Safety policies. It is also a time to think about how one can achieve the goal of "zero harm to employees and contractors."

During the week, staff participated in targeted activities that show how to keep the workplace safe through leadership, effective management, employee participation, and formal safety recognition and rewards for those who had gone beyond in ensuring that every person goes home safely every day.

During the safety week, employees took time to share safety best practices and to learn more about how to work safely through Gemba Walks and Toolbox Topics, Drama, simulations, songs, and other safety week activities.

The safety week was a resounding success with elevated levels of engagement and participation from all functions. The week ended with a safety and environmental management awards ceremony which was officiated by Mr Fidelis Banda, Zambia Sugar Independent Non-Executive Board Member, as the guest of honour

Safety Conversations were themed around Zambia Sugar values. These include:

- Respectful Safety Conversations, Safety Integrity,
- Safety Accountability,
- Safety Empowerment,
- Safety Inclusiveness; and
- Safety Commitment.

ABF Sugar continually enhances its systems to ensure that health and safety standards, risk management practices and performance measurements are all robust. The Company is investing in data and reporting systems to reduce reliance on paper-based processes and deal with hazards and risks more proactively.

Zambia Sugar is working together with other Illovo and ABF Sugar subsidiaries to improve safety performance and protect all colleagues from injury. This year, cross-business collaboration involved an exercise to identify 'critical-to-life risks' completed across the business, with ten risks prioritised for further action. A Safety Competency development programme and supportive learning platform had also been approved and implemented under the various facets in the ABF Safety Journey.

Zambia Sugar 's safety slogan; "Safety My Responsibility, Our Way of Life," zero harm target and Critical lifesaving rules, were all reinforced as principal areas of focus by every employee and were communicated through a safety song composed by the shopfloor, which was highly effective.

No.	ABF SUGAR TOP 10 FATAL RISKS	Champions	Job Titles
1	Electric Shocks	Joseph Nsofwa	Factory Optimization Engineer
2	Fall from Heights/Working at Heights	James Kapila	Irrigation Engineer
3	People Vehicle Interaction (PVI)	Earnest Namakando	Tractor and Field Service Engineer
4	Entanglement in Moving Machinery (Stationery or Mobile)	Muyuba Sikapande	Planning Engineer
5	Lifting Failure/Mechanical Failure	Justin Habanyama	Transport Workshop Manager
6	Day and Night Burning of Cane	Chrispin Hachumpi	Cane Haulage Manager
7	Criminal Threat/Security/Assault	Fisher Kunda	Acting Security and Emergency Response Manager
8	Confined Spaces	Patrick Chakubala	Process and Recovery Engineer - Optimization
9	Burns (Steam and Hot Fluids)	Jarrod Miranda	Reliability Engineer
10	Explosive Atmosphere (Fire, Sugar Dust, Combustible Liquid & Gases)	Phumlani Shabangu	Process and Recovery Engineer - Optimization

The Company implemented the ABF Safety Journey, a programme to take the Company to safety maturity where the employees are not reactive but proactive when addressing safety concerns and ensures that people are beyond being interdependent on one another in terms of their safety behaviour.

Therefore, the programme helps consolidate safety as a strategic priority and enhances the safety culture in the Company where every employee embeds it in their daily practices regardless of their role.

Safety, Health, Environment, Risk & Quality (SHERQ)

FOOD SAFETY AND QUALITY

Providing safe food and enabling customers to make healthier choices have both been central to our approach throughout our history. We can facilitate improvements in diet and public health through pragmatic interventions.

We take nutritional factors into account across our products.

Zambia Sugar strives to provide factual information based on robust science to help inform and educate people about sugar and the role it can play as part of a healthy balanced diet.

Zambia Sugar operates quality management systems based on the Hazard Analysis Critical Control Point (HACCP) principles and the Global Food Safety Initiative (GFSI) range of standards, certification, typically via the unannounced audit schemes. Additionally, as a minimum, we set and monitor a range of Key Process Indicators (KPIs) for our business including recalls and withdrawals, incidents, complaints, and the outcomes from different types of audits.

These KPIs are formally reported on to the Board and the Group on an annual basis, any themes identified are relayed to the Group Product Risk Reduction Group (formerly the Heads of Technical Forum) for review and resolution. To navigate the legal landscape pertinent to change in law, Zambia Sugar has access to specialists within the Group.

Zambia Sugar's Food Safety and Quality teams help assure the safety, quality, legality, integrity and authenticity-Vulnerability Assessment and Critical Control Points (VACCP) of both raw materials and finished products. Raw material approval format is dependent on the risk posed but will typically comprise vendor assessment by audit or questionnaire, supplier certification review and product testing.

At Zambia Sugar, HACCP outcomes and Good Manufacturing Practice determine the scope of quality assurance and quality control regimes.

To continually improve our practices, structured Food Safety and Quality Culture programmes are in place. Threat Assessment and Critical Control Points (TACCP) protocols covering supply chains and Zambia Sugar activities to counter malicious intent are in place. All of the above regimes are subject to ongoing verification and validation activities and training is conducted for both the technical teams and the leadership teams alike.

The Quality and Food Safety performance for the year was satisfactory. The business successfully retained its permit to supply certifications by institutions such as Zambia Compulsory Standards Agency (ZCSA) and the South African Bureau of Standards (SABS). The Quality Management Systems (QMS) continues to be impressive with continuous improvement consolidation on the main systems' enhancers. This was demonstrated through the effective customer complaint closures, enhanced internal incidence management, as well as good performance of the Quality and Food Safety Scorecard.

The Company continues to develop effective ways of enhancing food safety and quality procedures and ensuring it upholds the food safety management system which meet the requirements of Food Safety System Certification (FSSC).

ENVIRONMENT

Zambia Sugar believes that more sustainable food production should not have to come with a higher price tag for people or the planet. The Company has been on a journey for nearly 60 years to build a more sustainable business, but now needs to go further and faster, leveraging the Group's size and scale to make a real difference.

More sustainable sugar production and distribution by the embedding of the Group's ESG agenda in the Company's sustainability/ ESG strategy especially focusing on greater accuracy of measurement of the impact on the environmental, social and governance factors is now key.

The Company's ESG priorities include avoiding or minimising solid waste, reducing water use and lowering the carbon footprint that ultimately impacts the planet and improve the lives of the people involved in the production and distribution processes.

The Company remains committed to growing its operational and financial performance at a sustainable basis for the benefit of all stakeholders, including shareholders, suppliers, growers, regulators, employees, consumers, customers, and communities. It is on a journey to create a more sustainably orientated business focusing on key priorities. These include keeping employees safe, reducing its carbon footprint and water use, using sustainable farming practices, using raw materials more efficiently, better supporting the Company's supply chain, enhancing the social dignity of employees and communities as well as educating consumers on healthy diets.

The Company's environmental and social focus areas are grouped under three pillars which are, supporting rural economies, thriving and healthy communities, and consuming resources responsibly. These are underpinned by the 2030 ambitions:

- Build vibrant, diverse ways of working that increase prosperity for communities.
- Provide access to objective scientific advice on sugar, diet, and health to society.
- Reduce end-to-end supply chain water and CO2 footprints by 30% by 2030.

and

- Aim that all plastic packaging is reusable, recyclable, biodegradable or compostable.

In 2023, Company focused on meeting these ambitions. Projects and programmes underway included those dedicated to safety, climate and energy, water, yield and regenerative agriculture, labour conditions and communities. It also worked to enhance processes to address the evolving requirements of climate change and other ESG-related considerations, Environmental Management is a key area of operation for Zambia Sugar and was a major focus area during the year under review. There were no penalties from the regulators due to non-compliance.

The Company endeavours to move from compliance to performance based on the firm conviction that it is the right thing to do, and the Company can set internal standards with support from Illovo Sugar Africa Group and ABF Group and continue to benchmark against these standards.

Zambia Sugar has a clear strategy aimed at addressing the environment. It is made up of several pillars including:

Environmental Culture & Leadership in the Organization

• Development & implementation of environmental goals across the operation.
• Environmental Responsibilities and appointments.
• Capacity building through Training and Development.

Water Sensitivity

• Reduce the water we abstract – Efficient water use:
• Convert to more efficient irrigation systems – Phase 1.
• Field redesign to improve water efficiency.
• Maintenance of irrigation infrastructure and upgrade all main lift pump stations.
• Centre pivot optimization Improve the quality of water we return – improved treatment.
• Upgrade Ash plant to improve turbidity – Phase 1
• Upgrade Sewerage treatment plant.
• Maintenance of effluent treatment infrastructure.
• Creating wider water stakeholder awareness - Water stewardship (AWS) standard.
• Accurate water reporting requiring investment in infrastructure.

GHG Footprint and Roadmap towards 2030 reduction

• Migration to green cane harvesting.
• Reduction in wastewater related emission through improved treatment.
• Replacement of Ozone Depleting Substances with clean gas – Boiler & Incinerator emission abatement technology - phase 1.
• Energy Sensitivity - Reduce Energy use through efficient irrigation.
• Upgrade all main lift pump stations.
• Reducing Transport related emissions by optimizing Cane haulage and goods delivery performance.

Waste Sensitivity - Throwing away less & doing more with what we throw out.

• Segregation and recycling.
• Putting up Compliant Refuse Bay stations.
• Composting and biomass production projects.

Plastic Sensitivity

• Green Procurement – Policy.
• Extended Producer Responsibility (EPR) implementation.

Ecosystem and Biodiversity Sensitivity
• Ecosystem restoration.
• Environmental improvement initiatives.
• Awareness.

Hazardous Substance Sensitivity
• Inventory of PCBs, Ozone depleting substances, Asbestos and Mercury.
• Testing of PCBs and phase out.
• Asbestos Removal Phase 1 (C or A shed).
• Implementation of legal labelling requirements on imported hazardous chemicals.

Zambia Sugar accounts for a considerable proportion of the water used in own operations. Almost all of this relates to crop irrigation. Most of the water used by the Company is sourced from the Kafue River and is regulated by water permits and licences, and it requires that it withdraws water within the agreed limits.

Zambia Sugar accounts for all the abstracted water, how it is used and reused in the factory before being returned to watercourses. This is a cost- and resource efficient way of managing water. We reuse the water for irrigation and land-spreading, cleaning machinery and horticultural purposes.

The Company continues to make improvements in water use through introduction of drip and centre pivot. irrigation where appropriate and innovations such as SSID or short furrow system which is currently undergoing pilot testing at specific fields at Nakambala estate with very promising results thus far.

During the year under review over 170 hectares of land has been converted from furrow to drip. This, coupled with water measurements, leak detection and control, are leading to better use of water resources and assured stewardship.

At catchment level the focus has been building partnerships to address local water risks and coordinating necessary action to protect the water resource. Zambia Sugar continues to provide leadership in Coordinating a multi-stakeholder approach to addressing the water shared risks in the Kafue Catchment. The Company is current Chair for the Kafue Joint Action Group (KFJAG) the major vehicle for addressing. Kafue catchment water threats. The major long-term action has been the use of NBS to deal with water and environmental threats.

The KFJAG, prioritised:
1. Continuous assessment of water related risks and opportunities.
2. Coordinated action to ensuring water security.
3. Improving water flow and water quality.
4. Supporting Lukanga Swamp Water Conservation and Magoye restoration plans – both are part of Kafue River basin

WATER USE

Water is a critical natural resource and lifeline of our business which should be used responsibly to ensure business sustainability. Although 71% of the earth's surface is covered by water only 1% is fresh water, available for use. The agricultural sector is responsible for 67% of global water consumption. It has been established that excessive water use damages the ecology & environment and so water plays an important role in climate control and balance. Within Illovo Group over 800 million cubic meters is utilized, largely on irrigation, every year.

Therefore, our priorities are in alignment with the United Nations Sustainable Development Goal number 6. Responsible water use also gives the Company a social license to operate. This is due to stakeholder requirements (expectations of shareholders, customers, communities and consumers) posing a reputational risk and ultimately bringing into challenge the Company's need to secure future water access and business sustainability.

The risk of higher water costs (increasing abstraction fees, cost of energy to move water). Focus on efficiency of inputs = optimised outputs deliver vertical growth, where we register improved yields per hectare. The freed-up land could be used for alternate revenue/increased production leading to increased total revenue.

Water is an essential input for clothing and food production, and a vital resource for people and all living organisms. As it becomes increasingly scarce in some parts of the world, we remain aware that it is a valuable resource we share with the environment and communities where we operate.

We aim to reduce the amount of water that is abstracted, to reuse process water as much as possible and to return treated wastewater to nature, having ensured it meets or exceeds local and Group water standards, whichever is more stringent, and protect aquatic ecosystems. A range of technologies are used to manage the water use in fields and factory, and constantly work to further reduce the water footprint per tonne of product manufactured.

Zambia sugar continues to lead in local and catchment environmental stewardship.

Zambia Sugar won an award of the Best Performance in water and environmental stewardship in November 2022 at an event organised by Zambia Chamber of Commerce and Industry. This was in recognition of the outstanding efforts in Water and Environmental Stewardship above and beyond what is required.

The awards comprehensively evaluated leadership commitment towards environment, water stewardship, and waste management Compliance to related legal and regulatory requirements, positive participation in catchment governance, provision of clean water and sanitation services (WASH) to workers, adaptation measures to climate change, solutions to Environmental issues and activities for ecosystem conservation.

Environmental Sustainability is key to the sustainability of every business. The Environment provides home to living organisms in addition to provision of resources. However, through the years, the environment has been subject to both natural and human related threats causing serious degradation, climate changes and biodiversity crisis. Aspects such as poor waste management, deforestation, air and water pollution, release of greenhouse gases, extraction of resources faster than they can be replenished have been on the rise.

Zambia Sugar has continued to place great focus on environmental and social governance with a focus on the use of nature and natural ecosystems (NBS) to mitigate and adapt to climate change. The benefit from a healthy ecosystem lies in its ability to limit climate change impacts, reduces disaster risks, ensuring food and water security, and are critical to economic development.

Zambia Sugar uses the environmental strategy to drive environmental stewardship and has prioritised management of water, waste, energy use, Greenhouse gas emission, land use, ecosystem, and biodiversity conservation.

ENERGY AND GREENHOUSE GASES – GHG'S

In terms of GHGs, the Company has taken a position of beyond compliance leadership to reduce GHGs through various interventions. The environmental strategy has integrated climate change risks and opportunities with an established formal accountability of GHG and reduction targets that get audited annually.

Nature Based Solutions (NBS) are being utilised and work by either carbon storage, such as by planting more trees annually and Improving land management practices. Agricultural activities provide a greater opportunity for reducing atmospheric carbon dioxide through sequestration. Sugar cane absorbs carbon dioxide to make their own food through photosynthesis at a rate of about 18 tonnes of CO2 per hectare. This provides a sink of about 504 000 tonnes per annum for the 28 000 hectares that Zambia sugar cultivates.

Further to the above, Zambia Sugar maintains a corporate GHG Inventory as per the GHG Protocol requirements which covers and accounts for the six greenhouse gases as per the Kyoto Protocol—carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF6).

OTHER MAJOR ACTIONS

- Action that improve energy profile by focusing on process efficiency improvements such as variable Speed Drives on Motors.
- Action that cuts transport mileage through optimised cane haulage thereby reducing fuel consumption and associated emissions.
- Intelligent LED lighting technology - upgrading the lighting system to LEDs and introduction of sensor controls.

WASTE

Zambia Sugar pursues a circular economy model in waste management. Following the investment in a waste segregation bay and the integrated waste management facility last season, waste segregation has improved significantly. In the past year, 87% of the total Zambia Sugar production waste was diverted from the land fill into productive purposes which include among others conversion into natural fertiliser through composting and used to condition the soil, energy generation, supply to the recycling channel.

COMPOSTING WASTE TO FERTILIZER

1. ASH OUTPUT FROM FACTORY
2. FILTER CAKE OUTPUT FROM FACTORY
3. BOTH ASH AND FILTER CAKE TRANSPORTED TO CONDITIONING FIELDS CLOSE TO MILL
4. ONE LINE TURNED UNTIL MOISTURE IS REMOVED.
5. ASH AND FILTER CAKE DUMPED IN LINES
6. ASH AND FILTER CAKE MIXED INTO ONE LINE
7. TURNED FOR 6 WEEKS TO REDUCE MOISTURE
8. LOADED ON RATOON FIELDS.

Environmental performance indicators were within specification on wastewater discharged to the aquatic environment and potable water distributed within the networks. Boiler and incinerator emissions were also compliant. The Company continues to focus on improved measures to manage dust emissions. An action plan which includes both short and long-term plans is being implemented to install new filters on the boilers.

PLASTIC AND PACKAGING

As a leading provider of sugar and sugar products, packaging contributes to our environmental footprint. Paper is the main packaging material used across the Group, followed by plastic. They currently play a vital role in both food safety and reducing food waste, by extending the shelf life of products. The Company is mindful of the harmful effects of plastic waste on ecosystems and continues to actively devise ways to use plastic and paper materials responsibly and find solutions which balance the needs of our customers and our desire to minimise our impact.

We are doing this by removing unnecessary and problematic plastic packaging, switching to more easily recyclable types of plastic and increasing the use of recycled content in the plastics we use.

We further continue to demonstrate the commitment to tackling plastic and packaging challenges by involvement with local waste recycling Companies and working closely with the regulators to ensure that we devise actions that demonstrate compliance with the regulation of extended producer responsibility.

Stakeholder Management and Social Investment

The Company uses several channels to promote regular engagements with the employees and contractors. These include communications channels such as Business Forum, a town hall held quarterly involving nearly 400 senior leaders. Others are Gemba walks, emails, face to face meetings, Management brief, Safety Week, factory and Agric/Factory tours,.

The Company is in the process of introducing online platforms that promote enhanced feedback and help with real time exchange of information with the audience. All these, when done, will effectively enhance an understanding of the business and the many factors affecting it. It also elicits the necessary response to help the company attain the targets effectively. It takes away the concerns of misinformation and provides motivation as well as promotes speed in effecting the right course of action following any adverse performance.

Another major introduction in the safety communications that has resulted in a marked improvement in the way employees behave with respect to upholding the Safety discipline is the introduction of the Country Managing Director's Weekly Brief. This is an internal communications channel that is utilized at the beginning of every week.

Although the Country Managing Director's immediate desire is to meet with employees regularly face to face, because of the size of the Company and number of employees who are widely distributed across the physical geography, the inherent limitations and efficiency concerns of this expectation have resulted in the innovation of this initiative.

The CMD begins with reporting on the safety performance for the past week and prepares them for the ensuing week by reinforcing the areas of focus pointing to lead indicators and calling everyone to be especially deliberate for their next 6 daily activities. The CMD repeatedly invites every employee to decline to undertake any work assignment that is rated unsafe or for which no risk assessment has been done. Going into the week every employee is conscious of what the leadership expects of them. In addition, the employees discuss the CMD's Weekly Brief points at the toolbox talks proposing suggestions of how some of the items could be improved on, accelerated and risks mitigated or avoided altogether.

Zambia Sugar is engaged in many community programmes every year. The Company is a leading economic entity in the country and has a level of responsibility it must perform in the community in which it operates as well as throughout the country. During the year, the company refurbished a Community clinic serving over 500 people a day. It also supported the refurbishment of community schools in the Mazabuka district as well as supported many sporting activities that took place during the year. This included karate, cycling, golf, tennis, athletics, darts. The country was also one of the major sponsors of the cultural and traditional ceremonies including the Kuomboka ceremony, Umutomboko Ceremony, Incwala ceremony, and many others taking place across the country.

Zambia Sugar continues to make a positive economic and social impact on the country through notable initiatives including:

- 403 outgrowers engaged
- 3 885 people employed by outgrowers
- 18 Commercial farmers
- 385 smallholders in 3 schemes
- Assured market through quotas
- Income and wealth creation – from subsistence to commercial farmers.
- Skills transfer
- Enhanced community development - schools and social amenities

The 3 schemes that the company is involved with include:

KASCOL

- Commenced in 1980
- Commercial estate and smallholder fields
- 160 small holders with 1074.5 hectares
- Commercial Estate has 1396.5 hectares
- 70 full time employees and 400 seasonal workers

MAGOBBO

- EU funded scheme
- 80 farmers
- 427.3 Hectares
- First cane was delivered in 2012

MANYONYO

- Government scheme
- 145 farmers
- 595 hectares
- First cane was delivered in 2016
- Block C (210 hectares) developed
- Block A and B outstanding (385 hectares)

Education:

- Four public schools on the estate
- Education infrastructure support
- Provision of services to support education – Materials, Accommodation, Utilities
- Nakambala Private School

- **Health Services**
- Zambia Sugar Hospital
- Four Clinics – Kaleya, Lubombo, Nkabika and Chuula
- HIV/AIDS workplace Policy,
- Disability inclusion in the workplace
- Construction of School of Nursing – Rusangu University
- Support to General and District Hospital
- District Malaria intervention programmes
- Cholera campaign programmes
- COVID -19 Initiatives implemented

Zambia Sugar is committed to the promotion of Zambia's tourism. The Company's strategic focus on preservation of the country's culture and promotion of the various traditional ceremonies in the country is in alignment with this commitment. During the year, the Company supported many ceremonies including:

1. Mutomboko Ceremony of the Lunda people
2. Bene Mukuni Traditional Ceremony
3. Nc'wala Traditional Ceremony
4. Nalubamba Traditional Ceremony
5. Lwaanza Traditional Ceremony
6. Shimunenga Traditional Ceremony
7. Samu Lyamoomba Traditional Ceremony
8. Lwiindi Goonde Traditional Ceremony
9. Ukusefya Pa Ng'wena

The Company was also involved in many sporting activities during the year with support provided to Young Nakambala Football Club through the procurement of kit and training equipment as well as logistics support to play outside Nakambala. The Nakambala Karate Club received logistics support to participate in a number of national tournaments and international activities including the Karate World Cup held in Durban. Other support included logistics support and procurement of kits for Nakambala Boxing Club. The Nakambala Athletics Club received logistics support, procurement of track suits, kits, running shoes for youths, and participation in key national competitions including the ABSA Marathon, Intercompany Relay and FNB Relay.

Zambia Sugar hosted the Nakambala Cycling Club race, which was branded the Zambia Sugar Sweet Race. The team was further sponsored to attend major national tournaments such as the Kalumbila Race and the Lusaka Race as well as supported in the procurement of equipment.

Zambia Sugar has extended its support to the Zambia Golf Union (ZGU). The support aims to bolster the enthusiasm and participation of golfers at all levels while promoting the sport's continued development in Zambia. The primary objective of this collaboration between Zambia Sugar and ZGU is to encourage golf participation at all levels. Through this sponsorship, Zambia Sugar envisions a stronger and more vibrant golfing community.

This support has already yielded significant achievements within its inaugural quarter. These achievements include:

- Enhanced Participation: The sponsorship has led to increased participation in Open Golf Tournaments hosted by affiliated golf clubs. A surge in the number of participants is a testament to the growing interest and passion for the sport.
- Youth Engagement: Zambia Sugar's sponsorship has catalyzed youth engagement programs, encouraging the next generation to take up the sport of golf. This will pave the way for a bright future for golf in Zambia.

The Zambia Golf Union, in partnership with Zambia Sugar, is committed to advancing the sport of golf in Zambia. The support provided has set a strong foundation for future endeavours and will continue to motivate and engage golfers of all levels.

Zambia Sugar continues to promote education in the communities where it operates including across the country. The Government funded education in the country has brought about many opportunities for children to receive an education. The Company remains committed to supporting this focus and during the year supported the painting and rehabilitation of a secondary school within the Estate.

In addition, the health of our population is key to economic development. The Company supported the rehabilitation of a community clinic which services over 600 patients daily. The Company further collaborated with World Vision Zambia to provide relief food, water and sanitation, logistics and other humanitarian assistance to flood victims of the Namwala area of Southern Province. The crops and animal population were adversely impacted following the floods and Zambia Sugar's support was well received by the community.

Other community support included support to the Tuzunde Women Group to participate in two Agriculture and Commercial Shows where a number of women won some awards for best performance in several food production activities. The Company continued to support the rehabilitation of community roads in the district and the dredging of furrows to help avert the risk of flooding during the rainy season.

INVESTING FOR TOMORROW **DELIVERING TODAY**

Sugar Fortification

Zambia Sugar Plc 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.

This 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.

Due to the incidence of COVID-19, the country experienced challenges in continuing with this programme resulting in a heavy reliance on sugar fortification. To this end, Government designated the Company as an essential goods supplier during the COVID-19 pandemic.

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 AB 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/

The End Malaria Council (EMC)

In March 2019, then President, H.E. Edgar Lungu, appointed the End Malaria Council (EMC) as a strategic body that convenes multisectoral stakeholders to complement Zambia's National Malaria Elimination Programme efforts towards ending malaria.

PRIORITY FOCUS AREAS:

Advocacy
Ensures that malaria elimination remains high on public and private sector agendas.

Resource Mobilisation
Pursues traditional and innovative financing to mobilise domestic resources to close the existing malaria funding gap.

Action & Accountability
Ensures that the national strategic plan is implemented by driving action and holding stakeholders accountable.

THE COUNCIL MEMBERSHIP

- The Council members are drawn from senior leaders from across all sectors, including the Government, private and community (religious and traditional) leaders.
- For transparency and efficiency, the Council incorporated a non-profit End Malaria Fund (EMF), registered with the Patent and Company Registration Agency (PACRA). The EMF comprises a public-private board of directors, responsible for managing the mobilised resources to support the malaria plan.
- EMCs at subnational level also mobilise resources, advocacy, action and accountability to the identified needs at local level, in the malaria fight.
- Malaria Youth Corps are mobilised across the country towards universal health coverage and ending malaria.

NATIONAL MALARIA ELIMINATION PROGRAMME (NMEC) GAP FOR 2023

The EMC received a request from NMEC for support in the following areas:

1. CASE MANAGEMENT

- **1 950 registers** for Mass Drug Administration (MDA)
- **18 654** bicycles for Community Health Workers, (CHW) to increase access to health services close to the families, through testing and treating at community level.

2. VECTOR CONTROL

- **2 million** bed nets for distribution to pregnant women and children under 5 years (EPI/ANC)
- **155** Bicycles for Indoor Residual Spraying (IRS) Operators
- Refurbishment of **15** IRS bases

3. PROGRAM MANAGEMENT

- Servicing, repair and maintenance of vehicles
- Development of malaria business case

4. SOCIAL BEHAVIOR CHANGE (SBC)

- Communication campaigns at various platforms

Buy a Bicycle for Malaria Campaign!

Malaria, a health, and economic problem remains a high burden in Zambia. Cases and deaths have continued to increase in 2023. The good news is that Malaria is preventable and curable.

Around 77% of the national population reside in rural areas (Zambia Statistics Agency-2020) where malaria prevalence is 36%, contrasting to urban prevalence of 8% (MIS, 2021).

The Government of Zambia's goal is to provide equity of access to cost-effective health services as close to families as possible. Community Health Workers (CHWs) who are community-based volunteers are essential in the realisation of the goal, CHWs provide lifesaving services by early testing and treating uncomplicated malaria and giving information to communities as they visit households, schools, worship centres and community meetings.

To do this work efficiently and effectively, and reach more people,

CHWs need durable bicycles. The national malaria program is in urgent need of 18 654 bicycles each costing K 3 500 to cater for the CHWs across the country.

The End Malaria Council (EMC), the multisectoral body convened to advocate, mobilise resources and for action and accountability towards malaria elimination is seeking to partner with you in supporting this campaign. You are welcome to brand the bicycles that you contribute.

info@endmalaria.org.zm

Impact on the Sustainable Development Goals

SDG2: ZERO HUNGER
Efforts to end hunger and ensure access to safe, nutritious food include several businesses donating surplus products to food banks and other organisations that support vulnerable people in need. Several businesses including Zambia Sugar, are involved in initiatives to increase the yields and incomes of smallholder farmers or improve their resilience to the impacts of climate change.

SDG3: GOOD HEALTH AND WELL-BEING
A number of our businesses implement initiatives to improve the physical and emotional health and wellbeing of their people and some, for example Illovo Sugar Africa, provide a wide range of healthcare benefits for their workforce and their families such as health clinics and vaccination programmes

SDG5: GENDER EQUALITY
Across our Group's operations and supply chains, there are many initiatives to support the development of women, from the Building Future Leaders programme for women coming into leadership positions in our UK businesses, Twinings' partnership with the Work and Opportunities for Women programme, which aims to prevent gender-based violence and harassment on tea estates in India.

SDG6: CLEAN WATER
Assessing water-scarcity risks at a site level and building partnerships in water-stressed areas, our business seeks to improve water quality and water management by mitigating pollution through treating waste water and reusing or recycling more water in our operations.

SDG7: AFFORDABLE AND CLEAN ENERGY
Seeking to improve energy efficiency through energy management systems is considered to be 'business as usual' across the Group, and Zambia Sugar self-generates or procures renewable energy for its operations. Renewable energy is mainly generated on site from biogenic sources.

SDG8: DECENT WORK AND ECONOMIC GROWTH
Our business offers programmes to encourage inclusive working practices, fulfilling employment and fair rewards within our business and supply chain. Our business publishes the modern slavery statement and supplier code of conduct and has initiatives in place to promote labour rights and maintain safe working conditions.

SDG9: INDUSTRY, INNOVATION AND INFRASTRUCTURE
Across the group, our businesses continue to invest in upgrading facilities and systems to improve the efficiency of their manufacturing and agriculture operations. These range from the irrigation technology used on our sugar estates to energy reduction programmes at our factory.

SDG10: REDUCED INEQUALITIES
Several programmes across our Group are designed to promote inclusion, including initiatives to empower women. For example, our recruitment encourages more women to apply for all job vacancies available at Zambia Sugar provided they meet the requirements.

SUSTAINABLE DEVELOPMENT GOALS

Zambia Sugar
AN **ILLOVO SUGAR AFRICA** COMPANY

Value Added Statement

The value added statement reflects the wealth that the Group and Company have 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, K 1 865 million (August 2022: K 1 910 million) was created. Of this amount, K 913 million (August 2022: K 941 million) was distributed to employees, providers of capital and to government. Of the wealth created, 33% (August 2022: 35%) was paid to employees.

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

	Group		Company	
	August 2023 K '000	August 2022 K '000	**August 2023 K '000**	August 2022 K '000
Wealth created				
Revenue	**5 827 704**	5 111 776	**5 827 704**	5 111 776
Dividend income	**-**	-	**78 972**	86 342
Paid to growers for cane purchases	**(1 395 150)**	(1 497 047)	**(1 145 680)**	(1 214 065)
Manufacturing and distribution costs	**(2 567 107)**	(1 703 850)	**(2 921 837)**	(2 161 945)
	1 865 447	1 910 879	**1 839 159**	1 822 108
Wealth distributed				
To employees as salaries, wages and other benefits	**617 763**	662 309	**586 170**	628 531
To lenders of capital as interest	**39 658**	74 196	**52 452**	80 717
To government as corporate taxation	**255 352**	204 035	**242 891**	190 818
	912 773	940 540	**881 513**	900 066
Wealth reinvested				
Retained profits	**935 632**	1 005 148	**941 283**	960 973
Depreciation	**124 370**	115 436	**111 342**	103 902
	1 060 002	1 120 584	**1 052 625**	1 064 875
Amounts paid to government for taxation excludes the following:				
Employees tax deducted from remuneration	**112 805**	109 833	**111 229**	108 571
Net VAT amount paid to government	**275 607**	116 867	**265 890**	116 867
Customs and excise duties	**26 501**	23 446	**26 034**	23 446
Withholding taxes and Withholding VAT collected on behalf of government	**492 442**	**418 645**	**479 319**	**404 669**
	907 355	**668 791**	**882 472**	**653 553**

Corporate Governance

The Zambia Sugar Board has overall responsibility for overseeing ESG factors within the Company.

To help drive effective implementation, the Company is supported by various Group technical teams. From this year the Group has included an ESG and 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, to include among others, the Companies Act, Employment Code Act and Factories Act.

The Company is guided by Lusaka Securities Exchange (LuSE) Governance Code. It continues to enforce the Declaration of Gifts and Ethics policies which are in place. 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 four 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 Remunerations 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 Chairman is a Non-Executive Independent Director.

The Board Composition

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

Director	Title	Date of Appointment
Norman Mbazima	Chairman	26 February 2019
Fidelis Banda	Non-Executive Independent Director	17 May 2001
Roseta Chabala	Non-Executive Independent Director	01 February 2020
Ami Mpungwe	Non-Executive Director	27 October 2006
Dipak Patel	Non-Executive Independent Director	08 December 2006
Gavin Dalgleish	Non-Executive Director	29 August 2012
Andre Lubbe	Non-Executive Director	23 February 2022
Oswald Magwenzi	Executive Director	18 August 2021
Marc Pousson	Executive Director	01 June 2020

A brief curricula vitae 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 Chairman.

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 2022/23 and attendance was as shown in the table below:

Director's Name	268th Board Meeting (27/10/22)	269th Board Meeting (21/02/23)	270th Board Meeting (10/05/23)	271st Board Meeting (16/08/23)	Total Meetings Attended	Total Meetings Held
Norman Mbazima	✓	✓	✓	✓	4	4
Fidelis Banda	✓	✓	✓	✓	4	4
Roseta Chabala	✓	✓	✓	✓	4	4
Ami Mpungwe	✓	✓	✓	✓	4	4
Dipak Patel	✓	✓	✓	✓	4	4
Gavin Dalgleish	✓	✓	✓	✓	4	4
Doug Kasambala	✓	✓	✓	RS	3	4
Oswald Magwenzi	✓	✓	✓	✓	4	4
Andre Lubbe	✓	✓	✓	✓	4	4
Raphael Chipoma	✓	✓	RS	RS	2	4
Marc Pousson	✓	✓	✓	✓	4	4

KEY

✓	Attended
RS	Resigned

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 four members, all of whom are independent of management.

The Head of the Internal Audit function reports at the Audit Committee meetings 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 Committees input to the business and therefore deems appropriate the composition of the Audit Committee.

AUDIT COMMITTEE ATTENDANCE SCHEDULE			
Audit Committee Attendance	Category	17 October 2022 Meeting	3 May 2023 Meeting
FB Banda	Chairman	✓	✓
A Mpungwe	Member	✓	AC
D Kasambala	Member	✓	✓
R Chabala	Member	✓	✓
KEY			
✓	Attended		
AC	Excuses		

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	27 October 2022 Meeting	10 May 2023 Meeting
A Lubbe	Chairman	✓	✓
AR Mpungwe	Member	✓	✓
GB Dalgleish	Member	✓	✓
D Kasambala	Member	✓	✓
O Magwenzi	Member	✓	✓
KEY			
✓	Attended		

Remuneration and Nominations Committee

The Remuneration and Nominations Committee provides oversight over 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	17 October 2022 Meeting	21 February 2023 Meeting	16 August 2023 Meeting
RM Chabala	Chairman	✓	✓	✓
AR Mpungwe	Member	✓	✓	✓
GB Dalgleish	Member	✓	✓	✓
N Mbazima	Member	✓	✓	✓
D Kasambala	Member	✓	✓	RS
✓	Attended			
RS	Resigned			

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 Plc 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 & 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 Plc 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

Internal audit function is in place at Zambia Sugar Plc 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 policy 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 Ethics policy and encourages all employees to make a declaration of their assets and/or business involvements every year. Employees are also encouraged to declare all the gifts received in the course of employment by way of a gift register.

Internal Control

The 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 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 and www.illovosugar.com.

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.

Board of Directors

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

NORMAN MBAZIMA (64) FCCA, FZICA
Chairman {RN}

Norman Mbazima is the Independent Non-Executive Chairman of the Board of Zambia Sugar Plc.

He was appointed to the Board on 26 February 2019. Norman is a Zambian National and a Chartered Accountant with extensive experience in Anglo American Group, which he joined in 2001. He served on the Board of Kumba Iron Ore, a business unit of Anglo American from September 2012 to September 2016.

Norman joined the Board of Anglo American, South Africa, as the Deputy Chairman in June 2015 and is a member of the Group Management Committee. He has also served as CEO of Thermal Coal and during this time, oversaw the business unit's record operating profit in 2011 combined with an improved safety performance.

Norman began his career in accounting roles at Zambia Consolidated Copper Mines (ZCCM), before spending 17 years with Deloitte & Touche, Zambia. His former roles include; CEO of Scaw Metals, Finance Director and Acting CEO of the Platinum business unit of Anglo American as well as CFO of the former Anglo Coal business unit and CFO of Konkola Copper Mines.

Norman has had extensive experience in the mining industry including managing operations, capital raising and managing finances, negotiating transactions, and interfacing with stakeholders including labour, communities, Government departments, and a wide variety of investors.

Executive Directors

OSWALD MAGWENZI (55) BSc, MSc, PGDipM, MBA
Executive Director {RN} {RM}

Oswald Magwenzi is Country Managing Director of Zambia Sugar Plc. He was appointed to the Board on 18 August 2021. He is former Managing Director of Ubombo Sugar Limited. He spearheaded an industry-wide 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.

NYONDWA CHIMAI-MUKOSA (43) FCCA, FZICA
Acting Finance Director

Nyondwa Chimai-Mukosa joined Zambia Sugar Finance Team on 5 September 2005. She is responsible for providing targeted strategic insights across every department of the business, basing these insights on analysis of operational performance, industry dynamics, macro-economic trends, and the competitor landscape,building partnerships and maintaining strong relationships with the Executives and their teams.

She is a Zambian National with more than 18 years' experience in Zambia Sugar. She is a graduate of the Finance Executive Leadership Program offered by Associated British Foods.

Nyondwa is a Chartered Accountant from the Association of Certified Chartered Accountants (ACCA). She is a Fellow member of the Zambia Institute of Chartered Accountants (ZICA).

MARC POUSSON (57) NHD ElecEng, GCC (Elec)
Executive Director

Marc Pousson joined the Executive Management Committee 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 (70)
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 also 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 is a member of the Board of Trustees of the Investment Climate Facility, nominated by the Department for International Development of the United Kingdom.

ROSETA CHABALA (43) BA Ed, MSc
Independent Non-Executive Director {RN} {AC} {C}

Roseta Chabala was appointed to the Board on 1February 2020. She is Chairperson of the Remunerations 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 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. She is a Zambian National and holds a Master of Science degree in International Trade Policy and Trade Law.

FIDELIS M. BANDA (72) 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 (72) 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.

GAVIN B. DALGLEISH (57) BSc, MSc Chem Eng
Non-Executive Director {RN} {AC} {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.

ANDRE LUBBE (60) 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 & Trade Marketing Manager for the North & Western Cape Regions, Regional Manager forthe Eastern & 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

NYONDWA CHIMAI-MUKOSA
Acting Finance Director
Refer to Profile under Board of Directors

MARC POUSSON
Factory Director
Refer to Profile under Board of Directors

ATSON LUNGU
Acting Human Resources Director

Atson Lungu joined Zambia Sugar, Human Resources Team on 1st November 2019. He assumed the Acting role on the 1st February 2023. He is currently responsible for Human resources policies, staffing and talent management, human resource development and training, industrial relations, retirement funding, compensation and benefits, human resource administration and employee welfare.

Atson is a Zambian National with more than 10 years' experience at management level, having managed Human Resource and administrative functions at both Nanga Farms Ltd and York Farms Ltd.

Atson holds a Master of Business Administration from the University of Zambia, Bachelor of Commerce in Human Resource Management from MANCOSA, South Africa and a Diploma in Human Resource Management, and a Fellow member of Zambia Institute of Human Resource Management (FZIHRM).

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.

ANTHONY H. DOMLEO
Agriculture Director

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

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

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.

RICHARD CHIPONDA

Supply Chain Director

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

He is a Zambian national with more than 29 years' experience in among others, Computer software marketing, Customs clearing, Freight and Forwarding, Marketing and Logistics (Warehouse and Transport Management) in various companies before joining Zambia Sugar Plc in 2006. He is a graduate of the Illovo Fast Track Development Programme (FTDP) offered by Gordon Institute of Business Science (GIBS), University of Pretoria and of the Illovo Logistics Academy.

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

COLLINS UNDI PHIRI

Estate Support Services Director

Collins Phiri joined the Nakambala Leadership Team as Estate Support Services Director in October 2023. He is responsible for Safety & Health, Environment, Enterprise Risk Management, Quality & Food Safety, Community Services, Security and Emergency Response Management.

Collins is a Zambian National with more than 10 years' experience in the Sugar Industry. Most recently, Collins has been the Organisation Effectiveness Manager within the Business Improvement Department. He has previously held strategic positions within the broader Illovo Group in South Africa and Malawi, predominantly in Process Optimisation, Change Management and Transformational Project Management. One of his strategic roles was to serve as Group Results Delivery Office (RDO) Lead, driving the Group-wide Fit4Future Programme for the Illovo Sugar Africa Group. Prior to moving to South Africa as a secondee, Collins gained his sugar experience in Production Management at the Nakambala factory and later in Process Optimisation at the Nchalo factory in Malawi.

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

SIMBARASHE GARABA

Business Improvement Director

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

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

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

2023 Annual Financial Statements

Contents

ANNUAL REPORT 2023

Zambia Sugar

Report of the Directors

For the year ended 31 August 2023

The Directors have pleasure in presenting their report which forms part of the Annual Financial Statements of Zambia Sugar Plc and the subsidiary ("Group") for the year ended 31 August 2023.

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

BUSINESS ADDRESS:
Plot No. 118a, Livingstone/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

Total sugar cane delivered to the factory in the two growing seasons in the financial year was 3.167 million tonnes (August 2022: 3.169 million tonnes), with own operations supplying 1.667 million tonnes (August 2022: 1.669 million tonnes) and growers supplying a total of 1.499 million tonnes (August 2022: 1.500 million tonnes). The drop in tonnage can be attributed to factory performance in the financial year due to plant availability challenges during the season. Cane yields at the close of the financial year were 114.3tch (August 2022: 108tch) and for the Estate and 119.9tch (August 2022: 124tch) for the growers.

In terms of Cane quality, the sucrose content for the current financial year was 14.45% (August 2022: 14.40%)

Production

Sugar production during the financial year was 367 832 tonnes (August 2022: 385 164 tonnes). Refined sugar production for the year was 78 058 tonnes (August 2022: 78 630 tonnes).

Major challenges impacting sugar production in the year can be attributed to factory reliability challenges. The business is committed to maximising production and is focusing on continuous improvement, cost optimisation, quality and plant reliability.

Commercial

Total revenue for the year was K 5 828 million (2022: K 5 111 million).

Demand in the domestic market reduced by 7% in the financial year. This decline was assumed to be attributed to inflow of foreign sugar brands and illicit trade as a result of the appreciation of the currency. The Group also continued with its marketing strategy of an optimised portfolio that focusses on low income consumer segments.

The foreign market exeperienced a 28% growth in the financial year which can be attributed to increased demand from customers and resolution of product contraint challenges expereinced in the previous financial year. This allowed the business to capitalise on all opportunities that arose in regional markets.

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 customer service. The business continued to comply with applicable statutory requirements including moving at least 30% of our sugar by rail.

Human Resources

The company continued to be a significant provider of employment, with an average workforce of 5 566 (2022: 5 410) during the year with numbers peaking at 6 385 (2022: 6 379).

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 2023	6 170	6 152	6 306	5 590	4 120	4 164	4 873	5 560	5 549	5 588	6 338	6 385
August 2022	6 086	5 965	5 990	5 332	4 083	3 878	4 532	5 334	5 399	5 646	6 295	6 379

The total remuneration paid in respect of the above employees was K 594 million (2022: K 607 million).

PROSPECTS

The Company expects to face challenges in the new financial year as tight liquidity will likely slow down demand growth which will be exacerbated by increased competition triggered by the appreciation of the Kwacha. A stable exchange rate will assist in controlling costs denominated in foreign currency but depending on the level at which the Kwacha will be pegged at in terms of exchange rate, this may do little to limit the exposure to illegal imports. The Company will continue to focus on ensuring the reliability of the plant through investing in maintenance and securing the cane crop which underpins production of high-quality sugar for our markets.

Sugar production for the April 2023 - March 2024 season is expected to be higher than the April 2022 - March 2023 season as per the current seasonal estimations.

FINANCIAL RESULTS

The Group's results are as follows:

Group		August 2023	August 2022
	Note	**K' 000**	K' 000
Revenue	4	**5 827 704**	5 111 776
Operating profit	5	**1 248 171**	1 242 498
Exchange movements on leases	30	**(12 658)**	11 174
Net financing costs	6	**(39 658)**	(74 196)
Profit before taxation		**1 195 855**	1 179 476
Taxation charge	7	**(260 223)**	(174 328)
Profit for the year		**935 632**	1 005 148
Profit attributable to:			
Shareholders of Zambia Sugar Plc		**935 632**	1 005 148
Earnings per share (ngwee per share)	8	**295.6**	343.1

DIVIDENDS

A Dividend of 349 ngwee per share is being proposed for the year ended 31 August 2023 (August 2022: 94.4 ngwee).

Directorate and Secretary

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

Norman Mbazima	Chairman
Fidelis Banda	Non-Executive Independent Director
Roseta Chabala	Non-Executive Independent Director
Dipak Patel	Non-Executive Independent Director
Ami Mpungwe	Non-Executive Director
Gavin Dalgleish	Non-Executive Director
Doug Kasambala	Non-Executive Director
Andre Lubbe	Non-Executive Director
Oswald Magwenzi	Executive Director (Managing Director)
Raphael Chipoma	Executive Director
Marc Pousson	Executive Director
Harriet Kapekele Katongo	Company Secretary

Appointments and Resignations

During the year under review the following changes were made:

Mr Raphael Chipoma resigned as an Executive member of the board effective 30 April 2023.

Mr Doug Kasambala resigned as a Non Executive member of the board effective 30 June 2023.

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 2023 were as follows:

	August 2023	August 2022
	No. of shares	
Fidelis M. Banda	**7 176**	7 176
Norman B. Mbazima	**75 000**	75 000

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:

	August 2023	August 2022
	K'000	K'000
Opening Capital Work in Progress	**32 388**	25 489
Additions to Capital Work in Progress	**239 030**	121 875
	271 418	147 364
Items Capitalised during the year		
- Buildings	**(24 447)**	(1 632)
- Plant & equipment	**(67 393)**	(94 338)
- Motor vehicles	**(161)**	(17 498)
- Furniture & Fittings	**(1 516)**	(1 508)
	(93 517)	(114 976)
Closing Capital work in progress	**177 901**	32 388
Cane Roots Capitalised during the year	**(49 315)**	(57 100)

During the year, expenditure valued at K 239 million (2022: K 122 million) was added to property, plant and equipment as capital work in progress while K 94 million (2022: K 115 million) was completed and transferred to the relevant category of assets. During the year K 49 million (2022: K 57 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	2 379	839 553	0.3
1001 - 5 000	570	1 237 634	0.4
5 001 - 10 000	112	792 275	0.3
10 001 - 100 000	93	2 869 581	0.9
100 001 - 1 000 000	18	6 475 327	2.0
> 1 000 001 - 100 000 000	6	66 928 476	21.1
> 100 000 001	1	237 428 539	75.0
Totals	**3 179**	**316 571 385**	**100.0**

Classification	Number of holders	Number of shares	%
Illovo Group Holdings Ltd	1	237 428 539	75.0
Pension Funds	61	57 033 510	18.0
Local Companies	65	1 168 263	0.4
Local Individuals	2 749	3 484 380	1.1
Foreign Individuals	276	413 741	0.1
Foreign Companies	27	17 042 952	5.4
Totals	**3 179**	**316 571 385**	**100.0**

SIGNIFICANT SHAREHOLDING

As at 31 August 2023, 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 K 1 728 million (2022: K 1 114 million).

DONATIONS

The Group made donations to the value of K 2.319 million (2022: K 2.077 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 we continue 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 impacted all those who come into contact with our operations such as visitors to our operations and our communities. We live and promote the culture of Zero compromise to safety.

COVID-19 PANDEMIC

The COVID 19 pandemic has continued to have an impact both at the employee level as well as at a corporate level for the Group. The Group has continued to adhere to its developed guidelines and policies in line with the World health Organisation and the Government of the Republic of Zambia. The Group has also continued to aid the local community through donations done via its corporate social responsibility department, the details of which are disclosed on Note 31.

ENVIRONMENT

The performance of the company 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 company 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 operation through to the Board of Directors.

Our underlying environment 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 Permit to 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 of 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

In order to optimise the return from existing installed capacity, the Group continues to benefit from well-established resources from within the Illovo group, who provide technical expertise in agricultural and sugar production and downstream product manufacture to all Group operations. A centralised core of expertise exists to ensure technical standards are optimised and maintained for both existing equipment and new agricultural and factory installations, and to keep abreast with technical innovations. Benchmarking to improve productivity and reduce unit costs is a major area of attention in all operations, with additional resources recently having been allocated to enhance operational performance and benchmarking across the Illovo Group.

AUDIT AND NON-AUDIT REMUNERATION

In the current year, the Auditors' remuneration amounted to K 3.1 million (2022: K 2.9 million).

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.

By order of the Board,

Norman Mbazima
Chairman

Oswald Magwenzi
Country Managing Director

Statement of Directors' Responsibilities

The Zambia Companies Act requires the Directors to prepare financial statements for each financial year that present fairly the state of the financial affairs of the company as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company. The Directors are further required to ensure the Company adhere 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 International Financial Reporting Standards and the requirements of the Companies Act of Zambia,2017. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company as indicated above, were approved by the Directors on 31 October 2023 and are signed on its behalf by:

Norman Mbazima
Chairman

Oswald Magwenzi
Country Managing Director

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 70 to 128 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 2023, 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 significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the consolidated and separate financial position of the group and company as at 31 August 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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.

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 2023, the fair value of the growing cane held by the Group and Company amounted to K 595.776 million and K 491.330 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 2023/2024 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 2024 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 2024 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 International Financial Reporting Standards and the requirements of the Companies Act of Zambia, 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 scepticism 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.

Building a better working world

- 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.

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, 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, 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 we report that:

- 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 are in agreement 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

02 November 2023
Lusaka

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

for the year ended 31 August 2023

	Note	Group		Company	
		August 2023 K'000	August 2022 K'000	**August 2023 K'000**	August 2022 K'000
Revenue	4	**5 827 704**	5 111 776	**5 827 704**	5 111 776
Cost of sales		**(3 282 017)**	(2 905 169)	**(3 374 685)**	(3 058 388)
Gross profit		**2 545 687**	2 206 607	**2 453 019**	2 053 388
Profit (Loss) on disposal of plant and equipment		**487**	(5 549)	**487**	(5 530)
Distribution expenses		**(567 666)**	(441 979)	**(567 666)**	(441 979)
Administration expenses		**(730 337)**	(516 058)	**(711 336)**	(504 174)
Expected expense on financial assets	17	**-**	(523)	**-**	(523)
Operating profit		**1 248 171**	1 242 498	**1 174 504**	1 101 182
Dividend income		**-**	-	**78 972**	86 342
Lease liability foreign exchange (loss)/gain	30	**(12 658)**	11 174	**(12 658)**	11 174
Net finance costs	6	**(39 658)**	(74 196)	**(52 452)**	(80 717)
Finance Costs		**(40 610)**	(80 924)	**(53 404)**	(80 917)
Finance Income from an effective interest rate		**952**	6 728	**952**	200
Profit before taxation		**1 195 855**	1 179 476	**1 188 366**	1 117 981
Taxation expense	7	**(260 223)**	(174 328)	**(247 083)**	(157 008)
Profit for the year		**935 632**	1 005 148	**941 283**	960 973
Profit for the year attributable to:					
Equity holders of the parent		**935 632**	1 005 148	**941 283**	960 973
		935 632	1 005 148	**941 283**	960 973
Total comprehensive income for the year attributable to:					
Equity holders of the parent		**935 632**	1 005 148	**941 283**	960 973
		935 632	1 005 148	**941 283**	960 973
Basic and diluted earnings per share (ngwee per share)	8	**295.6**	317.5	**297.3**	303.6

Consolidated and Separate Statement of Financial Position

as at 31 August 2023

	Note	Group August 2023 K'000	Group August 2022 K'000	Company August 2023 K'000	Company August 2022 K'000
ASSETS					
Non-current assets		**2 301 392**	2 040 527	**2 251 835**	1 997 071
Property, plant and equipment	11	**2 109 992**	1 924 825	**1 951 174**	1 772 108
Intangible asset	13	**67 902**	67 902	**-**	-
Right-of-use assets	30	**123 498**	47 800	**123 498**	47 800
Investment in subsidiary	14	**-**	-	**177 163**	177 163
Current assets		**3 287 655**	2 857 327	**3 119 356**	2 691 513
Inventories	15	**1 251 385**	1 395 034	**1 217 412**	1 363 724
Growing cane	16	**595 776**	589 538	**491 330**	492 328
Trade and other receivables	17	**562 238**	698 811	**534 020**	662 332
Amounts due from related parties	24	**332**	1 164	**332**	1 164
Cash and bank balances	18	**877 924**	172 780	**876 262**	171 965
Assets classified as held for sale	12	**209**	1 701	**209**	1 701
Total assets		**5 589 256**	4 899 555	**5 371 400**	4 690 285
EQUITY AND LIABILITIES					
Equity attributable to shareholders of Zambia Sugar Plc		**3 952 248**	3 315 459	**3 674 886**	3 032 446
Share capital and premium	19	**247 338**	247 338	**247 338**	247 338
Capital redemption reserve		**40**	40	**40**	40
Retained earnings		**3 704 870**	3 068 081	**3 427 508**	2 785 068
Total equity		**3 952 248**	3 315 459	**3 674 886**	3 032 446
Non-current liabilities		**412 868**	310 791	**380 983**	279 588
Lease Liabilities	30	**146 554**	49 350	**146 554**	49 350
Deferred tax liability	21	**266 314**	261 441	**234 429**	230 238
Current liabilities		**1 224 140**	1 273 305	**1 315 531**	1 378 251
Trade and other payables	22	**686 149**	711 320	**662 715**	680 844
Lease Liabilities	30	**19 935**	23 675	**19 935**	23 675
Contract Liabilities	23	**251 000**	216 595	**251 000**	216 595
Short-term borrowings	20	**-**	54 602	**-**	54 602
Amounts due to related parties	24	**44 091**	28 366	**167 702**	172 254
Current tax liability	7	**144 124**	119 836	**138 504**	112 082
Bank overdraft	18	**39 061**	97 654	**39 061**	97 654
Provisions	26	**39 780**	21 257	**36 614**	20 545
Total liabilities		**1 637 008**	1 584 096	**1 696 514**	1 657 839
Total equity and liabilities		**5 589 256**	4 899 555	**5 371 400**	4 690 285

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 65. The financial statements on pages 70 to 128 were approved and authorised for issue by the Board of Directors on 31 October 2023 and were signed on its behalf by:

Norman Mbazima
Chairman

Oswald Magwenzi
Country Managing Director

Consolidated and Separate Statement of Changes In Equity

For the year ended 31 August 2023

	Notes	Share capital and premium	Capital redemption reserve	Retained earnings	Attributable to shareholders of Zambia Sugar Plc	Total
		K'000	K'000	K'000	K'000	K'000
Group						
Balance at 01 September 2021		**247 338**	**40**	**2 330 436**	**2 577 814**	**2 577 814**
Total comprehensive income for the year		-	-	1 005 148	1 005 148	1 005 148
Dividends paid	9	-	-	(267 503)	(267 503)	(267 503)
Balance at 31 August 2022		**247 338**	**40**	**3 068 081**	**3 315 459**	**3 315 459**
Balance at 01 September 2022		**247 338**	**40**	**3 068 081**	**3 315 459**	**3 315 459**
Total comprehensive income for the year		-	-	**935 632**	**935 632**	**935 632**
Dividends paid	9	-	-	(298 843)	(298 843)	(298 843)
Balance at 31 August 2023		**247 338**	**40**	**3 704 870**	**3 952 248**	**3 952 248**
Company						
Balance at 01 September 2021		**247 338**	**40**	**2 091 598**	**2 338 976**	**2 338 976**
Total comprehensive income for the year		-	-	960 973	960 973	960 973
Dividends paid	9	-	-	(267 503)	(267 503)	(267 503)
Balance at 31 August 2022		**247 338**	**40**	**2 785 068**	**3 032 446**	**3 032 446**
Balance at 01 September 2022		**247 338**	**40**	**2 785 068**	**3 032 446**	**3 032 446**
Total comprehensive income for the year		-	-	941 283	941 283	941 283
Dividends paid	9	-	-	(298 843)	(298 843)	(298 843)
Balance at 31 August 2023		**247 338**	**40**	**3 427 508**	**3 674 886**	**3 674 886**

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

Dividends worth K 298.843 million were paid during the year ended 31 August 2023 (August 2022: 267.503 million) and therefore the dividend per share, calculated on a cash basis, was 94.4 ngwee per share (August 2022: 85.5 ngwee per share).

Consolidated and Separate Statements of Cash Flows

For the year ended 31 August 2023

	Note	Group August 2023 K'000	Group August 2022 K'000	Company August 2023 K'000	Company August 2022 K'000
Cash flows from operating activities					
Profit before tax		**1 195 855**	1 179 476	**1 188 366**	1 117 981
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant & equipment		**87 992**	83 526	**80 375**	77 052
Depreciation of right-of-use asset	30	**30 948**	20 578	**30 948**	20 578
Depreciation of cane roots	11	**36 378**	31 910	**30 967**	26 850
Net impairment losses on financial assets	17	**2 149**	733	**2 149**	733
Finance Income	6	**(952)**	(6 728)	**(952)**	(200)
Finance Costs	6	**40 610**	80 924	**53 404**	80 917
Dividend income		**-**	-	**(78 972)**	(86 342)
Assets classified as held for sale movements	12	**621**	11	**621**	11
Change in fair value of biological assets		**(5 392)**	(84 991)	**998**	(65 625)
Lease liability foreign exchange	30	**12 658**	(11 174)	**12 658**	(11 174)
Provisions raised during the period		**43 171**	21 257	**40 260**	20 545
Provisions utilised during the period		**(4 562)**	(20 160)	**(3 260)**	(13 256)
(Loss)/Profit on disposal of property and equipment		**(487)**	5 549	**(487)**	5 530
Cash operating profit		**1 438 989**	1 300 911	**1 357 075**	1 173 600
Working capital movements		**306 014**	(300 396)	**287 180**	(283 554)
Decrease/(Increase) in inventories		**143 649**	(272 151)	**146 312**	(274 550)
Increase/(Decrease) in amounts due to related parties		**15 725**	6 649	**(4 552)**	29 376
Decrease/(Increase) in amounts due from related parties		**832**	(786)	**832**	(786)
Decrease/(Increase) in trade and other receivables	17	**136 574**	(119 630)	**128 312**	(115 247)
(Increase)/Decrease in trade and other payables	22	**(25 171)**	88 692	**(18 129)**	80 823
Increase/(Decrease) in contract liabilities	23	**34 405**	(3 170)	**34 405**	(3 170)
Cash generated from operations		**1 745 003**	1 000 515	**1 644 255**	890 046
Finance Income received	6	**952**	6 728	**952**	200
Finance Costs paid	6	**(66 719)**	(72 500)	**(78 296)**	(72 473)
Payment of interest portion of lease liabilities	30	**(22 345)**	(17 634)	**(22 345)**	(17 634)
Taxation paid	7	**(231 273)**	(192 576)	**(216 679)**	(181 837)
Net cash outflows from operating activities		**1 425 618**	724 533	**1 327 887**	618 302
Cash flows from investing activities					
Purchase of property, plant and equipment		**(308 407)**	(180 109)	**(289 278)**	(158 764)
Dividends received		**-**	-	**78 972**	86 342
Proceeds from disposal of plant and equipment		**735**	1 298	**735**	1 298
Net cash outflows from investing activities		**(307 672)**	(178 811)	**(209 571)**	(71 124)
Net cash inflows before financing activities		**1117 946**	545 722	**1 118 316**	547 178
Cash flows from financing activities					
Dividends paid to shareholders of Zambia Sugar Plc	9	**(298 843)**	(267 503)	**(298 843)**	(267 503)
Repayment of borrowings	20	**(54 602)**	(362 467)	**(54 602)**	(362 467)
Payment of principal portion of lease liabilities	30	**(26 873)**	(19 095)	**(26 873)**	(19 095)
Net cash outflows from financing activities		**(380 318)**	(649 065)	**(380 318)**	(649 065)
Net increase/(decrease) in cash and cash equivalents		**737 628**	(103 343)	**737 998**	(101 887)
Net cash and cash equivalents at beginning of period		**75 126**	175 719	**74 311**	173 468
Net foreign exchange differences		**26 109**	2 750	**24 892**	2 730
Net cash and cash equivalents at end of period		**838 863**	75 126	**837 201**	74 311
Bank and cash balances		**838 863**	75 126	**837 201**	74 311
Comprising of:					
Cash and bank balances	18	**877 924**	172 780	**876 262**	171 965
Bank overdraft	18	**(39 061)**	(97 654)	**(39 061)**	(97 654)

Notes to the Annual Financial Statements
for the year ended 31 August 2023

1. GENERAL INFORMATION

Zambia Sugar Plc is a public limited company incorporated and domiciled in Zambia. Its parent company is Illovo Sugar (Proprietary) Limited and its ultimate holding company is Associated British Foods plc. The addresses of its registered office and principal place of the business are disclosed under corporate information on page 1 of these annual financial statements. The principal activities of the Company and its subsidiaries (the Group) are described in the Directors' report.

2. SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation (continued)

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

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

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 provided the remaining shareholding is of an associate. i.e. if there is significant influence or it is a Joint venture.

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 significant accounting policies

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 or
- 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. SIGNIFICANT ACCOUNTING POLICIES (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.

2.2 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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	1 year
• 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. SIGNIFICANT ACCOUNTING POLICIES (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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

2.2.6 Non-current assets held for sale (continued)

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.

2.2.7 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

2.2.10 Property, plant and equipment

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

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

The group's depreciation rates are as follows:

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

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

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

2.2 Summary of significant accounting policies (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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (continued)

2.2.16 Factory overhaul costs

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

2.2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of inventory are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Redundant and slow moving inventories are identified and written down to their net realisable value and obsolete inventories are written off.

2.2.18 Segmental analysis

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

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

The Group is comprised of the following business segments:

Cane growing - the growing of sugar cane for use in the sugar production process;
Sugar production - the manufacture of sugar from sugar cane.

2.2.19 Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

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

2.2 Summary of significant accounting policies (continued)

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

a) Financial assets (continued)

Initial recognition and measurement (continued)
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.
With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration).

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

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

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

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

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost mainly comprises trade receivables and other receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

2.2 Summary of significant accounting policies (continued)

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

a) Financial assets (continued)

Impairment of financial assets (continued)
For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (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 recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized 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 recognized 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Summary of significant accounting policies (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 International Financial Reporting Standards 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 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.3.2 COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.3 Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

These amendments had no impact on the consolidated financial statements of the Group as disposal proceeds are recognised directly to profit and loss.

2.3.4 Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

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

2.3.5 IFRS 9 Financial Instruments

Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

2.3.6 IAS 41 Agriculture

Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

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

2.3.7 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.8 IFRS 1 First-time Adoption of International Financial Reporting Standards

Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as the company and subsidiary report in the same currency.

2.4 International Financial Reporting Standards in issue, but not yet effective

2.4.1 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, they are expected to have no impact on the consolidated financial statements of the Group.

2.4.2 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.

2.4.3 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4.4 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.

2.4.5 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.

The Group is currently assessing the impact of the amendments.

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

The following are the critical judgments, apart from those involving estimations , that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

In making its judgment, management has assessed at each reporting date whether there is any indication that the group's tangible and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

3.1.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a 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.

3.2 Key sources of estimation uncertainty

In the process of applying the group's accounting policies, management has made the following key assumptions concerning the future and other key sources of uncertainty at the reporting date that have the most significant effect on the amounts recognised in the financial statements.

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

3.2.1 Property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 11 to the financial statements.

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

3.2.2 Growing cane valuation

Growing cane is valued at the estimated sucrose content valued at the estimated sucrose price for the following season, less estimated costs for harvesting and transport. The value of growing cane is further adjusted for the estimated cane growth percentage, the costs necessarily incurred to farm the sugar cane until the commencement of the following season and the expected profit margin on the cane growing activity.

The estimated sucrose content requires management to assess the expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes. In assessing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and assess the domestic and export prices as well as related foreign currency exchange rates. In addition, management prepares detailed costs forecasts to determine the costs to farm the sugar cane to maturity as well as the expected profit margin. The carrying value of growing cane is disclosed in note 16 to the financial statements.

3.2.3 Income taxes

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

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

3.2 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.

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000

4. REVENUE

4.1 Disaggregated revenue information

From secondary business segments as follows:				
Local market	**4 099 631**	4 016 181	**4 099 631**	4 016 181
Export market	**1 728 073**	1 095 595	**1 728 073**	1 095 595
Total revenue	**5 827 704**	5 111 776	**5 827 704**	5 111 776
From geographical business segments as follows:				
Zambia	**4 099 631**	4 016 181	**4 099 631**	4 016 181
Democratic Republic of Congo	**955 776**	832 356	**955 776**	832 356
Kenya	**433 809**	83 332	**433 809**	83 332
South Africa	**-**	98 073	**-**	98 073
Rest of Africa	**338 488**	81 834	**338 488**	81 834
Total revenue	**5 827 704**	5 111 776	**5 827 704**	5 111 776

The Group recognised rebates on its revenue amounting to K 202.2 million for the year ended 31 August 2023 (2022: K 70.7million).

4.2 Contract balances

Contract liabilities opening balance	**216 595**	219 765	**216 595**	219 765
Amounts prepaid by customers during the year	**1 728 073**	1 378 764	**1 728 073**	1 378 764
Amounts invoiced to customers during the year	**(1 693 668)**	(1 381 934)	**(1 693 668)**	(1 381 934)
Contract liabilities (Note 23)	**251 000**	216 595	**251 000**	216 595

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

Operating Profit	**1 248 171**	1242 498	**1 174 504**	1 101 182
Operating profit has been determined after charging/(crediting) the following:				
Employees remuneration expenses	**594 446**	607 514	**564 329**	575 274
Unrealised Exchange Loss (trading balances)	**12 759**	15 848	**11 974**	15 753
Realised Exchange Loss (trading balances)	**13 350**	18 142	**12 918**	17 572
Depreciation expense (see note 11)	**124 370**	115 436	**111 342**	103 902
Factory overhaul costs expensed (see note 15.1)	**162 643**	180 845	**162 643**	180 845
Employer contributions to pension funds (see note 29)	**23 317**	23 074	**21 841**	21 733
Operational support fees (see note 24)	**58 194**	60 077	**58 194**	60 077
Lease expenses (see note 30)	**54 326**	37 989	**54 326**	37 989
- Depreciation expense of right-of-use assets	**30 948**	20 578	**30 948**	20 578
- Interest expense on lease liabilities	**23 378**	17 411	**23 378**	17 411
Short-term lease Charges	**97 960**	79 581	**95 492**	75 413
Low Value Lease Charges (Property and Ground Rates)	**4 289**	258	**4 286**	218
Directors' emoluments for services as directors	**1 438**	1 257	**1 438**	1 203
Auditors' remuneration	**3 474**	2 365	**2 550**	2 317
- Audit fees	**3 079**	2 905	**2 155**	2 063
- Other expenses	**395**	254	**395**	254
(Loss)/Profit on disposal of plant and equipment	**(487)**	5 549	**(487)**	5 530
Charitable donations	**2 319**	2 082	**2 196**	1 914
Fair value adjustments				
- Livestock	**(821)**	1 827		
- Growing cane (see note 16)	**6 238**	83 280	**(998)**	64 627

	Group August 2023 K'000	Group August 2022 K'000	Company August 2023 K'000	Company August 2022 K'000

6. NET FINANCIAL COSTS

	Group 2023 K'000	Group 2022 K'000	Company 2023 K'000	Company 2022 K'000
Finance Costs				
Interest charged on:				
Related party borrowings (see note 24)	**5 955**	6 571	**18 747**	6 567
Bank overdraft and short-term facilities	**36 171**	51 671	**36 171**	51 671
Other*	**(1 516)**	22 682	**(1 514)**	22 679
Total Interest charged	**40 610**	80 924	**53 404**	80 917

*Other finance costs comprise foreign gains and losses on bank transactions and leases.

	Group 2023 K'000	Group 2022 K'000	Company 2023 K'000	Company 2022 K'000
Finance Income				
Finance Income from an effective interest rate on cash and bank	**(952)**	(6 728)	**(952)**	(200)
	39 658	74 196	**52 452**	80 717

7. TAXATION

	Group 2023 K'000	Group 2022 K'000	Company 2023 K'000	Company 2022 K'000
Current Tax				
- current year charge	**255 352**	204 035	**242 891**	190 818
Deferred taxation (see note 21)				
- current year charge	**4 871**	(26 363)	**4 192**	(30 466)
- (over) provision in prior year	**-**	(3 344)	**-**	(3 344)
Total taxation charge	**260 223**	174 328	**247 083**	157 008
Included under current liabilities:				
Taxation payable at beginning of period	**(119 836)**	(109 093)	**(112 082)**	(103 817)
Current year charge	**(255 352)**	(204 035)	**(242 891)**	(190 818)
(Over)/under provision in current tax liability	**(210)**	716	**(210)**	716
	(375 398)	(312 412)	**(355 183)**	(293 919)
Paid during the year	**231 274**	192 576	**216 679**	181 837
Taxation payable at beginning of period	**(144 124)**	(119 836)	**(138 504)**	(112 082)
Reconciliation of taxation rate :	**%**	%	**%**	%
Statutory taxation rate applicable to agricultural entities	**10.0**	10.0	**10.0**	10.0
Increase/(decrease) in charge due to:				
- Expenses disallowed for tax purposes	**2.7**	0.8	**2.8**	0.9
- Tax rate differential on non-farming income	**6.5**	5.6	**7.7**	6.1
- Other adjustments*	**2.6**	(2.3)	**0.1**	(2.6)
Effective rate of taxation	**21.8**	14.1	**20.6**	14.4

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

'The Company's effective tax rate for the year is 20.2% (August 2022: 14.1%) 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, which is set at 31 August, and the taxation year end set at 30 June.

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

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	2023 K'000	2022 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.

	Group 2023	Group 2022	Company 2023	Company 2022
Earnings per share (ngwee per share)	**295.6**	317.5	**297.3**	303.6
Headline earnings per share (ngwee per share)	**295.4**	319.1	**297.2**	305.1
Number of shares	**SHARES '000**	SHARES '000	**SHARES '000**	SHARES '000
Weighted average number of ordinary shares for the purposes of basic earnings, diluted 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	**935 632**	1 005 148	**941 283**	960 973
Earnings for the purposes of earnings per share	**935 632**	1 005 148	**941 283**	960 973
Reconciliation of headline earnings				
Profit attributable to shareholders of Zambia Sugar Plc	**935 632**	1 005 148	**941 283**	960 973
(Loss)/Gain on sale of property, plant and equipment	**(487)**	5 549	**(487)**	5 530
Tax effect of adjustments	**49**	(555)	**49**	(553)
Headline earnings for the year	**935 194**	1 010 142	**940 845**	965 950

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 K 298.843 million were paid in the current year (2022:K 267.503 million)

	Group 2023	Group 2022	Company 2023	Company 2022
Dividends proposed per share - final 2023 to be proposed at AGM (ngwee)	**349.0**	94.4	**349.0**	94,4
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 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 & 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
Assets transfers	-	-	-	-	-	-
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	569 634	1 251 385	681 751	535 661	1 217 412
Growing cane	-	595 776	595 776	-	491 330	491 330
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.

10. SEGMENT ANALYSIS (continued)

The Group's inter segmental revenue generated from cane sales is eliminated on consolidation of segments

YEAR ENDED 31 AUGUST 2022	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	5 111 776	-	5 111 776	5 111 776	-	5 111 776
Inter Segment	(1 580 326)	1 580 326	-	(1 279 690)	1 279 690	-
Revenue	3 531 450	1 580 326	5 111 776	3 832 086	1 279 690	5 111 776
Material items of expense		-				
Employee Costs	(199 153)	(218 825)	(417 978)	(199 153)	(187 899)	(387 052)
Electricity and Fuel	(49 666)	(125 828)	(175 494)	(49 666)	(114 913)	(164 579)
Operating Costs	(365 891)	(361 658)	(727 549)	(365 891)	(287 969)	(653 860)
Refining, Packing & Storage	(227 058)	-	(227 058)	(227 058)	-	(227 058)
Cane Haulage	-	(147 548)	(147 548)	-	(111 123)	(111 123)
Operating profit	783 556	458 942	1 242 498	783 572	317 610	1 101 182
Property, plant and equipment	1 378 786	546 039	1 924 825	1 363 682	408 426	1 772 108
Balance at beginning of period	1 395 189	469 476	1 864 665	1 386 381	336 531	1 722 912
Additions at cost	79 995	102 414	182 409	68 636	91 280	159 916
Depreciation charge for the period	(92 580)	(22 856)	(115 436)	(87 517)	(16 385)	(103 902)
Net book value of disposals	(3 818)	(2 995)	(6 813)	(3 818)	(3 000)	(6 818)
Intangible assets	-	67 902	67 902	-	-	-
Investment in subsidiary	-	-	-	-	177 163	177 163
Right-of-use assets	47 800	-	47 800	47 800	-	47 800
Assets classified as held for sale	1 701	-	1 701	1 701	-	1 701
Current assets	1 599 146	1 258 181	2 857 327	1 599 146	1 092 367	2 691 513
Inventories	763 685	631 349	1 395 034	763 685	600 039	1 363 724
Growing cane	-	589 538	589 538	-	492 328	492 328
Trade and other receivables	662 332	36 479	698 811	662 332	-	662 332
Amounts due from related parties	1 164	-	1 164	1 164	-	1 164
Cash and cash equivalents	171 965	815	172 780	171 965	-	171 965
Current liabilities	878 207	353 098	1 231 305	1 022 095	314 156	1 336 251
Trade and other payables	381 273	330 047	711 320	381 273	299 571	680 844
Lease Liabilities	23 675	-	23 675	23 675	-	23 675
Contract Liabilities	216 595	-	216 595	216 595	-	216 595
Short-term borrowings	7 057	5 545	12 602	7 057	5 545	12 602
Amounts due to related parties	28 366	-	28 366	172 254	-	172 254
Current tax liability	112 082	7 754	119 836	112 082	-	112 082
Bank overdrafts	97 654	-	97 654	97 654	-	97 654
Provisions	11 505	9 752	21 257	11 505	9 040	20 545
Non-current liabilities	220 283	132 508	352 791	220 283	101 305	321 588
Long-term borrowings	42 000	-	42 000	42 000	-	42 000
Lease Liabilities	49 350	-	49 350	49 350	-	49 350
Deferred tax liability	128 933	132 508	261 441	128 933	101 305	230 238
Net asset value	**1 928 943**	**1 386 516**	**3 315 459**	**1 769 952**	**1 262 494**	**3 032 446**

The Group's business operating units are segmented up to operating profit stage.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Plant and machinery	Motor Vehicles	Furniture and fittings	Capital work in progress	Cane Roots	Capital work in progress cane roots	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
GROUP								
Cost								
Balance at 1 September 2021	**757 254**	**1 649 046**	**104 197**	**27 240**	**25 489**	**259 508**	**36 190**	**2 858 924**
Additions	-	8 979	2 766	-	121 875	-	48 789	182 409
Capitalisation	1 632	94 338	17 498	1 508	(114 976)	57 100	(57 100)	-
Transfers	3 759	8 306	(10 171)	(1 894)	-	-	-	-
Disposals	-	(10 827)	(2 638)	-	-	(39 827)	-	(53 292)
Balance at 31 August 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 at 31 August 2023	**787 084**	**1 850 462**	**79 176**	**28 370**	**177 901**	**296 508**	**47 941**	**3 267 442**
Accumulated depreciation								
Balance at 1 September 2021	**157 135**	**615 878**	**73 838**	**22 976**	**-**	**124 432**	**-**	**994 259**
Charge for period	12 827	63 518	6 777	404	-	31 910	-	115 436
Transfers	174	3 214	(3 348)	(40)	-	-	-	-
Disposals	-	(4 728)	(1 924)	-	-	(39 827)	-	(46 479)
Balance at 31 August 2022	**170 136**	**677 882**	**75 343**	**23 340**	**-**	**116 515**	**-**	**1 063 216**
Charge for year	12 904	67 765	6 736	587	-	36 378	-	124 370
Transfers	-	25 337	(25 337)	-	-	-	-	-
Disposals	(6)	-	(542)	-	-	(29 588)	-	(30 136)
Balance at 31 August 2023	**183 034**	**770 984**	**56 200**	**23 927**	-	**123 305**	-	**1 157 450**
Net carrying amount								
Balance at 31 August 2023	**604 050**	**1 079 478**	**22 976**	**4 443**	**177 901**	**173 203**	**47 941**	**2 109 992**
Balance at 31 August 2022	592 509	1 071 960	36 309	3 514	32 388	160 266	27 879	1 924 825

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and buildings	Plant and machinery	Motor Vehicles	Furniture and fittings	Capital work in progress	Cane Roots	Capital work in progress cane roots	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
COMPANY								
Cost								
Balance at 1 September 2021	**669 807**	**1 585 164**	**96 436**	**25 975**	**11 615**	**207 973**	**31 692**	**2 628 662**
Additions	-	8 979	457	-	105 715	-	44 765	159 916
Capitalisation	1 632	64 314	17 498	1 508	(84 952)	49 690	(49 690)	-
Transfers	3 759	20 316	(22 197)	(1 878)	-	-	-	-
Disposals	-	(10 832)	(2 549)	-	-	(13 241)	-	(26 622)
Balance at 31 August 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 at 31 August 2023	**698 580**	**1 756 566**	**57 008**	**27 121**	**176 887**	**260 998**	**45 068**	**3 022 228**
Accumulated depreciation								
Balance at 1 September 2021	**155 074**	**570 021**	**68 272**	**22 175**	**-**	**90 208**	**-**	**894 128**
Charge for period	12 581	58 650	5 422	399	-	26 850	-	103 902
Transfers	4	10 732	(10 729)	(7)	-	-	-	-
Disposals	-	(4 728)	(1 835)	-	-	(13 241)	-	(19 804)
Balance at 31 August 2022	**167 659**	**634 675**	**61 130**	**22 567**	**-**	**103 817**	-	**989 848**
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 at 31 August 2023	180 309	722 030	40 369	23 150	-	105 196	-	1 071 054
Net carrying amount								
Balance at 31 August 2023	**518 271**	**1 034 536**	**16 639**	**3 971**	**176 887**	**155 802**	**45 068**	**1 951 174**
Balance at 31 August 2022	507 539	1 033 266	28 515	3 038	32 378	140 605	26 767	1 772 108

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 2023 is at least equal to their carrying values as reflected in the statement of financial position.

Leasehold Land

On 1 April 2007, the Company entered into land leasehold agreements with six local farmers for the purposes of growing sugar cane. The agreements are for a period of 17 years and the total leasehold land area is 2 055 ha. The leases have since been reclassified under IFRS 16 upon adoption on 1st September 2019 and are disclosed in Note 30.

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000

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. Due to the restrictions in movement and public gathering as a result of the COVID-19 pandemic, Management could not actively seek buyers to finalise the sale of some of the items by 31 August 2022.

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 commencing 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 depereciation from May 2016 to July 2023 has been recognised to profit and loss. The total amount recognised to profit and loss was K 621,327.

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

Property, plant & equipment

	Group 2023 K'000	Group 2022 K'000	Company 2023 K'000	Company 2022 K'000
Balance at start of year	1 701	2 864	1 701	2 864
Disposals during the year	-	-	-	-
Assets classified as held for sale sold	-	(11)	-	(11)
Assets classified as held for sale reclassified	(1 492)	(1 152)	(1 492)	(1 152)
Balance at end of year	**209**	1 701	**209**	1 701

13. INTANGIBLE ASSET

	Group 2023 K'000	Group 2022 K'000	Company 2023 K'000	Company 2022 K'000
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 performed its annual impairment test in August 2023. The test is based on a 5 year assessment of the key performance indicators of the Group. The indicators used are Production parameters, Sales volumes, Pricing, Currency and Inflation. There was no indication of impairment of this asset as at 31 August 2023.The investment in Nanga Farms ensures security of source of cane supply as the Group has control of the product from Nanga, thereby preventing other entities from accessing the sugar cane.

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 or decline in the discount rate by a rise or decline of 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 2023					
Direct Investment					
Nanga Farms Limited	**487**	**100,0**	**177 163**	**-**	**124 191**
August 2022					
Direct Investment					
Tukunka Agricultural Ltd	10 000	100	-	-	-
Nanga Farms Limited	487	14.27	21 539	-	-
Indirect Investment					
Nanga Farms Limited	487	85.7	155 624	-	144 173

*Tukunka Agricultural Limited was deregistered on 23rd December 2022 in an effort to simplify the Group structure for Zambia Sugar Plc. This has therefore resulted in Zambia Sugar Plc having a direct 100% holding in Nanga Farms Limited.

15. INVENTORIES

		Group		Company	
		August		August	
		2023 K'000	2022 K'000	**2023 K'000**	2022 K'000
Maintenance stores		**294 336**	263 135	**268 836**	240 959
Provision for obsolescence		**(10 123)**	(6 083)	**(9 765)**	(5 565)
		284 213	257 052	**259 071**	235 394
Factory overhaul costs	15.1	**83 026**	62 683	**83 026**	62 683
Finished goods - sugar (at cost) and Molasses		**875 313**	1 065 645	**875 315**	1 065 647
Other Inventory - Livestock		**8 833**	9 654	**-**	-
Total inventories at the lower of cost and net realisable value		**1 251 385**	1 395 034	**1 217 412**	1 363 724
Movement in provision for slow moving stocks					
Balance at beginning of year		**6 083**	4 043	**5 565**	3 550
Amounts written off during the year		**4 040**	2 040	**4 200**	2 015
Provision raised during the year		**10 123**	6 083	**9 765**	5 565

The costs of individual items of inventory are determined using weighted average costs.

15. INVENTORIES (continued)

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	20212 K'000
Movement in Other Inventory-Livestocks				
Balance at beginning of year	**9 654**	7 827	**-**	-
Fair Valuation movements	**(821)**	1 827	**-**	-
Balance at end of year	**8 833**	9 654	**-**	-

15.1 Factory overhaul cost

Balance at beginning of year	**62 683**	64 957	**62 683**	64 957
Capitalised during the year	**182 986**	178 571	**182 986**	178 571
	245 669	243 528	**245 669**	243 528
Amortised during the year	**(162 643)**	(180 845)	**(162 643)**	(180 845)
Balance at end of year	**83 026**	62 683	**83 026**	62 683

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. GROWING CANE

The carrying value of growing cane is reconciled as follows:

Carrying value at beginning of year	**589 538**	506 258	**492 328**	426 703
Change in fair value	**6 238**	83 280	**(998)**	65 625
Carrying value at end of year	**595 776**	589 538	**491 330**	492 328

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)

Expected area to harvest (hectares)	**15 700**	16 163	**13 035**	13 458
Estimated yield (tonnes cane per hectare)	**114,0**	115,9	**112, 4**	114,9
Sucrose content in cane (%)	**14.54%**	14.39%	**14.54%**	14.39%
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 (tonnes)	**260 391**	269 414	**213 149**	222 424
Estimated sucrose price (K/tonne)	**5 921**	5 788	**5 921**	5 788

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000

17. TRADE AND OTHER RECEIVABLES

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

Gross trade receivables	**385 053**	377 523	**385 053**	377 523
Allowance for expected credit losses	**(18 996)**	(16 847)	**(18 996)**	(16 847)
	366 057	360 676	**366 057**	360 676
VAT receivable	**118 772**	266 131	**95 145**	229 769
Other receivables	**77 409**	72 004	**72 818**	71 887
Balance at end of year	**562 238**	698 811	**534 020**	662 332

Movement in the allowance for expected credit losses

Balance at beginning of year	**(16 847)**	(16 114)	**(16 847)**	(16 114)
Amounts raised during the year	**(2 149)**	(1 256)	**(2 149)**	(1 256)
Amounts utilised during the year	**-**	523	**-**	523
Balance at end of year	**(18 996)**	(16 847)	**(18 996)**	(16 847)

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 Sale.

The Group's other receivables mainly comprise supplier prepayments, staff debtors, amounts to be recovered from suppliers and growers for fuels and consumables.

The increase in the allowance for expected credit losses can be attributed to amounts under litigation and amounts owed by statutory bodies.

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

18. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

Bank and cash balances	**877 924**	172 780	**876 262**	171 965
Bank overdraft - unsecured	**(39 061)**	(97 654)	**(39 061)**	(97 654)
Cash and cash equivalents at end of year	**838 863**	75 126	**837 201**	74 311

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	20212 K'000

19. SHARE CAPITAL AND PREMIUM

Authorised:				
350 000 000 (August 2022: 350 000 000) ordinary shares of K 0.01 each (August 2022: K 0.01 each)	**3 500**	3 500	**3 500**	3 500
Issued and fully paid				
316 571 385 (August 2022: 316 571 385) ordinary shares of K 0.01 each (August 2022: K 0.01 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

	Note	Years of repayment				
Related party loans	a	2020-2023	**-**	54 602	**-**	54 602
Total borrowings			**-**	54 602	**-**	54 602
Less:						
Short-term borrowings	a		**-**	54 602	**-**	54 602
Long-term borrowings	a		**-**	54 602	**-**	54 602
The amounts are due for repayment in the following years ending 31 August:						
2022			**-**	-	**-**	-
2023			**-**	54 602	**-**	54 602

Summary of borrowing arrangements

(a) Loans from related parties are disclosed in Note 24.2.1

(b) There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current or previous year.

(c) The final portion of debt was settled in the month of August 2023

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	20212 K'000

21. DEFERRED TAX LIABILITY

Balance at beginning of year	**261 441**	287 800	**230 238**	260 703
Charged to profit or loss:				
- Current year income statement charge/(recovery)	**4 871**	(26 363)	**4 192**	(30 466)
- Over provision in prior year	**-**	(3 344)	**-**	(3 344)
- Under/(over) provision in deferred tax liability	**2**	3 348	**(1)**	3 345
Balance at end of year	**266 314**	261 441	**234 429**	230 238
Analysis of liability:				
Property, plant and equipment	**258 723**	248 811	**239 675**	230 261
Right of use assets, lease liabilities	**(8 141)**	(4 769)	**(8 141)**	(4 769)
Cane Roots	**18 156**	16 973	**15 580**	14 060
Factory overhaul costs	**15 564**	11 851	**15 564**	11 851
Growing cane	**59 577**	58 954	**49 133**	49 233
Provisions	**(12 829)**	(11 137)	**(12 829)**	(11 137)
Deferred Income	**(63 869)**	(55 948)	**(63 869)**	(55 948)
Unrealised exchange differences	**(867)**	(3 294)	**(684)**	(3 313)
Balance at end of year	**266 314**	261 441	**234 429**	230 238

22. TRADE AND OTHER PAYABLES

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

Trade payables	**78 565**	172 984	**76 039**	156 175
Growers	**332 163**	322 557	**332 163**	322 557
Accruals	**194 503**	165 165	**183 918**	165 165
Payroll	**28 975**	30 473	**28 253**	30 473
Other payables	**51 943**	20 141	**42 342**	6 474
Balance at end of year	**686 149**	711 320	**662 715**	680 844

The Group's other payables mainly comprise provisions for import duty, clearing charges, gratuity and voluntary separation and withholding tax. The directors consider that the carrying amount of trade and other payables approximates their fair value. The Group has financial risk management policies in place to ensure that suppliers are paid within the pre-agreed credit terms.

23. CONTRACT LIABILITIES

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

Deferred Income	**251 000**	216 595	**251 000**	216 595
Currency Split:				
Deferred income amounts in USD	**211 923**	208 643	**211 923**	208 643
Deferred income amounts in ZAR	**1 934**	1 934	**1 934**	1 934
Deferred income amounts in EUR	**97**	97	**97**	97
Deferred income amounts in K	**37 046**	5 921	**37 046**	5 921
Ageing of contract balances				
Current balance (within 12 months)	**251 000**	216 595	**251 000**	216 595

24. AMOUNTS DUE TO/(FROM) RELATED PARTIES

The Group, in the ordinary course of business, enters into various transactions with related parties.

24.1 Holding Companies

The Group is controlled by the following entities:

Name	Type	Ownership Interest in Zambia Sugar Plc August 2023	Ownership Interest in Zambia Sugar Plc August 2022
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 hold 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	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000
Trading balances owing by the Group	**3 710**	7 127	**3 710**	7 127
Export sugar sales	**142 763**	32 366	**142 763**	32 366
Export agency commission	**1 889**	1 034	**1 889**	1 034
Logistics cost reimbursement	**4 948**	9 468	**4 948**	9 468

Trading balances 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 (continued)

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	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000
Trading balances owing by the Group	**23 875**	11 166	**23 295**	10 887
Procurement of goods and services	**25 913**	234 539	**25 913**	234 154
Interest paid: procurement	**390**	98	**368**	94

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	**14 503**	9 080	**14 503**	5 256
Operational support fees	**58 194**	60 077	**58 194**	74 296
Cost reimbursement (general)	**37 146**	24 351	**37 146**	10 995
Export agency commission	**17 611**	10 802	**17 611**	12 931
Export and BI Staff cost recoveries	**(3 259)**	(5 018)	**(3 259)**	5 018

Operational support fees are charged to the Group in order to recover the costs of providing technical support, business support and operating a centralised procurement office. Technical support includes services rendered to monitor and improve agricultural and manufacturing performance as well as technical engineering services. Business support covers the provision of a range of services including legal, taxation, treasury, governance, human resources and information technology. The services provided by the centralised procurement office are detailed above. Operational support fees are charged on a cost-plus basis, allowing a margin of 8% with the exception of procurement services component for which the margin is 15%.

The trading balance owing by the Group represents amounts outstanding for transactions detailed above. The trading balance is unsecured, has no fixed repayment terms and does not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balance will be settled by cash payments.

Illovo Sugar Africa (Proprietary) Limited ("ISAPL") is the agent to co-ordinate and manage the marketing, sale and distribution of all the Group's export sugar and molasses (excluding distribution into Rwanda) for which it receives a commission of 1% of export revenue.

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

24.2 Fellow Subsidiaries of the Group (continued)

24.2.2 ABF ZMW Finance Limited

Funding balances owing by the Group

	Years of repayment	Effective Interest rate (%)	Group August 2023 K'000	Group August 2022 K'000	Company August 2023 K'000	Company August 2022 K'000
Aggregation B Loans			**-**	42 000	**-**	42 000
Loan B1 - Zambian Kwacha	**2023**	-	**-**	42 000	**-**	42 000
Loan B2 - Zambian Kwacha	**2023**	-	**-**	-	**-**	-
Long-term borrowings			**-**	42 000	**-**	42 000
Total Accured Interest on related party loan						
Aggregation B Loans			**-**	12 602	**-**	12 602
Accrued interest - Loan B1			**-**	12 602	**-**	12 602
Accrued interest - Loan B2			**-**	-	**-**	-
Short-term borrowings			**-**	12 602	**-**	12 602
Total related party borrowings			**-**	54 602	**-**	54 602

Illovo Group Financing Services (IGFS) - Interest disclosure

	Group August 2023 K'000	Group August 2022 K'000	Company August 2023 K'000	Company August 2022 K'000
Aggregation B Loans	**5 565**	6 473	**5 565**	6 473
Interest paid - Loan B1	**5 565**	6 171	**5 565**	6 171
Interest paid - Loan B2	**-**	302	**-**	302

A Loans

There are no balances owing on the A Loans as capital amount as at August 2023 (August 2022: nil) and the respective accrued interest (August 2022: nil). The loans were denominated in Zambian Kwacha, unsecured and attracted an interest at the annual yield rate quoted by the Bank of Zambia, from time to time, in respect of the most recent 91 day treasury bill rate, plus 4.0% (four point zero percent), with such rate being set on the original Agreement Effective Date and reset and compounded on each of 31 March, 30 June, 30 September and 31 December each year. Interest was paid on a monthly basis.

B Loans

The are no balances owing on the B Loans as capital amount as at August 2023 (August 2022: K 42 million) and accrued interest (August 2022: K 12.6 million). The loan has been fully settled in August 2023. The loans were denominated in Zambian Kwacha, unsecured and attracted an 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. AMOUNTS DUE TO/(FROM) RELATED PARTIES (continued)

24.2 Fellow Subsidiaries of the Group (continued)

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

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000
Trading balances owing by the Group	**1 055**	979	**1 055**	979
Air services	**3 077**	2 827	**3 077**	2 827

EAS recovers the cost of air services provided to the Group necessary to facilitate the provision of operational support and director services by Illovo Sugar Africa (Proprietary) Limited.

The trading balance owing by the Group to EAS in respect of air services is unsecured, has no fixed repayment terms and does not bear interest. No expense has been recognised in the current or prior year in respect of a bad or doubtful debt and no allowance for doubtful debts has been recognised. The balance will be settled by cash payments.

24.2.4 Other fellow subsidiaries

	Group		Company	
	August		August	
Trading balances owing to/(from) the Group	**2023 K'000**	2022 K'000	**2023 K'000**	2022 K'000
- Illovo Sugar (Malawi) plc	**-**	(1 068)	**-**	(1 068)
- Kilombero Sugar Company Limited ("KSC")	**(332)**	(96)	**(332)**	(96)
- Ubombo Sugar Limited	**-**	14	**-**	8
- Ilovo Sugar South Africa (Pty) Limited	**948**	-	**948**	-
Cost recoveries (general) transactions				
- Illovo Sugar (Malawi) plc	**-**	(1 068)	**-**	(1 068)
- Kilombero Sugar Company Limited ("KSC")	**(332)**	(97)	**(332)**	(97)
Cost reimbursement transactions				
- Ubombo Sugar Limited	**299**	14	**299**	8
- Ilovo Sugar South Africa (Pty) Limited	**948**	-	**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. The Company sought to simplify the group structure by deregistering Tukunka Agricultural Limited from the Registrar of companies on 23rd December 2022. Previously,the company held 100% of the ordinary share capital of Tukunka Agricultural Limited which owned 85.73% of the ordinary share capital for Nanga Farms Limited. The Company also directly held 14.27% of the ordinary share capital for Nanga Farms Limited. The Company has entered into a long-term agreement with Nanga Farms Limited for the supply of sugar cane.

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

24.3 Subsidiary of Zambia Sugar Plc. (continued)

Nanga Farms Limited	Group		Company	
	August		August	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Trading balances owing by the Company	-	-	124 191	144 173
Operational support fees received	-	-	(8 088)	(7 486)
Cane purchases	-	-	252 793	282 982
Dividend income	-	-	(78 972)	(86 342)
Interest received on overdue balances	-	-	12 814	6 496

Operational support income is received by the Company from Nanga Farms Limited for costs incurred in providing technical support and business support. Technical support includes services rendered to monitor and improve agricultural performance. Business support covers the provision of a range of services including legal, taxation, treasury, governance, human resources and information technology.

The trading balance owing by the Company represents amounts outstanding for the supply of sugarcane. The trading balance is unsecured, has no fixed repayment terms and bears interest at variable market-related rates. The balance will be settled by cash payments.

24.4 Related Party Balances - Summary

	NOTE	Group		Company	
		August		August	
		2023 K'000	2022 K'000	2023 K'000	2022 K'000
Long-term borrowings					
Illovo Group Financing Services	24.2.2	-	-	-	-
Short term borrowings					
Illovo Group Financing Services	24.2.2	-	54 602	-	54 602
Amounts due from related parties					
Illovo Sugar (Malawi) Plc	24.2.4	-	(1 068)	-	(1 068)
Kilombero Sugar Company Limited	24.2.4	(332)	(96)	(332)	(96)
		(332)	(1 164)	(332)	(1 164)
Amounts due to related parties					
Illovo Sugar Africa (Proprietary) Limited					
- Procurement Division	24.2.1	23 875	11 166	23 875	10 887
Illovo Sugar Africa (Proprietary) Limited					
- Corporate Division	24.2.1	14 503	9 080	14 503	9 080
Illovo Group Marketing Services Limited	24.1.3	3 710	7 127	3 710	7 127
East African Supply (Proprietary) Limited	24.2.3	1 055	979	1 055	979
Ubombo Sugar Limited	24.2.4	-	14	-	8
Nanga Farms Limited	24.3	-	-	124 191	144 173
Ilovo Sugar South Africa (Pty) Limited		948	-	948	-
		44 091	28 366	167 702	172 254

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

24.4 Related Party Transactions - Summary

	NOTE	NATURE OF TRANSACTION	Group August 2023 K'000	Group August 2022 K'000	Company August 2023 K'000	Company August 2022 K'000
Income						
Kilombero Sugar Company Limited	24.2.4	Cost recoveries	**332**	97	**332**	97
Illovo Sugar (Malawi) Plc	24.2.4	Cost recoveries	**-**	1 068	**-**	1 068
Nanga Farms Limited	24.3	Operational support fees received	**-**	-	**8 088**	7 486
Nanga Farms Limited	24.3	Dividend income	**-**	-	**78 972**	86 342
			332	1 165	**87 392**	94 993
Expenditure						
Illovo Sugar Africa (Proprietary) Limited - Procurement Division	24.2.1	Goods and services	**25 913**	234 539	**25 913**	234 154
Illovo Sugar Africa (Proprietary) Limited - Corporate Division	24.2.1	Operational support	**58 194**	60 077	**58 194**	60 077
Illovo Sugar Africa (Proprietary) Limited - Corporate Division	24.2.1	Cost reimbursement	**37 146**	24 351	**37 146**	24 351
Illovo Sugar Africa (Proprietary) Limited - Corporate Division	24.2.1	Export and BI Staff Cost Recoveries	**(3 259)**	(5 018)	**(3 259)**	(5 018)
Illovo Sugar Africa (Proprietary) Limited - Corporate division	24.2.1	Export agency commission	**17 611**	10 802	**17 611**	10 802
Illovo Group Marketing Services Limited	24.1.3	Export agency	**1 889**	1 034	**1 889**	1 034
Illovo Group Marketing Services Limited	24.1.3	Cost reimbursement	**4 948**	9 468	**4 948**	9 468
East African Supply (Proprietary) Limited	24.2.3	Air services	**3 077**	2 827	**3 077**	2 827
Ubombo Sugar Limited	24.2.4	Cost reimbursement	**299**	14	**299**	8
Nanga Farms Limited	24.3	Sugar cane purchases	**-**	-	**124 191**	144 173
Illovo Sugar South Africa (Proprietary) Limited	24.2.4	Cost recoveries	**948**	-	**948**	-
			146 767	338 094	**270 958**	481 876
Financing costs						
Illovo Sugar Africa (Proprietary) Limited - Procurement Division	24.2.1	Overdue trading balances	**390**	98	**368**	94
ABF Overseas Limited	24.2.2	Funding balances	**5 565**	6 473	**5 565**	6 473
Nanga Farms Limited	24.3	Funding balances	**-**	-	**12 814**	6 496
			5 955	6 571	**18 747**	13 063

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

24.5 Compensation of key management

(a) Compensation for the year to 31 August 2023

	NOTE	Earnings (K'000)	*Allowances (K'000)	Bonuses and Performance related payments (K'000)	Pension and Medical Contributions (K'000)	Total (K'000)
Non-Executive						
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	-	-	-	-	-
Andrew Lubbe	1,5	-	-	-	-	-
Executive						-
Oswald Magwenzi	4,8,9	5 572	854	1193	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

(b) Compensation for the year to 31 August 2022

	NOTE	Earnings (K'000)	*Allowances (K'000)	Bonuses and Performance related payments (K'000)	Pension and Medical Contributions (K'000)	Total (K'000)
Non-Executive						
Norman Mbazima		271	-	-	-	271
Fidelis Banda		238	-	-	-	238
Roseta Chabala		228	-	-	-	228
Ami Mpungwe		238	-	-	-	238
Dipak Patel		228	-	-	-	228
Gavin Dalgleish	1	-	-	-	-	-
Doug Kasambala	1,7	-	-	-	-	-
Nelis Saayman	1,5	-	-	-	-	-
Executive						
Oswald Magwenzi	4,8,9	4 288	4 616	-	521	9 425
Rebecca Katowa	2,3,8	441	131	1 154	528	2 254
Raphael Chipoma	3,8	1 713	660	813	494	3 680
Marc Pousson	3,8,9	2 639	1 975	1 090	345	6 049

*Allowances is comprised of Housing Allowance, Car Allowance,Education Allowance, Out of Country allowance, Relocation allowance and Air fares allowance.

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

24.5 Compensation of key management (continued)

1 Fees earned by these directors, who are nominated by the Group's majority shareholder, have been waived
2 Resigned as Managing Director of the Board on November 2021.
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 2023 and 31 August 2022 for the comparative year numbers.
4 Appointed as an Executive Director of the Board on 01 September 2021.
5 Appointed as a Non Executive Director of the Board on 23 February 2022.
6 Resigned as Excutive Director of the Board on 30 April 2023.
7 Resigned as Non 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.

25. DERIVATIVE FINANCIAL INSTRUMENTS

Foreign exchange forward contracts measured at fair value through Other Comprehensive Income (OCI) are designated as hedging instruments in cash flow hedges of forecast sales in US dollar. These forecast transactions are highly probable, and they comprise about 67% of the Group's total expected sales in US dollars.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The Group did not have any derivative financial instruments in the current financial year and in the prior year.

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 31st August 2023.

The were no cash flow hedges of the expected future sales in 2023 and 2022.

26. PROVISIONS

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000
At beginning of period	**21 257**	20 160	**20 545**	20 160
Provisions made during the period	**23 085**	21 257	**19 329**	13 641
Utilised during the period	**(4 562)**	(20 160)	**(3 260)**	(13 256)
At end of period	**39 780**	21 257	**36 614**	20 545
Analysed as follows:				
Provision for leave pay	**39 780**	21 257	**36 614**	20 545
	39 780	21 257	**36 614**	20 545

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 the Group's anticipated potential liability following engagements and consultations done internally and externally with Zambia Revenue Authority and Tax Experts.

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000

27. CAPITAL COMMITMENTS

Approved but not contracted	**-**	-	**-**	-
Contracted	**43 015**	50 103	**43 015**	50 103
	43 015	50 103	**43 015**	50 103

Capital commitments relate to approved capital expenditure for property plant and equipment for the group. It will be 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				
Loans and receivables	**1 321 722**	606 624	**1 315 469**	605 692
Financial liabilities				
Financial liabilities measured at amortised cost	**717 358**	871 801	**827 136**	998 880
Reconciliation to the statement of financial position:				
Loans and receivables				
Trade and other receivables				
Amounts due from related parties	**443 466**	432 680	**438 875**	432 563
Cash and bank balances	**332**	1 164	**332**	1 164
Financial assets measured at amortised cost	**1 321 722**	606 624	**1 315 469**	605 692
Long-term borrowings				
Short-term borrowings	**-**	54 602	**-**	54 602
Trade and other payables*	**634 206**	691 179	**620 373**	674 370
Amounts due to related parties	**44 091**	28 366	**167 702**	172 254
Bank overdraft	**39 061**	97 654	**39 061**	97 654
Financial liabilities measured at amortised cost	**717 358**	871 801	**827 136**	998 880

*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.

- The fair values of the Group's interest-bearing borrowings and loans are determined by using the discounted cash flow method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 August 2023 was assessed to be insignificant.

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 August 2023 K'000	Company August 2022 K'000
Unsecured bank overdraft facility, reviewed annually and payable at call:		
- Amount utilised	**39 061**	97 654
- Amount unutilised	**410 939**	362 346
Total local bank overdraft facilities	**450 000**	460 000

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 2023	**On Demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
Interest-bearing loans and borrowings	-	-	-	-	-
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	967 773

Year ended 31 August 2022	**On Demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Total**
Interest-bearing loans and borrowings	-	12 602	-	42 000	54 602
Lease Liabilities	-	-	23 675	103 294	126 969
Trade and other payables	-	691 179	-	-	691 179
Amounts due to related parties	-	28 366	-	-	28 366
	-	732 147	23 675	145 294	901 116

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 2023 was as follows:	Less than 1 Year	Greater than 1 year	Total borrowings
Borrowings (K 'million)	39	0	39
% total borrowings	100%	0%	100%
The interest rate profile at 31 August 2021 was as follows:			
Borrowings (K 'million)	110	42	152
% total borrowings	72%	28%	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	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 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:	**198**	371	**262**	404

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	**August 2023 K'000**	August 2022 K'000	**August 2023 K'000**	August 2022 K'000
US Dollars	**181**	160 393	**(35 769)**	(18 914)
SA Rands	**12**	43	**(52 208)**	(24 114)
Euros	**1 479**	110	**-**	-

	Assets		Liabilities	
Company	**2023 K'000**	2022 K'000	**2023 K'000**	2022 K'000
US Dollars	**148**	160 304	**(28 225)**	(13 322)
SA Rands	**12**	43	**(51 900)**	(23 955)
Euros	**1 479**	110	**-**	-

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	**August 2023**	August 2022	**August 2023**	August 2022	**August 2023**	August 2022
Monetary assets	18	16 039	**1**	4	148	11
Monetary liabilities	**(3 577)**	(1 891)	**(5 221)**	(2 411)	-	-
	(3 559)	14 148	(5 220)	(2 407)	**148**	11
Company						
Monetary assets	15	16 030	1	4	15	1
Monetary liabilities	(2 823)	(1 332)	**(5 190)**	(2 396)	**-**	-
	(2 808)	14 698	**(5 189)**	(2 391)	**15**	1

The following tables demonstrate the sensitivity to a reasonably possible change in USD, SA Rand and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

28. FINANCIAL RISK MANAGEMENT (continued)

28.3 Currency risk management (continued)

		US Dollar		Euro		SA Rand	
	Change in rate	Effect on profit before tax K'000	Effect on pre-tax equity K'000	Effect on profit before tax K'000	Effect on pre-tax equity K'000	Effect on profit before tax K'000	Effect on pre-tax equity K'000
2023	-/+ 10%	**(3 559)**	(3 559)	**148**	148	**(5 220)**	(5 220)
2022	-/+ 10%	**14 148**	14 148	**11**	11	**(2 407)**	(2 407)

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

	Rates at year-end		Average for year	
	August 2023	August 2022	**August 2023**	August 2022
Kwacha/Rand	**1.08**	0.93	**1.01**	1.10
Kwacha/US dollar	**20.19**	15.83	**18.14**	17.13
Kwacha/Euro	**22.04**	18.48	**19.21**	18.86

The Group has not entered into any forward exchange contracts to cover forecast foreign currency proceeds not yet receivable.

28.4 Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables comprise a widespread customer base, and the Group undertakes ongoing credit evaluations of the financial condition of their customers. Trade receivables overdue in excess of 120 days has decreased since the prior year. The Group does not consider there to be any material credit risk that has not been insured or adequately provided for.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 18. The Group holds collateral as security for certain credit customers and this is considered in the calculation of future estimated credit losses.

28. FINANCIAL RISK MANAGEMENT (continued)

28.4 Credit risk management (continued)

The ECL rate used for 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.

The Group and the Company grants credit terms of 14 - 30 days to its customers. The analysis of trade receivables which are past due at reporting date is as follows:

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000
Current	**320 235**	314 725	**320 235**	314 725
0-30 days	**47 762**	46 266	**47 762**	46 266
31-60 days	**42**	962	**42**	962
61-90 days	**395**	70	**395**	70
91-120 days	**101**	-	**101**	-
More than 120 days	**16 519**	15 211	**16 519**	15 500
	385 053	377 234	**385 053**	377 523
Less : allowance for doubtful debts	**(18 996)**	(16 847)	**(18 996)**	(16 847)
Total trade receivables	**366 057**	360 387	**366 057**	360 676

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

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**

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

31 August 2022	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%	0.5%	6.2%	36.5%	82.6%	100.0%	
Estimated total gross carrying amount	291 671	44 055	851	-	-	14 160	**350 737**
Expected credit loss amount	619	210	53	-	-	14 160	**15 042**
Non Sugar Trade Receivables							
Expected credit loss rate	2.7%	6.7%	22.3%	57.6%	87.5%	100.0%	
Estimated total gross carrying amount	9 384	2 211	111	70	-	1 340	**13 116**
Expected credit loss amount	251	149	25	40	-	1 340	**1 805**
Total Expected credit loss amount	**870**	**359**	**78**	**40**	**-**	**15 500**	**16 847**

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)

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. See note 18.

The Group did not invest any surplus funds for extended periods during the year.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 August 2023 and 2022 is the carrying amounts as illustrated in Note 28.7.

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	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000
Debt (see note i)	**-**	54 602	**-**	54 602
Bank overdraft	**39 061**	97 654	**39 061**	97 654
Cash and bank balances	**(877 924)**	(172 780)	**(876 262)**	(171 965)
Net Borrowings	**(838 863)**	(20 524)	**(837 201)**	(19 709)
Equity (see note ii)	**3 952 248**	3 315 459	**3 674 886**	3 032 446
Net debt to equity ratio	**-21.2%**	-0.6%	**-22.8%**	-0.6%

(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 2023 and 2022.

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:

	2023		2022	
	Carrying Amount K'000	Fair Value K'000	Carrying Amount K'000	Fair Value K'000
Financial assets				
Trade and other receivables	443 466	443 466	432 680	432 680
Amounts due from related parties	332	332	1 164	1 164
Total	443 798	443 798	433 844	433 844
Financial liabilities				
Long term borrowings	-	988 422	-	-
Short term borrowings	-	194 952	54 602	54 602
Trade and other payables	634 206	634 206	691 179	691 179
Amounts due to related parties	44 091	44 091	28 366	28 366
Total	678 297	1 861 671	774 147	774 147

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the Group's financial assets are derived from quoted market prices in active markets.
- The fair values of the Group's interest-bearing borrowings and loans in the prior financial year were determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These borrowings were considered to be level 2. The own non-performance risk as at 31 August 2023 was assessed to be insignificant.

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)	-	-	54 602
Total liabilities from financing activities	**54 602**	**(54 602)**	**-**	**-**	**54 602**

	1 September 2021	Cash flows	Exchange rate	Interest capitalised	31 August 2022
Non current interest bearing loans and borrowings	417 069	(362 467)	-	-	54 602
Total liabilities from financing activities	**417 069**	**(362 467)**	**-**	**-**	**54 602**

The 'Cash flows' column includes both capital and interest repayments. The loan 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 K 20.7 million (2022: K 25.2 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 K 23.3 million (2022: K 23.0 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, leases for hardware equipment used in its business operations and vehicle leases for its vehicle scheme policy to qualifying employees. Leases of land are for 17 years, while warehouses are for 1 year and IT equipment leases are for 4 years. The Vehicle leases are financed by Stanbic Bank and Absa Bank with lease tenures varying between 4 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Land rentals are denoted in United Stated Dollars and the IT Equipment leases are denoted in South African Rand.

The effective discounted rate used is 31.86% for the land leases, 23.42% for the warehouses leases, 8.03% for the IT equipment leases and 15.0% 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 1st Sep 2021	**52 285**	**4 053**	**56 338**
Additions	10 818	1 222	12 040
Depreciation expense	(16 717)	(3 861)	(20 578)
As at 31st Aug 2022	**46 386**	**1 414**	**47 800**
Additions	13 503	93 143	106 646
Depreciation expense	(18 154)	(12 794)	(30 948)
As at 31st Aug 2023	**41 735**	**81 763**	**123 498**

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 1st Sep 2021	**(78 927)**	**(6 727)**	**(85 654)**
Additions	(10 818)	(1 222)	(12 040)
Foreign exchange gain	8 578	2 596	11 174
Lease liability - Payments	17 160	1 935	19 095
As at 31st Aug 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 31st Aug 2023	**(71 732)**	**(88 124)**	**(159 856)**

30. LEASES (continued)

	Land and Buildings	Plant, Equipment and Vehicles	Total
	K'000	K'000	K'000
Accretion of interest			
As at 31 Aug 2021	**(5 823)**	-	(10 653)
Lease liability - Interest expense	(17 020)	(391)	(17 411)
Lease liability - Payments	17 243	391	17 634
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)**
Current	(10 638)	(9 297)	(19 935)
Non-current	(67 727)	(78 827)	(146 554)

The following are the amounts recognised in profit or loss:

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000
Depreciation expense of right-of-use assets	**(30 948)**	(20 578)	**(30 948)**	(20 578)
Interest expense on lease liabilities	**(23 378)**	(17 411)	**(23 378)**	(17 411)
Foreign exchange (loss)/gain	**(12 658)**	11 174	**(12 658)**	11 174
Total amount recognised in profit or loss	**(66 984)**	**(26 815)**	**(66 984)**	**(26 815)**

31. COVID-19 ADDITIONAL DISCLOSURE

The Group incurred costs to ensure compliance with COVID-19 preventative regulatory measures and also in the form of donations to other direct and indirect stakeholders within its operating environment. Below is a break down of the amounts spent by the group

	Group		Company	
	August		August	
	2023 K'000	2022 K'000	**2023 K'000**	2022 K'000
Costs incurred to ensure compliance with revised health and safety measures directly attributable to COVID-19	**3 484**	**5 352**	**3 465**	**5 292**

32. 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 VR18, the ZRA has withheld VAT claims amounting to K 96 million as at 31 August 2023 (August 2022:K 136 million). There has been ongoing engagement with the ZRA 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 K 293.64 million communicated post 31 August 2023. The Transfer Pricing Audit is currently ongoing and the case is yet to be closed. A definitive value of any liable amount will only be established once responses to the any assessments are done and agreed by both the company and Zambia Revenue Authority (ZRA).

33. EVENTS AFTER THE REPORTING DATE

There are no significant events occurring after the reporting date of 31 August 2023 which would require adjustment or disclosure in these financial statements.

Five Year Review

PRODUCTION & SALES	Notes		August 2023	August 2022	August 2021	August 2020	August 2019
			Tonnes '000	Tonnes '000	Tonnes '000	Tonnes '000	Tonnes '000
Own estate cane produced			**1 667**	1 669	1 727	1 673	1 849
Total cane milled			**3 167**	3 169	3 216	3 367	3 356
Sugar production			**368**	385	397	398	399
Cane sugar ratio			**8.61**	8.23	8.10	8.46	8.41
Sugar sales			**390**	382	413	378	415
Local			**255**	276	263	209	182
Export			**135**	106	150	169	233
Molasses sales			**103**	91	104	116	129
Local			**95**	89	66	69	50
Export			**8**	2	38	47	79
FINANCIAL	Notes		**K '000**	K '000	K '000	K '000	K '000
Statement of comprehensive income							
Revenue			**5 827 704**	5 111 776	4 988 980	3 334 924	2 955 958
Operating profit			**1 248 171**	1 242 498	1 614 962	774 841	605 741
Exchange movements on leases			**(12 658)**	11 174	11 251		
Net financing costs			**(39 658)**	(74 196)	(274 761)	(325 891)	(299 492)
Profit before taxation			**1 195 855**	1 179 476	1 351 452	448 950	306 249
Taxation			**(260 223)**	(174 328)	(265 385)	(214 076)	(36 855)
Profit for the year			**935 632**	1 005 148	1 086 067	234 873	269 394
Attributable to non-controlling interest			**-**	-	-	-	(5 664)
Profit attributable to shareholders of Zambia Sugar Plc			**935 632**	1 005 148	1 086 067	234 873	263 730
Other comprehensive (loss) / income			**-**	-	-	(23 567)	32 798
Total comprehensive income for the year attributable to shareholders of Zambia Sugar Plc			**935 632**	1 005 148	1 086 067	211 306	296 528
Statement of financial position							
Property, plant and equipment			**2 109 992**	1 924 825	1 864 665	1 891 307	1 901 875
Intangible asset			**67 902**	67 902	67 902	67 902	67 902
ROU Asset			**123 498**	47 800	56 338	42 385	-
Current assets			**2 449 001**	2 783 902	2 211 564	1 819 680	1 650 730
Net cash and bank balances			**838 863**	75 126	175 719	75 145	313 017
Borrowings			**-**	(54 602)	(417 069)	(1 134 022)	(1 631 697)
Deferred tax liability			**(266 314)**	(261 441)	(287 800)	(229 432)	(138 357)
ROU Liability			**(146 554)**	(49 350)	(66 425)	(65 933)	0
Current liabilities			**(1 224 140)**	(1 218 703)	(1 027 080)	(899 308)	(750 791)
Net asset value			**3 952 248**	3 315 459	2 577 814	1 567 724	1 412 679
Profitability and asset management							
Operating margin		%	**21.4**	24.3	32.4	23.2	20.5
Return on net assets	1	%	**14.0**	14.8	17.8	4.1	4.7
Liquidity and borrowings							
Current ratio	2	times	**2.7**	2.3	2.3	2.1	2.6
Interest cover	3	times	**31.5**	16.7	5.9	2.4	2.0
Net debt : equity	4	%	**(21)**	(1)	9	68	93
Gearing	5	%	**(27)**	(1)	9	40	48
Earnings and dividends per share							
Earnings per share	6	ngwee	**295.55**	317.51	343.07	74.19	83.31
Headline earnings per share	7	ngwee	**295.41**	319.09	342.25	72.41	81.56
Dividend per share	8	ngwee	**349**	94	85	24	8
Dividend cover	9	times	**1**	3	4	3	10
Dividend paid		K '000	**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	**12.48**	10.47	8.14	4.95	4.46
Market price per share at year end		K	**18.00**	18.00	5.00	2.51	2.71
Dividend yield at year end	11	%	**19.4**	5.2	16.9	9.6	3
Price : headline earnings ratio	12	%	**6.1**	5.6	1.4	3.5	3.3

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 & Registered Office:	Nakambala Estate, Plot No: 118a, Livingstone / 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 / www.illovosugarafrica.co.za
Transfer secretaries:	Corpserve Transfer Agents Ltd 2760, Lubu Road, Long Acres, Lusaka, Zambia P.O. Box 37522, Lusaka, Zambia Telephone: +260 21 1 256 969, 256 970 Fax: +260 21 1 256 975 E-mail: corpservezambia@corpservezambia.com.zm
Auditors:	EY Zambia
Bankers:	Absa Bank Zambia Citibank Zambia FNB Zambia Stanbic Bank Zambia Standard Chartered Bank Zambia Zambia National Commercial Bank Ecobank Finance Bank

NOTICE OF 62nd ANNUAL GENERAL MEETING

Notice is hereby given that the 62nd Annual General Meeting of the members of the Company will be held virtually on https://eagm.creg.co.zw/eagm/Login.aspx and at the Intercontinental Hotel, Lusaka, Zambia on Tuesday, 28 November 2023 at 09h00. The voting at the Annual General Meeting will be electronically on https://eagm.creg.co.zw/eagm/Login.aspx

1. Minutes of the previous meeting
To receive and confirm the minutes of the 61st Annual General Meeting held on 24 November 2022.

2. Financial statements
To receive and adopt the Directors' Report and the Financial Statements for the year ended 31 August 2023, 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: Re-election of a Director retiring by rotation
To re-elect Mr Dipak Patel, who retires by rotation, and who, being eligible, offers himself for re-election. Based on the recommendations of the Remuneration and Nomination Committee, which has conducted a formal assessment of Mr Dipak Patel, the Board recommends his re-election to shareholders. His details are set out on page 54 of the Annual Report.

3.2 Ordinary resolution number 2: Re-election of a Director retiring by rotation
To re-elect Mrs Roseta Chabala, who retires by rotation, and who, being eligible, offers herself for re-election. Based on the recommendations of the Remuneration and Nomination Committee, which has conducted a formal assessment of Mrs Roseta Chabala, the Board recommends her re-election to shareholders. Her details are set out on page 54 of the Annual Report.

3.3 Ordinary resolution number 3: Approval of Directors' fees
That the fees for the Independent Non-Executive Directors for the year ending 31 August 2024 be maintained as prior year as follows:
- K 285 000 for a Board member;
- K 297 500 for a Board member/Committee member; and
- K 338 750 for the Board Chairman.

3.4 Ordinary resolution number 4: Appointment of the Independent Auditor
Pursuant to the requirements of sections 257(1) of the Companies Act No. 10 of 2017, and as nominated by the Company's Audit Committee, to resolve that EY be re-appointed as the Company's Independent Registered Auditor for the financial year ending 31 August 2024 and to authorise the Directors to determine their remuneration.

3.5. Ordinary resolution number 5: Declaration of final dividend
The Directors recommend that a dividend of 349 ngwee per share be paid for the financial year ended 31 August 2023. It is noted that in terms of Company's Articles, the Company may only declare a dividend if the Directors have recommended a dividend.

4. Other business
To transact such other business as may be transacted at an Annual General Meeting of members.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the Company. Proxy forms should be forwarded so as to reach the Company`s registered office or the share transfer secretaries not later than 48 hours before commencement of the Annual General Meeting.

DETAILED INSTRUCTIONS ON HOW TO PARTICIPATE IN THE AGM VIRTUALLY

For any members who would like to participate virtually the proceedings of the Annual General Meeting will be streamed live.

1. The Members are required to sign up in advance at https://eagm.creg.co.zw/eagm/login.aspx

2. To sign up for the AGM, a Member must have a working email and active cell phone number.

3. After signing up, Members will receive a confirmation email and SMS containing information about joining the AGM.

4. After registering, Members will also receive their Lusaka Securities Exchange (LuSE) ID number which they must have on the day of the AGM in order to vote on the resolutions.

5. On the day of the AGM, Members will require to confirm their attendance with the login details that will be provided after signing up.

6. To fully participate in the AGM, a Member must have a reliable internet connection.

7. Queries on the registration process, how to login to the meeting or voting process must be sent to info@corpservezambia.com.zm or telephone number +260 950 968 435, +260 979 420 470 or +260 979946143

8. Queries pertaining to shareholders relations such as change of address or bank details are to be channelled through the Transfer Secretaries, whose contact address is:

Corpserve Transfer Agents Limited
6 Mwaleshi Road, Olympia Park, Lusaka, Zambia
P.O. Box 37522, Lusaka, Zambia
Telephone: +260 211 256969/70
Facsimile: +260 (211) 256975
Email: info@corpservezambia.com

By order of the Board

Mrs Harriet Kapekele-Katongo
Company Secretary

Minutes

Minutes of the 61st ANNUAL GENERAL MEETING held on 24 November 2022

1 PRESENT

Directorate:
N Mbazima (Chairman), O Magwenzi (Managing Director), F Banda, A Mpungwe, D Patel, A Lubbe, M Pousson, R Chipoma, D Kasambala and R Chabala

Company secretary:
Harriet Kapekele-Katongo
(Lists of members present as attached)

2 CALL TO ORDER / QUORUM
A quorum being present, the meeting was called to order at 09:10 hours.

3 APOLOGIES FOR ABSENCE
Apologies were received from Mr Gavin Dalgleish who was unable to attend.

4 PROXIES AND CORPORATE APPOINTMENT
The Company Secretary indicated that 40 valid proxies and 1 corporate appointment by Illovo Group Holdings Limited appointing Mr Doug Kasambala, 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 2021 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 2022 were presented. It was resolved that the Directors' report and financial statements for the year ended 31 August 2022 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 Mr Andre Lubbe who was appointed by the Board as director effective 23rd February 2022 be confirmed. Further, that Messrs Norman Mbazima, Fidelis Banda and Ami Mpungwe 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 2023 be maintained at the same rate as the financial year ending 31 August 2022.

11 AUDITORS' REMUNERATION AND RE-APPOINTMENT
It was resolved that Messer's EY (Zambia) be re-appointed as auditors of the company for the financial year ending 31 August 2023 and that the Board of Directors be authorised to approve their fees.

12 DECLARATION OF FINAL DIVIDEND
It is noted that in terms of Company's Articles, the Company may only declare a dividend if the directors had recommended a dividend.
The Board of Directors recommended that a final dividend of K 0.944 per share for the year ended 31 August 2022 be declared to all shareholders registered in the books of the Company at close of business on 16 December 2022 and payable on or about 19 December 2022.
It was resolved that the recommendation of the Board of Directors regarding the payment of a final dividend of K 0.944 per share for the year ended 31 August 2022 be approved.

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 **Tuesday, 28 November 2023 at 09h00** and at any adjournment thereof as follows:

MARK WITH X WHERE APPLICABLE IN...

No.	AGENDA ITEM	FAVOUR	AGAINST	ABSTAIN
1.	Re-election of Dipak Patel as a Director.			
2.	Re-election of Roseta Chabala as a Director.			
3.	To maintain the Directors' fees for the year ending 31 August 2024 as follows: • K 285 000 for a Board member; • K 297 500 for a Board member/ Committee member; and • K 338 750 for the Board Chairperson			
4.	Pursuant to Section 257 of the Companies Act to reappoint EY as the Independent Auditor and authorise the Directors to determine the Auditor's fees.			
5.	The Directors recommend that a final dividend of 349 ngwee per share, for the year ended 31 August 2023, be declared to all shareholders registered in the books of the Company, at close of business on 15 December 2023 and payable on 18 December 2023			

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

Signed at ______________________ on this ________ day of ________ 2023.

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.





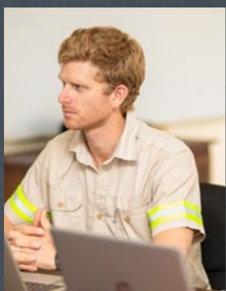


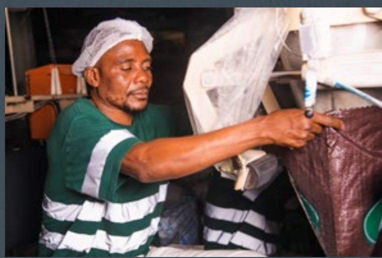
Zambezi

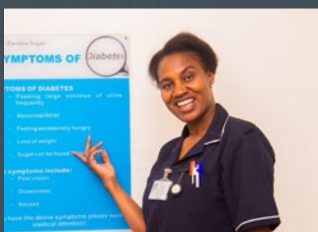


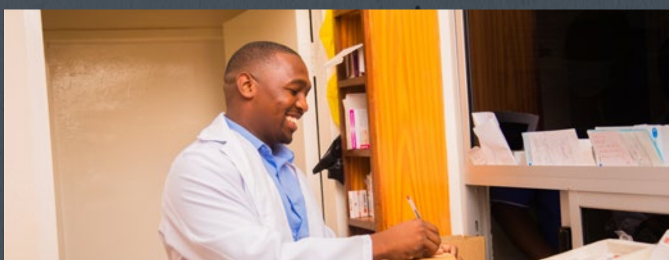



SILVER-WEIBULL







YMPTOMS OF
Diabetes





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