



ANNOUNCEMENT OF A RELATED PARTY TRANSACTION PROPOSED LOAN FROM SUCOMA HOLDINGS LIMITED

1. INTRODUCTION

The Board of Directors ("the Board") of Illovo Sugar (Malawi) plc ("ISM") hereby advises shareholders that ISM intends to enter into a loan agreement with Sucoma Holdings Ltd ("the Lender"), who is a major shareholder of ISM. Accordingly, the proposed transaction constitutes a related party transaction in terms of paragraph 10.1(b)(vii) of the MSE Listings Requirements.

2. DETAILS OF THE PROPOSED LOAN

The salient terms of the proposed loan are as follows:

- **Lender:** Sucoma Holdings Limited
- **Borrower:** Illovo Sugar (Malawi) PLC
- **Loan Amount:** USD 45 million (with an option of a further USD 15 million).
- **Interest Rate:** The proposed loan shall not bear interest, save for a return that only becomes payable if ISM pays any dividend, charge, fee or other distribution (or interest thereon) on or in respect of any class of its share capital in an amount equal to or exceeding 25% of Free Cashflow.

The return is to be calculated as follows: -

$$X = (A \times B) \times (C/360)$$

where:

- A = The amount of the Loan then outstanding
- B = Relevant Rate of Return (12-month SOFR plus 5%)
- C = The number of days the Loan has been outstanding since the start of the relevant financial year

- **Tenure:** Open
- **Security:** Unsecured
- **Covenants:** None
- **Repayment Terms:** At the sole discretion of ISM
- **Use of Proceeds:** The shareholder loan is primarily intended to provide immediate foreign currency liquidity to enable the settlement of a significant portion of the company's outstanding intercompany payables. Illovo Sugar (Malawi) plc is currently facing acute foreign currency liquidity constraints due to both limited exports and the broader shortage of foreign currency in the local market. Given these challenges, ISM is unlikely to generate or source adequate foreign currency to

service its obligations in the short to medium term. The proposed shareholder loan will ease pressure on internally generated and locally sourced foreign currency, thereby preserving financial flexibility and allowing ISM to focus on long-term strategic investments and value creation initiatives.

3. RELATED PARTY TRANSACTION

The value of the Proposed Loan exceeds the 5% threshold in terms of the categorisation rules set out in paragraph 10.5(h) of the Listings Requirements and accordingly shareholder approval is required.

Further, given that the Lender is a major shareholder of ISM, holding more than 10% of the issued share capital, the transaction is classified as a related party transaction in terms of the MSE Listings Requirements. The board confirms that:

- The terms of the Proposed Loan are not more favorable to the related party than those offered by third parties;
- An independent professional expert ("IPE") has been appointed to provide a fairness opinion, as required by paragraph 10.4(e) of the Listings Requirements; and
- The transaction is fair and reasonable.

ISM will dispatch a circular to shareholders in due course, containing full details of the transaction and the fairness opinion.

4. FURTHER ANNOUNCEMENTS

ISM will release further announcements as and when required in accordance with the MSE Listings Requirements.

This announcement is made in accordance with paragraph 7.2(b) and Section 10 of the MSE Listings Requirements.

Illovo Sugar (Malawi) plc
Blantyre
16th July 2025

Maureen Kachingwe
COMPANY SECRETARY

