

2024/25

**INTEGRATED**  
**ANNUAL REPORT**





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# 01

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This integrated annual report is dedicated to the power of community, and the strength and reputation of Eswatini sugar. It tells the story of our work through the individuals and structures that sustain and strengthen our industry, and provides an overview of how the Eswatini Sugar Association (ESA) creates value. This is presented in the context of our strategic priorities for the year under review (page 26), our business model (page 23), performance against our six capitals (page 24), material matters, and salient risks and opportunities (pages 45 and 46).

Our purpose, building a sustainable, competitive and profitable world-class sugar industry, is central to our business activities and strategic endeavours. Our people, always, are the linchpin.

## Reporting scope and boundary

The report considers the material matters relevant to our strategy, business model and operating environment, taking into account performance, governance and the material risks and opportunities for the financial year ended 31 March 2025.

The information relates primarily to ESA, the reporting entity, but also includes subsidiaries and jointly controlled companies referred to in the audited financial statements (page 68).

Other entities in the broader sugar ecosystem with the potential to impact our ability to create and sustain value are likewise mentioned.

Our ability to create long-term value is shaped by the interdependencies, interactions, and trade-offs between our six capitals, and extends beyond financial measures. Our business model (page 23) and Corporate Strategy and Marketing Plan 2021–2026 (page 26) are designed to maximise stakeholder returns through the optimal use of these capitals.

## Materiality

We assessed the factors that could impact ESA's ability to deliver on our strategy and create value, against the backdrop of an evolving global sugar industry and shifting market dynamics.

These material matters guide the content of this report, highlighting issues that could substantively erode value, if not managed effectively.

## Financial and non-financial reporting

This report includes both financial and non-financial information relating to our performance, opportunities, risks, and outcomes that may have a significant influence on our ability to create and preserve value.

## Reporting framework

This report was prepared in accordance with the principles of the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV), guided by the principles and requirements of the International Financial Reporting Standards (IFRS) Foundation's International Integrated Reporting Framework.

Our annual financial statements (page 72) are therefore aligned with the IFRS.

## Navigation

We use icons throughout this report to demonstrate our integrated thinking and how our business, approach, activities, and mandate interconnect with our capitals.

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## Navigation *continued*

### Our capitals

#### Manufactured capital (MC)

- Warehouses
- Office buildings
- Equipment
- Vehicles
- Computer and IT infrastructure

#### Financial capital (FC)

- Investments
- Operating budget
- Revenue

#### Social and relationship capital (SRC)

- Government of the Kingdom of Eswatini
- Legislators
- Media
- Communities and general public
- Employees
- Growers and millers
- Brand and reputation
- Labour unions
- International development partners

#### Intellectual capital (IC)

- Policies, procedures, and manuals
- Documented best practice
- Strategy and operational frameworks
- Investment management
- Information technology and systems
- HR practices and initiatives
- Business intelligence

#### Natural capital (NC)

- Land under cultivation
- Sugarcane crop (including seedcane)
- Water
- Energy

#### Human capital (HC)

- Employees
- Organisational culture

### Our stakeholders

#### Sugarcane growers

#### Millers

#### Employees

#### Communities

#### Customers

*i* Read more about stakeholder engagement on page 54.



-  **Suppliers**
-  **Financiers**
-  **Government**
-  **Media**
-  **Non-governmental organisations**

## Forward-looking statements

This report contains forward-looking statements based on information available at year-end. These statements help readers to understand the challenges and uncertainties ESA may face in pursuing our strategy, but they are speculative and cannot guarantee future performance.

Council does not commit to updating or revising these statements to reflect unforeseen events or circumstances and readers should exercise caution when interpreting them, as they have not been reviewed or verified by auditors.

## Directors' statement of responsibility

The Council acknowledges its responsibility for overseeing this integrated report and believe that it accurately and comprehensively represents how ESA creates and preserves value in the short-, medium-, and long-term.

Executive Management was instrumental in preparing this report, and the Audit and Risk Committee has assured the accuracy and integrity of the information presented. Council is satisfied that this report addresses the organisation's material matters and presents a balanced and fair account of our financial and operational performance, our opportunities and risks, together with our strategic priorities for the year ahead.

Council thus approved the ESA Integrated Annual Report 2024/25 on 3 July 2025.



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# HIGHLIGHTS

For the year ended 31 March 2025

**59 588**  
**hectares**

(2024: 58 840 hectares)

**5 359 449**  
**tonnes**

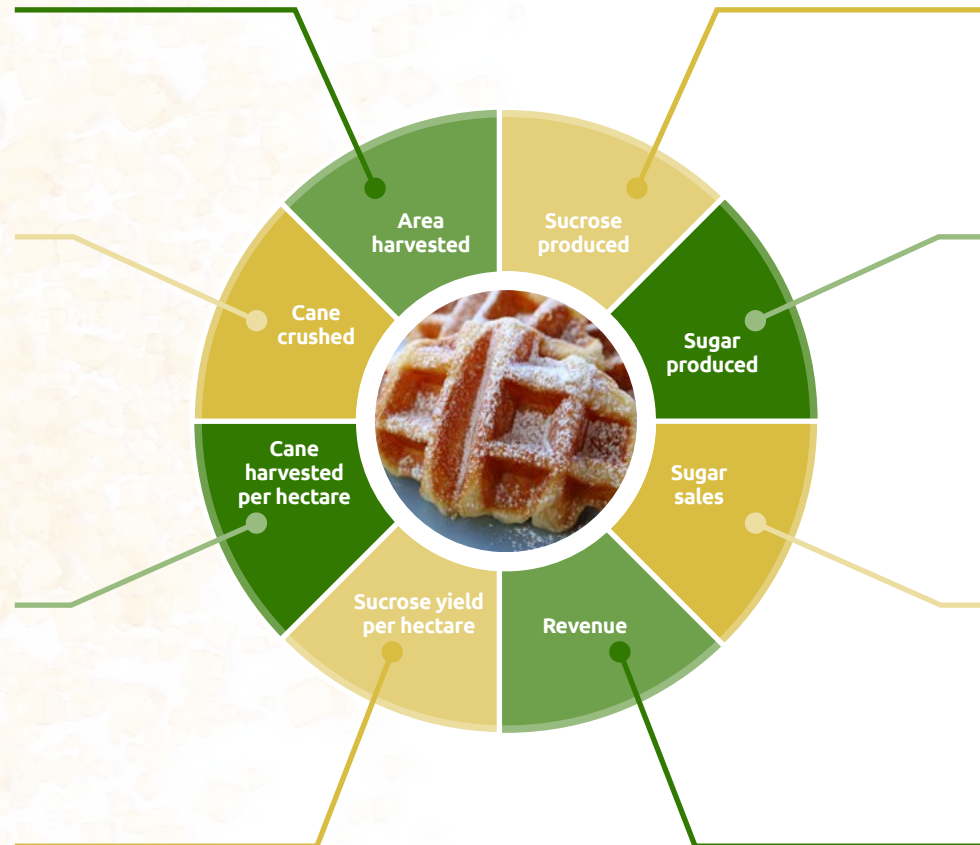
(2024: 5 153 199 tonnes)

**89,94**  
**tonnes**

(2024: 87,58 tonnes)

**12,67**  
**tonnes**

(2024: 11,90 tonnes)



**754 703**  
**tonnes**

(2024: 700 173 tonnes)

**640 738**  
**tonnes**

(2024: 590 367 tonnes)

**591 986**  
**tonnes**

(2024: 583 298 tonnes)

**E7,7**  
**billion**

(2024: E7,4 billion)

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# ORGANISATIONAL OVERVIEW *continued*

## About ESA

The Eswatini Sugar Association (ESA) is the umbrella body for Eswatini's sugar industry, bringing together sugarcane growers and millers.

Established by the Sugar Act of 1967, ESA is responsible for the regulation and development of the industry, for the marketing and sales of all domestically produced sugar and its by-products (currently molasses), and for ensuring the sustainability and growth of the country's sugar industry.

The Association provides support services to the entire industry's value chain. These include agricultural research, crop husbandry and extension services, cane testing, warehousing and distribution, lobbying for preferential market access, and sustainable cane and sugar production. Extension and cane testing services are provided through service level agreements (SLAs) with the mills

ESA's head office is in Mbabane, with offices in Simunye and Big Bend.

**"Sugar for Eswatini is more than just a product, it is the lifeblood of communities across the country."**

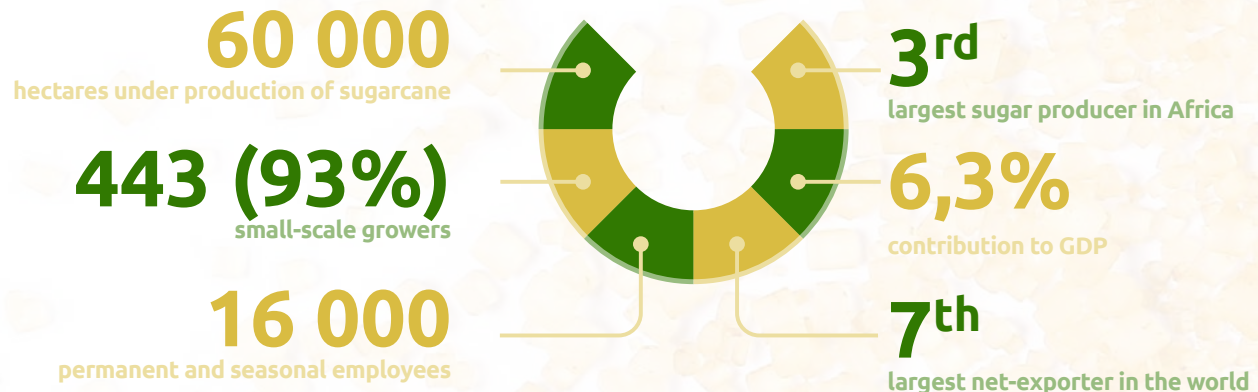
## Overview of the Eswatini sugar industry

The industry is a major contributor to the national economy, accounting for around 6,3% (2023) of gross domestic product (GDP), and is the largest private sector employer, with over 16 000 permanent and seasonal employees.

Sugarcane is grown under irrigation on approximately 60 000 hectares of land, from which an average of 640 000 tonnes of sugar is produced a year. The majority of sugarcane growers are small-scale farmers who contribute around 29% of the cane harvested and sugar produced.

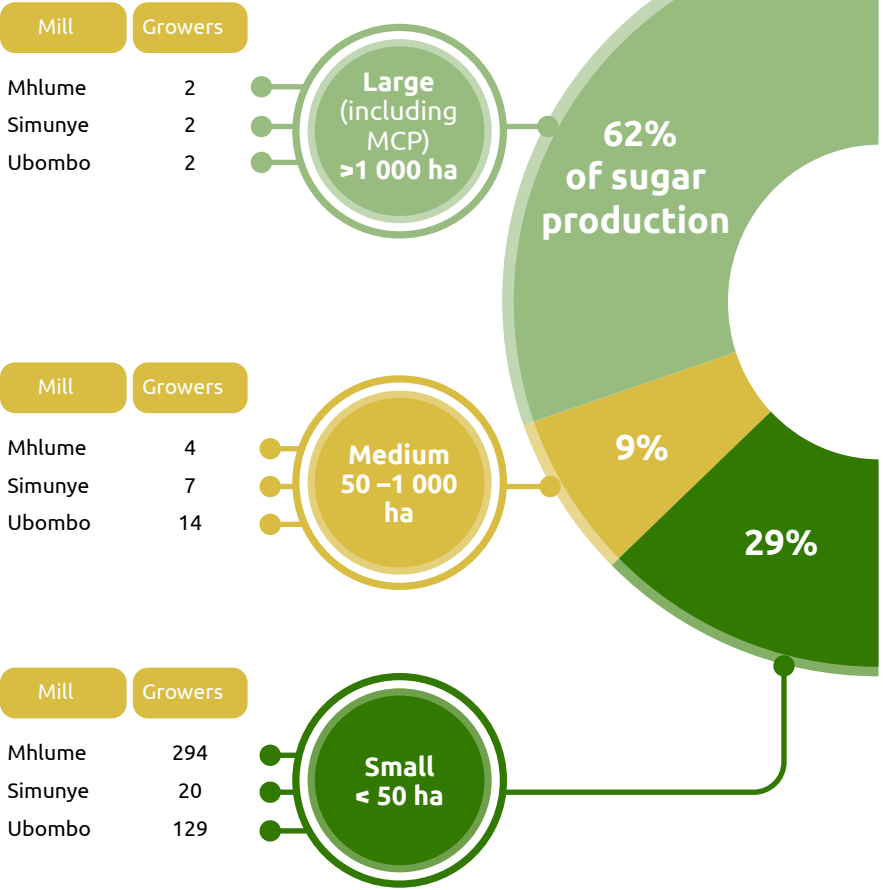
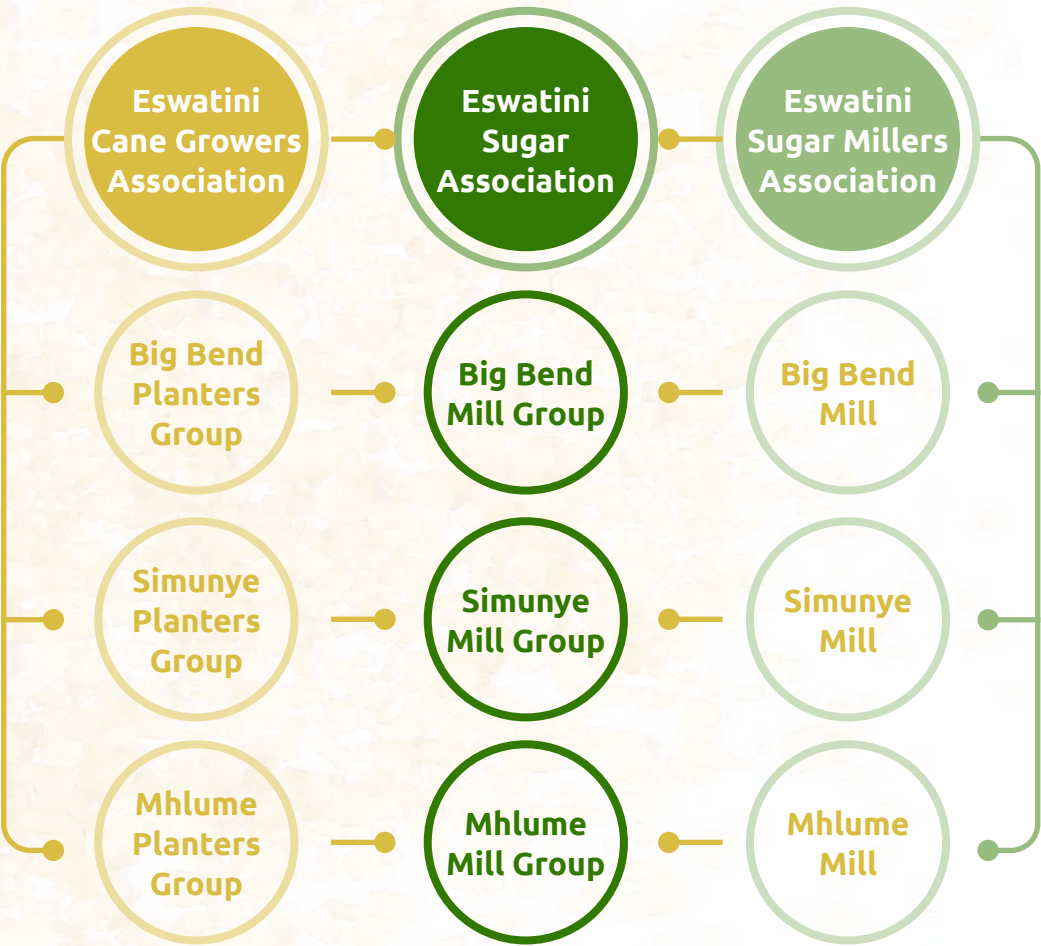
The growing and milling sectors are both key contributors to the agricultural and manufacturing sectors, respectively. Similarly, the multiplier effect of the industry's formal and informal downstream economic activities is immense.

On average, 90% of sugar produced is exported to the Southern African Customs Union (SACU), the wider African continent, Europe, and the USA.





# Industry structure







## Our vision

To develop the Eswatini sugar industry into an innovative, competitive, and sustainable sugarcane entity promoting long-term stakeholder wellbeing.

## Our mission

To evolve ESA into an industry catalyst promoting innovation, industry development, and revenue optimisation while delivering world-class services to its members and stakeholders in a sustainable manner.

## Our values

**Excellence** We strive to excel in everything we do for all our key stakeholders.

**Integrity** We are objective, professional, and conduct our business in accordance with the highest ethical standards.

**Growing our people** We improve the welfare of our people and help them develop to their full potential.

**Customer centric** We value our customers and strive to meet and exceed their expectations.

**Continuous improvement** We are innovative and progressively develop our products, services, and processes to be best in class.

# Quality policy statement

ESA is committed to the ongoing implementation and improvement of our quality management system (QMS) as a tool to enhance operational efficiency. This commitment underlies our determination to consistently meet customer and stakeholder requirements and expectations.

Our QMS is aligned with the International Management Standard ISO 9001:2015 and is reviewed bi-annually to monitor progress on our objectives, confirm adequacy of resources to fulfil mandate, and to ensure that it remains effective and fit-for-purpose.

## Our products



### Direct consumption sugar

Very High Polarised (VHP)/brown  
Nucane Low GI  
Demerara  
Refined/white  
**Market**  
SACU  
Regional (COMESA and SADC)  
World market  
EU/UK



### Bulk raw sugar for refining

**Market**  
World  
EU/UK  
USA



Molasses  
**Market**  
Domestic

# Product mix

We achieved our medium-term strategic objective of expanding our range of sugars and acquiring new markets. We successfully enhanced our regional VHP/brown and refined sugar market, and are exploring further opportunities for value-added products.

Our next step is to concentrate on the expected demand for bagged sugar for direct consumption and industrial use in emerging markets and build the necessary capacity for that, while working to drive revenue through the sale of specialty sugars in developed markets.







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## OUR OPERATING **CONTEXT**

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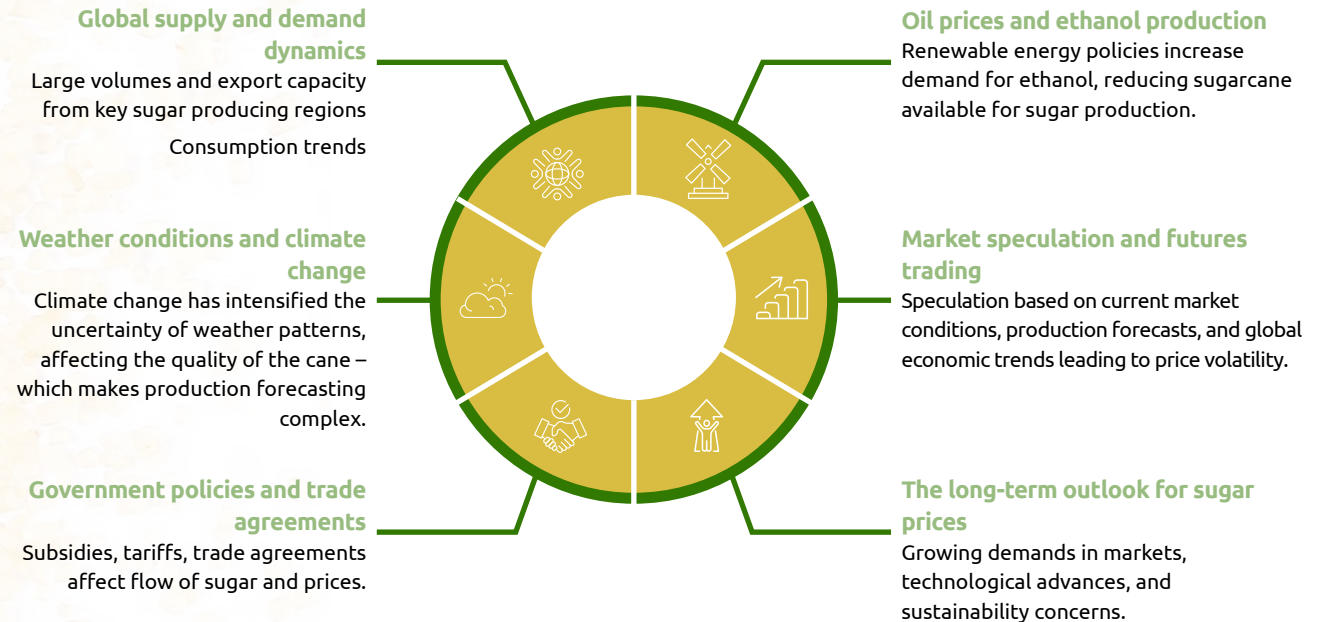
## Global sugar market

“The global sugar market for the season looks set for another year of tight supply and volatile prices, with climate risks, changing trade policies, and shifting demands, all shaping the industry’s future.”

### Outlook at a glance

- A widening global deficit of 5,5 million tonnes for the 2024/25 season (October/September).
- Global production slated to decline sharply to 174,8 million tonnes from 181,3 million tonnes.
- Adverse climatic conditions, pest and disease, and sucrose diversion drive lower production.
- Consumption forecast to increase to 180,3 million tonnes, up 1,0 million tonnes on the 2023/24 season.
- Trade volumes are expected to decline, with import demand exceeding exports by 0,2 million tonnes.

### Key factors driving global sugar prices



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## Global sugar market *continued*

### Projected world sugar balance

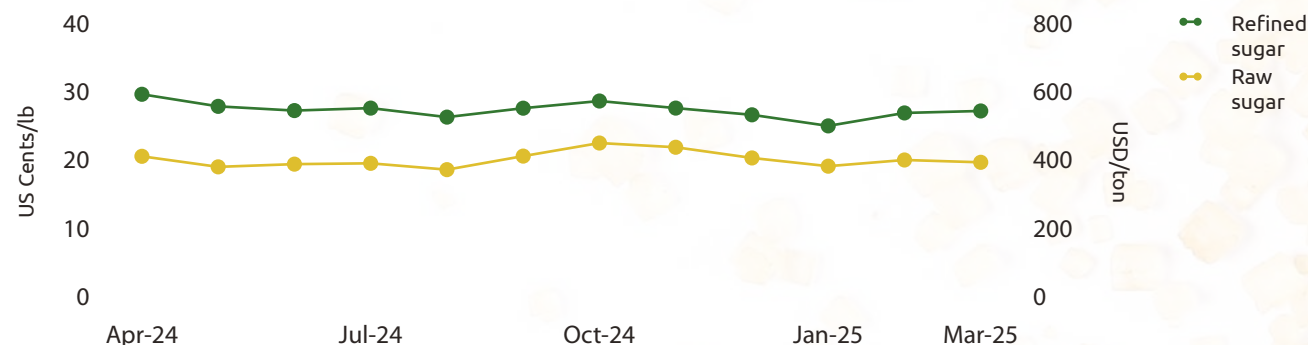
#### World Sugar Balance

(October/September, in million tonnes, tel quel)

	2024/25	2023/24	% Change
Production	174,8	181,3	(3,6)
Consumption	180,3	179,2	0,6
Surplus/Deficit	(5,5)	2,0	
Import demand	63,1	69,3	(9,0)
Export availability	63,3	68,7	(7,9)
End stocks	93,9	99,6	(5,7)
Stocks/Consumption ratio in %	52,1	55,6	

ISO Quarterly Market Outlook, May 2025

### World market prices for raw and white sugar



“The global sugar market faces a projected deficit of 5,5 million tonnes in FY2024/25, the largest in nine years.”

World production is estimated at 174,8 million tonnes, down 6,5 million tonnes from last season, driven by lower production in southern hemisphere regions, shrinking output in India and Pakistan, and a drop in Thailand's cane production.

Demand will remain under pressure as a result of changing consumer patterns and weight loss drugs which influence sugar consumption. Trade dynamics are also shifting, with both import and export volumes projected to plummet: Imports are expected to fall by 6,2 million tonnes and exports by 5,4 million tonnes.

“The international sugar market will remain volatile in the face of shifting developments in global trade.”

### Consumption growth dips below the historic trend

Consumption growth has dipped below the historic trend, with global sugar consumption forecast at 180,3 million tonnes in FY2024/25. At the same time, the production-consumption cycle seems off kilter, with escalating farming and crop management costs, combined with weather-related risks, making it difficult to sustain production levels. Similarly, stagnant global consumption reflects affordability concerns as the rising costs of ingredients other than sugar drive up the prices of processed products.

## Regional market

“Sugar consumption in sub-Saharan Africa continues its steady upward trajectory, with rapid urbanisation and population growth fuelling demand, particularly in the major consumer markets of Nigeria, Kenya, and Ethiopia.”

Despite growing demand, regional production is irregular, as infrastructure constraints, high input costs, and regulatory challenges limit output and expansion in several countries.

### Intra-regional trade gains momentum

There are a number of surplus sugar producers in sub-Saharan Africa, but increasing competition and shifting trade policies are reshaping market dynamics. Intra-regional trade is gaining momentum following the implementation of the African Continental Free Trade Agreement (AfCFTA), and as such, sugar imports from outside Africa are expected to dwindle.

At the same time, Africa’s sugar production is gaining traction and governments across the region are introducing incentives to boost local production, in an effort to strengthen domestic production, and satisfy domestic demand.

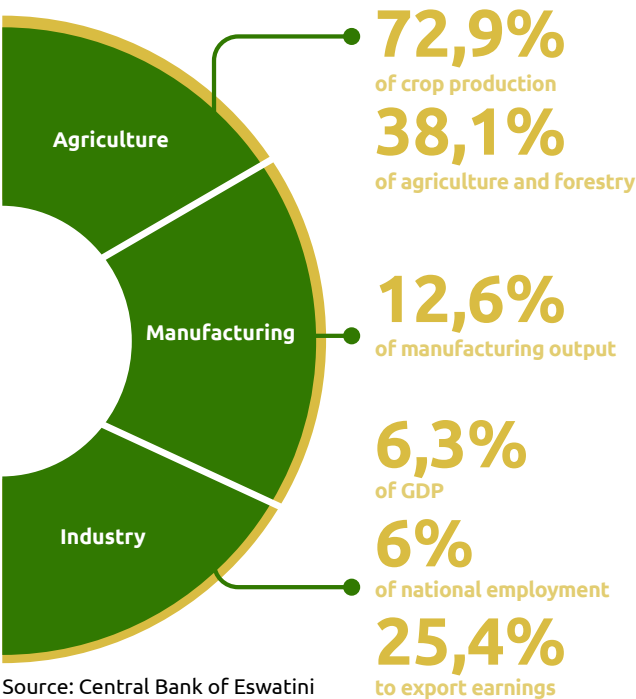
Despite these growth prospects, challenges persist. The high cost of production, due to expensive agro-inputs, water scarcity, climate change, and energy supply issues, undermine competitiveness. Additionally, the rise of informal sugar imports in some countries in the region – often smuggled across borders – distorts market prices and complicates regulatory oversight.



## Domestic market

“Eswatini’s sugar industry remains a crucial driver of the national economy with the bulk of the sugar produced being exported.”

### Eswatini sugar industry contribution to the economy (2023)



Source: Central Bank of Eswatini and Ministry of Economic Planning & Development, Macroeconomic Unit



## Domestic market *continued*

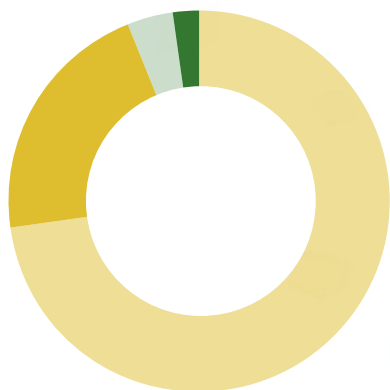
### Eswatini sugar industry contribution by sector *continued*

Eswatini sugar remains attractive in the global market and weak exchange rates present an ideal opportunity to capitalise on export potential.

The country also received an additional allocation of 8 300 metric tonnes to the baseline of 16 500 tonnes under the US sugar tariff-rate quota (TRQ) for duty-free sugar exports to the lucrative US market.

Although SACU is our primary market, making up 73% of Eswatini sugar sales, trade with Rwanda, Kenya and Democratic Republic of Congo (DRC) picked up over the past year as the country diversified trade flows to reduce our dependence on the SACU market.

### Market share by region



#### 73% SACU

Considered as the domestic market because of the customs union arrangement that allows for free flow of goods, and is therefore given priority.

With Eswatini and South Africa being the only sugar producers within SACU, it is paramount that we jointly maintain a constant and stable supply in this market.

#### 21% EU/UK

Strategy is to reduce the raw bulk supply into this market and grow the direct consumption market, including specialty sugars because of favourable prices.

#### 4% US

Fixed volume into the market. Very low prospects of significant growth of the volume in the future, but important to maintain access.

#### 2% Region

Functions as a residual market due to its unstable nature – in terms of both price and demand for sugar.

Strategy is to continue to grow this market as it is a deficit market.

### Looking ahead

Total cane production rose by 4%, reaching 5,36 million tonnes, while sugar production was 640 738 tonnes.

However, challenges persist. Profit margins are being squeezed by rising input costs, particularly for fuel and fertilisers, while potential adjustments to sugar tariffs could impact the price of exports. The industry is also keeping a close eye on evolving consumer preferences, with a growing awareness of healthy eating driving shifts in consumption patterns.

[Read more about our operations on page 29.](#)

Looking ahead, Eswatini's sugar industry looks well-positioned to continue on its growth trajectory in the upcoming season, provided it can maintain production efficiency, secure stable export markets, and navigate regional trade complexities. Investments in sustainability and value-added products, such as specialty sugars, could also amplify competitiveness over the long-term.

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# 04

MESSAGE  
FROM **THE CEO**

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“While ESA is unquestionably a business, our focus remains firmly on both our product and the people who make it possible.”

For it is the people, the growers, the millers, our industry partners and ESA staff, who make up the disparate threads of a value chain that is essential to the success of the industry and the country as a whole.

## A volatile year

It has been another turbulent year for the industry, one which our people have had to navigate with care and intention, against a backdrop of both opportunities and risks across global and regional markets. Climate change, pest and disease outbreaks in the sugarcane, and production bottlenecks dashed hopes of a full recovery in production as forecasted. Although there was a slight improvement from the previous season, we still fell slightly short of our original estimates.

To rub salt in the wound, a downturn in global sugar prices meant that we were unable to offset the lower production volume through higher prices as we managed to do in the past, and our members will unfortunately feel the financial impact.

These changes in circumstances were beyond our control, and so, we focused on those factors we could influence - the strengthening of miller-grower relationships, conducting trials on new export markets, overcoming the teething problems experienced with the production of new products, and expanding our footprint in the markets we are already present in. Despite the challenges, we managed to increase the distributable proceeds to our members by E735 million.

## Key lessons learnt

The civil unrest in Mozambique disrupted our shipments to export markets that are ordinarily shipped through the port of Maputo, and complicated an already challenging trading environment. At the same time, delays in addressing warehousing constraints and supply chain inefficiencies first identified in 2020, compounded the situation as we were pressed for storage space when the mills reached their peak of production. This was a tough lesson on the need for swift action and agility if we were to stay on track of our commitments.

## Decline in yields across industry

The most pressing challenge facing the industry is the decline in cane and sucrose yields. The ramifications are severe for the financial viability of growers and the sustainability of the industry as a whole.

Diminishing yields mean lower production, lower income and profitability. This, in turn, will put a strain on industry viability and sustainability. There is also a risk that growers will abandon cane production and shift to alternative crops due to lower returns, and the ensuing loss in sugar production would further constrain the industry's ability to operate efficiently and at capacity, impairing its ability to compete in both domestic and international markets.

While multiple factors have contributed to the progressive decline in cane and sucrose yields for some time now, we believe the current downturn is being propelled by poor management practices, cane genetics, and climate.

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# MESSAGE FROM THE CEO *continued*

## Strategies to reverse the trend

Best management practices for the production of sugarcane are being reinforced among growers, and ongoing efforts are in place to support them in improving efficiencies and formulating strategies to improve yields. However, industry-wide collaboration is essential to secure long-term stability, viability and growth.

 [Read more about our operations on page 29.](#)

Nevertheless, I have no doubt that ESA management, Council, and industry players have the ability and resources to tackle this situation, and prioritise implementation of the necessary interventions. The need for urgent, coordinated action to restore the industry's productivity and long-term sustainability is clear, and the industry is committed to act.

 [Read more about our strategies to address declining yields on page 30.](#)

## A domino effect

We have seen a marked improvement in political stability in the country since the 2022 civil unrest, which has allowed us to operate more effectively. However, the economy remains under pressure. Given that the sugar industry is one of the few sectors still thriving, this puts additional strain on businesses like ours in the form of growing wage demands in a more complex labour environment.

On a positive note, industrial relations within the industry have remained stable overall. However, the increasing unavailability of canecutters is a growing concern. As a result, and despite high unemployment, the industry is becoming increasingly reliant on mechanised harvesting to fulfil this role.

## Sustainability certification a priority

Our commitment to responsible production and broader ESG goals makes sustainability certification a key priority, and we are pleased to announce that ESA has obtained sustainability certification under the Bonsucro Chain of Custody Standard. This leverages us to better compete in the market and meet market sustainability expectations. In addition, a framework to expand certification to more growers is being developed to increase the volume of sustainably produced sugar.

## Stakeholders

ESA continues to enjoy and foster quality relationships with all our stakeholders. During the year, we specifically engaged with parliamentarians, one of our key stakeholders, to provide them with enhanced insight into the operations of the industry, its contribution to the economy, and to dispel misconceptions about our role as an association and sector as the marketer of sugar.

## Discussions gain traction

The long-standing discussions between millers and growers about the beneficiation of bagasse have finally gained traction, and we anticipate greater efficiencies and collaboration going forward. The manner in which the two players have been able to resolve difficult matters between them is commendable.

## Outlook

With the global sugar price under pressure, ESA management will continue to secure foreign exchange cover and hedge sugar prices when opportunities arise; as this strategy has proven effective in mitigating potential revenue shortfalls. In addition, we will continue to explore new, profitable markets for our products.

The global market remains dynamic, with shifting trade policies making the space unpredictable. Our ever-agile Commercial team continues to navigate this space.

I anticipate a tough year ahead, but am confident that our strategies and competencies, coupled with the industry's resilience, will stand us in good stead. Together we will succeed in strengthening our industry, securing its long-term viability and sustainability, and ensuring that the Eswatini sugar sector retains its position as a significant contributor to the national economy.

## Acknowledgements

I would like to thank the Council members for your contributions and support during the year, for your patience and understanding as we worked together to resolve issues for the betterment of the industry.

On behalf of ESA, I extend my heartfelt thanks to all the individuals, communities and entities that support, sustain and strengthen our industry – we could not have undertaken this journey without you.

To our dedicated employees – your commitment and tireless efforts in driving ESA's strategy are greatly valued.



A special word of thanks to Sipho Dlamini, former Head: Cane Testing and Quality, who bid farewell to ESA on 31 March 2025. Your contribution and wisdom over the past 27 years have been invaluable and you will be sorely missed. To Mandisa Maphalala who stepped into this role, welcome on board. We wish you every success in your new position.

We are expecting more staff changes in 2025, as a few of our employees reach retirement age. Plans are in place to ensure that operations are not interrupted.

Lastly, my sincere thanks to the Government of Eswatini for their enduring support of the sugar industry and for working alongside us in defending and securing preferential market access, and the provision of policy support as required to create a conducive environment for us to operate.

I would like to reaffirm our commitment to regulate, foster and promote a thriving, sustainable, and profitable sugar industry for all our stakeholders.



**Banele Nyamane**  
*Chief Executive Officer*



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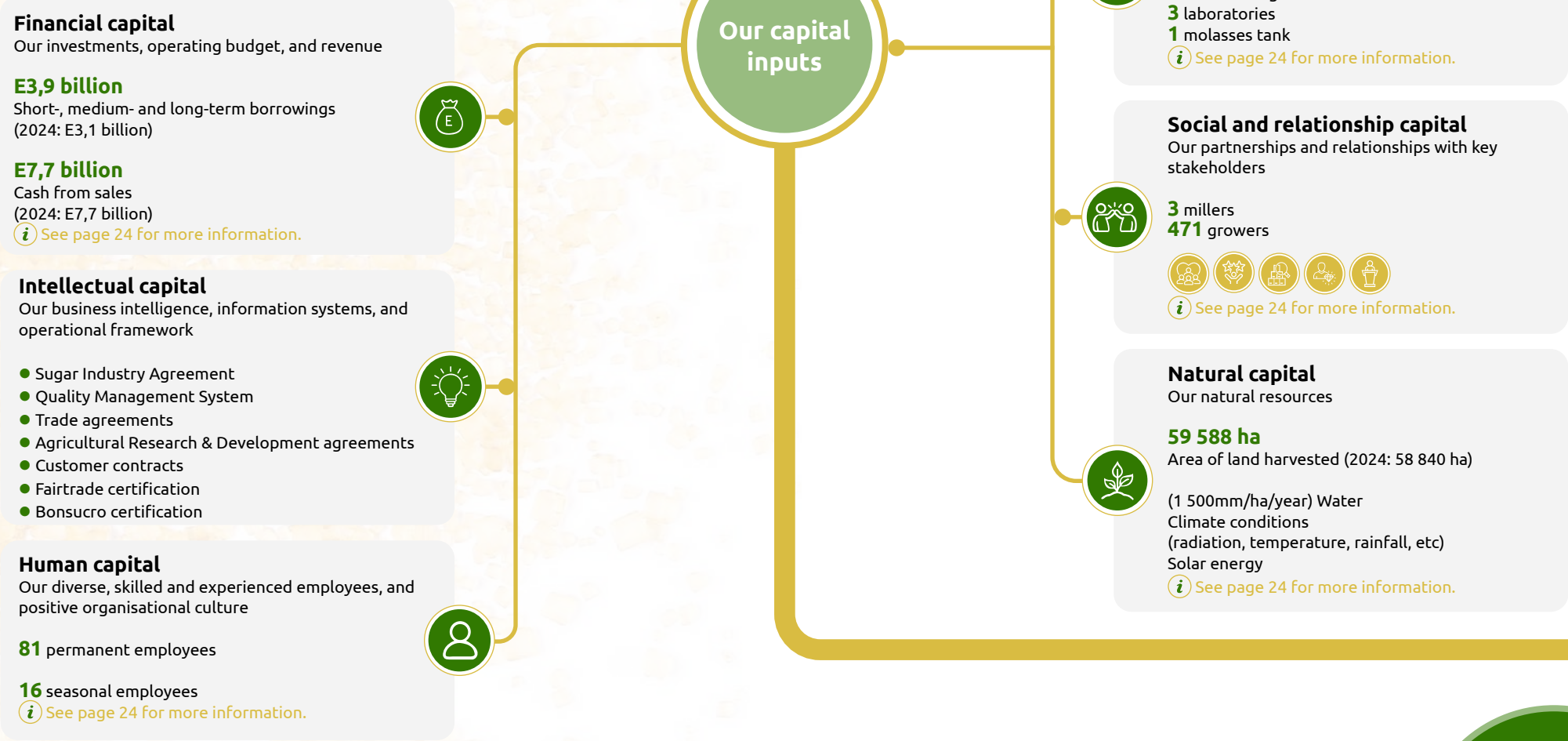
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Our business model drives our vision to transform Eswatini’s sugar industry into an innovative, competitive, and sustainable sector. It takes into account the commercial, social, and environmental landscape in which we operate, and guides how we optimise our six capitals and manage any interactions or trade-offs to create long-term, sustainable value.

Our value-creating business model





## Our value-creating business model *continued*

### Financial capital

- Sugar and molasses sales
- Funds sourcing
- Payments
- Hedging
- Credit management
- Finance and implement capital projects

### Intellectual capital

- Lobbying initiatives
- Customer feedback process
- Risk assessment
- Agricultural research
- Business data storage

### Human capital

- Employee recruitment and retention (1 retirement, 1 new employee, 1 death, 3 graduate trainees)
- Staff development (40 people trained)
- Implementation of wellness programme

### Manufactured capital

- Cane testing
- Sugar bagging
- Sugar and molasses storage
- Movement of sugar/logistics

### Social and relationship capital

- Stakeholder engagement
- Contracts management
- CSI programmes

### Natural capital

- Provision of extension and technical services
- Cane variety testing
- Seedcane production
- Securing and monitoring water resources
- Quota allocations

### Financial capital

**E7,3 billion**

Distribution of proceeds  
(2024: E6,5 billion)

**E27,9 billion**

Completed capital projects  
(2024: E21,2 million)

**E1,06 billion**

Working capital from financiers  
(2024: E3,1 billion)

### Intellectual capital

- Competitive advantage
- Risk mitigation
- Market access
- Awareness of customer needs and requirements
- Agricultural research results

### Human capital

- Competent, engaged, and productive employees
- A positive organisational culture

### Manufactured capital

**14,08%** Sucrose content

(2024: 13,59%)

**352 637 tonnes** VHP sugar

(2024: 288 292 tonnes)

**221 784 tonnes** Refined sugar

(2024: 221 784 tonnes)

**7 690 tonnes** Raw bulk

(2024: 80 291 tonnes)

**226 623 tonnes** Molasses

(2024: 223 134 tonnes)

### Social and relationship capital

**E1 200 000**

contributed to sustainable community development  
(2024: E1 200 000)

### Natural capital

Cane yield of 5,34 million tonnes  
(2024: 5,15 million tonnes)

Sucrose yield of 754 703 tonnes  
(2024: 700 175 tonnes)

Our core business activities

Our outputs

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## Our outcomes

### Financial capital

- Viable and profitable sugarcane and sugar production and a sustainable industry



### Intellectual capital

- Competitive advantage
- Profitable and sustainable sugar industry



### Human capital

- Increased productivity
- A safe and healthy workplace



### Manufactured capital

- Satisfied customers
- Accurate and timeous grower payments



### Social and relationship capital

- Strong stakeholder relationships
- Positive industry image



### Natural capital

- Sustainable and viable sugarcane production



## Our value chain



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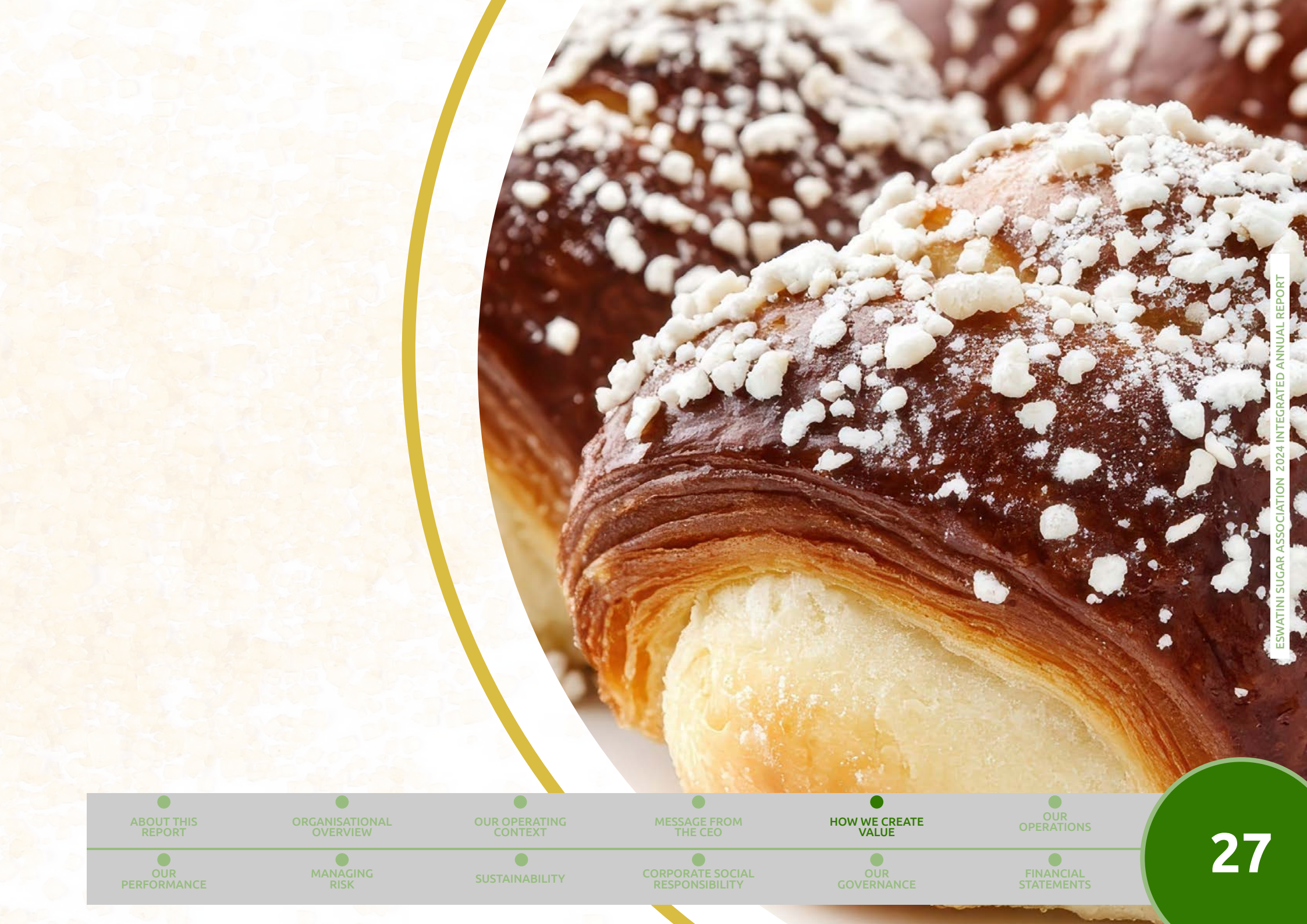
**“As we head towards the last phase of our five-year Corporate Strategy and Marketing Plan, our overarching strategic priorities remain largely unchanged and are on track.”**

Looking ahead, we have begun to develop a new strategy to realign with ESA's core functions: marketing sugar and providing technical services. In the coming years, the industry also intends to explore how to best encompass the broader sugarcane industry.

## Our key strategic objectives and enablers







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# 06

## OUR OPERATIONS

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### Extension and Technical Services

- Ensures the production of good quality sugarcane and the long-term viability and profitability of sugarcane growers, by promoting sound agricultural practices
- Provides growers with extension services through service level agreements (SLAs) with industry millers
- Advises and assists cane growers on suitable cane varieties, pest and disease control, supply of healthy seed cane, crop nutrition and protection, and irrigation management, to enhance productivity

### Cane Testing and Quality

- Ensures accurate measurement of the volume of sucrose that growers deliver to the mills
- Monitors testing at the laboratories through service level agreement (SLAs) with millers
- Audits processes, laboratory methods, and procedures to assure growers and millers that the sucrose payment process is accurate and reliable
- Ensures ESA complies with its quality management system (QMS) for resource optimisation
- Coordinates implementation of the industry sustainability programme

### Advocacy and Stakeholder Engagement

- Works closely with the relevant government ministries, and monitors, advises on and advocates for market access for Eswatini sugar. These markets include the Southern African Development Community (SADC), European Union (EU), the United Kingdom (UK), United States of America (USA), Southern African Customs Union (SACU) and Common Market for Eastern and Southern Africa (COMESA)
- Implements the CSI programme
- Seeks to represent the ESA brand and policy position, and to safeguard the interests of the Eswatini sugar industry



### Commercial Department

- Markets and sells all sugar and molasses for maximum value on a sustainable basis
- Ensures compliance with food safety standards and product specification, market access regulations, as well as customer requirements
- Ensures an efficient logistics chain (including storage) for sugar and by-products
- Implements the price risk management policy

### Finance Department

- Controls the financial affairs of ESA, including:
  - Payment of proceeds to millers (for onward payment to growers for their share)
  - Financial reporting
  - Preparing sugar and sucrose price estimates
  - Sourcing working capital
  - Implementing the Finance Risk Policy and Hedging Strategy
- Oversees the IT function
- Finances and implements capital projects

### Human Capital and Administration

- Oversees the attraction, development, and retention of human capital
- Ensures availability of adequate human and related resources to meet ESA's strategic objectives
- Ensures employee wellness and safety
- Advocates for and promotes harmonious labour relations

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# OUR OPERATIONS *continued*

“The 2024/25 season fell significantly short of target, reflecting a sustained downward trend in both sugarcane and sucrose yields that has accelerated over the last five years.”

## Extension and technical services

Our extension and technical services’ play an integral role in supporting growers across the value chain and our focus this year was threefold: find the causes and solutions to declining yields; improve the sugarcane variety base; and increase small-scale growers’ yields to at least 95% of large-scale growers’ yields.

## Swift action to target yield decline

Poor yield performance affected market commitments as there was less sugar available for sale. ESA acted swiftly to determine the reasons for declining yields and identify targeted interventions, holding two stakeholder workshops with representatives from across the industry to trash the issues.

## Cane yields

FY2025

Area Harvested

**59 588**

2024: 58 840 ha

Cane crushed

**5 359 449**

2024: 5 153 199

Cane harvested per hectare

**89,94**

2024: 87,58

Sucrose yield per hectare

**12,67**

2024: 11,90

Sucrose produced

**754,703**

2024: 700,173

Sugar produced

**640,738**

2024: 590,367

## Factors that determine cane yields

### Genetics

Adaptability and stability

### Environment

- Biotic factors (pests, diseases, weeds)
- Abiotic factors (soil, radiation, temperature, rainfall)

### Management

- Enhances yield by implementing best practices
- Protects yield against adverse environmental conditions (biotic and abiotic)

A comprehensive review revealed six key factors driving the downturn, with the most significant being poor crop management practices; adverse climate conditions; deteriorating soil health, marked by decreasing soil nutrient levels and organic matter; and the growing prevalence of pests and disease such as yellow sugarcane aphids.

Sugar sales

**591,986**

2024: 583,298

Revenue

**E7,7 billion**

2024: E7,4 billion





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## Extension and technical services *continued*

### Swift action to target yield decline *continued*

#### Key factors contributing to declining yields

##### Factor #1

###### Poor management practices

###### Proposed interventions

- Identify skills gaps among farm managers, including MCPs and extension officers.
- Upskill and mentor farm management teams.
- Review and improve standard farm practices.
- Appropriately manage the replant programme.
- Manage performance.
- Build governance capacity.
- Benchmark with successful farms.

##### Factor #2

###### Unfavourable climatic factors and climate change

###### Proposed interventions

- Source new climate-resilient cane varieties and speed up rates of release.
- Propose corrective action to address gaps in water management practices through engineering audits of small-scale growers in particular, to determine compliance and prevent environmental degradation.
- Develop industry climate adaptation plan.

##### Factor #3

###### Soil health

###### Proposed interventions

- Promote fallowing, green manuring, and crop rotation.
- Incorporate mill organic waste such as mill ash, filter cake (milo).
- Test and incorporate other organic products.
- Implement measures such as grassing and preservation structures to prevent soil erosion.
- Reduce soil compaction by adopting field traffic zones, and implement a permanent 10 to 1 cutting window, where applicable.
- Promote soil sampling and improve turnaround time.
- Review fertiliser practices (sampling, analysis methods and fertiliser policy), and assess whether these are responsible for the declining trends in major nutrients such as NPK, and align with global best practice.

## Factor #4

### Pests and disease

#### Proposed interventions

- Quantify the impact of pests and disease and the costs of mitigation.
- Identify pests of economic importance and corrective measures.
- Introduce advanced tools and technologies to improve field survey forecasting and early detection of pests and disease through remote sensing and satellite imagery, drones, AI, and machine learning.
- Develop industry-wide Integrated Pest Management (IPM) guidelines.

## Factor #5

### Season length

#### Proposed interventions

- Adhere to harvesting plans.
- Implement Relative Sucrose Payment (RSP) payment system.
- Optimise cane delivery and address haulage.
- Consider farm gate model or larger harvesting groups to streamline operations and maximise profitability.
- Confirm milling capacity and factory performance for current season length.
- Address cutter supply and efficiency, especially at the end of the season.
- Find solution to increasing scarcity of cane cutters.
- Examine historical records to determine if rain days have significantly changed, and propose mitigation plans on season timing.

## Factor #6

### Variety disposition

#### Proposed interventions

- Rank varieties by tonnes sucrose performance, assess compliance, and monitor adoption.
- Assess primary nursery alignment with high performing varieties and align with secondary seed orders.
- Assess suitability of varieties for milling.

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# OUR OPERATIONS *continued*

## Extension and technical services *continued*

### Working together for change

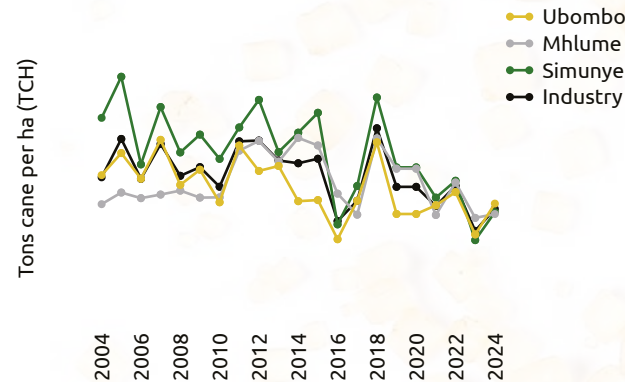
With sugar prices expected to drop, the industry cannot afford further declines in yield as this could threaten its long-term sustainability. ESA, ECGA, Council, and mill group committees are working together to find solutions to reverse this trend. Senior management will play a key role in integrating interventions into farm management key performance areas, with implementation starting in April 2025, with oversight by the Extension Committee.

For some small-scale growers, addressing governance issues and internal conflicts may provide the quickest turn around. However, these solutions will vary across different schemes rather than being industry-wide fixes.

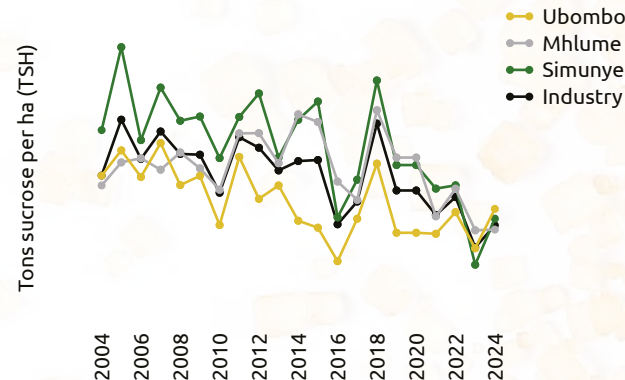
The department continued to integrate digital tools and AI-driven solutions to enhance decision-making and operational efficiency. We strengthened climate-smart agriculture and adaptive practices to counter environmental challenges and investigated the strategies to use to improve yields. Additionally, rising input costs present a challenge for some growers and we endeavoured to assist them to manage these costs efficiently and put support mechanisms in place to sustain their operations.

Success, however, will depend on a collective effort and industry-wide commitment to proposed action plans.

### Changes in cane yield (TCH) over the last 20 years



### Changes in cane sucrose yield (TSH) over the last 20 years



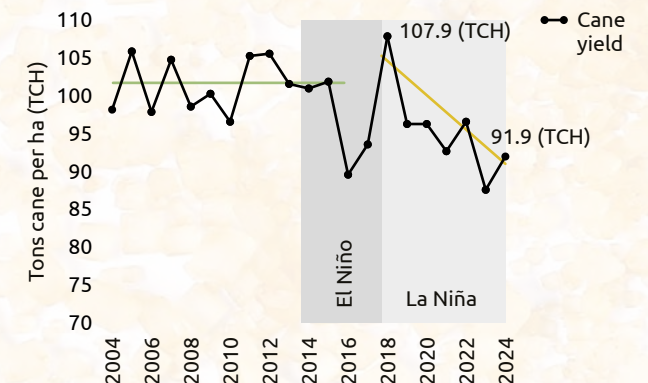
### Extreme and less predictable weather

Climate change has resulted in more extreme and less predictable weather patterns, with an increase in average temperatures and moisture levels, shifting rainfall patterns, and fewer but more intense storms. Rising temperatures have also brought with them new pests and diseases, reduced natural ripening, and a decline in sugarcane crop quality.

Additionally, summers are drier and rains are falling later in the year resulting in shorter windows for planting and harvesting, and requiring faster, more efficient operations and increased milling capacity.

[Read more about interventions to address climate change on page 35](#)

### Changes in cane yield and impact of extreme weather events



# Initiatives

“ We are always exploring ways to support and assist growers to get the best yields from their crop.”

## The shift to green energy

We continued to promote green energy across the industry, assisting growers to convert to solar to reduce energy costs.

Four growers were assisted with installing 1,1 megawatts of solar power during the year under review, surpassing the 1 megawatt annual target. This brings the total industry capacity up to 8,7 megawatts across 32 growers. An additional 800 kW is currently under construction, expected to be operational by mid-year.

Furthermore, we are helping growers who have already installed solar to register with the Eswatini Electricity Company (EEC), which will enable them to export excess solar power to the grid once the regulations are operationalised.

Although the cost savings from solar energy are currently limited as the systems only operate during daylight hours, with no storage batteries for nighttime use. We expect more substantial savings as the systems evolve.

## Fluctuations in fertiliser costs

Fluctuations in fertiliser costs have persisted since the start of the ongoing Russia-Ukraine conflict, and growers have reinforced soil and leaf sampling to optimise fertiliser use and minimise waste to optimise fertiliser use and minimise waste. Some have formed cooperative bulk buying arrangements, although these have been met with mixed success in terms of cost savings.

[Read more about carbon mitigation measures on page 49.](#)

## Land and biosecurity compliance

Some growers are farming on unauthorised land, creating significant biosecurity risks, and legal action was taken against those not adhering to regulations. In addition, mills have reported damage to milling equipment from foreign matter such as stones, due to inadequate post-harvest field checks. This damage leads to mill stoppages and delays in crushing, ultimately compromising the sugar quality. Growers are being advised to carry out thorough inspections to remove potential contaminants and prevent this from happening.

## Climate resilience

Water availability was stable and all our dams were full at the end of the period under review, providing us with a 12-month buffer in the event of drought. Nevertheless, ESA continued to encourage growers to invest in drip irrigation systems to improve long-term water efficiency. At the same time, industry-wide replanting will see growers adopt more resilient and higher-yielding sugarcane varieties over time.

## Trials of crop varieties

In the past year, extension and technical services conducted trials on different crop varieties from South Africa, Mauritius, and Réunion to identify those best suited to local growing conditions to enhance crop resilience and yield potential. Additionally, ESA is working on a strategic partnership with Zimbabwe’s Sugar Experiment Station to acquire 10 new sugarcane varieties for trial in Eswatini, to add to the pool of varieties.

Ongoing trials of varieties sourced from South Africa and Mauritius have shown promise, with at least two new varieties expected to be released in the coming season.

## Effective monitoring of pests and disease

Pest and disease infestations peak seasonally, and we intensified our efforts to monitor outbreaks more effectively. Pests and diseases recorders were trained on conducting thorough field surveys, while growers were trained on implementing appropriate pest control measures to proactively minimise crop losses and strengthen overall farm resilience.

The introduction of handheld digital devices for field surveillance represents a significant step forward in pest and disease management. These tools allow for data to be captured in real-time, reducing errors and improving reporting efficiency. The initiative is expected to strengthen the industry’s biosecurity measures.

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## Initiatives *continued*

### Sustainable irrigation and water management

Efficient water use remains critical and ESA assisted growers to optimise water usage through irrigation scheduling. An important initiative was likewise the installation of solar-powered irrigation systems to reduce the high costs of irrigation, and 44 growers participated in a project aimed at enhancing the implementation of best irrigation practices. The project, funded by Fairtrade, started last year.

### Satellite-based yield forecasting

We successfully piloted a new digital platform for yield forecasting and crop growth monitoring. These innovative, handheld satellite-driven devices prompt farm managers to inspect crop conditions in real time and allows them to track crop development from harvest to harvest. The platform is expected to significantly improve decision-making and productivity across the industry.

### Water security

While climate change remains of grave concern, recent conditions have been favourable, with La Niña allowing for water harvesting, though limited by reservoir sizes and availability. All our dams were full at the end of the season, and we have water security for at least the next 12 months, even if there is no rain.

Nevertheless, securing long-term water resilience through additional storage infrastructure is crucial and we continue to lobby

government for the construction of more dams. Although a new dam is under construction in the Southern part of the country, to address water shortages for both existing and new growers, further investment is still needed, especially in the North.

### Making drip irrigation accessible

Drip irrigation is highly efficient, delivering up to 95% of water directly to the roots, compared to 75% for sprinklers and 60% for traditional furrow irrigation. This translates into significant water savings and improved crop resilience in the event of drought. However, installation costs in excess of E100 000 per hectare, making drip irrigation unaffordable for many small-scale growers.

### Solar radiation fluctuation

One climate change consideration is the impact of fluctuating solar radiation on the growth of the cane, and ongoing monitoring and long-term adaptation strategies are essential.

### Looking ahead

Given last year's extreme weather events that severely impacted cane quality and production, we are stepping up efforts to adapt to climate variability. In the upcoming season, extension and technical services intends to concentrate on helping growers adapt to climate change, improve cost efficiencies, and optimise yields. While there are undoubtedly obstacles to overcome, we believe that our various initiatives, ongoing technological advancements, and trials of new varieties have laid a strong

foundation for the growth and long-term prosperity of the sector. Ultimately, however, the future of Eswatini's sugar industry depends on a collective effort to adopt best agricultural management practices and to adapt to evolving challenges.

## Cane testing and quality

Our independent cane testing service, governed by SLAs with the mills, plays a critical role in ensuring that millers and growers are equitably compensated based on the volume of sucrose delivered to the mill.

Cane testing also serves an auditing function by identifying variations or abnormalities in the quality of the cane, mill processes, and laboratory procedures. This enables potential issues to be detected and addressed early.

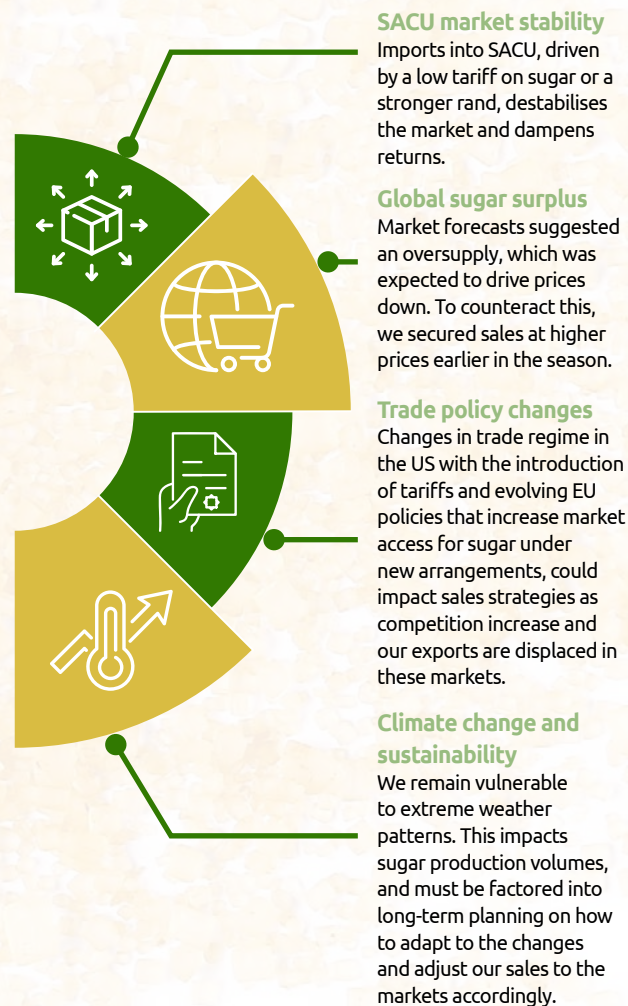
In partnership with the University of Eswatini, we are working to establish the country's first independent sugar testing laboratory. An independent site is currently being prepared to permanently house the facility and, in the meantime, the laboratory continues to participate in a proficiency scheme with other sugar testing facilities. The scheme forms part of the accreditation process scheduled for completion by the end of FY2025/26.

## Commercial Department

The Commercial department focused on marketing sugar and molasses, seeking to get the best returns from the respective markets for the benefit of our members.

Sales into the SACU market remained a priority due to the market's strong returns.

## Market risks and strategic outlook



## Regional adjustments

Beyond our traditional regional markets in Kenya, Rwanda, Tanzania, and the DRC, we also explored opportunities in Angola. Even though Angola does not currently offer preferential market access to SADC producers, negotiations are underway to try and improve the preferences. In the meantime, we are carrying out trial deliveries to assess logistical feasibility before committing to larger shipments.

## Downturn in global markets

Global sugar prices dipped at the beginning of the season, but remained within our budgeted price. The regional sugar price, which is linked to the world market price, also slumped early in the season due to world market imports into the market, particularly in Kenya, Rwanda, and Tanzania. We opted to delay sales in anticipation of a market recovery, and when the market indeed picked up towards year-end, we were able to secure higher prices in the region, in line with budget expectations.

Foreign exchange fluctuations did little to boost earnings either, as speculations that the South African Rand would tumble did not materialise. The currency remained stable, limiting any potential gains from export sales and foreign exchange gains.

An important focus was our ongoing collaboration with partners in the US to expand into bagged sugar sales in that market. While we primarily sell bulk sugar to the US, there is significant potential for value-added bagged products that could attract a premium.

## Enhanced efficiencies

We were pleased to see a significant improvement in shipping logistics this year. Historically, stock was moved to Europe via Durban port and to East Africa via Maputo, but with both ports now available to us, we are able to route shipments from either port and deliver more agile and efficient customer service.

However, civil unrest in Maputo curtailed the movement of volumes through Mozambique in the last quarter. We mitigated the impact by diverting shipments through Durban, causing minor delays but still meeting the needs of our customers.

Furthermore, we are evaluating how best to expand our warehousing capacity as we shift from the production and sale of bulk to bagged sugar. Potential sites for an additional warehouse are being evaluated. Adequate storage is essential to maximise returns on quality product produced, as the alternative is sugar fit for direct consumption from being converted into bulk sugar due to insufficient bagging or storage capacity.

## Record Fairtrade sales

This season, Fairtrade sales exceeded 38 000 tonnes, directly benefiting certified growers. This accomplishment highlights our customers' commitment to promoting sustainable and ethical cane production practices.

[Read more about sustainability on page 48.](#)

Specialty sugars unfortunately suffered a setback due to mill upgrades, requiring us to suspend Demerara production. We hope to resume production in the coming season and build our reputation in this market segment.

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# OUR OPERATIONS *continued*

## Commercial Department *continued*

### Bonsucro certification

We have made good progress in our drive to ensure our sugar is sustainably produced. The anticipated Bonsucro certification has garnered interest in our sugar for future sales.

Potential regulatory shifts, regionally and globally, are factored into ESA's sales strategies. While the South African Sugar Master Plan did not directly impact our operations this year, the "buy local" campaign driven by the South African industry which discourages large South African sugar buyers from buying sugar from outside the country could affect future sales.

### Market trials

We continued to explore the possibility of packaging sugar at origin for premium EU markets, with trials of 25kg paper bags. However, some logistical complexities and pricing considerations have emerged, and we are engaging with partners to refine this concept, which could boost industry returns in the long-term.

### Looking ahead

Despite production challenges and market fluctuations, strategic marketing adjustments have kept revenue stable. We encountered some setbacks, particularly with bulk and refined sugar production and logistical constraints, but made good progress in Fairtrade sales, sustainability certification, and logistical efficiencies. Nevertheless, several factors could impact our market outlook.

Firstly, if global forecasts were to anticipate a surplus, this would drive prices down, putting returns under pressure. We managed to secure sales at high prices during the season to mitigate this

risk, though we remain cautious of the market's direction and monitor it closely. If the price rallies, we will not benefit as we have already pegged our price. These are the usual ebbs and flows of the industry, which we will navigate should the situation arise.

Another key risk is the potential destabilisation of the SACU market: Increased imports into the SACU region, driven by lower tariffs or a stronger rand, could undermine local prices and our returns. On average, 70% of Eswatini sugar is sold into the SACU market, depending on the season.

Additionally, the changes in the US trade policy present uncertainties. Although hard to quantify, we expect a contraction in the US market due to the trade tariffs announced by President Trump. This will impact returns from the US market, which currently deliver optimum prices compared to the EU. We are keeping a close eye on these developments, and adjusting accordingly.

Furthermore, the volatility of the EU market is also worrying. The EU market has also seen a shift in policies, which include offering market preferences to more third parties. These dynamics fuel market instability and unpredictability, making it essential for us to remain agile and responsive in diverting sales to alternative markets when required.

Similarly, although the Mozambique political situation did settle, any further political instability could severely affect our operations through the port of Maputo.

We believe the market is returning to a state of balance, and the Commercial team will make every effort to optimise sales, monitor market trends, and ensure smooth logistics in the upcoming season.

## Human capital

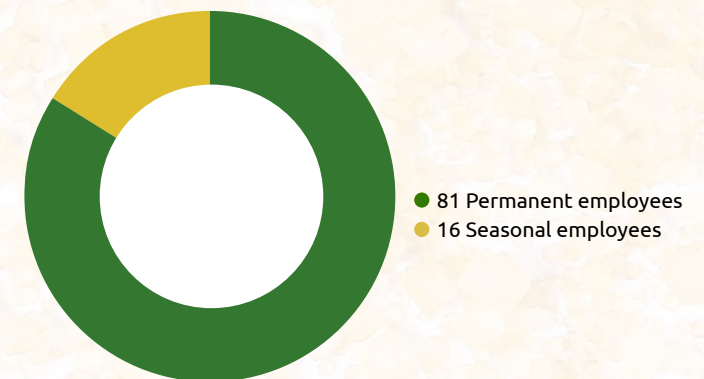
**"At ESA, our strength lies in our people."**

An empowered and engaged workforce, united in purpose, is essential to our business success and long-term sustainability. We maintain a safe and healthy workplace where our people are valued and nurture a culture of ongoing learning and development. This enhances productivity and our ability to meet client expectations across the value chain.

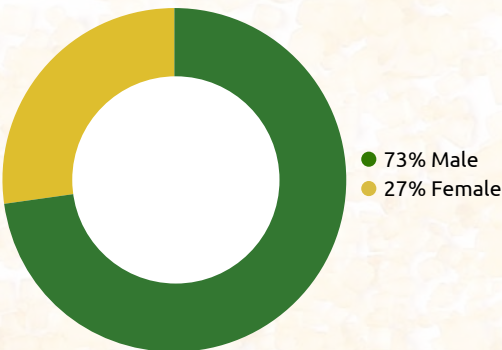
### Staff turnover



### Number of employees



Gender



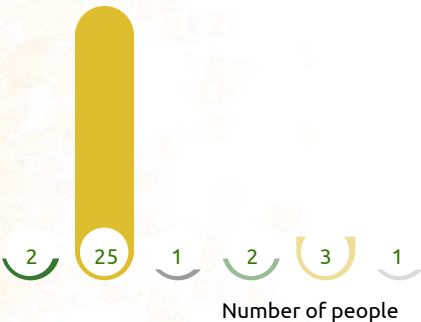
Culture survey

At the start of the financial year, we conducted a survey to assess ESA's leadership culture and identify areas for improvement. The anonymous questionnaire invited employees to share their perceptions of our culture and suggest ways to enhance workplace effectiveness and collaboration of employees participated.

The findings helped inform a Leadership Collective Assessment that was shared with all management and staff. Key areas for improvement were included in the report and will guide future leadership development. A follow-up survey will be conducted to track and measure progress.

Training and development

“Investment in training and development is essential to building a talent pipeline of future leaders and skilled employees.”



Course attended

- Fundamentals of imports and exports
- Pests and Diseases and Variety Identification
- Management Development Programme
- Leadership coaching
- Junior & Senior Certificate in Sugarcane Agriculture
- Sugar technology

Total 40

Employee wellness

We continued to support the physical and mental wellbeing of our employees through initiatives that promote healthy living and personal growth. These included estate planning, the importance of healthy lifestyle choices, nutrition, physical fitness, raising awareness of communicable and non-communicable diseases, safety talks, the importance of knowing your HIV status, managing male and female health, and addressing gender-based violence.

Staff changes

Following the retirement of the Head of Cane Testing & Quality during the year, in the coming year, 3 members of the Management Team will also be retiring. There is a plan in place to ensure that there is a seamless transition and no interruption of operations.





# 07

## OUR **PERFORMANCE**

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**42** Strategic focus areas

# Performance against strategy

“ We took decisive action to address diminishing sugarcane yields and expand our markets to secure long-term growth for the industry.”

## Ambitious forecasts

The season started on a backfoot, given that the industry fell short of production targets last season (2023/24) and our stocks were unexpectedly depleted before production for the 2024/25 season began, making it difficult to meet all our contractual obligations until further into the season.

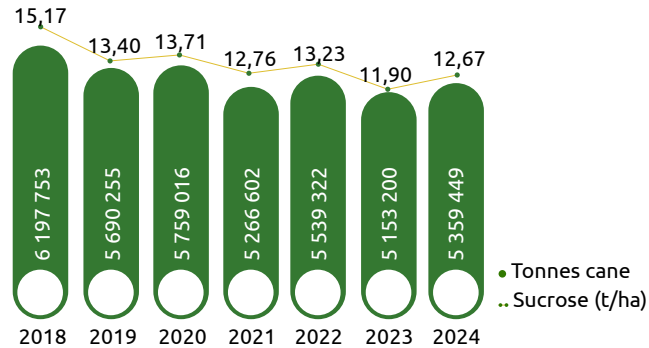
As a result, some customers had to purchase sugar from alternative suppliers so as to avoid disruption of their operations. Meanwhile, some customers secured more competitive prices elsewhere and have not yet taken up stock that is now available. In addition, the industry is subject to demurrage costs on surplus stock in storage.

We have therefore taken urgent steps to ensure more consistent production levels and rebuild market confidence. These measures seek to mitigate any risks relating to any shortages in stock which may arise in the future due to ambitious forecasts or lower-than-expected production.

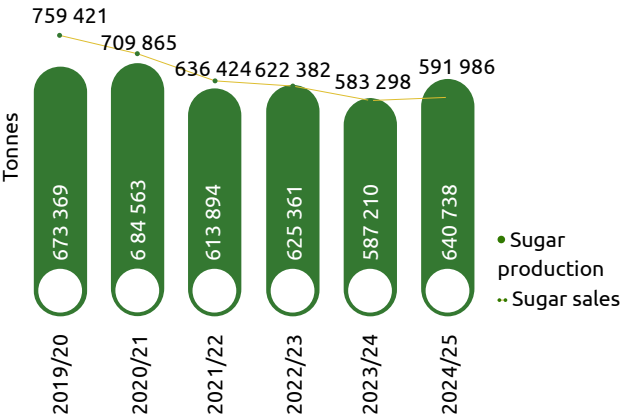
[Read more about risk mitigation on page 44.](#)

The challenges surrounding the production of specialty sugars have been resolved, which will enable us to meet evolving consumer demands while generating higher revenues. Speciality sugars generally have a different grain size and colour from conventional sugars, which is preferred by some customers, and attract higher prices. In addition, the implementation of the industry-wide sustainability initiative will strengthen our reputation as a supplier across global value chains.

## Cane and sucrose yields



## Production and sales





# OUR PERFORMANCE *continued*

## Strategic focus areas

Our overriding aim was to achieve the budgeted 96° pol sugar price set by the industry – a target that was successfully met.



### Deliverable

#### 1. Diversification across new markets, products, and supply chain segments

#### Measurement

- 1.1 Trial new packaging for new markets (bagged sugar to the US and pre-packed sugar to EU).
- 1.2 Increase total sales of Nucane Low GI and Demerara sugar by a combined 10% minimum.
- 1.3 Pursue new regional and international markets that offer a premium to world market prices.

#### Outcome

- Discussions with US customers were at an advanced stage, a trial shipment will be conducted in the new season. The possibility of selling sugar in paper bags to the EU market is also being explored.
- Total sales of Nucane and Demerara did increase in the season, though then stalled by the suspension of the production of the latter.
- Export trials undertaken to various markets including Lebanon and Taiwan. Angola is being pursued more aggressively.

### Deliverable

#### 2. Sustainability – land use, efficient resource management, certifications, and R&D

#### Measurement

- 2.1 Develop and implement a programme to support growers to adopt sustainability practices in line with global standards
- 2.2. Tonnes cane per hectare per annum (TCH/AN) and tonnes sucrose per hectare per annum (TSH/AN) of small-scale growers to achieve at least 95% of large-scale growers' performance by the end of FY2024/25.

#### Outcome

- Bonsucro audits took place, and certification was granted to ESA. Training on the Fairtrade standard was carried out for all growers, with an expansion programme for more to get certified ongoing.
- Training on the Fairtrade standard is complete for all growers, who can now apply for Fairtrade certification.
- Achieved TCH/AN of 95,3% and TSH/AN of 98,4%. Industry players interrogated the factors contributing to reducing yields with actions to address them identified.



#### Deliverable

### 3. Industry alignment

#### Measurement

- 3.1 Implement the relative sucrose payment (RSP) system to ensure equity between growers and MCP.
- 3.2 Reconstitute the IRC and finalise the model for determining refining and VHP allowances, as well and the optimal use of bagasse.

#### Outcome

- Preliminary work to configure laboratory systems ongoing for readiness of roll-out of RSP system in 2026.
- IRC was reconstituted. A draft model for allowances' determination is under consideration by members.

#### Deliverable

### 4. Implementation of projects

#### Measurement

- 4.1 Completion of the additional bagging plant facility at Mhlume.

#### Outcome

- Project is ongoing, with commissioning planned for June 2025.

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# 08

## MANAGING **RISK**

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46 Risk register 2024/25



# Material matters

Each year, we conduct a rigorous review of the material matters that could substantively impact our ability to deliver on our strategic objectives, and that may influence our value creation in the short-, medium-, and long-term.

We assess both the potential impact of each risk assuming no controls are in place, and the probability of it occurring. We then determine the most effective ways of managing these risks. We further apply the principle of double materiality to our risk assessment, recognising that our environmental, social and governance impact is material to our financial performance. Our material matters form the crux of our integrated annual report.

Council is ultimately responsible for ESA’s risk management strategy, overseen by the Audit & Risk Committee. Day-to-day risk management falls within the ambit of our management team.

The risk register below reflects on the progress we have made in mitigating the matters which were identified as being material, based on our Corporate Strategy and Marketing Plan, and confirms that we were on track for the period 1 April 2024 to 31 March 2025. Operational risks are monitored at departmental level, and integrated into our strategic risk framework.


























The risk register is deemed a living document and was updated throughout the year to reflect any additional risks that arose. This year, one emerging risk became apparent: the need to screen clients to ensure that they are not involved in money laundering and the financing of terrorism. We realised that this could cause ESA reputational damage, and standard operating procedures to onboard suppliers and customers were developed, as well as protocols for updating supplier and customer bank account details.

- In addition, while not deemed emerging risks, the following four issues impacted our business and were closely monitored:
1. Political unrest in Mozambique disrupted the transport of sugar to the Mozambican port of Maputo, prompting us to explore Durban as an alternative route.
  2. The compliance of our mills to customer requirements to prevent any threats to future supply and market share.
  3. National concern on the sugar allocations process, based on a misconception that beneficiaries are not Emaswati. This necessitated us engaging with key policy markers to educate them on the role of ESA and the processes.
  4. The electricity tariff hike would put further strain on the industry.

## Probability (P)

Probability Level	Description (Frequency)	Frequency (years)
Rare	The event may occur only in exceptional circumstances.	Once in 20 years
Unlikely	The event has not happened before but could occur at some time.	Once in 10 years
Moderate	The event could happen and has happened before.	Once in 5 years
Likely	The event will probably occur in most circumstances.	Once in 2 years
Almost certain	The event is expected to occur in most circumstances.	Annually

## Impact vs Probability (Likelihood) Matrix

Impact	Catastrophic	5					
	Critical	4					
	Serious	3					
	Significant	2					
	Minor/Insignificant	1					
			1	2	3	4	5
			Rare	Unlikely	Moderate	Likely	Almost certain
			Likelihood				

The legend determines the risk impact, assuming no controls were in place and the probability of occurrence.

## Probability

-  Very High Risk
-  High Risk
-  Medium Risk
-  Low Risk



## Risk register 2024/25

### Strategic objective impacted Increase the sugar price

#### Risk: Adverse developments in SACU

**Potential impact:** Reduction of volume of sugar sold into the SACU market

**Risk rating:** ● High

##### Mitigating actions

- Monitored the developments within SACU and flagged any risks and mitigating strategic interventions.
- Concerns about the delays in gazetting the SACU import tariff were raised by both the Eswatini and South African relevant authorities, but were not adequately addressed. As a result, sugar imports into SACU were high.

**Capitals affected:**   

#### Risk: Reduction in EU prices to below the budgeted price

**Potential impact:** Reduced value derived from sales

**Risk rating:** ● High

##### Mitigating actions

- Following the lobby to reduce Ukrainian sugar imports into the EU, the EU reviewed the legislation and Ukraine sugar imports into the EU were halted until June 2025. This resulted in some recovery of the price.
- Stepped up relative volumes sold to alternative, better paying markets during the periods that the price was depressed. Sugar volumes that were allocated to regional and EU markets were reduced and were allocated to the SACU market for better returns.

**Capitals affected:**   

#### Risk: Quality, compliance and customer audit failures

**Potential impact:** Customers not approving ESA/mills for continued supply

**Risk rating:** ● Medium

##### Mitigating actions

- Audit findings were followed up to ensure swift resolution of issues and safeguard future supply, and the implementation of the Corrective Action Plan was monitored.

**Capitals affected:**   

### Strategic objective impacted New markets, products and supply chain

#### Risk: Inability to maintain and expand the customer base due to logistics and market challenges

**Potential impact:** Reduction in revenues due to the inability to increase revenue streams by tapping into new markets

**Risk rating:** ● Low

##### Mitigating actions

- Investigated supply chain capability to handle sugar packed in bags smaller than 1-tonne bags (e.g. 50kg and 25kg bags).
- Sale of bagged sugar to the US is now at trial stage, while the sales of same to the EU is progressing slowly. The ability to bag the sugar in paper instead of plastic to meet customer requirements is also being explored.

**Capitals affected:**   

#### Risk: Inability to meet specialty sugar production volumes

**Potential impact:** Inability to supply the already established specialty sugar market due to low production

**Risk rating:** ● Low

##### Mitigating actions:

- A cost-benefit analysis showed that both products (i.e., demerara and nucane) are viable for sale in the identified markets. Continued production of both products was approved.

**Capitals affected:**   

#### Risk: Inability to secure new markets

**Potential impact:** Inability to diversify sales from traditional markets

**Risk rating:** ● Low

##### Mitigating actions:

- Sales to new markets were pursued and achieved in some new markets of interest.

**Capitals affected:**   

## Strategic objective impacted Sustainability – land use, efficient resource management, R&D

**Risk: Inability to sell sugar due to non-compliance with global standards**

**Potential impact:**

- Reduced revenues
- ESA gets a negative reputation

**Risk rating:** ● Medium

**Mitigating actions**

- Cost-effective ways to comply with the different requirements were identified. Growers were assisted to achieve cost-effective energy and water efficiencies.
- Strengthened awareness of sustainability standards, including Fairtrade, through presentations at grower feedback sessions and other grower meetings/workshops.

**Capitals affected:**    

**Risk: Viability of the small-scale sugarcane growers (SSGs) given changes in legislation, global supply chain disruptions**

**Potential impact**

- Inability to fund key cane growing inputs, resulting in low cane yields and a potential shift away from cane growing by some farmers

**Risk rating:** ● Medium

**Mitigating actions:**

- Advised and assisted growers to implement recommended interventions to reduce costs, with an emphasis on the use of solar energy to reduce the costs of electricity used for irrigation.

**Capitals affected:**    

**Risk: Potential collapse of grower businesses due to social issues and conflicts**

**Potential impact**

- Reduced profitability of SSGs

**Risk rating:** ● Medium

**Mitigating actions:**

- Implemented interventions to address social issues and resolve disputes.
- Key drivers of the decline in industry yields were investigated and interventions to counteract this were formulated.

**Capitals affected:**    

**Risk: Declining industry yields**

**Potential impact:**

- Inability to supply enough cane for the milling capacity, and meet customers' requirements

**Risk rating:** ● High

**Mitigating actions**

- A Yield Decline Indaba was held on 30 August, from which the key drivers of yield decline were identified, together with required remedial actions. These actions will be rolled out in the 2025/26 season.

**Capitals affected:**    

## Strategic objective impacted Industry alignment

**Risk: Lack of grower buy-in**

**Potential impact:**

- Extended season length

**Risk rating:** ● Medium

**Mitigating actions**

- Created awareness of relative sucrose payment (RSP) benefits through training workshops with all growers.

**Capitals affected:**    

**Risk: Intermittent misalignment on industry framework**

**Potential impact:**

- Potential delays in decision-making

**Risk rating:** ● Medium

**Mitigating actions**

- Facilitated ongoing engagement with members through the miller-grower Forum.

**Capitals affected:**    

**Risk: Mills not refining due to unpaid allowances Lack of consensus among members**

**Potential impact**

- Unavailability of product and missed sales
- Grower dissatisfaction

**Risk rating:** ● Low

**Mitigating actions**

- Progressed on the model for determining refining and VHP allowances and the beneficial use of bagasse
- Appointed IRC members and reconstituted the committee

**Capitals affected:**    

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# 09

## SUSTAINABILITY

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49 Sustainability initiatives

“We benchmark against global sustainability standards, continuously striving to improve and align with best practices to create value for the sugar industry.”

Sustainability lies at the heart of responsible business, and sustainable practices across the sugar industry are coordinated by ESA.

[i Read more about our sustainability initiatives on page 35.](#)

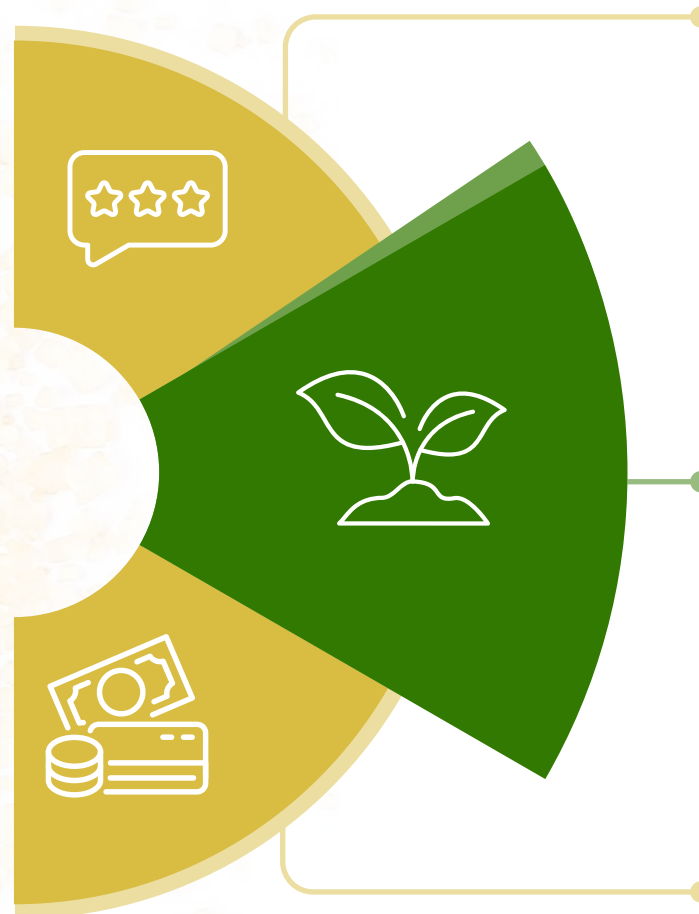
## Sustainability initiatives

### Best management practices

Best management practices remain a priority to support sugarcane productivity and global competitiveness. Last year we enhanced the industry Best Management Practices for Sugarcane Production (BMP) manual to align with global sustainable production standards – Bonsucro and Fairtrade – and reinforce responsible farming practices that deliver social, environmental, and economic benefits for sugarcane growers and the industry.

Each grower is responsible for integrating BMPs into their farming operations, with self-audits encouraged to track progress, identify gaps, and refine action plans. The manual is reviewed every five years or sooner, to incorporate advances in sugarcane production.

The BMP manual underpins social, economic and environmental principles.



#### Social principle

General management practices

- Farm management responsibilities
- Social responsibility
- Labour standards
- Human rights

#### Economic principle

Viability of sugarcane growers

- Sugarcane growing technical advice
- Sugarcane field management practices
- Business management and governance training for growers

#### Environmental principle

Environmental management guidelines on:

- Biodiversity
- Agrochemical handling
- Water and soil management
- Applicable local and international environmental management laws and standards

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## Fairtrade sales

Fairtrade premiums during this period remained significant: A total of 42 710 tonnes worth USD 2,6 million in premiums was sold in the 2024/25 season, the highest volume of Fairtrade sales to date. This exceeded sales of 37 552 tonnes recorded for 2023/24.

## Moratorium on Fairtrade lifted

In March 2024, Council lifted the moratorium on the addition of new Fairtrade members. To guide future membership approval, Council approved a comprehensive framework to ensure the responsible and sustainable expansion of the Fairtrade programme in the Eswatini sugar industry. Workshops for all growers were held in August to raise awareness on the standard and its requirements, and selection criteria, for those who may wish to join.

## Deforestation

We participated in two workshops on deforestation in sustainability standards in the global sugar industry. Facilitated by ProForest, these sessions tackled problems and suggested potential solutions, and emphasised the need for broader remediation that includes supplier engagement, raising awareness, increasing yields, and supporting livelihoods.

One key issue is a lack of reliable data regarding the extent of deforestation and land conversion in the industry. Sector-wide alignment is needed to define conversion, determine acceptable land use and balance conservation with expansion needs to support livelihoods.

## Verification audits

Three Fairtrade-certified growers underwent FloCERT audits in June and July 2024, successfully maintaining their certification. However, governance concerns among some growers could jeopardise this certification in the future and a close review against Fairtrade standards is essential to address issues proactively.

ESA was also audited during the year under the Fairtrade Trader Standard. No non-conformities were recorded.

Sedex Members Ethical Trade Audit (SMETA) audits for the three mills were completed as requested by one of the blue-chip customers.

Proterra verification audits were conducted on the Mhlume and Big Bend mills in July at the request of one of the UK-based customers. Simunye Mill was exempted from the audit due to its anticipated Bonsucro certification by year-end.

## Bonsucro certification

The RES and Tambankulu teams continue their journey towards Bonsucro certification.

Going forward ESA intends to re-evaluate resource allocation and explore internal training opportunities to strengthen long-term capacity. We will also collaborate closely with partners and stakeholders to leverage shared knowledge and best practices.

The certification audit took place in February 2025 with some steps still pending before the process is complete.

## Farm Sustainability Assessment

Last year, the Big Bend mill achieved certification in terms of the Farm Sustainability Assessment (FSA) programme. A roadmap to expand FSA certification to outgrowers in the South was finalised, and all grower support officers have been trained. Work is underway to ensure a broader base of skilled individuals ahead of the upcoming expansion of FSA certification to outgrowers.





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# 10

CORPORATE  
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**54** Engaging our stakeholders



“ At ESA, we recognise that thriving communities are essential to our mission to develop the Eswatini sugar industry into a competitive and sustainable sugarcane entity.”

Community development is part of the broader commitment by the sugar industry to socio-economic transformation. We actively invest in initiatives that promote long-term stakeholder wellbeing through our corporate social responsibility initiatives in health, environment protection, education, and sports. These investments reflect our commitment to strengthening social capital and developing communities within and beyond the sugar belt.

This year, we refined our approach, prioritising fewer, more impactful interventions across Eswatini. We strengthened existing partnerships and forged new ones, successfully implementing disaster response, housing, wellness, and water, sanitation, and hygiene (WASH) projects.

ESA contributed E1 120 000 in financial support to four initiatives.

**Housing: Baphalali Eswatini Red Cross Society (BERCS)**

Seven disadvantaged families in the country’s four regions received a newly built one- or two-roomed home as well as household items.

**Solar panel water pump: MTN Eswatini**

Emhlangeni Primary School in the Bhunya area had been using a dilapidated handheld pump for water. To remedy this situation, in partnership with MTN Eswatini, we made a contribution to construct a solar panelled water pump so that the 448 scholars and 19 teachers could access potable water.

**National Flood Response: Baphalali Eswatini Red Cross Society (BERCS)**

At the beginning of 2025, Eswatini experienced torrential rains that wreaked havoc across the country, including flooding and damage to homes, resulting in displaced families. Our E400 000 contribution provided family tents, tarpaulins, food parcels, mattresses, and hygiene packs for 600 families who were affected by the rains and floods in the most affected areas in the country.

**Sports and Wellness: 4Eva Cycling Club**

Cyclists from across the country and beyond took part in this non-profit initiative in the southern sugar belt. Participants could choose from various distances in this race that aimed to promote wellness and social development.

Partner	Amount
Baphalali Eswatini Red Cross Society (BERCS) – 7 houses	E550 000
MTN Eswatini (WASH project at Emhlangeni Primary School)	E160 000
Baphalali Eswatini Red Cross Society (BERCS) – flood relief	E400 000
4Eva Cycling Club	E10 000
<b>Total</b>	<b>E1 120 000</b>



## Engaging our stakeholders

“Constructive relationships with key stakeholders are material to us and support us to deliver on our strategy and create sustainable value.”

We continue to work proactively to build and strengthen relationships with all our stakeholders who have the ability to impact our business operations and value creation.

### Stakeholder overview



#### Employees

##### Level of engagement

They are key in the execution of our vision, strategy, and business objectives

##### Their material issues

- Healthy working environment
- Conducive working conditions

##### Our response

- Adequate skills development and training
- Adequate resources to facilitate execution of duties



#### Sugarcane growers and millers (both as principals and service recipients)

##### Level of engagement

Facilitate optimum service delivery and continuous improvement

##### Their material issues

- Identification of needs
- Presentation of opportunities and solutions

##### Our response

- Optimum service delivery
- Maximum returns



#### Government

##### Level of engagement

Raise awareness on matters that impact the sugar industry

##### Their material issues

- Viability and growth of the industry for economic development

##### Our response

- Build political support for the industry
- Lobby for policy development aligned with industry needs



#### Customers and potential customers

##### Level of engagement

Understand varying customer requirements and changing environments to enhance service delivery and improve relations

##### Their material issues

- Product requirements and standards' compliance

##### Our response

- Enhance service delivery
- Meet customer requirements and standards



#### Financiers

##### Level of engagement

Ensure availability of financial capital

##### Their material issues

- Availability of financial capital

##### Our response

- Financial prudence



### Service providers

#### Level of engagement

Provision of goods and services to enable us to meet our obligations

#### Their material issues

Efficient delivery of goods and services

#### Our response

- Ensure value for money
- Meet service obligations



### General public

#### Level of engagement

Share information

#### Their material issues

- Lack or poor understanding of ESA, the industry and its operations

#### Our response

- Keep the public informed on ESA, the industry and its operations, and the benefits derived from them



### Media

#### Level of engagement

Maintain healthy media relations and interest

#### Their material issues

- Keep the public informed

#### Our response

- Create interest in and share industry stories



### Organised business

#### Level of engagement

Nurture relations with the business community

#### Their material issues

- Collaborate and lobby for national business agenda

#### Our response

- Nurture relationships
- Contribute to national strategies and policies







# 11

## OUR **GOVERNANCE**

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**“Good corporate governance is good for business.”**

Good corporate governance principles are entrenched in our culture and underpin all our business activities, fostering a greater sense of accountability among industry stakeholders.

Our commitment to robust governance practices guides us, ensuring the fair, ethical, responsible and transparent execution of our business at all times, and supports us in delivering on our mission to develop the Eswatini sugar industry into an innovative, competitive, and sustainable sugar cane entity promoting long-term stakeholder wellbeing.

To achieve this, we adhere to the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV), using it as a framework to maintain excellence in governance across ESA.

## Our leadership

### Meshack Kunene (65)

Chairman

*Nominated: September 2024*

*Qualifications: BEng*



Meshack Kunene is a former Managing Director of the Eswatini Electricity Company (EEC). During his career at EEC that spans more than four decades, he has held various positions including technician, planning engineer, distribution manager, and general manager.

### Nick Jackson (60)

President

*Appointed: September 2024*

*Qualifications: Biochemistry (Honours)*



Nick Jackson was appointed as President of ESA following his nomination by the Eswatini Sugar Millers Association (ESMA) and has fulfilled this role in accordance with the ESA Constitution. Mr Jackson is currently the Managing Director of the Royal Eswatini Sugar Corporation (RES) and Chairman of the Board at Enviro Applied Products. He previously held the role of CEO at the Guyana Sugar Corporation in the Caribbean. Mr Jackson is actively involved in various other boards of prominent Eswatini institutions and has been a member of Council for 15 years.

### Stuart Geldenhuys (68)

Vice President

*Appointed: September 2024*

*Qualifications: Diploma in Agriculture*



Stuart Geldenhuys has over 30 years experience in the sugarcane and citrus growing industry and is currently the Estate Manager at Tambuti Estates.

He was appointed as Vice President, after being nominated by the Eswatini Cane Growers Association. Mr Geldenhuys has served as a member of Council for 16 years.

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# OUR GOVERNANCE *continued*

## Our leadership *continued*

### Council members

Council consists of 24 members who oversee ESA's business affairs. It is led by an independent Chairman. Council members have extensive industry experience and expertise in sugar milling, financial, legal, commercial, and sugarcane farming operations. Millers and growers have equal representation in Council.

### Chairman of Council

The Chairman is independent with no direct or indirect interest in growing sugarcane, milling or trading sugar in Eswatini. The Chairman is nominated and appointed at the Annual General Meeting (AGM) and is responsible for leading Council and Marketing Executive Committee meetings. In a situation where votes are tied, the Chairman may cast a deciding vote once all constitutional processes have been exhausted.

### Company Secretary

The Financial Director also serves as Company Secretary (Secretary). The Secretary's responsibilities are prescribed in ESA's Constitution, and include any additional duties that Council deems fit from time to time. The Secretary plays a key role in guiding Council members on the execution of their duties. The Secretary's duties are defined by statute and Council is satisfied that there is no conflict in this dual role.

### Eswatini Sugar Millers Association

Council members nominated by the Eswatini Sugar Millers Association (ESMA) comprise senior executives from Royal Eswatini Sugar Corporation (RES) Mhlume and Simunye Mills, and Ubombo Sugar Limited, the two milling companies in the country. Their expertise encompasses sugar milling operations, finance, legal, commercial and agricultural operations. With an average of 18 years in the industry and nine years tenure on Council, they offer extensive sector knowledge and leadership experience.

### President and Vice President

The President and Vice President are elected at the AGM from among nominated delegates. These positions are held by a miller and grower representative, and alternate annually between ECGA and ESMA. The President chairs the AGM and represents ESA in public forums when mandated by Council. The Vice President assumes these duties if the President is unavailable.

### Eswatini Cane Growers Association

Council members nominated by the Eswatini Cane Growers Association (ECGA) include senior executives from sugar estates within the Membership, Tibiyo Taka Ngwane, and independent growers. Their expertise lies in sugarcane cultivation and farm management. They have an average of 22 years of sugar industry experience combined, and have served on council for an average of 10 years.

## Executive Committee

The CEO oversees the day-to-day operations of ESA, assisted by a six-member Executive Committee (EXCO). EXCO meets at least once a month to review operations and monitor the implementation of ESA's key strategic objectives.

### Banele Nyamane (46)

Chief Executive Officer  
LLB, BCompt (Hons), CA (SA)

Mr Nyamane has been at the helm of the organisation since December 2022, after joining ESA in 2014. He is a dynamic, results-driven leader with strong financial and strategic skills honed during his 19 years in different industries.

He has a proven track record in implementing strategic initiatives and driving organisational change, with a keen focus on cost management. Mr Nyamane possesses extensive stakeholder management experience and is a prominent figure in both the local and global socio-economic arenas.

He is an Independent Non-Executive Director of Standard Bank Eswatini, Business Eswatini and a Member of the South African and Eswatini Institutes of Accountants.

### Andrea A Mendes (36)

Financial Director and Company Secretary  
CA (SA)

A qualified chartered accountant with senior management experience in both the sugar manufacturing and financial services sectors, Ms Mendes manages all financial activities, including budgeting, financial reporting, and auditing. She is an exceptional team leader with an aptitude for analysing and evaluating financial information to inform decision-making and possesses a comprehensive and in-depth understanding of International Financial Reporting Standards (IFRS).

Ms Mendes is responsible for the implementation of financial policies to ensure optimum use of organisational assets while safeguarding against any financial risk, in addition to overseeing ESA's information technology systems. She also holds the position of Company Secretary. She serves as a board member on the Competition Commission of Eswatini.

### Walter Sipho Matsebula (47)

Commercial Director  
MSc (International Economics)

An accomplished economist, Mr Matsebula is responsible for overseeing the development and execution of ESA's marketing strategy. This encompasses developing new niche products and markets for the industry, in addition to liaising with ESA's logistics (warehousing and distribution) and marketing functions to ensure sales are executed effectively, efficiently, and at maximum value.

Mr Matsebula serves on the boards of the National Maize Corporation and the Eswatini National Housing Board.



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# OUR GOVERNANCE *continued*

## Executive Committee *continued*



### Noah Dlamini (59)

Head: Extension and Technical Services

*MSc Agricultural Engineering, EDP*

Mr Dlamini manages and oversees ESA's technical and extension services and advises on all aspects of sugarcane growing. His role encompasses the coordination of industry crop production research, water resource management, energy management, pest and disease control, extension provision, and seedcane production, to encourage the adoption of improved agricultural practices by stakeholders for profitable and sustainable sugarcane production.

He also manages conflicts among growers by providing sociological support. Mr Dlamini is a member of the South African Sugar Technologists Association (SASTA) and the South African Irrigation Institute (SABI).



### Lungile Motsa (50)

Head: Human Capital and Administration

*Master in Business Leadership*

Ms Motsa oversees the attraction, recruitment, placement and retention of the right talent for ESA. She is responsible for learning and development and for nurturing organisational culture to ensure that our people are capacitated to support ESA in achieving its strategic objectives. Ms Motsa manages employee relations with our various social partners; implements human capital policies and procedures; and ensures that these are aligned with best labour practices and labour legislation. She also keeps leadership and employees abreast of any legislative changes.

In addition, Ms Motsa's portfolio oversees occupational health and safety as well as general employee wellbeing that fosters a safe, caring, and supportive work environment.



### Sipho R Dlamini (60) \*

Head: Cane Testing and Quality

*LBSC, CDE, PBL*

Mr Dlamini oversees the industry's sugar laboratory infrastructure which measures sucrose to facilitate the payment of sugarcane growers. This infrastructure includes the three cane testing laboratories located at each of the mills, as well as the methods and standards necessary to accurately determine the amount and quality of the sugarcane delivered by each grower, and the monetary value due to each grower.

In his role as Head of Cane Testing and Quality, Mr Dlamini supports the establishment of an independent and accredited sugar testing laboratory and drives the industry sustainability agenda and certification. He also manages the ISO 9001 system and certification and chairs tender committee processes. He is a member of the South African Sugar Technologists Association (SASTA).

*\*Mr Dlamini retired from ESA at the end of this financial year (31 March 2025). He is replaced by Ms Maphalala.*

## Mandisa Maphalala (41)

Head: Cane Testing and Quality  
BSC, Certificate Sugar Engineering, MDP

Ms Maphalala oversees the industry's sugar laboratory infrastructure, ensuring the accurate measurement of sucrose to facilitate payment for sugarcane growers. She is responsible for the three cane testing laboratories at each mill, together with the methods and standards to ensure that the sugarcane delivered by each grower is accurately measured and paid for.

As part of her portfolio, Ms Maphalala drives the industry sustainability agenda and certification, manages the ESA ISO 9001 quality management system, and is working with stakeholders to establish the first independent accredited sugar laboratory in the country.



## Nontobeko Mabuza (44)

Head: Advocacy and Stakeholder Engagement  
MPhil Development Finance

Ms Mabuza is an economist and trade specialist with eight years at ESA. She has a deep understanding of sugar market trade, trade policy and strategic trade advocacy issues, with a background in development finance. Ms Mabuza also oversees trade and external affairs, advocating and lobbying for preferential market access for Eswatini sugar.

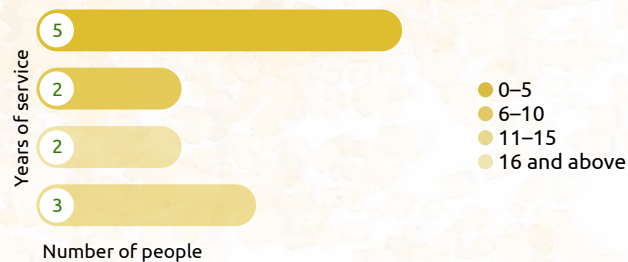
Ms Mabuza represents ESA at regional, national and international forums to advocate for, promote and protect the interests of the sugar industry. She works with government to secure market access for sugar across various markets, as well as coordinating public relations and corporate social investment initiatives to ensure appropriate and aligned messaging. She also serves as the Secretary of the SADC Sugar Producers Consultative Forum.



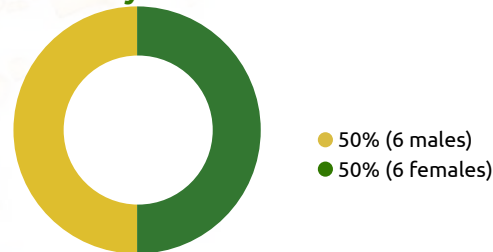
## Management

EXCO is supported by a management team of four, whose diverse skills and experience provide valuable insights that inform business decisions.

### Tenure



### Diversity



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# OUR GOVERNANCE *continued*

## Executive Committee *continued*

### Expertise and experience

- Strategy
- Finance
- Sales and marketing
- Logistics
- Corporate governance
- Audit
- Quality management systems
- Human capital
- IT
- International trade
- Communications
- Irrigation engineering/ Water resource management
- Risk management
- Stakeholder management
- Sugar technology/chemistry
- Economics

## Governance framework

ESA is committed to upholding robust corporate governance practices.

Council oversees and manages the business affairs of ESA as defined by the Sugar Industry Agreement, and has delegated the execution of some of its activities to subcommittees that are equally represented by millers and growers. Decisions are typically reached by consensus.

In accordance with ESA's Constitution, Council members and committees are nominated and appointed at the AGM in September. All members have extensive operational knowledge and skills, as well as considerable experience in the Eswatini sugar industry.



Back row: M. Siyaya, C. Shabangu, B. James, M. Maziya, R. Dlamini, M. Jele, S. Mabila, L. Ndzimandze, B. Nyamane, L. Msibi, E. Nxumalo  
Front row: M. Kunene, D. Ngwenya, A. Mendes, S. Magagula, T. Gina, P. Nxumalo, P. Mwel, P. Malandula, S. Geldenhuys

## Our governance structure



In addition to the duties described in the Constitution, Council determines strategy, approves major policies and plans, monitors risk management, and provides oversight to ensure accountability. To ensure effectiveness, Council delegates some of its responsibilities to its subcommittees.

Council is entrusted with ensuring a sustainable future for the industry through diligent oversight, effective management, regulatory compliance, adherence to good corporate governance, and mitigation against avoidable or unnecessary risks.

Council is satisfied that it has fulfilled its duties in accordance with ESA's Constitution and has applied the relevant principles and practices of King IV.

## Leadership structure and profile

ESA's leadership is appointed by ESMA and ECGA. Decisions at Council and its subcommittees are reached by consensus, with each association casting one vote. ESMA and ECGA assess the relevant competencies and experience of candidates in considering subcommittee appointments. The individual members of the governance structures were thus deemed appropriate for appointment in the year under review.

## Code of Conduct

ESA's Code of Conduct details the minimum standards required of all ESA committee members to ensure that the principles of integrity, accountability, and legal compliance are upheld at all times. There are separate codes of conduct for ESA employees and suppliers of goods and services.

## Internal controls

ESA has adopted a combined assurance approach to optimise oversight of all risks identified by management, internal audit, and external assurance providers. Risks are identified, assessed, and mitigated through strategic actions, insurance, and specific internal controls.

Our internal controls and systems provide reasonable assurance on the integrity and reliability of ESA's financial and operational management information system. They safeguard assets against material loss and ensure that transactions are properly recorded and authorised.

*i* For more on risk management and internal audit, see pages 44 and 70, respectively.



# OUR GOVERNANCE *continued*

## Committees and mandates

Seven subcommittees assist Council in the execution of its oversight duties, with millers and growers having equal representation. Each committee has clearly defined roles and responsibilities and report on their activities at each Council meeting. The committees are integral to enabling effective governance.

 Read more about governance on page 56.

## Council members and meeting attendance 2024/25

Council met four times during the year.

The requisite minimum quorum of six members was met for all Council meetings. Growers and millers have one vote each.

## Council discussions

Council meetings follow a standard agenda so that each meeting can address all aspects of the business. Material matters, including those that form part of the marketing strategy and management objectives, are closely monitored and reported on either half-yearly, quarterly or annually.

The following organisational activities and performance are reported on at each meeting:

- Financial performance, including sugar and sucrose price estimates

- Cane testing
- Extension services
- Marketing
- Human capital and industrial relations
- Sustainability
- International trade issues

## Significant matters deliberated

1. Implementation of RSP methodology for the payment of growers.
2. The establishment of a new warehouse to address storage constraints.
3. Construction of the new bagging plant at Mhlume has started and is progressing well. The project was approved in 2023 but work was delayed.
4. The ongoing production and sale of specialty sugars.
5. A sugarcane yield workshop to discuss improving yields was held and action plans approved.
6. Approval to trial and test sugarcane varieties from Zimbabwe to expand the variety base better suited to conditions in Eswatini.
7. Approval of new logo and trademark.

Member	Meeting attendance
M Kunene (Chair)	4/4
N Jackson	3/4
T Sifundza	3/4
M Siyaya	4/4
L Ndzimandze	4/4
P Nxumalo	3/4
M I Maziya	3/4
P Mweli	4/4
D Dhliwayo	4/4
M Jele	4/4
B James	4/4
C Shabangu	4/4
S Magagula	4/4
S Geldenhuys	4/4
Dr AT Dlamini	2/4
M Mabuza	1/4
T Nkambule	1/4
P Malandula	3/4
M Mdzebele	1/4
R Dlamini	4/4
S Mabila*	2/4
E Nxumalo*	2/4
L Msibi*	2/4
T Gina*	2/4

\*New members appointed September 2024.

## Audit and Risk Committee

### Risk management

While Council is ultimately responsible for maintaining an effective risk management process, the committee, in conjunction with management, assists Council to evaluate the adequacy of our risk management process given that the committee oversees financial and operational risks. During the year under review, the committee assessed ESA's risk management approach and key risks and believes the approach to be appropriate and that all key risks are adequately addressed by management.

[Read more about risk management on page 44.](#)

### Financial statements

The committee reviewed ESA's statutory financial statements and confirmed that they comply with International Financial Reporting Standards (IFRS). In addition, the committee assessed management's evaluation of the going concern assumption in preparing the financial statements and is satisfied that it is appropriate.

### Integrated Annual Report

The committee is satisfied that the information contained in this Integrated Annual Report is consistent with the annual financial statements.

### Expertise, resources and experience of the Finance Department

The committee reviewed the expertise and capabilities of the Finance Department and concluded that it possesses the necessary skills, resources, and experience to effectively fulfil its duties, based on the nature, complexity and size of ESA's operations.

### Internal audit

On behalf of the committee, Internal Audit affirms the adequacy, integrity and efficacy of ESA's internal controls, risk management practices and financial reporting systems.

The principle of independence of the internal audit function is upheld, and the Internal Auditor reports to the CEO, and to the Financial Director on operational and administrative matters. Particular attention is placed on internal controls to safeguard assets and information against loss, theft, or misuse, as well as on those controls that ensure the integrity of key transactional information.

### Opinion on internal financial controls

Following a review of our internal control systems by the Internal Auditor, with input from management and the external auditors, the committee is satisfied that our internal controls are effective and provide the basis for the preparation of sound financial statements for the year under review. No material breaches of any laws, legislation, internal controls, or procedures were identified.

The committee also ensured that, as far as is practical, the external auditors were able to complement the work of the Internal Auditor. The committee met four times in FY2024/25.

The Audit and Risk Committee assists Council in fulfilling its oversight function. Millers and growers are equally represented. The committee is responsible for assessing the adequacy and effectiveness of accounting policies, internal financial controls, and the accuracy of estimating processes. It also oversees external financial reporting and compliance with all relevant laws, regulations, and policies. The committee further ensures that the

roles and responsibilities of both external and internal auditors are clearly defined and coordinated, and that the combined assurance received is sufficient to address all significant risks. The committee is chaired by an independent chairman, D Ngwenya.

Member	Meeting attendance
P Nxumalo	4/4
D Dhlwayo	3/4
Z Dlamini*	1/4
S Magagula	4/4
L Ndzimandze	1/4
M Zwane	2/4
N Mthembu	3/4
A Ngcobo	3/4
D Ngwenya (Chair)	4/4

*\*Left the industry end June.*

### Remuneration Committee

The Remuneration Committee is chaired by the President and consists of five Council members who represent the millers and growers.

The committee met four times in FY2024/25.

The Remuneration Committee oversees the implementation of fair and responsible remuneration policies and practices for the industry. This includes establishing clear links between corporate and individual performance while adhering to statutory and regulatory requirements. The committee is responsible for attracting, retaining and motivating executive management to ensure the successful functioning of ESA.



# OUR GOVERNANCE *continued*

## Committees and mandates *continued*

Member	Meeting attendance
S Geldenhuys (Chairman)	4/4
Dr AT Dlamini*	1/4
N Jackson	3/4
S Magagula*	3/4
C Shabangu*	2/4
M Siyaya	4/4

*\*Joined or left during the year*

### Remuneration of employees

Our remuneration philosophy is designed to attract and retain skilled employees at all levels to support ESA's strategic objectives. It also ensures that ESA remains competitive in the market.

### Remuneration of non-independent and independent members

With the exception of the independent chairpersons, members of Council and its subcommittees receive no remuneration. They are only reimbursed for costs incurred in conducting ESA business, typically accommodation and travel expenses.

## Marketing Executive Committee

The committee met five times in FY2024/25.

The committee oversees the marketing, sale and disposal of Eswatini-produced sugar and its by-products. It consists of 19 members, with equal representation of millers (one from each mill) and growers (one from each planters group). The committee is chaired by M Kunene, who is also the independent Chairman of Council.

Member	Meeting attendance
N Jackson	4/4
D Dhliwayo	1/4
M Siyaya	4/4
L Ndzimandze	4/4
P Nxumalo	2/4
M I Maziya	4/4
P Mweli	2/4
B James	4/4
C Shabangu	4/4
S Magagula	4/4
S Geldenhuys	4/4
M Jele*	2/4
T Gina*	2/4
Dr AT Dlamini	2/4
T Nkambule*	1/4
P Malandula	4/4
R Dlamini	4/4
M Mndzebele*	1/4
S Mabila	2/4

*\*Joined or left during the year*

## Finance Committee

The committee met four times in FY2024/25.

The Finance Committee advises Council on industry-related financial matters. Its responsibilities include overseeing the sugar price estimate process, managing the foreign exchange hedging policy and supervising the raising of working capital for ESA. The committee comprises seven members with equal representation of millers and growers. It is chaired by the CEO.

Member	Meeting attendance
P Nxumalo	4/4
D Dhliwayo	3/4
Z Dlamini*	1/4
S Magagula	4/4
L Ndzimandze	2/4
M Zwane	3/4
N Mthembu	3/4

*\*Left the industry end June.*

## Extension Committee

The committee met four times in FY 2024/25.

The Extension Committee advises Council on the strategic direction of all technical services, with the exception of cane testing. It is responsible for crop production research, pest and disease management, extension services, and other associated matters. Millers and growers are equally represented, with the role of chairman rotating between a representative from each group.

Member	Meeting attendance
O Mabuza	4/4
E Ndzimandze	3/4
L Msibi	3/4
L Ngwenya	2/4
S Mahlalela	3/4
M Gama	1/4
N Mkhonta	4/4
R Malaza	4/4
V Malubane	4/4
K Mudima	2/4
K Dube	3/4
R Dlamini	2/4
C Mahlalela*	1/4

\*New member appointed during the year.

The Extension Committee focused on the following areas during the year:

- Reducing grower costs
- Addressing grower sociological issues
- Tackling declining yields

## Cane Testing Committee

The committee met four times in FY2023/24.

This committee supervises the cane-testing service at the mills in addition to advising ESA on all matters pertaining to cane testing in Eswatini. The committee consists of six members with equal representation by millers and growers. It is alternately chaired by a representative of either millers or growers.

Member	Meeting attendance
O Mabuza	4/4
E Ndzimandze*	3/4
L Ngwenya	4/4
R Dlamini	1/4
W Simelane	2/4
T Kunene	4/4
M Maphalala*	3/4
L Mavundla	3/4

\*Joined or left during the year

## Quota Board

The Quota Board meets annually and is responsible for issuing permits or licenses to grow cane for manufacturing sugar.

## Independent Review Committee

The Independent Review Committee (IRC) is appointed by ESA to oversee technical matters referred to it by Council. The committee consists of a chairperson plus two members, all of whom have sugar processing, finance, and legal expertise.

The IRC was reconstituted during FY2024/25, following the resignation of two members in the previous reporting period year. The new members have been appointed and will assume their duties on 1 April 2025.

## Whistleblowing hotline

ESA is committed to ethical business practices and to fostering a culture of transparency and accountability across the industry. To this end, we operate a confidential whistleblowing hotline, which allows employees and stakeholders to anonymously report suspected fraud, illegal or unethical conduct. The hotline is monitored by the Internal Auditor who coordinates the investigation of all reported matters and refers them to the Audit and Risk Committee for further action. Retaliation against whistleblowers is not tolerated.

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## FINANCIAL STATEMENTS

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# Council members' responsibility statement

for the year ended 31 March 2025

## Council Members' responsibility statement for the consolidated and separate financial statements

The members are responsible for the preparation and fair presentation of the consolidated financial statements which comply with International Financial Reporting Standards (IFRS) and which, in accordance with those standards, fairly present the state of affairs of the Association as at the end of the financial year, and the net income and cash flows for that period.


It is the responsibility of the independent auditors to report on the fair presentation of the consolidated financial statements.

The members are ultimately responsible for the internal controls. Management enables the members to meet these responsibilities. Standards and systems of internal control are designed and implemented by Management to provide reasonable assurance as to the integrity and reliability of the financial statements in terms of IFRS and to adequately safeguard, verify and maintain

accountability for the association assets. Accounting policies supported by judgements, estimates, and assumptions which comply with IFRS, are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Based on the information and explanations given by Management and the Internal Auditor, the members are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the consolidated and separate financial statements in accordance with IFRS and maintaining accountability for the Association's assets and liabilities. Nothing has come to the attention of the members to indicate that any breakdown in the functioning of these controls, resulting in material loss to the Association, has occurred during the year and up to the date of this report. The members have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated and separate financial statements

## Approval of consolidated and separate financial statements

The consolidated financial statements prepared in accordance with IFRS which appear on  pages 72 to 85 were approved by the Council members on 03 July 2025 and signed on its behalf by:



**M. Kunene**

Chairman  
Chief Executive Officer



**B. Nyamane**

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# FINANCIAL STATEMENTS *continued*

## Independent auditor's report

To the Members of Eswatini Sugar Association

The summary financial results are extracted from the audited consolidated and separate financial statements but are not themselves audited. The summary consolidated and separate financial statements were audited by PricewaterhouseCoopers, who expressed an unmodified audit report thereon. The audited consolidated and separate financial statements and the auditor's report thereon are available for inspection at the Association's registered office.

The directors take full responsibility for the preparation of the summary consolidated and separate financial results and that the financial information has been correctly extracted from the underlying consolidated and separate financial statements.

## Council members' report

for the year ended 31 March 2025

Council has pleasure in submitting their report together with the consolidated and separate financial statements of the Association for the financial year ended 31 March 2025.

### Business activities

The Association, which is established by an Act of Parliament, is involved in the purchasing and selling of sugar and molasses in Eswatini. The function of the Association under the Act is to regulate the sugar industry, market sugar and its by-products.

### General review of business operations and results

The state of affairs of the Association at 31 March 2025 and the results of its operations for the year then ended, are fully set out in these financial statements.

## Results of operations

The Group recorded revenue of E7,71 billion (2024: E7,42 billion). The increase in revenue is mainly attributable to an increase in the sales volumes. The cost of sales increased from E7,04 billion to E7,26 billion in line with an increase in distributable proceeds. Profits that are made by the Association are distributed in full to the millers and growers and form part of the cost of sales. Distribution costs incurred during the year were E31,32 million (2024:E69,31 million), decreasing due to lower sales in regional market where sugar did not meet quality standards.

Foreign exchange gain of E32,99 million was realised compared to a gain of E36,15 million in the previous year. Interest paid increased from E228,85 million to E298,95 million mainly due to increased funding needs after sales were delayed due to unfavourable prices in the market. Total overheads slightly increased from E115,33 million to E118,67 million.

Inventories increased from E473,37 million to E1,150 million due to deferred sales following unfavourable market prices and regional sales that did not meet quality standards. Trade receivables and other receivables increased by E26,52 million due to temporary credit facilities granted to cash customers to increase sugar off take. Trade payables decreased by E38,06 million mainly because of lower mill creditors than prior year. Bank overdraft increase of E695,80 million is a direct result of deferral of sales resulting in higher funding needs during the course of the financial period.

## Going concern

The global wars coupled with climate change are increasingly affecting economic and global markets, and exacerbating ongoing economic challenges, including a rise in inflation, volatile interest rates, low global sugar production levels and global supply chain disruptions. Exchange rates, in particular the Euro and USD traded at stronger levels throughout the financial year. This coupled with favourable prices across all markets, in turn impacted positively on revenue for the Association and resultantly the overall distribution to Millers and Growers.

Council has reviewed budgets and flow of funds forecasts for the next few years and considered the Association's ability to continue as a going concern in light of current and anticipated economic conditions. These budgets and flow of funds forecast took into consideration the impact of the current economic climate, including projections of the impact on the Association's funding and liquidity requirements, all of which have remained within internal targets.

As part of this assessment, Council considered the sufficiency of the Association's financial resources throughout the economic conditions. The management of the Association's financial resources, which it defines as funding and liquidity, and risk capacity, is a critical enabler of the achievement of the Association's stated growth targets and achieving its mandate as per the Sugar Act.

On the basis of this review, and in light of the current financial position, Council is satisfied that the Association has adequate resources to continue in operating for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

## Subsidiaries and jointly controlled company

The Association has the following subsidiary companies:

Eswatini Sugar Assets Limited	100%
Sugar Assets (Mhlume) Limited	100%
Sugar Assets (Simunye) Limited	100%

The Association has interest in the following jointly controlled company:  
Sociedade Terminal de Açúcar De Maputo Lemitada ("STAM")  
25%

## Corporate Governance

The Group views the implementation of best corporate governance practice as a fundamental characteristic of its operations. Council is committed to the constitution and implementation of initiatives to improve corporate governance for the benefit of all members. A focus on sustainable value will benefit all the Group's stakeholders.

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# FINANCIAL STATEMENTS *continued*

## Consolidated and separate statement of comprehensive income

for the year ended 31 March 2025

	Notes	GROUP		ASSOCIATION	
		2025 E'000	2024 E'000	2025 E'000	2024 E'000
<b>Revenue</b>	2	<b>7 706 896</b>	7 422 875	<b>7 706 896</b>	7 422 875
Cost of sales	4.3	(7 287 477)	(7 037 505)	<b>(7 322 217)</b>	(7 069 822)
Gross profit		<b>419 419</b>	385 370	<b>384 679</b>	353 053
Other income/expense		(434)	(7 899)	(434)	(7 899)
Distribution costs		(31 315)	(69 314)	<b>(31 298)</b>	(69 252)
Administrative expenses	3	(118 665)	(115 326)	<b>(116 394)</b>	(113 183)
Foreign exchange (losses)/gains	4.2	<b>32 990</b>	36 148	<b>32 990</b>	36 148
<b>Operating profit before financing costs</b>		<b>301 995</b>	228 979	<b>269 543</b>	198 867
Finance income		–	–	<b>29 968</b>	30 447
Finance expense		(298 953)	(228 854)	<b>(298 953)</b>	(228 854)
<b>Net financing costs</b>	4.1	<b>(298 953)</b>	(228 854)	<b>(268 985)</b>	(198 407)
Share of profit of jointly controlled entity (net of tax)		(2 484)	335	–	–
<b>Profit before tax</b>		<b>558</b>	460	<b>558</b>	460
Income tax expense		(558)	(460)	<b>(558)</b>	(460)
Profit for the year		–	–	–	–
<b>Transfer to distributable reserves</b>		–	–	–	–
<b>Other comprehensive income</b>					
<b>Items that are or may be reclassified to profit or loss</b>					
Unrealised cash flow hedges		<b>7 961</b>	6 979	<b>7 961</b>	6 979
<b>Total comprehensive income for the year</b>		<b>7 961</b>	6 979	<b>7 961</b>	6 979

\*The above Consolidate and Separate statements of comprehensive income should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.

## Consolidated and separate statement of financial position

at 31 March 2025

	Notes	GROUP		ASSOCIATION	
		2025 E'000	2024 E'000	2025 E'000	2024 E'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	300 367	291 441	24 486	22 804
Loans to subsidiaries		-	-	275 584	268 340
Jointly controlled entity		54 383	47 596	39 362	39 362
<b>Total non-current assets</b>		<b>354 740</b>	<b>339 037</b>	<b>339 432</b>	<b>330 506</b>
<b>Current assets</b>					
Inventories		1 150 482	473 373	1 150 482	473 373
Trade and other receivables		743 443	716 925	743 443	716 925
Derivative asset		7 961	6 979	7 961	6 979
Cash and cash equivalents		38 074	9 540	38 074	9 540
<b>Total current assets</b>		<b>1 939 960</b>	<b>1 206 817</b>	<b>1 939 960</b>	<b>1 206 517</b>
<b>Total assets</b>		<b>2 294 710</b>	<b>1 545 854</b>	<b>2 279 392</b>	<b>1 537 323</b>
<b>Reserves and liabilities</b>					
Non-distributable reserve		3 934	3 934	3 934	3 934
Cash flow hedge reserve		7 961	6 979	7 961	6 979
<b>Total reserves</b>		<b>11 895</b>	<b>10 913</b>	<b>11 895</b>	<b>10 913</b>
<b>Non-current liabilities</b>					
Long-term borrowings	6	167 442	192 690	167 442	192 690
<b>Current liabilities</b>					
Bank overdraft		1 065 640	369 842	1 065 640	369 842
Current tax liability		611	539	611	539
Short-term borrowings		389 290	285 735	389 290	285 735
Trade and other payables		659 832	686 135	644 514	677 604
<b>Total current liabilities</b>		<b>2 115 373</b>	<b>1 342 251</b>	<b>2 100 055</b>	<b>1 333 720</b>
<b>Total liabilities</b>		<b>2 282 815</b>	<b>1 534 941</b>	<b>2 267 497</b>	<b>1 526 410</b>
<b>Total reserves and liabilities</b>		<b>2 294 710</b>	<b>1 545 854</b>	<b>2 279 392</b>	<b>1 537 323</b>

\*The above Consolidated and Separate statement of financial position should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.



# FINANCIAL STATEMENTS *continued*

## Consolidated and separate statement of cash flows

for the year ended 31 March 2025

Notes	GROUP		ASSOCIATION	
	2025 E'000	2024 E'000	2025 E'000	2024 E'000
<b>Cash flows from operating activities</b>				
Cash (utilized)/generated from operations	(412 603)	434 803	(436 115)	418 263
Interest paid on borrowings and overdraft	(292 920)	(222 066)	(292 920)	(222 066)
Taxation paid	(486)	–	(486)	–
Net cash (outflows)/inflows from operating activities	(706 009)	212 737	(729 521)	196 197
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	5 (33 821)	(31 229)	(10 309)	(14 689)
Proceeds from the sale of property, plant and equipment	292	122	292	122
Net cash (outflows)/inflows from operating activities	(33 529)	(31 107)	(10 017)	(14 567)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	102 000	–	102 000	–
Principal repayments – borrowings	(29 726)	(46 052)	(29 726)	(46 052)
Proceeds from bank overdraft	1 065 640	369 842	1 065 640	369 842
Repayment – bank overdraft	(369 842)	(702 726)	(369 842)	(702 726)
Net cash inflows/(outflows) from financing activities	768 072	(378 936)	768 072	(378 936)
<b>Nets (decrease)/increase in cash and cash equivalents</b>	28 534	(197 306)	28 534	(197 306)
Cash and cash equivalents at the beginning of the year	9 540	206 846	9 540	206 846
<b>Cash and cash equivalents at the end of the year</b>	38 074	9 540	38 074	9 540

The above Consolidated and Separate statement of cashflows should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.

## Consolidated and separate statement of changes in reserves

for the year ended 31 March 2025

	Non-distributable reserve E'000	Other reserve E'000	Total Equity E'000
<b>Group and Association 2025</b>			
Balance at beginning of year	3 934	6 979	10 913
Total comprehensive income for the year:	–	982	982
Profit for the year	–	–	–
Prior year cashflow hedge reversal	–	(6 979)	(6 979)
Changes in fair value of cash flow hedges	–	7 961	7 961
Balance at end of year	3 934	7 961	11 895
<b>Group and Association 2024</b>			
Balance at beginning of year	3 934	3 726	7 660
Total comprehensive income for the year:	–	3 253	3 253
Profit for the year	–	–	–
Prior year cashflow hedge reversal	–	(3 726)	(3 726)
Changes in fair value of cash flow hedges	–	6 979	6 979
Balance at end of year	3 934	6 979	10 913

\*The above Consolidated and Separate statement of changes in equity should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.



## Notes to the financial statements

for the year ended 31 March 2025

### 1. Significant accounting policies

#### 1.1 Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Lilangeni at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated to Emalangeni at foreign exchange rates ruling at the date the fair value was determined. These foreign currency exchange differences are also recognised in profit or loss.

#### 1.2 Inventories

Inventories of sugar and molasses on hand at the year-end are valued at the amounts distributable to the growers and millers in accordance with the final estimate. The final estimate which represents the amounts to be paid by the Association to growers and millers is considered to be the lower of cost and net realisable value and, is determined as the estimated selling price in the ordinary course of business, less estimated volume rebates, discounts, and point of sale costs.

Management's determination of the final estimate is based on the most reliable evidence available at reporting date. Other stocks are valued at the lower of cost and net realisable value, on a first in - first out basis.

#### 1.3 Revenue

Revenue is derived from sale of sugar and molasses. Revenue is recognised when or as the Group satisfies performance obligations by transferring a good or service to a customer. The Group has determined that it generates all its revenues at a point in time. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

##### i) Sugar and molasses sales

The group buys and sells sugar and molasses from millers and growers. Revenue is recognised when control of sugar and molasses has transferred, when the sugar or molasses is delivered to the customer. For the local market delivery is generally when the sugar or molasses is released from the warehouse to the customer, while for the export market, depending on the terms of the sale, if free-on-board, the sale is recognized upon loading the sugar to the carrier and issuance of the bill of lading. In the case of cost-insurance-freight sale, revenue is recognized when the carrier has discharged the sugar to the customer, at the customer's port destination. Molasses revenue is for the local market and revenue is recognized upon release to the customer at the warehouse. The group has full discretion, over the channels and price, to sell sugar and molasses, and there are no unfulfilled obligation that can affect customer's acceptance of sugar or molasses.

Revenue from the sale of sugar and molasses is recognised in profit or loss when significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of strategic rebates, export rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described above. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

##### ii) Export sales

Export sales proceeds are translated at the rate ruling when the risk and rewards have passed to the buyer. The difference between the actual rates of exchange at transaction date and the rate at which the group has obtained advances in foreign currencies for those sales or, where applicable, the rates of exchange actually realised after taking account of forward exchange contracts, is recognised in profit or loss as a foreign currency gain or loss.

## Notes to the financial statements *(continued)*

for the year ended 31 March 2025

### 2. Revenue – disaggregation of revenue from contracts with customers

The group derives revenue from transfer of goods at a point in time in the following major product lines and channels

	GROUP		ASSOCIATION	
	2025 E'000	2024 E'000	2025 E'000	2024 E'000
<b>Revenue by product type comprises:</b>				
– Sugar sales	7 463 049	7 227 812	7 463 049	7 227 812
– Molasses sales	243 847	195 063	243 847	195 063
	<b>7 706 896</b>	<b>7 422 875</b>	<b>7 706 896</b>	<b>7 422 875</b>
<b>Revenue by channel comprises:</b>				
SACU market	5 877 181	5 123 386	5 877 181	5 123 386
Regional market	167 639	274 239	167 639	274 239
International market	1 662 076	2 025 250	1 662 076	2 025 250
	<b>7 706 896</b>	<b>7 422 875</b>	<b>7 706 896</b>	<b>7 422 875</b>

Sugar is sold into the Southern African Customs Union ("SACU"), regional and international markets. Molasses is sold within the SACU market.



## Notes to the financial statements *(continued)*

for the year ended 31 March 2025

### 3. Operating profit before financing costs

Operating profit before financing costs is arrived at after charging the following:

	GROUP		ASSOCIATION	
	2025 E'000	2024 E'000	2025 E'000	2024 E'000
<b>Income:</b>				
Final distribution adjustment	504 293	312 513	504 293	312 513
<b>Administration Expenses:</b>				
Auditors remuneration	1 070	955	1 070	955
Depreciation	24 640	17 266	8 371	2 201
Lease expenses	1 000	1 560	1 000	1 560
Computer related	4 738	4 065	4 738	4 065
Payroll costs	52 920	47 400	52 920	47 400
Vehicle expenses	5 399	4 491	5 399	4 491
Cartage expenses	2 646	2 481	2 646	2 481
Spares and consumables	–	2 130	–	2 130
Travel costs	–	–	–	–
Computer costs	–	–	–	–
Contract management fees	18 765	9 679	18 765	9 679
Other expenses	7 487	25 299	21 485	38 221
	118 665	115 326	116 394	113 183

## Notes to the financial statements *(continued)*

for the year ended 31 March 2025

### 4. Net financing costs

	GROUP		ASSOCIATION	
	2025 E'000	2024 E'000	2025 E'000	2024 E'000
<b>4.1 Interest expense from short-term and long-term borrowings</b>				
Measured at amortised cost	(298 953)	(228 854)	(298 953)	(228 854)
Interest income on loans originated by the Association	–	–	29 968	30 447
Net finance costs	(298 953)	(228 854)	(268 985)	(198 407)
<b>4.2 Finance income on financial assets</b>				
Foreign exchange gain /(loss)	32 990	36 148	32 990	36 148
	32 990	36 148	32 990	36 148
<b>4.3 Cost of Sales</b>				
Cost incurred in operation of income	7 287 477	7 037 505	7 322 217	7 069 822
	7 287 477	7 037 505	7 322 217	7 069 822



## Notes to the financial statements *(continued)*

for the year ended 31 March 2025

### 5. Property, plant and equipment Allocation of depreciation

	GROUP		ASSOCIATION	
	2025 E'000	2024 E'000	2025 E'000	2024 E'000
Direct cost of sales	40	570	40	570
Direct analysis of cane	189	210	189	210
Extension services	781	598	781	598
Administration	7 361	823	7 361	823
Operating expense	16 270	15 065	–	–
<b>Total</b>	<b>24 641</b>	<b>17 266</b>	<b>8 371</b>	<b>2 201</b>

## Notes to the financial statements *(continued)*

for the year ended 31 March 2025

### 5. Property, plant and equipment *(continued)* Allocation of depreciation

#### Reconciliation of the opening and closing carrying amounts – 2025

	ASSOCIATION					
	Opening Carrying Amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Depreciation E'000	Closing Carrying Amount E'000
Freehold land and buildings	1 646	160	–	–	(187)	1 619
Leasehold land and buildings	1	–	–	–	(1)	–
Plant and equipment	6 596	503	–	12 579	(6 757)	12 921
Furniture and fittings	867	9	–	–	(221)	655
Motor vehicles	3 512	490	(256)	–	(1 205)	2 541
Capital work in progress	10 182	9 147	–	(12 579)	–	6 750
	22 804	10 309	(256)	–	(8 371)	24 486

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## Notes to the financial statements *(continued)*

for the year ended 31 March 2025

### 5. Property, plant and equipment *(continued)*

#### Reconciliation of the opening and closing carrying amounts – 2025 *(continued)*

	GROUP					
	Opening Carrying Amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Depreciation E'000	Closing Carrying Amount E'000
Freehold land and buildings	1 646	160	–	–	(187)	1 619
Leasehold land and buildings	1	–	–	–	(1)	–
Plant and equipment	6 596	503	–	12 579	(6 757)	12 921
Furniture and fittings	867	9	–	–	(221)	655
Motor vehicles	3 512	490	(256)	–	(1 205)	2 541
Capital work in progress	10 182	9 147	–	(12 579)	–	6 750
	22 804	10 309	(256)	–	(8 371)	24 486

## Notes to the financial statements *(continued)*

for the year ended 31 March 2025

### 5. Property, plant and equipment *(continued)*

#### Reconciliation of the opening and closing carrying amounts – 2025 *(continued)*

	GROUP					
	Opening Carrying Amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Depreciation E'000	Closing Carrying Amount E'000
Freehold land and buildings	1 646	160	–	–	(187)	1 619
Leasehold land and buildings	1	–	–	–	(1)	–
Plant and equipment	6 596	503	–	12 579	(6 757)	12 921
Furniture and fittings	867	9	–	–	(221)	655
Motor vehicles	4 700	490	(256)	–	(1 295)	3 639
Conditioning silo buildings	27 740	–	–	–	(1 615)	26 125
Sugar store buildings	94 827	–	–	–	(3 759)	91 068
Conditioning silo equipment	9 982	–	–	–	(1 273)	8 709
Sugar store equipment	127 068	15 328	–	–	(9 069)	133 327
Molasses storage equipment	6 022	–	–	–	(462)	5 560
Capital work in progress	11 992	17 331	–	(12 579)	–	16 744
	291 441	33 821	(256)	–	(24 639)	300 367



## Notes to the financial statements *(continued)*

for the year ended 31 March 2025

### 5. Property, plant and equipment *(continued)*

#### Reconciliation of the opening and closing carrying amounts – 2024 *(continued)*

	GROUP					
	Opening Carrying Amount E'000	Additions E'000	Disposals E'000	Transfer E'000	Depreciation E'000	Closing Carrying Amount E'000
Freehold land and buildings	1 838	–	–	–	(192)	1 646
Leasehold land and buildings	1	–	–	–	–	1
Plant and equipment	4 394	3 303	(6)	–	(1 095)	6 596
Furniture and fittings	577	379	(11)	–	(78)	867
Motor vehicles	4 767	934	(75)	–	(926)	4 700
Conditioning silo buildings	29 322	–	–	–	(1 582)	27 740
Sugar store buildings	97 058	1 491	–	–	(3 722)	94 827
Conditioning silo equipment	7 097	2 815	–	1 147	(1 077)	9 982
Sugar store equipment	121 661	12 234	–	1 301	(8 128)	127 068
Molasses storage equipment	6 488	–	–	–	(466)	6 022
Capital work in progress	4 367	10 073	–	(2 448)	–	11 992
	277 570	31 229	(92)	–	(17 266)	291 441

# Notes to the financial statements *(continued)*

for the year ended 31 March 2025

## 6. Long-term liabilities

This note provides information about the contractual terms of the Group’s interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group’s exposure to interest rate, foreign currency and liquidity risk.

	GROUP		ASSOCIATION	
	2025 E'000	2024 E'000	2025 E'000	2024 E'000
Fixed term loan from:				
Public Service Pensions Fund	150 000	150 000	150 000	150 000
Eswatini Bank	17 442	42 690	17 442	42 690
The loan from PSPF will be repaid in full on 31 July 2026. Interest is negotiated on renewal and is linked to the prime lending rate.				
The Swazi Bank loan is a mortgage loan repayable over 60 months. Interest rate is equal to the prime lending rate.				
These loans are secured by a negative pledge over inventory and the trade receivable and a mortgage bond over sub-lease on portion 7 of farm No.161 in Lubombo, Eswatini.				
<b>Total non-current portion</b>	<b>167 442</b>	<b>192 690</b>	<b>167 442</b>	<b>192 690</b>



Abbreviations	Definition
<b>AFcFTA</b>	Africa Continental Free Trade Area
<b>AGM</b>	Annual General Meeting
<b>AI</b>	Artificial Intelligence
<b>BLN</b>	Botswana, Lesotho, Namibia
<b>CEO</b>	Chief Executive Officer
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>DRC</b>	Democratic Republic of Congo
<b>EAC</b>	East African Community
<b>ECGA</b>	Eswatini Cane Growers Association
<b>EEC</b>	Eswatini Electricity Company
<b>EPA</b>	Economic Partnership Agreement
<b>ESA</b>	Eswatini Sugar Association
<b>ESMA</b>	Eswatini Sugar Millers Association
<b>ESWADE</b>	Eswatini Water and Agricultural Development Enterprise
<b>EU</b>	European Union
<b>EXCO</b>	Executive Committee
<b>FSSC</b>	Food Safety System Certification
<b>FT</b>	Fairtrade
<b>FTA</b>	Free Trade Agreement
<b>IFRS</b>	International Financial Reporting Standards
<b>IPCC</b>	International Panel on Climate Change
<b>IPM</b>	Integrated Pest Management

Abbreviations	Definition
<b>IRC</b>	Independent Review Committee
<b>ISO</b>	International Sugar Organisation
<b>NGO</b>	Non-Government Organisation
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>QMS</b>	Quality Management System
<b>REMCO</b>	Remuneration Committee
<b>RES</b>	Royal Eswatini Sugar
<b>RSP</b>	Relative Sucrose Payment
<b>SACU</b>	Southern African Customs Union (consists of Botswana, Eswatini, Lesotho, Namibia, and South Africa)
<b>SADC</b>	Southern African Development Community
<b>SASRI</b>	South African Sugarcane Research Institute
<b>SLA</b>	Service Level Agreement
<b>SSG</b>	Smallholder Sugarcane Grower
<b>TCH</b>	Tonnes Cane Per Hectare
<b>TFTA</b>	Tripartite Free Trade Area
<b>TRQ</b>	Tariff Rate Quota
<b>TSH</b>	Tonnes Of Sucrose Per Hectare
<b>UK</b>	United Kingdom
<b>USA</b>	United States of America
<b>USL</b>	Ubombo Sugar Limited
<b>VAT</b>	Value Added Tax
<b>VHP</b>	Very High Polarity (sugar)







**Eswatini  
Sugar®**